

**CASA DE BUCOVINA – CLUB DE MUNTE S.A.
BOARD OF ADMINISTRATORS’
REPORT FOR THE FINANCIAL YEAR 2020**

This document is a translation from its Romanian version. In case of any difference between the Romanian and the English versions, the Romanian version shall prevail

Yearly report in accordance with:	Law no. 24/2017 and FSA Regulation 5/2018
For the financial year:	2020
Date of the report:	23.03.2021
Name of the issuer:	CASA DE BUCOVINA – CLUB DE MUNTE S.A.
Headquarters:	Gura Humorului, 18, Republicii Square, Suceava County
Phone/fax no:	+40 230 207 000/ +40 230 207 001
Sole Registration Code:	10376500
Registration Number with the Trade Register:	J33/718/1998
Regulated market on which the securities are traded	Bucharest Stock Exchange
Subscribed and paid-up share capital:	16.231.941,2 lei
Key features of the issued securities:	162.319.412 shares, with a face value of 0,1 lei/share
LEI code	2549003JCE4UBBB88S53

Main results of issuer's activity assessment

Financial results	2020	2019
Revenue from touristic services, of which:	3.618.006	9.962.804
Revenue from hotel services	1.413.559	4.025.692
Revenue from catering (restaurant, bar)	1.990.536	5.589.696
Revenue from SPA, playgrounds, various	38.450	137.849
Revenue from rental	175.461	209.567
Other revenue	3.427	3.025
Operating revenue	3.621.433	9.965.829
Operating expenses	(5.088.113)	(8.801.739)
Operating (loss)/profit	(1.466.680)	1.164.090
Financial revenue	300.725	297.066
(Net loss)/Net gain from the revaluation of financial assets at fair value through profit or loss	(789.401)	1.574.628
(Loss)/Profit before taxes	(1.955.356)	3.035.784
(Loss)/Profit for the financial year	(1.971.774)	2.847.039

Financial position	31.12.2020	31.12.2019
Cash and current accounts	439.297	1.902.266
Deposits at banks	6.145.978	7.618.305
Financial assets at fair value through profit or loss	4.901.954	5.691.356
Financial assets at amortized cost	2.231.281	2.229.836
Inventories	168.096	222.466
Other assets	485.312	776.479
Tangible and intangible fixed assets	23.908.798	24.435.244
Total assets	38.280.716	42.875.950
Trade payables	312.236	400.438
Other liabilities	337.758	600.546
Total liabilities	649.994	1.000.984
Equity	37.630.722	41.874.967
Total equity and liabilities	38.280.716	42.875.950

1. Analysis of the Company's activity

1.1. a) Description of issuer's main activity

Casa de Bucovina- Club de Munte SA's core business is hotel services, catering and recreational/leisure services, the sale of travel packages, the organization of conferences or events for national and foreign companies, etc.

The company's core activity is stipulated under article 5 of the Constitutive Act, and according to NACE codification – 5510 it is defined as "Hotels and other similar accommodation facilities".

Best Western Bucovina, the company's main asset, is a hotel that offers the unique experience of Bucovina's hospitality.

The main asset of the company is a four-star hotel which has been operating since 2002, affiliated with the international Best Western chain. The hotel has the following facilities:

- 130 rooms/ 220 beds;
- 2 restaurants (180 and 60 seats);
- 7 different sizes conference rooms (25 to 280 seats);
- lobby bar (60 seats);
- terrace;
- summer terrace;
- SPA area.

1.1. b) The issuer's incorporation date

Casa de Bucovina – Club de Munte SA was established in March 1998 as a stock company with private capital, having 6 founding shareholders, legal Romanian entities. After initiating and carrying out a public offer of shares, the company was listed on the Bucharest Stock Exchange, starting with 12 May 2008 and having the BCM ticker.

1.1. c) Description of any merger or significant reorganization of the issuer, of its subsidiaries or controlled companies during the financial year

In the financial year 2020 the company was not involved in any mergers. Casa de Bucovina – Club de Munte SA does not have subsidiaries, nor controlled companies.

Between February and June 2020, the company carried out its main activity amid the COVID - 19 pandemic worldwide, followed by the declaration of a state of emergency and the suspension of activity between March 22 and June 5. The resumption of the activity was done within the background of an almost total stop of the tourist circulation at national and world level.

We specify that the resumption of the activity was done in compliance with all legal provisions in force. For the safety of our clients and staff, we have temporarily restricted or limited access to some of our facilities and we have implemented a set of prevention and protection measures, in accordance with the regulations in force and the recommendations issued by the World Health Organization. These measures will be permanently adapted, depending on the medical evolution and the recommendations of the authorities.

1.1. d) Description of asset acquisitions and/or asset disposals

The company has made CAPEX investments, in accordance with the budget approved by the Ordinary General Shareholders Meeting on 28 April 2020.

For the year 2020 there were budgeted a series of repairs, replacements and facilities to ensure the reduction of the hotel's maintenance expenses or to increase the comfort level of certain areas. The largest part of the investments/repairs budget has been allocated for:

- Replacement of the buffet furniture in the main restaurant of the hotel;
- Equipment of all double rooms with TVs with a diagonal of at least 80 cm (according to the

standard imposed by the Best Western chain);

- Installation of a water softening and filtration station;
- Replacement of the accounting software;
- Replacement of kitchen equipment at the end of its operation life.

The budget allocated for these renovations/investments amounted to 366.000 lei, of which fixed assets 310.000 lei and 56.000 lei inventory items. The realized value was of 318.168 lei, of which fixed assets 285.085 lei and 33.083 lei inventory items. The investments were made entirely from the company's own resources.

There were no significant asset disposals during the reporting period.

1.1.1. General valuation elements:

a) profit: In the year 2020 the company registered an operating loss amounting to 1.466.680 lei and a net loss of 1.971.774 lei.

b) turnover: In 2020 the turnover of Casa de Bucovina – Club de Munte SA decreased by 63,7% year-on-year, reaching 3.618.006 lei.

c) export: Not applicable.

d) costs: In 2020 the company's operating expenses registered a decrease of 42,2% yoy (5.088.113 lei). More information on the structure of expenditures can be found in chapter 5 - Financial statement.

e) % of market share held: In 2020 the accommodation capacities in Gura Humorului increased with a number of 86 rooms, all in 4-star accommodation facilities. This increase has led to a decrease of the market share held by the company in recent years, from 15,5% in 2014 to 9,8% in 2020.

f) liquidity: At the end of 2020 the company's cash, current accounts and deposits with banks amounted to 6.585.275 lei.

1.1.2. Evaluation of the issuer's technical level

The company provides a full range of services: from basic hotel services (accommodation and food & beverage), all-inclusive packages for seminars, conferences and congresses, to tailored services for clients or groups.

The company has used all the distribution channels for tourism: both Romanian and foreign travel agencies, online booking reservation websites, direct distribution to corporate and individual clients.

Given that the main business segments, namely itinerant groups of tourists, especially from the European Community and the corporate events segment, have been restricted, the company has turned its attention to attracting as many Romanian tourists as possible.

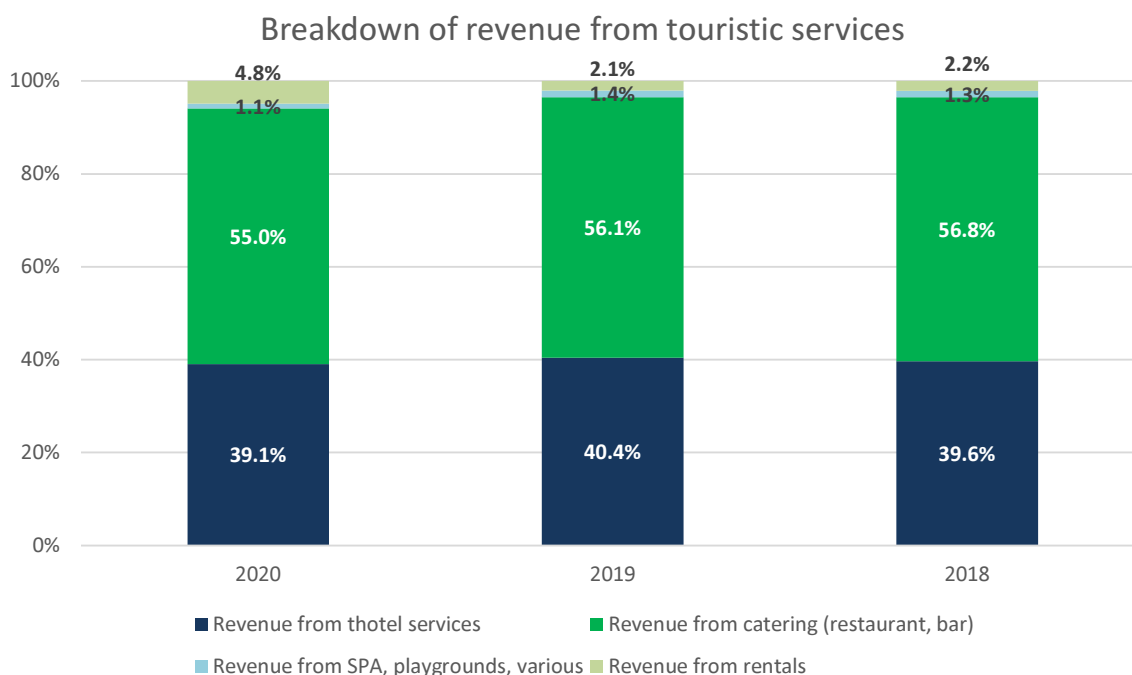
The marketing strategies used were based on promoting the concept of an area still unspoiled by the side effects of mass tourism, positioning Bucovina as a destination where local customs and traditions are at home.

The marketing strategies and pricing policies were characterized by a maximum elasticity, adapted to a price-sensitive market, consumer dominated.

The following service packages were created and promoted:

- active vacation offers;
- offers with relaxation packages in Arinis park;
- holidays packages with early booking discounts;
- the project "Family camp".

For the domestic market, the company uses both traditional distribution channels – travel agencies, congress organizers, reception, as well as modern and unconventional channels (Online Travel Agencies and Facebook).



On the accommodation segment, the revenues registered a drop of 48,9% compared to the budget and of 65% lower than in 2019. The decrease in the number of tourists also led to a fall of the revenues from catering. Therefore, on the food and beverage segment, the revenue diminished by 64% yoy, and it also was 53,2% lower than budgeted for this activity segment.

Description of the new products taken into consideration of which a substantial part of the assets would be affected in the next financial year, as well as the development stage of these products: Not applicable.

1.1.3. Evaluation of the supply activity

Compared to previous years when the main suppliers of raw materials and consumables of the company were primarily the wholesale distributors of food products and cash&carry stores (Metro, Selgros), in 2020 the company continued the program of developing a relationship with local producers for the food raw products – meat and dairy, as well as with HORECA suppliers.

The company is not dependent on the imports of goods, their share being a rather small one.

The inventories of raw materials have a reduced size, thus determining a good inventories turnover.

1.1.4. Evaluation of the sales activity

a) Description of the evolution of sales on the domestic and/or foreign market and of the sales prospects on the medium and long term

Compared to the previous year, in 2020 the company registered a 63,7% decrease in operating revenue, due to the 65% drop of the revenue from hotel services, while the revenue from food and beverage segment were 64% lower.

In the first semester of 2020, the company registered a dramatic decrease in revenue from its main activity, amid the global COVID - 19 pandemic, followed by the declaration of a state of emergency and the suspension of activity for two and a half months. The resumption of the activity starting with June 5 was done against the background of an almost total stop of the tourist circulation at national and world level.

In the second half of the year, the company operated under a series of factors of epidemiological, legislative and macroeconomic uncertainty throughout the European Union, which led to the almost complete cessation of air traffic and intra-community tourism. Restrictions on the use of restaurants and conference rooms, the prohibition of social and corporate events, have completed a national macroeconomic picture in which the company has made efforts to ensure cash flow to allow business continuity.

The only business segment that functioned to some extent was the segment of Romanian individual tourists. The children's holiday period peaked in the 2020 season, with August bringing an occupancy rate of over 45% and a revenue level of almost 60% compared to 2019. The autumn period brought a new period with restrictions on restaurant use and a decrease in the number of tourists.

Indicator	31.12.2020	31.12.2019	31.12.2018
Occupancy rate	21.13%	51,4%	51,6%
Accommodation-nights	7.840	24.382	24.495
Number of rooms	129	130	130

Accommodation-night – the 24-hour interval in which a room is occupied

Compared to previous years, the segment of individual tourists has increased, both due to the granting of holiday tickets to employees in the public system and due to the increased availability due to the lack of leisure groups. The granting of holiday tickets has led to an increase in bookings, especially on direct booking channels, the tourists trying to book directly at the hotel in order to check the possibility of payment with this form of payment.

b) Description of the competitive situation in the issuer's field of activity, the market share of the issuer's products or services and of its main competitors

The Best Western Bucovina Hotel is still the only hotel that operates under an international franchise in the area of the monasteries of Bucovina.

For the cultural circuit groups segment and the MICE segment Casa de Bucovina –Club de Munte SA competes with the hotels from the areas close to Bucovina: Piatra Neamt, Bistrita and Iasi, that have large and modern locations, with similar or superior capacities and facilities.

For the individual tourists' segment, the local competition is represented by 3-4 stars hotels and guesthouses, in Suceava, Gura Humorului, Campulung Moldovenesc, Vatra Dornei, as well as on the touristic route of the monasteries (Voronet – Putna – Sucevita – Moldovita).

In 2020, in Gura Humorului the accommodation capacity with another 86 rooms, of which 65 located in two premium locations, with swimming pools and extensive spa areas. Even if the attractiveness of the area increases every year due to the projects for the development of relaxation and leisure possibilities, the accommodation capacity grows at an equally fast pace. The new locations, smaller, oriented towards individual tourism, have a higher degree of attractiveness during this period when tourists want a limitation of contact with other people or seek complete spa services.

c) Description of any significant dependency of the issuer towards a single client or towards a group of clients whose loss would have a negative impact on the issuer's revenues

The complete collapse of the international tourism segment, corroborated with the closure of the activity for the events segment, showed us that a further development of the attractiveness for the individual tourists segment is necessary.

1.1.5. Evaluation of the issuer's employees/personnel

Regarding human resources, on 31.12.2020 compared to 2019, the evolution and personnel breakdown was as follows:

	No. of personnel		Weight in total personnel	
	2020	2019	2020	2019
Total personnel hotel and leisure, of which:	31	43	63,3%	57,3%
- accommodation	15	17	30,6%	22,7%
- food&beverage	16	25	32,7%	33,3%
- SPA		1		1,3%
Maintenance, repairs, transport, ancillary, production personnel	12	25	24,5%	33,3%
TESA personnel	6	7	12,2%	9,3%
Total	49	75	100%	100%

The company's relations with its employees are governed by the Collective Labor Agreement. No labor union does operate within the company.

Conflicting elements that can negatively affect the working relations at the company level do not exist nor are reported.

1.1.6. Evaluation of the impact of the issuer's activity on the environment

In 2013 the company obtained the environmental permit no.115/03.04.2013 with validity until 03.04.2023. The activity of the company does not have a significant environmental impact.

For the year 2020 Casa de Bucovina – Club de Munte S.A. did not register litigations for breaches of environmental protection rules and does not foresee such litigations at the date of the report.

1.1.7. Evaluation of the research and development activity

No research and development activities are performed within the company.

1.1.8. Evaluation of the issuer's risk management

The main risks the company is exposed to are the interest rate risk, the currency risk, the price risk, the liquidity risk, the taxation risk, the economic environment risk, operational risk and reputational risk.

The general risk management strategy aims to maximize the company's profit based on the level of risk to which it is exposed and to minimize the potential adverse variations on the financial performance of the company. The company uses a variety of policies and procedures for the management and assessment of the types of risks the company is exposed to.

Interest rate risk

As of 31 December 2020 and 31 December 2019 a significant portion of the Company's assets 19,43% (2019: 22.81%) are interest-bearing, the cash and cash equivalents are generally invested at a short-term interest rate. The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 2,00% and 3,20% in 2020 (2019: 1,40% and 3,650%) for RON-denominated deposits and for the bonds held the interest rate is 4% p.a..

Currency risk

The company is exposed to currency risk due to fluctuations of the currency exchange rates, as operating revenues are received under contracts with EUR-denominated prices, with no specific clauses to cover the potential risk of this nature. These contracts have as beneficiaries Romanian travel agencies that are only intermediaries and cannot assume currency fluctuation risks. Most of the company's financial assets and liabilities are denominated in national currency.

Price risk

The Company is exposed to the risk associated with the variation of the prices of food and non-food products, necessary for the Company's activity. The Company manages this risk through an adequate supply program.

