

**SIF Muntenia S.A.**

**Interim Financial Statements  
as at 30 September 2023**

prepared according to 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 of the  
Financial Instrument and Investment Sector

**UNAUDITED**

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# The Statement of Profit or Loss and Other Comprehensive Income

for the financial period ended 30 September 2023

<i>In RON</i>	<i>Note</i>	<b>30 September 2023</b>	<b>30 September 2022</b>
<b>Income</b>			
Dividend income	6	58,496,015	91,647,597
Interest income	7	4,269,336	2,209,565
Other operating income		7,100	100,168
Net income from adjustments brought forward for the impairment of assets		(396,014)	2,529,526
<b>Investment gain</b>			
Net foreign exchange (loss)		650,549	2,373,298
Net gain/(Net loss) on financial assets at fair value through profit or loss	8	117,002,595	(130,587,031)
<b>Administrative expenses</b>			
Management fees	22	(22,833,567)	(22,261,127)
Expenses on the remuneration of the members of the Board of Shareholders' Representatives and salaries	22	(337,258)	(338,931)
Other operating expenses	9	(2,841,147)	(2,602,357)
<b>Profit/(Loss) before tax</b>		<b>154,017,609</b>	<b>(56,929,292)</b>
Profit tax	10	(6,825,129)	(6,976,374)
<b>Net profit/(Net loss) for the period</b>		<b>147,192,480</b>	<b>(63,905,666)</b>
<b>Other comprehensive income</b>			
<b>Items that cannot be reclassified as profit or loss</b>			
Revaluation at fair value of financial assets at fair value through other comprehensive income		154,577,920	(156,828,919)
Deferred tax for the reserve related to financial assets at fair value through other comprehensive income transferred to retained earnings	10, 16	(23,423,080)	29,050,228
<b>Other comprehensive income</b>		<b>131,154,840</b>	<b>(127,778,691)</b>
<b>Total comprehensive income for the period</b>		<b>278,347,320</b>	<b>(191,684,357)</b>
<b>Earnings per share</b>			
Basic	19	0.189	(0.081)
Diluted	19	0.189	(0.081)

The financial statements were authorised for issue by the Board of Directors on 13 November 2023 and were signed on its behalf by SAI Muntenia Invest S.A., the manager of SIF Muntenia S.A., through:

MANAGER,  
SAI MUNTENIA INVEST S.A.  
Nicușor Marian BUICĂ  
CEO

DRAFTED BY  
SAI MUNTENIA INVEST S.A.  
Irina MIHALCEA  
Chief Accountant

The notes on pages 7 to 43 are an integral part of the interim Financial Statements.

# The Statement of Financial Position

as at 30 September 2023

<i>In RON</i>	<i>Note</i>	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Assets</b>			
Cash and cash equivalents	11	37,392,154	4,513,714
Deposits with banks	12	137,016,864	131,997,371
Financial assets at fair value through profit or loss	13 a)	986,987,591	911,914,156
Financial assets at fair value through other comprehensive income	13 b)	1,023,895,219	888,016,951
Other assets	14	16,359,961	3,163,730
<b>Total assets</b>		<b>2,201,651,789</b>	<b>1,939,605,922</b>
<b>Liabilities</b>			
Dividends payable	15	567,056	567,056
Deferred income tax liabilities	16	59,915,394	31,091,052
Other liabilities	17	4,402,910	49,528,705
<b>Total liabilities</b>		<b>64,885,360</b>	<b>81,186,813</b>
<b>Equity</b>			
Share capital	18 a)	859,471,059	859,471,059
Own shares	19 f)	(38,175,588)	(38,175,588)
Retained earnings		994,629,540	824,016,476
Reserves from revaluation of financial assets at fair value through other comprehensive income	18 b)	320,841,418	213,107,162
<b>Total equity</b>		<b>2,136,766,429</b>	<b>1,858,419,109</b>
<b>Total liabilities and equity</b>		<b>2,201,651,789</b>	<b>1,939,605,922</b>

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# The Statement of Changes in Equity

for the financial period ended 30 September 2023

In RON	Share capital	Own shares	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>Balance as at 31 December 2022</b>	<b><u>859,471,059</u></b>	<b><u>(38,175,588)</u></b>	<b><u>213,107,162</u></b>	<b><u>824,016,476</u></b>	<b><u>1,858,419,109</u></b>
<b>Comprehensive income</b>					
<i>Profit for the period</i>	-	-	-	147,192,480	147,192,480
<i>Other comprehensive income</i>					
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax*)	-	-	131,154,840	-	131,154,840
Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	(23,420,584)	23,420,584	-
<b>Total comprehensive income for the period</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>107,734,256</u></b>	<b><u>170,613,064</u></b>	<b><u>278,347,320</u></b>
<b>Transactions with shareholders, recognised directly in equity</b>					
Forfeited dividends	-	-	-	-	-
Share capital decrease	-	-	-	-	-
Own shares redeemed	-	-	-	-	-
<b>Total transactions with shareholders, recognised directly in equity</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Balance as at 30 September 2023</b>	<b><u>859,471,059</u></b>	<b><u>(38,175,588)</u></b>	<b><u>320,841,418</u></b>	<b><u>994,629,540</u></b>	<b><u>2,136,766,429</u></b>

\*) Reserves from the revaluation at fair value of financial assets at fair value through other comprehensive income shall not be re-classified as profit or loss.

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# The Statement of Changes in Equity (continued)

for the financial period ended 30 September 2023

In RON	Share capital	Own shares	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>Balance as at 31 December 2021</b>	<b>859,471,059</b>	<b>-</b>	<b>310,503,415</b>	<b>806,896,611</b>	<b>1,976,871,085</b>
<b>Comprehensive income</b>					
<i>Loss for the financial period</i>	-	-	-	(63,905,666)	(63,905,666)
<i>Other comprehensive income</i>					-
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax*)	-	-	(127,778,691)	-	(127,778,691)
Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	(42,183,407)	42,183,407	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(169,962,098)</b>	<b>(21,722,259)</b>	<b>(191,684,357)</b>
<b>Transactions with shareholders, recognised directly in equity</b>					
Forfeited dividends	-	-	-	12,726,263	12,726,263
Share capital decrease	-	-	-	-	-
Own shares redeemed	-	(38,175,588)	-	-	(38,175,588)
<b>Total transactions with shareholders, recognised directly in equity</b>	<b>-</b>	<b>(38,175,588)</b>	<b>-</b>	<b>12,726,263</b>	<b>(25,449,325)</b>
<b>Balance as at 30 September 2022</b>	<b>859,471,059</b>	<b>(38,175,588)</b>	<b>140,541,317</b>	<b>797,900,615</b>	<b>1,759,737,403</b>

\*) Reserves from the revaluation at fair value of financial assets at fair value through other comprehensive income shall not be re-classified as profit or loss.

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# The Cash Flow Statement

for the financial period ended 30 September 2023

In RON

	Note	30 September 2023	30 September 2022
<b>Operating activities</b>			
Profit/(Loss) before tax		154,017,609	(56,929,292)
<i>Adjustments:</i>			
Net income from adjustments brought forward for the impairment of assets		396,014	(2,529,526)
(Net gain)/Net loss on financial assets at fair value through profit or loss	8	(117,002,595)	130,587,031
Dividend income	6	(58,496,015)	(91,647,597)
Interest income	7	(4,269,336)	(2,209,565)
Net foreign exchange gain		(650,549)	(2,373,298)
Interest expense related to the lease contract liability	14i)	920	1,554
Adjustments for suppliers – invoices to be received		2,818,099	2,288,783
Other adjustments		6,572	6,718
<b>Changes in assets and liabilities related to operating activities</b>			
Net changes in financial assets at fair value through profit or loss		41,937,283	41,494,579
Net changes in financial assets at fair value through other comprehensive income		18,698,305	1,265,819
Receipts from financial assets measured at amortised cost		-	1,000,000
Changes in other assets		3,358,675	(612,622)
Changes in other liabilities		(47,935,068)	18,011,164
Net investment in deposits with a maturity of more than 3 months and less than a year	12	(11,024,942)	(37,074,078)
Dividends received		40,269,551	84,951,194
Interest received		4,170,803	1,868,093
<b>Net cash resulting from operating activities</b>		<b>26,295,326</b>	<b>88,098,957</b>
<b>Investment activities</b>			
Payments for purchases of tangible and intangible assets		(417)	(329)
<b>Net cash used in investment activities</b>		<b>(417)</b>	<b>(329)</b>
<b>Financing activities</b>			
Payments related to the lease contract liability, including interest	14i)	(7,730)	(7,731)
Payments for the redemption of own shares	18 e)	-	(38,175,588)
<b>Net cash used in financing activities</b>		<b>(7,730)</b>	<b>(38,183,319)</b>
<b>Net increase in cash and cash equivalents</b>		<b>26,287,179</b>	<b>49,915,309</b>
Effect of exchange rate changes on cash and cash equivalents		640,409	2,373,858
Cash and cash equivalents as at 1 January		31,267,786	13,076,220
<b>Cash and cash equivalents as at 30 September</b>		<b>58,195,374</b>	<b>65,365,387</b>

# The Cash Flow Statement (continued)

*for the financial period ended 30 September 2023*

The cash and cash equivalents as at 30 September include:

<i>In RON</i>	<i>Note</i>	<b>30 September 2023</b>	<b>30 September 2022</b>
Petty cash	<i>11</i>	1,309	1,553
Cash at bank	<i>11</i>	37,390,845	4,432,725
Bank deposits with the original maturity shorter than three months	<i>12</i>	20,803,220	60,931,109
<b>Cash and cash equivalents</b>		<b>58,195,374</b>	<b>65,365,387</b>

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# Notes to the Financial Statements

*for the financial period ended 30 September 2023*

## 1. The reporting entity

SIF Muntenia S.A. (“the Company”) is a collective investment undertaking established in 1996 through the reorganisation and transformation of Fondul Proprietății Private IV Muntenia, pursuant to Law no. 133/1996 for the transformation of Private Property Funds into financial investment companies, and has been classified as a different undertaking for collective investment (non-UCITS) according to Law no. 297/2004 on the capital market. SIF Muntenia SA operates in Romania according to the provisions of the Companies Law no. 31/1990, Law no. 297/2004 on the capital market and Law no. 24/2017 on issuers of financial instruments and market operations. Under Authorisation no. 151/09.07.2021, the Financial Supervisory Authority authorised the Company as an Alternative Investment Fund intended for Retail Investors (AIFRI). The Company registered office is in 46-48 Serghei Vasilievici Rahmaninov St., the ground floor, room 2, Sector 2, Bucharest, Romania.

The sole Company object has to do with the non-UCITS nature of the fund, as the Company carries out activities such as:

- Performing financial investment, in order to maximise the value of its own shares, according to regulations in force;
- Managing the investment portfolio and exercising all rights associated with the instruments in which it invests;
- Managing risks;
- Carrying out other ancillary and adjacent activities, according to regulations in force.

The Company operates on the basis of a management contract concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A., certified as an Alternative Investment Fund Manager (AIFM) under number PJR07 1AFIAI/400005. According to the provisions of art. 3(2) of Law no. 74/2015, as subsequently amended and supplemented, AIFM means any legal person whose main activity is the management of one or more alternative investment funds.

Company shares have been listed on the Bucharest Stock Exchange regulated market, in the premium category, under code SIF4, since 1 November 1999.

The records of shares and shareholders are kept as laid down by the law by Depozitarul Central S.A. of Bucharest. The asset depositing services are provided by BRD – Groupe Société Générale S.A. – a company authorised by the Financial Supervisory Authority (FSA).

## 2. The bases for the preparation

### (a) The declaration of conformity

The financial statements have been prepared according to the provisions of FSA Norm no. 39/28 December 2015 for the approval of Accounting Regulations in line with International Financial Reporting Standards, applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instrument and Investment Sector, with the subsequent amendments and additions (“FSA Norm no. 39/2015”). Within the meaning of the FSA Norm no. 39/2015, the International Financial Reporting Standards are those adopted according to the procedure provided for by Regulation (EC) no. 1606/2002 (“IFRSs adopted by the European Union”).

The financial statements have been prepared in accordance with requirements laid down by IFRSs adopted by the European Union.

These financial statements have been prepared on a going concern basis, which implies that the Company will also continue its activity, without any significant reduction thereof, in the foreseeable future.

The energy crisis caused by major increases in oil, coal and gas prices of 2022 is of particular importance due to the consequences it may have on the global economy and due to the major uncertainties regarding the dynamics of energy prices.

The Company is monitoring developments in the conflict between Israel and Hamas, there are concerns about its possible expansion, involving groups and countries in the region and beyond. The continuation of the conflict renders oil price forecasts uncertain, and sanctions imposed on owners of ships carrying oil from Russia will reduce the global crude supply.

# Notes to the Financial Statements

*for the financial period ended 30 September 2023*

## 2. The bases for the preparation (continued)

### (a) The declaration of conformity (continued)

The developments of the military aggression in Ukraine and the related sanctions generate considerable uncertainties and risks to the outlook for economic activity, and implicitly to the medium-term evolution of inflation, through higher effects on purchasing power and consumer confidence, and the activity of companies.

Inflation remains an economic factor that affects the entire Romanian economy, but mainly final consumers. High inflation is likely to delay the start of the cycle of reduction of the reference interest rate by the NBR compared to other central banks in the region. The NBR expects the annual inflation rate to drop to 7-8% by late 2023, so that the reduction of the monetary policy interest rate should start during the first half of next year.

Concerns about the smooth running of the international banking system could further complicate matters for central banks, which will have to include financial stability risks in their plans to bring inflation back to target.

