

**CASA DE BUCOVINA – CLUB DE MUNTE S.A.
BOARD OF ADMINISTRATORS’
REPORT FOR THE FINANCIAL YEAR 2021**

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

Yearly report in accordance with:	Law no. 24/2017 and FSA Regulation 5/2018
For the financial year:	2021
Date of the report:	22.03.2022
Name of the issuer:	CASA DE BUCOVINA – CLUB DE MUNTE S.A.
Headquarters:	Gura Humorului, 18, Republicii Square, Suceava County
Phone/fax no:	+40 230 207 000/ +40 230 207 001
Sole Registration Code:	10376500
Registration Number with the Trade Register:	J33/718/1998
Regulated market on which the securities are traded	Bucharest Stock Exchange
Subscribed and paid-up share capital:	16.231.941,2 lei
Key features of the issued securities:	162.319.412 shares, with a face value of 0,1 lei/share
LEI code	2549003JCE4UBBB88S53

Main results of issuer's activity

Financial results	2021	2020
Revenue from touristic services, of which:	6,010,935	3,618,006
Revenue from hotel services	2,532,384	1,413,559
Revenue from catering (restaurant, bar)	3,179,611	1,990,536
Revenue from SPA, playgrounds, various	86,543	38,450
Revenue from rentals	212,397	175,461
Other revenue	522,983	3,427
Operating revenue	6,533,918	3,621,433
Operating expenses	(6,493,686)	(5,088,113)
Operating profit/(loss)	40,232	(1,466,680)
Financial revenue	226,995	300,725
Net gain/(loss) from the revaluation of financial assets at fair value through profit or loss	376,171	(789,401)
Profit/(Loss) before taxes	643,398	(1,955,356)
Profit/(Loss) for the financial year	622,876	(1,971,774)

Financial position	31.12.2021	31.12.2020
Cash and current accounts	3,499,696	439,297
Deposits at banks	3,829,297	6,145,978
Financial assets at fair value through profit or loss	5,278,126	4,901,954
Financial assets at amortized cost	2,235,268	2,231,281
Inventories	179,853	168,096
Other assets	840,247	485,312
Tangible and intangible fixed assets	23,367,215	23,908,798
Total assets	39,229,702	38,280,716
Trade payables	529,764	312,236
Other liabilities	446,340	337,758
Total liabilities	976,104	649,994
Equity	38,253,598	37,630,722
Total equity and liabilities	39,229,702	38,280,716

1. Analysis of the Company's activity

1.1. a) Description of issuer's main activity

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

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

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

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

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

1.1. b) The issuer's incorporation date

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

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

In the financial year 2021 the company was not involved in any mergers. Casa de Bucovina – Club de Munte SA does not have subsidiaries, nor controlled companies.

During January - December 2021 the company carried out its main activity amid the worldwide continuation of the COVID - 19 pandemic, with travel restrictions imposed / suggested by the World Health Organization or the Romanian authorities.

In 2021 the activity was carried out in compliance with all legal provisions in force. For the safety of clients and staff, we have temporarily restricted or limited access to some of our facilities and maintained a set of prevention and protection measures implemented in 2020, in accordance with the regulations in force and with the recommendations issued by the World Health Organization. These measures will be permanently adapted, depending on the medical evolution and the recommendations of the authorities.

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

In the first semester of 2021 the bonds issued by FIROS S.A. and acquired in 2018 have reached their maturity. The principal amount was collected in full by the Company.

On 18 August 2021, the Board of Administrators of CASA DE BUCOVINA – CLUB DE MUNTE S.A. has decided the subscription of lei 2,225,000 and the purchase of 890,000 corporate bonds, guaranteed, issued by FIROS S.A., with a face value of lei 2.5/bond. The subscription of the respective bonds was made on 19.08.2021 (1,700,000 lei, representing 680,000 bonds) and on 27.08.2021 (525,000 lei, representing 210,000 bonds). The interest rate is fixed, 4% per year, and the interest is paid every 90

calendar days from the date of each subscription. The maturity of the bonds is 36 months from the date of subscription..

The company has made CAPEX investments, in accordance with the budget approved by the Ordinary General Shareholders Meeting on 29 April 2021.

For 2021, a minimum of repair works, replacements and facilities have been budgeted to ensure the continuation of the activity at the assumed quality standards.

The budget allocated for these renovations / investments was 40.000 lei. The realized value was 18.521 lei. The investments were made entirely from the company's own resources.

1.1.1. General valuation elements:

a) profit: In the year 2021 the company registered an operating profit amounting to 40.232 lei (2020: operating loss of 1.466.680 lei) and a net profit of 622.876 lei (2020: net loss of 1.971.774 lei).

b) turnover: In 2021 the turnover of Casa de Bucovina – Club de Munte SA increased by 66,1% year-on-year, reaching 6.010.935 lei.

c) export: Not applicable.

d) costs: In 2021 the company's operating expenses registered an increase of 27,6% yoy (6.493.686 lei). More information on the structure of expenditures can be found in chapter 5 - Financial statements.

e) % of market share held: In 2021 the accommodation capacities in Gura Humorului increased with a number of 26 rooms, all in 3 and 4-star accommodation facilities. This increase has led to a decrease of the market share held by the company in recent years, from 15,5% in 2014 to 9,6% in 2021.

f) liquidity: At the end of 2021 the company's cash, current accounts and deposits with banks amounted to 7.328.993 lei.

1.1.2. Evaluation of the issuer's technical level

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

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

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

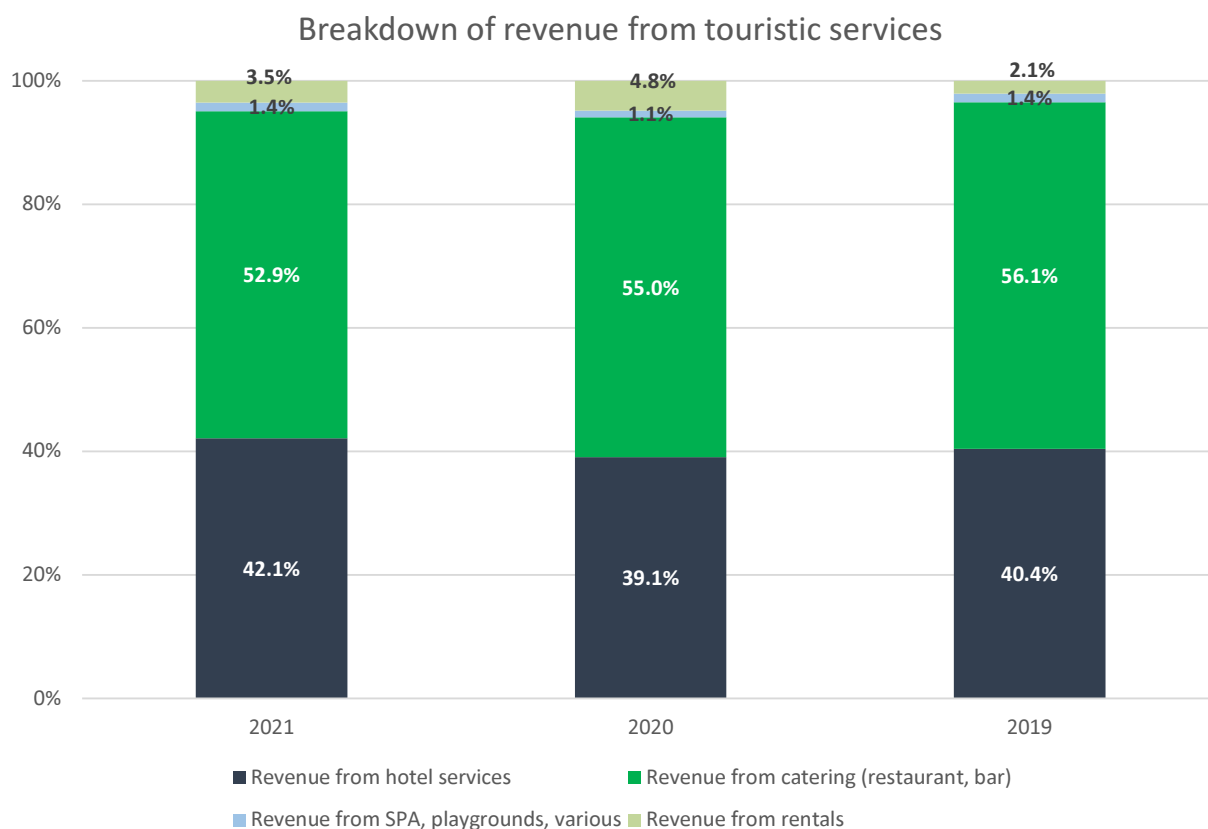
The marketing strategies used were based on promoting the concept of an area still unspoiled by the side effects of mass tourism, positioning Bucovina as a destination where local customs and traditions are at home.

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

The following service packages were created and promoted:

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

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



On the accommodation segment, the revenues registered a growth of 2.8% compared to the budget and of 79% compared to 2020. The increase in the number of tourists staying in the hotel as well as the lifting of some of the restrictions imposed on customers without accommodation in 2020 have also generated an increase catering revenue. Thus, the food and beverage segment registered a revenue growth of 60% yoy, and it also was 14.5% higher than budgeted for this activity segment.

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

1.1.3. Evaluation of the supply activity

In 2021 the company continued the program of developing the relationship with the local producers for the food raw materials - meat and dairy products, as well as with specific HORECA suppliers, while maintaining extended commercial relations with the main Cash & Carry stores in the area.

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

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

1.1.4. Evaluation of the sales activity

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

Compared to the previous year, in 2021 the company registered a 66% increase in operating revenue, due to the 79% growth of the revenue from hotel services, while the revenue from food and beverage segment were 60% higher.

In the first semester of 2021, the company registered a slower growth of revenues from its core business, amid drastic measures to limit travel, events organization and customer access to public catering units.

In the second half of the year, the increase in turnover was higher, especially in the third quarter and during the winter holidays, even if in October and November the activity was deeply affected by the 4th wave of the Covid-19 pandemic.

Even if all business segments returned to activity, after a year in which some were suspended in proportion of over 90%, the main business segment remained, as in 2020, the segment of Romanian individual tourists. During the children's holiday, a peak season was recorded, with the months of July and August bringing an occupancy rate of over 60% and a level of income of almost 85% compared to 2019. The autumn period brought a new period with restrictions on the use of restaurants and a decrease in the number of tourists.

Indicator	31.12.2021	31.12.2020	31.12.2019
Occupancy rate	29.3%	21.13%	51,4%
Accommodation-nights	13.590	7.840	24.382
Number of rooms	128	129	130

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

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

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

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

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

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

In 2021, in Gura Humorului the accommodation capacity with another 26 rooms, most of them located in premium locations, with swimming pools and extensive spa areas. Even if the attractiveness of the area increases every year due to the projects for the development of relaxation and leisure possibilities, the accommodation capacity grows at an equally fast pace. The new locations, smaller, oriented towards individual tourism, have a higher degree of attractiveness during this period when tourists want a limitation of contact with other people or seek complete spa services.

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

The slow return of the international tourism segment, corroborated by the drastic limitation of the activity for the events segment, showed us that a further development of the attractiveness for the individual tourists segment is necessary.

