

2022 MANAGEMENT PROGRAM AND BUDGET OF REVENUES AND EXPENDITURES OF SIF MUNTENIA S.A.

1 GENERAL

Societatea de Investitii Financiare Muntenia S.A. (the Company) is a Romanian legal entity, established as a joint stock company with fully private capital, classified according to the applicable legal regulations as an Alternative Investment Fund of the Investment Company type, in the category of Alternative Investment Fund intended for Retail Investors with a closed diversified investment policy which is managed from the outside¹.

During the reporting period, the Company was managed by SAI Muntenia Invest S.A., based on the management contract in force, approved by the Company shareholders within the SOGM of 23 April 2020 and endorsed by FSA by way of Opinion no. 165/22.07.2020 and also in accordance with the applicable legislation. The Company Depositary is BRD Groupe Société Générale S.A.

The priority strategic objectives are, as approved within the SOGM of 28 April 2021:

- Continuing the process of restructuring the portfolio and managing it efficiently, so as to ensure a long-term sustainable growth;
- Continuing the investment process, focusing on investment in Romania and in listed shares.

The differentiated approach adopted by the Company for each of its shareholdings aims at fully benefitting from an aggregate return, generated by dividend income and capital gain.

In 2021 there were no reorganisations, mergers or divisions of the Company.

The acquisitions and disposals of assets carried out by the Company, in 2021, refer to transactions of sale and purchase of securities. Details of these transactions are set out below in Chapter 5 of this Report.

During the period ended 31 December 2021, the Company continued meeting the conditions to be an investment entity. There were no changes in the criteria of classification as an investment entity.

In applying the Company investment policy, the manager neither carries out securities financing transactions (SFTs), nor does it use total return swap instruments, as defined in Regulation (EU) no. 2015/2365 of the European Parliament and of the Council of 25 November 2015 on the transparency of securities financing transactions and of reuse and amending Regulation (EU) no. 648/2012 (hereinafter referred to as "Regulation (EU) no 2015/2365").

¹ According to FSA Authorisation no. 151/09.07.2021

2 ABBREVIATIONS

| | |
|-----------------------------------------------------------------------|-----------------|
| Alternative Investment Fund Managers | AIFM |
| Financial Supervisory Authority | FSA |
| European Central Bank | ECB |
| National Bank of Romania | NBR |
| Shareholders' Representatives Council | SRC |
| Alternative Investment Fund for retail investors | FIAIR |
| IFRS 9 <i>Financial Instruments</i> | IFRS 9 |
| Undertakings for the Collective Investment in Transferable Securities | UCITS |
| Net asset value | NAV |
| Capital Markets Union | CMU |
| Shareholders General Meeting | SGM |
| European Securities and Markets Authority | ESMA |
| European Investment Bank | EIB |
| Bucharest Stock Exchange | BSE |
| Alternative Investment Funds | AIF |
| Private property fund IV Muntenia | FPP IV Muntenia |
| IFRS 10 <i>Consolidated Financial Statements</i> | IFRS 10 |
| Average interest rate on attracted deposits on the interbank market | ROBID |
| European Union | EU |

3 ECONOMIC ENVIRONMENT

2022

The main features that are currently characteristic of the European economy and not only:

- Russia's unprovoked and unjustified military aggression against Ukraine; through its illegal military actions, Russia is seriously violating international law and undermines European and global security and stability - there is a risk of further expansion into the space of other European States, including as a result of statements in which Russian officials invoke the possibility of using biological, chemical, nuclear weapons;
- aggravating the existing energy crisis, including as a result of the European space's inability to limit/reduce energy dependence – in particular on Russian gas, oil and coal, which has substantially affected the economic base over the last six months; energy supply disruption and/or price shocks, especially in Europe;
- Russia's invasion of Ukraine has already begun to disrupt world markets, with prices of the main commodities having risen sharply worldwide since the beginning of the conflict. This further affects markets, which have recently recorded record prices for energy and fertilizers, as well as for various other products such as minerals, steel, cereals, other raw materials;
- bottlenecks in production and supply chains, accompanied by a substantial increase in transport costs;
- inflationary pressures in economies / very high levels of inflation (by rapidly increasing energy, food and metal prices), as well as tense financial markets with capital flows that will focus mainly on low-risk assets, this will make financing for emerging economies more difficult;
- decrease of consumer and business confidence, slowing down spending including resizing/redirecting investment;
- intensifying cyber attacks and counterattacks between Russia and those it considers to be opponents;
- possibility of a migration crisis on the background of a major exodus of the civil population from Ukraine;
- the emergence of a new upward phase in the evolution of the pandemic – there is still an upward phase of the wave triggered by the virus's Omicron variant.