The Manager has identified the main risks and uncertainties to which the Company is exposed, and they are primarily related to the risk of contagion in connection with the activities carried out by most entities in which the Company has shareholdings, and the fair value of financial assets is likely to decrease. However, the Company Manager believes that the continuity of its activity will not be affected.

The Company meets the criteria for classification as an investment entity in accordance with the provisions of IFRS 10 “Consolidated Financial Statements”.

The criteria for classification as an investment entity were analysed in 2023 based on the following aspects:

- The communication of Company business objectives to investors;
- Exit (divestiture) strategies for investment held by the Company;
- Activities carried out by the Company with its subsidiaries;
- The valuation of Company investment based on fair value.

The application of this exception from consolidation means that an investment entity does not have to consolidate its subsidiaries or to apply IFRS 3 “Business Combinations” when it gains control of another entity. On the other hand, it must evaluate an investment in a subsidiary at fair value through profit or loss according to IFRS 9 “Financial Instruments”.

### (b) The presentation of the financial statements

The financial statements are presented according to the requirements of IAS 1 “Presentation of Financial Statements”, IAS 34 “Interim Financial Reporting” and IFRS 12 “Disclosure of Interests in Other Entities”. The Company has adopted a presentation based on liquidity in the statement of its financial position and a presentation of income and expenses according to the nature thereof in the statement of profit or loss and other comprehensive income, considering that these presentation methods provide information that is credible and more relevant than the information that would have been presented based on other methods allowed by IAS 1.

### (c) Bases of measurement

The financial statements are prepared on the basis of the fair value convention for financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Other financial assets and liabilities, as well as non-financial assets and liabilities are presented at amortised cost, revalued amount or historical cost.

The methods used to measure fair value are presented in Note 3(e)(iv) and Note 5.

### (d) The functional and presentation currency

The Company management deems the functional currency, as defined by IAS 21 “The Effects of Changes in Foreign Exchange Rates”, to be the Romanian Leu (RON). The financial statements are prepared and presented in RON, rounded to the nearest RON, a currency which the Company management has chosen as the presentation currency.

### (e) The use of estimates and judgments

The preparation of the financial statements according to IFRS adopted by the European Union involves the use by the management of estimates, judgments and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. The judgments and assumptions associated with these estimates are based on historical experience, as well as other factors deemed

# Notes to the Financial Statements

*for the financial period ended 30 September 2023*

to be reasonable in the context of these estimates. The results of these estimates form the basis for the judgments about the book values of assets and liabilities that cannot be obtained from other sources of information. Results obtained may differ from estimated values.

## 2. The bases for the preparation (continued)

### (e) The use of estimates and judgments (continued)

The judgments and assumptions underlying them are reviewed regularly. Accounting estimate revisions are recognised during the period when the estimate is revised, if the revision only affects that period, or during period when the estimate is revised and future periods, if the revision affects both the current and future periods.

Judgments by the management in the application of IFRS that have a major effect on the financial statements, as well as estimates involving a major risk of a material adjustment during the coming year are presented in Note 4 and Note 5.

## 3. Significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements.

### (a) Subsidiaries and associates

Subsidiaries are entities under the control of the Company. Control exists if, and only if, the Company wholly has the following: authority over the investee, exposure or rights to the variable earnings based on its participation in the investee and the ability to use its authority over the investee to influence the amount of the investor's earnings.

When assessing control, potential or convertible voting rights that may be exercised at that time are also taken into account.

If the Company has shareholdings classified in the category of financial assets at fair value through other comprehensive income and it acquires control through a phased acquisition, the Company reclassifies the shareholding from financial assets at fair value through other comprehensive income to the category of financial assets at fair value through profit or loss. Changes in fair value previously recognised under Other comprehensive income are derecognised on the same basis as if the shareholding had been assigned, i.e. under retained earnings.

Associates are companies within which the Company can exert significant influence, but not control over their financial and operating policies.

The Company measures investment in subsidiaries and associates at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments".

### (b) Foreign currency transactions

Transactions in foreign currency are recorded in RON at the official exchange rate of the transaction settlement date. Monetary assets and liabilities recorded in foreign currencies by the preparation of the statement of the financial position are converted into the functional currency at the exchange rate of that day.

Gains or losses from their settlement and from the conversion using the exchange rate at the end of the financial period of monetary assets and liabilities in foreign currencies are recognised under profit or loss.

Conversion differences in relation to non-monetary items such as shareholdings at fair value through profit or loss are presented as gains or losses from fair value. Foreign exchange differences related to non-monetary financial assets, denominated in foreign currency and classified at fair value through other comprehensive income, are reflected in a separate reserve account.

The exchange rates of the main foreign currencies were:

Currency	30 September 2023	31 December 2022	Variation
Euro (EUR)	1: RON 4.9746	1: RON 4.9474	0.5%
US Dollar (USD)	1: RON 4.6864	1: RON 4.6349	1.11%

### (c) Accounting for the effect of hyperinflation

According to IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit of measurement at the end of the reporting

# Notes to the Financial Statements

for the financial period ended 30 September 2023

period (non-monetary items are restated using a general price index from the date of acquisition or contribution).

According to IAS 29, an economy is deemed to be hyperinflationary if, in addition to other factors, the cumulative inflation rate over a three-year period exceeds 100%.

## 3. Significant accounting policies (continued)

### (c) Accounting for the effect of hyperinflation (continued)

The continuous decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency has been adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods from 1 January 2004. Thus, the provisions of IAS 29 were adopted in the preparation of the financial statements until 31 December 2003, and these financial statements are affected by the application of IAS 29 primarily by the adjustment applied to the share capital.

### (d) Cash and cash equivalents

Cash and cash equivalents include: cash, cash at bank and deposits with banks with an original maturity of less than 90 days (excluding blocked deposits).

### (e) Financial assets and liabilities

#### (i) Classification

The Company classifies financial instruments held according to IFRS 9 "Financial Instruments" into the following categories:

##### *Financial assets measured at amortised cost*

A financial asset is measured at *amortised cost* if it meets both conditions set out below and is not designated as measured at fair value through profit or loss:

- It is held within a business model whose objective is to keep assets for the collection of contractual cash flows; and
- Its contractual terms generate, on certain dates, cash flows that are only payments of the principal and interest related to the outstanding principal amount.

##### *Financial assets at fair value through other comprehensive income*

A financial asset is measured *at fair value through other comprehensive income* only if it meets both conditions listed below and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets; and
- Its contractual terms generate, on certain dates, cash flows which represent only payments of the principal and interest on the principal amount due.

Upon initial recognition of an investment in equity instruments not held for trading, the Company may irrevocably choose to present subsequent changes in fair value under other comprehensive income. This option applies to each instrument, as appropriate.

By the date of the transition to IFRS 9, shares classified as available for sale in accordance with IAS 39 were measured, in accordance with IFRS 9, at fair value through other comprehensive income depending on the specific circumstances (except for holdings within subsidiaries). These securities are primarily held on a long-term basis and have been designated as measured at fair value through other comprehensive income.

##### *Financial assets at fair value through profit or loss*

All financial assets not classified as measured at amortised cost or at fair value through other comprehensive income, as described above, shall be measured *at fair value through profit or loss*. Moreover, on initial recognition, the Company may irrevocably designate a financial asset, which in fact meets the requirements for measurement at amortised cost or fair value through other comprehensive income, to be measured at fair value through profit or loss if this eliminates or significantly reduces an accounting inconsistency that would arise if it were done otherwise.

#### (ii) Recognition

Financial assets and financial liabilities are recognised on the date when the Company becomes a contractual party under the terms of such instrument. Financial assets and liabilities are measured at the time of the initial recognition at fair value.

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## **(iii) Offsets**

Financial assets and liabilities are offset, and the net result is presented in the statement of the financial position only when there is a legal right of set-off, and the intention is to settle them on a net basis or to realise the asset and settle the debt simultaneously.

## **3. Significant accounting policies (continued)**

### **(e) Financial assets and liabilities (continued)**

#### **(iii) Offsets (continued)**

Income and expenses are presented on a net basis only when permitted by accounting standards or for the profit and loss arising from a group of similar transactions such as those of the Company trading activity.

#### **(iv) Measurement**

##### *Measurement at amortised cost*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured after the initial recognition, less the principal payments, plus or minus the accumulated depreciation up to that point using the effective interest method, less the reductions related to impairment losses.

##### *Fair value measurement*

Fair value is the price that would have been received on the sale of an asset or that would have been paid for the transfer of a liability in a regulated transaction between participants in the market or, in the absence of the main market, on the most advantageous market for that asset or liability as of the valuation date.

The Company measures the fair value of a financial instrument using the prices quoted in an active market for that instrument. A financial instrument has an active market if quoted prices are available quickly and regularly for that instrument. See Note 5.

The market price used to determine the fair value is the closing price of the market on the last trading day.

In the absence of a price quotation in an active market, the Company uses valuation techniques based on updated cashflow analysis and other valuation methods commonly used by market participants, making the most of market information, relying as little as possible on Company-specific information. The Company uses valuation techniques that maximise the use of observable data and minimise the use of unobservable data.

The value resulting from the use of a valuation model is adjusted for a number of factors, seeing as valuation techniques do not reliably reflect all the factors considered by market participants when concluding a transaction. Adjustments are recorded to reflect risk patterns, differences in selling and buying quotes, liquidity risks and other factors. See Note 5.

Fund units are measured at the net asset value per unit, calculated by the fund manager using closing quotes for the financial instruments held by the funds. If the Company notices that the net asset value per unit is not representative of the fair value, it uses public information on the fund holdings (financial statements, audit reports, the portfolio structure, etc.), and obtains a corrected NAVU with any adjustments deemed necessary to the net asset value following the analysis of the aforementioned public information. See Note 5.

#### **(v) The identification and measurement of the impairment**

##### *Financial assets measured at amortised cost*

The expected credit loss represents the difference between all contractual cashflows due to the Company and all cashflows which the Company expects to receive, discounted at the original effective interest rate.

A financial asset or group of financial assets is impaired as a result of the credit risk if one or more events have occurred with a negative impact on the expected future cashflows of the assets.

The Company assesses whether the credit risk for a financial asset has increased significantly since the initial recognition based on the information available, at no cost or unreasonable effort, which is an indicator of significant increases in the credit risk since the initial recognition.

The Company recognises under profit or loss the amount of changes in credit losses expected over the life of the financial assets as an impairment gain or loss.

The impairment gain or loss is determined as the difference between the book value of the financial asset and the present value of future cashflows using the effective interest rate of the financial asset at the original time.

# Notes to the Financial Statements

for the financial period ended 30 September 2023

The Company recognises favourable changes in credit losses expected throughout its life as an impairment gain, even if the credit losses expected throughout its life are lower than the amount of the expected credit losses included in the cash flows estimated by the initial recognition.

## 3. Significant accounting policies (continued)

### (e) Financial assets and liabilities (continued)

#### *(vi) Derecognition*

The Company derecognises a financial asset when the rights to receive cashflows from that financial asset expire or when the Company has transferred the rights to receive the contractual cash flows related to that financial asset in a transaction in which it has significantly transferred all the risks and benefits of the property right.

Any interest in transferred financial assets held by the Company or created for the Company is recognised separately as an asset or a liability.

The Company derecognises a financial liability when the contractual obligations have ended or when the contractual obligations are cancelled or expire.

#### *(vii) Gains and losses on disposal*

The gain or loss on the disposal of a financial asset or a financial liability measured at fair value through profit or loss is recognised under the current profit or loss.

Upon the derecognition of the equity instruments designated in the category of financial assets measured at fair value through other comprehensive income, the gains or losses representing favourable or unfavourable differences in valuation, recorded under revaluation reserves, are recognised under other comprehensive income (retained earnings representing the net realised surplus – IFRS 9).

Upon derecognising financial assets, the retained earnings from the date of the transition to IFRS 9 are transferred to retained earnings representing realised surplus.

A gain or a loss related to a financial asset that is measured at amortised cost is recognised under current profit or loss when the asset is derecognised.

#### *(viii) Reclassification*

Equity instruments designated at fair value through other comprehensive income upon initial recognition may not be reclassified.

For debt instruments, reclassification is mandatory when the Company changes its business model related to the management of financial assets. These reclassifications are expected to be infrequent.

Reclassifications are applied prospectively, from the date of the reclassification on the first day of the reporting period following the change in the business model. The entity does not restate previously recognised gains, losses (including impairment gains or losses) or interests.

### (f) Leasing

#### *(i) Recognition*

A contract is or includes leasing if it transfers the right to control the use of an identified asset for a certain period of time in exchange for a consideration.

As a lessee, under the lease for the premises intended to be used as a registered office, the Company has recognised an asset related to the right to use the underlying asset and a leasing liability arising from this contract.

Exceptions to the application of IFRS 16 may be:

- Leasing contracts with a lease term of 12 months or less, which do not contain any purchase options, and
- Leasing contracts where the underlying asset has a low value.

The Company has ascertained the failure to meet the criteria for the application of the exceptions.

#### *(ii) Valuation*

# Notes to the Financial Statements

for the financial period ended 30 September 2023

As the lessee, the Company initially measures the asset related to the right of use at cost. The cost of the asset related to the right of use consists of the amount of the original valuation of the liability arising from the leasing contract, the leasing payments made since 1 January 2019 (the effective date of IFRS 16) or on or before the commencement date, the original direct costs incurred by the lessee, an estimate of the costs to be incurred by the lessee minus any leasing incentives received.

As the lessee, the Company also measures the liability arising from the leasing contract at the present value of leasing payments outstanding by that date.

