

**CASA DE BUCOVINA – CLUB DE MUNTE S.A.
BOARD OF ADMINISTRATORS' REPORT
FOR THE FIRST QUARTER OF 2021
(01.01.2021 – 31.03.2021)**

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

Quarterly report in accordance with:	The provisions of Law no. 24/2017 and FSA Regulation no. 5/2018
Date of the report:	13 May 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
Subscribed and aid-in share capital:	16,231,941.2 lei
Main features of the issued securities:	162,319,412 shares, with a face value of RON 0.1/share
Regulated market on which the securities are traded	Bucharest Stock Exchange
LEI Code	2549003JCE4UBBB88S53

1. Main financial indicators

Financial results

	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Revenue from touristic services, of which:	964,475	1,025,589
Revenue from hotel services	433,519	404,509
Revenue from catering (restaurant, bar)	474,614	553,736
Revenue from SPA, playgrounds, various	1,675	19,028
Revenue from rentals	54,667	48,316
Other revenue	425	525
Operating expenses	(1,184,578)	(1,577,108)
Operating profit/(loss)	(219,678)	(550,994)
Financial revenue	61,549	88,948
Net gain/(net loss) gain from the revaluation of financial assets at fair value through profit or loss	326,963	(1,165,854)
Profit/(loss) before tax	168,834	(1,627,900)
Net profit/(Net loss) for the period	168,834	(1,627,900)

Financial position

	31.03.2021	31.12.2020
Cash and current accounts	246,796	439,297
Deposits at banks	6,166,232	6,145,978
Financial assets at fair value through profit or loss	5,228,917	4,901,954
Financial assets at amortized cost	2,231,299	2,231,281
Inventories	163,126	168,096
Other assets	616,558	485,312
Tangible and intangible fixed assets	23,752,418	23,908,798
Total assets	38,405,346	38,280,716
Trade payables	292,794	312,236
Other liabilities	312,996	337,758
Total liabilities	605,790	649,994
Equity	37,799,556	37,630,722
Total equity and liabilities	38,405,346	38,280,716

2. Company information

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 ticker BCM.

Casa de Bucovina- Club de Munte SA's core business is hotel services, catering and recreational/leisure services, selling tourism services, organizing 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.

3. Analysis of the company's activity

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.

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 packages were promoted:

- vacation offers;
- holydays packages with early booking discounts;
- team-building offers;
- conferences packages;
- 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, Facebook).

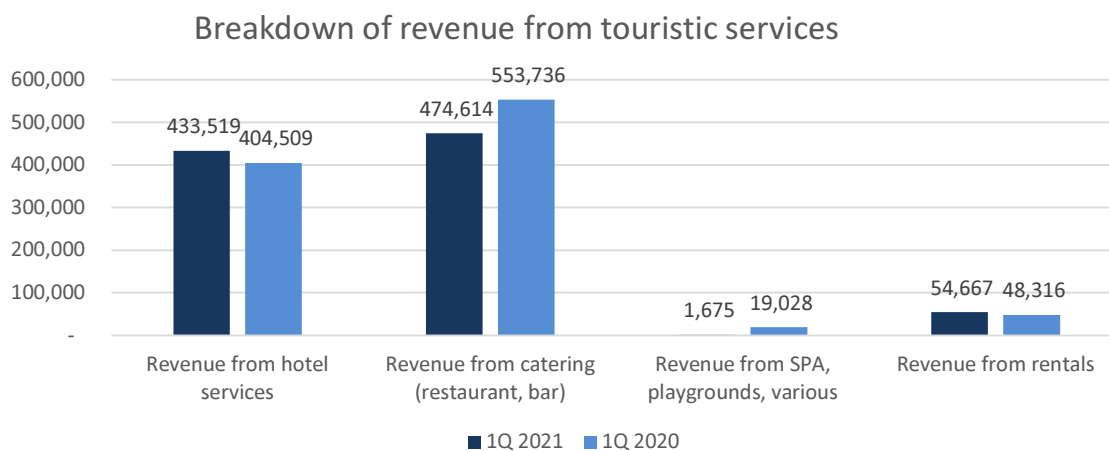
In the first 3 months of 2021, the company registered a decrease of approximately 6% in revenue from its main activity, compared to the similar period of 2020. We specify that the activity was still carried out in compliance with all legal provisions in force. For the safety of customers and staff, access to some of the hotel's facilities is still restricted or temporarily limited. At the same time, the indications of the authorities related to the occupancy of the hotel, the occupancy of the restaurant, the distance between the tables, the restrictions at business meetings were strictly enforced. All these restrictions have led to a limitation of revenue and implicitly of the company's profitability.

Analyzing the main market segments, the company registered the largest decrease in revenue in the corporate conferences and events segment, where the decrease was of approximately 86% compared to the similar period of 2020. In the segment of cultural circuits the decrease was of 81%, but its share was much lower in the overall total. Against the background of the decrease in the number of tourists from the two market segments mentioned above, where the revenue from food services is ensured by the nature of the purchased services, there was also a major decrease in the public food segment.

The only market segment where increases were registered in this period, compared to the similar period in 2020, is the segment of individual tourists. Due to the low occupancy rate in the absence of tourists with advanced booking period (circuit groups and congresses, where reservations are made 9-12 months in advance), the hotel had a high availability for last-minute. In real terms, there was a 67% increase in individual Romanian tourists.

Thus, in the first 3 months of 2021, given all the operating limitations, the occupancy rate of the hotel increased by 1.1 percentage points compared to the same period of 2020, while the average price/room/day was kept at same value.