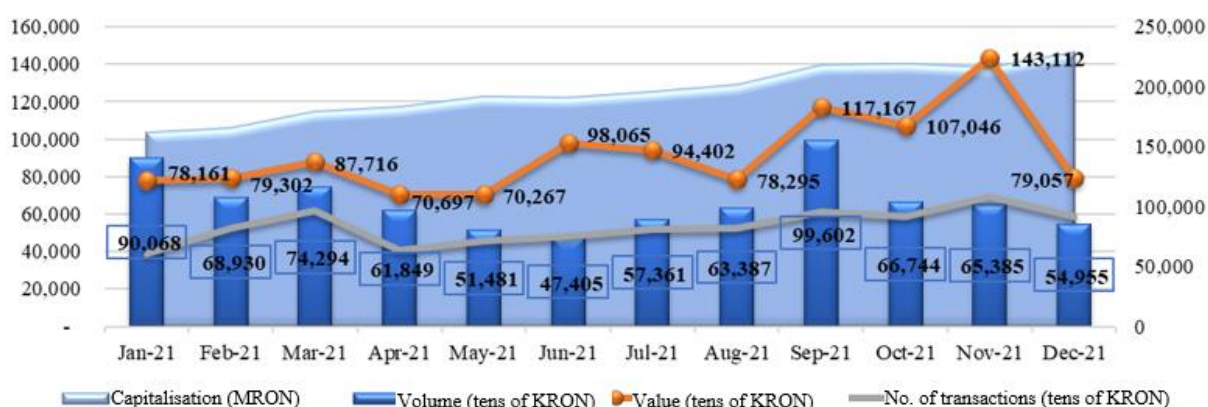
According to the data from the National Bank of Romania (NBR)², economic activity stagnates in the fourth quarter of 2021, including in the context of the pandemic wave 4, the energy crisis and bottlenecks in production and supply chains, bringing the annual GDP dynamics down to a significantly lower value than expected in November 2021. At the same time, annual GDP dynamics recorded a markedly more pronounced fall in Q3 2021 than expected to 7,4% from 13,9% in Q2. However, it remained high from a historical perspective, with the majority of private consumption as well as the change in stocks.

The inflation³ rate rose to 8.19% in December 2021, from 7.80% in November, rising further above the upper limit of the target range, mainly as a result of the continuing increase in energy commodity prices. It also reflects the effects of the large-scale increase in agri-food commodity prices, energy costs and transport, as well as the influences of persistent bottlenecks in production and supply chains, together with those arising from measures to protect against coronavirus infection, all of which are likely to be sustained by rising short-term inflationary expectations.

In 2021, according to the data published by the FSA⁴, approximately 1.5 million transactions were recorded on all markets managed by the BVB, increasing by 52.43% compared to 2020 with a total volume of about 9.5 billion financial instruments, totalling approximately RON 21.5 billion, increasing by 28.48% compared to the previous year.

The market for share transactions had a 33% increase in the number of transactions made on the main stock market segment and more than 252% on the multilateral trading system (MTS), although it was characterised by a decrease in the volume traded (-19.5%) on the main market and a decrease (-10%) in the transaction value.

The chart below shows the developments of the share market, in the main segment, during the 12 months of 2021.



Source: data taken from BVB, processed by SAI Muntenia Invest S.A.

4 INVESTMENT STRATEGY

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

SAI Muntenia Invest S.A. (hereinafter referred to as "the Administrator") does not invest in derivative financial instruments (traded on regulated markets, on organized trading systems (OTSS) or over the counter (OTC) on its behalf or on behalf of

² <https://www.bnr.ro/page.aspx?prid=20456>

³ <https://www.bnr.ro/page.aspx?prid=20556>

⁴ <https://asfromania.ro/ro/a/2300/gabriel-gr%C4%83dinescu,-vicepre%C8%99edinte-asf:-reperale-evolu%C8%9Biei-pie%C8%9Bei-de-capital-%C3%AEn-anul-2021>

the Company and does not use leverage in the investment policy adopted in connection with the management of the Company.