## 3. Significant accounting policies (continued)

### (f) Leasing (continued)

#### (ii) Valuation (continued)

The discount is carried out using the default interest rate of the leasing contract if such rate can be determined immediately. If it cannot be determined immediately, the lessee's marginal borrowing rate will be used.

The book value of the asset measured at cost is the cost of the original measurement less any accumulated depreciation and any accumulated impairment losses, adjusted for any revaluations of the liability arising from the leasing contract.

#### (iii) Depreciation

The underlying asset is depreciated using the straight-line method. If ownership is not transferred or there is no call option on the underlying asset until the end of its term, the asset is depreciated from the start of the contract until the first date between the end of the useful life and the end of the term of the contract which also includes options to extend or terminate the contract.

#### (iv) The leasing liability

By the date of the initial recognition of the leasing liability, the present value of leasing payments comprises fixed payments less any receivable leasing incentives and variable leasing payments that depend on an index or rate, initially measured based on the index or rate from the start of the contract (e.g. the consumer price index).

The present value of leasing payments outstanding by the date of the recognition is determined for the duration of a leasing contract also taking into account the periods covered by the contract extension options if the Company has reasonable certainty that it will exercise such option and the periods covered by the options of contract termination if the Company has reasonable certainty that it will not exercise such option.

Non-recoverable taxes (VAT) and utility expenses are not a component of the liability arising from the leasing contract, as they are recognised under profit or loss as the invoices are issued.

The liability arising from the leasing contract is subsequently measured by increasing the book value to reflect the interest associated with the liability, reducing the book value to reflect the leasing payments made and remeasuring the book value as a result of changes in the contract (example of changes: the contract term, changes in leasing payments, asset purchase options, interest rate, contract termination).

#### (v) Derecognition

The asset related to the right of use is derecognised on the termination or cessation of the contract and is reflected by the decrease in the book value of the asset related to the right of use and the recognition under profit or loss of gains/losses associated with the amendment of the leasing contract.

#### (g) Impairment of non-financial assets

The book value of Company non-financial assets, other than deferred tax assets, is reviewed by each reporting date to identify any indications of impairment. If there are any such indications, the recoverable amount of those assets is estimated.

An impairment loss is recognised when the book value of the asset or its cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and other groups of assets. Impairment losses are recognised in the statement of the profit or loss and other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the maximum of its value in use and its fair value less expenses for the sale of that asset or unit. In order to determine the value in use, future cashflows are

# Notes to the Financial Statements

for the financial period ended 30 September 2023

discounted using a pre-tax discount rate that reflects current market conditions and the specific risks of the asset.

Impairment losses recognised during previous periods are measured by each reporting date in order to determine whether they have decreased or disappeared. The impairment loss is reversed if there has been a change in the estimates used to determine the recovery amount. Impairment losses are only reversed if the book value of the asset does not exceed the book value that would have been calculated, net of depreciation and impairment, if the impairment loss had not been recognised.

## **(h) The share capital**

Ordinary shares are recognised under the share capital.

## **3. Significant accounting policies (continued)**

### **(i) Provisions for risks and expenses**

Provisions are recognised in the statement of the financial position when a liability arises for the Company related to a past event and the consumption of economic resources is likely to be necessary in the future to settle such liability, and a reasonable estimate of the amount of the liability can be made. In order to determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to that liability.

### **(j) Interest income and interest expenses**

For financial assets measured at amortised cost, interest income and expenses are recognised under profit or loss using the effective interest rate method. The effective interest rate is the rate that accurately discounts payments and receipts in cash expected in the future over the expected life of the financial asset or liability (or, where applicable, over a shorter period) to the book value of that financial asset or liability.

The amount of the interest related to the liability arising from the leasing contract is determined using a discount rate that can be the interest rate of the contract or the lessee's marginal borrowing rate and is recognised under profit or loss.

For financial assets at fair value through profit or loss, interest income is recognised under profit or loss as part of the "Net gain/(Net loss) on financial assets at fair value through profit or loss."

### **(k) Dividend income**

Dividend income is recognised under profit or loss on the date when the right to receive such income is established.

In the case of dividends received in the form of shares, as an alternative to payment in cash, dividend income is recognised at the level of the cash that would have been received, corresponding to the increase of the related shareholding. The Company does not record dividend income related to shares received free of charge when they are proportionally distributed to all shareholders.

Dividend income is recorded on a gross basis that includes dividend tax, which is recognised as a current income tax expense.

### **(l) Employee benefits**

#### **(i) Short-term benefits**

Liabilities related to short-term employee benefits are not discounted and are recognised in the statement of profit or loss and other comprehensive income as the related service is provided.

Short-term employee benefits include salaries and bonuses. Short-term employee benefits are recognised in an expense account when the services are provided. A provision is recognised for amounts expected to be paid as cash bonuses in the short term provided that the Company currently has a legal or implied obligation to pay those amounts as a result of past services provided by the employees and if that obligation can be reliably estimated.

#### **(ii) Defined contribution plans**

All Company employees are insured and have the legal obligation to contribute (through social contributions) to the Romanian State pension system (a defined State contribution plan).

The Company is not involved in any independent pension system and, consequently, has no other obligations in this respect. The Company is not employed in any other post-retirement benefit system. The Company has no obligation to provide subsequent services to former or current employees.

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## **(iii) Long-term employee benefits**

The Company net liability in respect of long-term service related benefits is the amount of future benefits which employees have earned in return for services rendered by them during the current and prior periods.

The Company has no obligation to grant benefits to employees by the time of their retirement.

## **(m) Profit tax**

The profit tax for the period includes the current tax and the deferred tax. The current profit tax includes the tax on dividend income recognised on a gross basis.

The profit tax is recognised in the statement of the profit or loss and other comprehensive income if the tax relates to capital items.

## **3. Significant accounting policies (continued)**

### **(m) Profit tax (continued)**

The current tax is the tax payable on the profit earned during the current period, determined on the basis of percentages applied by the date of the statement of the financial position and all adjustments related to previous periods.

The deferred tax is determined for any temporary differences occurring between the tax base for calculating the tax on assets and liabilities and their book value used for reporting in the financial statements.

The deferred tax is not recognised for the following temporary differences: the initial recognition of the goodwill, the initial recognition of assets and liabilities resulting from transactions that are not business combinations and do not affect the accounting or the tax profits and differences resulting from investment in subsidiaries, provided that they are not reversed in the near future. Deferred tax is calculated based on the tax rates expected to be applicable to temporary differences upon their reversal, based on the laws in force as of the reporting date or issued by the reporting date and which will enter into force thereafter.

Deferred tax assets and liabilities are only offset if there is a legal right to offset current tax liabilities and assets and if they relate to the tax collected by the same tax authority for the same entity subject to tax or for different tax authorities, but they wish to settle the current tax assets and liabilities using a net basis or to realise the assets and to settle the liabilities simultaneously.

The deferred tax asset is only recognised if it is likely to earn future profits that can be used to cover the tax loss. The relevant asset is revised at the end of each financial period and is reduced to the extent that the related tax benefit is unlikely to materialise.

The tax result is determined on the basis of income and expense items in the profit or loss statement plus items similar to income and minus items similar to expenses recorded under retained earnings, as a result of the application of IFRS 9.

For the financial periods ended 30 September 2023 and 30 September 2022, the profit tax rate was 16%. The income from the valuation/revaluation/sale/assignment of shareholdings in a Romanian legal entity or in a foreign legal entity located in a state with which Romania has concluded a double taxation treaty is non-taxable income if, by the time of the valuation/revaluation/sale/assignment, inclusive, the Company holds at least 10% of the share capital of the legal entity where it has the shareholdings for an uninterrupted period of one year.

The tax rate on taxable dividend income for the financial period ended 30 September 2023 was 8% and, for the financial period ended 30 September 2022, it was 5%. The dividend tax is established by applying a tax rate to the gross dividend paid to a Romanian legal entity. Dividends received from a Romanian legal entity are non-taxable income if the Company holds at least 10% of the share capital of the legal entity where it has the shareholdings for an uninterrupted period of one year.

## **(n) Earnings per share**

The Company presents the basic and diluted earnings per share for ordinary shares. The basic earnings per share are determined by dividing the profit or loss attributable to ordinary Company shareholders by the weighted average number of ordinary shares related to the reporting period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by potential ordinary shares.

## **(o) Dividends to be distributed**

Dividends are treated as a distribution of the profit during the period in which they were declared and approved by the Shareholders' General Meeting. Dividends not collected for three years, after the expiration of the

# Notes to the Financial Statements

*for the financial period ended 30 September 2023*

limitation period, are registered directly under equity, and are assimilated to contributions from shareholders, based on a decision of the Shareholders' General Meeting.

## **(p) Subsequent events**

Events subsequent to the end of the reporting period are events occurring between the end of the reporting period and the date when the financial statements are authorised for issuance.

Subsequent events that provide additional information about the Company position at the end of the reporting period (events requiring adjustments) are reflected in the financial statements.

Events subsequent to the end of the reporting period that do not require adjustments are recorded in the notes when they are considered significant.

## **3. Significant accounting policies (continued)**

### **(q) Related parties**

A related party is a person or an entity that is related to the entity preparing its financial statements (the reporting entity).

(a) A person or a close member of that person's family is related to a reporting entity if such person:

- i) Has control or joint control over the reporting entity;
- ii) Has significant influence on the reporting entity or
- iii) Is a member of the key management staff of the reporting entity or of a parent company of the reporting entity;

(b) A company is related to a reporting entity if it meets one of the following conditions:

- i) The entity and the reporting entity are members of the same group (i.e. each parent company, subsidiary or member subsidiary is connected with the other entities);
- ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of the group which also includes the other entity);
- iii) Both entities are joint ventures of the same third party;
- iv) One entity is a joint venture of a third party, and the other entity is an associate of that third party;
- v) The entity is a post-employment benefit plan in favour of employees of the reporting entity or of an entity connected with the reporting entity. If the reporting entity itself is such a plan, the employers funding the plan are also connected with the reporting entity;
- vi) The entity is controlled or jointly controlled by a person identified under point (a);
- vii) The person identified under point (a)(i) has significant influence on the entity or is part of the key staff managing the entity (or managing a parent company of that entity);
- viii) The entity or any member of a group which includes it provides services related to the key staff managing the reporting entity or the parent company of the reporting entity.

Related party transactions are a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether or not a price is charged.

The Company activity is not organised by activity components and, therefore, there are no reportable segments.

Financial assets such as capital instruments, which the Company holds, are shares issued by companies operating in different business sectors. For the exposure by business sector, see Note 4.

### **(r) New standards and interpretations that are not yet in place**

Various new standards, amendments and interpretations of the standards are not yet in place as at the date of the financial statements and have not been applied in the preparation of these financial statements:

#### **i) Amendments to IAS 1 – Presentation of Financial Statements (the effective date: annual periods as of 1 January 2023 and 1 January 2024)**

**The classification of liabilities as current liabilities and long-term liabilities:** the amendments clarify that a classification of liabilities as current or long-term liabilities is based solely on the Company's right to defer the settlement to the end of the reporting period. Thus, the Company's right to defer the settlement for at least twelve months after the reporting date should have economic substance. The classification is not affected by the intentions or expectations of the management regarding the extent and time when the entity will exercise its right.

**The presentation of the accounting policies** – which are intended to help those preparing the financial statements to decide which accounting policies to present in their financial statements.

# Notes to the Financial Statements

*for the financial period ended 30 September 2023*

**Long-term liabilities with financial indicators** – the amendments clarify the commitments which an entity should observe within twelve months of the reporting period for a liability to be classified as a long-term liability.

The Company does not believe that these amendments will have a significant effect on the financial statements.

**ii) Amendments to IFRS – the Practice Statement (the effective date: on or after 1 January 2023)**

The amendments to IFRS Practice Statement 2 provide guidance to companies on how to apply judgment based on materiality when preparing their general financial statements in accordance with IFRS standards.

## 3. Significant accounting policies (continued)

**(r) New standards and interpretations that are not yet in place (continued)**

**iii) Amendments to IAS 12 – Income Taxes – Deferred tax on assets and liabilities generated by the same transaction (the effective date: on or after 1 January 2023)**

The amendments to IAS 12 restrict the scope of the initial recognition exception under IAS 12 and specify how companies should account for the deferred tax on transactions, such as leasing contracts and decommissioning obligations. According to the amendments, the initial recognition exception does not apply to transactions which, upon initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and of a lease liability or of a decommissioning component and of a component of the decommissioning asset gives rise to taxable and deductible temporary differences that are not equal.

The Company does not believe that these amendments will have a significant effect on the financial statements.

**iv) Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The definition of accounting estimates (the effective date: on or after 1 January 2023)**

The amendments add a new definition for accounting estimates, defined as monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify what changes in the accounting estimates are and how they differ from changes in accounting policies and corrections of errors.

The Company does not believe that these amendments will have a significant effect on the financial statements.

**v) Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (the effective date: it has been deferred indefinitely until the research project on the equity method has been completed)**

The amendments are related to the sale or contribution of assets between an investor and its associates or joint ventures. The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that, for a transaction involving an associate or a joint venture, gains or losses are recognised when the assets sold or contributed represent an enterprise.

The Company does not believe that these amendments will have a material effect on the financial statements.

**vi) Amendments to IFRS 16 Leases (the effective date: on or after 1 January 2024)**

The lease liability within a sale and leaseback requires the seller-lessee to subsequently measure lease obligations arising from a leaseback in a way that does not recognise the amount of the gain or loss related to the right of use which it retains. The new requirements do not prevent a seller-lessee from recognising any gain or loss related to the partial or total termination of a leasing contract under profit or loss.

The Company, as the lessor, does not believe that these amendments will have an effect on the financial statements.

