



**ANNUAL REPORT
OF THE MANAGER SAI MUNTENIA INVEST SA
REGARDING THE ACTIVITY OF SIF MUNTENIA SA
IN 2022**

Report date: 31.12.2022

GENERAL

NAME	Societatea de Investiții Financiare Muntenia SA
REGISTRATIONS	• Unique registration code: 3168735 • Registered with the Trade Register under no. J40/27499/1992 • Code RON 2549007DHG4WLBMAAO98 • Registered with the FSA register under no. PJR09FIAIR/400005/09.07.2021 obtained based on the FSA Authorisation no. 151/09.07.2021 under which SIF MUNTENIA SA was authorised as an Alternative Investment Fund intended for Retail Investors (AIFRI). SIF Muntenia SA was established according to the provisions of Law 133/1996 for the transformation of Private Property Funds into financial investment companies, called SIF, and was later classified as another collective investment organization (ACIO) according to Law 297/2004 on the capital market and reclassified as AIFRI based on the provisions of Law 243/2019. The fund kept its object of activity represented by the collective investment in securities of the capital collected from the public.
SHARE CAPITAL	RON 78,464,520.10 – subscribed and paid-in share capital 784,645,201 – issued shares in circulation RON 0.1 – the face value
SHARE FEATURES	Common, registered, indivisible, dematerialised
THE TRADING MARKET	The Company is listed on the regulated market of the Bucharest Stock Exchange (BVB), the main segment, the premium category, SIF4 symbol
THE NACE FRAMEWORK	According to the classification of activities of the national economy (NACE), the company's object of activity was classified under: Financial service activities, except insurance and pension funding (NACE code 64), and the main object of activity: Trusts, funds and similar financial entities (NACE code 6430):
THE SHAREHOLDING STRUCTURE	100% private
FREE - FLOAT	100%
DEPOSIT AND CUSTODY SERVICES	BRD Groupe Societe Generale SA
THE REGISTER OF SHARES AND SHAREHOLDERS	Depozitarul Central SA
THE FINANCIAL AUDITOR	Deloitte Audit SRL ¹
THE REGISTERED OFFICE	Romania, Bucharest, 46-48 Serghei Vasileievici Rahmaninov St., the ground floor, room 2, district 2, postal code 020199 Tel: +40 213 873 210 Fax: +40 213 873 209 www.sifmuntenia.ro Email: sai@munteniainvest.ro

¹ According to the Decision of the Shareholders' Ordinary General Meeting (SOGM) no. 3 of 19.10.2021, Deloitte Audit SRL was appointed as the financial auditor of SIF Muntenia SA for a period of two years, starting on 01.05.2022, for the financial years of 2022 and 2023. Deloitte Audit SRL replaced KPMG Audit SRL, the previous financial auditor of SIF Muntenia SA.

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ABBREVIATIONS

Alternative Investment Fund Manager	AIFM
SIF Muntenia SA Shareholders' General Meeting	SGM
SIF Muntenia SA Shareholders' Extraordinary General Meeting	SEGM
SIF Muntenia SA Shareholders' Ordinary General Meeting	SOGM
Financial Supervisory Authority	FSA
The European Central Bank	ECB
The National Bank of Romania	NBR
BRD Groupe Société Générale SA	The Depositary
The Bucharest Stock Exchange (regulated market)	BVB
The Board of Directors of SAI Muntenia Invest SA	BoD
Auxiliary market of the regular negotiation market in which deals are concluded, for which BVB establishes a minimum value of the transaction	The DEAL market
Alternative Investment Fund	AIF
Alternative Investment Fund intended for Retail Investors	AIFRI
Gross domestic product	GDP
The main (regular) market of the Bucharest Stock Exchange	The REGS market
Return on Assets	ROA
Return on Equity	ROE
Romanian Interbank Bid Rate 1 month	ROBID 1M
SAI Muntenia Invest SA	The Manager
SIF Muntenia SA	The Company
Multilateral Trading Facility	MTF
International Financial Reporting Standards	IFRS
The European Union	EU
Certified net asset value	NAV
Certified net asset value per unit	NAVU
Value at Risk	VaR

THE APPLICABLE LEGISLATION

The annual report of SIF Muntenia SA has been prepared in accordance with:

- Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts (Law 243/2019);
- Law no. 24/2017 on issuers of financial instruments and market operations (Law 24/2017);
- Law no. 74/2015 on managers of alternative investment funds (Law 74/2015);
- Law no. 126/2018 regarding financial instruments (Law 126/2018);
- Law no. 31/1990 on companies (Law 31/1990);
- Regulation (EU) no. 231/2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (Regulation 231/2013);
- Regulation (EU) 2088/2019 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Regulation 2088/2019);
- Regulation (EU) 2365/2015 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (Regulation 2365/2015);
- Commission Regulation (EC) no. 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive;
- FSA Regulation no. 9/2014 on the authorisation and operation of investment management companies, undertakings for collective investment in transferable securities and depositaries of undertakings for collective investment in transferable securities (FSA Regulation no. 9/2014);
- FSA Regulation no. 7/2020 on the authorisation and operation of alternative investment funds (Regulation 7/2020);
- FSA Regulation no. 5/2018 on issuers of financial instruments and market operations (Regulation 5/2018);
- FSA Regulation no. 10/2015 on alternative investment fund management (Regulation 10/2015);
- FSA Regulation no. 2/2016 on the application of corporate governance principles by entities authorised, regulated and supervised by the FSA (Regulation 2/2016);
- FSA Norm no. 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority within the Financial Instrument and Investment Sector (Norm 39/2015);
- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;
- Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings,
- Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

1 GENERAL INFORMATION

SIF Muntenia SA is a Romanian legal entity, established as a joint stock company with fully private capital. The operation of SIF Muntenia SA is regulated by the provisions of ordinary and special Romanian laws applicable to the capital market in Romania. SIF Muntenia is enrolled with the register of the Financial Supervisory Authority in section 9 – Alternative Investment Funds, Subsection I – Alternative Investment Funds intended for Retail Investors established in Romania (AIFRI) under no. PJR09FIAIR/400005 (SIF Muntenia was authorised as an AIFRI on 09 July 2021 under the FSA authorisation no. 151/09.07.2021²).

During the reporting period, the Company was managed by SAI Muntenia Invest SA, based on the Management Contract in force, approved by Company shareholders within the SOGM of 23 April 2020 and endorsed by FSA by way of Opinion no. 165/22.07.2020 and also in accordance with the applicable legislation. The Company Depositary is BRD Groupe Société Générale SA.

The priority strategic objectives are, as approved within the SOGM of 28.04.2022:

- Continuing the process of restructuring the portfolio and managing it efficiently, so as to ensure a long-term sustainable growth;
- Continuing the investment process, focusing on investment in Romania and in listed shares.

The differentiated approach adopted by the Company for each of its shareholdings aims at fully benefitting from an aggregate return, generated by dividend income and capital gain.

In 2022 there were no reorganisations, mergers or divisions of the Company.

The acquisitions and disposals of assets carried out by the Company, in 2022, refer to transactions of sale and purchase of securities. Details of these transactions are set out below in Chapter 4 of this Report.

During the period ended 31 December 2022, the Company continued meeting the conditions to be an investment entity. There were no changes in the criteria of classification as an investment entity.

In applying the Company investment policy, the Manager neither carries out securities financing transactions (SFTs), nor does it use total return swap instruments, as defined in European Regulation (EU) no. 2015/2365.

2 THE ECONOMIC FRAMEWORK

Optimism about the evolution of the global economy in 2022, supported by the growth recorded at the start of the year, was shaken by another shock with a powerful global impact: the illegal, unprovoked and unjustified war against Ukraine. Such military aggression caused a deep humanitarian crisis in Eastern Europe and, from an economic point of view, the impact was felt throughout the world, through the slowdown in economic growth and strengthening of inflationary pressures.

THE INTERNATIONAL ECONOMIC FRAMEWORK³

The main factors that marked the global economy in 2022 were: the Russian Federation's military aggression against Ukraine, the energy crisis, the increase in inflation and the emergence of a new COVID-19 wave in China.

The economic damage resulting from the illegal, unjustified, and unprovoked war of aggression against Ukraine slowed down the rate of growth of economies at a time when they had not fully recovered from the COVID-19 pandemic. Moreover, energy and food price dynamics, disruptions in supply chains at the same time as a rise in demand and amid accommodative monetary and tax policies induced global inflationary pressures.

In 2022, inflation was on an upward trend in most economies. The global average inflation rate exceeded 9% in the second half of the year, and in emerging markets and developing economies it reached a level of about 10%. Inflation will continue to affect global economic activity well into 2023.

² https://bvb.ro/infocont/infocont21/SIF4_20210709150751_Raport-Anexa-RO.pdf

³ https://ec.europa.eu/commission/presscorner/detail/en/ip_23_707

https://economy-finance.ec.europa.eu/system/files/2023-02/ip194_en_1.pdf

<https://openknowledge.worldbank.org/bitstream/handle/10986/38030/GEP-January-2023.pdf>

The growth of global trade slowed down in the second half of 2022 as a result of the deterioration of the activity in major economies. However, in 2022, the level of the trade in goods was higher than before the pandemic, while the trade in services continued its recovery, on account of a gradual reorientation of demand towards services. While pressures on the global supply chain are still strong, they eased after mid-2022, as reflected in lower transport costs and normalised inventories. After reaching a level of 4% in 2022, global trade growth is expected to continue shrinking up to 1.6% in 2023, mainly as a result of the weakened global demand.

Most commodity prices have declined since June of 2022 due to a slowdown in global growth and with oil, gas and coal prices peaking mid-year.

Moreover, metal prices fell in the second half of 2022 due to a slowdown in demand, especially from China. The prices of agricultural products remain high, even though they have seen slight decreases, especially for wheat and vegetable oils, reflecting higher than expected harvests, as well as a resumption of some exports from Ukraine. Concerns about the availability of food because of the illegal, unjustified and unprovoked war of aggression against Ukraine led many countries to impose export bans and other trade restrictions.

Despite the challenges experienced in 2022, many economies, including the US, the EU and China, have proven resilient and have seen slight increases in their Gross Domestic Product.

The economic growth estimated by the European Commission for 2022 is 3.5% in both the European Union and the euro area. As for the 2023 GDP growth rate forecast, it was revised at the beginning of 2023 upwards, and was estimated at 0.8% in the EU and 0.9% in the euro area. Global growth (excluding the EU) is expected to be around 3.1% in 2022, 3.0% in 2023 and 3.3% in 2024.

THE NATIONAL ECONOMIC FRAMEWORK

In Romania, according to data presented by the Ministry of Finance⁴, the execution of the general consolidated budget at the end of 2022 recorded a deficit of RON 81.01 billion. Expressed as a percentage of the Gross Domestic Product, the budget deficit decreased by 1.05 percentage points from 6.73% of GDP in 2021 to 5.68% of GDP in 2022. Revenues of the general consolidated budget increased by 21.2% compared to those recorded in 2021, while expenses increased in nominal terms by 17.7% compared to the previous year.

According to data of the National Bank of Romania (NBR)⁵, the fourth quarter of 2022 saw a slowdown in economic growth as a result of the perpetuation of the military aggression in Ukraine and the extension of related sanctions, while the GDP experienced a slight increase compared to the same period of 2021, amid a basic effect. Moreover, the annual GDP growth in the third quarter of 2022 continued decelerating to 3.8% from 5.1% in the second quarter, above projected values. However, from a historical perspective, the recorded increase remained notable. Economic growth was supported primarily by gross fixed capital formation and, only secondarily, by household consumption, while the evolution of net exports again became strongly contractionist, against a background of annual import volume dynamics significantly higher than the dynamics of the goods and services export volume.

The inflation rate fell to 16.37% in December of 2022, from 16.76% in November, remaining only marginally above the forecasted level, mainly as a result of the cheaper fuels, amid falling oil prices and an appreciation of the RON against the US dollar. Moreover, the evolution also reflects the extensive increases in agri-food raw material prices and in energy and transport costs, along with the influences of bottlenecks along production chains. During this period they were also enhanced by the high levels of short-term inflationary expectations and the resilience of demand in certain segments, as well as the significant share held in the consumer basket by food and imported products.

In the financial market, the main interbank monetary segment quotations continued gradually declining during the final two months of 2022, against the background of improved liquidity conditions, and the decrease in government bond yields intensified, including under the influence of improved investor sentiment towards international financial markets and an improved perception of the risk associated with financial markets in the region.

With the aim of slowing down the price increase, in the October and November meetings, the Board of Directors of the NBR decided on new increases in the monetary policy rate, ending the fourth quarter with a key rate of 6.75%.

The annual growth of the lending to the private sector decreased in December of 2022, but at a slower pace compared to the previous month, reaching 12.1% (13.2% in November), as a result of the slight decrease in the dynamics of the RON

⁴ https://mfinante.gov.ro/documents/35673/377101/Anexa2_bgc31dec2020.pdf

⁵ <https://www.bnr.ro/page.aspx?prid=22157>

component, in parallel with an intensified upward trend of the change in foreign currency lending. Therefore, the share of the RON component within the lending to the private sector continued decreasing to 68.8% in December of 2022, from 69.4% in November.

Regarding the number of newly established firms, the data of the National Trade Register⁶ show that, in Romania, in 2022, there were 152,809 new registrations, up by approximately 3% from 2021. By region, most new registrations were in Bucharest (29,068), and, at the opposite end, there was Covasna County (954). On the other hand, the number of companies that suspended their activity in 2022 was 15,700, i.e. up by 20.58% from 2021. Here, too, Bucharest registered the highest values (1,742), followed by the counties of Cluj (812) and Braşov (706). The companies in insolvency were 6,649 compared to 6,144 as of December of 2021, i.e. an increase of 8.2%.

THE CAPITAL MARKET

The Romanian capital market showed resilience and maturity in 2022, with new highs in the value and quantity of trading, despite the high volatility and uncertainty characterising the market.

Thus, according to data published by the Bucharest Stock Exchange (BVB)⁷, the total trading value recorded in 2022 was 23.2 billion, up by 16% from 2021 (i.e. in the amount of RON 21.6 billion). As for the share segment, in 2022, total transactions of over RON 13.7 billion were carried out.

Regarding the number of transactions in all types of financial instruments carried out in all markets in 2022, BVB data indicate over 1.67 million transactions. Compared to 2021, when 1.53 million cumulative transactions were carried out in the Regulated Market (RM) and the Multilateral Trading Facility (MTF), the increase was over 9%.

Moreover, the year 2022 was also characterised by an increase in the average daily liquidity indicator by 11% compared to 2021.

All these results were achieved in a difficult regional and international context, marked mainly by Russia's military aggression against Ukraine, the increase in monetary policy interest rates, high inflation rates, rising energy prices and the disruption of supply chains. These factors affected all international capital markets, and so all BVB indices ended 2022 with negative values, but with a depreciation below the level of the S&P500 in the US or STOXX600 in the EU. Specifically, the BET index, which includes the 20 most liquid companies listed on BVB, recorded a decrease of 10.7% as at 31 December 2022, down to a level of 11,663 points. The BET-TR index, which also takes into account dividend yields, fell by almost 1.9% to 22,686 points. By comparison, the European STOXX600 index fell by 12.9% in 2022, while the US S&P500 index fell by 19.4%.

Also, in 2022, at the end of the third quarter, the number of investors reached over 128,000, which is a 56% increase during the first nine months of 2022 compared to the value at the end of 2021 (i.e. 82,000 investors, according to data of the Investor Compensation Fund) and a 137% increase compared to the number just four years ago.

The chart below shows the developments of the share market, in the main segment, during the 12 months of 2022.

⁶ <https://www.onrc.ro/index.php/ro/>

⁷ https://m.bvb.ro/press/2023/BVB_Raport%20lunar%20decembrie%202022.pdf;
https://m.bvb.ro/press/2023/Raport_Preliminar_2022.zip

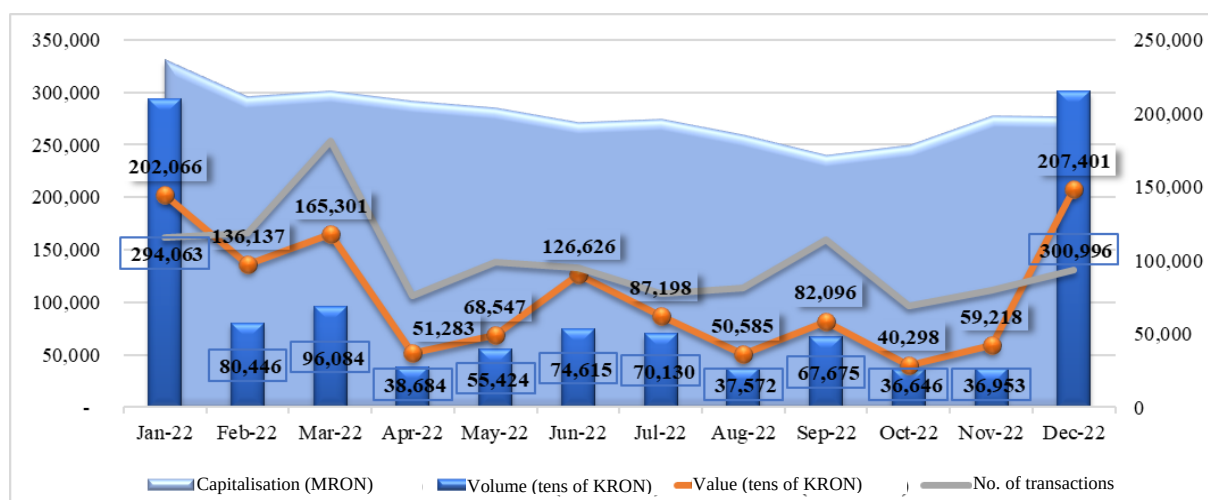


Chart no. 2.1 Transactions in shares in 2022, the main segment

Source: data taken from BVB, processed by SAI Muntenia Invest SA

Within a report⁸ of 13.05.2022 published by ESMA, the supervisory authority recommends that all participants in the European capital market take into account the impact of Russia's military aggression against Ukraine and, if applicable, disclose the impact of such event in their financial statements or management reports. SIF Muntenia has no stakes in Russian companies and no company in its portfolio has been sanctioned following the sanctions imposed on Russia. Likewise, the effects of the current situation are not expected to have a major impact in the financial statements of SIF Muntenia SA.

3 MAJOR EVENTS REGARDING THE COMPANY ACTIVITY IN 2022

DECISIONS OF THE COMPANY SHAREHOLDERS' ORDINARY GENERAL MEETING OF 28 APRIL 2022

Within the SOGM of 28 April 2022, convened by the publication in the Official Journal of Romania, part IV, no. 1182/22.03.2022, in the *Ziarul Financiar* newspaper no. 5887/22.03.2022, on the www.sifmuntenia.ro company website and on the BVB website, held on the first convening date, the following decisions were adopted:

- The approval of the Company annual financial statements for the financial year 2021, based on reports submitted by the manager SAI Muntenia Invest SA, the financial auditor KPMG Audit SRL and the Board of Shareholders' Representatives ("BoSR");
- The approval of the distribution of the entire net profit of the 2021 financial year in the amount of RON 266,187,637 to "Other reserves";
- The approval of the Company Management Programme and the Company revenue and expenditure budget for the financial year 2022;
- The approval of the Remuneration Report of SIF Muntenia SA for the financial year 2021;
- The approval of the making of accounting entries corresponding to the expiry of the limitation period applicable to the right to request the payment of dividends not collected by Company shareholders for three years from the date of their rightful request, in the amount of RON 12,726,263.05 and the transfer of this amount to reserves;
- The approval of the remuneration of the Board of Shareholders' Representatives for the financial year 2022.

The date of 20 May 2022 was approved as the registration date and the date of 19 May 2022 was approved as the Ex date, in accordance with the provisions of art. 87(1) of Law no. 24/2017 and the FSA Regulation no. 5/2018.

Details regarding the SOGM Decisions of 2022 are available on the Company website (<http://www.sifmuntenia.ro>), in the Investor's Section/ Corporate Events/ Shareholder's General Meetings/2022.

⁸ <https://www.esma.europa.eu/search/site/public%20statement>

THE DECISIONS OF THE COMPANY SHAREHOLDERS' EXTRAORDINARY GENERAL MEETING OF 28 APRIL 2022

Within the SEGM of 28 April 2022, convened by the publication in the Official Journal of Romania, Part IV, no. 1182/22.03.2022, in the *Ziarul Financiar* newspaper no. 5887/22.03.2022, on the www.sifmuntenia.ro website and on the BVB website, held on the first convening date, the following decisions were adopted:

- The approval of the implementation of the Own Share Buy-back Programme by SIF Muntenia SA with the following main characteristics: the purpose of the programme: the reduction in the share capital, the maximum number of shares – 23,539,356 shares, the minimum price per share – RON 0.1, the maximum price per share – RON 2.5104, the duration of the programme – a maximum of 18 months after the publication in the Official Journal of Romania, part IV. The payment of the shares redeemed under the Programme shall be made from sources provided for by the law.

The date of 20 May 2022 was approved as the date of registration and the date of 19 May 2022 was approved as the Ex date, in accordance with the provisions of art. 87(1) of Law no. 24/2017 and FSA Regulation no. 5/2018.

THE UPDATE OF THE SIMPLIFIED PROSPECTUS OF SIF MUNTENIA SA WITH THE DATA OF THE FINANCIAL AUDITOR, DELOITTE AUDIT SRL

In May of 2022, the Company, through its manager, SAI Muntenia Invest SA, informed investors/shareholders that the Simplified Prospectus of SIF Muntenia SA, an Alternative Investment Fund intended for Retail Investors (A.I.F.R.I.), had been updated with the details of Deloitte Audit SRL, the new financial auditor of the Company starting on 01.05.2022. The financial auditor of SIF Muntenia was appointed, under the SOGM Decision no. 3 of 19.10.2021, for a period of two years, for the 2022 – 2023 financial years.

THE SIGNING OF THE CONTRACT FOR THE SALE OF THE STAKE IN MUNTENIA MEDICAL COMPETENCES SA

In June of 2022, under the current report of 07.06.2022, the Company informed investors that, according to the Decision of the Board of Directors of SAI Muntenia Invest SA, on 06.06.2022, the Sale and Purchase Contract concerning the transfer of 1,882,496 shares held by SIF Muntenia SA within Muntenia Medical Competences SA, accounting for 99.76% of the share capital of Muntenia Medical Competences SA, had been concluded with Centrul Medical Unirea SRL.

In July of 2022, under the current report of 14.07.2022, the Company informed investors that Vita Care Flav SRL, as a shareholder of Muntenia Medical Competences SA, had exercised its right of preference as laid down in the Instrument of Incorporation of Muntenia Medical Competences SA for the purchase of the 1,882,496 shares and had recorded the price in this regard, in accordance with the provisions of art. 1732 of the Civil Code. The possibility of exercising the right of preference was stipulated as a condition precedent in the Sale and Purchase Contract concluded on 06.06.2022, which was the subject of the Company's current report of 07.06.2022. As a result, SIF Muntenia SA, through its manager, SAI Muntenia Invest SA, concluded the Sale and Purchase Contract with Vita Care Flav SRL on 14.07.2022 regarding the transfer of the 1,882,496 shares held by SIF Muntenia within Muntenia Medical Competences SA, accounting for 99.76% of the share capital of Muntenia Medical Competences SA. The Sale and Purchase Contract regarding the transfer of the shares held by SIF Muntenia SA within Muntenia Medical Competences SA, concluded on 06.06.2022, which was the subject-matter of the current report of 07.06.2022, ceased by right as a result of the exercise of the right of preference by Vita Care Flav SRL, as a shareholder of Muntenia Medical Competences SA.

In October of 2022, under the current report of 24.10.2022, the Company informed investors that, on 21.10.2022, SIF Muntenia SA had entered with Vita Care Flav SRL into an Addendum to the Sale and Purchase Contract of 14.07.2022 concerning the transfer of 1,882,496 shares held by SIF Muntenia SA within Muntenia Medical Competences SA, accounting for 99.76% of the share capital of Muntenia Medical Competences SA. Under such Addendum of 21.10.2022, the deadline for the transfer of the ownership was extended until 15.01.2023, by which time certain conditions precedent had to be met. The original date, i.e. 30.09.2022, was automatically extended for 30 days, according to contractual provisions.

DECISIONS OF THE COMPANY SHAREHOLDERS' ORDINARY GENERAL MEETING OF 22 JUNE 2022

Within the SOGM of 22.06.2022, convened by publication in the Official Journal of Romania, part IV, no. 2058/16.05.2022, in the *Ziarul Financiar* newspaper no. 5925/16.05.2022, on the www.sifmuntenia.ro company website and on the BVB website, held on the first convening date, the following decisions were adopted:

- The approval of the election of the following members to the Board of Shareholders' Representatives for Societatea de Investiții Financiare Muntenia SA for a term of office of 4 (four) years, starting from the date of their election: Mr. Gioga Ștefan Dragos, Mr. Pană Robert-Cosmin, Mr. Ștefan George-Alin.

The date of 15.07.2022 was approved as the registration date and the date of 14.07.2022 was approved as the Ex date, in accordance with the provisions of art. 87(1) of Law no. 24/2017 on issuers of financial instruments and market operations and FSA Regulation no. 5/2018 on issuers of financial instruments and market operations.

THE PUBLIC OFFERING OF PURCHASE OF SHARES ISSUED BY THE COMPANY FOR BUY-BACK ACCORDING TO THE DECISION OF SEGM OF 28.04.2022

In June of 2022, under the current report of 20.06.2022, the Company informed investors that, in order to comply with the Decision of SEGM of 28 April 2022, SSIF BRK Financial Group SA, as an intermediary within the Public Offering of Purchase of Shares issued by SIF Muntenia SA, in order to redeem its own shares had submitted the Document of Public Offering of Purchase of Shares issued by SIF Muntenia SA, together with the related documentation, to the Financial Supervisory Authority on 20.06.2022.

On 06.07.2022, the Financial Supervisory Authority submitted the FSA Decision no. 838/06.07.2022 approving the Document of Public Offering of Purchase of Shares issued by SIF MUNTENIA SA, initiated by SIF MUNTENIA SA, in accordance with the Decision of SEGM no. 3 of 28.04.2022.

Between 14.07.2022 and 27.07.2022, the public offering of purchase of shares issued by the Company, initiated by the Company, for the redemption of its own shares under the Decision of SEGM no. 3 of 28.04.2022, was carried out.

The results of such offer, presented in accordance with Annex no. 11 to FSA Regulation no. 5/2018, were the following:

1. The name of the issuer: Societatea de Investiții Financiare Muntenia SA;
2. The name of the bidder and the intermediary of the offering: the bidder – Societatea de Investiții Financiare Muntenia SA; the intermediary of the offering – SSIF BRK Financial Group;
3. The number of the FSA Decision approving the public offering document: FSA Decision no. 838/06.07.2022;
4. The offering implementation period: 14.07.2022 – 27.07.2022;
5. The number and percentage represented by securities deposited within the offering: 23,539,356 shares, accounting for 3% of the issuer's share capital;
6. The number of securities purchased, and the total amount paid: 23,539,356 shares, totalling RON 37,662,969.60;
7. The date and method of settlement of the transaction related to the public offering: 01.08.2022, through the Central Depository system;
8. The percentage held by the bidder following the end of the offering: the bidder owns 23,539,356 shares, accounting for 3% of the share capital of SIF Muntenia SA.

Following the conclusion of this public offering of purchase of shares issued by the Company, carried out through SSIF BRK Financial Group, SIF Muntenia SA holds 23,539,356 shares, accounting for 3% of the share capital.

THE APPOINTMENT OF THE CHAIR OF THE BOARD OF SHAREHOLDERS' REPRESENTATIVES

In August of 2022, the Company informed investors that the members of the Board of Shareholders' Representatives elected according to the Decision of SOGM no. 3 of 22.06.2022, gathered for the meeting of 10.08.2022, had elected Mr. Ștefan Dragoș GIOGA as the Chair of the Board of Shareholders' Representatives for SIF Muntenia SA.