Credit risk

The credit risk is the risk of loss or failure to achieve estimated profits, due to the counterparty's failure to fulfill its financial obligations. The Company is exposed to the credit risk following its liquidities in the current accounts, bank deposits and other receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management has established a credit policy under which each new client is individually analyzed in terms of creditworthiness before being offered the Company's standard terms of payment and delivery. Customers who do not meet the established conditions can perform transactions with the Company only with payment in advance.

Liquidity risk

Liquidity risk is the company's risk to encounter difficulties in fulfilling the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset. The company's approach regarding its liquidity management consists in ensuring, as much as possible, that it would always have sufficient liquidities to meet its due liabilities, both under normal conditions and under stress conditions, without incurring unacceptable losses or putting at risk the company's reputation. Generally, the company ensures that it has enough cash to cover its operating expenses

Risk related to taxation

The Romanian fiscal legislation provides detailed and complex provisions, having passed through several changes in recent years. Text interpretation and practical procedures for implementing the tax legislation might vary, with the risk that certain transactions are interpreted differently by the tax authorities compared to the Company's treatment. The Romanian Government has a number of agencies authorized to conduct audits (inspections) of companies operating in Romania. These inspections are similar to tax audits in other countries and may cover not only tax matters, but other legal and regulatory matters of interest to these agencies. It is possible that the Company continues to be subject to tax audits on the extent of new tax regulations being issued.

Economic environment risk

The Company's management cannot foresee all the effects of potential economic or financial crises that would impact the sector in which the company operates, nor their potential impact on the present financial statements. The Company's management believes that it has adopted the necessary measures for the sustainability and the development of the company in current market conditions.

Operational risk

The operational risk is defined as the risk of recording losses or failure to achieve the estimated profits due to internal factors such as the inappropriate conduct of internal activities, the existence of inadequate personnel or systems, inadequate application of sanitary measures imposed to prevent infection with Covid-19 or due to external factors such as economic conditions, technological advances, the state of alert caused by the Covid-19 pandemic, DSP provisions. The operational risk is inherent in all of the Company's activities.

The policies defined for the operational risk management have taken into consideration each type of events that can generate significant risks and the ways of their manifestations, to remove or minimize losses of financial or operational type.

Reputational risk

Reputational risk is the risk of loss or failure to make estimated profits due to the lack of confidence of tourists, travel agencies, third parties, employees, in the integrity of the Company, in the Company's ability to manage the new conditions of business.

Reputational risk management aims at ensuring a permanent positive image, in accordance with the reality of the market, with the economic environment, with the restrictions determined by the Covid-19 pandemic, in front of customers.

Capital adequacy

The company policy is to maintain a solid capital base necessary to maintain the trust of investors, creditors and the market and to sustain the future development of the entity. The company's equity includes the paid-up capital, different types of reserves and retained earnings. The company is not subject to mandatory capital requirements.

Internal control

The company has implemented an internal control system by applying internal methods and procedures at each department level.

Internal audit

The main responsibilities of the internal auditor are as follows:

- Establish, implement and maintain an audit plan to assess and review the effectiveness and adequacy of systems, internal control mechanisms and procedures;
- Verification of the compliance with the rules and working procedures adopted by the Board of Administrators of the company;
- Issuing reports on the topics specified in the internal audit plan addressed to the Board of Administrators of the company;
- Issuing recommendations based on the outcome of the activity carried out under the audit plan;
- Verify compliance with the recommendations in the reports.

In 2020, the internal audit activity for Casa de Bucovina – Club de Munte S.A. has been carried out in compliance with the internal audit plan established in accordance with the objectives and the specific activity of the company.

1.1.9. Elements of perspective on the issuer's activity

a) Presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the issuer's liquidity, compared to the same period last year

For 2021, the company is considering the appearance of factors of macroeconomic uncertainty or of tendencies to keep the tourist circulation at a reduced level, specially the international tourism, a situation that could affect the company's activity and liquidity.

Maintaining travel restrictions, low levels of vaccination in the source countries of tourists (Spain, France, Italy), maintaining mandatory testing and quarantine will be important obstacles in trying to restart the international tourism industry. Stopping the program for granting holiday vouchers and maintaining restrictions on the organization of events, both corporate and social, the possibility of increasing the incidence of illness and the possibility of outbreaks are potential dangers that could affect the growth of turnover in 2021.

The management of the Company considers that, although the performance of the company will be significantly affected, the Company currently has and continues to take the necessary measures to

ensure a sufficient cash flow to pay its due obligations, both under normal conditions and under stress conditions, without bearing unacceptable losses or endangering the reputation of the company.

At the date of this report, the company evaluates the events and factors of uncertainty and the potential financial impact of the COVID-19 pandemic, in order to identify the necessary measures to be implemented, following which the investors will be informed accordingly.

b) Presentation and analysis of the effects of capital expenditures, current or anticipated, on the financial status of the issuer compared to the same period last year.

In 2020 the budget allocated for renovations/investments amounted to 366.000 lei, of which fixed assets 310.000 lei and 56.000 lei inventory items. The realized value was of 318.168 lei, of which fixed assets 285.085 lei and 33.083 lei inventory items. The investments were made entirely from the company's own resources

Regarding the anticipated expenses, these will be realized in accordance with the revenue and expenditure budget, submitted to the OGSM approval on 29/30.04.2021.

c) Presentation and analysis of events, transactions and economic changes that significantly affect the revenue from the main activity.

See those mentioned in sub-point 1.1.9. a).

2. The issuer's tangible assets

2.1. Specification of the location and characteristics of the main production facilities owned by the issuer

The company owns a total land area of 175.880 sqm (located in Gura Humorului and in the Arinis Dendrologic Park), of which 172.654 sqm are fully owned and 3.488 sqm are taken into concession.

Along with the land, the company owns the following buildings:

- hotel (opened in 2002) located in Gura Humorului, 18, Republicii street, Suceava county, consisting of basement, mezzanine, ground floor and 8 floors, 130 rooms with a capacity of 220 guests;
- catering capacity: 2 restaurants with 180 and 60 seats, bar (60 seats) and terrace (60 seats);
- conference center: 6 rooms in the hotel (capacity between 25 and 100 seats);
- multipurpose stand-alone conference room with a capacity of 280 seats;
- office space in a Gura Humorului, 18, Republicii street, with a built surface of 171 sqm;
- Arinis Inn located in Arinis Park - terrace with a capacity of 140 seats.

2.2. Description and analysis of the wear degree of the issuer's assets

The depreciation of fixed assets is computed in accordance with legal provisions, using the straight-line depreciation. The depreciation periods (which approximate the lives of the assets) are in accordance with the current legislation.

Each year the company incurs renovation expenses, which are included in the REB and approved by the GSM in order to maintain the Best Western standards.

2.3. Specification of the potential issues related to the issuer's ownership of tangible assets

At 31.12.2019 the company has not identified potential issues related to the ownership of its tangible assets.

All land and buildings owned by the company are registered.

3. The issuer's securities market

3.1. Specification of the markets in Romania and other countries on which the securities issued by the company are traded.

The shares issued by the company have been traded on the Bucharest Stock Exchange starting with 12.05.2008, having the ticker BCM, ISIN code ROBUCMACNOR5 and Bloomberg ticker BCM RO equity. The record of Casa de Bucovina – Club de Munte SA's shares and shareholders is held by the Central Depository, a company authorized by the NSC/FSA.

Information on the trading of BCM shares in 2020 compared with 2019 and 2018 is presented in the table below:

	2020	2019	2018
Total volume (shares)*	18.799.210	19.647.788*	6.068.296
Minimum price (lei/share)**	0,0730	0,0645	0,0640
Maximum price (lei/share)**	0,1030	0,1130	0,0800

* Including the 5.020.188 shares repurchased by the company within the public tender offer

** Closing prices

Evolution of closing price (lhs) and traded volume (rhs) in the year 2020



At the end of the years 2020 and 2019 the shareholding structure of Casa de Bucovina – Club de Munte SA was the following:

	31.12.2020		31.12.2019	
	Number of shares	(%)	Number of shares	(%)
SIF Muntenia S.A.	112.400.276	69,25	112.400.276	67,20
Other shareholders	49.919.136	30,75	54.939.324	32,80
Total	162.319.412	100,00	167.339.600	100,00

3.2. Description of the issuer's dividend policy

Casa de Bucovina - Club de Munte SA does not have a multi-annual dividend policy, dividend distribution and the amounts allocated as dividends are established annually by the General Shareholders Meeting.

Casa de Bucovina - Club de Munte SA has paid dividends for the financial years 2013-2017 and 2019, according to the following table:

lei	2013*	2014	2015**	2016	2017***	2018	2019
Net profit	620.463	620.507	518.751	608.926	672.741	55.385	2.847.039
Dividends	1.336.392,8	552.220,7	502.018,8	568.954,6	669.358	0	2.272.472
Gross dividend/share	0,0080	0,0033	0,0030	0,0034	0,0040	0	0,014

* According to GSM decision from 30.04.2014, the total value of the profit to be distributed included both the profit to be distributed for the financial year 2013, as well as the and undistributed retained earnings as per GSM decision from 23.04.2013 (lei 809.019)

** According to GSM decision from 29.04.2016, the total value of the profit to be distributed included both the profit to be distributed for the financial year 2015, as well as the undistributed retained earnings for the financial year 2013 (lei 63.178) and the undistributed retained earnings for the financial year 2014 (lei 30.459)

*** According to GSM decision from 20.04.2018, the total value of the profit to be distributed included both the profit to be distributed for the financial year 2017, as well as the undistributed retained earnings for the financial years 2015 and 2016 (13.919,58 lei)

According to the OGSM decision on 28.04.2020, from the net profit of the financial year 2019, of 2.847.039 lei, 151.789 lei were distributed to the legal reserve, 2.272.472 lei were distributed as dividends (0,014 lei/share), and 422.778 lei were allocated as undistributed reported result.

3.3. Description of any activity performed by the issuer regarding the acquisition of its own shares

On 19 April 2019 the CASA DE BUCOVINA – CLUB DE MUNTE S.A. Extraordinary General Shareholders Meeting was held. It approved the carrying out a buyback program in order to reduce its share capital.

On 10.09.2019 the Financial Supervisory Authority communicated the Decision no. 1121/10.09.2019, approving the public tender offer document for purchasing shares issued by CASA DE BUCOVINA – CLUB DE MUNTE S.A., initiated by CASA DE BUCOVINA – CLUB DE MUNTE S.A., in accordance with the decision of the Extraordinary General Shareholders Meeting on 19.04.2019.

On 4.10.2019, through a current report published on the BSE's website, the company informed investors on the results of the previous mentioned public tender offer, as follows:

- Number and percentage represented by the securities subscribed within the offer: 27.064.830 shares, representing 16,17% of the share capital of the issuer
- Number of securities purchased and the total amount paid: 5.020.188 shares, representing 414.165,51 lei
- Date and method of settlement of the transaction for the public tender: 3.10.2019, through Depozitarul Central
- Percentage held by the tenderer following the closure of the offer: CASA DE BUCOVINA – CLUB DE MUNTE S.A. owns 5.020.188 shares, representing 3% of the share capital of CASA DE BUCOVINA – CLUB DE MUNTE S.A..

On 28 April 2020 the Extraordinary General Shareholders Meeting was held. Shareholders approved the reduction of the share capital of Casa de Bucovina - Club de Munte SA from 16.733.960 lei to 16.231.941,2 lei, respectively from 167.339.600 shares to 162.319.412 shares with a nominal value of 0.1 lei / share, by cancellation a number of 5.020.188 own shares acquired by the Company as a result of running the public offer for the purchase of its own shares between 17.09.2019 -30.09.2019, for the implementation of the redemption program approved by the resolution of the Extraordinary General Shareholders Meeting on 19 April 2019.

On 9 October 2020 Depozitarul Central S.A. registered the decrease of the share capital by canceling its own shares, according to the ASF certificate for registration of financial instruments no. AC-3400-2 / 30.09.2020. The share capital was decreased by a number of 5.020.188 shares at the nominal value of 0,10 lei / share, respectively from the value of 16.733.960 lei to the value of 16.231.941,20 lei.

3.4. If the issuer has subsidiaries, specification of the number and face value of shares issued by the parent company which are held by its subsidiaries.

Casa de Bucovina – Club de Munte SA does not have subsidiaries.

3.5. If the issuer has issued bonds and/other debt securities, a presentation on how the company meets its obligations to the holders of such securities.

Casa de Bucovina – Club de Munte SA has not issued bonds and/or other debt securities during the year 2020.

3.6. Corporate governance

The company has made and will make the necessary professional and administrative efforts to ensure alignment with the provisions of the Corporate Governance Code and the transparent presentation of these results.

The company disseminates on its website, www.bestwesternbucovina.ro, information about its structures of corporate governance and also the list of the members of the Board of Administrators, the updated Constitutive Act and the declaration of conformity.

The Board of Administrators of Casa de Bucovina – Club de Munte has met 10 times in 2020, to analyze the activity of the company and the perspectives of ensuring the continuity of the activity and its future development.

The company's Board of Administrators has two independent members. According to the information gathered from the members of the Board of Administrators, there is no relationship between the board member and a shareholder who holds directly or indirectly shares representing more than 5% of all voting rights and which could hinder the member's position regarding the Board of Administrators' decisions.

As of the date of this report, Mrs. Cristina Gagea, member in the company's Board of Administrators is also a member in the Board of Administrators of MUNTENIA MEDICAL COMPETENCES SA. Mrs. Dana Ababei, member in the company's Board of Administrators, is also the General Manager of CMF Consulting S.A. Mr. Dumitru Florin Chiribuca, member in the company's Board of Administrators is also the Head of Local Taxes Office within Gura Humorului City Hall. Otherwise mentioned above, the company has no information on the existence of other relatively permanent commitments and professional obligations of the members of the company's Board of Administrators.

The Audit Committee has been established. The company will analyze the opportunity to create other advisory committees to examine the important aspects proposed by corporate governance and to support the activity of the Board of Administrators.

The current and financial reports are currently and systematically provided to company's shareholders. Information regarding the General Shareholders Meeting, the convening notice, the agenda, the special power of attorney forms, vote by correspondence forms, draft resolutions are posted on a special section of the company's website. The company ensures the immediate information of all the shareholders about the decisions made and the vote result after the General Shareholders Meeting. The shareholders' participation to the meeting is strongly encouraged, shareholders who cannot attend have the opportunity to vote by correspondence or by representative.

The Investors Relation is supported by an internal structure that informs the shareholders in accordance with the questions submitted in writing/ by phone.

Casa de Bucovina - Club de Munte SA's Corporate Governance declaration is annexed to this report.

4. Issuer's management

4.1. The Board of Administrators

According with the Constitutive Act of the Company and the resolutions of the General Shareholders Meeting, the company has adopted the unitary management system, which entails appointing a Board of Administrators composed of an odd number of Administrators and delegating the management of the company to a general manager.

The Board of Administrators, elected within the OGSM on 28.04.2020, consists of 5 members. The members of the board have four-year mandates, according with the legal provisions in force.

The current structure of the Board of Administrators is as follows:

- Mircea Constantin - President;
- Ion Romica Tamas – Vice-President;
- Cristina Gagea - member;
- Ababei Dana - member;
- Dumitru Florin Chiribuca - member.

The CVs of the administrators are available on the company's website, www.bestwesternbucovina.ro, under the Shareholder Information section, Corporate Governance sub-section.

According to available information to the company, there is no agreement, arrangement or family relationship between the administrators and another person due to whom that person was appointed administrator.

As of 31.12.2020, the members of the Board of Administrators held shares issued by Casa de Bucovina - Club de Munte SA as follows:

- Ion Romica Tamas: 99.000 shares;
- Mircea Constantin: 499 shares;
- Dumitru Florin Chiribuca: 0 shares;
- Ababei Dana: 0 shares;
- Gagea Cristina: 0 shares.

4.2. The executive management

In 2020 the executive management of the company was provided by:

- General Manager - Mandate contract (starting with 16.02.2014) - Ion Romica Tamas;
- Economic Manager – Permanent contract (11.11.2002-31.07.2020) – Livia Misiuc;
- Head of financial-accounting service – Permanent contract (starting with 23.09.2003) – Dorina Tiron)
- Sales Manager – Permanent contract (starting with 01.07.1999) – Doina Prosciuc;
- Food & Beverage Manager – Permanent contract (starting with 01.11.2006) – Stefan Ghisovan;
- Accommodation Manager – Permanent contract (starting with 08.11.2003) - Analaura – Iuliana Simota;
- Technical Director – Permanent contract (starting with 12.08.2002) – Mihai Sava.

According to available information to the company, there is no agreement, arrangement or family relationship between the members of the executive management and another person due to whom that person was appointed member of the executive management.

As of 31.12.2020, the members of the executive management held shares issued by Casa de Bucovina - Club de Munte SA as follows:

- Ion Romica Tamas: 99.000 shares;
- Dorina Tiron: 1.055 shares;
- Doina Prosciuc: 43.516 shares;
- Stefan Ghisovan: 1.406 shares;

- Analaura – Iuliana Simota: shares;
- Mihai Sava: 20.352 shares.