## 4. The management of significant risks

The investment activity leads to the Company exposure to a variety of risks associated with the financial instruments held and the financial markets in which it operates. The main risks to which the Company is exposed are:

- The market risk (the price risk, the interest rate risk and the currency risk);
- The credit risk;
- The liquidity risk;

# Notes to the Financial Statements

for the financial period ended 30 September 2023

- The tax related risk;
- The operational risk.

The overall risk management strategy aims at maximising the Company profit by reference to the level of risk to which it is exposed and at minimising any potential adverse variations in the Company financial performance.

The Company uses a variety of policies and procedures to manage and measure the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

## (a) The market risk

The market risk is defined as the risk of incurring a loss or not obtaining the expected profit as a result of fluctuations in prices, interest rates and exchange rates.

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

The Company is exposed to the following market risk categories:

#### (i) The price risk

The Company is exposed to the risk associated with changes in the price of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The Board of Directors of SAI Muntenia Invest S.A. also meets its role of monitoring the market risk management framework by approving trading limits.

#### Shares

As at 30 September 2023, the Company has shares at fair value through profit or loss in companies operating in various business sectors, as follows:

<i>In RON</i>	<b>Total of which:</b>	<b>Level 1</b>	<b>Level 3</b>
Financial, banking activities	13,606,441	-	13,606,441
Real estate, rentals and other services	98,125,711	-	98,125,711
Wholesale trade, retail trade, tourism and restaurants	93,384,484	66,244,314	27,140,170
Building material industry	45,295,026	-	45,295,026
Agriculture, livestock farming, fishing	431,326	-	431,326
Pharmaceutical and medical industry	394,387,507	394,387,507	-
Other	20,383,670	-	20,383,670
<b>TOTAL</b>	<b>665,614,165</b>	<b>460,631,821</b>	<b>204,982,344</b>

As at 31 December 2022, the Company has shares at fair value through profit or loss in companies operating in various business sectors, as follows:

<i>In RON</i>	<b>Total of which:</b>	<b>Level 1</b>	<b>Level 3</b>
Financial, banking activities	11,548,797	-	11,548,797
Real estate, rentals and other services	98,125,711	-	98,125,711
Wholesale trade, retail trade, tourism and restaurants	82,772,871	21,501,788	61,271,083
Building material industry	45,295,026	-	45,295,026
Agriculture, livestock farming, fishing	431,326	-	431,326
Pharmaceutical and medical industry	359,892,454	313,070,495	46,821,959
Other	19,383,670	-	19,383,670
<b>TOTAL</b>	<b>617,449,855</b>	<b>334,572,283</b>	<b>282,877,572</b>

For the sensitivity analysis regarding the fair value of shares classified as Level 3, please see Note 5.

The fair value sensitivity analysis for the portfolio of shares measured at fair value through other comprehensive income is presented below.

As at 30 September 2023, the Company has shares at fair value through other comprehensive income in companies operating in various business sectors, as follows:

<i>In RON</i>	<b>Total of which:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial, banking activities	700,060,387	693,190,962	-	6,869,425

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Real estate, rentals and other services	45,366,386	-	42,565,302	2,801,084
Wholesale trade, retail trade, tourism and restaurants	19,413,967	-	16,730,200	2,683,767
Building material industry	16,120,808	10,297,708	923,247	4,899,853
Manufacture of fabricated metal products	50,710,151	7,741,135	36,394,825	6,574,191
Pharmaceutical and medical industry	1,028,517	-	-	1,028,517
Energy industry	163,159,027	163,159,027	-	-
Mining industry	2,622,751	578,904	-	2,043,847
Other	25,413,225	18,188,415	753,101	6,471,709
<b>TOTAL</b>	<b>1,023,895,219</b>	<b>893,156,151</b>	<b>97,366,675</b>	<b>33,372,393</b>

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

#### (i) The price risk – Shares (continued)

As at 31 December 2022, the Company has shares at fair value through other comprehensive income in companies operating in various business sectors, as follows:

In RON	Total of which:	Level 1	Level 2	Level 3
Financial, banking activities	573,767,518	567,251,038	-	6,516,480
Real estate, rentals and other services	57,635,226	25,126,800	27,240,475	5,267,951
Wholesale trade, retail trade, tourism and restaurants	26,704,949	-	13,802,415	12,902,534
Building material industry	16,229,563	9,010,495	-	7,219,068
Manufacture of fabricated metal products	78,078,386	16,022,372	52,399,326	9,656,688
Pharmaceutical and medical industry	2,051,198	1,003,449	-	1,047,749
Energy industry	112,046,315	112,046,315	-	-
Mining industry	2,340,282	-	795,993	1,544,289
Other	19,163,514	11,942,362	865,254	6,355,898
<b>TOTAL</b>	<b>888,016,951</b>	<b>742,402,831</b>	<b>95,103,463</b>	<b>50,510,657</b>

A positive change of 10% in the prices of financial assets at fair value through other comprehensive income would lead to an increase in equity, net of profit tax, as at 30 September 2023, by RON 88,182,089 (as at 31 December 2022: RON 77,018,591), and a negative change of 10% would have an equal net impact of the opposite sign.

Out of the total shares with active market held by the Company, as at 30 September 2023, 55% (as at 31 December 2022: 53%) accounted for investment in companies that were part of the BET index of the Bucharest Stock Exchange, an index weighted by the stock market capitalisation and created to reflect the overall trend of the prices of the twenty most liquid shares (as at 31 December 2022: twenty most liquid shares) traded on the Bucharest Stock Exchange.

As at 30 September 2023, in the Company portfolio, the following ten shareholdings can be deemed to exhibit significant exposure, in a total amount of RON 891,082,916 (as at 31 December 2022: RON 761,171,748), accounting for 87.03% (as at 31 December 2022: 85.72%) of all financial assets at fair value through other comprehensive income:

In RON	30 September 2023	31 December 2022
Banca Transilvania S.A.	467,237,427	373,161,898
BRD - Groupe Societe Generale S.A.	85,932,977	71,519,123
OMV Petrom SA	80,298,796	57,506,370
Lion Capital S.A. (the former SIF Banat-Crisana)	65,400,367	62,568,068
S.N.G.N. Romgaz-S.A.	55,690,425	43,886,829
Infinity Capital Investments S.A. (the former SIF Oltenia)	41,418,000	40,248,000
Romaero SA of Bucharest	33,585,614	51,670,176

# Notes to the Financial Statements

for the financial period ended 30 September 2023

The Bucharest Stock Exchange*)	23,655,100	-
Unirea Shopping Center SA of Bucharest	19,370,460	22,598,870
Impact Developer & Contractor S.A.	18,493,750	24,210,000
Aro Palace SA of Brașov*)	-	13,802,415
<b>Total</b>	<b>891,082,916</b>	<b>761,171,748</b>
Other shares measured at fair value through other comprehensive income	132,812,303	126,845,203
<b>Total</b>	<b>1,023,895,219</b>	<b>888,016,951</b>

\*) In the exposure ranking for the top ten shareholdings, the holdings within the Bucharest Stock Exchange and Aro Palace SA switched places as at 30 September 2023 compared to 31 December 2022.

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

#### (i) The price risk – Shares (continued)

##### Units

Units held by the Company as at 30 September 2023 are exposed to the price risk by having in turn investment with varying degrees of risk (bank deposits, bonds, other fixed income instruments, shares, etc.).

In RON	Total, of which:	Level 1	Level 2	Level 3
FII Multicapital Invest	15,880,489	-	-	15,880,489
FII BET-FI Index Invest	6,333,932	-	6,333,932	-
FDI Star Next	2,967,786	2,967,786	-	-
FDI Prosper Invest	2,135,987	2,135,987	-	-
FII Active Plus	63,477,891	63,477,891	-	-
FII Star Value	17,619,305	-	-	17,619,305
FDI Active Dinamic	18,880,889	18,880,889	-	-
FII Optim Invest	31,864,605	-	31,864,605	-
FIA Certinvest Acțiuni	34,385,018	-	-	34,385,018
FIA Romania Strategy Fund	37,677,360	-	-	37,677,360
FIA Muntenia Trust	5,646,425	-	-	5,646,425
FIA cu Capital Privat	984,262	-	-	984,262
Agricultural Fund				
<b>Total</b>	<b>237,853,949</b>	<b>87,462,553</b>	<b>38,198,537</b>	<b>112,192,859</b>

Units held by the Company as at 31 December 2022 are exposed to the price risk by having in turn investment with varying degrees of risk (bank deposits, bonds, other fixed income instruments, shares, etc.).

In RON	Total, of which:	Level 1	Level 2	Level 3
FII Multicapital Invest	13,191,202	-	-	13,191,202
FII BET-FI Index Invest	6,989,882	-	6,989,882	-
FDI Star Next	1,502,289	1,502,289	-	-
FDI Star Focus	1,053,584	1,053,584	-	-
FDI Prosper Invest	1,846,190	1,846,190	-	-
FII Active Plus	53,366,660	53,366,660	-	-
FII Star Value	16,464,733	-	-	16,464,733
FDI Active Dinamic	16,359,970	16,359,970	-	-
FII Optim Invest	31,170,115	-	31,170,115	-
FIA Certinvest Acțiuni	30,598,300	-	-	30,598,300
FIA Romania Strategy Fund	33,885,600	-	-	33,885,600
FIA Muntenia Trust	4,555,991	-	-	4,555,991

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Total	210,984,517	74,128,694	38,159,997	98,695,826
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For accounting policies and for the classification by fair value hierarchy levels, see Note 5.

## *Bonds*

The bonds held by the Company with OPUS Chartered Issuances S.A., classified as financial assets at fair value through profit or loss, amounting to RON 83,519,477 (as at 31 December 2022: bonds held by the Company with OPUS Chartered Issuances S.A. amounting to RON 83,479,784), classified as Level 3 of the fair value hierarchy, are also exposed to the price risk.

The bonds issued by OPUS Chartered Issuances S.A. are instruments with an unprotected principal, listed on the Frankfurt Stock Exchange (Open Market - Freiverkehr) and with an annual interest coupon. The issuer has used the amounts attracted by the issuance of the bonds for the acquisition of a sub-portfolio of shares traded on the Bucharest Stock Exchange.

## **4. The management of significant risks (continued)**

### **(a) The market risk (continued)**

#### *(i) The price risk – Shares (continued)*

##### *Bonds (continued)*

The Company measures these financial instruments on a monthly basis according to the quotes taken from the Bloomberg platform. The changes in the quotes listed on the Bloomberg platform reflect the changes in the prices recorded on the Bucharest Stock Exchange for the underlying shares.

A positive change of 10% in the prices of these bonds would lead to an impact on profit or loss, net of profit tax, as at 30 September 2023 of RON 7,373,276 (as at 31 December 2022: RON 7,335,906), and a negative change of 10% would have an equal net impact of the opposite sign.

##### *(ii) The interest rate risk*

The Company faces interest rate risk due to the exposure to unfavourable changes in the interest rate. The change in the market interest rates for ROBID and EURIBOR directly influences the income and expenses related to financial assets and liabilities bearing variable interest, as well as the market value of those bearing fixed interest (e.g., in the case of bonds). As at 30 September 2023 and 31 December 2022, most Company assets and liabilities are not interest-bearing. As a result, the Company is not affected directly to a significant degree by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested at short-term interest rates. However, the decline of market returns may affect the measurement value of Company assets.

The Company has an insignificant debt related to the restatement of the lease agreement according to IFRS 16, denominated in euros, with a fixed marginal borrowing rate of 5%.

Bonds held with OPUS Chartered Issuances S.A. (“the issuer”) have interest that is paid annually, either in whole or in part (pro rata), depending on the extent to which the hedging instruments used by the issuer allow covering the amounts owed as interest, and their maturity is in September of 2024.

The Company does not use derivatives to protect itself against interest rate fluctuations.

##### *(iii) The currency risk*

Currency risk is the risk of recording losses or not realising the expected profit due to unfavourable changes in the exchange rate. The Company is exposed to exchange rate fluctuations, but does not have a formalised currency risk hedging policy. Most Company financial assets and liabilities are denominated in the national currency, and the other currencies in which operations are carried out are the EUR or the USD.

The financial assets and liabilities in RON and other currencies as at 30 September 2023 and 31 December 2022 are presented in the tables below.

In RON	Book value	RON	USD	EUR
<b>Financial assets</b>				
Cash and accounts	<b>37,392,154</b>	36,883,468	2,406	506,280
Deposits with banks	<b>137,016,864</b>	45,568,534	24,495,958	66,952,372

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Financial assets at fair value through profit or loss	<b>986,987,591</b>	902,483,852	-	84,503,739
Financial assets at fair value through other comprehensive income	<b>1,023,895,219</b>	1,023,895,219	-	-
Other assets	<b>16,279,480.00</b>	16,279,480	-	-
<b>TOTAL</b>	<b>2,201,571,308</b>	<b>2,025,110,553</b>	<b>24,498,364</b>	<b>151,962,391</b>
<b>Financial liabilities</b>				
Dividends payable	<b>567,056</b>	567,056	-	-
Other liabilities	<b>4,402,910</b>	4,386,743	-	16,167
<b>TOTAL</b>	<b>4,969,966</b>	<b>4,953,799</b>	<b>-</b>	<b>16,167</b>

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

#### (iii) The currency risk (continued)

31 December 2022

In RON	Book value	RON	USD	EUR
<b>Financial assets</b>				
Cash and accounts	<b>4,513,714</b>	4,501,296	2,089	10,329
Deposits with banks	<b>131,997,371</b>	43,206,599	23,451,826	65,338,946
Financial assets at fair value through profit or loss	<b>911,914,156</b>	828,434,372	-	83,479,784
Financial assets at fair value through other comprehensive income	<b>888,016,951</b>	888,016,951	-	-
Other assets	<b>3,100,000</b>	3,100,000	-	-
<b>TOTAL</b>	<b>1,939,542,192</b>	<b>1,767,259,218</b>	<b>23,453,915</b>	<b>148,829,059</b>
<b>Financial liabilities</b>				
Dividends payable	<b>567,056</b>	567,056	-	-
Other liabilities	<b>49,528,705</b>	49,504,184	-	24,521
<b>TOTAL</b>	<b>50,095,761</b>	<b>50,071,240</b>	<b>-</b>	<b>24,521</b>

The impact on the Company net profit of a change of  $\pm 5\%$  of the RON/EUR and RON/USD exchange rates as at 30 September 2023, all other variables remaining constant, is  $\pm$  RON 7,410,673 (as at 31 December 2022:  $\pm$  RON 7,234,855).