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

MAIN STRATEGIC OBJECTIVES FOR 2022

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

In order to meet the investment objectives, the Administrator will consider the following:

- the transparency of the investment policy and the way in which it contributes to the achievement of the main investment objectives;
- maintaining effective communication with investors and SRC members.

DIRECTIONS OF ACTION

- Continue to align the Company's activity with national and European AIF legislation;
- Maintaining the Company as an investment entity;
- Maintaining the risk management system according to AIFM regulations.

In 2022, the Company will continue to comply with the requirements of the AIF legislation, according to the regulations that came into force during 2019 - 2021 and will undergo changes / completions also during 2022.

The differentiated approach adopted by the Company for each of its participations aims at the capitalisation of an aggregate return, generated from dividend income and capital gain.

As part of the revaluation process of the status of investment entity, the Company periodically reviews the extent to which the conditions for classification as an investment entity are met.

EXIT STRATEGIES

An investment entity differs from other categories of entities especially by the fact that it does not intend to keep its investments indefinitely.

As an investment entity, the Company has different strategies for different types or investment portfolios, including a realistic time frame for divestments.

In order to meet the proposed strategic objectives and meet the budgeted indicators, the restructuring of the portfolio will continue in the coming years. Exit strategies to be followed include:

- Listed companies in which the Company holds less than 20% of their share capital and have values less than 2,000,000 lei in the certified NAV as at 31.12.2021 will be sold with priority, through transactions on the capital market after the analysis on the opportunity to sell under market conditions;
- Closed companies in which the Company holds less than 49% of their share capital and have values less than 2,000,000 lei in the certified NAV as at 31.12.2021 will follow an evaluation process and negotiations with the majority shareholder / shareholders in order to an exit in the next 3-4 years;
- Listed companies that are not Subsidiaries and have a value of more than 2,000,000 lei in the certified NAV as at 31.12.2021, will be constantly monitored so as to capture the most favorable exit moments, simultaneously with marking

dividend income for those who have an annual dividend distribution policy; in parallel, for such companies analysis and monitoring is implemented, in order to purchase new stakes for marking future positive results;

- Unlisted companies that are not Subsidiaries and have a value of more than 2,000,000 lei in the certified NAV as at 31.12.2021 will be analyzed and evaluated, and in the next 3-5 years the aim is to achieve exits negotiated with the majority shareholder / shareholders , given that the policy and strategy of these companies is different from the interest of the Company, with the registration of a positive result for the Company;
- **Subsidiaries:** Starting with 2018, the Company evaluates subsidiaries at fair value through profit or loss. They are analytically monitored, constantly aiming to increase their fair value by taking immediate action, especially in case of non-compliance with the indicators from the revenue and expenditure budgets approved by the SGM of the entities. The evolution of the subsidiaries is constantly monitored, both in terms of the result and the position in the market in which they operate, so that the fair value does not have negative influences in the annual result recorded by the Company. For the performing subsidiaries, in parallel with the follow-up of the evolution, the concrete exit strategy will be prepared, so that this will be realized under profitable conditions for the Company;
- Disregarding the value of companies in the certified NAV as at 31.12.2021, for all companies, except subsidiaries, the Administrator will track public or private placements, purchase offers organized at the level of companies, equity distributions to shareholders, so that portfolio restructuring to be achieved under the best conditions for the Company;
- Some of the shares that are measured in accordance with IFRS 9 at fair value through other comprehensive income are mainly held for long-term strategic purposes. They will be analyzed and evaluated, and in the next 3-5 years exit strategies will be established, given that the policy and strategy of these companies is different from the interest of the Company, with the registration of a positive result for the Company;
- For holdings in fund units, the aim will be to return the investment by redeeming the fund units. The holding period will take into account the type of fund, the performance recorded and the recommended holding period in the fund's prospectus.

COMMITMENT TO INVESTORS

The Administrator undertakes to the investors of the Company *that the object of activity of the Company is to invest funds exclusively for profitability purposes, from the increase of the equity value and / or from the income from investments.*

The Administrator treats and will treat all the Company's investors fairly. Principles for the fair treatment of investors include, but are not limited to:

- acting in the interest of the Company and of the shareholders;
- ensuring that investment decisions taken on behalf of the Company are executed in accordance with the investment policy, objectives and risk profile;
- ensuring that the interests of any group of shareholders are not placed above the interests of any other group of shareholders;
- ensuring that fair and transparent pricing models and valuation systems are used for the Company's portfolio;
- preventing the imposition of undue costs on the Company and its shareholders;
- take all reasonable measures to avoid conflicts of interest, and where they cannot be avoided, identify, manage, monitor and, where applicable, disclose such conflicts of interest to prevent them from affecting the interests of shareholders;
- the correct recognition and treatment of complaints and petitions.

