



**ANNUAL REPORT OF THE ADMINISTRATOR S.A.I.
MUNTENIA INVEST S.A.
ON SIF MUNTENIA S.A.'S ACTIVITY
IN 2020**

Prepared in accordance with Law no. 24/2017 on issuers of financial instruments and market operations, Law 74/2015 on managers of alternative investment funds, FSA Regulations no. 5/2018 regarding the issuers of financial instruments and market operations, the Bucharest Stock Exchange Code - Regulated Market Operator - and Rule no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector

Reporting date: 31.12.2020

GENERAL INFORMATION

| | |
|--|--|
| COMPANY NAME | Societatea de Investiții Financiare Muntenia S.A. (hereinafter referred to as “SIF Muntenia” or “The Company”) |
| REGISTRATIONS | <ul style="list-style-type: none">• Tax Identification Code 3168735• Trade Register Number J40/27499/1992• LEI Code 2549007DHG4WLBMAAO98• FSA Register number PJR09SIIR/400005 |
| SHARE CAPITAL | 78,464,520.10 lei – subscribed and paid-up share capital 784,645,201 – issued shares, under circulation 0.1 lei – nominal value |
| CHARACTERISTICS OF THE SHARES | Common, nominative, indivisible, dematerialized |
| REGULATED MARKET ON WHICH THE SECURITIES ISSUED ARE TRADED | Bucharest Stock Exchange, main segment, premium tier, SIF4 symbol |
| MAIN ACTIVITY | <p>The main field of activity is, according to the classification of activities in the national economy (CANE): financial intermediation except insurance and pension fund activities (CANE code 64), and the main object of activity is: Mutual funds and other similar financial entities (CANE code 6430):</p> <ul style="list-style-type: none">• making financial investments in order to maximize the value of its own shares, in accordance with the regulations in force;• managing the investment portfolio and exercising all the rights associated with the instruments in which it is invested;• risk management• other ancillary and adjacent activities, in accordance with the regulations in force. |
| SHAREHOLDING STRUCTURE | 100% private |
| FREE-FLOAT | 100% |
| DEPOSITARY AND CUSTODIAN SERVICES | BRD Groupe Societe Generale |
| SHARES AND SHAREHOLDERS REGISTER | Depozitarul Central S.A. |
| FINANCIAL AUDITOR | KPMG Audit S.R.L. |
| CONTACT | Romania, Bucharest, 46-48 Serghei Vasilevici RahmaninovSt., nr.46-48, ground floor, room 2, sector 2, code 020199 Tel: +40 213 873 210 Fax: +40 213 873 209 www.sifmuntenia.ro e-mail: sai@munteniainvest.ro |

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

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1 GENERAL INFORMATION

SIF Muntenia S.A. (hereinafter referred to as “the Company”) is a Romanian legal entity, incorporated as a joint stock company with wholly private capital. The operation of the Company is regulated by the provisions of ordinary and special Romanian laws applicable in the field of investment companies and the Romanian capital market. According to the old classification of the Subsections of Section no. 9¹, until 23rd July 2020, inclusive, the Company was registered with the Financial Supervisory Authority (hereinafter referred to as “FSA”) in the Register of financial instruments and investments in the section of Alternative or closed type investment companies under no. PJR09SIIR / 400005 of 15.06.2006. At the date of publication of this report, the documents for the Company's approval as an Alternative Investment Fund dedicated to retail investors are under authorization by the FSA.

The company operates in Romania in accordance with the provisions of the Companies Law no. 31/1990, Law no. 297/2004 on the capital market, Law no. 74/2015 on the administrators of alternative investment funds and Law no. 24/2017 on issuers of financial instruments and market operations. The Company's depository is BRD Société Générale S.A. (hereinafter referred to as the “Depository”).

During 2020 there were no reorganizations, mergers or divisions of the Company.

The acquisitions and disposals of assets carried out by the Company during 2020, refer to the transactions of sale and purchase of financial securities. Details of these transactions are presented below in Chapter 4 of this Report.

During the period ended 31 December 2020, the Company continued to meet the conditions to be an investment entity. There were no changes in the classification criteria as an investment entity.

In applying the investment policy of the Company, SAI Muntenia Invest S.A. (hereinafter referred to as “the Administrator”) does not perform securities financing transaction (SFT) operations nor does it use total return swap instruments, as defined in Regulation (EU) no. 2015/2365 of the European Parliament and of the Council of 25 November 2015 on the transparency of financing operations through financial instruments and the transparency of re-use and amendment of Regulation (EU) no. 648/2012.

¹ the new denomiain of Subsection no. 9 is AIFRI - Alternative investment funds for retail investors established in Romania

2 ECONOMIC ENVIRONMENT

The event that marked the year 2020 was the outbreak of the COVID-19 pandemic, with a strong socio-economic impact, which globally became the largest source of disturbance of the economic activity.

To a large extent, the year 2020 was characterized by the decrease of financial markets, interruptions of economic activities that led to the decrease of production and consumption, the increase of unemployment, increase of budget deficits, etc. Due to the specifics of the activity carried out, the Company's performance is affected both by the changes that take place in Romania and by the events that take place globally, in terms of the contagion effect. The events presented in this chapter had a negative effect on the Company's performance, the details being presented in this Report.

INTERNATIONAL ECONOMIC ENVIRONMENT

The COVID-19 virus appeared in December 2019 in China, spreading rapidly in January 2020 in the Wuhan region. Initially, the spread of COVID-19 led to a sharp slowdown in the economic activity in China, but the impact spread through financial markets and commodity channels, resulting in massive declines in energy prices (especially oil) and metals, affecting global trade flows, amid much lower demand from China and the decline in tourism / HORECA activity, due to strict measures imposed by states to prevent the spread of the virus. Although the response of the European Union (EU) Member States to the COVID-19 virus has been relatively rapid and has included measures in support of those affected in some Member States, the EU and euro area economies have felt strongly the effects of the crisis caused by the COVID-19 pandemic.

The emergence, earlier than anticipated, of effective anti-COVID-19 vaccines has paved the way for a global economic recovery. Industries such as aviation and hospitality began to recover at the end of 2020. The market capitalization of smaller companies, including those in the field of clean energy, also began to grow, following the announcement of the effectiveness of vaccines. In developed economies, the spread of high-yield corporate bonds with investment-grade issuers contracted - close to or even below pre-February 2020 levels - while interest rates hit record lows. In emerging economies, sovereign debt spreads have followed the same trend, according to the Global Financial Stability Update, January 2021, published by the International Monetary Fund.

According to the PMI Composite index², estimated by JPMorgan and Markit Economics, the world economy grew consecutively for the 6th consecutive month in December 2020. Five of the six sub-industries that took part in the survey recorded an increase in production in December. The largest advance was recorded by the financial services industry and the intermediate goods industry (goods that are used as raw material for the production of other goods). At the opposite pole, trade fell for the 11th consecutive month. Economic growth was recorded by states such as the USA, China, Germany, India, the United Kingdom, Brazil, Australia and Ireland, with the strongest growth being recorded by Australia, China and the USA, while in the euro area (on average), Japan and Russia declines have been registered.

According to information published by Eurostat³, after a strong recovery in the third quarter of 2020 (+ 12.4% in the euro⁴ area and + 11.5% in the EU) in the fourth quarter of 2020, seasonally adjusted GDP fell by 0.7% in the euro area and 0.5% in the European Union compared to the previous quarter. Seasonally adjusted GDP declines are related to COVID-19 isolation measures. According to a first estimate for 2020, GDP fell by 6.8% in the euro area and by 6.4% in the EU. The decline in GDP and the need for financing, due to the measures taken by states to counteract the effects caused by the COVID-19 pandemic, have led to an increase in the ratio of public debt to GDP in both the euro area (from 85.8% to 97.3%⁵), as well as across the EU (from 79.2% to 89.8%⁶). The highest values of the ratio between public debt and GDP, at the end of the third quarter of 2020, were recorded in Greece (199.9%), Italy (154.2%), Portugal (130.8%), Cyprus (119.5%), France (116.5%), Spain (114.1%) and Belgium (113.2%), and the lowest in Estonia (18.5%), Bulgaria (25, 3%) and Luxembourg (26.1%). It is also estimated that around 16 million people in the EU, of which 13.671 million in the euro area, are unemployed in December 2020 (the seasonally adjusted unemployment rate in the euro area was 8.3%, compared to 7, 4% in December 2019).

² <https://www.markiteconomics.com/Public/Home/PressRelease/32d80e21cca44f2d83da9927a4855e34>

³ <https://ec.europa.eu/eurostat/web/main/news/euro-indicators>

⁴ Comprises UE member states that adopted EURO currency (EA19)

^{5,6} Q3 2020 / T3 2019

LOCAL ECONOMIC ENVIRONMENT

In Romania, according to preliminary data presented by the Ministry of Public Finance, the execution of the general consolidated budget at the end of 2020 registered a deficit of 101.92 billion lei (9.79% of GDP)⁷, compared to 2019, when the deficit was 48.55 billion lei, representing 4.58% of GDP. In order to combat the effects of COVID-19, the fiscal facilities, investments and exceptional expenses allocated amounted to 46.31 billion lei (4.45% of GDP).

The deepening of the budget deficit, compared to 2019, was caused by the following factors:

- the unfavorable evolution of the budget revenues during March - December, caused by the COVID-19 pandemic, as well as as a result of the postponement of the payment of some fiscal obligations by the economic agents during the crisis (18.12 billion lei);
- increase by 2.72 billion lei of VAT refunds, compared to the level for the period January-December 2019, to support liquidity in the private sector;
- bonuses granted for the payment at maturity of the profit tax and of the income tax of micro-enterprises, amounting to 0.9 billion lei;
- increase of investments by 9.5 billion lei, compared to 2019;
- exceptional payments generated by the pandemic, amounting to 15.07 billion lei.

It is estimated that the inflation rate at the end of December 2020⁸ is 2.1%, below the target level of 2.5% forecast by the National Bank of Romania (hereinafter "NBR") and lower than that reached in December 2019, of 4.04%. The decrease was due to the deceleration of core inflation, given that the influences of lower VFE prices (vegetables, fruits, eggs) were offset by those coming from higher fuel prices, tobacco products and electricity.

In the monetary policy meeting of the NBR Board of Directors on 15 January 2021, it was specified that Romania's economic activity recovered in the third quarter a significant part of the contraction suffered previously, although slightly less than anticipated, increasing by 5.8 % in quarterly terms, after decreasing by 12.2% in the previous quarter, reducing its decline in annual terms to -5.7%, from -10.3% in the second quarter (in the absence of a sharp decline in agricultural production, the economy would have attenuated its contraction in annual terms to -3.2%). It was observed that the recovery was mainly due to domestic demand, respectively the consumption of households. It recovered in the third quarter, amid rising purchases of goods and services following the lifting of mobility restrictions, amid a relatively improved labor market situation and a reacceleration in real disposable income growth, including the impact of the pension increase in September 2020, and of declining interest rates on household loans. At the same time, gross fixed capital formation continued to grow slightly in annual terms, in the context of the re-amplification of construction dynamics, with the solid contribution of public investment and the support of government programs, an evolution likely to increase the growth potential of the economy. At the same time, net exports contributed to the decline in GDP, but visibly diminished its negative contribution to the annual GDP dynamics (exports recovered faster than imports), given that the consistent recovery of exports outpaced as magnitude that of imports of goods and services, leading to a decrease in the trade deficit compared to the same period last year.

Provisional data presented⁹ by the NBR show that between January and December 2020, the current account of the balance of payments registered a deficit of 10,983 million euros, compared to a deficit of 10,480 million euros between January and December 2019. In detail, the balance of goods recorded a higher deficit by 1,371 million euros, the balance of services registered a larger surplus by 981 million euros, the balance of primary revenues¹⁰ increased its deficit by 656 million euros, and the balance of secondary revenues¹¹ registered a larger surplus by 543 million euros.

CAPITAL MARKET

In 2020, due to the COVID-19 pandemic, international stock markets reacted violently, with the highest volatility in March 2020, when most economies, globally, began to impose restrictions to reduce the spread of the virus. All of the above, corroborated with the fear of investors, negatively influenced the evolution of global stock indices. In the first part of 2020, the Bucharest Stock Exchange (hereinafter referred to as "BSE"), represented by the BET index (-13.21%), registered among the lowest decreases compared to other emerging markets in the area (eg Poland WIG: -14.25%,

⁷ https://mfinante.gov.ro/documents/35673/377101/Anexa2_bgc31dec2020.pdf

⁸ *Monetary Policy / Direct inflation targeting / NBR projections*, data taken in February 2021

⁹ <https://www.bnr.ro/page.aspx?prid=18976>

¹⁰ represents the incomes due for the contribution to the production process or for the supply of financial assets or from the cession of natural resources, in the resident-non-resident relationship (according to the methodological specifications)

¹¹ represents the current transfers between residents and non-residents (according to the methodological specifications)

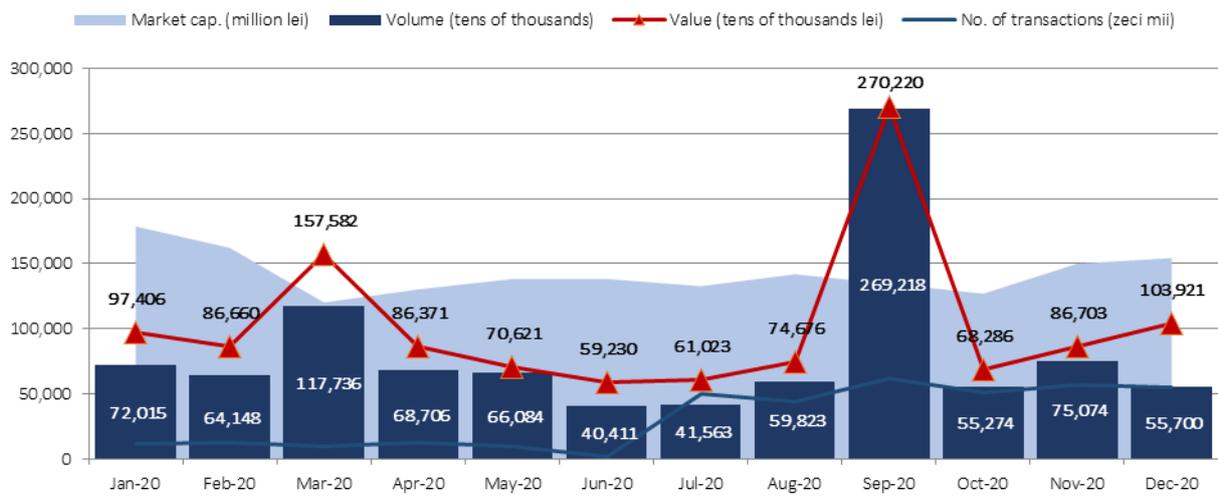
Hungary BUX: -22.27% and Greece ASE: -30.30%) and even with some developed markets (France CAC40: -17.43%, United Kingdom FTSE100: -18.20% and US DJIA: -9.55%).

As of 31 December 2020, the capitalization of the main segment of the Bucharest Stock Exchange was 154.37 billion lei, 14.65% lower than that recorded at the end of 2019, respectively 180.85 billion lei. Contrary to expectations, the capitalization of the MTS (Multilateral Trading System) segment on 31.12.2020 registered an increase of 9.09%, compared to the end of 2019.

Despite the events that took place during 2020, at the end of the year, the domestic capital market registered an advance of 3.4% (in view of the evolution of the BET-TR index, which also includes dividends). During 2020, on the BSE, the main segment, transactions with instruments worth 18.3 billion lei were made.

The chart below shows the evolution of the market (shares), on the main segment of the BSE, in 2020.

Chart no.2.1. Trades with shares in 2020, main segment



Source: excerpts from BSE data, processed by SAI Muntenia Invest

The Romanian capital market has been included, starting with September 2020, among the emerging markets, according to the classification made by the global index provider FTSE Russell. Romania's promotion to emerging market status was possible once two Romanian companies - Banca Transilvania and Nuclearelectrica - met the criteria for upgrading. Also, a partnership was started through which two innovative solutions made on the low-code Aurachain platform will be implemented to accelerate and optimize the voting process within the listed companies, through specific capabilities of blockchain technology and facilitate access to the capital market through digitization of investor enrollment (digitization of the voting process at general meetings of shareholders and digitization of the process of online opening of trading accounts by individual investors).

3 IMPORTANT EVENTS RELATED TO THE COMPANY'S ACTIVITY DURING 2020

ALIGNMENT TO AIF LEGISLATION

The Management of the Administrator has taken all necessary measures to align with the new legislative framework on the operation of the Company, namely Law 243/2019 on the regulation of alternative investment funds and to amend and supplement certain normative acts, including related secondary regulations. The documents on the Company's approval as an alternative investment fund for retail investors (FIAIR), at the date of publication of this report, are under authorization by the FSA.

The Company's shareholders and potential investors will be informed, through the information dissemination mechanisms, on the new documentation of the Company regarding its operation according to Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts.

NOMINATION AND REMUNERATION COMMITTEE

At the meeting of the Board of Directors (hereinafter referred to as "BoD") of the Administrator of 22.07.2020, it was approved to complete the duties of the Remuneration Committee and to reappoint as the Nomination and Remuneration Committee.

The composition of this committee remains unchanged, namely Mrs. Dorina Teodora Mihailescu - President; Mr. Adrian Simionescu - Member.

FSA APPROVAL OF THE MANAGEMENT CONTRACT CONCLUDED BETWEEN THE COMPANY AND THE ADMINISTRATOR

Financial Supervisory Authority, by Approval no. 165/22.07.2020, approved the Management Contract concluded between the Company and the Administrator, based on the Company's SGOM Resolutions no. 9, no. 10 and no. 11 from 23.04.2020.

AUTHORIZATION OF THE AMENDMENT OF THE ARTICLES OF INCORPORATION OF THE COMPANY

By Authorization no. 59 / 30.04.2020, the FSA authorized the amendments to the Articles of Incorporation of the Company, in accordance with Resolutions no. 2, no. 3 and no. 6, adopted by the SGEM of 11.03.2020 regarding the change of the registered office¹² (amendment of art. 1, paragraph 6) and the elimination of the provisions regarding the holding limit of 5% of the share capital (art. 3).

By Authorization no. 126 / 29.07.2020, the FSA authorized the changes in the Articles of Incorporation of the Company, as a result of the decrease of the share capital from 80,703,651.50 lei to 78,464,520.10 lei, in accordance with the Resolution of the Company's SGEM no. 4 dated 11.03.2020.

By Authorization no. 183 / 10.11.2020¹³, the FSA authorized the amendments to the Articles of Incorporation in accordance with Resolution no. 2 of the Company's SGEM of 03.07.2020 in the form presented in the annex to the aforementioned Authorization.

REGISTRATION OF THE SHARE CAPITAL DECREASE OF THE COMPANY

The FSA issued the Certificate no. AC – 400-5 / 19.08.2020 for the registration of the Company's share capital decrease as a result of the SGEM Resolution of 11.03.2020. The share capital decreased from 80,703,651.50 lei to 78,464,520.10 lei, respectively from 807,036,515 shares to 784,645,201 shares with a nominal value of 0.1 lei / share.

APPOINTMENT OF A NEW MEMBER OF THE ADMINISTRATOR'S BoD. APPOINTMENT OF THE BoD PRESIDENT

The Administrator informed the Company's investors, through the current report dated 07.09.2020, that in the meeting of 07.09.2020 the Shareholders General Ordinary Meeting (hereinafter referred to as "SGOM") of the Administrator decided to appoint Mr. Sergiu Mihailov as a member of Board of Directors for a term of four years, starting with 05.10.2020, as a result of the expiration of the term of office of Ms. Florica Trandafir. At the same time, the investors were informed, through the current report dated 22.12.2020, that the FSA authorized¹⁴ the modification of the

¹² from the address in Bucharest, Splaiul Unirii no. 16, sector 4, at the address from Bucharest, Str. Sergei Vasilievich Rachmaninoff no. 46-48, sector 2, ground floor, room 2, sector 2, code 020199

¹³ https://www.bvb.ro/infocont/infocont20/SIF4_20201112164731_autorizatiaASF183-10nov20.pdf

¹⁴ FSA authorization no. 193 / 21.12.2020

composition of the Board of Directors of the Administrator by appointing Mr. Sergiu Mihailov as a member of the Board of Directors.

Following the vacancy of the position of President of the Board of Directors starting with 05.10.2020, the SGOM of the Administrator decided to appoint Mr. Adrian Simionescu as President of the Board of Directors. Mr. Adrian Simionescu will hold this position starting with 05.10.2020 until 20.08.2021, the date of expiration of his office as administrator.

CHANGE IN THE EXECUTIVE MANAGEMENT OF THE ADMINISTRATOR

Through the current report dated 30.09.2020, the Administrator informs the investors of the Company that, starting with 01.10.2020, the mandate of Corporate Administration Director of Mrs. Florica Trandafir ends by both parties' agreement. According to the decision of the Board of Directors dated 29.09.2020, the attributions related to the position of Corporate Administration Director were taken over by the General Manager¹⁵ until the appointment of a person in this position and its authorization by the FSA.

FSA AUTHORIZATION FOR THE CHANGE OF THE ADMINISTRATOR'S REGISTERED OFFICE

By Authorization no. 14 / 10.02.2020, the FSA authorized the modification of the Administrator's operating authorization, as a result of the change of the registered office from the address in Bucharest, Splaiul Unirii no. 16, sector 4, at the address from Bucharest, Str. Sergei Vasilievich Rachmaninoff no. 46-48, sector 2, ground floor, rooms 3, 4, 5 and floor 2.

4 ACTIVITY ANALYSIS

The main strategic objectives for 2020, according to the Management Program approved by the SGOM on 23 April 2020, were:

- Continue the restructuring of the portfolio and its efficient management so as to ensure sustainable long-term growth.
- Continue the investment process, focusing on investments in Romania and listed shares.

The main milestones, from an operational and financial point of view, of the evolutions of the asset / Company's share price, in the period 2018-2020, are presented below.

| In lei | 2020 ¹⁶ | 2019 | 2018 |
|--|--------------------|---------------|---------------|
| Total Certified Asset (CA) | 1,614,450,552 | 1,699,817,678 | 1,348,139,756 |
| Net Asset Value (NAV) | 1,542,284,671 | 1,593,627,487 | 1,257,619,660 |
| Net Asset Value per Share (NAV per SHARE) | 1.9656 | 2.0310 | 1.5583 |

Table no. 4.1. *Certified asset evolution*

The asset value certified by the Depository is calculated according to the valuation rules¹⁷, approved by the Administrator based on the applicable legal regulations. The company reported a total certified asset value decreasing by 7.5% on 31.12.2020 compared to the end of 2019 and an increase of 19.8% as compared to 31.12.2018. The value of net assets decreased by 6.8% compared to the value from 31.12.2019 and it increased by 22.6% as compared to 31.12.2018.

| In lei | 2020 | 2019 | 2018 |
|--|--------|--------|--------|
| Closing price end of period | 0,820 | 0,844 | 0,598 |
| Market capitalisation (mn. lei) | 643,41 | 662,24 | 482,61 |
| Net asset discount (%) | 58,3 | 58,4 | 61,6 |

Table no. 4.2. *SIF4 share evolution*

¹⁵ through the current report dated 06.01.2021, the investors were informed that in the meeting dated 05.01.2021, the Board of Directors approved the appointment of Mr. Sergiu Mihailov as Corporate Administration Director. Mr. Sergiu Mihailov was authorized by the FSA by authorization no. 16 / 22.01.2021

¹⁶ represents the asset calculated for 31.12.2020, certified by the depository on 14 January 2021

¹⁷ <http://www.sifmuntenia.ro/en/investments/net-asset-value/rules-applied-nav-calculation/>

The closing price of the Company's shares decreased by 2.8% at the end of 2020 compared to the end of 2019 and registered an appreciation by 37.1%, compared to the closing price on 31.12.2018. The liquidity of transactions was maintained at low values - the total trading value of the Company's shares during 2020 was 81.4 million lei, trading shares representing 10.4% of the number of issued and outstanding shares on 31.12.2020 (Regular market, hereinafter referred to as "REGS").

| In lei | 2020 | 2019 | 2018 |
|--------------------------------|---------------|---------------|---------------|
| Total asset | 1.618.525.306 | 1.680.216.426 | 1.345.677.683 |
| Total liabilities | 60.984.174 | 106.190.192 | 90.524.072 |
| Equity | 1.557.541.132 | 1.574.026.234 | 1.255.153.611 |
| Net (Loss) / Net Profit | (25.856.302) | 111.913.700 | 22.799.383 |

Table no. 4.3. Financial result

At 31.12.2020, the main items of the financial position decreased compared to the same period of the previous year: total assets decreased by 3.7%, liabilities decreased by 42.6%, and equity by 1.0%. Details can be found in this report and in the Notes to the Annual Financial Statements as at 31.12.2020.

ASSET ALLOCATION

The investments made by the Company were in line with those permitted by the legislation in force, applicable to the Romanian capital market. The Company's portfolio was within the applicable legal limits and indicative limits, defined by the Company's target portfolio, approved by the Management Program of SIF Muntenia for 2020.

Chart no. 4.1. Target portfolio for 2020, according to the Management Program

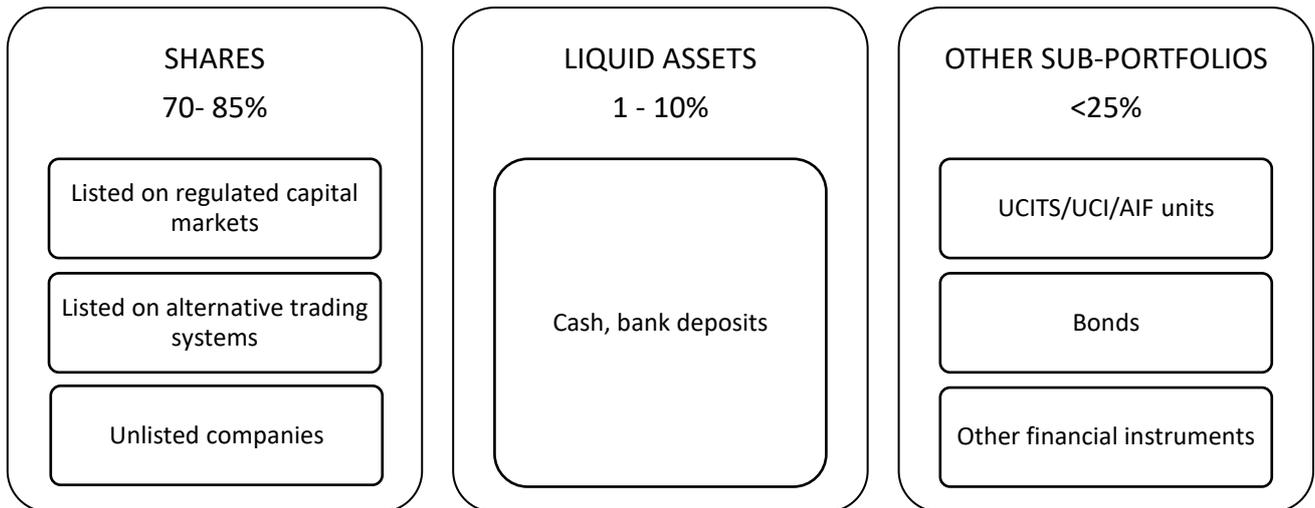
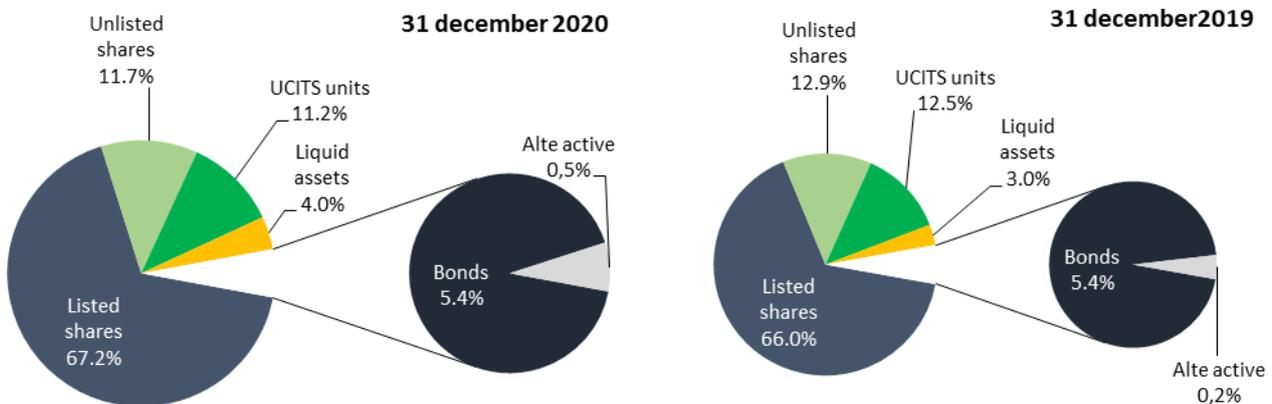


Chart no. 4.2. Asset allocation in the Company's portfolio, 31 December 2020 compared to 31 December 2019



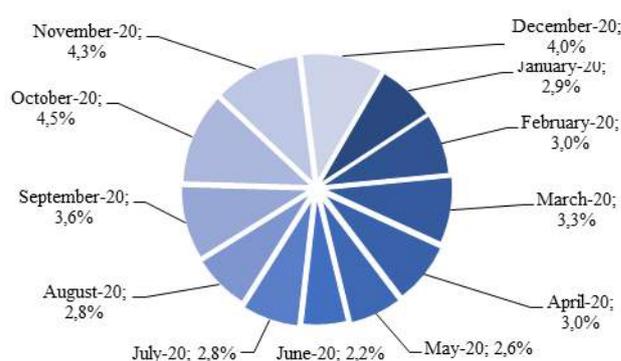
The main sub-portfolios¹⁸ that make up the Company's portfolio are presented below, as value and percentage, of the total certified assets.

| in lei / % | 2020 | | 2019 | | 2018 | |
|----------------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| Listed shares | 1,085,640,908 | 67.2% | 1,121,947,025 | 66.0% | 847,312,992 | 62.9% |
| Unlisted shares | 188,475,352 | 11.7% | 218,431,970 | 12.9% | 193,558,597 | 14.4% |
| Listed bonds | 86,671,386 | 5.4% | 85,144,957 | 5.0% | 82,557,980 | 6.1% |
| Unlisted bonds | - | - | 6,676,271 | 0.4% | 6,693,865 | 0.5% |
| Cash available | 29,228,487 | 1.8% | 2,034,533 | 0.1% | 733,446 | 0.1% |
| Bank deposits | 35,566,325 | 2.2% | 48,818,682 | 2.9% | 29,369,735 | 2.2% |
| Participation titles | 181,407,447 | 11.2% | 212,251,041 | 12.5% | 175,856,515 | 13.0% |
| Other assets | 7,460,647 | 0.5% | 4,513,199 | 0.2% | 12,056,626 | 0.8% |
| TOTAL ASSETS | 1,614,450,552 | 100% | 1,699,817,678 | 100% | 1,348,139,756 | 100% |

Table no. 4.4. SIF Muntenia Portfolio (value/percentage comparison)

Portfolio liquidity - (cash + deposits) / total assets - was within the limits required by prudent liquidity risk management.

Maintaining liquidity at low values is due to the decision to invest in listed financial instruments that offer higher yields than interest on bank deposits offered by credit institutions in Romania.



Geographical breakdown of the Company's investments¹⁹

During 2020, the investments made by the Company were in financial instruments issued and traded in Romania. As of 31 December 2020, the share of instruments not traded on the Romanian capital market represented 5.2% of the Company's certified net assets (31.12.2019: 5.0%).

TOTAL ASSET AND NET ASSET

The monthly value of the certified asset was published on the website www.sifmuntenia.ro and reported according to the legal provisions to the FSA - Financial Instruments and Services Sector and to the BSE, no later than 15 calendar days from the end of the reporting month.

The rules regarding the valuation of the assets in the Company's portfolio are presented on its website, in the dedicated section. Changes to the valuation rules are communicated to investors and the FSA, in accordance with the regulations in force.

| in lei | 2020 | 2019 | 2018 |
|------------------------------|----------------------|----------------------|----------------------|
| Total certified asset | 1,614,450,552 | 1,699,817,678 | 1,348,139,756 |
| Total liabilities | 72,165,881 | 106,190,192 | 90,520,096 |
| Net asset | 1,542,284,671 | 1,593,627,487 | 1,257,627,660 |
| Net asset value per share | 1.9656 | 2.0310 | 1.5583 |

¹⁸ The detailed statement of investments of SIF Muntenia as at 31 December 2020, drawn up in accordance with Annex 17 of Regulation No 15/2004 on the authorization and operation of investment management companies, collective investment undertakings and depositaries, is attached to this report.

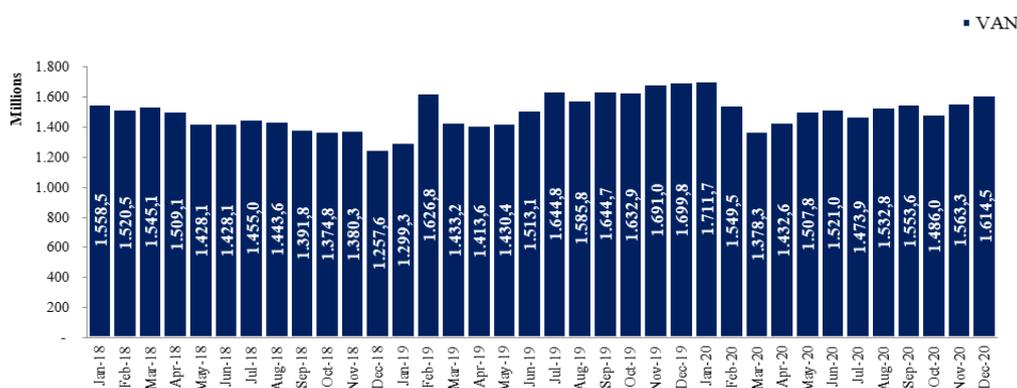
¹⁹ according to art. 3 para. (3) lit. (d) and art. 24 of Directive no. 2011/61 / EU on the management of alternative investment funds and amending Directives 2003/41 / EC and 2009/65 / EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010 and Annex IV of Regulation no. 231/2012 supplementing Directive 2011/61 / EU of the European Parliament and of the Council as regards derogations, general conditions of operation, storage, leverage, transparency and supervision

| in lei | 2020 | 2019 | 2018 |
|---|--------------------|--------------------|--------------------|
| ECB Eur exchange rate ²⁰ | 4.8683 | 4.7830 | 4.6635 |
| Total certified asset expressed in EUR | 331,625,116 | 355,387,347 | 289,083,254 |
| Net Asset expressed in EUR | 316,801,485 | 333,185,759 | 269,672,920 |

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

The chart below shows the evolution of net asset between January 2018 and December 2020.

Chart no. 4.3. NAV evolution during January 2018 – December 2020 (mn. lei)



4.1 SHARES SUB-PORTFOLIO

Investments in shares, mainly those in shares listed on regulated markets and alternative trading systems, were the most important sources of income for the Company, and their total value represented 78.92% of the total certified asset of the Company.

The administration of this sub-portfolio aimed at achieving the objectives presented in the Management Program approved for 2020.

The table below shows the evolution of the shares sub-portfolio for a period of 3 years from the date of the report.

| in lei | 2020 | 2019 | 2018 | 2020/2019 | | 2020/2018 | |
|--------------------------|----------------------|----------------------|----------------------|---------------------|--------------|---------------------|--------------|
| | | | | value ²¹ | % | value ²² | % |
| Listed shares | 1,085,640,908 | 1,121,947,025 | 847,312,992 | -36.3 | -3.2% | 238.3 | 28.1% |
| <i>listed on the BSE</i> | 831,842,621 | 855,305,528 | 647,312,413 | -23.5 | -2.7% | 184.5 | 28.5% |
| <i>listed on the ATS</i> | 253,798,287 | 266,641,497 | 200,000,579 | -12.8 | -4.8% | 53.8 | 26.9% |
| Unlisted shares | 188,475,352 | 218,431,970 | 193,558,597 | -30.0 | -13.7% | -5.1 | -2.6% |
| TOTAL | 1,274,116,260 | 1,340,378,995 | 1,040,871,589 | -66.3 | -4.9% | 233.2 | 22.4% |

Table no. 4.6. Value Evolution of the shares sub-portfolio on its main components

Comparing the end of 2020 with the end of 2019, the evolution of the shares sub-portfolio was as follows:

- The value of listed shares decreased by 3.2%, mainly due to the decrease in the prices of listed shares in the portfolio²³.
- The value of unlisted shares decreased by 13.7%, the decrease being mainly caused by the results reported by companies for the end of the first half of 2020.

²⁰ according to ESMA Guidelines on reporting obligations under Articles 3 (3) (d) and 24 (1), (2) and (4) of the AIFMD, chapter XII, para. 59

^{21,22} the values are presented in millions of lei

²³ downward trends in capital markets are mainly due to the current economic situation

TRANSACTIONS AND OTHER EVENTS IN THE SHARES SUB-PORTFOLIO

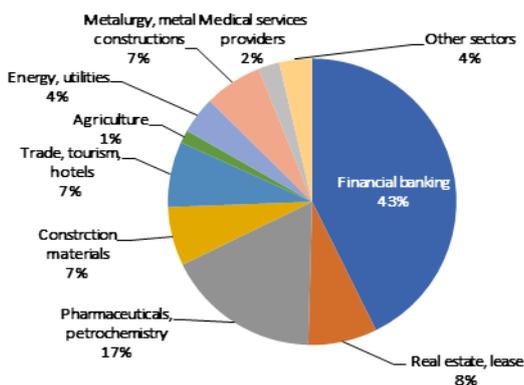
During 2020, the following operations on the shares sub-portfolio were registered:

- listed shares were purchased in a total amount of 10.83 million lei (mainly Biofarm S.A., Banca Transilvania S.A. and OMV Petrom S.A.);
- a number of 159,552 shares were purchased from Fondul Român de Garantare a Creditelor pentru Întreprinzătorii Privati - IFN S.A, at a price of 0.2170 lei / share (stake obtained by a call auction, following the bankruptcy of the shareholder holding the above-mentioned stake)²⁴;
- 907,145 shares issued by Voluthema Property Developer S.A. were purchased. at a price of 7.9592 lei / share²⁵;
- listed shares worth 7.98 million lei were sold (BRD - Groupe Societe Generale S.A., OMV Petrom S.A., Spit Bucovina S.A.²⁶);
- the stakes held in Geomin S.A., Semrom Transilvania S.A. and Salsi S.A. were sold, for a total value of 0.72 million lei. These exits comply with the directions of action in the management of the shares sub-portfolio, mentioned in the Company's Management Program for 2020, respectively the continuation of the reduction of the atomization degree of the portfolio corroborated with the accelerated sale of very small and / or non-dividend participations, and the reduction of the number and share of companies with a residual nature and no growth potential;
- the share capital increases of the companies Teraplast Bistrița S.A. and Banca Transilvania S.A. were registered, free of charge, made by increasing the number of shares, increases in which the Company received a number of 1,251,843 free shares in Teraplast Bistrița S.A., respectively 13,826,142 free shares in Banca Transilvania S.A.;
- the withdrawal from Pavcom S.A. was completed, for the total amount of 3.53 million lei. The company filed an application for registration in the creditors list of Pavcom S.A., as a result of the adoption of the SGEM resolution no. 3 / 17.08.2015, according to which the legal form of the company was changed (from joint stock company to limited liability company);
- the company Agrozootehnica S.A. Puchenii Mari was deregistered;
- dividends in the amount of 46.23 million lei were collected.

According to the exit strategies mentioned in the Company's Management Program for 2020, the Administrator continued the restructuring activity of the portfolio by selling the participations in which the Company holds shares below 49%, with accounting losses, which have not distributed dividends in recent years or which do not have a transparent policy of communication with minority shareholders. Thus, at the end of 2020, the Company had in its portfolio a number of 125 companies compared to 131 companies at the end of 2019.

STRUCTURE ON SECTORS OF ACTIVITY

Chart no. 4.4. Main sectors of activity - shares (125 companies in the shares sub-portfolio)



As can be seen in this chart, the shares in the financial-banking category hold the largest share in the Company's shares sub-portfolio.

The weights presented in this chart represent weights in the total shares sub-portfolio

²⁴through this acquisition, the directions of action presented in the Management Program were complied with, respectively the increase of the participations in high-performing economic sectors (financial-banking) and the continuation of the reduction of the degree of atomization of the portfolio

²⁵ by this acquisition the holding of the Company in Voluthema Property Developer S.A. increased to 99.97% of the share capital. The directions of action presented in the Management Program were complied with, respectively the increase of participations in high-performing economic sectors, priority management of large exposures

²⁶ the sale of the entire stake of SPTU shares is part of the main strategic objectives for 2020, namely the continuation of the portfolio restructuring process and its efficient management

TOP 10 PARTICIPATIONS IN THE SHARES SUB-PORTFOLIO OF THE COMPANY

As of 31 December 2020, the first 10 participations, with a total value of 944.19 million lei, represent 58.48% of the total certified asset of the Company (31 December 2019: 992.94 million lei, 58.41%).

| | I | II | III | IV | V |
|-----|-----------------------------------|-----------------------------------|---------------|--------------|-------|
| 1. | Banca Transilvania S.A. | Financial - banking | 342,20 | 21,20 | 2,65 |
| 2. | Biofarm S.A. | Pharmaceutical industry | 217,52 | 13,47 | 51,58 |
| 3. | BRD - Groupe Societe Generale | Financial - banking | 81,75 | 5,06 | 0,79 |
| 4. | Romaero S.A. București | Manufacture of air and spacecraft | 69,11 | 4,28 | 23,24 |
| 5. | SIF Banat-Crișana | Other financial intermediation | 56,65 | 3,51 | 4,98 |
| 6. | CI-CO S.A. | Real estate, renting | 45,33 | 2,81 | 97,34 |
| 7. | Firos S.A | Construction materials industry | 37,35 | 2,31 | 99,69 |
| 8. | S.N.G.N. Romgaz-S.A. Mediaș | Energy - utilities | 32,67 | 2,02 | 0,30 |
| 9. | SIF Oltenia | Other financial intermediation | 31,32 | 1,94 | 3,33 |
| 10. | Muntenia Medical Competences S.A. | Suppliers of medical services | 30,29 | 1,88 | 99,76 |
| | TOTAL | | 944,19 | 58,48 | |

Table no. 4.7. Top 10 participations in shares as at 31.12.2020

Legend

I- Denomination

II- Field of activity

III- Value of the participations, in million lei, calculated according to the F.S.A. regulations

IV- % in the total asset of the Company

V- % of the company's share capital held by the Company

Next, we present the preliminary financial results of 2020 of the companies that have the obligation to prepare them, while for those that do not have this obligation, we present the financial results achieved in the first half of 2020.

1. Banca Transilvania ²⁷ (BT)

| in million lei (individually) | 2020 preliminary | 2019 | 2018 |
|--|------------------|--------|--------|
| Total asset | 103,355 | 87,438 | 74,119 |
| Net income from interest | 2,580 | 2,685 | 2,490 |
| Net income from taxes and commissions | 656 | 713 | 683 |
| Net profit | 1,197 | 1,621 | 1,219 |
| NPL (non-performing loans) | 3.46% | 4.36% | 4.97% |
| The total provision coverage of non-performing exposures | 133.0% | 128.0% | 133.2% |

Table no. 4.8. Banca Transilvania financial results (value comparison)

At Group level, BT's consolidated net profit is RON 1,476.15 million (of which the Bank's one is 1,197.31 million lei), decreasing by 20.12% compared to December 2019. The Bank's operating profit increased by 1.08% compared to the one registered at the end of the previous year, against the background of the decrease of the operational expenses by 6.17%. Net profit decreased by 26.12%, mainly due to the increase in net expenses with adjustments for assets, provisions for other risks and credit commitments by 220.31%, compared to the one recorded at the end of 2019.

The total value of the Bank's assets, at the end of 2020, was 103,354 million lei, increasing by 18.20% compared to the value of assets registered on 31.12.2019. The total debts of the Bank amounted to 93,832 million lei on 31.12.2020, 18.86% above the level registered at the end of the previous year, amid the increase in deposits from customers by 18.75%. The Bank's equity increased by 12.08% on 31.12.2020, reaching 9,523 million lei, consolidating the robust capitalization of BT.

The cost / income ratio is kept at a comfortable level of 45.3%. The solvency of BT, without the profit of 2020, is 19.94%, and with profit included it is 22.23%.

In 2020, the company received dividends in the total amount of 14.99 million lei, for the shares held in the portfolio on 5 October 2020, the registration date. (2019: 20.60 million lei).

^{27,27} the data is taken from the reports and information published on the BSE

2. Biofarm S.A. București²⁸

| in million lei (individually) | 2020 preliminary | 2019 | 2018 |
|-------------------------------|------------------|--------|--------|
| Total asset | 372.67 | 346.62 | 285.46 |
| Total liabilities | 80.84 | 89.39 | 60.04 |
| Sales income | 218.09 | 202.76 | 184.38 |
| Net profit | 54.55 | 50.88 | 38.42 |

Table no. 4.9. Biofarm S.A. financial results (value comparison)

Biofarm S.A. operates mainly on the OTC market (medicines dispensed without a prescription) and food supplements (6% market share in Romania), and in units (total medicines produced) Biofarm S.A. occupies the 2nd place, with a market share of 8% in Romania.

The sales distribution of Biofarm products is made mostly to the retail segment, representing 98% of total sales, both in volume and value.

According to Biofarm S.A. directors' report for the third quarter of 2020 the share of revenues generated by the three categories of products manufactured by Biofarm (food supplements, medicines dispensed without a prescription and medicines dispensed with a prescription) in turnover is as follows: over-the-counter (OTC) medicines 57.5 %, food supplements (SN) 40%, and the share of prescription medicines (RX) is 2.5% of the company's portfolio.

According to the preliminary financial results as of 31.12.2020, unaudited, the sales income in 2020 amounts to 218.088 million lei, 7.56% higher than the one registered during 2019.

The net profit related to the financial year ended on 31.12.2020, amounting to 54.55 million lei, is 7.20% higher than that related to 2019, mainly due to the increase in sales revenues.

The company received from Biofarm S.A., in 2020, dividends amounting to 15.74 million lei (dividends 2019: 5.02 million lei).

Important events:

- According to the report²⁹ published on the BSE on 17.07.2020, Biofarm S.A. informs investors about the extension of the object of activity of the working point in Bucharest, 202-232 Gura Badicului Street;
- Through the current report dated 18.09.2020³⁰, Biofarm SA informs the investors that starting with 18.09.2020, the Board of Directors decided to appoint Mr. Nicușor Marian Buică as interim administrator, until the date of the Shareholders General Meeting in which the permanent administrator will be elected.

3. BRD – Groupe Societe Generale³¹ (BRD)

| in million lei (individually) | 2020 preliminary | 2019 | 2018 |
|--|------------------|--------|--------|
| Total asset | 61,635 | 55,853 | 54,089 |
| Net income from interest | 1,957 | 2,024 | 1,869 |
| Net income from taxes and commissions | 674 | 767 | 759 |
| Net profit | 952 | 1,529 | 1,546 |
| NPL (non-performing loans) | 3.0% | 3.1% | 4.6% |
| The total provision coverage of non-performing exposures | 75.8% | 74.0% | 74.2% |

Table no. 4.10. BRD-Groupe Societe Generale financial results (value comparison)

The Bank's total assets increased by 10.35% on 31.12.2020 compared to the end of 2019, and the Bank's equity increased by 19.97% year / year, respectively from RON 7,895 million to RON 9,472 million. The Bank's total liabilities increased by 8.77% at the end of 2020 compared to the value recorded on 31.12.2019, amid the increase in customer deposits.