Comparing the two reporting periods, the revenue from the accommodation segment registered an increase of 7.2% while the revenue from the public alimentation activity decreased by 14.3%.



Given the instability and lack of predictability of the last year, the company has taken steps to reduce its expenses. Compared to the similar period of 2020, expenditures registered significant reductions (personnel expenses -46.6%, expenses with goods sold -13.1%, expenses with raw materials and consumables -11.9%, expenses with services provided by third parties - 36.8%), thus achieving a reduction in operating expenses of 24.9%. The decrease in personnel costs is due to both staff reductions and state subsidies through the Kurzarbeit program. Under these conditions, the company reduced the operational loss registered in the first quarter of 2021 compared to the first quarter of 2020 by 60.1% (from 550,994 to 219,678 lei).

In the first 3 months of 2021 there were no events of the nature of the merger or reorganization of the company. During the first 3 months of 2021, the company did not make significant acquisitions / disposals of assets used in the core business.

For the next nine months there are a series of factors of legislative and macroeconomic uncertainty, able to significantly affect the company's activity and liquidity. Restrictions on the use of restaurants and conference rooms and limiting the number of people who can participate in corporate or social events, call into question the possibility reaching the budgeted figures for the spring season.

In this context, the company analyzes various business continuity plans, applicable to as many scenarios as possible.

4. The economic and financial position

4.1. The company's tangible assets

The company owns a total land area of 175,880 sqm, of which 172,392 sqm are fully owned and 3,488 sqm are taken in concession.

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

- hotel (opened 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.

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

4.2. Financial statements

The financial statements for the period ended 31 March 2021 were 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.

The figures are expressed in lei and the financial statements are not revised nor audited by the company's auditors.

In the tables below there are presented the statement of financial position and the statement of profit or loss and other comprehensive income related to the first three months of the year 2021.

<i>lei</i>	31 March 2021	31 December 2020
ASSETS		
Cash and bank accounts	246,796	439,297
Deposits at banks	6,166,232	6,145,978
Financial assets at fair value through profit or loss	5,228,917	4,901,954
Financial assets at amortized cost	2,231,299	2,231,281
Inventories	163,126	168,096
Other assets	616,558	485,312
Tangible and intangible fixed assets	23,752,418	23,908,798
TOTAL ASSETS	38,405,346	38,280,716
LIABILITIES		
Trade payables	292,794	312,236
Other liabilities	312,996	337,758
TOTAL LIABILITIES	605,790	649,994
EQUITY		
Share capital	31,078,307	31,078,307
Reserves from revaluation of tangible assets	14,563,957	14,605,420
Reported result	(7,842,708)	(8,053,005)
TOTAL EQUITY	37,799,556	37,630,722
TOTAL EQUITY AND LIABILITIES	38,405,346	38,280,716

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 the realized or unrealized gains or losses from holding the fund units.

<i>lei</i>	31 March 2021	31 March 2020
Revenue from touristic services	964,475	1,025,589
Other revenue	425	525
Expenses with raw materials and consumables	(243,413)	(276,289)
Cost of goods sold	(183,612)	(211,354)
Third party expenses	(81,514)	(128,933)
Personnel expenses	(402,019)	(752,631)
Depreciation and impairment of fixed assets	(156,380)	(153,496)
Other expenses	(117,640)	(54,405)
Operating loss	(219,678)	(550,994)
Financial revenue	61,549	88,948
Net gain / (loss) from revaluation of financial assets at fair value through profit or loss	326,963	(1,165,854)
Profit / (Loss) before tax	168,834	(1,627,900)
Tax expense	-	-
Net profit / (Net loss) for the period	168,834	(1,627,900)
Other comprehensive income		
Changes in revaluation reserve of tangible assets	-	-
Total comprehensive income for the period	168,834	(1,627,900)

In the first three months of 2021, the company registered a 6% decrease in revenue from touristic services, due to a 14.3 drop in revenue from the food and beverage activity and a decrease of 14.5% in revenue from services related to the main activity, while the revenue from hotel services grew by 7.2%.

Operating expenses decreased by 24.9% compared to the first quarter of 2020, mainly due to the decrease in the personnel expenses (-46.6%, on the back amid the reduction of staffing following the reduction of activity and the subsidy through the Kurzarbeit program granted by the state), expenses with goods sold (-13.1%), and expenses with services provided by third parties (-36.8% following the decrease of maintenance and repair expenses). At the same time, depreciation expenses increased by 1.9%, expenses with raw materials and consumables decreased by 11.9% (due to the reduction of expenses with inventory items and consumables).

Thus, the company registered an operating loss of 0.22 mn lei in the first three months of 2021, compared to the loss recorded in the same period last year, of 0.55 mn lei, and lower than the budgeted operating loss for this quarter, of approx. 0.33 mn lei.

The company registered a positive value of the GOP indicator (gross operating profit), of 17.977 lei, compared to the negative budgeted value for this period, of -11.439 lei.

The financial result recorded was a profit of approx. 0.39 mn lei, compared to a loss of 1.08 mn lei in the first quarter of 2020, amid the marking-to-market of the fund units held. The positive financial result, cumulated with the registered operating loss, led to a positive before tax result of approx. 0.17 mn lei, compared to the before tax loss of 1.63 mn lei registered in the similar period of last year.