The Administrator has and implements policies and procedures designed to manage current and potential conflicts of interest.

The Company and the Administrator do not intend to provide investment-related services, either directly or through a subsidiary, which represents a substantial separate economic activity or a separate, important source of income for the Company.

5 ASSET ALLOCATION

Asset allocation (based on objectives pursued and risk perception) and portfolio diversification are techniques used to identify, build and operate a portfolio of financial instruments. Asset allocation identifies the **proportions** of asset classes

in the global portfolio, while portfolio diversification suggests the **right mix** of financial instruments in each of the asset classes.

For the allocation of the Company's assets, the Administrator will use both strategic and tactical allocation elements.

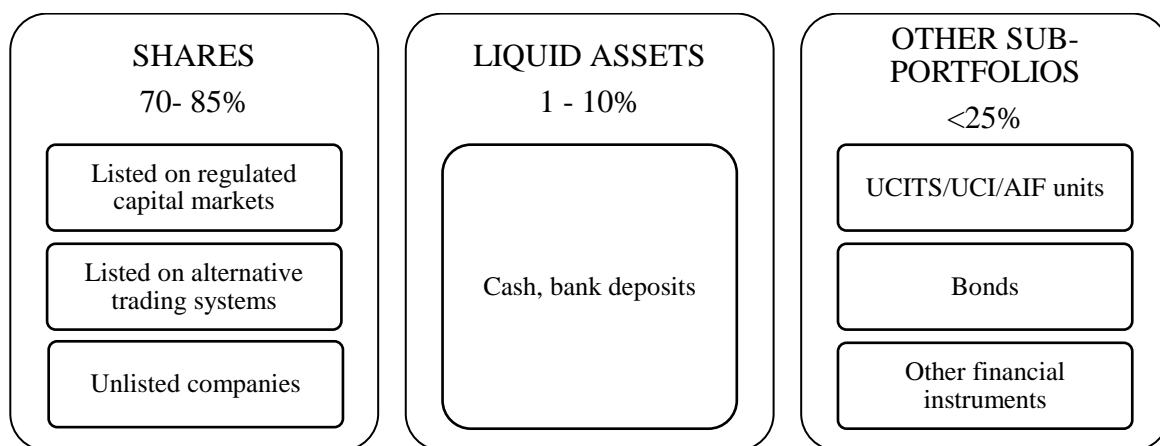
STRATEGIC ALLOCATION OF ASSETS

Strategic Asset Allocation is the initial step in building a portfolio. This stage corresponds to the definition of the “Model Portfolio” or target.

Strategic asset allocation is a long-term allocation. In the long run, the value of assets is determined by fundamental elements and general market conditions. The strategic allocation takes into account the general investment restrictions in the legislation.

In the case of a diversified fund, such as the Company, this stage defines the proportion of shares, bonds, liquid assets and other financial instruments in the portfolio.

The figure below shows the Company's target portfolio for 2022. The values used on the basis of which the percentages in the figure below have been calculated are those used to calculate the total assets and the certified net assets in force at the date of preparation of this material.



TACTICAL ASSET ALLOCATION

Tactical asset allocation is a medium-short-term allocation of assets, consisting in the systematic or timely making of portfolio adjustments to benefit from "short-term" opportunities and the best possible selection of assets within the sub-portfolios, which takes into account, but is not limited to:

- Restrictions / targets imposed by the strategic allocation;
- The principle according to which, on a medium term, the capital market reflects a combination between investors' expectations and the fundamental value of assets / liabilities;
- Price variations in the markets on which the financial instruments in the portfolio are traded;
- Limitations caused by investment opportunities and liquidity available or required for certain operations (eg distribution of dividends to shareholders).