²⁹ https://www.bvb.ro/infocent/infocent20/BIO_20200717182722_2020-07-17-Raport-Curent.pdf

³⁰ https://www.bvb.ro/infocent/infocent20/BIO_20200918133347_2020-09-18-Raport-curent.pdf

³¹ the data is taken from the reports and information published on the BSE

According to the preliminary financial results as of 31.12.2020, unaudited, the individual net profit is 37.75% lower than the one registered on 31.12.2019, mainly as a result of a net expense with provisions of 313 million lei, compared to a net provision release of 224 million lei in 2019.

According to the data presented by BRD³², the cost / income indicator remained stable at 51.4% (46.8% in 2019). BRD's capital position remained robust in 2020. The solvency ratio was 30.3% at the end of December 2020.

The Board of Directors of BRD decided to propose a level of gross dividend / share of 0.0749 lei / share, subject to its approval at the SGOM of 22 April 2021.

SIF Muntenia SA did not receive dividends from BRD in 2020 as a result of the SGOM resolution of 23 April 2020, respectively for consolidating its own funds, by including the entire net profit achieved for the financial year 2019, amounting to 1,528,523,000 lei, in the carried forward result of the Bank (dividends 2019: 8.54 million lei).

4. Romaero S.A. București³³

| in million lei | Semester I 2020 | 2019 | 2018 |
|----------------------------|-----------------|---------|---------|
| Total asset | 909.35 | 903.09 | 888.31 |
| Operating income | 54.41 | 116.77 | 112.96 |
| Operating result | (20.60) | (42.38) | (26.14) |
| Net result of the exercise | (24.13) | (51.36) | (35.31) |

Table no. 4.11. Romaero S.A. financial results (value comparison)

In the first half of 2020 Romaero S.A. recorded a negative net result in the amount of 24.13 million lei, by 33.2% more than the budgeted loss, according to the data presented by the company in the directors' report on 30.06.2020.

Important events:

- Romaero S.A. SGOM of 03.08.2020 approved the Restructuring Plan of the company's budgetary obligations, prepared by the independent expert CITR, in accordance with Government Ordinance no. 6 / 31.07.2019 regarding the establishment of fiscal facilities. This restructuring plan states the following:

- The Board of Directors and the executive management undertakes to submit the restructuring request within the term provided in the normative act and to fulfill all the necessary conditions provided in this normative act;

- The Board of Directors has the obligation to inform the shareholders on the periodic reports prepared by the independent expert on the stage of implementation of the restructuring measures;

- The capitalization of each asset provided for in the Plan, as well as the capitalization conditions, will be subject to the approval of the SGM, according to the legislation in force and must be accompanied by substantiation notes clearly indicating the destination of the amounts and a clear projection of revenue expenses and cash flow projections, after capitalization of assets.

- According to the SGEM resolution of 30.10.2020, published in the Official Gazette no. 4341 / 10.12.2020, the increase of the share capital of Romaero S.A. was not approved, with the value of the investment financed in 2019 from the state budget, through the budget of the Ministry of Economy, Energy and Business Environment, in a single stage, without issue premium, by subscribing in a public offer, with granting the preferential right, with an amount of up to 7,651,138.50 lei up to the maximum level of 25,020,080 lei, being justified by the obligation of Romaero SA to comply with the provisions of art. 13 of Law no. 232/2016 on the national defense industry.

5. SIF Banat Crișana³⁴

| in million lei | 2020 preliminary | 2019 | 2018 |
|--------------------------|------------------|----------|----------|
| Total asset | 2,883.77 | 2,926.68 | 2,452.94 |
| Dividend income | 85.78 | 115.09 | 110.22 |
| Investment Gain / (loss) | 27.82 | 75.95 | (16.05) |
| Net profit | 92.12 | 159.49 | 77.19 |

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

³²<https://www.bvb.ro/FinancialInstruments/SelectedData/NewsItem/BRD-Rezultate-financiare-preliminare-31-Decembrie-2020/F71E4>

³³ the data is taken from the reports and information published on the BSE

³⁴ the data is taken from the reports and information published on the BSE

According to the preliminary results communicated to shareholders, dividend income achieved in 2020 is 25.47% lower than in 2019, amid the COVID-19 pandemic.

In 2020, the return on investment was lower by 63.38% compared to the value achieved during 2019, mainly due to the recognition in income of the results of the valuation of financial assets at fair value through profit or loss.

At the end of the financial year 2020, SIF Banat-Crișana registered a net profit of 92.12 million lei, 42.24% lower than the 2019 profit.

Important events:

- By the FSA Authorization no. 54 / 16.04.2020, the modification of art. 3 *Share capital and shares* from the Articles of Incorporation of the company, in accordance with the SGEM Resolution no. 3 / 10.03.2020, respectively the paragraph regarding the holding threshold of 5% of the share capital was deleted;
- The shareholders approved, in the SGEM of 27.04.2020, running a redemption program (Program 1) of a maximum number of 15 million own shares, at a price ranging between 0.1 lei / share (minimum price) and 4.9665 lei / share (maximum price). The duration of the program was set at a maximum of 18 months from the date of publication in the Official Gazette of Romania;
- In accordance with the SGEM Resolution no. 1 of 27.04.2020, the share capital of SIF Banat-Crișana decreased from 51,746,072.4 lei to 51,542,236.3 lei, as a result of the cancellation of a number of 2,038,361 own shares acquired by the company within share redemption programs;
- On 23.07.2020, SIF Banat-Crișana submitted to the FSA the documentation for authorization as a closed, diversified Alternative Investment Fund, intended for retail investors, in accordance with the provisions of Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some normative acts;
- Through the communiqué³⁵ sent to the BSE on 07.09.2020, the shareholders were informed about the acquisition of the stake of shares representing 99.92% of the share capital of the company DOOSAN IMGB S.A.;
- During the SGEM of 02.11.2020, the revocation of the SGEM Resolution of 27.04.2020 was approved, approving running a program for the repurchase of own shares (Program 1). At the same time, it was approved to start a new program to repurchase a number of 15 million own shares (Program 3). The redemption price will be between 0.1 lei / share and 5.1020 lei / share, and the duration of the program will be a maximum of 12 months from the date of publication in the Official Gazette of Romania.

6. CI-CO S.A. București³⁶

| in million lei | Semester I 2020 | 2019 | 2018 |
|----------------|-----------------|--------|--------|
| Total asset | 52.12 | 55.29 | 53.99 |
| Turnover | 5.03 | 11.15 | 10.22 |
| EBITDA | 1.41 | 4.98 | 3.86 |
| EBITDA Marjin | 28.11% | 44.70% | 37.79% |
| Net Profit | 0.88 | 3.76 | 1.85 |

Table no. 4.13. *Ci-CO S.A. financial results* (value comparison)

The company's operational activity was influenced, during 2020, by the COVID 19 pandemic, the application of social distance measures having a negative impact on rental income and services, leading to additional expenses for disinfection of premises and implementation of prevention measures of SARS-CoV2 virus infections.

The operational revenues registered in the first semester of 2020 amounted to 5.25 million lei, representing 47.80% of the budgeted level for 2020 (11.25 million lei).

The company ended the first half of 2020 with a net profit of 0.88 million lei, representing 52.72% of the estimated value for 2020.

³⁵ https://www.bvb.ro/infocnt/infocnt20/SIF1_20200907084438_2020-09-07-RC-Tranzactie-Doosan.pdf

³⁶ the data is taken from the reports and information published on the BSE, calculations SAI Muntenia Invest SA

During the first semester of 2020, investment works worth 1.95 million lei were received, representing modernization, repair and maintenance works for the Obor Central Halls building.

In 2020, the Company received the amount of 3.42 million lei as a dividend due from the net profit for 2019 (2019: 1.68 million lei).

7. Firos S.A. București³⁷

| in million lei | Semester I 2020 | 2019 | 2018 |
|----------------|-----------------|-------|------|
| Total asset | 74.4 | 67.6 | 64.3 |
| Turnover | 28.2 | 60.6 | 64.8 |
| EBITDA | 3.9 | 6.9 | 5.8 |
| EBITDA Marjin | 14.0% | 11.4% | 8.9% |
| Net Profit | 2.38 | 4.82 | 3.22 |

Table no. 4.14. *Firos S.A. financial results* (value comparison)

The turnover registered during the first semester of 2020 decreased by 4% compared to the same period of the previous year. The variation of the turnover is explained by the increase by 12% (2.9 million lei) of the revenues from the sold production and the decrease by 75% of the revenues from the sale of goods (4.1 million lei). Revenues from the production sold increased by 12%, from 24 million lei during the first half of 2019 to 26.9 million lei during the first half of 2020. For the first half of 2020, the company planned to produce and sell 56,000 cubic meters of expanded cellular polystyrene, 60,144 m³ being achieved. Regarding mortars and adhesives, the company had a budget to produce and sell 43,000 tons and produced 50,000 tons.

The net profit achieved in the first half of 2020 is 21.5% higher than the one realized in the same period of the previous year.

In 2020, the Company received from Firos S.A. net dividends amounting to 1.4 million lei (2019: 1.4 million lei).

8. SNGN Romgaz S.A. Mediaș³⁸

| in million lei | 2020 preliminary | 2019 | 2018 |
|----------------|------------------|---------|---------|
| Total asset | 9,261.2 | 8,253.2 | 9,134.9 |
| Turnover | 4,074.9 | 5,080.5 | 5,004.2 |
| EBITDA | 1,862.7 | 2,595.3 | 2,240.0 |
| EBITDA Marjin | 45.71% | 51.08% | 44.76% |
| Net Profit | 1,254.6 | 1,089.6 | 1,366.2 |

Table no. 4.15. *SNGN Romgaz financial results* (value comparison)

According to the preliminary consolidated annual report on the activity of SNGN ROMGAZ S.A. for 2020, natural gas production was 4,519.7 million cubic meters, 757.2 million cubic meters lower than the production achieved in the previous year (-14.35%), amid the COVID-19 pandemic, but by 4.7 % higher than budgeted production. The amount of gas injected into deposits in 2020, compared to 2019, decreased by 57.4%, while the amount extracted increased by 42.8%. Electricity production increased in 2020 compared to the previous year by 58.9%.

The decrease in turnover achieved in 2020, of 19.79% compared to the previous year, is mainly caused by the decrease by 24.48% of revenues from the sale of natural gas (amid the decrease by 10.1% of the amount of natural gas sold), while revenues from storage services increased by 13.32% and revenues from the sale of electricity increased by 29.9%.

Compared to the previous year, the Group recorded savings in terms of oil royalty expenses (42.59%), due to the decrease in the reference price used in its calculation, as well as in terms of additional income tax (-42.12%), as a result of the deregulation of prices in the natural gas sector, against the background of the reduction of the selling price of natural gas, but also of the quantities sold. Also, depreciation and amortization expenses decreased significantly (-64.86%), mainly due to the reduction of net impairment losses on fixed assets (-96.54%). Unlike in 2019, when the Group recorded a net loss from adjustments with impairment of receivables, of 81.2 million lei, in 2020 there was a net gain from adjustments with impairment of receivables of 17.6 million lei. Exploration expenses increased by 533.34%, while staff costs increased by 14.45%.

The preliminary net profit for 2020 is 1.25 billion lei, increasing by 15.14% compared to the net profit achieved in 2019.

³⁷ the data is taken from the reports and information sent by the company

³⁸ the data is taken from the reports and information published on the BSE

The value of the investments made was 637.25 million lei and represents 71.19% of the budgeted value for 2020. In 2020, the Company received net dividends in the amount of 1.78 million lei. (2019: 4.87 million lei)

9. SIF Oltenia³⁹

| in million lei | 2020 preliminary | 2019 | 2018 |
|--------------------------|-------------------------|-------------|-------------|
| Total asset | 2,061.08 | 2,389.47 | 1,982.61 |
| Gross Dividend income | 70.95 | 125.31 | 90.62 |
| Investment Gain / (loss) | 0.05 | 6.45 | (1.04) |
| Net profit | 52.23 | 124.13 | 96.26 |

Table no. 4.16. *SIF Oltenia financial results (value comparison)*

According to the preliminary financial results, SIF Oltenia S.A. reported for the year 2020 gross income from amounting to 70.95 million lei, decreasing by 43.4% compared to the revenues registered in 2019, mainly due to the current economic environment. The net profit for 2020 is 52.23 million lei, 57.9% lower than the value recorded in 2019 and higher by 189.77% compared to the budgeted value (BVC 2020: 27.52 million lei) .

The company received in 2020 net dividends in the amount of 1.65 million lei (2019: 2.48 million lei).

Important events:

Between 16.01.2020 - 30.01.2020, a share redemption program was carried out, in accordance with the SGEM Resolution no. 3 dated 11/18/2019. Following the offer, 38,393,986 shares were purchased at the price of 2.75 lei / share. The repurchased shares were canceled, in accordance with the SGEM Resolution of 25.03.2020.

The SGOM was convened on 28.04.2020, which had on the agenda, among others, the approval of the individual and consolidated financial statements of 2019, the approval of the profit distribution for 2019 and the establishment of its payment date, the discharge of the administrators for the activity carried out in the financial year 2019, the Revenue and Expenditure Budget for 2020 and the Strategy for 2020.

In this context, two SGOM meetings were held, during which contradictory decisions were taken, namely:

- the shareholders approved by the management of SIF Oltenia participated in the meeting chaired by the President of the Board of Directors, Tudor Ciurezu, and approved all the items on the agenda;

- shareholders who were physically prevented from attending the meeting chaired by the Chairman of the Board for various reasons (they voted by mail, the number of participants in the hall was limited to maintain the conditions for maintaining social distance), held a SGOM meeting in another location, and rejected all the items on the agenda, also requesting the liability of some members of the Board of Directors, for non-compliance with the rights of shareholders and finding the legal termination of their mandates, including the mandate of General Manager held by Tudor Ciurezu. All SGOM resolutions of 28.04.2020 were challenged by the parties involved.

By the SGEM Resolution of 14.07.2020, the amendment of the Articles of Incorporation of SIF Oltenia S.A. was approved, in order to correlate it with the provisions of Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts.

In accordance with the SGEM Resolution of 25.03.2020, between 22.07.2020 - 04.08.2020, a public offer for the purchase of SIF Oltenia shares was carried out, in order to reduce the share capital. Within this offer, a number of 22,149,143 own shares were purchased, representing 3.95% of the share capital, at the price of 2.75 lei / share.

On 12.10.2020, the SGOM took place, during which the following were decided:

- revocation of decisions no. 3, 4, 5, 6, 7 and 8 of the SGOM of 28.04.2020, chaired by Tudor Ciurezu as Chairman of the Board;

- revocation of decisions no. 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 of the SGOM of 28.04.2020, chaired by Cristian Bușu as Vice President of the Board;

- the rejection of the individual and consolidated financial statements for 2019, the distribution of the profit for 2019 and the establishment of the dividend payment date, the discharge of the directors for the activity carried out in the financial year 2019, the Revenue and Expenditure Budget for 2020 and the 2020 Strategy;

³⁹ the data is taken from the reports and information published on the BSE

- approving the revocation of the directors Tudor Ciurezu, Anina Radu, Carmen Popa and Nicolae Stoian and the termination of the mandate of General Manager held by the Chairman of the Board of Directors.

By the FSA authorization no. 191 / 03.12.2020, a number of four directors appointed at the SGOM meeting of 29.10.2020 were authorized as members of the Board of Directors. Thus, the composition of the Board of Directors of SIF Oltenia, according to the previously mentioned authorization, is: Cioacă Sorin Iulian, Trifu Mihai, Andrici Adrian, Matei Codrin.

By the FSA authorization no. 192 / 16.12.2020, the composition of the executive management of SIF Oltenia SA was authorized.

The shareholders approved in the SGEM meeting of 29.10.2020 the reduction of the share capital from 52,214,914.3 lei to the value of 50,000,000 lei, by canceling a number of 22,149,143 own shares acquired by the company following the redemption program of own shares carried out between 22.07.2020 - 04.08.2020.

10. Muntenia Medical Competences⁴⁰

| in million lei | Semesetr I 2020 | 2019 | 2018 |
|----------------|-----------------|-------|-------|
| Total asset | 26.66 | 26.73 | 27.20 |
| Turnover | 8.31 | 18.92 | 18.08 |
| EBITDA | 0.81 | 1.85 | 2.67 |
| EBITDA Marjin | 9.8% | 9.8% | 14.8% |
| Net Profit | 0.004 | 0.306 | 0.787 |

Table no. 4.17. *Muntenia Medical Competences S.A. financial results* (value comparison)

Muntenia Medical Competences S.A. is an unlisted company that manages Muntenia Hospital. Since 2014, the hospital offers patients complete and integrated services, from consultations and analysis collections to complex radiological examinations and hospitalizations. The hospital offers a series of medical treatments, surgeries, one-day and continuous hospitalization services, settled by the Health Insurance House, within the limits of the contracted ceiling.

In the context of the declaration of the COVID-19 pandemic, the executive management of the company took a series of measures, in order to counteract the unfavorable economic impact on the results: technical unemployment for some employees (in April and May), renegotiating the conditions for providing medical services, the reorganization of the activity, in order to comply with all the regulations in force, as well as the dismissal of some employees, in order to keep under control the salary expenses, related to the revenues collected.

Analyzed structurally, by departments, the level of revenue achievement compared to the budgeted values for the first half of 2020 is 85.9%, as follows: outpatient (82.7%), imaging (77.5%), laboratory (88, 4%), recovery (68.6%), continuous hospitalization (104.6%) and day hospitalization (98.7%).

The main indicators in the first half of 2020 recorded significant changes caused by the coronavirus pandemic. Thus, the company's turnover decreased by 11.83% compared to that recorded during the first half of 2019. The result recorded in the first half of 2020 is 4 thousand lei (compared to the net profit recorded in the first half of 2019, of 160 thousand lei).

4.2 SUBSIDIARIES

Considering the meanings presented in Law no. 24/2017 on issuers of financial instruments and market operations, regarding the notions of "group"⁴¹, "parent company"⁴² and "subsidiaries"⁴³, we inform that the Company holds in its portfolio, on 31.12.2020, participations representing 50% and over 50% of the share capital of some issuers, at a number of 15 companies, all of which are operational.

Subsidiaries are monitored analytically, constantly aiming to increase their fair value by taking immediate action, especially in case of non-compliance with the indicators from the revenue and expenditure budgets approved by the

⁴⁰ the data is taken from the reports and information sent by the company

⁴¹ A mother company and all its subsidiaries (art. 2, para.1, point. 12 of Law 24/2017)

⁴² company that controls one or more subsidiaries (art. 2, paragraph 1, point 40 of Law 24/2017)

⁴³ entity defined according to the provisions of art. 3 para. (1) point 25 of Law no. 126/2018 on the markets of financial instruments (art. 2, paragraph 1, point 9 of Law 24/2017), respectively entity controlled by a parent company, including any subsidiary of the parent company that manages them, including any subsidiary of a subsidiary of the mother company which runs them

SGM of the entities. The evolution of the subsidiaries is constantly monitored, both in terms of the result and the position in the market in which they operate, so that the fair value does not have negative influences in the annual result recorded by the Company. The fair value of subsidiaries at 31.12.2020 compared to 31.12.2019 is presented in Note 23 to the Company's annual financial statements at 31.12.2020.

As of 31.12.2020, no subsidiary holds shares issued by the Company.

All controlled companies⁴⁴ are based in Romania. For them, the percentage of Company's holding in the share capital of the entity is not different from the percentage of the number of votes held.

From the 15 subsidiaries:

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

In 2020, the Company received dividends from its subsidiaries in the amount of 17.34 million lei, which represents 37.5% of the total dividends received during 2020.

At 31.12.2020 the net asset value of these companies was 491.75 million lei (31.12.2019: 516.40 million lei), and the percentage of the total assets of the Company was 30.47% (31.12.2019: 30.38%).

| | I | II | III | IV | V |
|---|---|---|--------|-------|-------|
| 1. Biofarm S.A. | | Manufacture of pharmaceutical preparations | 217.52 | 13.47 | 51.58 |
| 2. CI-CO S.A. | | Renting and operating of own or leased real estate | 45.33 | 2.81 | 97.34 |
| 3. Firos S.A. | | Production of mortars | 37.35 | 2.31 | 99.69 |
| 4. Muntenia Medical Competences | | Specialized healthcare activities | 30.29 | 1.88 | 99.76 |
| 5. Voluthema Property Developer S.A. | | Renting and operating of own or leased real estate | 24.49 | 1.52 | 99.97 |
| 6. Bucur S.A. | | Other retail sale in non-specialised stores | 23.89 | 1.48 | 67.98 |
| 7. Germina Agribusiness S.A. | | Wholesale of grain, unmanufactured tobacco, seeds and animal feeds | 23.28 | 1.44 | 90.68 |
| 8. ICPE S.A. | | Research | 22.90 | 1.42 | 50.32 |
| 9. Avicola București S.A. | | Poultry | 18.54 | 1.15 | 99.40 |
| 10. Unisem S.A. București | | Wholesale of grain, unmanufactured tobacco, seeds and animal feeds | 10.44 | 0.65 | 76.91 |
| 11. Fondul Roman de Garantare a Creditelor pentru Întreprinzătorii Privati - IFN S.A. | | Other lending activities | 9.66 | 0.60 | 54.59 |
| 12. Casa de Bucovina-Club de Munte S.A. | | Hotels and other similar accommodation facilities | 8.99 | 0.56 | 69.25 |
| 13. Semrom Oltenia S.A. | | Cultivation of cereals (excluding rice), leguminous plants and oilseeds | 8.89 | 0.55 | 88.49 |
| 14. Gecsatherm S.A. | | Manufacture of fiber glass | 7.02 | 0.43 | 50.00 |

⁴⁴ means the relationship between a parent company and a subsidiary, in all cases provided under art. 22 para. (1) and (2) of Directive 2013/34 / EU or a similar relationship between any natural or legal person and a company, any subsidiary of a subsidiary company also being considered as a subsidiary of the parent company which runs them (Article 3, paragraph 1, point 39 (b) of Law 126/2018 on markets of financial instruments)

| | I | II | III | IV | V |
|----------------|---|-----------------------|---------------|--------------|-------|
| 15. Mindo S.A. | | Production of mortars | 3.16 | 0.20 | 98.02 |
| TOTAL | | | 491.75 | 30.47 | |

Table no. 4.18. List of subsidiaries and the value of their certified net assets at 31.12.2020

Legend

I- Denomination

II- Field of activity

III- Value of the participations, in million lei, certified by the Depository

IV- % in the total asset of the Company

V- % of the company's share capital held by the Company

RELATED PARTY TRANSACTIONS

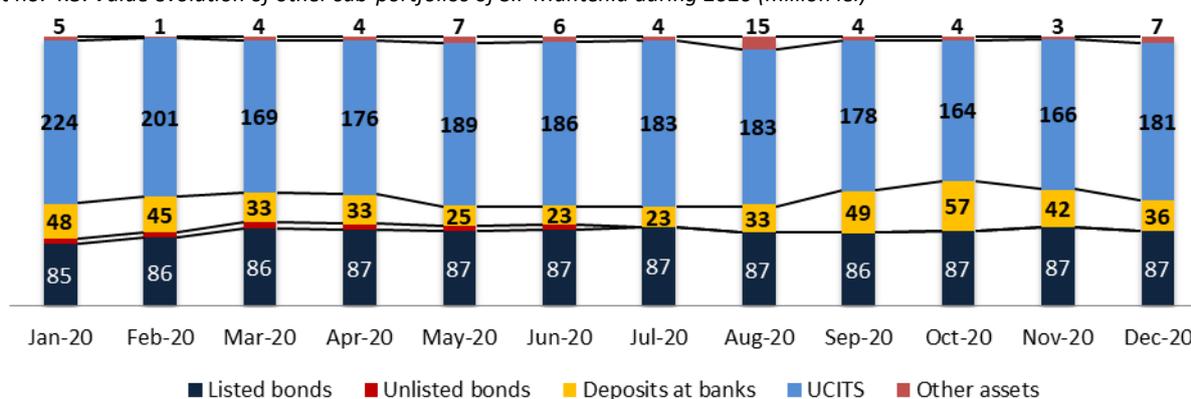
As of 1 January 2019, in accordance with IFRS 16 "Leases", as a lessee, based on the lease agreement signed for the space intended for the registered office, concluded with Voluthema Property Developer SA, the Company recognized an asset related to the right to use the underlying asset and a leasing debt arising from this contract⁴⁵. Purchases of services related to the contract amounted to 52,175 lei (details in Note 23 to the Annual Financial Statements as at 31.12.2020).

Transaction provided under art. 82⁴⁶ of Law no. 24/2017 on issuers of financial instruments and market operations

On 23.06.2020, the Company, through the Administrator, reported according to the provisions of art. 82 of Law 24/2017 on issuers of financial instruments and market operations, on the conclusion of the contract for the sale of shares between the Company and Avicola București S.A., having as object a stake of 907,145 shares issued by Voluthema Property Developer S.A. at the price of 7.9592 lei / share.

4.3 OTHER SUB-PORTFOLIOS

Chart no. 4.5. Value evolution of other sub-portfolios of SIF Muntenia during 2020 (million lei)



BANK DEPOSITS

During 2020, the average monthly interest on deposits made by the Company had, for most of the year, higher values than RO BID 1M (RO BID 1 month). At the end of 2020, the Company held 35.57 million lei in bank deposits, representing 2.2% of the total certified assets.

⁴⁵ the contractual relations ended on 15 May 2020

⁴⁶ on 28.08.2020, article 82 was repealed by Law no. 158/2020 amending, supplementing and repealing certain legislation, as well as establishing measures to implement Regulation (EU) 2017 / 2.402 of the European Parliament and of the Council of 12 December 2017 establishing a general framework for securitization and creating a specific framework for simple, transparent and standardized security and amending Directives 2009/65 / EC, 2009/138 / EC and 2011/61 / EU, and Regulations (EC) No 882/2004; 1,060 / 2009 and (EU) no. 648/2012

Chart no. 4.6. ROBID one month (max.2.92%, min.1.66%) compared to the average monthly interest on the Company's deposits



BONDS

During 2020, coupons were collected from the bond issues issued by:

- Impact Developer & Contractor S.A. - 0.28 million lei (57,893 euros),
- Capital Leasing IFN S.A. - 0.09 million lei,
- Opus - Chartered Issuances S.A. - 1.59 million lei (EUR 328,200).

At the same time, the following bond issues reached maturity, during 2020, for which both the principal and the interest were collected:

- Banca Transilvania S.A. - 1.27 million lei (262,080 euros),
- Medimfarm S.A. - 5.71 million lei.

In the third quarter of 2020, two amendments were signed to extend the maturity of OPUS bonds. The table below shows the change.

| ISIN Bond | Initial maturity | Maturity according to amendment |
|--------------|------------------|---------------------------------|
| DE000A185GT6 | 03.09.2020 | 05.09.2022 |
| DE000A17LGN6 | 24.09.2020 | 26.09.2022 |

Table no. 4.19. Maturity of bonds issued by Opus Chartered Issuances

There were no bond purchases during the reporting period.

PARTICIPATION TITLES

These securities contribute to reducing the overall risk of the portfolio through diversification. Considering the global economic environment, namely the COVID-19 pandemic, the Administrator decided, in order to protect the interests of investors, a passive management of the participation titles sub-portfolio. The Administrator has constantly monitored this sub-portfolio, taking into account the major volatilities in the capital markets. The value of this sub-portfolio was between 10.6% and 13.1% of the total assets certified by the Depository (the limit approved by the shareholders was <25% of the total assets certified by the Depository).

During 2020, the participation titles portfolio did not change.

5 LITIGATIONS

The administrator ensures the defense, exercise and capitalization of the Company's rights. To this purpose, the activity of legal services is provided by legal advisers and lawyers.

As of 31 December 2020, the records of the Special Situations Administration department included 64 litigations pending before the courts: 45 litigations with professionals, 13 civil litigations, 4 criminal and 2 administrative litigations.

In most of the litigations, the Company has the quality of plaintiff or intervener, the object of litigations representing the annulment / finding of the absolute nullity of some decisions of the General Meetings of Shareholders at the entities in the Company's portfolio, litigations having as object the right to withdrawal from companies according to Law no. 151/2014 on clarifying the legal status of shares traded on RASDAQ Market or on the unlisted securities market, to recover the value of shares held and litigations in connection with the insolvency proceedings of some entities in the Company's portfolio.

The management of the Administrator will further ensure the fulfillment of all diligences for the defense of the legitimate interests of the Company and of the shareholders in all these litigations, in accordance with the legal provisions.

6 RISK MANAGEMENT DURING 2020

Risk management is the totality of activities aimed at identifying, quantifying, monitoring and controlling risks, so as to ensure compliance with the principles of general risk policy. The risk management system includes a set of analyzes, charts to diversify the exposures of the financial instruments in the portfolio, together with the identification and assessment of financial risks, as well as proposals to mitigate the effects of risks related to the Company's investment and general activity.

The Administrator has implemented in the organizational structure the permanent risk management function, which also covers the risk management for the Company. In this structure procedures are implemented that guide the risk management activity, in order to accordingly identify, evaluate, manage and monitor all relevant risks, in accordance with the provisions of art. 30-37 of Regulation no. 231/2012 supplementing Directive 2011/61 / EU of the European Parliament and of the Council as regards derogations, general conditions of operation, storage, leverage, transparency and supervision.

MAJOR RISKS

During 2020, the most important event was the evolution and spread of the SARS-CoV-2 virus, with major economic and social implications. The COVID-19 pandemic had and still has important effects, this event being included in the category of non-financial operational risks in the chapter Civil disasters.

At national level, this state determined the establishment of the state of emergency on the Romanian territory (for 60 days, starting with 15 March 2020) and then the establishment of the alert state for successive periods of 30 days each, starting with the 15 May 2020. National authorities have taken and then maintained measures on the need to ensure adequate protection of the population against SARS-CoV-2 virus disease.

During the state of emergency or alert, respectively, the Administrator took the necessary measures in order to adapt to the crisis situation and the continuity of activity, including related to avoiding direct contact between people. Decisions have been made regarding:

- compliance by employees with preventive measures, so that the Company's activity is not affected by the spread of the pandemic;
- flexibility of the work schedule and predominant use of electronic means of communication, including telework;
- temporary changes in the internal rules of each compartment, in order to limit the physical presence and to comply with all internal rules and procedures in force;
- changes in the flows of operations and activities of the departments;
- periodic testing of employees.

Both during the state of emergency and during the state of alert, until the date of this Report, no operational risks induced by this mode of organization were reported, which limited the presence of employees at headquarters.

SIGNIFICANT RISKS

Risk management policy is based on a system of limits used to monitor and control risks. The evolutions registered at the level of the quotations of the shares in the portfolio did not lead to exceeding the risk limits.

During 2020, the following categories of potential or existing risks to which the Company is exposed were analyzed and assessed:

1. Market risk

Market risk is the risk of incurring losses on positions in the income statement, in the balance sheet and off-balance sheet, due to fluctuations in the prices at which the financial securities in the portfolio are traded. These fluctuations are attributed to changes in market variables: stock prices, changes in interest rates or changes in foreign exchange rates, which could change the value of the financial instruments held.

The VaR (value at risk) of the tradable sub-portfolio is calculated for measuring and assessing market risk, an indicator that expresses the maximum potential loss, with a certain probability of error, expected in a certain period of time, starting from the premise that the evolution of past prices will determine the price behavior of the future. The calculated VaR had the value of 3.22% with a probability of 99%, placing the Company within the limits of the low risk level (2.01 - 4%).

Other indicators calculated for measuring and assessing market risks for the Company are:

- Annualized volatility = Volatility (% / year) is 21.90;
- *Net delta capital* factor of the portfolio (sensitivity of the portfolio to changes in share prices) = Percentage change in assets under management (corresponding to the portfolio on the last day of December 2020) applying a change of 1% to the listed share portfolio = 0.67%. In previous years, this indicator had similar quotations (0.66% in 2019, 0.63% in 2018 and 0.68% in 2017);
- The *net DV01* factor (portfolio sensitivity to changes in yield curves) is not calculated, the fund not being exposed to changes in interest rates;
- *Net CS01* factor is not calculated, the fund does not have CDS derivatives in its portfolio.

A positive variation of 10% of the price of financial assets at fair value through profit or loss would lead to an increase in profit after tax by 71,791,552 lei (December 31, 2019: 76,561,070 lei), a negative variation of 10% having an equal and opposite net impact. A positive variation of 10% of the prices of financial assets at fair value through other elements of the global result measured at fair value would lead to an increase in equity, net of income tax, by 68,541,973 lei (December 31, 2019: 69,181.490 lei), a negative variation of 10% having an equal and opposite net impact.

The **foreign exchange risk** of the Company's portfolio, at the end of December 2020, was 6.97%, being calculated as the sum of foreign currency assets related to total assets. It exceeded the limits of the average risk level (4.01 - 6%) assumed by the risk profile, but falls within the limits of risk tolerance (0 - 8%).

According to the financial statements, the financial assets and liabilities of the Company expressed in other currencies, as of December 31, 2020 can be analyzed as follows.

| in lei | 2020 | 2019 |
|---|--------------------|--------------------|
| Cash and curret accounts | 26,928,648 | 3,191 |
| Financial assets at fair value through profit or loss | 83,968,674 | 111,649,643 |
| Financial assets at fair value through other comprehensive income | 4,877,838 | 10,240,614 |
| TOTAL asstes | 115,775,160 | 121,893,448 |
| Other liabilities | 40,419 | 534,576 |
| TOTAL liabilities | 40,419 | 534,576 |
| Net financial assets | 115,734,741 | 121,358,872 |

Table 6.1. SIF Muntenia's assets and liabilities (expressed in foreign currency)

Long-term interest rate risk (due to exposure to adverse interest rate fluctuations): the Company's bank deposits are interest-bearing assets generally invested at short-term interest rates and are not exposed to a major risk of change. The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

2. Credit risk

Exposure to credit institutions derives mainly from relationships with institutions where available cash is deposited. In order to manage this risk, the Company has chosen, for the storage of available cash, local credit institutions, whose financial soundness is monitored based on the available public information.

The exposure to credit risk related to fund units was achieved by applying the following measures:

- Prior verification of the entities in which it invests, so as to ensure the existence of a sound and prudent investment strategy, correlated with the investment strategy of the Company;
- Monitoring the return on funds, as well as the individual return on the most significant investments;
- Monitoring events that could indicate a reduction in the value of fund units, such as the decline of the market in which it invests or of a sector of activity that corresponds to a significant sub-portfolio.

The exposure to credit risk related to equity securities is mainly due to the possibility of incapacity to meet due obligations, as a result of the loss registered during the previous financial years, which completely exhausted equity.

For the Company, the Risk Department calculates indicators that determine the value of exposures to shares issued by listed and unlisted companies in the portfolio, which have a high level of bankruptcy risk, relative to the value of equity.

The concentration risk is divided between six indicators that are part of the Risk Profile and are listed below. Of these, one has a lower degree of risk than the one assumed, and the other five indicators fall within the limit of the degree of risk assumed.

| Nr. Crt. | Indicatori riscuri | Apetit risc | Interval apetit risc | Nivel actual | Calificare în toleranța la risc | Nivel risc înregistrat |
|----------------------------|--|-------------|----------------------|----------------------------|---------------------------------|------------------------|
| Concentration risk: | | | | | | |
| 1 | Unlisted securities / Total assets | Average | 12.01% - 18% | 11.67% | Yes | Low |
| 2 | Holdings at the same issuer / Total assets | Low | 12.01% - 24% | 21.20% | Yes | Low |
| 3 | Holdings in issuers of the same group / Total assets | Low | 15.01% - 30% | 21.20% | Yes | Low |
| 4 | Current accounts / Total assets | Very low | 0% - 3% | 1.81% | Yes | Very low |
| 5 | Liquid assets at the same bank / Total assets | Very low | 0% - 4.50% | Intesa Sanpaolo Bank 1.13% | Yes | Very low |
| 6 | Securities level UCITS, AIF / Total assets | Low | 15.01% - 30% | 19.55% | Yes | Low |

Table 6.2. Concentration risk

Regarding Romania's country risk (sovereign rating), the main rating agencies decided to maintain the previous assessments (Standard & Poor's in December, Moody's and Fitch in October). Thus, Romania's rating is ranked on the last step of the category "recommended for investments" by all three agencies, having a "negative" perspective from each of them. With regard to these rather positive assessments in the current context, the agencies appreciate the improved prospects for covering this year's public sector financing needs in the context of the large volume of Eurobond issues and additional funds that will / can be obtained / accessed from European Union in the form of transfers and loans.

3. Counterparty risk

Counterparty risk is the risk that one of the parties to the contract will not fulfill its contractual obligations, leading to a loss for the other party; this risk arises, in particular, from OTC derivative transactions or financial instrument financing transactions. The company did not enter into transactions with derivative financial instruments in 2020, as defined in Section C, points 4 to 10 of Annex I to Directive 2004/39 / EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, implemented by Articles 38 and 39 of Regulation No 1287/2006 implementing Directive 2004/39 / EC of the European Parliament and of the Council on the obligations of investment firms to keep records and registrations, transaction reporting, market transparency, admission to financial instruments in transactions and definition of terms within the meaning of the Directive.

At the same time, the possibility of insolvency of institutions providing services (such as asset custody) or situations in which transactions are performed with shares / bonds issued by companies unlisted on a regulated market or on an alternative trading system is analyzed. According to the calculations performed, the results are in the area of the parameters set in the Risk Profile. The lack of a portfolio of derivatives or pending (undeclared) transactions places the Company in a very low risk area.

Under the Counterparty Risk Procedure, the possibility of insolvency of institutions providing financial services, such as asset custody, is considered. Thus, for the custodian bank (BRD) several indicators were calculated, based on the financial indicators of the bank. By weighting them according to the mentioned procedure, the result (3,6) falls into the low risk area.

It also analyzes situations in which transactions with shares / bonds of unlisted companies are executed, for which there is a risk of bankruptcy before the final settlement of cash flows. The measures taken by the administrator to manage this risk include the selection of institutions that are counterparties to financial instruments, in order to reduce the risk of insolvency. The absence of a portfolio of derivatives and the monitoring of pending (undeclared) transactions diminish the occurrence of this risk.

4. Liquidity risk

The general objective of liquidity risk management is to minimize the negative impact on profits, capital and portfolio, generated as a result of the Company's inability to meet its obligations at maturity. The risk department monitors available cash and highly liquid assets against its short-term liabilities. The main liquidity calculation indicator is: "Liquid assets / Monthly average expenses", which, at 31.12.2020, has the value of 31.64, which expresses the fact that the Company can fulfill its current obligations from the liquid assets it holds. This indicator is at very low risk level, according to the Risk Profile, which means that the value of cash or cash equivalents is at least five times the value of monthly average expenses.

Another liquidity indicator pursued is grouping of assets in the liquidity bands specified in the Reporting Guidelines in accordance with Article 3 (3) (d) and Article 24 (1), (2) and (4) of the AIFM. - ESMA / 2014/869 (118, 119), ie the percentage of the Company's portfolio that can be liquidated in each of the specified liquidity periods. The calculations performed for 31.12.2020 for the Company's portfolio show that it falls within the average risk level, agreed by the Risk Profile. To limit / avoid liquidity risk, the Administrator adopts a prudent cash outflow policy.

The liquidity bands are those established in Regulation no. 231/2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council as regards derogations, general conditions of operation, storage, leverage, transparency and supervision, as follows:

| The percentage of the portfolio that can be liquidated within: | | | | | | |
|--|----------|-----------|------------|-------------|--------------|----------------|
| 0-1 day | 2-7 days | 8-30 days | 31-90 days | 91-180 days | 181-365 days | peste 365 days |
| 0.07% | 1.26% | 2.51% | 7.51% | 15.01% | 7.51% | 66.13% |

Table 6.3. *Liquidity bands*

For the Company, the percentages of assets included in the liquidity bands related to the total assets managed were calculated. The portfolio positions were assigned to one or more periods, based on the time in which they could be reasonably liquidated, to the carrying amount or to a value close to it, the total being 100%.

The calculations performed for the end of 2020 for the Company's portfolio show that it fully falls within the average degree of risk agreed by the Risk Profile.

5. Operational risk

Operational risk refers to losses caused either by the use of inadequate processes, internal systems or human resources that cannot function properly, or by external events and actions. Legal risk is also included in this category of risks.

During 2020, the evolution and spread of the SARS-CoV-2 virus on the Romanian territory is considered a major element of operational risk, with important effects and implications, included in the chapter Civil disasters. Managing and counteracting the effects of this risk are highlighted in the first part of this chapter. The implications and manifestations of this unforeseen situation require continuous monitoring and present and future corrective measures adapted to the crisis situation.

6. Strategic risk

Under great volatility conditions of the capital market, there is the risk of non-fulfillment of the management plan according to the communications to investors, due to the non-realization of the dividend income forecasted on the preparation of the income and expenditure budget, as well as the negative influence registered from the decrease of participations valued at fair value through profit or loss. Macroeconomic influences can have an impact on the business of companies in the Company's portfolio and, implicitly, on the investment activity.

7. Reputational risk

The Company's press releases are monitored daily, through the PR company and the portfolio managers, being communicated to the executive management and the Board of Directors, in order to take measures to manage potential situations, if necessary.

8. Systemic and contagion risk

Related to the systemic and contagion risk, in order to prevent and spread the negative effects of the crisis caused by the SARS-CoV-2 pandemic on the Romanian territory, the NBR adopted a package of measures that would have the effect of lowering interest rates on loans and ensuring banks cash flows for all operations; moreover, the supply of liquidity to the markets was assumed by buying government securities in lei on the secondary market.

This included lowering the monetary policy interest rate by 1 percentage point to 1.50% and narrowing the interest rate corridor for permanent facilities. At the same time, it was decided to carry out repo operations in order to provide liquidity to credit institutions, as well as to buy government securities in lei on the secondary market, in order to finance in good conditions budget expenditures and the real economy, under conditions of relative stability. exchange rate. At the beginning of January 2021, as a result of a favorable internal and external context, money market liquidity improved considerably, leading to a significant decrease in money market interest rates and allowing the NBR to reduce the reference interest rate to 1.25%.

On the other hand, in the Company's portfolio, Banca Transilvania S.A. can be considered as an exposure that adds systemic risk, especially due to the size of the bank - this being the largest bank in the Romanian system, in terms of assets. For the permanent monitoring of the systemic risk generated by this exposure, the Company has access to and analyzes the assessments made by the rating agencies and the public ones performed by the NBR in connection with Banca Transilvania S.A.

The company holds in this issuer a percentage of 21.20% of the assets under management.

Regarding the rating ratings of Banca Transilvania, it should be added that Fitch Ratings confirmed the IDR (Long-term Issuer Default Rating) rating for long-term financing of Banca Transilvania to 'BB +', but revised the forecasts from stable to negative. The agency 's actions reflect risk assessments of the bank' s credit portfolios, given the economic implications of the pandemic.

Regarding the Company's exposure to Banca Transilvania, we appreciate that the analysis of the complex evaluations of the NBR as well as of the evaluations made by the rating agencies lead to a permanent monitoring of the systemic risk generated by this exposure.

FRAMING THE ASSET CATEGORIES IN THE PORTFOLIO WITHIN THE LEGAL HOLDING LIMITS

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

- Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some normative acts;
- FSA Regulation no. 7/2020 on the authorization and operation of alternative investment funds; FSA Rule no. 14/2013 on investments of collective investment undertakings in money market instruments such as promissory notes - in connection with direct and indirect investments in promissory notes;
- Law 297/2004 on the capital market - on voting rights for entities supervised by the FSA;
- Directive no. 61/2011 on the managers of alternative investment funds and amending Directives 2003/41 / EC and 2009/65 / EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010 transposed into domestic legislation through Law 74/2015 on alternative investment fund managers.
- Art. 188 of the N.S.C. Regulation no. 15/2004 on the authorization and operation of investment management companies, collective investment undertakings and depositaries - in connection with the conditions of exposure of UCITS with diversified investment policy⁴⁷;

Following the analyzes performed, the investment portfolio of the Company complies with the requirements provided.

⁴⁷ according to art. 78 para. (2) lit. a) of the FSA Regulation no. 7/2020, upon fulfillment of the term provided under art. 79 para. (1) of Law no. 243/2019 (6 months from the date of entry into force, which was 24.01.2020), this article has been repealed.

LEVERAGE

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

The Administrator's policy is not to use leverage in the portfolio management process, respectively not to use methods to increase portfolio exposure. In 2020, no securities financing transactions (SFTs) took place and no transactions were made with total return swap instruments, as defined by EU Regulation 2365/2015 of the European Parliament and of the Council of November 25, 2015 on the transparency of financing operations through financial instruments and the transparency of reuse and amendment of Regulation (EU) no. 648/2012.

CRISIS SIMULATIONS

Stress test

In accordance with the Risk Management Policy and the AIFM legislation, periodic crisis simulations in normal situations shall be performed at least annually, on the date set in accordance with the working procedures and notified to the Financial Supervisory Authority. In 2020, the Risk Management department performed a crisis simulation (stress test) for the Company for 31.10.2020. For the construction of the crisis scenario, the stress factors that could influence the portfolio were identified and approved, respectively those events that, although relatively rare, could have an important impact on the Company's assets. In conclusion, we can mention that the Company has an important investment component exposed to the risk of lowering the share price and also to the credit risk. At the same time, the materialization of certain scenarios could lead to exceeding the limits provided in the Risk Profile, for certain indicators.

Liquidity test

In 2020, according to the legislation in force⁴⁸, a liquidity test was performed for the Company, by simulating a series of conditions, the purpose of this simulation being to obtain an estimate of the impact of a liquidity crisis on the Company's global assets, liabilities and liquidity. The risk covered by this simulation is liquidity risk, which is the risk that a position may not be sold, liquidated or closed at limited costs.

Even if the Company has an important component of exposure to liquidity risk and decrease in share price, it is not exposed, by its nature, to redemption requests. This reason means that the potential impact of the obligations assumed by the Company has a limited effect, and they can be honored at any time. The results obtained emphasize that the Company is a sufficiently liquid fund, so that it can honor its obligations arising from the balance sheet liability. It should also be mentioned that the materialization of the scenarios taken into account will not lead to exceeding the holding limits, as they are specified in the legal regulations applicable to the Company's activity.

⁴⁸ FSA Rule no. 39/2020 for the application of the ESMA Guide on the simulation of liquidity crisis situations in UCITS and AIF

7 SHARES ISSUED BY THE COMPANY

SHARE CAPITAL

The subscribed and paid-up share capital is of 78,464,520.10 lei, divided into 784,645,201 common shares, with a nominal value of 0.10 lei / share.

MAIN CHARACTERISTICS OF THE COMPANY'S SHARES

All shares are ordinary, with a nominal value of 0.10 lei / share.

During 2020, the financing of the entire activity was done only through own funds.

The shares issued by the Company are listed on the Bucharest Stock Exchange, the main segment, in the premium category, in accordance with the provisions of the BSE Decision no. 200/1999 and is traded on this market starting with 01.11.1999.

The record of the Company's shares and shareholders is kept by Depozitarul Central S.A., a company authorized by the FSA.

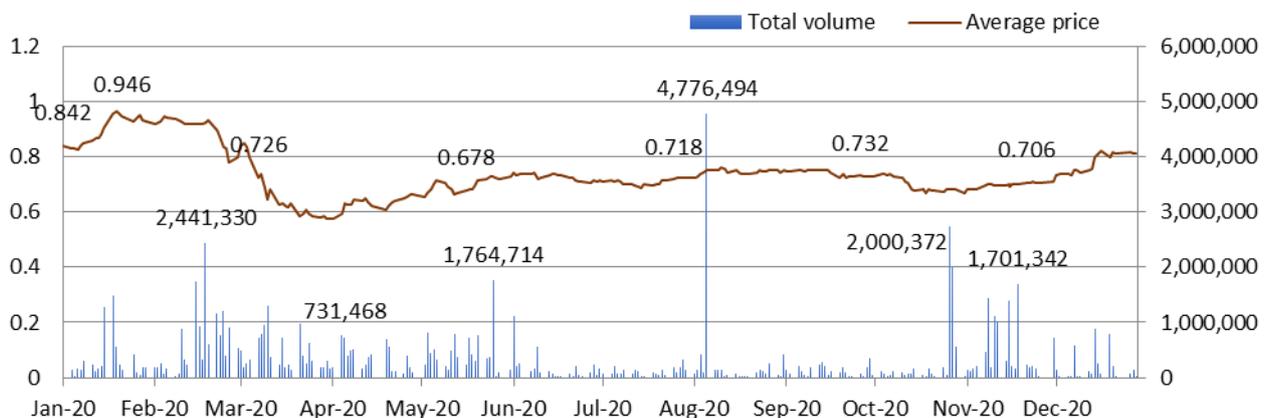
The shares are included in a series of indices calculated by the BSE, respectively BET-FI⁴⁹ (the index that includes SIF type investment funds and Fondul Proprietatea), BET-XT-TR, BET-XT, BET-BK.