4.3. For all the persons mentioned at 4.1. and 4.2. above a mention of potential dispute or administrative proceedings during the past five years regarding their activity within the issuer, or any other action pertaining to their ability to meet the requirements of their roles within the issuer.

The company is not aware of any potential dispute or administrative proceedings during the past five years for the members of the Board of Administrators or the members of executive management regarding their activity within the company, or any other action pertaining to their ability to meet the requirements of their roles within the issuer.

5. Financial and accounting situation

5.1. Financial statements

The financial statements at 31 December 2020 have been prepared in accordance with Finance Ministry Order no. 2844/12.12.2016 for the approval of Accounting Regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market. The transition date to the International Financial Reporting Standards was 1 January 2011.

The financial statements are denominated in lei and are audited by 3B Expert Audit.

The table below shows the main elements of the company's financial position as of 31.12.2020, compared with elements of the company's financial position as of 31.12.2019 and 31.12.2018:

lei	31 December 2020	31 December 2019	31 December 2018
Assets			
Cash and bank accounts	439.297	1.902.266	2.135.663
Deposits at banks	6.145.978	7.618.305	5.977.971
Financial assets at fair value through profit or loss	4.901.954	5.691.356	4.116.728
Financial assets at amortized cost/Loans and receivables	2.231.281	2.229.836	2.228.616
Inventories	168.096	222.466	186.415
Other assets	485.312	776.479	808.269
Tangible and intangible fixed assets	23.908.798	24.435.244	24.839.632
Total assets	38.280.716	42.875.950	40.293.294
Liabilities			
Deferred tax liability	-	-	-
Trade payables	312.236	400.438	417.161
Other liabilities	337.758	600.546	505.634
Total liabilities	649.994	1.000.984	922.795
Equity			
Share capital	31.078.307	31.887.100	31.887.100
Own shares	-	(426.985)	
Reserves from revaluation of tangible assets	14.605.420	14.771.272	14.937.123
Reported result	(8.053.005)	(4.356.419)	(7.453.724)
Total equity	37.630.722	41.874.967	39.370.499
Total equity and liabilities	38.280.716	42.875.950	40.293.294

Taking into account the interest rates in the market, significantly lower than the inflation rate, as well as the liquidities available, in 2018 the company purchased fund units issued by the closed-end fund Star Value, with a total value of approx. 5 million lei, with exposure to issuers traded on the Bucharest Stock Exchange, specially to the issuers that constitute the BET FI Index.

With the entry into force of IFRS 9 Financial Instruments, the Company has classified the fund units as financial assets at fair value through profit or loss, which implies the inclusion in the statement of comprehensive income of realized or unrealized gains or losses from holding the fund units.

The main elements of the statement of comprehensive income for the last three financial years are presented in the following table:

lei	2020	2019	2018
Revenue from touristic services	3.618.006	9.962.804	9.130.787
Other revenues	3.427	3.025	72.798
Expenses with raw materials and consumables	(762.300)	(1.211.996)	(1.235.474)
Cost of goods sold	(788.647)	(1.948.030)	(1.816.353)
Third party expenses	(352.595)	(1.010.768)	(1.216.075)
Personnel expenses	(1.996.133)	(3.099.364)	(2.841.886)
Depreciation and impairment of fixed assets	(624.280)	(610.851)	(510.263)
Other expenses	(564.158)	(920.730)	(808.753)
Operating (loss)/profit	(1.466.680)	1.164.090	774.781
Financial revenues	300.725	297.066	208.631
(Net Loss) / Net gain from revaluation of financial assets at fair value through profit or loss	(789.401)	1.574.628	(883.268)
(Loss)/Profit before tax	(1.955.356)	3.035.784	100.144
Tax expense	(16.418)	(188.745)	(44.759)
(Net Loss)/Net Profit for the financial year	(1.971.774)	2.847.039	55.385
Other comprehensive income			
Items that may be restated to profit or loss			
Increase in revaluation reserve of tangible assets	-	-	3.009.714
Total comprehensive income for the period	(1.971.774)	2.847.039	3.065.098

Compared to the previous year, in 2020 the company registered a decrease of 63.7% in operating revenue, on the back of a 65% decrease in revenue from hotel services, while revenue from catering, was reduced by 64%.

The company's management tried to reduce the operational expenses which, even if they had a dynamic similar to that of the revenue, could not be decreased at the same pace, registering a decrease of 42.2% yoy. Personnel expenses were reduced by 35.6%, while the cost of goods sold decreased by 59.5%, the third-party expenses were 65.1% lower, and the utilities costs dropped by 38.7%. Thus, the company registered an operating loss of 1.466.680 lei.

The net loss for the year 2020 was also influenced by the negative financial result (-488.676 lei), caused by the marking-to-market of the fund units (-789.401 lei), leading to a net loss of 1.971.774 lei, compared to the net profit of 2.847.039 lei registered in 2019.

lei	31 December 2020	31 December 2019	31 December 2018
I. Cash flow from operating activities			
1 – Result before taxes	(1.955.356)	3.035.784	100.144
2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:	1.087.166	(786.750)	1.679.505
2.1. Depreciation of fixed assets	624.280	610.851	510.263
2.2. Provisions for risks and charges	(97.403)	80.950	3.652
2.3. Impairment of current assets	64.682	12.273	19.501
2.4. Profit/(loss) from assets disposal		290.229	467.040
2.5. (Net loss)/ Net Gain from the revaluation of financial assets at fair value through profit or loss	789.401	(1.574.628)	883.268
2.6. Net gain from the revaluation of tangible assets at fair value, through profit or loss	-	-	(61.238)
2.7. Interest income	(293.796)	(283.027)	(221.708)
2.8. Adjustments for other non-cash items	-	76.602	78.276
3 - Changes in working capital during the period, of which:	117.813	(33.195)	(73.261)
3.1. (Increase) / Decrease in balances of trade receivables and other receivables	245.073	22.517	(131.767)
3.2. (Increase) / Decrease in inventory balance	54.370	(36.051)	6.978
3.3. Increase / (Decrease) in trade payables and other liabilities balances	(181.630)	(19.662)	51.528
4. Profit/Income tax paid	(130.020)	(50.794)	(85.371)
Net cash from operating activities(A)	(880.397)	2.165.044	1.621.017
II. Cash flow from investment activities			
5 - cash payments for the acquisition of tangible and intangible assets, including improvements	(116.423)	(583.517)	(1.050.536)
6 - cash payments for the acquisition of financial assets measured at fair value through profit or loss	-	-	(4.999.996)
7 – cash receipts from financial assets measured at amortized cost on their maturity	-	-	2.225.000
8 – cash payments for the acquisition of financial assets measured at amortized cost	-	-	(2.225.000)
9 - cash receipts from interest and similar	316.635	285.559	238.470
10 - net placements from deposits with a maturity of more than 3 months and less than one year	1.448.042	(1.644.085)	4.166.042
11 – cash receipts from disposals of tangible assets	-	-	9.292
Net cash used in investment activities (B)	1.648.254	(1.942.043)	(1.636.727)
III. Cash flow from financing activities			
12 - dividend payments to shareholders	(2.230.925)	(8.663)	(657.299)
13 – cash payments to shareholders for the buy-back of company's share	-	(426.985)	
Net cash from (used in) financing activities (C)	(2.230.925)	(435.648)	(657.299)
Cash flows – Total (A+B+C)	(1.463.068)	(212.647)	(673.009)
Cash at beginning of period	1.899.966	2.112.613	2.785.622
Cash at end of period	436.897	1.899.966	2.112.613

5.2. Liquidity, risk and management indicators

Liquidity indicators		2020	2019
Current liquidity	Current assets / Current liabilities	25,45	22,85
Quick liquidity – acid test	(Current assets-Inventories) / Current liabilities	25,15	22,57
Risk indicators		2020	2019
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest costs	n/a	n/a
Management indicators		2019	
Inventory turnover	COGS / Average inventory	4,04	12,57
Days of storage	Average inventory / COGS *365	90,38	38,30
Clients turnover (days)	Average clients balance / Turnover *365	30,81	13,12
Trade payables turnover (days)	Average suppliers balance / Acquired goods (without services)*365	35,05	21,69
Fixed assets turnover	Turnover / Fixed assets	0,15	0,41
Total assets turnover	Turnover / Total assets	0,09	0,24

5.3. Revenues and Expenditures Budget Execution

The main financial indicators registered in 2020, compared with the 2020 REB are presented in the following table:

	REB 2020	Actual 2020
Total revenues	7,341,354	3,621,433
Total expenses	4,160,130	2,576,596
Profit from operating activity*	3,181,224	1,044,837
General, marketing, utilities and maintenance expenses	1,864,906	1,347,247
GOP**	1,316,318	-302,410
Expenses with the BOA, auditors, taxes, royalties, insurance	503,900	506,907
Operating result before the expenses with depreciation, repairs, modernization and provisions	812,418	-809,317
Depreciation	650,000	624,280
Repairs and modernization expenses	150,000	33,083
Other revenue/(expenses) outside the main activity, net	-	-
Operating result	12,418	-1,466,680
Financial result	240,000	-488,676
Gross result	252,418	-1,955,356

* The profit from operating activity is determined as the difference between the revenue earned on all activity segments and the expenses incurred for all activity segments, less general costs, marketing, utilities, maintenance, expenses with the Administration Board, taxes, royalties, insurances, depreciation, provisions and repairs and modernization expenses

** GOP – Gross Operating Profit

6. Annexes

Corporate Governance Declaration

Statement of conformity

Financial statements at 31.12.2020

Notes to the financial statements at 31.12.2020

The auditor's report for the financial statements at 31.12.2020

The updated articles of incorporation of the company

7. Signatures

Ion Romica Tamas

Vice-President of the Board of Administrators

Director Manager

Dorina Tiron

Head of Financial-Accounting Department

**Status of compliance with the provisions of the new BSE Corporate Governance Code
as of 31 December 2020**

Code provisions	Complies	Does not comply or partially complies	Observations
SECTION A - RESPONSIBILITIES			
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	X		
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	X		
A.3. The Board of Directors should have at least five members.	X		
A.4. The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board should submit a declaration that he/she is	X		

Code provisions	Complies	Does not comply or partially complies	Observations
independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.			
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	X		The information is included in the annual report presented to the General Shareholders Meeting.
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.	X		The information is included in the annual report presented to the General Shareholders Meeting.
A. 7. The company should appoint a Board secretary responsible for supporting the work of the Board.	X		
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing		X	Implementation pending

Code provisions	Complies	Does not comply or partially complies	Observations
the purpose, criteria and frequency of the evaluation process.			
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	X		The information is included in the annual report presented to the General Shareholders Meeting.
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	X		The information is included in the annual report presented to the General Shareholders Meeting.
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		X	The Board of Administrators has assumed the charges of the nomination committee, to evaluate the candidates for position of member of BoA and to make recommendations to the GSM for their appointment
SECTION B - RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	X		

Code provisions	Complies	Does not comply or partially complies	Observations
B.2. The audit committee should be chaired by an independent non-executive member.	X		
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		X	Implementation pending
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		X	The company intends to make the necessary efforts to comply
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		X	Under the applicable regulations, at the end of each semester, the financial auditor will analyze the reported transactions during that semester according to art. 82 of Law no. 24/2017 and will draw up a report stating whether the price, in conjunction with the rights and obligations assumed by the parties, is correct in relation to other existing offers on the market
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	X		
B.7. The audit committee should monitor the application of statutory and	X		

Code provisions	Complies	Does not comply or partially complies	Observations
generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.			
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	X		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X		
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.	X		
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	X		
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report	X		

Code provisions	Complies	Does not comply or partially complies	Observations
functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.			
SECTION C - FAIR REWARDS AND MOTIVATION			
<p>C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.</p> <p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>		X	Pending implementation
SECTION D - BUILDING VALUE THROUGH INVESTORS' RELATIONS			
<p>D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:</p>	X		
<p>D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures;</p>	X		
<p>D.1.2. Professional CVs of the members of its governing bodies, a Board</p>	X		

Code provisions	Complies	Does not comply or partially complies	Observations
member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;			
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports);	X		
D.1.4. Information related to general meetings of shareholders;	X		
D.1.5. Information on corporate events;	X		
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;	X		Shareholders can request information by using the e-mail address actionari@bestwesternbucovina.ro
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.	X		
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.		X	
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not.		X	The company intends to make the necessary efforts to comply

Code provisions	Complies	Does not comply or partially complies	Observations
The forecast policy should be published on the corporate website.			
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	X		
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X		
D . 7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and	X		

Code provisions	Complies	Does not comply or partially complies	Observations
other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.			
<p>D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.</p>		X	The company intends to make the necessary efforts to comply
<p>D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.</p>		X	The Company does not have yet a policy guiding the supporting of various forms of artistic and cultural expression, sport activities, educational or scientific activities

Statement of responsibility for the preparation of the financial statements for the year 2020

As administrators of CASA DE BUCOVINA - CLUB DE MUNTE S.A., in accordance with the provisions of the Accounting Law no. 82/1991 republished and art. 63 alin. 2, letter. c from Law no. 24/2017, we assume the responsibility for the preparation of the financial statements and confirm that:

- a) To our knowledge, the annual financial statements for the year 2020 were prepared in accordance with the applicable accounting standards
- b) The annual financial statements as of 31 December 2020 provide a fair view of the assets, liabilities, financial position and the profit and loss account of CASA DE BUCOVINA - CLUB DE MUNTE SA.
- c) CASA DE BUCOVINA – CLUB DE MUNTE SA operates under a going concern basis.
- d) The Board of Administrators' annual report for the year 2020 includes a fair analysis of the development and performance of CASA DE BUCOVINA - CLUB DE MUNTE SA, as well as description of the main risks and uncertainties specific to the activity carried out.

Ion Romica Tamas
Vice-President of the Board of Administrators

Casa de Bucovina – Club de Munte S.A.

**Financial Statements
at 31 December 2020**

**Prepared in accordance with
FMO no.2844/12.12.2016,
for the approval
of the accounting Regulations compliant with
International Financial
Reporting Standards**

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Casa de Bucovina – Club de Munte S.A.
Statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2020

<i>in lei</i>	Note	2020	2019
Revenue from touristic services	5	3,618,006	9,962,804
Other revenues		3,427	3,025
Expenses with raw materials and consumables		(762,300)	(1,211,996)
Cost of goods sold		(788,647)	(1,948,030)
Third party expenses	6	(352,595)	(1,010,768)
Personnel expenses	7	(1,996,133)	(3,099,364)
Depreciation and impairment of fixed assets	8	(624,280)	(610,851)
Other expenses	9	(564,158)	(920,730)
Operating (Loss)/Profit		(1,466,680)	1,164,090
Financial revenue	10	300,725	297,066
(Net Loss) / Net gain from revaluation of financial assets at fair value through profit or loss	11	(789,401)	1,574,628
(Loss)/Profit before tax		(1,955,356)	3,035,784
Tax expense	12	(16,418)	(188,745)
(Net Loss)/Net Profit for the financial year		(1,971,774)	2,847,039
Other comprehensive income			
Items that may be restated to profit or loss			
Increase in revaluation reserve of tangible assets		-	-
Total comprehensive income for the period		(1,971,774)	2,847,039
Earnings per share	13		
Basic		(0.0121)	0.0172
Diluted		(0.0121)	0.0172

The financial statements were approved by the Board of Administrators on 23 March 2021.

Tamas Ion Romica
General Manager

Tiron Dorina
Head of Financial – Accounting Department

The notes on pages 7 to 49 are part of the financial statements.

Casa de Bucovina – Club de Munte S.A.
Statement of financial position
as at 31 December 2020

<i>in lei</i>	Note	31 December 2020	31 December 2019
Assets			
Cash and bank accounts	14	439,297	1,902,266
Deposits with banks	15	6,145,978	7,618,305
Financial assets at fair value through profit or loss	16 a)	4,901,954	5,691,356
Financial assets at amortized cost	16 b)	2,231,281	2,229,836
Inventories		168,096	222,466
Other assets	17	485,312	776,479
Tangible and intangible fixed assets	18	23,908,798	24,435,244
Total assets		38,280,716	42,875,950
Liabilities			
Trade payables	19	312,236	400,438
Other liabilities	20	337,758	600,546
Total liabilities		649,994	1,000,984
Equity			
Share capital	21 a)	31,078,307	31,887,100
Own shares	21 b)	-	(426,985)
Reserves from revaluation of tangible assets	21 c)	14,605,420	14,771,272
Reported result	21 d)	(8,053,005)	(4,356,419)
Total Equity		37,630,722	41,874,967
Total equity and liabilities		38,280,716	42,875,950

Tamas Ion Romica
General Manager

Tiron Dorina
Head of Financial – Accounting Department

The notes on pages 7 to 49 are part of the financial statements.

