c a s a d e
Bucovina
c l u b d e m u n t e

Piata Republicii nr. 18
Gura Humorului 725300
Judetul Suceava
Tel: + 4 0230 207000
Fax + 4 230 207001
E-mail:
actionari@bestwesternbucovina.ro
www.bestwesternbucovina.ro

CASA DE BUCOVINA – CLUB DE MUNTE S.A.

BOARD OF ADMINISTRATORS' REPORT

FOR THE 1ST SEMESTER OF 2023

(01.01.2023 – 30.06.2023)

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

Half-yearly report in accordance with:	The provisions of Law no. 24/2017 and FSA Regulation no. 5/2018
Date of the report	30 August 2023
Name of the issuer:	CASA DE BUCOVINA – CLUB DE MUNTE S.A.
Headquarters:	Gura Humorului, 18, Republicii Square, Suceava County
Phone/fax no.:	+40 230 207 000/ +40 230 207 001
Sole Registration Code:	10376500
Registration Number with the Trade Register:	J33/718/1998
Subscribed and paid-in share capital:	16,231,941.2 lei
Main features of the issued securities:	162,319,412 shares, with a face value of RON 0.1/share
Regulated market on which the securities are traded	Bucharest Stock Exchange
LEI Code	2549003JCE4UBBB88S53

1. Main financial indicators

Financial results

	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Revenue from touristic services, of which:	**3,345,249**	**2,844,226**
Revenue from hotel services	1,347,642	1,136,478
Revenue from catering (restaurant, bar)	1,778,222	1,537,662
Revenue from SPA, playgrounds, various	68,042	57,615
Revenue from rentals	151,343	112,471
Other revenue	7,853	12,668
Operating expenses	(3,919,885)	(3,497,697)
Operating (loss)/profit	**(566,783)**	**(640,803)**
Financial revenue	242,191	124,342
Net gain/(Net loss) from the revaluation of financial assets at fair value through profit or loss	16,043	(304,352)
(Loss)/Profit before tax	(308,549)	(820,813)
(Net loss)/Net profit for the period	**(288,739)**	**(831,074)**

Financial position

	30.06.2023	31.12.2022
Cash and current accounts	4,339,080	3,777,381
Deposits at banks	2,333,179	2,990,468
Financial assets at fair value through profit or loss	5,119,523	5,103,480
Financial assets at amortized cost	2,236,732	2,236,488
Inventories	206,131	172,281
Other assets	900,137	1,007,516
Tangible and intangible fixed assets	23,767,446	24,131,641
Total assets	**38,902,228**	**39,419,255**
Deferred tax liability	2,250,716	0
Trade payables	484,098	645,351
Other liabilities	435,157	482,382
Total liabilities	**3,169,971**	**1,127,733**
Equity	**35,732,257**	**38,291,522**
Total equity and liabilities	**38,902,228**	**39,419,255**

2. Company information

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

Casa de Bucovina- Club de Munte SA's core business is hotel services, catering and recreational/leisure services, selling tourism services, organizing conferences or events for national and foreign companies, etc.

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

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

3. Analysis of the company's activity

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

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

The marketing strategies used were based on promoting the concept of an area still unspoiled by the side effects of mass tourism, positioning Bucovina as a destination where local customs and traditions are at home. The marketing strategies and pricing policies were characterized by a maximum elasticity, adapted to a price-sensitive market, consumer dominated.

The following packages were promoted:
- team-building offers;
- conferences packages;
- vacation offers;
- holydays packages with early booking discounts".

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

In the first 6 months of 2023 the company recorded an increase in income from the basic activity compared to the same period last year, but the results were affected by the lack of snow on the ski slope in the months of January, February and March.

In the conditions of the association of the Bucovina area with an area in the immediate vicinity of the conflict in Ukraine, the arrivals of international tourists for the first half of 2023 registered increases compared to the same period of 2022, but they represent just over half of the arrivals of international tourists in 2019 (51%).

Compared to the similar period of the previous year, in the first six months of 2023 the company registered an increase of 17.6% in operating revenues. Growth was recorded in each main operating segment. Hotel services registered an increase of 18.6%, catering services increased by 15.6%, rental services by 34.6% and Spa and relaxation services by 18.1%.

In the first semester of 2023, the revenue from hotel services increased compared to the same period last year, against the background of the increase in the average rate/room/day, which increased by 21%. Revenue from catering increased mainly due to the increase in the value of the average bill in the restaurant, both for a la carte services and for related services.

During the reporting period, the operational expenses registered a value 12% higher than in the similar period of 2022. This increase is caused both by the increase in salary expenses, depreciation expenses, as well as by the increase in the cost of goods sold.

Interest income registered a significant increase compared to the same period last year, the financial result for this semester registered a positive value of approx. 0.26 mil lei, amid the marking on the market of the fund units owned.

During the reporting period, the company registered an increase in the number of employees.

Indicator	Personnel as at 30.06.2023	Personnel as at 30.06.2022
Total personnel	64	62

The dynamics of the gross salaries compared to the realized revenue is the following:

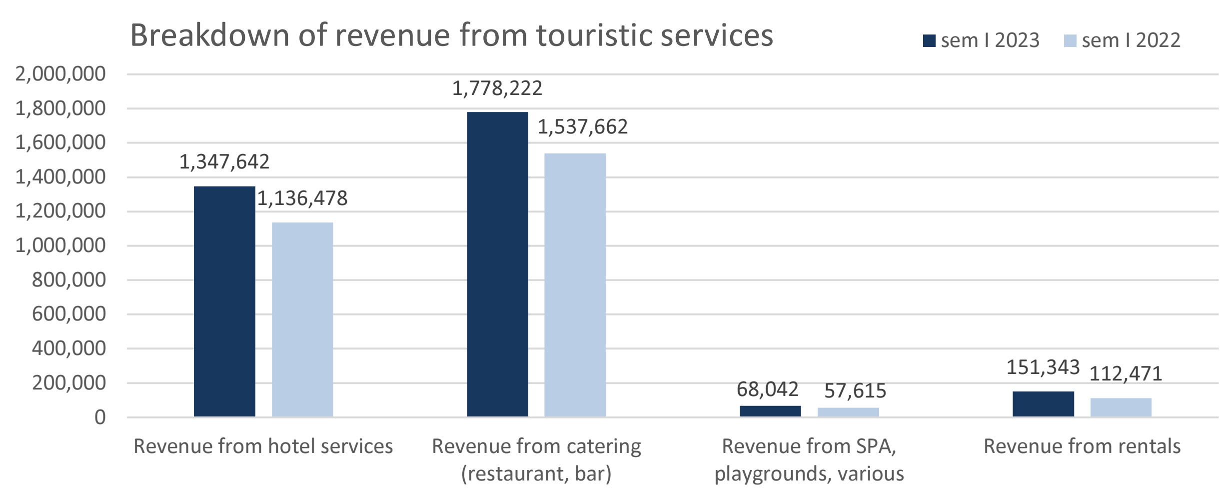
Indicator	30.06.2023	30.06.2022	Variation (%)
Gross wage expenses - lei	1,669,203	1,140,822	+46.32%
% personnel expenses in revenue	49.8	39.9	+24.76%

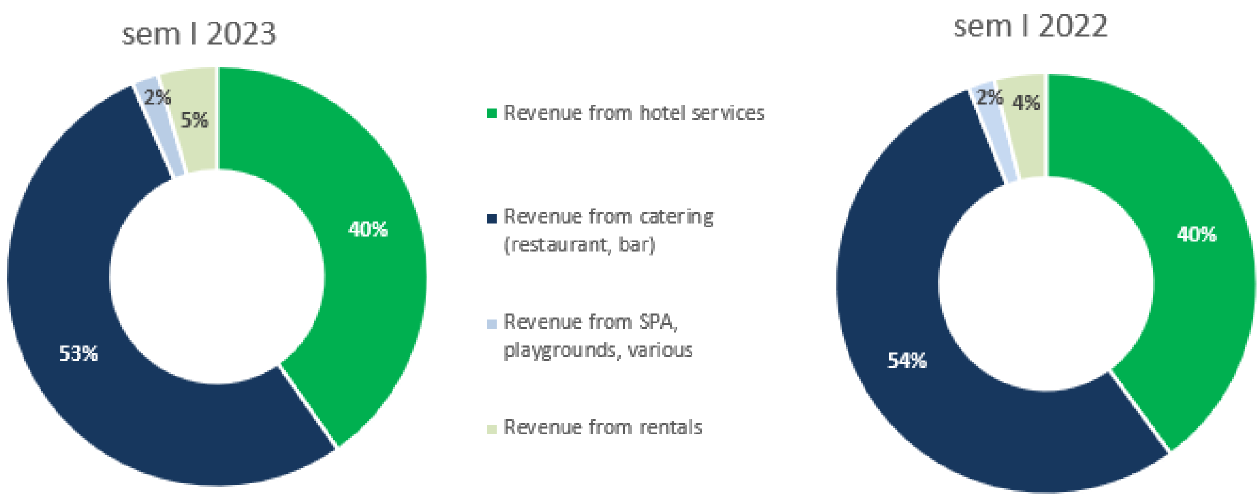
The increase recorded in the personnel expenses in the first half of 2023 was generated by the fact that in the first semester of 2022 the Kurzarbeit mechanism was applied, which generated savings on personnel expenses of 0.22 mn lei, a mechanism that is no longer applicable in 2023, as well as by the increase in the gross minimum salary in the country, starting with 1 January 2023, as well as on the basis of the increase in employee salaries, in order to maintain the attractiveness of the company as an employer and to retain experienced employees.