4.3. Revenues and expenditures Budget Execution

The main financial indicators registered in the first three months of 2021, compared with the REB for the first three months of 2021 are presented in the following table:

	REB 3M 2021	Actual 3M 2021
Total revenue	885.555	964.900
Total expenses	556.882	612.959
Profit from operating activity*	328.733	351.941
GOP**	-11.439	17.977
Operating result	-327.439	-219.679
Financial result	60.000	388.513
Gross result	-267.439	168.834

* 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

In the first three months of 2021, the revenue from the company's major business segments exceeded the budgeted values. Thus, the revenue from the accommodation activity (approx. lei 0.43mn) was 6% higher than budgeted for this segment, while the revenue from the food&beverage activity (approx. lei 0.47mn) recorded a value 12% higher than budgeted.

4.4. Liquidity, risk and management indicators

Liquidity indicators		31.03.2021	31.03.2020
Current liquidity	Current assets / Current liabilities	27.01	30.74
Quick liquidity – acid test	(Current assets - Inventories) / Current liabilities	26.70	29.74
Risk indicators		31.03.2021	31.03.2020
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest costs	n/a	n/a
Management indicators		31.03.2021	31.03.2020
Clients turnover (days)	Average clients balance / Turnover *90	11.58	26.51
Fixed assets turnover	Turnover / Fixed assets	0.04	0.04

5. Changes that affect the company's capital and management

5.1. Description of the circumstances when the company was not able to meet its financial obligations during the analyzed period.

In the first three months of 2021 CASA DE BUCOVINA – CLUB DE MUNTE S.A. was not in any situation unable to meet its financial obligations during the analyzed period.

5.2. Description of any change in the shareholders' rights.

During the first three months of 2021 there were no changes in the rights of the holders of the shares issued by CASA DE BUCOVINA – CLUB DE MUNTE S.A.

6. Company management

6.1. 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 structure of the Board of Administrators as of 31.03.2021 is the following:

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

6.2. Executive management

As at 31.03.2021, the executive management of the company was provided by:

- General Manager - Mandate contract - Ion Romica Tamas;
- Head of financial-accounting service – Permanent contract – Dorina Tiron;
- Sales Manager – Permanent contract - Doina Prosciuc;
- Food & Beverage Manager – Permanent contract – Stefan Ghisovan;
- Accommodation Manager – Permanent contract - Analaura – Iuliana Simota;
- Technic Manager – Permanent contract – Mihai Sava.

6.3. Corporate governance

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, mentioning the members who are independent and/or nonexecutive, the updated Constitutive Act and the declaration of compliance.

At company level, there has been established the Audit Committee. 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 Meeting of Shareholders, 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 website. The company ensures the immediate information of all the shareholders about the decisions made and the vote result after the General Meeting of Shareholders. The shareholders' participation to the meeting is strongly encouraged, shareholders who cannot attend have the possibility 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.

7. Subsequent events

The Ordinary General Meeting of Shareholders of the Company, convened on 29 April 2021, decided, mainly, the following:

- the approval of the financial statements for 2020;
- the coverage of the net accounting loss registered in 2020 amounting to 1,971,774 lei, from the retained earnings of the previous years amounting to 1,193,189 lei and from other reserves the difference amounting to 778,585 lei;
- the election of Mr. Marinescu Dan Florin as a member of the Board of Directors, with a term equal to the remaining period until the expiration of the mandate of his predecessor, respectively from 01 May 2021 to 28 April 2024, following the resignation of Mr. Constantin Mircea starting dated 30 April 2021.

Subsequently, in the meeting of the Board of Administrators on 06.05.2021, Dan Florin Marinescu was elected Chairman of the Board of Administrators.

8. Annexes

Financial statements for the financial period ended 31.03.2021

9. Signatures

Ion Romica Tamas

Vice-President of the Board of Administrators
General Manager

Dorina Tiron

Head of financial-accounting service

Casa de Bucovina – Club de Munte S.A.

**Interim Financial Statements
as at 31 March 2021**

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

Unaudited

Table of contents

Interim financial statements

Statement of profit or loss and other comprehensive income 1

Statement of financial position 2

Statement of changes in equity 3 – 4

Statement of cash flows 5

Notes to the interim financial statements 6 – 38

Casa de Bucovina – Club de Munte S.A.
Statement of profit or loss and other comprehensive income
for the financial period ended 31 March 2021

<i>In LEI</i>	Note	31 March 2021	31 March 2020
Revenue from touristic services	5	964,475	1,025,589
Other revenue		425	525
Expenses with raw materials and consumables		(243,413)	(276,289)
Expenses of merchandise		(183,612)	(211,354)
Expenses on services provided by third parties	6	(81,514)	(128,933)
Employee benefits expenses	7	(402,019)	(752,631)
Depreciation and impairment of tangible and intangible assets	8	(156,380)	(153,496)
Other expenses	9	(117,640)	(54,405)
Operating Loss		(219,678)	(550,994)
Financial revenue	10	61,549	88,948
Net gain / (Net loss) from financial assets at fair value through profit or loss	11	326,963	(1,165,854)
Profit / (Loss) before tax		168,834	(1,627,900)
Profit tax	12	-	-
Net profit / (Net loss) for the period		168,834	(1,627,900)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in revaluation reserve of tangible assets		-	-
Total comprehensive income for the period		168,834	(1,627,900)
Earnings per share			
Basic	13	0.0010	(0.0098)
Diluted		0.0010	(0.0098)

The financial statements were authorized to be issued by the Board of Directors on 13 May 2021.

