

The Council of Shareholders' Representatives of

Muntenia S.A. Financial Investment Company

Alternative Investment Fund for Retail Investors (F.I.A.I.R.)

Bucharest, district 2, 46-48 S.V. Rachmaninov street,

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REPORT

for the 2021 mandate

Members of the Council of Shareholders' Representatives (B.S.R) of the Muntenia S.A. Financial Investment Company (S.I.F. Muntenia), elected at the Ordinary General Assembly of Shareholders (A.G.A.S.) on June 25, 2018, adopted on March 24, 2022 this Report for the term of office exercised by B.S.R. in the year 2021.

1. Context

Globally, increases have been estimated in 2021 due to the fact that in many countries most of the measures imposed in the context of the Covid-19 pandemic have been relaxed, which has contributed to the increase in aggregate demand. In advanced countries, high vaccination rates and expanded fiscal measures have helped to cushion the impact of some of the side effects of the pandemic.

At the same time as global economic growth, international trade increased, with the fastest recovery being in the case of goods.

Global energy prices rose in the second half of 2021, mainly for natural gas and coal, due to limited supply and a recovery in demand. Meanwhile, non-energy commodity prices have stabilized, with some near record highs.

The price of oil rose to an average of 69 USD / bbl in 2021, an increase of 67% compared to 2020, driven by higher gas prices which encouraged the use of oil as a substitute.

Metal prices stabilized in the second half of 2021, following sharp increases in the first half, but with a significant divergence between most base metals and iron ore.

Agriculture prices also rose by an average of 2% in 2021. Some food prices have risen due to record imports from China, including cereals and vegetable oils, while weather disruptions have increased wheat prices. , cocoa and coffee.

In terms of the EU situation, at almost 14% per year, the GDP growth rate in this area in the second quarter of 2021 was the best ever.

The same data show that the EU's aggregate deficit is expected to fall slightly to 6.6% in 2021, amid still high budget support at the beginning of the year.

The labour market has also improved significantly at EU level due to the relaxation of restrictions on consumer activities. In the second quarter of 2021, the EU economy created about 1.5 million new jobs, many workers went out of their job retention schemes, and the unemployment rate fell.

On the other hand, annual inflation in the euro area rose from -0.3% in the last quarter of 2020 to 2.8% in the third quarter of 2021. This sharp rise in inflation is mainly due to rising prices. energy, but it also seems to be linked to a broad set of post-pandemic economic adjustments.

Locally, according to the National Bank of Romania (NBR), economic activity has slowed considerably in the third quarter of 2021 to 0.4%, from 1.5% in the second quarter, contrary to expectations. At the same time, annual GDP growth fell sharply in the third quarter from 7.4% to 13.9% in the second quarter. However, it has remained high from a historical perspective, with the majority of the contribution of private consumption, as well as that of the variation of stocks.

Recent developments in high-frequency indicators suggest a stagnation in economic activity in the fourth quarter of 2021, including in the context of the 4th wave of the pandemic, the energy crisis and bottlenecks in production and supply chains, leading to a significant decline in annual GDP. lower than anticipated in November 2021.

The annual inflation rate rose to 7.94% in October 2021 from 6.29% in September and fell to 7.80% in November under the impact of capping and offsetting electricity and gas prices for the population, slightly exceeding the forecast level at the end of the two months of the fourth quarter. Its growth continued to be driven mainly by exogenous components of the CPI, with major influences coming in this range mainly from the substantial rise in fuel prices.

In the financial market, the main quotations of the interbank monetary segment continued to grow relatively quickly in November and December 2021 under the impetus of the new increase in the monetary policy interest rate, as well as against the restrictive nature of liquidity conditions and expectations of further growth. key interest rate, also driven by developments in the region.

The annual dynamics of credit to the private sector continued to rise in October and November, reaching 14.1%, on average, from 12.9% in the third quarter, as the rise in the particularly high variation in the component in lei, including with the support of government programs, but also against the background of slight revitalization of foreign currency credit.

With respect to the capital market, in 2021, according to the data published by the Romanian Financial Supervisory Authority (FSA), in all the markets managed by the Bucharest Stock Exchange (BVB) there were approximately 1.5 million transactions, increasing by 52.43% compared to 2020 with a total volume of about 9.5 billion financial instruments, totalling approximately RON 21.5 billion, increasing by 28.48% compared to the previous year.

The stock market capitalization of the companies present on the regulated market and on the multilateral trading system increased by over 50%, reaching at the end of the year the value of approximately RON 246 billion.