MARKETS AND FINANCIAL INSTRUMENTS IN WHICH THE COMPANY INVESTS

The financial instruments in which the Company can invest are those allowed by the legislation in force. These may be, *but are not limited to*, the following, depending on the investment opportunity and the overall risk profile of the Company (under conditions of rigorous risk management):

- transferable securities and money market instruments registered or traded on a trading venue, in Romania or in a Member State;
- transferable securities and money market instruments admitted to official listing on a third country stock exchange, which operate regularly and are recognized and open to the public, provided that choosing the stock exchange is approved by the FSA, in accordance with the eligibility requirements from the regulations issued by the FSA;
- newly issued securities, which are the object of a public offering in order to be admitted to trading, with the cumulative observance of the following conditions:
 - the issuance documents include a firm commitment to require admission to trading on a trading venue or trading on a third-country stock exchange that operates regularly and is recognized and open to the public, provided that choosing the venue is approved by the FSA,
 - this admission must be ensured within a maximum of one year from the issue;
- participation certificates of UCITS or AIF established or not in Member States, with the cumulative fulfillment of the following conditions:
 - the AIF are authorized or registered;
 - the activities of the AIF are subject to periodic reports, which allow an assessment of the assets and liabilities, income and operations during the reporting period, in accordance with the redemption frequency offered to investors, as appropriate;
 - the AIF profile is included in the liquidity profile of the Company;
- deposits made with credit institutions, which are repayable on request or offer the right of withdrawal, with a maturity not exceeding 12 months, provided that the registered office of the credit institution is located in Romania or in a Member State. The registered office of the credit institution may also be in a third country, provided that the credit institution is subject to prudential rules equivalent to those issued by the EU.;
- money market instruments, other than those traded on a trading venue, that are liquid and have a value that can be accurately determined at any time, provided that the issue or issuer is subject to regulations to protect investors and their savings, and the instruments meet the following conditions:
 - a. are issued or guaranteed by a central, local or regional administrative authority, a central bank of a Member State, the ECB, the EU or the EIB, a third country or, in the case of federal states, by one of a component member of the federation or an international public body, of which one or more Member States are members; or
 - b. are admitted to the official quota of a stock exchange from a third country, which operates regularly and is recognized and open to the public, provided that choosing the stock exchange is approved by the FSA, in accordance with the eligibility requirements of the regulations issued by the FSA, and is provided in the fund rules or in the articles of incorporation of the investment company, approved by the FSA or
 - c. is issued or guaranteed by an entity subject to prudential supervision, according to the criteria defined by European legislation, or by an entity that is subject to and complies with prudential rules, rules validated by the FSA as equivalent to those provided by European legislation; or
 - d. is issued by other entities belonging to the categories approved by the FSA, provided that investments in such instruments are subject to investor protection, equivalent to that provided for under points a., b. or c., and the issuer is a company whose equity and reserves amount to at least the RON equivalent of 10,000,000 euros, which presents and publishes its annual financial statements, according to the applicable European legislation, or an entity which, within a group of companies which contains one or more listed companies, has the role of financing the group or is an entity dedicated to the financing of securitization vehicles that benefit from a bank financing line;
- equity interests of limited liability companies, regulated by the Companies Law no. 31/1990, republished, with the subsequent modifications and completions, whose annual financial statements are audited according to the law⁵;
- other types of securities as they are defined in art. 3 para. (1) point 26 of the Government Emergency Ordinance no. 32/2012 on collective investment undertakings and investment management companies, as well as amending and supplementing Law no. 297/2004 on the capital market which are not admitted to trading on a trading venue or are not traded on a stock exchange in a third country;
- foreign currency, purchased on the domestic market, freely convertible, according to the NBR criteria⁶;
- government securities;

- real estate assets, as they are defined under art. 2 point b of Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts;
- tangible and intangible assets necessary for the activity of the Company.

Markets in which the Company invests (trading venues in which the AIFM trades): Most transactions take place on the BSE.

6 SHARES SUB-PORFOLIO

The priority is the management of the shares sub-portfolio, being the most important sub-portfolio of the Company, both in terms of asset value and in terms of income. The investment activity is carried out in compliance with the legal and prudential exposure limits, in accordance with macroeconomic trends. The return / risk milestones of each major investment are monitored by the Administrator.

The company has invested and is investing in shares in order to increase the value of capital and / or income from these investments and **does not** intend to obtain other benefits resulting from the entity's investments.