CHANGES IN THE EXECUTIVE MANAGEMENT OF SAI MUNTENIA INVEST SA

In November of 2022, SAI Muntenia Invest SA, the manager of SIF Muntenia SA, informed shareholders that, during the meeting held on 14 November 2022, the Board of Directors had approved a change in the composition of the executive Company management by appointing Mrs. Cristina Gabriela Gagea as the Chief Investment Officer for a four-year term.

According to the FSA Authorization no. 24/16.03.2023 issued by the Financial Supervisory Authority on 17.03.2023, the changes in the organization and functioning of SAI Muntenia Invest SA are authorized as a result of the change in the composition of the management by appointing Mrs. Cristina Gabriela Gagea as director of the company, in accordance with the Decision of the Board of Directors of 14 November 2022.

4 THE ANALYSIS OF THE COMPANY ACTIVITY

The priority strategic objectives for 2022, according to the Management Programme approved by the SOGM of 28 April 2022, were:

- Continuing the process of restructuring the portfolio and effectively managing it, so as to ensure long-term sustainable growth;
- Continuing the investment process, with a focus on investment in Romania and in listed shares.

The main benchmarks, from an operational and financial point of view, of the developments of Company assets/share price, in the 2020-2022 period, are presented below.

in RON	2022	2021	2020
Total certified asset value (TA)	1,934,383,271	2,071,035,584	1,613,770,267
Net asset value (NAV)	1,853,545,986	1,982,585,519	1,552,786,093
Certified net asset value per unit (NAVU)	2.4353	2.5267	1.9790

Table no. 4.1. *Developments of the certified assets*

The value of the asset certified by the Depositary is calculated according to valuation rules⁹ approved by the Manager according to applicable legal regulations. The Company reported a total certified asset value down by 6.60% compared to the one recorded at the end of the previous year and up by 19.87% compared to 2020. The NAV decreased by 6.51% compared to 31.12.2021 and increased by 19.37% compared to the same period of 2020.

in RON	2022	2021	2020
End-of-period closing price	1.200	1.565	0.820
Market capitalisation (million RON)	913.33	1,227.97	643.41
Discount on net assets	50.7%	38.1%	58.6%

Table no. 4.2. *Developments of the SIF4 share*

The closing price of Company shares decreased by 23.3% at the end of 2022 compared to the end of 2021, and, compared to 31.12.2020, it increased by 46.3%. The total trading value of Company shares in 2022 was RON 239,51 million, of which shares worth RON 30.77 million were traded on the Regular market, shares worth RON 171.07 million were traded on the Deals market and shares worth RON 37.66 million were repurchased on the specialized market for public offerings (POF). The average price of a share as at 30.12.2022 is RON 1.220, whereas, as at 30.12.2021, it was RON 1.565.

in RON	2022	2021	2020
Total assets	1,939,605,922	2,065,321,150	1,618,525,311
Total liabilities	81,186,813	88,450,065	60,984,174
Total equity	1,858,419,109	1,976,871,085	1,557,541,132
Net profit/(Net loss)	(33,221,299)	266,187,637	(25,856,302)

Table no. 4.3. *Financial results*

As at 31.12.2022, the main elements of the financial position recorded decreases compared to the same period of the previous year: total assets decreased by 6.09%, liabilities decreased by 8.21% and the equity decreased by 5.99%.

Details may be found in this Report and in the Notes to the annual Financial Statements as at 31.12.2022.

ASSET ALLOCATION

The investment made by the Company was in line with the provisions of the laws in force, applicable to the Romanian capital market. The Company portfolio is sets within the applicable legal limits and indicative limits, as defined by the Company target portfolio, as approved by the 2022 SIF Muntenia SA Management Programme.

⁹ <http://www.sifmuntenia.ro/investitii/activ-net/reguli-privind-evaluarea-activelor>

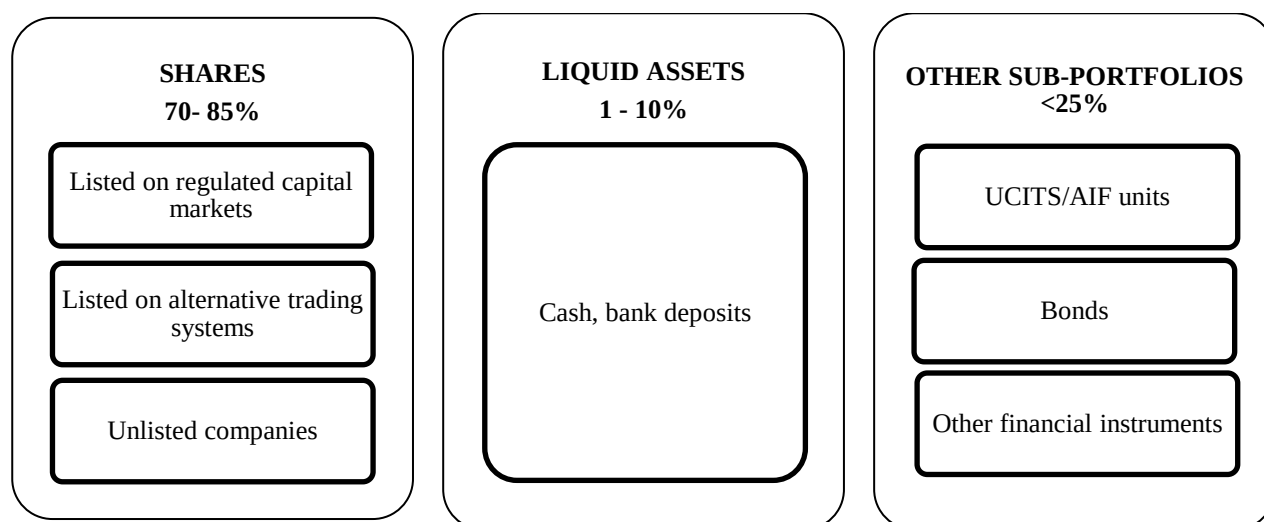


Chart no. 4.1. The target portfolio, for 2022, according to the Management Programme

The main sub-portfolios¹⁰ that make up the Company portfolio are presented below, as values and percentages, of the total certified assets.

in RON/%	2022		2021		2020	
Listed shares	1,291,367,636	66.8%	1,489,757,315	71.9%	1,085,640,908	67.3%
Unlisted shares	210,440,398	10.9%	176,681,309	8.5%	187,795,067	11.6%
Listed bonds	81,900,850	4.2%	87,868,461	4.2%	86,671,386	5.4%
Liquid assets	7,593,814	0.2%	13,046,863	0.6%	29,228,487	1.8%
Bank deposits	131,997,151	6.8%	81,853,590	4.0%	35,566,325	2.2%
Units	210,984,517	10.9%	207,692,401	10.0%	181,407,447	11.2%
Other assets	98,905	0.2%	14,135,645	0.7%	7,460,647	0.5%
TOTAL ASSETS	1,934,383,271	100%	2,071,035,584	100%	1,613,770,267	100%

Table no. 4.4. The SIF Muntenia SA portfolio (value/percentage comparison)

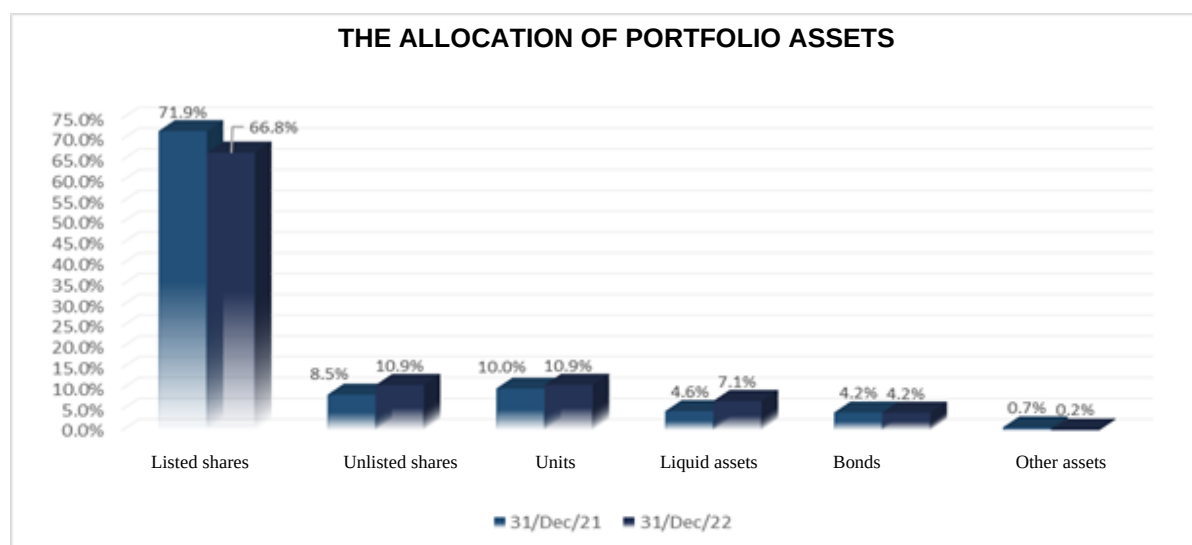
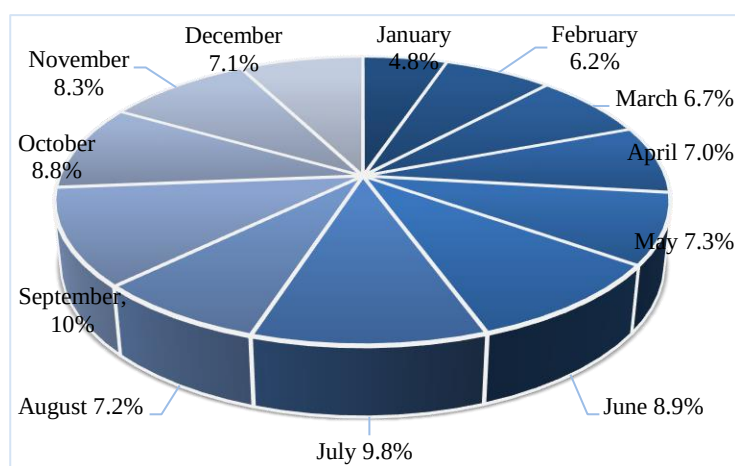


Chart no. 4.2. The allocation of assets from the Company portfolio, 31 December 2022 compared to 31 December 2021

¹⁰ The detailed statement of SIF Muntenia SA investment as at 31 December 2022, prepared in accordance with Annex no. 11 of the Regulation no. 7/2020.



In 2022 the degree of liquidity of the portfolio¹¹ was within the limits required by prudent liquidity risk management and within the limits of the Company target portfolio (within the **4.8-10%** range during the reporting period).

The maintenance of a low degree of liquidity is due to the decision to invest in listed financial instruments that offer returns which are higher than the interest on bank deposits offered by credit institutions in Romania.

Chart no. 4.3 The degree of liquidity of the Company portfolio for each month of 2022¹²

In 2022, the Company investment was in financial instruments issued and traded in Romania. As at 31 December 2022, the share of instruments not traded in the Romanian capital market (i.e. Opus Chartered Issuances SA bonds) represented 4.4186% of the Company certified net assets (31.12.2021: 4.1312%, 31.12.2020: 5.2027%).

THE TOTAL ASSETS AND THE CERTIFIED NET ASSETS

The monthly values of the assets, certified by the Depositary BRD-Groupe Societe Generale SA, were published on the www.sifmuntenia.ro website and reported according to legal provisions to FSA – the Financial Instrument and Service Sector and to BVB no later than 15 calendar days after the end of the reporting month. The rules regarding the methods of valuation of the assets in the Company portfolio are presented on its website¹³. Changes in the valuation rules are notified to investors and the FSA, in accordance with legal regulations in force.

in RON	2022	2021	2020
Certified total assets	1,934,383,271	2,071,035,584	1,613,770,267
Total liabilities	80,837,285	88,450,065	60,984,174
Net assets	1,853,545,986	1,982,585,519	1,552,786,093
Net asset value per unit (NAVU)	2.4353	2.5267	1.9790
ECB EUR exchange rate ¹⁴	4.9495	4.9490	4.8683
Certified total assets (EUR)	390,823,976	418,475,568	331,485,378
Certified net assets (EUR)	374,491,562	400,603,257	318,958,588

Table no. 4.5. Total assets and net assets (value comparison)

The chart below shows the developments in the certified net assets between January of 2022 and December of 2022.

¹¹ Liquid assets (cash + deposits)/Certified total assets

¹² In accordance with art. 3(3)(d) and art. 24 of Directive no. 2011/61/EU on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010 and Annex IV of Regulation no. 231/2012 supplementing Directive 2011/61/EU of the Parliament European and of the Council in terms of waivers, general terms and conditions of operation, deposits, leverage, transparency and supervision

¹³ <http://www.sifmuntenia.ro/investitii/activ-net/reguli-privind-evaluarea-activelor/>

¹⁴ According to ESMA Guidelines on reporting obligations under Art. 3(3)(d) and 24(1), (2) and (4) of AIFMD, chapter XII, para. 59

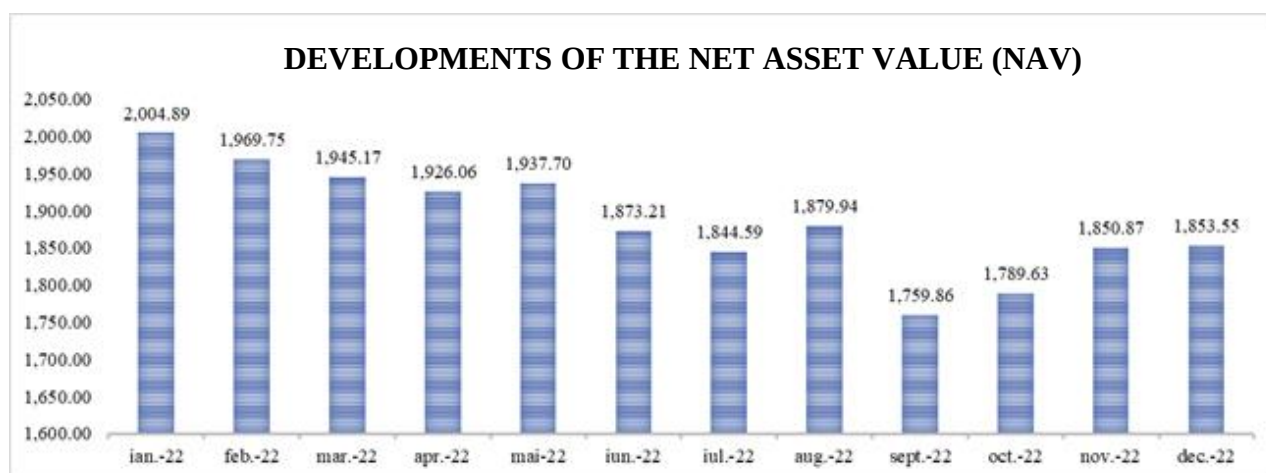


Chart no. 4.3. Developments of NAV between January of 2022 and December of 2022 (MRON)

4.1 THE SHARE SUB-PORTFOLIO

Holdings in equity, especially if listed on regulated markets and alternative trading systems, continued being the most significant ones, both in terms of the value and in terms of the revenues in the Company portfolio.

The management of this sub-portfolio aimed at achieving the objectives presented in the Management Programme approved for 2022, subject to the current economic conditions.

	2022	2021	2022/2021	
in RON			by value	%
Listed shares	1,291,367,636	1,489,757,315	(198,389,679)	-13.32%
Unlisted shares	210,440,398	176,681,309	33,759,089	19.11%
TOTAL	1,501,808,034	1,666,438,624	(164,630,590)	-9.88%

Table no. 4.6. Developments in the share sub-portfolio – 2022/2021 comparison

	2021	2020	2021/2020	
in RON			by value	%
Listed shares	1,489,757,315	1,085,640,908	404,116,408	37.22%
Unlisted shares	176,681,309	187,795,067	-11,119,858	-5.92%
TOTAL	1,666,438,624	1,273,435,975	392,996,549	30.86%

Table no. 4.7. Developments in the share sub-portfolio – 2021/2020 comparison

The trends in the share sub-portfolio, when comparing the end of 2022 with the end of 2021, were the following:

- The total amount of listed shares decreased by 13.32% mainly as a result of a decrease in the price of listed portfolio shares¹⁵;
- The total amount of unlisted shares increased by 19.11% compared to the end of 2021.

TRANSACTIONS AND OTHER EVENTS IN THE SHARE SUB-PORTFOLIO

In 2022, the following operations regarding the share sub-portfolio were registered:

- Listed shares worth RON 85.60 million were bought (Banca Transilvania, Electromagnetica SA, Impact Developer & Contractor, OMV Petrom SA, SIF Oltenia SA, Unirea Shopping Center SA);
- 3,697,948 shares with Fondul Român de Garantare a Creditelor pentru Întreprinzătorii Privati IFN SA were bought, at a price of RON 0.75/share¹⁶ This acquisition has been made in line with the courses of action set out in the Management Programme, i.e. increasing shareholdings in high-performing economic sectors;

¹⁵ Capital market decrease trends are primarily caused by the current economic situation

¹⁶ With this purchase, the directions of action presented in the Management Programme were observed, namely the increase of shareholdings in performing economic sectors (finance & banking) and the continued reduction of the degree of portfolio atomisation.

- Listed shares worth RON 42.31 million were sold (Banca Transilvania, OMV Petrom SA). Moreover, 7,595,256 unlisted shares with Avicola București SA were sold at a price of RON 2.50/share. The transaction took place within the share buy-back programme for the reduction of the share capital, carried out by Avicola București SA;
- The entire stakes held within the following companies were sold: Prefab SA, representing 6,295,000 shares for a total price of RON 19.83 million, Teraplast SA of Bistrița, representing 2,317,105 shares for a total price of RON 2.55 million, Transilvania Leasing si Credit IFN SA, representing 127,498,395 shares for a total price of RON 5.07 million, ISPCF representing 307,644 shares for a total price of RON 2.64 million, and Romatest SA of Voluntari, representing 3,470 shares for a total price of RON 94,373;
- Tehnoforestexport SA, Cablul Romanesc SA and Rafinaria Steaua Romana SA were deregistered;
- The share capital increase of Transport Trade Services, achieved free of charge, by increasing the number of shares, was registered; in this increase the Company received 40,000 free shares;
- The share capital increase of Banca Transilvania SA, achieved free of charge, by increasing the number of shares, was registered; in this increase the Company received 20,253,952 free shares;
- After the registration of the capital increase at Banca Transilvania, achieved by increasing the number of shares, a consolidation of the nominal value was carried out, whereby the nominal value of the issuer's share increased, coupled with the proportional decrease in the number of shares;
- The share capital increase of Voluthema Property Developer SA, with a cash contribution, achieved by increasing the number of shares, was registered; in this increase the Company acquired 1,074,334 shares during the first stage, as at 31.01.2022, and 2,299,218 shares during the second stage, as at 31.08.2022, respectively. There were also share capital increases with cash contribution for the following companies: Vrancart SA of Adjud, achieved by increasing the number of shares, where the Company acquired 3,846,520 shares, Impact Developer & Contractor, for which the Company received 9,987,250 shares, and OMV Petrom SA, for which the Company received 6,331,773 shares;
- Dividends were collected from portfolio companies in a total amount of RON 92.64 million.

We note that the 2022 sales of stakes complied with the exit strategies outlined in the Company Management Programme approved under the Decision of SOGM of 28.04.2022.

According to the exit strategies approved by Company shareholders within the 2022 Management Programme, the Manager continued the activity of restructuring the portfolio by selling shareholdings in which the Company held shares below 49%, with accounting losses, which have not distributed dividends in recent years, or which did not have a transparent policy of communication with minority shareholders. Thus, as at the end of 2022, the Company had in its portfolio a number of 109 companies compared to 115 companies as at the end of 2021.

THE STRUCTURE BY BUSINESS SECTORS

As one can see in the chart below, the shares in the financial and banking category represent the largest share in the Company share sub-portfolio.

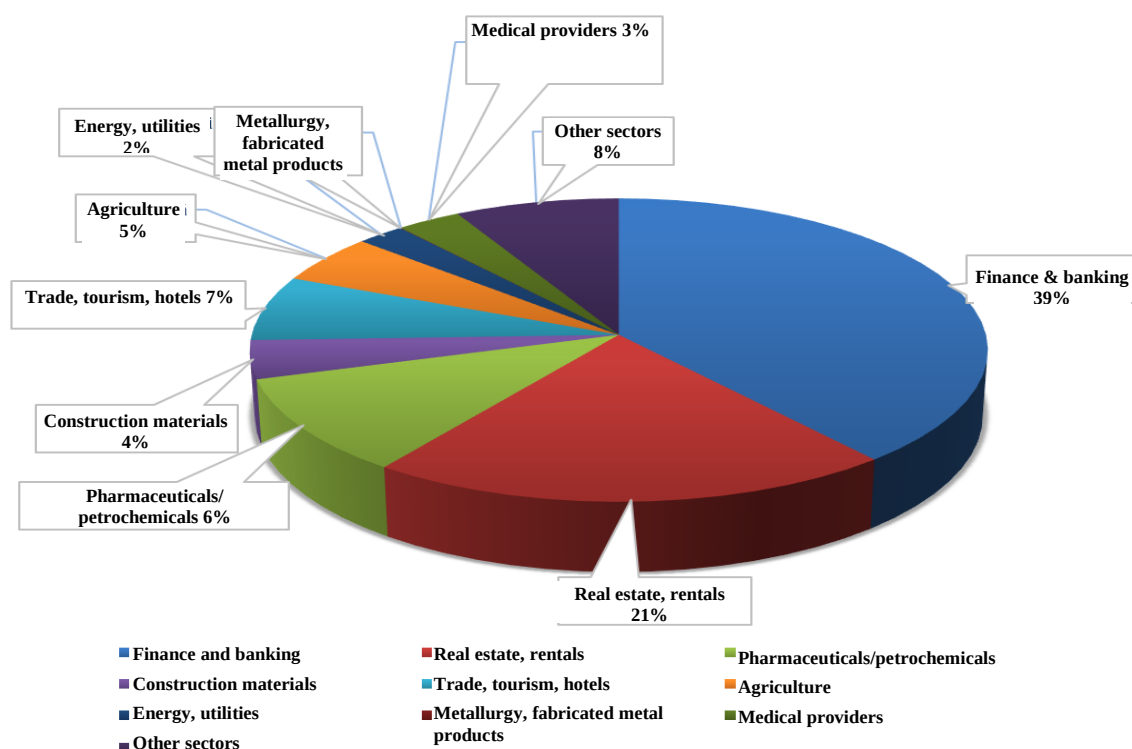


Chart no. 4.4. The main business sectors – shares (% in the share sub-portfolio, 110 issuers)

TOP 10 SHAREHOLDINGS WITHIN THE COMPANY PORTFOLIO

As at 31 December 2022, the top 10 shareholdings with a total value of RON 1,120.24 million account for 57.91% of the total certified Company assets (31 December 2021: RON 1,304.43 million, i.e. 62.98%).

	I	II	III	IV	V
1.	Banca Transilvania S.A.	Finance and banking	373.16	19.29%	2.65%
2.	Biofarm SA	The pharmaceutical industry	313.07	16.18%	51.58%
3.	BRD – Groupe Societe Generale	Finance and banking	71.52	3.70%	0.79%
4.	SIF Banat-Crișana	Other financial intermediation services	62.57	3.23%	5.07%
5.	Voluthema Property Developer SA	Real estate, rentals, other services	57.63	2.98%	99.97%
6.	OMV Petrom SA	Energy-utilities	57.51	2.97%	0.22%
7.	Romaero SA	Manufacture of aircraft and spacecraft	51.67	2.67%	23.24%
8.	Muntenia Medical Competences SA	Medical providers	46.82	2.42%	99.76%
9.	SNGN Romgaz SA	Energy-utilities	43.89	2.27%	0.30%
10.	Firos SA of Bucharest	The construction material industry	42.40	2.19%	99.69%
	TOTAL		1,304.43	57.91%	

Table no. 4.8. Top 10 holdings in equity as at 31.12.2022

Legend

I- Name

II- Industry

III- Value of the shareholding, in MRON, as certified by the Depositary

IV- % of the total Company assets

V- % of the share capital of the entity held by the Company

Next, we present the preliminary financial results of 2022 for companies required to prepare them, and, for those not required to do so, we present the financial results for the first half year of 2022. Moreover, in order to describe a more detailed presentation of the financial results of the companies included in the top 10 holdings of the SIF Muntenia SA portfolio, data from the most recent reports published on the BVB was retrieved.

1. Banca Transilvania SA¹⁷

in MRON (individual)	2022 preliminary	2021	2020
Total assets	133,960	125,062	103,355
Net interest income	3,658	2,740	2,580
Net income from expenses and fees	998	806	656
Net profit	2,178	1,783	1,197
NPL (non-performing loans)	2.44%	2.71%	3.46%
Non-performing exposure total provision coverage ratio	195%	166%	133%

Table no. 4.9 Banca Transilvania financial results (value comparison)

At Group level, the consolidated net profit recorded in 2022 was RON 2,488.4 million (of which the Bank profit was RON 2,178 million) up by 22.91% (22.17% at Bank level) compared to 2021, due to the increase in the volume of operations and the reduction in the cost of risk. The Bank operating profit in the amount of RON 2,698.7 million increased by 19.56% compared to the one recorded at the end of the previous year, against the background of operating revenues in the amount of RON 5.36 billion, up by 23.27% compared to the 2021 revenues.

The total amount of the BT Financial Group assets at the end of 2022 was RON 140.5 billion, up by 6.04% compared to the amount of the assets registered as at 31.12.2021. The total Bank liabilities amounted to RON 126,002 million as at 31.12.2022, 8.90% above those recorded as at the end of the previous year, against the background of the increase in deposits from customers and banks, an increase partially mitigated by the decrease in loans from banks and other financial institutions. The Bank's equity decreased by 14.91% as at 31.12.2022, reaching RON 7,958 million.

According to the data presented by the Bank¹⁸, the cost/income ratio remained at a comfortable level of 49.7% (48.1% in 2021). The solvency of Banca Transilvania, excluding the 2022 profit, was 19.26%, and, including the profit, it was 21.62% (26.15% in 2021).

On 16 June 2022 SIF Muntenia SA received dividends in the amount of RON 20.12 million (net) for shares held in the portfolio as at 06.06.2022, the registration date (2021: RON 12.49 million). Moreover, in 2022 SIF Muntenia received 20,253,952 shares with a nominal value of RON 1 per share free of charge (2021: 15,088,756 shares).

Major events:

On 28 April 2022, the Banca Transilvania Shareholders' Extraordinary General Meeting approved the following *inter alia*:

- The increase of the share capital by RON 765,112,650 out of the net profit of 2021, through the issuance of new shares, and the approval of the date of 13.07.2022 as the registration date;
- The consolidation of the nominal value of a Banca Transilvania SA share, from RON 1 per share to RON 10 per share, by increasing the nominal value of the shares while reducing the total number of shares (10 shares with a nominal value of RON 1 per share = 1 share with a nominal value of RON 10 per share).

On 28 October 2022 the Banca Transilvania Shareholders' Extraordinary General Meeting approved the programme for the issuance of corporate bonds in EUR and/or RON and/or any other currency, as the case may be, subject to market conditions in terms of the interest rate, with a maximum maturity of 10 years, with an annual or semi-annual coupon frequency, for an amount of up to one billion euros or the equivalent, based on a flexible structure, through several separate issues, carried out over a maximum period of 10 years, by delegating the powers regarding the establishment of the terms and conditions of the issuance programme to the Board of Directors.

Non-financial reporting – ESG

Banca Transilvania SA presents ESG aspects in its annual Sustainability Report prepared in accordance with the Global Reporting Initiative (GRI) standards. The report may be checked at: www.bancatransilvania.ro.

2. Biofarm SA¹⁹

In MRON	2022 preliminary	2021	2020
Total assets	465.76	418.78	372.38

¹⁷ The data was retrieved from the most recent reports and information published by the companies on the BSE website

¹⁸ https://bvb.ro/infocont/infocont23/TLV_20230224160720_Rezultate-financiare-preliminare-2022.pdf

¹⁹ The data was retrieved from the most recent reports and information published by the companies on the BSE website

Total liabilities	85.71	85.99	80.82
Sales revenues	276.98	239.04	216.42
Net profit	70.92	60.36	54.26

Table no. 4.10 Biofarm SA financial results (value comparison)

Biofarm SA primarily operates in the OTC (over-the-counter medicine) and dietary supplement market. Biofarm product sales are mostly distributed to the retail segment, accounting for 96% of total sales, both in terms of the volume and in terms of the value.