1.1.5. Evaluation of the issuer's employees/personnel

Regarding human resources, on 31.12.2021 compared to 2020, the evolution and personnel breakdown was as follows:

	No. of personnel		Weight in total personnel	
	2021	2020	2021	2020
Total personnel hotel and leisure, of which:	38	31	69,1%	63,3%
- accommodation	15	15	27,3%	30,6%
- food&beverage	22	16	40,0%	32,7%
- SPA	1	-	1,8%	
Maintenance, repairs, transport, ancillary, production personnel	11	12	20,0%	24,5%
TESA personnel	6	6	10,9%	12,2%
Total	55	49	100%	100%

In 2021 a number employees benefited from the provisions of ordinance no. 132/2020 regarding the reduction of working time (Kurzarbeit), with the support of 75% of the reduced salary by the Romanian State.

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

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

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

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

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

1.1.7. Evaluation of the research and development activity

No research and development activities are performed within the company.

1.1.8. Evaluation of the issuer's risk management

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

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

Interest rate risk

As of 31 December 2021 and 31 December 2020 a significant portion of the Company's assets are interest-bearing, the cash and cash equivalents are generally invested at a short-term interest rate. The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 1.7% and 2.85% and for the bonds held the interest rate is 4% p.a..

Currency risk

The company is exposed to currency risk due to fluctuations of the currency exchange rates, as operating revenues are received under contracts with EUR-denominated prices, with no specific clauses to cover the potential risk of this nature. These contracts have as beneficiaries Romanian travel agencies

that are only intermediaries and cannot assume currency fluctuation risks. Most of the company's financial assets and liabilities are denominated in national currency.

Price risk

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

Credit risk

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

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

Liquidity risk

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

Risk related to taxation

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

Economic environment risk

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

Operational risk

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

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

Reputational risk

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

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

Capital adequacy

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

Internal control

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

Internal audit

The main responsibilities of the internal auditor are as follows:

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

In 2021, the internal audit activity for Casa de Bucovina – Club de Munte S.A. has been carried out in compliance with the internal audit plan established in accordance with the objectives and the specific activity of the company.

1.1.9. Elements of perspective on the issuer's activity

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

For 2022, the company is considering the appearance of factors of macroeconomic uncertainty or of tendencies to keep the tourist circulation at a reduced level, especially the international tourism, a situation that could affect the company's activity and liquidity. Maintaining restrictions on the organization of conferences and congresses, the companies' reluctance to organize corporate events and restrictions for foreign tourists on trips to other countries with low vaccination rates will be important obstacles in trying to restart the international tourism industry.

Although the performance of the company will be significantly affected, we consider that the Company currently has and continues to take the necessary measures to ensure a sufficient cash flow to pay its due obligations, both under normal conditions and under stress conditions, without bearing unacceptable losses or endangering the reputation of the company.

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

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

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

In 2021 the budget allocated for renovations/investments amounted to 40.000 lei. The realized value was of 18.521 lei. The investments were made entirely from the company's own resources

Regarding the anticipated expenses, these will be realized in accordance with the revenue and expenditure budget, submitted to the OGSM approval on 28/29.04.2022.

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

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

2. The issuer's tangible assets

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

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

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

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

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

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

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

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

At 31.12.2021 the company has not identified potential issues related to the ownership of its tangible assets.

All land and buildings owned by the company are registered.

3. The issuer's securities market

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

The shares issued by the company have been traded on the Bucharest Stock Exchange starting with 12.05.2008, having the ticker BCM, ISIN code ROBUCMACNOR5 and Bloomberg ticker BCM RO

equity. The record of Casa de Bucovina – Club de Munte SA's shares and shareholders is held by the Central Depository, a company authorized by the NSC/FSA.

Information on the trading of BCM shares in 2021 compared with 2020 and 2019 is presented in the table below:

	2021	2020	2019
Total volume (shares)*	14.766.083	18.799.210	19.647.788*
Minimum price (lei/share)**	0,0800	0,0730	0,0645
Maximum price (lei/share)**	0,0995	0,1030	0,1130

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

** Closing prices



At the end of the years 2021 and 2020 the shareholding structure of Casa de Bucovina – Club de Munte SA was the following:

	31.12.2021		31.12.2020	
	Number of shares	(%)	Number of shares	(%)
SIF Muntenia S.A.	112.400.276	69,25	112.400.276	69,25
Other shareholders	49.919.136	30,75	49.919.136	30,75
Total	162.319.412	100,00	162.319.412	100,00

3.2. Description of the issuer's dividend policy

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

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

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

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

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

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

According to the OGSM decision on 29.04.2021 the net loss recorded in the financial year 2020, amounting to 1.971.774, was covered from the reported result from the previous years, amounting to 1.193.189 lei and from other reserves, amounting to 778.585 lei.

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

Not applicable.

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

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

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

Casa de Bucovina – Club de Munte SA has not issued bonds and/or other debt securities during the year 2021.

3.6. Corporate governance

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

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

The Board of Administrators of Casa de Bucovina – Club de Munte has met 12 times in 2021, to analyze the activity of the company and the perspectives of ensuring the continuity of the activity and its future development.

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

As of the date of this report, Mr. Dan Florin Marinescu, President of the Board of Administrators of the Company, is also General Manager and member in the Board of Administrators of BUCUR S.A., President of the Board of Administrators of FONDUL ROMAN DE GARANTARE A CREDITELOR PENTRU INTREPRINZATORII PRIVATI – IFN S.A. and member in the Board of Administrators of VALEA CU PESTI S.A.. Mrs. Cristina Gagea, member in the company's Board of Administrators is also a member in the Board of Administrators of MUNTENIA MEDICAL COMPETENCES SA. Mrs. Dana Ababei, member in the company's Board of Administrators, is also the General Manager of CMF Consulting S.A. Mr. Dumitru Florin Chiribuca, member in the company's Board of Administrators is also the Head of Local Taxes Office within Gura Humorului City Hall. Otherwise mentioned above, the company has no information on the existence of other relatively permanent commitments and professional obligations of the members of the company's Board of Administrators.

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

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

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

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

4. Issuer's management

4.1. The Board of Administrators

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

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

On the OGSM on 28.04.2020, the company's shareholders have chosen the following persons as members of the Board of Administrators, with a term of 4 years: Mircea Constantin, Cristina Gabriela Gagea, Ion Romica Tamas, Dana Ababei and Dumitru Florin Chiribuca. Subsequently, the members of the Board of Administrators have chosen Mr. Mircea Constantin as President and Mr. Ion Romica Tamas as Vice-President.

The Ordinary General Meeting of Shareholders of the Company, convened on 29 April 2021, decided the election of Mr. Marinescu Dan Florin as a member of the Board of Directors, with a term equal to the remaining period until the expiration of the mandate of his predecessor, respectively from 01 May 2021 to 28 April 2024, following the resignation of Mr. Constantin Mircea starting dated 30 April 2021.

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

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

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

As of 31.12.2021, the members of the Board of Administrators held shares issued by Casa de Bucovina - Club de Munte SA as follows:

- Ion Romica Tamas: 99.000 shares;
- Dan Florin Marinescu: 0 shares;
- Dumitru Florin Chiribuca: 0 shares;
- Ababei Dana: 0 shares;
- Gagea Cristina: 0 shares.

4.2. The executive management

In 2021 the executive management of the company was provided by:

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

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

As of 31.12.2021, the members of the executive management held shares issued by Casa de Bucovina - Club de Munte SA as follows:

- Ion Romica Tamas: 99.000 shares;
- Dorina Tiron: 1.055 shares;
- Doina Prosciuc: 43.516 shares;
- Stefan Ghisovan: 1.406 shares;
- Analaura – Iuliana Simota: shares;
- Mihai Sava: 20.352 shares.

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

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

5. Financial and accounting situation

5.1. Financial statements

The financial statements at 31 December 2021 have been prepared in accordance with Finance Ministry Order no. 2844/12.12.2016 for the approval of Accounting Regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market. The transition date to the International Financial Reporting Standards was 1 January 2011.

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

The table below shows the main elements of the company's financial position as of 31.12.2021, compared with elements of the company's financial position as of 31.12.2020 and 31.12.2019:

lei	31 December 2021	31 December 2020	31 December 2019
Assets			
Cash and bank accounts	3.499.696	439.297	1.902.266
Deposits at banks	3.829.297	6.145.978	7.618.305
Financial assets at fair value through profit or loss	5.278.126	4.901.954	5.691.356
Financial assets at amortized cost/Loans and receivables	2.235.268	2.231.281	2.229.836
Inventories	179.853	168.096	222.466
Other assets	840.247	485.312	776.479
Tangible and intangible fixed assets	23.367.215	23.908.798	24.435.244
Total assets	39.229.702	38.280.716	42.875.950
Liabilities			
Trade payables	529.764	312.236	400.438
Other liabilities	446.340	337.758	600.546
Total liabilities	976.104	649.994	1.000.984
Equity			
Share capital	31.078.307	31.078.307	31.887.100
Own shares		-	(426.985)
Reserves from revaluation of tangible assets	14.439.568	14.605.420	14.771.272
Reported result	(7.264.277)	(8.053.005)	(4.356.419)
Total equity	38.253.598	37.630.722	41.874.967
Total equity and liabilities	39.229.702	38.280.716	42.875.950

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

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

More information regarding the elements that constitute the statement of financial position is presented in the Notes to the financial statements for the financial period ended 31 December 2021.

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

lei	2021	2020	2019
Revenue from touristic services	6.010.935	3.618.006	9.962.804
Other revenue	522.983	3.427	3.025
Expenses with raw materials and consumables	(1.129.783)	(762.300)	(1.211.996)
Expenses with merchandise	(1.222.603)	(788.647)	(1.948.030)
Expenses on services provided by third parties	(468.618)	(352.595)	(1.010.768)
Employee benefits expenses	(2.216.020)	(1.996.133)	(3.099.364)
Depreciation and impairment of tangible and intangible assets	(611.926)	(624.280)	(610.851)
Other expenses	(844.736)	(564.158)	(920.730)
Operating profit / (loss)	40.232	(1.466.680)	1.164.090
Financial revenue	226.995	300.725	297.066

lei	2021	2020	2019
Net gain / (Net loss) from financial assets at fair value through profit or loss	376.171	(789.401)	1.574.628
Profit / (loss) for the financial year	643.398	(1.955.356)	3.035.784
Tax expense	(20.522)	(16.418)	(188.745)
Net profit / (loss) for the financial year	622.876	(1.971.774)	2.847.039
Other comprehensive income			
Items that can be reclassified to profit or loss			
Increase in revaluation reserve of tangible assets	-	-	-
Total comprehensive income for the period	622.876	(1.971.774)	2.847.039

Compared to the previous year, in 2021 the company registered a 66% increase in operating revenues, due to a 79% increase in revenue from hotel services, while the revenue from food&beverage grew by 60%.

The company benefited in 2021 from receiving a state aid in the form of a grant, through the State aid scheme established by GEO 224/2020, with subsequent amendments and completions, implemented by the Ministry of Economy, Entrepreneurship and Tourism (MEAT) through AIMMAIPE, amounting to 520.317 lei.

