



KPMG Audit SRL
DN1, Soseaua Bucuresti-Ploiesti nr. 89A
Sector 1

P.O. Box 18 – 191
Bucuresti 013685,
Romania,
Tel: +40 (372) 377 800
Fax: +40 (372) 377 700
www.kpmg.ro

Independent Auditors' Report

(free translation)

To the Shareholders of SOCIETATEA DE INVESTITII FINANCIARE MUNTENIA SA

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

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Societatea de Investitii Financiare Muntenia S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The financial statements as at and for the year ended 31 December 2021 are identified as follows:
 - Total equity: Lei 1,976,871,085
 - Net profit for the year: Lei 266,187,637
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 2021, 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").

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.



Basis for Opinion

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

Key Audit Matters

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

Valuation of financial assets

As at 31 December 2021, the Company has financial assets at fair value through profit or loss (FVTPL assets) of RON 1,022,991,600 (31 December 2020: RON 760,465,458) and financial assets at fair value through other comprehensive income (FVOCI assets) of RON 941,366,194 (31 December 2020: RON 782,464,281). Also as at 31 December 2021, fair value reserves for financial assets at fair value through other comprehensive income: RON 310,503,415 (31 December 2020: RON 196,284,003).

Net gain from FVTPL assets recognized in 2021: RON 271,741,882 (2020: net loss of RON 63,537,403).

Net gain recognised in other comprehensive income in 2021 in respect of financial assets at fair value through other comprehensive income is RON 138,804,795 (2020: Net loss of RON 6,379,368).

Refer to the following notes to the financial statements:

- Note 3 (e) Significant accounting policies, Financial assets and liabilities
- Note 5 Use of estimates and judgments
- Note 8 Net (loss)/gain from financial assets at fair value through profit or loss
- Note 13 Financial assets
- Note 18 Capital and Reserves

The key audit matter	How the matter was addressed in our audit
As described in Note 13 Financial assets, as at 31 December 2021, financial assets carried at fair value, including primarily equity instruments and units in mutual funds, represent some of the most significant asset categories in the Company's statement of financial position. The said financial assets are classified as	<p>Our audit procedures in this area, performed with the assistance from our own valuation specialists, included, among others:</p> <ul style="list-style-type: none"> ➤ We evaluated the appropriateness of the fair value methods and models used by the Company against the relevant requirements of the financial reporting standards and market practice;

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

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

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

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

➤ We assessed the relevance and reliability of key data used in the fair value measurements;

➤ We challenged the fair values derived by reference to quotations in active markets. This included, among other things:

- Challenging the Company's evaluation of the underlying markets as active, by assessing whether transactions in a given market take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis;
- Tracing the recognized fair values of quoted equity securities in the Company's portfolio to publicly available market quotations;

➤ We challenged the valuations of the FVTPL and FVOCI assets not traded on active markets, as follows:

- For discounted cash flows-based valuations, we assessed the internal coherence, logic and mathematical accuracy of the model and challenged the key underlying assumptions, primarily those for:
 - discount rates and yields, by reference to independent external sources;
 - growth rates and cash-flow projections, by reference to historical performance and our expectations based on understanding of the current environment;
- For the market comparison-based valuations, we challenged the fair values of comparable assets by reference to independent external sources, and also assessed whether material adjustments are necessary for any differences between the subject asset and the comparable assets;
- For the adjusted net assets-based valuations, we challenged the appropriateness of the method in the circumstances, and challenged the key assumptions applied therein such as the price agreed through sales contract or auction deed represents the best estimate of the fair value, by reference to the documents presented in the valuation reports;
- For the investments in mutual funds, we assessed whether the NAV per unit communicated by the funds' administrators is representative of the units' fair value, by considering, among other things, the manner in which the units are traded and redeemed and our independent assessment of fair values of the funds' portfolio investments, by reference to their

	<p>market prices obtained from external pricing sources;</p> <p>➔ We evaluated the completeness and accuracy of the disclosures in the financial statements in relation to valuation of financial instruments against the relevant financial reporting requirements.</p>
--	--

Other information

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 and the Remuneration 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. We have nothing to report in this regard.

Other Reporting Responsibilities Related to Other Information – Annual Administrator's Report.

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:

- 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;
- 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.

Other Reporting Responsibilities Related to Other Information – Remuneration Report

With respect to Remuneration Report, we read the Remuneration Report in order to determine whether it presents, in all material respects, the information required by article 107, alin (1) and (2) of the Law no. 24/2017 regarding the issuers of financial instruments and market operations and related amendments. We have nothing to report in this regard.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements - Report on Compliance with the ESEF Regulation

15. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the financial statements with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management

16. Management is responsible for the preparation of the financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes the preparation of the financial statements in the applicable xHTML format, including ensuring consistency between the digital format and the signed financial statements and the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

Auditors' Responsibilities

17. Our responsibility is to express an opinion on whether the financial statements comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included evaluating the appropriateness of the digital format of the financial statements and assessing consistency between the digital format and the signed and audited financial statements, stamped by us for identification purposes.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

18. In our opinion, the financial statements of the Company as at and for the year ended 31 December 2021, have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Report on Other Legal and Regulatory Requirements - EU Regulation (EU) No. 537/2014

19. We were appointed by the General Shareholders' Meeting on 23 April 2020 to audit the financial statements of Societatea de Investitii Financiare Muntenia S.A. for the year ended 31 December 2021. Our total uninterrupted period of engagement is 17 years, covering the periods ending 31 December 2005 to 31 December 2021.

20. We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which we issued on 23 March 2022. We also remained independent of the audited entity in conducting the audit.
- we have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

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

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

Refer to the original signed Romanian version

Greco Tudor Alexandru

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

KPMG Audit SRL

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

Bucharest, 24 March 2022