Tamaş Ion Romică
General Director

Tiron Dorina
Head of financial-accounting services

Notes on pages 6 to 38 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.
Statement of financial position
as at 31 March 2021

<i>In LEI</i>	Note	31 March 2021	31 December 2020
Assets			
Cash and current accounts	14	246,796	439,297
Deposits at banks	15	6,166,232	6,145,978
Financial assets at fair value through profit or loss	16 a)	5,228,917	4,901,954
Financial assets measured at amortised cost	16 b)	2,231,299	2,231,281
Inventories		163,126	168,096
Other assets	17	616,558	485,312
Tangible and intangible assets	18	23,752,418	23,908,798
Total Assets		38,405,346	38,280,716
Liabilities			
Trade payables	19	292,794	312,236
Other liabilities	20	312,996	337,758
Total Liabilities		605,790	649,994
Equity			
Share capital	21 a)	31,078,307	31,078,307
Reserves from revaluation of tangible assets	21 c)	14,563,957	14,605,420
Retained earnings	21 d)	(7,842,708)	(8,053,005)
Total Equity		37,799,556	37,630,722
Total Liabilities and Equity		38,405,346	38,280,716

Tamaş Ion Romică
General Director

Tiron Dorina
Head of financial-accounting services

Notes on pages 6 to 38 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.

Statement of changes in equity

for the financial period ended 31 March 2021

<i>În LEI</i>	Share capital	Own shares	Reserves from revaluation of tangible assets	Retained earnings	Total equity
Balance as at 1 January 2021	31,078,307	-	14,605,420	(8,053,005)	37,630,722
Total comprehensive income for the period					
Net result for the period	-	-	-	168,834	168,834
Other comprehensive income					
Distribution to legal reserve					
Distribution to other reserves					
Increase in revaluation reserve for tangible assets					
Reported result from the correction of accounting errors					
Transfer from revaluation reserve to retained earnings as depreciation	-	-	(41,463)	41,463	-
Total comprehensive income for the period	-	-	(41,463)	210,297	168,834
Transactions with shareholders recognized directly in equity					
Dividends to be paid					
Prescribed dividends	-	-	-	-	-
Transactions with shareholders recognized directly in equity	-	-	-	-	-
Balance as at 31 March 2021	31,078,307	-	14,563,957	(7,842,708)	37,799,556

Tamaş Ion Romică
General Director

Tiron Dorina
Head of financial-accounting services

Notes on pages 6 to 38 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.

Statement of changes in equity

for the financial period ended 31 March 2021

<i>În LEI</i>	Share capital	Own shares	Reserves from revaluation of tangible assets	Retained earnings	Total equity
Balance as at 1 January 2020	31,887,100	(426,985)	14,771,272	(4,356,419)	41,874,968
Total comprehensive income for the period					
Net result for the period	-	-	-	(1,627,900)	(1,627,900)
Other comprehensive income					
Distribution to legal reserve					
Distribution to other reserves					
Increase in revaluation reserve for tangible assets					
Reported result from the correction of accounting errors					
Transfer from revaluation reserve to retained earnings as depreciation	-	-	(41,463)	41,463	-
Total comprehensive income for the period	-	-	(41,463)	(1,586,437)	(1,627,900)
Transactions with shareholders recognized directly in equity					
Dividends to be paid					
Prescribed dividends	-	-	-	-	-
Transactions with shareholders recognized directly in equity	-	-	-	-	-
Balance as at 31 March 2020	31,887,100	(426,985)	14,729,809	(5,942,856)	40,247,068

Tamaş Ion Romică
General Director

Tiron Dorina
Head of financial-accounting services

Notes on pages 6 to 38 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.

Statement of cash flow

for the financial period ended 31 March 2021

<i>In LEI</i>	Note	31 March 2021	31 March 2020
I. Cash flow from operating activities			
1 – Profit / (Loss) before taxes		168,834	(1,627,900)
2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:		(340,651)	1,096,218
2.1. Depreciation of fixed assets	18	156,380	153,496
2.2. Provisions for risks and charges	9	(19,051)	(137,666)
2.3. Impairment adjustments of assets	9	(14,990)	-
2.4. (Net gain) / Net loss from financial assets at fair value through profit or loss	11	(326,963)	1,165,854
2.5. Interest income	10	(61,564)	(85,141)
2.6. Adjustments for other non-cash items		(74,463)	(325)
3 - Changes in working capital during the period, of which:		(63,112)	(78,671)
3.1. (Increase) / Decrease in balances of trade receivables and other receivables		(45,614)	82,933
3.2. (Increase) / Decrease in inventory balance		4,970	3,382
3.3. Increase / (Decrease) in trade payables and other liabilities balances		(22,468)	(164,986)
4. Profit tax paid		-	(118,095)
Net cash used in operating activities (A)		(234,929)	(728,448)
II. Cash flow from investment activities			
5 - cash payments for the acquisition of tangible and intangible assets, including improvements		-	(94,009)
6 - cash receipts from interest and similar		41,293	56,382
7 - net placements in deposits with a maturity of more than 3 months and less than one year	15	-	(43,893)
Net cash resulted from / (used in) investment activities (B)		41,293	(81,520)
III. Cash flow from financing activities			
8 - dividend payments to shareholders		(2,360)	(121)
Net cash used in financing activities (C)		(2,360)	(121)
Cash flows – Total (A+B+C)		(195,996)	(810,089)
Cash at beginning of period		436,897	1,899,966
Cash at end of period		240,901	1,089,877

Cash and cash equivalents as at 31 March include:

<i>In LEI</i>	Note	31 March 2021	31 March 2020
Cash in hand		6,935	17,748
Current accounts in banks		233,966	1,072,129
Total cash and cash equivalents	14	240,901	1,089,877

Tamaş Ion Romică
General Director

Misiuc Livia
Economic Director

Notes on pages 6 to 38 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

1. 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, Standard category, with the BCM ticker, starting with 12 May 2008.