The company has taken measures to keep operational expenses to a minimum, by optimizing the size of operational staff, optimizing inventories, limiting energy and gas consumption, thus achieving an increase in expenses of only 27.6% yoy. Personnel expenses increased by 11% while merchandise expenses increased by 55%, third party services by 33% and utility costs by 50%. Thus, the company registered an operational profit of 40,232 lei.

The net profit for 2021 was also influenced by the positive financial result of 603.166 lei, due both to the action of marking-to-market the fund units held (376.171 lei) and to the interest on deposits and bonds (226.995 lei), leading to a net profit of 622.876 lei, compared to the net loss of 1.971.774 lei registered in 2020.

More information regarding the elements that constitute the statement of profit or loss and other comprehensive income is presented in the Notes to the financial statements for the financial period ended 31 December 2021.

lei	31 December 2021	31 December 2020	31 December 2019
I. Cash flow from operating activities			
1 – Result before taxes	643.398	(1.955.356)	3.035.784
2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:	55.815	1.087.166	(786.750)
2.1. Depreciation of fixed assets	611.926	624.280	610.851
2.2. Provisions for risks and charges	62.379	(97.403)	80.950
2.3. Impairment of current assets	(14.990)	64.682	12.273
2.4. Profit/(loss) from assets disposal	-	-	290.229
2.5. (Net gain) / net loss from the revaluation of financial assets at fair value through profit or loss	(376.171)	789.401	(1.574.628)
2.6. Interest income	(227.329)	(293.796)	(283.027)
2.7. Adjustments for other non-cash items	-	-	76.602
3 - Changes in working capital during the period, of which:	(77.750)	117.813	(33.195)
3.1. (Increase) / Decrease in balances of trade receivables and other receivables	(326.579)	245.073	22.517
3.2. (Increase) / Decrease in inventory balance	(11.757)	54.370	(36.051)

lei	31 December 2021	31 December 2020	31 December 2019
3.3. Increase / (Decrease) in trade payables and other liabilities balances	260.586	(181.630)	(19.662)
4. Profit/Income tax paid	(14.754)	(130.020)	(50.794)
Net cash from operating activities(A)	609.709	(880.397)	2.165.044
II. Cash flow from investment activities			
5 - cash payments for the acquisition of tangible and intangible assets, including improvements, recognized in profit or loss	(83.708)	(116.423)	(583.517)
6 – cash receipts from financial assets measured at amortized cost on their maturity	2.225.000	-	-
7 – cash payments for the acquisition of financial assets measured at amortized cost	(2.225.000)	-	-
8 - cash receipts from interest and similar	200.023	316.635	285.559
9 - net placements in deposits with a maturity of more than 3 months and less than one year	2.340.000	1.448.042	(1.644.085)
Net cash from investment activities (B)	2.456.315	1.648.254	(1.942.043)
III. Cash flow from financing activities			
10 - dividend payments to shareholders	(4.224)	(2.230.925)	(8.663)
11 – cash payments to shareholders for the buy-back of company's share		-	(426.985)
Net cash from financing activities (C)	(4.224)	(2.230.925)	(435.648)
Cash flows – Total (A+B+C)	3.058.800	(1.463.068)	(212.647)
Cash at beginning of period	436.897	1.899.966	2.112.613
Cash at end of period	3.495.697	436.897	1.899.966

5.2. Liquidity, risk and management indicators

Liquidity indicators		2021	2020
Current liquidity	Current assets / Current liabilities	19,07	25,45
Quick liquidity – acid test	(Current assets-Inventories) / Current liabilities	18,86	25,15
Risk indicators		2021	2020
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest costs	n/a	n/a
Management indicators		2021	2020
Inventory turnover	COGS / Average inventory	7,03	4,04
Days of storage	Average inventory / COGS *365	51,94	90,38
Clients turnover (days)	Average clients balance / Turnover *365	6,95	30,81
Trade payables turnover (days)	Average suppliers balance / Acquired goods (without services)*365	25,45	35,05
Fixed assets turnover	Turnover / Fixed assets	0,28	0,15
Total assets turnover	Turnover / Total assets	0,17	0,09

5.3. Revenues and Expenditures Budget Execution

The main financial indicators registered in 2021, compared with the 2021 REB are presented in the following table:

	REB 2021	Actual 2021
Total revenues	5.756.526	6.010.935
Total expenses	3.345.769	3.681.787
Profit from operating activity*	2.410.757	2.329.148
General, marketing, utilities and maintenance expenses	1.421.212	1.595.075
GOP**	989.545	734.073
Expenses with the BOA, auditors, taxes, royalties, insurance	541.200	586.377
Operating result before the expenses with depreciation, repairs, modernization and provisions	448.345	147.698
Depreciation	624.000	611.926
Repairs and modernization expenses	40.000	18.521
Other revenue/(expenses) outside the main activity, net	-	522.983
Operating result	-215.655	40.232
Financial result	226.000	603.166
Gross result	10.345	643.398

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

** GOP – Gross Operating Profit

6. Annexes

Corporate Governance Declaration

Statement of conformity

Financial statements at 31.12.2021

Notes to the financial statements at 31.12.2021

The auditor's report for the financial statements at 31.12.2021

7. Signatures

Ion Romica Tamas

Vice-President of the Board of Administrators

Director Manager

Dorina Tiron

Head of Financial-Accounting Department

**Status of compliance with the provisions of the new BSE Corporate Governance Code
as of 31 December 2021**

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

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

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

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

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

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

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

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

Code provisions	Complies	Does not comply or partially complies	Observations
other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.			
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		X	The company intends to make the necessary efforts to comply
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	The Company does not have yet a policy guiding the supporting of various forms of artistic and cultural expression, sport activities, educational or scientific activities

Statement of responsibility for the preparation of the financial statements for the year 2021

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

- a) To our knowledge, the annual financial statements for the year 2021 were prepared in accordance with the applicable accounting standards
- b) The annual financial statements as of 31 December 2021 provide a fair view of the assets, liabilities, financial position and the profit and loss account of CASA DE BUCOVINA - CLUB DE MUNTE SA.
- c) CASA DE BUCOVINA – CLUB DE MUNTE SA operates under a going concern basis.
- d) The Board of Administrators' annual report for the year 2021 includes a fair analysis of the development and performance of CASA DE BUCOVINA - CLUB DE MUNTE SA, as well as description of the main risks and uncertainties specific to the activity carried out.

Ion Romica Tamas
Vice-President of the Board of Administrators

Casa de Bucovina – Club de Munte S.A.

**Financial Statements
at 31 December 2021**

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

Contents

Independent auditor's report

Financial statements

Statement of profit or loss and other comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3 – 4
Statement of cash flow	5
Notes to the financial statements	7 – 50

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

<i>in lei</i>	Note	2021	2020
Revenue from touristic services	5	6.010.935	3.618.006
Other revenue	6	522.983	3.427
Expenses with raw materials and consumables		(1.129.783)	(762.300)
Expenses with merchandise		(1.222.603)	(788.647)
Expenses on services provided by third parties	7	(468.618)	(352.595)
Employee benefits expenses	8	(2.216.020)	(1.996.133)
Depreciation and impairment of tangible and intangible assets	9	(611.926)	(624.280)
Other expenses	10	(844.736)	(564.158)
Operating profit / (loss)		40.232	(1.466.680)
Financial revenue	11	226.995	300.725
Net gain / (Net loss) from financial assets at fair value through profit or loss	12	376.171	(789.401)
Profit / (loss) for the financial year		643.398	(1.955.356)
Tax expense	13	(20.522)	(16.418)
Net profit / (loss) for the financial year		622.876	(1.971.774)
Other comprehensive income			
Items that can be reclassified to profit or loss			
Increase in revaluation reserve of tangible assets		-	-
Total comprehensive income for the period		622.876	(1.971.774)
Earnings per share	14		
Basic		0,0037	(0,0121)
Diluted		0,0037	(0,0121)

The financial statements were approved by the Board of Administrators on 22 March 2022.

Tamas Ion Romica
General Manager

Tiron Dorina
Head of Financial – Accounting Department

The notes on pages 7 to 50 are part of the financial statements.

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

<i>in lei</i>	Note	31 December 2021	31 December 2020
Assets			
Cash and current accounts	15	3.499.696	439.297
Deposits at banks	16	3.829.297	6.145.978
Financial assets at fair value through profit or loss	17 a)	5.278.126	4.901.954
Financial assets measured at amortised cost	17 b)	2.235.268	2.231.281
Inventories		179.853	168.096
Other assets	18	840.247	485.312
Tangible and intangible assets	19	23.367.215	23.908.798
Total assets		39.229.702	38.280.716
Liabilities			
Trade payables	20	529.764	312.236
Other liabilities	21	446.340	337.758
Total liabilities		976.104	649.994
Equity			
Share capital	22 a)	31.078.307	31.078.307
Own shares	22 b)		-
Reserves from revaluation of tangible assets	22 c)	14.439.568	14.605.420
Retained earnings	22 d)	(7.264.277)	(8.053.005)
Total equity		38.253.598	37.630.722
Total equity and liabilities		39.229.702	38.280.716

Tamas Ion Romica
 General Manager

Tiron Dorina
 Head of Financial – Accounting Department

The notes on pages 7 to 50 are part of the financial statements.

Casa de Bucovina – Club de Munte S.A.

Statement of changes in equity

as at 31 December 2021

<i>in lei</i>	Share capital	Reserves from revaluation of tangible assets	Retained earnings	Total
Balance as at 1 January 2021	31.078.307	14.605,420	(8.053,005)	37.630.722
Total comprehensive income for the period				
Net result for the period			622.876	622.876
Other comprehensive income				
Increase in revaluation reserve for tangible assets, net of deferred tax				
Total comprehensive income for the period	-	-	622.876	622.876
Transactions with shareholders recognized directly in equity				
Dividends to be paid				
Share capital decrease				
Total transactions with shareholders recognized directly in equity	-	-	-	-
Other changes in equity				
Transfer from revaluation reserve to retained earnings as depreciation		(165.852)	165.852	-
Total other changes in equity	-	(165.852)	165.852	-
Balance as at 31 December 2021	31.078.307	14.439,568	(7.264,277)	38.253.598

Casa de Bucovina – Club de Munte S.A.

Statement of changes in equity

as at 31 December 2020

<i>in lei</i>	Share capital	Own shares	Reserves from revaluation of tangible assets	Retained earnings	Total
Balance as at 1 January 2020	31.887.100	(426.985)	14.771.272	(4.356.419)	41.874.967
Total comprehensive income for the period					
Net result for the period				(1.971.774)	(1.971.774)
Other comprehensive income					
Increase in revaluation reserve for tangible assets, net of deferred tax					
Total comprehensive income for the period				(1.971.774)	(1.971.774)
Transactions with shareholders recognized directly in equity					
Dividends to be paid				(2.272.471)	(2.272.471)
Share capital decrease	(808.793)	426.985	-	381.807	-
Total transactions with shareholders recognized directly in equity	(808.793)	426.985	-	(1.890.664)	(2.272.471)
Other changes in equity					
Transfer from revaluation reserve to retained earnings as depreciation			(165.852)	165.852	-
Total other changes in equity	-	-	(165.852)	165.852	-
Balance as at 31 December 2020	31.078.307	-	14.605.420	(8.053.005)	37.630.722

Tamas Ion Romica
General Manager

Tiron Dorina
Head of Financial – Accounting Department

The notes on pages 7 to 50 are part of the financial statements.