Directions of action in managing the portfolio of shares:

- Increasing the share of participations in listed companies on regulated markets, which have an increased liquidity of transactions; reducing the share of securities that are not traded on regulated capital markets;
- Identifying and capitalizing on the opportunities offered by regulated capital markets for short / medium term investments / divestments, by selecting issuers with growth prospects in relation to trading prices or available valuations;
- Increasing participations in issuers with activity in high-performing economic sectors. Among the sectors with activity with performance potential, at the moment, we can mention the financial, banking - energy - utilities, pharmaceutical industry (there are no legal restrictions on the sectors in which the Company can invest or on the value of investing in a sector). The Company will continue its strategy of investing in more than one entity in the same industry, market or geographic area, in order to take advantage of the synergies that increase capital growth and investment income from those entities in which it has invested;
- Priority management of large exposures. Continuation of the reduction of the atomization degree of the portfolio (several significant participations, of about 10% of the total assets each), but with the possibility to exceed this limit in case of investment opportunities, corroborated with the accelerated sale of very small / no prospects and / or not offering a dividend. Accelerate the reduction of the number and share in the total portfolio of the companies defined as being of a residual nature (remaining in the portfolio of FPP IV Muntenia), respectively the companies that do not present growth potential;
- Orientation of the investment policy towards companies that regularly pay dividends and where the application of corporate governance ensures the observance of the Company's rights, as a minority shareholder;
- Protecting and enhancing the value of participations by getting involved in companies using elements of corporate governance;
- Participation in share capital increases of companies with growth potential from the portfolio.

7 LIQUID ASSETS. ENSURING LIQUIDITY

Prudent liquidity risk management implies maintaining sufficient cash for current operations (operating expenses and tax expenses), sources of investment and the distribution of dividends or redemptions of treasury shares.

The aim is to ensure as much flexibility as possible from this point of view. In descending order of liquidity, the liquid assets of the Company may be:

- Cash (current accounts opened with banks);
- Cash equivalents (short-term, highly liquid investments (for less than 3 months) that are convertible into cash at any time);
- Deposits placed at banks.

Depending on the general strategy established and the estimation of liquidity needs, the Administrator will place the liquid assets mainly on certain asset classes and market segments, according to its expectations, aiming, first of all, to protect equity, considering the maintenance of a reduced level in interest rates.

Bank deposits are low-risk money market instruments, but the potential gain is also directly proportional to the risk taken.

In the management of bank deposits, the Administrator will aim at:

- Placing the available resources at banks in Romania with a solid financial situation and reputation;
- Dispersion of amounts placed with banks observing prudential rules;
- Obtaining an average interest on the Company's deposits over ROBID 1M, within the limits of the two points presented above.

8 OTHER SUB-PORTFOLIOS

BONDS SUB-PORTFOLIO

During 2022, a significant increase in the value of this sub-portfolio is not planned, primarily due to the reduced supply on the Romanian capital market for bonds that correspond to the investment objectives pursued.

The administration of this sub-portfolio will aim at:

- investing in bonds with a maximum medium maturity (maturity of less than 5 years), where there is no secondary trading market that is stable and liquid or is guaranteed and the interest rates offered are higher than those obtained from banks;
- will not invest in long-term bonds - over 10 years - given the role of this sub-portfolio in the Company's investment strategy and general economic conditions.

TITLES OF PARTICIPATION IN UCITS / FIA SUB- PORTFOLIO

Units in the UCITS / AIF contribute to the reduction of the general risk of the portfolio through diversification.

In the administration of this sub-portfolio, the following will be taken into account:

- periodic analysis and rebalancing of participations according to macroeconomic expectations and the profile and portfolio of each fund in which fund units were purchased;
- marking profits under conditions of minimum commissions;
- identification of new participation titles with growth potential.

OTHER FINANCIAL INSTRUMENTS SUB-PORTFOLIO

- Ongoing analysis of other opportunities

9 DIVIDENDS OR OTHER BENEFITS DISTRIBUTION POLICY

In the SGM of the Company approving the financial statements, management programs and budget of revenues and expenditure, proposals for the distribution of the net profit will be presented and submitted to the approval of the shareholders, so as to maintain a balance between remuneration of shareholders and the necessary financing of the acquisition of new financial instruments, in order to ensure the increase of the value and quality of the assets.

The Administrator will analyze, at the end of each year, the structure of the net profit registered in the context of applying the legal regulations in force and will present to the Company's shareholders an option of distributing the registered results, so that the shareholders take informed decisions and avoid the risk of decapitalization by distributing amounts that would reduce the liquidity of the Company, below the accepted limits.

Rewarding shareholders by distributing dividends, or by repurchasing treasury shares under redemption programs, can bring additional benefits to shareholders in the medium and long term.