### (b) The credit risk

The credit risk represents the risk of recording losses or not realising the expected profits, as a result of the counterparty's failure to meet financial obligations. The Company is exposed to the credit risk for financial assets measured at amortised cost as a result of the investment made in bonds issued by trading companies, current accounts, bank deposits and receivables.

As at 30 September 2023 the Company tested whether the credit risk for financial assets at amortised cost had increased significantly since the initial recognition. The Company uses a simplified approach according to which it considers that the credit risk has not increased significantly since the initial recognition if the financial asset has a low credit risk as of the reporting date and has an external rating in the "investment grade" category. Based on the information available, it was concluded that no events causing a significant credit risk increase or default events had occurred.

# Notes to the Financial Statements

for the financial period ended 30 September 2023

The maximum Company credit risk exposure is in the amount of RON 190,687,189 as at 30 September 2023 (as at 31 December 2022: RON 139,609,532) and can be analysed as follows:

## 4. The management of significant risks (continued)

### (b) The credit risk (continued)

In RON	2022 rating	30 September 2023	31 December 2022
<i>Exposures from current accounts and deposits with banks (Note 11 and Note 12)</i>			
Banca Transilvania S.A.	BB+ Fitch	15,048,564	5,668
Libra Internet Bank S.A.	BB Fitch	50,959	39,416
BRD - Groupe Societe Generale S.A.	Baa1 Moody's BBB+ Fitch	598,754	36,596
Credit Europe Bank S.A.	Ba3/NP Moody's	36,720,389	4,418,545
EXIMBANK Banca Românească S.A.	BBB Fitch	53,681,240	52,657,153
Banca Comercială Intesa Sanpaolo Bank	Baa1/P-2 Moody's	5,294,385	8,358,110
ProCredit Bank S.A.	BBB-/F3 Fitch	10,513	10,223
CEC Bank S.A.	BB Fitch	52,814,674	51,514,706
Banca Comercială Română	Baa1 Moody's BBB+ Fitch	10,188,231	19,468,993
Other commercial banks		-	122
<b>Total</b>		<b>174,407,709</b>	<b>136,509,532</b>

OPUS Chartered Issuances S.A. does not have a rating issued by any rating agency. The bonds issued are instruments with unprotected principal, listed on the Frankfurt Stock Exchange (Open Market - Freiverkehr). The law governing the financial instrument is the German Bondholder/Debenture Act of 5 August 2009, whose main objective is the alignment of the law on German bondholders with international standards, in order to improve the capacity of bond restructuring outside insolvency proceedings. Thus, through holders' meetings, bondholders can vote as laid down in the above-mentioned law on a list of issues, primarily regarding bond restructuring.

At maturity, for the repayment of the principal, the issuer sells the package of shares traded on the Bucharest Stock Exchange, shares included in the most liquid category.

In RON	30 September 2023	31 December 2022
<i>Sundry debtors and trade receivables (Note 14)</i>		
Consol S.A.	2,029,357	2,040,960
Banca Română de Scont S.A.	1,283,228	1,283,228
The Authority for State Asset Management	1,023,903	1,143,343
Siderca S.A	410,334	410,334
Dividends receivable	16,802,597	-
Other sundry debtors	451,613	3,550,265
Allowances for sundry debtors and doubtful trade debts	(5,721,552)	(5,328,130)

# Notes to the Financial Statements

for the financial period ended 30 September 2023

<b>Total</b>	<b>16,279,480.34</b>	<b>3,100,000</b>
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*Sundry debtors and trade receivables classified by maturity are:*

- Current (sundry debtors)	16,803,945	3,100,000
- Outstanding, adjusted in full (sundry debtors*)	5,721,552	5,328,130

\*) The sundry debtors behind on payments are Consol S.A., Banca Română de Scont S.A., the Authority for State Asset Management, Siderca S.A. The Company adjusted 100% of receivables for sundry debtors due to the fact that they were over 365 days old.

## 4. The management of significant risks (continued)

### (c) The liquidity risk

The liquidity risk is the risk of recording losses or not realising expected profits, resulting from the inability to meet short-term payment obligations at any time, without incurring excessive costs or losses that cannot be borne by the Company.

The structure of the assets and liabilities was analysed based on the remaining period from the date of the statement of the financial position to the contractual maturity date, both for the financial period ended 30 September 2023 and for the financial year ended 31 December 2022, as follows:

#### 30 September 2023

<i>In RON</i>	<b>Book value</b>	<b>Under 3 months</b>	<b>3-12 months</b>	<b>Over a year</b>	<b>No predefined maturity</b>
<b>Financial assets</b>					
Cash and current accounts	<b>37,392,154</b>	37,390,845	-	-	1,309
Deposits with banks	<b>137,016,864</b>	20,850,314	116,166,550	-	-
Financial assets at fair value through profit or loss	<b>986,987,591</b>	-	-	83,519,477	903,468,114
Financial assets at fair value through other comprehensive income	<b>1,023,895,219</b>	-	-	-	1,023,895,219
Other assets	<b>16,279,480</b>	16,279,480	-	-	-
<b>Total financial assets</b>	<b>2,201,571,308</b>	<b>74,520,639</b>	<b>116,166,550</b>	<b>83,519,477</b>	<b>1,927,364,642</b>
<b>Financial liabilities</b>					
Dividends payable	<b>567,056</b>	-	-	-	567,056
Other liabilities	<b>4,402,910</b>	4,389,089	6,692	7,129	-
<b>Total financial liabilities</b>	<b>4,969,966</b>	<b>4,389,089</b>	<b>6,692</b>	<b>7,129</b>	<b>567,056</b>
<b>Liquidity surplus</b>	<b>2,196,601,342</b>	<b>70,131,550</b>	<b>116,159,858</b>	<b>83,512,348</b>	<b>1,926,797,586</b>

#### 31 December 2022

<i>In RON</i>	<b>Book value</b>	<b>Under 3 months</b>	<b>3-12 months</b>	<b>Over a year</b>	<b>No predefined maturity</b>
<b>Financial assets</b>					
Cash and current accounts	<b>4,513,714</b>	4,512,161	-	-	1,553
Deposits with banks	<b>131,997,371</b>	26,981,027	105,016,344	-	-
Financial assets at fair value through profit or loss	<b>911,914,156</b>	46,821,959	-	83,479,784	781,612,413

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Financial assets at fair value through other comprehensive income

**888,016,951** - - - 888,016,951

Other assets

**3,100,000** - - - 3,100,000

**Total financial assets**

**1,939,542,192** **78,315,147** **105,016,344** **83,479,784** **1,672,730,917**

## Financial liabilities

Dividends payable

**567,056** - - - 567,056

Other liabilities

**49,528,705** 49,506,387 7,459 14,859 -

**Total financial liabilities**

**50,095,761** **49,506,387** **7,459** **14,859** **567,056**

**Liquidity surplus**

**1,889,446,431** **28,808,760** **105,008,885** **83,464,925** **1,672,163,861**

## 4. The management of significant risks (continued)

### (d) The tax related risk

Romanian tax laws set out detailed and complex rules that have undergone several changes in recent years. The interpretation of the text and the practical procedures for implementing tax laws may vary, with the risk that certain transactions may be interpreted differently by tax authorities compared to the treatment applied by the Company.

From the point of view of the profit tax, there is a risk of a different interpretation given by the tax bodies to the implemented tax rules determined by the Accounting Regulations compliant with IFRSs.

The Romanian Government has a number of agencies authorised to carry out audits (inspections) of companies operating on Romanian territory. These inspections are similar to tax audits in other countries, and may cover not only tax issues, but also other legal and regulatory issues of interest to these agencies. The Company may be subject to tax inspections as new tax regulations are issued.

### (e) The operational risk

The operational risk is defined as the risk of recording losses or not realising expected profits due to internal factors such as the inadequate conduct of in-house activities, the existence of inadequate staff or systems or due to external factors such as economic conditions, changes in the capital market, technological advances. The operational risk is inherent in all Company activities.

The policies defined for operational risk management have taken into account all types of events that may generate significant risks and the ways in which they materialise, in order to eliminate or reduce losses of a financial or reputational nature.

### (f) Capital adequacy

In terms of capital adequacy, the policy from the management focuses on maintaining a sound capital base, in order to support the constant development of the Company and achieve its investment objectives.

## 5. Accounting estimates and significant judgments

The management discusses the development, selection, presentation and application of significant accounting policies and estimates. All these are approved during the meetings of the Board of Directors of SAI Muntenia Invest S.A.

These presentations supplement the information on financial risk management (see Note 4). The significant accounting judgments for the application of the Company accounting policies include:

### Key sources of estimate uncertainty

#### *Adjustments for the impairment of assets measured at amortised cost*

The assets recorded at amortised cost are measured for impairment according to the accounting policy described in Note 3(e)(v).

The measurement for impairment of receivables is performed individually and is based on the management's best estimate of the present value of cashflows expected to be received. In order to estimate these flows, the

# Notes to the Financial Statements

for the financial period ended 30 September 2023

management makes certain estimates regarding the financial situation of the counterparty. Each asset is examined individually. The accuracy of the adjustments depends on the estimate of future cashflows for specific counterparties.

## *The determination of the fair value of financial instruments*

The fair value of financial instruments not traded in an active market is determined using the valuation techniques described in the accounting policy of Note 3(e)(iv). For financial instruments that are rarely traded and for which there is no price transparency, the fair value is less objective and is determined using various levels of estimates regarding the liquidity, concentration, uncertainty of market factors, price assumptions and other risks that affect the financial instrument concerned. For financial instruments designated at fair value through other comprehensive income acquired during the relevant period, the input value consists of the price per share multiplied by the number of shares plus acquisition costs. For financial assets valued at fair value through profit or loss acquired during the relevant period, the input value consists of the price per share multiplied by the number of shares.

## **5. Accounting estimates and significant judgments (continued)**

### *The fair value hierarchy*

The Company uses the following hierarchy of methods to calculate the fair value:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (e.g. prices, quoted prices in non-active markets) or indirectly (e.g. derived from prices)

**Level 3:** inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes elements not based on observable data for which the unobservable input parameters may have a significant effect on the valuation of the instrument. This category includes instruments valued on the basis of quoted prices for similar instruments for which adjustments based largely on unobservable data or estimates are required to reflect the difference between the two instruments.

### **Quoted shares and units**

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices or prices quoted by intermediaries. The market price used to determine the fair value is the closing price of the market on the last trading day before the valuation date. These assets are classified as Level 1.

For holdings of shares that cannot meet the criteria defined for the “active market”, one shall examine whether the market where those shares are traded is one where orderly transactions could be carried out, in which case the last price resulting from an orderly transaction will be used. If these conditions are not met, they will be evaluated using the valuation models presented under “Unquoted shares and units”. These assets are classified as Level 2.

### **Unquoted shares and units**

In order to estimate the fair value of the shares of an unquoted company, the Company uses valuation models that are usually derived from known valuation models: the market multiples method, the equity/share method corrected with a discount for lack of liquidity and a discount for lack of control. The valuation models require unobservable inputs to a larger extent, a higher degree of analysis and estimation by the management in order to determine the fair value. The analysis and estimation by the management are involved especially in the selection of the appropriate valuation model.

The multiples method is based on a process where the fair value is obtained by comparison with similar companies for which information is available and by estimating the value of the valued company by using a conversion factor/multiplier (e.g., EV/EBITDA, P/Bv, EV/Sales), to which a discount for lack of liquidity (DLOM) is applied. The source of information for these multipliers is the database provided by Bloomberg, and the source of information for the discount for lack of liquidity is Stout Restricted Stock Study Companion Guide.

The equity/share method corrected with a discount for lack of liquidity and a discount for lack of control starts from the value of the net asset/share established by the issuer of the shares to which a discount for lack of liquidity and a discount for lack of control apply. The source of information for these discounts is Mergerstat

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Control Premium Study for the discount for lack of control and Stout Restricted Stock Study Companion Guide for the discount for lack of liquidity.

For shares held in subsidiaries, the fair value is the closing price for companies that have an active market or prices resulting from valuation reports prepared by independent external valuers. For determining the fair value, depending on the specific nature of the economic activity of the subsidiary, the independent valuers have used the income-based approach – the DCF method and the asset-based approach – the Adjusted Net Asset method, and for real estate assets held by subsidiaries, the income-based approach – the income capitalisation method has been used.

Units are measured at the net asset value per unit calculated by the fund manager. In measuring whether the net asset value per unit is representative of the fair value, the Company takes into account the following public information about the fund: financial statements, audit reports, the portfolio structure, the volume and level of activity of subscriptions or redemptions, if the investment cannot be redeemed at the net asset value or if there are also other uncertainties that increase the risk of the investment.