Casa de Bucovina – Club de Munte S.A.

Statement of cash flow

for the financial year ended 31 December 2021

<i>in lei</i>	Note	2021	2020
I. Cash flow from operating activities			
1 – Profit / (Loss) before taxes		643.398	(1.955.356)
2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:		55.815	1.087.166
2.1. Depreciation of fixed assets	17	611.926	624.280
2.2. Provisions for risks and charges		62.379	(97.403)
2.3. Impairment adjustments of assets		(14.990)	64.682
2.4. (Net gain) / Net loss from financial assets at fair value through profit or loss	11	(376.171)	789.401
2.5. Interest income		(227.329)	(293.796)
3 - Changes in working capital during the period, of which:		(77.750)	117.813
3.1. (Increase) / Decrease in balances of trade receivables and other receivables		(326.579)	245.073
3.2. (Increase) / Decrease in inventory balance		(11.757)	54.370
3.3. Increase / (Decrease) in trade payables and other liabilities balances		260.586	(181.630)
4. Tax paid		(14.754)	(130.020)
Net cash from operating activities (A)		609.709	(880.397)
II. Cash flow from investment activities			
5 - cash payments for the acquisition of tangible and intangible assets, including improvements, recognized in profit or loss		(83.708)	(116.423)
6 - cash receipts from interest and similar		200.023	316.635
7 - net placements in deposits with a maturity of more than 3 months and less than one year		2.340.000	1.448.042
8 – . cash receipts from financial assets measured at amortized cost on their maturity		2.225.000	-
9 – cash payments for the acquisition of financial assets measured at amortized cost		(2.225.000)	-
Net cash from investment activities (B)		2.456.315	1.648.254
III. Cash flow from financing activities			
10 – dividend payments to shareholders		(4.224)	(2.230.925)
11 – cash payments to shareholders for the buy-back of own shares			-
Net cash used in financing activities (C)		(4.224)	(2.230.925)
Cash flows – Total (A+B+C)		3.058.800	(1.463.068)
Cash at beginning of period		436.897	1.899.966
Cash at end of period		3.495.697	436.897

Casa de Bucovina – Club de Munte S.A.

Statement of cash flow

for the financial year ended 31 December 2021

Cash and cash equivalents include:

<i>in lei</i>	Note	2021	2020
Cash on hand		6.632	22.390
Current accounts in banks		838.929	414.507
Bank deposits with a maturity of less than 3 months		2.650.136	-
Total cash and cash equivalents	13	3.495.697	436.897

Tamas Ion Romica
General Manager

Tiron Dorina
Head of Financial – Accounting Department

The notes on pages 7 to 50 are part of the financial statements.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

1. The reporting entity

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

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

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

As of 31 December 2021, 69,25% of the Company is owned by SIF Muntenia SA, and 30,75% by other shareholders. Depozitarul Central Bucuresti keeps the evidence of shares and shareholders, according to the legal provisions.

Specific indicators:

Indicator	31.12.2021	31.12.2020
1. Occupancy rate	29,3%	21,1%
2. Accommodation-nights	13.590	7.840
3. Number of rooms	128	129

The statutory audit for the financial year 2021 has been performed by 3B Expert Audit SRL. The auditor has exclusively provided financial audit services. The financial auditor’s fee for the year ended 31 December 2021 is of 27.695 lei (31.12.2020: 26.086 lei).

2. Basis of preparation

(a) Declaration of conformity

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

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

2. Basis of preparation (continued)

(b) Presentation of financial statements

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

(c) Functional and presentation currency

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

(d) Basis of valuation

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

(e) Use of estimates and judgements

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

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

(f) Going concern

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

The hotel sector has been severely affected by traffic and travel restrictions due to the coronavirus epidemic. Against the background of the COVID-19 pandemic, HoReCa units faced a lack of financial flows as well as a lack of predictability. In 2021, the hotel industry benefited from several measures that contributed to the relaunch of the hospitality sector. Thus, this year the Company benefited from state aid schemes established on the basis of GEO 224/2020 and continued this year to benefit from the facilities brought by GEO 132/2020.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

2. Basis of preparation (continued)

(f) Going concern (continued)

In 2021, the Company registered an improvement of the main financial indicators, registering increases shareholders' equity (2%), in the cash flows from the operating activity and a positive net result for the financial year in the amount of 622.876 lei (31 December 2020: net loss 1.971.774 lei).

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

3. Significant accounting policies

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

(a) Transactions in foreign currency

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

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

The exchange rates of the main foreign currencies were:

Currency	31 December 2021	31 December 2020	Variation
Euro (EUR)	1: LEU 4,9481	1: LEU 4,8694	+1,60%
US Dollar (USD)	1: LEU 4,3707	1: LEU 3,9660	+10,2%

(b) Accounting for the hyperinflation effect

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

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

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

(c) Cash and cash equivalents

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(d) Financial assets and liabilities

(i) Classification

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

Financial assets measured at amortized cost

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

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

At the date of transition to IFRS9, on 01.01.2018, the financial assets held by the Company, except for financial assets held at fair value through profit or loss, were classified in this category.

Financial assets at fair value through other items of comprehensive income

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

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

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

As at 31 December 2021 the Company does not hold financial assets classified in this category.

Financial assets at fair value through profit or loss

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

The Company owns financial assets classified in this category as described in the Note 17 a).

(ii) Recognition

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(iii) Compensations

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

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

(iv) Valuation

Valuation at amortised cost

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

Valuation at fair value

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

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

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

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

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(v) Impairment identification and valuation of expected credit losses

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

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

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

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

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

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

(v) Derecognition

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

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(vi) Gains and losses on disposal

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

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

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

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

(e) Other financial assets and liabilities

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

(f) Tangible assets

(i) Recognition and valuation

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

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

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

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(f) Tangible assets (continued)

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

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

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

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

(ii) Depreciation

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

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

Land is not subject to depreciation.

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

(iii) Sale/scraping of tangible assets

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

(g) Intangible assets

(i) Recognition and valuation

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

(ii) Subsequent expenses

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

(iii) Depreciation of intangible assets

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

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

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

- software 3 years.

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

(h) Inventories

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

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

(i) Impairment of non-financial assets

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

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash and independently of other assets and other groups of assets has the capacity to generate cash. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of an asset or cash-generating unit is the maximum of its value in use and its fair value less costs to sell the asset or unit. To determine value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

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

(j) Dividends to be distributed

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(k) Revaluation reserves

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

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

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

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

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

(l) Legal reserves

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

(m) Provisions for risks and expenses

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

(n) Related parties

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(o) Employees benefits

(i) Short term benefits

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

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

(ii) Defined contribution plans

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

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

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

(iii) Long term employees benefits

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

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

(p) Revenues

(i) Sale of goods

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

(ii) Services rendering

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(q) Financial revenue and expenses

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

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

(r) Impozitul curent și amânat

Starting with 2017, the Company applies the provisions of the Law no.170/2016 on the specific tax to certain activities, with derogation from Title II of the Fiscal Code.

In 2021, the Company applied the legal facilities related to the specific tax, as follows:

- ✓ according to GEO 226/2020 Art XXV whereby the specific tax was not due for the period 01.01.2021 – 31.03.2021;
- ✓ according to GEO 19/2021 Art I it was not due for a period of 90 days calculated starting with 1 April 2021;
- ✓ GEO 153/2020 Art I, the Company benefited from a 2% reduction of the specific tax.

In 2020, the Company applied the legal facilities related to the specific tax, as follows:

- ✓ according to GEO 48/2020 Art IX whereby the specific tax was due depending on the number of days worked;
- ✓ according to GEO 99/2020 Art I specific tax was not due for the period 25.06.2020 – 23.09.2020;
- ✓ according to GEO 181/2020 Art 14 specific tax was not due for the period 26.10.2020 – 31.12.2020.

For the other types of activities, which are not subject to the specific tax, the Company owes income tax according to art. 10 paragraph (1) of Law no. 170/2016 and art. 9 of the Order of the Minister of Tourism and the Minister of Public Finance no. 264/14.03.2017 / 464/17.03.2017 for the approval of the Methodological Norms for the application of Law no. 170/2017. In the years 2020-2021 both specific tax and current income tax were calculated. The items of revenue and expenses that fall under Title II "Income Tax" of the Fiscal Code related to the financial years 2020 and 2021 are mainly represented by financial revenue and net losses/gains from the revaluation of financial assets at fair value through profit or loss.

Pentru exercițiul financiar încheiat la 31 decembrie 2021, rata impozitului pe profit a fost de 16% (31 decembrie 2020: 16%).

For the financial year ended 31 December 2021, the corporate tax rate was 16% (31 December 2020: 16%).

At the end of the financial year 2021, from the analysis of the elements of temporary differences, it was found that they are not related to other possible economic activities, other than those falling under the provisions of Law no. 170/2016. Consequently, at 31 December 2021, the Company does not have any liabilities/receivables related to the deferred tax.

(s) Earnings per share

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(t) Subsequent events

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

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

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

(u) Activity segments

An activity segment is the component of an entity:

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

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

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

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

(v) Leases

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

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(v) Leases (continued)

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

As a result of the COVID-19 pandemic, the financial leasing contracts may be modified, in the sense of granting concessions by the lessors. Such concessions could take a variety of forms, including granting grace periods from rent payments and deferring lease payments. On 28 May 2020, the IASB issued an amendment to IFRS 16, which provides an optional practical instrument for tenants to assess whether such a lease concession in connection with COVID-19 is a change in the lease. Tenants can choose to account for such lease concessions in the same way as if there were no rent changes. In many cases, this will result in the concession being accounted for as variable lease payments in the period(s) in which the event took place or the condition triggering the reduced payment occurs.

(w) Government subsidies

The Company recognizes government grants in accordance with the provisions of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

Government grants are “government assistance in the form of transfers of resources to an entity in return for compliance, in the past or in the future, with certain conditions relating to the operating activity of the entity. Grants exclude those forms of government assistance that cannot be reasonably assigned a certain amount, as well as those transactions with the government that are indistinguishable from the entity's normal business operations. ’

IAS 20 distinguishes between two types of grants: those related to assets, called investment grants, and those related to revenue.

Asset grants are “government grants for which the principal condition is that a beneficiary entity must purchase, build or otherwise acquire fixed assets. There may also be secondary conditions which restrict the type or location of the assets or the periods in which they are to be acquired or held”.

Revenue subsidies are "government subsidies other than assets."

Government grants can be accounted for in accordance with one of two approaches: the capital-based approach, in which a grant is recognized outside profit or loss, and the revenue-based approach, in which the grant is entered in the income statement, in a single exercise or in several exercises.

The company registered in the years 2020 - 2021 government subsidies on revenues.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

(x) Standards and interpretations that are not yet effective

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

(i) The classification of liabilities as current liabilities and long-term liabilities (amendments to IAS 1 – *Presentation of Financial Statements*); the effective date: annual periods as of 1 January 2023

The amendments are intended to promote consistency in the application of requirements, helping companies to determine whether the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potential to be settled within one year) or non-current. .