According to Biofarm SA Directors' Report for the third quarter of 2022²⁰, the share in turnover of the three categories of products manufactured by Biofarm SA of the company was as follows: over-the-counter (OTC) medicines had a share of 61%, dietary supplements (DS) had a share of 35%, and the share of prescription drugs (RX) was 4%.

According to unaudited preliminary financial results as at 31.12.2022, the sales revenues in 2022 were in the amount of RON 276.98 million, 15,87% higher than those recorded in 2021. In 2022 the company registered a net profit of RON 70.92 million., 17.50% higher than the 2021 one, mainly thanks to the increase in sales revenues.

In 2022, SIF Muntenia received dividends from Biofarm SA in the amount of RON 12.20 million (2021: RON 11,18 million).

Major events:

- According to Biofarm SA Directors' Report for the third quarter of 2022, during the first nine months of 2022, the company portfolio development strategy focused on launching new products in the CHC (Consumer Healthcare) segment dedicated to immunity support products, but also on launching line extensions to generate incremental sales for top brands in the current portfolio. Thus, during the first nine months of 2022, 15 new products were launched.

Non-financial reporting – ESG

Biofarm SA publishes an annual report on the ESG activity, in accordance with GRI Standards. This report may be checked on the company website: www.biofarm.ro.

3. BRD - Groupe Societe Generale²¹

In MRON (individual)	2022 preliminary	2021	2020
Total assets	71,523	67,015	61,635
Net interest income	2,239	1,953	1,957
Net income from expenses and fees	719	706	674
Net profit	1,286	1,279	952
NPL (non-performing loans)	2.5%	3.1%	3.00%
Non-performing exposure total provision coverage ratio	77%	75%	75.8%

Table no. 4.11 BRD-Groupe Societe Generale financial results (value comparison)

As at 31 December 2022, total bank assets amounted to RON 71.5 billion, up by 6.73% from the end of 2021, while, at Group level, total assets reached a level of RON 73.8 billion, up by 6.92%.

The bank equity decreased by 31.05% y/y (-29.55% at Group level), i.e. from RON 9,539 million to RON 6,577 million. Total bank liabilities increased by 13.00% (13.00% at Group level) at the end of 2022 compared to the value recorded as at 31.12.2021, mainly due to the increase in customer deposits.

According to data presented by the Bank²², the cost/income index improved, reaching 50.4% (51.6% in 2021). The solvency ratio was 20.9% at the end of December 2022 (2021: 22.83%).

According to unaudited preliminary financial results as at 31.12.2022, the individual net profit was 0.52% (1.38% at Group level) higher than the one recorded in 2021.

Major events:

²⁰ https://bvb.ro/infocont/infocont22/BIO_20221114173951_2022-09-30-Situatii-financiare.pdf

²¹ The data was retrieved from the most recent reports and information published by the companies on the BSE website

²² <https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/BRD-Rezultate-financiare-preliminare-31-Decembrie-2022/1DF2C>

BRD Shareholders' Ordinary General Meeting of 24 February 2022 approved the distribution in the form of dividends of the amount of RON 1,683,992,828, out of the retained earnings for 2019 and 2020, the approved gross dividend was RON 2.4164 per share. The dividends were paid on 04.04.2022. Thus, SIF Muntenia SA received dividends in the amount of RON 12.63 million.

BRD Shareholders' Ordinary General Meeting of 28 April 2022 approved the distribution of the profit and the setting of a gross dividend for 2021 of RON 1.2850 per share. Dividends were paid on 7 June 2022. Thus, SIF Muntenia SA received dividends in the amount of RON 6.72 million.

Overall, in 2022, SIF Muntenia SA received dividends in the amount of RON 19.34 million (2021: RON 0.4 million).

Non-financial reporting – ESG

BRD Societe Generale SA prepares a Sustainability Report in accordance with GRI Standards: “Core Option” and GRI G4, the Supplement for the Financial Services Sector. The report is published on the company website: www.brd.ro.

4. SIF Banat-Crişana SA²³

In MRON	2022 preliminary	2021	2020
Total assets	3,405.26	3,607.39	2,883.77
Income, of which:	174.92	135.43	94.84
Dividend income	166.19	130.45	85.78
Investment gain/(loss)	(47.40)	288.29	27.82
Net profit	95.47	387.00	92.12

Table no. 4.12 SIF Banat-Crişana SA financial results (value comparison)

According to preliminary data published by the company²⁴, as at 31 December 2022, total assets saw a decrease of -5.60% (RON -202.12 million) compared to 2021, mainly as a result of the decrease in the amounts entered under Cash and cash equivalents (by RON -233.51 million), which were used for investment in issuers listed on the stock exchange.

The company income was higher by 29.15% (RON 39.48 million) compared to the previous year as a result of the increase in dividend income distributed by portfolio companies (+27.39%) and interest income (+83.85%).

The net investment loss of RON -47.40 million resulted mainly from the measurement of financial assets in the portfolio at fair value through the profit and loss account (listed and unlisted shares – subsidiaries and associates and units).

The 2022 financial year ended with a preliminary net profit of RON 95.47 million, i.e. RON 291.53 million lower than the 2021 result, reflecting the negative impact of fair value differences for financial assets measured at fair value through the profit and loss account.

Major events:

- On 25 January 2022, SIF Banat-Crişana informed shareholders, through the current report published on BVB, that, according to decisions adopted by the company Shareholders' Extraordinary General Meeting of 11 October 2021 (Decisions of SEGM no. 3/11.10.2021 and no. 4/11.10.2021, respectively), the Board of Directors of SIF Banat-Crişana had approved the offering of 880,000 shares to members of the management structure (directors, managers), free of charge, within a Stock Option Plan. The vesting (the transfer of shares) shall take place on meeting the conditions of the Stock Option Plan and upon exercise by each beneficiary of the option, after the expiry of a 12-month period after the signing of the payment agreements;
- At the SEGM of 28.04.2022, shareholders approved the reduction of the share capital by the cancellation of a number of 7,912,307 own shares acquired by the company under buy-back programmes and the implementation of a new buy-back programme (Programme 6) for no more than 990,000 own shares to be offered free of charge to the company management, in accordance with laws in force;
- On 28.07.2022 (the Payment Date), SIF Banat-Crişana started paying dividends for 2021 in a gross total amount of RON 30.93 million. SIF Muntenia received RON 1.47 million representing net dividends related to the share held of the share capital (2021: RON 0);

²³ The data was retrieved from the most recent reports and information published by the companies on the BSE website

²⁴ <https://www.bvb.ro/FinancialInstruments/SelectedData/NewsItem/SIF1-Rezultate-financiare-preliminare-la-31-decembrie-2022/D795D>

- According to the Report published on BVB on 13.09.2022, SIF Oltenia became a significant company shareholder with a holding of 10.08% of the share capital;
- SIF Banat-Crișana and two of its subsidiaries financed the payment of the Belvedere Cigarette Factory asset, which was purchased by its subsidiary SIF SPV TWO SA after the conduct of a tender in May of 2022.

Non-financial reporting – ESG

SIF Banat-Crișana does not publish a separate sustainability report, but presents some information related to the incorporation of ESG factors into the decision-making process in the annual report, which can be checked at: www.sif1.ro.

5. VOLUTHEMA PROPERTY DEVELOPER SA²⁵

In MRON	H1 2022	2021	2020
Total assets	50.89	50.68	41.76
Turnover	2.20	3.92	4.25
EBITDA	0.62	1.32	1.72
EBITDA margin	28.21%	33.72%	40.41%
Net profit	0.15	0.50	3.99

Table no. 4.13 Voluthema Property Developer SA financial results (value comparison)

The object of Voluthema Property Developer SA is the renting and operating of own real estate.

According to unaudited financial statements as at 30.06.2022, the company registered a turnover of RON 2.20 million, 11.64% higher than the same period of 2021, as a result of the increase in rental and customer service income.

The income from the rental of premises amounted to RON 1.88 million, 7.35% higher than the level achieved during the first half of 2021, and the income from the provision of services to customers (the re-invoicing of utilities, advertising, miscellaneous) amounted to RON 0.32 million, 46.17% higher than the same period.

Operating expenses were 25% higher than those recorded during the first half of 2021, mainly due to increased utility (electricity) expenses and staff expenses.

The activity during the first half of 2022 ended with a net profit of RON 0.15 million.

Non-financial reporting – ESG

Voluthema Property Developer SA does not publish sustainability reports.

6. OMV PETROM SA²⁶

In MRON (consolidated)	2022 preliminary	2021	2020
Total assets	57,521	49,970	47,621
Sales revenues	61,344	26,011	19,717
Operating result	12,039	3,709	1,467
Net profit	10,300	2,864	1,291

Table 4.14 OMV Petrom SA financial results (value comparison)

According to the preliminary consolidated financial statements as at 31 December 2022, total company assets recorded an increase of 15.11% compared to the balance recorded as at 31 December 2021. This change was due to a slight decrease in tangible assets, which was counterbalanced by the increase in current assets. The changes in current assets were due to the increase in cash and cash equivalents compared to the balance recorded at the end of 2021, the increase in the balance of inventories following higher volumes, but also the higher unit costs, the increase in the balance of trade receivables due to the increase in sales and the increase in other financial assets, related to cash guarantees for transactions in energy products.

In 2022 sales revenues recorded an increase by 136% compared to revenues recorded in 2021. This change was mainly due to the increase in the prices of commodities and the increase in the volumes for sales of petroleum products and electricity, partly mitigated by the lower volumes for natural gas sales.

²⁵ The data was retrieved from the most recent reports and information published by the companies on the BSE website

²⁶ The data was retrieved from the most recent reports and information published by the companies on the BSE website

In 2022 the operating result recorded an increase by 225% compared to 2021, driven by the increase in contributions related to all business segments, as a result of the higher prices in the Exploration and Production segment, the higher margins for natural gas from third party transactions and the higher margins for electricity in the Gas and Energy segment or the higher margins in the Refinement and Marketing segment, respectively. The result also reflects an increase in purchases, as a result of the increase in volumes or as a result of the higher prices for all products, respectively.

In 2022 the company recorded a net profit up by 260% compared to the net profit recorded in 2021.

In 2022, SIF Muntenia received net dividends in the amount of RON 4.61 million (2021: RON 0.87 million).

Major events:

- The Statement of commercial discovery regarding the Neptun Deep project was submitted to the National Agency for Mineral Resources;
- OMV Petrom took the final decision on the EUR 130 million investment for a new aromatic product facility at the Petrobrazi refinery;
- 275 MyAuchan facilities at Petrom upgraded distribution stations as at the end of the year;
- In November of 2022, OMV Petrom announced the completion of the share capital increase by contribution in kind and in cash by an amount of RON 567 million through the issuance of new ordinary, registered shares in dematerialised form, each with a nominal value of RON 0.1, as follows: the amount of RON 121 million represents the contribution in kind of the Romanian state, through the Ministry of Energy, and the amount of RON 446 million represented the subscriptions in cash of shareholders other than the Romanian state. SIF Muntenia subscribed a number of 6,331,773 shares, amounting to RON 0.63 million.

Non-financial reporting – ESG

The OMV Group publishes an annual Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards, the Core option. The report may be checked at: www.omvpetrom.com/ro.

7. ROMAERO SA²⁷

In MRON	H1 2022	2021	2020
Total assets	1,004.48	1,014.08	930.28
Operating revenues	52.82	104.55	107.38
Operating result	(16.29)	(49.47)	(56.51)
Net profit (loss) for the period	(26.79)	(62.97)	(55.77)

Table 4.15 ROMAERO SA financial results (value comparison)

Although the company turnover increased by 113.17% (RON 21.45 million) during the first half of 2022 compared to the first half of 2021, operating revenues merely increased by 17.26 (RON 7.78 million), and the increase in turnover was partially mitigated by the reduction in the amount of the work in progress by RON 9.38 million and the income from subsidies for operating activities by RON 3.94 million.

Operating expenses saw an increase of 11.56% (+ RON 7.16 million), mainly due to the increase in raw material and consumable expenses by 76.48% (+ RON 3.52 million), against the background of an increase in the volume of work and an increase in other external expenses (energy and water) by 112.45% (+ RON 2.86 million), respectively. The company registered savings in terms of expenses on external services, which recorded an amount 44.73 (RON 3.2 million) lower than the same period of 2021.

Although the operating loss recorded during the first half of 2022 (RON 16.29 million) is similar to the one recorded during the first half of 2021 (RON 16.90 million), the increase in the financial loss by 88.34% (RON 4.92 million), amid an unfavourable influence of the USD/RON exchange rate, led to a net loss in the amount of RON 26.79 million, i.e. RON 4.31 million higher than the one recorded during the first half of 2021, but RON 2.63 million lower than the budgeted loss for the period, according to data presented by the company in the Directors' Report of 30.06.2022.

Major events:

²⁷ The data was retrieved from the most recent reports and information published by the companies on the BSE website

Within the SOGM of 31.05.2022, the Adjusted Plan for the Operational Restructuring of Romaero SA was approved, subject to the fulfilment of certain conditions. The 'Plan for the Operational Restructuring of Romaero SA for the 2022-2031 period' was approved according to Government Decision no. 1004 of 10.08.2022.

The SEGM of 27.09.2022 approved the sale, by open auction, of non-core assets, proposed for capitalisation during the first stage through the Plan for the Operational Restructuring of Romaero SA for the 2022-2031 period, as a measure designed to eliminate short-term losses.

Within the SOGM of 26.10.2022, the Adjusted Plan for the Restructuring of Tax Liabilities was approved, provided that various deficiencies were remedied.

Since there was no quorum as required for the adoption of decisions on the increase of the share capital, within the SEGM of 14.03.2022, the SEGM of 31.05.2022, and within the SEGM of 27.09.2022, respectively, there was no approval for the increase of the share capital of Romaero SA by the amount of the investment financed in 2019 and 2020 from the state budget, via the budget of the Ministry of Economy, Energy and the Business Environment (currently the Ministry of Economy), subject to giving the right of preference to shareholders registered with Depozitarul Central SA as at the registration date, by an amount of up to RON 34,426,680.

Non-financial reporting – ESG

Romaero SA does not publish non-financial reports on ESG factors.

8. MUNTENIA MEDICAL COMPETENCES SA

In MRON	H1 2022	2021	2020
Total assets	28.84	30.73	28.83
Turnover	14.17	27.06	18.84
EBITDA	2.32	4.34	2.27
EBITDA margin	16.38%	16.04%	12.05%
Net profit	1.44	2.61	0.58

Table 4.16 Muntenia Medical Competences SA financial results (value comparison)

During the first half of 2022, total company assets reached a value of RON 28.84 million, representing a decrease by 6% compared to the end of the previous year. This change was mainly due to a decrease by 15% (RON 1.17 million) in current assets and by 3% (RON 0.75 million) in non-current assets.

During the first half of 2022, Muntenia Medical Competences SA recorded operating revenues in the amount of RON 14.18 million, i.e. RON 0.3 million (2.16%) higher than the amount recorded during the first half of 2021. Compared to the amount budgeted for 2022, 47.84% of the operating revenues were achieved.

The net profit achieved during the first six months of 2022 decreased by 28.33% (RON 0.57 million) compared to the profit achieved during the first half of 2021, mainly due to the increase in staff expenses, expenses on collaborating physicians and utility expenses.

In 2022, SIF Muntenia received net dividends in the amount of RON 4 million (2021: RON 0).

Major events:

- On 06.06.2022, SIF Muntenia entered with Centrul Medical Unirea SRL (Regina Maria) into the Sale and Purchase Contract regarding the transfer of 1,882,496 shares held by SIF Muntenia within Muntenia Medical Competences SA, representing 99.76% of the company share capital. The transfer of ownership of the shares was to be carried out no later than 30.09.2022 (with the possibility of extension), after the fulfilment of conditions precedent by both signatories.
- Vita Care Flav SRL (part of the Medlife group) as a shareholder of Muntenia Medical Competences SA exercised its right of preference as set out in the Instrument of Incorporation of Muntenia Medical Competences SA for the purchase of the 1,882,496 shares and recorded the price to this end. The possibility of exercising the right of preference was stipulated as a condition precedent in the Sale and Purchase Contract concluded on 06.06.2022 with Centrul Medical Unirea. Therefore, on 14.07.2022, SIF Muntenia entered with Vita Care Flav SRL into the Sale and Purchase Contract regarding the transfer of the 1,882,496 shares, with the transfer of ownership of the shares supposed to be carried out no later than 30.09.2022 (with the possibility of extension), after the continued fulfilment

of various conditions precedent by both signatories. The Sale and Purchase Contract concluded on 06.06.2022 with Centrul Medical Unirea was terminated of right.

- On 21.10.2022, SIF Muntenia entered with Vita Care Flav SRL into an Addendum to the Sale and Purchase Contract of 14.07.2022 that extended the deadline for the transfer of the ownership until 15.01.2023.
- On 09.01.2023, all the precedent conditions of the Sale and Purchase Contract with Vita Care Flav SRL, were met, and, so, the transfer of ownership of the share package representing 99.76% of the share capital of Muntenia Medical Competences by SIF Muntenia SA to Vita Care Flav SRL was carried out.

Non-financial reporting – ESG

Muntenia Medical Competences SA does not prepare sustainability reports.

9. SNGN Romgaz SA of Mediaș²⁸

In MRON (consolidated)	2022 preliminary	2021	2020
Total assets	14,395.5	11,293.0	9,261.2
Turnover	13,380.1	5,852.9	4,074.9
EBITDA	3,524.8	2,784.6	2,050.7
EBITDA margin	26.34%	47.58%	50.33%
Net profit	2,544.5	1,915.0	1,247.9

Table no. 4.17 ROMGAZ SA financial results (value comparison)

Total company assets recorded an increase by 27.47% (RON 3,102.5 million) as at 31.12.2022 compared to the balance recorded as at 31.12.2021. The change was due to the increase in non-current assets by 87.26% (RON 4,856.2 million), which was counterbalanced by the decrease in current assets by 30.62% (RON 1,753.7 million).

The increase in non-current assets was due to the purchase of ExxonMobil Exploration and Production Romania Limited, the related purchase cost being RON 5.12 billion. Since the date of the purchase, the company has been part of the Romgaz Group.

This transaction also impacted the change in current assets through the decrease in cash, cash equivalents and other financial assets as at the end of 2022.

The turnover saw an increase by 128.61% (RON 7,527.2 million) in 2022 compared to 2021.

This change was due to the increase by 124.61% (RON 6,284.2 million) in the revenues from the sale of natural gas, both from Romgaz production and purchased for resale, and to the increase by 313.75% (RON 1,099 million) in revenues from the sale of electricity and by 80.51% (RON 209.33 million) in consolidated revenues from storage services, respectively.

Compared to the previous year, the Group recorded decreases in expenses related to the cost of goods sold (-34.81%, in 2022 these expenses mostly accounted for the cost of imbalances in the activity of selling electricity), while expenses related to the oil royalty increased by 123.17% (the change was due to the increase in the reference price taken into account in the calculation of such tax).

Moreover, another increase was registered by the tax on additional income (+289.81%). In 2022, the SNGN ROMGAZ SA Group recorded a net loss from the impairment of receivables of RON 55.2 million, as a result of various customers who had gone bankrupt.

Staff expenses recorded a slight increase (+10.35%); exploration expenses also recorded an increase by 4,888.64% (+ RON 58.52 million), as a result of the Concession Agreement concluded between ANRM and Romgaz under which the period of exploration of eight oil perimeters was extended until October of 2027.

The preliminary net profit for 2022 was RON 2,544.5 million, up by 32.87% compared to the net profit achieved in 2021, of RON 1,915 million.

In 2022 SIF Muntenia SA received net dividends in the amount of RON 4.20 million (2021: RON 1.98 million).

Major events:

- The Board of Directors of Romgaz approved the conclusion of the Sale and Purchase Contract for all the shares issued by (representing 100% of the share capital of) ExxonMobil Exploration and Production Romania Limited

²⁸ The data was retrieved from the most recent reports and information published by the companies on the BSE website

(EMEPR), which holds 50% of the rights acquired and obligations undertaken by way of the Oil Agreement for the eastern area, the deep water area, of the XIX Neptun offshore perimeter in the Black Sea. The Contract was to be signed after the approval by the Romgaz Shareholders' Extraordinary General Meeting, convened for 28.04.2022. The purchase price was USD 1.06 billion.

- In late March of 2022, Romgaz signed a Financing Agreement worth EUR 325 million with Raiffeisen Bank SA, in order to partially finance the purchase price to be paid for all shares issued by EMEPR. The loan has a maturity of five years.
- In May of 2022, Romgaz signed the Sale and Purchase Contract for all the shares issued by EMEPR.

Non-financial reporting – ESG

The Romgaz Group reports ESG-related aspects in the annual Sustainability Report, prepared in accordance with the GRI international non-financial reporting standards. The report may be found on the group website: www.romgaz.ro.

10. FIROS SA

In MRON	H1 2022	2021	2020
Total assets	91.2	83.9	69.4
Turnover	51.3	81.7	61.7
EBITDA	9.6	9.1	9.08
EBITDA margin	18.7%	11.1%	14.7%
Net profit	7.41	7.46	6.23

Table no. 4.18 FIROS SA financial results (value comparison)

Firos SA is a Romanian entirely privately owned company focused on the production and marketing of building materials.

During the first half of 2022, total company assets reached a value of RON 91.2 million, i.e. an increase by 8.7% compared to the end of the previous year. This change was mainly due to an increase by 17% (RON 6.87 million) in current assets and by 1% (RON 0.23 million) in non-current assets.

The turnover increased during the first half of 2022 by 39.4% (RON 14.5 million) compared to semester I. The change in turnover can be explained by the increase by RON 15.9 million of revenues from the sold production and the decrease by RON 1.3 million of revenues from the sale of goods, respectively.

For 2022, the company budgeted the production and sale of 100,000 tonnes of mortars/adhesives/putties/blankets, as well as the production and sale of 130,000 cubic meters of expanded cellular polystyrene. The production of mortars and adhesives generated sales of approximately 52,434 tonnes during the first six months of 2022, achieving 52.43% of the budgeted quantity. Sales of expanded cellular polystyrene were about 80,887 cubic meters, accounting for 62.2% of the budgeted quantity.

The net profit achieved during the first six months of 2022 was 128% (RON 4.2 million) higher than the one achieved during the first half of 2021.

In 2022 SIF Muntenia SA received net dividends in the amount of RON 3.38 million (2021: RON 4 million).

Non-financial reporting – ESG

Firos SA does not publish sustainability reports.

4.2 CONTROLLED COMPANIES/SUBSIDIARIES

Considering the meanings presented in Law no. 24/2017 for the notions of 'group'²⁹, 'parent company'³⁰ and 'subsidiaries'³¹, we inform that, as at 31.12.2022, the Company holds in its portfolio shareholdings representing over 50% of the share capital within 14 companies, all of which are operational.

²⁹ A parent company and all its subsidiaries (art. 2(1)(12) of Law no. 24/2017)

³⁰ A company that controls one or more subsidiaries (art. 2(1)(40) of Law no. 24/2017)

³¹ An entity defined according to the provisions of art. 3(1)(25) of Law no. 126/2018 (art. 2(1)(9) of Law no. 24/2017), i.e. an entity controlled by a parent company, including any subsidiary of the parent company that runs them, including any subsidiary of a subsidiary of the parent company which runs them

Subsidiaries are monitored analytically, with the objective of increasing their fair value by taking immediate action, especially in case of failing to meet the indicators in the revenue and expenditure budgets approved by the entity Shareholders' General Meetings. The aim at all times is subsidiary progress, both in terms of the result and the position in the market in which the subsidiaries operate, so that the variation of the fair value should not have negative influences on the annual result recorded by the Company.

All controlled companies³² are based in Romania. For them, the percentage of holding of the Company in the entity share capital is not different from the percentage of the number of votes held. As at 31.12.2022, no subsidiary holds shares issued by the Company.

Of the 14 subsidiaries, as at 31.12.2022:

- Two subsidiaries are listed on the BVB regulated market: Biofarm SA (BIO), Casa de Bucovina Club de Munte SA (BCM);
- Six subsidiaries are listed on AERO, the BVB multilateral trading facility: Bucur S.A. (BUCV), CI-CO SA (CICO), Mindo SA (MINO), Germina Agribusiness SA (SEOM), Semrom Oltenia SA (SEOL), Unisem SA (UNISEM);
- Six subsidiaries do not have listed shares: Firos SA, Fondul Român de Garantare a Creditelor pentru Întreprinzătorii Privati - IFN SA, Muntenia Medical Competences SA, Voluthema Property Developer SA, Avicola SA of Bucharest, ICPE SA.

In 2022, the Company received dividends from its subsidiaries in the amount of RON 37.78 million, i.e. 39.61% of the total dividends received in 2022.

As at 31.12.2022, the net asset value of these subsidiaries, as certified by the Depositary, was RON 614.56 million (31.12.2021: RON 725.53 million), and the percentage of the total Company assets was 31.77% (31.12.2021: 35.03%).

I		II	III	IV	V
1.	Biofarm SA	Manufacture of pharmaceutical preparations	313.07	16.18%	51.58%
2.	Voluthema Property Developer SA	Renting and operating of own or leased real estate	57.63	2.98%	99.97%
3.	Muntenia Medical Competences SA	Specialist medical practice activities	46.82	2.42%	99.76%
4.	Firos SA	Manufacture of mortars	42.40	2.19%	99.69%
5.	CI-CO SA	Renting and operating of own or leased real estate	40.49	2.09%	97.34%
6.	Bucur SA	Non-specialised wholesale of food, beverages and tobacco	35.10	1.81%	67.98%
7.	ICPE SA	Research	19.38	1.00%	50.32%
8.	Unisem SA	Wholesale of grains, seeds, feed and unmanufactured tobacco	13.60	0.70%	76.91%
9.	Germina Agribusiness SA	Wholesale of grains, seeds, feed and unmanufactured tobacco	13.35	0.69%	90.68%
10.	Fondul Român de Garantare a Creditelor pentru Întreprinzătorii Privati - IFN SA	Other lending activities	11.55	0.60%	77.61%
11.	Semrom Oltenia SA	Growing of cereals (except rice), leguminous plants and oil seeds	9.68	0.50%	88.49%
12.	Casa de Bucovina-Club de Munte SA	Hotels and other short-stay accommodation	8.15	0.42%	69.25%
13.	Mindo SA	Manufacture of mortars	2.90	0.15%	98.02%
14.	Avicola SA of Bucharest	Raising of poultry	0.43	0.02%	89.97%
TOTAL			614.56	31.77%	

³² This means the relationship between a parent company and a subsidiary, in all cases provided for in art. 22(1) and (2) of Directive 2013/34/EU or a similar relationship between any natural or legal person and a company, any subsidiary of a subsidiary company also being considered a subsidiary of the parent company which runs them (art. 3(1)(39)(b) of Law no. 126/2018)

Table no. 4.19. List of subsidiaries of SIF Muntenia SA and their certified net asset value as at 31.12.2022

*Legend***I-** Name**IV-** % of the total Company assets**II-** Industry**V-** % of the share capital of the entity held by the Company**III-** Value of the shareholding, in MRON, as certified by the Depositary

According to art. 38(4) of Law no. 243/2019, in 2022, the assets in the Company portfolio that were measured using valuation methods in accordance with International Valuation Standards are:

No.	Name	No. of shares	Date of the valuation	Value/ share	Value of the stake	Valuation method
1	Avicola SA of Bucharest	385,837	31.10.2022	1.1179	431,326	The asset-based approach - the adjusted net asset method
2	CI-CO SA of Bucharest	2,634,060	31.10.2022	15.3729	40,493,002	The income-based approach - the discounted cashflow method
3	Firos SA	2,815,576	31.10.2022	15.0583	42,397,814	The income-based approach - the discounted cashflow method
4	Fondul Român de Garantare a Creditelor pentru Intreprinzătorii Privati - IFN SA	12,468,144	31.10.2022	0.9263	11,548,797	The asset-based approach - the adjusted net asset method
5	ICPE SA	2,996,939	31.10.2022	6.4678	19,383,670	The income-based approach - the discounted cashflow method
6	Mindo SA	32,595,770	31.10.2022	0.0889	2,897,212	The income-based approach - the discounted cashflow method
7	Muntenia Medical Competences SA	1,882,496	31.10.2022	24.8723	46,821,959	The income-based approach - the discounted cashflow method
8	Voluthema Property Developer SA	6,462,487	31.10.2022	8.9180	57,632,709	The income-based approach - the discounted cashflow method

Table no. 4.20 List of subsidiaries measured by valuation methods in line with International Valuation Standards as at 31.12.2022

The measurement of the shareholding of SIF Muntenia SA within the above-mentioned companies was performed using the income-based approach – the discounted cashflow method, except Avicola SA of Bucharest and Fondul Român de Garantare a Creditelor pentru Intreprinzătorii Privati - IFN SA, where the measurement was performed using the asset-based approach – the adjusted net asset method.