Casa de Bucovina – Club de Munte S.A.
Statement of changes in Equity

<i>in lei</i>	Share capital	Own shares	Reserves from revaluation of tangible assets	Reported result	Total
Balance as at 1 January 2020	31,887,100	(426,985)	14,771,272	(4,356,419)	41,874,967
Comprehensive income					
Net profit of the financial exercise				(1,971,774)	(1,971,774)
Other items of comprehensive income					
Transfer from revaluation reserve to retained earnings as depreciation			(165,852)	165,852	-
Total items of comprehensive income	-	-	(165,852)	(1,805,922)	(1,971,774)
Transactions with shareholders recognized directly in equity					
Dividends to be paid				(2,272,471)	(2,272,471)
Decrease in share capital	(808,793)	426,985	-	381,807	-
Transactions with shareholders recognized directly in equity	(808,793)	426,985	-	(1,890,664)	(2,272,471)
Balance as at 31 December 2020	31,078,307	-	14,605,420	(8,053,005)	37,630,722

Casa de Bucovina – Club de Munte S.A. Statement of changes in Equity

<i>in lei</i>	Share capital	Reserves from revaluation of tangible assets	Reported result	Total	Share capital
Balance as at 1 January 2019	31,887,100	-	14,937,123	(7,453,724)	39,370,499
Total comprehensive income for the period					
Net result for the period				2,847,039	2,847,039
Other items of comprehensive income					
Transfer from revaluation reserve to retained earnings as depreciation			(165,852)	165,852	-
Total other items of comprehensive income	-	-	(165,852)	3,012,891	2,847,039
Transactions with shareholders recognized directly in equity					
Dividends to be paid					
Prescribed dividends				84,414	84,414
Own shares		(426,985)			(426,985)
Transactions with shareholders recognized directly in equity	-	(426,985)		84,414	(342,572)
Balance as at 31 December 2019	31,887,100	(426,985)	14,771,272	(4,356,419)	41,874,967

Tamas Ion Romica
General Manager

Tiron Dorina
Head of Financial – Accounting Department

The notes on pages 7 to 49 are part of the financial statements.

Casa de Bucovina – Club de Munte S.A.

Statement of cash flow

<i>in lei</i>	Note	2020	2019
I. Cash flow from operating activities			
1 – Gross result		(1,955,356)	3,035,784
2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:		1,087,166	(786,750)
2.1. Depreciation of fixed assets	17	624,280	610,851
2.2. Provisions for risks and charges		(97,403)	80,950
2.3. Impairment of current assets		64,682	12,273
2.4. Profit/(loss) from assets disposal		-	290,229
2.5. (Net loss)/ Net Gain from the revaluation of financial assets at fair value through profit or loss	11	789,401	(1,574,628)
2.6. Interest income		(293,796)	(283,027)
2.7. Adjustments for other non-cash items		-	76,602
3 - Changes in working capital during the period, of which:		117,813	(33,195)
3.1. (Increase) / Decrease in balances of trade receivables and other receivables		245,073	22,517
3.2. (Increase) / Decrease in inventory balance		54,370	(36,051)
3.3. Increase / (Decrease) in trade payables and other liabilities balances		(181,630)	(19,662)
4. Profit/Income tax paid		(130,020)	(50,794)
Net cash from operating activities(A)		(880,397)	2,165,044
II. Cash flow from investment activities			
5 - cash payments related to tangible and intangible assets, including arrangements recognized in profit or loss		(116,423)	(583,617)
6 – cash receipts from interest and similar		316,635	285,559
7 - net placements from deposits with a maturity of more than 3 months and less than one year		1,448,042	(1,644,085)
Numerar net din activitati de investitii (B)		1,648,254	(1,942,043)
III. Cash flow from financing activities			
8 - dividend payments to shareholders		(2,230,925)	(8,663)
9 - cash payments to shareholders for the buy-back of company's share		-	(426,985)
Net cash from (used in) financing activities (C)		(2,230,925)	(435,648)
Cash flows – Total (A+B+C)		(1,463,068)	(212,647)
Cash at beginning of period		1,899,966	2,112,613
Cash at end of period		436,897	1,899,966

Casa de Bucovina – Club de Munte S.A. Statement of cash flow

Numerarul și echivalentele de numerar
cuprind:

<i>in lei</i>	Note	2020	2019
Petty cash		22,390	20,178
Current accounts at banks		414,507	1,879,788
Total cash and cash equivalents	13	436,897	1,899,966

Tamas Ion Romica
General Manager

Tiron Dorina
Head of Financial – Accounting Department

The notes on pages 7 to 49 are part of the financial statements.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

1. The reporting entity

Casa de Bucovina – Club de Munte SA (the „Company”) is a joint stock company which operates in Romania in accordance with the provisions of Company Law no. 31/1990 republished with subsequent amendments and completions. The Company is headquartered in Gura Humorului, 18 Republicii Square, Suceava county.

The Company has as main activity hotel services, catering and recreational/leisure services, selling tourism services, organizing conferences or events, for national and foreign companies.

The Company’s shares are listed on the Bucharest stock exchange, II tier, with the BCM ticker, starting with 12 May 2008.

As of 31 December 2020, 69,25% of the Company is owned by SIF Muntenia SA, and 30,75% by other shareholders. Depozitarul Central Bucuresti keeps the evidence of shares and shareholders, according to the legal provisions.

Specific indicators:

Indicator	31.12.2020	31.12.2019
1. Occupancy rate	21,1%	51,4%
2. Accommodation-nights	7.840	24.382
3. Number of rooms	129	130

The statutory audit for the financial year 2020 has been performed by 3B Expert Audit SRL. The auditor has exclusively provided financial audit services. The financial auditor’s fee for the year ended 31 December 2020 is of 26.086 lei (31.12.2019: 23.862 lei).

2. Basis of preparation

(a) Declaration of conformity

The financial statements have been prepared in accordance with the Finance Ministry Order no. 2844/12.12.2016 for the approval of the accounting Regulations compliant with the International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market, with subsequent amendments and completions. The International Financial Reporting Standards are the standards adopted according to the procedure set out in the (CE) Regulation no. 1606/2002 of the European Parliament and the Council as of 19 July 2002 for the enforcement of International Accounting Standards.

The Company is part of SIF Muntenia Group, being its subsidiary. SIF Muntenia prepares annual financial statements in accordance with FSA Rule no. 39/2015 approving the Accounting Regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority, Sector of Investments and Financial Instruments (FSA Rule no. 39/2015).

Starting 1 January 2018, SIF Muntenia has complied with the assesment criteria as an investment entity, in accordance with IFRS 10 "Consolidated Financial Statements." Consequently, SIF Muntenia has no longer prepared consolidated financial statements, with individual financial statements being the entity's only financial statements.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

2. Basis of preparation (continued)

(b) Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of revenues and expenditures according to their nature in the statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than those that would have been presented under other methods allowed by IAS 1.

(c) Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation", is the Romanian leu (lei). Individual financial statements are presented in lei, rounded to the nearest leu, the currency chosen by the Company's management as presentation currency.

(d) Basis of valuation

The financial statements were prepared using the fair value convention for financial assets at fair value through profit or loss. Other assets and financial liabilities, as well as the non-financial assets and liabilities are presented at amortized cost, revalued value or historical cost.

(e) Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. Judgments and assumptions associated with these estimates are based on historical experience and on other factors deemed reasonable considering these estimates. The results of these estimates form the basis for judgments related to accounting values of assets and liabilities that cannot be obtained from other sources of information. The results obtained can differ from these estimates.

Judgments and the assumptions are regularly reviewed by the Company. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period in which the estimates are revised and future periods if the revisions affect both the current period and future periods.

(f) Going concern

The financial statements are prepared on a going concern basis which assumes the Company will continue to operate in the foreseeable future (see Note 4).

The Company's activity in the financial year 2020 took place in the context of the Covid-19 pandemic, the HoReCa activity being with a significant degree of risk regarding frequent interruptions, legal suspension of activity, imposed health restrictions, causing a loss from this activity of 1,182,373 lei, representing 60% of the total loss registered by the Company, of 1,971,774 lei (the difference of 789,401 lei represents a loss from the revaluation of the financial assets, Note 16 a)).

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

2. Basis of preparation (continued)

(f) Going concern (continued)

The decrease of liquidity registered in 2020 from the operational activity amounted to 880,397 lei and represented 60% of the total decrease of 1,463,068 lei, according to the Statement of cash flows, and was also determined by the payment of dividends in the amount of 2,230,925 lei. 587,941 lei were used to support the main activity, from the liquidities existing on 31.12.2019.

Equity decreased on 31.12.2020 by 10% compared to the values on 31.12.2019, as a result of the distribution on dividends from the net profit realized in 2019, amounting to 2,272,471 lei and of the loss registered in the financial year 2020, of 1.0971.774 lei.

The company's management, applying a prudential policy, considers that in 2021 the Company can obtain from the main activity the liquidity necessary to cover the related operational costs even in the conditions of maintaining the alert status that generates health restrictions imposed on the HoReCa activity sector.

Based on these analysis, the management considers that the Company will be able to continue its activity in the foreseeable future and therefore the application of the principle of going concern in the preparation of the financial statements is justified.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies

The accounting policies have been applied consistently to all the periods presented in the financial statements prepared by the Company.

(a) Transactions in foreign currency

Operations denominated in foreign currency are recorded in lei at the official exchange rate at the settlement date of transactions. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are translated into the functional currency at the exchange rate of that day.

Gains or losses from their settlement and conversion using the exchange rate at year-end of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss.

The exchange rates of the main foreign currencies were:

Currency	31 December 2020	31 December 2019	Variation
Euro (EUR)	1: LEU 4,8694	1: LEU 4,7793	+1,88%
US Dollar (USD)	1: LEU 3,9660	1: LEU 4,2608	-6,92%

(b) Accounting for the hyperinflation effect

Under IAS 29, „Financial reporting in hyperinflationary economy”, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the measuring current unit at the balance sheet date (non-monetary items are restated using a general price index from the date of purchase or contribution).

Under IAS 29, an economy is considered hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%.

Continued decline in inflation and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect for financial periods starting with 1 January 2004. Therefore, the provisions of IAS 29 were adopted in the preparation of the financial statements until 31 December 2003.

(c) Cash and cash equivalents

Cash and cash equivalents include: actual cash, current accounts and deposits made with banks (including blocked deposits and interest on bank deposits).

When drawing up the statement of cash flows, the following have been considered as cash and cash equivalents: the actual cash, the current accounts with banks and the deposits with an initial maturity of less than 90 days (excluding blocked deposits).

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(d) Financial assets and liabilities

(i) Classification

The company classifies the financial instruments held into the following categories:

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the conditions below and is not designated as at fair value through profit or loss:

- is owned within a business model whose purpose is to keep assets for the collection of contractual cash flows; and
- its contractual conditions generate, at certain dates, cash flows that are only principal payments and interest on the principal due.

At the date of transition, financial assets held by the Company, except for financial assets held at fair value through profit or loss, were classified in this category.

Financial assets at fair value through other items of comprehensive income

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

- is owned within a business model the objective of which is achieved both by collecting contractual cash flows and by selling financial assets; and
- its contractual conditions generate, at certain dates, cash flows that represent only principal payments and interest on the principal due.

Upon the initial recognition of an investment in equity instruments that are not held for trading, the Company may irrevocably choose to make subsequent changes in fair value in other comprehensive income. These options apply to each instrument, as appropriate.

As at 31 December 2020 the Company does not hold financial assets classified in this category.

Financial assets at fair value through profit or loss

All financial assets that are not classified at amortized cost or at fair value through other comprehensive income, as described above, will be measured at fair value through profit or loss. In addition, upon initial recognition, the Company may irrevocably designate that a financial asset that otherwise meets the requirements to be measured at amortized cost or fair value through other comprehensive income is measured at fair value through profit or loss, if this eliminates or significantly reduces an accounting mismatch that would otherwise arise if it were otherwise.

The Company owns financial assets classified in this category as described in the Note 16 a).

(ii) Recognition

Financial assets and financial liabilities are recognized on the date on which the Company becomes party to the contractual terms of the respective instrument. Financial assets and liabilities are measured at initial recognition at fair value.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(iii) Compensations

Financial assets and liabilities are offset and the net result is presented in the statement of financial position only when there is a legal right to compensation if their intention is to settle on a net basis, or if the achievement of the asset and settlement of the liabilities is intended simultaneously.

Revenues and expenses are presented net only when permitted by the accounting standards, or for the profit and loss resulted from a group of similar transactions such as the trading activity of the Company.

(iv) Valuation

Valuation at amortised cost

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

Valuation at fair value

The fair value is the price that would be received to sell an asset or paid to settle a liability in a transaction carried out under normal conditions, at the valuation date, between participants on the main market (the market with the highest turnover and activity level) or if no principal market, on the most advantageous market in which the Company has access to on that date. The fair value of a liability reflects the risk of non-compliance (non-performing risk).

When available, the Company measures the fair value of an instrument using the price quoted on an active market for that instrument. A market is considered active if transactions with the asset or liability are at a sufficient frequency and volume to constantly provide information to establish the price.

If there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable input data and minimize the use of unobservable input data. The chosen evaluation technique incorporates all the factors that market participants would consider when determining the price of a transaction.

The best proof of the fair value of a financial instrument at initial recognition is the transaction price - the fair value of the consideration received or given. If the Company determines that the fair value at the initial recognition differs from the transaction price and the fair value is obvious either by the existence of an active market quotation for a similar asset or liability or by a valuation technique based on observable market entry, that instrument is initially measured at fair value. Subsequently, the difference between the fair value and the trading price is depreciated in profit or loss, over the life of the financial instrument.

Financial assets and long positions are measured at the purchase price (bid). Debt and short positions are measured at the sale price (ask). When the Company has risk positions that can be covered, average market prices can be used to measure the risk position, and adjustments to sale or purchase prices are applied only to open net positions.

The Company recognizes the transfer between fair value hierarchy levels at the end of the reporting period in which the transfer took place.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(v) Impairment identification and valuation of expected credit losses

The expected credit loss is the difference between all contractual cash flows that are owed to the Company and the present value of all cash flows that the Company expects to receive, using the original effective interest rate.

A financial asset or group of financial assets is impaired as a result of credit risk in the event that one or more events occurred that have a negative impact on the estimated future cash flows of the assets.

The Company assesses whether the credit risk for a financial asset has increased significantly from initial recognition on the basis of information available without cost or undue effort, which is an indicator of significant credit risk increases since initial recognition.

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

Gains or losses from impairment are determined as the difference between the carrying amount of the financial asset and the present value of future cash flows using the effective interest rate of the financial asset at its original date.

The Company recognizes favorable changes in expected credit losses during the entire lifetime as an impairment gain, even if the expected credit loss during its lifetime is less than the amount of expected credit loss that was included in the cash flows estimated at the initial recognition.

(v) Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows 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 substantially transferred all the risks and rewards related to the ownership. Also, the Company fully derecognizes the financial assets when it does not have reasonable estimates of the recovery of the contractual cash flows.

Any interest in transferred financial assets held by the Company or created for the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations have been completed or when contractual obligations are canceled or expired.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(vi) Gains and losses on disposal

Gains or losses on the disposal of a financial asset or financial liability measured at fair value through profit or loss are recognized in the current profit or loss.

In the derecognition of equity instruments designated as financial assets at fair value through other comprehensive income, gains or losses representing favorable or unfavorable valuation differences, identified in revaluation reserves, are recognized in other comprehensive income (retained earnings representing the surplus realized - IFRS 9).

Upon derecognition of financial assets, the retained earnings as of the date of transition to IFRS 9 is transferred to a retained earnings representing the surplus realized.

A gain or loss on a financial asset that is measured at amortised cost is recognized in current profit or loss when the asset is derecognised.

(e) Other financial assets and liabilities

Other financial assets and liabilities are measured at amortised cost using the effective interest method, less any impairment losses.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(f) Tangible assets

(i) Recognition and valuation

Tangible assets recognized as assets are initially valued at cost. The cost of a tangible assets item comprises the purchase price, including non-recoverable taxes, after deducting any commercial discounts and any costs directly attributable to bringing the asset to the location and conditions necessary for it to be used for the purpose intended by the management, such as: staff costs arising directly from the construction or acquisition of assets, the costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees.

Tangible assets are classified by the Company in the following asset classes of the same nature and similar use:

- Land;
- Constructions;
- Equipment, technical equipment and machinery;
- Vehicles;
- Other tangible assets.

Land and constructions are stated at revalued amount, this being the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

The other tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses if they were recognized after the date of 31 December 2003 respectively the at the inflated value of the cost or depreciation until 31 December 2003 (if the assets were acquired before that date) less any accumulated depreciation and any accumulated impairment losses after 31 December 2003.

Fair value is based on market price quotations adjusted, if necessary, to reflect differences in the nature, location or conditions of that asset.