Issued: 23 January 2020 (<https://www.iasplus.com/en/news/2020/01/ias-1>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2020/ias-1>)

(ii) Property, plant and equipment - Proceeds before intended use (Amendments to IAS 16 “*Property, plant and equipment*”); date of entry into force: the annual reporting periods beginning on or after 1 January 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Issued: 14 May 2020 (<https://www.iasplus.com/en/news/2020/05/ias-16>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2020/package-of-narrow-scope-amendments>)

(iii) Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37); date of entry into force: the annual reporting periods beginning on or after 1 January 2022

Amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Issued: 14 May 2020 (<https://www.iasplus.com/en/news/2020/05/ias-37>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2020/package-of-narrow-scope-amendments>)

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

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

(iv) **Improvements of standards in 2020; date of entry into force: the annual reporting periods beginning on or after 1 January 2022:**

IFRS 1 “First-time Adoption of IFRS”– The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.

IFRS 9 “Financial Instrument”– The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

IFRS 16 “Leases”– The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 “Agriculture”– The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Issued: 14 May 2020 (<https://www.iasplus.com/en/news/2020/05/aip>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2020/package-of-narrow-scope-amendments>)

(v) **IFRS 17 “Insurance Contracts” replaces IFRS 4; date of entry into force: the annual reporting periods beginning on or after 1 January 2023**

IFRS 17 aims to:

- 1) the introduction of a single accounting model for all types of insurance contracts, offering:
 - up-to-date information on the obligations, risks and performance of insurance contracts;
- 2) increasing the transparency of financial information reported by insurance companies, which will give investors and analysts more confidence in the insurance industry;
- 3) the possible alignment of insurance accounting with the general accounting of other industries that apply IFRS.

The key changes in IFRS 17 compared to the existing standard (IFRS 4) are the prescription of the method of measuring insurance liabilities, and the timing and manner of recognition of revenue.

An entity must recognize the insurance contracts it issues at the most recent date between

- (a) the beginning of the insurance period;
- (b) the due date of the first installment of the insurance premium; and
- (c) when contracts become onerous.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

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

(v) IFRS 17 (continued)

When the entity recognizes the insurance contracts:

- a) it must value them applying the General Valuation Model provided by the standard, or, if it is allowed
- b) may apply the Premium Allocation Approach (PAA) - which is a more simple approach compared to the general model.

The general model stipulates that an entity must measure a group of contracts at the total value of contractual cash flows (FCF) and contractual service margin (CSM).

The amendments to IFRS 17 consist of the main amendments:

- ✓ postponement of its entry into force from 01.01.2021 to 01.01.2023;
- ✓ Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk;
- ✓ Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements;
- ✓ Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held;
- ✓ Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts;
- ✓ Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

(vi) Extension of the Temporary Exemption from Applying IFRS 9 “Financial Instruments” (Amendments to IFRS 4); date of entry into force: the annual reporting periods beginning on or after 1 January 2023

The amendment modifies the date of the expiration of the temporary exemption from IFRS 4 *Insurance Contracts* from the application of IFRS 9 *Financial Instruments*.

Issued: 25 June 2020 (<https://www.iasplus.com/en/news/2020/06/ifrs-17>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2020/ifrs-17>)

(vii) Classification of Liabilities as current or non-current — Deferral of effective date (amendment to IAS 1) date of entry into force: the annual reporting periods beginning on or after 1 January 2023

The amendment defers the effective date of the January 2020 amendments by one year.

Issued: 15 July 2020 (<https://www.iasplus.com/en/news/2020/07/ias-1>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2020/ias-1-1>)

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

3. Significant accounting policies (continued)

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

(viii) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); date of entry into force: the annual reporting periods beginning on or after 1 January 2023

The amendments require an entity to disclose its material accounting policy information instead of its significant accounting policies. Subsequent amendments explain how an entity can identify material accounting policy information and give examples of when accounting policy information is likely to be material. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information in order to support the amendments to IAS 1.

Issued: 12 February 2021 (<https://www.iasplus.com/en/news/2021/02/accounting-policies>)

(ix) Definition of Accounting Estimates (Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”); date of entry into force: the annual reporting periods beginning on or after 1 January 2023

In the amendments the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. Amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Issued: 12 February 2021 Articol (<https://www.iasplus.com/en/news/2021/02/ias-8>)

(x) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); date of entry into force: the annual reporting periods beginning on or after 1 January 2023

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Issued: 7 May 2021 (<https://www.iasplus.com/en/news/2021/05/ias-12>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2021/deferred-tax-amendments>)

(xi) Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17); date of entry into force: the annual reporting periods beginning on or after 1 January 2023

Under the amendment, an entity that first apply IFRS 17 and IFRS 9 at the same time is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

Issued: 9 December 2021 (<https://www.iasplus.com/en/news/2021/12/ifrs-17-ifrs-9>) (<https://www.iasplus.com/en/publications/global/ifrs-in-focus/2021/ifrs-17-amendments>)

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

4. Significant accounting estimates and judgments

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

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

Key sources of uncertainty of estimates

Adjustments for the impairment of assets valued at amortized cost

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

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

Determining the fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

4. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

31 December 2021

In Lei	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss			5.278.126	5.278.126

31 December 2020

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

For the year ended 31 December 2021, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the closed-end fund units amounting to 5.278.126 lei (31.12.2020: 4.901.954 lei) (Note 17 a).

Under the fair value model for financial assets at fair value through profit or loss - fund units, a positive change of fair value of 10% leads to profit after tax increase of 527.813 lei at 31 December 2020 (31 December 2020: 490.195 lei), a negative change of 10% having an equal negative net impact.

Classification of financial assets and liabilities

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

Revaluation of tangible assets

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

Measurement of fair value

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

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

Fair value hierarchy

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

4. Significant accounting estimates and judgments (continued)

Valuation techniques

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

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

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

The Company's management examined the observable market data for similar assets and other information regarding the real estate market and did not find a depreciation of the value on 31.12.2021 for the owned properties.

Implications of the Covid-19 pandemic

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

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

Revenues from tourism activity increased in the financial year ended 31 December 2021 by approximately 66% compared to the financial year ended 31 December 2020, as a result of the relaxation of restrictions and travel relaunch measures that directly benefit the hospitality sector. Also, the Company registers an improvement of the main indicators, registering increases both of shareholders' equity (2%) and of the cash flows from the operating activity.

As it appears both from the Cash Flow Statement and from Notes 15 and 16, the Company has a solid liquidity, represented by cash and cash equivalents, deposits and other liquid financial assets, in the amount of 7.3 million lei, increasing for the financial year 2020 when it amounted to 6.5 million lei. The company has a solid policy of managing financial resources, aiming at maintaining a high liquidity of cash and investing in diversified financial instruments, with a low degree of risk, respectively, placing cash in short-term bank deposits with a maturity of up to 12 months, bonds and investment funds.

Government support measures: in 2021, the hotel industry benefited from several measures that contributed to the relaunch of the hospitality sector. Thus, this year the Company benefited from state aid schemes established on the basis of GEO 224/2020 and continued this year to benefit from the facilities brought by GEO 132/2020.

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

5 Revenue from touristic services

	31 December 2021	31 December 2020
Revenue from hotel services	2.532.384	1.413.559
Revenue from catering (restaurant, bar)	3.179.611	1.990.536
Revenue from SPA, playgrounds, various	86.543	38.450
Revenue from rental	212.397	175.461
Total	6.010.935	3.618.006

6 Other revenue

	31 December 2021	31 December 2020
Revenue from turnover subsidies (i)	520.317	-
Other revenue	2.666	3.427
Total	522.983	3.427

- (i) The company benefited in 2021 from receiving a state aid in the form of a grant, through the State aid scheme established by GEO 224/2020, with subsequent amendments and completions, implemented by the Ministry of Economy, Entrepreneurship and Tourism (MEAT) through AIMMAIPE

7 Third party expenses

	31 December 2021	31 December 2020
Third party expenses	421.893	321.363
Expenses with repairs and maintenance	46.725	31.232
Total	468.618	352.595

8 Personnel expenses

	31 December 2021	31 December 2020
Salaries	2.159.416	2.171.169
Expenses with social security and social protection	71.914	56.696
Expenses with meal tickets	229.170	157.815
Income from operating subsidies (i)	(244.480)	(389.547)
Total	2.216.020	1.996.133

- (i) The company received technical unemployment in the amount of 244.480 lei based on GEO 30/2020 Art XI

The average number of employees in 2020 was of 55 (2020: 60), and the effective number of employees as of 31 December 2021 is of 57 (31 December 2020: 49).

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

9 Expenses with the depreciation and amortization of tangible assets	31 December 2021	31 December 2020
Expenses with depreciation	611.926	624.280
	611.926	624.280

10 Other expenses

	31 December 2021	31 December 2020
Expenses with taxes and similar	413.176	309.010
Expenses with commissions and fees	204.760	116.497
Postal and telecommunications expenses	45.060	47.231
Marketing expenses	5.343	7.421
Expenses with bank services and similar	25.113	18.666
Expenses with insurance premiums	27.720	30.034
Operating expenses with provisions	62.379	(97.403)
Operating expenses with the adjustment for the impairment of current assets	(14.990)	64.682
Expenses with granted donations	13.750	8.550
Travel expenses	2.962	4.547
Expenses with compensations, fines and penalties	8.962	1.306
Expenses with royalties, management and rental locations	50.501	53.617
Total	844.736	564.158

11 Financial revenues

	31 December 2021	31 December 2020
Revenues from interest received	227.329	293.796
Net gain/(Net loss) from FX differences	(334)	6.929
Total	226.995	300.725

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

	31 December 2021	31 December 2020
(Net loss) /Net gain from the revaluation of financial assets at fair value through profit or loss (Note 16 a))	376.171	(789.401)
Total	376.171	(789.401)

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

13 Income tax expense

	31 December 2021	31 December 2020
a) Current income tax		
Expense with the current income tax	-	-
Expenses with the specific tax	20.522	16.418
	<u>20.522</u>	<u>16.418</u>
Deferred income tax		
Expense from deferred income tax	-	-
	<u>-</u>	<u>-</u>
Total	<u>20.522</u>	<u>16.418</u>
b) Fiscal loss to be recovered in the following years (Nota 3 (r))	<u>(554.750)</u>	<u>(970.805)</u>

c) Evolution of the deferred income tax

As at 31 December 2021, respectively 31 decembrie 2020, the Company does not have defferred tax liabilities/assets, the Company's being subject to the specific tax according to Law no. 170/2016 (Note 3 r)).

d) Credit based on GEO 153/2020

The company has calculated the credit it can benefit from for the specific tax based on GEO 153/2020, but not registered in the financial statements at the date of their preparation, considering the non-updating by ANAF of the Code 100 declaration.