The stock market had a 33% increase in the number of transactions performed on the main stock exchange segment and more than 252% on the multilateral trading system (MTS), although it was characterized by a decrease in the volume traded (-19, 5%) on the main market and with a decrease (-10%) in the value of transactions.

With respect to the bond market, there is an increase in the number of transactions by 71% on the main stock market segment and by more than 118% on MTS, a higher volume traded (16% on the main market and 188% on MTS) as and a 55% increase in the value traded on the main stock exchange segment and by approximately 230% on the MTS.

Also, transactions with structured products increased by over 92.5%, and the value traded with this type of financial instruments increased by about 4%.

The main BET index was on an upward trend during 2021, with an increase of over 30% between January and December 2021.

2. The BSR of SIF Muntenia S.A.: Organization and roles

S.I.F. Muntenia S.A. is a Romanian legal entity, incorporated as a joint stock company with fully private capital. The operation of the company is regulated by the provisions of the ordinary Romanian and special laws, incidents in the matter of financial investment companies, as well as by the provisions of its articles of incorporation.

S.I.F. Muntenia S.A. was established as a joint stock company in November 1996, through the reorganization and transformation of the Private Property Fund IV Muntenia, pursuant to Law 133/1996 for the transformation of Private Property Funds into financial investment companies.

S.I.F. Muntenia S.A. is a collective investment undertaking operating in Romania in accordance with the provisions of the Companies Law 31/1990, Law 74/2015 on the administrators of alternative investment funds and Law 24/2017 on issuers of financial instruments and market operations.

As a result of the process started in 2020, on 09.07.2021, SIF Muntenia SA was authorized by FSA by means of Authorization 151/09.07.2021 as an Alternative Investment Fund for Retail Investors, of the type of investment companies - F.I.A.S., with a diversified investment policy, closed type, externally managed.

S.I.F. Muntenia S.A. elected at the O.G.A.S. of June 25, 2018, for a period of 4 (four) years, a new Council of Shareholders' Representatives (B.S.R.), with the aim of overseeing the management activity carried out by S.A.I. Muntenia Invest S.A., administrator of S.I.F.Muntenia.

The members of the B.S.R. pursuant to O.G.A.S. of June 25, 2018 is as follows:

- Stefan Dragoş Gioga - President
- George Alin Ştefan - member
- Mihai Chişu - member

During 2021, B.S.R. manifested its attributions of representing the interests of the shareholders and of supervising the activity and the commitments of the administrator, within the limits imposed by the provisions of the articles of incorporation of S.I.F. Muntenia S.A., the management contract and the decisions of the General Assemblies of S.I.F. Muntenia S.A. (A.G.S.).

B.S.R. meetings were established according to the financial communication schedule of the S.I.F. Muntenia SA, which meets at least on the occasion of the quarterly, half-yearly and annual financial reports and in close correlation with the specific attributions of the B.S.R. according to the articles of association of the S.I.F. Muntenia. Representatives of the management company SAI Muntenia Invest

S.A. were invited to attend B.S.R. for detailing specific items on the agenda. All B.S.R. decisions were voted on unanimously in terms of quorum and decision-making transparency.

We emphasize that the B.S.R. does not have among its attributions administrative acts, SAI Muntenia Invest S.A. as a director, is responsible for the management activity, for the adoption and implementation of the investment policies as well as for the elaboration and presentation of the information and materials made available to the B.S.R. and G.A.S. The surveillance and verification activity of the B.S.R. does not remove the liability of SAI Muntenia Invest S.A. for the obligations incumbent on him through the management contract and the legal framework related to the development of his activity.

3. Analysis of notices and reports submitted by SAI Muntenia Invest S.A.

In the proper exercise of its powers, B.S.R. sought to ensure that the interests of the shareholders of SIF Muntenia SA are respected in accordance with the management program approved in the O.G.A.S. dated April 28, 2021. In this regard, the B.S.R. took note of the quarterly reports prepared according to the applicable legal regulations, analysed and debated the monthly information of the director of SAI Muntenia Invest S.A. regarding the implementation of the management program, the calculation of the monthly net assets, the calculation of the management fee and the preparation of the quarterly / half-yearly / annual financial statements.

