

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS as of 30 June 2021**

prepared in accordance with Norm no. 39/2015 for the approval of Accounting Regulations compliant with International Standards of Financial Reporting, applicable to authorized entities, settled and supervised by the Financial Supervision Authority from the Sector of Financial Instruments and Investments

### **UNAUDITED**



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**The interim consolidated statement of profit or loss and of other elements of the  
comprehensive income as of 30 June 2021**

*In RON*

	Note	30 June 2021	30 June 2020
<b>Incomes</b>			
Gross incomes from dividends	7	31,688,399	30,767,103
Incomes from interests	8	152,248	224,654
Other operating income	9	64,822,033	89,885,909
Net profit from exchange rate differences	10	768,690	509,677
Profit from financial assets at fair value through the profit or loss account	11	653,130	(338,844)
Gain from the sale of financial assets measured at fair value through profit or loss		1,461	-
<b>Expenses</b>			
Fees and management and supervision taxes	12	(1,617,971)	(1,374,906)
Revenues from reversal of provisions for risks and expenses		5,300,262	408,209
Other operational expenses	13	(71,407,495)	(89,609,340)
<b>Profit before taxation</b>		<b>30,360,757</b>	<b>30,472,462</b>
Profit tax	14	(1,681,366)	(1,644,363)
<b>Net profit of the financial year</b>		<b>28,679,391</b>	<b>28,828,099</b>
<b>Other elements of the comprehensive income</b>			
Earnings related to the transfer of financial assets assessed at fair value through other elements of the comprehensive income, net of tax recognized in the result carried forward		231,558	23,214,575
Reserve variation from the reassessment of the tangible assets, net of deferred tax			-
Net variation of the fair value of financial assets assessed through other elements of the comprehensive income		241,213,527	(303,933,236)
Fair value reserve of the financial assets assessed through other elements of the comprehensive income delivered, transferred into the result carried forward, net of tax		(231,558)	(22,500,514)
<b>Total other elements of the comprehensive income</b>		<b>241,213,527</b>	<b>(303,219,175)</b>
<b>Total comprehensive income for the period</b>		<b>269,892,918</b>	<b>(274,391,076)</b>
<b>Afferent net profit</b>			
Company shareholders		27,954,414	27,684,030
Minority interest		724,977	1,144,069
		<b>28,679,391</b>	<b>28,828,099</b>
<b>Afferent comprehensive result</b>			
Company shareholders		267,050,637	(273,233,698)
Minority interest		2,842,281	(1,157,378)
		<b>269,892,918</b>	<b>(274,391,076)</b>
<b>Result per share</b>	28		
Basic		0.0559	0.0477
Diluted		0.0559	0.0477

The consolidated interim individual financial statements were approved by the Board of Directors in the meeting of 23 September 2021 and were signed on their behalf by:

Sorin – Iulian Cioacă

Mihai Trifu

President/General Manager

Vice-president/Deputy General Manager

Valentina Vlăduțoia

Economic Manager

**The interim consolidated statement of the financial position  
as of 30 June 2021**

<i>In RON</i>	<b>Note</b>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
<b>Assets</b>			
Cash and cash equivalents	15	20,055,464	21,107,444
Deposits placed in banks	16	33,398,705	46,445,240
Financial assets assessed at fair value through other elements of the comprehensive income	17	2,031,831,100	1,728,210,994
Financial assets assessed at fair value through the profit or loss account	17	4,252,073	3,598,943
Loans and receivables	18	9,138,627	31,458,864
Tangible assets	19	88,116,334	88,387,397
Real estate investments	20	101,026,835	101,044,820
Other assets	21	83,091,035	129,971,552
<b>Total assets</b>		<b>2,370,910,173</b>	<b>2,150,225,254</b>
<b>Liabilities</b>			
Payable dividends	22	87,740,551	62,084,594
Taxes and fees	23	2,501,492	4,469,322
Deferred tax payables	24	132,342,589	87,469,908
Other payables	25	39,911,885	132,062,673
<b>Total payables</b>		<b>262,496,517</b>	<b>286,086,497</b>
<b>Equity</b>			
Registered capital	26	50,000,000	52,214,914
Share capital adjustment		2,182,562,011	2,182,560,795
Other elements of equity		662,796,170	423,847,073
Reserves from revaluation of tangible assets		40,746,714	40,795,368
Legal and statutory reserves		29,601,406	29,594,347
Other reserves		638,864,994	669,654,915
Own shares		-	(2,214,914)
Other losses related to equity instruments		-	(59,747,655)
Carried result representing non-allocated profit or non-covered loss		(21,067,540)	(18,455,265)
The result carried forward as a result of the application of IAS 29 on the share capital and reserves		(3,932,756,014)	(3,932,756,014)
The result carried forward as a result of the application of IAS without IAS 29		2,391,914,894	2,391,064,446
Current profit		27,954,414	51,708,763
<b>Total equity attributable to the main company</b>		<b>2,070,617,049</b>	<b>1,828,266,773</b>
<b>Minority interest</b>			
of which:	27	<b>37,796,607</b>	<b>35,871,984</b>
Profit or loss of the financial year for non-controlling interests		724,977	468,930
Other equity		37,071,630	35,403,054
<b>Total capital</b>		<b>2,108,413,656</b>	<b>1,864,138,757</b>
<b>Total payables and equity</b>		<b>2,370,910,173</b>	<b>2,150,225,254</b>

The consolidated interim individual financial statements were approved by the Board of Directors in the meeting of 23 September 2021 and were signed on their behalf by:

Sorin – Iulian Cioacă  
President/General Manager

Mihai Trifu  
Vice-president/Deputy General Manager

Valentina Vlăduțoia  
Economic Manager

**FOND DE INVESTIȚII ALTERNATIVE DESTINAT INVESTITORILOR DE RETAIL (F.I.A.I.R.)**
*Număr Registru A.S.F.: PJR09FIAIR/160001/08.06.2021*
**The interim consolidated statement of equity changes  
as of 30 June 2021**

<i>In RON</i>	Registered capital	Own shares	Other losses related to equity instruments	Reserves from the reassessment of tangible assets	Legal and statutory reserves	Other reserves	Differences from changes in the fair value of financial assets assessed through other elements of the comprehensive income	Other elements of equity	The result carried forward as a result of the enforcement of IAS 29 on the share capital and reserves	Cumulated profit	Total equity attributable to the main company	Minority interest	TOTAL
<b>BALANCE AS OF 1 JANUARY 2021</b>	2,234,775,709	(2,214,914)	(59,747,655)	40,795,368	29,594,347	669,654,915	427,057,782	(3,210,709)	(3,932,756,014)	2,424,317,944	1,828,266,773	35,871,984	1,864,138,757
<b>COMPREHENSIVE INCOME</b>													
<b>Profit of the financial exercise</b>										27,954,414	27,954,414	724,977	28,679,391
<b>Other elements of the comprehensive income</b>													
1. Reserve variation from the reassessment of the tangible assets, net of deferred tax				(26,380)						26,380			
2. Net variation of the reserve from changes in the fair value of financial assets measured at fair value through other comprehensive income elements							239,793,136	(696,913)			239,096,223	2,117,304	241,213,527
3. The fair value reserve of sales of financial assets measured at fair value through other assigned items of the overall result							(231,558)			231,558			
<b>TOTAL GLOBAL RESULT for the period</b>				(26,380)			239,561,578	(696,913)		28,212,352	267,050,637	2,842,281	269,892,918
Deferred tax for the retained earnings that are a taxed unachieved reassessment surplus								7		9,555	9,562		9,562
Other reserves – own financial sources						29,387,787				(29,387,787)			
Other reserves – shares buyback													
Other transfers (the reported result)					7,059	85	(646)			4,103,902	4,110,400		4,110,400
Shares buyback – cancellation of redeemed own shares													
Reduction of registered capital – cancellation of redeemed own shares	(2,269,029)	2,214,914	59,747,655			(59,696,649)		70,877			67,768		67,768
Coverage of losses from buyback of shares													
<b>Shareholders transactions directly recognized in equity</b>													
1. Prescribed dividends according to the law – transfer to the profit or loss account from other reserves													
2. Payable dividends for 2020										(29,805,749)	(29,805,749)		(29,805,749)
3. Variation related to subsidiaries	55,331			(22,274)		(481,144)	2,117,304	(2,103,110)		1,351,551	917,658	(917,658)	
4. Interest increase / decrease in subsidiaries													
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN EQUITY</b>	55,331			(22,274)		(481,144)	2,117,304	(2,103,110)		(28,454,198)	(28,888,091)	(917,658)	(29,805,749)
<b>BALANCE AS OF 30 June 2021</b>	2,232,562,011			40,746,714	29,601,406	638,864,994	668,736,018	(5,939,848)	(3,932,756,014)	2,398,801,768	2,070,617,049	37,796,607	2,108,413,656