As of 31 March 2021, 69.25% of the Company is owned by SIF Muntenia S.A., and 30.75% by other shareholders. Depozitarul Central Bucuresti keeps the evidence of shares and shareholders, according to the legal provisions.

2. Basis of preparation

(a) Declaration of conformity

The interim 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 S.A. prepares annual financial statements in accordance with FSA Norm 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, with subsequent amendments and completions (FSA Rule no. 39/2015).

Starting with 1 January 2018, the Company complied with the classification criteria as an investment entity in accordance with IFRS 10 "Consolidated Financial Statements.". Consequently, SIF Muntenia S.A. will no longer prepare consolidated financial statements, the individual financial statements being the entity's only financial statements.

(b) Presentation of financial statements

The interim financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" and IAS 34 "Interim Financial Reporting". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of revenue and expenses according to their nature in the statement of profit or loss and other 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.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

2. Basis of preparation (continued)

(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). Interim financial statements are prepared and presented in lei, rounded to the nearest leu, currency chosen by the Company's management as presentation currency.

(d) Basis of valuation

The interim 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 amortised cost, revalued value or historical cost.

(e) Use of estimates and judgements

The preparation of interim 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

These 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 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.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

3. Significant accounting policies

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

(a) Transactions in foreign currency

Transactions denominated in foreign currencies 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 preparation of the statement of financial position are translated into the functional currency at the exchange rate of that day.

Gains or losses resulting from the settlement thereof and the conversion using the exchange rate at the end of the financial period of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

The exchange rates of the main foreign currencies were:

Currency	31 March 2021	31 December 2020	Variation
Euro (EUR)	1: LEU 4,9251	1: LEU 4,8694	+ 1,14%
US Dollar (USD)	1: LEU 4,1969	1: LEU 3,9660	+ 5,82%

(b) Accounting of the hyperinflation effect

Under IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current measuring unit at the end of the reporting period (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 1 January 2004. Therefore, the provisions of IAS 29 have been adopted in the preparation of financial statements until 31 December 2003.

(c) Cash and cash equivalents

Cash and cash equivalents comprise: cash, current accounts and deposits with banks (including blocked deposits and interest received on cash deposits).

When preparing the cash flow statement, the following have been considered as cash and cash equivalents: cash, current accounts at banks and deposits with an original 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 period ended 31 March 2021

3. Significant accounting policies (continued)

(d) Financial assets and liabilities

(i) Classification

The Company classifies financial instruments held in the following categories:

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the conditions below and it 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.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income only if it meets both of the following conditions and it 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.

Financial assets at fair value through profit or loss

All financial assets that are not classified at amortised 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 amortised 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.

(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.

(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.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(iv) Valuation

Valuation at amortised cost

The amortised cost of a financial asset or liability is the amount at which the 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

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between participants on the main market at the valuation date, which is concluded on the principal market (the market with the highest turnover and activity level or if no principal market, on the most advantageous market the company has access to at 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 price information.

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 valuation 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.

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

(v) Impairment identification and valuation of expected credit loss

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.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(v) Impairment identification and valuation of expected credit loss (continued)

The Company recognizes in profit or loss the amount of changes in expected credit loss over the lifetime 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.

(vi) 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.

(vii) 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 period ended 31 March 2021

3. Significant accounting policies (continued)

(e) 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.

Valuations 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.

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) Amortizare

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

Land is not object to depreciation.

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

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

3. Significant accounting policies (continued)

(e) Tangible assets (continued)

(iii) Sale / scrapping of tangible assets

Tangible assets that are scrapped or sold are removed from the statement of the 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 amortization 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) Amortization of intangible assets

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

The amortization 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 period are the following:

- software 3 years.

The amortization methods, useful life durations and residual values are revised at the end of each financial year and revised, 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.

(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 independently of other assets and other groups of assets. Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

3. Significant accounting policies (continued)

(i) Impairment of non-financial assets (continued)

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 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 paid

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.

(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.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

3. Significant accounting policies (continued)

(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 and other comprehensive income 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 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 period ended 31 March 2021

3. Significant accounting policies (continued)

(p) Revenues

(i) Sale of goods

Revenue from the sale of goods during the current activities are measured at fair value of the amounts received or receivable, less returns, trade discounts and rebates for volume. Revenues are 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 credibly estimated, the entity is no longer involved in the managing the goods sold and the revenues 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.

(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) Current and deferred tax

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. During the financial period ended 31 March 2021 and 31 March 2020 no specific tax and current income tax were calculated.

For the financial period ended 31 March 2021 and 31 March 2020, the current income tax rate was 16%.

At the end of the financial period ended 31 March 2021, 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 March 2021, 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 period ended 31 March 2021

3. Significant accounting policies (continued)

(s) Earnings per share

The Company presents basic and diluted earnings per share for ordinary shares. Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity shareholders of 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 end of the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period 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 reporting period (adjusting events) are reflected in the financial statements.

Events after the end of the reporting period 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 revenues, including: revenues 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 period ended 31 March 2021

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 lessees to assess whether such a lease concession in connection with COVID-19 is a change in the lease. Lessees 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), while 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 period ended 31 March 2021

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 longterm 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.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

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.