The Company's policy regarding the annual distribution of dividends or other benefits to shareholders was prepared as part of the process of voluntary compliance with the Corporate Governance Code of the BSE and is presented on the Company's website, *Corporate Governance* section.

The dividend policy followed by the Company aims at maintaining a balance between the remuneration of shareholders through dividends and the need to finance new investments from the reinvested-obtained profit. Maintaining this balance aims both to increase the long-term investment attractiveness and to maintain the future development potential of the Company, ensuring the long-term sustainable profitability of the business, for the benefit of increasing the value created for shareholders.

The determination of the manner and proportion of the distribution of net profit is subject to the approval of the SGM, the proposal of the Administrator taking into account sustainability, the macroeconomic context and the market. If the Company's SGM decides to distribute dividends, all shareholders registered in the consolidated register on the registration date established by the SGM are entitled to the approved dividends, the payment of dividends being made in accordance with the relevant legal provisions and shareholders' decisions.

The proposal of the Administrator's Board of Directors on the profit distribution and the relevant SGM resolutions, the terms and methods of payment of dividends are made public by the Administrator, according to the relevant legal regulations, ensuring appropriate and comprehensive information to shareholders so that they can make appropriate investment decisions and exercise their rights in a fair manner.

The Administrator considers proposals for the distribution of net profit so as to maintain a balance between shareholders' remuneration and the necessary financing for the acquisition of new instruments, increase of allocations in investments already made, in order to increase the value and quality of the Company's portfolio of assets.

Prescription of the right to request the payment of unpaid dividends for 3 years from the date of their due date

The Company's policy is to keep dividends available to shareholders for a period of 3 years, in accordance with the legal provisions regarding the extinctive prescription. Dividends not collected after this term are transferred to reserves, following a decision of the Company's SGM.

The remuneration method of the Company's shareholders is applied for their benefit, both through the dividend distribution policy and through the decision to reinvest the profit or to repurchase the own shares, in order to increase the value of the shares. This increase in the capital value of the shareholder is manifested at least by the implicit increase in the value of the share due to the favorable effect of a profitable reinvestment of the capital.

Depending on the economic and financial developments, the risk profile and the investment expectations of the shareholders, the two ways of rewarding should offer at least the same investment attractiveness. If profit reinvestment opportunities are more attractive to shareholders or if shares are repurchased on the market, the return on shareholder capital is likely to be greater than a simple distribution of taxable dividends.

The remuneration of the Company's shareholders is performed transparently and efficiently, both financially and fiscally, in any of the proposed options: dividend distribution, profit reinvestment or redemption programs of the Company's shares.

The main recipients and beneficiaries of the dividend distribution policy or other benefits to shareholders are the Company's shareholders and potential investors who are considering the opportunity to invest in the Company's shares.

10 RISK MANAGEMENT

The Administrator has implemented a permanent independent risk management framework (permanently, operationally and independently of the management of the portfolios of the managed entities) designed to ensure, through established risk management policies and procedures, monitoring and compliance with established risk limits, as follows:

- The Administrator has risk management policies regarding the risks related to the Company, and the adequacy and efficiency of this formal framework are reviewed and approved at least annually;
- For each relevant risk area, the Administrator sets limits on risk exposure, based on the Company's objectives, strategy and risk profile. These limits are monitored periodically, depending on the nature of the risk area, and the sensitivity of the portfolio to key risks is regularly analyzed, depending on the need to assess the impact on the Company of changes in the main variables;
- *The risk profile for the Company* is defined according to the level of risk appetite associated with each category of significant risks. The risk profile is developed in a detailed system of key risk indicators that supports the Administrator in its risk management and control functions.

More details on risk management can be found in the report on the management of the Company, for the financial year ended on 31.12.2021.

BUDGET OF REVENUE AND EXPENDITURES

2022

Milestones that formed the basis for the preparation of the Revenue and Expenditure Budget for 2022

- Achievement of income, expenses and net result on 31 December 2021;
- Implementing the strategic management program for 2022;
- Prudent estimation of the Company's resources;
- The Company's ability to meet its future payment obligations;
- An efficient exercise and collection of the Company's rights;
- Application of IFRS 9 and IFRS 10.

The assumptions underlying the preparation of the BRE are:

Fees, taxes, commissions and contributions are based on the levels of the legal provisions in force at the date of preparation.