14 Earnings per share

	31 December 2021	31 December 2020
Profit attributable to ordinary shareholders	622.876	(1.971.774)
Weighted average number of ordinary shares	162.319.412	162.319.412
Basic earnings per share	<u>0,0037</u>	<u>(0,0121)</u>

15 Cash and current accounts

	31 December 2021	31 December 2020
Current accounts	838.928	414.507
Cash	6.632	22.390
Deposits with an original maturity of less than 3 months	2.650.136	-
Other values	4.000	2.400
Total	<u>3.499.696</u>	<u>439.297</u>

The current accounts at banks are always at Company's disposal and are not restricted, except for the amount of 42.085 Lei (2020: 40.588 Lei) representing personnel collateral.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

16 Bank deposits

	31 December 2021	31 December 2020
Bank deposits with an initial maturity higher than 3 months and less than a year	3.765.000	6.105.000
Receivables attached	64.297	40.978
Total	3.829.297	6.145.978

i. Bank deposits at 31.12.2021

Deposit account	Deposit value	Deposit period	Interest rate	Days until 31.12.2021	Accumulated interest for the period LEI
1	2	3	4	5	6
Libra Bank	250.000	12/10/2021 - 12/04/2022	1.70%	81	943,15
Libra Bank	250.000	27/08/2021 - 28/02/2022	1.70%	127	1.478,77
Libra Bank	400.000	12/01/2021 - 12/01/2022	2.00%	354	7.758,90
Libra Bank	100.000	12/01/2021 - 12/01/2022	2.00%	354	1.939,73
Libra Bank	200.000	19/10/2021 - 19/04/2022	1.70%	74	689,32
Libra Bank	300.000	09/04/2021 - 11/04/2022	1.70%	267	3.730,68
Libra Bank	500.000	05/11/2021 - 05/05/2022	2.20%	57	1.717,81
Vista Bank	500.000	07/06/2021 - 07/06/2022	2.60%	208	7.511,11
Vista Bank	300.000	03/03/2021 - 03/03/2022	2.85%	304	7.220,00
Vista Bank	400.000	03/03/2021 - 03/03/2022	2.85%	304	9.626,67
Vista Bank	150.000	03/03/2021 - 03/03/2022	2.85%	304	3.610,00
Vista Bank	250.000	02/06/2021 - 02/06/2022	2.60%	213	3.845,83
Vista Bank	250.000	02/06/2021 - 02/06/2022	2.60%	213	3.845,83
Vista Bank	515.000	14/12/2021 - 14/12/2022	2.50%	18	643,75
Garanti Bank	500.000	05/11/2021 - 06/06/2022	2.00%	57	1.561,63
Garanti Bank	200.000	10/11/2021 - 10/02/2022	2.25%	52	641,09
Garanti Bank	100.136	10/12/2021 - 10/01/2022	1.50%	22	90,53
Garanti Bank	250.000	12/08/2021 - 14/03/2022	1.75%	142	1.702,05
Garanti Bank	500.000	06/08/2021 - 07/03/2022	1.75%	148	3.547,95
Garanti Bank	500.000	13/10/2021 - 13/05/2022	2.00%	80	2.191,78
Total deposits LEI	6.415.136				64.296,58

The bank deposits registered by the Company on 31 December 2021 are in the amount of 6.415.136 lei (31 December 2020: 6.105.000 lei), of which 3.765.000 lei represent bank deposits with an original maturity of more than 3 months and less than one year, and 2.650.136 lei (31 December 2020: 6.105.000 lei) represent bank deposits with an original maturity of less than 3 months.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

16 Bank deposits (continued)

ii. Bank deposits at 31.12.2020

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

17 Financial assets

a) *Active financiare la valoare justa prin profit sau pierdere*

At 31 December 2021 the Company owns fund units valued at fair value (cost: 4.999.996 lei), acquired in 2018, to Fondul Inchis de Investitii Star Value, managed by SAI Star Asset Management, registered in the FSA Public Register under no. CSC08FIIR / 400008, authorized by FSA Decission no. 8 / 08.02.2007, FIA Star Value authorized by FSA Decission no. 197 / 17.09.2021, with the registration code CSC09FIAIR / 400008. Fund units held are valued at the unit value of the net asset (VUAN), calculated by the fund manager using closing prices for the fund's financial instruments. The differences in the fair value measurement of the fund units held determined a net gain of 376.171 lei (31 December 2020: a net loss of 789.401 lei) (Note 11).

FIA Star Value	31 December 2021	31 December 2020
Fair value	5.278.126	4.901.954
Total	5.278.126	4.901.954
	31 December 2021	31 December 2020
Number of fund units	4.691,00	4.691,00

b) *Financial assets valued at amortized cost*

	31 December 2021	31 December 2020
Bonds	2.225.000	2.225.000
Receivables attached	10.268	6.281
Total	2.235.268	2.231.281

In 2018 the Company has acquired 890.000 bonds issued by Firos S.A, which are dematerialized, nominative and freely transferable, with a fixed yield. The acquisition value of the bonds was 2.225.000 lei, with a fixed interest rate of 4% per year. The maturity of the bonds is 36 months from the subscription date. These bonds are guaranteed by the issuer through the mortgage on a plot of land owned by the issuer, located in Bdul. Timisoara no.100T, Bucharest. In the first semester of 2021 these bonds have reached their maturity. The principal amount was collected in full by the Company.

In **August 2021** the Company acquired from Firos 890.000 registered and freely transferable bonds, with a fixed annual yield, under the same conditions as those mentioned above and specified in the "Offer document for the sale by private placement of a number of 890.000 dematerialized bonds, nominative, with a fixed annual yield "

The value of the cumulated interest as of 31.12.2021 is 10.268 lei (31.12.2020: 6.281 lei).

FIROS S.A., headquartered in Bucharest, 100 Timisoara Blvd., sector 6, sole registration code 434492 is a subsidiary of SIF Muntenia. SIF Muntenia valued its subsidiary and the valued amount as of 31 December 2021 estimated by an independent valuer is of 37.339.811 lei (31 December 2020: 37.471.849 lei).

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

18 Other assets

	31 December 2021	31 December 2020
Trade receivables (i)	128.177	123.278
Prepayments (ii)	146.485	147.119
Other receivables (iii)	565.585	214.915
Total	840.247	485.312

(i) Trade receivables	31 December 2021	31 December 2020
Clients	250.685	260.777
Adjustments for impairment of client receivables	(123.952)	(138.943)
Suppliers – debtors for services	1.444	1.444
Total	128.177	123.278

(ii) Prepayments	31 December 2021	31 December 2020
Concession of land – inflated cost	107.912	109.376
Value of concession of land – paid in advance	34.380	34.846
Miscellaneous	4.193	2.897
Total	146.485	147.119

(iii) Other receivables	31 December 2021	31 December 2020
Receivables from the State budget	121.188	125.908
Various debtors	95.806	101.967
Adjustments for the impairment of various debtors	(13.210)	(13.210)
Government grants (*)	276.445	-
Non-repayable loans in the nature of grants (**)	85.106	-
Other financial assets (***)	250	250
Total	565.585	214.915

* As a result of the entry into force of GEO no. 132 / 07.08.2020 on support measures for employees and employers in the context of the COVID-19 pandemic and for stimulating employment growth, the Company benefited from the settlement of a part of the salaries supported from the unemployment insurance budget in the amount of 244,480 lei, collecting until 31 December 2021 the amount of 159,374 lei and 85,106 lei collected on 19.01.2022 and 07.02.2022, respectively.

** The company benefited in 2021 from receiving a state aid in the form of a grant, through the State aid scheme established by GEO 224/2020, with subsequent amendments and completions, implemented by the Ministry of Economy, Entrepreneurship and Tourism (MEAT) through AIMMAIPE. The total value of the grant is 520.317 lei, of which until the date of preparation of the present financial statements, the amount of 243.872 lei was collected, and 276,445 lei were collected on 26.01.2022.

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

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
For the financial year ended 31 December 2021

19. Tangible and intangible assets

A. Tangible assets

a) Evolution of tangible assets in the financial year 2021

<i>in lei</i>	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
<i>Gross book value</i>						
31 December 2020	10.255.586	13.799.880	2.119.639	770.187	12.171	26.957.463
Inflows			70.343			70.343
Closed prepayments						
Outflows			(16.053)	(2.675)		(18.728)
31 December 2021			2.173.929	767.512	12.171	27.009.078
<i>Cumulated depreciation</i>						
31 December 2020		(892.354)	(1.752.364)	(427.772)		(3.072.490)
Inflows		(446.177)	(96.734)	(56.408)		(599.319)
Outflows			16.053	2.675		18.728
31 December 2021		(1.338.531)	(1.833.047)	(481.503)		(3.653.081)
<i>Net book value</i>						
31 December 2020	10.255.586	12.907.526	367.275	342.415	12.171	23.884.973
31 December 2021	10.255.586	12.461.349	340.884	286.007	12.171	23.355.997

b) Evolution of tangible assets in the financial year 2020

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

19. Tangible and intangible assets (continued)

A. Tangible assets (continued)

c) The breakdown of revaluation reserves, as of 31.12.2021 compared with 31.12.2020, is the following:

Building/land	Value of revaluation reserves as of 31.12.2021 LEI	Value of revaluation reserves as of 31.12.2020 LEI
Hotel	4.623.667	4.771.230
Office headquarters	100.109	103.427
TISA hall	153.920	160.334
Arinis Inn	38.791	41.612
Arinis terrace	4.281	6.728
Trafo	26.471	27.574
River bank protection	25.316	27.502
Subtotal buildings	4.972.554	5.138.406
Lands Str. Sf. Mihail, Gura Humorului	112.810	112.810
Land 18, Republicii str., Gura Humorului	36.422	36.422
Land Arinis dendrologic park	698.663	698.663
Land Tisa, Gura Humorului	2.465	2.465
Lands Arinis dendrologic park	8.616.653	8.616.653
Subtotal land	9.467.014	9.467.014
TOTAL gross revaluation reserve	14.439.568	14.605.420

d) The value of **plots of land** held by the Company as of **31.12.2021** and **31.12.2020** is the revalued amount at 31.12.2018, determined by the independent valuer CMF Consulting S.R.L.

Land - Location / Property document	Area sqm	Value as of 31.12.2021 LEI	Value as of 31.12.2020 LEI
Str. Mihail, Gura Humorului, plot 370/2, CF 6501; Ctr. no. 2818/2000	687	128.164	128.164
Str. Republicii no. 18, Gura Humorului; contribution in kind AA 12/2004	220	41.042	41.042
Arinis dendrologic park; contribution in kind AA 2/1998	8.807	739.349	739.349
Gura Humorului Suceava county; Ctr. 266/02.02.2010	262	48.878	48.878
Arinis dendrologic park; contribution in kind AA 3/1999 and exchange contract 179/2005	162.678	9.298.153	9.298.153
TOTAL	172.654	10.255.586	10.255.586

Lands in concession, held by the Company as of 31.12.2021:

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

19. Imobilizări corporale și necorporale (continuare)

A. Imobilizări corporale (continuare)

e) The Company owns as of 31.12.2021 and 31.12.2020 the following buildings valued at revaluated value at 31.12.2018, determined by the independent valuer CMF Consulting SRL:

	Address of the building	Acquisition/registration date	Value as of 31.12.2021	Value as of 31.12.2020
1	Hotel located in Gura Humorului, 4 Bucovinei Blvd, registered in FC 5337, with basement, mezzanine, ground floor and 8 floors, 130 rooms with an area or 1.550 sqm, constructed area of 1.394 sqm, with cadastral (topo) no. 261/25.	1. Contribution in kind to the share capital, unfinished building, AA 2/1998 2. Date of commissioning: 28.02.2003 3. Minutes of final acceptance no. 1/21.10.2005	11.765.886	11.765.886
5	Building on the ground floor of a block located in Gura Humorului, Bd. Bucovinei, Wing A-P no. 4 bl. 4, with area of 171 sqm, with cadastral number (topo) 261/26	10.09.1998; contribution in kind AA 2/1998;	144.353	144.353
6	TISA conference room	Minutes of commissioning no. 1/ 21.10.2005	1.105.259	1.105.259
7	Arinis Inn	Minutes of reception no. 543/11.07.2011	305.361	305.361
8	Special constructions (transformer station)	Operated since 2014	190.079	190.079
9	Special constructions (river bank protection)	Operated since 2014	206.975	206.975
10	Arinis terrace	Minutes of reception 08.2015	81.967	81.967
TOTAL			13.799.880	13.799.880