The table below presents in details the transactions with SIF4 shares during 2020.

| | REGS | DEAL ⁵⁰ |
|--|--------|--------------------|
| Number of trades | 14,161 | 1 |
| Number fo traded shares (million) | 81.39 | 1.40 |
| Total trading value (million lei) | 60.82 | 0.96 |
| % free float and tradable shares on 31.12.2020 | 10.4 | 0.2 |

Table no. 7.1. Trades with SIF Muntenia shares in 2020

Chart no. 7.1. Average trading price and volume of trades on REGS in 2020



SHAREHOLDERS OF THE COMPANY

The table below shows the synthetic structure of the Company's shareholders, as of 31 December 2020.

| | 31/12/2020 | | |
|--------------------------|------------------------|-------------|------------------------|
| | Number of shareholders | Shares held | % held in total shares |
| Resident individuals | 5,939,642 | 507,745,008 | 64.71 |
| Non resident individuals | 1,976 | 2,740,681 | 0.34 |

⁴⁹ on 11.12.2020 (last adjustment in 2020) the share of SIF4 in the index was 9.3%

⁵⁰ Refers to DEAL market

| | | | |
|-----------------------------|------------------|--------------------|----------------|
| Resident legal entities | 142 | 205,221,571 | 26.16 |
| Non resident legal entities | 17 | 68,937,941 | 8.79 |
| TOTAL | 5,941,777 | 784,645,201 | 100.00% |

Table no. 7.2. Shareholding structure as at 31.12.2020

Source: Depozitarul Central S.A.

The rights of the Company's shareholders are protected in accordance with the legislation in force. The company adheres to an efficient and active communication policy with its shareholders and ensures that all shareholders are treated fairly in terms of access to public information⁵¹.

The policy regarding the annual distribution of dividends or other benefits for shareholders⁵² is presented on the Company's website, in the dedicated section.

| in LEI | 2020 | 2019 | 2018 | 2017 |
|--------------------------|------|--------------------------|--------------------------|--------|
| Gross dividend per share | * | Redemption of own shares | Redemption of own shares | 0.0347 |

Table no. 7.3. Shareholders benefits last 4 years

* given that the Company achieved a net negative result in 2020, there will be no dividend distributions or other benefits for shareholders

SHAREHOLDERS AND CAPITAL MARKET INSTITUTIONS RELATIONS

The investor relations sections of the Company's website include up-to-date information on *corporate governance* and provide access to documents governing the Company's governance. Governance information is reported regularly through the corporate governance statement in the annual report and is constantly updated through current reports and the website. This section also presents the forecast policy and the policy on the distribution of dividends or other benefits to shareholders.

Obligations of transparency, reporting and information to shareholders and capital market institutions have been complied with and ensured through press releases distributed in newspapers with a financial profile of national coverage, by publishing regular and continuous reports of information provided electronically both on the website www.sifmuntenia.ro, as well as in the electronic system of the capital market on which the Company's shares are listed, by informing the FSA and by carrying out a written and electronic correspondence activity with the shareholders, through the specialized department of the Administrator.

At the beginning of each financial year, the Administrator communicates to the BSE and posts on the Company's website (www.sifmuntenia.ro) the financial calendar, according to the regulations in force.

The administrator holds and maintains at its headquarters a unique register of petitions, in secure electronic format, in which are chronologically recorded, in the order of receipt, all petitions, as well as the stage, date and manner of their resolution. Any investor in the entities managed by the Administrator can submit petitions, free of charge. The information regarding the procedure regarding the settlement of the petitions received from the investors is made available to them, free of charge, at the Administrator's headquarters and on the website <https://www.sifmuntenia.ro/informatii-pentru-investitori/petitii/>. Petitions can be sent to the Administrator's office through the following channels: mail, fax, courier, directly to the general registry at the registered office or e-mail address.

GENERAL MEETINGS OF THE SHAREHOLDERS OF THE COMPANY IN 2020

The supreme governing body of the Company is the General Meeting of Shareholders (hereinafter referred to as "SGM"). The SGOM and the Shareholders General Extraordinary Meetings (hereinafter referred to as "SGEM") are convened by the Administrator, in accordance with the legal and statutory provisions.

The SGM adopts resolutions based on projects proposed by the Administrator and / or shareholders. The SGM resolutions are reported to the FSA, BSE and published in a national newspaper, in the Official Gazette part IV, in the FSA Bulletin and are posted on the Company's website. The resolutions of the SGM are enforceable (immediately

⁵¹ <http://www.sifmuntenia.ro/en/about-the-company/corporate-governance/current-documents/>

⁵² the payment of dividends, in compliance with applicable legal provisions, is and will be made by the Central Depository, and the payment agent designated by the Company is Banca Comercială Română S.A..

applicable) from the moment of their adoption if, from their content or from legal provisions, no other term is provided at which they are to become enforceable.

The SGM of the Company is convened by the Board of Directors of the Administrator in accordance with the legal provisions, the FSA regulations and the Articles of Incorporation of the Company.

For each General Meeting of Shareholders, the Administrator makes available to the shareholders, on the Company's website www.sifmuntenia.ro, in a special section, dedicated to the general meetings of the shareholders, all the information necessary to investors on the topics on the agenda and the manner of participation / vote at the respective General Meeting of Shareholders.

The main attributions of the SGM are presented in the Articles of Incorporation of the Company (the latest version can be consulted on the Company's website, in the Corporate Governance section). These are completed with the legal provisions regarding the companies subject to the common law, the Companies Law no. 31/1990 and with the applicable provisions of the capital market.

The administrator published the convocations for the SGOM and the SGEM that took place during 2020, made available and published according to the legal regulations the materials subject to approval, prepared the participation and voting procedures, made available to the shareholders the special power of attorney forms and voting by correspondence and provided all forms of publicity, according to legal provisions, for the results of voting for each item on the agenda and resolutions adopted by the SGM (national newspaper, Official Gazette, the Company's website).

During 2020, the following SGM meetings of the Company took place:

- SGEM of 11 March 2020; the resolutions were published in the current report dated 11.03.2020 both on the BSE website and on the Company's website;
- SGOM and SGEM of 23 April 2020; the resolutions were published in the current report dated 23.04.2020 both on the BSE website and on the Company's website;
- SGEM of 3 July 2020, held at the second call; the resolutions were published in the current report dated 03.07.2020 both on the BSE website and on the Company's website.

The current reports related to the General Meetings of the Company's Shareholders presented above are available, for consultation, on the Company's website, respectively www.sifmuntenia.ro, in the dedicated section and on the BSE website.

8 CORPORATE GOVERNANCE

The Administrator is committed to maintaining and developing best corporate governance practices to ensure effective decision-making that leads to the long-term viability of the business, the achievement of the company's objectives and the creation of sustainable value for all stakeholders.

The Administrator considers that compliance with the Corporate Governance Code ensures the accuracy and transparency of the Company's decision-making process and allows equal access for all shareholders to relevant information, being a means to maintain the Company's competitiveness in a world increasingly affected by accelerated change.

The Company's corporate governance regulations present the corporate governance structures, the rules and procedures for decision-making, the governance standards that ensure the application of the general principles of administration and control of the Company's activity for the benefit of shareholders. It can be consulted on the Company's website, *Corporate Governance* section⁵³.

The set of corporate governance rules defines the structure through which the Company's objectives are set, the means by which they can be achieved efficiently and transparently in relation to shareholders and the monitoring of activity and performance.

⁵³ <http://www.sifmuntenia.ro/en/about-the-company/corporate-governance/current-documents/>

CORPORATE GOVERNANCE STRUCTURES

The administration of the Company is carried out in a unitary system, in compliance with the provisions of the Companies Law no. 31/1990 and of the Articles of Incorporation. In accordance with the Articles of Incorporation, the administration of the Company is performed based on a Management Agreement concluded with the Administrator.

In the period between the General Meetings of Shareholders (SGM), the activity of the Administrator is supervised by the Shareholders' Representatives Committee (SRC), a supervisory body composed of 3 individuals appointed by the SGM, with a 4-year office. The attributions and responsibilities of the SRC are established by the Articles of Incorporation of the Company.

Shareholders General Meeting

The Shareholders General Meeting is the supreme governing body of the Company.

General meetings are ordinary (hereinafter referred to as "SGOM") and extraordinary (hereinafter referred to as "SGEM"). The SGOM shall meet at least once a year within four months as of the end of the financial year. The SGEM will be convened whenever necessary. The SGOM or SGEM, as the case may be, are convened by the Board of Directors in accordance with the law, as well as at the request of shareholders representing at least 5% of the share capital, if the request includes provisions falling within the attributions of the meeting or at the request of the FSA.

The attributions of the SGM are specified in the Articles of Incorporation and comply with the legal provisions in force. The updated articles of incorporation are published on the Company's website, www.sifmuntenia.ro, in the dedicated section. SGM decisions are taken by open vote or secret ballot. The secret ballot is mandatory in case of appointment of the SRC members or their revocation, appointment or revocation of the administrator, as well as for the appointment or dismissal of the financial auditor and for taking decisions regarding the liability of the members of the management bodies. The decisions of the SGM, taken in compliance with the law and the Articles of Incorporation, are binding to all shareholders, including those who did not attend the meeting or who voted against the decision.

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

General Meetings are convened by the Administrator at least 30 days before the date set for the meeting. The Board of Directors of the Administrator approves the procedures regarding the orderly and efficient organization and development of the SGM works, in accordance with the legal provisions and the applicable FSA regulations. The procedures for participation and voting in the SGM are made available to shareholders at the Company's headquarters and posted on the Company's website, together with information and materials related to the SGM: GMS notice, information materials and documents subject to SGM debates and approvals, special power of attorney and the ballot by mail, the decisions adopted by the SGM and the result of the vote for each item on the agenda. The decisions adopted within the SGM are reported to the FSA and BSE, are published in a national newspaper and in the Official Gazette part IV.

The Administrator makes every effort to ensure fair treatment of all shareholders of the Company, regardless of the number of shares held, including non-resident shareholders, by providing them with relevant and current information.

During 2020, the Administrator convened the SGOM once and 3 times the Company's SGEM. Information regarding the general meetings of shareholders and the decisions adopted are presented on the Company's website, www.sifmuntenia.ro, in the dedicated section.

Company's Shareholders Representatives Committee (SRC)

The SRC is a body that represents the interests of the Company's shareholders in relation to its Administrator.

The SRC has mainly the following attributions:

- represents the Company in relation to its administrator;
- negotiates and concludes the management contract;
- monitors the manner in which the contractual clauses and the commitments assumed by the administrator through the management contract and through the management program approved by the SGM of the Company are observed;

- analyzes the periodic reports prepared by the administrator regarding the way in which it exercised its attributions regarding:
 - administration of the Company;
 - exercising the rights conferred by the holding of securities from the Company's portfolio;
 - defending the rights and interests of the Company before the courts, arbitral tribunals as well as of any bodies with jurisdictional and administrative attributions;
- requests that measures be taken to frame the activity of the administrator in the provisions of the management contract, of the FSA regulations, of the annual management programs, of the revenue and expenditure budgets approved by the Company's SGM and of the applicable legislation;
- verifies the conclusion of the contract with the financial auditor according to the decision of the Company's SGM;
- verifies the preparation of the annual financial statements by the Administrator and the profit distribution proposals to be submitted to the approval of the Company's SGM;
- verifies the elaboration of the annual program regarding the administration of the Company's portfolio;
- verifies the elaboration of the draft Budget of Revenues and Expenditures of the Company, in order to present it in the SGM of the Company;
- verifies the preparation of the half-yearly and quarterly administrator reports in accordance with the legal provisions and the FSA regulations;
- verifies the elaboration of the materials to be presented in the Company's SGM;
- verifies the conclusion of the depositary contract, respectively of the contract with the Central Depository

Company's Administrator

During 2020, the Company was managed by SAI Muntenia Invest S.A. based on the management contract approved by NSC by Approval no. 35 / 15.06.2006. Starting with 23.07.2020, the management contract approved by the FSA by Approval no. 165 / 22.07.2020 entered into force.

The administrator is represented by the three members of the Board of Directors, as well as by the permanent representatives appointed. The Board members of the Administrator are elected by the SGM for a period of 4 years, with the possibility of being re-elected. The members of the Board of Directors must cumulatively meet the general conditions provided by the Companies Law no. 31/1990 and those applicable to companies falling within the scope of supervision of the FSA. Board members are authorized by the FSA.

The Board elects a President from among its members. The structure and composition of the Board of Directors are in accordance with the requirements of the specific applicable legislation, so that the Administrator can effectively fulfill its obligations. The structure of the Board of Directors ensures a balance between executive and non-executive members, so that the decision-making process of the board cannot be dominated by one person or a small group of people. The obligations of the Administrator are regulated by the provisions regarding the mandate and by those specially provided by the Companies Law no. 31/1990, with the subsequent amendments and completions, by the capital market legislation, by the applicable NSC / FSA regulations, by the provisions of the Articles of Incorporation of the Administrator and of the Company, as well as by the provisions of the Management Contract.

There are no family agreements or understandings by which SAI Muntenia Invest S.A. was appointed Administrator of the Company.

The administrator does not hold shares in the Company or in the companies in which the Company has control.

At the time of preparing this report, the Administrator has the following contractual obligations regarding the administration of the Company:

a) to manage the investments of the Company, and in their administration the Administrator will carry out the following:

- exercises, on behalf of the Company, the rights deriving from holding of financial instruments;

- acquires financial instruments on the Company's account, using its financial resources;
- trades financial instruments from the Company's portfolio, temporarily or definitively, partially or in full, including those through which real rights are established.

b) to carry out activities related to:

- legal and accounting services related to the Company's administration;
- market research;
- evaluating the Company's portfolio and determining the value of financial instruments issued by the Company, including tax issues;
- monitoring compliance with current regulations;
- concluding a contract with a company to keep records of the holders of financial instruments issued by the Company;
- distribution of revenues due to the Company's shareholders;
- issuing shares of the Company;
- keeping records of the Company.

c) to carry out specific activities regarding the marketing of the financial instruments issued by the Company.

d) to exercise any other activities regarding the administration of the Company, in compliance with the provisions of the legislation in force and of the NSC / FSA regulations.

The main objectives of the Administrator are defined by the annual programs regarding the administration of the Company and are subject to the approval of the SGM.

In 2020, the composition of the Board of Directors of the Administrator was:

| Name and Surname | Position | Mandate validity (authorization expiration date) |
|---------------------------|-------------------------|---|
| Adrian Simionescu | President ⁵⁴ | 20.08.2021 |
| Dorina Teodora Mihăilescu | Member | 27.12.2021 |
| Sergiu Mihailov | Member | 21.12.2024 |
| Florica Trandafir | President ⁵⁵ | 05.10.2020 |

The CVs of the members of the management bodies of the Administrator are presented in the annex to the present report and can also be found on the Company's website, in the dedicated section

During 2020, the meetings of the Board of Directors took place at the Administrator's headquarters. In 2020, the Board of Directors had a number of 40 meetings⁵⁶, during which the aspects regarding the good functioning of the Company and its development perspectives were analyzed.

Management fee due to the Administrator

The price of the management contract concluded between the Company and the Administrator is represented by the management commission, consisting of a monthly management commission and a performance commission, if the criteria presented in chapter V of the management contract, approved in the SGOM of 23 April 2020 are met.

The management fee is composed of a fixed part and a variable part (performance fee):

- the fixed part is calculated and paid monthly and is equal to 0.125% of the total asset value as it was certified by the Company's Depository for the last working day of the month;

⁵⁴ following the vacancy of the position of Chairman of the Board of Directors, starting with 05.10.2020, following the expiration of the term of office of Ms. Florica Trandafir, the OGMS of the Administrator decided to elect Mr. Adrian Simionescu as Chairman of the Board of Directors, until the expiration of his term of administrator

⁵⁵ the term of office of Mrs. Florica Trandafir expired on 04.10.2020, and in the meeting of 07.09.2020 the OGMS of the Administrator decided to elect Mr. Sergiu Mihailov as a member of the Board of Directors, for a term of four years, starting with 05.10.2020. Mr. Sergiu Mihailov was authorized by ASF by authorization no. 193 / 21.12.2020

⁵⁶ according to section A- Responsibilities within the Stage of compliance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange

- the variable part is calculated at the end of the year and is paid after the approval by the SGM of the financial statements and is equal to 10% of the value by which the gross profit exceeds the gross profit provided in the Revenue and Expenditure Budget approved by the SGM, for the year the profit was recorded.

The Administrator's management fee for the financial year 2020 amounted to 19.94 million lei, representing 1.37% of the average net assets, respectively 1.31% of the total average assets of the Company in 2020.

Details regarding the remuneration of the AIFM staff are presented in the report of the Board of Directors of the Administrator on 31.12.2020, which can be found on the website www.munteniainvest.ro. At the same time, the report of the Nomination and Remuneration Committee is attached to the report mentioned above, as provided under art. 49, para. 2 of Regulation no. 2/2016 on the application of corporate governance principles by entities authorized, regulated and supervised by the FSA, with previous amendments and completions.

The Advisory Committees of the Board of Directors of the Administrator

Audit Committee

The Audit Committee is a permanent committee, subordinated to the Board of Directors. It assists the Board in fulfilling its responsibilities in the areas of financial reporting, internal control and risk management. It supports the Board of Directors in monitoring the credibility and integrity of the financial information provided by the Company. The attributions of the Audit Committee are detailed in the Company's Internal Regulations.

The audit committee is composed of independent non-executive members of the Board of Directors and had the following composition during 2020: Mr. Adrian Simionescu (Chairman) and Mrs. Dorina Teodora Mihăilescu (Member).

During 2020, the Audit Committee had, at the Company's headquarters, a number of 17 meetings⁵⁷, during which the measures required based on the exercise of its attributions and responsibilities were analyzed and adopted, but not limited to:

- monitoring the financial reporting process, respectively the annual financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) approved by FSA Norm no. 39/2015;
- monitoring the simplified quarterly and interim financial statements for the first half of 2020;
- analysis of service contracts that concerned: extension of the mandate of the financial auditor KPMG Audit SRL with a period of 2 years starting with May 1, 2020 (for the financial years 2020 and 2021), extension of the mandate of the internal auditor MZ Finance Advisory and Assurance SRL
- analysis of risk reports on the management of significant risks;
- monitoring the activity of the internal auditor;
- monitoring and evaluating the efficiency of the internal control and risk management system for 2019, respectively for the period January - October 2020.

The annual report of the Audit Committee for 2019 was submitted to FSA in time, according to the regulations in force.

Nomination and Remuneration Committee

In the meeting of the Board of Directors of the Administrator dated 22.07.2020, it was approved the completion of the attributions of the Remuneration Committee and its reappointment in the Nomination and Remuneration Committee (hereinafter referred to as "NRC").

NRC is a standing committee, with an advisory function, subordinated to the Board of Directors, which functions within the Board of Directors of the Administrator, with the role of assisting the Board of Directors in fulfilling its responsibilities regarding the nomination of candidates for management positions, as well as their remuneration. At the same time, the NRC recommends to the Board the appointment or dismissal of the personnel with key and control functions within the Company, their remuneration level, their rights and duties and participates in the elaboration and revision of the remuneration policies applicable at the Company level. NRC's attributions are detailed in the Company's Internal Regulations.

The NRC has mainly the following responsibilities:

⁵⁷ according to section A-Responsibilities within the Stage of compliance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange

- Evaluates the initial adequacy of the proposed persons for the management structure and for the key functions within the Administrator, in accordance with the provisions of Regulation no. 1/2019 on the evaluation and approval of the members of the management structure and of the persons holding key positions within the entities regulated by the FSA (hereinafter referred to as "Regulation 1/2019").
- Continuously monitors the adequacy of the persons in the management structure and of those holding key positions within the Administrator in order to identify those relevant new facts and the situations in which it is necessary to re-evaluate their adequacy, provided in Regulation no. 1/2019;
- Elaborates recommendations / performs evaluations, when required, addressed to the Audit Committee / BoD / SGM in order to verify the individual adequacy requirements of the persons within the management structure, the Executive Management and / or the key functions.
- Makes recommendations to the Board of Directors, regarding the remuneration of the members of the management body, as well as of the staff members with the highest level of remuneration in the Company;
- Provides assistance and advice to the Board regarding the remuneration policies applicable within the Company;
- Monitors the implementation of the remuneration system;
- Evaluate the mechanisms adopted to ensure that:
 - the remuneration system takes due account of all types of risks and the level of liquidity and assets under management;
 - the general remuneration policy corresponds to the strategy, objectives, values and professional interests of the Company and the entities it manages, as well as to the interests of their investors;
- Directly supervises the remuneration of persons in positions of risk management and internal control / compliance.

NRC consists of two members elected from non-executive directors, in compliance with the condition of independence provided by company law. Membership of the Committee shall not prevent members from participating in the work of other Committees of the Council. The Committee shall meet regularly, at least twice a year. Composition of NCR: Mrs. Dorina Teodora Mihailescu - president, Mr. Adrian Simionescu - member.

During 2020, CNR met⁵⁸ four times at the Company's headquarters, meetings in which aspects that fall under the responsibility of the Committee were analyzed, such as:

- verification of compliance with individual adequacy requirements and prior assessment, as a result of changes made to the management structure by vacancy in a management position and appointment of a new member in this structure, in accordance with the provisions of Regulation 1/2019, subsequently authorized by FSA ;
- verification of the fulfillment of the individual adequacy requirements and the preliminary evaluation in order to approve a person who has been previously evaluated according to the provisions of Regulation 1/2019 and approved by the FSA;
- verification of the fulfillment of the individual adequacy requirements and prior evaluation following the appointment of a new person to exercise a key function, in accordance with the provisions of Regulation 1/2019, notified to FSA;
- monitoring the individual adequacy of the evaluated persons, respectively of the members of the management structure and of the persons holding key positions, throughout 2020;
- At the same time, CNR within the processes of evaluation and monitoring of the individual adequacy of the persons holding positions in the management structure as well as those holding key positions in the Company found that they have knowledge, skills and professional experience and comply with reputation requirements, honesty, integrity and governance provided by Regulation 1/2019, requirements necessary to fulfill the specific attributions of the functions they hold;

In order to maintain the proportionality of the remunerations granted to the administrators (executives and non-executives) with the responsibilities specific to their function, so as to ensure an adequate and responsible

⁵⁸ according to section A-Responsibilities within the Stage of compliance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange

remuneration, CNR submitted to the approval of the Board the recommendation to submit to the OGMS approval, existing and the general limits of the remuneration of the executive management, for the financial year 2020;

At the end of 2020, CNR analyzed the granting of the variable component to employees and directors to achieve the objectives in 2020, in compliance with the remuneration policies applicable at the company level, finding that performance-based remuneration is granted in a way that promotes management effective risk management and does not encourage excessive risk-taking.

Remuneration Policy

The BoD has approved the remuneration policy to ensure that the remuneration of the Director's staff promotes sound and efficient risk management and does not encourage the taking of risks that contradict the risk profile and the Company's articles of incorporation.

The remuneration policy and practices apply to the management of the Administrator and the categories of personnel whose professional activities have a significant impact on the Company's risk profile. Remuneration policy and practices are subject to an internal evaluation at least annually, and the changes that will be made will take into account the economic context, the company's activity, as well as its strategy and objectives.

The main principles underlying the remuneration policy:

- pursuing compatibility with sound and effective risk management and promoting this type of management, without encouraging the assumption of risks that do not comply with the risk profile, internal rules or articles of association of the company;
- substantiation on the values and beliefs of the organization and compatibility with the business strategy, objectives, values and interests of the Administrator and the entities it manages, as well as with the interests of their investors, including measures to avoid conflicts of interest;

Executive management

The executive management of the Company's activity is ensured in accordance with the provisions of the legal regulations in force and of the Internal Regulations of the Administrator by the General Director and by the Directors authorized by the FSA.

The Executive Management informs the Board of Directors about the activity carried out between its regular meetings.

The executive management is empowered to lead and coordinate the daily activity of the Company and may engage the responsibility of the Company within the mandate granted by the Board of Directors. The executive managers of the Company are responsible for ensuring compliance with the working procedures established by the Internal Regulations of the Director.

During 2020, the Executive Management of the Administrator was provided by the following persons, authorized by the FSA:

- Nicușor Marian Buică - General Manager (FSA Authorization no. 307 / 21.12.2017),
- Florica Trandafir - Director of Corporate Administration (FSA Authorization no. 245 / 20.11.2015) and
- Mircea Constantin - Strategy Director (FSA Authorization no. 192 / 21.12.2016).

Starting with 01.10.2020, by both parties' agreement, the mandate of Corporate Administration Director of Mrs. Florica Trandafir ended. According to the decision of the Board of Directors dated 29.09.2020, until the appointment of a person in this position and its authorization by the FSA, the attributions related to the position of Corporate Administration Director were taken over by the General Manager.⁵⁹

Participation of the Administrators and Directors in the share capital of the Company on 31.12.2020

| Name | Position | Number of SIF4 shares | % of the share capital |
|---------------------------|-----------------------------|-----------------------|------------------------|
| Adrian Simionescu | Non executive Administrator | - | - |
| Dorina Teodora Mihăilescu | Non executive Administrator | 38 | 0.000005% |

⁵⁹ through the current report dated 06.01.2021, the investors were informed on the fact that in the meeting of 05.01.2021, the Board of Directors approved the appointment of Mr. Sergiu Mihailov as Corporate Administration Director. Mr. Sergiu Mihailov was authorized by the FSA authorization no. 16 / 22.01.2021

| Name | Position | Number of SIF4 shares | % of the share capital |
|----------------------|-------------------|-----------------------|------------------------|
| Sergiu Mihailov | Administrator | - | - |
| Nicușor-Marian Buică | General Director | - | - |
| Mircea Constatin | Strategy Director | 30 | 0.000004% |

For the Administrators and Directors, no agreements, understandings or family ties are known between that person and another person due to whom that person was appointed in that capacity.

Key positions

In the structure of the Administrator, the persons holding key positions are the persons whose attributions have a significant influence on the achievement of the strategic objectives of the Company, who are not part of the management structure, fulfilling the attributions of:

- risk assessment and management;
- compliance;
- Internal Audit;
- the compliance officer and the persons designated for the application of law no. 129/2019 for preventing and combating money laundering and terrorist financing, as well as for amending and supplementing some normative acts, with subsequent amendments and completions.

The attributions of the key positions are assigned according to the specific legislation applicable to the Company, to some persons who have professional competence and experience. The company applies internal procedures regarding the assessment of good reputation and integrity for both its own key staff and outsourced key staff. The company includes in the internal procedures provisions regarding the transmission of the information necessary for the fulfillment of the attributions of the key positions.

Risk management

The risk management function is separated, from a functional and hierarchical point of view, by the operational units, including the portfolio management functions.

Risk management is the totality of activities aimed at identifying, quantifying, monitoring and controlling risks, so as to ensure compliance with the principles of general risk policy. Effective risk management is considered vital in order to achieve strategic objectives and to ensure the quality of shareholder benefits on an ongoing basis. In this context, the strategy for managing significant risks provides the framework for identifying, assessing, monitoring and controlling these risks, in order to maintain them at acceptable levels depending on the risk appetite and the ability to cover (absorb) these risks.

The risk management system and its effectiveness are monitored by the Executive Management, the Audit Committee and the Board of Directors.

Within the Administrator, the person responsible for risk management is Valentin Vrînceanu. By Authorization no. 158 / 02.08.2017, Valentin Vrînceanu was authorized in the key position of person responsible for risk assessment and management (responsible for risk management) within the Administrator (registered in the A.S.F Register with no. PFR132FARA / 400016). The person responsible for risk management has the necessary authority, has access to all relevant information and maintains regular contacts with the Directors and the Board of Directors of the Administrator, and has the responsibility to provide updated data, on the basis of which prompt remedial action can be taken if necessary.

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

The risk management policy shall comprehensively contain measures to protect against potential conflicts of interest, the corrective measures taken, the reasons why such measures should lead, according to reasonable expectations, to the independent exercise of the risk management function and how which is intended to ensure a constant effectiveness of protection measures.

During 2020, 9 of the 12 specific risk management procedures were revised in order to reflect as accurately as possible the processes developed during their application, procedures approved by the Board. The significant risk management policy together with the operational risk procedure were reviewed and approved by the Board of Directors in July 2020.

The performance of the risk management function is periodically reviewed by the internal and external audit function.

Compliance

The administrator shall establish and maintain permanently and operatively the function of verifying compliance which is carried out independently of other activities. The Compliance Department is subordinated to the Board of Directors and has as main responsibilities:

- monitoring and evaluating on a regular basis the effectiveness and the appropriate way of implementing the established control measures and procedures, as well as the measures ordered to resolve any situations of non-fulfillment of the Company's obligations;
- providing consultancy and assistance to the relevant persons responsible for carrying out the services and activities for complying with the requirements imposed on the Company according to the legal provisions and regulations of the FSA.

The compliance officer carried out his activity in accordance with the provisions of the Control Plan for 2020, approved by the Board of Directors of the Administrator, the provisions of FSA Regulations no. 9/2014, no. 10/2015, of EU Regulation 231/2013, of the procedures for work and internal regulations.

The compliance officer is subject to FSA authorization and is registered in the FSA public register. By Authorization no. 723 / 23.03.2006, Claudia Jianu was authorized in the key position of representative of the compliance department within the Company (registered in the FSA Register with no. PFR13RCCI / 400091).

The activity carried out took into account the control of compliance with the regulations in force specific to the capital market and / or internal procedures, ensuring the information of the company and staff on the legal regime of the capital market, endorsing the documents sent by the Administrator to ASF to obtain the ASF regulations, the approval of the Company's informative and advertising materials, other activities related to the observance by the company and its staff of the legislation in force specific to the capital market and of the internal regulations.

As part of the compliance verification activity, during 2020, the way of complying with the internal regulations and the specific legislation of the capital market was verified in the activity regarding:

- compliance with transparency and reporting rules;
- fulfilling the obligations of the Administrator regarding the due diligence in case of investments;
- compliance with the rules of transparency and reporting regarding changes in the organization and functioning documents
- compliance with legal provisions and internal procedures regarding the avoidance and / or management of conflicts of interest, the regime of inside information and personal transactions;
- fulfillment of the Administrator's obligations regarding the registration of transactions
- checks related to the risk control system;
- organizing and carrying out the activity of petitions management.

Following the control and verification actions, it was found that, in the activities subject to control, the capital market legislation, regulations and internal procedures are observed. Based on the control activities, proposals and recommendations were made to improve the activity and working procedures.

Internal auditor

The Company's activities are subject to a regular internal audit, in order to provide an independent assessment of operations, control and management processes, possible risk exposures on various business segments (asset security, compliance with regulations and contracts, integrity of operational and financial information, etc.). .), of issuing recommendations that may aim at improving the systems, controls and procedures in order to streamline and increase the effectiveness of operations and to monitor the proposed corrective actions and the results obtained.

The internal audit is performed in the following forms: evaluation of management and control systems; evaluating the results regarding the objectives pursued and examining the actual impact, ensuring the conformity of procedures and operations with the legal norms.

The internal audit activity is an independent and objective activity that gives the Company an assurance regarding the degree of control over the operations and is carried out according to the procedures developed for the purpose of carrying out the activity. A detailed program shall be drawn up for each internal audit engagement, covering the area of application, the objectives, the resources allocated and the period of deployment. The audit plan and the resources necessary to carry out the activity are endorsed by the Audit Committee and approved by the Board of Directors, being aimed at covering all activities and operations performed by the Company.

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

The main activities and operations of the Company subject to internal audit during 2020:

- evaluation of the manner in which the procedures incidental to the activity of the Audit Committee and the Nomination and Remuneration Committee of the Administrator were observed, as well as the evaluation of the internal procedures relevant to these bodies;
- reviewing the conduct of the SRC and evaluating the relevant internal procedures of this body;
- reviewing and evaluating the risk profile of the Administrator and the Company for 2019, reviewing the risk reports for the second half of 2019, reviewing the amended procedures and applying them in quarterly and annual monitoring for the entire set of indicators (including those related to operational risk);
- reviewing and evaluating the relevant procedures and the way of addressing the issues highlighted following the FSA control in 2019;
- periodic review of the internal audit activity - SIF Muntenia;
- reviewing the activity and evaluating the changes in the relevant procedures; checking the implementation of the provisions of the procedures in the flow of activities; observing the application of the FSA Norm 4/2018 on the management of operational risks generated by information systems; review of the IT audit report for 2020;
- reviewing the activity and evaluating the changes made during 2020 to the procedures applicable to the Operations Department within the Administrator - establishing the adequacy of the procedures in accordance with the legislation in force, verifying the implementation of the provisions of the procedures in the activity flow;
- review and evaluation of existing procedures on preventing and combating money laundering and terrorist financing, specifically compliance with FSA Regulation 13/2019 on the establishment of measures to prevent and combat money laundering and terrorist financing through the financial sectors supervised by FSA ;
- verification of the implementation of the Company's management program by the Administrator, recommendations related to the valuation method at the fair value of the Company's portfolio;
- reviewing the activity and evaluating the changes operated within the procedures incidental to internal control;
- reviewing the reporting procedure in accordance with the legislation in force;
- reviewing and evaluating the application of the relevant procedures to the Financial Accounting Department within the Administrator;
- reviewing the internal procedures applicable to the Compliance Department and assessing their compliance and adequacy for the type of activities carried out and the risks assumed.

The internal auditor shall report to the Audit Committee and the Board of Directors on the purpose of the audit activity, its results, conclusions, recommendations and proposals made. No significant situations were identified that would require the intervention of the Board of Directors

The internal audit assesses that the activities and operations carried out by the Company during 2020, which were audited, are in accordance with the company's policies, programs and management, in accordance with the legal provisions and internal regulations.

Within the Administrator, the internal audit function is separate and independent from other functions and activities. This activity was outsourced to MZ Finance Advisory and Assurance S.R.L., according to the internal audit contract 15/2016 registered with no. 6747/66528 / 15.11.2016. According to the Additional Act no. 1 registered with no. 8793/88483 / 12.11.2018 to the previously mentioned contract, the mandate of the internal auditor was initially extended for a period of two years, until 30.11.2020. In 2020, according to the Additional Act no. 2 registered with no. 3507/104865 / 12.11.2020, the mandate of the internal auditor was extended for a period of one year, until 30.11.2021.

The audit committee monitors and evaluates how the internal auditor complies with the contractual provisions. The Audit Committee informs the Board of Directors of any deficiencies found in the performance of the internal audit contract.

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

The evaluation of the efficiency of the risk control and management system is performed by the Audit Committee based on the reports received from the Risk Management, Compliance and Internal Audit departments. These reports shall contain relevant and complete information on the main activities carried out by those departments. Analyzing the content of the reports presented by the three departments, the Audit Committee concludes that at the level of the Administrator, respectively the Company, procedures are implemented that allow rapid identification of potential risk / non-compliance situations and action mechanisms that allow their rapid and efficient management.

The ability to continuously monitor the risks, materialized through periodic risk reports, stress tests, through which impact estimates of a crisis situation (s) are obtained, as well as through prior verification at the time of investments leads to the conclusion that the system risk management, at the level of the Administrator / Company, is effective, the measures adopted for monitoring and controlling exposures to the identified risks are adequate and timely, and the recommendations and issues of concern receive the necessary attention.

The compliance officer and the persons designated for the application of Law no. 129/2019 for preventing and combating money laundering and terrorist financing, as well as for amending and supplementing some normative acts (hereinafter referred to as Law no. 129/2019)

The compliance officer and the persons designated to prevent and combat money laundering and terrorist financing within the Administrator, in relation to the National Office for Prevention and Combating Money Laundering and FSA, shall have direct and timely access to the data and information necessary to perform the duties established by Law no. 129/2019 and have specific attributions established by decision of the Executive Management and by internal procedures.

The administrator approves and implements internal policies and rules, internal control mechanisms and procedures for managing money laundering / terrorist financing risks that ensure the establishment of the risk profile associated with the activity carried out, know your client and the transmission of reports to the competent authorities.

The administrator keeps the records (secondary or operative) and the registrations of all financial operations that are the object of Law no. 129/2019, for a period of 5 years from the conclusion of the business relationship, respectively from the occasional transaction, or even more, at the request of the Office or other authorities, regardless of whether the account was closed or the relationship with the client ended, in an appropriate form. The evidence must be sufficient to permit a reconstitution of the individual transaction, including the amount and type of currency, to provide evidence in court, if necessary. In fulfilling the tasks established by Law no. 129/2019, the responsible persons have direct and permanent access to all the records prepared by the Company in accordance with the incident legal provisions, verify the records of the client and draw up and keep records of their own reports.

FINANCIAL REPORTING

The financial statements for 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and FSA Rule no. 39/2015, which is applied together with the Accounting Law no. 82/1991 (republished and amended). The financial auditor is KPMG Audit S.R.L.

On April 24, 2020, the Administrator published the Financial Statements on 31.12.2019 in accordance with ASF Norm no. 39/2015 for the approval of the Accounting Regulations compliant with IFRS, applicable to entities authorized,

regulated and supervised by ASF in the Financial Instruments and Investments Sector, with subsequent amendments and completions, audited by KPMG Audit SRL, the company's financial auditor and approved by the Ordinary General Meeting of Shareholders of April 23, 2020 - accompanied by the Annual Report of the Directors and the Report of the Independent Auditor.

On May 15, 2020, the Administrator published the Report on the administration of SIF Muntenia for the first quarter of 2020 as well as the Interim Financial Statements on March 31, 2020 prepared in accordance with ASF Norm no. 39/2015 for the approval of the Accounting Regulations compliant with IFRS, applicable to the entities authorized, regulated and supervised by ASF from the Financial Instruments and Investments Sector – unaudited.

On August 13, 2020, the Administrator published the Report on the administration of SIF Muntenia for the first semester of 2020, in accordance with the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Norm no. 39/2015 as well as the Interim Financial Statements on June 30, 2020, prepared in accordance with ASF Norm no. 39/2015 for the approval of the Accounting Regulations compliant with IFRS, applicable to the entities authorized, regulated and supervised by the FSA in the Financial Instruments and Investments Sector - unaudited.

On November 10, 2020, the Administrator published the Report on the administration of SIF Muntenia for the third quarter of 2020, in accordance with the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Norm no. 39/2015, as well as the Interim Financial Statements on September 30, 2020, prepared in accordance with ASF Norm no. 39/2015 for the approval of the Accounting Regulations compliant with IFRS, applicable to the entities authorized, regulated and supervised by the FSA in the Financial Instruments and Investments Sector - unaudited.

CONFLICT OF INTEREST AND TRANSACTIONS WITH FINANCIAL INSTRUMENTS OF RELEVANT PERSONS

The administrator has no holdings that conflict with the Company. The members of the Board of Directors can take over their duties only after obtaining the FSA approval.

The documentation submitted to the FSA by each member of the Board of Directors, in order to obtain the approval, includes statements resulting from possible conflicts of interest.

The administrator shall establish the main rules and measures that it may adopt in the decision-making process regarding the prevention and management of conflicts of interest and shall be responsible for the implementation and observance of the working procedure for the prevention and management of conflicts of interest.

In order to comply with the legal provisions in force regarding the proper prevention and management of conflicts of interest, at the level of the Administrator there is the Risk Management Department and the Compliance Department, which have the role of ensuring the prevention or adequate management of situations with possible negative impact on the Company by using specific processes, mechanisms and techniques related to the prevention and management of conflicts of interest with a significant risk of harming to investors.

Through the functional compartments with specific attributions, through the reports prepared by them according to the attributions, the Board has permanent access to the relevant information regarding the potential conflicts of interests that affect or may affect the activity of the Company or the Administrator, at the same time being informed on all legal, material, operational and financial nature aspects, which could have an impact.

When a conflict of interest arises among the administrators, they inform the Board of Directors about it and refrain from debating and voting on the respective items, in accordance with the relevant legal provisions; these situations are recorded in the minutes of the meeting of the Board of Directors.

It is forbidden to use inside information regarding the Company's investment policy by the members of the Board of Directors, the executive management, as well as any person with whom the Administrator / Company has concluded a labor / mandate / services contract, when they carry out transactions with financial instruments. in their own portfolio.

It is forbidden to disseminate information regarding the transactions that the Board of Directors, the directors of the Administrator, as well as any persons with whom the Administrator / Company has concluded a labor / mandate / services contract.

In the case of all personal transactions carried out by the relevant persons within the Administrator, regardless of the financial instrument, all relevant persons shall submit to the Administrator a report containing information on those transactions. These transactions will be recorded in the personal transaction registry, together with any authorization or prohibition communicated to it by third parties, in connection with such transactions.

The company fulfills the institutional reporting and information obligations, through the modalities specified by the NSC / SA and BSE regulations, including by posting on the site and publishing in the specialized media.

The internal rules and procedures of the Director, as well as the Corporate Governance Regulation, include regulations to avoid conflicts of interest in the management of the Company, the rules of professional ethics that must be observed by its employees so that the decisions taken by directors / executive management. of these decisions to be made priority observing the interest of the Company's shareholders.

CORPORATE INFORMATION REGIME

The administrator shall have an efficient system for communicating and transmitting information, which prevents the disclosure of confidential information. To this end, the Administrator has adopted a procedure to ensure the security, integrity and confidentiality of information.

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

Company information and infrastructure is secured against threats such as mishandling or destruction, corruption, unauthorized access, unauthorized processing or suspicious transactions, unauthorized disclosure of customer information and other confidential information, accidental or intentional errors.

These protection measures govern internal information and information systems, as well as those for external use, and ensure information management practices in accordance with domestic legal requirements and international best practices.

Securing the information of the Administrator, of the Company and of the information systems has a strategic and critical importance on the efficiency and continuity of the Company's activity. In this respect, the following principles are taken into account:

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

The department with attributions in this respect prepares communiqués / current reports / periodic reports that are available according to the specific legislation applicable to the Company, within the reporting term of the provided information. The information disseminated to the public is complete, correct, made in a timely manner, so as to allow objective investment decisions to be made.

The administrator is constantly updating the "Investor Information" section of the Company's website.

SOCIAL RESPONSIBILITY

The company permanently carries out activities regarding the social responsibility of the company, every year supporting directly or through specialized foundations / associations, the disadvantaged categories from the community where it carries out its activity. The company also contributes to the support of scientific, cultural, sports, medical, educational, environmental, events of national or regional interest.

OUTSOURCING

For 2020, the Company concluded the following contracts:

- with the company CMF Consulting S.A., authorized valuator, Framework Contract no. 84500/5429 / 02.08.2018 regarding the elaboration of some evaluation works and activities related to the evaluation, for a period of 12 months from the date of signing, with the possibility to extend it automatically by a period of 12 months;
- with the company Veridio S.R.L., authorized evaluator, Framework Contract no. 3220/104435 / 16.10.2020, having as object the elaboration of some evaluation works and activities related to the evaluation, for a period of 36 months, with the possibility to extend it automatically by a period of 12 months;

- with the company MZ Finance Advisory and Assurance S.R.L., according to the internal audit contract 15/2016 registered with no. 6747/66528 / 15.11.2016. According to the Addendum no. 1 registered with no. 8793/88483 / 12.11.2018 to the previously mentioned contract, the mandate of the internal auditor was initially extended for a period of two years, until 30.11.2020. In 2020, according to the Addendum no. 2 registered with no. 3507/104865 / 12.11.2020, the mandate of the internal auditor was extended for a period of one year, until 30.11.2021.

9 FINANCIAL ACCOUNTING STATEMENT

The company prepared the financial statements on 31.12.2020 in accordance with the FSA Rule no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the FSA in the Financial Instruments and Investments Sector, with subsequent amendments and completions.

The financial statements are audited by KPMG Audit SRL, the financial auditor of the Company.

Below we will present a summary of the financial statements as at 31.12.2020, for details please see the notes to the financial statements as at 31.12.2020, annex to this report.

FINANCIAL POSITION STATEMENT

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|-----------------------------|-----------------------------|
| Assets | | |
| Cash and current accounts | 29,428,118 | 2,288,570 |
| Deposits with banks | 35,567,325 | 48,830,657 |
| Financial assets at fair value through profit or loss | 760,465,458 | 817,525,382 |
| Financial assets at fair value through other comprehensive income | 782,464,281 | 798,621,743 |
| Financial assets measured at amortized cost | 5,884,909 | 11,247,685 |
| Other assets | 4,715,215 | 1,702,389 |
| Total assets | 1,618,525,306 | 1,680,216,426 |
| Liabilities | | |
| Dividend to be paid | 27,672,577 | 43,547,004 |
| Deferred tax liabilities | 27,665,485 | 48,821,284 |
| Other liabilities | 5,646,112 | 13,821,904 |
| Total liabilities | 60,984,174 | 106,190,192 |
| Equity | | |
| Share capital | 78,464,520 | 80,703,652 |
| Hyperinflation effect IAS 29 | 781,006,539 | 803,294,017 |
| Own shares | - | (16,345,504) |
| Reported result | 501,786,070 | 503,040,623 |
| Reserves from revaluation of financial assets at fair value through other comprehensive income | 196,284,003 | 203,333,446 |
| Total equity | 1,557,541,132 | 1,574,026,234 |
| Total liabilities and equity | 1,618,525,306 | 1,680,216,426 |

Table no. 9.1. Financial position statement

The value of total assets as of 31 December 2020 is decreasing by 61.69 million lei, respectively 3.7%, compared to the value recorded on 31 December 2019.

The main elements of the asset evolved as compared to the end of 2019, as follows:

- Cash and cash equivalents* (including deposits placed with banks) increased, compared to 31.12.2019, by 13.88 million lei, due to the decision of the Administrator, mentioning that the liquidity strategy of the Company's portfolio was observed (% of total assets on 31.12.2020 - 4.0%);

- *Financial assets at fair value through profit or loss*⁶⁰ show a decrease of 7.0%, a decrease due to the unfavorable difference in fair value of financial assets measured at fair value through profit or loss. On 31.12.2020, the stake of shares held in Biofarm S.A. represents 13.4% of the total accounting assets (31.12.2019: 10.9%);
- The value of *financial assets at fair value through other items of comprehensive income*⁶¹ decreased, compared to 31.12.2019, by 16.16 million lei, respectively 2.0%, as a result of the registration of unfavorable differences in fair value, especially for issuers traded on the BSE or ATS. On 31.12.2020, the stake held at Banca Transilvania S.A. represents 21.1% of the total accounting assets of the Company (31.12.2019: 21.0%).

Equity holds the major share in the liability structure. They decreased compared to the same period of the previous year due to negative differences in fair value of financial assets recorded in the category *Reserves from the revaluation of financial assets at fair value through other comprehensive income at 31 December 2020* and the registration of a net loss during the financial year ended 31.12.2020

Net asset difference according to accounting regulations / net assets certified by the Depositary

Considering that in the accounting records the registrations are according to the FSA Rule no. 39/2015 and the valuation procedures approved by the Administrator, and the monthly calculation of the net asset is based on the requirements of the FSA Regulation no. 9/2014 and the valuation rules approved by the Administrator, on 31.12.2020 there are differences between the value of the net asset calculated according to the accounting regulations and that of the net asset certified by the Depositary.