Cu exceptia celor mentionate mai sus, CASA DE BUCOVINA – CLUB DE MUNTE S.A. nu are de raportat evenimente si tranzactii care ar putea afecta semnificativ veniturile din activitatea de baza.

In the first semester of 2023 the company was not involved in any mergers or reorganization. During the first semester of 2023, the company had registered no significant acquisitions/disposals of assets used in its core activity.

For the next 6 months, there are no conditions that could affect the company's activity and liquidity and that would call into question the forecasted results of the company's activity in the fall/winter season. In this context, the company analyzes various business continuity plans, applicable to as many scenarios as possible.





4. The economic and financial position

4.1. The company's tangible assets

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

Along with the land, the company owns the following buildings:
• hotel (opened 2002) located in Gura Humorului, 18, Republicii street, Suceava county, consisting of basement, mezzanine and 8 floors, 127 rooms with a capacity of 220 guests;
• catering capacity: 2 restaurants with 180 and 60 seats, bar (60 seats) and terrace (60 seats);
• conference center: 6 rooms in the hotel (capacity between 25 and 100 seats);
• multipurpose stand-alone conference room with a capacity of 280 seats;
• office space in a Gura Humorului, 18, Republicii street, with a built surface of 171 sqm;
•Arinis Inn located in Arinis Park - terrace with a capacity of 140 seats.

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

4.2. Financial statements

The financial statements for the period ended 30 June 2023 were prepared in accordance with the Finance Ministry Order no. 2844/12.12.2016 for the approval of the accounting Regulations compliant with the International Financial Reporting Standards.

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

In the tables below there are presented the statement of financial position, the statement of profit or loss and other comprehensive income and the statement of cash flows related to the first semester of 2023.

	30 June 2023	31 December 2022
Assets		
Cash and bank accounts	4,339,080	3,777,381
Deposits at banks	2,333,179	2,990,468
Financial assets at fair value through profit or loss	5,119,523	5,103,480
Financial assets at amortized cost	2,236,732	2,236,488
Inventories	206,131	172,281
Other assets	900,137	1,007,516
Tangible and intangible fixed assets	23,767,446	24,131,641
Total Assets	**38,902,228**	**39,419,255**
Liabilities		
Deferred tax liability	2,250,716	0
Trade payables	484,098	645,351
Other liabilities	435,157	482,382
Total liabilities	**3,169,971**	**1,127,733**
Equity		
Share capital	31,078,307	31,078,307
Reserves from revaluation of tangible assets	11,920,264	14,273,716
Reported result	(7,266,314)	(7,060,501)
Total Equity	**35,732,257**	**38,291,522**
Total Liabilities and Equity	**38,902,228**	**39,419,255**

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

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 30 June 2023.

	30 June 2023	30 June 2022
Revenue from touristic services	3,345,249	2,844,226
Other revenue	7,853	12,668
Expenses with raw materials and consumables	(599,496)	(719,052)
Cost of goods sold	(663,895)	(632,115)
Third party expenses	(397,322)	(426,362)
Personnel expenses	(1,669,203)	(1,140,822)
Depreciation and impairment of fixed assets	(364,427)	(300,540)
Other expenses	(225,542)	(278,806)
Operating loss	**(566,783)**	**(640,803)**
Financial revenue	242,191	124,342
Net gain / (Net loss) from financial assets at fair value through profit or loss	16,043	(304,352)
(Loss)/ Profit before tax	**(308,549)**	**(820,813)**
Tax expense	19,810	(10,261)
(Net loss)/Net profit for the period	**(288,739)**	**(831,074)**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in revaluation reserve of tangible assets, net of deferred tax	13,268	-
Total comprehensive income for the period	**(275,471)**	**(831,074)**

In the first semester of 2023, against the background of a significant decrease in tourism activity, due the lack of snow, the company still recorded an increase in operational revenues by 17.6% yoy, on the back of an increase in revenues from hotel services by 18.6%, while the revenue from catering services increased by 15.6%.

Operating expenses increased by 12.1% compared to the first semester fo 2022. The most significant increases were recorded by personnel expenses, which grew by 46.3% (due to the increase of the minimum wage, as well as the termination of the Kurzarbeit programme), the cost of goods sold grew by 5% (while the revenue from catering service grew by 15.6%), and depreciation expenses registered a 21.3% increase (as a result of the beginning of the depreciation of the investments made in 2022). The company registered significant reductions with the expenses with raw materials and consumables (-16.6%), as well as the expenses with the services provided by third parties (-6.8%) and other expenses (-19.1%).

Thus, the company registered an operating loss of 0.57 mil lei, compared to the loss registered in the same period of last year, of 0.64 mil lei, and to the budgeted operating loss for this period, of 0.37 mil lei. The company registered a financial profit of 0.26 mil lei, compared to the financial loss of 0.18 mil lei registered in the first semester of 2022, amid an increase of the interest income and the marking-to-market of the fund units held. In the first half of 2023 the company registered a loss of 288.739 lei, compared to the loss amounting to 831.074 lei registered in the first semester of 2022.

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 30 June 2023.

in LEI	**30 June 2023**	**30 June 2022**
I. Cash flow from operating activities		
1 – Gross result	**(308,549)**	**(820,813)**
2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:	***13,521***	***171,307***
2.1. Depreciation of fixed assets	364,427	300,540
2.2. Provisions for risks and charges	(85,661)	(78,223)
2.3. Impairment adjustments of assets	(890)	-
2.4. Maintenance costs and revenue from assets disposal	(7,000)	(11,868)
2.5. Net Loss/(Net gain) from financial assets at fair value through profit or loss	(16,043)	304,352
2.6. Interest income	(241,312)	(123,962)
2.7. Adjustments for other non-cash items	-	(219,532)
3 - Changes in working capital during the period, of which:	***(53,467)***	***(119,765)***
3.1. (Increase) / Decrease in balances of trade receivables and other receivables	101,248	(19,429)
3.2. (Increase) / Decrease in inventory balance	(33,850)	(20,486)
3.3. Increase / (Decrease) in trade payables and other liabilities balances	(120,865)	(79,850)
4. Profit/Revenue tax paid		(10,261)
Net cash (used in)/from operating activities (A)	**(348,495)**	**(779,532)**
II. Cash flow from investment activities		
5 - cash payments for the acquisition of tangible and intangible assets, including improvements	(232)	(363,232)
6 - cash receipts from interest and similar	216,990	166,109
7 – cash receipts from the sale of tangible assets	7,000	11,868
8 - net placements in deposits with a maturity of more than 3 months and less than one year	681,368	(469,930)
Net cash (used in)/from investment activities (B)	**905,126**	**(655,185)**
III. Cash flow from financing activities		
9. - dividend payments to shareholders	(1,063)	(1,281)
Net cash used in financing activities (C)	**(1,063)**	**(1,281)**
Cash flows – Total (A+B+C)	**555,568**	**(1,435,998)**
Cash at beginning of period	**3,768,226**	**3,495,697**
Cash at end of period	**4,323,794**	**2,059,699**

4.3. Revenues and expenditures Budget Execution

The main financial indicators registered in the first six months of 2023, compared with the REB for the first six months of 2023 are presented in the following table:

	REB sem I 2023	ACTUAL sem I 2023
Total revenue	3,687,802	3,345,249
Total expenses	2,340,910	2,338,163
Profit from operating activity*	1,346,892	1,014,934
GOP**	381,854	1,865
Operating result	**-374,056**	**-566,783**
Financial result	150,000	258,234
Result before taxes	**-224,056**	**-308,549**

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

In the first six months of 2023, the revenue from the company's major business segments were below the budgeted values. Thus, the revenue from the accommodation activity (about lei 1.35mn) was 16% lower than budgeted for this segment, while the revenue from the food&beverage activity (approximately lei 1.78mn) recorded a value 9% lower than budgeted.