## 5. Accounting estimates and significant judgments (continued)

*The fair value hierarchy (continued)*

### Unquoted shares and units (continued)

Following an analysis of the abovementioned public information, the NAVU corrected with the adjustments deemed necessary for the net asset value is obtained.

Units held with investment funds characterised by: frequent redemption periods, the lack of redemption fees or low fees, the possibility of redemption of any number of units are classified as Level 1 of the fair value hierarchy.

Units held with investment funds characterised by: making the withdrawal for some funds conditional on a written notice given at least a certain number of calendar days prior to the submission of the redemption request or the possibility of redemption of a limited number of units and the lack of redemption fees are classified as Level 2 of the fair value hierarchy.

Units held with investment funds characterised by the restriction of the possibility of redemption by: infrequent periods open for redemption or making the withdrawal for some funds conditional on a written notice given at least a certain number of calendar days prior to the submission of the redemption request and, in some cases, the charging of prohibitive redemption fees, if the above-mentioned notices are not given, are classified as Level 3 of the fair value hierarchy.

### Bonds

Bonds at fair value through profit or loss are measured using a valuation model that takes into account Bloomberg's closing quote for these instruments, as well as an adjustment factor that mainly takes into account the liquidity risk in the market of the instrument. These assets are classified as Level 3.

The table below analyses the financial instruments recorded at fair value according to the valuation method.

### 30 September 2023

<i>In RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	548,094,374	38,198,537	400,694,680	986,987,591
Financial assets at fair value through other comprehensive income	893,156,151	97,366,675	33,372,393	1,023,895,219
	<b><u>1,441,250,525</u></b>	<b><u>135,565,212</u></b>	<b><u>434,067,073</u></b>	<b><u>2,010,882,810</u></b>

### 31 December 2022

<i>In RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	408,700,977	38,159,997	465,053,182	911,914,156
Financial assets at fair value through other comprehensive income	742,402,831	95,103,463	50,510,657	888,016,951

# Notes to the Financial Statements

for the financial period ended 30 September 2023

<b>1,151,103,808</b>	<b>133,263,460</b>	<b>515,563,839</b>	<b>1,799,931,107</b>
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For the financial period ended 30 September 2023, the Company presented financial assets at fair value through profit or loss on Level 3 of the fair value hierarchy, instruments held in bonds amounting to RON 83,519,477, units amounting to RON 112,192,859 and shares held in ten companies whose fair value of RON 204,982,344 was determined using valuation models according to the ANEVAR Valuation Standards.

For the financial period ended 30 September 2023, the Company presented financial assets at fair value through other comprehensive income on Level 3 of the fair value hierarchy, shares held in several companies whose fair value of RON 33,372,393 was determined using internal valuation methods, based on valuation models according to ANEVAR Valuation Standards, approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

## 5. Accounting estimates and significant judgments (continued)

### *The fair value hierarchy (continued)*

For the financial year ended 31 December 2022, the Company presented financial assets at fair value through profit or loss on Level 3 of the fair value hierarchy, instruments held in bonds amounting to RON 83,479,784, closed-end units amounting to RON 98,695,826 and shares held in twelve companies whose fair value of RON 282,877,572 was determined using valuation models according to ANEVAR Valuation Standards.

For the financial year ended 31 December 2022, the Company presented financial assets at fair value through other comprehensive income on Level 3 of the fair value hierarchy, shares held in several companies whose fair value of RON 50,510,657 was determined using internal valuation methods, based on valuation models, approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

For the valuation of financial assets at fair value representing shares held in subsidiaries, the main valuation technique used is the income-based approach, the DCF method. According to this method, the fair value of shares held within subsidiaries as at 30 September 2023 is RON 195,944,577 (as at 31 December 2022: RON 270,897,449).

The main assumptions used by independent valuers within the valuation model according to ANEVAR Valuation Standards as at 31 December 2022, for financial assets at fair value – shares held within subsidiaries, together with the related values are presented in the table below:

<b>Assumptions used within the valuation model</b>	<b>Value of the indicator used in the valuation as at 31 December 2022</b>	<b>Value of the indicator used in the valuation as at 31 December 2021</b>
Annual change in the EBITDA margin	2.20% - 53.00%	0.50% - 49.90%
Perpetuity growth rate	2.50%	2.00%
Weighted average cost of capital (WACC)	11.01% - 14.29%	8.61% - 11.57%

Although the Company considers its own fair value estimates to be appropriate, the use of other methods or assumptions may lead to different fair value amounts. For fair values recognised following the use of a significant number of unobservable inputs (Level 3), changing one or more assumptions with other reasonable alternative assumptions would influence the statement of profit or loss and other comprehensive income as follows:

<b>Change in terms of the unobservable data used in the valuation</b>		
	<b>31 December 2022</b>	<b>31 December 2021</b>
Increase of EBITDA by 3%	6,624,926	8,181,090
Decrease of EBITDA by 3%	(6,625,278)	(8,180,769)
Increase of WACC by 0.5 pp	(7,534,051)	(9,398,656)

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Decrease of WACC by 0.5 pp	8,312,181	10,671,827
Increase of the perpetuity growth rate by 0.5 pp	5,093,712	7,377,237
Decrease of the perpetuity growth rate by 0.5 pp	(4,596,119)	(6,480,649)

In the case of holdings of shares from two subsidiaries, the valuation technique using the asset-based approach – the Adjusted Net Asset method – was used to determine the fair value. According to this method, the fair value of the relevant shares as at 30 September 2023 is RON 9,037,767 (as at 31 December 2022: RON 11,980,123).

## 5. Accounting estimates and significant judgments (continued)

*The fair value hierarchy (continued)*

*Reconciliation of the fair value measurements classified as Level 3 of the fair value hierarchy*

<i>In RON</i>	<b>Financial assets at value fair through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>
<b>1 January 2022</b>	<b>423,747,385</b>	<b>54,923,687</b>
Transfers to level 3	12,140,305	3,830,756
Transfers from level 3	-	(9,626,368)
Gains or losses for the period included in profit or loss	19,386,085	-
Gains or losses for the period included in other comprehensive income	-	3,532,248
Acquisitions, equity participations	30,365,641	-
Sales	(20,586,234)	(2,149,666)
<b>31 December 2022</b>	<b>465,053,182</b>	<b>50,510,657</b>
Transfers to level 3	-	-
Transfers from level 3	(34,130,913)	(5,557,124)
Gains or losses for the period included in profit or loss	10,722,003	-
Gains or losses for the period included in other comprehensive income	-	349,064
Acquisitions, equity participations	7,498,525	-
Sales	(48,448,117)	(11,930,204)
<b>30 September 2023</b>	<b>400,694,680</b>	<b>33,372,393</b>

*The classification of financial assets and liabilities*

The Company accounting policies provide the basis in order for the assets and liabilities to be included, at the outset, in various accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company has determined that one or more criteria set out in Note 3(e)(i) have been met. Details regarding the classification of the Company financial assets and liabilities are given in Note 20.

IAS 12 “Income Taxes”, in paragraph 34, requires an entity to recognise a deferred tax asset for unused tax losses to the extent that future taxable profits are likely to exist in relation to which the unused tax losses can be recovered.

The Company estimates the likelihood of future taxable profits taking into account the following criteria:

# Notes to the Financial Statements

for the financial period ended 30 September 2023

- The Company is likely to have taxable profits before the unused tax losses expire;
- The unused tax losses result from identifiable causes that have a minimal chance of reoccurring.

During the financial period ended 30 September 2023, the Company recorded a tax loss (see Note 10 and Note 16).

The Company estimates that it will recover the tax loss of 2020 within the limitation period provided for by the Tax Code of seven years.

## 6. Dividend income

Dividend income is recorded at gross value. Dividend tax rates for the financial period ended 30 September 2023 were 8% and zero (for the financial period ended 30 September 2022: 5% and zero). As at 30 September 2023, out of the total dividend income, the non-taxable income was in the amount of RON 40,697,685 (as at 30 September 2022: RON 36,994,943 – non-taxable dividends). All dividend income comes from entities registered in Romania.

### 6. Dividend income (continued)

During the financial period ended 30 September 2023, dividend income was received, for financial assets measured at fair value through profit or loss, in the amount of RON 38,947,952 (as at 30 September 2022: RON 35,497,751) and, for financial assets measured at fair value through other comprehensive income, in the amount of RON 19,548,063 (as at 30 September 2022: RON 56,149,846).

The breakdown of the dividend income by main counterparties is presented below:

<i>In RON</i>	<b>30 September 2023</b>	<b>30 September 2022</b>
Biofarm S.A.	15,246,940	12,197,552
OMV Petrom S.A.	11,622,194	4,852,640
Germina Agribusiness S.A.	8,207,665	12,127,744
Firos S.A.	3,998,118	3,378,691
SNGN Romgaz S.A.	3,975,972	4,417,747
CI-CO S.A.	3,208,285	1,905,479
Bucur S.A. of Bucharest	2,037,920	1,245,396
Semrom Oltenia S.A.	1,587,445	444,574
Unisem S.A.	1,518,388	-
Voluthema Property Developer S.A.	1,098,623	-
ICPE S.A.	1,048,929	-
FII BET-FI Index Invest	995,640	207,425
Aro Palace SA	836,510	-
Macofil S.A.	627,909	94,186
Bursa de Valori Bucureşti S.A.	464,402	344,832
Compania de Librării S.A.	464,171	257,162
Electromagnetica S.A.	301,374	-
Conpet S.A.	244,680	259,267
SNTGN Transgaz S.A.	232,960	308,256
Banca Transilvania S.A.	-	21,177,485
BRD - Groupe Société Générale S.A.	-	20,363,145
Muntenia Medical Competences S.A.	-	3,990,892
SIF Banat-Crișana S.A.	-	1,544,890
SSIF BRK Financial Group S.A.	-	1,316,625
Other	777,889	1,213,611
<b>Total</b>	<b>58,496,015</b>	<b>91,647,597</b>

## 7. Interest income for financial assets measured at amortised cost

# Notes to the Financial Statements

for the financial period ended 30 September 2023

In RON	30 September 2023	30 September 2022
Interest income on deposits and cash at bank	4,269,336	1,959,466
Interest income on financial assets measured at amortised cost	-	250,099
<b>Total</b>	<b><u>4,269,336</u></b>	<b><u>2,209,565</u></b>

## 8. Net gain/(Net loss) on financial assets at fair value through profit or loss

In RON	30 September 2023	30 September 2022
Net gain/(Net loss) on financial assets at fair value through profit or loss - shares	89,462,195	(136,468,166)
Net gain on financial assets at fair value through profit or loss - bonds	1,665,850	18,617,911
Net gain/(Net loss) on financial assets at fair value through profit or loss - units	25,874,550	(12,736,776)
<b>Total</b>	<b><u>117,002,595</u></b>	<b><u>(130,587,031)</u></b>

For bonds measured at fair value through profit or loss, interest income is recognised under profit or loss as part of the fair value measurement.

The net loss for shares as at 30 September 2022 is affected, through the fair value measurement, by the amount of RON 29,400,590 received from Germina Agribusiness S.A. as a result of the share capital decrease according to the Decision of the Shareholders' Extraordinary General Meeting no. 63 of 10 January 2022 and by the amount of RON 18,988,140 received from Avicola Bucureşti S.A. as a result of the participation of SIF Muntenia S.A. in the own share buyback programme initiated by Avicola Bucureşti S.A.

## 9. Other operating expenses

In RON	30 September 2023	30 September 2022
External services	815,006	678,787
Commissions and fees	1,550,684	1,480,985
Custody fees	300,945	287,744
Trading costs	1,305	-
Entertaining, promotion and advertising	140,596	112,235
Depreciation of the asset representing rights to use the underlying assets (Note 15(ii))	6,281	6,505
Interest expenses related to the leasing contract liability (Note 15(ii))	920	1,554
Other operating expenses	25,410	34,547
<b>Total</b>	<b><u>2,841,147</u></b>	<b><u>2,602,357</u></b>

## 10. The profit tax

# Notes to the Financial Statements

for the financial period ended 30 September 2023

In RON

	30 September 2023	30 September 2022
<b>Current profit tax</b>		
Current profit tax (16%)	-	-
Dividend tax (2023: 8%, 2022: 5%)	1,423,867	2,732,633
	<b>1,423,867</b>	<b>2,732,633</b>
<b>Deferred income tax</b>		
Financial assets at fair value through other comprehensive income	(18,202)	394,105
Impairment of other assets	(63,362)	-
Tax losses	5,482,826	3,849,636
	<b>5,401,262</b>	<b>4,243,741</b>
<b>Total</b>	<b>6,825,129</b>	<b>6,976,374</b>

## 10. The profit tax (continued)

The reconciliation of pre-tax profit with the profit tax expense:

In RON	30 September 2023	30 September 2022
<b>(Loss)/profit before tax</b>	<b>154,017,609</b>	<b>(56,929,292)</b>
<b>Tax according to the 16% statutory tax rate (2022: 16%)</b>	<b>24,642,817</b>	<b>(9,108,687)</b>
<b>Effect on the profit tax of:</b>		
Dividend tax rate	1,423,866	2,732,633
Items similar to income	3,304,602	4,208,939
Non-deductible expenses	7,325,200	30,626,155
Non-taxable income	(24,388,530)	(17,633,030)
Registration and reversal of temporary differences	(5,482,826)	(3,849,636)
<b>Profit tax</b>	<b>6,825,129</b>	<b>6,976,374</b>

Non-taxable income is represented by dividend income, income from the valuation/revaluation/sale/assignment of financial assets valued at fair value through profit or loss held with a Romanian legal entity for which, as of the date of the valuation/revaluation/sale/assignment, the Company holds at least 10% of the share capital of the legal entity where it has financial assets for an uninterrupted period of one year.