We specify that the mentioned elements reflect the operations that the administrator carried out without the prior consultation of the B.S.R., which did not examine, did not recommend and did not participate in their substantiation or implementation. Subsequent receipt of such information shall not constitute an approval or ratification of such operations by the B.S.R. In addition, the B.S.R received and analysed:

- The individual financial statements as at 31.12.2020 prepared according to Regulation 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, as well as the Investor Compensation Fund (FSA regulation 39/2015) ;
- Report of the director of SAI Muntenia Invest SA for the financial year 2020;
- Periodic notices on the management of SIF Muntenia SA and the monthly execution of the revenue and expenditure budget of SIF Muntenia SA;
- The director report of SAI Muntenia Invest SA and the Interim Financial Statements prepared according to FSA regulation 39/2015 for the first and third quarters of 2021;

- The director report of SAI Muntenia Invest SA and the Interim Financial Statements prepared according to FSA regulation 39/2015 for the first semester of 2021;
- Notices on market operations according to art. 17 let. (g) of the Management Agreement;
- Notices on significant changes in the structure of the Council of Directors and the executive management of SAI Muntenia Invest S.A. ;
- Notices on the conclusion of the Contract for Audit and Other Insurance Services between SIF Muntenia SA and Deloitte Audit SRL, for the financial years 2022 - 2023, according to the Decision of the Ordinary General Assembly of Shareholders dated 19.10.2021;
- The internal audit reports prepared by MZ Finance Advisory and Assurance SRL, the internal auditor of SIF Muntenia S.A. on the review and assessment of changes in the relevant internal procedures of the risk management department, the monitoring of the risk profile of the S.I.F. Muntenia S.A. for the year 2021 and the assessment of the monitoring of operational risks, as well as other aspects aimed at establishing the adequacy of the procedures prepared by the administrator and verifying their implementation in the flow of activity, in accordance with the legislation in force;
- The status of lawsuits pending at various stages in which the S.I.F. Muntenia S.A. this part;
- Other information / reports requested by the B.S.R.

We mention that SAI Muntenia Invest promptly responded to all requests made by B.S.R. so that at the date of this Report we can conclude that all requests or recommendations of the B.S.R. made in 2021 were carried out by the director.

4. Corporate Events

- During the Extraordinary General Assembly of Shareholders of January 7, 2021, the amendment of the Articles of Incorporation of the Company was approved, in order to correlate with the provisions of Law 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some normative acts (hereinafter referred to as “Law 243/2019”).
- The Ordinary General Assembly of Shareholders dated 28/29.04.2021 approved the annual financial statements of SIF Muntenia S.A. for the financial year 2020 based on the discussions and reports presented by the director of SAI Muntenia Invest S.A., the financial auditor KPMG Audit SRL and the Council of Shareholders' Representatives (B.S.R.). The Management Program of SIF Muntenia S.A. was also approved and the Budget of revenues

and expenditures for the financial year 2021 according to the proposals of the director of SIF Muntenia S.A.

- The public offer to buy shares issued by SIF MUNTENIA S.A.

On 27.07.2021, the public offer document for the purchase of shares issued by SIF MUNTENIA S.A. was submitted to FSA together with the afferent documentation, by SSIF BRK Financial Group SA, as an intermediary within the public purchase offer issued by SIF MUNTENIA S.A. . By means of Decision 1047 / 25.08.2021 communicated on the BVB website, FSA approved the public purchase offer document issued by SIF MUNTENIA S.A., initiated by SIF MUNTENIA S.A. Subsequently, on 08.09.2021, FSA posted on the BVB website Decisions 1100 - 1104 / 08.09.2021. According to the FSA Decision 1100 / 08.09.2021, the concurrent purchase offer document issued by SIF MUNTENIA S.A. was approved, initiated by Mr. Behboud Madadi. According to FSA Decision 1101 / 08.09.2021, the period of development of the public purchase offer issued by SIF MUNTENIA S.A. has been extended by SIF MUNTENIA S.A., the single deadline for closing the competing public offers being 28.09.2021. On 28.09.2021 FSA informed on Decision 1225 / 28.09.2021 by means of which FSA Decision 1047 / 25.08.2021 approving the public offer document for the purchase of issues issued by SIF Muntenia S.A. was revoked, considering that the price in the offer of the shareholder Behboud Madadi is higher than the one offered by SIF Muntenia SA. According to FSA Decision 1226 / 28.09.2021, starting with 29.09.2021, the suspension of the public offer for the purchase of shares issued by SIF Muntenia S.A. initiated by Mr. Behboud Madadi and brokered by ALPHA BANK ROMANIA S.A. was lifted, as ordered by ASF Decision no. 1103 / 08.09.2021, the closing date for the offer being 12.10.2021. On 18.10.2021 ALPHA BANK ROMANIA S.A. informed BVB on the results of the public offer for the purchase of shares issued by SIF Muntenia S.A.