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

| Explanation | Amount⁶² |
|--|----------------------------|
| Net assets according to the accounting records | 1,557.541 |
| Certified net asset | 1,542.285 |
| Differences, of which: | 15.256 |
| Fair value difference for the shares sub-portfolio | 3.422 |
| Fair value difference for the bonds sub-portfolio | 3.182 |
| Adjustment difference for impairment of debtors from withdrawals from unlisted companies | (2.530) |
| Liabilities difference | (0.023) |
| Deferred tax difference related to tax loss ⁶³ | 11.205 |

Table no. 9.2. *Differences certified net assets / net assets according to the accounting records*

⁶⁰ details can be found in Note 14a) to the Company's annual financial statements as at 31.12.2020

⁶¹ details can be found in Note 14b) to the Company's annual financial statements as at 31.12.2020

⁶² they are presented in million lei

⁶³ details can be found in Note 17 to the Company's annual financial statements as at 31.12.2020

STATEMENT OF PROFIT OR LOSSES AND OTHER ELEMENTS OF COMPREHENSIVE INCOME

| <i>In LEI</i> | 2020 | 2019 |
|---|---------------------|--------------------|
| Income | | |
| Dividend income | 49,348,263 | 52,419,044 |
| Interest income | 1,723,224 | 1,864,804 |
| Other operating income | - | 696,588 |
| Investment gain | | |
| Net gain on foreign exchange differences | 178,712 | 241,751 |
| (Net Loss) / Net gain on financial assets at fair value through profit or loss | (63,537,403) | 95,896,891 |
| Expenses | | |
| Net income from resumption adjustments for impairment of assets | 806,709 | 127,576 |
| Management expenses | | |
| Management fee | (19,939,043) | (26,141,496) |
| Expenses with the remuneration of the Shareholders Representative Committee and with staff salaries | (467,016) | (500,152) |
| Other operating expenses | (4,210,642) | (4,202,128) |
| (Loss) / Profit before tax | (36,097,196) | 120,402,878 |
| Profit tax | 10,240,894 | (8,489,178) |
| (Net loss) / Net profit of the financial exercise | (25,856,302) | 111,913,700 |
| Other items of comprehensive income | | |
| Items that can not be reclassified in profit or loss | | |
| Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax | (6,379,368) | 200,840,858 |
| Reserve relating to financial assets at fair value through other items of comprehensive income transferred to retained earnings | (670,075) | (13,383,379) |
| Other items of comprehensive income | (7,049,443) | 187,457,479 |
| Total comprehensive income of the period | (32,905,745) | 299,371,179 |

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

The evolution of significant items that comprise the individual statement of profit or loss and other elements of the comprehensive income is as follows:

- *Dividend income* registered a decrease of 3.07 million lei (-5.9%) compared to the financial year ended on 31.12.2019⁶⁴,
- The *Interest income* category registered a decrease of 0.14 million lei, determined by the decrease of interest on bank deposits and current accounts and of interest income related to financial assets valued at amortized cost;
- *Investment gains* are structured as follows:
 - The net loss from the revaluation of financial assets at fair value through profit or loss registers a negative value of 63.5 million lei, caused by the decrease of the fair value of the securities that are registered in this category, independent of the Company's administration;
 - The net gain from exchange rate differences registers a value of 0.18 million lei, 26.1% lower than the one registered in the financial year ended on 31.12.2019.

The combined effect of the elements presented above is the registration of a net negative result, amounting to 25.86 million lei.

⁶⁴ The companies Teraplast S.A. și Germina Agribusiness S.A. distributed dividends for the third quarter of 2020, totaling 4.67 million lei

STATEMENT OF CASH FLOW

When preparing the cash flow statement, the following were considered as cash and cash equivalents: cash from the petty cash, current accounts with banks, deposits with an initial maturity of less than 90 days.

| <i>In LEI</i> | 2020 | 2019 |
|---|-------------------|---------------------|
| Operating activities | | |
| (Loss) / Profit before tax | (36,097,196) | 120,402,878 |
| <i>Adjustments:</i> | | |
| Net income from resuming adjustments for impairment of assets | (806,709) | (127,576) |
| Net loss / (Net profit) from the revaluation of financial assets at fair value through profit or loss | 63,537,403 | (95,896,891) |
| Dividend income | (49,348,263) | (52,419,044) |
| Interest income | (1,723,224) | (1,864,804) |
| Net profit from exchange rate differences | (178,712) | (241,751) |
| Interest expense related to the debt in the lease contract | 16,339 | 44,029 |
| Other adjustments | 2,064,690 | 10,369,120 |
| Changes in assets and liabilities related to the operating activity | | |
| Changes in financial assets at fair value through profit or loss | (6,538,895) | 12,114,302 |
| Changes in financial assets at fair value through other comprehensive income | (108,831) | (5,506,297) |
| Changes in financial assets measured at amortized cost | 5,507,709 | (1,000,000) |
| Changes to other assets | 430,094 | 1,505,747 |
| Changes to other debts | (9,825,677) | (1,483,952) |
| Net investments in deposits with maturity greater than 3 months and less than one year | (9,694,500) | (15,729,500) |
| Dividends collected | 46,234,435 | 50,375,605 |
| Interest collected | 1,760,279 | 2,027,991 |
| Tax on profit paid | (851,341) | - |
| Net cash resulting from operating activities | 4,377,601 | 22,569,857 |
| Investment activities | | |
| Payments for the purchase of tangible and intangible assets | (179) | (177) |
| Proceeds from the sale of tangible assets | - | 133,725 |
| Net cash (used in) / resulting from investment activities | (179) | 133,548 |
| Financing activities | | |
| Dividends paid, including tax on dividends paid | (133,711) | (1,361,399) |
| Debt payments from the lease, including interest | (61,424) | (142,717) |
| Redemption of own shares | - | (16,345,504) |
| Net cash used in financing activities | (195,135) | (17,849,620) |
| Net increase in cash and cash equivalents | 4,182,287 | 4,853,785 |
| The effect of exchange rate changes on cash and cash equivalents | (4,239) | (5,643) |
| Cash and cash equivalents as of 1 January | 25,250,070 | 20,401,928 |
| Cash and cash equivalents as of 31 December | 29,428,118 | 25,250,070 |

Table no. 9.4. Cash flow statement

During 2020, the operating activity generated cash as a result of dividend collection from portfolio companies, the sale of shares and the collection of maturing bonds (details in the relevant chapters and in the Notes to the Annual Financial Statements at 31.12.2020).

Appropriate monitoring of the Company's portfolio and the decisions taken related to the investment activity led to a net variation of the cash flows, on 31.12.2020, amounting to 4.18 million lei.

FINANCIAL ECONOMIC INDICATORS

| Indicators | 2020 | 2019 | 2018 |
|---------------------------------------|----------------|----------------|----------------|
| Current liquidity ¹ | 2.13 | 1.54 | 1.39 |
| Fixed assets turnover ² | Not applicable | Not applicable | Not applicable |
| Net profit / Net certified assets (%) | 0.1512 | 0.1507 | 0.1693 |
| ROA ³ (%) | - | 7.02 | 1.81 |
| ROE ⁴ (%) | - | 6.66 | 1.69 |
| Current liquidity ¹ | - | 7.11 | 1.82 |

Table no. 9.5. Financial economic indicators

Method of calculation

1 Current assets / Current liabilities

2 Borrowed capital / Equity x 100

3 Turnover / Fixed Assets (turnover = total income (current) of the Company).

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

5 Net profit / equity (it is one of the most important indicators that measure a company's performance. The indicator is calculated as the ratio between the company's net profit and equity, practically expressing the way and efficiency with which shareholders invested their money)

10 EXECUTION OF THE BUDGET OF REVENUES AND EXPENDITURES

The budget of revenues and expenditures for the financial year 2020 was approved in the SGOM of 23 April 2020, by Resolution no. 5.

| In LEI | B.R.E. 2020 | Achieved 2020 | % |
|--|-------------------|---------------------|-------------|
| 1. Total revenues | 61,700,000 | 51,071,487 | 82.8 |
| 1.1. Investment income | 61,600,000 | 51,071,487 | 82.9 |
| 1.1.1 Gross income from dividends | 60,000,000 | 49,348,263 | 82.3 |
| 1.1.2 Interest income | 1,600,000 | 1,723,224 | 107.7 |
| 1.2 Other income | 100,000 | 0 | 0.0 |
| 2. Total expenses | 28,100,000 | 24,616,701 | 87.6 |
| 2.1 Administration expenses | 23,200,000 | 19,939,043 | 85.9 |
| 2.2 External expenses | 2,600,000 | 2,649,279 | 101.9 |
| 2.3 Portfolio management expenses | 1,500,000 | 1,494,620 | 99.6 |
| 2.4 SRC expenses | 700,000 | 533,585 | 76.2 |
| 2.5 Other expenses | 100,000 | 174 | 0.2 |
| 3. Net profit from the valuation of financial assets at fair value through profit or loss | - | (62,551,982) | - |
| 4. Gross profit | 33,600,000 | (36,097,196) | - |
| 5. Profit tax (current and deferred), including dividend income tax | - | (10,240,894) | - |
| 6. Net profit | - | (25,856,302) | - |

Table no. 10.1. B.R.E. execution in 2020

The total revenues of the Company as registered in 2020 represent 82.8% of the budgeted value approved by the Company's shareholders. Failure to meet this indicator is caused by the evolution of the COVID-19 pandemic, implicitly by the prudential recommendations of the authorities to certain economic sectors.

Total budgeted expenditure reached a level of 87.6% of the budgeted value for 2020 and consists mainly of the following subcategories:

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

The net loss from the measurement of assets at fair value through profit or loss amounts to RON 62.55 million and is the effect of recognizing the negative differences in the fair value of financial assets (mainly from fund units and bonds) in this category on 31.12.2020.

Corroborating the elements presented above, the Company registers, on 31.12.2020, a negative net result of 25.86 million lei.

11 SUBSEQUENT EVENTS

During the SGEM of 7 January 2021, the amendment of the Articles of Incorporation of the Company was approved, in order to correlate it with the provisions of Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some normative acts (details can be found in the published decisions). The current SGEM report of 7 January 2020 is available for consultation on the company's website, www.sifmuntenia.ro, in the dedicated section.

During the meeting of 04.01.2021, the Board of Directors of the Administrator took note of the notification sent by Mr. Mircea Constantin, Strategy Director, regarding the termination of the individual employment contract, starting with 05.02.2021. On 03.02.2021, an agreement was concluded by which the notice period regarding the termination of the individual employment contract was extended until 25.02.2021.

During the meeting of 05.01.2021, the Board of Directors of the Administrator approved the appointment of Mr. Sergiu Mihailov in the position of Director of Corporate Administration, which was subject to authorization by the FSA. Mr. Sergiu Mihailov was authorized by the FSA authorization no. 16 / 22.01.2021.

12 PROSECTS FOR 2021

In the third quarter of 2020, approvals for mass vaccination of the population improved the prospects for the evolution of the COVID-19 pandemic and, at the same time, for the recovery of the branches of the economy that recorded major losses due to the evolution of the virus.

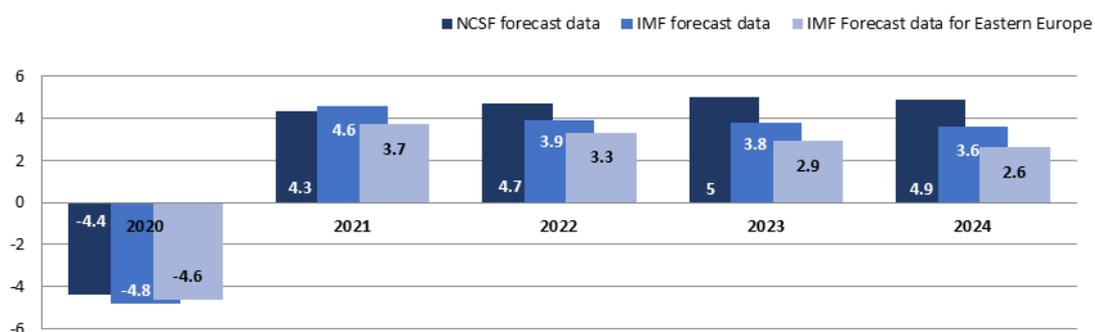
Contrary to expectations, at the end of 2020, mutations in the SARS-CoV-2 virus led to a review of the relaxation measures that most countries applied or would apply, including measures aimed at the movement of people or goods between states.

Despite present uncertainties, in the World Economic Outlook Update, January 2021, presented by the International Monetary Fund, analysts predict a global economic growth of 5.5% in 2021 and 4.2% in 2022. However, it is specified that the progress of 2021 will vary significantly from state to state, depending on how each state will handle the number of new cases and the strength of the medical system to meet new challenges, both in terms of technical as well as human resources. At the same time, it will depend on the effectiveness of the new fiscal policies adopted by governments, which will come to the aid of those affected by the COVID-19 pandemic.

In January 2021, the National Commission for Strategy and Forecast published the Medium Term Forecast 2020-2024, the winter version. Compared to the data published in November 2020, the GDP projection has been revised downwards, both for 2020 and for 2021 (-0.2% in both cases).

In the following chart we present the GDP projection of Romania, in the period 2020 - 2024, presented by the National Commission for Strategy and Forecast and by the International Monetary Fund, as well as the GDP projection in the Eastern European region ⁶⁵.

Chart 12.1. GDP projection, 2020-2024



Source: excerpts data NCSF, IMF

⁶⁵ https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/ROU/EEQ

Given the synergies that are created or can be created between the member states of the European Union, Romania's evolutionary perspectives are closely linked to those of the European community bloc. Synergies can also help to optimize the added value of investments financed in whole or in part from the EU budget, common markets or foreign direct investment⁶⁶.

In the Fiscal-budgetary Strategy for the period 2021-2023, presented by the Romanian Government, it proposed a series of major objectives regarding fiscal and budgetary policies:

- to mobilize the financial resources that the state needs for financing and to direct them in a targeted and efficient way, according to priorities;
- to support a favorable and predictable business environment, for economic recovery and sustainable economic growth;
- to contribute to the recovery of the economic contraction from 2020 and to ensure the stability of the Romanian economy, by mitigating the unfavorable impact that may occur in the evolution of economic cycles.

For 2021, the measures to combat the COVID-19 pandemic, with an impact on the expenditures of the general state budget, amount to 14.38 billion lei, 10.8% lower than those registered in 2020. Compared to the previous year, where the measures with an impact on the revenues of the general consolidated budget amounted to 21.91 billion lei, in 2021 such measures are not budgeted.

As previously presented, the Administrator considers that the dynamics of the health crisis may affect in the long run the volumes traded, the cash flows and the profitability of both the Company and the companies in which it holds participations. The Administrator makes sustained efforts to protect the capital of the Company's shareholders.

In July 2020, the Administrator submitted to the FSA the documentation on the Company's authorization as an Alternative Investment Fund for retail investors (FIAIR). Starting with the date of authorization of the Company as FIAIR, the Administrator will administer the Company in compliance with the provisions of Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts and Regulation no. 7/2020 on the authorization and operation of alternative investment funds.

MAIN STRATEGIC OBJECTIVES FOR 2020

Main strategic objectives and directions of action for 2021 will be presented, in detail, in the *Administration Program and the Revenue and Expenditure Budget of SIF Muntenia S.A. for 2021*, which will be subject to shareholders' approval.

Summary

The investment strategy aims for the Company's portfolio to have well-defined characteristics of a balanced fund, which combines assets (different types of financial instruments) with the potential to increase the value of assets under management and investment income. The Company's strategy and portfolio are in line with the requirements of European regulations applicable to alternative investment funds.

The Administrator does not invest in derivative financial instruments traded on regulated markets, organized trading systems (OTFs) or over-the-counter (OTC) markets on its behalf or on behalf of the Company and does not use leverage in the investment policy adopted in connection with the administration of the Company.

The company's financial objective is the efficient management of the portfolio of assets, able to ensure a constant flow of income, conservation and medium-long capital growth, in order to increase the value for shareholders and obtain the highest returns on invested capital.

MAIN STRATEGIC OBJECTIVES FOR 2021

- Continue the process of restructuring the portfolio and its efficient management so as to ensure long-term sustainable growth.
- Continue the investment process, with an emphasis on investments in Romania and in listed shares.

The Administrator's report on the administration of the Company in 2020 was approved in the meeting of the Board of Directors of the Administrator dated 18.03.2021.

⁶⁶ foreign direct investment is different from portfolio investment, in which an investor only buys shares of foreign companies, by the fact that FDI are not only a flow of capital, but also technology, knowledge, organizational practices, etc. and can stimulate and help the development of other local companies

13 ANNEXES

- The financial statements as of December 31, 2020 prepared in accordance with the provisions of ASF Norm no. 39/28 December 2015, with subsequent amendments and completions, unaudited, which include:
 - o Statement of financial position,
 - o Statement of profit or loss and other comprehensive income,
 - o Statement of changes in equity,
 - o Statement of cash flow,
 - o Notes to the financial statements.
- Statement of responsibility for the preparation of the financial statements as at 31.12.2020;
- The detailed statement of investments of SIF Muntenia on 31 December 2020, prepared in accordance with Annex no. 17 of Regulation no. 15/2004 on the authorization and operation of investment management companies, collective investment undertakings and depositaries;⁶⁷
- The articles of incorporation of the Company, amended during 2020;
- Statement on the application of the corporate governance principles for SIF Muntenia S.A. (according to the Annex to the FSA Regulation no. 2/2016 on the application of the principles of corporate governance by the entities authorized, regulated and supervised by the Financial Supervisory Authority, with subsequent amendments and completions);
- The stage of compliance with the provisions of the Corporate Governance Code of the BSE on 31 December 2020.

SIF Muntenia S.A. by its Administrator
S.A.I. Muntenia INVEST S.A.

General Director,
Marian Nicușor BUICĂ

SIF Muntenia S.A. by its Administrator
S.A.I. Muntenia INVEST S.A.

Chief Accountant,
Irina MIHALCEA

⁶⁷ until the date of authorization of the Company as AIFRI, the detailed statement of investments will be presented in accordance with Annex 17 of Regulation 15/2004. After the authorization date, the situation will be presented according to annex no. 11 of the FSA Regulation no. 7/2020

Professional CVs of the Administrators, Board of Directors members and executive management in office as at 31.12.2020 (detailed CVs are to be found on the Company's website)

| Name | Age | Qualifications | Professional experience | Position held | Seniority |
|-------------------|-----|---|--|----------------------------------|-----------|
| Adrian Simionescu | 48 | <p>2002–2007 Law Graduate, Bioterra Bucuresti University – Law Faculty</p> <p>1996–2002 Doctor in Economy (PhD) Academy of Economic Studies – Faculty of International Economic Relations</p> <p>1995–1996 Masters - Quality Management and Crisis Management Academy of Economic Studies</p> <p>1990–1995 Economist - Academy of Economic Studies</p> <p>1993-1994 Banks, Stock Exchanges and Capital Market; Financial Accounting; Marketing & Management; Institute Superieur de Gestion - Paris</p> | <p>2017 – Present Non executive Member of the Board of Directors, S.A.I. MUNTENIA INVEST SA</p> <p>1998 – Present President & General Director, VIENNA INVESTMENT TRUST S.A. (former Finans Securities)</p> <p>2016 - Present – Manager; Delta Energy Management S.a.r.l., Luxembourg;</p> <p>2013– Present Member of the Board of Directors, DEPOZITARUL CENTRAL S.A.</p> <p>2013– Present President, FSA Authorised Lecturer at Centrul de Pregătire Financiară Millenium</p> <p>2002 - 2012 – Member of the Board of Directors; Grup Feroviar Român</p> <p>1995–2001 University Lecturer Academy of Economic Studies</p> <p>1994–1998 Executive Director Institutul Român de Investiții</p> | Member of the Board of Directors | 3 years |

| Name | Age | Qualifications | Professional experience | Position held | Seniority |
|---------------------------|-----|---|---|----------------------------------|-----------|
| Dorina Teodora Mihăilescu | 60 | <p>1996 - National School of Political and Administrative Studies - Faculty of Political Science</p> <p>1995 - National Defense College</p> <p>1984 - Academy of Economic Studies - Faculty of Commerce</p> | <p><i>December 2017-present</i>, Non-executive member of the Board of Directors of S.A.I. Muntenia Invest S.A.;</p> <p><i>December 2013 - August 2014</i> – Counselor, First vice-president cabinet, Financial Supervisory Authority</p> <p><i>April 2013 - October 2013</i> - Non-executive member, Financial Supervisory Authority</p> <p><i>November 2007 - April 2013</i> National Securities Commission - Commissioner</p> <p><i>2011 - 2013</i> European Systemic Risk Board - representative of the National Securities Commission (participation in Advisory Technical Committee and General Board)</p> <p><i>April 2008</i> - US Securities and Exchange Commission, International Institute for Securities Market Development (professional development program) - Washington D.C.</p> <p><i>June 2005 - November 2007</i> - Vice-President, National Securities Commission –</p> <p><i>December 2004 - May 2005</i> – Deputy, Parliament of Romania - Chamber of Deputies - Committee on Budget, Finance and Banks</p> <p><i>2001 - 2004</i> - State Secretary, Government of Romania - Department for Institutional and Social Analysis</p> <p><i>1998 - 2000</i> Counselor to the Cabinet of the Vice-President of the Chamber of Deputies - Parliament of Romania - Chamber of Deputies</p> <p><i>April 1997 - September 2001</i> – Censor, SIF Muntenia S.A.</p> <p><i>1993 - 1996</i> Government Expert - General Secretariat of the Government - European Integration Directorate, Government of Romania</p> <p><i>September 1990 - 1992</i> - Deputy, member Economic Commission Parliament of Romania - Chamber of Deputies</p> <p><i>June - September 1990</i> - Cabinet Director of the Head of the Department of Political Analysis, Romanian Presidency</p> <p><i>1984 - 1990</i> - Economist ICSM Huedin, Cluj County</p> | Member of the Board of Directors | 3 years |

| Name | Age | Qualifications | Professional experience | Position held | Seniority |
|-----------------|-----|--|---|----------------------------------|-----------|
| Sergiu Mihailov | 41 | <p>2014-2019 – Law Graduate, Faculty of Law, Bucharest University;</p> <p>2002-2007 - Association of Chartered Certified Accountants, Great Britain</p> <p>1998-2002 – Finance – Insurance graduate, Faculty of Economic Sciences, West Timisoara University;</p> <p>Member of the Association of Chartered Certified Accountants, Great Britain;</p> <p>Member of the Chamber of Financial Auditors of Romania;</p> <p>Member of the Chamber of Fiscal Consultants of Romania</p> | <p><i>December 2020 - present</i> – member of the Board of Directors of S.A.I. Muntenia Invest S.A.: (FSa authorization no. 193/ 21.12.2020);</p> <p><i>September 2020 - December 2020</i> – Director of the Investment Opportunities and Asset Placement Analysis Department; SAI Muntenia Invest S.A.;</p> <p><i>2017 - August 2020</i> – Financial Controller; SAI Muntenia Invest S.A.;</p> <p><i>2020 - present</i> – Administrator; Unisem S.A.;</p> <p><i>2019 - present</i> – Administrator; Rompaper S.R.L.;</p> <p><i>2018 - present</i> – Administrator; Vrancart S.A.;</p> <p><i>2017 - present</i> – Administrator; CI-CO S.A.;</p> <p><i>2015 - present</i> – Administrator; Industrial Export S.A.;</p> <p><i>2009 - 2015</i> – Tax Manager; Romanian companies of Central Media Enterprises group;</p> <p><i>2005 - 2009</i> – Tax Assistant Manager, Tax Manager; KPMG Romania;</p> <p><i>2004 - 2005</i> – Tax Consultant; KPMG Romania;</p> <p><i>2002 - 2004</i> – Financial Auditor; KPMG Romania;</p> | Member of the Board of Directors | - |

| Name | Age | Qualifications | Professional experience | Position held | Seniority |
|----------------------|-----|--|--|------------------|-----------|
| Nicușor Marian Buică | 46 | <p>Subinginer, absolvent 1997 Profil Mecanic, Specializarea Materiale și Defectoscopie Universitatea Politehnică din București.</p> <p>Economist, absolvent 2003 Universitatea din Craiova, Facultatea de Științe Economice</p> <p>MBA, absolvent 2005 City University, State of Washington, USA</p> | <p><i>December 2017 - present</i> General Director of SAI Muntenia Invest</p> <p><i>September 2020 - present</i> – Non-executive Administrator, Biofarm S.A.;</p> <p><i>September 2019 - present</i> – Non-executive Administrator, Conpet S.A.;</p> <p><i>June 2019 - present</i> – Non-executive Administrator, ICPE S.A.;</p> <p><i>March 2018 - present</i> – Non-executive Administrator, Cocor S.A.;</p> <p><i>May 2017 - present</i> – Member of the Board of Directors, Incertrans S.A.;</p> <p><i>December 2016 – December 2017</i> - Member of the Board of Directors, SAI Muntenia Invest</p> <p><i>June 2016 – 07 December 2016</i> - Member of the Board of Directors, Swiss Capital S.A.</p> <p><i>May 2016 – October 2016</i> – Director, Romenergo</p> <p><i>October 2015 - April 2016</i> – State Secretary, European Funds Ministry</p> <p><i>February 2015 - September 2015</i> – Member of the Board of Directors, CN „Loteria Română” S.A.;</p> <p><i>December 2014 - July 2015</i> – Member of the Board of Directors, Enel Energie Muntenia S.A.;</p> <p><i>August 2014- December 2014</i> – Counselor to the Delegated Ministry for Budget, Ministry of Public Finance</p> <p><i>March 2013 – March 2014</i> - State Secretary, Transportation Ministry</p> <p><i>June 2012 – November 2012</i> – Counselor to the State Secretary, Environment and Climate Ministry</p> <p><i>July 2010 – June 2012</i>, President of the BoD, Dunapref S.A.</p> <p><i>January 2008 – May 2009</i>, Commercial Director, Apolodor Com Impex</p> <p><i>2007 - July 2009</i> – Leader (Deputy Director), SSIF Active International S.A.;</p> <p><i>February 2004 - July 2009</i>, Compliance Officer, SSIF Active International S.A.,</p> <p><i>October 2001 - December 2005</i> – Development Director, Elpreco SA Craiova</p> <p><i>January 1998 – September 2001</i>- Investment Broker, SSIF Active International</p> | Director General | 3 years |

| Name | Age | Qualifications | Professional experience | Position held | Seniority |
|-------------------|-----|--|---|--|-----------|
| Mircea Constantin | 60 | Engineer, graduated in 1987 Polytechnic Institute of Bucharest, Faculty of Automatic Control, Automation and Computers | <p><i>December 2016 – present</i> - Director (Strategy Director) providing executive management, S.A.I. Muntenia Invest S.A.;</p> <p><i>October 2012 - December 2016</i> - Director of Strategy and Net Asset Calculation Direction, S.A.I Muntenia Invest SA</p> <p><i>2007- 2012</i> - Member of the Board of Directors, S.A.I. Muntenia Invest SA</p> <p><i>2005 - 2007</i> SAI – Advisor, S.A.I. Muntenia Invest SA</p> <p><i>1997 - 2007</i> - Strategy Direction. Director, Deputy Director, Head Office, S.A.I. Muntenia INVEST SA.</p> <p><i>1993 - 1997</i> - Strategy Directorate, Head office, Expert reviewer, FPP IV Muntenia respectively SIF Muntenia SA (since 1995)</p> <p><i>1993 - 1994</i> - Expert reviewer, Privatization Directorate, FPP IV Muntenia</p> <p><i>1992 – 1993</i> - Expert reviewer, National Privatisatoon Agency Development Direction for Small and Medium Enterprises</p> <p><i>1987 – 1992</i> - System engineer, Research Centre for Automation Bucharest (CCAB) respectively SIAT SA (1990) Computing Center;</p> | <p>Director empowered with the executive management</p> <p>Strategy Director</p> | 4 years |

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

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|---|----------|---|---|
| SECTION A – RESPONSIBILITIES | | | |
| A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A. | X | | SIF Muntenia is managed by SAI Muntenia Invest S.A., an investment management company that operates in compliance with the provisions of the general and special legislation for investment management companies. The activity of SAI Muntenia Invest is carried out under the supervision of the FSA and in compliance with the Internal Rules and Procedures that have been notified to the FSA. SAI Muntenia Invest took over the corporate governance obligations for SIF Muntenia within its own activity. The below references to the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee apply to the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee of SAI Muntenia Invest S.A. |
| A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest. | X | | SAI Muntenia Invest S.A. has no holdings that enter into conflict of interest with SIF Muntenia. The members of the Board of Directors of SAI Muntenia Invest can take over their attributions only after obtaining the FSA authorization. The documentation submitted to the FSA by each member of the Board of Directors, in order to obtain the approval, includes statements from which possible conflicts of interest result. |
| A.3. The Board of Directors should have at least five members. | | X | SIF Muntenia is managed by a legal entity, investment management company, regulated entity, authorized and supervised by the FSA, according to the legislation applicable to the capital market. |
| A.4. The majority of the members of the Board of Directors should be | X | | |

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|---|----------|---|---|
| non-executive Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement. | | | |
| A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate. | X | | |
| A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board. | X | | |
| A.7. The company should appoint a Board secretary responsible for supporting the work of the Board | X | | |
| A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process. | X | | |
| A.9. | X | | The information will be presented in the annual report that |

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|---|----------|---|---|
| The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities. | | | will be presented to the General Meeting of Shareholders |
| A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors. | X | | The information will be presented in the annual report that will be presented to the General Meeting of Shareholders |
| A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent. | X | | |
| SECTION B – RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM | | | |
| B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent. | | X | The audit committee of the Administrator is composed of two independent non-executive members of the Board of Directors of SAI Muntenia Invest. |
| B.2. The audit committee should be chaired by an independent non-executive member. | X | | |
| B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control. | X | | |
| B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management’s responsiveness and effectiveness in dealing with | X | | |

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|---|-----------------|--|---------------------|
| identified internal control failings or weaknesses and their submission of relevant reports to the Board. | | | |
| B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties. | X | | |
| B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system. | X | | |
| B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team. | X | | |
| B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards. | X | | |
| B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties. | X | | |
| B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements. | X | | |
| B.11. | X | | |

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|--|----------|---|---|
| The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity. | | | |
| B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer. | X | | |
| SECTION C – FAIR REWARDS AND MOTIVATION | | | |
| C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in due time. | X | | The remuneration policy of SAI Muntenia Invest SA for the services provided as administrator of SIF Muntenia is presented under art. 13 of the Articles of Incorporation of SIF Muntenia. Details about the Nomination and Remuneration Committee and its attributions can be found in the Corporate Governance section, within the annual report, as well as in the Corporate Governance Regulation of SIF Muntenia. |
| SECTION D – BUILDING VALUE THROUGH INVESTORS’ RELATIONS | | | |
| D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: | X | | |
| D.1.1. Principal corporate regulations: the articles of association, general shareholders’ meeting procedures; | X | | |
| D.1.2. Professional CVs of the members of its governing bodies, a | X | | |

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|--|----------|---|--------------|
| Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; | | | |
| D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code; | X | | |
| D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; | X | | |
| D.1.5. Information on corporate events; | X | | |
| D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; | X | | |
| D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports. | X | | |
| D.2. A company should have an annual dividend distribution or policy or other benefits to the shareholders. The annual dividend distribution policy to the shareholders should be published on the corporate website. | X | | |
| D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website. | X | | |
| D.4. | X | | |

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|--|----------|---|---|
| The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders. | | | |
| D.5. The external auditors should attend the shareholders' meetings when their reports are presented there. | X | | |
| D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting. | X | | |
| D . 7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise. | X | | |
| D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms. | X | | |
| D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the | | X | Due to the COVID-19 pandemic, respectively to the restrictions imposed by the authorities regarding the movement of persons, the Company could not organize meetings / teleconferences. During 2021, the Company will prepare a policy on how to |

| BSE CGC provisions | Complies | Does not comply or partially complies | Observations |
|--|-----------------|--|--|
| meetings/conference calls. | | | organize meetings / teleconferences with analysts and investors. |
| D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area. | | X | During 2020, the Company sponsored various actions aimed at purchasing products for the prevention and diagnosis of SARS-CoV-2 virus (real time PCR centrifuge, Covid-19 detection tests, protective suits, etc.). The company does not have a policy of supporting various forms of artistic and cultural expression, sports activities, educational or scientific activities. During 2021, the Company will draw up a policy on how it will support various forms of artistic and cultural expression, sports activities, educational or scientific activities, etc. |

SIF Muntenia S.A.
By its Administrator
S.A.I. Muntenia Invest S.A.

Nicușor Marian BUICĂ,
General Director

Statement on the application of corporate governance principles for SIF MUNTENIA S.A.

(according to the Annex to the FSA Regulation No. 2/2016, as subsequently amended and supplemented)
updated December 2020

| No. crt. | Rules for the application of the principles of corporate governance | Compliance | | If NOT - explain |
|----------|---|------------|----|--|
| | | YES | NO | |
| 1. | The regulated entity defined in its articles of incorporation the basic responsibilities of the Board on the implementation and compliance with the principles of corporate governance. | | NO | SIF Muntenia S.A. is managed by SAI Muntenia Invest S.A. according to the provisions of the special legislation. SAI Muntenia Invest S.A. takes over the functions of corporate governance, and in the articles of incorporation of the company, the Shareholders' Representatives Council has specific attributions |
| 2. | The internal policies and/or internal regulations lay down the corporate governance structures, functions, competences and responsibilities of the Board and the executive management/senior management | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 3. | The annual financial statements of the regulated entity is accompanied by the annual report of the Remuneration Committee and an explanatory note that describes the relevant events in connection with the application of the principles of corporate governance, occurring over the financial year. | Yes | | By the Administrator SAI Muntenia Invest S.A. |
| 4. | The regulated entity has a communication strategy with the parties concerned to ensure proper information. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 5. | The structure of the Board assures, as appropriate, a balance between executive and non-executive members so that no person or small group of persons influences the decision-making process. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 6. | The Board is convened at least every three months to monitor the performance of the regulated entity's activity. | YES | | Both the Shareholders Representatives Council and the Board of Directors of SAI Muntenia Invest S.A. |
| 7. | The Board or the executive management/ senior management, as appropriate, regularly reviews the policies on the financial reporting, internal control and risk management system adopted by the regulated entity. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 8. | In its activity, the Board has the support of a remuneration committee that issues recommendations. | DA | | By the Administrator SAI Muntenia Invest S.A. |
| 9. | The Remuneration Committee submits to the council annual reports about its activity. | DA | | By the Administrator SAI Muntenia Invest S.A. |
| 10. | In fulfilling its duties, the Board is assisted by other consultative committees that issue recommendations on various topics subject to decision-making process. | YES | | By the Administrator SAI Muntenia Invest S.A. |

| | | | | |
|-----|--|-----|----|--|
| 11. | The consultative committees submit to the Board materials/ reports on the topics entrusted by it. | YES | | Through the Administrator SAI Muntenia Invest S.A. |
| 12. | In the internal procedures/ policies/ regulations of the regulated entity regulated entity there are provisions for the selection of applications for the persons of the executive management/ senior management, appointment of new persons or renewal of the existing mandates. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 13. | The regulated entity ensures the professional training of the executive management/ senior management so that it efficiently performs its tasks. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 14. | Key functions are established so as to be adequate to the organizational structure of the regulated entity compliant with the applicable regulations. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 15. | The Board regularly reviews the efficiency and update of the internal control system of the regulated entity to ensure a rigorous management of the risks to which the regulated entity is exposed. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 16. | The audit committee makes recommendations to the Board on the selection, appointment and replacement of the financial auditor, and on the terms and conditions of its remuneration. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 17. | The Board reviews at least once a year and ensures that the remuneration policies are consistent with an efficient risk management. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 18. | The remuneration policy of the regulated entity is set out in the internal regulations regarding the implementation and compliance with the principles of corporate governance. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 19. | The Board has adopted a procedure for the identification and proper settlement of any conflict of interest. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 20. | The executive management/ senior management, as appropriate, informs the Board about potential or consumed conflict of interest in which they could be / is involved and does not participate in the decision-making process which is related to the state of conflict, if these structures or persons are involved in the respective state of conflict. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 21. | The Board analyses at least once a year the efficiency of the risk management system of the regulated entity. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 22. | The regulated entity has procedures for the identification, assessment and management of the significant risks to which it is, or it is likely to be, exposed. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 23. | The regulated entity has in place clear action plans for business continuity and for any emergency situations. | YES | | By the Administrator SAI Muntenia Invest S.A. |
| 24. | The branch Board applies internal governance principles and policies similar to those of the parent company, unless there are other legal requirements that lead to the establishment of own policies. | | NO | Not the case (SIF Muntenia is not a subsidiary.) |

SIF Muntenia S.A.
By its Administrator
SAI Muntenia Invest S.A.

Nicușor Marian BUICĂ,
General Director

ARTICLES OF INCORPORATION

OF SOCIETATEA DE INVESTIȚII FINANCIARE MUNTENIA SA

Art. 1 COMPANY NAME, LEGAL FORM, HEADQUARTERS AND DURATION

- (1). The denomination of the company is "Societatea de Investiții Financiare Muntenia S.A." hereinafter referred to as SIF MUNTENIA SA. In all documents issued by SIF MUNTENIA SA, the identification data and the information requested by applicable law will be mentioned.
- (2). The legal form of SIF MUNTENIA SA is that of joint stock company, Romanian legal person, organized as an externally managed Alternative Investment Fund.
- (3). SIF MUNTENIA SA will operate in compliance with the provisions of the capital market legislation, of Law no. 31/1990 on trading companies, republished with the subsequent modifications and completions and of this Articles of Incorporation.
- (4). The company is the successor of the Private Ownership Fund IV Muntenia, reorganized and transformed according to Law no.133/1996, after it would have handed over the management to Societatea de Investitii Financiare Muntenia SA.
- (5). The company will operate under a management agreement to be concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A.
- (6). The company's registered headquarters is in Bucharest, 42-46, Serghei Vasilievici Rahmaninov street, ground floor, room no. 2, sector 2, zip code 020199,. SIF Muntenia's headquarters may be changed to any other location in Romania by decision of the Shareholders General Extraordinary Meeting. SIF Muntenia may set up subsidiaries, branches, agencies, representative offices, working points, both in the country and abroad, in compliance with legal requirements for authorization and advertising.
- (7). The duration of the company is unlimited.

Art. 2 COMPANY'S OBJECT OF ACTIVITY

- (1). The main object of activity of SIF MUNTENIA SA is "Other financial service activities, except insurance and pension funding" **NACE CODE – 6499**
- (2). SIF MUNTENIA SA will be able to carry out the following activities:
 - a) making financial investments in order to maximize the value of its own shares in accordance with the regulations in force;
 - b) management of the investment portfolio and the exercise of all rights associated with the instruments in which it invests;
 - c) risk management
 - d) other auxiliary and adjacent activities in accordance with the regulations in force

Art. 3 SHARE CAPITAL AND SHARES

- (1). The subscribed and fully paid share capital amounts to 80,703,651.5 lei and it is divided into 807,036,515 nominal shares, of 0.1 lei each. Each share entitles to one vote at the Shareholders General Meeting.
- (2). The company's shares are nominative, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is 0.1 lei. The shares are indivisible and the company recognizes a single representative to exercise the rights arising from a share.
- (3). Investors entitled to receive dividends or benefit from the resolutions of general shareholders' meetings shall be those registered in the Shareholders' Registry held by

Depozitarul Central in accordance with the law on the date established by the General Meeting of Shareholders in accordance with the regulations in force.

- (4). Distribution of dividends will be made in compliance with statutory regulations and FSA regulations.

Art. 4 SHAREHOLDERS

- (1). The company shareholder quality is certified by an account statement issued by the entity keeping the shareholders' records.

Art. 5 TRADE, ISSUE, BUY BACK AND CANCELLATION OF SHARES

- (1). SIF Muntenia SA shares are negotiable and transferable as provided by law.
- (2). Trading of shares issued by SIF Muntenia SA will only be done on a regulated and supervised market.
- (3). Trading of SIF Muntenia SA shares is subject to the rules applicable to the regulated market on which such shares are traded.
- (4). The Company may issue new shares in compliance with the legal regulations for the increase of the share capital
- (5). When a share becomes the property of more than one person, Depozitarul Central will refuse to register ownership until the appointment of a single representative for the exercise of the rights resulting from the share.
- (6). The Company may buy back its own shares in accordance with the legal provisions for the buy back of shares by a company admitted to trading on a regulated market.
- (7). The company may cancel the shares issued only in the cases provided for by the applicable legislation in the matter.

Art. 6 SHAREHOLDERS GENERAL MEETING

- (1). Shareholders General Meeting is the supreme governing body of SIF Muntenia SA and is entitled to decide on all matters under its competence according to law and the present Articles of Incorporation.
- (2). Shareholders General Meeting may be ordinary or extraordinary.
- (3). Shareholders General Ordinary Meeting is held at least once a year within the period specified by legal provisions in force.
- (4). In addition to debating other issues included on the agenda, the Ordinary General Meeting of Shareholders must:
 - a) discuss, approve or amend the annual financial statements based on the reports of the Administrator SAI MUNTENIA INVEST SA and of the financial auditor;
 - b) to establish the value of the amount to be distributed as dividends according to legal provisions;
 - c) to appoint and revoke the members of the Shareholders' Representatives Council;
 - d) to appoint and dismiss the financial auditor and to establish the minimum duration of the financial audit contract;
 - e) to determine the remuneration of the members of the Shareholders' Representatives Council;
 - f) to rule on the administration of the company;
 - g) to establish the revenue and expenses budget and the management strategy for the following financial year;
 - h) to decide on pledging, leasing or de-registration of one or several units of SIF MUNTENIA SA
- (5). In order to validate the deliberations of the Ordinary General Meeting of Shareholders of SIF MUNTENIA SA the presence of the shareholders holding at least one fourth of the total voting rights is required and the decisions are taken with the vote „in favor” of the shareholders holding the majority of the votes cast.
- (6). If at the first convocation the Ordinary General Meeting of Shareholders can not be held

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- because the quorum and / or validity conditions set out in the above paragraph are not met, the Meeting that will be held after the second convocation will be able to deliberate on the issues listed on the agenda of the first convocation, whichever is the percentage of the share capital of SIF MUNTENIA SA represented by the shareholders attending the meeting personally / by a representative. In such a case, the Ordinary General Meeting of Shareholders shall adopt valid decisions by a majority of the votes cast.
- (7). Extraordinary General Meeting shall be convened whenever needed and, unless the applicable law provides otherwise, will adopt resolutions on the following matters:
- a) changing the legal form of SIF Muntenia SA;
 - b) SIF Muntenia SA headquarters' relocation;
 - c) changing SIF Muntenia object of activity;
 - d) establishment or closing of branches, subsidiaries, representative offices, agencies or other such units of SIF Muntenia SA without legal personality
 - e) share capital increase;
 - f) issue of bonds;
 - g) reduction of share capital or increase by issuing new shares, according to legal provisions in force;
 - h) merger with other companies or division of SIF Muntenia SA;
 - i) anticipated dissolution of SIF Muntenia SA;
 - j) conversion of shares from one class to another;
 - k) conversion of a category of bonds to another category of bonds or shares;
 - l) acquisition by SIF Muntenia SA of its own shares, either directly or through persons acting in their own name but on its behalf;
 - m) any other additions and amendments to the Articles of Incorporation or any other decisions which under this Act and the legal provisions in force, require the approval of the Shareholders General Extraordinary Meeting.
- (8). The Extraordinary General Meeting delegated to its Administrator, SAI MUNTENIA INVEST SA, the exercise of its duties for:
- a) increase of the share capital;
 - b) establishment or de-registration of branches, representations and other working points
- (9). To validate the proceedings of the Shareholders General Extraordinary Meeting of SIF Muntenia SA, at the first convocation, the presence of shareholders holding at least one fourth of the total number of voting rights is required, while at the following convocations, the presence of shareholders representing at least one fifth of the total number of voting rights is required. Decisions are taken by majority of votes held by shareholders present or represented. The decision to change the main object of activity of the company, reduce or increase the share capital, change of legal form, merger, division or dissolution of the company shall be taken by a majority of at least two thirds of the voting rights held by shareholders present or represented.
- (10). The General Meeting of the Shareholders shall be convened by SAI MUNTENIA INVEST SA, in compliance with the provisions of Law no. 31/1990 republished, with the subsequent additions and additions of the legislation in force and of the FSA regulations
- (11). The general meeting is convened by publishing an announcement in the Official Gazette and in a large circulation newspaper, in accordance with the provisions of the legislation in force.
- (12). General Meetings of Shareholders will be convened by SAI MUNTENIA INVEST SA whenever issues arise that are within the competence of the General Meeting of Shareholders. SAI MUNTENIA INVEST SA is obliged to convene the General Meeting of Shareholders upon the request of the shareholders holding shares representing at least 5% of the share capital of SIF MUNTENIA SA, upon the request of the FSA or in the event of a final and irrevocable court decision requiring the convocation of SIF MUNTENIA SA's General Meeting of Shareholders.

- (13). The right to participate in the Shareholders General Meeting is held by the shareholders registered in the shareholders' register compiled for the reference date as established by SAI Muntenia Invest SA.
- (14). Participation in the General Meeting of the Shareholders will be done directly or through representatives appointed in accordance with the legal provisions in force. The shareholders of SIF MUNTENIA SA may also vote by correspondence according to legal provisions in force and the procedures approved by SAI Muntenia Invest SA.
- (15). Each share gives the right to one vote. Shareholders or those representing a group of shareholders are entitled to vote in accordance with the law.
- (16). Decisions shall be taken by open or secret vote. Secret vote is mandatory when appointing or revoking members of the Shareholders Representative Council, appointing or revoking the Administrator as well as when appointing or dismissing the financial auditor and when making decisions related to the liability of the members of the administration, management and control bodies of the company.
- (17). SAI Muntenia Invest SA and members of the Board of Directors of SAI Muntenia Invest SA can not vote in respect of shares they hold neither personally nor through representatives, for their discharge of administration or for an issue in which the person or their work is in question.
- (18). A shareholder who, in a certain operation, has an interest contrary to that of the company, will have to abstain from deliberations on the specific operation. A shareholder who contravenes this provision is liable to damages produced to the company, if, without his vote, the required majority would have not been met.
- (19). Decisions of the Shareholders General Meeting, taken under the law and this Articles of Incorporation, are binding for all shareholders, including those who did not attend the meeting or who voted against that decision.
- (20). The General Meeting of Shareholders is chaired by one of the permanent representatives appointed by the Administrator, SAI Muntenia Invest SA, and registered with the Trade Registry as legal representative of SIF MUNTENIA SA.
- (21). General Meeting of Shareholders shall elect from among the present shareholders one to three secretaries, who will check the attendance of shareholders, indicating the share capital represented by each of them and all the formalities required by law and by the Articles of Incorporation for holding the general meeting.
- (22). Expenses incurred in organizing and conducting Shareholders General Meetings shall be borne by SIF Muntenia SA, being considered expenses incurred for of SIF Muntenia SA and its shareholders.