4. Significant accounting estimates and judgements

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

These presentations complete the information on financial risk management (see Note 23). Significant accounting judgments on applying the Company's accounting policies include:

Key sources of uncertainty of estimation

Adjustments for the impairment of assets valued at amortised cost

Assets registered at amortised 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)(v). 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.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

4. Significant accounting estimates and judgements (continued)

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 risk-free interest rates 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.

31 March 2021

In Lei	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	-	5,228,917	5,228,917

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

For the financial period ended 31 March 2021, 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 5,228,917 lei (31 December 2020: 4,901,954 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 439,229 lei at 31 March 2021 (31 December 2020: 411,764 lei), a negative change of 10% having an equal negative net impact.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

4. Significant accounting estimates and judgements (continued)

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.

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.

Fair value measurement

As at 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.

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 valued 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 events related to the Covid-19 pandemic became significant especially in the first quarter of 2020. The Covid-19 pandemic caused uncertainties in the activity of most of the companies.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

4. Significant accounting estimates and judgements (continued)

Company's activity was suspended from 22 March 2020 to 5 June 2020, during which time the Company continued to take the necessary measures to ensure a sufficient flow of liquidity to meet its outstanding 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 period ended 31 March 2021 by around 6% compared to the financial period ended 31 March 2020, as a result of the establishment of states alert in which there were restrictions on travel.

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

5. Revenue from touristic services

	31 March 2021	31 March 2020
Revenue from hotel services	433,519	404,509
Revenue from catering (restaurant, bar)	474,614	553,736
Revenue from SPA, playgrounds, various	1,675	19,028
Revenue from rentals	54,667	48,316
Total	964,475	1,025,589

6. Expenses on services provided by third parties

	31 March 2021	31 March 2020
Third party expenses	67,743	102,754
Expenses with repairs and maintenance	13,771	26,179
Total	81,514	128,933

7. Employee benefits expenses

	31 March 2021	31 March 2020
Salaries	422,750	685,091
Expenses with social security and social protection	11,916	17,935
Expenses with meal tickets	41,490	49,605
Income from operating subsidies (i)	(74,137)	-
Total	402,019	752,631

(i) The company benefited from the settlement of a part of the salaries from the unemployment insurance budget of 74,137 lei, according to GEO 132/07.08.2020, for the measure to reduce the working time of the employees.

The average number of employees in the period ended at 31 March 2021 was 49, and the effective number of employees as of 31 March 2021 was 49.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

8. Depreciation and impairment of tangible and intangible assets

	<u>31 March 2021</u>	<u>31 March 2020</u>
Expenses with depreciation	156,380	153,496
	<u>156,380</u>	<u>153,496</u>

9. Other expenses

	<u>31 March 2021</u>	<u>31 March 2020</u>
Expenses with other taxes, fees and similar	75,796	114,398
Expenses with commissions and fees	32,568	20,662
Postal and telecommunications expenses	11,399	13,013
Protocol, advertising and publicity expenses	898	4,052
Expenses with bank services and similar	5,972	5,456
Expenses with insurance premiums	12,408	13,300
Income from reversal of provisions	(19,051)	(137,666)
Income from reversal of adjustments for impairment of assets	(14,990)	-
Expenses with granted donations	2,750	-
Travel, secondment and transfer expenses	103	3,435
Expenses with compensations, fines and penalties	211	50
Expenses with royalties, management locations and rents	9,576	17,705
Total	<u>117,640</u>	<u>54,405</u>

10. Financial revenue

	<u>31 March 2021</u>	<u>31 March 2020</u>
Revenue from interest	61,564	85,141
(Net loss) / Net gain from foreign exchange differences	(15)	3,807
Total	<u>61,549</u>	<u>88,948</u>

11. Net gain / (Net loss) from financial assets at fair value through profit or loss

	<u>31 March 2021</u>	<u>31 March 2020</u>
Net gain / (Net loss) from financial assets at fair value through profit or loss (Note 16 a)	326,963	(1,165,854)
Total	<u>326,963</u>	<u>(1,165,854)</u>

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

12. Profit tax

During the financial period ended 31 March 2021 and 31 March 2020, no specific tax and current income tax were calculated.

On 31 March 2021, respectively 31 March 2020, the Company does not have any liabilities/receivables related to the deferred tax, the Company's activity being under the incidence of the specific tax according to Law no. 170/2016 (Note 3 r)).

13. Earnings per share

<i>In LEI</i>	31 March 2021	31 March 2020
Profit / (Loss) attributable to ordinary shareholders	168,834	(1,627,900)
Weighted average number of ordinary shares	162,319,412	165,905,261
Basic earnings per share	0.0010	(0.0098)

14. Cash and current accounts

	31 March 2021	31 December 2020
Current accounts in banks	233,966	414,507
Cash in hand	6,935	22,390
Other values	1,756	2,400
Cash advances	4,139	-
Total	246,796	439,297

The current accounts in banks are always at Company's disposal and are not restricted or encumbered, except for the amount of 40,751 lei (31 December 2020: 40,588 lei) representing personnel guarantees.

15. Deposits at banks

	31 March 2021	31 December 2020
Bank deposits with an initial maturity higher than 3 months and less than a year	6,105,000	6,105,000
Related receivables	61,232	40,978
Total	6,166,232	6,145,978

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

16. Financial assets

a) Financial assets at fair value through profit or loss

At 31 March 2021 the Company owns fund units valued at fair value (cost: 4,999,996 Lei), acquired in 2018, to Fondul Închis de Investiții 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 gain of 326,963 lei (at 31 March 2020: a net loss of 1,165,854 lei (Note 11)).