The consolidated interim individual financial statements were approved by the Board of Directors in the meeting of 23 September 2021 and were signed on their behalf by:

Sorin – Iulian Cioacă  
Chairman/General Manager

Mihai Trifu  
Vice-chairman/Deputy General Manager

Valentina Vlăduțoia  
Economic Manager

**FOND DE INVESTIȚII ALTERNATIVE DESTINAT INVESTITORILOR DE RETAIL (F.I.A.I.R.)**
*Număr Registru A.S.F.: PJR09FIAIR/160001/08.06.2021*
**The interim consolidated statement of equity changes  
as of 31 December 2020**
*In RON*

	Registered capital	Own shares	Other losses related to equity instruments	Reserves from the reassessment of tangible assets	Legal and statutory reserves	Other reserves	Differences from changes in the fair value of financial assets assessed through other elements of the comprehensive income	Other elements of equity	The result carried forward as a result of the enforcement of IAS 29 on the share capital and reserves	Cumulated profit	Total equity attributable to the main company	Minority interest	TOTAL
<b>BALANCE AS OF 01 January 2020</b>	161,863,809	(1,962,259)	(47,946,784)	38,691,915	28,599,049	748,126,025	615,859,683	(5,437,413)	(158,148,438)	759,807,051	2,139,452,638	35,776,712	2,175,229,350
<b>COMPREHENSIVE INCOME</b>													
<b>Profit of the financial exercise</b>										27,684,030	27,684,030	1,144,069	28,828,099
<b>Other elements of the comprehensive income</b>													
1. Reserve variation from the reassessment of the tangible assets, net of deferred tax	-			(208,231)						208,231	0		0
2. Net variation of the reserve from changes in the fair value of financial assets measured at fair value through other comprehensive income elements	-						(302,587,194)	955,405			(301,631,789)	(2,301,447)	(303,933,236)
3. The fair value reserve of sales of financial assets measured at fair value through other assigned items of the overall result	-						(22,500,514)	-		23,214,575	714,061		714,061
<b>TOTAL GLOBAL RESULT for the period</b>	-	-	-	(208,231)	-	-	(325,087,708)	955,405	-	<b>51,106,836</b>	<b>(273,233,698)</b>	<b>(1,157,378)</b>	<b>(274,391,076)</b>
Deferred tax for the retained earnings that are a taxed unachieved reassessment surplus	-									13,197	13,197	-	13,197
Other reserves – own financial sources	-				127,572	74,104,257				(74,231,829)	0	-	0
Other reserves – shares buyback	-										-	-	-
Other transfers (the reported result)	-			(96,000)			(36,659)	(71,677)		7,726,513	7,522,177	-	7,522,177
Shares buyback	-	(3,839,398)	(103,569,679)								(107,409,077)	-	(107,409,077)
<b>Shareholders transactions directly recognized in equity</b>													
1. Prescribed dividends according to the law – transfer to the profit or loss account from other reserves	-	-	-								-	-	-
2. Payable dividends for 2019	-	-	-							(60,485,433)	(60,485,433)	-	(60,485,433)
3. Variation related to subsidiaries	-	-	-								-	-	-
4. Interest increase / decrease in subsidiaries	-	-	-	15,421	22,972	(819,056)	(97,022)			2,205,173	1,327,488	(1,304,516)	22,972
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN EQUITY</b>	-	-	-	15,421	22,972	(819,056)	(97,022)	0	-	<b>(58,280,260)</b>	<b>(59,157,945)</b>	<b>(1,304,516)</b>	<b>(60,462,461)</b>
<b>BALANCE AS OF 30 June 2020</b>	161,863,809	(5,801,657)	(151,516,463)	38,403,105	28,749,593	821,411,226	290,638,294	(4,553,685)	(158,148,438)	686,141,508	1,707,187,292	33,314,818	1,740,502,110

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Chairman/General Manager

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Valentina Vlăduțoia  
Economic Manager

**Interim consolidated statement of cash flows**  
**as of 30 June 2021**

Name of the element	In RON	
	Reporting period 30 June 2021	30 June 2020
A	1	2
<b>Cash flows from operating activities</b>		
Cash collection from customers, other cash collection	121,168,860	140,250,647
Cash collection from sales of financial investments (securities)	5,201,664	51,139,515
Payments for the purchase of shares	(13,542,030)	(6,373,887)
Payments to suppliers and employees, other payments	(59,889,002)	(91,617,989)
Payments to the state budget, social security budget and local budget	(15,215,369)	(12,485,507)
Received interests	140,420	253,600
Received dividends	31,429,753	31,751,800
Paid interests	(883,626)	(972,629)
Paid profit tax	(193,864)	(5,876,295)
Proceeds from insurance against earthquakes	-	-
<b>Net cash from operating activities</b>	<b>68,216,806</b>	<b>106,069,255</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible assets	(2,449,601)	(1,864,420)
Cash collection from sales of tangible assets	48,403	336,135
<b>Net cash from investment activities</b>	<b>(2,401,198)</b>	<b>(1,528,285)</b>
<b>Cash flows from financing activities:</b>		
Cash collection from the issue of shares	-	-
Cash collection from short-term loans	1,428,139	30,300,000
Repayment of short-term loans	(75,753,901)	(54,081,744)
Cash collection from long-term loans	-	-
Repayments of long-term loans	(938,577)	(525,000)
Payment of debts for financial leasing	-	(313,088)
Advance amounts for redemptions of shares	-	(92,937,456)
Paid dividends	(4,023,045)	(7,842,809)
Down payments to the Central Deposit for dividend payment	(95,174)	(183,996)
Paid tax on dividends	(528,443)	(736,192)
<b>Net cash from financing activities</b>	<b>(79,911,001)</b>	<b>(126,320,285)</b>
<b>Net increase of cash and cash equivalents</b>	<b>(14,095,393)</b>	<b>(21,779,315)</b>
<b>Cash and cash equivalents at the beginning of the financial year – 1 January</b>	<b>67,517,833</b>	<b>92,408,599</b>
<b>Cash and cash equivalents at the end of the reporting period – 30 June</b>	<b>53,422,440</b>	<b>70,629,284</b>

The balances of the following accounts are included in the structure of the treasury and cash equivalents: 508, 5121, 531, 532, (excluding interest receivable).

Sorin – Iulian Cioacă  
Chairman/General Manager

Mihai Trifu  
Vice-chairman/Deputy General Manager

Valentina Vlăduțoia  
Economic Manager



## **1. THE REPORTING ENTITY**

Societatea de Investiții Financiare Oltenia S.A. („The Company”) was founded on the 1<sup>st</sup> November 1996 in Craiova – Romania, being the under successor of V Oltenia Private Property Fund, reorganized and transformed according to the provisions of Law no. 133/1996, a law for the transformation of the Private Property Funds into financial investment companies.

The company is classified under the applicable legal provisions as a closed-ended Alternative Investment Fund (AIF) for retail investors, diversified and self-managed. S.I.F. Oltenia S.A. is authorized by the Financial Supervisory Authority as an Alternative Investment Fund Manager (AIFM) by Authorization no. 45/15.02.2018 and as an Alternative Investment Fund for Retail Investors (A.I.F.R.I.) from 08.06.2021, according to Authorization no. 94/08.06.2021. The Company operates in compliance with the provisions of Law no. 74/2015 regarding alternative investment fund managers, Law no. 24/2017 on issuers of financial instruments and market transactions and Law no. 31/1990 on companies, as subsequently amended and supplemented, Law 243/2019 regarding alternative investment fund, FSA Regulation no. 5/2018 on financial instrument issuers and market operations, FSA Regulation no. 7/2020 on the authorization and operation of alternative investment funds and Norm no. 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to entities authorised, regulated and supervised by the F.S.A. in the Financial Instruments and Investments Sector. The Company is self-administered and has its registered office in Craiova, 1 Tufanele street, zip code 200767, Dolj county.