The leverage and exposure of SIF Muntenia SA are calculated according to the provisions of Commission Regulation (EU) no. 231/2013 of 19 December 2012, i.e. using the gross method and the commitment method.

Method type	Leverage	Value of the exposure
The gross method	104.12%	1,929,889,456.89
The commitment method	104.36%	1,934,383,271.22

Table no. 4.21 Leverage and exposure in accordance with International Valuation Standards as at 31.12.2022

SAI Muntenia Invest SA does not use the leverage in the investment policy adopted in connection with the management of SIF Muntenia SA.

RELATED PARTY TRANSACTIONS

In 2022, the Company did not carry out any related party transactions.

It is worth mentioning that SIF Muntenia SA participated in the share capital increase of Voluthema Property Developer SA with the amount of RON 22,992,180 in July of 2022.

4.3 OTHER SUB-PORTFOLIOS

The developments in terms of the amount of other Company sub-portfolios in 2022 is presented in the chart below:

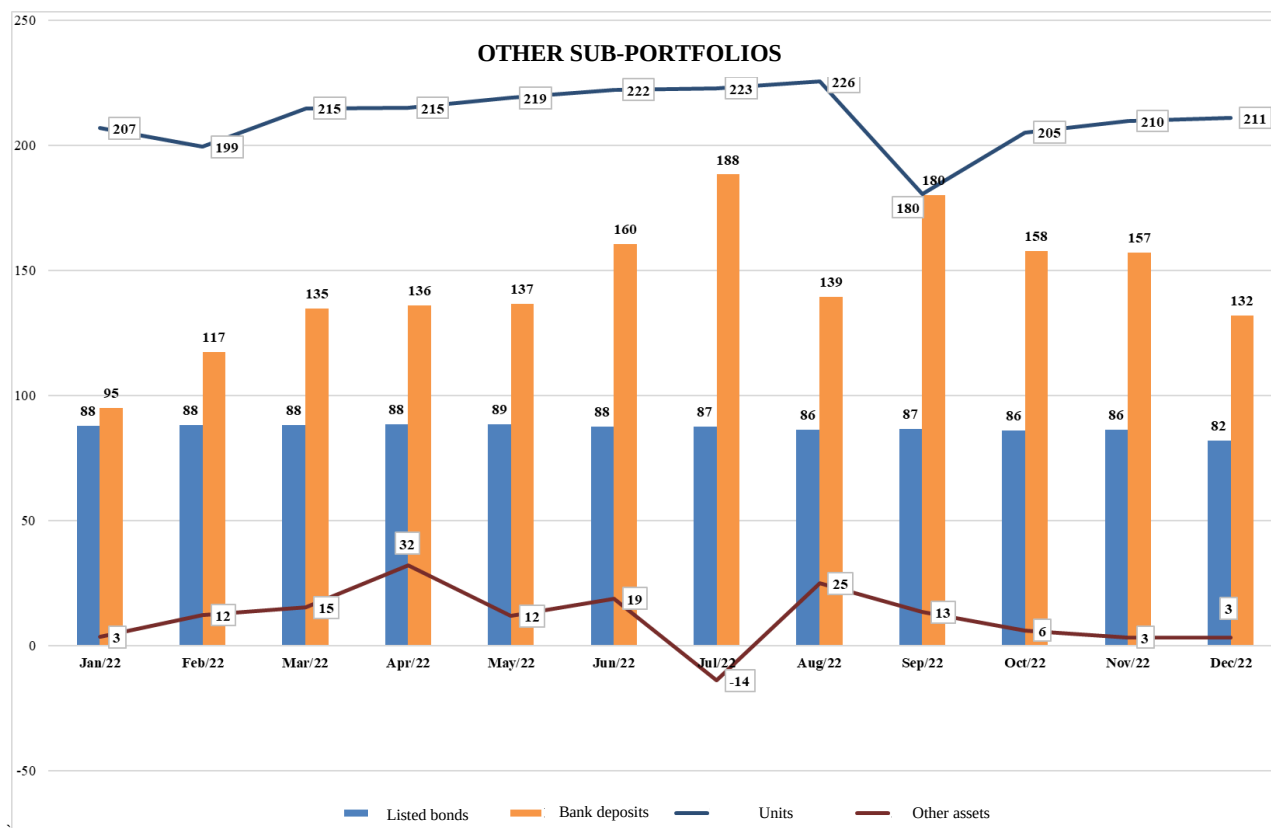


Chart no. 4.5. Developments in terms of the amount of other Company sub-portfolios in 2022 (in MRON)

BANK DEPOSITS

The chart below shows the value of the average monthly interest rate for Company deposits in 2022, compared to the one-month ROBID published by the BNR:

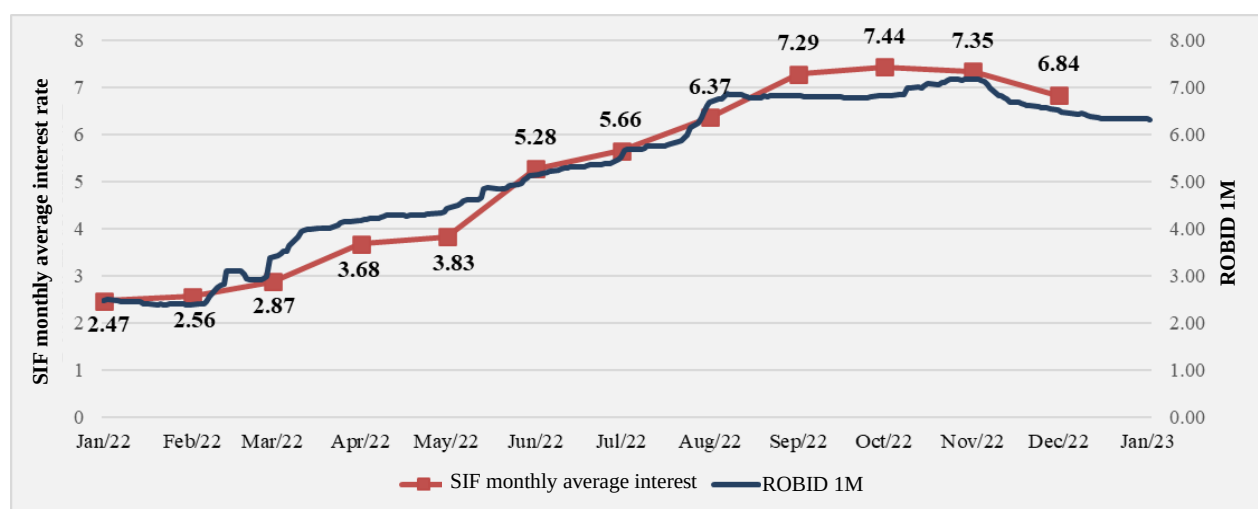


Chart no. 4.6. ROBID 1M (max. 2.52%, min. 1.09%) compared to the average monthly interest on Company deposits

Source: data taken from the NBR website, the Statistics section, processed by SAI Muntenia Invest SA

In 2022, the average monthly interest on Company deposits was constantly on the rise, in direct proportion to developments in terms of RO BID 1M. At the end of 2022, the Company held RON 131.99 million in bank deposits, representing 6.82% of the total certified assets. The credit institutions where these deposits are set up are part of groups with good capitalisation, at both national and European level.

BONDS

During the period under review, the coupons of bond issues by Opus - Chartered Issuances SA – RON 1.60 million (EUR 328,200) were collected.

Moreover, the following bond issues, for which both the principal and the interest were collected, reached maturity in 2022:

- Impact Developer & Contractor SA – RON 5.20 million (EUR 1,057,342.40);
- Capital Leasing IFN SA – RON 1.04 million.

During the third quarter of 2022, two amendments were signed concerning OPUS bond maturity extension. The relevant change is shown in the table below.

Bond ISIN	Initial maturity	Maturity according to the amendment
DE000A185GT6	05.09.2022	05.09.2024
DE000A17LGN6	26.09.2022	26.09.2024

Table no. 4.22. The maturity of bonds issued by Opus Chartered Issuances

The table below shows the status of bonds as at 31 December 2022:

Issuer	Maturity	Issue date	Date of purchase	Number of bonds	Nominal value	Currency	Annual interest rate
Opus-Chartered Issuances	26/09/2024	23/09/2015	25/08/2017	501	10,000.00	EUR	EUR 200/bond
Opus-Chartered Issuances	05/09/2024	02/09/2016	06/09/2016	1,140	10,000.00	EUR	EUR 200/bond

Table no. 4.23. The statement of current bonds as at 31.12.2022

The total net asset value of the bonds as at 31.12.2022 was RON 81,900,850.

There were no purchases or sales of bonds during the reported period.

UNITS

As at 31 December 2022, the Company holds units in its portfolio with 12 investment funds (five open-end investment funds and seven alternative investment funds).

Fund	No. of units	NAVU	Date of NAVU	Amount	Currency
Active Dinamic	2,938,476.90	5.57	30.12.2022	16,359,970.16	RON
FDI Prosper Invest	100,085.11	18.45	30.12.2022	1,846,190.05	RON
FII BET-FI Index Invest	8,297.00	842.46	30.12.2022	6,989,882.32	RON
Star Focus	152,631.39	6.90	30.12.2022	1,053,583.96	RON
Star Next	190,539.48	7.88	30.12.2022	1,502,289.48	RON

Table no. 4.24. The status of current units as at 31.12.2022 with open-end investment funds

Fund	No. of units	NAVU	Date of NAVU	Amount	Currency
Active Plus	4,096.47	13,027.48	31.12.2022	53,366,660.15	RON
Certinvest Acțiuni	114.19	267,949.13	31.12.2022	30,598,300.31	RON
FIA Muntenia Trust	460.00	9,904.33	31.12.2022	4,555,990.60	RON
FII Multicapital Invest	4,337.00	3,041.55	31.12.2022	13,191,202.35	RON

Fund	No. of units	NAVU	Date of NAVU	Amount	Currency
FII Optim Invest	2,067.68	11,202.56	31.12.2022	31,170,114.97	RON
Romania Strategy Fund Class B	56,000.00	605.10	31.12.2022	33,885,600.00	RON
Star Value	15,134.00	1,087.93	31.12.2022	16,464,732.62	RON

Table no. 4.25. *The status of current units as at 31.12.2022 with alternative investment funds*

In 2022, the following transactions regarding units were recorded:

- 2,350.68 units from FII Optim Invest were redeemed for a total price of RON 29,499,882.16;
- 3,065.41 units from FII Optim Invest were bought for a total price of RON 34,999,850.89;
- 460 units from FIA Muntenia Trust were bought for a total price of RON 4,600,000.

The total net asset value of the units as at 31.12.2022 was RON 210,984,517. On comparing it with the balance as at 31.12.2021 (i.e. RON 207,692,401), in 2022, there was a net gain in the amount of RON 3,292,116 coming from the increase in value of these units, classified as financial assets measured at fair value through profit or loss.

In 2022, SIF Muntenia bought 460 units issued by FIA Muntenia Trust, a fund established by the Manager in 2022 and authorised by FSA in October of 2022, according to Authorisation no. 147/13.10.2022, as a contractual private capital alternative investment fund intended for professional investors.

5 DISPUTES

The Manager ensures the defence, exercise and capitalisation of Company rights. To this end, the activity of legal services is ensured by legal advisers and lawyers.

In the records of the Division for the Management of Special Situations, as at 31.12.2022, there were 31 court case-files.

In most disputes, the Company acts as the plaintiff or intervening party, the subject-matter of the disputes being the annulment/declaration of the absolute nullity of various decisions of the Shareholders' General Meetings for entities from the Company portfolio. Examples in this regard are the disputes with Unirea Shopping Center SA, Sinter Ref SA Azuga, Metalurgica SA, Alexandra Turism SA, ICPE SA, ARO Palace SA, AAAS. We would like to mention that there are several disputes with some of the companies listed above.

As at 31.12.2022, 3 actions were pending before the court concerning the annulment of the Decision of the SIF Muntenia SA Shareholders' General Meeting as follows:

1. Case no. 18956/3/2021 before the Bucharest Court of Justice, seeking a declaration of absolute nullity of the resolutions no.1-10 of 28.04.2021 of the AGM of SIF Muntenia SA. Plaintiffs: Behboud Madadi, Munteanu Florian, Alexandru Ionel Secară and Andrei Viorel Orlando. Defendant: SIF Muntenia. On 07.03.2022, the Bucharest Court, by decision no.424, admitted the exception of lack of legal standing of the plaintiffs and dismissed the action as being brought by persons without legal standing. The judgment is not notified.
2. Case no. 208/3/2022 pending before the Bucharest Court for a declaration of absolute nullity of the resolutions no. 5 and 6 of 15.11.2021 of the SIF Muntenia AGM. Plaintiffs: Behboud Madadi, Munteanu Florian, Alexandru Ionel Secară and Andrei Viorel Orlando. Defendant: SIF Muntenia. 13.10.2022. By decision no.2351, the Bucharest Court admitted the exception of lack of legal standing of the plaintiffs and dismissed the action as being brought by persons without legal standing. The judgment was notified and not appealed.
3. Case no. 18.494/3/2022 for a declaration of absolute nullity of the resolutions no.1, 2, 3 and 4 of 22.06.2022 of the AGM of SIF Muntenia. Plaintiff: Unirea Shopping Center SA. Defendant: SIF Muntenia. The action is pending and has a deadline of 04.04.2023.

The management of the Manager shall continue ensuring that all steps are taken to defend the Company and shareholders' legitimate interests in all these disputes according to legal provisions.

6 RISK MANAGEMENT

Risk management means all the activities aimed at identifying, quantifying, monitoring and controlling risks, so as to ensure compliance with the principles of the general risk policy. The Company risk management system includes a set of analyses and charts of diversification of the exposures for the financial instruments in the portfolio, together with the identification and assessment of financial risks, as well as proposals for the mitigation of the effects of risks related to the general and investment activities of the Manager.

The Manager has implemented the permanent risk management function within its organisational structure, which also covers the Company risk management. Within this structure there are procedures that guide the risk management activity in order to identify, assess, manage and properly monitor all relevant risks, in accordance with the provisions of art. 30-37 of Commission Regulation (EU) no. 231/2013.

On 30.06.2022, the Board of Directors of the Manager approved the revision of the Company Risk Profile focusing on a single amendment compared to the previous version: the *Currency Exposure/Total Assets* indicator has a different calibration compared to the previous classification, in the sense of widening the limits of the risk appetite. Consequently, the range of risk tolerance was also extended in order for the tolerated level of risk to include a lower and a higher level than the risk appetite.

The risk profile has been defined according to the level of the risk appetite associated with each category of major risks, depending on the Company risk tolerance and business strategy.

RISKS WITH MAJOR IMPLICATIONS

The global economy experienced a fundamental shift in 2022: from a rather predictable investment universe – with a framework of rules encouraging investment and international trade, with low inflation and interest rates – to a much more fragile world with a heightened degree of uncertainty, with much higher economic and geopolitical volatility and risks. Thus, the main macroeconomic risks present were inflation, energy security and geopolitical uncertainty, factors with major economic, financial and social implications. Global recession risks in 2023 increased amid rising interest rates.

Supply-side price pressures in the food and energy markets can fuel overall inflation, and the evolution of the illegal, unprovoked and unjust war of aggression against Ukraine could undermine trade and economic growth.

Inflation remains an economic factor affecting the entire economy, but mainly end consumers. The annual rate of inflation decelerated to 16.4% in December from 16.8% in November, according to data published by the National Institute of Statistics (INS), i.e. probably the highest level of this economic cycle of growth. The monthly inflation level in December was 0.4%, i.e. the lowest monthly advance of 2022, largely driven by the substantial reduction of fuel prices by 6.5% compared to November, amid decreasing oil prices. According to the provisions, the annual rate of inflation will remain above 16% in January and February of 2023, primarily fuelled by rising fuel prices, following the elimination of government measures intended to reduce them, but also amid high underlying inflationary pressures.

The evolution of the illegal, unprovoked and unjust war of aggression against Ukraine and the increasingly severe sanctions related thereto generate considerable uncertainties and risks to the prospects of the economic activity and, implicitly, the medium-term evolution of inflation, through the possibly greater effects exerted, in multiple ways, on consumers' purchasing power and confidence, and on the activity of companies, but also through the potentially more severe impairment of the economy and the risk perception of economic indicators, with an unfavourable impact on financing costs. At this time, it is very difficult to predict an end to the military conflict, but one can assume that the economic war between the West and Russia will continue long beyond the moment of a ceasefire.

The energy crisis – energy prices reached record highs in 2022, especially as a result of the illegal, unprovoked and unjust war of aggression against Ukraine and the use by the former of the gas supply as a weapon of war.

The price of electricity in the EU domestic market is directly related to the price of gas, which is mostly imported. Russia's deliberate reduction of the gas supply is the main cause of the sharp increases in gas prices across the EU, which have had an impact on the price of electricity produced in gas-fired power plants, affecting electricity prices in general.

The Council of the EU expects the price of energy to remain high across the EU over the coming months, too, as it takes time to replace the Russian gas supply with EU supply sources. Therefore, EU countries have adopted an emergency regulation on energy prices to address the issue of the high energy prices and to help citizens and businesses that are being hit the hardest by the energy crisis. The new rules have been adopted by EU Energy Ministers within the Council of the EU, and the Regulation 1854/2022 applies from 1 December 2022 to 31 March 2023. It complements existing EU

initiatives and laws adopted over the last few months to ensure the security of the EU's energy supply, such as the Gas Storage Regulation, the Gas Demand Reduction Regulation, the creation of an EU energy platform and information initiatives to diversify supply sources.

We should mention that, among EU member states, Romania has the second lowest degree of dependence on imports of energy products, which only account for 30% of the domestic energy consumption. In 2019-2020, net gas imports accounted for 20% of the domestic consumption, and net imports of petroleum products accounted for 65% of the domestic consumption.

The implications and manifestations of the events described above require constant monitoring and corrective measures adapted to this crisis situation from the Company.

MAJOR RISKS

The risk management policy is based on a system of limits used to monitor and control risks. The developments in the level of portfolio share prices did not lead to exceeded risk limits.

In 2022, the following categories of potential or existing risks to which the Company is exposed were analysed and assessed:

1. The market risk

The market risk is the risk of recording losses on positions in the profit or loss statement, in the balance sheet and off-balance sheet, due to fluctuations in the prices at which the securities in the portfolio are traded. These fluctuations are attributed to changes in market variables: share prices, developments in interest rates or exchange rates, which could change the value of the financial instruments held.

For the measurement and assessment of market risks, a tradable sub-portfolio VaR is calculated, i.e. an indicator that expresses the maximum potential loss, with a certain probability of error, expected over a certain period of time, on the assumption that past developments in prices will determine the future price behaviour. The calculated VaR was 2.59% with a probability of 99%, placing the Company within the limits of a very low risk, according to the risk profile.

2. The currency risk

The currency risk is the current or future risk of a negative impact on profits and capital due to the possible adverse influence of changes in the exchange rate, with an adverse impact on investment. It is determined by adding up all the investment exposed to currency risk, which is then related to the value of the total assets. The currency risk of the Company portfolio as at the end of December of 2022 was 8.82%. It falls within the limits of a medium risk (7.01-15.00%) undertaken based on the risk profile.

According to the financial statements, the Company financial assets and liabilities denominated in other currencies, as at 31 December 2022, can be analysed as follows:

In RON	2022	2021	2020
Cash and current accounts	12,418	151,907	26,928,648
Financial assets at fair value through profit or loss	83,479,784	81,987,444	83,968,674
Financial assets measured at amortised cost	-	4,957,454	4,877,838
TOTAL assets	83,492,202	87,096,805	115,775,160
Other liabilities	24,521	31,913	40,419
TOTAL liabilities	24,521	31,913	40,419
Net financial assets	83,467,681	87,064,892	115,734,741

Table 6.1. Assets and liabilities of SIF Muntenia SA (denominated in EUR, listed in RON)

3. The interest rate risk

The interest rate risk is the current or future risk of an adverse impact on profits and capital as a result of adverse changes in interest rates. The bank deposits held by the Company are interest-bearing assets, generally invested at short-term interest rates and are not exposed to any major risk of change. The Company does not use financial derivatives to protect itself against interest rate fluctuations.

4. The credit risk

The credit risk is the current or future risk of an adverse impact on profits and capital as a result of the debtor's failure to meet contractual obligations. The exposure to credit risk in relation to units was reduced by taking the following steps:

- Conducting a prior check in terms of the entities in which it invests, so as to ensure that there is a sound and prudent investment strategy, correlated with the Company investment strategy;
- Monitoring the return on funds, as well as the individual return on the most significant investment;
- Monitoring events that could indicate a decrease in the value of units, such as the decline of the market in which it invests or of a business sector that corresponds to a significant sub-portfolio.

The exposure to credit risk related to equity securities is mainly due to the possibility of an inability to meet outstanding obligations, as a result of the loss-making conclusion of previous years, which completely exhausted the equity. For the Company, the Risk Management Division calculates indicators that determine the value of exposures to shares issued by listed and unlisted portfolio companies, with a high level of bankruptcy risk, in relation to the value of the equity.

5. The concentration risk

The concentration risk is the risk arising from exposures to each counterparty, including central counterparties, groups of associated counterparties and counterparties in the same economic sector, the same geographical region, or carrying out the same activity, supplying the same commodity or to the same issuer. It is analysed using the ratio between the value of that exposure and the value of the total assets, and it falls within certain predetermined limits. The concentration risk is divided into six indicators that are part of the risk profile, which are listed below. All these indicators fall within the limit of the degree of risk undertaken.

No.	Risk indicators	Risk appetite	Risk appetite range	Risk tolerance range	Current level	Risk tolerance compliance	Level of risk recorded
1	Unlisted securities/Total assets	Low	8.01 - 16%	0 - 24%	10.88%	Yes	Low
2	Holdings with the same issuer/Total assets	Low	12.01 - 24%	0 - 36%	19.29%	Yes	Low
3	Holdings with issuers of the same group/Total assets	Low	15.01 - 30%	0 - 45%	19.29%	Yes	Low
4	Current accounts/Total assets	Very low	0 - 4%	0 - 8%	0.23%	Yes	Very low
5	Liquid assets with the same bank/Total assets	Very low	0 - 4.50%	0 - 9%	2.72%	Yes	Very low
6	Level of units issued by a single UCITS/Total assets	Very low	0 - 8%	0 - 16%	0.85%	Yes	Very low

Table no. 6.2 Risk indicators

6. The country risk

Romania's **country risk** (the sovereign rating) is included in the last notch of the 'Investment grade' category by all three main rating agencies (Moody's, Standard & Poor's and Fitch). The end of 2022 also confirmed the major accumulated uncertainties and risks mostly caused by inflationary phenomena, energy security and geopolitical uncertainty.

The name of the rating agency	Action	Date	In foreign currency	In RON	Prospect
Standard & Poor's	Rating confirmation and prospect	Oct. of 2022	BBB-	BBB-	Stable
Fitch	Rating confirmation and prospect	Oct. of 2022	BBB-	BBB-	Negative
Moody's	Change of prospect	Oct. of 2021	Baa3	Baa3	Stable

Table no. 6.3 The classification of Romania's country risk by the main rating agencies.

7. The counterparty risk

The counterparty risk is the risk that one of the parties to the contract may not meet its contractual obligations, leading to a loss for the other party; this risk arises in particular from OTC derivative transactions or financial instrument financing transactions. Moreover, the exposure to the risk of credit institutions results primarily from the relationships with the institutions where the available cash is deposited. In order to manage this risk, the Manager has chosen local credit

institutions for depositing the available cash, whose financial soundness it monitors on the basis of publicly available information.

In 2022 the Company did not carry out financial derivative transactions, as defined in Section C, sub-sections 4 to 10 of Annex I to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, implemented by Articles 38 and 39 of Regulation no. 1287/2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading and defined terms for the purposes of the Directive concerned.

Moreover, one analyses the possibility of insolvency for institutions providing services (such as asset custody ones) or situations where transactions are carried out involving shares/bonds issued by unlisted companies on a regulated market or within a multilateral trading facility. According to calculations made, the results are within the scope of the parameters set in the Risk Profile. The lack of a portfolio of derivatives or pending (unsettled) transactions places the Company in the very low risk area.

8. The liquidity risk

The liquidity risk is the current or future risk of an adverse impact on profits and capital, determined by the Company's inability to meet its obligations when due.

The Risk Management Division of the Manager monitors liquid assets in the form of cash and highly liquid assets against its short-term liabilities. The main liquidity calculation indicator is "*Liquid assets/Average monthly expenses*", which, as at 31.12.2022, was 47.78, expressing the fact that the Company can meet its current obligations using the liquid assets which it holds. This indicator falls within the very low risk level according to the risk profile, which means that the amount of the cash or cash equivalents represents at least five times the amount of the average monthly expenses.

Another liquidity indicator pursued is the grouping of assets in liquidity bands specified in the Guidelines on reporting obligations in accordance with Article 3(3)(d) and Article 24(1), (2) and (4) of AIFM - ESMA/2014/869 (118, 119), i.e. the percentage of the Company portfolio that can be liquidated in each of the specified liquidity periods. In order to mitigate/avoid the liquidity risk, the Manager adopts a prudential policy in terms of cash outflows.

The liquidity bands are those set out in the Regulation no. 231/2012, as follows:

Percentage of the portfolio that can be liquidated within:						
0-1 day	2-7 days	8-30 days	31-90 days	91-180 days	181-365 days	over 365 days
0.03%	1.01%	2.01%	6.01%	12.01%	9.00%	69.93%

Table 6.4. *Liquidity bands*

For the Company, one calculated the percentages of assets falling within the liquidity bands in relation to the total assets managed. Portfolio positions were assigned to one or more periods, based on the length of time during which they could reasonably be liquidated, at book value or at a value close to it, the total being equal to 100%.

The calculations made for the end of 2022 for the Company portfolio show that it wholly falls under medium risk, according to the provisions of the Risk Profile.

9. The operational risk

The operational risk is the risk of loss resulting either from the use of internal processes, people or systems that are inadequate or that have not performed their function properly, or from external events and actions. The legal risk is also included in this category of risks.

In 2022, the main macroeconomic risks present were inflation, the energy crisis and geopolitical uncertainty, factors with major economic, financial and social implications. These risk factors have been described in the chapter on Risks with Major Implications.

Throughout 2022, the Manager ensured the IT security protection, through its own architecture incorporating firewalls, applications for protecting against data loss, intrusion prevention systems, antimalware and antivirus solutions. The set of policies and procedures of the Manager is adapted to maintaining an optimal level of cyber security, implicitly reducing the risks generated by cyber security incidents.

In 2022, no risks of loss were reported, resulting either from the use of internal processes, people or systems that were inadequate or that did not perform their function properly, or from external events.