- Authorization of SIF Muntenia SA as an Alternative Investment Fund for Retail Investors (F.I.A.I.R.)

The Financial Supervisory Authority, by Authorization no. 151 / 07.09.2021, communicated by FSA address no. DG 2843.8 / 09.07.2021, authorized SIF Muntenia SA as an Alternative Investment Fund for Retail Investors (F.I.A.I.R.), having as depositary BRD-Groupe Societe Generale SA and being managed by SAI Muntenia Invest SA. At the same time, according to the Authorization no. 151 / 09.07.2021, FSA authorized the amendments to the Articles of Association of SIF Muntenia SA in accordance with the Decision of the E.G.A.S. no. 2 / 07.01.2021.

- The Ordinary General Assembly of Shareholders of October 19, 2021 (at the second convocation) approved the appointment of the financial auditor Deloitte Audit SRL for a period of 2 years, starting with 01.05.2022, for the financial years 2022 - 2023 and the empowerment of the Sole Director for negotiating and concluding the audit contract
- The Extraordinary General Assembly of Shareholders of October 19, 2021 approved the amendment of the Articles of Association of SIF MUNTENIA - S.A. as follows:

Article 8 para. (8) is amended and will have the following content:

"The annual financial statements of SIF MUNTENIA - S.A. will be audited by a financial auditor who meets the conditions provided by the legislation in force and by the regulations of FSA."

Article 14 para. (2) is amended and will have the following content:

"The net asset value (NPV) of SIF MUNTENIA - S.A. is calculated monthly, according to the applicable legal regulations."

The contract for Audit and Other Insurance Services was concluded with registration no. 5436/113162 / 27.10.2021 between SIF Muntenia SA and Deloitte Audit SRL for the financial years 2022 - 2023, according to the Decision of the Ordinary General Assembly of Shareholders dated 19.10.2021. Deloitte Audit SRL replaces KPMG Audit SRL in the position of financial auditor of SIF Muntenia SA.

- Changes in the management structure of the administrator

In July 2021, the Financial Supervisory Authority issued the FSA Authorization no. 148 / 09.07.2021 authorizing Mr. Adrian Simionescu as a member of the Council of Directors of SAI Muntenia Invest SA for a term of 4 years (a new term), starting with 20.08.2021, in accordance with the Decision of the O.G.A.S. no. 20 / 25.05.2021.

In November 2021, the Financial Supervisory Authority issued the ASF Authorization no. 226 / 01.11.2021, communicated by the ASF address no. SI / DG 17004.1 of 02.11.2021, by which Mrs. Dorina Teodora Mihăilescu was authorized as a member of the Council of Directors of SAI Muntenia Invest SA for a new term of 4 years, starting with 27.12.2021, in accordance with O.G.A.S decision no. 21 / 25.08.2021.

In November 2021, the Financial Supervisory Authority issued the FSA Authorization no. 227 / 01.11.2021, communicated by the FSA address no. SI / DG 17004.1 of 02.11.2021, by which Mr. Nicușor Marian Buică was authorized as director of SAI Muntenia Invest SA for a new term of 4

years, starting with 22.12.2021, in accordance with the Decision of the Council of Directors no. 22/2 dated 01.09.2021.

- The internal auditor

The internal audit services contract no. 5589/113385 / 04.11.2021 between ANB CONSULTING SRL and SIF Muntenia SA, for a period of 2 years, the mandate of internal auditor starting from January 1st, 2022. ANB CONSULTING SRL replaces the company MZ FINANCE ADVISORY AND ASSURANCE SRL as internal auditor to SIF Muntenia SA.

5. SIF Muntenia financial results for 2021

The company recorded, on 31.12.2021, a net positive result amounting to 266.19 million lei, mainly as a result of the evolution of the fair value of the assets that are valued by profit or loss. The net gain from the valuation of assets at fair value through profit or loss is in the amount of 272.26 million lei as at 31.12.2021.

The value of total assets as of December 31, 2021 increased by 446.80 million lei, respectively 27.61%, compared to the value as of December 31, 2020.

The main elements of the asset have evolved since the end of 2020, as follows:

- Cash and cash equivalents (including deposits placed with banks) increased, compared to 31.12.2020, by 29.93 million lei, due to the decision of the Administrator, stating that the liquidity strategy of the Company's portfolio was respected (% of total assets at 31.12.2021 - 4.6%);
- Financial assets at fair value through profit or loss were valued at 262.53 million lei, respectively 34.52%, compared to the value recorded on December 31, 2020, due to the appreciation of assets belonging to this class. At the end of 2021, Biofarm S.A. represents 20.52% of the total accounting assets (31.12.2020: 13.44%);
- Financial assets at fair value through other elements of the global result increased by 158.90 million lei, respectively 20.31%, as a result of the registration of favorable differences in fair value, in particular, at issuers traded on the regulated market or SMT. On 31.12.2021, the package held at Banca Transilvania S.A. represents 22.48% of the total accounting assets of the Company (31.12.2020: 21.14%).