Revaluations are performed by specialized assessors, members of ANEVAR. The frequency of the revaluations is dictated by market dynamics for the land and constructions owned by the Company.

Land and buildings are stated at the amounts from revaluation at 31 December 2015 and 31 December 2018. The most recent revaluation was performed by the Company at 31 December 2018.

The expenditures with the maintenance and repairs of tangible assets are recorded in the statement of comprehensive income when incurred, while significant improvements to tangible assets, which increase the value or duration of their life, or which increase their capacity to generate economic benefits, are capitalized.

(ii) Depreciation

Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Constructions	40-50 years
Equipment	2-12 years
Vehicles	4-8 years
Furniture and other tangible assets	4-12 years

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(f) Tangible assets (continued)

(ii) Depreciation (continued)

Land is not subject to depreciation.

Depreciation methods, useful life durations and estimated residual values are reviewed by the Company's management at each reporting date.

(iii) Sale/scraping of tangible assets

Tangible assets that are scrapped or sold are removed from the statement of financial position along with the corresponding accumulated depreciation. Any profit or loss resulting from such operations is included in the current profit or loss.

(g) Intangible assets

(i) Recognition and valuation

The intangible assets acquired by the Company, which have a determined useful life duration are stated at cost less cumulated depreciation and less cumulated impairment losses.

(ii) Subsequent expenses

The subsequent expenses are capitalized only when these lead to an increase in the value of future economic benefits incorporated in the asset to whom these expenses are destined to. All the other expenses, including the expenses for goodwill and brands are recognized in profit or loss as they are incurred.

(iii) Depreciation of intangible assets

Depreciation is calculated at the asset's cost less its residual value.

The depreciation is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible assets, other than goodwill and brands, from the date they are ready to use.

The estimated useful life durations for the current and comparative periods are the following:

- software 3 years.

The depreciation methods, useful life durations and residual values are revised at the end of each financial year and adjusted, if necessary.

(h) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is based on the average price method and includes the expenses related to the acquisition of inventories, the production or processing costs and other costs supported to bring the inventories in the current form and location.

The net realizable value is the sale price estimated across the normal business course, less the estimated cost for completion and the necessary costs to make the sale.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(i) Impairment of non-financial assets

The carrying amount of the Company's assets that are not financial, other than deferred tax assets, are revised at each reporting date to identify the existence of indications of impairment. If such indication exists, the recoverable amount is estimated for the respective assets.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash and independently of other assets and other groups of assets has the capacity to generate cash. Impairment losses are recognized in the statement of 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 costs to sell the asset or unit. To determine value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether they decreased or no longer exist. The impairment loss shall be resumed if there was a change in the estimates used to determine the recoverable amount. An impairment loss is resumed only if the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

(j) Dividends to be distributed

Dividends are treated as a profit distribution in the period they were declared and approved by the General Shareholders Meeting. The dividends declared before the reporting date are registered as liabilities at the reporting date.

(k) Revaluation reserves

Revaluations are carried out with sufficient regularity so that the carrying amount does not substantially differ from the value which would be determined using the fair value at the date of the statement of financial position. In this regard, the Company performed revaluations of tangible assets (land and constructions) with independent assessors at 31 December 2018.

The difference between the value resulting from revaluation and the net carrying amount of tangible assets is stated in the revaluation reserve, as a distinct sub-element within equity.

If the revaluation result is an increase of the carrying amount, then it is treated as follows: as an increase in the revaluation reserve stated in equity if there was not a decrease previously recognized as an expense for the same asset or as income to compensate the expense with the decrease previously recognized for that asset.

If the revaluation result is a decrease below the net carrying amount, it is treated as an expense equal to the full amount of the impairment when in the revaluation reserve there is not recorded an amount related to that asset (revaluation surplus) or as a decrease in revaluation reserve to the lower of that reserve amount and the value of the decrease, and the potential not-covered difference is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to retained earnings when this surplus represents a realized gain. The gain is deemed realized as the asset for which the revaluation reserve was constituted is depreciated, respectively at its removal if it has not been completely depreciated. No part of the revaluation reserve may be distributed, directly or indirectly, except where revalued asset was sold, in which case the revaluation surplus is the gain actually realized.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(l) Legal reserves

Legal reserves are constituted as 5% of the gross profit at the end of the year, until the legal reserves amount to 20% of the nominal paid-up share capital, according to legal provisions. These reserves are tax deductible and are only distributed at the liquidation of the Company.

(m) Provisions for risks and expenses

Provisions are recognized in the statement of financial position when the Company acquires the obligation related to a past event and in the future it is likely to be required to a consumption of economic resources to extinguish this obligation and a reasonable estimate of the obligation can be made. To determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the liability.

(n) Related parties

The parties are considered to be related with the Company in case one of the parties has the possibility to directly or indirectly control the other party or can influence significantly the other party through its holding or based on contractual rights, familial or other relationship, as defined by IAS 24 „Presentation of information regarding related parties”.

(o) Employees benefits

(i) Short term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of profit or loss as the services are provided.

Short-term employee benefits include salaries, bonuses. Short-term employee benefits are recognized as an expense when services are rendered. The Company recognizes a provision for the amounts expected to be paid as short-term cash bonuses or employee benefit schemes, while the company currently has a legal or constructive obligation to pay those amounts as a result of past service rendered by employees and whether that obligation can be estimated reliably.

(ii) Defined contribution plans

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

Starting with 2018, the Company retains, declares and pays on behalf of its employees the contribution to social security and the contribution to health insurance according to the provisions of the Fiscal Code modified by GEO no.79 / 2017.

The Company is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any other post-retirement benefit system. The Company has no obligation to provide further services to current or former employees.

(iii) Long term employees benefits

The Company's net obligation in respect of services related to long-term benefits is the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods.

The Company has no obligation to grant benefits to employees at the retirement date.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(p) Revenues

(i) Sale of goods

Revenue for goods sold during the current activities are measured at fair value of the amounts received or receivable, less returns, trade discounts and rebates for volume. Revenue is recognized when there is persuasive evidence, usually in the form of an executed sales contract and the risks and benefits resulting from the ownership of goods are transferred substantially to the buyer, the recovery of the amounts is probable, the costs and potential returns of goods can be reliably estimated, the entity is no longer involved in the managing the goods sold and the revenue amount can be measured reliably. If it is likely for certain discounts or rebates to be granted and their value can be measured reliably, then they are recognized as a reduction of revenue as the sales are recognized.

(ii) Services rendering

Revenues from rendering of services are recorded as they are made. Services also include the execution of works and other operations cannot be treated as a delivery of goods.

The stage of completion of the works is determined based on statements accompanying invoices, records of acceptance or other evidence on the stage of completion of the services rendered.

(q) Financial revenue and expenses

Financial revenues include interest revenue related to invested amounts. Interest revenue is recognized in profit or loss on an accrual basis, based on the effective interest method.

The gains and losses from the differences of the exchange rate related to financial assets and liabilities are reported on a net basis, either as financial revenue or financial expense, based on foreign exchange fluctuations: net gain or net loss.

(r) Impozitul curent și amânat

Starting with 2017, the Company applies the provisions of the Law no.170/2016 on the specific tax to certain activities, with derogation from Title II of the Fiscal Code. In 2020, the Company applied the legal facilities related to the specific tax according to GEO 48/2020 Art IX, whereby the specific tax was due depending on the number of days worked, according to GEO 99/2020 Art I between 25.06.2020 - 23.09.2020 specific tax was not due, according to GEO 181/2020 Art 14 the specific tax was not due for the period 26.10.2020 - 31.12.2020.

For the other types of activities, which are not subject to the specific tax, the Company owes income tax according to art. 10 paragraph (1) of Law no. 170/2016 and art. 9 of the Order of the Minister of Tourism and the Minister of Public Finance no. 264/14.03.2017 / 464/17.03.2017 for the approval of the Methodological Norms for the application of Law no. 170/2017. In the years 2019-2020 both specific tax and current income tax were calculated.

For the financial year ended 31 December 2020, the corporate tax rate was 16% (31 December 2019: 16%).

At the end of the financial year 2020, from the analysis of the elements of temporary differences, it was found that they are not related to other possible economic activities, other than those falling under the provisions of Law no. 170/2016. Consequently, at 31 December 2020, the Company does not have any liabilities/receivables related to the deferred tax.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(s) Earnings per share

The Company presents basic earnings per share and diluted for ordinary shares. Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity shareholders by the Company's weighted average number of ordinary shares outstanding over the reporting period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects arising from potential ordinary shares.

(t) Subsequent events

Events occurred after the financial year are those events favorable and unfavorable, that occur between the end of the financial year and the date the financial statements are authorized for issue.

Subsequent events that provide additional information about the Company's position to the date of ending the financial year (adjusting events) are reflected in the financial statements.

Events after the financial year that require no adjustments are shown in the notes, when considered significant.

(u) Activity segments

An activity segment is the component of an entity:

- a) which is engaged in business activities that could obtain revenues and could incur expenses;
- b) whose results of the activities are regularly examined by the main decision factor from the entity, in order to make decisions regarding the allocated resources for the segment and the evaluation of its performance, and
- c) for which separate financial information is available

An entity shall separately report information about an activity segment that respects any of the following quantitative criteria:

- a) its reported revenue, including: revenue from external clients and sales or transfers between segments represent 10% or more of the combined revenues, internal and external, of all activity segments;
- b) the absolute value of its reported profit or loss is 10% or the higher, in absolute value, of (i) the combined profit reported for all activity segments that did not report a loss and (ii) the combined loss for all activity segments that reported a loss;
- c) its assets represent 10% or more of the combined assets of all activity segments.

The Company's activity is hotel services. All the revenues from accommodation, conference rooms rental, SPA services, catering, realized in the same location do not constitute activity segments in accordance with IFRS 8.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(v) Lease contracts

As of 1 January 2019, in accordance with IFRS 16 "Leases", a contract is, or contains a lease if it transmits the right to control the use of an asset identified for a period of time in exchange for a consideration.

As a lessee, based on the leasing agreements, the Company did not recognize assets related to the right of use of the underlying asset and lease liabilities arising from these contract, because it has applied the exceptions from the application of IFRS 16 for leases with a lease term of 12 months or less and which do not contain purchase options and leases where the underlying asset has a low value.

As a lessor, the financial statements remain unaltered by the introduction of the new standard.

Amendment to IFRS 16, "Leases" - Covid-19 lease concessions

As a result of the COVID-19 pandemic, the financial leasing contracts may be modified, in the sense of granting concessions by the lessors. Such concessions could take a variety of forms, including granting grace periods from rent payments and deferring lease payments.

On 28 May 2020, the IASB issued an amendment to IFRS 16, which provides an optional practical instrument for tenants to assess whether such a lease concession in connection with COVID-19 is a change in the lease. Tenants can choose to account for such lease concessions in the same way as if there were no rent changes. In many cases, this will result in the concession being accounted for as variable lease payments in the period(s) in which the event took place or the condition triggering the reduced payment occurs.

(w) Standards and interpretations that are not yet effective

A number of new standards, amendments and interpretations of standards are not yet in force at the time of financial statements and have not been applied in the preparation of these financial statements:

i) Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and the associate or joint venture (date of entry into force: European Commission has decided to postpone endorsement for an indefinite period)

The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on the extent to which the assets sold or contributed constitute a business, so that:

- a gain or loss is recognized entirely when a transaction between an investor and the associate or joint venture involves the transfer of an asset or assets that constitute a business (whether it is incorporated in a subsidiary or not),
- a gain or loss is partially recognized when a transaction between an investor and an associate or joint venture involves assets that do not constitute a business, even if those assets are incorporated in a subsidiary.

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(w) Standards and interpretations that are not yet effective (continued)

ii) Amendments to IAS 1 Presentation of financial statements: Classification of debts into current and long-term debt (effective date: annual periods beginning on or after 1 January 2023)

The amendments clarify that a classification of current or long-term debt is based solely on the company's right to defer settlement at the end of the reporting period. Thus, the company's right to defer settlement for at least twelve months after the reporting date must have an economic ground. The classification is not affected by the intentions or expectations of the Management regarding the extent and when the entity will exercise its right. The amendments also clarify the situations that are considered as a debt settlement.

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

iii) Amendments to IAS 16 Property, plant and equipment: Receipts before expected use (effective date: annual periods beginning on or after 1 January 2022)

The amendments prohibit the deduction from the cost of an item of tangible assets of all income from the sale of products obtained from that asset up to the time of bringing it to the location and condition necessary for that asset to function as intended. Instead, the company recognizes the proceeds from the sale of these products, including the cost of production of these products, in profit or loss.

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

iv) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (effective date: annual periods beginning 1 January 2022)

The amendments clarify that the costs of performing a contract include all costs that relate directly to that contract. Costs that directly relate to a contract include either marginal costs for the performance of that contract (eg direct labor, materials) or an allocation of other costs that directly relate to the performance of the contracts (eg allocation of depreciation costs for an item of tangible assets used to perform the contract).

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

v) Amendments to IFRS 9 Financial Instruments (effective date: annual periods beginning on or after 1 January 2022)

The amendments clarify that when assessing an exchange of financial debt between a debtor and a creditor that takes place under substantially different terms, the fees to be included together with the present value of cash flows under the new terms include only fees paid or received between the debtor and the creditor, including commissions paid or received on behalf of the other.

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

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Notes to the financial statements

For the financial year ended 31 December 2020

3. Significant accounting policies (continued)

(w) Standards and interpretations that are not yet effective (continued)

vi) Amendments to IFRS 9, IAS 39 and IFRS 7 - Reform of the interest rate benchmark (effective date: annual periods beginning on 1 January 2021)

These amendments provide certain exemptions in the context of the reform of the interest rate benchmark. The exemptions relate to hedge accounting and provide that the reform of the interest rate benchmark should not, in general, cease to cover hedge accounting.

An entity shall continue to apply all other hedging accounting provisions to hedging relationships that are directly affected by the reform of the interest rate benchmark. However, any inefficiency of the hedge should continue to be recorded in the income statement. Given the generic nature of hedges involving contracts based on the interest rate benchmark, the exemptions will affect companies in all industries.

The phrase "interest rate benchmark reform" refers to the market-wide reform of an interest rate benchmark, which includes the replacement of an interest rate benchmark with an alternative reference rate, such as that resulting from the recommendations formulated in the July 2014 report of the Financial Stability Board, entitled Reforming Major Interest Rate Benchmarks.

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

4. Significant accounting estimates and judgments

The Management discusses the development, selection, presentation and application of significant accounting policies and estimates. All these are approved at the meetings of the Board of Administrators.

These presentations complete the information on financial risk management (see Note 26). Significant accounting judgments on applying the Company's accounting policies include:

Key sources of uncertainty of estimates

Adjustments for the impairment of assets valued at amortized cost

Assets registered at amortized cost are valued for impairment according to the accounting policy described in Note 3(d)(v).

Assessment for impairment of receivables is made on an individual level and is based on management's best estimate of the present value of cash flows expected to be received. To estimate these flows, the management makes certain estimates related to the financial position of the counterparty. Each impaired asset is individually analyzed. Accuracy of the adjustments depends on estimates of future cash flows for specific counterparties.

Determining the fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques in accounting policy described in Note 3(d)(iv). For financial instruments rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, the concentration, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument.

Fair value hierarchy

The Company uses the following hierarchy for fair value measurement methods:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes items that are not based on observable and unobservable input parameters which can have a significant effect on the assessment instrument. This category includes instruments that are valued based on quoted prices for similar instruments but which are subject to adjustments based largely on unobservable data or estimates to reflect the difference between the two instruments.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or the prices quoted by brokers. For all other financial instruments, the Company determines fair value by using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Assumptions and variables used in valuation techniques include interest rates without risk and reference rates, margins for credit risk and other premiums used in estimating discount rates, yields on bonds and equity, exchange rates, indices price of capital, volatilities and correlations predicted. The purpose of valuation techniques is to determine the fair value of financial instruments which reflect the price at the reporting date, the price that would be determined by objective conditions market participants.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

4. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

31 December 2020

In Lei	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss			4.901.954	4.901.954

31 December 2019

In Lei	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss			5.691.356	5.691.356

For the year ended 31 December 2020, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the closed-end fund units amounting to 4.901.954 lei (31.12.2019: 5.691.356 lei) (Note 16 a).

Under the fair value model for financial assets at fair value through profit or loss - fund units, a positive change of fair value of 10% leads to profit after tax increase of 490.195 lei at 31 December 2020 (31 December 2019: 569.135 lei), a negative change of 10% having an equal negative net impact.

Classification of financial assets and liabilities

The Company's accounting policies provide the basis for the classification of assets and liabilities, at the initial moment, in different accounting categories. Details regarding the classification of financial assets and liabilities are presented in Note 24.

Revaluation of tangible assets

Tangible assets such as land and buildings are subject to revaluation, and changes in fair value are recognized in other comprehensive income.