## 11. Cash and current accounts

In RON	30 September 2023	31 December 2022
Petty cash	1,309	1,553
Cash at bank	37,390,845	4,512,161
<b>Total</b>	<b>37,392,154</b>	<b>4,513,714</b>

The cash at bank is at the Company disposal at all times and is not restricted or encumbered.

## 12. Deposits with banks

In RON

	30 September 2023	31 December 2022
Bank deposits with a maturity of less than 3 months	20,803,220	26,754,072

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Bank deposits with an initial maturity of over 3 months and less than 1 year (i)	115,573,714	104,548,772
Related receivables	639,930	694,527
<b>Total</b>	<b>137,016,864</b>	<b>131,997,371</b>

(i) Bank deposits are at the Company disposal at all times and are not restricted or encumbered.

## 13. Financial assets

### a) Financial assets at fair value through profit or loss

<i>In RON</i>	<b>30 September 2023</b>	<b>31 December 2022</b>
Bonds (i)	83,519,477	83,479,784
Shares (ii)	665,614,165	617,449,855
Units (iii)	237,853,949	210,984,517
<b>Total</b>	<b>986,987,591</b>	<b>911,914,156</b>

## 13. Financial assets (continued)

### a) Financial assets at fair value through profit or loss (continued)

(i) The Company holds 501 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity as of September of 2022), with an acquisition cost of RON 29,205,275, equivalent to EUR 6,389,253 and an annual interest of EUR 200.00 per bond which is paid by the issuer either in whole or in part (pro rata), depending on the extent to which the hedging instruments used by the issuer help cover the amounts owed as interest.

As at 30 September 2023, the Company valued these securities using a valuation model that took into account the closing quote published by Bloomberg, i.e. EUR 13,198.49/certificate (as at 31 December 2022: EUR 13,270.66/certificate), as well as an adjustment factor that mainly considered the liquidity risk on the instrument market. The aforementioned adjustment factor brought about the decrease in the fair value of these securities by RON 1,652,927 registered under profit or loss, of which a loss of RON 14,124 in 2022.

The Company also holds 1,140 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity as of September of 2022) with an acquisition cost of RON 44,621,357 lei, equivalent to EUR 10,000,080 and an annual interest of EUR 200.00 per bond which is paid by the issuer either in whole or in part (pro rata), depending on the extent to which the hedging instruments used by the issuer help cover the amounts owed as interest.

As at 30 September 2023, the Company valued these securities using a valuation model that took into account the closing quote published by Bloomberg of EUR 9,677.73/certificate (as at 31 December 2022: EUR 9,652.23/certificate), as well as an adjustment factor that mainly considered the liquidity risk on the instrument market. The aforementioned adjustment factor brought about the decrease in the fair value of these securities by RON 2,740,746 registered under profit or loss, of which a gain of RON 64,420 in 2022.

The acquisition of these types of financial instruments is part of the investment policy of SIF Muntenia S.A. to diversify the investment portfolio.

(ii) As at 30 September 2023, the fair value of the subsidiaries is RON 665,614,165 (as at 31 December 2022: RON 617,449,855).

The fair value measurement of the shares was carried out by multiplying the number of shares held by the closing price of the last trading day of the reporting period or by obtaining values of the stake from valuation reports prepared by independent valuers.

(iii) As at 30 September 2023, the Company holds units measured at fair value, of which: for open-end investment funds (Star Next, Prosper Invest, Active Dinamic, Muntenia Trust, Agricultural Fund) amounting to RON 30,615,349 (as at 31 December 2022: RON 25,318,025) and for closed-end investment funds/alternative investment funds (BET-FI Index Invest, Multicapital Invest, Active Plus, Star Value, Optim Invest, Certinvest Acțiuni and Romania Strategy Fund) amounting to RON 207,238,600 (as at 31 December 2022: RON 185,666,492).

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## b) Financial assets at fair value through other comprehensive income

In RON	30 September 2023	31 December 2022
Shares measured at fair value (i)	1,023,895,219	888,016,951
<b>Total</b>	<b>1,023,895,219</b>	<b>888,016,951</b>

(i) The fair value was determined at the closing price of the last trading day of the reporting period or was determined using valuation models in accordance with ANEVAR Valuation Standards (see Note 5). As at 30 September 2023 and 31 December 2022, the category of shares measured at fair value mainly includes the value of the shares held with Banca Transilvania S.A., BRD - Groupe Société Générale S.A., Lion Capital S.A., OMV Petrom S.A., Romaero S.A., SNGN Romgaz S.A., Infinity Capital Investments S.A.

In 2022, by the date of the acquisition, according to the business model, shares issued by Electromagnetica S.A. of Bucharest and Impact Developer & Contractor S.A. were designated to be measured at fair value through other comprehensive income, with a fair value as at 31 December 2022 of RON 32,709,372.

The main holdings in financial assets at fair value through other comprehensive income are presented in the table below:

## 13. Financial assets (continued)

### b) Financial assets at fair value through other comprehensive income (continued)

In RON	30 September 2023	31 December 2022
Banca Transilvania S.A.	467,237,427	373,161,898
BRD - Groupe Societe Generale S.A.	85,932,977	71,519,123
OMV Petrom SA	80,298,796	57,506,370
Lion Capital S.A. (the former SIF Banat-Crisana)	65,400,367	62,568,068
S.N.G.N. Romgaz-S.A.	55,690,425	43,886,829
Infinity Capital Investments S.A. (SIF Oltenia S.A.)	41,418,000	40,248,000
Romaero SA of Bucharest	33,585,614	51,670,176
The Bucharest Stock Exchange*)	23,655,100	-
Unirea Shopping Center SA of Bucharest	19,370,460	22,598,870
Impact Developer & Contractor S.A.	18,493,750	24,210,000
Aro Palace SA of Brașov*)	-	13,802,415
Other shares measured at fair value through other comprehensive income	132,812,303	126,845,203
<b>Total</b>	<b>1,023,895,219</b>	<b>888,016,951</b>

By the date of the transition to IFRS 9, most of these shares were classified as available for sale, in accordance with IAS 39. Starting on 1 January 2018, through the transition to IFRS 9, these securities were designated as measured at fair value through other comprehensive income, being held primarily in the long term, within a business model whose objective is both the collection of contractual cash flows and the sale of financial assets and which, by certain dates, generates cash flows only representing payments of the principal and the interest on the principal due, mainly in the form of dividend income.

The cumulative gain or loss on disposal for these assets is presented in Note 18 (b).

\*) Among the top 10 shareholdings, as at 30 September 2023 compared to 31 December 2022, the holdings within the Bucharest Stock Exchange and Aro Palace SA switched places.

The movement of the financial assets at fair value through other comprehensive income during the financial period ended 30 September 2023 is presented in the table below:

In RON	Shares measured at fair value
--------	-------------------------------

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## 31 December 2022

Net change during the period

Change in the fair value

## 30 September 2023

	<b>888,016,951</b>
	(18,699,652)
	154,577,920
	<b>1,023,895,219</b>

The movement of the financial assets at fair value through other comprehensive income during the financial period ended 30 September 2022 is presented in the table below:

*In RON*

## 31 December 2021

Net change during the period

Change in the fair value

## 30 September 2022

<b>Shares measured at fair value</b>
<b>941,366,194</b>
(1,265,819)
(156,828,919)
<b>783,271,456</b>

## 14. Other assets

*In RON*

	<b>30 September 2023</b>	<b>31 December 2022</b>
Sundry debtors	22,001,032	8,425,538
Assets representing rights to use underlying assets under a leasing contract (i)	12,692	20,587
Other assets	67,789	43,143
Impairment of sundry debtors (see Note 4(b)):	(5,721,552)	(5,325,538)
<b>Total</b>	<b>16,359,961</b>	<b>3,163,730</b>

*Of which with credit risk (Note 4(b)):*

16,279,480

3,100,000

Developments of the adjustments for the impairment of sundry debtors and dividends receivable are as follows:

*In RON*

## As at 1 January 2023

Bringing forward of the impairment (Note 9)

## As at 30 September 2023

<b>(5,325,538)</b>
(396,014)
<b>(5,721,552)</b>

(i) On 1 January 2019, the Company adopted IFRS 16, which is why it has recognised assets and liabilities related to the restatement of the lease agreement concluded as the lessee within the Statement of Financial Position.

During the financial year ended 31 December 2020, the Company concluded a lease agreement for obtaining the right of use over the premises in 46-48 Serghei Vasilievici Rahmaninov Street, sector 2, Bucharest, as the lessee. The Company estimated the initial value of the asset related to the right of use at an amount equal to the discounted liability under such agreement at the time of the transition of RON 44,698 (foreign exchange equivalent: EUR 9,231). In 2022 the amount of the liability and, implicitly, of the asset was updated at RON 42,282. The accumulated depreciation of this asset by 30 September 2023 was in the amount of RON 29,590, resulting in a net book value of RON 12,692.

According to IFRS 16, for this agreement, during the financial period ended 30 September 2023, the Company recognised depreciation-related expenses in the amount of RON 6,281 and interest expenses in the amount of RON 920. The total cash outflows related to the agreement during the financial period ended 30 September 2023 amounted to RON 7,730.

## 15. Dividends payable

*In RON*

**30 September 2023**

**31 December 2022**

# Notes to the Financial Statements

for the financial period ended 30 September 2023

Seized dividends payable related to 2011-2017 profits (i)	567,056	567,056
<b>Total dividends payable</b>	<b>567,056</b>	<b>567,056</b>

For dividends not claimed within three years of the declaration date, the Company Shareholders' General Meeting has approved their recording as equity (retained earnings).

(i) Seized dividends payable are dividends frozen as a result of attachments or seizures by 31 December 2022.

## 16. Deferred profit tax liabilities

Deferred tax liabilities as at 30 September 2023 are generated by the items detailed in the table below:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through other comprehensive income	398,955,881	-	398,955,881
Impairment adjustments and other provisions	-	5,721,552	(5,721,552)
Tax losses	-	18,763,116	(18,763,116)
<b>Total</b>	<b>398,955,881</b>	<b>24,484,668</b>	<b>374,471,213</b>
<b>Deferred profit tax liabilities</b>			<b>59,915,394</b>

## 16. Deferred profit tax liabilities (continued)

Deferred tax liabilities as at 31 December 2022 are generated by the items detailed in the table below:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through other comprehensive income	252,675,398	-	252,675,398
Impairment adjustments and other provisions	-	5,325,538	(5,325,538)
Tax losses	-	53,030,781	(53,030,781)
<b>Total</b>	<b>252,675,398</b>	<b>58,356,319</b>	<b>194,319,079</b>
<b>Deferred profit tax liabilities</b>			<b>31,091,052</b>

The balance of the deferred profit tax recognised directly by the decrease in equity as at 30 September 2023 is RON 58,096,330 (as at 31 December 2022: RON 34,673,250), and is generated entirely by financial assets at fair value through other comprehensive income, for financial assets held for a period shorter than one year and less than 10% of the issuer's share capital.

The Company has recognised a deferred tax asset for the tax loss recorded during the financial year ended 31 December 2020 because future profits are likely to be realised to cover the tax loss.

## 17. Other liabilities

<i>In RON</i>	<b>30 September 2023</b>	<b>31 December 2022</b>
Suppliers - invoices to be received (i)	3,338,022	2,939,519
Taxes	16,035	15,985
Domestic suppliers	73,256	733,219
Liabilities of the leasing contract (Note 15(ii))	16,167	24,521
Other liabilities (ii)	959,430	45,815,461
<b>Total</b>	<b>4,402,910</b>	<b>49,528,705</b>

(i) As at 30 September 2023, suppliers – invoices to be received primarily represent the liability related to the monthly management fee of RON 2,818,099 (as at 31 December 2022: RON 2,417,979).

(ii) During the financial year ended 31 December 2022, the Company recognised a liability of RON 44,856,096 to Vita Care Flav S.R.L., as the buyer, representing the initial price of the share sale and purchase agreement

# Notes to the Financial Statements

for the financial period ended 30 September 2023

for shares issued by Muntenia Medical Competences S.A. The transaction of sale and purchase of shares issued by Muntenia Medical Competences S.A. was completed in January of 2023.

## 18. Capital and reserves

### (a) The share capital

The Company shareholding structure is as follows:

**30 September 2023**

	<b>Number of shareholders</b>	<b>Number of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
Individuals	5,933,341	458,565,183	45,856,518	58.44
Legal persons	123	326,080,018	32,608,002	41.56
<b>Total</b>	<b>5,933,464</b>	<b>784,645,201</b>	<b>78,464,520</b>	<b>100</b>

**31 December 2022**

	<b>Number of shareholders</b>	<b>Number of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
Individuals	5,935,805	460,613,450	46,061,345	58.70
Legal persons	125	324,031,751	32,403,175	41.30
<b>Total</b>	<b>5,935,930</b>	<b>784,645,201</b>	<b>78,464,520</b>	<b>100</b>

## 18. Capital and reserves (continued)

### (a) The share capital (continued)

All shares are ordinary and have been subscribed and paid in full as at 30 September 2023. All shares have the same voting right and have a face value of RON 0.1/share. The number of shares authorised to be issued is equal to the number of issued shares.

The reconciliation of the share capital according to IFRSs with the one according to the Instrument of Incorporation is presented in the table below:

*In RON*

Share capital according to the Instrument of Incorporation	78,464,520
Hyperinflation effect - IAS 29	781,006,539
<b>Restated share capital</b>	<b>859,471,059</b>

**30 September 2023**

**31 December 2022**

78,464,520

781,006,539

**859,471,059**

### (b) Reserves from the revaluation of financial assets at fair value through other comprehensive income

This reserve includes the cumulative net changes in the fair values of financial assets at fair value through other comprehensive income from the date of the classification in this category to the date when they were derecognised.

