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Independent Auditors' Report

(free translation¹)

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

Splaiul Unirii nr. 16, sector 4, București, România
Unique Registration Code: 3168735

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Societatea de Investitii Financiare Muntenia S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. The financial statements as at and for the year ended 31 December 2019 are identified as follows:
 - Net assets/Total equity: Lei 1,574,026,234
 - Net profit for the year: Lei 111,913,700
3. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 for approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector ("FSA Norm no. 39/2015").

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



Basis for Opinion

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

Key Audit Matters

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

Valuation of financial assets

As at 31 December 2019, the Company carried financial assets at fair value through profit or loss at RON 817,525,382 (31 December 2018: RON 710,614,051) and financial assets at fair value through other comprehensive income at RON 798,621,743 (31 December 2018: RON 585,329,963).

The carrying amount of fair value reserves for financial assets at fair value through other comprehensive income as at 31 December 2019 is of RON 203,333,446 (31 December 2018: RON 15,875,967).

Net gain from financial assets at fair value through profit or loss recognized in 2019 is of RON 95,896,891 (31 December 2018: net loss of RON 22,162,265).

Refer to the following notes to the financial statements:

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

The key audit matter	How the matter was addressed in our audit
<p>As described in Note 14 <i>Financial assets</i>, as at 31 December 2019, the Company’s financial assets portfolio comprises the following: Financial assets at fair value through profit or loss of RON 817,525,382 and financial assets at fair value through other comprehensive income of RON 798,621,743. Valuation of these instruments often involves the exercise of significant judgement and the use of assumptions and estimates. The risk is that these valuations are misstated.</p> <p>Out of the financial instruments that are carried</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> ➤ We tested the key controls the Company has in place for the prevention, detection and correction of errors in the process of valuation of financial assets. <p>The key controls refer to: annual assessment of the active market criteria for quoted shares, appropriate involvement of the management of S.A.I. Muntenia Invest S.A. in the selection of valuation experts, supervision over transfer and</p>

<p>at fair value, RON 928,945,780 representing 57% of financial assets measured at fair value were classified as Level 1 in the fair value hierarchy at 31 December 2019. Financial assets measured at fair value using quoted prices in markets that are not active amount to RON 41,629,122 and have been presented as Level 2 valuations. The remaining RON 645,572,223 was classified as Level 3 because the valuation techniques use significant inputs which are unobservable.</p> <p>With respect to Level 1 and Level 2 fair values, judgment is required to determine whether transactions take place with sufficient frequency and volume and this depends on the specific facts and circumstances of the market for that financial asset.</p> <p>With respect to the Level 3 fair values – shares that do not have a quoted market price in an active market, the Company applied various valuation techniques, using both external and internal certified valutors.</p> <p>The valuations based on unobservable inputs require significant judgments and assumptions from the management of S.A.I. Muntenia Invest S.A. (the administrator of the Company) to estimate the fair value.</p> <p>Due to the significant judgement and assumptions required in relation to valuation of financial assets we considered this area to be a key audit matter.</p>	<p>reasonableness of relevant data to those experts and also analysis of valuation results.</p> <ul style="list-style-type: none"> ➤ We involved our valuation specialists to assist us in: <ul style="list-style-type: none"> • Evaluating the appropriateness of the valuation techniques used to measure fair value against the relevant financial reporting standards; and • Challenging the assumptions made by the management of S.A.I. Muntenia Invest S.A., for a sample of investments, by comparing them to our knowledge about the general economic environment, the regulatory environment of the industry, and the Company's specific circumstances, and by testing the historical accuracy of the Company's forecast process. ➤ We assessed the appropriateness of the categorization within the fair value hierarchy by considering whether the transactions on the relevant markets are orderly, which included our evaluation of the analysis of the management of S.A.I. Muntenia Invest S.A. of the volume and frequency of trade on those markets. ➤ We evaluated the completeness, accuracy and relevance of the disclosures in the financial statements in relation to valuation of financial instruments against the relevant financial reporting requirements.
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Other information – Annual Administrator's Report

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

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of S.A.I. Muntenia Invest S.A.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We were appointed by the General Shareholders' Meeting on 31 August 2017 to audit the financial statements of Societatea de Investitii Financiare Muntenia S.A. for the year ended 31 December 2019. Our total uninterrupted period of engagement is 15 years, covering the periods ending 31 December 2005 to 31 December 2019.
16. We confirm that:
- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which we issued on 16 March 2020. We also remained independent of the audited entity in conducting the audit.
 - We have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

Other matters

17. This independent auditors' report is made solely to the Company's Shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders, as a body, for our audit work, for the report on the audit of the financial statements and the report on other legal and regulatory requirements or for the opinion we have formed.

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

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

Greco Tudor Alexandru

KPMG Audit SRL

Refer to the original signed Romanian version

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

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

Bucharest, 18 March 2020