10. The strategic risk

The strategic risk is the current or future risk of an adverse impact on profits and capital due to a lack of response to changes in the business environment, unfavourable business decisions or their inappropriate implementation. Under conditions of extensive capital market volatility, there is the risk of non-fulfilment of the management plan according to communications to investors, due to the non-realisation of the dividend income expected when preparing the revenue and expenditure budget, as well as the negative influence of the decrease in shareholdings measured at fair value through the profit and loss account. Macro influences can be reflected on the business of companies within the Company portfolio and implicitly on the investment activity. Although 2021 and some of 2022 were affected by the COVID-19 pandemic and the restrictions generated by it, SIF Muntenia SA collected dividends from portfolio companies in the amount of RON 92,638,687, i.e. 29.76% more than the budgeted dividends and 69.31% more than those collected during the previous year.

11. The reputational risk

The reputational risk is the current or future risk of an adverse impact on profits and capital caused by the unfavourable perception of the institution image by customers, counterparties, shareholders, investors or supervisory authorities.

The Company press coverage is monitored daily, through the PR firm and portfolio managers, and is notified to the executive management of the Manager and the Board of Directors, in order to take steps in handling potential situations, if necessary.

12. The systemic and contagion risk

The systemic and contagion risks are defined by the non-fulfilment of obligations devolving on an entity from its participation in a system or in the financial market, which leads to the non-fulfilment of obligations taken on by other participants in due time. Such failure to meet obligations may cause significant liquidity or credit problems and, as a result, it may jeopardise the stability or trust in the financial system.

Part of the systemic and contagion risk is also the current energy crisis, which has its roots in the significant increases in the prices of oil, coal and natural gas of the third quarter of 2021. Since the probability of energy prices dropping over the coming years is low, the issue of contagion in financial markets, a major trait especially during periods of economic decline, is of particular importance because of the consequences it can have on the global economy.

As for the systemic and contagion risk, Russia's unprovoked and unjustified military aggression against Ukraine should also be noted, which both directly and indirectly entails a significant component of European and North Atlantic forces and even more. Existing tensions are hampering the global recovery, generating an increase in the degree of uncertainty worldwide, with the potential to amplify the vulnerabilities accumulated during the pandemic.

According to analyses carried out by the NBR, the main systemic risks that can affect the domestic economy are related to:

- Global uncertainties in the context of the energy crisis, the military aggression in Ukraine, but also the COVID-19 pandemic;
- The deterioration of the domestic macroeconomic balance, as a result of geopolitical developments;
- The delay in terms of reforms and the absorption of European funds, especially through PNRR;
- The non-repayment of loans by the non-governmental sector.

On the other hand, in the Company portfolio, Banca Transilvania can be deemed to be an exposure that adds systemic risk, especially due to the size of the bank, seeing as it ranks first among the top ones within the Romanian banking system in terms of assets (19.5% market share in terms of assets). The business model of this bank focuses on the sector of small and medium enterprises, entrepreneurs and individual customers, and, in terms of sectors of the economy, it focuses on agriculture, the medical field and European funds. For the constant monitoring of the systemic risk generated by this exposure, the Company has access to and analyses the assessments made by rating agencies and public ones performed by the NBR in connection with Banca Transilvania. As regards the rating assessments of Banca Transilvania, this indicator is rated 'BB+', with a negative outlook, by the Fitch Ratings rating agency, according to the press release of the aforementioned rating agency of 16.12.2022.

The Company has an exposure to Banca Transilvania of 19.29% of all assets certified by the Depositary as at 31.12.2022. Regarding this exposure to Banca Transilvania, we consider that the analysis of the complex assessments of the NBR, as

well as the assessments made by rating agencies leads to constant monitoring of the systemic risk generated by this exposure.

THE COMPLIANCE BY CATEGORIES OF ASSETS WITHIN THE PORTFOLIO WITH LEGAL HOLDING LIMITS

The holding limits for the Company portfolio and the categories of assets in which the Company may invest are defined by the applicable laws, namely:

- Law no. 243/2019;
- FSA Regulation no. 7/2020

Based on conducted analyses, the Company investment portfolio complied with the requirements provided for by the applicable laws throughout 2022.

THE LEVERAGE

Leverage involves any method whereby the Company increases the exposure of the portfolio which it manages, either through a loan of cash or securities, or through positions in financial derivatives or by any other means. Leverage is expressed as the ratio between the overall exposure of the portfolio of financial instruments (calculated using both the gross method and the commitment method) and the net asset value.

The policy of the Manager is not to use the leverage in the management of the Company portfolio, i.e. not to employ methods to increase the portfolio exposure. In 2022, no securities financing transactions (SFTs) took place and no transactions with total return swap instruments were carried out, as defined by EU Regulation 2365/2015.

STRESS TESTING

The stress test

In accordance with the Risk Management Policy and the laws on AIFM, regular stress testing in normal situations shall be carried out at least annually, on the date set in accordance with the working procedures and notified to the Financial Supervisory Authority. In 2022, the Risk Management Division within the Manager performed a stress test for the Company for 31.10.2022.

The purpose of this test was to obtain an estimate of the impact of a crisis situation on the Company portfolio and the value of the assets under management. The types of risk covered by this test were the market risk and the credit risk. For the creation of the crisis scenario, stress factors that could influence the portfolio, i.e. events which, despite being rather infrequent, could have a major impact on Company assets, were identified and approved. As a conclusion to the test, we can note that the Company has a major investment component exposed to the risk of falling share prices and also to the credit risk. The materialisation of certain scenarios could also lead to the exceeding of certain limits set out in the risk profile for certain indicators.

The liquidity test

In 2022, according to the laws in force³³, a liquidity test was performed for the Company, by simulating a series of conditions, the purpose of this simulation being to obtain an estimate of the impact of a liquidity crisis situation on the assets, liabilities and overall liquidity of the Company. The risk covered by this simulation is the liquidity risk, which is the risk that a position may be beyond selling, liquidating or closing at limited costs.

Even though the Company has a major component of exposure to the liquidity risk and the risk of falling share prices, it is not, by nature, exposed to redemption requests. This means that the potential impact of obligations undertaken by the Company has a limited effect, and they can be met at any time. The results obtained underline the fact that the Company is a sufficiently liquid fund so as to be able to meet its obligations arising from balance sheet liabilities. It is also worth noting that the materialisation of the scenarios taken into account will not lead to the exceeding of holding limits, as specified in the legal regulations applicable to the Company activity.

³³ FSA Norm no. 39/2020 for the application of the ESMA Guidelines on liquidity stress testing in UCITS and AIFs

7 SHARES ISSUED BY THE COMPANY

THE SHARE CAPITAL

The subscribed and paid-in share capital is RON 78,464,520.10, divided into 784,645,201 common shares, with a face value of RON 0.1000/share.

CHARACTERISTICS OF SHARES ISSUED BY THE COMPANY

All shares are ordinary ones.

During the period under review, the financing of the entire activity was achieved solely using own funds.

The shares issued by the Company are listed on BVB (SIF4 symbol), within the main segment, in the Premium category, in accordance with the provisions of the BVB Decision no. 200/1999 and have been traded in this market since 01.11.1999.

The records of Company shares and shareholders are kept by Depozitarul Central SA, a company authorised by the Financial Supervisory Authority (FSA), as the competent authority, the National Bank of Romania (NBR) and the European Central Bank (ECB), as the relevant authorities, in accordance with EU Regulation no. 909/2014 on improving securities settlement across the European Union and on central securities depositories (CSDR), under Authorisation no. 176/19.12.2019, and is enrolled in the Register of Central Depositories kept by ESMA.

The shares are included in a series of indices calculated by BVB, i.e. BET-FI³⁴ (the index comprising SIF-type investment funds and Fondul Proprietatea), BET-XT (the index that reflects the prices of the 25 most traded companies in the BVB regulated market, including financial investment companies), BET-XT-TR (the index that reflects both the developments in the prices of component companies and the dividends offered by them; it is the total return version of the BET-XT index), BET-BK (the index created to be used as a benchmark by fund managers, but also by other institutional investors, the calculation methodology reflects legal requirements and investment limits of the funds). The table below shows details of SIF4 share transactions of 2022.

	REGS ³⁵	DEAL ³⁶	POFR ³⁷
Number of transactions	5,267	10	120
Number of traded shares (M)	21.81	112.27	23.54
Total amount of the transactions (MRON)	30.77	171.07	37.66
% of the total number of shares³⁸	2.9	14.8	3.1

Table no. 7.1. Transactions in SIF Muntenia SA shares in 2022

³⁴ As at 09.12.2022 (the last adjustment of 2022) the share of SIF4 of the index was 13.82%

³⁵ The main (Regular) market of BVB

³⁶ The auxiliary market to the Regular market, of negotiation where Deals are concluded, for which BVB establishes a minimum amount for the transaction

³⁷ The market of public offers

³⁸ Traded and in circulation

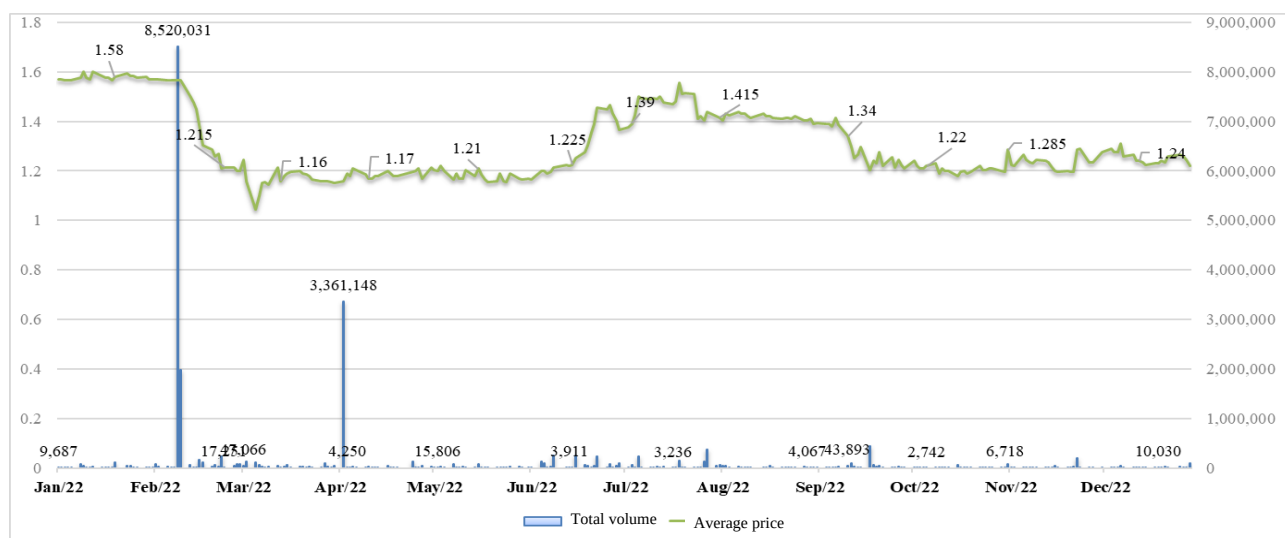


Chart no. 7.1. The average trading price and the volume of transactions in REGS of the SIF4 share in 2022

COMPANY SHAREHOLDERS

The table below shows the summary structure of Company shareholders, as at 31 December 2022.

31/12/2022			
	Number of shareholders	Shares held	% held of total shares
Resident individuals	5,933,791	458,928,413	58.49
Non-resident individuals	2,014	1,685,037	0.21
Resident legal entities	115	262,900,825	33.51
Non-resident legal entities	10	61,130,926	7.79
TOTAL	5,935,930	784,645,201	100

Table no. 7.2. The shareholding structure as at 31.12.2022

Source: Depozitarul Central SA

Company shareholders' rights are protected in accordance with the laws in force. The Company adheres to a policy of effective and active communication with its shareholders and ensures that all shareholders are treated fairly in terms of the access to public information.³⁹

8 CORPORATE GOVERNANCE

The Manager is committed to maintaining and developing the best practices in corporate governance, to ensuring an effective decision-making process that leads to the long-term viability of the business, to achieving Company objectives and to creating a sustainable value for all stakeholders.

The Manager believes that compliance with the Corporate Governance Code ensures the accuracy and transparency of the Company's decision-making process and allows equal access for all shareholders to relevant information, being a means of maintaining the Company's competitiveness in an environment which is increasingly affected by accelerated changes.

The Company corporate governance regulations present the corporate governance structures, the decision-making rules and procedures, the governance standards that ensure the application of the general management and control principles of the Company activity for the shareholders' benefit. The regulations can be consulted on the Company website, in the *Corporate Governance* section⁴⁰.

The set of corporate governance rules defines the structure by means of which Company objectives are set, the means by which they can be achieved efficiently and transparently in dealings with the shareholders and for activity and performance monitoring.

³⁹ <http://www.sifmuntenia.ro/despre-noi/guvernanta-corporativa/documente-la-zi/>

⁴⁰ <https://www.sifmuntenia.ro/despre-noi/guvernanta-corporativa/documente-la-zi/>

Corporate Governance Structures

The Company management is carried out on a unitary basis, in compliance with the provisions of the Companies Law no. 31/1990 and the Instrument of Incorporation. In accordance with the Instrument of Incorporation, the Company management is achieved under a Management Contract concluded with the Manager.

During the periods between Shareholders' General Meetings (SGM), the Manager's activity is supervised by the Board of Shareholders' Representatives (BoSR), a supervisory body consisting of three individuals elected by the SGM, with a four-year term of office. The duties and responsibilities of the BoSR are laid down in the Company Instrument of Incorporation.

The Shareholders' General Meeting

The Shareholders' General Meeting is the Company's supreme governing body.

General Meetings are ordinary and extraordinary. The SOGM shall meet at least once a year within four months of the end of the financial year. The SEGM shall be convened whenever necessary. The SOGM or the SEGM, as the case may be, shall be convened by the Manager's BoD, under the law, and based on the requests of shareholders representing at least 5% of the share capital, if the relevant request contains provisions falling within the duties of the meeting, or based on requests from the FSA.

The duties of the SGM are specified in the Instrument of Incorporation and comply with legal provisions in force. The updated Instrument of Incorporation is published on the Company website, www.sifmuntenia.ro, in the dedicated section. SGM Decisions are taken by open vote or secret ballot. The secret ballot is mandatory for the appointment of BoSR members or for their dismissal, for the appointment or dismissal of the Director, and for the appointment or dismissal of the financial auditor and for making decisions regarding the liability devolving on the members of the administrative bodies. SGM Decisions, taken in compliance with the law and the Instrument of Incorporation, are binding on all shareholders, including those who do not attend the meeting or who vote against such decision.

The SGM is chaired by one of the permanent representatives appointed by the Manager and registered with the Trade Register as a legal representative of the Company.

Shareholders' General Meetings are convened by the Manager at least 30 days before the date set for them. The BoD of the Manager approves procedures regarding the orderly and effective organisation and performance of SGM proceedings, in accordance with legal provisions and relevant FSA regulations. The procedures for participation and voting at the SGM are made available to shareholders at the headquarters of the Company and displayed on the Company website, together with the information and materials regarding the SGM: the Notice to attend the SGM, informative materials and documents subject to SGM debates and approvals, special power of attorney forms and postal vote ballot papers, decisions taken by SGM and the result of the vote for each item on the agenda. The decisions taken within SGM are reported to the FSA and BVB, and are published in a national daily newspaper and in the Official Journal, Part IV.

The Manager uses its best efforts to ensure a fair treatment of all Company shareholders, regardless of the number of shares held, including non-resident shareholders, providing them with relevant and up-to-date information.

In 2022, the following Company SGMs took place:

1. The SOGM and SEGM of 28 April 2022; the decisions are published in the current report of 28.04.2022, both on the BVB website and on the Company website;
2. The SOGM of 22 June 2022; the decisions are published in the current report of 22.06.2022, both on the BVB website and on the Company website.

Current reports related to the Company Shareholders' General Meetings listed above are available, for consultation, on the Company website, i.e. www.sifmuntenia.ro, in the dedicated section, and on the BVB website.

The Board of Shareholders' Representatives (BoSR)

The BoSR is a body that represents Company shareholders' interests in relation to the Manager.

The BoSR mainly has the following duties:

- To represent the Company in relation to its Manager;
- To negotiate and conclude the Management Contract;

- To monitor compliance with contractual clauses and the commitments undertaken by the Manager under the Management Contract and under the management programme approved by the Company SGM;
- To analyse the regular reports drawn up by the Manager regarding the way in which it has exercised its duties in terms of:
 - The Company management;
 - The exercise of the rights granted by the holding of securities in the Company portfolio;
 - The defence of Company rights and interests before courts, arbitration courts, and any bodies with jurisdictional and administrative powers.
- To ask for actions designed to ensure compliance by the Manager's activity with the provisions of the Management Contract, FSA regulations, annual management programmes, revenue and expenditure budgets approved by the Company SGM and the applicable laws;
- To verify the conclusion of the contract with the financial auditor according to the decision of the Company SGM;
- To verify the preparation of the annual financial statements by the Manager and the proposals for the distribution of the profit to be submitted to the Company SGM for approval purposes;
- To verify the preparation of the annual programme regarding the management of the Company portfolio;
- To verify the preparation of the Company revenue and expenditure budget in order to submit it to the Company SGM;
- To verify the preparation by the Manager of half-yearly and quarterly reports in accordance with legal provisions and FSA regulations;
- To verify the preparation of materials to be submitted to the Company SGM;
- To verify the conclusion of the Depositary Contract or the contract with Depozitarul Central.

According to the SOGM Decision of 22.06.2022, the composition of the Company Board of Shareholders' Representatives is as follows: Mr. Gioga Ștefan Dragos, Mr. Pană Robert-Cosmin and Mr. Ștefan George-Alin. As a result of the decision adopted in the meeting of 10.08.2022, BoSR members elected Mr. Ștefan Dragoș GIOGA as the Chair of BoSR. Mr. Ștefan Dragoș GIOGA also held the position of Chair of BoSR in the previous term of office.

The Company Manager

Throughout 2022, the Company was managed by SAI Muntenia Invest SA under the Management Contract endorsed by FSA through Opinion no. 165/22.07.2020, with a 4-year validity.

The Manager is represented by the three members of the BoD and by permanent appointed representatives. The members of the BoD of the Manager are elected by the Manager's SGM for a period of four years, with the possibility of being re-elected. The members of the BoD must cumulatively meet the general conditions provided for by the Companies Law no. 31/1990 and those that are relevant to entities falling within the scope of supervision of the FSA. The members of the BoD of the Manager are authorised by the FSA.

The BoD Chair is elected by the SOGM of the Manager. The structure and composition of the BoD are in accordance with the requirements of the applicable specific laws, so that the Manager should effectively meet its obligations. The structure of the BoD ensures a balance between executive and non-executive members, so that the decision-making process of the Board should not be dominated by any one person or small group of people. The Manager's obligations are regulated by provisions regarding the term of office and provisions specifically laid down in the Companies Law no. 31/1990, as subsequently amended and supplemented, by capital market laws, by applicable FSA regulations, by provisions of the Instruments of Incorporation of the Manager and of the Company, as well as provisions of the Management Contract.

There are no family agreements or arrangements by which SAI Muntenia Invest SA has been appointed as the Company Manager.

The Manager does not own shares within the Company or within other companies where the Company has control.

As at the time of preparation of this report, the Manager has the following contractual obligations regarding the Company management:

- a) To manage the Company investment, and, in managing it, to carry out the following activities:
 - To exercise the rights arising from the ownership of financial instruments on behalf of the Company;
 - To purchase financial instruments on behalf of the Company, using its financial resources;

- To trade financial instruments from the Company portfolio, on a temporary or permanent basis, either partially or fully, including those establishing real rights.
- b) To carry out activities regarding:
- The legal and accounting services related to the Company management;
 - Market research;
 - The assessment of the Company portfolio and the determination of the value of financial instruments issued by the Company, including tax matters;
 - The monitoring of compliance with regulations in force;
 - The conclusion of a contract with a company that keeps records of holders of financial instruments issued by the Company;
 - The distribution of revenues due to Company shareholders;
 - The issuance of Company shares;
 - The keeping of Company records.
- c) To carry out specific activities regarding the marketing of financial instruments issued by the Company;
- d) To carry out any other activities regarding the Company management, in compliance with the provisions of laws in force.

The Manager's main objectives are defined by the annual programmes regarding the Company management and are subject to approval by the SGM.

In 2022, the structure of the Manager's BoD was the following:

Surname and first name	Position	Term of office validity (authorisation expiry date)
Adrian Simionescu	Chair	20.08.2025
Dorina Teodora Mihăilescu	Member	27.12.2025
Sergiu Mihailov	Member	05.10.2024

Table no. 8.1. *Structure of the Manager's BoD*

The CVs of members of the Manager's governing bodies are listed in the annex to this report and can also be found on the Company website, in the dedicated section.

Throughout 2022, the meetings of the BoD took place at the Manager's headquarters. In 2022, the BoD had a number of 45 meetings⁴¹, during which matters related to the proper operation of the Company and its prospects for development were analysed.

The Management Contract concluded with SAI Muntenia Invest SA (the Manager)

The value of the Management Contract concluded between the Company and the Manager is represented by the management fee, consisting of a monthly management fee and a performance fee, determined and paid according to criteria presented in Chapter V of the Management Contract approved within the SOGM of 23 April 2020.

The management fee consists of a monthly fee and an annual performance fee granted, where appropriate, subject to the conditions set out in the Management Contract:

- The monthly management fee is calculated and paid on a monthly basis and is equal to 0.125% of the value of the total asset as certified by the Company Depositary for the last business day of the month;
- The annual performance fee is calculated at the end of the year and is paid after the approval by the SGM of the financial statements and is equal to 10% of the value by which the gross profit earned exceeds the gross profit provided for in the revenue and expenditure budget approved by the Company's SGM for the year in which the profit was recorded.

The Manager's management fee for the 2022 financial year amounted to RON 29.41 million, representing 1.56% of the average net assets and 1.50% of the average total assets of the Company in 2022, respectively.

⁴¹ According to section A- *Responsibilities* of the Stage of compliance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange

The Company Remuneration Policy

During the SOGM of 28 April 2021, the Company Remuneration Policy was approved, as prepared by the Manager and endorsed by the BoSR of SIF Muntenia SA, in accordance with Law no. 24/2017 on issuers of financial instruments and market operations.

The purpose of the Remuneration Policy is to establish corporate governance principles in terms of the remuneration for:

- The Fund Manager,
- The members of the BoSR,

as provided for in the laws in force, as well as the Corporate Governance Code of the Bucharest Stock Exchange (BVB).

In order to promote the development of corporate governance subject to best practices and prudent management, also considering the fact that representatives of the Manager are paid in accordance with the Remuneration Policy of the Manager and with Directive 2011/61/EU on Alternative Investment Fund Managers (DAFIA), SIF Muntenia SA must observe certain requirements underlying the application of corporate governance principles related to the remuneration of the executive/senior management, as follows:

- The Remuneration Policy has been prepared by the Manager, but analysed and endorsed by the BoSR so that it should correspond to the business strategy, objectives and long-term interests of the Company and so that it should incorporate actions designed to prevent conflicts of interest;
- The BoSR ensures that all remuneration-related commitments are properly and responsibly structured and that remuneration policies allow and promote effective risk management without leading to risk-taking that exceeds the level of risk tolerance of the regulated entity;
- The level of remuneration is established in close connection to the responsibilities and commitments related to the duties.

The Remuneration Policy of the Manager of SIF Muntenia SA reflects sound remuneration principles, aligning its employees' personal objectives with the long-term interests of the Manager and of SIF Muntenia S.A.

The remuneration of BoSR members

The net monthly remuneration of each BoSR member is RON 5,500 net and RON 10,000 net for the Chair of the BoSR, as approved by the Company SGM.

The Company Remuneration Policy has been drafted based on the principle of avoiding conflicts of interest and includes actions that ensure a professional and responsible behaviour within SIF Muntenia SA:

- The level of the remuneration for the Manager and BoSR members is set in close connection with the responsibilities and commitments related to duties, in accordance with the provisions of the Management Contract and of the Mandate Contract;
- The shareholder who is also a members of the BoSR will not participate in the decision-making regarding the remuneration package and/or the Mandate Contract thereof;
- The elimination of any direct tie between the remuneration of relevant persons carrying out mainly one activity and the remuneration of other relevant persons carrying out mainly another activity, when the activities in question may give rise to a conflict of interests;
- The ban on using the position held within SIF Muntenia SA in the interests of people with whom there are kinship or other extra-professional relations within remuneration practices; in order to avoid conflicts of interests, the aim is to avoid appointing people to such positions, which is why each candidate to the position of BoSR member must provide a questionnaire on his/her independence which will be the basis of the independence analysis carried out by the BoSR.

The remuneration of SIF MUNTENIA SA employees

SIF Muntenia SA has only one employee of its own with a fixed monthly remuneration related to the national minimum wage, on a part-time basis (2 hours/day, 10 hours/week), with duties specific to the cashier position. All other necessary services are provided by the Manager of SIF Muntenia SA through its own employees and contractors.

The Management Contract of the Manager of SIF Muntenia SA

The Management Contract was concluded between the Company and the Manager and was approved by the shareholders within the SOGM of 23 April 2020 and is represented by the management fee, consisting of a monthly management fee and a performance fee, if the criteria set out in Chapter V of the Management Contract are met.

The monthly management fee is determined according to the following formula:

The monthly management fee = $ATc \times C$

ATc represents the amount of the total assets of SIF Muntenia SA as certified by the Depositary for that last business day of the month

C represents a percentage coefficient. Starting from the date of entry into force of such Contract, the value of this coefficient is 0.125%

Depending on the way in which the Manager meets the performance criteria and objectives established annually by the SGM of SIF Muntenia SA through the Management Programme and the revenue and expenditure budget, SIF Muntenia SA will pay a performance fee to the Manager, in accordance with the provisions of the Instrument of Incorporation of SIF Muntenia SA, calculated as follows:

Performance fee = $(\text{Achieved gross profit} - \text{Budgeted gross profit}) \times 10\%$

The management fee of SAI Muntenia SA for the 2022 financial year amounted to RON 29.41 million.

The remuneration of the employees of the Manager SAI Muntenia Invest SA

The Board of Directors (BoD) of SAI Muntenia Invest SA appoints an advisory committee composed of two members whose role is to consult/assist the BoD in establishing and supervising remuneration policies and practices, as well as policies and practices for nominating and assessing people from the management structure, referred to as the Nomination and Remuneration Committee (NRC). NRC members are BoD members not holding executive positions within SAI Muntenia Invest SA.

The composition of NRC considers the fact that, at aggregate level, NRC should have sufficient professional skills and experience in terms of risk management and control activities, specifically with reference to the mechanism of aligning the remuneration structure with the risk and capital profiles of SAI Muntenia Invest SA or of the entities managed, respectively.

The Manager's Remuneration Policy

The BoD has approved the remuneration policy to ensure that the remuneration of the Manager's staff promotes sound and effective risk management and does not encourage risk-taking contrary to the Company risk profile and Instrument of Incorporation.

The Remuneration Policy and practices apply to the management of the Manager and to categories of staff whose professional activities have a significant impact on the Company risk profile and are subject to internal assessment at least annually, and changes to be made shall take into account the economic context, the Company activity, as well as its strategy and objectives.

The following prerequisites were taken into account in drawing up the Remuneration Policy:

- For management services, the Manager obtains a monthly fee from managed entities and an annual performance fee, if applicable, according to the provisions of the Management Contract concluded with SIF Muntenia SA;
- The principle of proportionality in relation to the various characteristics of the Manager and of managed entities, as well as the principle of proportionality regarding the various categories of staff of the Manager according to Chapter VII of the Guidelines on sound remuneration policies in accordance with DAFIA (03.07.2013/ESMA/2013/232) and Chapter 7 of the Guidelines on sound remuneration policies in accordance with the UCITS Directive (14.10.2016/ESMA/2016/575);
- The BoD, within its supervisory role, adopts the remuneration policies and practices which it submits at least once a year to an independent internal assessment, based on which reviews can be made;
- The Remuneration Policy regarding the Manager's staff should not have a significant impact on the results obtained by the Manager or by entities managed by it;
- The remuneration of people holding control positions shall be based on the fulfilment of objectives related to their positions, there being no direct correlation with the results of areas which they monitor and control; staff remuneration is based on a fixed component (the tariff salary) and a supplementary component (premiums or bonuses); the variable component is occasional and may be granted based on the results of the annual staff

assessment; the variable component is correlated with the Manager's financial results and within the limits approved by the SGM in the Manager's annual revenue and expenditure budget;

- Other types of benefits (monetary and non-monetary) are part of the Manager's general and non-discretionary policy and do not have any incentive effects in terms of risk-taking;
- The Manager has a predictable remuneration policy that is easy to manage in terms of financial/operational risks managed by the Company. In this respect, the variable staff remuneration is limited to a maximum ceiling which relates to the Manager's annual salary/remuneration fund, instead of other indicators, in order to eliminate the possibility of encouraging employees to take additional risks in achieving the objectives set.