4.4 Liquidity, risk and management indicators

Liquidity indicators		Sem I 2023	Sem I 2022
Current liquidity	Current assets / Current liabilities	18,11	19,68
Quick liquidity – acid test	(Current assets - Inventories) / Current liabilities	17,86	19,41
Risk indicators		**Sem I 2023**	**Sem I 2022**
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest expenses	n/a	n/a
Management indicators		**Sem I 2023**	**Sem I 2022**
Inventory turnover	COGS / Average inventory	3,51	3,16
Days of storage	Average inventory / COGS *180	51,3	54,13
Clients turnover (days)	Average clients balance / Turnover *180	11,02	13,76
Fixed assets turnover	Turnover / Fixed assets	0,14	0,12
Total assets turnover	Turnover / Total assets	0,09	0,07

4.5. Assessment of the company's personnel

Regarding human resources, as at 30.06.2023, compared to 30.06.2022, the personnel evolution was the following:

Indicator	Personnel as at 30.06.2023	Personnel as at 30.06.2022
Total personnel	64	62

The dynamics of the gross salaries compared to the realized revenue is the following:

Indicator	30.06.2023	30.06.2022	Variation (%)
Gross wage expenses - lei	1,669,203	1,140,822	+46.32%
% personnel expenses in revenue	49.8	39.9	+24.76%

The increase recorded in the personnel expenses in the first half of 2023 was generated by the fact that in the first semester of 2022 the Kurzarbeit mechanism was applied, which generated savings on personnel expenses of 0.22 mn lei, a mechanism that is no longer applicable in 2023, as well as by the increase in the gross minimum salary in the country, starting with 1 January 2023, as well as on the basis of the increase in employee salaries, in order to maintain the attractiveness of the company as an employer and to retain experienced employees.

The relation of the company with its employees is covered by the Collective Work Contract. No union operates within the company.

There are not and there are not reported conflicting elements that could negatively impact the work relations in the company.

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

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

In the first semester of 2023 CASA DE BUCOVINA – CLUB DE MUNTE S.A. was not in any situation unable to meet its financial obligations during the analyzed period.

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

During the first semester of 2023 there were no changes in the rights of the holders of the shares issued by CASA DE BUCOVINA – CLUB DE MUNTE S.A.

6. Company management

6.1 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.

6.2. Executive management

As at 30.06.2023, the executive management of the company was provided by:

- General Manager - Mandate contract – Doina Prosciuc;

- Head of financial-accounting service – Permanent contract – Dorina Tiron;
- Food & Beverage Manager – Permanent contract – Stefan Ghisovan;
- Accommodation Manager – Permanent contract - Analaura – Iuliana Simota;
- Technic Manager – Permanent contract – Mihai Sava.

Through the Current Report published on 12.01.2023, the Company informs the shareholders that Mr. Ion Romica Tamas has resigned from the position of General Manager starting with 15.01.2023, and the Board of Administrators of the company has appointed Mrs. Doina Prosciuc as General Manager, with a mandate valid from 16.01.2023 to 16.07.2023.

6.3. Corporate governance

The company disseminates on its website, www.bestwesternbucovina.ro, information about its structures of corporate governance and also the list of the members of the Board of Administrators, mentioning the members who are independent and/or nonexecutive, the updated Constitutive Act and the declaration of compliance.

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

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

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

7. Significant transactions

Information regarding the major transactions concluded by the issuer with the persons it acts in concert with or in which these persons were involved during the relevant time period: There are no significant transactions registered in the first semester of 2023.

8. Risks and uncertainties over the next 6 months of the year

The main risks the Company is exposed to are: interest rate risk, currency risk, price risk, credit risk, liquidity risk, risk related to taxation, economic environment risk and 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 to.

Interest rate risk

As at 30 June 2023 a significant portion of the Company's assets, of 19.87 % (31 December 2022: 19.92%) 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.

Currency risk

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

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 taken 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, or due to external factors such as economic conditions, changes on the capital market or technological progress. The operational risk is inherent in all of the Company’s activities.

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

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, 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 external mandatory capital requirements.

9. Subsequent events

In the Extraordinary General Shareholders Meeting of CASA DE BUCOVINA – CLUB DE MUNTE S.A. on 16.08.2023, shareholders approved the following:

- the revocation of Resolution no. 1 of the Extraordinary General Shareholders Meeting of Casa Bucovina - Club de Munte - S.A. of 24.04.2023 regarding the approval of the exchange of some immovable properties, as published in the Official Gazette of Romania, Part IV, No. 2458/6.VI.2023;

- the revocation of Resolution no. 3 of the Extraordinary General Shareholders Meeting of Casa Bucovina - Club de Munte - S.A. of 24.04.2023 regarding the empowerment of the General Manager of the company to represent the company for the exchange of some immovable properties, as it was published in the Official Gazette of Romania, Part IV, No. 2458/6.VI.2023;

- the exchange of the following immovable properties owned by the company: (i) land with an area of 25.490 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 45051 of Gura Humorului city, Suceava county, having cadastral no. 45051; (ii) land with an area of 46.486 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 44163 of Gura Humorului city, Suceava county, having cadastral no. 44163; (iii) land with an area of 994 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 44974 of Gura Humorului city, Suceava county, having cadastral no. 44974; and (iv) land with an area of 142 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 44976 of Gura Humorului city, Suceava county, having cadastral no. 44976; with the following immovable properties owned by the City of Gura Humorului: (i) land with an area of 10.000 sqm, located in Gura Humorului, Arinis area, urban land, registered in the Land registry no. 44767 of Gura Humorului city, Suceava county, having cadastral no. 44767; (ii) land with an area of 5.000 sqm, located in Gura Humorului, Arinis area, urban land, registered in the Land registry no. 45059 of Gura Humorului city, Suceava county, having cadastral no. 45059; (iii) land with an area of 4.600 sqm, located in Voronet, Suceava county, DJ 177D, urban land, registered in the Land registry no. 45045 of Gura Humorului city, Suceava county, having cadastral no. 45045.

- the empowerment of Mrs. Cristina-Gabriela Gagea, as member of the Board of Administrators, who in turn can empower others, to represent the company in front of the public notary and any other persons or authorities in order to sign the exchange contract of the immovable properties mentioned on the third item of the agenda of the general meeting and the fulfillment of all the documents and formalities necessary for the aforementioned exchange and the implementation of the resolutions adopted by the extraordinary general shareholders meeting.

In the meeting on 11.07.2023, the Board of Administrators decided to extend the mandate of Mrs. Doina Prosciuc, as General Manager of the company Casa de Bucovina – Club de Munte S.A., from 16.07.2023 and until 31.08.2023.

10. Annexes

Interim financial statements for the financial period ended 30 June 2023

Statement of conformity

11. Signatures

Dan Florin Marinescu	**Dorina Tiron**
President of the Board of Administrators	**Head of the financial-accounting service**

Casa de Bucovina – Club de Munte S.A.

Interim Financial Statements
as at 30 June 2023

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

Unaudited

Table of contents

Interim financial statements

Casa de Bucovina – Club de Munte S.A.
Statement of profit or loss and other comprehensive income
for the financial period ended 30 June 2023

in LEI	Note	30 June 2023	30 June 2022
Revenue from touristic services	5	3,345,249	2,844,226
Other revenue		7,853	12,668
Expenses with raw materials and consumables		(599,496)	(719,052)
Expenses on merchandise		(663,895)	(632,115)
Expenses on services provided by third parties	6	(397,322)	(426,362)
Employee benefits expenses	7	(1,669,203)	(1,140,822)
Depreciation and impairment of tangible and intangible assets	8	(364,427)	(300,540)
Other expenses	9	(225,542)	(278,806)
Operating Loss		**(566,783)**	**(640,803)**
Financial revenue	10	242,191	124,342
Net gain / (Net loss) from financial assets at fair value through profit or loss	11	16,043	(304,352)
(Loss)/ Profit before tax		**(308,549)**	**(820,813)**
Tax expense	12	19,810	(10,261)
(Net loss)/Net profit for the period		**(288,739)**	**(831,074)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in revaluation reserve of tangible assets, net of deferred tax		13,268	-
Total comprehensive income for the period		**(275,471)**	**(831,074)**
Earnings per share			
Basic	13	(0.0018)	(0.0051)
Diluted		(0.0018)	(0.0051)

The financial statements were authorized to be issued by the Board of Administrators on 30.08.2023.

Dan Florin Marinescu
President of the Board of Administrators

Tiron Dorina
Head of financial-accounting service

Notes on pages 6 to 43 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.
Statement of financial position
as at 30 June 2023

In LEI	Note	30 June 2023	31 December 2022
Assets			
Cash and current accounts	14	4,339,080	3,777,381
Deposits at banks	15	2,333,179	2,990,468
Financial assets at fair value through profit or loss	16 a)	5,119,523	5,103,480
Financial assets measured at amortised cost	16 b)	2,236,732	2,236,488
Inventories		206,131	172,281
Other assets	17	900,137	1,007,516
Tangible and intangible assets	18	23,767,446	24,131,641
Total Assets		**38,902,228**	**39,419,255**
Liabilities			
Deferred tax liability	19	2,250,716	
Trade payables	20 a)	484,098	645,351
Other liabilities	20 b)	435,157	482,382
Total Liabilities		**3,169,971**	**1,127,733**
Equity			
Share capital	21 a)	31,078,307	31,078,307
Reserves from revaluation of tangible assets	21 b)	11,920,264	14,273,716
Retained earnings	21 c)	(7,266,314)	(7,060,501)
Total Equity		**35,732,257**	**38,291,522**
Total Liabilities and Equity		**38,902,228**	**39,419,255**

Dan Florin Marinescu
President of the Board of Administrators

Tiron Dorina
Head of financial-accounting service

Notes on pages 6 to 43 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.
Statement of changes in equity
for the financial period ended 30 June 2023