Art. 7 SHAREHOLDERS REPRESENTATIVES COUNCIL

- (1). Shareholders Representative Council is a body representing the interests of SIF MUNTENIA SA's shareholders in relation with SAI MUNTENIA INVEST SA, on the basis of a budget approved by the General Shareholders' Meeting of SIF MUNTENIA SA.
- (2). The General Meeting of Shareholders of SIF MUNTENIA SA will appoint a Shareholders Representative Council consisting of 3 members, for a four-year term, with the possibility to be re-appointed
- (3). Individuals that can apply for a place in the Shareholders Representatives Council of SIF Muntenia SA must fulfill the following conditions:
 - a) are not employees or directors of an investment management company (SAI) or of another financial investment company and not to have any contractual relationship with SIF Muntenia SA or with the investment manager of SIF Muntenia SA;
 - b) not to have been convicted by final court decision for fraudulent management, breach of trust, forgery, fraud, embezzlement, perjury, giving or taking bribes;
 - c) to have graduated from a higher education institution with a degree or diploma exam;
 - d) to have at least five years experience in banking and finance, capital markets, management of a firm or university;

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- e) does not hold, directly or together with his/her husband/wife, relatives up to the third degree or in-laws up to the second degree, more than 5% of the share capital of the depository which SIF Muntenia SA has concluded a depository contract;
 - f) not to have been sanctioned by a financial market regulator with a ban on the exercise of professional activities;;
 - g) not be in any other state of incompatibility as provided by the applicable legal provisions or by this Articles of Incorporation
- (4). SIF MUNTENIA SA's Shareholders Representative Council has the following duties:
- a) represents SIF MUNTENIA SA in relation to SAI MUNTENIA INVEST SA;
 - b) negotiates and concludes the management contract;
 - c) monitors the observance of the contractual clauses and the commitments assumed by SAI MUNTENIA INVEST SA through the management contract and the management program approved by the Shareholders' General Meeting of SIF MUNTENIA SA;
 - d) analyzes the periodical reports drawn up by SAI MUNTENIA INVEST SA regarding the performance of its duties on:
 - the management of SIF MUNTENIA SA;
 - exercising the rights conferred by holding the securities from the portfolio of SIF MUNTENIA SA;
 - defending the rights and interests of SIF MUNTENIA SA before the courts, arbitration courts as well as any bodies with jurisdictional and administrative power;
 - a) calls for measures to be taken to place the activity of SAI MUNTENIA INVEST within the provisions of the management contract, the FSA Regulations, the annual management programs, the income and expenses budgets approved by the Shareholders' General Assembly of SIF MUNTENIA SA and the applicable legislation;
 - b) verifies the conclusion of the contract with the financial auditor in accordance with the decision of the General Meeting of the Shareholders of SIF MUNTENIA SA;
 - c) verifies the preparation of the annual financial statements by SAI MUNTENIA INVEST SA and the profit distribution proposals to be submitted to the approval of the General Shareholders' Meeting of SIF MUNTENIA SA;
 - d) verifies preparation of the annual program related to the management of SIF MUNTENIA SA's portfolio;
 - e) verifies drafting of the draft Income and Expenses Budget of SIF MUNTENIA SA for its presentation to the General Shareholders' Meeting of SIF MUNTENIA SA;
 - f) verifies the preparation of half yearly and quarterly reports by SAI MUNTENIA INVEST SA in accordance with legal provisions and FSA regulations;
 - g) verifies the preparation of materials to be submitted to the General Shareholders' Meeting of SIF MUNTENIA SA;
 - h) verifies the conclusion of the depository contract, respectively the contract with Depozitarul Central.

Art. 8 FINANCIAL AUDIT AND INTERNAL AUDIT OF SIF MUNTENIA SA

- (1). Yearly and half yearly financial statements of SIF Muntenia SA will be audited by an auditor who fulfills the requirements imposed by applicable law and FSA regulations.
- (2). The financial audit will be conducted under an audit contract concluded by SAI MUNTENIA INVEST SA.
- (3). The internal audit of SIF Muntenia SA will be performed in compliance with the legal provisions in force .

Art. 9 LOANS

- (1). SIF MUNTENIA SA may borrow funds provided that it complies with the legal provisions in force and with the FSA regulations.

Art. 10 REPORTING

- (1). SIF Muntenia SA will ensure equal access for all shareholders to information on its operation in accordance with the FSA regulations.
- (2). SIF Muntenia SA will comply with the reporting requirements established by FSA regulations and by the regulations of the market where the shares are traded.
- (3). SIF Muntenia SA will draw, make available to the public, submit to the FSA and the market operator quarterly, half yearly and annual reports. The reports will be available to investors in accordance with the FSA regulations.

Art. 11 AUTHORISED INVESTMENTS

- (1). SIF Muntenia SA investments will be made in compliance with legal provisions and FSA regulations relating to the financial investment companies.

Art. 12 PORTFOLIO STRUCTURE

- (1). The portfolio of SIF MUNTENIA SA will be structured in such a way as to comply with the limitations stipulated by the legal provisions and the applicable capital market regulations

Art. 13 SIF MUNTENIA SA MANAGEMENT

- (1). SIF Muntenia SA management is performed by the administrator who has signed a management contract.
- (2). SIF Muntenia SA will pay a monthly management fee representing a share of the asset value managed, within the maximum limit approved by the company's Shareholders General Meeting. Depending on how SAI Muntenia Invest SA meets the performance criteria and goals set annually by the Shareholders General Meeting, SIF Muntenia SA will pay a performance fee to SAI Muntenia Invest SA, accordingly. Establishing the rules for calculating and paying the fees is performed in accordance with the management contract.
- (3). The duration of the management contract concluded between SIF Muntenia and SAI Muntenia Invest SA is 4 years.

Art. 14 SIF MUNTENIA SA NET ASSET VALUE CALCULATION

- (1). SIF MUNTENIA SA's net asset value will be calculated in accordance with the legislation in force

Art. 15 SIF MUNTENIA SA DEPOSITORY CONTRACT

- (1). SAI Muntenia Invest SA is obliged to conclude a depository contract with a depository authorized by FSA.
- (2). Activities performed by the depository shall be in accordance with the legal provisions and FSA regulations.
- (3). The change of depository will be made in accordance with law and FSA regulations in force.

Art. 16 DISSOLUTION

- (1). Dissolution of the company will occur in cases stipulated by law. In the event of dissolution, the company will be liquidated.
- (2). The liquidation follows the procedure prescribed by law. After completion, the liquidators will require the de-registration of the company from the Trade Register

Art. 17 LITIGATION

- (1). Disputes of the company with natural or legal persons are the jurisdiction of the courts of law of Romania. These can be solved by arbitration as well.

Art. 18 MISCELLANEOUS

- (1). This Articles of Incorporation is supplemented by the legal provisions on companies - common law - and by the special legal provisions in the capital market field.
- (2). The terms of this Articles of Incorporation shall be deemed modified by law if any subsequent legislation appear that remove or restrict the limitations expressly provided at present for financial investment companies.

Art. 19 AMENDMENTS

- (1). Any amendments brought to this Articles of Incorporation will be subject to the prior approval of the Shareholders General Meeting and the FSA.

Prepared in 4 originals, today, 7.04.2020.

SIF MUNTENIA SA
by its Administrator, SAI MUNTENIA INVEST SA

FloricaTRANDAFIR
Corporate Management Director

ARTICLES OF INCORPORATION

OF SOCIETATEA DE INVESTIȚII FINANCIARE MUNTENIA SA

Art. 1 COMPANY NAME, LEGAL FORM, HEADQUARTERS AND DURATION

- (1). The denomination of the company is "Societatea de Investiții Financiare Muntenia S.A." hereinafter referred to as SIF MUNTENIA SA. In all documents issued by SIF MUNTENIA SA, the identification data and the information requested by applicable law will be mentioned.
- (2). The legal form of SIF MUNTENIA SA is that of joint stock company, Romanian legal person, organized as an externally managed Alternative Investment Fund.
- (3). SIF MUNTENIA SA will operate in compliance with the provisions of the capital market legislation, of Law no. 31/1990 on trading companies, republished with the subsequent modifications and completions and of this Articles of Incorporation.
- (4). The company is the successor of the Private Ownership Fund IV Muntenia, reorganized and transformed according to Law no.133/1996, after it would have handed over the management to Societatea de Investitii Financiare Muntenia SA.
- (5). The company will operate under a management agreement to be concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A.
- (6). The company's registered headquarters is in Bucharest, 42-46, Serghei Vasilievici Rahmaninov street, ground floor, room no. 2, sector 2, zip code 020199,. SIF Muntenia's headquarters may be changed to any other location in Romania by decision of the Shareholders General Extraordinary Meeting. SIF Muntenia may set up subsidiaries, branches, agencies, representative offices, working points, both in the country and abroad, in compliance with legal requirements for authorization and advertising.
- (7). The duration of the company is unlimited.

Art. 2 COMPANY'S OBJECT OF ACTIVITY

- (1). The main object of activity of SIF MUNTENIA SA is "Other financial service activities, except insurance and pension funding" **NACE CODE – 6499**
- (2). SIF MUNTENIA SA will be able to carry out the following activities:
 - a) making financial investments in order to maximize the value of its own shares in accordance with the regulations in force;
 - b) management of the investment portfolio and the exercise of all rights associated with the instruments in which it invests;
 - c) risk management
 - d) other auxiliary and adjacent activities in accordance with the regulations in force

Art. 3 SHARE CAPITAL AND SHARES

- (1). The subscribed and fully paid share capital amounts to 78,464,520.10 lei and it is divided into 784,645,201 nominal shares, of 0.1 lei each. Each share entitles to one vote at the Shareholders General Meeting.
- (2). The company's shares are nominative, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is 0.1 lei. The shares are indivisible and the company recognizes a single representative to exercise the rights arising from a share.
- (3). Investors entitled to receive dividends or benefit from the resolutions of general shareholders' meetings shall be those registered in the Shareholders' Registry held by

Depozitarul Central in accordance with the law on the date established by the General Meeting of Shareholders in accordance with the regulations in force.

- (4). Distribution of dividends will be made in compliance with statutory regulations and FSA regulations.

Art. 4 SHAREHOLDERS

- (1). The company shareholder quality is certified by an account statement issued by the entity keeping the shareholders' records.

Art. 5 TRADE, ISSUE, BUY BACK AND CANCELLATION OF SHARES

- (1). SIF Muntenia SA shares are negotiable and transferable as provided by law.
- (2). Trading of shares issued by SIF Muntenia SA will only be done on a regulated and supervised market.
- (3). Trading of SIF Muntenia SA shares is subject to the rules applicable to the regulated market on which such shares are traded.
- (4). The Company may issue new shares in compliance with the legal regulations for the increase of the share capital
- (5). When a share becomes the property of more than one person, Depozitarul Central will refuse to register ownership until the appointment of a single representative for the exercise of the rights resulting from the share.
- (6). The Company may buy back its own shares in accordance with the legal provisions for the buy back of shares by a company admitted to trading on a regulated market.
- (7). The company may cancel the shares issued only in the cases provided for by the applicable legislation in the matter.

Art. 6 SHAREHOLDERS GENERAL MEETING

- (1). Shareholders General Meeting is the supreme governing body of SIF Muntenia SA and is entitled to decide on all matters under its competence according to law and the present Articles of Incorporation.
- (2). Shareholders General Meeting may be ordinary or extraordinary.
- (3). Shareholders General Ordinary Meeting is held at least once a year within the period specified by legal provisions in force.
- (4). In addition to debating other issues included on the agenda, the Ordinary General Meeting of Shareholders must:
 - a) discuss, approve or amend the annual financial statements based on the reports of the Administrator SAI MUNTENIA INVEST SA and of the financial auditor;
 - b) to establish the value of the amount to be distributed as dividends according to legal provisions;
 - c) to appoint and revoke the members of the Shareholders' Representatives Council;
 - d) to appoint and dismiss the financial auditor and to establish the minimum duration of the financial audit contract;
 - e) to determine the remuneration of the members of the Shareholders' Representatives Council;
 - f) to rule on the administration of the company;
 - g) to establish the revenue and expenses budget and the management strategy for the following financial year;
 - h) to decide on pledging, leasing or de-registration of one or several units of SIF MUNTENIA SA
- (5). In order to validate the deliberations of the Ordinary General Meeting of Shareholders of SIF MUNTENIA SA the presence of the shareholders holding at least one fourth of the total voting rights is required and the decisions are taken with the vote „in favor” of the shareholders holding the majority of the votes cast.
- (6). If at the first convocation the Ordinary General Meeting of Shareholders can not be held

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- because the quorum and / or validity conditions set out in the above paragraph are not met, the Meeting that will be held after the second convocation will be able to deliberate on the issues listed on the agenda of the first convocation, whichever is the percentage of the share capital of SIF MUNTENIA SA represented by the shareholders attending the meeting personally / by a representative. In such a case, the Ordinary General Meeting of Shareholders shall adopt valid decisions by a majority of the votes cast.
- (7). Extraordinary General Meeting shall be convened whenever needed and, unless the applicable law provides otherwise, will adopt resolutions on the following matters:
- a) changing the legal form of SIF Muntenia SA;
 - b) SIF Muntenia SA headquarters' relocation;
 - c) changing SIF Muntenia object of activity;
 - d) establishment or closing of branches, subsidiaries, representative offices, agencies or other such units of SIF Muntenia SA without legal personality
 - e) share capital increase;
 - f) issue of bonds;
 - g) reduction of share capital or increase by issuing new shares, according to legal provisions in force;
 - h) merger with other companies or division of SIF Muntenia SA;
 - i) anticipated dissolution of SIF Muntenia SA;
 - j) conversion of shares from one class to another;
 - k) conversion of a category of bonds to another category of bonds or shares;
 - l) acquisition by SIF Muntenia SA of its own shares, either directly or through persons acting in their own name but on its behalf;
 - m) any other additions and amendments to the Articles of Incorporation or any other decisions which under this Act and the legal provisions in force, require the approval of the Shareholders General Extraordinary Meeting.
- (8). The Extraordinary General Meeting delegated to its Administrator, SAI MUNTENIA INVEST SA, the exercise of its duties for:
- a) increase of the share capital;
 - b) establishment or de-registration of branches, representations and other working points
- (9). To validate the proceedings of the Shareholders General Extraordinary Meeting of SIF Muntenia SA, at the first convocation, the presence of shareholders holding at least one fourth of the total number of voting rights is required, while at the following convocations, the presence of shareholders representing at least one fifth of the total number of voting rights is required. Decisions are taken by majority of votes held by shareholders present or represented. The decision to change the main object of activity of the company, reduce or increase the share capital, change of legal form, merger, division or dissolution of the company shall be taken by a majority of at least two thirds of the voting rights held by shareholders present or represented.
- (10). The General Meeting of the Shareholders shall be convened by SAI MUNTENIA INVEST SA, in compliance with the provisions of Law no. 31/1990 republished, with the subsequent additions and additions of the legislation in force and of the FSA regulations
- (11). The general meeting is convened by publishing an announcement in the Official Gazette and in a large circulation newspaper, in accordance with the provisions of the legislation in force.
- (12). General Meetings of Shareholders will be convened by SAI MUNTENIA INVEST SA whenever issues arise that are within the competence of the General Meeting of Shareholders. SAI MUNTENIA INVEST SA is obliged to convene the General Meeting of Shareholders upon the request of the shareholders holding shares representing at least 5% of the share capital of SIF MUNTENIA SA, upon the request of the FSA or in the event of a final and irrevocable court decision requiring the convocation of SIF MUNTENIA SA's General Meeting of Shareholders.

- (13). The right to participate in the Shareholders General Meeting is held by the shareholders registered in the shareholders' register compiled for the reference date as established by SAI Muntenia Invest SA.
- (14). Participation in the General Meeting of the Shareholders will be done directly or through representatives appointed in accordance with the legal provisions in force. The shareholders of SIF MUNTENIA SA may also vote by correspondence according to legal provisions in force and the procedures approved by SAI Muntenia Invest SA.
- (15). Each share gives the right to one vote. Shareholders or those representing a group of shareholders are entitled to vote in accordance with the law.
- (16). Decisions shall be taken by open or secret vote. Secret vote is mandatory when appointing or revoking members of the Shareholders Representative Council, appointing or revoking the Administrator as well as when appointing or dismissing the financial auditor and when making decisions related to the liability of the members of the administration, management and control bodies of the company.
- (17). SAI Muntenia Invest SA and members of the Board of Directors of SAI Muntenia Invest SA can not vote in respect of shares they hold neither personally nor through representatives, for their discharge of administration or for an issue in which the person or their work is in question.
- (18). A shareholder who, in a certain operation, has an interest contrary to that of the company, will have to abstain from deliberations on the specific operation. A shareholder who contravenes this provision is liable to damages produced to the company, if, without his vote, the required majority would have not been met.
- (19). Decisions of the Shareholders General Meeting, taken under the law and this Articles of Incorporation, are binding for all shareholders, including those who did not attend the meeting or who voted against that decision.
- (20). The General Meeting of Shareholders is chaired by one of the permanent representatives appointed by the Administrator, SAI Muntenia Invest SA, and registered with the Trade Registry as legal representative of SIF MUNTENIA SA.
- (21). General Meeting of Shareholders shall elect from among the present shareholders one to three secretaries, who will check the attendance of shareholders, indicating the share capital represented by each of them and all the formalities required by law and by the Articles of Incorporation for holding the general meeting.
- (22). Expenses incurred in organizing and conducting Shareholders General Meetings shall be borne by SIF Muntenia SA, being considered expenses incurred for of SIF Muntenia SA and its shareholders.

Art. 7 SHAREHOLDERS REPRESENTATIVES COUNCIL

- (1). Shareholders Representative Council is a body representing the interests of SIF MUNTENIA SA's shareholders in relation with SAI MUNTENIA INVEST SA, on the basis of a budget approved by the General Shareholders' Meeting of SIF MUNTENIA SA.
- (2). The General Meeting of Shareholders of SIF MUNTENIA SA will appoint a Shareholders Representative Council consisting of 3 members, for a four-year term, with the possibility to be re-appointed
- (3). Individuals that can apply for a place in the Shareholders Representatives Council of SIF Muntenia SA must fulfill the following conditions:
 - a) are not employees or directors of an investment management company (SAI) or of another financial investment company and not to have any contractual relationship with SIF Muntenia SA or with the investment manager of SIF Muntenia SA;
 - b) not to have been convicted by final court decision for fraudulent management, breach of trust, forgery, fraud, embezzlement, perjury, giving or taking bribes;
 - c) to have graduated from a higher education institution with a degree or diploma exam;
 - d) to have at least five years experience in banking and finance, capital markets, management of a firm or university;

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- e) does not hold, directly or together with his/her husband/wife, relatives up to the third degree or in-laws up to the second degree, more than 5% of the share capital of the depository which SIF Muntenia SA has concluded a depository contract;
 - f) not to have been sanctioned by a financial market regulator with a ban on the exercise of professional activities;;
 - g) not be in any other state of incompatibility as provided by the applicable legal provisions or by this Articles of Incorporation
- (4). SIF MUNTENIA SA's Shareholders Representative Council has the following duties:
- a) represents SIF MUNTENIA SA in relation to SAI MUNTENIA INVEST SA;
 - b) negotiates and concludes the management contract;
 - c) monitors the observance of the contractual clauses and the commitments assumed by SAI MUNTENIA INVEST SA through the management contract and the management program approved by the Shareholders' General Meeting of SIF MUNTENIA SA;
 - d) analyzes the periodical reports drawn up by SAI MUNTENIA INVEST SA regarding the performance of its duties on:
 - the management of SIF MUNTENIA SA;
 - exercising the rights conferred by holding the securities from the portfolio of SIF MUNTENIA SA;
 - defending the rights and interests of SIF MUNTENIA SA before the courts, arbitration courts as well as any bodies with jurisdictional and administrative power;
 - a) calls for measures to be taken to place the activity of SAI MUNTENIA INVEST within the provisions of the management contract, the FSA Regulations, the annual management programs, the income and expenses budgets approved by the Shareholders' General Assembly of SIF MUNTENIA SA and the applicable legislation;
 - b) verifies the conclusion of the contract with the financial auditor in accordance with the decision of the General Meeting of the Shareholders of SIF MUNTENIA SA;
 - c) verifies the preparation of the annual financial statements by SAI MUNTENIA INVEST SA and the profit distribution proposals to be submitted to the approval of the General Shareholders' Meeting of SIF MUNTENIA SA;
 - d) verifies preparation of the annual program related to the management of SIF MUNTENIA SA's portfolio;
 - e) verifies drafting of the draft Income and Expenses Budget of SIF MUNTENIA SA for its presentation to the General Shareholders' Meeting of SIF MUNTENIA SA;
 - f) verifies the preparation of half yearly and quarterly reports by SAI MUNTENIA INVEST SA in accordance with legal provisions and FSA regulations;
 - g) verifies the preparation of materials to be submitted to the General Shareholders' Meeting of SIF MUNTENIA SA;
 - h) verifies the conclusion of the depository contract, respectively the contract with Depozitarul Central.

Art. 8 FINANCIAL AUDIT AND INTERNAL AUDIT OF SIF MUNTENIA SA

- (1). Yearly and half yearly financial statements of SIF Muntenia SA will be audited by an auditor who fulfills the requirements imposed by applicable law and FSA regulations.
- (2). The financial audit will be conducted under an audit contract concluded by SAI MUNTENIA INVEST SA.
- (3). The internal audit of SIF Muntenia SA will be performed in compliance with the legal provisions in force .

Art. 9 LOANS

- (1). SIF MUNTENIA SA may borrow funds provided that it complies with the legal provisions in force and with the FSA regulations.

Art. 10 REPORTING

- (1). SIF Muntenia SA will ensure equal access for all shareholders to information on its operation in accordance with the FSA regulations.
- (2). SIF Muntenia SA will comply with the reporting requirements established by FSA regulations and by the regulations of the market where the shares are traded.
- (3). SIF Muntenia SA will draw, make available to the public, submit to the FSA and the market operator quarterly, half yearly and annual reports. The reports will be available to investors in accordance with the FSA regulations.

Art. 11 AUTHORISED INVESTMENTS

- (1). SIF Muntenia SA investments will be made in compliance with legal provisions and FSA regulations relating to the financial investment companies.

Art. 12 PORTFOLIO STRUCTURE

- (1). The portfolio of SIF MUNTENIA SA will be structured in such a way as to comply with the limitations stipulated by the legal provisions and the applicable capital market regulations

Art. 13 SIF MUNTENIA SA MANAGEMENT

- (1). SIF Muntenia SA management is performed by the administrator who has signed a management contract.
- (2). SIF Muntenia SA will pay a monthly management fee representing a share of the asset value managed, within the maximum limit approved by the company's Shareholders General Meeting. Depending on how SAI Muntenia Invest SA meets the performance criteria and goals set annually by the Shareholders General Meeting, SIF Muntenia SA will pay a performance fee to SAI Muntenia Invest SA, accordingly. Establishing the rules for calculating and paying the fees is performed in accordance with the management contract.
- (3). The duration of the management contract concluded between SIF Muntenia and SAI Muntenia Invest SA is 4 years.

Art. 14 SIF MUNTENIA SA NET ASSET VALUE CALCULATION

- (1). SIF MUNTENIA SA's net asset value will be calculated in accordance with the legislation in force

Art. 15 SIF MUNTENIA SA DEPOSITORY CONTRACT

- (1). SAI Muntenia Invest SA is obliged to conclude a depository contract with a depository authorized by FSA.
- (2). Activities performed by the depository shall be in accordance with the legal provisions and FSA regulations.
- (3). The change of depository will be made in accordance with law and FSA regulations in force.

Art. 16 DISSOLUTION

- (1). Dissolution of the company will occur in cases stipulated by law. In the event of dissolution, the company will be liquidated.
- (2). The liquidation follows the procedure prescribed by law. After completion, the liquidators will require the de-registration of the company from the Trade Register

Art. 17 LITIGATION

- (1). Disputes of the company with natural or legal persons are the jurisdiction of the courts of law of Romania. These can be solved by arbitration as well.

Art. 18 MISCELLANEOUS

- (1). This Articles of Incorporation is supplemented by the legal provisions on companies - common law - and by the special legal provisions in the capital market field.
- (2). The terms of this Articles of Incorporation shall be deemed modified by law if any subsequent legislation appear that remove or restrict the limitations expressly provided at present for financial investment companies.

Art. 19 AMENDMENTS

- (1). Any amendments brought to this Articles of Incorporation will be subject to the prior approval of the Shareholders General Meeting and the FSA.

Prepared in 4 originals, today, 01.07.2020.

SIF MUNTENIA SA
by its Administrator, SAI MUNTENIA INVEST SA

Nicusor-Marian BUICA
General Director

ARTICLES OF INCORPORATION
of Societatea de Investiții Financiare Muntenia SA

Art. 1 Company name, legal form, headquarters and duration

- (1). The denomination of the company is "Societatea de Investiții Financiare Muntenia S.A." hereinafter referred to as SIF MUNTENIA SA. In all documents issued by SIF MUNTENIA SA, the identification data and the information requested by applicable law will be mentioned.
- (2). The legal form of SIF MUNTENIA SA is that of joint stock company, Romanian legal person, organized as an externally managed Alternative Investment Fund.
- (3). SIF MUNTENIA SA will operate in compliance with the provisions of the capital market legislation, of Law no. 31/1990 on trading companies, republished with the subsequent modifications and completions and of this Articles of Incorporation.
- (4). The company will operate under a management agreement to be concluded with the Investment Management Company Muntenia Invest S.A.
- (5). SIF Muntenia SA's registered headquarters is in Bucharest, 46-48 Serghei Rahmaninov St, ground floor, room 2, sector 2, code 020199. The headquarters of SIF Muntenia SA may be changed to any other location in Romania by resolution of the Shareholders General Extraordinary Meeting. SIF Muntenia may set up subsidiaries, branches, agencies, representative offices, working points, both in the country and abroad, in compliance with legal requirements for authorization and advertising.
- (6). The duration of the company is unlimited.

Art. 2 Company's object of activity

- (1). The main domain of activity of SIF MUNTENIA SA is financial service activities, except insurance and pension funding, NACE code 64, and the main object of activity is " Trusts, funds and similar financial entities" NACE CODE – 6430
- (2). SIF MUNTENIA SA will be able to carry out the following activities:
 - a) making financial investments in order to maximize the value of its own shares in accordance with the regulations in force;
 - b) management of the investment portfolio and the exercise of all rights associated with the instruments in which it invests;
 - c) risk management;
 - d) other auxiliary and adjacent activities in accordance with the regulations in force.

Art. 3 Share capital and shares

- (1). The subscribed and fully paid share capital amounts to 78.464.520,10 lei divided into 784.645.201 nominal shares, of 0.1 lei each. Each share entitles to one vote at the Shareholders General Meeting.
- (2). The company's shares are nominative, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is 0,1 lei. The shares are indivisible and the company recognizes a single representative to exercise the rights arising from a share.
- (3). Investors entitled to receive dividends or benefit from the resolutions of general shareholders' meetings shall be those registered in the Shareholders' Registry held by the

Central Depository in accordance with the law on the date established by the General Meeting of Shareholders in accordance with the regulations in force.

- (4). Distribution of dividends will be made in compliance with statutory regulations and FSA regulations.

Art. 4 Shareholders

- (1). The company shareholder quality is certified by an account statement issued by the entity keeping the shareholders' records.

Art. 5 Trade, issue, buy back and cancellation of shares

- (1). SIF Muntenia SA shares are negotiable and transferable as provided by law.
- (2). Trading of shares issued by SIF Muntenia SA will only be done on a regulated market.
- (3). Trading of SIF Muntenia SA shares is subject to the rules applicable to the regulated market on which such shares are traded.
- (5). The Company may issue new shares in compliance with the legal regulations for the increase of the share capital.
- (7). The company may cancel the shares issued only in the cases provided for by the applicable legislation in the matter.

Art. 6 Shareholders General Meeting

- (1). Shareholders General Meeting is the supreme governing body of SIF Muntenia SA and is entitled to decide on all matters under its competence according to law and the present Articles of Incorporation.
- (2). Shareholders General Meeting may be ordinary or extraordinary.
- (3). Shareholders General Ordinary Meeting is held at least once a year within the period specified by legal provisions in force.
- (4). In addition to debating other issues included on the agenda, the Ordinary General Meeting of Shareholders must:
 - a) discuss, approve or amend the annual financial statements based on the reports of the Administrator, SAI MUNTENIA INVEST SA and of the financial auditor;
 - b) to establish the value of the amount to be distributed as dividends according to legal provisions;
 - c) to appoint and revoke the members of the Shareholders' Representatives Council;
 - d) to appoint the external administrator according to legal provisions and to revoke the mandate granted to it;
 - e) to approve the management contract to be concluded with the external administrator;
 - f) to appoint and dismiss the financial auditor and to establish the minimum duration of the financial audit contract;
 - g) to determine the remuneration of the members of the Shareholders' Representatives Council;
 - h) to rule on the administration of the company;
 - i) to establish the revenue and expenses budget and the management strategy for the following financial year;
 - j) to decide on pledging, leasing or de-registration of one or several units of SIF MUNTENIA SA
- (5). In order to validate the deliberations of the Ordinary General Meeting of Shareholders of SIF MUNTENIA SA the presence of the shareholders holding at least one fourth of the total voting rights is required and the decisions are taken with the vote „in favor” of the shareholders holding the majority of the votes cast.

- (6). If at the first convocation the Ordinary General Meeting of Shareholders can not be held because the quorum and / or validity conditions set out in the above paragraph are not met, the Meeting that will be held after the second convocation will be able to deliberate on the issues listed on the agenda of the first convocation, whichever is the percentage of the share capital of SIF MUNTENIA SA represented by the shareholders attending the meeting personally / by a representative. In such a case, the Ordinary General Meeting of Shareholders shall adopt valid decisions by a majority of the votes cast.
- (7). Extraordinary General Meeting shall be convened whenever needed and, unless the applicable law provides otherwise, will adopt resolutions on the following matters:
 - a) changing the legal form of SIF Muntenia SA;
 - b) SIF Muntenia SA relocation;
 - c) changing SIF Muntenia object of activity;
 - d) establishment or closing of branches, subsidiaries, representative offices, agencies or other such units of SIF Muntenia SA without legal personality
 - e) share capital increase;
 - f) issue of bonds;
 - g) reduction of share capital or increase by issuing new shares, according to legal provisions in force;
 - h) merger with another companies or division of SIF Muntenia SA;
 - i) anticipated dissolution of SIF Muntenia SA;
 - j) conversion of shares from one class to another;
 - k) conversion of a category of bonds to another category of bonds or shares;
 - l) acquisition by SIF Muntenia SA of its own shares, either directly or through persons acting in their own name but on its behalf;
 - m) any other additions and amendments to the Articles of Incorporation or any other decisions which under this Act and the legal provisions in force, require the approval of the Shareholders General Extraordinary Meeting.
- (8). The Extraordinary General Meeting delegated to its Administrator, SAI MUNTENIA INVEST SA, the exercise of its duties for:
 - a) increase of the share capital;
 - b) establishment or de-registration of branches, representations and other working points.
- (9). To validate the proceedings of the Shareholders General Extraordinary Meeting of SIF Muntenia SA, at the first convocation, the presence of shareholders holding at least one fourth of the total number of voting rights is required, while at the following convocations, the presence of shareholders representing at least one fifth of the total number of voting rights is required. Decisions are taken by majority of votes held by shareholders present or represented.
- (10). The convening of the General Meeting of Shareholders will be made by SAI MUNTENIA INVEST SA, in compliance with the provisions of Law no. 31/1990 republished, with subsequent completions and additions, of the legislation in force and of the FSA regulations
- (11). The general meeting is convened by publishing an announcement in the Official Gazette and in a large circulation newspaper, in accordance with the provisions of the legislation in force.
- (12). General Meetings of Shareholders will be convened by SAI MUNTENIA INVEST SA whenever issues arise that are within the competence of the General Meeting of Shareholders. SAI MUNTENIA INVEST SA is obliged to convene the General Meeting of Shareholders upon the request of the shareholders holding shares representing at least 5% of the share capital of SIF MUNTENIA SA, upon the request of the FSA or in the event of a final and irrevocable court decision requiring the convocation of SIF MUNTENIA SA's General Meeting of Shareholders.

- (13). The right to participate in the Shareholders General Meeting is held by the shareholders registered in the shareholders' register compiled for the reference date as established by SAI Muntenia Invest SA.
- (14). Participation in the General Meeting of the Shareholders will be done directly or through representatives appointed in accordance with the legal provisions in force. The shareholders of SIF MUNTENIA SA may also vote by correspondence according to legal provisions in force and the procedures approved by SAI Muntenia Invest SA.
- (15). Each share gives the right to one vote. Shareholders or those representing a group of shareholders are entitled to vote in accordance with the law.
- (16). Decisions shall be taken by open or secret vote. Secret vote is mandatory when appointing or revoking members of the Shareholders Representative Council, appointing or revoking the Administrator as well as when appointing or dismissing the financial auditor and when making decisions related to the liability of the members of the administration, management and control bodies of the company.
- (17). SAI Muntenia Invest SA and members of the Board of Directors of SAI Muntenia Invest SA can not vote in respect of shares they hold neither personally nor through representatives, for their discharge of administration or for an issue in which the person or their work is in question.
- (18). A shareholder who, in a certain operation, has an interest contrary to that of the company, will have to abstain from deliberations on the specific operation. A shareholder who contravenes this provision is liable to damages produced to the company, if, without his vote, the required majority would have not been met.
- (19). Decisions of the Shareholders General Meeting, taken under the law and this Articles of Incorporation, are binding for all shareholders, including those who did not attend the meeting or who voted against that decision.
- (20). The General Meeting of Shareholders is chaired by one of the permanent representatives appointed by the Administrator, SAI Muntenia Invest SA, and registered with the Trade Registry as legal representative of SIF MUNTENIA SA.
- (21). General Meeting of Shareholders shall elect from among the present shareholders one to three secretaries, who will check the attendance of shareholders, indicating the share capital represented by each of them and all the formalities required by law and by the Articles of Incorporation for holding the general meeting.
- (22). Expenses incurred in organizing and conducting Shareholders General Meetings shall be borne by SIF Muntenia SA, being considered expenses incurred for of SIF Muntenia SA and its shareholders.

Art. 7 Shareholders Representatives Council

- (1). Shareholders Representative Council is a body representing the interests of SIF MUNTENIA SA's shareholders in relation with SAI MUNTENIA INVEST SA, on the basis of a budget approved by the General Shareholders' Meeting of SIF MUNTENIA SA.
- (2). The General Meeting of Shareholders of SIF MUNTENIA SA will appoint a Shareholders Representative Council consisting of 3 members, for a four-year term, with the possibility to be re-appointed
- (3). Individuals that can apply for a place in the Shareholders Representatives Council of SIF Muntenia SA must fulfill the following conditions:
 - a) are not employees or directors of a closed-end fund (SAI) / alternative investment fund manager (AIFM) or of another financial investment one and not to have any contractual

relationship with SIF Muntenia SA or with the AIFM of SIF Muntenia SA;

b) not to have been convicted by final court decision for fraudulent management, breach of trust, forgery, fraud, embezzlement, perjury, giving or taking bribes;

c) to have graduated from a higher education institution with a degree or diploma exam;

d) to have at least five years experience in banking and finance, capital markets, management of a firm or university;

e) does not hold, directly or together with his/her husband/wife, relatives up to the third degree or in-laws up to the second degree, more than 5% of the share capital of the depository with which SIF Muntenia SA has concluded a depository contract;

f) not to have been sanctioned by a financial market regulator with a ban on the exercise of professional activities;

g) not be in any other state of incompatibility as provided by the applicable legal provisions or by this Articles of Incorporation

(4). SIF MUNTENIA SA's Shareholders Representative Council has the following duties:

a) represents SIF MUNTENIA SA in relation to SAI MUNTENIA INVEST SA;

b) negotiates and concludes the management contract;

c) monitors the observance of the contractual clauses and the commitments assumed by SAI MUNTENIA INVEST SA through the management contract and the management program approved by the Shareholders' General Meeting of SIF MUNTENIA SA;

d) analyzes the periodical reports drawn up by SAI MUNTENIA INVEST SA regarding the performance of its duties on:

– the management of SIF MUNTENIA SA;

– exercising the rights conferred by holding the securities from the portfolio of SIF MUNTENIA SA;

– defending the rights and interests of SIF MUNTENIA SA before the courts, arbitration courts as well as any bodies with jurisdictional and administrative power;

e) calls for measures to be taken to place the activity of SAI MUNTENIA INVEST within the provisions of the management contract, the FSA Regulations, the annual management programs, the income and expenditure budgets approved by the Shareholders' General Assembly of SIF MUNTENIA SA and the applicable legislation;

f) verifies the conclusion of the contract with the financial auditor in accordance with the decision of the General Meeting of the Shareholders of SIF MUNTENIA SA;

g) verifies the preparation of the annual financial statements of SAI MUNTENIA INVEST SA and the profit distribution proposals to be submitted to the approval of the General Shareholders' Meeting of SIF MUNTENIA SA;

h) verifies preparation of the annual program related to the management of SIF MUNTENIA SA's portfolio;

i) verifies drafting of the draft Income and Expenses Budget of SIF MUNTENIA SA for its presentation to the General Shareholders' Meeting of SIF MUNTENIA SA;

j) verifies the preparation of half yearly and quarterly reports by SAI MUNTENIA INVEST SA in accordance with legal provisions and FSA regulations;

k) verifies the preparation of materials to be submitted to the General Shareholders' Meeting of SIF MUNTENIA SA;

l) verifies the conclusion of the depository contract, respectively the contract with the Central Depository.

Art. 8 Financial audit and internal audit of SIF MUNTENIA SA

(1). Yearly and half yearly financial statements of SIF Muntenia SA will be audited by an auditor who fulfills the requirements imposed by applicable law and FSA regulations.

- (2). The financial audit will be conducted under an audit contract concluded by the Shareholders Representatives Council of SIF Muntenia SA.
- (3). *The financial audit will be performed on the basis of an audit contract concluded by SAI MUNTENIA INVEST SA.*

Art. 9 Loans

- (1). SIF MUNTENIA SA may borrow funds provided that it complies with the legal provisions in force and with the FSA regulations.

Art. 10 Reporting

- (1). SIF Muntenia SA will ensure equal access for all shareholders to information on its operation in accordance with the FSA regulations.
- (2). SIF Muntenia SA will comply with the reporting requirements established by FSA regulations and by market regulations where the shares are traded.
- (3). SIF Muntenia SA will draw, make available to the public, submit to the FSA and the market operator quarterly, half yearly and annual reports. The reports will be available to investors in accordance with the FSA regulations.

Art. 11 Authorised investments

- (1). SIF Muntenia SA investments will be made in compliance with legal provisions and FSA regulations relating to the financial investment companies.

Art. 12 Prudential rules regarding the investment policy

- (2). Prudential rules regarding the investment policy of SIF MUNTENIA SA will comply with the applicable legal regulations.
- (3). Subject to the restrictions imposed by this Articles of Incorporation, the Management Contract and the applicable legislation in force, all decisions regarding the acquisition, sale and exercise of all rights and obligations in relation to the assets of SIF MUNTENIA SA will be exercised by SAI MUNTENIA INVEST SA.
- (4). The administrator of SIF MUNTENIA SA has the following obligations:
 - a. To publish the prudential rules regarding the investment policy on the website www.sifmuntenia.ro;
 - b. To notify the FSA on any changes regarding the prudential rules regarding the investment policy;
 - c. To notify the investors in connection with any modification of the prudential rules regarding the investment policy through a current report that will be made public through the website www.sifmuntenia.ro and through the information dissemination system of the Bucharest Stock Exchange.

Art. 13 SIF MUNTENIA SA Management

- (1). The administration of SIF MUNTENIA SA is performed on the basis of a Management Contract concluded with SAI MUNTENIA INVEST SA, AIFM registered in the FSA Register with no. PJR07.1AFIAI/400005/21.12.2017, approved by the Shareholders General Meeting of SIF MUNTENIA SA.
- (2). The duration of the administrator's mandate of SIF MUNTENIA SA is 4 years.
- (3). SIF Muntenia SA will pay a monthly management fee calculated according to the stipulations of the Management Contract, within the maximum limit approved by the company's Shareholders General Meeting. Depending on the way in which SAI

MUNTENIA INVEST SA meets the performance criteria and objectives established annually by the Shareholders General Meeting, SIF MUNTENIA SA will pay accordingly SAI MUNTENIA INVEST SA a performance fee calculated in accordance with the provisions of the Management Contract.

- (4). SAI MUNTENIA INVEST SA is obliged to make public, through the website www.sifmuntenia.ro, the remuneration policy.
- (5). The remuneration policy will be compatible with the business strategy, objectives, values and interests of SIF MUNTENIA SA, as well as with the interests of its investors, including measures to avoid conflicts of interest.

Art. 14 SIF MUNTENIA SA net asset value calculation

- (1). SIF MUNTENIA SA's net asset value will be calculated in accordance with the legislation in force.
- (3). The net asset value per share (NAV per SHARE) will be equal to the NAV divided by the number of shares issued and outstanding (no. of Sh.).
The calculation formula of NAV per SHARE is: $NAV / \text{no. of Sh.}$.
Where:
Number of issued and outstanding shares (no. of Sh.) = the total number of issued shares - treasury shares - the number of shares related to certificates of deposit or certificates of interest of own shares redeemed and held at the reporting date.
- (4). NAV and NAV per SHARE will be calculated by the administrator of SIF MUNTENIA SA and will be certified by the Depositary of SIF MUNTENIA SA within a maximum of 15 calendar days from the end of the month for which the NAV is determined.
- (5). VAN and VUAN will be made public by the administrator of SIF MUNTENIA SA on the website www.sifmuntenia.ro and through the information dissemination system of the Bucharest Stock Exchange.
- (6). The administrator of SIF MUNTENIA SA has the following obligations in relation to the rules regarding the valuation of SIF MUNTENIA SA'S assets:
 - a. to publish these rules on the website www.sifmuntenia.ro.
 - b. to notify the FSA on any changes to these rules at least 30 days prior to the date of the first net asset value calculated using the amended rules.
 - c. to notify the investors in connection with any modification of the above mentioned rules through a current report that will be made public on the website www.sifmuntenia.ro and through the information dissemination system of the Bucharest Stock Exchange.

Art. 15 SIF MUNTENIA SA depository contract

- (1). SAI Muntenia Invest SA is obliged to conclude a depository contract with a depository authorized by FSA.
- (2). Activities performed by the depository shall be in accordance with the legal provisions and the FSA regulations in force and will be mentioned under the depository contract.

Art. 16 Dissolution

- (1). Dissolution of the company will occur in cases stipulated by law. In the event of dissolution, the company will be liquidated.
- (2). The liquidation follows the procedure prescribed by law. After completion, the liquidators will require the de-registration of the company from the Trade Register

Art. 17 Litigation

- (1). Disputes of the company with natural or legal persons are the jurisdiction of the courts of law of Romania. These can be solved by arbitration as well.

Art. 18 Miscellaneous

- (1). This Articles of Incorporation is supplemented by the legal provisions on companies - common law - and by the special legal provisions in the capital market field.
- (2). The terms of this Articles of Incorporation shall be deemed modified by law if any subsequent legislation appear that remove or restrict the limitations expressly provided at present for financial investment companies.

Art. 19 Amendments

- (1). Any amendments brought to this Articles of Incorporation will be subject to the prior approval of the Shareholders General Meeting and the FSA.

Prepared in 4 originals, today, 08.01.2021.

**SIF MUNTENIA SA
by its Administrator
SAI MUNTENIA INVEST SA**

Nicușor Marian BUICĂ

General Director

**Shareholders Representatives Council of
Societatea de Investitii Financiare Muntenia S.A.**

Bucharest, sector 2, 46-48 S.V. Rahmaninov ST.
Trade Registry No. J40 / 27499 / 1992, SRC 3168735
Registered with the NSC under no. PJR09SIIR / 400005 / 15.06.2006
Authorized by NSC Decision no. 1513/15.07.1999
Registered in the Personal Data Operators Register with no. 26531

REPORT

for the mandate exercised during 2020

Members of the Shareholders Representatives Council of Societatea de Investitii Financiare Muntenia S.A. (S.R.C.), appointed during the Shareholders General Ordinary Meeting (S.G.O.M.) dated 25 June 2018, have adopted on 25 March 2021 this Report for the mandate exercised during the year 2020.

1. Context

The year 2020 will remain in the capital markets history as one of the most unpredictable years in the recent history of financial markets. The major reason that contributed to the creation of an uncertain financial, social and economic environment was the pandemic generated by the Covid-19 virus, a virus whose spread surprised by its magnitude, speed and incidental effects. To the same extent, the reactions of the authorities around the world in their combined effort to stop this virus have had a distorting and disturbing effect on economic realities and fundamentals, which is observable from the point of view of capital markets by the particularly strong influence of financial incentive on stock quotes on all stock exchanges in the world. Capital markets have been forced to include in the quotation level emotional reactions of unprecedented magnitude, large amounts of contradictory information, unprecedented financial stimuli in value, elements that through complementarity and complexity have generated severe stock price volatility. For these reasons, almost without exception, any reasonable prediction of the economic evolution starting from the macro scale to the company and individual level made for 2020 contrasted significantly with the result obtained. The strategies adopted for a successful transition during 2020 based their viability

on adaptability, flexibility and speed of response, with supervisors and coordinators playing a key role in guiding the economic and financial environment through actions that provided participants' confidence and finally allowed the rebalancing of global financial systems.

The year 2020 also recorded auspicious elements as well, the most important for the Romanian stock market universe being the promotion of the status from the border market to the secondary emerging market starting with 21 September 2020, according to the FTSE Russell classification. Thus, Romania entered a higher ranking league together with 13 other stock exchanges in the world, listing in this sense as an example: China, Russia, Qatar or Saudi Arabia. Access to this higher category will generate a growing interest in the local capital market from the international financial environment, which will credit it with more confidence and responsibility given the accessibility criteria that such a category implies. A significant factor in delimiting the values of a capital market is that of corporate governance, a factor that is becoming increasingly clear by increasing the degree of transparency of companies listed in Bucharest, greater attention paid to minority shareholders and in general, a much rigorously implemented working environment. Banca Transilvania and SN Nuclearelectrica met the eligibility criteria to be included in the FTSE Global All Cap, FTSE Global Total Cap, FTSE Global Small Cap, FTSE Emerging Index and FTSE Emerging All Cap Index. Teraplast SA also managed to include a Romanian company in the FTSE Global Micro Cap index, for the first time.

The Romanian political scene has also undergone substantial changes, the new governing alliance being inclined towards a capital market-friendly ideology showing openness towards the investment environment through Fidelis public offerings tradable on the BSE, but also by resuming discussions on financing processes and privatization of large companies in the state portfolio.

The year 2020 was, in spite of the daily challenges, a particularly good year for the Bucharest Stock Exchange. The high degree of volatility induced by the psychological impact of COVID-19 generated an increased trading flow, the Romanian stock exchange recording a trading record of over 18 billion lei, a historical record. In the same appreciative measure, the daily liquidity was noticed, which on all types of financial instruments registered daily values on average of approximately 70 million lei. Recent projects that enable the interest of Romanian stock exchange officials such as the initiation of the Central Counterparty project and the implementation of technological solutions at the group level are meant to transform and fundamentally change the quality and accessibility level of the domestic stock exchange.

An event related to the stock market with favorable effects on the capital market is the dynamics of the monetary policy interest rate which evolved in a negative direction, decreasing from 2.5% p.a. at 1.5% p.a. in December 2020. A similar trend was registered at the level of the minimum required reserves for lei, but also for the amounts denominated in USD or Euro. The population's deposits had an appreciation trend in value during 2020, over 250 billion lei equivalent being deposited in the treasury of commercial banks.

Looking at macroeconomic terms, analysts' expectations are that Romania will end 2020 with a contraction of about 5.5% of gross domestic product, a full recovery taking place towards the beginning of 2022. The year 2021 is seen as a year of recovery and partial recovery, the estimated economic growth for 2021 being 3.7% and 5% respectively in 2022. Inflation remained moderate at a level of 2.6%, the highest appreciations being noted in food products. The year 2020 will remain in the history of Romania an atypical year, in line with a generally volatile evolution of the world map from the economic point of view and at the level of capital markets, a year with violent collapses of quotations followed by spectacular returns, evolutions challenging both the investment environment, as well as the entrepreneurial, supervisory and regulatory one.

2. S.R.C. of SIF Muntenia S.A. Organization and duties.

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

S.I.F. Muntenia S.A. was established as a joint stock company in November 1996, through the reorganization and transformation of the Private Property Fund IV Muntenia, based on Law no. 133/1996 for the transformation of Private Property Funds into financial investment companies.