The Company is registered at the Trade Register Office attached to the Dolj Court, under the Registration Number J16/1210/1993, company registration number 4175676, fiscal attribute RO.

The shares of the Company are listed with the Bucharest Stock Exchange in the Premium category (SIF 5 market symbol).

The Company's shareholders and shares records are kept according to law by the Depozitarul Central S.A. Bucharest.

The depositing activity provided by the legislation is provided by Raiffeisen Bank S.A.

The main field of activity is NACE code 649 - other financial intermediation, except insurance and pension funds, and the main activity is NACE code 6499 - other financial intermediation n.e.c.

In accordance with the articles of association, the Company can perform the following main activities:

- a) portfolio management;
- b) risk management.

The company, as an A.I.F.M., can also carry out other activities such as:

- administration of the entity;
  - a) legal and fund accounting services;
  - b) requests for information from customers;
  - c) control of compliance with applicable legislation;
  - d) income distribution;
  - e) issues and redemptions of equity securities;
  - f) record keeping.

- activities relating to the assets of the AIF, namely services necessary for the performance of the A.I.F.M.'s management tasks, infrastructure management, real estate management, advice to entities on capital structure, industrial strategy and related matters, advice and services on mergers and acquisitions of entities, as well as other services related to the management of the AIF and other assets in which it has invested.

The subscribed and paid-up social capital is 50,000,000 RON, divided into 500,000,000 shares with a nominal value of 0.1 RON/share.



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*Notes to the consolidated financial statements as of 30 June 2021*

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The main characteristics of the shares issued by the company are: ordinary, nominative, of equal value, issued in a dematerialized form, fully paid when subscribed, registered to the account and granting equal rights to their holders, except for the limitations in the legal provisions and regulations.

The consolidated financial statements for the period ending on 30 June 2021 comprise the Company and its subsidiaries (hereinafter referred to as “the Group”) and are not audited.

The basic activities of the Group are represented by the financial investment activity carried out by the Company, as well as by the activities carried out by subsidiaries, which belong to different sectors of activity such as: food, tourism, renting of premises, etc.

The consolidated interim individual financial statements were approved by the Board of Directors in the meeting of 23 September 2021.

## **2. BASES OF ELABORATION**

### **a) The Compliance Statement**

The consolidated interim individual financial statements have been prepared in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, with further completions and amendments.

In accordance with the provisions of Regulation no. 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002, as well as of Law no. 24/2017 - regarding the issuers of financial instruments and market operations, the Company has the obligation to prepare and submit to the FSA consolidated annual financial statements, in accordance with International Financial Reporting Standards (“IFRS”), within 4 months at the latest, since the close of the financial year.

The Group’s consolidated financial statements on 31 December 2020 were drawn up, approved and made public on 28 April 2021. They can be consulted electronically on the company’s website: [www.sifolt.ro](http://www.sifolt.ro).

Based on the provisions of Law 24/2017 and Regulation no. 5/2018 regarding issuers of financial instruments and market operations, the Company prepares half-yearly consolidated accounting reporting in accordance with IFRS.

The half-yearly consolidated accounting report shall be prepared and submitted to the FSA no later than 3 months after the end of the semester. It will be prepared, approved by the Board of Directors and made available to the public in electronic format on the company’s website: [www.sifolt.ro](http://www.sifolt.ro).

The Group's accounting records are kept in RON.

The main adjustments specific to consolidation are:

- elimination from the financial position of the equity securities held in the group companies;
- elimination of transactions with securities within the group and adjustments of fair value;
- the registration of the goodwill identified as the difference between the purchase value and the market value of the securities held in the group companies;
- elimination from the statement of profit or loss account and other elements of the comprehensive income of the gross dividend income settled within the group;
- elimination of balances, transactions, incomes and expenses within the group;
- minority interests are presented in the statement of the consolidated financial position as an equity element, separate from the equity of the parent company and represents the share held by them in the equity and profits of the group companies.

The date of 31 December 2015 is the date of the transition to IFRS as an accounting basis by the Company, the date on which the transactions determined by the transition from CNVM Regulation no. 4/2011 to the Accounting Regulations in accordance with IFRS.

The accounting records of the Company's subsidiaries are maintained in lei, in accordance with the Romanian Accounting Regulations (“RCR”). Appropriately, the accounts under the RCR are adjusted, if

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*Notes to the consolidated financial statements as of 30 June 2021*

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necessary, to harmonize the consolidated financial statements, in all material respects with IFRS. Accordingly, the RCR accounts are adjusted, where necessary, to harmonize consolidated financial statements in all material respects with IFRS.

Apart from the specific consolidation adjustments, the main restatements of the financial information included in the financial statements prepared in accordance with the RCR, in order to align them with the requirements of the IFRS consist of:

- grouping several elements into more comprehensive categories;
- adjustments of the assets and equity elements in accordance with IAS 29 "Financial reporting in hyperinflationary economies", because the Romanian economy was a hyperinflationary economy until 31 December 2003;
- adjustments in the profit or loss account to record the dividend income at the time of the declaration and at the gross value;
- adjustments of real estate investments for their assessment at fair value, in accordance with IAS 40 "Real estate investments".
- adjustments of tangible fixed assets for their evaluation in accordance with the Group's accounting policies and in accordance with IAS 16 "Tangible fixed assets";
- adjustments for the recognition of deferred tax assets and liabilities in accordance with IAS 12 "Profit tax"; and
- presentation requirements in accordance with IFRS.

**b) Presentation of financial statements**

The Group adopted a liquidity-based presentation in the consolidated statement of financial position, and the presentation of income and expenses was made in relation to their nature in the consolidated statement of profit or loss and other elements of the comprehensive income. It was considered that these presentation methods provide information that is reliable and more relevant than those that would have been presented based on other methods permitted by IAS 1 "Presentation of financial statements" and IFRS 12 "Disclosure of interests in other entities".

**c) The functional and presentation currency**

The management of the Group considers that the functional currency as defined by IAS 21 "*The effects of the exchange rate change*" is the Romanian leu (lei). The consolidated financial statements are prepared in lei, rounded to the nearest leu, the currency that the Group management has chosen as the presentation currency.

**d) Assessment bases**

The consolidated financial statements are drawn up based on the fair value convention for the financial assets and debts appraised at their fair value through the profit and loss statement and for financial assets appraised at their fair value through other items of the global result.

Other financial assets and liabilities, as well as non-financial assets and liabilities are presented at amortized cost, reassessed value or historical cost.

**e) Use of estimates and judgments**

Preparation of the consolidated financial statements in accordance with FSA Norm no. 39/2015 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investment Sector, implies the use by the Group's management of estimates, judgments and assumptions that affect the application of policies. accounting, as well as the reported value of assets, liabilities, revenues and expenses.

*Notes to the consolidated financial statements as of 30 June 2021*

The estimates and assumptions associated with these judgments are based on historical experience as well as on other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the accounting values of assets and liabilities that cannot be obtained from other sources of information. The obtained results may be different from the values of the estimates.

Estimates and assumptions underlying accounting records are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period when the estimate is revised and future periods, if the revision of the estimate affects both the current and future periods.

### 3. CONSOLIDATION BASIS

#### a) Branches

Branches are entities under the control of the Company. Control exists when the Company is exposed, or has variable return rights based on its participation in the entity in which it has invested and has the ability to influence those revenues through its authority over the entity in which it has invested.

Potential or convertible voting rights that are exercisable at that time are also taken into account when evaluating the control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the moment when the exercise of control begins and until the moment of its termination. The accounting policies of the Group's subsidiaries have been modified in order to align them with those of the Group.

There are 12 companies in which the Company holds more than 50% of the issuer's registered capital (as of 31 December 2020: 12).