Dividend income is estimated based on the preliminary results for 2021 reported by the listed companies in the Company's portfolio and taking into account the dividend policy of unlisted companies in the Company's portfolio. Revenues are recorded in the BRE at gross value. The method of collecting dividends distributed by the companies in the portfolio in 2022 will be similar to that of the previous year.

It is important to note that these estimates may differ substantially from the amounts actually realized, depending on changes in the assets of the portfolio, investment / divestment decisions, financial market trends during 2022, and the impact of new legal regulations in the activity of the Company and the capital market, or of extraordinary events. The Management of the Administrator cannot predict, with sufficient certainty, the evolution of the COVID-19 pandemic, energy crisis and their implications on the Romanian economic environment, implicitly on the future performances of the companies in which the Company holds participations.

Interest income is estimated taking into account:

- the current level of cash, influenced by the level of transactions planned to be carried out during 2022, taking into account opportunities and market conditions;
- the level of income from the bond sub-portfolio;
- the average level of interest for bank deposits of minimum ROBID 1M per year, and for existing corporate bonds in the portfolio is the one provided in the prospectuses in force; no interest income was taken into account for new bonds

Management expenditure represent the annual commission of the Administrator according to the management contract in force at the date of the approval of the present document. The amount of the fixed fee was calculated based on the average total assets from 2021. The Administrator will inform investors through the reports issued according to the legislation in force on the value of management expenses calculated based on the total monthly assets realized.

Expenditure on services provided by third parties is determined on the basis of the values in the ongoing contracts; these include expenses with other service providers (BRD Groupe Société Générale - depositary, custodian -, Depozitarul Central SA, commissions and fees due to the FSA, financial auditor Deloitte Audit S.R.L., internal auditor, investor relations expenses, mandatory advertising expenses, payments to the Trade Register).

Portfolio management expenditure is established on the basis of an analysis of expenses recorded in 2021, expected transaction revenues and ongoing contracts; these include transaction fees at brokers, banking expenses, notary fees, debt collection services, court costs, valuation of certain participations in the Company's portfolio, which are performed by an external, ANEVAR member evaluator, approved by the FSA, and so on. Given that the Administrator pursues an active

management strategy, opportunities may arise during the year to buy or sell certain investments, and the execution of these transactions may involve certain costs that were not taken into account in this expenditure item.

Remuneration of the SRC members. For the 2022 budget, these expenses mainly include the gross remuneration of the SRC members, approved by the Company's SGM.

Main **revenues / expenditure** that were not forecast:

- Gain / loss on the valuation of equity investments through profit or loss. During 2022, there may be opportunities to buy / sell assets that cannot be planned at the date of preparation of this material. The Administrator actively manages the Company's portfolio, in accordance with the management contract concluded. The planning and realization of acquisitions and sales of participations in the Company's portfolio may require careful preparation and planning over time, while also taking into account developments in financial markets.
- Gain / loss on exchange rate differences. Revenues and expenses from exchange rate differences have not been forecast because the impact on the position *Net gain / net loss on the measurement of financial assets at fair value through profit or loss* is insignificant.
- Tax on dividends received by the Company, income tax and deferred income tax;

Corroborating the elements presented above, the **gross** result (without taking into account the influence of the elements that were not forecasted) estimated for 2022 is in the amount of RON 41,300,000.

2022 BUDGET FO REVENUES AND EXPENDITURES

| Indicator | Proposal BRE 2022 |
|-----------------------------------------------------------------------------------------------------|----------------------|
| 1. TOTAL REVENUES | 75,150,000 |
| 1.1. Investment income | 75,050,000 |
| 1.1.1 Dividend gross income | 73,500,000 |
| 1.1.2 Interest income | 1,550,000 |
| 1.2 Other income | 100,000 |
| 2. TOTAL EXPENSES | 33,850,000 |
| 2.1 Management expenses | 29,000,000 |
| 2.2 Third party expenses | 3,400,000 |
| 2.3 Portfolio management expenses | 850,000 |
| 2.4 SRC expenses | 500,000 |
| 2.5 Other expenses | 100,000 |
| 3. Net Gain / Net loss on valuation of financial assets at fair value through profit or loss | - |
| 4. GROSS PROFIT | 41,300,000 |

SIF Muntenia S.A. by its administrator
S.A.I Muntenia Invest S.A.

General Director
Nicușor Marian BUICĂ