S.I.F. Muntenia S.A. is a collective investment undertaking operating in Romania in accordance with the provisions of Law no. 31/1990, Law no. 297/2004 regarding the capital market, Law no. 74/2015 regarding the managers of alternative investment funds and Law no. 24/2017 on issuers of financial instruments and market operations.

Until 23 July 2020, inclusive, SIF Muntenia S.A. was registered in the Register of financial instruments and investments in the section of Investment companies of alternative or closed type under no. PJR09SIIR / 400005 of 15.06.2006. The company has taken all necessary

measures to align with the new legislative framework on the operation of SIF Muntenia S.A., respectively Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts. The documents underlying the approval of SIF Muntenia as an alternative investment fund for retail investors (F.I.A.I.R.), at the date of publication of this report, are under authorization by the Financial Supervisory Authority (F.S.A.).

The management of S.I.F. Muntenia S.A.'s Administrator has taken all necessary measures to align with the new legislative framework on the operation of the Company, namely Law 243/2019 on the regulation of alternative investment funds and and for amending and supplementing. The documents underlying the registration of S.I.F. Muntenia as an alternative investment fund for retail investors (AIFRI) are under authorization by the FSA.

Shareholders and potential investors will be informed, through the Bucharest Stock Exchange (B.S.E.) and its own website, www.sifmuntenia.ro, about SIF Muntenia S.A.'s new documentation regarding its operation according to Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts.

S.I.F. Muntenia S.A. appointed during the SGOM of 25 June 2018 a new Shareholders Representatives Council (S.R.C.), for a period of 4 (four) years, with the purpose of supervising the management activity carried out by S.A.I. Muntenia Invest S.A., Administrator of S.I.F.Muntenia.

The composition of the S.R.C. pursuant to the S.GO.M. of 25 June 2008 is as follows:

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

During the year 2020 the S.R.C. performed its duties of representing the interests of the shareholders and of supervising the activity and the commitments of the administrator, within the limits imposed by the provisions of S.I.F. Muntenia S.A.'s articles of incorporation, the management contract and the decisions of S.I.F. Muntenia S.A.'s Shareholders General Meetings (S.G.M.).

The S.R.C. meetings were established according to SIF Muntenia SA's financial communication calendar, having met at least on the occasion of the quarterly financial reports and in close correlation with the specific attributions of the S.R.C. according to S.I.F. Muntenia S.A.'s articles of incorporation. Representatives of the management company SAI Muntenia Invest S.A. were invited to attend S.R.C. meetings for detailing specific items on

the agenda. All S.R.C. decisions were unanimously voted under quorum and decision-making transparency conditions.

We underline that the S.R.C. does not have among its duties administrative acts, SAI Muntenia Invest S.A., as an administrator, being responsible for the management activity, for the adoption and implementation of the investment policies as well as for the elaboration and presentation of the information and materials made available to the S.R.C. and S.G.M. The supervision and verification activity of the S.R.C. does not remove the liability of SAI Muntenia Invest S.A. for the obligations incumbent on it through the management contract and the legal framework related to the development of its activity.

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

Through proper exercise of its powers, the S.R.C. aimed at ensuring that the interests of SIF Muntenia SA shareholders are observed in accordance with the management program approved in the S.G.O.M. dated 23 April 2020. In this regard the S.R.C. acknowledged the quarterly reports prepared according to the applicable legal regulations, analyzed and debated the monthly information of the administrator, SAI Muntenia Invest S.A., regarding the implementation of the management program, the calculation of the monthly net assets, the calculation of the management fee and the preparation of the quarterly / half-yearly / annual financial statements.

We specify that the mentioned items reflect the operations that the administrator carried out without prior consultation of the S.R.C., that did not examine, did not recommend and did not participate in their substantiation or implementation. Subsequent receipt of this information does not constitute an approval or ratification of these operations by the S.R.C. Additionally, the S.R.C. received and analyzed:

- The individual financial statements as at 31.12.2019 prepared according to Norm 39/2015 of ASF;
- Report of the administrator SAI Muntenia Invest SA for the financial year 2019;
- The monthly execution of the revenue and expenditure budget of SIF Muntenia;
- Information on market operations according to art. 17 lit. (g) of the Management Agreement;

- Information on significant changes in the structure of the Board of Directors and the executive management of SAI Muntenia Invest SA;
- Internal audit reports prepared by MZ Finance Advisory and Assurance SRL, the internal auditor of SIF Muntenia SA regarding the review and evaluation of changes to the relevant internal procedures of the risk management department, monitoring the risk profile of SIF Muntenia SA for 2019 and evaluation of the operational risk monitoring;
- The situation of the cour of law suits pending before the courts in different stages in which SIF Muntenia SA is a party;
- Analysis on the effect / impact of COVID-19 in the budgeted revenues for 2020 according to the SGOM of 23 April 2020.

We mention that SAI Muntenia Invest promptly responded to all requests of the S.R.C. so that at the date of this Report we can conclude that all requests or recommendations of the S.R.C. made in 2020 were carried out by the administrator.

4. Corporate events

The Shareholders General Extraordinary Meeting of 11.03.2020 decided on several elements of importance for the future of SIF Muntenia SA and its good management.

In this sense we mention:

- Change of the registered office of the company SIF Muntenia SA in 46-47 Serghei Vasilievici Rahmaninov street;
- Updating the articles of incorporation for its harmonization with the provisions of Law 243/2019 on the regulation of alternative investment funds regarding the elimination of the holding limit of 5% of the company's share capital;
- Reduction of the share capital with the number of shares redeemed through the redemption program approved by the SGEM Resolution of 22 April 2019.

By Authorization no. 59 / 30.04.2020, the Financial Supervision Authority authorized the changes in the Articles of insorporation of the Company according to the SGEM Resolution of 11.3.2020, respectively the change of the registered office and the elimination of the provisions regarding the holding limit of 5% of the share capital.

The Shareholders General Ordinary Meeting of 23.04.2020 approved the annual financial statements of SIF Muntenia S.A. for the financial year 2019 based on the discussions and reports presented by the administrator of SAI Muntenia Invest S.A., the financial auditor KPMG Audit SRL and the Shareholders' Representatives Council (SRC). The Management Program of SIF Muntenia S.A. was also approved and the Budget of revenues and expenditures for the financial year 2020 according to the proposals of the administrator of SIF Muntenia SA. At the same time, the appointment of SAI Muntenia Invest SA as sole administrator of SIF Muntenia SA was approved for a period of four years starting with the date of approval by the Shareholders General Ordinary Meeting, as well as the Management Contract concluded between SIF Muntenia and SAI Muntenia Invest SA.

The Shareholders General Extraordinary Meeting of 23.04.2020 approved running a Program for the redemption of its own shares. The maximum number of shares to be repurchased amounts to 20,645,201 shares at a maximum price of 2.03 lei / share and with a maximum period of 18 months from the date of publication of the decision in the Official Gazette.

The Financial Supervisory Authority approved on 22.07.2020, by the FSA Approval no. 165, the management contract concluded between SIF Muntenia and SAI Muntenia Invest SA based on the SIF Muntenia's SGOM Resolution of 23.04.2020.

The Shareholders General Extraordinary Meeting of 03.07.2020 approved the amendment of the Articles of Incorporation of the company, in order to correlate it with the provisions of Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts.

5. SIF Muntenia's financial results for 2020

At the end of 2020, SIF Muntenia realized a net loss amounting to 25.86 million lei compared to the profit registered in the previous year, profit in the amount of 111.2 million lei. This aspect is reflected in the way of recording financial assets at fair value through profit or loss, a loss that registered approx. 62.55 million lei, a figure recognized as a result of the unfavorable evolution of the fair value of the financial assets thus recognized independently of the company's management. The value of total assets remained almost constant despite the challenges of 2020. Thus, they remained at 1.618 billion lei on 31.12.2020, decreasing by 3.7% compared to the value recorded on 31.12.2019. Cash and cash equivalents improved

year on year, amounting to an increase of over 13 million lei, while observing the liquidity strategy of SIF Muntenia's portfolio. The company's revenues for 2020 register 82% of the budgeted value, the dividend revenues registering a decrease from 60 million lei as estimated to 49.3 million lei achieved. Given the uncertainty induced by the COVID-19 pandemic, the companies in the SIF Muntenia's portfolio that have a well-implemented dividend policy had a more cautious attitude, which translated into lower distribution rates or, due to the prudential recommendations of the authorities to certain economic sectors, it was even ordered not to distribute dividends. Total expenditures decreased compared to the same period of the previous year, the level obtained being 87% of the budgeted value. The company continued its strategy of investing in listed companies. Blue chips such as Banca Transilvania SA, OMV Petrom SA and Biofarm SA were selected. The divestment from companies that comply with the directions of action in the management of the sub-portfolio of shares, mentioned in the Company's Management Program for 2020, respectively the continuation of the reduction of the atomization of the portfolio corroborated with the accelerated sale of very small stakes and/or those that do not offer dividends and the reduction of the number and share of companies with a residual character and which do not have growth potential (exit from companies such as Geomin SA, Semrom Transilvania SA, Salsi SA, and others). The restructuring of the portfolio resulted in holding 125 companies at the end of 2020, as compared to 131 at the beginning of the year.

At the end of 2020, we conclude that SAI Muntenia Invest managed SIF Muntenia in accordance with the established strategic objectives.

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

In relation to the activities and discussions between the S.R.C. and the administrator, SAI Muntenia Invest SA, in 2020 there was emphasized the observance of the prudential rules provided in the applicable legislation in accordance with the objectives assumed by the administrator through the administration and risk management program of SIF Muntenia SA's assets cumulated with the recommendation for an increased attention to risk factors that may arise due to the uncertainty created by the pandemic.

The S.R.C. maintains the request addressed to the administrator regarding the obligation to adopt a permanent vigilance in the management of the financial assets of SIF Muntenia in order to preserve the integrity of SIF Muntenia's equity by:

- making financial investments, in order to maximize the value of its own shares, in accordance with the regulations in force;
- managing the investment portfolio and exercising all the rights associated with the instruments in which it invests;
- proper monitoring and management of risks.

This report of the Shareholders Representatives Council of Societatea de Investiții Financiare Muntenia S.A. is addressed exclusively to the shareholders of SIF Muntenia SA and to be presented at the Shareholders General Ordinary Meeting of SIF Muntenia SA on 28/29 April 2021.

President of the Shareholders Representatives Council,

Ștefan Dragoș GIOGA



SOCIETATE DE INVESTIȚII FINANCIARE
ADMINISTRATĂ DE S.A.I. MUNTENIA INVEST SA

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TELEFON: +40 213 873 210
FAX: +40 213 873 209
E-MAIL: sai@munteniainvest.ro
www.sifmuntenia.ro

Statement of responsibility for the preparation of the financial statements

In accordance with Article 10, paragraph (1) of the Accounting Law no. 82/1991, republished, as subsequently amended and supplemented, the responsibility for organizing and conducting the accounting is the responsibility of the administrator, the authorizing officer or other person who has the obligation to manage the respective unit.

As administrator of SIF MUNTENIA S.A., according to the provisions of the Article 29 and 30 of the Accounting Law no. 82/1991, republished, as subsequently amended and supplemented and Regulation no.5/2018 regarding issuers of financial instruments and market operations, article 223, letter A, paragraph (1), letter c), I assume the responsibility for the preparation of the annual financial statements and confirm that:

a) the accounting policies used in the preparation of the annual financial statements as at 31 December 2020 are in accordance with the Financial Supervisory Authority Norm no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, as subsequently amended and supplemented;

b) the annual financial statements as at 31 December 2020 provide a true view of the financial position, financial performance and other information regarding the activity carried out by SIF Muntenia S.A.;

c) SIF Muntenia S.A. carries out its activity under conditions of continuity;

d) the annual report of SAI MUNTENIA INVEST S.A. regarding the administration of SIF Muntenia S.A. in the year 2020 includes a correct analysis of the development and performance of SIF Muntenia S.A., as well as a description of the main risks and uncertainties specific to the activity carried out.

SAI MUNTENIA INVEST S.A.

**Administrator of
SIF MUNTENIA S.A.**

**General Director
Nicușor-Marian BUICĂ**



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Independent Auditors' Report

(free translation¹)

To the Shareholders of Societatea de Investitii Financiare Muntenia S.A.

46-48 Serghei Vasilievici Rahmaninov, ground floor, Room 2, District 2, Bucharest
Unique Registration Code: 3168735

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Societatea de Investitii Financiare Muntenia S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The financial statements as at and for the year ended 31 December 2020 are identified as follows:
 - Total equity: Lei 1,557,541,132
 - Net loss for the year: Lei -25,856,302
3. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 for approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector ("FSA Norm no. 39/2015").

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and refers to the Romanian version of the financial statements which was subject to our audit.



Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial assets

As at 31 December 2020, the Company has financial assets at fair value through profit or loss (FVTPL assets) of RON 760,465,458 (31 December 2019: RON 817,525,382) and financial assets at fair value through other comprehensive income (FVOCI assets) of RON 782,464,281 (31 December 2019: RON 798,621,743).

The fair value reserves for financial assets at fair value through other comprehensive income: RON 196,284,003 (31 December 2019: RON 203,333,446).

Net loss from financial assets at fair value through profit or loss recognized in 2020: RON 63,537,403 (2019: net gain of RON 95,896,891).

Net loss recognised in other comprehensive income in 2020 in respect of financial assets at fair value through other comprehensive income is RON 6,379,368 (2019: Net gain of RON 200,840,858).

Refer to the following notes to the financial statements:

- Note 3 (e) Significant accounting policies, Financial assets and liabilities
- Note 5 Use of estimates and judgments
- Note 8 Net (loss)/gain from financial assets at fair value through profit or loss
- Note 14 Financial assets
- Note 19 Capital and Reserves

| The key audit matter | How the matter was addressed in our audit |
|--|---|
| <p>As described in Note 14 <i>Financial assets</i>, as at 31 December 2020, financial assets carried at fair value, including primarily equity instruments and units in mutual funds, represent some of the most significant asset categories in the Company's statement of financial position. The said financial assets are classified as subsequently measured at either fair</p> | <p>Our audit procedures in this area, performed with the assistance from our own valuation specialists, included, among others:</p> <ul style="list-style-type: none"> ➔ We evaluated the appropriateness of the fair value methods and models used by the Company against the relevant requirements of the financial reporting standards and market practice; ➔ We assessed the relevance and reliability of key data used in the fair value measurements; |

value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), based on the analysis of the relevant criteria of the financial reporting framework.

For FVTPL and FVOCI assets, their respective fair values are determined based on the assets' current prices derived from active markets, where available, or, for assets not traded on active markets, based on valuation models, such as the discounted cash flows, market comparison approach and adjusted net assets, or based on net assets value per unit (NAV) quotations in case of mutual fund units.

Significant judgement and complex assumptions are often required from the management of S.A.I. Muntenia Invest S.A. (the administrator of the Company) in arriving at the FVTPL and FVOCI assets' valuations. This increases the related estimation uncertainty and the risk of material misstatement in the financial statements.

Due to the above factors, and also considering the magnitude of the amounts involved, we considered this area to be a key audit matter.

- We challenged the fair values derived by reference to quotations in active markets. This included, among other things:
 - Challenging the Company's evaluation of the underlying markets as active, by assessing whether transactions in a given market take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis;
 - Tracing the recognized fair values of quoted equity securities in the Company's portfolio to publicly available market quotations;
- We challenged the valuations of the FVTPL and FVOCI assets not traded on active markets, as follows:
 - For discounted cash flows-based valuations, we assessed the internal coherence, logic and mathematical accuracy of the model and challenged the key underlying assumptions, primarily those for:
 - discount rates and yields, by reference to independent external sources;
 - growth rates and cash-flow projections, by reference to historical performance and our expectations based on understanding of the current environment;
 - For the market comparison-based valuations, we challenged the fair values of comparable assets by reference to independent external sources, and also assessed whether material adjustments are necessary for any differences between the subject asset and the comparable assets;
 - For the adjusted net assets-based valuation, we challenged the appropriateness of the method in the circumstances, and challenged the key assumptions applied therein such as the price agreed through sales-contract and auction deed represents the best estimate of the fair value, by reference to the documents presented in the valuation reports;
 - For the investments in mutual funds, we assessed whether the NAV per unit communicated by the funds administrators is representative of the units' fair value, by considering, among other things, the manner in which the units are traded and redeemed and our independent assessment of fair values of the funds' portfolio investments, by reference to their market prices obtained from external pricing sources;
- We evaluated the completeness, accuracy and relevance of the disclosures in the financial statements in relation to valuation of financial instruments against the relevant financial reporting requirements.

Other information – Annual Administrators's Report

6. The management of S.A.I. Muntenia Invest S.A. is responsible for the preparation and presentation of other information. The other information comprises the Annual Administrators's Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Administrators's Report we read and report whether the Annual Administrators's Report is prepared, in all material respects, in accordance with FSA Norm no. 39/2015, articles 8(1)-8(3), 9-13 of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by Financial Supervisory Authority in the Financial Instruments and Investments sector.

Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:

- a) The information given in the Annual Administrators's Report for the financial year for which the financial statements are prepared is consistent, in all material respects, with the financial statements;
- b) The Annual Administrators's Report has been prepared, in all material respects, in accordance with FSA Norm no. 39/2015, articles 8(1)-8(3), 9-13 of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by Financial Supervisory Authority in the Financial Instruments and Investments sector.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Annual Administrators's Report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. Management of S.A.I. Muntenia Invest S.A. is responsible for the preparation of financial statements that give a true and fair view in accordance with FSA Norm no. 39/2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management of S.A.I. Muntenia Invest S.A. is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We were appointed by the General Shareholders' Meeting on 23 April 2020 to audit the financial statements of Societatea de Investitii Financiare Muntenia S.A. for the year ended 31 December 2020. Our total uninterrupted period of engagement is 16 years, covering the periods ending 31 December 2005 to 31 December 2020.
16. We confirm that:
- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the audited entity in conducting the audit.
 - we have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

The engagement partner on the audit resulting in this independent auditors' report is Greco Tudor Alexandru.

For and on behalf of KPMG Audit S.R.L.:

Greco Tudor Alexandru

KPMG Audit SRL

Refer to the original signed Romanian version

registered in the electronic public register of financial auditors and audit firms under no AF2368

registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 19 March 2021



SIF Muntenia S.A.

**Financial Statements
as at 31 December 2020**

Prepared in accordance with the Norm no.
39/2015 approving the Accounting
Regulations compliant with International
Financial Reporting Standards, applicable to
entities authorized, regulated and supervised
by the Financial Supervisory Authority of
the Investment and Financial Instruments
Sector

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Statement of profit or loss and other comprehensive income

for the financial exercise ended 31 December 2020

| <i>In LEI</i> | <i>Note</i> | 2020 | 2019 |
|--|-------------|----------------------------|---------------------------|
| Income | | | |
| Dividend income | 6 | 49,348,263 | 52,419,044 |
| Interest income | 7 | 1,723,224 | 1,864,804 |
| Other operational income | | - | 696,588 |
| Gain on investment | | | |
| Net gain from foreign exchange differences | | 178,712 | 241,751 |
| (Net loss) / Net gain from financial assets at fair value through profit or loss | 8 | (63,537,403) | 95,896,891 |
| Expenses | | | |
| Net income from reversal of adjustments for impairment of assets | 9 | 806,709 | 127,576 |
| Administrative expenses | | | |
| Management fees | 23 | (19,939,043) | (26,141,496) |
| Expenses with remuneration of the Board of Shareholders Representatives and with staff salaries | 23 | (467,016) | (500,152) |
| Other operational expenses | 10 | (4,210,642) | (4,202,128) |
| (Loss) / Profit before tax | | <u>(36,097,196)</u> | <u>120,402,878</u> |
| Profit tax | 11 | 10,240,894 | (8,489,178) |
| (Net loss) / Net profit for the financial exercise | | <u>(25,856,302)</u> | <u>111,913,700</u> |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax | | (6,379,368) | 200,840,858 |
| Reserve related to financial assets at fair value through other comprehensive income, transferred to retained earnings | | (670,075) | (13,383,379) |
| Other comprehensive income | | <u>(7,049,443)</u> | <u>187,457,479</u> |
| Total comprehensive income for the period | | <u>(32,905,745)</u> | <u>299,371,179</u> |
| Earnings per share | | | |
| Basic | 20 | (0.033) | 0.140 |
| Diluted | 20 | (0.033) | 0.140 |

Statement of profit or loss and other comprehensive income

for the financial exercise ended 31 December 2020

The financial statements were approved and authorised to be issued by the Board of Directors on 18 March 2021 and were signed on its behalf by SAI Muntenia Invest S.A., administrator of SIF Muntenia S.A., by:

ADMINISTRATOR,
SAI MUNTENIA INVEST S.A.
Nicușor Marian BUICĂ
General Director

PREPARED BY,
SAI MUNTENIA INVEST S.A.
Irina MIHALCEA
Chief Accountant

Notes on pages 8 to 54 are part of the financial statements.

Statement of financial position

as at 31 December 2019

| <i>In LEI</i> | <i>Note</i> | 31 December 2020 | 31 December 2019 |
|--|-------------|-----------------------------|-----------------------------|
| Assets | | | |
| Cash and current accounts | 12 | 29,428,118 | 2,288,570 |
| Deposits at banks | 13 | 35,567,325 | 48,830,657 |
| Financial assets at fair value through profit or loss | 14 a) | 760,465,458 | 817,525,382 |
| Financial assets at fair value through other comprehensive income | 14 b) | 782,464,281 | 798,621,743 |
| Financial assets measured at amortised cost | 14 c) | 5,884,909 | 11,247,685 |
| Other assets | 15 | 4,715,215 | 1,702,389 |
| Total assets | | <u>1,618,525,306</u> | <u>1,680,216,426</u> |
| Liabilities | | | |
| Dividends to be paid | 16 | 27,672,577 | 43,547,004 |
| Deferred income tax liabilities | 17 | 27,665,485 | 48,821,284 |
| Other liabilities | 18 | 5,646,112 | 13,821,904 |
| Total liabilities | | <u>60,984,174</u> | <u>106,190,192</u> |
| Equity | | | |
| Share capital | 19 a) | 78,464,520 | 80,703,652 |
| Hyperinflation effect- IAS 29 | 19 a) | 781,006,539 | 803,294,017 |
| Own shares | 19 f) | - | (16,345,504) |
| Retained earnings | | 501,786,070 | 503,040,623 |
| Reserves from revaluation of financial assets at fair value through other comprehensive income | 19 b) | 196,284,003 | 203,333,446 |
| Total equity | | <u>1,557,541,132</u> | <u>1,574,026,234</u> |
| Total liabilities and equity | | <u>1,618,525,306</u> | <u>1,680,216,426</u> |

The financial statements were approved and authorised to be issued by the Board of Directors on 18 March 2021 and were signed on its behalf by SAI Muntenia Invest S.A., administrator of SIF Muntenia S.A., by:

ADMINISTRATOR,
SAI MUNTENIA INVEST S.A.
Nicuşor Marian BUICĂ
General Director

PREPARED BY,
SAI MUNTENIA INVEST S.A.
Irina MIHALCEA
Chief Accountant

Notes on pages 8 to 54 are part of the financial statements.

Statement of changes in equity

for the financial exercise ended 31 December 2020

| <i>In LEI</i> | Share capital | Own shares | Reserves from revaluation of financial assets at fair value through other comprehensive income | Retained earnings | Total |
|--|---------------------|---------------------|---|---------------------|----------------------|
| Balance as at 31 December 2019 | 883,997,669 | (16,345,504) | 203,333,446 | 503,040,623 | 1,574,026,234 |
| Comprehensive income | | | | | |
| <i>Loss for the financial exercise</i> | - | - | - | (25,856,302) | (25,856,302) |
| <i>Other comprehensive income</i> | | | | | - |
| Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax | - | - | (6,379,368) | - | (6,379,368) |
| Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings | - | - | (670,075) | 670,075 | - |
| Total comprehensive income of the period | - | - | (7,049,443) | (25,186,227) | (32,235,670) |
| Transactions with the shareholders, recognised directly in equity | | | | | |
| Prescribed dividends | - | - | - | 15,750,568 | 15,750,568 |
| Share capital decrease | (24,526,610) | 16,345,504 | - | 8,181,106 | - |
| Own shares redeemed | - | - | - | - | - |
| Total transactions with the shareholders, recognised directly in equity | (24,526,610) | 16,345,504 | - | 23,931,674 | 15,750,568 |
| Balance as at 31 December 2020 | 859,471,059 | - | 196,284,003 | 501,786,070 | 1,557,541,132 |

ADMINISTRATOR,
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Nicuşor Marian BUICĂ
General Director

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Irina MIHALCEA
Chief Accountant

Notes on pages 8 to 54 are part of the financial statements.

Statement of changes in equity (continued)

for the financial exercise ended 31 December 2020

| <i>In LEI</i> | Share capital | Own shares | Reserves from revaluation of financial assets at fair value through other comprehensive income | Retained earnings | Total |
|--|--------------------|---------------------|---|--------------------|----------------------|
| Balance as at 31 December 2018 | 883,997,669 | - | 15,875,967 | 355,279,975 | 1,255,153,611 |
| Comprehensive income | | | | | |
| <i>Profit for the financial exercise</i> | - | - | - | 111,913,700 | 111,913,700 |
| <i>Other comprehensive income</i> | | | | | |
| Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax | - | - | 200,840,858 | - | 200,840,858 |
| Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings | - | - | (13,383,379) | 13,383,379 | - |
| Total comprehensive income for the period | - | - | 187,457,479 | 125,297,079 | 312,754,558 |
| Transactions with the shareholders, recognised directly in equity | | | | | |
| Prescribed dividends | - | - | - | 22,463,569 | 22,463,569 |
| Share capital decrease | - | - | - | - | - |
| Own shares redeemed | - | (16,345,504) | - | - | (16,345,504) |
| Total transactions with the shareholders, recognised directly in equity | - | (16,345,504) | - | 22,463,569 | 6,118,065 |
| Balance as at 31 December 2019 | 883,997,669 | (16,345,504) | 203,333,446 | 503,040,623 | 1,574,026,234 |

ADMINISTRATOR,
SAI MUNTENIA INVEST S.A.
Nicuşor Marian BUICĂ
General Director

PREPARED BY,
SAI MUNTENIA INVEST S.A.
Irina MIHALCEA
Chief Accountant

Notes on pages 8 to 54 are part of the financial statements.

Statement of cash flow

for the financial exercise ended 31 December 2020

| <i>In LEI</i> | <i>Note</i> | 2020 | 2019 |
|--|-------------|-------------------|---------------------|
| Operating activities | | | |
| (Loss) / Profit before tax | | (36,097,196) | 120,402,878 |
| <i>Adjustments:</i> | | | |
| Net income from the reversal of adjustments for the impairment of assets | 9 | (806,709) | (127,576) |
| Net loss / (Net gain) from financial assets at fair value through profit or loss | 8 | 63,537,403 | (95,896,891) |
| Dividend income | 6 | (49,348,263) | (52,419,044) |
| Interest income | 7 | (1,723,224) | (1,864,804) |
| Net gain from foreign exchange differences | | (178,712) | (241,751) |
| Interest expense related to the lease contract liability | 10 | 16,339 | 44,029 |
| Other adjustments | | 2,064,690 | 10,369,120 |
| Changes in assets and liabilities related to operating activities | | | |
| Changes in financial assets at fair value through profit or loss | | (6,538,895) | 12,114,302 |
| Changes in financial assets at fair value through other comprehensive income | | (108,831) | (5,506,297) |
| Changes in financial assets measured at amortised cost | | 5,507,709 | (1,000,000) |
| Changes of other assets | | 430,094 | 1,505,747 |
| Changes of other debts | | (9,825,677) | (1,483,952) |
| Net investments from deposits with maturity over 3 months and less than one year | 13 | (9,694,500) | (15,729,500) |
| Dividends received | | 46,234,435 | 50,375,605 |
| Interest received | | 1,760,279 | 2,027,991 |
| Profit tax paid | | (851,341) | - |
| Net cash resulted from operating activities | | 4,377,601 | 22,569,857 |
| Investment activities | | | |
| Payments for purchases of tangible and intangible assets | | (179) | (177) |
| Receivables for sales of tangible assets | | - | 133,725 |
| Net cash (used in) / resulted from investment activities | | (179) | 133,548 |
| Financing activities | | | |
| Dividends paid, including dividend tax paid | | (133,711) | (1,361,399) |
| Payments related to the lease contract liability, including interest | 15ii) | (61,424) | (142,717) |
| Redemption of own shares | 19f) | - | (16,345,504) |
| Net cash used in financing activities | | (195,135) | (17,849,620) |
| Net increase in cash and cash equivalents | | 4,182,287 | 4,853,785 |
| Effect of exchange rate changes on cash and cash equivalents | | (4,239) | (5,643) |
| Cash and cash equivalents as at 1 January | | 25,250,070 | 20,401,928 |
| Cash and cash equivalents as at 31 December | | 29,428,118 | 25,250,070 |

Statement of cash flow (continued)

for the financial exercise ended 31 December 2020

At 31 December cash and cash equivalents comprise:

| <i>In LEI</i> | <i>Note</i> | 31 December 2020 | 31 December 2019 |
|--|-------------|-----------------------------|-----------------------------|
| Cash in the petty cash | 12 | 1,455 | 1,118 |
| Current accounts in banks | 12 | 29,426,663 | 2,287,452 |
| Bank deposits with less than three months initial maturity | 13 | - | 22,961,500 |
| Cash and cash equivalents | | 29,428,118 | 25,250,070 |

ADMINISTRATOR,
SAI MUNTENIA INVEST S.A.
Nicușor Marian BUICĂ
General Director

PREPARED BY,
SAI MUNTENIA INVEST S.A.
Irina MIHALCEA
Chief Accountant

Notes on pages 8 to 54 are part of the financial statements.

Notes to the financial statements

for the financial exercise ended 31 December 2020

1. Reporting entity

SIF Muntenia S.A. (the "Company") is an undertaking for collective investments trust established in 1996 through the reorganization and transformation of the Private Property Fund IV Muntenia, pursuant to Law no. 133/1996 for the transformation of the Private Property Funds into financial investment companies, which operates in Romania in accordance with the Company Law no. 31/1990 and Law no. 297/2004 on the capital market and Law no. 24/2017 on issuers of financial instruments and market operations. The Company is headquartered in 46-48, Serghei Vasilevici Rahmaninov St., ground floor, room 2, Sector 2, Bucharest, România.

The main field of activity of the Company, according to the Articles of Incorporation in force is:

- making financial investments in order to maximize the value of own shares in accordance with the regulations in force;
- management of the investment portfolio and the exercise of all rights associated with the instruments in which it is invested;
- risk management;
- other ancillary and adjacent activities in accordance with the regulations in force.

The company operates under a management contract concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A., authorized as an alternative investment fund manager (AIFM) with number PJR07 1AFIAI/400005. According to the provisions of art. 3 point 2 of the Law no. 74/2015, as amended and supplemented, AIFM means any legal person whose principal activity is the management of one or more alternative investment funds.

The Company's shares are listed on the Bucharest Stock Exchange, Premium Category, symbol SIF4, starting with 1 November 1999.

Depozitarul Central S.A. București keeps evidence of shares and shareholders, according to law. BRD – Groupe Société Générale S.A. – company authorised by the Financial Supervisory Authority provides depositary services for the Company's assets.

The statutory audit for the 2020 financial exercise was performed by KPMG Audit SRL. The financial auditor's fee for the financial exercise ended 31 December 2020 amounts to 443,700 lei, VAT included.

During the financial exercise ended 31 December 2020, the auditor also provided limited insurance services in accordance with the provisions of art. 33, paragraph (1), letter c) of the FSA Regulation no. 9/2014 on the authorization and operation of investment management companies, undertakings for collective investment in transferable securities and of the depositaries of undertakings for collective investment in transferable securities, regarding the legality of the reduction of the share capital, the fee being in the amount of 28,763 lei, VAT included, as well as limited insurance services in accordance with the provisions of art.144, letter B of the Regulation no.5 / 2018 on issuers of financial instruments and market operations, regarding the transaction concluded between the Company and its affiliated party, the fee being in the amount of 28,764 lei, VAT included.

2. Basis of preparation

(a) Declaration of compliance

The financial statements have been prepared in accordance with FSA Norm no. 39/28 December 2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authorities, Sector of Investment and Financial Instruments as further modified and supplemented ("FSA Rule no. 39/2015"). Pursuant to the FSA Rule no. 39/2015, the International Financial Reporting Standards are those adopted according to the procedure laid down under Regulation (EC) No. 1606/2002 ("IFRS adopted by the European Union").

Notes to the financial statements

for the financial exercise ended 31 December 2020

2. Basis of preparation (continued)

(a) Declaration of compliance (continued)

These financial statements have been prepared based on business continuity principle, which assumes that the Company will continue its activity, without any significant reduction, in the foreseeable future.

From the analyzes performed regarding the implications of the Covid-19 pandemic in the Company's activity, SAI Muntenia Invest S.A., the Company's Administrator, considers that the continuity of its activity will not be affected. (see Note 5)

Starting 1 January 2018, the Company met the classification criteria for an investment entity in accordance with IFRS 10 "Consolidated Financial Statements."

Applying this exemption to consolidation implies that an investment entity should not consolidate its subsidiaries or apply IFRS 3 "Business combinations" when it obtains control over another entity. Instead, it must assess an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments".

In the financial exercise ended 31 December 2020, the Company continues to be an investment entity, as there were no changes in meeting the classification criteria as an investment entity.

(b) Presentation of financial statements

Financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" and IFRS 12 "Presentation of Interests in Other Entities". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of income 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 permitted by IAS 1.

(c) Basis of valuation

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

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

The methods used for measuring the fair value are presented in Note 3(e)(iv) and Note 5.

(d) 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). The Financial statements are prepared and presented in Lei, rounded to the nearest leu, which the Company's management has chosen as presentation currency.

(e) Use of estimates and judgments

Preparation of the Financial statements in accordance with IFRS as adopted by the European Union involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies, as well as the reported values of assets, liabilities, income and expenses. Judgments and assumptions associated with these estimates are based on historical experience and on other factors deemed reasonable in light of these estimates. The results of these estimates form the basis for judgments related to accounting values of assets and liabilities that can not be obtained from other sources of information. The results obtained can differ from these estimates.

Notes to the financial statements

for the financial exercise ended 31 December 2020

2. Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

The underlying judgments and assumptions are regularly reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised and future periods if the revision affects both the current period and future periods.

Judgments made by management in applying IFRS that have a significant effect on the financial statements as well as estimates that involve a significant risk of a material adjustment in the next year are disclosed in Note 4 and Note 5.

3. Significant accounting policies

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

(a) Subsidiaries and associated entities

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to lead, directly or indirectly, financial and operating policies of an entity so as to obtain benefits from its activities. When assessing control, one must consider potential voting rights that are exercisable or convertible at that time.

If the Company holds investments classified in the category of financial assets at fair value through other comprehensive income and acquires control through an acquisition in stages, the Company restates the participation from the category of financial assets at fair value through other comprehensive income to the category of financial assets at fair value through profit or loss. Changes in fair value previously recognized in other comprehensive income are derecognized on the same basis as if the shareholding had been divested, respectively in the retained earnings.

Associated entities are those companies in which the Company may exercise a significant influence, but not control over financial and operating policies.

The List of subsidiaries and associates on 31 December 2020 and 31 December 2019 are presented in Note 23.

(b) 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 converted 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.

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

The exchange rates of major foreign currencies were:

| Currency | 31 December 2020 | 31 December 2019 | Variation |
|----------------------|------------------|------------------|-----------|
| Euro (EUR) | 1: LEU 4,8694 | 1: LEU 4,7793 | + 1,89% |
| Dolar american (USD) | 1: LEU 3,9660 | 1: LEU 4,2608 | - 6,92% |

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(c) 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.

(d) 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).

(e) Financial assets and liabilities

(i) Classification

The Company classifies financial instruments held, in accordance with IFRS 9 "Financial Instruments", 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.

More over, 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.

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(ii) Recognition

Financial assets and financial liabilities are recognized on the date the Company becomes a contractual party under the terms of the respective instrument. Financial assets and liabilities are measured at the time of 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.

(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, or if no principal market, on the most advantageous market the company has access to at that date.

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

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

In the absence of price quotations in an active market, the Company uses valuation techniques based on the analysis of discounted cash flows and other valuation methods commonly used by market participants, making full use of market information, relying as little as possible on company-specific information. The Company uses valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs.

The value resulting from using a valuation model is adjusted based on a number of factors, as the valuation techniques do not reliably reflect all the factors considered by market participants when concluding a transaction. The adjustments are recorded in such a way as to reflect the risk models, differences between the sale and purchase quotations, liquidity risks, as well as other factors.

Fund units are valued at the unit value of the net asset, calculated by the fund manager using closing quotation for the financial instruments held by the funds. If the Company observes that there is no active market for the Fund's holdings, it relies on public information regarding the fund's holdings (financial statements, audit reports, portfolio structure, etc.), obtaining a NAV per SHARE corrected with the adjustments deemed necessary to the net asset value following the analysis of the aforementioned public information.

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(v) *Identifying and evaluating impairment*

Financial assets measured at amortized cost

The expected credit loss is the difference between all contractual treasury flows that are owed to the Company and all cash flows that the Company expects to receive, discounted at the original effective interest rate.

A financial asset or group of financial assets is impaired as a result of 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 since its initial recognition, on the basis of information available without cost or undue effort, which is an indicator of significant credit risk increases since initial recognition

The Company recognizes in profit or loss the amount of changes in expected 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 expected credit loss during the entire 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 derecognises a financial asset when the rights to receive cash flows of 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 ownership.

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 derecognises a financial liability when its contractual obligations have been completed or when contractual obligations are canceled or expire.

(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.

(f) Other financial assets or liabilities

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

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(g) Tangible assets

(i) Recognition and valuation

Tangible assets recognized as an asset are initially measured 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 under the 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:

- Lands;
- Constructions;
- Equipment, plant and machinery;
- Vehicles;
- Furniture and other tangible assets.

The Company does not own land and buildings.

Tangible assets are recognized at cost, less accumulated depreciation and adjustment for impairment.

Expences on maintenance and repairs of tangible assets is recorded in the Statement of profit or loss when incurred, while significant improvements to tangible assets, which increase the value or duration of their life, or which significantly increase their capacity to generate economic benefits, are capitalized.

(ii) Depreciation

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

| | |
|---------------------------------------|------------|
| - Equipment, plant and machinery | 3-20 years |
| - Vehicles | 3-6 years |
| - Furniture and other tangible assets | 3-15 years |

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

(iii) Sale / scrapping of tangible assets

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

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(h) Leases

(i) Recognition

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 lease agreement for the registered office space, the Company has recognized an asset related to the right of use of the underlying asset and a lease liability arising from this contract.

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

Exceptions to IFRS 16 may be:

- lease contracts with a lease period of 12 months or less and which do not include acquisition options, and
- leases where the underlying asset has a low value.

The Company found the non-fulfillment of the criteria for the application of the exceptions, so, on 1 January 2019, it restated the lease contract as a lessee according to IFRS 16.

(ii) Valuation

The Company, as a lessee, initially evaluates at cost the asset related to the right of use. The cost of the asset related to the right of use consists of the amount of the initial valuation of the liability arising from the lease, the lease payments made starting with 1 January 2019 (the date of entry into force of IFRS 16), or the date of commencement or before this date, the initial direct costs borne by the lessee, an estimate of the costs to be borne by the lessee less any lease stimulus received.

The Company, as a lessee, also assesses the liability arising from the lease contract at the present value of the lease payments that are not disbursed at that date. Updating is done using the default interest rate in the lease contract if that rate can be determined immediately. If this rate can not be determined immediately, the marginal lending rate of the lessee shall be used.

The carrying amount of the asset measured on the cost model is the cost of the initial valuation less any accumulated depreciation and any accumulated impairment losses and it is adjusted for any revaluation of the liability arising from the lease.

(iii) Depreciation

The underlying asset is depreciated using the straight-line method. If the ownership right is not transferred or there is no purchase option on the underlying asset until the end of the asset life, the asset is depreciated from the commencement date of the contract until the first date between the end of the useful life and the end of the term of the contract, also including the options of extension or termination of the contract.

(iv) Lease debt

At the date of initial recognition of the lease debt, the present value of the lease payments includes fixed payments minus any lease incentives to be received and variable leasing payments that depend on an index or rate, initially measured on the basis of the index or rate from the starting date of the contract (eg consumer price indices).

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(h) Leases (continued)

(iv) Lease debt (continued)

The present value of the lease payments that are not paid on the date of recognition is determined throughout the duration of a lease taking as well into account the periods covered by options for extension of the contract if the Company has reasonable certainty that it will exercise that option and by the periods covered by the contract termination options if the Company has reasonable certainty that it will not exercise that option.

Utility costs and unrecoverable taxes (VAT) are not a component of the debt arising from the lease, being recognized in profit or loss as invoices are issued.

The debt arising from the lease is subsequently measured by increasing the carrying amount to reflect the interest associated with the debt, reducing the carrying amount to reflect the lease payments made, and reassessing the carrying amount as a result of the changes in the contract (example of changes: duration of the contract, modification of lease payments, asset purchase options, interest rate, termination of the contract).

(iv) Derecognition

The asset related to the right of use is derecognised on the termination date and is reflected by decreasing the carrying amount of the asset related to the right of use and the recognition in profit or loss of gains/losses associated with the modification of the lease contract.

(i) Impairment of assets other than financial assets

The carrying amount of the Company's assets that are not financial, other than deferred tax assets, are reviewed 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 the recoverable amount of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and other groups of assets. Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the maximum of its value in use and its fair value less 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 loss recognized in prior periods is assessed at each reporting date to determine whether it has decreased or no longer exists. The impairment loss is resumed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is resumed only if the asset's carrying amount does not exceed the carrying amount that would have been calculated, net of depreciation and impairment, if the impairment loss had not been recognized.

(j) Share capital

Ordinary shares are recognized in share capital.

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(k) Provisions for risks and expenses

Provisions are recognized in the statement of financial position when an obligation arises for the Company in connection with a past event and it is likely that in the future it will be necessary to consume 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.

(l) Interest income and interest expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the expected cash receipts and payments in the future during the expected lifetime of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the asset or financial liability.

The amount of interest on the liability arising from the lease is determined using a discount rate that may be the interest rate in the contract or the marginal lending rate of the lessee and it is recognized in profit or loss.

(m) Dividend income

Dividend income is recognized in profit or loss on the date on which the right to receive this income is established.

If dividends are received in the form of shares as an alternative to cash, the dividend income is recognized at the level of cash that would have been received in correspondence with increasing the participation therein. The Company does not record dividend income from shares received free of charge when they are distributed proportionally to all shareholders.

Dividend income is recorded on a gross basis including dividend tax, which is recognized as a current income tax expense.

(n) 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 comprise salaries and 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 premiums in short-term cash if 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 employees of the Company are insured and have the legal obligation to contribute (through social contributions) to the Romanian State Pension Scheme (a defined contribution plan of the State).

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.

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(n) Employees benefits (continued)

(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 upon retirement.

(o) Income tax

Income tax for the period comprises current tax and deferred tax. Current income tax includes income tax from dividends recognized at gross value.

Income tax is recognized in profit or loss and other comprehensive income if the tax is related to capital items.

Current tax is the expected tax payable on the income realized in the current period, based on tax rates applied at the date of the financial position statement and on all adjustments related to prior periods.

Deferred tax is provided for temporary differences arising between the tax base for calculating the tax for assets and liabilities and their carrying amount used for financial statements reporting.

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities arising from transactions that are not business combinations and that affects neither the accounting profit or fiscal profit, and differences arising on investments in subsidiaries, provided that they are not resumed in the near future. Deferred tax is calculated using tax rates expected to be applicable to temporary differences upon their resumption, based on the legislation in force on the reporting date or issued on the reporting date and which will enter into force thereafter.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current liabilities and assets with tax and whether they are related to the tax collected by the same fiscal authority for the same entity subject to taxation or for different fiscal authorities that want to settle current tax receivables and liabilities using a net basis, or related assets and liabilities will be realized simultaneously.

Deferred tax receivable is recognized only to the extent that it is probable that future profits are likely to be realized and be used to cover the tax loss. The receivable is reviewed at the end of each financial period and it is reduced to the extent that the related tax benefit is unlikely to be realized.

The fiscal result is determined on the basis of items of income and expense in the Statement of profit or loss, plus items similar to income, less items similar to expenses as shown in retained earnings, as a result of applying IFRS 9.

For the financial periods ended as at 31 December 2020 and at 31 December 2019, the income tax rate was 16%. The tax rate related to taxable dividend income for the financial exercises ended as at 31 December 2020 and 31 December 2019 was of 5%.

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(p) 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.

(q) Dividends to be distributed

Dividends are treated as an appropriation of profit in the period in which they were declared and approved by the General Meeting of Shareholders. Dividends not collected for three years, after expiry of prescription period are recorded directly in equity being treated as contributions from shareholders according to the decision of the General Shareholders Meeting.

(r) Subsequent events

Events subsequent to 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.

Subsequent events to the reporting period that require no adjustments are shown in the notes, when considered significant.

(s) Affiliates

Different entities or persons are considered to be in special relationship with the Company also if one of the parties, either through ownership or through contractual rights, family relationships or other similar situations, can directly or indirectly control the other party or may influence it significantly in making financial or operational decisions.

Transactions between affiliated parties represent a transfer of resources or liabilities between affiliated parties whether or not they involve a price.

(t) Standards and new interpretations that are not yet effective

A number of new standards, amendments and interpretations to standards are not yet effective as of the financial statements date and have not been applied in preparing 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 (effective date: 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.

Notes to the financial statements

for the financial exercise ended 31 December 2020

3. Significant accounting policies (continued)

(t) Standards and new interpretations that are not yet effective (continued)

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

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

The 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 property, plant and equipment 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 January 1, 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 property, plant and equipment 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.

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management

Investment activity exposes the Company to a variety of risks associated with financial instruments owned and financial markets in which it operates. The main risks the Company is exposed to are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- liquidity risk;
- risk related to taxation;
- 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 defined as the risk of recording a loss or not achieving the expected profit, as a result of price fluctuations, interest rates and foreign exchange rates.

The company is exposed to the following market risk categories:

(i) Price risk

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

Of the total shares with an active market held by the Company, on 31 December 2020, 52% (31 December 2019: 58%) were investments in companies that were part of the BET index of the Bucharest Stock Exchange, index weighted by market capitalization and designed to reflect the overall trend of prices of the most liquid seventeen shares (31 December 2019: sixteen shares) traded on the Bucharest Stock Exchange.

The Board of Directors of SAI Muntenia Invest S.A. fulfills its role of monitoring the market risk management framework as well as by approving trading limits on the Romanian capital market for speculative purposes.

A positive variation of 10% in the price of financial assets at fair value through profit or loss would lead to an increase in profit after tax at 31 December 2020 with 71,791,552 lei (31 December 2019: 76,561,070 lei), a negative variation 10 % having an equal net impact and of opposite sign.

A positive variation of 10% in the price of financial assets at fair value through other comprehensive income would lead to an increase in equity, net of profit tax at 31 December 2020 with 68,541,973 lei (31 December 2019: 69,181,490 lei), a negative variation 10% having an equal net impact and of opposite sign.