The consolidation perimeter included all the 12 (twelve) companies where more than 50% of the voting rights are held, as follows:

No.	Company name	Address	Company Reg. no.	Trade Register No.	Percentage held by SIF as of 30.06.2021	Percentage held by SIF as of 31.12.2020
1	COMPLEX HOTELIER DÂMBOVITA S.A.	TÂRGOVIȘTE, B-DUL LIBERTĂȚII NR. 1, JUD. DÂMBOVITA	10108620	J15/11/1998	99.94	99.94
2	VOLTALIM S.A.	CRAIOVA, B-DUL DECEBAL NR. 120 A, JUD. DOLJ	12351498	J16/698/1999	99.55	99.19
3	MERCUR S.A.	29 CALEA UNIRII NR.14, JUD. DOLJ	2297960	J16/91/1991	97.86	97.86
4	GEMINA TOUR S.A.	RM.VÂLCEA, STR. ȘTIRBEI VODĂ NR. 103, JUD. VÂLCEA	1477750	J38/876/1991	88.29	88.29
5	ARGUS S.A. *	CONSTANȚA, STR. INDUSTRIALĂ NR. 1, JUD. CONSTANȚA	1872644	J13/550/1991	86.42	86.42
6	FLAROS S.A.	BUCUREȘTI, STR. ION MINULESCU 67-93 SECTOR 3	350944	J40/173/1991	81.07	81.07
7	CONSTRUCȚII FERROVIARE S.A.	CRAIOVA, ALEEA I BARIERA VÂLCII NR.28A, JUD. DOLJ	2292068	J16/2209/1991	77.50	77.50
8	UNIVERS S.A.	RM.VÂLCEA, STR.REGINA MARIA NR.4, JUD. VÂLCEA	1469006	J38/108/1991	73.75	73.75
9	PROVITAS S.A.	BUCUREȘTI, B-DUL UNIRII NR. 14, BL. 6A, 6B, 6C, SECT. 4	7965688	J40/10717/1995	70.28	70.28

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*Notes to the consolidated financial statements as of 30 June 2021*

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10	TURISM S.A. PUCIOASA	PUCIOASA, STR. REPUBLICII NR.110, JUD. DÂMBOVITA	939827	J15/261/1991	69.22	69.22
11	ALIMENTARA S.A.	SLATINA, STR. ARINULUI NR.1, JUD. OLT	1513357	J28/62/1991	52.24	52.24
12	LACTATE NATURA S.A.	TÂRGOVIȘTE, B-DUL INDEPENDENȚEI NR. 23 JUD. DÂMBOVIȚA	912465	J15/376/91	55.07	55.07

\* Argus SA Constanța holds stakes in: Comcereal S.A. Tulcea, Aliment Murfatlar S.R.L. Constanța, Argus Trans S.R.L. Constanța and Eco-Rom Ambalaje S.A. Bucharest which were not included in the financial statements of the company and which do not have a significant influence on them.

As of 30 June 2021, the twelve companies included in the consolidation scope represent a share of 13.94 % (31 December 2020: 16.39 %) in the total assets of the Company and respectively 15.67 % (31 December 2020: 16.90%) in net assets and were consolidated by the method of global integration.

The basic activities carried out by the Company and the companies included in the consolidation scope are represented by the activity of financial investments carried out by the Company and by the activities carried out by the respective companies, these being represented mainly by the following sectors: food, tourism, space rental, etc.

The management of the Company has classified as of 1 January 2018 all investments in equity instruments (shares) in the category of financial assets assessed at fair value through other elements of the comprehensive income, except the fund units that are measured by the profit or loss account.

#### **b) Associated entities**

Associated entities are those companies in which the Group can exercise significant influence, but not control over the financial and operational policies.

The holdings in which the Group holds between 20% and 50% of the voting rights, but over which it does not exert significant influence, are classified as financial assets assessed at fair value through other elements of the comprehensive income.

Following the analysis of the quantitative and qualitative criteria presented in IAS 28 - “*Investments in associates and joint ventures*”, the Group concluded that it does not hold investments in associates as of 30 June 2021 and 31 December 2020.

#### **c) Transactions eliminated on consolidation**

Settlements and transactions within the Group, as well as unrealized profits resulting from transactions within the Group, are completely eliminated from the consolidated financial statements.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies represent the principles, bases, conventions, rules and specific practices applied by the Group when preparing and presenting the financial statements.

The following accounting policies have been applied consistently over all periods presented in the interim consolidated financial statements prepared by the Group.

#### **a) Foreign currency transactions**

The transactions expressed in foreign currency are initially recorded in RON at the official exchange rate from the date of the transactions. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the interim consolidated statement of financial position are converted into functional currency at the exchange rate of that day. Gains or losses on settlement and conversion using the exchange rate at the end of the financial year for monetary assets and liabilities denominated in foreign currency are recognized in profit or loss, except those recognized in equity as a result of registration in accordance with risk hedging accounting.

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*Notes to the consolidated financial statements as of 30 June 2021*

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The differences of conversion on the elements of the nature of the investments held at the fair value through the profit or loss account are presented as gains or losses from the fair value. Conversion differences on the elements of the nature of the financial instruments measured at fair value through other elements of the comprehensive income are included in the reserve arising from the change in the fair value of these financial instruments.

The exchange rates of the main foreign currencies reported to the RON, used on the reporting date, are as follows:

<b>Foreign Currency</b>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>	<b>Variation</b>
EUR	4.9267	4.8694	1.1767 %
USD	4.1425	3.9660	1.4503 %

#### **b) Accounting for the effect of hyperinflation**

According to IAS 29 “Financial reporting in hyperinflationary economies”, the financial statements of a company whose functional currency is the currency of a hyperinflationary economy should be presented in terms of the current purchasing power of the currency at the date of the statement of financial position, ie non-monetary items are portrayed by applying the general index of prices from the date of purchase or contribution. IAS 29 stipulates that an economy is considered to be hyperinflationary if, among other factors, the cumulative inflation rate exceeds 100% over a three-year period.

The continuous decrease of the inflation rate and other factors related to the characteristics of the economic environment in Romania, indicate that the economy has ceased to be hyperinflationary, with effect on the financial periods from 1 January 2004. Thus, the provisions of IAS 29 were adopted in the preparation of the financial statement. consolidated until 31 December 2003.

Thus, the values expressed in the current measurement unit as of 31 December 2003 are treated as the basis for the accounting values reported in the individual financial statements and do not represent assessed values, replacement cost, or any other measurement of the current value of assets or prices at which transactions would take place at this time.

For the preparation of the consolidated financial statements, the Group has adjusted the following items to be expressed in the current unit of measure as of 31 December 2003:

- the share capital and elements of the nature of reserves;
- financial assets available for sale assessed at cost for which there is no active market or the market is not active.

#### **c) Cash and cash equivalents**

The cash includes the cash available in the company and in the banks and sight deposits.

Cash equivalents are short-term, highly liquid financial investments that are easily convertible into cash and which are subject to insignificant risk of changes in value.

When drawing up the statement of cash flows, the Group considers cash and cash equivalents: the actual cash, current accounts with banks and bank deposits.

#### **d) Financial assets and liabilities**

Financial instruments, in accordance with IFRS 9 “*Financial Instruments*”, include the following:

- Investments in equity instruments (e.g. shares);
- Investments in debt instruments (e.g. securities, bonds, loans);
- Trade receivables and other receivables;
- Cash and cash equivalents;
- Derivative financial instruments;

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*Notes to the consolidated financial statements as of 30 June 2021*

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- Participations in subsidiaries, associates and joint ventures - according to the provisions of IFRS 10, IAS 27, IAS 28.

- **Classification**

The Group classifies the financial instruments held in accordance with IFRS 9 "Financial Instruments" in financial assets and financial liabilities.

An asset is a resource controlled by the company as a result of past events and from which future economic benefits for the company are expected.

A debt represents a current obligation of the company resulting from past events, the settlement of which is expected to result in an outflow of resources incorporating economic benefits for the company.

The Group classifies financial assets as: assessed at the amortized cost, at fair value through other comprehensive income elements or at fair value through profit or loss on the basis of:

- the business model of the company for managing financial assets and
- the characteristics of the contractual cash flows of the financial asset.

In accordance with IFRS 9, financial assets fall into one of the following categories:

*Financial assets assessed at fair value through profit or loss*

Financial assets measured at fair value through profit or loss are:

- equity instruments held for trading;
- equity instruments designated to be assessed at fair value through the profit or loss account;
- debt instruments.

A financial asset must be assessed at fair value through profit or loss, unless it is measured at the amortized cost or at fair value through other comprehensive income elements.

A financial asset or a financial debt is held for trading if they meet the following conditions cumulatively:

- it is held for sale and redemption in the near future;
- upon initial recognition it is part of a portfolio of identified financial instruments, which are managed together and for which there is evidence of a recent real pattern of short-term profit tracking.

Additionally, upon initial recognition, the Company may irrevocably appoint that a financial asset, which would otherwise meet the requirements to be appraised at the amortized cost or at fair value through other elements of the comprehensive income, should be appraised at fair value through profit or loss, if this discards or significantly reduces an accounting incongruity that would appear if otherwise proceeded. This category includes financial assets or financial liabilities held for trading and financial instruments designated at fair value through profit or loss at the time of initial recognition.