Equity holds the major share in the liability structure. They appreciated by 26.92% compared to the end of the previous year, mainly due to the positive differences in fair value of financial assets

recorded in the category Reserves from the revaluation of financial assets at fair value through other items of comprehensive income as of December 31, 2021 and of the reported result.

The evolution of the main elements that make up the profit or loss statement and other elements of the overall result is as follows:

- Dividend income increased, compared to the same period of the previous year, by 3.55 million lei, respectively 7.20%;
- The Interest income category registered a decrease of 0.37 million lei, determined by the decrease of interest on deposits and current bank accounts.

Return on investment is structured as follows:

- Net gain from exchange rate differences recorded an increase of 0.33 million lei, by 187.14% higher than the value recorded in the same period of the previous year;
- In 2021, the Company recorded a net gain on financial assets at fair value through profit or loss of RON 271.74 million, compared to a loss of RON 63.54 million in the same period of 2020.

The total revenues of the Company registered in 2021 exceeded the budgeted value approved by the Company's shareholders by 2.17%.

Total expenditures reached a level of 213.39% of the budgeted value for 2021 and consist mainly of the following subcategories:

- the administration expenses represent the monthly commission of the Administrator calculated according to the management contract in force;
- external expenses represent the expenses with the services provided by third parties, respectively the expenses with the service providers (BRD - depositary, custodian, Central Depository, FSA commissions and fees, financial auditor of the company, internal auditor, expenses for the relationship with to the trade register);
- portfolio management expenses include transaction fees at SSIF, expenses with debt collection services, expenses with legal assistance, expenses with valuation services performed by external appraisers, etc.

In 2021, the Company received dividends from its subsidiaries in the amount of 28.90 million lei, which represents 54.63% of the total dividends received during 2021.

At 31.12.2021 the net asset value of these subsidiaries, certified by the Depositary, was 725.53 million lei (31.12.2020: 491.75 million lei), and the percentage of the total assets of the Company was 35.03 % (31.12.2020: 30.47%).

Regarding the bonds, the total net asset value of the bonds at 31.12.2021 was 87,868,461.18 lei.

As of December 31, 2021, the Company holds in its portfolio fund units for 11 investment funds (5 open-end investment funds and 6 alternative investment funds). In 2021, 775.78 fund units were redeemed from the company FII Optimist Invest at the total price of 9,999,881.78 lei.

The total net asset value of the fund units as at 31.12.2021 is 207,692,400.74 lei. Compared to the balance on 31.12.2020 (181,407,446.96 lei), in 2021 there was a net gain of 26,284,953.78 lei, which comes from these fund units, classified as financial assets valued at fair by profit or loss.

No additions or redemptions were made during 2021.

At the end of 2021, we find that SAI Muntenia Invest managed SIF Muntenia in accordance with the established strategic objectives.

6. Conclusions and recommendations of the C.R.A. addressed to the administrator of SAI Muntenia Invest S.A.

In relation to the activities and discussions between the members of the B.S.R. and the representatives of the administrator of SAI Muntenia Invest SA, in 2021 emphasis was placed on the observance of the prudential norms provided in the applicable legislation in force, in accordance with the objectives assumed by the administrator through the administration and risk management of the assets of SIF Muntenia SA with the recommendation of increased attention to the risk factors that may arise due to the uncertainty created by the pandemic.

B.S.R. maintains the request addressed to the administrator regarding the obligation to permanently adopt an adequate vigilance in the management of the financial assets of SIF Muntenia in order to preserve the integrity of the assets of SIF Muntenia by:

- making financial investments in order to maximize the value of one's own shares, in accordance with the regulations in force;

- managing the investment portfolio and exercising all the rights associated with the instruments in which it invests;
- proper monitoring and management of risks.

This report of the Council of Shareholders' Representatives of Muntenia S.A. Financial Investment Company is addressed exclusively to the shareholders of SIF Muntenia S.A. and to be presented at the Ordinary General Assembly of Shareholders of SIF Muntenia S.A. dated April 28/29, 2022.

Chairman of the Council of Shareholders' Representatives,

Stefan Dragos GIOGA