Fond închis de investiții FII Star Value	31 March 2021	31 December 2020
Fair value	5,228,917	4,901,954
Total	5,228,917	4,901,954

	31 March 2021	31 December 2020
Number of fund units	4,691.00	4,691.00

b) Financial assets valued at amortised cost

	31 March 2021	31 December 2020
Bonds	2,225,000	2,225,000
Related receivables	6,299	6,281
Total	2,231,299	2,231,281

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 March 2021 is 6,299 lei (31 December 2020: 6,281 lei).

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

17. Other assets

	31 March 2021	31 December 2020
Trade receivables (i)	127,868	123,278
Prepayments (ii)	226,526	147,119
Other receivables (iii)	262,164	214,915
Total	616,558	485,312

(i) Trade receivables	31 March 2021	31 December 2020
Clients	250,376	260,777
Adjustments for impairment of client receivables	(123,952)	(138,943)
Suppliers – debtors for services	1,444	1,444
Total	127,868	123,278

(ii) Prepayments	31 March 2021	31 December 2020
Concession of land – inflated cost	109,010	109,376
Value of concession of land – paid in advance	34,729	34,846
Miscellaneous	9,457	2,897
Marketing tax - Best Western	-	-
Land and buildings tax	73,330	-
Total	226,526	147,119

(iii) Other receivables	31 March 2021	31 December 2020
Receivables from the State budget	132,898	125,908
Various debtors	92,470	101,967
Adjustments for the impairment of various debtors	(13,210)	(13,210)
Subsidies receivable *)	49,756	-
Other financial assets **)	250	250
Total	262,164	214,915

(i) As a result of the entry into force of GEO no. 132/07.08.2020 regarding support measures for employees and employers in the context of the COVID-19 pandemic and for stimulating employment growth the Company benefited from the settlement of a part of salaries supported from the unemployment insurance budget amounting to 74,137 lei, collecting until 31 March 2021 the value of 24,381 lei.

(ii) 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 period ended 31 March 2021

18. Tangible and intangible assets

A. Tangible assets

a) Evolution of tangible assets as at 31 March 2021:

<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 2020	10,255,586	13,799,880	2,119,639	770,187	12,171	26,957,463
Inflow	-	-	-	-	-	-
Increase in revaluation through reserves	-	-	-	-	-	-
Increase in revaluation through profit or loss	-	-	-	-	-	-
Reversal of cumulated depreciation	-	-	-	-	-	-
Commissioning	-	-	-	-	-	-
Closing advances	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
31 March 2021	10,255,586	13,799,880	2,119,639	770,187	12,171	26,957,463
<i>Cumulated depreciation</i>						
31 December 2020	-	(892,354)	(1,752,364)	(427,772)	-	(3,072,490)
Expense with depreciation	-	(111,544)	(25,064)	(16,206)	-	(152,814)
Reversal of cumulated depreciation	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
31 March 2021	-	(1,003,898)	(1,777,428)	(443,978)	-	(3,225,304)
<i>Net book value</i>						
31 December 2020	10,255,586	12,907,526	367,275	342,415	12,171	23,884,973
31 March 2021	10,255,586	12,795,982	342,211	326,209	12,171	23,732,159

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

b) Evolution of tangible assets as at 31 March 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
Inflow	-	-	168,307	81,890	-	250,197
Increase in revaluation through reserves	-	-	-	-	-	-
Increase in revaluation through profit or loss	-	-	-	-	-	-
Reversal of cumulated depreciation	-	-	-	-	-	-
Commissioning	-	-	-	-	-	-
Closing advances	-	-	-	-	(174,549)	(174,549)
Outflow	-	-	-	-	-	-
31 March 2020	10,255,586	13,799,880	2,129,763	773,797	12,171	26,971,197
<i>Cumulated depreciation</i>						
31 December 2019	-	(446,177)	(1,662,608)	(371,002)	-	(2,479,787)
Expense with depreciation	-	(111,544)	(23,561)	(15,071)	-	(150,176)
Reversal of cumulated depreciation	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
31 March 2020	-	(557,721)	(1,686,169)	(386,073)	-	(2,629,963)
<i>Net book value</i>						
31 December 2019	10,255,586	13,353,703	298,848	320,905	186,720	24,415,762
31 March 2020	10,255,586	13,242,159	443,594	387,724	12,171	24,341,234

c) The value of plots of land held by the Company as at **31 March 2021** and **31 December 2020** is the revalued amount at 31 December 2018, determined by the independent valuer CMF Consulting S.A..

Land - Location / Property document	Area sqm	LEI	
		Value as at 31 March 2021	Value as at 31 December 2020
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	172.392	10.255.586	10.255.586

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

Lands in concession, held by the Company as at 31 March 2021:

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

d) The Company owns as at **31 March 2021** and **31 December 2020** the following **buildings** valued at revaluated value at 31 December 2018, determined by the independent valuer CMF Consulting SA:

	Address of the building	Acquisition/registration date	Value as at 31 March 2021	Value as at 31 December 2020
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)	Transfer in 2014 from the account 2131	190.079	190.079
9	Special constructions (river bank protection)	Transfer in 2014 from the account 2131	206.975	206.975
10	Arinis terrace	Minutes of reception 08.2015	81.967	81.967
TOTAL			13.799.880	13.799.880

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

e) 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))**:

<i>in LEI</i>	31 March 2021	31 December 2020
Land	790.322	790.322
Buildings	12.639.381	12.639.381
Total	13.429.703	13.429.703

f) Valuation techniques

The valuation report 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, 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.