Derivative financial instruments are classified as held for trading if they are not instruments used for hedge accounting.

*Financial assets assessed at fair value through other comprehensive income elements*

The financial assets assessed at fair value through other comprehensive income elements are:

- equity instruments designated to be assessed at fair value through other elements of the comprehensive income;
- debt instruments.

A financial asset of the nature of debt instruments must be assessed at fair value through other comprehensive income elements if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by collecting the contractual cash flows as well as selling the financial assets and
- b) the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively payments of the principal and of the interest related to the value of the principal due.

The Group may make an irrevocable choice upon initial recognition in the case of certain investments in equity instruments that would otherwise be assessed at fair value through profit or loss to present further changes in fair value in other comprehensive income (under points 5.7.5 and 5.7.6 of IFRS 9 - Financial Instruments).



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*Notes to the consolidated financial statements as of 30 June 2021*

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The Company's investments in equity instruments (shares) are fully classified as financial assets assessed at fair value through other elements of the comprehensive income.

The Company's investments in fund units are classified and measured at fair value through profit or loss.

The other financial assets and debts are presented at the depreciated cost, revaluated value or historical cost.

The method used to record the Group's investments in equity instruments (shares) is "first in, first out", in terms of quantifying and evaluating the Company's performance based on fair value.

Financial assets assessed at fair value through other comprehensive income elements are assessed at fair value through other comprehensive income elements.

Fair value changes are recognized in other comprehensive income until the investment is derecognized, when the cumulative gain or loss is reclassified from other comprehensive income to retained earnings for the period.

Dividends received from entities in which the Company owns shares are recognized in profit or loss at their gross value only when:

- a) the Company's right to receive the dividend payment is established;
- b) the economic benefits associated with the dividend are likely to be generated for the Company, and
- c) the value of the dividend can be reliably measured.

*Financial assets measured at the amortized cost*

The financial assets measured at amortized cost are debt instruments.

A financial asset must be measured at the amortized cost if both of the following conditions are met:

- a) the financial asset is held in the framework of a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively payments of the principal and of the interest related to the value of the principal due.

*Financial liabilities*

They are measured at the amortized cost, except for financial liabilities classified at fair value through profit or loss.

• ***Initial recognition***

Financial assets and liabilities are recognized at the date when the Group becomes a contractual party under the terms of the respective instrument. When the Group first recognizes a financial asset, it must classify it in accordance with 4.1.1 - 4.1.5 (at the amortized cost, at fair value through profit or loss or at fair value through other comprehensive income elements) in IFRS 9 and assess it in accordance with points 5.1.1 - 5.1.3. (a financial asset or financial liability is assessed at its fair value plus or minus, in the case of a financial asset or a financial liability that is not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition or issue of the asset or debt).

The Group initially recognizes deposits with banks on the date they are set up.

All other financial assets and liabilities are initially recognized at the date of the transaction.

• ***Assessment***

After the initial recognition, the Group shall assess the financial assets, in accordance with points 4.1.1 - 4.1.5 at:

- a) amortized cost;
- b) the fair value through other elements of the comprehensive income; or
- c) the fair value through profit or loss.

After the initial recognition, the Company must assess the financial assets, in accordance with points 4.2.1 - 4.2.2 of IFRS 9. Thus, the Company will classify all financial liabilities at amortized cost, except:

- a) the financial liabilities assessed at fair value through profit or loss;



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*Notes to the consolidated financial statements as of 30 June 2021*

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- b) the financial liabilities that arise when the transfer of a financial asset does not fulfil the conditions for derecognition;
- c) financial guarantee agreements, assessed at the highest value between the amount of the loss provision (section 5.5 of IFRS 9) and the amount initially recognized less the cumulative income (recognized under IFRS 15);
- d) commitments to provide an interest rate loan below market value, measured at the highest value between the amount of the loss provision (section 5.5 of IFRS 9) and the amount initially recognized less cumulative income (recognized under IFRS 15);
- e) the contingent consideration recognized by an acquirer in a business combination for which IFRS 3 applies. Such contingent consideration must be subsequently assessed at fair value with changes recognized in profit or loss.

*Assessment at the amortized cost*

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments, plus or less accumulated amortization using the effective interest method for each difference between the initial value and the value at maturity, and less any reduction (direct or through the use of an adjustment account) for impairment or inability to recover.

The effective interest rate is the rate that accurately updates future cash payments or receipts estimated over the expected life of the financial asset or financial debt at the gross book value of the financial asset or at the amortized cost of a financial debt. When calculating the effective interest rate, the entity must estimate the expected cash flows considering all the contractual conditions of the financial instrument (e.g. prepayment, extension, call options and other similar options), but must not take into account the expected losses from lending. The calculation includes all commissions and points paid or collected by the contracting parties that form an integral part of the effective interest rate (see points B 5.4.1 - B 5.4.3), transaction costs and all other premiums or discounts.

*Assessment at fair value*

Fair value is the price that would have been received at the sale of an asset or paid for the settlement of a debt in a transaction carried out under normal conditions between participants in the main market, at the assessment date, or in the absence of the main market, on the most advantageous market to which the Group has access to that date.

The Group measures the fair value of a financial instrument using quoted prices on an active market for that instrument. A financial instrument has an active market if quoted prices are available quickly and regularly for that instrument. The Group measures the instruments quoted on active markets using the closing price.

A financial instrument is considered to be quoted on an active market when quoted prices are available immediately and regularly from an exchange, a dealer, a broker, an industry association, a pricing service or a regulatory agency, and these prices reflect transactions that occur on a real and regular basis, conducted under objective market conditions.

The category of shares listed on an active market includes all those shares admitted to trading on the Stock Exchange or on the alternative market and which present frequent transactions. The market price used to determine fair value shall be the close-out price of the market on the last trading day before the measurement date.

For the calculation of fair value, for equity instruments (shares), the Group uses the following hierarchy of methods:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: entries other than the listed prices included in Level 1 which are observable for assets or liabilities, either directly (e.g. prices) or indirectly (e.g. price derivatives);
- Level 3: assessment techniques based largely on unobservable elements. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the evaluation of the instrument.

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*Notes to the consolidated financial statements as of 30 June 2021*

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The fair value measurement of the equity instruments (shares) held is as follows:

- for listed and traded securities in the reporting period, the market value was determined by considering the quotation of the last trading day (closing quotation on the main capital market for those listed on the regulated market - BVB, respectively the reference price for the alternative system - AERO for level 1, and for level 2, quotations are taken for shares traded in the last 30 trading days);
- for listed securities that have no transactions in the last 30 days of the reporting period, as well as for unlisted securities, the market value is determined at the book value per share as it results from the last approved yearly financial statement of the entity;
- for securities issued by credit institutions not admitted to trading, the assessment is made at the book value per share calculated based on the value of the equity capital contained in the monthly reports transmitted to the NBR;
- for securities not admitted to trading on a regulated market or within an alternative trading system in Romania issued by issuers holding more than 33% of the share capital, they are assessed exclusively in accordance with International Assessment Standards on the basis of a assessment report updated at least yearly;
- for the securities related to companies in the insolvency or reorganization procedure, the assessment is made at zero value.

The securities issued by the mutual fund are assessed taking into account the last unit value of the net asset, calculated and published.

- ***Identifying and assessing the impairment***

The Group must recognize a provision for expected credit losses related to a financial asset that is measured in accordance with 4.1.2 or 4.1.2A (debt instruments measured at amortized cost or at fair value through other comprehensive income), a debt that arises from a leasing agreement, a loan commitment and a financial guarantee contract.

The Group applies the impairment provisions for the recognition and measurement of the provision for losses related to the assets assessed at fair value through other elements of the global result in accordance with point 4.1.2A (assets held for the purpose of collecting cash flows and sales, whose cash flows represent exclusively principal repayments or interest payments). The provision thus determined is recognized on the basis of other comprehensive income and does not reduce the carrying amount of the financial asset from the statement of financial position.

- ***Derecognition***

The Group 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 has significantly transferred all the risks and benefits of ownership.

Any interest in the transferred financial assets held by the Group or created for the Group is separately recognized as an asset or liability.

The Group derecognizes a financial liability when the contractual obligations have been concluded or when the contractual obligations are cancelled or expire.