În LEI	Share capital	Own shares	Reserves from revaluation of tangible assets	Retained earnings	Total equity
Balance as at 1 January 2023	**31,078,307**	**-**	**14,273,716**	**(7,060,501)**	**38,291,522**
Total comprehensive income for the period					
Net result for the period	-	-	-	(288,739)	**(288,739)**
Other comprehensive income					
Distribution to legal reserve					
Recognition of deferred tax			(2,270,526)		**(2,270,526)**
Reported result from the correction of accounting errors					
Transfer from revaluation reserve to retained earnings as depreciation	-	-	(82,926)	82,926	-
Total comprehensive income for the period	**-**	**-**	**(2,353,452)**	**(205,813)**	**(2,559,265)**
Transactions with shareholders recognized directly in equity					
Dividends to be paid					
Prescribed dividends	-	-	-	-	-
Transactions with shareholders recognized directly in equity	-	-	-	-	-
Balance as at 30 June 2023	**31,078,307**	**-**	**11,920,264**	**(7,266,314)**	**35,732,257**

Dan Florin Marinescu
President of the Board of Administrators

Tiron Dorina
Head of financial-accounting service

Notes on pages 6 to 43 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.
Statement of changes in equity
for the financial period ended 30 June 2023

În LEI	Share capital	Own shares	Reserves from revaluation of tangible assets	Retained earnings	Total equity
Balance as at 1 January 2022	**31,078,307**	**-**	**14,439,568**	**(7,264,277)**	**38,253,598**
Total comprehensive income for the period					
Net result for the period	-	-	-	(831,074)	**(831,074)**
Other comprehensive income					
Distribution to legal reserve					
Distribution to other reserves					
Increase in revaluation reserve for tangible assets					
Reported result from the correction of accounting errors					
Transfer from revaluation reserve to retained earnings as depreciation	-	-	(82,926)	82,926	-
Total comprehensive income for the period	**-**	**-**	**(82,926)**	**(748,148)**	**(831,074)**
Transactions with shareholders recognized directly in equity					
Dividends to be paid					
Prescribed dividends	-	-	-	-	-
Transactions with shareholders recognized directly in equity	-	-	-	-	-
Balance as at 30 June 2022	**31,078,307**	**-**	**14,356,642**	**(8,012,426)**	**37,422,523**

Dan Florin Marinescu
President of the Board of Administrators

Tiron Dorina
Head of financial-accounting service

Notes on pages 6 to 43 are part of the interim financial statements.

Casa de Bucovina – Club de Munte S.A.
Statement of cash flow
for the financial period ended 30 June 2023

in LEI	**Note**	**30 June 2023**	**30 June 2022**
I. Cash flow from operating activities			
1 – Gross result		**(308,549)**	**(820,813)**
2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:		***13,521***	***171,307***
2.1. Depreciation of fixed assets	18	364,427	300,540
2.2. Provisions for risks and charges	9	(85,661)	(78,223)
2.3. Impairment adjustments of assets	9	(890)	-
2.4. Maintenance costs and revenue from assets disposal		(7,000)	(11,868)
2.5. Net Loss/(Net gain) from financial assets at fair value through profit or loss	11	(16,043)	304,352
2.6. Interest income	10	(241,312)	(123,962)
2.7. Adjustments for other non-cash items		-	(219,532)
3 - Changes in working capital during the period, of which:		***(53,467)***	***(119,765)***
3.1. (Increase) / Decrease in balances of trade receivables and other receivables		101,248	(19,429)
3.2. (Increase) / Decrease in inventory balance		(33,850)	(20,486)
3.3. Increase / (Decrease) in trade payables and other liabilities balances		(120,865)	(79,850)
4. Profit/Revenue tax paid			(10,261)
Net cash (used in)/from operating activities (A)		**(348,495)**	**(779,532)**
II. Cash flow from investment activities			
5 - cash payments for the acquisition of tangible and intangible assets, including improvements		(232)	(363,232)
6 - cash receipts from interest and similar		216,990	166,109
7 – cash receipts from the sale of tangible assets		7,000	11,868
8 - net placements in deposits with a maturity of more than 3 months and less than one year	15	681,368	(469,930)
Net cash (used in)/from investment activities (B)		**905,126**	**(655,185)**
III. Cash flow from financing activities			
9. - dividend payments to shareholders		(1,063)	(1,281)
Net cash used in financing activities (C)		**(1,063)**	**(1,281)**
Cash flows – Total (A+B+C)		**555,568**	**(1,435,998)**
Cash at beginning of period		**3,768,226**	**3,495,697**
Cash at end of period		**4,323,794**	**2,059,699**

in LEI	**Note**	**30 June 2023**	**30 June 2022**
Cash on hand		19,059	13,278
Current accounts in banks		1,066,591	645,229
Bank deposits with an original maturity of less than 3 months		3,238,144	1,401,192
Total cash and cash equivalents	14	**4,323,794**	**2,059,699**

Dan Florin Marinescu
President of the Board of Administrators

Tiron Dorina
Head of financial-accounting service

Notes on pages 6 to 43 are part of the interim financial statements.

1. Reporting entity

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

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

The Company’s shares are listed on the Bucharest Stock Exchange, Standard category, with the BCM ticker, starting with 12 May 2008.

As of 30 June 2023, 73.98% of the Company is owned by SIF Muntenia S.A., and 26.02% by other shareholders. Depozitarul Central S.A. Bucuresti keeps the evidence of shares and shareholders, according to the legal provisions.

2. Basis of preparation

(a) Declaration of conformity

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

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

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

(b) Presentation of financial statements

The interim financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" and IAS 34 "Interim Financial Reporting”. The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of revenue and expenses according to their nature in the statement of profit or loss and other comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than those that would have been presented under other methods allowed by IAS 1.

2. Basis of preparation (continued)

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

(d) Basis of valuation
The interim financial statements were prepared using the fair value convention for financial assets at fair value through profit or loss. Other assets and financial liabilities, as well as the non-financial assets and liabilities are presented at amortised cost, revalued value or historical cost.

(e) Use of estimates and judgements
The preparation of interim financial statements in accordance with International Financial Reporting Standards involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. Judgments and assumptions associated with these estimates are based on historical experience and on other factors deemed reasonable considering these estimates. The results of these estimates form the basis for judgments related to accounting values of assets and liabilities that cannot be obtained from other sources of information. The results obtained can differ from these estimates.
Judgments and the assumptions are regularly reviewed by the Company. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period in which the estimates are revised and future periods if the revisions affect both the current period and future periods

(f) Going concern
The present interim financial statements were prepared on a going concern basis, which assumes that the Company will continue its activity in the foreseeable future, without entering into the impossibility of continuing the activity or without its significant reduction. To assess the applicability of this presumption, management analyzes forecasts of future cash inflows. Based on these analyses, 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.
From the analysis carried out regarding the implications of the conflict in Ukraine in the Company's activity, the management considers that the continuity of its activity will not be affected (see Note 4).

3. Significant accounting policies

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

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

3. Significant accounting policies (continued)

(a) Transactions in foreign currency (continued)

The exchange rates of the main foreign currencies were:

Currency	30 June 2023	31 December 2022	Variation
Euro (EUR)	1: LEU 4,9634	1: LEU 4,9474	+ 0,32%
US Dollar (USD)	1: LEU 4,5750	1: LEU 4,6346	- 1,29%

(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).

(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.

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:

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(i) Classification (continued)

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

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

Financial assets at fair value through profit or loss
All financial assets that are not classified at 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.

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

(iii) Compensations

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

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

(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).

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(iv) Valuation (continued)

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.

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

(v) Impairment identification and valuation of expected credit 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 occured 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.

(vi) Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows from that financial asset expire or when the Company has transferred the rights to receive the contractual cash flows related to that financial asset in a transaction in which it substantially transferred all the risks and rewards related to the ownership.

3. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(vi) Derecognition (continued)

Also, the Company fully derecognizes the financial assets when it does not have reasonable estimates of thr recovery of the contractual cash flows.

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

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

(vii) Gains and losses on disposal

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

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

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

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

(e) Other financial assets and liabilities

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

(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.

3. Significant accounting policies (continued)
(f) Tangible assets (continued)

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

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

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

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

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/scrapping of tangible assets

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

(g) Intangible assets

(i) Recognition and valuation

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

(ii) Subsequent expenses

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

(iii) Depreciation of intangible assets

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

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

3. Significant accounting policies (continued)

Intangible assets (continued)

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.

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

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

(j) Dividends to be distributed

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

(k) Revaluation reserves

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

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

3. Significant accounting policies (continued)

(k) Revaluation reserves (continued)

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”.

(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).

3. Significant accounting policies (continued)

(o) Employees benefits (continued)

(ii) Defined contribution plans (continued)

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 employee 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) Revenue

(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

Revenue from rendering of services is recorded as it is made. Services also include the execution of works and other operations cannot be treated as a delivery of goods.
The stage of completion of the works is determined based on statements accompanying invoices, records of acceptance or other evidence on the stage of completion of the services rendered.