The reserves from the revaluation of financial assets at fair value through other comprehensive income are recorded net of the related deferred tax. The amount of the deferred tax recognised directly through the decrease in equity is shown in Note 16.

Upon derecognising equity instruments designated within the category of financial assets at fair value through other comprehensive income (see Note 14(b)(i)), the gains/losses related to such instruments are reclassified under retained earnings as a surplus earned from revaluation reserves.

During the period ended 30 September 2023, as a result of the application of accounting policies according to IFRS 9, detailed in Note 3(e)(vii), the Company recognised the net gain from the disposal of the financial assets under retained earnings. The net surplus obtained by the Company as a result of the disposal of the financial assets at fair value through other comprehensive income was in the amount of RON 23,459,773. Moreover, as a result of the disposal of the financial assets at fair value through profit or loss, the positive value of RON 14,088,347 was transferred from retained earnings to retained earnings representing the realised net surplus.

# Notes to the Financial Statements

for the financial period ended 30 September 2023

As at 30 September 2023, the retained earnings resulting from the adoption of IFRS 9 and IFRS 10 related to the financial assets owned by the Company amounted to RON 258,717,610, an amount restricted from distribution.

During the financial year ended 31 December 2022, as a result of the application of accounting policies according to IFRS 9, detailed in Note 3(e)(vii), the Company recognised the net gain from the disposal of the financial assets under retained earnings. The net surplus obtained by the Company as a result of the disposal of the financial assets at fair value through other comprehensive income was in the amount of RON 39,346,932. Moreover, as a result of the disposal of the financial assets at fair value through profit or loss, the amount of RON 27,246,842 was transferred from retained earnings to retained earnings representing the realised net surplus.

As at 31 December 2022, the retained earnings resulting from the adoption of IFRS 9 and IFRS 10 related to the financial assets owned by the Company amounted to RON 272,844,696.

The amounts recognised as reserves from the revaluation of financial assets at fair value through other comprehensive income will not be reclassified as profit or loss on the derecognition of these instruments.

## (c) Legal reserves

According to legal requirements, the Company sets up legal reserves in the amount of 5% of the legally recorded gross profit up to the level of 20% of the share capital according to the Instrument of Incorporation. The amount of the legal reserve as at 30 September 2023 and 31 December 2022 is RON 15,692,904.

Legal reserves may not be distributed to shareholders. The amount of the legal reserves was included in the statement of the financial position, on the row of the “Retained earnings”.

## 18. Capital and reserves (continued)

### (d) Dividends (continued)

During the financial year ended 31 December 2022, the Company did not distribute any dividends.

During the financial year ended 31 December 2022, the Company wrote off dividends in the amount of RON 12,726,263 related to the profit of 2017, according to the Decision no. 7 of the Shareholders' General Meeting of 28 April 2022.

### (e) Own shares

The Decision of the Shareholders' Extraordinary General Meeting no. 3 of 28.04.2022 approved the implementation of a share buyback programme in order to reduce the share capital for a maximum number of 23,539,356 shares.

Between 14 and 27 July 2022, the public offering to buy back the shares issued by the Company took place. Following the conclusion of the offering, the Company bought back a number of 23,539,356 shares for a price of RON 1.60/share, accounting for 3% of the Company share capital, for a total amount of RON 37,662,969.60.

### (f) Loss hedging

On 27 April 2023, under Decision no. 4, the Shareholders' General Meeting approved the treatment of the accounting loss in the amount of RON 33,221,299 for the period ended 31 December 2022 from reserves allocated out of the net profit, established in the 2007-2021 period. This loss is mainly due to unfavourable developments in the capital market affecting the fair value of financial assets measured through profit or loss.

## 19. Earnings per share

The calculation of the basic earnings per share was performed based on the net profit and the weighted average number of ordinary shares:

<i>In RON</i>	<b>30 September 2023</b>	<b>30 September 2022</b>
Net profit/(Net loss)	147,192,480	(63,905,666)
Weighted average number of ordinary shares	778,414,195	784,645,201
<b>Basic earnings per share</b>	<b>0.189</b>	<b>(0.081)</b>

The diluted earnings per share are equal to the basic earnings per share, seeing as the Company has not recorded any potential ordinary shares.

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## 20. Financial assets and liabilities

### Accounting classifications and fair values

The table below summarises the book values and fair values of Company financial assets and liabilities as at 30 September 2023:

<i>In RON</i>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total book value</b>	<b>Fair value</b>
Financial assets at fair value through profit or loss	986,987,591	-	-	<b>986,987,591</b>	<b>986,987,591</b>
Financial assets at fair value through other comprehensive income	-	1,023,895,219	-	<b>1,023,895,219</b>	<b>1,023,895,219</b>
Other financial assets	-	-	16,279,480	<b>16,279,480</b>	<b>16,279,480</b>
<b>Total financial assets</b>	<b>986,987,591</b>	<b>1,023,895,219</b>	<b>16,279,480</b>	<b>2,027,162,290</b>	<b>2,027,162,290</b>
Dividends payable	-	-	(567,056)	<b>(567,056)</b>	<b>(567,056)</b>
Other financial liabilities	-	-	(4,402,910)	<b>(4,402,910)</b>	<b>(4,402,910)</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(4,969,966)</b>	<b>(4,969,966)</b>	<b>(4,969,966)</b>

In order to estimate the fair value of the financial assets and liabilities measured at amortised cost, the Company has used the following estimates and has made the following significant judgments: for items such as financial liabilities which are issued or held for very short periods of time and which are generally non-interest bearing or are fixed interest bearing, the Company has approximated the fair value at cost (as such, the valuation has been performed using Level 3 techniques).

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## 21. Financial assets and liabilities (continued)

The table below summarises the book values and fair values of Company financial assets and liabilities as at 31 December 2022:

<i>In RON</i>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total book value</b>	<b>Fair value</b>
Financial assets at fair value through profit or loss	911,914,156	-	-	<b>911,914,156</b>	<b>911,914,156</b>
Financial assets at fair value through other comprehensive income	-	888,016,951	-	<b>888,016,951</b>	<b>888,016,951</b>
Other financial assets	-	-	3,100,000	<b>3,100,000</b>	<b>3,100,000</b>
<b>Total financial assets</b>	<b>911,914,156</b>	<b>888,016,951</b>	<b>3,100,000</b>	<b>1,803,031,107</b>	<b>1,803,031,107</b>
Dividends payable	-	-	(567,056)	<b>(567,056)</b>	<b>(567,056)</b>
Other financial liabilities	-	-	(49,528,705)	<b>(49,528,705)</b>	<b>(49,528,705)</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(50,095,761)</b>	<b>(50,095,761)</b>	<b>(50,095,761)</b>

In order to estimate the fair value of the financial assets and liabilities measured at amortised cost, the Company has used the following estimates and has made the following significant judgments: for items such as other financial assets and liabilities which are issued or held for very short periods of time and which are generally non-interest bearing or fixed interest bearing, the Company has approximated the fair value at cost (as such, the valuation has been performed using Level 3 techniques).

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## 21. Commitments and contingent liabilities

### (a) Legal proceedings

The Company is the subject of a number of legal proceedings resulting during the normal course of business. The Company management believes, based on consultations with its lawyers, that these proceedings will not have a significant adverse effect on the economic results and the financial position of the Company.

### (b) Environmental contingencies

Environmental regulations are evolving in Romania, and the Company did not register any liabilities as at 30 September 2023 and 31 December 2022 for any expected costs, including legal and consulting fees, site studies, the design and implementation of remedying plans with regard to environmental elements. The Company management does not believe the expenses associated with possible environmental problems to be significant.

### (c) Transfer pricing

Romanian tax laws have included rules on related party transfer pricing since 2000. The current legislative framework defines the arm's length principle for related party transactions, as well as the transfer pricing methods. As such, tax authorities are expected to initiate thorough transfer pricing checks to ensure that the tax result is not distorted by the effect of prices used in related party dealings. During the period ended 30 September 2023, the Company did not exceed the value level of related party transactions laid down by legal regulations in force for the preparation of the transfer pricing documentation file.

## 22. Related party transactions and balances

During its activity, the Company identified the following parties engaged in special relations:

### (i) The Company management

The Company operates on the basis of a management contract entered into with Societatea de Administrare a Investițiilor Muntenia Invest S.A. The majority shareholder of Societatea de Administrare a Investițiilor Muntenia Invest S.A. is Lion Capital S.A. (the former SIF Banat-Crișana S.A.) which held 99.98% of the share capital as at 30 September 2023.

The Company has not identified an ultimate controlling parent company.

The transactions between the Company and the Manager were as follows:

*In RON*

	<b>30 September 2023</b>	<b>31 December 2022</b>
Accounts receivable and payable		
Liabilities related to the management fee	(2,818,099)	(2,417,979)
<i>Income and expenses</i>	<b>30 September 2023</b>	<b>30 September 2022</b>
Management fees (i)	(22,833,567)	(22,261,127)

(i) During the financial period ended 30 September 2023, the management fees in the amount of RON 22,833,567 included the monthly management fees (as at 30 September 2022: RON 22,261,127), under the management contract concluded between the parties. The management contract concluded between SIF Muntenia SA and Societatea de Administrare a Investițiilor Muntenia Invest SA was approved by the SIF Muntenia SA Shareholders' Ordinary General Meeting of 23 April 2020.

The monthly management fee is calculated as a percentage of the total assets certified by the depositary bank for the last day of the month. The performance fee is due for the fulfilment of performance criteria and the achievement of objectives set annually by the Company Shareholders' General Meeting and is calculated as a percentage applied to the difference between the gross profit earned and the gross profit budgeted.

# Notes to the Financial Statements

for the financial period ended 30 September 2023

## 22. Related party transactions and balances (continued)

### (i) The Company management (continued)

#### Transactions with Company staff:

Other transactions	30 September 2023	30 September 2022
Expenses related to the allowance of the members of the Board of Shareholders' Representatives, of which:		
- gross allowances paid to the members	323,082	325,731
- social security and social protection expenses	7,272	7,332
- number of members	3	3
Salaries, of which:	6,904	5,868
- gross salaries paid or payable	6,751	5,742
- social security and social protection expenses	153	126
- number of employees	1	1

The Company appears to have one actual employee and three members within the Board of Shareholders' Representatives as at 30 September 2023. The members of the Board of Shareholders' Representatives were elected within the SIF Muntenia Shareholders' Ordinary General Meeting of 22 June 2022. The office for 2022 was granted within the SIF Muntenia Shareholders' Ordinary General Meeting of 25 June 2018.

### (ii) Subsidiaries (companies within which SIF Muntenia has control)

All Company subsidiaries as at 30 September 2023 and 31 December 2022 are based in Romania. For them, the Company shareholding percentage is not different from the percentage of the number of votes held. The fair value of subsidiary shareholdings and the shareholding percentage are shown in the table below:

Name of the subsidiary	Fair value as at 30 September 2023	Fair value as at 31 December 2022	Shareholding percentage as at 30 September 2023	Shareholding percentage as at 31 December 2022
Avicola Bucureşti S.A.	431,326	431,326	89.97%	89.97%
Biofarm S.A.	394,387,507	313,070,495	51.58%	51.58%
Bucur S.A.	27,140,170	27,140,170	67.98%	67.98%
Casa de Bucovina - Club de Munte S.A.	11,227,431	8,149,020	73.98%	69.25%
CI-CO S.A.	40,493,002	40,493,002	97.34%	97.34%
Firos S.A.	42,397,814	42,397,814	99.69%	99.69%
FINAGROM IFN S.A.	5,000,000	-	99.90%	-
Germina Agribusiness S.A.	17,640,354	13,352,768	90.68%	90.68%
ICPE S.A.	19,383,670	19,383,670	50.32%	50.32%
ICPE Electric Motors S.R.L.	1,000,000	-	100.00%	-
Mătăsari Holding S.A.	8,606,441	11,548,797	87.12%	77.61%
Mindo S.A.	2,897,212	2,897,212	98.02%	98.02%
Muntenia Medical Competences S.A.	-	46,821,959	-	99.76%
Semrom Oltenia S.A.	19,166,071	14,656,308	88.49%	88.49%
Unisem S.A.	18,210,458	19,474,605	76.91%	76.91%
Voluthema Property Developer S.A.	57,632,709	57,632,709	99.97%	99.97%
<b>Total</b>	<b>665,614,165</b>	<b>617,449,855</b>	<b>-</b>	<b>-</b>

### (iii) Company associates

As at 30 September 2023 and 31 December 2022, the Company has no shareholdings within associates.

# Notes to the Financial Statements

*for the financial period ended 30 September 2023*

## 22. Related party transactions and balances (continued)

### *(iv) Transactions and balances with Company subsidiaries*

The transactions concluded by the Company with parties engaged in special relations were carried out during the normal course of the activity. The Company has neither received, nor granted any guarantees in favour of any party engaged in special relations.

## 23. Events subsequent to the reporting period

On 25 October 2023, the Company Shareholders' Ordinary General Meeting approved the appointment of the financial auditor KPMG Audit SRL, according to the recommendation of the Audit Committee, approved by the Board of Directors of the Manager for a period of two years, starting on 01.05.2024, for the 2024 – 2025 financial years and the authorisation of SAI Muntenia Invest SA in connection with the negotiation and conclusion of the Audit Contract.

MANAGER,  
SAI MUNTENIA INVEST S.A.  
Nicușor Marian BUICĂ  
CEO

DRAFTED BY  
SAI MUNTENIA INVEST S.A.  
Irina MIHALCEA  
Chief Accountant