Measurement of fair value

On 31 December 2018, the Company's tangible assets were valued by an independent external valuer authorized by the National Association of Authorized Valuers in Romania ("ANEVAR"). Revaluations of land and buildings at 31 December 2018 were performed on the basis of the following methods, in accordance with the valuation principles and techniques contained in the ANEVAR Standards for valuation of assets:

- the comparison method for land;
- the revenue method, with an average capitalization rate of 10.3%, in conjunction with the cost method, for constructions.

Fair value hierarchy

Based on the input data used in the valuation technique, the fair value of tangible assets was classified at level 3 of the fair value hierarchy.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

4. Significant accounting estimates and judgments (continued)

Valuation techniques

In direct comparisons, the sales or offers of properties similar to those valued were collected, analyzed, compared and adjusted, to identify similarities and differences between these properties. The prices of comparables were adjusted to warrant differences in the characteristics of the properties evaluated. The benchmarks used include property rights, financing and sales conditions, post-purchase costs, market conditions, location, physical characteristics, best use, and town-planning regulations.

Under the cost-based approach, the net replacement cost method was used, in view of the specialized character of certain buildings (hotel). Therefore, the net replacement cost was determined based on the price in the updated specialist catalogs, with update indices or on the basis of works estimates. The degree of wear was determined taking into account upgrades on finishings and installations, capital repairs and building development stages.

Tangible assets have been evaluated taking into account the best use of these assets. Based on the analysis of location information and property characteristics identified in the market analysis, it was found that generally the best use is the one available at the time of the valuation.

Implications of the Covid-19 pandemic

In the context of the Covid-19 pandemic, the Company has identified the main risks and uncertainties to which it is exposed.

The Covid-19 pandemic has caused uncertainty in the activities of most companies. The Company's activity was suspended between 22 March 2020 – 5 June 2020, the period in which the Company continued to take the necessary measures to ensure a sufficient cash flow to pay its due obligations, both under normal and stressful conditions, without incurring unacceptable losses or endangering the Company's reputation.

Revenues from tourism activity decreased in the financial year ended 31 December 2020 by approximately 64% compared to the financial year ended 31 December 2019, as a result of the establishment of states of emergency, respectively alert, in which there were travel restrictions.

Except for the elements presented above, the Company cannot accurately quantify the economic impact on its financial performance, but continuously monitors the evolution of relevant events, in order to identify the best directions of action to ensure the continuity of the Company's activity.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

5 Revenue from touristic services

	31 December 2020	31 December 2019
Revenue from hotel services	1.413.559	4.025.692
Revenue from catering (restaurant, bar)	1.990.536	5.589.696
Revenue from SPA, playgrounds, various	38.450	137.849
Revenue from rental	175.461	209.567
Total	3.618.006	9.962.804

6 Third party expenses

	31 December 2020	31 December 2019
Third party expenses	321.363	720.539
Expenses with repairs and maintenance	31.232	290.229
Total	352.595	1.010.768

7 Personnel expenses

	31 December 2020	31 December 2019
Salaries	2.171.169	2.787.058
Expenses with social security and social protection	56.696	98.405
Expenses with meal tickets	157.815	213.901
Income from operating subsidies (i)	(389.547)	-
Total	1.996.133	3.099.364

- (i) The company received technical unemployment in the amount of 240.961 lei based on GEO 30/2020 Art XI and from the settlement of a part of the salaries supported from the unemployment insurance budget in the share of 41.5%, according to GEO 92/2020 Art II, in value of 148,586 lei

The average number of employees in 2020 was of 60 (2019: 81), and the effective number of employees as of 31 December 2020 is of 49 (31 December 2019: 75).

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
For the financial year ended 31 December 2020

8 Expenses with the depreciation and amortization of tangible assets	31 December 2020	31 December 2019
Expenses with depreciation	624.280	610.851
	624.280	610.851

9 Other expenses

	31 December 2020	31 December 2019
Expenses with taxes and similar	309.010	456.813
Expenses with commissions and fees	116.497	144.839
Postal and telecommunications expenses	47.231	53.377
Marketing expenses	7.421	8.778
Expenses with bank services and similar	18.666	24.036
Expenses with insurance premiums	30.034	31.528
Operating expenses with provisions	(97.403)	80.950
Operating expenses with the adjustment for the impairment of current assets	64.682	12.273
Expenses with granted donations	8.550	30.500
Travel expenses	4.547	9.753
Expenses with compensations, fines and penalties	1.306	2.280
Expenses with royalties, management and rental locations	53.617	65.603
Total	564.158	920.730

10 Financial revenues

	31 December 2020	31 December 2019
Revenues from interest received	293.796	283.027
Net gain/(Net loss) from FX differences	6.929	14.039
Total	300.725	297.066

11 (Net loss) / Net gain from the revaluation of financial assets

	31 December 2020	31 December 2019
(Net loss) / Net gain from the revaluation of financial assets at fair value through profit or loss (Note 16 a))	(789.401)	1.574.628
Total	(789.401)	1.574.628

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

12 Income tax expense

	31 December 2020	31 December 2019
a) Current income tax		
Expense with the current income tax	0	148.257
Expenses with the specific tax	16.418	40.488
	16.418	188.745
Deferred income tax		
Expense from deferred income tax	-	-
	-	-
Total	16.418	188.745

b) Reconciliation of the effective tax rate:

	2020	2019
Profit before tax subject to profit tax	-	1.579.700
Tax according to the statutory rate of 16%	-	252.752
Effect on income tax		
Legal reserve		(12.638)
Non-deductible expenses		3.821
Items similar to revenues		5.290
Fiscal loss from previous year		(97.741)
Sponsorships		(3.227)
Temporary differences		-
Specific tax	16.418	40.488
Income tax	16.418	188.745
Fiscal loss to be recovered in the following years	(970.805)	-

c) Evolution of the deferred income tax

As at 31 December 2020 the Company does not have deferred tax liabilities/assets, the Company's being subject to the specific tax according to Law no. 170/2016 (Note 3 r))

13 Earnings per share

	31 December 2020	31 December 2019
Profit attributable to ordinary shareholders	(1.971.774)	2.847.039
Weighted average number of ordinary shares	162.319.412	165.905.261
Basic earnings per share	(0,0121)	0,0172

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
For the financial year ended 31 December 2020

14 Cash and current accounts

	31 December 2020	31 December 2019
Current accounts	414.507	1.879.788
Cash	22.390	20.178
Other values	2.400	2.300
Total	439.297	1.902.266

The current accounts at banks are always at Company's disposal and are not restricted, except for the amount of 40.588 Lei (2019: 47.540 Lei) representing personnel collateral.

15 Bank deposits

	31 December 2020	31 December 2019
Bank deposits with an initial maturity higher than 3 months and less than a year	6.105.000	7.553.042
Receivables attached	40.978	65.263
Total	6.145.978	7.618.305

i. Bank deposits at **31.12.2020**

Deposit account	Deposit value	Deposit period	Interest rate	Days until 31.12.2020	Accumulated interest for the period LEI
1	2	3	4	5	6
Libra Bank	500.000 LEI	09.07.2020 - 11.01.2021	2,40%	176	5.786,30
Libra Bank	500.000 LEI	09.10.2020 - 09.04.2021	2,40%	84	2.761,64
Libra Bank	640.000 LEI	09.10.2020 - 11.10.2021	2,80%	84	4.124,05
Libra Bank	500.000 LEI	04.11.2020 - 04.11.2021	2,50%	58	1.986
Vista Bank	400.000 LEI	09.12.2020 - 09.12.2021	3,00%	23	766,67
Vista Bank	100.000 LEI	09.12.2020 - 09.12.2021	3,00%	23	191,67
Vista Bank	550.000 LEI	07.09.2020 - 07.06.2021	3,30%	116	5.848,33
Vista Bank	350.000 LEI	03.09.2020 - 03.03.2021	3,10%	120	3.616,67
Vista Bank	500.000 LEI	01.09.2020 - 01.06.2021	3,20%	122	5.422,22
Vista Bank	500.000 LEI	01.09.2020 - 01.03.2021	3,10%	122	5.252,78
Garanti Bank	507.500 LEI	02.11.2020 - 02.08.2021	2,10%	60	1.750,87
Garanti Bank	300.000 LEI	09.11.2020 - 09.11.2021	2,20%	53	957,98
Garanti Bank	250.000 LEI	09.11.2020 - 09.08.2021	2,10%	53	761,92
Garanti Bank	253.750 LEI	30.10.2020 - 30.04.2021	2,00%	63	875,13
Garanti Bank	253.750 LEI	30.10.2020 - 30.04.2021	2,00%	63	875,13
Total deposits LEI	6.105.000				40.978

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
For the financial year ended 31 December 2020

15 Bank deposits (continued)

ii. Bank deposits at 31.12.2019

Deposit account	Deposit value		Deposit period		Interest rate	Days until 31.12.2019	Accumulated interest for the period LEI	
1	2		3		4	5	6	
Libra Bank	500.000	LEI	04.10.2019	-	06.04.2020	3,10%	89	3.779,45
Libra Bank	500.000	LEI	04.10.2019	-	06.04.2020	3,10%	89	3.779,45
Libra Bank	500.000	LEI	08.10.2019	-	08.10.2020	3,65%	85	4.250,00
Libra Bank	600.000	LEI	08.10.2019	-	08.10.2020	3,65%	85	5.100,00
Raffaisen Bank	500.000	LEI	08.10.2019	-	08.01.2020	2,30%	85	2.715,28
Garanti Bank	500.000	LEI	30.10.2019		30.04.2020	3,20%	63	2.756,70
Garanti Bank	500.000	LEI	30.10.2019		30.04.2020	3,20%	63	2.756,70
Vista Bank	500.000	LEI	30.10.2019		28.01.2020	3,20%	63	2.756,70
Vista Bank	500.000	LEI	28.06.2019	-	28.01.2020	3,20%	187	8.311,11
Vista Bank	500.000	LEI	28.06.2019	-	28.01.2020	3,20%	187	8.311,11
Vista Bank	500.000	LEI	30.10.2019	-	29.05.2020	3,60%	63	3.150,00
Vista Bank	338.000	LEI	02.07.2019	-	03.02.2020	3,20%	183	5.498,13
Vista Bank	500.000	LEI	04.10.2019	-	04.05.2020	3,60%	89	4.450,00
Vista Bank	500.000	LEI	04.10.2019	-	04.05.2020	3,60%	89	4.450,00
Vista Bank	300.000	LEI	05.11.2019	-	05.02.2020	2,65%	57	1.258,75
Vista Bank	200.000	LEI	05.11.2019	-	05.02.2020	2,65%	57	839,17
Vista Bank	27.000	USD	30.04.2019	-	30.04.2020	1,40%	246	258,30
Total deposits LEI	7.553.042							65.263

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

16 Financial assets

a) Financial assets at fair value through profit or loss

At 31 December 2020 the Company owns fund units valued at fair value (cost: 4.999.996 lei), acquired in 2018, to Fondul Inchis de Investitii Star Value, managed by SAI Star Asset Management. Units held are valued at the unit value of the net asset (VUAN), calculated by the fund manager using closing prices for the fund's financial instruments. The differences in the fair value measurement of the fund units held determined a net loss of 789.401 Lei (31 December 2019: a net gain of 1.574.628 Lei) (Note 11).

Closed-end fund FII Star Value	31 December 2020	31 December 2019
Fair value	4.901.954	5.691.356
Total	4.901.954	5.691.356

	31 December 2020	31 December 2019
Number of fund units	4.691,00	4.691,00

b) Financial assets valued at amortized cost

	31 December 2020	31 December 2019
Bonds	2.225.000	2.225.000
Receivables attached	6.281	4.836
Total	2.231.281	2.229.836

In 2018 the Company has acquired 890.000 bonds issued by Firos S.A, which are dematerialized, nominative and freely transferable, with a fixed yield. The acquisition value of the bonds was 2.225.000 lei, with a fixed interest rate of 4% per year. The maturity of the bonds is 36 months from the subscription date. These bonds are guaranteed by the issuer through the mortgage on a plot of land owned by the issuer, located in Bdul. Timisoara no.100T, Bucharest.

The value of the cumulated interest as of 31.12.2020 is 6.281 lei (31.12.2019: 4.836 lei).

Valoarea dobânzii atasate la 31.12.2020 este de 6.281 lei (31.12.2019: 4.836 lei).

FIROS S.A., headquartered in Bucharest, 100 Timisoara Blvd., sector 6, sole registration code 434492 is a subsidiary of SIF Muntenia. SIF Muntenia valued its subsidiary and the valued amount as of 31 December 2020 estimated by an independent valuer is of 37.471.849 lei (31 December 2019: 46.283.846 lei).

Casa de Bucovina – Club de Munte S.A.
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For the financial year ended 31 December 2020

17 Other assets

	31 December 2020	31 December 2019
Trade receivables (i)	123.278	490.492
Prepayments (ii)	147.119	152.574
Other receivables (iii)	214.915	133.413
Total	485.312	776.479

(i) Trade receivables	31 December 2020	31 December 2019
Clients	260.777	563.308
Adjustments for impairment of client receivables	(138.943)	(74.261)
Suppliers – debtors for services	1.444	1.444
Total	123.278	490.492

(ii) Prepayments	31 December 2020	31 December 2019
Concession of land – inflated cost	109.376	110.839
Value of concession of land – paid in advance	34.846	35.312
Miscellaneous	2.897	6.423
Total	147.119	152.574

(iii) Other receivables	31 December 2020	31 December 2019
Receivables from the State budget	125.908	50.540
Various debtors	101.967	95.834
Adjustments for the impairment of various debtors	(13.210)	(13.210)
Other financial assets*	250	250
Total	214.915	133.413

*The Company is a founding member of the Association for Tourism Development – Gura Humorului, established in June 2009, in accordance with Government Ordinance no. 26/2000 regarding associations and foundations, with subsequent modifications and additions and with the Decree no. 31/1954, being founded by 26 founding members, with an initial patrimony of 6.800 lei, comprised of the partners' cash contributions. The contribution of the Company was of 250 LEI, representing 3.67% of the association's patrimony.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
For the financial year ended 31 December 2020

18. Tangible and intangible assets

A. Tangible assets

a) Evolution of tangible assets in the financial year 2020

<i>in lei</i>	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
<i>Gross book value</i>						
31 December 2019	10.255.586	13.799.880	1.961.456	691.907	186.720	26.895.549
Inflows			168.307	85.716		254.023
Closed prepayments					(174.549)	(174.549)
Outflows			(10.124)	(7.436)		(17.560)
31 December 2020	10.255.586	13.799.880	2.119.639	770.187	12.171	26.957.463
<i>Cumulated depreciation</i>						
31 December 2019		(446.177)	(1.662.609)	(371.001)	-	(2.479.787)
Inflows		(446.177)	(99.879)	(64.207)		(610.263)
Outflows			10.124	7.436		17.560
31 December 2020		(892.354)	(1.752.364)	(427.772)		(3.072.490)
<i>Net book value</i>						
31 December 2019	10.255.586	13.353.703	298.848	320.905	186.720	24.415.762
31 December 2020	10.255.586	12.907.526	367.275	342.415	12.171	23.884.973

b) Evolution of tangible assets in the financial year 2019

<i>in lei</i>	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
<i>Gross book value</i>						
31 December 2018	10.255.586	13.799.880	1.965.466	492.280	203.819	26.720.518
Inflows			7.050	203.810	1.972	212.832
Closed prepayments					(19.071)	(19.071)
Outflows			(11.060)	(4.183)		(15.243)
31 December 2019	10.255.586	13.799.880	1.961.456	691.907	186.720	26.895.549
<i>Cumulated depreciation</i>						
31 December 2018		-	(1.577.026)	(318.454)		(1.895.480)
Inflows		(446.177)	(96.642)	(56.731)		(599.550)
Outflows			11.060	4.183		15.243
31 December 2019		(446.177)	(1.662.609)	(371.001)	-	(2.479.787)
<i>Net book value</i>						
31 December 2018	10.255.586	13.799.880	388.438	173.827	203.819	24.821.551
31 December 2019	10.255.586	13.353.703	298.848	320.905	186.720	24.415.762

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

c) The breakdown of revaluation reserves, as of 31.12.2020 compared with 31.12.2019, is the following

Building/land	Value of revaluation reserves as of 31.12.2020 LEI	Value of revaluation reserves as of 31.12.2019 LEI
Hotel	4.771.230	4.918.794
Office headquarters	103.427	106.746
TISA hall	160.334	166.747
Arinis Inn	41.612	44.433
Arinis terrace	6.728	9.175
Trafo	27.574	28.677
River bank protection	27.502	29.687
Subtotal buildings	5.138.406	5.304.258
Lands Str. Sf. Mihail, Gura Humorului	112.810	112.810
Land 18, Republicii str., Gura Humorului	36.422	36.422
Land Arinis dendrologic park	698.663	698.663
Land Tisa, Gura Humorului	2.465	2.465
Lands Arinis dendrologic park	8.616.653	8.616.653
Subtotal land	9.467.014	9.467.014
TOTAL gross revaluation reserve	14.605.420	14.771.272

d) The value of **plots of land** held by the Company as of **31.12.2020 and 31.12.2019** is the revalued amount at 31.12.2018, determined by the independent valuer CMF Consulting