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The company holds shares in companies operating in various sectors, as follows:

| <i>In LEI</i> | 31 December 2020 | % | 31 December 2019 | % |
|--|-------------------------|-------------|-------------------------|-------------|
| Financial, banking and insurance | 543,979,811 | 43% | 593,226,263 | 46% |
| Real estate, rentals and other services | 97,762,081 | 8% | 88,170,505 | 7% |
| Wholesale, retail, tourism and restaurants | 97,871,753 | 8% | 114,474,508 | 9% |
| Building materials industry | 84,751,083 | 7% | 85,684,010 | 7% |
| Agriculture, livestock, fishing | 18,544,055 | 1% | 19,605,555 | 2% |
| Metallic construction and metal products | 84,366,066 | 6% | 51,677,394 | 4% |
| Pharmaceutical and medical industry | 250,133,249 | 20% | 214,945,128 | 17% |
| Energy industry | 53,250,687 | 4% | 68,980,139 | 5% |
| Mining industry | 2,922,464 | 0% | 3,945,812 | 0% |
| Others | 43,972,369 | 3% | 51,537,128 | 3% |
| TOTAL | 1,277,553,618 | 100% | 1,292,246,442 | 100% |

As can be noticed from the above table, on 31 December 2020 the Company held shares mainly in companies active in the financial-banking sector, accounting for 43% of the total portfolio, decreasing from 46% as registered as at 31 December 2019. On the other hand, 20% of the shares portfolio at 31 December 2020, increasing from 17% as registered as at 31 December 2019 represents holdings in companies in the pharmaceutical and medical industry.

Fund units owned by the Company are exposed to price risk, having different degrees of investment risk (bank deposits, bonds, other fixed income instruments, shares, etc.).

The bonds held by the Company at OPUS Chartered Issuances S.A. are also exposed to price risk, classified within the category of financial assets at fair value through profit or loss, and amount to 83,968,674 lei (31 December 2019: bonds held in the company OPUS Chartered Issuances S.A. and Banca Transilvania S.A. amounted to 111,649,643 lei, see note 14.

(ii) Interest rate risk

The company faces interest rate risk exposure due to exposure to unfavorable interest rate fluctuations. The change in market interest rates directly affects income and expenses related to financial assets and liabilities bearing floating interest rates and the market value of the interest-bearing instruments (for example, the bonds).

As at 31 December 2019 and 31 December 2018, most of the Company's assets and liabilities are not interest bearing. As a result, the Company is not directly significantly affected by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested at short-term interest rates. However, market yield lowering can affect the valuation value of assets held by the Company. The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(a) Market risk (continued)

(iii) Currency risk

Currency risk is the risk of loss or failure to achieve estimated profit as a result of unfavorable exchange rate fluctuations. The Company is exposed to fluctuations in exchange rates, but has not formalized a policy of currency hedging. Most of the Company's financial assets and liabilities are denominated in local currency, other currencies in which operations are performed are EUR and USD.

Financial assets and liabilities denominated in LEI and foreign currencies as of 31 December 2020 and 31 December 2019 are presented in the following tables.

31 December 2020

| <i>In LEI</i> | Book value | LEI | USD | EUR |
|---|------------------------------------|------------------------------------|----------------------------|----------------------------------|
| Financial assets | | | | |
| Cash and cash equivalents | 29,428,118 | 2,499,470 | 1,018 | 26,927,630 |
| Deposits with banks | 35,567,325 | 35,567,325 | - | - |
| Financial assets at fair value through profit or loss | 760,465,458 | 676,496,784 | - | 83,968,674 |
| Financial assets at fair value through other comprehensive income | 782,464,281 | 782,464,281 | - | - |
| Financial assets measured at amortised cost | 5,884,909 | 1,007,071 | - | 4,877,838 |
| Other liabilities | 4,634,417 | 4,634,417 | - | - |
| TOTAL | <u><u>1,618,444,508</u></u> | <u><u>1,502,669,348</u></u> | <u><u>1,018</u></u> | <u><u>115,774,142</u></u> |
| Financial liabilities | | | | |
| Dividends payment | 27,672,577 | 27,672,577 | - | - |
| Other liabilities | 5,646,112 | 5,605,693 | - | 40,419 |
| TOTAL | <u><u>33,318,689</u></u> | <u><u>33,278,270</u></u> | <u><u>-</u></u> | <u><u>40,419</u></u> |

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(a) Market risk (continued)

(iii) Currency risk

31 December 2019

| <i>In LEI</i> | Book value | LEI | USD | EUR |
|---|-----------------------------|-----------------------------|-------------------|---------------------------|
| Financial assets | | | | |
| Cash and cash equivalents | 2,288,570 | 2,285,379 | 587 | 2,604 |
| Deposits with banks | 48,830,657 | 48,830,657 | - | - |
| Financial assets at fair value through profit or loss | 817,525,382 | 705,875,739 | - | 111,649,643 |
| Financial assets at fair value through other comprehensive income | 798,621,743 | 798,621,743 | - | - |
| Financial assets measured at amortised cost | 11,247,685 | 1,007,071 | - | 10,240,614 |
| Other assets | 1,177,034 | 1,177,034 | - | - |
| TOTAL | <u>1,679,691,071</u> | <u>1,557,797,623</u> | <u>587</u> | <u>121,892,861</u> |
| Financial liabilities | | | | |
| Dividends payment | 43,547,004 | 43,547,004 | - | - |
| Other liabilities | 13,821,904 | 13,287,328 | - | 534,576 |
| TOTAL | <u>57,368,908</u> | <u>56,834,332</u> | <u>-</u> | <u>534,576</u> |

The net impact on Company's profit of a change of $\pm 5\%$ of the LEI/EUR currency rate together with a modification of $\pm 5\%$ of the LEI/USD currency rate as of 31 December 2020, all other variables remaining constant, is of $\pm 4,860,859$ lei (31 December 2019: $\pm 5,097,073$ lei).

(b) Credit risk

Credit risk is the risk of loss or failure to achieve estimated profits due to failure of a counterparty to comply with financial obligations. The Company is exposed to credit risk due to investments in bonds issued by companies, current accounts and bank deposits and receivables.

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(b) Credit risk (continued)

The Company's maximum exposure to credit risk amounts to 75,513,314 lei as at 31 December 2020 (as at 31 December 2019 amounts to 63,542,828 lei) and may be analyzed as follows:

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|-----------------------------|-----------------------------|
| <i>Exposures from current accounts and deposits with banks (Note 12 and Note 13)</i> | | |
| Banca Transilvania S.A. | 3,709 | 16,076,465 |
| Libra Internet Bank S.A. | 43,782 | 70,000 |
| Banca Comercială Română S.A. | 972 | 101 |
| BRD - Groupe Societe Generale S.A. | 27,075,037 | 208,544 |
| Credit Europe Bank S.A. | 7,155,591 | 8,773,050 |
| Vista Bank S.A. | 212 | 198 |
| Banca Comercială Feroviară S.A. | - | 7,558 |
| Banca Comercială Intesa Sanpaolo Bank | 18,252,125 | 25,719,319 |
| ProCredit Bank S.A. | 12,279,905 | - |
| Other commercial banks | 182,655 | 262,874 |
| Total | <u>64,993,988</u> | <u>51,118,109</u> |

*Financial assets measured at amortised cost *) (Note 14 c)*

| | | |
|--|-------------------------|--------------------------|
| Impact Developer&Contractor S.A. Bonds | 4,869,400 | 4,779,300 |
| Medimfarm S.A. Bonds | - | 5,447,374 |
| Capital Leasing IFN S.A. Bonds | 1,000,000 | 1,000,000 |
| Other bonds and related interest | 15,509 | 21,011 |
| Total | <u>5,884,909</u> | <u>11,247,685</u> |

*) Financial assets measured at amortised cost classified by maturity are current financial assets.

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(b) Credit risk (continued)

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|---|-----------------------------|-----------------------------|
| <i>Various Debtors and Commercial Receivables (Note 15)</i> | | |
| Consol S.A. | 2,040,960 | 2,051,503 |
| Banca Română de Scont S.A. | 1,283,228 | 1,283,228 |
| Autoritatea Administrării Activelor Statului | 1,143,343 | 1,153,625 |
| Timpuri Noi S.A. | 2,529,526 | 2,529,526 |
| Siderca S.A | 410,334 | 410,334 |
| Dividends to be received | 4,532,591 | 785,883 |
| Other various debtors | 552,092 | 1,627,299 |
| Impairment of trade receivables and various debtors | (7,857,657) | (8,664,365) |
| Total | 4,634,417 | 1,177,034 |
| Total exposure | 75,513,314 | 63,542,828 |

Various debtors and trade receivables classified according to maturity:

| | | |
|--|-----------|-----------|
| - current (various debtors and dividends to be received) | 4,634,418 | 1,177,034 |
| - outstanding, fully adjusted (various debtors and dividends to be received) | 7,857,656 | 8,664,365 |

*) Outstanding various debtors are Consol S.A., Banca Română de Scont S.A., Autoritatea Administrării Activelor Statului, Siderca S.A., Timpuri Noi S.A..

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(c) Liquidity risk

Liquidity risk is the risk of loss or failure to achieve estimated profits resulting from failure to meet payment obligations at any time in the short term, without this entailing excessive costs or losses that may be incurred by the Company.

The structure of assets and liabilities was analyzed based on the period remaining as of the financial position statement date to contractual maturity date, both for the financial exercise ended as at 31 December 2020 and for the financial exercise ended 31 December 2019 is as follows:

31 December 2020

| <i>In LEI</i> | Book value | Below 3 months | Between 3 and 12 months | More than 1 year | Without default maturity |
|---|----------------------|-----------------------|--------------------------------|-------------------------|---------------------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 29,428,118 | 29,426,663 | - | - | 1,455 |
| Deposits with banks | 35,567,325 | 35,566,325 | - | - | 1,000 |
| Financial assets at fair value through profit or loss | 760,465,458 | - | 532,712 | 83,435,962 | 676,496,784 |
| Financial assets at fair value through other comprehensive income | 782,464,281 | - | - | - | 782,464,281 |
| Financial assets measured at amortised cost | 5,884,909 | - | 15,509 | 5,869,400 | - |
| Other assets | 4,634,417 | 4,634,417 | - | - | - |
| Total financial assets | 1,618,444,508 | 69,627,405 | 548,221 | 89,305,362 | 1,458,963,520 |
| Financial liabilities | | | | | |
| Dividends payment | 27,672,577 | 27,336,998 | - | - | 335,579 |
| Other liabilities | 5,646,112 | 5,607,789 | 6,293 | 32,030 | - |
| Total financial liabilities | 33,318,689 | 32,944,787 | 6,293 | 32,030 | 335,579 |
| Liquidity surplus | 1,585,125,819 | 36,682,618 | 541,928 | 89,273,332 | 1,458,627,941 |

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(c) Liquidity risk (continued)

31 December 2019

| | Book value | Below 3 months | Between 3 and 12 months | More than 1 year | Without default maturity |
|---|----------------------|-------------------|-------------------------|------------------|--------------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 2,288,570 | 2,287,452 | - | - | 1,118 |
| Deposits with banks | 48,830,657 | 48,818,683 | - | - | 11,974 |
| Financial assets at fair value through profit or loss | 817,525,382 | 33,241 | 111,616,402 | - | 705,875,739 |
| Financial assets at fair value through other comprehensive income | 798,621,743 | - | - | - | 798,621,743 |
| Financial assets measured at amortised cost | 11,247,685 | 21,011 | 5,447,374 | 5,779,300 | - |
| Other assets | 1,177,034 | 294,452 | 882,582 | - | - |
| Total financial assets | 1,679,691,071 | 51,454,839 | 117,946,358 | 5,779,300 | 1,504,510,574 |
| Financial liabilities | | | | | |
| Dividends payment | 43,547,004 | 43,547,004 | - | - | - |
| Other liabilities | 13,821,904 | 4,572,751 | 8,822,253 | 426,900 | - |
| Total financial liabilities | 57,368,908 | 48,119,755 | 8,822,253 | 426,900 | - |
| Liquidity surplus | 1,622,322,163 | 3,335,084 | 109,124,105 | 5,352,400 | 1,504,510,574 |

(d) Taxation risk

Romanian tax legislation provides detailed and complex rules that undergone several changes in recent years. Interpretation of the text and the practical implementation of tax laws may vary, existing the risk that certain transactions are interpreted differently by the tax authorities as compared to the Company's treatment.

In terms of profit tax, there is a risk of different interpretation by the tax authorities of the fiscal rules applied according to IFRS accounting regulations.

Romanian Government has a number of agencies authorized to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries, and may extend not only to tax matters, but also to other legal and regulatory issues of interest to these agencies. It is possible that the Company may be subject to tax audits on the extent of issuing new tax regulations.

Notes to the financial statements

for the financial exercise ended 31 December 2020

4. Significant risks management (continued)

(e) Operational risk

Operational risk is the risk of incurring losses or not achieving the estimated profits due to internal factors such as inappropriate conduct of internal activities, the existence of inadequate personnel or systems or due to external factors such as economic conditions, changes in capital market, technological progress. Operational risk is inherent in all activities of the Company.

Policies defined for operational risk management took into consideration each type of event that can generate significant risks and ways of their manifestations, to eliminate or reduce financial or reputational losses.

(f) Capital adequacy

The Management's policy regarding capital adequacy focuses on maintaining a sound capital base in order to support the ongoing development of the Company and the achievement of investment objectives.

5. Significant accounting estimates and judgments

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

These presentations supplement the information on financial risk management (see Note 4). Significant accounting judgments for applying the Company's accounting policies include:

Key sources of uncertainty of estimation

Impairment of assets measured at amortised cost

Assets carried at amortised cost are evaluated for impairment in accordance with accounting policy described in Note 3 (e) (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 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 described in the accounting policy under Note 3 (e) (iv). For financial instruments rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, the degree of concentration, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument.

Fair value hierarchy

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

Level 1: prices quoted (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, prices quoted on inactive markets) or indirectly (ie derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements

for the financial exercise ended 31 December 2020

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

This category includes all instruments where the valuation technique includes items that are not based on observable data and for which unobservable input parameters can have a significant effect on the assessment of the 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 under objective conditions by market participants.

For the shares that do not have a quoted market price in an active market, the Company uses valuation models which are usually derived from known models of evaluation. Some or all significant input data into these models may not be observable in the market and are derived from market prices or estimated based on assumptions. Valuation models requiring unobservable inputs require a higher degree of management analysis and estimation to determine fair value. Analysis and estimate from management affect, in particular, the selection of a suitable evaluation model, the determination of future cash flows of a financial instrument, the determination of the probability of default by the counterparty and of payments in advance and the selection of appropriate discount rates.

The table below uses financial instruments recorded at fair value according to the method of assessment.

Notes to the financial statements

for the financial exercise ended 31 December 2020

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

31 December 2020

| <i>In LEI</i> | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------------|--------------------------|---------------------------|-----------------------------|
| Financial assets at fair value through profit or loss | 286,985,316 | - | 473,480,142 | 760,465,458 |
| Financial assets at fair value through other comprehensive income | 689,958,832 | 27,260,957 | 65,244,492 | 782,464,281 |
| | <u>976,944,148</u> | <u>27,260,957</u> | <u>538,724,634</u> | <u>1,542,929,739</u> |

31 December 2019

| <i>In LEI</i> | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------------|--------------------------|---------------------------|-----------------------------|
| Financial assets at fair value through profit or loss | 239,577,093 | - | 577,948,289 | 817,525,382 |
| Financial assets at fair value through other comprehensive income | 689,368,687 | 41,629,122 | 67,623,934 | 798,621,743 |
| | <u>928,945,780</u> | <u>41,629,122</u> | <u>645,572,223</u> | <u>1,616,147,125</u> |

For the financial year ended 31 December 2020, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the instruments held in bonds amounting to 83,968,674 lei, closed-end fund units amounting to 155,335,693 lei and shares held in eleven companies whose fair value of 234,175,775 lei was determined using valuation models in accordance with the ANEVAR Valuation Standards.

For the financial year ended 31 December 2020, the Company presented financial assets at fair value through other comprehensive income on level 3 of the fair value hierarchy the shares held in several companies whose fair value of 65,244,492 lei was determined using own assessment methods, based on valuation models, as approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

For the financial exercise ended 31 December 2019, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy, instruments held in bonds amounting to 111,649,643 lei, closed-end fund units in the amount of 185,864,262 lei and shares held in twelve companies whose fair value of 280,434,384 lei was determined using evaluation models in accordance with the ANEVAR Valuation Standards.

For the financial exercise ended 31 December 2019, the Company presented financial assets at fair value through other comprehensive income on level 3 of the fair value hierarchy, shares held in several companies whose fair value of 67,623,934 lei was determined using own assessment methods, based on valuation models, as approved by the Board of Directors, taking into account the credibility, quantity and quality of the available information.

Notes to the financial statements

for the financial exercise ended 31 December 2020

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

The main assumptions used in the valuation model for financial assets at fair value - shares as at 31 December 2020, together with related amounts are presented in the following table:

| Assumptions used in the valuation model | Value of the indicator used in the valuation as at 31 December 2020 | Value of the indicator used in the valuation as at 31 December 2019 |
|--|---|---|
| Annual change of EBITDA | between -5% and 8% | between -5,5% and 4,5% |
| Perpetual variation of revenues and expenses | 2.00% | 2.00% |
| Weighted average cost of capital (WACC) | 9,69% - 11,86% | 7,4% - 11,8% |

Although the Company considers its fair value estimates as appropriate, the use of other methods or assumptions could result in different values of fair value. For the fair values recognized following the use of a significant number of unobservable inputs (Level 3) modifying one or more assumptions with other reasonable alternative assumptions would have an influence on the statement of profit or loss and other comprehensive income, as follows:

| Changing variable at the valuation as at 31 December 2020 | Impact on profit or loss | Impact on other comprehensive income |
|---|--------------------------|--------------------------------------|
| Increase of EBITDA margin with 3% | 6,390,000 | - |
| Decrease of EBITDA margin with 3% | (6,389,000) | - |
| Increase of WACC by 0.5% | (8,288,000) | - |
| Decrease of WACC by 0.5% | 9,316,000 | - |
| Increase of perpetuity of revenues and expenses by 0.5% | 5,636,000 | - |
| Decrease of perpetuity of revenues and expenses by 0.5% | (5,002,000) | - |
| Changing variable at the valuation as at 31 December 2019 | Impact on profit or loss | Impact on other comprehensive income |
| Increase of EBITDA margin with 3% | 7,844,420 | 982,210 |
| Decrease of EBITDA margin with 3% | (7,713,898) | (1,133,550) |
| Increase of WACC by 0.5% | (9,206,142) | - |
| Decrease of WACC by 0.5% | 10,745,730 | - |
| Increase of perpetuity of revenues and expenses by 0.5% | 6,674,267 | - |
| Decrease of perpetuity of revenues and expenses by 0.5% | (5,670,438) | - |

Notes to the financial statements

for the financial exercise ended 31 December 2020

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

Considering the information available for estimating the fair value of certain shares held in companies classified as financial assets at fair value through other comprehensive income the market approach method was used, ie the comparison of the company under assessment with similar companies traded on a market, and the determination its value by using a multiplier (EBITDA or equity) and applying a discount for lack of liquidity.

Under the valuation model for financial assets at fair value through profit or loss - fund units and bonds, a positive change of fair value of 10% leads to a increase in profit after tax of 20,101,567 lei at 31 December 2020 (31 December 2019: 24,991,168 lei), a negative change of 10% having an equal net impact and of opposite sign.

Notes to the financial statements

for the financial exercise ended 31 December 2020

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

Reconciliation of valuations at fair value classified on Level 3 of the fair value hierarchy

| <i>In LEI</i> | Financial assets at fair value through profit or loss | Financial assets measured at fair value through other comprehensive income |
|---|--|---|
| 1 January 2019 | 498,468,579 | 38,832,498 |
| Restatement following obtaining control over ICPE S.A. subsidiary | 23,200,042 | (23,200,042) |
| Transfers to level 3 | 1,048,761 | 21,413,104 |
| Transfers from level 3 | - | (106,405) |
| Gains or losses for the period included in profit or loss | 67,210,295 | - |
| Gains or losses for the period included in other comprehensive income | - | 35,212,107 |
| Acquisitions, participations to share capital | 1,500,000 | 4,964,340 |
| Sales | (13,479,388) | (9,491,668) |
| 31 December 2019 | 577,948,289 | 67,623,934 |
| Transfers to level 3 | 24,099,389 | 2,963,001 |
| Transfers from level 3 | (33,837,533) | (1,077,073) |
| Gains or losses for the period included in profit or loss | (99,125,018) | - |
| Gains or losses for the period included in other comprehensive income | - | (3,034,860) |
| Acquisitions, participations to share capital | 7,254,771 | 9,812 |
| Sales | (2,859,756) | (1,240,322) |
| 31 December 2020 | 473,480,142 | 65,244,492 |

Notes to the financial statements

for the financial exercise ended 31 December 2020

5. Significant accounting estimates and judgments (continued)

Classification of financial assets and liabilities

The Company's accounting policies provide the basis so that the assets and liabilities to be classified, initially, in various accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company has determined to have met one or more criteria as presented in note 3(e)(i). Details of the classification of financial assets and liabilities of the Company are presented in Note 21.

Implications of the Covid-19 pandemic

In the context of the Covid-19 pandemic, the Company, through its Administrator, 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 in which the Company holds shares and, as a result, the prices quoted on the active markets were significantly diminished, leading to a decrease in the carrying amount of financial assets. Due to the specifics of its activity, the Company holds shares in companies with fields of activity in various areas of the economy, some areas not being directly affected by this situation. Compared to the fair value of financial assets on 31 December 2019, there was a decrease of 5% in the financial year ended 31 December 2020, a decrease that can be considered an effect of the Covid-19 pandemic.

The net result for the year was and may continue to be adversely affected by the prudent measures taken by the companies in which the Company holds stakes either by not distributing the profits made in 2019 or by reducing the dividends distributed compared to the initial estimates, plus losses from decreases in the market value of issuers whose fair value measurement influences the Company's profit or loss. Taking into account these aspects and the information held up to the date of preparation of these financial statements, the Company has a degree of achievement of the approved budget for dividend income in 2020 of approximately 82%. We mention that the losses registered due to the decreases in the capital market were not budgeted nor can they be quantified except at the level at which they are already registered in the financial statements presented.

Except for the elements presented above, the Company's Administrator cannot accurately quantify the economic impact on its financial performance, but the analyzes performed showed that the continuity of the Company's activity will not be affected.

6. Dividend income

Dividend income is recorded on a gross basis. Tax rates on dividends for the financial exercise ended 31 December 2020 was of 5% and zero (financial exercise ended 31 December 2019: 5% and zero). Details on the main counterparts of dividend income is presented below:

Notes to the financial statements

for the financial exercise ended 31 December 2020

6. Dividend income (continued)

| <i>In LEI</i> | 2020 | 2019 |
|-------------------------------------|-------------------|-------------------|
| Banca Transilvania S.A. | 15,789,000 | 21,686,672 |
| Biofarm S.A. | 15,736,648 | 5,023,791 |
| Germina Agribusiness S.A. | 4,532,591 | - |
| CI-CO S.A. | 3,420,596 | 1,681,847 |
| SNGN Romgaz S.A. | 1,871,730 | 5,123,116 |
| Casa de Bucovina Club de Munte S.A. | 1,573,604 | - |
| Firos S.A. | 1,407,788 | 1,407,788 |
| FIA Certinvest Acțiuni | 1,246,170 | 1,141,077 |
| OMV Petrom S.A. | 1,002,866 | 929,265 |
| Șantierul Naval Orșova S.A. | 361,104 | 331,012 |
| Compania de Librării București S.A. | 330,936 | 351,748 |
| SNTGN Transgaz S.A. | 321,776 | 450,528 |
| Bursa de Valori București S.A. | 295,591 | 395,525 |
| Gecsat S.A. | 266,500 | 330,501 |
| Vrancart S.A. | 260,772 | 213,564 |
| Conpet S.A. | 251,034 | 265,825 |
| BRD GSG S.A. | - | 8,993,229 |
| SIF Oltenia S.A. | - | 2,610,000 |
| Alro S.A. | - | 452,984 |
| Other | 679,557 | 1,030,572 |
| Total | 49,348,263 | 52,419,044 |

7. Interest income

| <i>In LEI</i> | 2020 | 2019 |
|---|------------------|------------------|
| Income from interest on bank deposits and current accounts | 1,156,811 | 1,161,529 |
| Income from interest on financial assets measured at amortised cost | 566,413 | 703,275 |
| Total | 1,723,224 | 1,864,804 |

Notes to the financial statements

for the financial exercise ended 31 December 2020

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

| <i>In LEI</i> | 2020 | 2019 |
|---|----------------------------|--------------------------|
| (Net loss) / Net gain on financial assets at fair value through profit or loss - shares | (7,872,597) | 23,128,172 |
| (Net loss) / Net gain on financial assets at fair value through profit or loss - bonds | (24,821,213) | 26,018,811 |
| (Net loss) / Net gain on financial assets at fair value through profit or loss - fund units | (30,843,593) | 46,749,908 |
| Total | <u>(63,537,403)</u> | <u>95,896,891</u> |

9. Net income from reversal of adjustments for the impairment of assets

| <i>In LEI</i> | 2020 | 2019 |
|---|-----------------------|-----------------------|
| Reversed losses from impairment of other assets (Note 15) (i) | 806,709 | 2,353,032 |
| Expenses with the receivable write - off (ii) | - | (2,225,456) |
| Total | <u>806,709</u> | <u>127,576</u> |

(i) During the financial year ended 31 December 2020, the adjustments for the depreciation of other assets (established in 2014) were resumed as a result of the collection of receivables from the outstanding dividends from Erste Group Bank AG in the amount of 774,463 lei.

During the financial year ended 31 December 2019, the adjustments for the depreciation of other assets were resumed as a result of the collection of receivables from withdrawals from delisted companies amounting to 128,263 lei as well as the partial collection of receivables held at Transchim S.A. in the amount of 110,395 lei and as a result of the closure of the bankruptcy procedure and the deregistration of the company Transchim S.A. amounting to 2,139,847 lei

(ii) During the financial exercise ended 31 December 2019, the Company derecognized the receivable held at Transchim S.A. amounting to 2,139,847 lei, as a result of closing the bankruptcy procedure and deregistration of the company.

Notes to the financial statements

for the financial exercise ended 31 December 2020

10. Other operating expenses

| <i>In LEI</i> | 2020 | 2019 |
|---|------------------|------------------|
| Expenses on external benefits | 1,449,503 | 1,247,344 |
| Expenses on commissions | 1,489,906 | 1,522,608 |
| Custody fees | 298,007 | 293,072 |
| Trading costs | 6,996 | 100,882 |
| Protocol, advertising and publicity expenses | 167,260 | 228,538 |
| Expenses with depreciation of the asset representing rights to use the underlying assets (Note 15 (ii)) | 44,036 | 114,227 |
| Interest rate expenses related to the lease contract liability (Note 15 (ii)) | 16,339 | 44,029 |
| Other operating expenses (i) | 738,595 | 651,428 |
| Total | 4,210,642 | 4,202,128 |

(i) In the financial exercise ended 31 December 2020, other operating expenses mainly include expenses with sponsorships granted in the amount of 700,000 lei as well as telecommunications expenses, other taxes and fees, etc.

11. Income tax

| <i>In LEI</i> | 2020 | 2019 |
|---|---------------------|------------------|
| Current income tax | | |
| Current income tax 16%) | - | 7,152,010 |
| Dividend tax (5%) | 1,027,980 | 2,087,914 |
| | 1,027,980 | 9,239,924 |
| Deferred income tax | | |
| Financial assets at fair value through other comprehensive income | (192,813) | (1,127,231) |
| Adjustments for impairment of other assets | 129,073 | 376,485 |
| Fiscal loss | (11,205,134) | - |
| | (11,268,874) | (750,746) |
| Total | (10,240,894) | 8,489,178 |

Notes to the financial statements

for the financial exercise ended 31 December 2020

11. Income tax (continued)

Reconciliation of income before taxation with the income tax expense:

| <i>In LEI</i> | 2020 | 2019 |
|--|---------------------|--------------------|
| (Loss) / Profit before tax | (36,097,196) | 120,402,878 |
| Tax under statutory tax rate of 16% (2019: 16%) | (5,775,551) | 19,264,460 |
| Effect on income tax of: | | |
| Dividends tax rates | 1,027,980 | 2,087,914 |
| Items similar to income resulting from the adoption of IFRS 9 | 178,864 | - |
| Items similar to expenses following the adoption of IFRS 9 | - | (386,223) |
| Non-deductible expenses | 16,379,668 | 9,783,754 |
| Non-taxable income | (21,988,115) | (20,746,523) |
| Amounts representing sponsorship within legal limits | - | (763,458) |
| Registration and reversal of temporary differences | (63,740) | (750,746) |
| Income tax | (10,240,894) | 8,489,178 |

12. Cash and current accounts

| <i>In LEI</i> | 31 decembrie 2020 | 31 decembrie 2019 |
|---------------------------|-------------------|-------------------|
| Cash in the petty cash | 1,455 | 1,118 |
| Current accounts at banks | 29,426,663 | 2,287,452 |
| Total | 29,428,118 | 2,288,570 |

Current accounts open with banks are permanently available to the Company and are not restricted or encumbered.

Notes to the financial statements

for the financial exercise ended 31 December 2020

13. Deposits with banks

| <i>In LEI</i> | 31 decembrie 2020 | 31 decembrie 2019 |
|---|--------------------------|--------------------------|
| Bank deposits with an initial maturity less than 3 months (i) | - | 22,961,500 |
| Bank deposits with an initial maturity over 3 months and less than 1 year (i) | 35,424,000 | 25,729,500 |
| Related receivables | 142,325 | 127,683 |
| Blocked deposits | 1,000 | 11,974 |
| Total | <u>35,567,325</u> | <u>48,830,657</u> |

(i) Bank deposits are permanently available to the Company and are not restricted or encumbered.

14. Financial assets

a) Financial assets at fair value through profit or loss

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|------------------|---------------------------|---------------------------|
| Bonds (i) | 83,968,674 | 111,649,643 |
| Shares (ii) | 495,089,337 | 493,624,699 |
| Fund units (iii) | 181,407,447 | 212,251,040 |
| Total | <u>760,465,458</u> | <u>817,525,382</u> |

(i) The Company holds 501 bonds issued by OPUS Chartered Issuances SA with a two-year maturity (extended maturity starting with September 2020), an acquisition cost of 29,205,275 lei, equivalent to 6,389,253 euros and a fix annual interest amounting to 200.00 euros per bond.

On 31 December 2020, the Company assessed these securities using a valuation model that takes into account the closing quotation published by Bloomberg of 12,819.00 euros / certificate (31 December 2019: 16,326.17 euros / certificate) as well as an adjustment factor that considers mainly the liquidity risk on the instrument's market. The adjustment factor mentioned above determined the decrease of the fair value of these securities by 1,571,774 lei registered on account of profit or loss.

The Company also holds 1,140 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity starting with September 2020) with an acquisition cost of 44,621,357 lei, equivalent to 10,000,080 euros and a fix annual interest, amounting to 200.00 euros per bond.

On 31 December 2020, the Company assessed these securities using a valuation model that takes into account the closing quotation published by Bloomberg, of 10,193.00 euros / certificate (31 December 2019: 14,022.57 euros / certificate) as well as an adjustment factor that considers mainly the liquidity risk on the instrument market. The adjustment factor mentioned above determined the decrease of the fair value of these securities by 2,847,630 lei, registered on account of profit or loss.

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

Notes to the financial statements

for the financial exercise ended 31 December 2020

14. Financial assets

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

The bonds held with Banca Transilvania were also classified in this category, bonds containing contractual clauses regarding the option to convert them into shares and, from the analysis of contractual terms, cash flows are not exclusively payments of the principal and the interest on the principal due, which are related to a basic lending agreement. As at 31 December 2019, the fair value of the bonds is 1,435,095 lei. During the financial year ended 31 December 2020, these bonds matured and were collected.

(ii) Starting with 1 January 2018, the Company adopted IFRS 9 and applied IFRS 10 on the investment entities. Applying it implies that an investment entity must measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 (Note 2 a). On 31 December 2020, the fair value of the subsidiaries is 494,528,336 lei (31 December 2019: 493,058,599 lei).

In December 2019 the Company acquired control over ICPE S.A., so becoming a subsidiary of the Company. (see Note 23 (iii)).

The fair value measurements of shares was made by multiplying the number of shares held with the closing price on the last trading day of the reporting period or by obtaining some values of the stake from valuation reports prepared by independent valuers.

(iii) As at 31 December 2020, the Company holds fund units valued at fair value, of which: open-end investment funds (Star Next, Star Focus, Prosper Invest, Active Dinamic) amounting to 20,175,352 lei and closed-end investment funds/alternative investment funds (BET-FI Index Invest, Multicapital Invest, Active Plus, Star Value, Optim Invest, Certinvest Actiuni and Romania Strategy Fund) amounting to 161,232,095 lei.

b) Financial assets at fair value through other comprehensive income

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|---------------------------------|-------------------------|-------------------------|
| Shares valued at fair value (i) | 782,464,281 | 798,621,743 |
| Total | 782,464,281 | 798,621,743 |

(i) The fair value was determined at the closing price on the last trading day of the reporting period or it was determined using valuation models according to ANEVAR Valuation Standards. As at 31 December 2020 and 31 December 2019, the shares category measured at fair value includes mainly the value of the shares held in BRD - Groupe Societe Generale S.A., Banca Transilvania S.A., SIF Banat-Crişana S.A., SIF Oltenia S.A., SNGN Romgaz S.A., Romaero S.A..

Notes to the financial statements

for the financial exercise ended 31 December 2020

14. Financial assets (continued)

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

The movement of financial assets at fair value through other comprehensive income during the financial exercise ended 31 December 2020 is presented in the following table:

| <i>In LEI</i> | Shares valued at fair value |
|------------------------------|------------------------------------|
| 31 December 2019 | 798,621,743 |
| Net change during the period | 108,832 |
| Changes in fair value | (16,266,294) |
| Restatement (i) | - |
| 31 December 2020 | 782,464,281 |

The movement of financial assets at fair value through other comprehensive income during the financial exercise ended 31 December 2019 is presented in the following table:

| <i>In LEI</i> | Shares valued at fair value |
|------------------------------|------------------------------------|
| 31 December 2018 | 585,329,963 |
| Net change during the period | 5,506,297 |
| Changes in fair value | 230,985,525 |
| Restatement (i) | (23,200,042) |
| 31 December 2019 | 798,621,743 |

c) Financial assets measured at amortised cost

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|-------------------------|-------------------------|
| Corporate bonds - other currencies | 4,877,838 | 10,240,614 |
| Corporate bonds - LEI | 1,007,071 | 1,007,071 |
| TOTAL | 5,884,909 | 11,247,685 |
| of which with maturity in more than a year: | | |
| Corporate bonds - other currencies | 4,869,400 | 4,779,300 |
| Corporate bonds - LEI | 1,000,000 | 1,000,000 |

As at 31 December 2020, the Company holds listed bonds issued by Capital Leasing IFN S.A. and Impact Developer & Contractor S.A.. During the financial period ended 31 December 2020, the bonds matured and issued by Medimfarm S.A. were collected.

As at 31 December 2019, the Company holds unlisted bonds issued by Medimfarm S.A. and listed bonds issued by Capital Leasing IFN S.A. and Impact Developer & Contractor S.A..

Notes to the financial statements

for the financial exercise ended 31 December 2020

15. Other assets

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|-------------------------|-------------------------|
| Various debtors | 7,959,483 | 9,055,516 |
| Dividends to be received | 4,532,591 | 785,883 |
| Assets representing rights to use underlying assets under a lease contract (i) | 38,739 | 504,505 |
| | | |
| Tangible assets | 1,267 | 3,167 |
| Other assets | 40,792 | 17,683 |
| Adjustments for impairment of various debtors | (7,857,657) | (7,878,482) |
| Adjustments for impairment of dividends receivables | - | (785,883) |
| Total | 4,715,215 | 1,702,389 |
| <i>Of which, with credit risk (Note 4 b)):</i> | 4,634,417 | 1,177,034 |

Evolution of impairment of various debtors and dividends receivables is the following:

In LEI

| | |
|---|--------------------|
| as at 1 January 2020 | (8,664,365) |
| Reversal of impairment adjustments (Note 9) | 806,709 |
| as at 31 December 2020 | (7,857,656) |

(i) As of 1 January 2019, the Company has adopted IFRS 16, for which it has recognized in the statement of financial position assets and liabilities related to the restatement of the lease contract as a lessee.

The company concluded in 2014 a lease contract for the right to use the space in 16, Splaiul Unirii, sector 4, Bucharest, as a lessee. The Company has estimated the initial value of the asset related to the right to use at an amount equal to the current debt at the time of the transaction resulting from this contract of 618,732 lei (equivalent in foreign currency: 132,664 euros).

The accumulated depreciation related to this asset until the date of derecognition was in the amount of 152,303 lei, resulting in a net book value of 466,429 lei. During the financial year ended 31 December 2020, the Company derecognized this asset related to the right of use as a result of the change of the registered office at 46-48 Serghei Vasilievici Rahmaninov Street, Sector 2, Bucharest.

During the financial year ended 31 December 2020, the Company concluded a lease contract for obtaining the right of use over the space in 46-48 Serghei Vasilievici Rahmaninov Street, sector 2, Bucharest, as a lessee. The company estimated the initial value of the asset related to the right of use at a value equal to the discounted debt at the time of the transition arising from this contract of 44,698 lei (currency equivalent: 9,231 euros). The accumulated depreciation of this asset up to 31 December 2020 is 5,959 lei, resulting in a net book value of 38,739 lei.

According to IFRS 16, for these contracts, the Company recognized during the financial year ended 31 December 2020 depreciation expenses in the amount of 44,036 lei and interest expenses in the amount of 16,339 lei. The total cash outflows related to the contracts during the financial year ended 31 December 2020 amounted to 61,424 lei.

Notes to the financial statements

for the financial exercise ended 31 December 2020

16. Dividends to be paid

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|--------------------------|--------------------------|
| Dividends to be paid for 2015 profit | - | 15,750,568 |
| Dividends to be paid that are under seizure related to profits for 2011-2015 (i) | 335,579 | 335,579 |
| Dividends to be paid for 2016 profit | 14,461,489 | 14,505,809 |
| Dividends to be paid for 2017 profit | 12,875,509 | 12,955,048 |
| Total dividends to be paid | <u>27,672,577</u> | <u>43,547,004</u> |

For dividends not claimed within more than 3 years from the date of the declaration, the Shareholders General Meeting of the Company approved their prescription to equity (retained earnings).

(i) Dividends to be paid that are under distraint represent blocked dividends as a result of seizures or insurance seizures registered until 31 December 2019.

17. Liabilities related to deferred income tax

Liabilities with deferred tax as at 31 December 2020 are generated by items detailed in the table below:

| <i>In LEI</i> | Assets | Liabilities | Net |
|---|---------------------------|--------------------------|---------------------------|
| Financial assets at fair value through other comprehensive income | 250,799,027 | - | 250,799,027 |
| Impairment adjustments and other provisions | - | 7,857,656 | (7,857,656) |
| Tax loss | - | 70,032,088 | (70,032,088) |
| Total | <u>250,799,027</u> | <u>77,889,744</u> | <u>172,909,283</u> |
| Net temporary differences - 16% quota | | | 172,909,283 |
| Deferred income tax liabilities | | | <u>27,665,485</u> |

Notes to the financial statements

for the financial exercise ended 31 December 2020

17. Liabilities related to deferred income tax (continued)

Liabilities related to deferred income tax as at 31 December 2019 are generated by items detailed in the table below:

| <i>In LEI</i> | Assets | Liabilities | Net |
|---|--------------------|--------------------|--------------------|
| Financial assets at fair value through other comprehensive income | 313,797,393 | - | 313,797,393 |
| Impairment adjustments and other provisions | - | 8,664,365 | (8,664,365) |
| Tax loss | - | - | - |
| Total | 313,797,393 | 8,664,365 | 305,133,028 |
| Net temporary differences - 16% quota | | | 305,133,028 |
| Deferred income tax liabilities | | | 48,821,284 |

The balance of the deferred income tax directly recognized through decrease of equity amounts to 34,233,979 lei as at 31 December 2020 (31 December 2019: 44,120,904 lei), being entirely generated by financial assets at fair value through other comprehensive income, for a period of less than one year and a percentage below 10% of the share capital of the issue.

The Company has recognized a deferred tax assets for the tax loss recorded in the financial period ended 31 December 2020 because it is probable that future profits will be made to cover the tax loss.

18. Other liabilities

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|-------------------------|-------------------------|
| Suppliers - invoices to be received (i) | 2,520,887 | 10,677,501 |
| Datorii cu impozitul pe profit curent | - | 851,341 |
| Taxes and fees | 15,950 | 17,805 |
| Domestic suppliers | 22,845 | 14,655 |
| Liabilities related to the lease contract (Note 15 ii) | 40,419 | 534,576 |
| Other liabilities (ii) | 3,046,011 | 1,726,026 |
| Total | 5,646,112 | 13,821,904 |

(i) As at 31 December 2020, suppliers – invoices to be received represent, mainly, the debt related to the monthly administration fee amounting to 2,018,063 lei (31 December 2019: the debt related to the monthly administration fee amounting to 1,450,000 lei and the performance fee amounting to of 8,741,496 lei).

(ii) During the financial exercise ended 31 December 2020, the Company recognized a receivables for dividends received amounts to 1,653,000 lei from SIF Oltenia SA, as a result of the resolution of the shareholders from the Ordinary General Meeting of Shareholders, convened on 12 October 2020, by which the distribution of the net profit of 2019 was revoked, initially approved in the Ordinary General Meeting of Shareholders convened on 28 April 2020.

Notes to the financial statements

for the financial exercise ended 31 December 2020

19. Equity and reserves

(a) Share capital

The shareholding structure of the Company is the following:

| 31 December 2020 | Number of shareholders | Number of shares | Amount (LEI) | (%) |
|-------------------------|-----------------------------------|-----------------------------|---------------------|------------|
| Individuals | 5,941,618 | 510,485,689 | 51,048,569 | 65.06 |
| Legal persons | 159 | 274,159,512 | 27,415,951 | 34.94 |
| Total | 5,941,777 | 784,645,201 | 78,464,520 | 100 |

| | Number of shareholders | Number of shares | Amount (LEI) | (%) |
|-------------------|-----------------------------------|-----------------------------|---------------------|------------|
| Individuals | 5,943,930 | 492,210,856 | 49,221,086 | 60.99 |
| Legal persons | 170 | 292,434,345 | 29,243,435 | 36.24 |
| SIF Muntenia S.A. | 1 | 22,391,314 | 2,239,131 | 2.77 |
| Total | 5,944,101 | 807,036,515 | 80,703,652 | 100 |

All shares are ordinary shares, they were subscribed and paid in full by 31 December 2020. All shares have equal voting rights and a nominal value of 0.1 lei/share. The number of shares authorized to be issued is equal to the shares issued.

During the financial year ended 31 December 2020, the decrease of the share capital was registered in accordance with the Resolution of the Shareholders General Extraordinary Meeting of 1 March 2020 approving the decrease of the share capital of the Company from 80,703,652 lei to 78,464,520 lei, respectively from 807,036,515 shares to 784,645,201 shares by canceling a number of 22,391,314 own shares acquired by the Company following the public offering to purchase its own shares (see Note 19 (f)).

Reconciliation of the share capital according to IFRS with the one according to the Articles of Association is presented in the following table:

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|-------------------------|-------------------------|
| Share capital according to the Articles of Incorporation | 78,464,520 | 80,703,652 |
| Hyperinflation effect - IAS 29 | 781,006,539 | 803,294,017 |
| Restated share capital | 859,471,059 | 883,997,669 |

Notes to the financial statements

for the financial exercise ended 31 December 2020

19. Equity and reserves (continued)

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

This reserve includes cumulative net changes in the fair values of financial assets at fair value through other comprehensive income from the date of classification in this category and to the date they have been derecognized.

Revaluation reserves of financial assets at fair value through other comprehensive income are recorded net of related deferred tax. The value of deferred tax recognized directly by decrease in equity is presented in Note 17.

(c) Retained earnings representing realized surplus - IFRS 9

When derecognizing equity instruments designated as financial assets at fair value through other comprehensive income, (see Note 14 b) (i)), the gains / losses on these instruments are reclassified to retained earnings from revaluation reserves.

During the financial exercise ended 31 December 2020, as a result of applying accounting policies compliant with IFRS 9 and detailed in note 3 (e) (vii), the Company recognized the net gain on disposal of financial assets in retained earnings. The surplus realized by the Company as a result of the disposal of financial assets at fair value through other comprehensive income was in the amount of 1,571,980 lei. In addition, as a result of the disposal of financial assets at fair value through profit or loss, the negative value of 116,417 lei was transferred from retained earnings to retained earnings representing realized surplus.

During the financial exercise ended 31 December 2019, as a result of applying accounting policies compliant with IFRS 9 and detailed in note 3 (e) (vii), the Company recognized the net gain on disposal of financial assets in retained earnings. The surplus realized by the Company as a result of the disposal of financial assets at fair value through other comprehensive income was in the amount of 11,264,802 lei. In addition, as a result of the disposal of financial assets at fair value through profit or loss, the amount of 7,421,023 lei was transferred from retained earnings to retained earnings representing realized surplus.

Amounts recognized in reserves from the revaluation of financial assets at fair value through other comprehensive income shall not be reclassified to profit or loss on derecognition of those instruments.

(d) Legal reserves

According to legal requirements, the Company creates legal reserves in a quota of 5% of statutory recorded gross profit up to a level of 20% of the share capital according to the Articles of Association. Legal reserve value as at 31 December 2020 is of 15,692,904 lei (31 December 2019: 16,140,730 lei). As a result of the decrease of the share capital (see Note 19 (a)), the legal reserve decreased by 447,826 lei, reaching the level of 20% of the diminished share capital, a value that was transferred to a retained earnings.

Legal reserves can not be distributed to shareholders. The value of legal reserves was included in the financial position statement under "Retained earnings" line.

Notes to the financial statements

for the financial exercise ended 31 December 2020

19. Equity and reserves (continued)

(e) Dividends

On 23 April 2020, by Resolution no. 4, the General Meeting of Shareholders approved the distribution of the entire profit obtained in 2019 to "Other reserves", in order to start a Redemption Program of a number of 20,645,201 shares. Therefore, during the financial period ended 31 December 2020, the Company did not distribute dividends.

During the financial period ended 31 December 2020, the Company prescribed dividends amounting to 15,750,568 lei related to the profit of 2015, according to the Resolution no.6 of the General Meeting of Shareholders on 23 April 2020.

(f) Own shares

By Resolution no.3 of the General Meeting of Shareholders from 22 April 2019, it was approved to carry out a redemption program of its own shares for a maximum number of 37,036,515 shares, in order to reduce the share capital.

During the program carried out between 4 September 2019 and 17 September 2019, 22,391,314 shares were redeemed at the price of 0.72 lei / share. The total value of the redemption, including the commissions related to the redemption of the shares, is of 16,345,504 lei.

During the financial period ended 31 December 2020, the decrease in share capital was registered, by canceling the own shares acquired by the Company (see Note 19 (a)).

(g) Loss coverage

During the financial exercise ended 31 December 2020, the Company registered an accounting loss amounting to 25,856,302 lei. This loss is mainly due to the unfavorable evolution of the capital market that affected the fair value of financial assets valued by profit or loss, a decrease that can be considered an effect of the Covid-19 pandemic.

The Company's Administrator submits to the approval of the General Meeting of Shareholders the coverage of the accounting loss from other reserves.

20. Earnings per share

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

| <i>In LEI</i> | 31 December 2020 | 31 December 2019 |
|--|-------------------------|-------------------------|
| (Net loss) / Net profit | (25,856,302) | 111,913,700 |
| Weighted average number of ordinary shares | 784,645,201 | 800,638,997 |
| Basic earnings per share | (0.033) | 0.140 |

Diluted earnings per share is equal to basic earnings per share as the Company has not registered potential ordinary shares.