(q) Financial revenue and expenses

Financial revenue include interest revenue related to invested amounts. Interest revenue is recognized in profit or loss on an accrual basis, based on the effective interest method.
The gains and losses from the differences of the exchange rate related to financial assets and liabilities are reported on a net basis, either as financial revenue or financial expense, based on foreign exchange fluctuations: net gain or net loss.

(r) Current and deferred tax

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

3. Significant accounting policies (continued)

(r) Current and deferred tax (continued)

In 2022, the Company applied the legal facilities related to the specific tax, as follows:

- ✓ according to GEO 11/2022 art. III whereby the specific tax was not due for a period of 180 days starting with 03.02.2022;
- ✓ GEO 153/2020 art I., the Company benefited from a 7% reduction of the specific tax.

For the other types of activities, which are not subject to the specific tax, the Company owed 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.

At the end of the financial period ended 30 June 2022, 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 30 June 2022, the Company did not have any liabilities/receivables related to the deferred tax.

According to art. VI of GO 16/2022 for the amendment and completion of Law no. 227/2015 regarding the Fiscal Code, starting from 1 January 2023, the specific tax was eliminated by the abrogation of Law no. 170/2016. Starting from 1 January 2023, the Company will calculate profit tax.

For the financial period ended 30 June 2023 and 30 June 2022, the current income tax rate was 16%.

(s) Earnings per share

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

(t) Subsequent events

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

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

Events after the end of the reporting period that require no adjustments are shown in the notes, when considered significant.

(u) Activity segments

An activity segment is the component of an entity:

a) which is engaged in business activities that could obtain revenues and could incur expenses;

b) whose results of the activities are regularly examined by the main decision factor from the entity, in order to make decisions regarding the allocated resources for the segment and the evaluation of its performance, and

c) for which separate financial information is available

3. Significant accounting policies (continued)

(u) Activity segments (continued)

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

a) its reported revenues, including: revenues from external clients and sales or transfers between segments represent 10% or more of the combined revenues, internal and external, of all activity segments;

b) the absolute value of its reported profit or loss is 10% or the higher, in absolute value, of (i) the combined profit reported for all activity segments that did not report a loss and (ii) the combined loss for all activity segments that reported a loss;

c) its assets represent 10% or more of the combined assets of all activity segments.

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

(v) Lease contracts

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

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

As a lessor, the financial statements remain unaltered by the introduction of the IFRS 16 standard.

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

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

(w) 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".

3. Significant accounting policies (continued)

(w) Subventii guvernamentale (continuare)

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 2022 government subsidies on revenues.

(x) The implications of the new International Financial Reporting Standards (IFRS)

During the current year, the Company applied all the new standards and amendments to the International Financial Reporting Standards (IFRS), which are relevant for its operations and are in force, approved by the European Union.

A. The initial application of the new amendments to the existing standards in force for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are in force for the current reporting period.
The adoption of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.

(i) Amendments to IAS 16 "Tangible assets" – Receipts before expected use adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022). The amendment prohibits an entity from deducting from the cost of a tangible asset any receipt before the asset is prepared for its intended use. It also clarifies that an entity tests whether an asset is working properly when evaluating its technical and physical performance. The physical performance of the asset is not subject to the amendment. Entities must present separately the amounts of receipts and costs related to the items produced that do not represent a normal activity of the company.

(ii) Amendments to IFRS 3 "Business Combinations" – Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on June 28, 2021 (applicable for annual periods starting on or after January 1, 2022). Minor changes were made to IFRS 3, regarding the definition of the conceptual framework for Financial Reporting and to add an exception regarding the recognition of liabilities and contingent liabilities within the scope of IAS 37 "Provisions, contingent liabilities and contingent assets" and IFRIC 21 "Taxes ". The amendments confirm that contingent assets should not be recognized at the acquisition date.

(iii) Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts - Cost of contract execution adopted by the EU on June 28, 2021 (applicable for annual periods starting on or after January 1, 2022). The amendment clarifies that the structure of direct costs related to the completion of a contract includes both incremental costs and an allocated part of other direct costs attributable to the completion of the contract. Also, before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that occurred on the assets used in the performance of the contract.

3. Significant accounting policies (continued)

(x) The implications of the new International Financial Reporting Standards (IFRS) (continued)

(iv) Amendments to various standards due to "IFRS Improvements (cycle 2018-2020)" resulting from the annual project to improve IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of eliminating inconsistencies and to clarify certain forms - adopted by the EU on June 28, 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods starting on or after January 1, 2022. The amendment to IFRS 16 refers only to an illustrative example, so it does not an effective date is mentioned).

B. **Standards and amendments to existing standards issued by the IASB and adopted by the EU**

(i) Amendments to IAS 1 "Presentation of Financial Statements" – Classification of liabilities in current and long-term categories, offering a more general approach, based on the contractual commitments in force at the reporting date. The changes were initially effective for annual reporting periods beginning on or after January 1, 2022, however, the effective date was postponed to January 1, 2023.

(ii) Presentation of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2); effective date: annual reporting periods beginning on or after January 1, 2023. The amendments require an entity to present its material accounting policies, instead of its significant accounting policies. Subsequent amendments explain how an entity can identify a significant accounting policy. Examples of cases where an accounting policy is likely to be significant are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the "four-step materiality process" described in IFRS Practice Statement 2.

(iii) Definition of accounting estimates (amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"); effective date: annual reporting periods beginning on or after January 1, 2023. The amendments clarify how entities must distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retroactively to past transactions and other past items, as well as to the current period.

(iv) Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS12); effective date: annual reporting periods beginning on or after January 1, 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 upon initial recognition. The amendment should be applied only to transactions that take place at or after the beginning of the comparative period presented. In addition, entities should recognize deferred tax assets and deferred tax liabilities at the beginning of the comparative period for all deductible and taxable temporary differences associated with: assets representing the right to use the underlying assets under financial leasing contracts and liabilities regarding leasing contracts, and decommissioning, restoration and similar debts. The cumulative effect regarding the recognition of these adjustments is recorded on retained earnings, or other corresponding capital items. IAS 12 did not previously address the way of accounting for the fiscal effects of financial leasing contracts, so different approaches are considered acceptable.

3. Significant accounting policies (continued)

(x) The implications of the new International Financial Reporting Standards (IFRS) (continued)

(v) **Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associated entities and joint ventures"-** Sale of or contribution of assets between an investor and its associated entities or joint ventures and subsequent amendments (date of entry in force has been postponed for an indefinite period, until the research project on the equivalence method is completed).

(vi) **IFRS 17 "Insurance contracts" which replaces IFRS 4; effective date: annual reporting periods beginning on or after January 1, 2023.** Subsequent amendments introduced in December 2021 added a transition period that allowed an entity to apply an optional classification in periods comparable to the initial application of IFRS 17. The option of classification applies to all financial assets, including those not subject to the standard. Thus, it allows the classification of those assets in the comparative period(s) according to the provisions of IFRS 9.

C. New standards and amendments to existing standards issued by the IASB, but which have not yet been adopted by the EU

(i) **Amendments to IAS 1 "Presentation of financial statements"** – Long-term liabilities with financial indicators (applicable for annual periods starting on or after January 1, 2024). The amendments clarify how conditions that an entity must meet within twelve months of the reporting period affect the classification of a liability.

(ii) **Amendments to IFRS 16 "Leases"** – Lease liabilities in a sale and leaseback transaction (applicable for annual periods beginning on or after January 1, 2024). The amendments to IFRS 16 provide that the seller-lessee shall subsequently evaluate the leasing liabilities arising from a leaseback transaction so as not to recognize any gains or losses related to the retained right of use. The new requirements do not prevent the seller-lessee from recognizing in the profit and loss account gains or losses from the partial or total termination of a leasing contract.

(iii) **IFRS 14 "Deferral accounts related to regulated activities"** (applicable for annual periods starting on or after January 1, 2016) - The European Commission decided not to issue the approval process of this interim standard and to wait for the final standard. This standard is intended to allow entities that adopt IFRS for the first time, and that currently recognize deferral accounts related to regulated activities under previous generally accepted accounting policies, to continue to do so when transitioning to IFRS.

(iv) Amendments **to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associated entities and joint ventures**"- Sale of or contribution of assets between an investor and its associated entities or joint ventures and subsequent amendments (date of entry in force has been postponed for an indefinite period, until the research project on the equivalence method is completed). The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associated entity or joint venture, gains or losses are recognized when the assets sold or contributed represent an enterprise.

4. Accounting estimates and significant 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 23). 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 tested 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 degree, 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 in objective conditions by market participants.

4. Accounting estimates and significant judgments (continued)

Fair value hierarchy (continued)

30 June 2023

In Lei	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	-	-	5,119,523	5,119,523

31 December 2022

In Lei	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	-	-	5,103,480	5,103,480

For the financial period ended 30 June 2023, 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 5.119.523 lei (31 December 2022: 5.103.480 lei) (Note 16 a)).

Under the fair value model for financial assets at fair value through profit or loss - fund units, a positive change of fair value of 10% leads to profit after tax increase of 511.952 lei at 30 June 2023 (31 December 2022: 510.348 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.