When derecognition of capital instruments (shares) the Group uses the first-in-first-out method.

- ***Reclassifications***

If the Group reclassifies financial assets according to point 4.4.1 (as a result of changes in the business model for the management of its financial assets), then all the affected financial assets will be reclassified. Financial liabilities cannot be reclassified after the initial recognition.

The Group applies the reclassification of financial assets prospectively from the date of reclassification. Any previously recognized gains, losses or interest will not be re-treated.

In the event of a reclassification, the Group proceeds as follows:

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*Notes to the consolidated financial statements as of 30 June 2021*

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- when reclassifying an asset from the category of amortized cost to that of fair value through profit or loss, the fair value is determined at the date of reclassification. The difference between the amortized cost and fair value is recognized in profit or loss;
- when reclassifying an asset from the category of fair value through profit or loss to that of the amortized cost, the fair value at the date of reclassification becomes the new gross book value;
- when reclassifying an asset from the category of the amortized cost to that of fair value through other elements of the comprehensive income, the fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in other comprehensive income elements, without adjusting the effective interest rate or expected credit losses;
- when reclassifying an asset from the fair value category through other elements of the comprehensive income to the amortized cost, the reclassification is carried out at the fair value of the asset as of the reclassification date. Amounts previously recognized in other comprehensive income are eliminated in relation to the fair value of the asset without affecting the profit or loss account. The effective interest rate and expected credit losses are not adjusted as a result of the reclassification;
- when reclassifying an asset from the category of fair value through profit or loss to that of fair value through other elements of the comprehensive income, the asset continues to be measured at its fair value;
- when reclassifying an asset from the category of fair value through other elements of the global result to that of fair value through profit or loss, the financial asset continues to be measured at fair value. The amounts previously recognized in other comprehensive income are reclassified from equity into profit or loss, as an adjustment from reclassification (according to IAS 1).

- **Gains and losses**

Gains or losses arising from a change in the fair value of a financial asset or a financial liability that is not part of a hedging relationship are recognized as follows:

- a) Gains or losses generated by financial assets or financial liabilities classified as fair value through profit or loss are recognized in profit or loss;
- b) Gains or losses generated by a financial asset assessed at fair value through other elements of the comprehensive income are recognized against other elements of the global result.

When the asset (in the case of equity instruments) is derecognised, the previously recognized accumulated losses or gains on other comprehensive income are transferred to the carried forward result.

At the time of amortization or derecognition of financial assets and financial liabilities accounted for at amortized cost, as well as through their amortization process, the Company recognizes a gain or loss in the profit or loss account.

**e) Other financial assets and liabilities**

Other financial assets and liabilities are classified at the amortized cost, using the method of effective interest minus any depreciation losses.

**f) Assets held for sale**

Fixed assets and groups held for sale are classified as held for sale if their accounting value will be mainly recovered through a sale transaction, not through their continuous usage. This condition is considered to be fulfilled only when the sale is probable and it is estimated that it will be completed in more than one year from the date of classification, and the assets are available for immediate sale, as they are presented at that time.

**g) Intangible fixed assets**

Intangible assets are initially assessed at cost. After initial recognition, an intangible asset is accounted for at cost less accumulated amortization and any accumulated impairment losses.

- ***Subsequent expenses***

Subsequent expenses are capitalized only when they increase the value of future economic benefits embodied in the asset to which they are intended. All other expenses, including expenses for impairment of goodwill and internally generated marks, are recognized in the profit or loss account when incurred.

- ***Amortization of intangible assets***

Amortization is recognized in the profit or loss account using the straight-line method

for the estimated useful life of the intangible assets, from the date they're available for use, this modality most accurately reflecting the expected way of consuming the economic benefits incorporated in the asset.

The estimated useful lives for the current period and for the comparative periods are:

- software 1-3 years, and licenses for their validity period;
- other intangible fixed assets 1-5 years.

Amortization methods, useful lives and residual values are reviewed at the end of each financial year and adjusted accordingly.

## **h) Tangible assets**

- ***Recognition and assessment***

Tangible assets recognized as assets are initially assessed at the acquisition cost (for those purchased on an onerous basis), at the contribution value (for those received as an in-kind contribution when setting up / increasing the share capital), respectively at the fair value from the acquisition date for those received free of charge.

The cost of an item of property, plant and equipment consists of the purchase price, including non-recoverable taxes, after deducting any commercial price reductions and any costs that can be directly attributed to bringing the asset to the location and in the required condition for it to be used. for the purpose set by the management, such as: expenses with employees that result directly from the construction or acquisition of the asset, the costs for setting up the site, the initial costs of delivery and handling, the costs of installation and assembly, the professional fees.

Tangible assets are classified by the Group in the following classes of assets of the same nature and with similar uses:

- land and buildings;
- technical installations and means of transport;
- other installations, tools and furniture.

- ***Assessment after recognition***

For further recognition, the Group adopted the revaluation model.

After recognition as an asset, tangible assets items of the nature of lands and buildings whose fair value can be reliably measured are accounted for at a reassessed amount, this being the fair value at the date of revaluation minus any subsequent accumulated depreciation and any accumulated impairment losses. Other tangible assets are measured at cost less the accumulated amortization and any impairment losses.

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*Notes to the consolidated financial statements as of 30 June 2021*

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The revaluations should be done with sufficient regularity to ensure that the carrying amount does not differ significantly from what would have been determined by using the fair value at the end of the reporting period.

If an item of tangible assets is reassessed, then the entire group of Tangible assets of which that item is subject is subject to reassessment.

If the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income elements and accumulated in equity, with the title of surplus from the reassessment.

However, the increase will be recognized in profit or loss to the extent that it offsets a decrease in the reassessment of the same previously recognized asset in profit or loss.

If the carrying amount of an asset is impaired as a result of a reassessment, this decrease is recognized in profit or loss.

However, the reduction will be recognized in other comprehensive income elements to the extent that the reassessment surplus has a credit balance for that asset. Transfers from the reassessment surplus to the carried over result are not made through profit or loss.

Land and buildings are shown at reassessed value, which represents the fair value at the date of reassessment less accumulated amortization and impairment losses. The revaluations are carried out by specialized assessors, members of the National Association of Romanian Assessors ("ANEVAR"). The frequency of reassessments is dictated by the dynamics of the markets to which the lands and constructions owned by the Group belong.

- ***Subsequent costs***

Daily maintenance and repair expenses on tangible assets are not capitalized and are recognized as costs of the period in which they occur. These costs mainly consist of work costs and consumables and may also include the cost of low value components.

Expenses related to the maintenance and repair of tangible assets are recorded in the profit or loss account when they occur.

Significant improvements made to tangible assets, which increase their value or their lifetime, or which significantly increase their ability to generate economic benefits by them, are capitalized.

- ***Amortization***

The amortisation is calculated at the carrying amount (acquisition cost or reassessed minus the residual value). The amortisation is recognized in the profit or loss account using the straight-line method for the estimated useful life of the tangible fixed assets (less the land and the fixed assets under execution).

The amortisation is recorded starting from the date when they are available for use, for the activity for which they are intended, this modality most accurately reflecting the expected way of consuming the economic benefits incorporated in the asset.

The amortization of an asset ceases at the earliest on the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale), in accordance with IFRS 5 and on the date the asset is derecognised.

Amortisation methods, useful lives and residual values are reviewed by the Group's management at each reporting date.

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

- |  |             |
|--|-------------|
| - constructions                                  | 12-75 years |
| - technical installations and means of transport | 2-20 years  |

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*Notes to the consolidated financial statements as of 30 June 2021*

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- other installations, equipment and furniture 2-15 years

Voltalim S.A. Craiova is subject to the normal use times over those provided in the legislation. These durations were established following the revaluation of the constructions by the assessors.

- ***The accounting treatment of the revaluation surplus***

The Group opted for the following accounting treatment of the revaluation surplus: the revaluation surplus included in equity related to an item of Tangible assets is transferred directly to the result carried over as depreciation and when the asset is derecognised, upon disposal or disposal.

The revaluation surplus included in the revaluation reserve is capitalized by the transfer in the deferred result, as the depreciation measure and at the removal of the asset from the record. Highlighting the reserves from the revaluation is performed on each fixed asset and on each revaluation operation that took place. The reduction of the reserves from the revaluation can be made only within the limit of the existing credit balance, related to the respective fixed assets.

- ***Depreciation***

An asset has depreciated when its book value exceeds its recoverable amount.