The general principles underlying the Remuneration Policy:

- Pursuing the compatibility with the sound and effective risk management and promoting this type of management without encouraging risk-taking that is not in line with the Company risk profile, prospects, rules or Instrument of Incorporation;
- The compatibility with the business strategy, objectives, values and interests of the Manager and of the entities which it manages, as well as the interests of investors thereof, including actions for avoiding conflicts of interests.

The Remuneration Policy does not lead to conflicts of interests. Thus, the Manager takes actions designed to avoid conflicts of interests, such as:

- The staff is remunerated according to the results obtained by the Manager, instead of according to the results obtained by the entities managed. This way, excessive risk-taking in the management of entities managed is not stimulated and, implicitly, the achievement of the objectives set out in the risk profile of the entities managed and of the Manager, respectively, is ensured;
- The Risk Management Division monitors and periodically assesses whether the total of remunerations affect the risk profile of the Manager and, as the case may be, submits proposals for compliance with the limits imposed by the risk profile of entities managed and of the Manager, respectively;
- The elimination of any direct tie between the remuneration of relevant people mainly carrying out a particular activity and the remuneration of other relevant people, or the earnings generated by them, mainly carrying out another activity, when the activities in question may give rise to a conflict of interests;
- BoD members who have an executive role within the Manager shall not participate in the decision-making regarding their remuneration;
- Any situation that may cause a conflict of interests in the remuneration process shall be brought to the attention of the Manager's Directors and the Compliance Division.

The structure of the remuneration for the Manager's staff

The remuneration of the staff includes the basic remuneration (the basic pay) and may also include a supplementary remuneration or other monetary or non-monetary benefits.

The basic fixed remuneration (the salary): The net fixed remuneration of an employee may not exceed 2.5 times the maximum net salary at Company level upon the signing of the Employment Agreement or any Addendum amending the salary.

The fixed remuneration of management structure members is based on the following benchmarks:

- BoD members can have a maximum net fixed remuneration which is 2.5 times the maximum net salary at Company level and is established under a Management/Mandate Contract, according to a SGM decision. Any amendment to BoD members' remuneration shall be approved by the SGM;
- Members appointed to the advisory committees of the BoD, as well as the Chair of the BoD benefit from a supplementary net fixed remuneration representing 25% of their net fixed remuneration (for each committee);
- The CEO's net fixed remuneration may be at most eight times the maximum net salary at Company level and shall be approved by the BoD;
- The other members of the executive management may have a net fixed remuneration which is at most six times the maximum net salary at Company level and shall be approved by the BoD.

The level of the basic net fixed remuneration may be revised annually based on the results of the analysis and assessment of performance and/or market conditions (e.g., inflation, salary levels in the industry, etc), based on an approval from the relevant management structure, according to the Procedure on the decision-making process.

The supplementary remuneration means supplemental payments or allowances depending on performance or, in some cases, other contractual criteria.

The supplementary remuneration is an occasional component of the total annual remuneration that can only reward the performance of the Manager's employees. Both financial and non-financial criteria are taken into account in the process of assessing individual performance. Employee assessment is carried out according to the Procedure on the assessment of the professional performance of the Manager's employees. The assessment of executive management members is carried out by NRC based on the results obtained regarding the activity carried out by them by reference to the specific duties and responsibilities. BoD members may benefit from a supplementary annual remuneration subject to the approval of the SGM of the Manager. BoD members' total supplementary remuneration may be set within the limit of a maximum of 5% of the Manager's net profit recorded in the financial statements concluded during the previous financial year.

Other types of benefits

The Manager's employees, the Executive Management and the BoD, as the case may be, supplementary receive monetary and non-monetary benefits.

The remuneration for control positions

The Manager shall ensure a level of the net fixed remuneration for staff holding control positions so that it should be able to hire qualified and experienced staff in such positions. If the staff holding the control positions receives supplementary remuneration, it will be based on achieving position-specific objectives and it will not be determined based on the performance criteria within the Manager.

The remuneration structure of staff with control roles is established in such a way as not to compromise the staff's independence or to generate conflicts of interests in the current activity.

The Identified Staff

The Manager (through the executive management, with the implications of key functions such as CMR, CC, HR, as well as managers/officers within Company departments) identifies and reviews the categories of staff whose professional activities have a significant impact on the risk profile of the Manager and of managed entities, respectively.

The following categories of staff within the Manager fall into the category of identified staff, unless they are proven to not have a significant impact on the risk profile of the Manager or on the entities managed by it:

- Executive and non-executive members of the governing body (BoD members and members of the actual Management who are not part of the BoD, as the case may be);
- The staff holding control positions (the Compliance Officer; the Representative of the Risk Management Division, the Internal Audit);
- The staff in charge of running the Divisions;
- Other risk-takers such as: staff members whose professional activities – either separately or jointly, as members of a group (e.g. a unit or section of a department) – may have a significant influence on the risk profile of the Manager or of the entities managed by it, including people who can conclude contracts/positions and make decisions that significantly affect the risk positions of the Manager or of the entities managed by it;
- Other employees/people whose total remuneration falls within the same remuneration category as that of people in management positions and risk-takers.

In 2022, the remuneration was granted in compliance with remuneration principles as set out in the Remuneration Policy in force since 24 March 2022 and in accordance with legal provisions. The 2022 Remuneration Report of the Manager is attached to the annual report.

Moreover, details regarding the remuneration of the Manager's staff are also provided in the BoD report of the Manager as at 31.12.2022, which can be found on the www.munteniainvest.ro website. Likewise, the Report of the Nomination and Remuneration Committee (NRC) is attached to the aforementioned report, as provided for in art. 49(2) of Regulation no. 2/2016.

Advisory Committees of the Manager's BoD

The Audit Committee

The Audit Committee is a standing committee subordinated to the BoD. It assists the Manager's BoD in fulfilling its responsibilities in the area of financial reporting, internal control and risk management and supports the BoD in

monitoring the credibility and integrity of the financial information provided by the Company. The duties of the Audit Committee are detailed in the Company Internal Regulations.

The Audit Committee consists of independent non-executive members of the BoD and had the following composition in 2022: Mr. Adrian Simionescu (Chair) and Mrs. Dorina Teodora Mihăilescu (Member).

In 2022, the Audit Committee had 12 meetings⁴² at the Company headquarters, which analysed and adopted the necessary measures according to the exercise of its duties and responsibilities, such as, but not limited to:

- Monitoring the financial reporting process, the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) approved by the FSA Norm no. 39/2015, respectively;
- Monitoring the quarterly and 2022 H1 simplified interim financial statements;
- Analysing service contracts;
- Analysing risk reports on the management of significant risks;
- Monitoring the activity of the internal auditor;
- Monitoring and assessing the efficiency of the internal control and risk management system for 2021 and for the period between January and October of 2022, respectively;
- Assessing and monitoring the independence of the audit company in accordance with relevant regulations in force.

The annual report of the Audit Committee for 2022 shall be submitted to the FSA on time, according to regulations in force.

The Nomination and Remuneration Committee (NRC)

The NRC is a standing committee, with an advisory position, subordinated to the BoD, which operates within the Manager's BoD, whose role is that of assisting the BoD in fulfilling its responsibilities regarding the nomination of candidates to management positions, as well as their assessment and remuneration. Moreover, the NRC recommends to the BoD the appointment or dismissal from office of staff holding key and control positions within the Company, the level of remuneration, their rights and duties and participates in the preparation and revision of remuneration policies applicable at Company level. The duties of the NRC are detailed in the Company Internal Regulations.

The NRC mainly has the following responsibilities:

- To assess the initial suitability of those proposed for the management structure and for key positions within the Manager, in accordance with the provisions of Regulation no. 1/2019 on the assessment and approval of members of the management structure and of people holding key-positions within entities regulated by the FSA ("Regulation no. 1/2019");
- To continuously monitor the suitability of those in the management structure and of those holding key positions within the Manager in order to identify any relevant new facts, as well as cases where it is necessary to reassess their suitability according to the provisions of Regulation no. 1/2019;
- To prepare and recommend guidelines for the selection of BoD members/managers, including criteria for assessing their independence;
- To make recommendations to the BoD regarding the remuneration of members of the governing body, as well as staff members with the highest level of remuneration within the Company;
- To monitor the implementation of and compliance with the Manager's remuneration system;
- To assess the mechanisms adopted so as to ensure that:
 - The remuneration system takes due account of all types of risks and the level of liquidity and assets managed;
 - The general remuneration policy matches the strategy, objectives, values and professional interests of the Company and the entities managed by it, as well as the interests of the investors thereof
- To directly supervise the remuneration of those holding risk management and internal control/compliance positions.

The NRC consists of two members elected from among the non-executive directors, subject to the condition of independence provided for by the Companies Law no. 31/1990. The status of Committee member shall not prevent members from participating in the activity of other Committees of the Board. The Committee shall meet at least once a year to draw up the annual report, as well as whenever it deems it appropriate.

⁴²According to section A- *Responsibilities* of the Stage of compliance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange

The composition of the NRC in 2022: Mrs. Dorina Teodora Mihăilescu – Chair, Mr. Adrian Simionescu – Member.

In 2022, the NRC met⁴³ nine times at the Company headquarters, and during these meetings matters incumbent on the Committee were analysed, such as:

- The monitoring of the individual adequacy of those assessed, i.e. members of the management structure and those holding key positions, throughout 2022;
- Moreover, while assessing and monitoring the individual adequacy of those holding positions within the management structure and those holding key positions within the Company, the NRC found that they had the knowledge, skills and professional experience and complied with the reputation, honesty, integrity and governance requirements set out in Regulation no. 1/2019, as necessary for the performance of duties specific to the positions held;
- The prior assessment of the adequacy of the nominees for the management structure and key positions for which the Manager requests approval or which it notifies to the FSA, respectively persons with responsibilities regarding the prevention and combating of money laundering and terrorist financing (as a result of changes in terms of the executive management and persons with responsibilities regarding the prevention and combating of money laundering and terrorist financing).

At the end of 2022, the NRC reviewed the granting of the supplementary remuneration to employees and managers for the achievement of the objectives in 2022, in compliance with the remuneration policies applicable at Company level, and found that the performance-based remuneration was granted in a way that promoted an effective risk management and did not encourage excessive risk-taking.

The Executive Management

The Executive Management of the Manager's activity is ensured in accordance with the provisions of legal regulations in force and the Manager's Internal Regulations by three managers: the CEO, the Corporate Management Manager and the Chief Investment Officer⁴⁴.

The Executive Management informs the BoD regarding the activity carried out between its regular meetings.

The Executive Management is empowered to run and manage the daily activity of the Manager and may give rise to its liability within the limit of the mandate granted by the BoD. Executives are liable to ensure compliance with work procedures set by the Manager's Internal Regulations.

Throughout 2022, the Manager's Executive Management was ensured by the following people, authorised by the FSA:

- Nicușor Marian Buică – CEO (FSA Authorisation no. 307/21.12.2017 and FSA Authorisation no. 227/01.11.2021). Mr. Nicușor Marian Buică held this position throughout 2022;
- Sergiu Mihailov – Corporate Management Manager (FSA Authorisation no. 16/22.01.2021). Mr. Mihailov held this position throughout 2022.

According to the BoD Decision of 14.11.2022, the BoD approved the appointment of Mrs. Cristina Gabriela Gagea as the Chief Investment Officer for a four-year term of office. Mrs. Cristina Gabriela Gagea's appointment is subject to permitting by the Financial Supervisory Authority, and the date of commencement for the exercise of the office is the date of the permitting by the FSA. On 17.03.2023, the FSA, in accordance with ASF Authorization no. 24/16.03.2023, notified the authorization of the changes in the organization and operation of SAI Muntenia Invest SA as a result of the change in the composition of the management by appointing Ms. Cristina Gabriela Gagea as director of the company.

Participation of the directors and managers to the Company share capital as at 31.12.2022:

Name	Position	Number of SIF4 shares	% of the share capital
Adrian Simionescu	Non-executive director	-	-
Dorina Teodora Mihăilescu	Non-executive director	38	0.000006%
Sergiu Mihailov	Director	-	-
Nicușor-Marian Buică	CEO	-	-

Table no. 8.2. Directors' and managers' participation in the Company share capital as at 31.12.2022

⁴³ According to section A- Responsibilities of the Stage of compliance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange

⁴⁴ According to the Decision of the BoD of 28.09.2022, the Manager's organisational chart has been amended, including with regard to the position of Chief Investment Officer, a member of the executive management.

There are no agreements, arrangements or family ties known for directors and managers between the relevant person and another person as a result of which that person has been appointed in that capacity.

Key positions

Within the Manager, people holding key-positions are the ones whose duties have a significant influence on the achievement of strategic Company objectives, who are not part of the management structure, and fulfil the duties of:

- Risk assessment and management;
- Compliance;
- Internal audit;
- Under the laws in force, the Manager also had a Compliance Officer and people appointed for the application of Law no. 129/2019 for preventing and combating money laundering and terrorism financing, as well as amending and supplementing various legislative acts, as subsequently amended and supplemented.

The duties of key positions are assigned, according to specific laws applicable to the Company, to people with the necessary skills and professional experience. The Company applies internal procedures to assess the good reputation and integrity for both its own staff in key positions and for the staff in outsourced key positions. The Company has included provisions regarding the transmission of information required to fulfil the duties of key positions in internal procedures.

The Risk Management Function

The risk management function is functionally and hierarchically separate from business units, including portfolio management functions.

Risk management covers all activities aiming to identify, quantify, monitor and control risks, so as to ensure the observance of the principles of the general risk policy. Effective risk management is considered vital to achieving strategic objectives and to ensuring the quality of shareholders' benefits on an ongoing basis. In this context, the strategy for the management of significant risks provides the framework to identify, assess, monitor and control these risks, in order to maintain them at acceptable levels depending on the risk appetite and the ability to cover (absorb) these risks.

The risk management system and its effectiveness are monitored by the Executive Management, by the Audit Committee and by the Manager's BoD.

Within the Manager, the person in charge of risk management is Mr. Valentin Vrînceanu. Under Authorisation no. 158/02.08.2017, Mr. Valentin Vrînceanu was authorised to the key-position of officer in charge of risk assessment and management (Risk Management Officer) within the Manager (enrolled in the FSA Register under no. PFR132FARA/400016). The officer in charge of risk management has the necessary authority, and access to all relevant information and maintains regular contact with the Managers and the BoD of the Manager and has the responsibility to provide up-to-date data based on which immediate remedial actions can be taken, if necessary.

The risk management policies implemented include the procedures required to be able to assess the exposure to the market risk, the liquidity risk, the operational risk and the credit and counterparty risk, as well as the exposure to all other relevant risks that may have a significant level, taking into account investment objectives and strategies, management styles or methods for managing assets and which may directly affect shareholders' interests.

The risk management policy comprehensively includes the measures designed to protect against potential conflicts of interests, the corrective measures taken, the reasons why such measures should lead, according to reasonable expectations, to the independent exercise of the risk management function and how the constant effectiveness of protection measures is to be ensured.

Throughout 2022, risk management procedures applicable by the Risk Management Division were analysed for review purposes. Following this process, out of the procedures applicable to the risk management activity which were analysed, the Company Risk profile and the Policy of SAI Muntenia Invest SA on risk management were amended. Moreover, a new sustainability-related risk identification policy was developed for harmonisation with the requirements of Regulation (EU) no. 2019/2088.

The performance of the risk management function is regularly reviewed by the internal and external audit function, as well as the Audit Committee.

The Compliance Verification Function

The Manager establishes and maintains in operation the compliance verification function which is exercised independently of other activities at all times. The Compliance Division is subordinated to the BoD and has the main responsibilities listed below:

- Regularly monitoring and assessing the effectiveness and adequate implementation of established control measures and procedures, as well as the measures ordered to solve any situations of non-fulfilment of the Manager's obligations;
- Providing advice and support to the relevant people responsible for carrying out the services and activities in order to comply with the requirements imposed on the Manager according to legal provisions in force.

The Compliance Officer has carried out the activity thereof in accordance with the provisions of the 2022 Control Plan, approved by the Manager's BoD, the provisions of the FSA Regulations no. 9/2014 and no. 10/2015, of the EU Regulation 231/2013, of working procedures and internal regulations.

The Compliance Officer is subject to authorisation by the FSA and is enrolled in the public register of the FSA. Authorisation no. 723/23.03.2006 authorised Mrs. Claudia Jianu in the key position of representative of the Compliance Division within the Manager (enrolled in the FSA Register under no. PFR13RCCI/400091).

The activity carried out focused on checking compliance with the regulations in force specific to the capital market and/or internal procedures, ensuring the notification of the Company and the staff of the legal regime of the capital market, endorsing documents submitted by the Manager to the FSA for obtaining the authorisations provided for by FSA regulations, endorsing informative and advertising Company materials, and other activities in connection with the compliance by the Company and its staff with laws in force specific to the capital market and internal regulations.

Within the compliance verification activity, in 2022, the compliance with internal regulations and laws specific to the capital market was verified in terms of the activity related to:

- The compliance with transparency and reporting rules;
- The fulfilment of the Manager's obligations relating to investment due diligence;
- The compliance with transparency and reporting rules regarding changes in the organisation and operation documents and significant events;
- The compliance with legal provisions and internal procedures regarding the avoidance and/or management of conflicts of interests, the regime of inside information and personal transactions;
- The fulfilment of the Manager's obligations regarding the registration of transactions;
- Checks related to the risk control system;
- The organisation and conduct of the activity of handling requests.

The performance of the compliance verification function is regularly reviewed by the internal and external audit function, as well as the Audit Committee.

As a result of the actions of conformity control and verification, it was found that, within the activities subject to control, capital market laws and internal regulations and procedures were observed. On the basis of the control activities, proposals and recommendations were made to improve the activity and working procedures applicable to the Manager.

Internal Audit

Company activities are subject to regular internal audit for an independent assessment of operations carried out, the control and management processes and possible risk exposures for various business segments (asset security, compliance with regulations and contracts, operational and financial information integrity, etc.), and for issuing recommendations that may aim at improving the systems, controls and procedures for the purposes of streamlining and increasing the degree of effectiveness of the operations and of monitoring the proposed corrective actions and results obtained.

The internal audit is carried out under these forms: the assessment of management and control systems; the assessment of results regarding the objectives pursued and the examination of the actual impact; the provision of conformity for procedures and operations with legal rules.

The internal audit activity is an independent and objective activity that gives the Company assurance regarding the degree of control over operations and is carried out according to procedures developed for the purposes of carrying out the activity. For each internal audit mission, a detailed programme is drawn up which includes the scope, objectives, resources allocated and the period of its conduct. The audit plan and the resources required for carrying out the activity are endorsed

by the Audit Committee and approved by the BoD, and the aim is to include all activities and operations performed by the Company.

The internal audit aims at supporting the Company in identifying and assessing significant risks in order to provide an independent assessment of the risk management, control and management processes and in assisting the Company in maintaining an efficient and effective control system.

Within the Company, the internal audit function is separate and independent of other functions and activities.

This activity was outsourced by the Company to ANB CONSULTING SRL, according to the Internal Audit Contract no. 789/113385/04.11.2021. The mandate of the internal auditor ANB CONSULTING SRL is for a period of two years, starting on 01.01.2022 and ending on 31.12.2023.

In the case of the Manager, the internal audit function is also separate and independent of other functions and activities.

This activity was outsourced to by the Company to ANB CONSULTING SRL, according to the Internal Audit Service Contract no. 1004/113386/04.11.2021. The mandate of the internal auditor ANB CONSULTING SRL is for a period of two years, starting on 01.12.2021 and ending on 30.11.2023.

The main activities and operations of the Company and the Manager subject to internal audit in 2022 are as follows:

The Risk Management Division:

- Assessing the risk assessment methodology and models, as well as using the results of risk assessments in decision-making processes;
- Assessing the fulfilment of compliance criteria regarding risk management, in relation to applicable legal provisions and regulations;
- Analysing the process of updating the risk assessment and the method of communication and query in the decision-making process.

Investment Portfolio Management – the Investment Opportunity Analysis and Asset Investment Division:

- Assessing the system for internal control of portfolio management, determining the extent to which activities comply with the policies of the organisation and protect its interests (exercising control/influence over controlled entities);
- Assessing internal controls in terms of trading processes;
- Assessing the monitoring of risk levels associated with the types of financial instruments traded.

The Finance and Accounting Division:

- Assessing the process and system for internal controls of the financial reporting activity;
- Checking regular financial reports;
- Using specific systems and applications, opportunities to automate the processing of information;
- Assessing the system for internal control of the procurement process (from placing the order to paying for the goods/services);
- Analysing the fulfilment of the levels of substantiation and approval, analysing the process of selection of bids for procurement.

The Human Resources Division:

- Checking the development, implementation and effects of the Company HR policy and practices;
- Checking the procedures in terms of the selection, recruitment, and hiring of staff and performance review;
- Assessing compliance with the provisions of labour laws;
- Assessing training and professional development programmes;
- Checking the development, implementation and effects of the Company remuneration policy and practices;
- Analysing the compliance and completeness of the Remuneration Policy;
- Assessing existing control systems.

The IT Infrastructure and Systems

- The organisation of the IT Division, in particular in terms of the coordination of activities of IT system and infrastructure (hardware and software) management;
- The roles and responsibilities of those involved in the management of IT activities;

- The verification of the development/review and implementation of IT policies;
- The analysis of the compliance and completeness of IT policies;
- The identification of opportunities for improvement;
- The monitoring of the implementation of recommendations to IT activities;
- The assessment of existing control systems in order to ensure information security;
- The effective use of the resources available to the division;
- The use of specific systems and applications, opportunities to automate information processing.

Compliance, Integrity and Fraud Prevention

- The analysis of internal procedures and policies;
- The assessment of cross-departmental communication flows in case of compliance, integrity and fraud-related incidents;
- The assessment of the process of updating internal procedures;
- The assessment of the adequacy of the structures with duties in the area of Compliance.

Governance

- The assessment of the management structure;
- The assessment of the composition of committees;
- The analysis of internal governance-related policies and procedures.

The internal auditor reports to the Audit Committee and to the BoD of the Manager about the purpose of the audit activity, its results, conclusions, recommendations and proposals made. No significant situations have been identified that would require BoD intervention.

The Internal Audit believes the activities and operations carried out by the Company in 2022, which were subject to audit, to be in accordance with Company policies, programmes and management, in keeping with legal provisions and internal regulations.

The Audit Committee monitors and assesses how the internal auditor complies with contractual provisions. The Audit Committee informs the BoD of any deficiencies found in the performance of the internal audit contract.

The internal audit activity is carried out in accordance with applicable legal requirements, internal Company rules and regulations and complies with the guidelines issued by CAFR and International Audit Standards issued by the Institute of Internal Auditors (IIA Global), respectively. International internal audit rules are based on the (conceptual) International Professional Practices Framework (IPPF), developed and published by the Institute of Internal Auditors (IIA Global).

The effectiveness of the control and risk management system is assessed by the Audit Committee based on reports received from the Risk Management and Compliance Divisions and from the internal auditor. Those reports shall include relevant and complete information on the main activities carried out by those divisions. Having reviewed the content of the reports presented by the three divisions, the Audit Committee concludes that, within the Manager and the Company, respectively, there are procedures which are implemented that allow the rapid identification of any situations potentially generating risks/nonconformities, but also mechanisms of action that allow their rapid and effective management.

The ability to monitor risks at all times, materialised in regular risk reports, as well as stress testing, by means of which crisis impact estimates are obtained, and also materialised in the due diligence at the time of the investment, leads to the conclusion that the risk management system within the Manager/the Company is effective, and the measures adopted to monitor and control exposures to risks identified are appropriate and timely, and the recommendations and issues of concern are given the necessary attention.

The Compliance Officer and the persons designed for the application of Law no. 129/2019 for the prevention and combating of money laundering and terrorist financing, as well as amending and supplementing various legislative acts (hereinafter referred to as Law no. 129/2019)

The Compliance Officer and the persons designated for the prevention and combating of money laundering and terrorist financing within the Manager, in dealings with the National Office for the Prevention and Combating of Money Laundering and the FSA, will have direct access in due time to the data and information required to fulfil the duties established by the Law no. 129/2019 and have specific duties established by a decision of the Executive Management and by internal procedures.

The Manager approves and implements internal policies and rules, internal control mechanisms and procedures for managing the risks of money laundering/terrorist financing, which ensure the establishment of the risk profile associated with the activity carried out, KYC and the submission of reports to the competent authorities

The Manager keeps the records (secondary or operational) and the records of all financial operations that are the subject of the Law no. 129/2019 for a period of five years after the conclusion of the business relationship or after the performance of the occasional transaction, respectively, or even longer, at the request of the Office or other authorities, regardless of whether the relevant account has been closed or the customer relationship has ended, in an appropriate form. The records shall be sufficient to enable the reconstruction of the individual transaction, including the amount and type of currency, to provide evidence in court, if necessary. In fulfilling the duties established by the Law no. 129/2019, the persons in charge have direct access at all times to all the records drawn up by the Company in accordance with applicable legal provisions and check the records on customers and draw up and keep records of their own reports.

The persons in charge of the application of legal provisions for the prevention and punishment of money laundering **and the financing of terrorism (AML/CFT)** within SAI Muntenia Invest SA in 2022 were as follows:

- The AML/CFT Compliance Officer: Mr. Nicușor Marian Buică, CEO;
- The AML/CFT designated person: during the period from 01.01.2022 to 02.12.2022: Mrs. Ioana Mihaela Petrescu, Legal Advisor; during the period from 05.12.2022 to 31.12.2022: Mrs. Elena Daniela Topor, Legal Advisor.

The people responsible for the application of the Government Emergency Ordinance no. 202/2008 regarding the implementation of international sanctions in 2022 were as follows: during the period from 01.01.2022 to 02.12.2022: Mrs. Ioana Mihaela Petrescu, Legal Advisor, and during the period from 05.12.2022 to 31.12.2022: Mrs. Elena Daniela Topor, Legal Advisor.

Financial Reporting

The financial statements of 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) and the FSA Norm no. 39/2015, which applies together with the Accounting Law no. 82/1991. For the year 2022, financial audit services for SAI Muntenia Invest SA were provided by Deloitte Audit SRL, appointed according to the SOGM Decision of 19.10.2021 and in accordance with the provisions of the “Contract for Audit and Other Insurance Services” no. 964/113163/27.10.2021. The Contract is valid until 01.05.2024.

On 29 April 2022, the Manager published the Financial Statements as at 31.12.2021 in accordance with the FSA Norm no. 39/2015, audited by KPMG Audit SRL, the financial auditor of the Company until the 2021 financial year, inclusive, and approved by SOGM of 28 April 2022, accompanied by the Annual Directors’ Report and the Report of the Independent Auditor.

On 16 May 2022, the Manager published the Report on the management of SIF Muntenia SA for the first quarter of 2022, as well as the unaudited Interim Financial Statements as at 31 March 2022, prepared in accordance with the FSA Norm no. 39/2015.

On 31 August 2022, the Manager published the Report on the management of SIF Muntenia for the first half-year of 2022, in accordance with the provisions of the Law no. 24/2017, the Regulation no. 15/2004, the FSA Regulation no. 5/2018 and the FSA Norm no. 39/2015, as well as the unaudited Interim Financial Statements as at 30 June 2022, drawn up in accordance with the FSA Norm no. 39/2015.