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.

Measurment 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.

4. Accounting estimates and significant 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 implications of the conflict in Ukraine

In the context of the military aggression of the Russian Federation against Ukraine, we specify that the Company has defined a regulated framework regarding the regime applicable to international sanctions, in compliance with the legal provisions in force: Law 129/2019 for the prevention and combating of money laundering and the financing of terrorism, such as and for the modification and completion of some normative acts, GEO 202/2008 regarding the implementation of international sanctions.

We are monitoring the situation created by the military invasion of Ukraine and closely following the international sanctions imposed on natural and legal persons, entities and bodies from the Russian Federation and Belarus.

The company has implemented, in accordance with national legislation, a formal framework for checking and preventing possible risks to which it could be exposed in the field of international sanctions. In accordance with the internal procedures in force, the Company carries out continuous monitoring of the business relationship with its clients and of the transactions carried out by them.

Any initiation of a business relationship is carried out only after the application of measures to know the clientele, the risk factor being one of the elements evaluated by the Company, including from the perspective of international sanctions.

We mention that in the process of monitoring the portfolio, the Company uses, in addition to information from various, credible and independent sources. Since the beginning of this situation, we have carried out a complete analysis of the client portfolio, and have not identified in the Company's portfolio any persons included on the list of international sanctions.

Considering the dynamics of the international sanctions ordered against the Russian Federation and against the Republic of Belarus (natural persons, legal entities, "state" entities, activities and exchanges of goods), the Company carefully and meticulously monitors the sanctions ordered by the various authorities and international bodies so that ensure both compliance with the provisions of the legislation in force (taking into account the daily changes that appear in the lists of international sanctions), as well as the protection of clients from this perspective.

4. Accounting estimates and significant judgments (continued)

Climate-related aspects

Following the adoption of the European Green Pact, the need arose to have unified criteria for reporting activities that can be considered sustainable from the environmental point of view, criteria that would ensure increased transparency and coherence in the classification of these activities ("taxonomy") and risk limitation of ecological disinformation (the concept of "greenwashing").

Thus, in June 2020, Regulation (EU) 2020/852 was published on the establishment of a framework to facilitate sustainable investments and to amend Regulation (EU) 2019/2088 (Taxonomy Regulation). On 6 July 2021, the European Commission adopted Delegated Act (EU) 2021/2178 (the “Delegated Regulation”) supplementing Article 8 of the Taxonomy Regulation, which requires large financial and non-financial entities to provide information to investors about the environmental performance of assets and their economic activities.

The company is exempted from the application of the provisions of this Regulation, in accordance with Article 7 (3) of the Delegated Regulation, not being subject to the publication of non-financial information (non-financial statement), in accordance with the provisions of Article 19a or 29a of Directive 2013/34/EU, as amended and subsequent amendments.

5. Revenue from touristic services

	30 June 2023	30 June 2022
Revenue from hotel services	1,347,642	1,136,478
Revenue from catering (restaurant, bar)	1,778,222	1,537,662
Revenue from SPA, playgrounds, various	68,042	57,615
Revenue from rental	151,343	112,471
Total	3,345,249	2,844,226

6. Third party expenses

	30 June 2023	30 June 2022
Third party expenses	318,181	355,189
Expenses with repairs and maintenance	79,141	71,173
Total	**397,322**	**426,362**

7. Personnel expenses

	30 June 2023	30 June 2022
Salaries	1,433,149	1,182,454
Expenses with social security and social protection	60,554	59,199
Expenses with meal tickets	175,500	118,700
Income from operating subsidies *(i)*	-	(219,531)
Total	**1,669,203**	**1,140,822**

(i) During January – June 2022 the company benefited from the settlement of a part of the salaries from the unemployment insurance budget of 219.531 lei, according to GEO 132/07.08.2020, for the measure to reduce the working time of the employees

The average number of employees in the period ended 30 June 2023 was 64 (period ended 30 June 2022: 58), and the effective number of employees as of 30 June 2023 is 64 (30 June 2022: 62).

8. Expenses with the depreciation and impairment of tangible and intangible assets

	30 June 2023	30 June 2022
Expenses with depreciation	364,427	300,540
	364,427	**300,540**

9. Other expenses

	30 June 2023	30 June 2022
Expenses with other taxes, fees and similar	179,269	207,738
Expenses with commissions and fees	61,625	59,961
Postal and telecommunications expenses	24,378	23,113
Protocol, advertising and publicity expenses	2,545	3,870
Expenses with bank services and similar	10,996	12,506
Expenses with insurance premiums	17,871	19,234
Income from reversal of provisions	(85,661)	(78,223)
Income from reversal of adjustments for impairment of assets	(890)	
Travel, secondment and transfer expenses		1,749
Expenses with compensations, fines and penalties	1,577	2,105
Expenses with royalties, management locations and rent	13,832	26,753
Total	**225,542**	**278,806**

10. Financial revenue

	30 June 2023	30 June 2022
Revenue from interest	241,312	123,962
Net gain from foreign exchange differences	879	340
Other financial revenue	-	40
Total	**242,191**	**124,342**

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

	30 June 2023	30 June 2022
Net gain / (Net loss) from financial assets at fair value through profit or loss (Note 16 a))	16,043	(304,352)
Total	**16,043**	**(304,352)**

12. Tax expense

	30 June 2023	30 June 2022
Current tax	-	
Expense with specific tax	-	10,261
Deferred income tax		
Revenue from deferred income tax	(19,810)	-
Total	**(19,810**	**10,261**

13. Earnings per share

in LEI	**30 June 2023**	**30 June 2022**
(Loss)/ Profit attributable to ordinary shareholders	(288,739)	(831,074)
Weighted average number of ordinary shares	162,319,412	162,319,412
Basic earnings per share	**(0.0018)**	**(0.0051)**

14. Cash and current accounts

	30 June 2023	**31 December 2022**
Current accounts	1,066,591	1,058,906
Cash	19,059	28,537
Deposits with an original maturity of less than 3 months	3,238,144	2,680,783
Other values	8,050	9,155
Cash advances	7,236	
Total	**4,339,080**	**3,777,381**

The current accounts at banks are always at Company's disposal and are not restricted, except for the amount of 47.839 lei (31 December 2022: 42.329 lei) representing personnel collateral.

15. Bank deposits

	30 June 2023	**31 December 2022**
Bank deposits with an initial maturity higher than 3 months and less than a year	2,265,000	2,946,368
Receivables attached	68,179	44,100
Total	**2,333,179**	**2,990,468**

16. Financial assets

a) Active financiare la valoare justă prin profit si pierdere

As at 30 June 2023 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 16.043 lei (30 June 2022: a net loss of 304.352 lei) (Note 11).

FIA Star Value	**30 June 2023**	**31 December 2022**
Fair value	5,119,523	5,103,480
Total	**5,119,523**	**5,103,480**

	30 June 2023	**31 December 2022**
Number of fund units	4,691.00	4,691.00

b) Financial assets valued at amortized cost

	30 June 2023	**31 December 2022**
Bonds	2,225,000	2,225,000
Receivables attached	11,732	11,488
Total	**2,236,732**	**2,236,488**

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
Societatea FIROS S.A., cu sediul social în B-dul. Timișoara nr.100, sector 6, București, CUI 434492 este filiala SIF Muntenia S.A..
In the first semester of 2021 these bonds have reached their maturity.
On 19 August 2021 and 27 August 2021, the Company subscribed the value of 2,225,000 lei and purchased a number of 890,000 corporate bonds, guaranteed, issued by FIROS S.A., with a nominal value of 2.5 lei / bond. 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. 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.

17. Other assets

	30 June 2023	31 December 2022
Trade receivables (i)	383,397	294,471
Prepayments (ii)	156,827	155,009
Other receivables (iii)	359,913	558,036
Total	**900,137**	**1,007,516**

(i) Trade receivables	30 June 2023	31 December 2022
Clients	496,964	405,587
Adjustments for impairment of client receivables	(123,952)	(124,842)
Suppliers – debtors for services	10,385	13,726
Total	**383,397**	**294,471**

(ii) Prepayments	30 June 2023	31 December 2022
Concession of land – inflated cost	105,718	106,449
Value of concession of land – paid in advance	33,680	33,914
Miscellaneous	17,429	14,646
Total	**156,827**	**155,009**

(iii) Other receivables	30 June 2023	31 December 2022
Receivables from the State budget	290,821	437,473
Various debtors	82,052	94,543
Adjustments for the impairment of various debtors	(13,210)	(13,210)
Grants to be reveived*)	-	38,980
Other financial assets **)	250	250
Total	**359,913**	**558,036**

*) 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 2022, collecting on 28.02.2023 the amount of 38.980 lei.