On each reporting date, the Group must verify whether there are indications of depreciation of assets. If such indications are identified, the Group must estimate the recoverable amount of the asset.

If the book value of an asset is impaired as a result of a reassessment, this decrease must be recognized as profit or loss. However, the reduction must be recognized in other comprehensive income elements to the extent that the reassessment surplus presents a credit balance for that asset. The reduction recognized in other elements of the comprehensive income reduces the amount accumulated in the equity as a revaluation surplus.

Land does not depreciate. The depreciation of other tangible assets is calculated using the method of linear depreciation, allocating costs related to the residual value, in accordance with the related service life.

- ***Derecognition***

The carrying amount of an item of tangible assets is derecognised (eliminated from the Consolidated statement of the financial position) upon disposal or when no future economic benefit from its use or disposal is expected.

Tangible assets sold or disposed of are removed from the balance sheet together with the corresponding cumulated depreciation. The gain or loss resulting from the derecognition of an item of property, plant and equipment is included in the current profit or loss account when the item is derecognised.

**i) Real estate investments**

Real estate investments are real estate (land, buildings or parts of a building) held by the Group (as owner) for the purpose of renting or for the increase of value or both, and not in order to:

- be used in the production or supply of goods or services or for administrative purposes; or
- be sold during the normal course of business.

Certain properties include a part that is held for rental or for the purpose of increasing value and another part that is held for the purpose of producing goods, providing services or for administrative purposes.



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*Notes to the consolidated financial statements as of 30 June 2021*

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If these parts can be sold separately (or rented separately under a financial lease), then they are accounted for separately. If the parts cannot be sold separately, the property is treated as a real estate investment only if the part used for the purpose of producing goods, providing services or for administrative purposes is insignificant.

- **Recognition**

A real estate investment is recognized as an asset if and only if:

- a future economic benefit associated with real estate investment is likely to enter the Group.
- the cost of real estate investment can be reliably determined.

- **Assessment**

*Initial assessment*

An investment property is initially assessed at cost, including trading costs. The cost of a purchased real estate investment consists of its purchase price plus any directly attributable expenses (for example, professional fees for the provision of legal services, fees for the transfer of ownership and other trading costs).

*Subsequent assessment*

The Group's accounting policy regarding the subsequent assessment of real estate investments is based on the fair value model. This policy is applied uniformly to all real estate investments.

Assessment of the fair value of real estate investments is carried out by ANEVAR member appraisers. Fair value is based on market price quotations, adjusted, as appropriate, to reflect differences related to the nature, location or conditions of the relevant asset. These evaluations are reviewed periodically by the Group management.

Gains or losses resulting from changes in the fair value of real estate investments are recognized in the profit or loss account of the period in which they occur.

The fair value of real estate investments reflects market conditions at the balance sheet date.

- **Transfers**

Transfers to and from the category of real estate investments must only be made when there is a change in the use of the asset, as shown by:

- start of use by the Group - for transfers from the category of real estate investments into the category of tangible assets used by the Group;
- start of the sale process - for transfers from the category of real estate investments into the category of stocks held for sale, accounted for in accordance with IFRS 5;
- termination of use by the Group - for transfers in the category of tangible assets used by the Group in the category of real estate investments;
- starting an operational lease with another party - for transfers from the stock category to the real estate investment category.

For the transfer of a real estate investment accounted for at fair value to tangible assets, the implicit cost of the asset for the purpose of its subsequent accounting will be its fair value from the date of the change of use.



- **Derecognition**

The book value of a real estate investment is derecognised upon disposal or when the investment is definitively withdrawn from use and no future economic benefits from its disposal are expected.

Gains or losses arising from the disposal or disposal of a real estate investment must be determined as the difference between the net proceeds from the disposal and the carrying amount of the asset and must be recognized in profit or loss during the termination or disposal.

**j) Inventories**

Inventories are assets held for sale in the ordinary course of business, assets in progress, to be sold in the ordinary course of business, or assets in the form of raw materials, materials and other consumables, to be used in the production process or for the provision of services.

Inventories are assessed at the lower of cost and net realizable value. The cost of inventories includes all the costs related to the acquisition and processing, as well as other costs incurred to bring the stocks in the form and place they are at present.

The net realizable value is the estimated selling price, which could be obtained in the normal course of business, less the estimated costs for completing the good and the estimated costs for making the sale. The cost of inventories that are not normally fungible and of the goods and services produced for and intended for separate orders is determined by the specific identification of the individual costs. For inventories, the cost is determined at the output using the “first in, first out” (FIFO) method.

**k) Impairment of assets other than financial assets**

The book value of the Group’s assets that are not of a financial nature, other than deferred tax assets, is reviewed on each reporting date to identify the existence of impairment indications. If such indications exist, the recoverable amount of such assets is estimated.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. A cash generating unit is the smallest identifiable group that generates cash and is independent of other assets and other asset groups. Impairment losses are recognized in the profit or loss account.

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

Impairment losses recognized in prior periods are assessed on each reporting date to determine whether they have decreased or no longer exist. An impairment loss is resumed if there has been a change in the estimates used to determine the recovery value. An impairment loss is only resumed if the carrying amount of the asset does not exceed the accounting value that would have been calculated, net of depreciation and depreciation, if the impairment loss had not been recognized.

**l) Share capital**

The registered capital includes ordinary, nominative shares, of equal value, issued in a dematerialized form, fully paid when subscribed, registered to the account and granting equal rights to their holders, except for the limitations in the legal provisions and regulations.

**m) Provisions**

Provisions are recognized in the profit or loss account when the Group has a current (legal or implicit) obligation generated by a past event, when an outflow of resources incorporating economic benefits is required for settlement of the obligation and when a reliable estimate can be made regarding the value of the obligation.

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 relevant debt. The amount recognized as a provision is the best estimate of the expenses required to settle the current obligation at the end of the reporting period.

Provisions are re-analysed at the end of the reporting period and adjusted to reflect the best current estimate. If the outflow of resources that incorporate economic benefits is no longer likely, the provision should be cancelled.

Provisions are not recognized for the costs that are incurred to carry out the activity in the future.

The Group has provisions for onerous agreements when the benefits expected to be obtained from an agreement are lower than the inevitable expenses associated with fulfilling contractual obligations.

**n) Employee benefits**

- ***Short-term benefits***

Short-term employee benefits include salaries, bonuses and social security contributions.

The obligations related to short-term benefits to employees are not updated and are recognized in the profit or loss account as the related service is provided.

Short-term employee benefits are recognized as an expense when the services are provided. A provision is recognized for the amounts expected to be paid by way of short-term cash premiums or schemes for the participation of staff in profit, as long as the Group has a legal or implicit obligation to pay these amounts as a result of past services provided by the employees and if the obligation can be reliably estimated.

Besides wages and other wage-related rights, according to the Company's Articles of Association and the collective employment contract, the Company's administrators, directors with a mandate contract and employees are entitled to receive benefits (incentives) in case the net profit indicator set out in the budget of revenues and expenditures approved by the General Shareholders Meeting for the current year is met, up to the amount approved by the OGSM where the financial statements of the relevant year were approved. This obligation is first recognized in the profit or loss statement of the financial exercise where the profit was achieved under the form of provisions for employee benefits. The distribution of these bonuses (incentives) will be carried out the following year, after their approval by the General Shareholders Meeting.

- ***Plans of determined contributions***

The Group makes payments on behalf of its employees to the Romanian state pension system, health insurance and the insurance contribution for work during the normal performance of activities. All the employees of the Group are members and have the legal obligation to contribute (through individual social contributions) to the pension system and to the health system of the Romanian state.

The employment insurance contribution is recognized in the profit or loss account for the period.

The Group has no additional obligations.

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*Notes to the consolidated financial statements as of 30 June 2021*

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All the employees of the Group are members and have the legal obligation to contribute (through individual social contributions) to the pension system and to the health system of the Romanian state. The Group has no obligation to provide subsequent services to former or current employees.

- ***Long-term benefits for employees***

The Group's net obligation regarding the benefits related to long-term services is represented by the value of the future benefits that the employees have gained in exchange for the services provided by them during the current period and the previous periods. On the basis of the collective employment agreements in force, the persons who retire at the age limit can benefit on the date of retirement of an allowance equal to the maximum value of two salaries taken at the time of retirement.