On 15 November 2022, the Manager published the Report on the management of SIF Muntenia SA for the third quarter of 2022, in accordance with the provisions of the Law no. 24/2017, the Regulation no. 15/2004, the FSA Regulation no. 5/2018 and the FSA Norm no. 39/2015, as well as the unaudited Interim Financial Statements as at 30 September 2022, drawn up in accordance with the FSA Norm no. 39/2015.

The Conflict of Interests and Transactions in Financial Instruments of Relevant Persons

The Manager has no holdings that entail a conflict of interests with the Company. BoD members and members of the executive management of the Manager may only take up their duties after having obtained the relevant approval from the FSA.

The documentation submitted to the FSA by each BoD member and by each member of the executive management, in order to obtain the authorisation, includes statements showing any conflicts of interests.

The Manager establishes the main rules and measures which it may adopt in the decision-making process for the prevention and management of conflicts of interests and is responsible for implementing and observing the working procedure regarding the prevention and management of conflicts of interests.

In order to comply with legal provisions in force regarding the prevention and proper management of conflicts of interests, within the Manager, there are a Risk Management Division and a Compliance Division, whose purpose is that of ensuring the prevention or proper management of situations with a possible negative impact on the Company, by using specific processes, mechanisms and techniques related to the prevention and management of conflicts of interests posing a significant risk of harm to investors.

Through the functional divisions with specific duties, through the reports drawn up by them according to their duties, the BoD has access at all times to relevant information regarding potential conflicts of interests that affect or may affect the activity of the Company or the Manager, and is also notified of any legal, material, operational and financial aspects that could have an impact.

Upon the occurrence of a conflict of interests among directors, they inform the BoD about it and refrain from debating and voting on those issues, in accordance with the relevant legal provisions; these situations are recorded in the minutes of the BoD meeting.

BoD members, the executive management or anyone with whom the Manager/the Company has concluded an employment agreement, or a mandate/services contract may not use inside information related to the Company investment policy when carrying out transactions in financial instruments of one's own portfolio.

One may not disseminate information on the transactions of the BoD, the managers working for the Manager or anyone with whom the Manager/the Company has concluded an employment agreement or a mandate/services contract.

In the case of all personal transactions carried out by the relevant persons within the Manager, regardless of the financial instrument, all relevant persons shall provide the Manager with a report containing information on such transactions. These transactions shall be recorded in the register of personal transactions, together with any authorisation or prohibition, notified to it by third parties, in connection with such transactions.

The Company fulfils institutional obligations of reporting and information, in the ways specified by FSA and BVB regulations, including by posting on the website and publication in the specialised press.

The internal rules and procedures of the Manager, as well as the Regulation on corporate governance include regulations on avoiding conflicts of interests in the Company management, rules of professional ethics to be observed by one's own employees so that the decisions taken by directors/the executive management and the implementation of such decisions, respectively, should be performed while respecting the interests of Company shareholders as a matter of priority.

The Regime of Corporate Information

The BoD has an effective system of communication and transmission of information, which prevents the disclosure of confidential information. To this end, the Manager has adopted a procedure for ensuring the security, integrity and confidentiality of the information.

The management of information security is undertaken both by the management at the highest level and by managers of the functional structures of the Manager. Everyone has the obligation to designate the responsibilities required by security policy and procedures, to allocate and use the necessary resources efficiently, so as to ensure genuine protection for the data and information, as well as adequate control of the services. The responsibility for the protection and security of Company assets rests directly with the owners of these resources.

Company information and its infrastructure are secured against threats, such as mishandling or destruction, corruption, unauthorised access, unauthorised processing or suspicious transactions, unauthorised dissemination of customer-related information and other confidential information, accidental or deliberate errors.

These protection measures govern internal and external information and information systems and provide information management practices in accordance with domestic legal requirements and international best practices.

The securing of the information belonging to the Manager, the Company and the computer systems is of strategic and critical importance for the efficiency and continuity of the Company activity. In this regard, the following principles are taken into account:

- The measures to protect IT resources are in accordance with business requirements, the level of risk exposure, the efficiency and the value of the resource;
- The implementation of information security is practical and achievable through a balance between the level of protection and efficiency;
- Information security starts from a process of managing incidents, threats and inherent risks;
- Employees, consultants, business partners and other related parties providing services to the Manager/Company shall ensure that their actions are in accordance with information security policies and applicable procedures.

The Division with duties in this area draws up communications or current or regular reports that are available according to specific laws applicable to the Company, within the period of reporting of the information stated. The information disseminated to the public is complete, accurate, timely, so that objective investment decisions should be made.

The Manager constantly updates the “Investor Information” section on the Company website.

Delegations/Outsourcing

For 2022 the Company had the following contracts in force:

- The Framework Contract no. 84500/5429/02.08.2018, with CMF Consulting SA, an authorised valuer, regarding the preparation of valuation works and valuation-related activities, for a period of 12 months from the date of its signing, with the possibility of automatic extension by 12-month periods;
- The Framework Contract no. 3220/104435/16.10.2020, with Veridio SRL, an authorised valuer, regarding the preparation of valuation works and valuation-related activities, for a period of 36 months, with the possibility of automatic extension by 12-month periods;
- The Manager concluded the Archiving Service Contract no. 1109/89395/05.12.2018 on behalf of the Company, for a period of five years from the date of its signing, with GLOBAL STORAGE SOLUTION SRL;
- With ANB CONSULTING SRL, in accordance with the Internal Audit Services Contract no. 789/113385/04.11.2021. The mandate of the internal auditor ANB CONSULTING SRL is for a period of two years, starting on 01.01.2022 and ending on 31.12.2023.

The Policy on the Annual Distribution of Dividends or Other Benefits to Shareholders⁴⁵

The dividend policy implemented by SIF Muntenia SA aims at maintaining a balance between shareholders’ remuneration through dividends and the need to finance new investment using the profit obtained. Keeping this balance aims both at increasing the long-term investment attractiveness and at maintaining the potential for future development of the Company, ensuring the long-term sustainable profitability of the business, in the interest of increasing the value created for shareholders.

The determination of the method and share of distribution of the net profit is subject to the approval of the Shareholders’ General Meeting, and the proposal of the Company Manager takes into account the sustainability, the macroeconomic context, as well as the market.

The remuneration of the shareholders of SIF Muntenia SA is provided both through the dividend distribution policy and through the decision to reinvest the profit or to buy back securities, for the declared purpose of increasing the value of the shares.

In 2022, there were no dividend distributions to the shareholders.

Further details are presented on the Company website, in the dedicated section.

The Relationship with Shareholders and Capital Market Institutions

The sections on the relationship with investors on the Company website include up-to-date information on *corporate governance* and provide access to documents regulating Company governance. Governance-related information is regularly reported through the corporate governance statement of the annual report and kept up to date at all times through current reports and the website. This section also shows the Forecast Policy and the Policy on the Distribution of Dividends or Other Benefits to Shareholders.

⁴⁵ The payment of dividends in accordance with applicable legal provisions is and will be performed by the Central Depository, and the payment agent designated by the Company is Banca Comercială Română SA.

The obligations of transparency, reporting and information to shareholders and capital market institutions have been observed and ensured through press releases distributed in financial newspapers with national coverage, by publishing regular and constant reports of the information provided in the electronic system both on the www.sifmuntenia.ro website and in the electronic system of the capital market where Company shares are listed, by informing the FSA and by way of an activity of written and electronic correspondence with the shareholders, by means of the dedicated division of the Manager.

At the start of each financial year, the Manager notifies BVB of, and posts the financial schedule, according to regulations in force, on the Company website (www.sifmuntenia.ro).

At its headquarters, the Manager holds and keeps a single register of petitions, in secure electronic format, where all petitions, as well as their status, date and handling method are recorded chronologically, in the order of receipt. Any investor in the entities managed by the Manager may submit petitions, free of charge. Information on the procedure for handling petitions received from investors shall be made available to them, free of charge, at the headquarters of the Manager and on the <https://www.sifmuntenia.ro/informatii-pentru-investitori/petitii/> website. Petitions may be sent to the headquarters of the Manager using the following channels: post, fax, courier, directly to the general registry at the registered office or via email.

The Implementation of Regulation (EU) 2019/2088 on Sustainability Disclosures in the Financial Services Sector

Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability disclosures in the financial services sector (hereinafter referred to as “Regulation (EU) 2019/2088”) lays down rules for financial market participants and financial advisors on transparency in relation to the incorporation of sustainability risks and the consideration of adverse effects on sustainability within their activities and on the provision of information on sustainability with regard to financial products. Sustainability factors relate to environmental, social and labour issues, respect for human rights, anti-corruption issues and bribery.

The sustainability risk is an environmental, social or governance event or condition which, if it were to materialise, could cause a significant actual or potential negative effect on the value of the investment.

Sustainability risks can be influenced by environmental changes (a reduction in the effects of climate change, adaptation to climate change, low carbon emissions, the protection of biodiversity and resource management), social issues (inequality, inclusion, labour relations, investment in the human capital, accident prevention, change in customer behaviour) or governance deficiencies (significant recurrent violations of international agreements, corruption, product quality and safety, sales practices).

Sustainability risks may pose a genuine, separate risk, but may also have an impact on other risks, such as those to which the Manager and the Company are subject, such as market, credit, operational risks, etc., as the major risks to which the Manager is exposed are identified.

Sustainability risk assessment is a complex process that can be carried out on the basis of available data on environmental, social and governance issues. For the purposes of collecting raw data on sustainability, the Manager can rely on data made available by external providers.

The Manager aims at involving the FSA in the issuance of recommendations and best practices to facilitate the incorporation of sustainability risks into the risk management system of investment management companies and the implementation of legal requirements that create the necessary framework for implementing sustainable financing.

FSA recommendations are a first step taken in the area of regulation and supervision of activities for the purposes of sustainable financing and sustainability, in the context of the fight against climate change and awareness raising in terms of the impact of climate change on society and the financial system.

The objective of FSA recommendations is to meet the needs of supervised entities by providing a first set of information on sustainable financing, in particular on the growing importance of sustainability risks.

FSA recommendations which the Manager follows for the purposes of incorporation as good practices in terms of non-financial/sustainability reporting over the coming period are:

- Addressing climate issues; analysing the need to implement plans for transition and adaptation to environmental protection recommendations;

- Preparing for reporting the alignment of the taxonomy in 2024⁴⁶.

In 2022, the Manager drew up the Policy on the Identification of Sustainability Risks, thus aligning with the requirements of Regulation (EU) 2019/2088 on the identification of sustainability risks in the investment process within the Company.

The materialisation of sustainability risks may lead to an effect on assets placed under the management of managed entities, which may vary in intensity depending on other specific risks and the asset class being influenced. The materialisation of sustainability risks for an asset class can generate a loss in the value of that class and can indirectly have a negative influence on the value of the net assets of the funds being managed. Considering the diversification of the assets of funds managed, we believe that the materialisation of sustainability risks has a low probability of significantly affecting the value of net Company assets. Sustainability risks are not wholly eliminated, but the estimated likely effect of sustainability risks for the funds managed by SAI Muntenia Invest SA is at a low level for SIF Muntenia SA.

Considering the low degree of complexity of the activity, as well as the diversification of the assets of the fund managed, we believe that the materialisation of a single sustainability risk has a low probability of significantly affecting the value of Company assets. For the reasons listed above, and taking into account the size, complexity and nature of its activities, but also based on the consideration of protecting investors by not using potentially inaccurate and incomplete information, the policy of SAI Muntenia Invest SA shall identify sustainability risks, but shall not take into account the negative effects of investment decisions on sustainability factors for the time being.

However, with the uniform application of disclosure requirements on the way and the extent to which activities of non-financial undertakings are associated with economic activities that qualify as environmentally sustainable, SAI Muntenia SA shall remember to provide non-financial information on the share of exposures aligned with the taxonomy within the deadline laid down in the Delegated Regulation (EU) 2021/2178.

SIF Muntenia shall reassess this situation on a regular basis and shall make a decision on the consideration of the negative effects of investment decisions on sustainability factors, informing investors about any new concrete steps taken in this regard.

Environmental, Social and Governance (ESG) Aspects

The European Union has initiated a legislative programme aimed at integrating environmental, social and governance aspects into the regulation of the financial services sector.

As part of this programme, the EU Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector was issued, which had March of 2021 as the deadline for implementation. Subsequently, the EU Regulation 2020/852 ("the Taxonomy Regulation") was published on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. The aspects related to the fulfilment of EU objectives on the mitigation of and adaptation to climate change entered into force on 1 January 2022, and the provisions on the transition to a circular economy, the sustainable use and protection of water and marine resources, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems entered into force on 1 January 2023. Considering Member States' various interpretations of the definition of 'sustainable investment', the European Commission deemed a common taxonomy to be necessary.

With the advent of Commission Regulation EU 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088, an obligation is established for participants, which do not take into account the negative effects of their investment decisions on sustainability factors, to publish on their own website in a separate section entitled "Not taking into account the negative effects of investment decisions on sustainability factors" the following:

- a conspicuous statement that the financial market participant does not take into account any adverse effects of its investment decisions on sustainability factors;
- the reasons why the financial market participant does not take into account any adverse effects of its investment decisions on sustainability factors and, if applicable, information on whether or not the financial market participant intends to take into account such adverse effects by reference to the indicators listed in Table 1 of Annex I and, if so, when they were taken into account

⁴⁶ The annual public statement on common European supervisory priorities issued by ESMA on 28.10.2022 underlines the importance of disclosures in accordance with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

The Environmental Impact of the Activity

In the investment process, SIF Muntenia does not take into account EU criteria on environmentally sustainable economic activities, including transitional activities, within the meaning of the Taxonomy Regulation. The sole object of the Company consists of activities specific to investment companies, the main field of activity being NACE code 64 - Financial service activities, except insurance and pension funding. As such, the Company activity does not have a significant direct impact on the environment. As for the activity of portfolio companies, SIF Muntenia aims at tracking and informing investors about their ESG reporting.

Social Responsibility

The Company carries out activities regarding corporate social responsibility at all times, and supports disadvantaged categories within the community where it operates, either directly or through specialised foundations/associations, every year. The Company also helps support scientific, cultural, sports, medical, educational and environmental actions, events of national or zonal interest.

The Forecast Policy

Financial forecasts underlying the directions for action are made public to all Company shareholders and refer at least to considerations regarding the internal and external macroeconomic framework relevant for the structuring of management programmes and revenue and expenditure budgets of SIF Muntenia SA, which includes, but is not limited to:

- Forecasts on the developments and/or level of the main macroeconomic indicators (e.g. GDP, unemployment, inflation, etc.);
- Forecasts on the developments of specific economic sectors deemed to be relevant for the activity, the existing portfolio and the investment policy of SIF Muntenia SA;
- Forecasts of the level and developments of specific financial indicators including but not limited to: the expected exchange rate, changes in the monetary policies of the National Bank of Romania, the developments of relevant stock market indices;
- Risks related to geopolitical instability, changes in the political class that affect the business environment (monetary, economic, tax, legal, infrastructure-related, etc.);
- Changes in the legislative framework applicable to the business field of SIF Muntenia SA and portfolio companies.

Analyses of the economic context, of global, national and regional trends generate the information support for forecasts that are presented as assumptions, developed on the basis of public data, with a significant degree of uncertainty, as future developments may be different from the expectations originally presented.

The information on the financial forecasts of SIF Muntenia SA are subject to the corporate information system and its publication is achieved through annual, half-yearly or quarterly reports of SIF Muntenia SA.

Any changes to the original assumptions underlying the forecasts and estimates used may result in adjustments thereof over the established horizon, without this process routinely leading to changes in the approved objectives, programmes or budgets.

The Management Programme and the revenue and expenditure budget proposed within this programme are published each year as part of the documentation subject to the approval of the Shareholders' General Meeting and are available on the Company website⁴⁷.

Forecast-related information refers to factors, trends, events, costs and related revenues that have influenced the result of the relevant period or may influence the results of subsequent reporting periods. The original assumptions underlying the development of the budget and the management programme are regularly re-examined by the Manager and, if potential changes in the expected results are identified, the new assumptions are made public in the reports regarding the management of SIF Muntenia SA.

The Involvement Policy and Principles in terms of Exercising Voting Rights for Managed Undertakings for Collective Investment⁴⁸

The Manager applies the following Involvement Policy in terms of the investment of the UCIs which it manages, in accordance with the provisions of the Law no. 158/2020, which requires fund managers to develop and provide unit

⁴⁷ <https://www.sifmuntenia.ro/informatii-pentru-investitori/evenimente/adunari-generale-ale-actionarilor/2022-2/>

⁴⁸ http://www.munteniainvest.ro/doc/reguli/20210922/Politica%20de%20implicare_RO.pdf

holders/shareholders with information on the involvement policy, describing how shareholders' involvement is incorporated into investment strategies, as well as the principles regarding the exercise of voting rights related to instruments held in the portfolios of managed UCIs.

The Manager publishes information both on its website and in the annual report regarding its exercise of the voting right within SGM of issuers in which the UCIs under management hold shares, except for secret ballots according to legal provisions, ones where it does not hold a stake of at least 50%+1 of the voting rights, as well as ones undergoing insolvency proceedings.

The fund manager acts in the best interest of investors of the managed UCIs and in this regard it pursues a strategy of active involvement in dealings with companies in which it invests in order to improve their potential to create value in the medium and long term.

The Manager distinguishes three levels of participation in the case of companies covered by the Involvement Policy. The qualification for one of these three levels of involvement is performed semi-annually on the basis of total assets of the UCIs under management. These three levels of involvement are determined by the following criteria:

- ✓ The influence (the holding and/or share of voting rights) within the company and
- ✓ The Company share within the portfolio of UCIs under management.

	The share of the UCI portfolio – no more than 0.1%, inclusive, of the total assets, but not lower than RON 250,000	The share of the UCI portfolio – 0.1 to 5%, inclusive, of the total assets, but not lower than RON 250,000	The share of the UCI portfolio – over 5% of the total assets, but not lower than RON 250,000
Less than 10%, inclusive, of the Issuer's voting rights	No shareholder involvement	Basic shareholder involvement	Basic shareholder involvement
10 to 25%, inclusive, of the Issuer's voting rights	Basic shareholder involvement	Basic shareholder involvement	Basic shareholder involvement
Over 25% of the Issuer's voting rights	Key shareholders' involvement		

Table no. 8.3 *Levels of participation for the investment of UCIs managed by SAI Muntenia SA*

No shareholder involvement

In the case of investment in this category, the fund manager makes its investment decisions primarily on the basis of publicly available information and market analyses, and it is not involved in the operation and management of the company at operational or strategic level. The manager may decide to exercise its voting right if it believes that the exercise of such right may have a significant impact on the interests of investors in the managed UCIs. Since, in the case of companies belonging to this category, the vote of the fund manager is not of strategic importance, the fund manager will not provide information concerning these votes on its website.

Basic shareholder involvement

In the case of investment in this category, the fund manager appears in part as a financial investor and in part as a long-term strategic investor, making its investment decisions mainly based on publicly available information and market analyses, but not participating in the operation of the companies at operational level.

In general, the manager participates in the strategic decisions made within SGM, acting on behalf of the funds, exercising voting rights in person, by power of attorney or via electronic/postal votes. Since, in the case of companies belonging to this category, the vote of the fund manager is not (usually) of strategic importance, the manager will not provide information concerning such votes on its website.

The exercise of the voting right shall be prominently carried out in terms of issues that have a financial impact on the activity of companies/shareholders' interests. In current matters, without any financial impact on the activity of the company/shareholders' interests, if the manager assesses that it is in the Company interest not to vote within the SGM, it may decide not to exercise the right to vote. If the fund manager believes that it is in investors' interest to vote for/against or to abstain from a decision subject to a vote, then it will act accordingly.

In making the decision to exercise the right to vote, the manager shall also take into account additional elements such as:

- ✓ The strategy behind the decision to invest in the relevant company (short-term investment versus long-term investment);
- ✓ The administrative or other related costs connected with the exercise of the right to vote;
- ✓ The percentage of the share capital/voting rights held.

Key shareholders' involvement

The Manager believes that the investment in this category is the investment covered by this Involvement Policy and acts according to the principles set out below:

a) The monitoring of the business pursued by companies within the UCI portfolio

As an integral part of the investment process, the Manager carefully monitors and examines all issuers that fall within this category, according to the previously established classification. The analysis covers, *inter alia*, the strategy, the financial and non-financial performance and the risk, the capital structure, the social and environmental impact and corporate governance.

This may include the assessment of its own data and the issuers' market, taking into account the research conducted by analysts, discussions within individual and group meetings, the review of the competition.

In addition to the foregoing, the Manager regularly monitors the financial data and other information published by companies from the portfolio of UCIs and additional information which is relevant to the company in question.

As part of the sustainability component, the objective is to identify potential risks, in particular with regard to environmental, social and corporate governance factors. The Manager believes that these factors can have a significant impact on the performance of companies in the medium and long term.

b) The dialogue with companies involved in investment

The Manager deems it crucial to have a dialogue with the companies in which the managed UCIs have investment, e.g. to influence the Company to improve its corporate governance practices, to ensure long-term value creation or in any other area of interest identified.

The Manager normally engages in dialogues during meetings with the senior managers of the Company, during annual general meetings and other shareholder events.

c) The exercise of voting and other rights related to shares of companies in the UCI portfolio

d) The cooperation with other shareholders of companies from the UCI portfolio

The Manager may cooperate with other shareholders of companies from the UCI portfolio to promote the best corporate governance, risk management, performance or adequacy of disclosed information. Such cooperation may not lead to a breach of any laws, regulatory requirements or recommendations or of the internal rules of the Manager and shall ensure that all shareholders' rights are observed.

e) The communication with relevant stakeholders of companies from the UCI portfolio

The Manager may start a dialogue with the relevant stakeholders within companies from the UCI portfolio in order to get a clearer picture of the Company financial position and sustainability-related issues. It shall decide on the approach that best serves the interests of investors in the managed UCIs without violating any legislative act or internal regulation. Dialogues with company representatives may take place through direct or indirect contact, visits to the company headquarters, correspondence, conferences and teleconferencing. The relevant stakeholders include professional working groups, credit rating agencies, public authorities and non-governmental organisations.

In the event of potential conflicts of interests arising in the exercise of voting rights, the Manager shall ensure that investors' interests are not affected. The rules on conflicts of interests set out in legal regulations and the internal procedures of the Manager shall be taken into account.

As regards the involvement of SIF Muntenia SA in companies listed or traded on a regulated market, in which it holds a stake of over 50% of voting rights, we note that the Company participated in all Shareholders' General Meetings in 2022, exercising its the vote on all items on the agenda.

The most significant items on the SGM agenda are listed below:

1. BIOFARM SA

Within the SOGM of 28.04.2022, the Manager voted for:

- The approval of the individual financial statements for the year ended 31 December 2021, prepared in accordance with IFRS adopted by the EU, based on reports submitted by the Board of Directors and the financial auditor;
- The discharge from administration of directors for the period from 05.11.2021 to 31.12.2021;
- The approval of the Remuneration Report for the managers of Biofarm SA for 2021;
- The approval of the distribution of the net profit earned in 2021 and of the gross dividends of RON 0.024 per share;
- The approval of the distribution of dividends starting on 09.09.2022, subject to shareholders bearing the distribution expenses, as well as the establishment of the period for keeping dividends at shareholders' disposal;
- The approval of the 2022 management and investment programme;
- The approval of the 2022 revenue and expenditure budget.

2. CASA DE BUCOVINA CLUB DE MUNTE SA

Within the SOGM of 28.04.2022, SIF Muntenia SA, as the shareholder, voted for:

- The approval of the annual financial statements of the company for 2021, based on the report drawn up by the Board of Directors of Casa de Bucovina - Club de Munte - SA and the report drawn up by the financial auditor;
- The approval of the proposal for the distribution of net profit related to the 2021 financial year;
- The approval of the discharge from administration of the Board of Directors of Casa de Bucovina - Club de Munte - SA for the 2021 financial year;
- The presentation and approval of the company revenue and expenditure budget for the 2022 financial year;
- The establishment of the remuneration of the members of the Board of Directors for 2022;
- The approval of the Remuneration Report for company managers for the 2021 financial year.

3. BUCUR SA

Within the SOGM of 27.04.2022, the Manager voted for:

- The approval of the complete annual financial statements for 2021 (the balance sheet, the profit and loss account, the statement of changes in equity, the cash flow statement, policies and explanatory notes);
- The approval of the distribution of the net profit for the 2021 financial year;
- The approval of the date of 29.08.2022 as the date of payment of dividends;
- The approval of the discharge from administration of the members of the Board of Directors for the 2021 financial year;
- The approval of the remuneration for the members of the Board of Directors for the 2022 financial year and the establishment of the insurance premium for professional civil liability, respectively;
- The approval of the 2022 revenue and expenditure budget;
- The approval of the 2022 Investment and Repair Plan.

4. CI-CO SA

Within the SOGM of 26.04.2022, the Manager voted for:

- The approval of the 2021 financial statements, based on the Directors' Report and the Report of the financial auditor;
- The approval of the distribution of the net profit for 2021;
- The approval of the date of 27.06.2022 as the date of payment of dividends;
- The approval of the revenue and expenditure budget and the investment budget for 2022;
- The discharge from administration of directors for the 2021 financial year;
- The approval of the form of management contracts to be concluded with elected directors;
- The approval of the directors' remuneration for the current financial year.

5. MINDO SA

Within the SOGM of 14.04.2022, SIF Muntenia SA, as the shareholder, voted for:

- The approval of the company annual financial statements for 2021, based on the report prepared by the Board of Directors of Mindo SA and the report prepared by the financial auditor, i.e. Imptax SRL;

- The approval the discharge from administration of the Board of Directors for the 2021 financial year;
- The approval of the company revenue and expenditure budget for the 2022 financial year;
- The approval of the company investment budget for the 2022 financial year;
- The approval of the Remuneration Report for company managers for 2021;
- The establishment of the remuneration for the members of the Board of Directors for 2022.

6. GERMINA AGRIBUSINESS SA

Within the SEGM of 10.01.2022, the Manager voted for:

- The approval of the reduction of the subscribed share capital of Germina Agribusiness SA by RON 32,421,820.80, from RON 33,772,730 to RON 1,350,909.20, by reducing the nominal value of each share from RON 2.50 to RON 0.10. The reduction is not justified by losses and involves the return to shareholders of a share of the contributions, in proportion to the share of the paid-up share capital of the company.
- The approval of the payment to company shareholders registered as such by the date of registration of the Extraordinary General Meeting of the amount of RON 2.40 per share, multiplied by the number of shares held and paid by each entitled shareholder, with the application and withholding of the applicable tax, according to applicable legal provisions.

Within the SOGM of 27.01.2022, the Manager voted for:

- The approval of the simplified interim financial statements as at 30.09.2021, drawn up in accordance with the Orders of the Minister of Public Finance no. 1802/2014 and no. 3067/2018, based on the Report of the Board of Directors drawn up on 30.09.2021 and the Verification Report of the company financial auditor;
- The approval of the distribution of the amount of RON 9,916,365.6, representing retained earnings from the surplus earned from the company revaluation reserve as at 30.09.2021, intended as 'dividends', i.e. of a gross dividend per share as at 30.09.2021 in the amount of RON 0.72 per share.

Within the SOGM of 18.04.2022, the Manager voted for:

- The approval of the individual financial statements of the company for the financial year ended 31 December 2021, drawn up in accordance with the Order of the Minister of Public Finance no. 1802/2014, based on the Report of the Board of Directors and the Report of the Financial Auditor of the company;
- The approval of the 2021 annual Financial Report, which includes the Report of the Board of Directors for the financial year ended 31 December 2021, drawn up in accordance with the provisions of Annex no. 15 of the FSA Regulation no. 5/2018;
- The approval of the distribution of an annual dividend in the amount of RON 0.99 per share, of which the amount of RON 0.72 per share was distributed as an interim dividend under SOGM decisions of 27 January 2022;
- The approval of the discharge from administration of the members of the company Board of Directors who operated in 2021 for the activity carried out in the 2021 financial year, based on submitted reports;
- The approval of the Remuneration Report of company managers for the 2021 financial year, drawn up in accordance with the Remuneration Policy provided for in art. 106 of Law no. 24/2017;
- The approval of the company revenue and expenditure budget for 2022, according to the proposal of the Board of Directors.