**) 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.

18. Tangible and intangible assets

A. Tangible assets

a) Evolution of tangible assets as at 30 June 2023

in LEI	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
Gross book value						
31 December 2022	**10,255,586**	**14,303,413**	**2,998,305**	**773,852**	**12,171**	**28,343,327**
Inflows	-	-	-	-	-	-
Closed prepayments	-	-	-	-	-	-
Outflows	-	-	(30,673)	-	-	**(30,673)**
30 June 2023	**10,255,586**	**14,303,413**	**2,967,632**	**773,852**	**12,171**	**28,312,654**
Cumulated deprecation						
31 December 2022	-	**(1,788,835)**	**(1,915,706)**	**(510,528)**	-	**(4,215,069)**
Expense with depreciation	-	(231,343)	(109,799)	(21,849)	-	**(362,991)**
Reversal of cumulated depreciation	-	-	-	-	-	-
Outflow	-	-	30,673	-	-	**30,673**
30 June 2023	**-**	**(2,020,178)**	**(1,994,832)**	**(532,377)**	**-**	**(4,547,387)**
Net book value						
31 December 2022	**10,255,586**	**12,514,578**	**1,082,599**	**263,324**	**12,171**	**24,128,258**
30 June 2023	**10,255,586**	**12,283,235**	**972,800**	**241,475**	**12,171**	**23,765,267**

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

b) Evolution of tangible assets as at 30 June 2022:

in LEI	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
Gross book value						
31 December 2021	**10,255,586**	**13,799,880**	**2,173,929**	**767,512**	**12,171**	**27,009,078**
Inflow	-	-	25,756	15,585	318,533	**359,874**
Closing advances	-	-	-	-	-	-
Outflows	-	-	(18,000)	-	-	**(18,000)**
30 June 2022	**10,255,586**	**13,799,880**	**2,181,685**	**783,097**	**330,704**	**27,350,952**
Cumulated depreciation						
31 December 2021	**-**	**(1,338,531)**	**(1,833,047)**	**(481,503)**	**-**	**(3,653,081)**
Expense with depreciation	-	(223,088)	(50,838)	(21,437)	-	**(295,363)**
Reversal of cumulated depreciation	-	-	-	-	-	-
Outflow	-	-	18,000	-	-	**18,000**
30 June 2022	**-**	**(1,561,619)**	**(1,865,885)**	**(502,940)**	**-**	**(3,930,444)**
Net book value						
31 December 2021	**10,255,586**	**12,461,349**	**367,275**	**286,009**	**12,171**	**23,382,390**
30 June 2022	**10,255,586**	**12,238,261**	**315,800**	**280,157**	**330,704**	**23,420,508**

c) The value of plots of land held by the Company as at **30 June 2023** și **31 December 2022** is the revalued amount at 31 December 2018, determined by the independent valuer CMF Consulting S.A.

LEI

Land - Location / Property document	**Area sqm**	**Value as at 30 June 2023**	**Value as at 31 December 2022**
Str. Mihail, Gura Humorului, plot 370/2, CF 6501;Ctr. no. 2818/2000	687	128,164	128,164
Str. Republicii no. 18, Gura Humorului; contribution in kind AA 12/2004	220	41,042	41,042
Arinis dendrologic park; contribution in kind AA 2/1998	8,807	739,349	739,349
Gura Humorului Suceava county; Ctr. 266/02.02.2010	262	48,878	48,878
Arinis dendrologic park; contribution in kind AA 3/1999 and exchange contract 179/2005	162,678	9,298,153	9,298,153
TOTAL	**172,392**	**10,255,586**	**10,255,586**

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

Lands in concession, held by the Company as at 30 June 2023**:**

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

d) The Company owns as at **30 June 2023** and **31 December 2022** the following **buildings** valued at revaluated value at 31 December 2018, determined by the independent valuer CMF Consulting S.A.:

	Address of the building	Acquisition/registration date	Value as of 30 June 2023	Value as of 31 December 2022
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. In 2022, modernization and furnishing works were carried out, resulting in a change in the number of rooms, from 130 to 127	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 4. Increase in the value of the asset through the incorporation of PVC and/or Aluminum windows, with thermal insulating glass, according to PVR no. 720/22.09.2022	12,269,419	12,269,419
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			**14.303.413**	**14,303,413**

18. Tangible and intangible assets (continued)

A. Tangible assets (continued)

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

in LEI	30 June 2023	31 December 2022
Land	790,322	790,322
Buildings	12,639,381	12,639,381
Total	**13,429,703**	**13,429,703**

f) Valuation techniques

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

Estimates of fair value have been made in accordance with the provisions of IFRS and the above-mentioned valuation standards.
For the valuation of buildings, the revenue method was used, with an average capitalization rate of 10.3%, corroborated with the cost method.
For the land valuation it was chosen to use the market approach, the direct comparison method.

g) Evolution of **tangible assets in progress** as of 30 June 2023:

Tangible assets in progress	Balance at 31 December 2022	Inputs	Receptions	Balance at 30 June 2023
Arinis Inn, annex	12,171	-	-	12,171
TOTAL	**12,171**	**-**	**-**	**12,171**

18. Tangible and intangible assets (continued)

B. Intangible assets

Other intangible assets amounting to 91.211 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 period ended 30 June 2023:

in LEI	**Intangible assets**
Gross book value	
31 December 2022	**90,979**
Inflows	232
Outflows	-
30 June 2023	**91,211**
Cumulated depreciation	
31 December 2022	**(87,596)**
Depreciation expense	(1,436)
Outflows	-
30 June 2023	**(89,032)**
Net book value	
31 December 2022	**3,383**
30 June 2023	**2,179**

19. Deferred tax liabilities

	Basis 30.06.2023
Tangible assets	14,190,790
Trade receivables	(123,952)
Prepayment – concession inflated land	105,718
Provisions	(92,368)
Various debtors	(13,210)
Total	14,066,977
Diferente temporare nete - 16%	**2,250,716**

19. Deferred tax liabilities (continued)

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. 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.

As at 31 December 2017, deferred tax was no longer determined for revaluation reserves of tangible assets according to IAS 12, because the entity does not intend to sell the building where it carries out tourist activity that falls under the incidence of the specific tax and carries out economic activities that can generate insignificant revenue that fall under incidence of profit tax. As a result, there was a derecognition of the deferred tax in the amount of 1,935,808 lei, resulting in an increase in equity by the same amount.

During 2018 - 2022, 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 that fall under the incidence of Law no. 170/2016. Consequently, the Company does not appear with deferred tax liabilities/receivables.

Starting with 1 January 2023, according to GEO 16/2022, Law no. 170/2016 was abolished. Consequently, the Company will calculate profit tax and deferred tax.

20 a). Trade payables

	30 June 2023	31 December 2022
Trade payables	283,435	540,602
Advance payments received	200,663	104,749
Total	**484,098**	**645,351**

20 b). Other liabilities

	30 June 2023	31 December 2022
Liabilities to the State budget	116,548	110,068
Creditors and other payables	77,979	78,535
Payables to employees	148,262	115,750
Provisions *	92,368	178,029
Total	**435,157**	**482,382**

* The provisions as of 30 June 2023 and 31 December 2022 represent mainly the provisions for unused leave for the years 2022 and 2021.

21. Capital and reserves

a) Share capital

As at **30 June 2023** 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.

21. Capital and reserves (continued)

a) Capital social (continuare)

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

The shareholding structure of the Company as at 30 June 2023:

30 June 2023	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	120,079,482	12,007,948	73,98
Other shareholders	42,239,930	4,223,993	26,02
Total	**162,319,412**	**16,231,941**	**100,00**

The shareholding structure of the Company as at 31 December 2022:

31 December 2022	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	112.400.276	11.240.028	69,25
Legal entities	25.748.411	2.574.841	15,86
Individuals	24.170.725	2.417.072	14,89
Total	**162.319.412**	**16.231.941**	**100,00**

Reconciliation of share capital	30 June 2023	31 December 2022
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**

b) Reserves from the revaluation of tangible assets

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

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

c) Reported result

Item	30 June 2023	31 December 2022
Legal reserves	689,195	689,195
Other reserves	1,085,589	1,085,589
Reported result	1,040,338	922,410
Reported result related to the adoption for the first time of IAS 29	(9,792,697)	(9,792,697)
Current result	(288,739)	37,924
Profit distribution		(2,922)
Total reported result	**(7,266,314)**	**(7,060,501)**

d) 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 30 June 2023 and 31 December 2022 is of 689.195 lei.

The legal reserves cannot be distributed to shareholders.

21. Capital and reserves (continued)

e) Other reserves

Other reserves, amounting to 1,085,589 lei, as of 30 June 2023, are amounts allocated from the net profit for the financial years 2007-2019:

- 22,966 lei from the 2007 net profit, according to OGSM decision no.2/25.04.2008;
- 616,690 lei from the 2008 net profit, according to OGSM decision no.2/29.04.2009;
- 192,054 lei from the 2009 net profit, according to OGSM decision no.2/22.04.2010;
- 44,054 lei from the 2010 net profit, according to OGSM decision no.2/28.04.2011;
- 50,378 lei from the 2018 net profit, according to OGSM decision no..2/30.04.2019;
- 84,414 lei prescribed dividends, according to EGSM decision no.5/30.04.2019;

75.033 lei from the share capital decrease, according to EGSM decision from 28.04.2020 and FSA Certificate no. AC-3400-2/30.09.2020 regarding the share capital decrease.