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

	31 December 2021	LEI 31 December 2020
Land	790.322	790.322
Buildings	12.639.381	12.639.381
Total	13.429.703	13.429.703

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

19. Tangible and intangible assets (continued)

A. Tangible assets (continued)

g) Valuation techniques

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

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

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

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

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

The Company's management examined the observable market data for similar assets and other information regarding the real estate market and did not find a depreciation of the value on 31.12.2021 for the owned properties.

h) Evolution of tangible assets in progress as of 31.12.2021:

Tangible assets in progress	Balance at 01.01.2021	Inputs	Receptions	LEI
				Balance at 31.12.2021
Arinis Inn, annex	12.171	-	-	12.171
TOTAL	12.171	-	-	12.171

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

19. Tangible and intangible assets (continued)

B. Intangible assets

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

Evolution of intangible assets in the financial year 2021

in lei

	Intangible assets
<i>Gross book value</i>	
31 December 2020	<u><u>87.619</u></u>
Inflows	-
Outflows	-
31 December 2021	<u><u>87.619</u></u>
 <i>Cumulated depreciation</i>	
31 December 2020	<u><u>(63.794)</u></u>
Inflows	(12.608)
Outflows	-
31 December 2021	<u><u>(76.402)</u></u>
 <i>Net book value</i>	
31 December 2020	<u><u>23.825</u></u>
31 December 2021	<u><u>11.217</u></u>

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

20 Trade payables

	31 December 2021	31 December 2020
Trade payables	432.530	197.623
Advance payments received	97.234	114.613
Total	529.764	312.236

21 Other liabilities

	31 December 2021	31 December 2020
Liabilities to the State budget	102.446	70.040
Creditors and other payables	79.737	82.002
Payables to employees	112.021	94.658
Subsidies for investments	1.084	2.383
Provisions *	151.053	88.674
Total	446.340	337.758
TOTAL LIABILITIES	976.104	649.994

* The provisions as of **31 Decembrie 2021** are as follows:

- 512 lei provision for bonuses to employees for the 2012 results, not granted;
- 13.377 lei provision for unused leave for the year 2020;
- 137.164 lei provision for unused leave for the year 2021.

* The provisions as of **31 Decembrie 2020** are as follows:

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

22. Capital and reserves

a) Share capital

As at **31.12.2021** the Company's paid-up share capital is of **16.231.941 lei**, consisting of:

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

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

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

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

The shareholding structure of the Company

31 December 2021	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	112.400.276	11.240.028	69,25
Legal entities	11.679.834	1.167.983	7,20
Individuals	38.239.302	3.823.930	23,56
Total	162.319.412	16.231.941	100,00

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

Reconciliation of share capital

	31 December 2021	31 December 2020
Nominal share capital	16.231.941	16.231.941
Capital premium	4.885.965	4.885.965
Hyperinflation effect – IAS 29	9.960.401	9.960.401
Total share capital and capital premium	31.078.307	31.078.307

For the share capital of 16.733.960 lei related to a number of 167.339.600 shares, according to IAS29, an inflation of 10.267.175 lei was determined, registered at the date of transposition to IFRS at 31.12.2016. For the 5.020.188 repurchased shares, canceled in 2020 the adjustment according to IAS21 decreased with 306.774 lei, resulting an adjustment of 9.960.401 lei.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

22. Capital and reserves (continued)

b) Own shares

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

The 5.020.188 repurchased and canceled shares have the value of 502.018,80 lei at the nominal value of 0,1 lei / share, and the inflated value is of 808.792,80 lei .

c) Reserves from the revaluation of tangible assets

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

The reserves from the revaluation of tangible assets are stated at the value net of deferred tax (the value of the deferred tax is zero as at 31.12.2021 and 31.12.2020, considering the destination of the revalued buildings for the activity subject to the specific tax).

d) Reported result

Item	31 December 2021	31 December 2020
Legal reserves	686.272	654.102
Other reserves	1.085.589	1.864.174
Reported result	165.852	1.193.189
Reported result related to the adoption for the first time of IAS 29	(9.792.697)	(9.792.697)
Current result	622.876	(1.971.774)
Profit distribution	(32.170)	-
Total reported result	(7.264.277)	(8.053.005)

e) Legal reserve

According to the legal provisions, the Company creates legal reserves in the amount of 5% of the registered gross profit, until the level of 20% of the share capital is reached. The value of the legal reserve as of 31 December 2021 is of 686.272 lei, and as of 31 December is of 654.102 lei.

The legal reserves cannot be distributed to shareholders.

f) Other reserves

Other reserves, amounting to 1.085.589 lei, as of 31 December 2021 (31 December 2020: 1.864.174 lei), are amounts allocated from the net profit for the financial years 2006-2019:

- 318.318.217 lei from the 2006 net profit, according to OGSM decision no. 1/19.04.2007;
- 483.334 lei from the 2007 net profit, according to OGSM decision no.2/25.04.2008;
- 616.690 lei from the 2008 net profit, according to OGSM decision no.2/29.04.2009;
- 192.054 lei from the 2009 net profit, according to OGSM decision no.2/22.04.2010;
- 44.054 lei from the 2010 net profit, according to OGSM decision no.2/28.04.2011;
- 50.378 lei from the 2018 net profit, according to OGSM decision no..2/30.04.2019;
- 84.414 lei prescribed dividends, according to OGSM decision no.5/30.04.2019;
- 75.033 lei from the share capital decrease, according to EGSM decision from 28.04.2020 and FSA Certificate no. AC-3400-2/30.09.2020 regarding the share capital decrease.
- (778.585) lei represents the partial coverage of the net loss registered in the financial year 2020.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

22. Capital and reserves (continued)

g) Dividends

The value of the net dividends remaining to be distributed on 31.12.2021 is 67.410 lei (31.12.2020: 69,441 lei)

The value of the gross dividends distributed in 2021 is 0 lei (31.12.2020: 2,272,472 lei).

h) Net profit distribution

The Board of Administrators of Casa de Bucovina Club de Munte SA submits for approval of the Ordinary General Shareholders Meeting the distribution of the net profit for the 2021 financial year, amounting to 622.876 lei, as follows:

- 32.170 lei representing legal reserve for the financial year 2021;
- 284.147 lei representing coverage of the loss from the correction of accounting errors from 2018;
- 306.559 lei representing undistributed profit.

Casa de Bucovina – Club de Munte S.A.
Notes to the financial statements
For the financial year ended 31 December 2021

23 Related parties

a) Key management personnel

	31 December 2021	31 December 2020
Members of the Board of Administrators	Marinescu Dan Florin - President Tamas Ion Romica - Vice-President Gagea Cristina – Member Ababei Dana – Member Chiribuca Dumitru Florin - Member	Constantin Mircea – President Tamas Ion Romica - Vice-President Gagea Cristina – Member Ababei Dana – Member Chiribuca Dumitru Florin - Member
Members of executive management	31 December 2021 Tamas Ion Romica - General Director Tiron Dorina – Head of financial-accounting service Ghisovan Stefan – F&B Manager Prosciuc Doina – Sales Manager Simota Analaura-Iuliana – Accommodation Manager Sava Mihai – Technic Manager	31 December 2020 Tamas Ion Romica - General Director Tiron Dorina – Head of financial-accounting service Ghisovan Stefan – F&B Manager Prosciuc Doina – Sales Manager Simota Analaura-Iuliana – Accommodation Manager Sava Mihai – Technic Manager

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

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

	31 December 2021	31 December 2020
Constantin Mircea	-	499
Marin Liana	-	100.000
Tamas Romica	99.000	99.000
Misiuc Livia	-	43.516
Prosciuc Doina	43.516	43.516
Simota Analaura-Iuliana	30.352	30.352
Sava Mihai	20.352	20.352
Ghisovan Stefan	1.406	1.406
Dorina Tiron	1.055	1.055
Total	195.681	339.696

c) Transactions with the key management personnel:

	31 December 2021	31 December 2020
Salaries paid to management	481.096	443.032
Remunerations paid to the members of the Board of Administrators	102.852	85.305

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

d) Transactions with related parties

The company has identified as a related party FIROS S.A., a subsidiary of the Company’s majoritary shareholder, SIF Muntenia. The Company has acquired bonds issued by the related party FIROS S.A. (Note 17 b).

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

24. Angajamente

The Company has no capital commitments as of 31 December 2021 and 31 December 2020.

25. Financial assets and liabilities

Accounting classifications and fair values

The table below summarizes the book values and the fair values of the Company's financial assets and liabilities as of **31 December 2021**:

	Fair value through profit or loss	Amortized cost	Total book value	Fair value
Cash and cash equivalents		3.499.696	3.499.696	3.499.696
Deposits at banks		3.829.297	3.829.297	3.829.297
Financial assets at fair value through profit or loss	5.278.126		5.278.126	5.278.126
Financial assets at amortized cost		2.235.268	2.235.268	2.235.268
Other financial assets		1.020.100	1.020.100	1.020.100
Total financial assets	5.278.126	10.584.361	15.862.487	15.862.487
Trade payables and similar		529.764	529.764	529.764
Other financial liabilities		446.340	446.340	446.340
Total financial liabilities	-	976.104	976.104	976.104

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

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

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

26. Subsequent events

Armed conflict between Russia and Ukraine

Following the end of the financial year, in February 2022, an armed conflict broke out between Russia and Ukraine, which affected the economies of the two countries and resulted in, among other things, a significant influx of refugees from Ukraine to neighboring countries (including Romania), as well as a series of sanctions imposed by the international community on Russia and some of the companies of Russian origin. The medium and long-term impact of this conflict and of the sanctions imposed on Russia cannot be anticipated at this time with sufficient accuracy. Given that the Company does not have activities significantly dependent on the area in conflict or affected by sanctions (especially Russia, Ukraine, Belarus), neither in terms of acquisitions nor sales, we consider that the Company's ability to continue its activity in the future will not be significantly affected, therefore these financial statements are not affected by this subsequent event.

27. Financial risk management

Management of significant risks

The main risks the Company is exposed to are:

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

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

The company uses a variety of policies and procedures for the management and evaluation of the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Market risk

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

The Company is exposed to the following market risk categories:

(i) Price risk

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

(ii) Interest rate risk

As of 31 December 2021 a significant portion of the Company's assets 22,02% (2020: 22,57%) are interest-bearing, the cash and cash equivalents are generally invested at an interest rate for the short term. The decrease of the yields affects the asset valuation.