7. SEMROM OLTENIA SA

Within the SOGM of 20.04.2022, the Manager voted for:

- The approval of the financial statements (the balance sheet, the profit and loss account and balance sheet notes) for the 2021 financial year, based on the Management Report of the Board of Directors and the Independent Auditor's Report for the 2021 financial year;
- The approval of the profit distribution for the 2021 financial year;
- The discharge from administration of directors for the activity carried out in the 2021 financial year;
- The approval of the revenue and expenditure budget and the Investment Plan for 2022;
- The approval of the remuneration of the members of the Board of Directors for the 2022 financial year, of the level of the sum insured for directors' professional risk insurance and the coverage of the amount of the insurance premium by the company, according to a proposal from the Board of Directors;
- The approval of the Remuneration Report for the managers of Semrom Oltenia SA for 2021.

8. UNISEM SA

Within the SEGM of 26.04.2022, SIF Muntenia SA voted for:

- The approval of the full sale (10,919 m²) by open auction of the asset located in Alba County, Alba Iulia (Barabant), 2 A.I. Cuza St., for a minimum price of EUR 104/m² and the empowerment of the company Board of Directors to prepare and approve the materials on the conduct of the auction procedure.

Within the SOGM of 26.04.2022, the Manager voted for:

- The approval of company individual financial statements for the financial year ended 31 December 2021, drawn up in accordance with the Order of the Minister of Public Finance no. 1802/2014, based on the Report of the Board of Directors and the Report of the Financial Auditor of the company;
- The approval of the 2021 annual Financial Report, which includes the Report of the Board of Directors for the financial year ended 31 December 2021, drawn up in accordance with the provisions of Annex no. 15 of the FSA Regulation no. 5/2018;
- The approval of the discharge from administration of the members of the company Board of Directors who operated in 2021 for the activity carried out in the 2021 financial year, based on reports submitted;
- The approval of the company revenue and expenditure budget for 2022, according to the proposal of the Board of Directors;
- The approval of the company Work Schedule for 2022;
- The approval of the Remuneration Report for company managers for 2021;
- The approval of the remuneration and general limits of the supplementary remuneration for the members of the Board of Directors for the 2022 financial year.

Within the SEGM of 08.08.2022, the Manager voted for:

- The approval of the sale of the following assets (movable and immovable assets) owned by the company:
 1. The Botoșani asset – located in 37 Calea Națională, Botoșani County;
 2. The Târgul Mureș asset – located in 1 Aeroportului Street, Mureș County;
 3. The Roman asset – located in 4 Tirului Street, Neamț County.

9 THE ACCOUNTS

The Company prepared the financial statements as at 31.12.2022 in accordance with the FSA Norm no. 39/2015 for the approval of Accounting Regulations in line with International Financial Reporting Standards, applicable to entities authorised, regulated and supervised by the FSA in the Financial Instrument and Investment Sector, with the subsequent amendments and additions.

The financial statements as at 31.12.2022 have been audited by Deloitte Audit SRL.

Below there is a summary of the Company financial statement as at 31 December 2022. For details, check the Notes to the Financial Statements as at 31 December 2022 attached hereto.

THE STATEMENT OF FINANCIAL POSITION

In RON	31 December 2022	31 December 2021
Assets		
Cash and cash equivalents	4,513,714	13,076,220
Deposits with banks	131,997,371	81,853,590
Financial assets at fair value through profit or loss	911,914,156	1,022,991,600
Financial assets at fair value through other comprehensive income	888,016,951	941,366,194
Financial assets measured at amortised cost	-	5,964,525
Other assets	3,163,730	69,021
Total assets	1,939,605,922	2,065,321,150

Liabilities

Dividends payable	567,056	13,293,319
Deferred income tax liabilities	31,091,052	47,718,341
Other liabilities	49,528,705	27,438,405
Total liabilities	81,186,813	88,450,065

Equity

Share capital	859,471,059	859,471,059
Own shares	(38,175,588)	-
Retained earnings	824,016,476	806,896,611
Reserves from revaluation of financial assets at fair value through other comprehensive income	213,107,162	310,503,415
Total equity	1,858,419,109	1,976,871,085
Total liabilities and equity	1,939,605,922	2,065,321,150

Table no. 9.1. *The Statement of Financial Position*

The total asset value as at 31 December 2022 decreased by RON 125.72 million, i.e. 6.09%, compared to the value as at 31 December 2021.

The main changes in terms of assets compared to the end of 2021 are as follows:

- *The cash and cash equivalents* (also including deposits with banks) increased compared to 31.12.2021 by RON 41.58 million, due to the Manager's decision, noting that the strategy regarding the Company portfolio liquidity was observed (% of total assets as at 31.12.2022 – 7.04%);
- *The financial assets at fair value through profit or loss* depreciated by RON 111,08 million, i.e. 10.86%, compared to the value recorded as at 31 December 2021, due to the depreciation of assets in this class, At the end of 2022, Biofarm SA accounted for 16.14% of the total accounting assets (31.12.2021: 20.52%);
- *The financial assets at fair value through other comprehensive income* decreased by RON 53.35 million, i.e. 5.67%, as a result of unfavourable differences in fair value, in particular with issuers traded in the regulated market or MTF. As at 31.12.2022 the stake held with Banca Transilvania SA accounted for 19.24% of the total accounting assets of the Company (31.12.2021: 22.48%).

The equity holds the largest share in the structure of liabilities. It decreased by 5.99% compared to the end of the previous year, mainly due to the negative differences in the fair value of financial assets recorded in the category of *Financial assets at fair value through other comprehensive income* as at 31.12.2022 and own redeemed shares.

The difference in net assets according to accounting regulations/net assets certified by the Depositary

Since in the accounts the entries are according to the FSA Norm no. 39/2015 and the valuation procedures approved by the Manager, and the monthly net asset calculation is based on the requirements of the FSA Regulation no. 7/2020, the FSA Regulation no. 9/2014 on the authorisation and operation of investment management companies, undertakings for collective investment in transferable securities and depositaries of undertakings for collective investment in transferable securities, and the valuation rules approved by the Manager, as at 31.12.2022 there are differences between the net asset value calculated according to accounting rules and the net asset value certified by the Depositary.

A summary of the differences between the net assets according to accounts and the certified net assets is presented below.

	Amount (in MRON)
Net assets according to accounts	1,858.42
Certified net assets according to FSA regulations	1,853.55
Differences, of which:	4.87
Fair value difference for the share sub-portfolio	3.64
Fair value difference for the bond sub-portfolio	1.58
Difference in liabilities	(0.35)

Table no. 9.2. *Differences between the certified net assets and the net assets according to accounts*

THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In RON	31 December 2022	31 December 2021
Income		
Dividend income	95,371,319	52,903,094
Interest income	3,933,391	1,357,621
Other operating income	100,169	4,000
Net income from reversal of impairment of assets	2,532,118	-
Investment gain		
Net foreign exchange gains	199,770	513,145
Net loss/ (Net gain) on financial assets at fair value through profit or loss	(96,956,230)	271,741,882
Expenses		
Administrative expenses		
Management fees	(29,414,617)	(52,895,241)
Expenses on the remuneration of the members of the Board of Shareholders' Representatives and salaries	(451,005)	(447,523)
Other operating expenses	(4,573,461)	(4,164,662)
Profit/(Loss) before tax	(29,258,546)	269,012,316
Profit tax	(3,962,753)	(2,824,679)
Net profit/(Net loss) for the period	(33,221,299)	266,187,637
Other comprehensive income		
Items that cannot be reclassified as profit or loss		
Revaluation at fair value of financial assets at fair value through other comprehensive income	(77,638,761)	157,101,475
Deferred tax for the reserve related to financial assets at fair value through other comprehensive income transferred to retained earnings	17,857,409	(18,296,680)
Other comprehensive income	(59,781,352)	138,804,795
Total comprehensive income for the period	(93,002,651)	404,992,432

Table no. 9.3. *The Statement of profit or loss and other comprehensive income*

The evolution of the main elements that make up the Statement of profit or loss and other comprehensive income is as follows:

- Dividend income increased, compared to the same period of the previous year, by RON 42.47 million, i.e. 80.28%;
- The *Interest income* category saw an increase by RON 2.58 million, caused by the increase in interest rates on bank deposits and cash at bank;
- Investment gains are structured as follows:
 - *Net foreign exchange gains* recorded a decrease by RON 0.31 million, i.e. 61.97% lower than the value registered during the same period of the previous year;
 - In 2022, the Company recorded a *Net loss on financial assets at fair value through profit or loss* in the amount of RON 96.96 million, compared to a gain in the amount of RON 271.74 million during the same period of 2021.

The combined effect of the aforementioned items is a negative net result in the amount of RON 33.22 million.

THE CASH FLOW STATEMENT

When preparing the Cash Flow Statement, one considered the following as cash and cash equivalents: the petty cash, the cash at bank, the deposits with an initial maturity shorter than 90 days.

In RON	2022	2021
Operating activities		
Profit/(Loss) before tax	(29,258,546)	269,012,316
<i>Adjustments:</i>		
Net income from the reversal of impairment of assets	(2,532,118)	-
Net loss/ (Net gain) on financial assets at fair value through profit or loss	96,956,230	(271,741,882)

Dividend income	(95,371,319)	(52,903,094)
Interest income	(3,933,391)	(1,357,621)
Net foreign exchange gains	(199,770)	(513,145)
Interest expense related to the leasing contract liability	1,932	2,971
Adjustments for suppliers – invoiced to be received	2,417,979	26,767,094
Other adjustments	9,006	10,395
Changes in assets and liabilities related to operating activities		
Net changes in financial assets at fair value through profit or loss	14,121,214	9,215,740
Payments for financial assets at fair value through other comprehensive income	(96,791,909)	(70,399,471)
Net changes in financial assets at fair value through other comprehensive income	(24,289,518)	(1,800,438)
Changes in other assets	(623,599)	1,724,894
Changes in other liabilities	19,724,427	(4,924,553)
Net investment in deposits with a maturity of more than 3 months and less than a year	(22,878,914)	(46,245,858)
Dividends received	92,638,687	54,714,182
Interest received	3,447,454	1,304,932
Net cash resulting from operating activities	56,149,653	(16,734,067)
Investment activities		
Payments for purchases of tangible and intangible assets	(329)	(209)
Net cash (used in)/resulting from investment activities	(329)	(209)
Financing activities		
Dividends paid, including dividend tax paid	-	(43,207)
Payments related to the leasing contract liability, including interest	(10,298)	(10,273)
Redemption of own shares	(38,175,588)	-
Net cash used in financing activities	(38,185,886)	(53,480)
Net increase in cash and cash equivalents	17,963,438	(16,787,756)
Effect of exchange rate changes on cash and cash equivalents	228,128	435,858
Cash and cash equivalents as at the 1 st of January	13,076,220	29,428,118
Cash and cash equivalents as at the 31st of December	31,267,786	13,076,220

Table no. 9.4. The Cash Flow Statement

Throughout 2022, the operating activity generated cash as a result of dividend receipts from portfolio companies, the sale of shares and the receipt of bonds reaching maturity (details in the relevant chapters and the Notes to the annual Financial Statements as at 31.12.2022).

ECONOMIC AND FINANCIAL INDICATORS

Indicator	2022	2021	2020
Current ratio	2.75	2.00	2.13
Debt ratio	Not applicable	Not applicable	Not applicable
Non-current asset turnover ratio	0.1503	0.2237	0.1512
Net profit/certified net assets (%)	-	13.43	-
ROA (%)	-	12.89	-
ROE (%)	-	13.47	-

Table no. 9.5. Economic and financial indicators

The calculation method

Current ratio - Current assets/Current liabilities

Debt ratio - Borrowed capital/Equity x 100

Non-current asset turnover ratio - Turnover/Non-current assets (turnover = total (current) Company income).

ROA - Net profit/Total accounting assets (this is one of the main indicators of a company's profitability and measures the efficiency of use of the assets, in terms of profit earned, and shows how many units a unit invested in assets brings, in terms of profit).

ROE - Net profit/Equity (this is one of the most important indicators that measures a company's performance. This indicator is calculated as the ratio between the net profit obtained by the company and the equity, basically expressing the way in which and the efficiency with which shareholders have invested their money).

10 THE IMPLEMENTATION OF THE REVENUE AND EXPENDITURE BUDGET

The revenue and expenditure budget for the 2022 financial year was approved within the Shareholders' Ordinary General Meeting (SOGM) of 28 April 2022, based on Decision no. 5.

In RON	2022 revenue & expenditure budget	Achieved in 2022	%
1. Total revenues	75,150,000	99,404,878	132.28
1.1. Investment income	75,050,000	99,304,710	132.32
1.1.1 Gross dividend income	73,500,000	95,371,319	129.76
1.1.2 Interest income	1,550,000	3,933,391	253.77
1.2 Other revenues	100,000	100,168	100.17
2. Total expenses	33,850,000	34,439,082	101.74
2.1 Management expenses	29,000,000	29,414,617	101.43
2.2 External expenses	3,400,000	3,874,454	113.95
2.3 Portfolio management expenses	850,000	685,259	80.62
2.4 BoSR expenses	500,000	463,899	92.78
2.5 Other expenses	100,000	853	0.85
3. Net loss from the valuation of financial assets at fair value through profit or loss	-	(94,224,342)	-
4. Gross profit	41,300,000	(29,258,546)	-70.48
5. Profit tax (current and deferred), including dividend income tax	-	3,962,753	-
6. Net profit	-	(33,221,299)	-

Table no. 10.1. The implementation of the revenue and expenditure budget in 2022

The total Company income registered in 2022 exceeded the budgeted value approved by Company shareholders by 32.28%.

The total expenses reached a level of 101.749% of the 2022 budgeted value and consisted mainly of the following subcategories:

- Management expenses representing the monthly fee collected by SAI Muntenia Invest SA, calculated according to the Management Contract in force between the Company and the Manager, i.e.:
 - The management fee calculated and paid on a monthly basis is equal to 0.125% of the total asset value, as certified by the Company Depository for the last working day of the month. In 2022, the amount of this fee was RON 29.41 million;
 - The performance fee calculated at the end of the year and paid after the approval of the financial statements by SGM is equal to 10% of the amount by which the gross profit earned exceeds the gross profit provided for in the revenue and expenditure budget approved by SGM for the year for which the profit was recorded. In 2022, no performance fee was granted.

The management fee of the Manager for the 2022 financial year was in a total amount of RON 29.41 million, representing 1.56% of the average net assets and 1.50% of the average total assets of the Company in 2022, respectively.

- External expenses representing expenses relating to third party services, i.e. expenses relating to service providers: BRD – the depository (the fees are calculated as a percentage of the certified net assets, which decreased in 2022), FSA fees⁴⁹ (the fees are calculated as a percentage of the certified net assets, which decreased in 2022), the custodian,

⁴⁹ The Regulation of the Financial Supervisory Authority no. 16/2014 on the revenues of the Financial Supervisory Authority

the Central Depository, the financial auditor of the Company, the internal auditor, expenses incurred for the relationship with investors, expenses incurred on mandatory advertising (which decreased in 2022 because there were fewer current reports and press releases published according to the applicable legal framework), payments to the Trade Register, consultancy expenses;

- Portfolio management expenses including SSIF transaction fees, expenses related to debt recovery services, legal assistance expenses, expenses relating to valuation services performed by external valuers, etc.

The net loss on the valuation of assets at fair value through profit or loss was in the amount of RON 94.22 million as at 31.12.2022.

By combining the above-mentioned items, as at 31.12.2022, the Company registered a negative net result of RON 33.22 million.

11 SUBSEQUENT EVENTS

In January of 2023 through the current report of 10.01.2023, SIF Muntenia SA, through its Manager SAI Muntenia Invest SA, informed investors that, on 9 January 2023, all conditions precedent under the Sale and Purchase Contract concluded on 14 July 2022 between SIF Muntenia SA and Vita Care Flav SRL had been met. Thus, the ownership of 1,882,496 shares held by SIF Muntenia SA within Muntenia Medical Competences SA, representing 99.76% of the share capital of Muntenia Medical Competences SA, was transferred to Vita Care Flav SRL.

12 2023 PROSPECTS

Economic prospects for 2023 are marked by an exceptional degree of uncertainty, mainly due to Russia's brutal, unprovoked and unjustified military aggression against Ukraine, which has been ongoing for over a year.

The biggest threats to the European Union economy are the natural gas supply, especially during the 2023-2024 winter, and exposure to further shocks in other commodity markets reacting to the geopolitical tensions. Moreover, inflationary pressures that persist in 2023 and possible adjustments in the financial markets remain major risk factors.

However, the EU economy experienced a series of positive developments in the final months of 2022 and improved the forecast for 2023. Thus, according to interim forecasts published by the European Commission⁵⁰, the growth estimated for 2023 is 0.8% in the EU and 0.9% in the euro area, i.e. 0.5 and 0.6 percentage points higher than autumn forecasts, respectively. The growth rate for 2024 remains unchanged at 1.6% for the EU and 1.5% for the euro area.

And globally, analysts' confidence in the economy improved, and forecasts presented by the International Monetary Fund (IMF)⁵¹ in the *World Economic Outlook Update* – January of 2023, were revised upward. Thus, the estimated economic growth for 2023 is 2.9%, reaching 3.1% in 2024. Global inflation is expected to decrease from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic (2017-2019) levels of around 3.5%.

The estimate for Romania's real GDP growth for 2023 is 2.5%⁵², down from 2022, as a result of the negative impact of inflation, strict financing conditions and the slowdown in the pace of growth of other EU economies.

The implementation of the recovery and resilience plan should contribute to strong investment, which is expected to serve as the main driver of economic growth. Private consumption is expected to increase in 2023 thanks to increases in pensions, the minimum wage and public sector wages, as well as the extension of the energy price capping until 2025. However, consumption will continue to be affected by the high inflation.

HICP inflation is expected to decline, but only moderately, over the course of the current year, as inflationary pressures remain very high in terms of core components, such as services, non-energy industrial goods and processed food. The

⁵⁰ https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/winter-2023-economic-forecast-eu-economy-set-avoid-recession-headwinds-persist_en

⁵¹ <https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>

⁵² https://romania.representation.ec.europa.eu/news/previziunile-economice-de-iarna-ale-comisiei-europene-pentru-romania-25-crestere-economica-2023-si-3-2023-02-13_ro

average annual rate of HICP inflation is expected to reach 9.7% in 2023, before slowing down to 5.5% in 2024, as the energy price capping expands, raw material prices drop, and base effects play out.

13 PRIORITY STRATEGIC OBJECTIVES FOR 2023

The priority strategic objectives and directions of action for 2023 will be presented, in detail, in the *Management Programme and the Revenue and Expenditure Budget of SIF Muntenia SA for 2023*, which will be submitted to the shareholders for approval purposes.

Summary

The investment strategy aims at ensuring that the Company portfolio has well-defined characteristics of a balanced fund, which combines assets (different types of financial instruments) with the potential to increase the value of the assets under management and the investment income. The Company strategy and portfolio meet the requirements of European regulations applicable to alternative investment funds.

The Manager does not invest in derivatives (traded in regulated markets, within organised trading facilities (OTFs) or over the counter (OTC)) on its behalf or on behalf of the Company and does not use the leverage in the investment policy adopted in connection with the Company management.

The financial objective of the Company is the effective management of the asset portfolio, so as to ensure a constant flow of income, the preservation and medium to long-term increase of the capital, in order to increase the value for shareholders and to obtain the highest possible returns on the invested capital.

PRIORITY STRATEGIC OBJECTIVES FOR 2023

- Continuing the process of restructuring the portfolio and effectively managing it, so as to ensure long-term sustainable growth;
- Continuing the investment process, with a focus on investment in Romania and in listed shares.

ANNEXES

- The Financial Statements as at 31 December 2022 prepared in accordance with the provisions of the FSA Norm no. 39/28 December 2015, with the subsequent amendments and additions, which have not been audited, including:
 - The Statement of Financial Position,
 - The Statement of Profit or Loss and Other Comprehensive Income,
 - Statement of Changes in Equity,
 - The Cash Flow Statement,
 - Notes to the Financial Statements
- The Detailed Statement of the Investment of SIF Muntenia SA as at 31 December 2022, prepared in accordance with Annex no. 11 of Regulation no. 7/2020;
- The Statement on the responsibility for preparing the financial statements as at 31 December 2022;
- The Statement on the application of corporate governance principles for SIF Muntenia SA (according to the Annex to the FSA Regulation no. 2/2016 on the application of corporate governance principles by entities authorised, regulated and supervised by the FSA, as subsequently amended and supplemented);
- The status of the compliance with the provisions of the Code of Corporate Governance of BVB as at 31 December 2022;
- The Report of the remuneration of SAI Muntenia Invest SA for the 2022 financial year according to the Remuneration Policy.

SIF Muntenia SA by way of its Manager
SAI Muntenia Invest SA

CEO,
Marian Nicușor BUICĂ

SIF Muntenia SA by way of its Manager
SAI Muntenia Invest SA

Chief Accountant,
Irina MIHALCEA

The CVs of the members of the BoD and the Executive Management of the Manager in office as at 31.12.2022

Name	Age	Qualification	Professional experience	Position held
Adrian Simionescu	50	2002-2007 Bachelor of Laws, the Bioterra University of Bucharest – the Faculty of Law 1996-2002 PhD in Economics, the Academy of Economic Studies of Bucharest – the Faculty of International Economic Relations 1995-1996 Master’s degree – Quality Management and Crisis Management, the Academy of Economic Studies of Bucharest 1990–1995 Economist, the Academy of Economic Studies of Bucharest 1993-1994 Banks, Stock Exchanges and the Capital Market; Financial Accounting; Marketing & Management; Institute Supérieur de Gestion - Paris	<i>August of 2017 - present</i> – Non-executive member of the Board of Directors, SAI Muntenia Invest SA; <i>1998 - present</i> – Chairman & CEO, Vienna Investment Trust SA (formerly Finans Securities); <i>2013 - present</i> – Member of the Board of Directors, Depozitarul Central SA; <i>2013 - present</i> – President, FSA Authorised Lecturer, the Millennium Financial Training Centre; <i>2016 - 2019</i> – Manager; Delta Energy Management SARL, Luxembourg; <i>2002 - 2012</i> – Member of the Board of Directors; Grup Feroviar Român; <i>1995 - 2001</i> – Lecturer with the Academy of Economic Studies of Bucharest; <i>1994 - 1998</i> – Executive Director, the Romanian Institute of Investment.	Chairman of the Board of Directors

Name	Age	Qualification	Professional experience	Position held
Dorina Teodora Mihăilescu	62	1996 – the National School of Political and Administrative Studies – the Faculty of Political Sciences 1995 – the National College of Defence 1984 – the Academy of Economic Studies of Bucharest, the Faculty of Commerce	<i>December of 2017 - present</i> – Non-executive member of the Board of Directors, SAI Muntenia Invest SA; <i>December of 2013 - August of 2014</i> – Advisor, the First Vice-President's Office, the Financial Supervisory Authority; <i>April of 2013 - October of 2013</i> – Non-executive member, the Financial Supervisory Authority; <i>November of 2007 - April of 2013</i> – Commissioner, the National Securities Commission; <i>2011 - 2013</i> – Representative of the National Securities Commission (participation in the Advisory Technical Committee and the General Board), the European Systemic Risk Board; <i>April of 2008</i> – the US Securities and Exchange Commission, the International Institute for Securities Market Development (training programme) – Washington D.C.; <i>June of 2005 - November of 2007</i> – Vice-President, the National Securities Commission; <i>December of 2004 - May of 2005</i> – Deputy with the Romanian Parliament – the Chamber of Deputies – the Committee for Budget, Finance and Banks; <i>2001 - 2004</i> – State Secretary, the Government of Romania, the Department for Institutional and Social Analysis; <i>1998 - 2000</i> – Advisor for the Office of the Vice-President of the Chamber of Deputies, the Romanian Parliament – the Chamber of Deputies; <i>April of 1997 - September of 2001</i> – Auditor, SIF Muntenia SA; <i>1993 - 1996</i> – the Government General Secretariat – the Directorate for European Integration – a governmental expert, the Government of Romania; <i>September of 1990 - 1992</i> – Deputy, a member of the Economic Committee, the Romanian Parliament – the Chamber of Deputies; <i>June – September of 1990</i> – Head of Office for the Head of the Department of Political Analysis, the Romanian Presidency; <i>1984 - 1990</i> – Economist, ICSM Huedin, Cluj County.	Member of the Board of Directors

Name	Age	Qualification	Professional experience	Position held
Sergiu Mihailov	43	2014-2019 – Bachelor of Laws, the Faculty of Law; the University of Bucharest; 2002-2007 – the Association of Chartered Certified Accountants, the UK 1998-2002 – Bachelor's degree in Finance and Insurance; the Faculty of Economics, the West University of Timisoara; A member of the Association of Chartered Certified Accountants, the UK; A member of the Chamber of Financial Auditors of Romania; A member of the Chamber of Tax Consultants of Romania;	January of 2021 – present – Head of Corporate Management; SAI Muntenia Invest SA; December of 2020 - present – Member of the Board of Directors; SAI Muntenia Invest SA; 2020 - present – Director; Unisem SA; 2019 - present – Director; Rompaper SRL; 2018 - present – Director; Vrancart SA; 2017 - present – Director; CI-CO SA; September of 2020 - December of 2020 – Head of the Investment Opportunity Analysis and Asset Investment Department; SAI Muntenia Invest SA; 2017 - August of 2020 – Financial Controller; SAI Muntenia Invest SA; 2015 - 2021 – Director; Industrial Export SA; 2009 - 2015 – Tax Manager; the Romanian companies of the Central Media Enterprises Group; 2005 - 2009 – Tax Manager; Tax Assistant Manager; KPMG Romania; 2004 - 2005 – Tax Consultant; KPMG Romania; 2002 - 2004 – Financial auditor; KPMG Romania.	Member of the Board of Directors Corporate Management Manager

Name	Age	Qualification	Professional experience	Position held
Nicușor Marian Buică	48	Associate degree in Engineering, 1997 graduate, the Mechanical field of study, specialising in Materials and Defectoscopy, the Polytechnic University of Bucharest; Economist, 2003 graduate, the University of Craiova, the Faculty of Economic Sciences MBA, 2005 graduate, City University, the State of Washington, the US	<i>December of 2017 - present</i> – CEO; SAI Muntenia Invest SA; <i>September of 2020 - present</i> – Non-executive Director; Biofarm SA; <i>September of 2019 - present</i> – Non-executive Director; Conpet SA; <i>June of 2019 - present</i> – Non-executive Director; ICPE SA; <i>March of 2018 - present</i> – Non-executive Director; Cocor SA; <i>May of 2017 - present</i> – Member of the Board of Directors; Incertrans SA; <i>December of 2016 - December of 2017</i> - Member of the Board of Directors; SAI Muntenia Invest SA; <i>June of 2016 - 07 December 2016</i> – Member of the Board of Directors; Swiss Capital SA; <i>May of 2016 - October of 2016</i> – Manager, Romenergo SA; <i>October of 2015 - April of 2016</i> – State Secretary, the Ministry of European Funds; <i>February of 2015 - September of 2015</i> – Member of the Board of Directors; CN “Loteria Română” S.A.; <i>December of 2014 - July of 2015</i> – Member of the Board of Directors; Enel Energie Muntenia SA; <i>August of 2014 - December of 2014</i> – Advisor to the Minister Delegate for Budget, the Ministry of Public Finance; <i>March of 2013 - March of 2014</i> – State Secretary, the Ministry of Transport; <i>June of 2012 - November of 2012</i> – Advisor to the Secretary of State, the Ministry of Environment and Climate Change; <i>July of 2010 - June of 2012</i> – Chairman of the Board of Directors; Dunapref SA; <i>January of 2008 - May of 2009</i> – Business Director; Apolodor Com Impex SRL; <i>2007 - July of 2009</i> – Head (Deputy Manager); SSIF Active International SA; <i>February of 2004 - 2006</i> – Internal Control; SSIF Active International SA; <i>October of 2001 - December of 2005</i> – Head of Development; Elpreco SA of Craiova; <i>January of 1998 - September of 2001</i> – Investment Broker; SSIF Active International.	CEO