22. Related parties

a) Key management personnel

	30 June 2023
Members of the Board of Administrators	Marinescu Dan Florin - President Tamaş Ion Romică - Vicepresident Gagea Cristina - Member Ababei Dana - Member Chiribucă Dumitru Florin - Member

	30 June 2023
Members of executive management	Prosciuc Doina - General Manager starting with 16.01.2023 Tamaş Ion Romica - General Manager until 15.01.2023 Tiron Dorina – Head of financial-accounting service Ghișovan Ștefan – F&B Manager Şimota 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:

	30 June 2023
Tamaş Ion Romica	99,000
Prosciuc Doina	43,516
Tiron Dorina	1,055
Simota Analaura - Iuliana	30,352
Sava Mihai	20,352
Ghișovan Stefan	1,406
Total	**195,681**

22. Related parties (continued)
c) Transactions with the key management personnel

	30 June 2023	30 June 2022
Salaries paid to management	224,709	263,295
Remunerations paid to the members of the Board of Administrators	51,300	61,560

The Company has not concluded pension commitments with former members of the Board of Directors of 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 S.A. The Company has acquired bonds issued by the related party. (Note 16 b).

23. Financial risk management

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

- market risk (interest rate risk, currency risk and price risk);
- credit risk;
- liquidity risk;
- risk related to taxation;
- economic environment risk;
- operational risk.

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

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

(a) Market risk

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

The Company is exposed to the following market risk categories:

(i) Price risk

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

(ii) Interest rate risk

As of 30 June 2023 a significant portion of the Company's assets 19,87% (31 December 2022: 19,92%) are interest-bearing, the cash and cash equivalents are generally invested at an interest rate for the short term. The decrease of the yields affects the asset valuation.

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

Fixed rate instruments	30 June 2023	31 December 2022
Bank deposits	5,503,144	5,627,151
Bonds	2,225,000	2,225,000
Total	**7,728,144**	**7,852,151**

23. Financial risk management (continued)
(a) Market risk (continued)

The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 5.35% si 7.7% for the period ended 30 June 2023 for RON-denominated deposits and for the bonds held the interest rate is 4% p.a.

(iii) Currency risk

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

(b) Credit risk

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

The 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.

The maximum exposure of the Company to the credit risk amounts to 9.617.706 lei as of 30 June 2023 (31.12.2022: 9.818.904 lei)

Book value	30 June 2023	31 December 2022
Trade receivables and other current assets, of which:	**743,060**	**852,258**
- Customer receivables	373,012	280,745
- Suppliers - debtors	10,385	13,726
- Various debtors	68,842	81,334
- Receivables from the state budget	290,821	437,473
- Grants to be received	0	38,980
Bonds	**2,236,732**	**2,236,488**
Cash and deposits with banks, of which:	**6,637,914**	**6,730,158**
- Banca Transilvania	75,273	61,332
- Vista Bank	2,268,723	2,250,626
- Libra Bank	1,126,897	1,088,877
- Garanti Bank	1,922,241	2,085,042
- Raiffeisen Bank	1,091,390	1,040,121
- BCR	7,899	26,910
- Trezoreria Gura Humorului	77,311	133,150
- Related receivables to deposits	68,179	44,100
TOTAL	**9,617,706**	**9,818,904**

23. Financial risk management (continued)

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. The following table presents the residual maturity of the Company's financial assets and liabilities:

30 June 2023	Book value	Under 3 months	Between 3 and 12 months	Over 1 year	No default maturity
Financial assets					
Cash	1,100,936	1,100,936	-	-	-
Deposits at banks	5,571,323	3,306,323	2,265,000	-	-
Bonds	2,236,732	11,732	-	2,225,000	-
Fund units	5,119,523	-	-	-	5,119,523
Other assets	900,137	900,137	-	-	-
Total financial assets	**14,928,651**	**5,319,128**	**2,265,000**	**2,225,000**	**5,119,523**
Financial liabilities					
Trade payables	427,986	427,986	-	-	-
Provisions for risks and expenses	72,830	72,830	-	-	-
Other liabilities	315,284	315,284	-	-	-
Total financial liabilities	**816,100**	**816,100**	**-**	**-**	**-**
Liquidity surplus	**14,112,551**	**4,503,028**	**2,265,000**	**2,225,000**	**5,119,523**

23. Financial risk management (continued)

(c) Liquidity risk (continued)

31 December 2022	Book value	Under 3 months	Between 3 and 12 months	Over 1 year	No default maturity
Financial assets					
Cash	1.096.598	1.096.598			
Deposits at banks	5.671.251	2.724.883	2.946.368		
Bonds	2.236.488	11.488		2.225.000	
Fund units	5.103.480				5.103.480
Other assets	1.007.516	1.007.516			
Total financial assets	**15.115.333**	**4.840.485**	**2.946.368**	**2.225.000**	**5.103.480**
Financial liabilities					
Trade payables	645.351	645.351			
Provisions for risks and expenses	178.029	178.029			
Other liabilities	304.353	304.353			
Total financial liabilities	**1.127.733**	**1.127.733**	**-**	**-**	**-**
Liquidity surplus	**13.987.600**	**3.712.752**	**2.946.368**	**2.225.000**	**5.103.480**

(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, or due to external factors such as economic conditions, technological advances. 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.

23. Financial risk management (continued)

(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, 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.

24. Subsequent events

In the Extraordinary General Shareholders Meeting of CASA DE BUCOVINA – CLUB DE MUNTE S.A. on 16.08.2023, shareholders approved the following:

- the revocation of Resolution no. 1 of the Extraordinary General Shareholders Meeting of Casa Bucovina - Club de Munte - S.A. of 24.04.2023 regarding the approval of the exchange of some immovable properties, as published in the Official Gazette of Romania, Part IV, No. 2458/6.VI.2023;
- the revocation of Resolution no. 3 of the Extraordinary General Shareholders Meeting of Casa Bucovina - Club de Munte - S.A. of 24.04.2023 regarding the empowerment of the General Manager of the company to represent the company for the exchange of some immovable properties, as it was published in the Official Gazette of Romania, Part IV, No. 2458/6.VI.2023;
- the exchange of the following immovable properties owned by the company: (i) land with an area of 25.490 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 45051 of Gura Humorului city, Suceava county, having cadastral no. 45051; (ii) land with an area of 46.486 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 44163 of Gura Humorului city, Suceava county, having cadastral no. 44163; (iii) land with an area of 994 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 44974 of Gura Humorului city, Suceava county, having cadastral no. 44974; and (iv) land with an area of 142 sqm, located in Gura Humorului, Arinis Dendrological Park, urban land, registered in the Land Registry no. 44976 of Gura Humorului city, Suceava county, having cadastral no. 44976; with the following immovable properties owned by the City of Gura Humorului: (i) land with an area of 10.000 sqm, located in Gura Humorului, Arinis area, urban land, registered in the Land registry no. 44767 of Gura Humorului city, Suceava county, having cadastral no. 44767; (ii) land with an area of 5.000 sqm, located in Gura Humorului, Arinis area, urban land, registered in the Land registry no. 45059 of Gura Humorului city, Suceava county, having cadastral no. 45059; (iii) land with an area of 4.600 sqm, located in Voronet, Suceava county, DJ 177D, urban land, registered in the Land registry no. 45045 of Gura Humorului city, Suceava county, having cadastral no. 45045.
- the empowerment of Mrs. Cristina-Gabriela Gagea, as member of the Board of Administrators, who in turn can empower others, to represent the company in front of the public notary and any other persons or authorities in order to sign the exchange contract of the immovable properties mentioned on the third item of the agenda of the general meeting and the fulfillment of all the documents and formalities necessary for the aforementioned exchange and the implementation of the resolutions adopted by the extraordinary general shareholders meeting.

24. Subsequent events (continued)

In the meeting on 11.07.2023, the Board of Administrators decided to extend the mandate of Mrs. Doina Prosciuc, as General Manager of the company Casa de Bucovina – Club de Munte S.A., from 16.07.2023 and until 31.08.2023.

Dan Florin Marinescu	**Tiron Dorina**
President of the Board of Administrators	**Head of financial-accounting service**

c a s a d e
Bucovina
c l u b d e m u n t e

Piata Republicii nr. 18
Gura Humorului 725300
Județul Suceava
Tel: + 4 0230 207000
Fax + 4 230 207001
E-mail:
actionari@bestwesternbucovina.ro
www.bestwesternbucovina.ro

Statement of responsibility
for the preparation of half-yearly accounting reports
as of June 30, 2023

As administrators of CASA DE BUCOVINA - CLUB DE MUNTE S.A. ("the Company"), in accordance with the provisions of art. 65, alin. (2), letter c from the Law no. 24/2017, we state that, according to our knowledge, the financial statements as of June 30, 2023 were prepared in accordance with the applicable accounting standards and offer a true view, compliant with the reality of assets, liabilities, financial standing, profit and loss account of the Company and that the administrators' report for the first semester of 2023 presents in a fair and complete manner the information about the company.

Dan Florin Marinescu
President of the Board of Administrators