Notes to the financial statements

for the financial exercise ended 31 December 2020

21. Financial assets and liabilities

Accounting classifications and fair values

The table below summarizes the carrying amounts and fair values of financial assets and liabilities of the Company as at 31 December 2020:

| <i>In LEI</i> | Fair value through profit or loss | Fair value through other items of comprehensive income | Admortised cost | Total book value | Fair value |
|--|---|---|---------------------|----------------------|----------------------|
| Cash and cash equivalents | - | - | 29,428,118 | 29,428,118 | 29,428,118 |
| Deposits with banks | - | - | 35,567,325 | 35,567,325 | 35,567,325 |
| Financial assets at fair value through profit or loss | 760,465,458 | - | - | 760,465,458 | 760,465,458 |
| Financial assets at fair value through other comprehensive income | - | 782,464,281 | - | 782,464,281 | 782,464,281 |
| Financial assets measured at amortised cost | - | - | 5,884,909 | 5,884,909 | 6,557,460 |
| Other financial assets | - | - | 4,634,417 | 4,634,417 | 4,634,417 |
| Total financial assets | 760,465,458 | 782,464,281 | 75,514,769 | 1,618,444,508 | 1,619,117,059 |
| Dividends to be paid | - | - | (27,672,577) | (27,672,577) | (27,672,577) |
| Other financial liabilities | - | - | (5,646,112) | (5,646,112) | (5,646,112) |
| Total financial liabilities | - | - | (33,318,689) | (33,318,689) | (33,318,689) |

In order to estimate the fair value of financial assets and liabilities measured at amortised cost, the Company used the following estimates and made the following judgments: for significant elements such as cash and cash equivalents, other financial assets and liabilities that are issued or held on a very short term and generally do not bear interest or bear fixed interest, the Company approximated fair value with their costs; as for the financial assets measured at amortised cost, the Company used valuation techniques such as discounted cash flows, using observable market inputs (as such, the evaluation was performed using Level 3 techniques).

Notes to the financial statements

for the financial exercise ended 31 December 2020

21. Financial assets and liabilities (continued)

The table below summarizes the carrying amounts and fair values of financial assets and liabilities of the Company as at 31 December 2019:

| <i>In LEI</i> | Fair value through profit or loss | Fair value through other items of comprehensive | Admortised cost | Total book value | Fair value |
|---|---|---|---------------------|----------------------|----------------------|
| Cash and cash equivalents | - | - | 2,288,570 | 2,288,570 | 2,288,570 |
| Deposits with banks | - | - | 48,830,657 | 48,830,657 | 48,830,657 |
| Financial assets at fair value through profit or loss | 817,525,382 | - | - | 817,525,382 | 817,525,382 |
| Financial assets at fair value through other comprehensive income | - | 798,621,743 | - | 798,621,743 | 798,621,743 |
| Financial assets measured at amortised cost | - | - | 11,247,685 | 11,247,685 | 12,441,075 |
| Other financial assets | - | - | 1,177,034 | 1,177,034 | 1,177,034 |
| Total financial assets | 817,525,382 | 798,621,743 | 63,543,946 | 1,679,691,071 | 1,680,884,461 |
| Dividends to be paid | - | - | (43,547,004) | (43,547,004) | (43,547,004) |
| Other financial liabilities | - | - | (13,821,904) | (13,821,904) | (13,821,904) |
| Total financial liabilities | - | - | (57,368,908) | (57,368,908) | (57,368,908) |

In order to estimate the fair value of financial assets and liabilities measured at amortised cost, the Company used the following estimates and made the following judgments: for significant elements such as cash and cash equivalents, other financial assets and liabilities that are issued or held on a very short term and generally do not bear interest or bear fixed interest, the Company approximated fair value with their costs; as for the financial assets measured at amortised cost, the Company used valuation techniques such as discounted cash flows, using observable market inputs (as such, the evaluation was performed using Level 3 techniques).

Notes to the financial statements

for the financial exercise ended 31 December 2020

22. Commitments and contingent liabilities

(a) Litigations

The company is subject to a number of court proceedings resulting from the normal course of business. The Company's management believes, based on legal advice, that these actions will not have a significant adverse effect on the Company's financial results and financial position.

(b) Contingencies related to the environment

Environmental regulations are under development in Romania and the Company did not record any obligations at 31 December 2020 and 31 December 2019 for any anticipated costs, including legal fees and consulting studies of site, design, implementation of remedial plans concerning environmental elements. The Company's management does not consider the costs associated with any environmental problems as significant.

(c) Transfer pricing

Romanian tax legislation contains rules on transfer pricing between related parties since 2000. The current legislative framework defines the "market value" for transactions between affiliates and the methods of transfer pricing. As a result, it is expected that the tax authorities shall initiate thorough checks of transfer pricing, to ensure that the fiscal result is not distorted by the effect of prices in relations with affiliates. During the financial exercise ended 31 December 2020, the Company did not exceed the value level of transactions carried out with the related parties, as stipulated by legal requirements in force, for the elaboration of the transfer pricing file for 2020.

23. Transactions and balances with parties under special relations

The Company identified during the development of its activity the following parties under special relationships:

(i) Company's Management

The Company operates under a management contract signed with cu Societatea de Administrare a Investițiilor Muntenia Invest S.A..The majority shareholder of the Administration Company Societatea de Administrare a Investițiilor Muntenia Invest S.A is SIF Banat-Crisana S.A., holding 99.98% of the share capital on 31 December 2020.

The transactions carried out between the Company and the Administrator were the following:

In LEI

| <i>Receivables and liabilities</i> | 31 December 2020 | 31 December 2019 |
|---|-------------------------|-------------------------|
| Liabilities related to the management fee | (2,018,063) | (10,191,496) |
| <i>Revenues and expenses</i> | 2020 | 2019 |
| Management fee (i) | (19,939,043) | (26,141,496) |
| Rental revenues | - | 60,500 |
| Revenues from the sale of property, plant and equipment | - | 133,725 |

Notes to the financial statements

for the financial exercise ended 31 December 2020

23. Transactions and balances with parties under special relations (continued)

(i) Company's Management (continued)

(i) During the financial period ended 31 December 2020, the management fees amounting to 19,939,043 lei include the monthly management fees (2019: the management fees amounting to 26,141,496 lei include the monthly management fees amounting to 17,400,000 lei and a performance fee of 8,741,496 lei), based on the management contract concluded between the parties.

(ii) Key management personnel

31 December 2020

- Members of the Board of Directors of S.A.I. Muntenia Invest S.A.: Adrian Simionescu, Sergiu Mihailov and Dorina Teodora Mihăilescu.
- Member of the executive management of S.A.I. Muntenia Invest S.A: Nicușor Marian Buică - Director General and Corporate Management Director and Mircea Constantin - Strategy Director.

Transactions with the Company's personnel:

| <i>Other transactions</i> | 2020 | 2019 |
|---|-------------|-------------|
| Expenses with the remuneration of Shareholders Representatives Council members, of which: | 440,472 | 440,472 |
| - gross remunerations paid to the members | 430,776 | 430,776 |
| | 9,696 | 9,696 |
| - social security and social protection expenditure | | |
| -number of members | 3 | 3 |
| Expenses with salaries, of which: | 26,544 | 59,680 |
| - gross salaries paid or to be paid | 25,515 | 57,564 |
| | 1,029 | 2,116 |
| - social security and social protection expenditure | | |
| - number of employees | 1 | 2 |

As at 31 December 2020, the Company has an actual number of 1 employee and 3 members of the Shareholders Representatives Council. The Shareholders Representatives Council Members were appointed during the SGOA of SIF Muntenia dated 25 June 2018.

Notes to the financial statements

for the financial exercise ended 31 December 2020

23. Transactions and balances with parties under special relations (continued)

(iii) Subsidiaries (companies where SIF Muntenia holds control)

All subsidiaries of the Company as at 31 December 2020 and 31 December 2019 are based in Romania. For them, the ownership percentage of the Company is no different from the percentage of number of votes held. The fair value of holdings in subsidiaries and the percentage owned are presented in the table below:

| Denomination of the subsidiary | Fair value ast at 31 December 2020 | Fair value ast at 31 December 2019 | Percentage held as at 31 December 2020 | Percentage held as at 31 December 2019 |
|---|--|--|--|--|
| Avicola București S.A. | 18,544,055 | 19,605,555 | 99.40% | 99.40% |
| Biofarm S.A. | 217,523,006 | 182,363,601 | 51.58% | 50.98% |
| Bucur S.A. | 24,099,389 | 19,020,586 | 67.98% | 67.98% |
| Casa de Bucovina - Club de Munte S.A. | 8,992,022 | 11,240,028 | 67.17% | 67.17% |
| CI-CO S.A. | 45,330,424 | 47,697,558 | 97.34% | 97.34% |
| Firos S.A. | 37,353,668 | 46,283,846 | 99.69% | 99.69% |
| FRGC IFN S.A. | 9,660,624 | 10,123,890 | 54.59% | 53.60% |
| Gecsatherm S.A. | 7,019,434 | 7,079,996 | 50.00% | 50.00% |
| Germina Agribusiness S.A. (Semrom Muntenia S.A.) | 23,275,467 | 29,117,610 | 90.68% | 90.68% |
| ICPE S.A. | 22,219,006 | 32,755,344 | 50.34% | 50.34% |
| Mindo S.A. | 3,161,601 | 4,853,510 | 98.02% | 98.02% |
| Muntenia Medical Competences S.A. | 30,292,301 | 30,626,327 | 99.76% | 99.76% |
| Semrom Oltenia S.A. | 12,007,541 | 15,220,231 | 88.49% | 88.49% |
| Unisem S.A. | 10,562,066 | 20,069,291 | 76.91% | 76.91% |
| Voluthema Property Developer S.A. | 24,487,732 | 17,001,226 | 99.97% | 69.11% |
| Total | 494,528,336 | 493,058,599 | - | - |

(iv) Associates of the Company

As at 31 December 2020 and 31 December 2019, the Company does not hold participations in associated entities.

(v) Transactions and balances with subsidiaries of the Company

Transactions entered into by the Company with parties under special relations were conducted in the normal course of business. The Company did not receive and did not give guarantees in favor of any party under special relations.

| Receivables and liabilities | 31 December 2020 | 31 December 2019 |
|-----------------------------------|------------------|------------------|
| Trade receivables | - | 10,974 |
| Trade liabilities | - | (43) |
| <i>Revenues and expenses</i> | 2020 | 2019 |
| Acquisition of goods and services | (52,175) | (158,257) |

Notes to the financial statements

for the financial exercise ended 31 December 2020

24. Subsequent events

During the meeting held on 05.01.2021, the Board of Directors of SAI Muntenia Invest S.A. approved the appointment of Mr. Sergiu Mihailov as Corporate Management Director, authorized by the Financial Supervisory Authority by Authorization no. 16 / 22.01.2021, the mandate being of 4 years since the authorization date.

During the meeting held on 04.01.2021, the Board of Directors of SAI Muntenia Invest S.A. took note of the notification sent by Mr. Mircea Constantin, Strategy Director, regarding the termination of the individual employment contract starting with 05.02.2021. On 03.02.2021, an agreement was concluded by which the notice period regarding the termination of the individual employment contract was extended until 25.02.2021.

On 07.01.2021, the Shareholders General Extraordinary Meeting of SIF Muntenia S.A. took place, and the amendment of the Articles of Association of SIF Muntenia S.A. was approved, in order to correlate it with the provisions of Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts.

ADMINISTRATOR,
SAI MUNTENIA INVEST S.A.
Nicușor Marian BUICĂ
General Director

PREPARED BY,
SAI MUNTENIA INVEST S.A.
Irina MIHALCEA
Chief Accountant

| AOPC reports established by constituent act | | | | | | | | | | |
|--|----------|--|-----------------------|---------------|------------------|--|-----------------------|---------------|------------------|-------------------|
| The assets situation | | | | | | | | | | |
| Item | Currency | The beginning of the reporting period (31.12.2019) | | | | The end of the reporting period (31.12.2020) | | | | Differences (lei) |
| | | % of the net assets | % of the total assets | Currency | LEI | % of the net assets | % of the total assets | Currency | LEI | |
| I.Total assets | | | | | | | | | | |
| 1. Securities and money market instruments, of which: | RON | 70,47 | 66,06 | 0,00 | 1.122.954.096,41 | 70,46 | 67,31 | 0,00 | 1.086.647.979,07 | -36.306.117,34 |
| 1. Securities and money market instruments, of which: | EUR | 5,28 | 4,95 | 17.604.646,29 | 84.137.886,02 | 5,55 | 5,31 | 17.592.375,80 | 85.664.314,74 | 1.526.428,72 |
| 1.1. Securities and money market instruments admitted or traded on a Romanian regulated market, of which: | RON | 70,47 | 66,06 | 0,00 | 1.122.954.096,41 | 70,46 | 67,31 | 0,00 | 1.086.647.979,07 | -36.306.117,34 |
| 1.1. Securities and money market instruments admitted or traded on a Romanian regulated market, of which: | EUR | 5,28 | 4,95 | 17.604.646,29 | 84.137.886,02 | 5,55 | 5,31 | 17.592.375,80 | 85.664.314,74 | 1.526.428,72 |
| - Admitted shares on BVB | RON | 46,46 | 43,56 | 0,00 | 740.469.007,81 | 48,23 | 46,08 | 0,00 | 743.876.633,21 | 3.407.625,40 |
| - Admitted AOPC on BVB | RON | 7,21 | 6,76 | 0,00 | 114.836.520,48 | 5,70 | 5,45 | 0,00 | 87.965.987,20 | -26.870.533,28 |
| - Admitted shares on SIBEX | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Admitted shares on RASDAQ | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Admitted shares on ATS | RON | 14,49 | 13,59 | 0,00 | 230.922.587,95 | 11,83 | 11,30 | 0,00 | 182.423.324,71 | -48.499.263,24 |
| - Admitted shares on SIBEX-ATS | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Unlisted but traded through BVB system | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Admitted shares but not traded in the last 30 days | RON | 2,24 | 2,10 | 0,00 | 35.718.908,93 | 4,63 | 4,42 | 0,00 | 71.374.962,72 | 35.656.053,78 |
| - Admitted shares but never traded | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Admitted shares and suspended from trading for more the 30 days | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Admitted municipal bonds | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Admitted corporate bonds | RON | 0,06 | 0,06 | 0,00 | 1.007.071,23 | | | 0,00 | | -1.007.071,23 |
| - Admitted corporate bonds | EUR | 5,28 | 4,95 | 17.604.646,29 | 84.137.886,02 | 5,55 | 5,31 | 17.592.375,80 | 85.664.314,74 | 1.526.428,72 |
| - Admitted municipal bonds but not traded in the last 30 days | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Admitted corporate bonds but not traded in the last 30 days | RON | | | 0,00 | | 0,07 | 0,06 | 0,00 | 1.007.071,23 | 1.007.071,23 |

AOPC reports established by constituent act
The assets situation

| Item | Currency | The beginning of the reporting period (31.12.2019) | | | | The end of the reporting period (31.12.2020) | | | | Differences (lei) |
|---|----------|--|-----------------------|--------------|----------------|--|-----------------------|--------------|----------------|-------------------|
| | | % of the net assets | % of the total assets | Currency | LEI | % of the net assets | % of the total assets | Currency | LEI | |
| I.Total assets | | | | | | | | | | |
| 1.2. Securities and money market instruments admitted or traded on a regulated market, within a member state | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 1.3. Securities and money market instruments admitted in the official quotation of a stock market, within a non-member state, or negotiated on another regulated market within a non-member state | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 2. Newly issued securities | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 3. Other securities and money market instruments, mentioned in art. 187, paragraph a), of which: | RON | 13,71 | 12,85 | 0,00 | 218.431.969,05 | 12,22 | 11,67 | 0,00 | 188.475.351,87 | -29.956.617,18 |
| 3. Other securities and money market instruments, mentioned in art. 187, paragraph a), of which: | EUR | 0,42 | 0,39 | 1.396.913,93 | 6.676.270,77 | | | | | -6.676.270,77 |
| - Unlisted shares | RON | 13,71 | 12,85 | 0,00 | 218.431.969,05 | 12,22 | 11,67 | 0,00 | 188.475.351,87 | -29.956.617,18 |
| - Unlisted municipal bonds | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Unlisted corporate bonds | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| - Unlisted corporate bonds | EUR | 0,42 | 0,39 | 1.396.913,93 | 6.676.270,77 | | | | | -6.676.270,77 |
| 4. Bank deposits, of which: | RON | 3,06 | 2,87 | 0,00 | 48.818.682,47 | 2,31 | 2,20 | 0,00 | 35.566.324,68 | -13.252.357,80 |
| 4.1. Bank deposits in Romanian credit institutions; | RON | 3,06 | 2,87 | 0,00 | 48.818.682,47 | 2,31 | 2,20 | 0,00 | 35.566.324,68 | -13.252.357,80 |
| 4.2. Bank deposits in member state credit institutions; | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 4.3. Bank deposits in non-member state credit institutions; | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 5. Derivatives traded on a regulated market: | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 6. Structured products | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 7. Cash and current accounts | RON | 0,13 | 0,12 | 0,00 | 2.031.341,93 | 0,15 | 0,14 | 0,00 | 2.299.839,36 | 268.497,43 |
| 7. Cash and current accounts | EUR | 0,00 | 0,00 | 543,77 | 2.598,84 | 1,75 | 1,67 | 5.529.967,63 | 26.927.624,38 | 26.925.025,54 |
| 7. Cash and current accounts | GBP | 0,00 | 0,00 | 1,00 | 5,61 | 0,00 | 0,00 | 1,00 | 5,42 | -0,19 |
| 7. Cash and current accounts | USD | 0,00 | 0,00 | 137,77 | 587,01 | 0,00 | 0,00 | 256,75 | 1.018,27 | 431,26 |
| 8. Money market instruments, others than those traded on a regulated market, in accordance with art. 101 (1) letter g) of Law 297/2004. | RON | | | 0,00 | | | | 0,00 | | 0,00 |
| 9. UCITS and non UCITS equity securities | RON | 13,32 | 12,49 | 0,00 | 212.251.039,87 | 11,76 | 11,24 | 0,00 | 181.407.446,97 | -30.843.592,90 |
| 10. Dividends or other receivables | RON | | | 0,00 | | 0,29 | 0,28 | 0,00 | 4.532.591,02 | 4.532.591,02 |

AOPC reports established by constituent act
The assets situation

| Item | Currency | The beginning of the reporting period (31.12.2019) | | | | The end of the reporting period (31.12.2020) | | | | Differences (lei) |
|---|----------|--|-----------------------|----------|--------------|--|-----------------------|----------|--------------|-------------------|
| | | % of the net assets | % of the total assets | Currency | LEI | % of the net assets | % of the total assets | Currency | LEI | |
| I.Total assets | | | | | | | | | | |
| 11. Other assets (amounts in transit, receivables from distributors, brokerage houses, tangible and intangible assets, claims, etc) | RON | 0,28 | 0,27 | 0,00 | 4.513.200,77 | 0,19 | 0,18 | 0,00 | 2.928.055,90 | -1.585.144,87 |

Net asset value per share as of

| Item | Current period (31.12.2020) | Period of the previous year (31.12.2019) | Differences |
|----------------------------------|-----------------------------|--|----------------|
| NET ASSETS | 1.542.284.670,77 | 1.593.627.487,09 | -51.342.816,32 |
| NUMBER OF ISSUED SHARES | 784.645.201,00 | 784.645.201,00 | 0,00 |
| NET ASSET VALUE PER SHARE | 1,97 | 2,03 | -0,07 |

Detailed statement of investments 31.12.2020

Securities admitted or traded on a Romanian regulated market - a. Shares

| Issuer | Symbol | Last trading session | Owned shares | Nominal value | Share value | Total value | Percentage in the share capital of the issuer | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
|-------------------------------------|--------|----------------------|--------------|---------------|-------------|----------------|---|---------------------------------------|-------------------------------------|
| 24 IANUARIE SA PLOIESTI | IANY | 30/12/2020 | 71.479 | 2,5000 | 12,90 | 922.079,10 | 14,64 | | 0,06 |
| ALRO SA | ALR | 30/12/2020 | 981.721 | 0,5000 | 2,24 | 2.199.055,04 | 0,14 | | 0,14 |
| ANTIBIOTICE SA IASI | ATB | 30/12/2020 | 1.772.878 | 0,1000 | 0,49 | 861.618,71 | 0,26 | | 0,06 |
| ARO PALACE SA BRASOV | ARO | 09/11/2020 | 41.825.500 | 0,1000 | 0,21 | 8.665.395,32 | 10,37 | | 0,56 |
| BANCA TRANSILVANIA | TLV | 30/12/2020 | 152.087.564 | 1,0000 | 2,25 | 342.197.019,00 | 2,65 | | 22,19 |
| BIOFARM SA BUCURESTI | BIO | 30/12/2020 | 508.231.323 | 0,1000 | 0,43 | 217.523.006,24 | 51,58 | | 14,10 |
| BRD - GROUPE SOCIETE GENERALE | BRD | 30/12/2020 | 5.501.471 | 1,0000 | 14,86 | 81.751.859,06 | 0,79 | | 5,30 |
| BUCUR SA BUCURESTI | BUCV | 30/12/2020 | 56.608.888 | 0,1000 | 0,42 | 23.888.950,74 | 67,98 | | 1,55 |
| BURSA DE VALORI BUCURESTI | BVB | 30/12/2020 | 359.500 | 10,0000 | 23,10 | 8.304.450,00 | 4,47 | | 0,54 |
| CASA DE BUCOVINA-CLUB DE MUNTE S.A. | BCM | 30/12/2020 | 112.400.276 | 0,1000 | 0,08 | 8.992.022,08 | 69,25 | | 0,58 |
| CI-CO SA BUCURESTI | CICO | 18/09/2020 | 2.634.060 | 2,5000 | 17,21 | 45.330.424,00 | 97,34 | | 2,94 |
| COCOR SA BUCURESTI | COCR | 30/12/2020 | 30.206 | 40,0000 | 89,00 | 2.688.334,00 | 10,01 | | 0,17 |
| COMCEREAL SA BUCURESTI | CMIL | 02/04/2015 | 143.589 | 2,5000 | 3,46 | 497.053,36 | 11,59 | | 0,03 |
| COMPANIA ENERGOPETROL SA CAMPINA | ENP | 18/11/2020 | 160.256 | 2,5000 | 0,39 | 62.499,84 | 7,92 | | 0,00 |
| COMPLEX COMET SA BUCURESTI | COET | 05/10/2020 | 40.174 | 2,5000 | 38,55 | 1.548.707,70 | 3,22 | | 0,10 |
| COMREP SA PLOIESTI | COTN | 29/12/2020 | 120.605 | 2,5000 | 8,45 | 1.019.112,25 | 17,18 | | 0,07 |
| COMTURIST SA BUCURESTI | COUT | 02/09/2020 | 16.693 | 2,5000 | 42,59 | 710.927,76 | 9,87 | | 0,05 |
| CONPET SA PLOIESTI | COTE | 30/12/2020 | 35.596 | 3,3000 | 76,20 | 2.712.415,20 | 0,41 | | 0,18 |
| DIASFIN SA BUCURESTI | DIAS | 28/02/2020 | 42.314 | 2,5000 | 45,12 | 1.909.196,91 | 18,60 | | 0,12 |
| GERMINA AGRIBUSINESS S.A. | SEOM | 30/12/2020 | 12.250.246 | 2,5000 | 1,90 | 23.275.467,40 | 90,68 | | 1,51 |
| GEROM SA BUZAU | GROB | 21/10/2016 | 742.591 | 1,3100 | 0,00 | 0,00 | 3,82 | | 0,00 |
| HELIOS SA Astileu | HEAL | 01/09/2020 | 106.440 | 2,5000 | 16,80 | 1.788.571,96 | 7,36 | | 0,12 |
| ICERP SA PLOIESTI | ICER | 29/12/2014 | 167.395 | 15,0000 | 0,00 | 0,00 | 46,11 | | 0,00 |
| ICMA SA BUCURESTI | ICMA | 01/09/2017 | 84.463 | 2,5000 | 1,94 | 164.260,48 | 7,66 | | 0,01 |

Detailed statement of investments 31.12.2020

Securities admitted or traded on a Romanian regulated market - a. Shares

| Issuer | Symbol | Last trading session | Owned shares | Nominal value | Share value | Total value | Percentage in the share capital of the issuer | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
|---|--------|----------------------|--------------|---------------|-------------|---------------|---|---------------------------------------|-------------------------------------|
| ICSIM SA BUCURESTI | ICSI | 23/06/2020 | 119.093 | 2,5000 | 8,46 | 1.007.319,39 | 6,08 | | 0,07 |
| INOX SA | INOX | 28/12/2020 | 226.102 | 2,5000 | 0,60 | 135.661,20 | 5,15 | | 0,01 |
| INSTITUTUL DE CERCETARI IN TRANSPORTURI - INCERTRANS SA BUCURESTI | INCT | 30/12/2020 | 270.392 | 2,5000 | 0,78 | 210.905,76 | 22,76 | | 0,01 |
| IOR SA BUCURESTI | IORB | 29/12/2020 | 7.327.025 | 0,1000 | 0,19 | 1.377.480,70 | 2,41 | | 0,09 |
| MACOFIL SA TIRGU JIU | MACO | 29/12/2020 | 627.909 | 2,5000 | 10,70 | 6.718.626,30 | 17,38 | | 0,44 |
| METALURGICA SA BUCURESTI | MECA | 23/09/2020 | 34.127 | 2,5000 | 11,75 | 400.958,04 | 8,91 | | 0,03 |
| MINDO SA DOROHOI | MINO | 03/01/2020 | 32.595.770 | 0,1000 | 0,10 | 3.161.601,00 | 98,02 | | 0,21 |
| OMV PETROM SA | SNP | 30/12/2020 | 29.509.249 | 0,1000 | 0,36 | 10.726.612,01 | 0,05 | | 0,70 |
| PREFAB SA BUCURESTI | PREH | 30/12/2020 | 6.295.000 | 0,5000 | 1,83 | 11.519.850,00 | 12,97 | | 0,75 |
| PRIMCOM SA BUCURESTI | PRIB | 30/12/2020 | 213.267 | 0,1000 | 11,00 | 2.345.937,00 | 14,71 | | 0,15 |
| PROSPECTIUNI SA BUCURESTI | PRSN | 30/12/2020 | 84.917.900 | 0,1000 | 0,07 | 5.986.711,95 | 11,83 | | 0,39 |
| Purcari Wineries Public Company Limited | WINE | 30/12/2020 | 25.500 | 0,0100 | 22,00 | 561.000,00 | 0,13 | | 0,04 |
| ROMAERO SA BUCURESTI | RORX | 30/12/2020 | 1.614.693 | 2,5000 | 42,80 | 69.108.860,40 | 23,24 | | 4,48 |
| S.N.G.N. ROMGAZ-S.A. Medias | SNG | 30/12/2020 | 1.162.565 | 1,0000 | 28,10 | 32.668.076,50 | 0,30 | | 2,12 |
| SANTIERUL NAVAL ORSOVA | SNO | 30/12/2020 | 1.504.600 | 2,5000 | 3,74 | 5.627.204,00 | 13,17 | | 0,37 |
| SEMROM OLTENIA SA CRAIOVA | SEOL | 30/12/2020 | 9.879.418 | 0,1000 | 0,90 | 8.891.476,20 | 88,49 | | 0,58 |
| SIF BANAT-CRISANA | SIF1 | 30/12/2020 | 25.748.176 | 0,1000 | 2,20 | 56.645.987,20 | 4,98 | | 3,67 |
| SIF OLTENIA | SIF5 | 30/12/2020 | 17.400.000 | 0,1000 | 1,80 | 31.320.000,00 | 3,33 | | 2,03 |
| SINTER REF SA AZUGA | SIEP | 27/05/1997 | 790.462 | 2,5000 | 5,44 | 4.303.083,96 | 19,40 | | 0,28 |
| SINTOFARM SA BUCURESTI | SINT | 09/12/2020 | 502.180 | 2,5000 | 4,86 | 2.440.594,80 | 13,01 | | 0,16 |
| SOCIETATEA ENERGETICA ELECTRICA S.A. | EL | 30/12/2020 | 100.174 | 10,0000 | 12,55 | 1.257.183,70 | 0,03 | | 0,08 |
| SOCIETATEA NATIONALA DE TRANSPORT GAZE NATURALE "TRANSGAZ" SA | TGN | 30/12/2020 | 20.800 | 10,0000 | 283,00 | 5.886.400,00 | 0,18 | | 0,38 |
| SSIF BRK FINANCIAL GROUP S.A. | BRK | 30/12/2020 | 62.399.290 | 0,1600 | 0,08 | 5.116.741,78 | 18,48 | | 0,33 |
| STICLOVAL SA VALENII DE MUNTE | STOZ | 11/11/2019 | 884.478 | 2,5000 | 2,13 | 1.887.462,83 | 34,93 | | 0,12 |
| TERAPLAST S.A. BISTRITA | TRP | 30/12/2020 | 5.382.926 | 0,1000 | 0,44 | 2.357.721,59 | 0,31 | | 0,15 |
| TRANSILVANIA LEASING SI CREDIT IFN S.A. | TSLA | 28/12/2020 | 127.498.395 | 0,1000 | 0,03 | 3.314.958,27 | 24,72 | | 0,22 |
| UNIREA SHOPPING CENTER SA BUCURESTI | SCDM | 19/11/2020 | 297.841 | 2,5000 | 66,00 | 19.657.506,00 | 10,83 | | 1,28 |
| UNISEM SA BUCURESTI | UNISEM | 29/12/2020 | 60.701.527 | 0,1000 | 0,17 | 10.440.662,64 | 76,91 | | 0,68 |

Detailed statement of investments 31.12.2020

Securities admitted or traded on a Romanian regulated market - a. Shares

| Issuer | Symbol | Last trading session | Owned shares | Nominal value | Share value | Total value | Percentage in the share capital of the issuer | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
|---------------------|---------------|-----------------------------|---------------------|----------------------|--------------------|-------------------------|--|--|--|
| VRANCART S.A. ADJUD | VNC | 30/12/2020 | 22.480.370 | 0,1000 | 0,16 | 3.551.898,46 | 2,18 | | 0,23 |
| TOTAL | | | | | | 1.085.640.907,83 | | | |

Detailed statement of investments 31.12.2020
Securities mentioned in art. 187, paragraph a) - a.SHARES

| | Issuer | Owned shares | Date of acquisition in the reporting period | Acquisition price in the reporting period | Share value | Total value | Percentage in the share capital of the issuer | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
|-----|---|--------------|---|---|-------------|---------------|---|---------------------------------------|-------------------------------------|
| 1. | AGROEXPORT SA CONSTANTA CT | 203.045 | | | 0,0000 | 0,00 | 18,53 | | 0,00 |
| 2. | AGROIND UNIREA SA MANASTIREA CL | 187.098 | | | 0,0000 | 0,00 | 18,80 | | 0,00 |
| 3. | AGROSEM SA TIMISOARA TM | 834 | | | 0,0000 | 0,00 | 0,04 | | 0,00 |
| 4. | ALEXANDRA TURISM SA BUCURESTI BU | 4.811 | | | 0,0000 | 0,00 | 1,53 | | 0,00 |
| 5. | ALSTOM TRANSPORT SA BUCURESTI B6 | 20.775 | | | 133,8993 | 2.781.758,00 | 2,18 | | 0,18 |
| 6. | ALUNIS SA BUCURESTI IF | 2.653 | | | 0,0000 | 0,00 | 1,96 | | 0,00 |
| 7. | APOLODOR SA BUCURESTI BU | 843.382 | | | 0,2702 | 227.914,00 | 9,85 | | 0,01 |
| 8. | ARCOM SA BUCURESTI BU | 80.287 | | | 0,0000 | 0,00 | 22,56 | | 0,00 |
| 9. | AVICOLA SA BUCURESTI B4 | 7.981.093 | | | 2,3235 | 18.544.055,00 | 99,40 | | 1,20 |
| 10. | BANCA COMERCIALA ROMANA (BCR) B3 | 1 | | | 0,5700 | 1,00 | 0,00 | | 0,00 |
| 11. | BANCA DE EXPORT-IMPORT A ROMANIEI EXIMBANK B1 | 564.870 | | | 6,4722 | 3.655.949,00 | 0,42 | | 0,24 |
| 12. | BANCA INTERNATIONALA A RELIGIILOR SA BUC BU | 690.743 | | | 0,0000 | 0,00 | 3,45 | | 0,00 |
| 13. | BRAIFOR SA STEFANESTI AG | 1.016 | | | 21,5739 | 21.919,00 | 0,97 | | 0,00 |
| 14. | BUCHAREST FILM STUDIOS SA IF | 806.372 | | | 0,0000 | 0,00 | 2,34 | | 0,00 |
| 15. | BUENO PANDURI SA BUCURESTI IF | 107.900 | | | 0,0000 | 0,00 | 9,94 | | 0,00 |
| 16. | CABLUL ROMANESC SA PLOIESTI PH | 116.116 | | | 0,0000 | 0,00 | 17,22 | | 0,00 |
| 17. | CCP.RO Bucharest SA BU | 142.500 | | | 7,4248 | 1.058.032,00 | 1,79 | | 0,07 |
| 18. | CLEAN INVOLVEMENT SGP SA AG | 27.273 | | | 0,0000 | 0,00 | 41,38 | | 0,00 |
| 19. | COMPAN SA DB | 1.430.288 | | | 0,0000 | 0,00 | 72,71 | | 0,00 |
| 20. | COMPANIA DE LIBRARII SA BUCURESTI BU | 113.492 | | | 62,0342 | 7.040.384,00 | 9,89 | | 0,46 |
| 21. | COMPANIA NATIONALA DE TRANSPORTURI AERIENE ROMANE TAROM SA OTOPENI IF | 752.795 | | | 0,1961 | 147.586,00 | 0,08 | | 0,01 |
| 22. | CONCORDIA A4 SA BUCURESTI BU | 296.185 | | | 0,0000 | 0,00 | 32,55 | | 0,00 |
| 23. | CONTOR GROUP SA AR | 3.839.316 | | | 0,0000 | 0,00 | 1,98 | | 0,00 |
| 24. | CONTRANSIMEX SA BUCURESTI BU | 26.588 | | | 0,0000 | 0,00 | 10,00 | | 0,00 |
| 25. | CORMORAN - PROD IMPEX B3 | 30.632 | | | 0,0000 | 0,00 | 24,53 | | 0,00 |

Detailed statement of investments 31.12.2020

Securities mentioned in art. 187, paragraph a) - a.SHARES

| | Issuer | Owned shares | Date of acquisition in the reporting period | Acquisition price in the reporting period | Share value | Total value | Percentage in the share capital of the issuer | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
|-----|--|--------------|---|---|--------------|---------------|---|---------------------------------------|-------------------------------------|
| 26. | DEPOZITARUL CENTRAL SA B2 | 10.584.609 | | | 0,0901 | 954.191,00 | 4,18 | | 0,06 |
| 27. | ELECTRONUM SA BUCURESTI B3 | 8 | | | 0,0000 | 0,00 | 0,44 | | 0,00 |
| 28. | ENERGOCONSTRUCTIA SA BUCURESTI B1 | 136.045 | | | 0,0000 | 0,00 | 1,77 | | 0,00 |
| 29. | EUROTEST SA BUCURESTI B3 | 74.888 | | | 11,2763 | 844.456,00 | 30,00 | | 0,05 |
| 30. | FIROS S.A BUCURESTI BU | 2.815.576 | | | 13,2668 | 37.353.668,00 | 99,69 | | 2,42 |
| 31. | FONDUL ROMAN DE GARANTARE A CREDITELOR PENTRU INTREPRINZATORII PRIVATI - IFN S.A. B2 | 8.770.196 | | | 1,1015 | 9.660.624,00 | 54,59 | | 0,63 |
| 32. | GECSAT SA TIRNAVENI MS | 41 | | | 253.730,3537 | 10.402.945,00 | 25,47 | | 0,67 |
| 33. | GECSATHERM SA MS | 98.186 | | | 71,4912 | 7.019.434,00 | 50,00 | | 0,46 |
| 34. | HIDROJET SA BREAZA PH | 291.387 | | | 0,0000 | 0,00 | 8,99 | | 0,00 |
| 35. | HORTICOLA SA BUCURESTI BU | 51.845 | | | 0,0000 | 0,00 | 1,22 | | 0,00 |
| 36. | I.C.T.C.M. SA BUCURESTI BU | 119.750 | | | 0,0000 | 0,00 | 30,00 | | 0,00 |
| 37. | ICPE SA BUCURESTI BU | 2.996.939 | | | 7,6409 | 22.899.291,00 | 50,32 | | 1,48 |
| 38. | ICPPAM SA BALOTESTI BU | 243.180 | | | 0,0000 | 0,00 | 15,46 | | 0,00 |
| 39. | IFMA IMOBILIARE SA BU | 101.737 | | | 22,6588 | 2.305.237,00 | 13,95 | | 0,15 |
| 40. | INDUSTRIALEXPORT SA BUCURESTI B4 | 80.000 | | | 0,0000 | 0,00 | 3,20 | | 0,00 |
| 41. | INSTITUTUL NATIONAL DE STICLA SA BUCURES BU | 124.654 | | | 0,0000 | 0,00 | 24,23 | | 0,00 |
| 42. | ISORAST TECHNOLOGY SA B4 | 778.563 | | | 0,0000 | 0,00 | 25,00 | | 0,00 |
| 43. | ISPCF SA BUCURESTI BU | 307.644 | | | 3,1465 | 968.017,00 | 16,79 | | 0,06 |
| 44. | ITC Institutul pentru Tehnica de Calcul S.A BUCURESTI BU | 964.554 | | | 1,0645 | 1.026.796,00 | 29,86 | | 0,07 |
| 45. | MARC TRUST CONSID SA CALARASI CL | 148.009 | | | 0,0000 | 0,00 | 24,86 | | 0,00 |
| 46. | MASTER SA BUCURESTI BU | 1.501.668 | | | 2,9966 | 4.499.826,00 | 12,77 | | 0,29 |
| 47. | MUNTENIA MEDICAL COMPETENCES SA AG | 1.882.496 | | | 16,0916 | 30.292.301,00 | 99,76 | | 1,96 |
| 48. | MUNTENIA SA FILIPESTII DE PADURE PH | 388.840 | | | 0,0000 | 0,00 | 25,93 | | 0,00 |
| 49. | PISCICOLA SA OLTENITA CL | 30.935 | | | 0,0000 | 0,00 | 30,00 | | 0,00 |
| 50. | PROED SA BUCURESTI BU | 134.450 | | | 0,0000 | 0,00 | 10,63 | | 0,00 |
| 51. | RAFINARIA SA DARMANESTI BC | 45.059 | | | 0,0000 | 0,00 | 1,14 | | 0,00 |
| 52. | RAFINARIA STEAUA ROMANA SA CAMPINA BU | 2.357.100 | | | 0,0000 | 0,00 | 5,70 | | 0,00 |
| 53. | RAFO SA ONESTI BC | 4.453 | | | 0,0000 | 0,00 | 0,00 | | 0,00 |
| 54. | RESIAL SA ALBA IULIA AB | 128.669 | | | 0,0000 | 0,00 | 10,14 | | 0,00 |
| 55. | ROM VIAL SA BUCURESTI BU | 400 | | | 0,0000 | 0,00 | 0,76 | | 0,00 |

Detailed statement of investments 31.12.2020

Securities mentioned in art. 187, paragraph a) - a.SHARES

| | Issuer | Owned shares | Date of acquisition in the reporting period | Acquisition price in the reporting period | Share value | Total value | Percentage in the share capital of the issuer | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
|--------------|--|---------------------|--|--|--------------------|-----------------------|--|--|--|
| 56. | ROMATEST SA VOLUNTARI IF | 3.470 | | | 1,0478 | 3.636,00 | 0,46 | | 0,00 |
| 57. | ROMSIT SA BUCURESTI BU | 75.739 | | | 0,0000 | 0,00 | 10,73 | | 0,00 |
| 58. | ROMSUIINTEST SA PERIS BU | 6.155.903 | | | 0,0000 | 0,00 | 40,05 | | 0,00 |
| 59. | RULMENTI SA BIRLAD VS | 58.893 | | | 1,9545 | 115.108,00 | 0,15 | | 0,01 |
| 60. | SANEVIT SA ARAD AR | 45.282 | | | 0,0000 | 0,00 | 0,76 | | 0,00 |
| 61. | SEMINA S.A ALBESTI PH | 3.254.150 | | | 0,0000 | 0,00 | 70,03 | | 0,00 |
| 62. | SIDERCA SA CALARASI CL | 3.676.136 | | | 0,0000 | 0,00 | 18,38 | | 0,00 |
| 63. | STIMAS SA SUCEAVA SV | 70.356 | | | 0,0000 | 0,00 | 5,99 | | 0,00 |
| 64. | TEHNOFORESTEXPORT SA BUCURESTI BU | 14.739 | | | 0,0000 | 0,00 | 10,00 | | 0,00 |
| 65. | TURISM LOTUS FELIX S.A. BH | 50.000.000 | | | 0,0167 | 833.863,00 | 3,95 | | 0,05 |
| 66. | TURNATORIA CENTRALA -ORION SA CIMPINA PH | 332.300 | | | 0,0000 | 0,00 | 22,89 | | 0,00 |
| 67. | UPETROLAM SA BUCURESTI B4 | 38.873 | | | 4,0712 | 158.261,00 | 1,13 | | 0,01 |
| 68. | VALEA CU PESTI SA AG | 230.781 | | | 5,0800 | 1.172.370,00 | 24,81 | | 0,08 |
| 69. | VOLUTHEMA PROPERTY DEVELOPER SA B4 | 2.938.986 | | | 8,3320 | 24.487.732,00 | 99,97 | | 1,59 |
| 70. | VULCAN SA BUCURESTI B4 | 2.119.143 | | | 0,0000 | 0,00 | 7,13 | | 0,00 |
| 71. | WORLD TRADE CENTER SA BUCURESTI AB | 26.746 | | | 0,0000 | 0,00 | 2,68 | | 0,00 |
| 72. | ZECASIN SA BUCURESTI BU | 15.921 | | | 0,0000 | 0,00 | 11,62 | | 0,00 |
| TOTAL | | | | | | 188.475.354,00 | | | |

Detailed statement of investments 31.12.2020
Corporative Bonds / Bonds issued or guaranteed by the local public administration authorities - Listed bonds

| Issuer | No. of Bonds | Date of acquisition | Maturity date | Currency | Acquisition price | Initial value | Daily increase | Accrued interest | Present value RON | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
|-------------------------------|--------------|---------------------|---------------|----------|-------------------|---------------|----------------|------------------|----------------------|---------------------------------------|-------------------------------------|
| IMPACT DEVELOPER & CONTRACTOR | 200 | 19/12/2017 | 19.12.2022 | EUR | 5.000,00 | 1.000.000,00 | 157,53 | 1.732,88 | 4.877.838,07 | | 0,32 |
| Opus-Chartered Issuances S.A. | 501 | 25/08/2017 | 26.09.2022 | EUR | 12.753,00 | 5.010.000,00 | 272,71 | 26.998,33 | 26.815.272,29 | | 1,74 |
| Opus-Chartered Issuances S.A. | 1.140 | 06/09/2016 | 05.09.2022 | EUR | 8.772,00 | 11.400.000,00 | 624,66 | 74.958,90 | 53.971.204,38 | | 3,50 |
| CAPITAL LEASING IFN SA | 10.000 | 10/06/2019 | 03.06.2022 | RON | 100,00 | 1.000.000,00 | 243,84 | 7.071,23 | 1.007.071,23 | | 0,07 |
| TOTAL | | | | | | | | | 86.671.385,97 | | |

| Detailed statement of investments 31.12.2020 - Bank deposits | | | | | | | | | |
|--|-------------|---------------|---------------|----------------|------------------|---------------|----------------------|--|---|
| Bank | Filing date | Maturity date | Initial value | Daily interest | Accrued interest | Present value | Present value Lei | Percentage in the total assets of SIF | Percentage in the net assets of SIF |
| RON | | | | | | | | | |
| BANCA COMERCIALA INTESA SANPAOLO ROMANIA SA (RON) | 07.10.2020 | 11.01.2021 | 5.152.000,00 | 314,84 | 27.076,62 | 5.179.076,62 | 5.179.076,62 | | 0,34 |
| BANCA COMERCIALA INTESA SANPAOLO ROMANIA SA (RON) | 19.10.2020 | 19.01.2021 | 8.000.000,00 | 488,89 | 36.177,78 | 8.036.177,78 | 8.036.177,78 | | 0,52 |
| BANCA COMERCIALA INTESA SANPAOLO ROMANIA SA (RON) | 15.12.2020 | 15.03.2021 | 5.031.000,00 | 307,45 | 5.226,65 | 5.036.226,65 | 5.036.226,65 | | 0,33 |
| CREDIT EUROPE BANK (RON) | 05.10.2020 | 06.01.2021 | 5.009.000,00 | 301,91 | 26.568,28 | 5.035.568,28 | 5.035.568,28 | | 0,33 |
| PROCREDIT BANK S.A. (RON) | 30.09.2020 | 28.01.2021 | 5.000.000,00 | 321,92 | 29.938,36 | 5.029.938,36 | 5.029.938,36 | | 0,33 |
| PROCREDIT BANK S.A. (RON) | 27.11.2020 | 25.02.2021 | 7.232.000,00 | 495,34 | 17.336,99 | 7.249.336,99 | 7.249.336,99 | | 0,47 |
| TOTAL RON | | | | | | 35.566.324,68 | 35.566.324,68 | | |
| | | | | | | | 35.566.324,68 | | |

| Titluri de participare la OPCVM / AOPC la data 31.12.2020 | | | | | | | | | |
|---|-------------------------------|--|------------------------------|--------------------------------|------------|-----------------------|-----------------------|--|---------------------------|
| Nr. crt. | Denumire fond | Data ultimei sedinte de tranzactionare | Nr. unitati de fond detinute | Valoare unitate de fond (VUAN) | Pret piata | Valoare totala valuta | Valoare totala | % in total titluri de participare ale OPCVM / AOPC | % in activul total al SIF |
| Titluri de participare denuminate in RON | | | | | | | | | |
| 1 | ACTIVE DINAMIC | | 2.938.476,904300 | 5,5260 | | | 16.238.023,37 | 95,40 | 1,01 |
| 2 | ACTIVE PLUS | | 4.096,468400 | 10.797,3800 | | | 44.231.125,97 | 20,80 | 2,74 |
| 3 | CERTINVEST ACTIUNI | | 114,194438 | 219.204,7000 | | | 25.031.957,52 | 20,68 | 1,55 |
| 4 | FDI PROSPER Invest | | 100.085,114900 | 16,3453 | | | 1.635.921,23 | 29,30 | 0,10 |
| 5 | FII BET-FI INDEX INVEST | | 8.297,000000 | 710,6668 | | | 5.896.402,44 | 59,99 | 0,37 |
| 6 | FII MULTICAPITAL INVEST | | 4.337,000000 | 2.733,3000 | | | 11.854.322,10 | 25,91 | 0,73 |
| 7 | FII OPTIM INVEST | | 2.843,460000 | 10.194,8300 | | | 28.988.591,31 | 19,11 | 1,80 |
| 8 | ROMANIA STRATEGY FUND CLASS B | | 56.000,000000 | 525,2700 | | | 29.415.120,00 | 49,12 | 1,82 |
| 9 | STAR FOCUS | | 152.631,390000 | 6,4786 | | | 988.837,72 | 16,57 | 0,06 |
| 10 | STAR NEXT | | 190.539,480000 | 6,8887 | | | 1.312.569,32 | 10,57 | 0,08 |
| 11 | STAR VALUE | | 15.134,000000 | 1.044,9700 | | | 15.814.575,98 | 30,49 | 0,98 |
| Total RON | | | | | | | 181.407.446,96 | | 11,24 |
| Total | | | | | | | 181.407.446,96 | | 11,24 |

Evolutia activului net si a VUAN in ultimii 3 ani la data 31.12.2020

| | 31.12.2018 | 31.12.2019 | 31.12.2020 |
|---|-------------------|-------------------|-------------------|
| ACTIV NET | 1.257.619.659,09 | 1.593.627.487,09 | 1.542.284.670,77 |
| VALOAREA UNITARA A ACTIVULUI NET | 1,5583 | 2,0310 | 1,9656 |