g) Evolution of **tangible assets in progress** as of 31 March 2021:

Tangible assets in progress	Balance at 31 December 2020	Inputs	Receptions	Balance at 31 March 2021
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 period ended 31 March 2021

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 for the financial period ended 31 March 2021:

<i>In LEI</i>	Intangible assets
<i>Gross book value</i>	
31 December 2020	87,619
Inflow	-
Outflow	-
31 March 2021	87,619
<i>Cumulated amortization</i>	
31 December 2020	(63,794)
Expense with depreciation	(3,566)
Outflow	-
31 March 2021	(67,360)
<i>Net book value</i>	
31 December 2020	23,825
31 March 2021	20,259

19. Trade payables

	31 March 2021	31 December 2020
Trade payables	180,808	197,623
Advance payments received	111,986	114,613
Total	292,794	312,236

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

for the financial period ended 31 March 2021

20. Other liabilities

	<u>31 March 2021</u>	<u>31 December 2020</u>
Liabilities to the State budget	64,733	70,040
Creditors and other payables	79,451	82,002
Payables to employees	97,131	94,658
Subsidies for investments	2,058	2,383
Profit tax payable	-	-
Provisions*	69,623	88,674
Total	<u>312,996</u>	<u>337,758</u>

* The provisions as at 31 March 2021 and 31 December 2020 represent mainly the provisions for unused leave for the years 2020 and 2019.

21. Capital and reserves

a) Share capital

As at **31 March 2021** 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 number of 162.319.412, 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** as at 31 December 2020:

31 December 2020	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	112,400,276	11,240,028	69.25
Legal entities	31,618,410	3,161,841	19.48
Individuals	18,300,726	1,830,072	11.27
Total	<u>162,319,412</u>	<u>16,231,941</u>	<u>100</u>

Reconciliation of share capital

	<u>31 March 2021</u>	<u>31 December 2020</u>
Nominal share capital	16,231,941	16,231,941
Capital premium	4,885,965	4,885,965
Hyperinflation effect – IAS 29	9,960,401	9,960,401
Total share capital and capital premium	<u>31,078,307</u>	<u>31,078,307</u>

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

21. Capital and reserves (continued)

b) 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.

c) Reported result

Item	31 March 2021	31 December 2020
Legal reserves	654,102	654,102
Other reserves	1,864,174	1,864,174
Retained earnings	(737,121)	1,193,189
Retained earnings related to the adoption for the first time of IAS 29	(9,792,697)	(9,792,697)
Current result	168,834	(1,971,774)
Total retained earnings	(7,842,708)	(8,053,005)

d) Legal reserves

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 March 2021 is of 654,102 lei, and as of 31 December 2020 is of 654,102 lei.
The legal reserves cannot be distributed to shareholders.

e) Other reserves

Other reserves, amounting to 1,789,141 lei, as of 31 March 2021 and 31 December 2020, are amounts allocated from the net profit for the financial years 2006-2018:

- 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 EGSM 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.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

22. Related parties

a) Key management personnel

	31 March 2021
Members of the Board of Directors	Constantin Mircea - President Tamaş Ion Romică - Vice-President Gagea Cristina - Member Ababei Dana - Member Chiribuca Dumitru Florin - Member
	31 March 2021
Members of executive management	Tamaş Ion Romică - General Director Tiron Dorina – Head of financial-accounting services 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 March 2021
Constantin Mircea	499
Tamaş Ion Romică	99,000
Tiron Dorina	1,055
Prosciuc Doina	43,516
Simota Analaura-Iuliana	30,352
Sava Mihai	20,352
Ghisovan Stefan	1,406
Total	196,180

c) Transactions with the key management personnel:

	31 March 2021	31 March 2020
Salaries paid to management	105,885	118,124
Remunerations paid to the members of the Board of Directors	25,650	12,840

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

b) 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 S.A. The Company has acquired bonds issued by the related party. (Note 16 b).

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

23. Financial risk management

The main risks the Company is exposed to are the following:

- 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 at 31 March 2021 a significant portion of the Company's assets, of 21.69% (31 December 2020: 21.76%) 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 March 2021	31 December 2020
Bank deposits	6,105,000	6,105,000
Bonds	2,225,000	2,225,000
Total	8,330,000	8,330,000

The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 2.00% and 3.30% during the period ended 31 March 2021 for lei 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 period ended 31 March 2021

23. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk

The company is exposed to currency risk due to fluctuations of the currency exchange rates, as operating revenue is 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 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.

(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.

Generally, the company ensures that it has enough cash to cover its operating expenses.

(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.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
for the financial period ended 31 March 2021

23. Financial risk management (continued)

(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, or due to external factors such as economic conditions, changes on the capital market or technological progress. 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 operational nature.

(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 external mandatory capital requirements.

24. Subsequent events

The Ordinary General Meeting of Shareholders of the Company, convened on 29 April 2021, decided, mainly, the following:

- the approval of the financial statements for 2020;
- the coverage of the net accounting loss registered in 2020 amounting to 1,971,774 lei, from the retained earnings of the previous years amounting to 1,193,189 lei and from other reserves the difference amounting to 778,585 lei;
- the election of Mr. Marinescu Dan Florin as a member of the Board of Directors, with a term equal to the remaining period until the expiration of the mandate of his predecessor, respectively from 01 May 2021 to 28 April 2024, following the resignation of Mr. Constantin Mircea starting dated 30 April 2021.

Tamaş Ion Romică
General Director

Tiron Dorina
Head of financial-accounting services