Land - Location / Property document	Area sqm	Value as of 31.12.2020 LEI	Value as of 31.12.2019 LEI
Str. Mihail, Gura Humorului, plot 370/2, CF 6501; Ctr. no. 2818/2000	687	128.164	128.164
Str. Republicii no. 18, Gura Humorului; contribution in kind AA 12/2004	220	41.042	41.042
Arinis dendrologic park; contribution in kind AA 2/1998	8.807	739.349	739.349
Gura Humorului Suceava county; Ctr. 266/02.02.2010	262	48.878	48.878
Arinis dendrologic park; contribution in kind AA 3/1999 and exchange contract 179/2005	162.678	9.298.153	9.298.153
TOTAL	172.654	10.255.586	10.255.586

Lands in concession, held by the Company as of 31.12.2020:

Land - Location / Property	Area sqm
Piata Republicii no. 18, Gura Humorului Concession ctr 5148/4.10.1996, with Gura Humorului City	3.488

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

e) The Company owns as of 31.12.2020 and 31.12.2019 the following **buildings** valued at revaluated value at 31.12.2018, determined by the independent valuer CMF Consulting:

	Address of the building	Acquisition/registration date	Value as of 31.12.20	Value as of 31.12.19
1	Hotel located in Gura Humorului, 4 Bucovinei Blvd, registered in FC 5337, with basement, mezzanine, ground floor and 8 floors, 130 rooms with an area or 1.550 sqm, constructed area of 1.394 sqm, with cadastral (topo) no. 261/25.	1. Contribution in kind to the share capital, unfinished building, AA 2/1998 2. Date of commissioning: 28.02.2003 3. Minutes of final acceptance no. 1/21.10.2005	11.765.886	11.765.886
5	Building on the ground floor of a block located in Gura Humorului, Bd. Bucovinei, Wing A-P no. 4 bl. 4, with area of 171 sqm, with cadastral number (topo) 261/26	10.09.1998; contribution in kind AA 2/1998;	144.353	144.353
6	TISA conference room	Minutes of commissioning no. 1/ 21.10.2005	1.105.259	1.105.259
7	Arinis Inn	Minutes of reception no. 543/11.07.2011	305.361	305.361
8	Special constructions (transformer station)	Operated since 2014	190.079	190.079
9	Special constructions (river bank protection)	Operated since 2014	206.975	206.975
10	Arinis terrace	Minutes of reception 08.2015	81.967	81.967
TOTAL			13.799.880	13.799.880

f) The carrying amount that would have been recognized if the assets, representing lands and buildings, were stated according to the **cost-based model (IAS 16.77 (e))** :

	LEI	
	31 December 2020	31 December 2019
Land	790.322	790.322
Buildings	12.639.381	12.639.381
Total	13.429.703	13.429.703

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

g) Valuation techniques

The valuation report, for the year 2018, of tangible fixed assets (land and buildings) issued by the independent valuer CMF CONSULTING S.A. has as basis the Standards for the Valuation of Goods, the 2018 edition 2018, developed by National Association of Authorized Valuers in Romania ("ANEVAR"):

- **General standarda:** SEV 100 – *General Framework (IVS General Framework)*; SEV 101 – *Terms of Reference for Valuation (IVS 101)*; SEV 102 – *Implementation (IVS 102)*; SEV 103 – *Reporting (IVS 103)*; SEV 104 – *Types of value*;
- **Standards for assets:** SEV 230 – *Real estate rights (IVS 230)*; GEV 630 – *Valuation of real estate*;
- **Standards for specific uses:** SEV 300 – *Valuation for financial reporting (IVS 300)*.

Estimates of fair value have been made in accordance with the provisions of IFRS and the above-mentioned valuation standards.

For the valuation of buildings, the revenue method was used, with an average capitalization rate of 10.3%, corroborated with the cost method.

For the land valuation it was chosen to use the market approach, the direct comparison method.

h) Evolution of tangible assets in progress as of 31.12.2020:

Tangible assets in progress	Balance at 01.01.2020	Inputs	Receptions	LEI Balance at 31.12.2020
Arinis Inn, annex	12.171	-	-	12.171
TOTAL	12.171	-	-	12.171

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

18. Tangible and intangible assets (continued)

B. Intangible assets

Other intangible assets amounting to 87.619 LEI represent software licenses for the accounting software, for the software for invoice issue by the reception and various PC operation licenses. These intangible assets come from direct acquisitions. The Company does not own internally generated intangible assets.

Evolution of intangible assets in the financial year 2020

in lei

	Intangible assets
<i>Gross book value</i>	
31 December 2019	78.652
Inflows	31.063
Outflows	9.393
31 December 2020	87.619
<i>Cumulated depreciation</i>	
31 December 2019	(59.170)
Inflows	(14.017)
Outflows	9.393
31 December 2020	(63.794)
<i>Net book value</i>	
31 December 2019	19.482
31 December 2020	23.825

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

19 Trade payables

	31 December 2020	31 December 2019
Trade payables	197.623	307.012
Advance payments received	114.613	93.426
Total	312.236	400.438

20 Other liabilities

	31 December 2020	31 December 2019
Liabilities to the State budget	70.040	140.500
Creditors and other payables	82.002	40.161
Payables to employees	94.658	132.273
Subsidies for investments	2.383	3.683
Income tax payable	-	97.851
Provisions*	88.674	186.077
Total	337.758	600.546
TOTAL LIABILITIES	649.994	1.000.984

* The provisions as of 31.12.2020 are as follows:

- 512 lei provision for bonuses to employees for the 2012 results, not granted;
- 1.675 lei provision for unused leave for the year 2019;
- 86.487 lei provision for unused leave for the year 2020.

* The provisions as of 31.12.2019 are as follows:

- 512 lei provision for bonuses to employees for the 2012 results, not granted;
- 1.465 lei provision for unused leave for the year 2018;
- 129.100 lei provision for unused leave for the year 2019;
- 55.000 lei provision established to stimulate executive management.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

21. Capital and reserves

a) Capital social

As at 31.12.2020 the Company's paid-up share capital is of **16.231.941 lei**, consisting of:

- Contribution in kind : 2.352.620 lei ;
- Cash contribution : 13.879.321 lei.

The share capital is divided in 162.319.412 shares, with a face value of 0,10 lei/share.

Financial Supervisory Authority (ASF) has issued, on 30.09.2020, the certificate for the securities registration no. AC – 3400 -2, that certifies the registration of the common, nominative shares in at the face value of 0.1 lei, in the FSA Register at the 3657 position, with the **BCM** ticker.

The shareholder register is held by DEPOZITARUL CENTRAL S.A.

The shareholding structure of the Company

31 December 2020	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	112.400.276	11.240.028	69,25
Legal entities	17.777.610	1.777.761	10,95
Individuals	32.141.526	3.214.153	19,80
Total	162.319.412	16.231.941	100,00

The shareholding structure of the Company

31 December 2019	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	112.400.276	11.240.028	67,17
Legal entities	32.174.095	3.217.409	19,23
Individuals	17.745.041	1.774.504	10,60
Casa de Bucovina – Club de Munte S.A.	5.020.188	502.019	3,00
Total	167.339.600	16.733.960	100,00

Reconciliation of share capital

	31 December 2020	31 December 2019
Nominal share capital	16.231.941	16.733.960
Capital premium	4.885.965	4.885.965
Hyperinflation effect – IAS 29	9.960.401	10.267.175
Total share capital and capital premium	31.078.307	31.887.100

For the share capital of 16.733.960 lei related to a number of 167.339.600 shares, according to IAS29, an inflation of 10.267.175 lei was determined, registered at the date of transposition to IFRS: $118 = 1028 \cdot 10.225.798$ lei. For the 5.020.188 repurchased shares, canceled in 2020, the inflation is: $10.225.798 / 167.339.600 \cdot 5.020.188 = 306.774$ lei

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

21. Capital and reserves (continued)

b) Own shares

Based on the FSA Decision no. 1121/10.09.2019 approving the public tender offer to buy shares issued by the Company, SSIF Muntenia Global Invest SA acting as an intermediary, the Company acquired 5.020.188 shares representing 3% of the share capital at the offer price 0,0825 lei/share, value of the offer 414.165,51 lei, during the offer period 17.09.2019 - 30.09.2019. 27.064.830 shares were subscribed from 26 shareholders, with an allocation index of 18.54%. The redemption costs amounted to 12.820 lei. The company proceeded to the decrease of the share capital with these redeemed own shares, registering a capital decrease in the amount of 520.019 lei (5.020.188 shares * the nominal value of 0,1 lei / share).

The 5,020,188 repurchased and canceled shares have the value of 502.018,80 lei at the nominal value of 0,1 lei / share, and the inflated value is of 808.792,80 lei.

c) Reserves from the revaluation of tangible assets

These reserves account for the cumulative net modifications of the fair value of land and buildings.

The reserves from the revaluation of tangible assets are stated at the value net of deferred tax.

d) Reported result

Item	31 December 2020	31 December 2019
Legal reserves	654.102	654.102
Other reserves	1.864.174	1.789.141
Reported result	1.193.189	604.558
Reported result related to the adoption for the first time of IAS 29	(9.792.697)	(10.099.471)
Current result	(1.971.774)	2.847.039
Profit distribution	-	(151.789)
Total reported result	(8.053.005)	(4.356.419)

e) Legal reserve

According to the legal provisions, the Company creates legal reserves in the amount of 5% of the registered gross profit, until the level of 20% of the share capital is reached. The value of the legal reserve as of 31 December 2020 is of 654.102 lei, and as of 31 December 2019 is of 654.102 lei.

The legal reserves cannot be distributed to shareholders.

f) Other reserves

Other reserves, amounting to 1.864.174 lei, as of 31 December 2020 (31 December 2019: 1.789.141 lei), are amounts allocated from the net profit for the financial years 2006-2019:

- 318.318.217 lei from the 2006 net profit, according to OGSM decision no. 1/19.04.2007;
- 483.334 lei from the 2007 net profit, according to OGSM decision no.2/25.04.2008;
- 616.690 lei from the 2008 net profit, according to OGSM decision no.2/29.04.2009;
- 192.054 lei from the 2009 net profit, according to OGSM decision no.2/22.04.2010;
- 44.054 lei from the 2010 net profit, according to OGSM decision no.2/28.04.2011;
- 50.378 lei from the 2018 net profit, according to OGSM decision no.2/30.04.2019;
- 84.414 lei prescribed dividends, according to OGSM decision no.5/30.04.2019;
- 75.033 lei from the share capital decrease, according to EGSM decision from 28.04.2020 and FSA Certificate no. AC-3400-2/30.09.2020 regarding the share capital decrease.

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Notes to the financial statements

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21. Capital and reserves (continued)

g) Dividends

The net profit for the year 2019, according to OGSM on 28.04.2020 was distributed to legal reserves (151.789 lei), dividends (2.272.472 lei) and reported result (422.778 lei).

The value of the gross dividends registered as payment obligation as at 31.12.2020 is 69.441 lei (31.12.2019 : 27.895 lei)

h) Net loss coverage

The Board of Administrators of the Company submits to the approval of the General Shareholders Meeting the coverage of the net loss registered in the financial year 2020 in the amount of 1.971.774 lei, from the reported result of the previous years in the amount of 1.193.189 lei and from other reserves the difference in the amount of 778.585 lei.

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Notes to the financial statements

For the financial year ended 31 December 2020

22 Related parties

a) Key management personnel

	31 December 2020	31 December 2019
Members of the Board of Administrators	Constantin Mircea – President Tamas Ion Romica - Vice-President Gagea Cristina – Member Ababei Dana – Member Chiribuca Dumitru Florin - Member	Trandafir Florica – President Tamas Ion Romica - Vice- President Constantin Mircea - Member Marin Liana – Member Chiribuca Dumitru Florin - Member
Members of executive management	Tamas Ion Romica - General Director Tiron Dorina – Head of financial-accounting service Ghisovan Stefan – F&B Manager Prosciuc Doina – Sales Manager Simota Analaura-Iuliana – Accommodation Manager Sava Mihai – Technic Manager	Tamas Ion Romica - General Director Misiuc Livia – Economic Director Ghisovan Stefan – F&B Manager Prosciuc Doina – Sales Manager Simota Analaura-Iuliana – Accommodation Manager Sava Mihai – Technic Manager

b) Share holdings of the Company’s key management personnel

The number of shares owned by key management personnel is presented in the table below:

	31 December 2020	31 December 2019
Constantin Mircea	499	80.440
Marin Liana	100.000	100.000
Tamas Romica	99.000	99.000
Misiuc Livia	43.516	43.516
Prosciuc Doina	43.516	43.516
Simota Analaura-Iuliana	30.352	30.352
Sava Mihai	20.352	20.352
Ghisovan Stefan	1.406	1.406
Dorina Tiron	1.055	1.055
Total	339.696	419.637

c) Transactions with the key management personnel:

	31 December 2020	31 December 2019
Salaries paid to management	443.032	480.360
Remunerations paid to the members of the Board of Administrators	85.305	51.360

The Company has not concluded pension commitments with former members of the Board of Administrators or with former managers and has not approved credits to the members of executive management or members of the Board of Administrators.

d) Transactions with related parties

The company has identified as a related party FIROS S.A., a subsidiary of the Company’s majoritary shareholder, SIF Muntenia. The Company has acquired bonds issued by the related party FIROS S.A. (Note 16 b).

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

23. Commitments

The Company has no capital commitments as of 31 December 2020 and 31 December 2019.

24. Financial assets and liabilities

Clasificări contabile și valori juste

The table below summarizes the book values and the fair values of the Company's financial assets and liabilities as of 31 December 2020:

	Fair value through profit or loss	Amortized cost	Total book value	Fair value
Cash and cash equivalents		439.297	439.297	439.297
Deposits at banks		6.145.978	6.145.978	6.145.978
Financial assets at fair value through profit or loss	4.901.954	-	4.901.954	4.901.954
Financial assets at amortized cost		2.231.281	2.231.281	2.231.281
Other financial assets		653.408	653.408	653.408
Total financial assets	4.901.954	9.469.964	14.371.918	14.371.918
Trade payables and similar		312.236	312.236	312.236
Other financial liabilities		337.758	337.758	337.758
Total financial liabilities		649.994	649.994	649.994

The table below summarizes the book values and the fair values of the Company's financial assets and liabilities as of 31 December 2019:

	Fair value through profit or loss	Amortized cost	Total book value	Fair value
Cash and cash equivalents		1.902.266	1.902.266	1.902.266
Deposits at banks		7.618.305	7.618.305	7.618.305
Financial assets at fair value through profit or loss	5.691.356		5.691.356	5.691.356
Financial assets at amortized cost		2.229.836	2.229.836	2.229.836
Other financial assets		998.945	998.945	998.945
Total financial assets	5.691.356	12.749.351	18.440.706	18.440.706
Trade payables and similar		400.438	400.438	400.438
Other financial liabilities		600.546	600.546	600.546
Total financial liabilities		1.000.984	1.000.984	1.000.984

For the estimation of the fair value of the financial assets and liabilities measured at amortized cost, the Company used the following estimations and made the following significant judgments: for the elements of cash and cash equivalents, of other assets and financial liabilities issued or held for very short terms and which in general do not carry interest or have a fixed interest rate, the Company has approximated their fair value as their cost; for financial assets valued at amortized cost, the Company used valuation techniques such as discounted cash flows, using observable market data (therefore, the valuation was performed using level 3 techniques).

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

25. Subsequent events

The Company has not identified any events subsequent to the balance sheet date that would influence the financial statements of the financial year 2020, nor of the nature of the presentation in the Notes to the financial statements. The company has not identified elements of the nature of those complying with the provisions of IAS 1.125.

26. Financial risk management

Management of significant risks

The main risks the Company is exposed to are:

- Market risk (interest rate risk, currency risk and price risk);
- Credit risk;
- Liquidity risk;
- Risk related to taxation;
- Economic environment risk;
- Operational risk.

The overall risk management strategy seeks to maximize Company's profit reported to the level of risk to which it is exposed and minimize any potential adverse variations on the financial performance of the Company.

The company uses a variety of policies and procedures for the management and evaluation of 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) Market risk

Market risk is the risk of registering a loss or the failure to achieve expected profit as a result of fluctuations in prices, interest rates and exchange rates of currencies.

The Company is exposed to the following market risk categories:

(i) Price risk

The Company is exposed to the risk associated with the variation of the prices of food and non-food products, necessary for the Company's activity. The Company manages this risk through an adequate supply program.