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

27. Financial risk management (continued)

Management of significant risks (continued)

(a) Market risk (continued)

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

Fixed rate instruments	31 December 2021	31 December 2020
Bank deposits	6.415.136	6.105.000
Bonds	2.225.000	2.225.000
Total	8.640.136	8.330.000

The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 1,70% AND 2,85% in 2021 (2020: 2,00% and 3,30%) for RON-denominated deposits and for the bonds held the interest rate is 4% p.a..

The impact on the net income of the Company to a change of +/-1% in the interest rate of the RON-denominated variable interest-bearing assets and liabilities is of +/- 86.401 lei as of 31 December 2021, respectively +/- 83.300 lei as of 31 December 2020.

(iii) Currency risk

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

(b) Riscul de credit

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

The maximum exposure of the Company to the credit risk amounts to 10.247.143 lei as of 31.12.2021 (31.12.2020: 9.101.374 lei)

Book value	31 December 2021	31 December 2020
Trade receivables and other current assets, out of which:	693.513	309.608
- Trade receivables	126.733	121.834
- Suppliers-debtors	1.444	1.444
- Receivables various debtors	82.597	101.967
- Receivables with the State budget	121.188	84.363
- Government grants	276.445	-
- Non-repayable loans	85.106	-
Bonds	2.235.268	2.231.281
Cash and bank deposits, out of which:	7.318.361	6.560.485
- Banca Transilvania	318.829	14.870
- Vista Bank (former Marfin Bank)	2.365.992	2.403.594
- Libra Bank	2.000.293	2.141.028
- Garanti Bank	2.050.933	1.565.356
- Raiffeisen Bank	508.420	379.371
- BCR	9.029	9.856
- Trezoreria Suceava	569	5.432
- Interest for the deposits	64.297	40.978
TOTAL	10.247.143	9.101.374

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

27. Financial risk management (continued)

Management of significant risks (continued)

(b) Credit risk (continued)

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

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

Losses from impairment

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

<u>31 December 2021</u>	Gross value	Impairment
<i>in lei</i>		
Current and overdue between 0 and 30 days	163.910	
Overdue between 31 and 60 days	2.573	
Overdue between 61 and 90 days	26.809	
Overdue between 91 and 180 days	1.568	
Overdue between 181 and 360 days	15.912	
More than 360 days	137.163	137.163
Total	347.935	(137.163)

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

(c) Liquidity risk

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

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

27. Financial risk management (continued)

Management of significant risks (continued)

(c) Liquidity risk (continued)

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

31 December 2021	Book value	Under 3 months	Between 3 and 12 months	Over 1 year	No default maturity
Financial assets					
Cash	849.560	849.560			
Deposits at banks	6.479.433	2.714.433	3.765.000		
Bonds	2.235.268	10.268		2.225.000	
Fund units	5.278.126				5.278.126
Other assets	840.247	840.247			
Total financial assets	15.682.634	4.414.508	3.765.000	2.225.000	5.278.126
Financial liabilities					
Trade payables	529.764	529.764			
Provisions for risks and expenses	151.053	151.053			
Other liabilities	295.287	295.287			
Total financial liabilities	976.104	976.104	-	-	-
Liquidity surplus	14.706.530	3.438.404	3.765.000	2.225.000	5.278.126
31 December 2020					
	Book value	Under 3 months	Between 3 and 12 months	Over 1 year	No default maturity
Financial assets					
Cash	439.297	439.297			
Deposits at banks	6.145.978	40.978	6.105.000		
Bonds	2.231.281	6.281	2.225.000		
Fund units	4.901.954				4.901.954
Other assets	485.312	485.312			
Total financial assets	14.203.822	971.868	8.330.000	-	4.901.954
Financial liabilities					
Trade payables	312.236	312.236			
Provisions for risks and expenses	88.674	88.674			
Other liabilities	249.084	249.084			
Total financial liabilities	649.994	649.994	-	-	-
Liquidity surplus	13.553.828	321.874	8.330.000	-	4.901.954

Casa de Bucovina – Club de Munte S.A.

Notes to the financial statements

For the financial year ended 31 December 2021

27. Financial risk management (continued)

Management of significant risks (continued)

(d) Risk related to taxation

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

(e) Economic environment risk

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

(f) Operational risk

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

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

(g) Reputational risk

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

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

(h) Capital adequacy

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

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

Tamaş Ion Romică
General Manager

Tiron Dorina
Head of financial-accounting service

Independent Auditor report

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

Report on the audit of financial statements

Opinion

We have audited the Financial Statements of **CASA DE BUCOVINA – CLUB DE MUNTE SA** (hereinafter referred to as „the **Company**”), headquartered in Gura Humorului, 18 Piata Republicii street, registered with the National Trade Register under no. J33/718/1998 and fiscal registration code RO 10376500, which include the statement of financial position as of **December 31st, 2021**, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the financial year ended on this date, as well as a summary of significant accounting policies and explanatory notes.

The financial statements as of **December 31st, 2021** are identified as follows:

Net Asset/Total shareholders' equity	38,253,598 lei
Net profit for the financial year	622,876 lei

In our opinion, the financial statements give a true and fair view of the Company's financial position as of **December 31st, 2021**, as well as of the financial performance and cash flows for the year ended at that date, in accordance with the Order of the Minister of Public Finance no. 2.844/12.12.2016 for the approval of the accounting Regulations compliant with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and completions.

Basis for the opinion

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

Audit key aspects

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

Valuation financial assets valued at fair value through profit or loss	
As of 31 st December, 2021, the Company owns financial assets at fair value through profit or loss amounting to 5,278,126 lei, representing fund units. The gain from the revaluation of financial assets at fair value through profit or loss recognized in the financial year 2021 is of 376,171 lei.	
We refer to the following notes: Note 3 d) "Significant accounting policies. Financial assets and liabilities" Note 17 a) "Financial assets at fair value through profit or loss"	
Key audit aspects	Approach within the audit mission
<p>As of 31st December, 2021, the Company owns fund units issued by Fondul Inchis de Investitii Star Value, managed by SAI Star Asset Management, valued at a fair value of 5,278,126 lei.</p> <p>For these financial assets included in Level 3 of the fair value hierarchy, the Company uses the valuation techniques mentioned in Note 3.</p> <p>Valuation techniques based on unobservable parameters require a significant level of analysis and estimation from the Company's management to determine fair value.</p> <p>We considered the valuation of these financial assets as a key audit issue considering the significant judgments and estimates to be made in the valuation process.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">- We have tested the key controls the Company has implemented to prevent, detect and correct errors that may occur in the process of the valuation of financial assets;- We received a confirmation letter from the Fund Manager regarding the fund units held by the Company and the fair value of the fund units;- We assessed the Company's fair value estimates by analyzing the valuation of the assets held by the fund;- We have assessed the proper fit within the hierarchy of the fair value;- We have assessed how the notes to the financial statements present fairly and accurately the issues related to the valuation of the financial assets according to the relevant financial reporting framework.

Other information – Administrators' report and Remuneration report

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

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

Regarding the audit of the financial statements for the year ended as of **31st December, 2021**, it is our responsibility to read that other information and, in this regard, to assess whether that other information is materially inconsistent with the financial statements or with the knowledge we have acquired during the audit, or if they appear to be materially distorted.

Regarding the Remuneration Report, we have read and we report whether it has been prepared, in all material respects, in accordance with the provisions of Law 24/2017 on issuers of financial instruments and market operations ("**Law 24/2017**"), para. no. 106 and 107.

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

- a) The information presented in the Administrators' Report for the financial year for which the financial statements were prepared is consistent, in all material respects, with the financial statements;
- b) The Administrators' Report was prepared, in all the significant aspects, according with the Order of the Minister of Public Finance no. 2.844/12.12.2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and supplemented, Annex 1, Chapter 3, paragraphs 15-20.
- c) The Remuneration Report was prepared, in all the significant aspects, in accordance with the provisions of Law 24/2017, para. no. 106 and 107.

In addition, based on our knowledge and understanding of the Company and its environment, acquired in the course of our audit of the financial statements for the year ended as of 31st December, 2021, we are required to report whether we have identified significant misstatements in the Administrators' Report and in the Remuneration Report. We have nothing to report on this aspect.

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

The management of the Company is responsible for the preparation of financial statements that provide a true and fair view in accordance with the Order of the Minister of Public Finance no. 2.844/12.12.2016 for the approval of accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and completions, and for the internal compliance that management deems necessary to enable the preparation of the financial statements, free of material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility in a financial statements audit

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

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

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

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

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

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

Report on Other Legal and Regulatory Provisions

We have been appointed by the Ordinary General Meeting of the Shareholders on April 28, 2020 to audit the financial statements of **CASA DE BUCOVINA – CLUB DE MUNTE SA** for the financial exercise ended December 31st, 2021. The total uninterrupted duration of our engagement is of 4 years, covering the exercises financial year ended at December 31st, 2020 until December 31st, 2021.

We confirm that:

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

Report on compliance with Commission Delegated Regulation (EU) 2018/815 ("Technical Regulatory Standard on the European Single Electronic Reporting Format" or "ESEF")

We have performed a reasonable assurance mission on the compliance of the financial statements prepared by the entity of **CASA DE BUCOVINA - CLUB DE MUNTE SA** included in the annual financial report presented in the digital file uzGRGfP2VxK6A with the Delegated Regulation (EU) 2018/815 of the Commission.

Responsibility of the management of CASA DE BUCOVINA - CLUB DE MUNTE SA for the digital files prepared in accordance with ESEF

The Company's management is responsible for preparing the digital file in accordance with ESEF: This responsibility include:

- designing, implementing and maintaining the internal control relevant for the application of ESEF;
- ensuring the consistency between the digital file and the financial statements that will be published in accordance with Order 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with amendments and subsequent additions.

The persons responsible for governance are responsible for overseeing the preparation of the digital file in accordance with ESEF.

Auditor's responsibility for auditing Digital Files

We are responsible for expressing a conclusion regarding the extent to which the financial statements included in the annual financial report are in accordance with ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance assignment was performed in accordance with International Assurance Standards 3000 (revised) "Other assurance assignments than audits or revisions of historical financial information" ("**ISAE 3000**") issued by the International Auditing and Assurance Standards Board.

A reasonable assurance mission in accordance with ISAE 3000 requires procedures to be performed to obtain evidence of ESEF compliance. The nature, timing, and extent of the selected procedures depend on the auditor's reasoning, including the assessment of the risk of material misstatement of the ESEF provisions, whether due to fraud or error. A reasonable assurance includes:

- obtaining an understanding of the process of preparing digital files in accordance with ESEF, including relevant internal controls;
- reconciliation of digital files that include marked data with the audited financial statements of the Company that will be published in accordance with Order 2844/2016 for the approval of Accounting

Regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and completions;

- assessing whether all financial statements that are included in the annual financial report are prepared in a valid XHTML format.

We consider that the evidence obtained is sufficient and adequate to provide a basis for our conclusion. In our opinion, the financial statements for the financial year ended 31.12.2021 included in the annual financial report, in the digital files are, in all significant aspects, in accordance with the ESEF Regulation.

In this section we do not express an audit opinion, a revision conclusion or any other assurance on the financial statements. Our audit opinion on the Company's financial statements for the financial year ended 31.12.2021 is included in the section Report on the audit of annual financial statements.

For and on behalf of:

3B Expert Audit S.R.L.

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

Badiu Dan-Andrei

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

Bucharest, Romania

29 March 2022

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