(ii) Interest rate risk

As of 31 December 2020 and 31 December 2019 a significant portion of the Company's assets 19,43% (2019: 22.81%) are interest-bearing, the cash and cash equivalents are generally invested at an interest rate for the short term. The decrease of the yields affects the asset valuation.

At the reporting date, the profile of the exposure to the interest rate risk for the interest-bearing financial instruments held by the Company was the following:

Fixed rate instruments	31 December 2019	31 December 2019
Bank deposits	6.105.000	7.553.042
Bonds	2.225.000	2.225.000
Total	8.330.000	9.778.042

The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 2,00% and 3,20% in 2020 (2019: 1,40% and 3,650%) for RON-denominated deposits and for the bonds held the interest rate is 4% p.a..

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

26. Financial risk management (continued)

Management of significant risks (continued)

(a) Market risk (continued)

The impact on the net income of the Company to a change of +/-1% in the interest rate of the RON-denominated variable interest-bearing assets and liabilities is of +/- 83.300 lei as of 31 December 2020, respectively +/- 97.780 lei as of 31 December 2019.

(iii) Currency risk

The company is exposed to currency risk due to fluctuations of the currency exchange rates, as operating revenues are received under contracts with EUR-denominated prices, with no specific clauses to cover the potential risk of this nature. These contracts have as beneficiaries Romanian travel agencies that are only intermediaries and cannot assume currency fluctuation risks. Most of the company's financial assets and liabilities are denominated in national currency.

(b) Credit risk

The credit risk is the risk of loss or failure to achieve estimated profits, due to the counterparty's failure to fulfill its financial obligations. The Company is exposed to the credit risk following its liquidities in the current accounts, bank deposits and other receivables.

The maximum exposure of the Company to the credit risk amounts to 9.101.374 lei as of 31.12.2020 (31.12.2019: 12.360.861 lei)

Book value	31 December 2020	31 December 2019
Trade receivables and other current assets, out of which:	309.608	632.932
- Trade receivables	121.834	489.048
- Suppliers-debtors	1.444	1.444
- Receivables various debtors	101.967	95.834
- Receivables with the State budget	84.363	46.604
Bonds	2.231.281	2.229.836
Cash and bank deposits, out of which:	6.560.485	9.017.313
- Banca Transilvania	14.870	23.651
- Vista Bank (former Marfin Bank)	2.403.594	3.471.867
- Libra Bank	2.141.028	2.159.726
- Garanti Bank	1.565.356	1.563.414
- Raiffeisen Bank	379.371	2.192.276
- BCR	9.856	10.922
- Trezoreria Suceava	5.432	10.974
- Interest for the deposits	40.978	65.263
TOTAL	9.101.374	12.360.861

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

26. Financial risk management (continued)

Management of significant risks (continued)

(b) Credit risk (continued)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management has established a credit policy under which each new client is individually analyzed in terms of creditworthiness before being offered the Company's standard terms of payment and delivery. Customers who do not meet the established conditions can perform transactions with the Company only with payment in advance.

The Company establishes an impairment adjustment which represents its estimates regarding the loss from trade receivables. The adjustments for trade receivables impairment mainly refer to the specific components of the significant supported and identified individual exposures.

Losses from impairment

The analysis of the number of days of delay for trade receivables and other receivables:

<u>31 December 2020</u>	Gross value	Impairment
<i>in lei</i>		
Current and overdue between 0 and 30 days	186.445	
Overdue between 31 and 60 days	7.044	
Overdue between 61 and 90 days	2.424	
Overdue between 91 and 180 days	9.965	
Overdue between 181 and 360 days	6.156	
More than 360 days	152.153	(152.153)
Total	364.187	(152.153)

<u>31 December 2019</u>	Gross value	Impairment
<i>in lei</i>		
Current and overdue between 0 and 30 days	248.794	
Overdue between 31 and 60 days	247.112	
Overdue between 61 and 90 days	44.405	
Overdue between 91 and 180 days	30.450	
Overdue between 181 and 360 days	2.354	
More than 360 days	87.471	(87.471)
Total	660.586	(87.471)

(c) Liquidity risk

Liquidity risk is the company's risk to encounter difficulties in fulfilling the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset. The company's approach regarding its liquidity management consists in ensuring, as much as possible, that it would always have sufficient liquidities to meet its due liabilities, both under normal conditions and under stress conditions, without incurring unacceptable losses or putting at risk the company's reputation.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

26. Financial risk management (continued)

Management of significant risks (continued)

(c) Liquidity risk (continued)

Generally, the company ensures that it has enough cash to cover its operating expenses. The following table presents the residual maturity of the Company's financial assets and liabilities, including the estimated interest payments:

31 December 2020	Book value	Under 3 months	Between 3 and 12 months	Over 1 year	No default maturity
Financial assets					
Cash	439.297	439.297			
Deposits at banks	6.105.000		6.105.000		
Bonds	2.225.000		2.225.000		
Fund units	4.901.954				4.901.954
Other assets	653.408	653.408			
Total financial assets	14.322.259	1.092.705	8.330.000	-	4.901.954
Financial liabilities					
Trade payables	312.236	312.236			
Provisions for risks and expenses	88.674	88.674			
Other liabilities	249.084	249.084			
Total financial liabilities	649.994	649.994	-	-	-
Liquidity surplus	13.672.265	440.311	8.330.000	-	4.901.954
31 December 2019	Book value	Under 3 months	Between 3 and 12 months	Over 1 year	No default maturity
Financial assets					
Cash	1.899.966	1.899.966			
Deposits at banks	7.553.042		7.553.042		
Bonds	2.225.000			2.225.000	
Fund units	5.691.356				5.691.356
Other assets	998.945	998.945			
Total financial assets	18.368.308	2.898.910	7.553.042	2.225.000	5.691.356
Financial liabilities					
Trade payables	400.438	400.438			
Provisions for risks and expenses	186.077	186.077			
Other liabilities	414.469	414.469			
Total financial liabilities	1.000.981	1.000.981	-	-	-
Liquidity surplus	17.367.324	1.897.927	7.553.042	2.225.000	5.691.356

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2020

26. Financial risk management (continued)

Management of significant risks (continued)

(d) Risk related to taxation

The Romanian fiscal legislation provides detailed and complex provisions, having passed through several changes in recent years. Text interpretation and practical procedures for implementing the tax legislation might vary, with the risk that certain transactions are interpreted differently by the tax authorities compared to the Company's treatment. The Romanian Government has a number of agencies authorized to conduct audits (inspections) of companies operating in Romania. These inspections are similar to tax audits in other countries and may cover not only tax matters, but other legal and regulatory matters of interest to these agencies. It is possible that the Company continues to be subject to tax audits on the extent of new tax regulations being issued.

(e) Economic environment risk

The Company's management cannot foresee all the effects of potential economic or financial crises that would impact the sector in which the company operates, nor their potential impact on the present financial statements. The Company's management believes that it has adopted the necessary measures for the sustainability and the development of the company in current market conditions.

(f) Operational risk

The operational risk is defined as the risk of recording losses or failure to achieve the estimated profits due to internal factors such as the inappropriate conduct of internal activities, the existence of inadequate personnel or systems, inadequate application of sanitary measures imposed to prevent infection with Covid-19 or due to external factors such as economic conditions, technological advances, the state of alert caused by the Covid-19 pandemic, DSP provisions. The operational risk is inherent in all of the Company's activities.

The policies defined for the operational risk management have taken into consideration each type of events that can generate significant risks and the ways of their manifestations, to remove or minimize losses of financial or operational type.

(g) Reputational risk

Reputational risk is the risk of loss or failure to make estimated profits due to the lack of confidence of tourists, travel agencies, third parties, employees, in the integrity of the Company, in the Company's ability to manage the new conditions of business.

Reputational risk management aims at ensuring a permanent positive image, in accordance with the reality of the market, with the economic environment, with the restrictions determined by the Covid-19 pandemic, in front of customers.

(h) Capital adequacy

The Company policy is to maintain a solid capital base necessary to maintain the trust of investors, creditors and the market and to sustain the future development of the entity.

The Company's equity includes the paid-up capital, different types of reserves and retained earnings. The Company is not subject to mandatory capital requirements.

Tamaş Ion Romică
General Director

Tiron Dorina
Head of financial-accounting service

Independent Auditor report

To the shareholders of CASA DE BUCOVINA - CLUB DE MUNTE SA

Report on the audit of financial statements

Opinion

We have audited the Financial Statements of **CASA DE BUCOVINA – CLUB DE MUNTE SA** (hereinafter referred to as „the **Company**”), headquartered in Gura Humorului, 18 Piata Republicii street, registered with the National Trade Register under no. J33/718/1998 and fiscal registration code RO 10376500, which include the statement of financial position as of **December 31st, 2020**, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the financial year ended on this date, as well as a summary of significant accounting policies and explanatory notes.

The financial statements as of **December 31st, 2020** are identified as follows:

Net Asset/Total shareholders' equity	37,630,722 lei
Net result for the financial year - loss	(1,971,774) lei

In our opinion, the financial statements give a true and fair view of the Company's financial position as of **December 31st, 2020**, as well as of the financial performance and cash flows for the year ended at that date, in accordance with the Order of the Minister of Public Finance no. 2.844/12.12.2016 for the approval of the accounting Regulations compliant with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and completions.

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation no. 537/2014 of the Parliament and of the European Council (hereinafter "the **Regulation**") and Law no. 162/2017 ("the **Law**"). Our responsibilities under these standards are described in detail in the "*Auditor's Responsibilities in an Audit of Financial Statements*" section of our report. We are independent from the Company, according to the Ethical Code of Professionals issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), according to the ethical requirements that are relevant for the audit of the Romanian financial statements, including the Regulation and the Law, and we have fulfilled the ethical responsibilities, according to these requirements and according to the IESBA Code. We believe that the audit samples we have obtained are sufficient and adequate to provide a basis for our opinion.

Audit key aspects

Key audit aspects are those aspects that, based on our professional judgment, have been of the greatest importance for the audit of the current period's financial statements. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these key aspects.

Valuation financial assets valued at fair value through profit or loss	
As of 31 st December, 2020, the Company owns financial assets at fair value through profit or loss amounting to 4,901,954 lei, representing fund units. The loss from the revaluation of financial assets at fair value through profit or loss recognized in the financial year 2020 is of 789,401 lei (2019: net gain of 1,574,628 lei).	
We refer to the following notes: Note 3 d) "Significant accounting policies. Financial assets and liabilities" Note 11 "(Net loss) / Net gain from the revaluation of the financial assets" Note 16 a) "Financial assets at fair value through profit or loss"	
Key audit aspects	Approach within the audit mission
<p>As of 31st December, 2020, the Company owns fund units issued by Fondul Inchis de Investitii Star Value, managed by SAI Star Asset Management, valued at a fair value of 4,901,954 lei.</p> <p>For these financial assets included in Level 3 of the fair value hierarchy, the Company uses the valuation techniques mentioned in Note 3.</p> <p>Valuation techniques based on unobservable parameters require a significant level of analysis and estimation from the Company's management to determine fair value.</p> <p>We considered the valuation of these financial assets as a key audit issue considering the significant judgments and estimates to be made in the valuation process.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">- We have tested the key controls the Company has implemented to prevent, detect and correct errors that may occur in the process of the valuation of financial assets;- We received a confirmation letter from the Fund Manager regarding the fund units held by the Company and the fair value of the fund units;- We assessed the Company's fair value estimates by analyzing the valuation of the assets held by the fund;- We have assessed the proper fit within the hierarchy of the fair value;- We have assessed how the notes to the financial statements present fairly and accurately the issues related to the valuation of the financial assets according to the relevant financial reporting framework.

Other information – Administrators' report

Administrators are responsible for preparing and presenting other information. That other information includes the Administrators' Report but does not include the financial statements and the auditor's report.

Our opinion on the financial statements does not cover this other information, and unless expressly stated in our report, we do not express any conclusion about it.

Regarding the audit of the financial statements for the year ended as of **31st December, 2020**, it is our responsibility to read that other information and, in this regard, to assess whether that other information is materially inconsistent with the financial statements or with the knowledge we have acquired during the audit, or if they appear to be materially distorted.

On the sole basis of the activities that must be performed during the audit of the financial statements, in our opinion:

- a) The information presented in the Administrators' Report for the financial year for which the financial statements were prepared is consistent, in all material respects, with the financial statements;
- b) The Administrators' Report was prepared, in all the significant aspects, according with the Order of the Minister of Public Finance no. 2.844/12.12.2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and supplemented, Annex 1, Chapter 3, paragraphs 15-20.

In addition, based on our knowledge and understanding of the Company and its environment, acquired in the course of our audit of the financial statements for the year ended as of 31st December, 2020, we are required to report whether we have identified significant misstatements in the Administrators' Report. We have nothing to report on this aspect.

The responsibility of the management and the persons responsible with the governance for the financial statements

The management of the Company is responsible for the preparation of financial statements that provide a true and fair view in accordance with the Order of the Minister of Public Finance no. 2,844/12.12.2016 for the approval of accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and completions, and for the internal compliance that management deems necessary to enable the preparation of the financial statements, free of material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue its business, for presenting, where appropriate, business continuity related aspects and for using of business continuity accounting, unless the management intends to liquidate the Company or to stop its operations, or has no realistic alternative besides these.

The persons responsible for the governance are responsible for supervising the financial reporting process of the Company.

Auditor's responsibility in a financial statements audit

Our objectives are to obtain a reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether caused by fraud or by error, as well as to issue an auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but there is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement, if any. Distortions can be caused either by fraud or error and are considered significant if it can be expected, reasonably, that they, individually or cumulated, will influence the economic decisions of users, taken on the basis of these financial statements.

As part of an ISA-compliant audit, we exert professional reasoning and maintain professional skepticism during the entire process. We also:

- Identify and evaluate risks that could cause significant distortion of financial statements, caused either by fraud or error, prepare and execute audit procedures in response to different risks and we obtain adequate audit evidence in order to support our opinions. The risk of not detecting a significant distortion caused by fraud is higher than the risk of not detecting a distortion caused by error because fraud can involve collusion, forgery, intentional omissions, false statements or internal control avoidance.
- Understand relevant internal controls for the audit, used to prepare auditing procedures that are adequate given the circumstances, without expressing an opinion on the effectiveness of the Company's internal control procedures.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and presentations of information prepared by the management.
- Submit a conclusion regarding the adequacy of management's use of accounting on a going concern basis and determine, based on audit evidence obtained, if there is significant uncertainty regarding the events or conditions that may cast significant doubt on the Company's ability to continue operating on a going concern. If we conclude that there is significant uncertainty, we must report it in the auditor's report on the presentation of financial statements or, in the case these presentations are not adequate, to modify our opinion. Our conclusions rely on the audit evidence obtained before the date of the audit report. However, future events or conditions may cause the Company to not be able to continue operations on a going concern basis.
- Assess the overall presentation, structure and content of financial statements, including disclosures and to the extent that the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation..

We communicate to those responsible for governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

Furthermore, we provide to the persons responsible with the governance a statement that we met the professional and ethics requirements on independence and that we communicated them all the relationships and other aspects that might affect, under reasonable assumptions, our independence and, if the case may be, the related protection measures.

Of all issues reported to the persons responsible for corporate governance, we decide on the most important ones for the audit of the current financial statements and, accordingly, represent key aspects of the audit. We describe these issues in the auditor's report, unless law or regulations prohibit public dissemination of the issue, or if, under extremely rare circumstances, we consider the general public interest be outweighed by the negative consequences of the report.

Report on Other Legal and Regulatory Provisions

We have been appointed by the Ordinary General Meeting of the Shareholders on April 29, 2020 to audit the financial statements of **CASA DE BUCOVINA – CLUB DE MUNTE SA** for the financial exercise ended December 31st, 2020. The total uninterrupted duration of our engagement is of 4 years, covering the exercises financial year ended at December 31st, 2020 until December 31st, 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company, which we issued on the same date that we issued this report. Also, in conducting our audit, we have kept our independence from the audited entity.
- We did not provide for the Company prohibited non-audited services referred to in Article 5 (1) of EU Regulation no. 537/2014.

Other aspects

This independent auditor's report is addressed exclusively to the Company's shareholders. Our audit was performed in order to be able to report to the Company's shareholders those aspects that should be reported in a financial audit report, and not for other purposes. To the extent permitted by law, we do not accept nor assume any liability other than to the Company and its shareholders for our audit, for this report or for the opinion formed.

For and on behalf of:

3B Expert Audit S.R.L.

registered in the electronic public register of financial auditors and audit firms under number 73/2001

Badiu Dan-Andrei

registered in the electronic public register of financial auditors and audit firms under number 4426/2012

Bucharest, Romania

23 March 2021

This document is a translation from its Romanian version. In case of any difference between the Romanian and the English versions, the Romanian version shall prevail