**a) Dividends to be distributed**

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the Ordinary General Shareholders Meeting. The profit available for distribution is the profit of the year recorded in the financial statements prepared in accordance with IFRS.

**p) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenues are reduced accordingly with the estimated value of the goods returned by customers, rebates and other similar items.

- ***Revenue from the sale of goods and the provision of services***

Revenues from the sale of goods and services are recorded net of commercial discounts, value added tax and other taxes related to turnover.

The proceeds from the sale of the goods are recognized in the profit or loss account when the significant risks and rewards of ownership of the goods are transferred to the buyer, which most often happens upon delivery.

The revenues from the provision of services are recognized in the profit or loss account depending on their stage of execution.

- ***Dividend income***

Dividend income is recognized in the profit or loss account on the date on which the right to receive such income is established.

Dividend income is recorded at gross value including dividend tax, which is recognized as current expense with profit tax. The effective calculation is made according to the fiscal provisions in force at the date of calculation.

In the case of dividends received in the form of shares as an alternative to the payment in cash, the income from dividends is recognized at the level of the cash that would have been received, in correspondence with the increase of the related participation. The company does not record dividend income for the shares received free of charge when they are distributed proportionally to all shareholders.

- ***Interest revenues and expenses***

Interest income and expenses are recognized in the profit or loss account through the effective interest method. The effective interest rate is the rate that exactly updates the expected cash payments and receipts

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*Notes to the consolidated financial statements as of 30 June 2021*

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in the future over the expected life of the financial asset or debt (or, where appropriate, for a shorter term) to the carrying amount of the financial asset or debt.

- ***Revenues from lease and rental***

The revenues from the rents are generated by the real estate investments rented by the group in the form of operational leases and are recognized in the profit or loss account for the entire period of the contract.

**r) Recognition of expenses**

The expenses are highlighted during their execution, and their recognition in the profit or loss account is made in compliance with the principle of the independence of the exercise.

***Operating expenses*** are recognized in the profit or loss account during the period in which they were incurred.

***Expenses on bank commissions*** are recorded at the time of their occurrence.

***Expenses on transactions*** are recognized together with the revenues from these operations, at the date of the transaction in the case of quoted securities, respectively at the date of the last instalment payment in the case of the sale of unlisted securities.

At the entry date, the cost of the securities is the cost of the purchase.

***Expenses with administration fees and taxes*** are recognized at the time of their occurrence.

***Expenses with commissions related to transactions*** are recognized on the date of the transactions.

***Expenses on salaries and the related contributions*** are recognized at the time of their appearance, respecting the principle of the independence of the financial year.

**s) Revenues and losses from exchange rate differences**

Currency transactions are recorded in the functional currency (RON), by converting the amount into foreign at the official exchange rate communicated by the National Bank of Romania, valid on the date of the transaction.

On the reporting date, the monetary items expressed in Currency are converted using the exchange rate from the last day of currency auction of the year.

Rate differences arising on the settlement of monetary items or conversion of monetary items at different rates from those at which they were converted to initial recognition (during the period) or in previous financial statements are recognized as profit or loss in the profit and loss account, during the period in which they occur.

**t) Income tax**

The income tax for the year includes the current tax and the deferred tax. Current income tax includes income tax from dividends recognized at gross value.

Income tax is recognized in profit or loss or in other overall result if the tax is related to capital items.

The current tax is the tax payable for the profit realized during the current period, determined on the basis of the percentages applied on the reporting date and all the adjustments related to the previous periods.

For the period ending on 30 June 2021, the corporate income tax rate was 16% (31 December 2020: 16%). The tax rate for dividend income was 5% and zero (31 December 2020: 5% and zero).

The deferred tax is determined using the balance sheet method for those temporary differences that appear between the fiscal basis for calculating the tax for assets and liabilities and their accounting value, used for reporting in the consolidated financial statements.

The deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities arising from transactions that are not business

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*Notes to the consolidated financial statements as of 30 June 2021*

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combinations and which do not affect the accounting or fiscal profit and differences arising from investments in subsidiaries, provided they are not resumed in the near future.

The deferred tax is calculated on the basis of the tax rates that are expected to be applicable to the temporary differences upon their resumption, based on the legislation in force on the reporting date.

Receivables and debts with deferred tax are offset only if there is a legal right to offset current debts and debts with the tax and if they are related to the tax collected by the same tax authority for the same entity subject to taxation or for different tax authorities but wishing to settle the claims and current tax liabilities using a net basis or the related assets and liabilities will be achieved simultaneously.

The deferred tax claim is recognized only insofar as it is probable that future profits may be used to cover the tax loss. The claim is revised at the end of each financial year and is diminished to the extent that the related tax benefit is unlikely to be carried out. The additional taxes arising from the distribution of dividends are recognized on the same date as the dividend payment obligation.

#### **u) The result per share**

The Group presents the result on a basic and diluted share for ordinary shares. The basic result per share is determined by dividing the profit or loss attributable to the ordinary shareholders of the Group to the weighted average number of ordinary shares related to the reporting period.

The 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 the dilution effects generated by potential ordinary shares.

#### **v) Segment reporting**

A segment is a distinct component, which provides certain products or services (segment of activity) or provides products and services in a certain geographical environment (geographic segment) and which is subject to risks and benefits different from those of the other segments.

On 30 June 2021 the activity carried out by the Company together with the companies in the portfolio in which it holds over 50% of the share capital, included in the consolidation scope, was segmented on the following main activities:

- financial investment activity
- rental of spaces
- food industry
- tourism

### **5. FINANCIAL RISKS MANAGEMENT**

According to the specificities of its activity, the Group is or can be subject to financial risks resulting from the activity undertaken for the achievement of the established goals.

Through the risk management system, the Group awards significance to the management of risks, policies and procedures regarding the management of risks that are significant and relevant for the investment strategy.

The risk management policy sets out the main coordinates for the control and management of issues that may have or even have an impact on the activity.

The risk management activity, a major component of the Group's activity, deals with both general and specific risks, as set out in national and international legal regulations.

The Company's organizational chart includes the permanent position of risk management, which is hierarchically and functionally independent from the other departments of the Company.

The Group attaches utmost importance to efficient risk management in order to achieve the strategy's objectives and to ensure shareholders benefits.

*Notes to the consolidated financial statements as of 30 June 2021*

The management of significant risks involves providing the framework for identifying, evaluating, monitoring and controlling these risks in order to maintain them at an acceptable level in relation to the appetite to risk and its ability to mitigate or hedge these risks.

Risk monitoring is done at each hierarchical level, with procedures for supervising and approving decision-making limits.

Internal reporting of risk exposure is made on a continuous basis, on each line of business, as the management is constantly informed about the risks that may arise in the course of the business.

The risk profile represents all the risks to which the Group is exposed, depending on the strategic objectives and the risk appetite undertaken by the management structure. Through its risk profile, the Group has established, for each risk category, the level by which the Group is willing to take or accept risks, provided that significant risks are kept under control.

The risk profile was established both at a global and at an individual level, for each risk category, considering the Group's nature, dimension and complex activities.

The global risk profile undertaken by the Group is average and corresponds to an average risk appetite.

Investments in the Company's shares involve not only specific benefits, but also the risk that objectives are not achieved, as well as losses to investors, since revenues from investments generally are proportional to risk. In its current activities, the Group may face both the specific risks resulting from its current operation, as well as indirect risks resulting from the performance of operations and services in cooperation with other financial entities.

The main risks identified in the activity of the Group are:

- market risk (price risk, currency risk, interest rate risk) credit risk
- credit risk;
- liquidity risk;
- operational risk.

**a) Market risk**

Market risk is the current or future risk of adverse outcome on profits, caused by fluctuations in the market prices of equity securities - in terms of activities belonging to the trading portfolio - as well as interest rate and exchange rate fluctuations for the entire activity of the Group. The Group monitors the market risk with the objective of optimizing profitability in relation to the associated risk, in accordance with the approved policies and procedures. From the Group's point of view, the relevant market risks are: price risk (position risk), currency exchange risk, interest rate risk.

• **Price (position) risk**

This is generated by the volatility of market prices, such as fluctuations in the market of financial instruments as a result of changing market prices, changes caused either by factors affecting all instruments traded on the market, or by factors specific to the individual instruments or their issuer.

The Group monitors both the systemic component (the general risk determined by factors at the macro level) and the specific risk determined by the issuer's own activity, so that when the price risks are not in accordance with the internal policies and procedures, they will act accordingly by rebalancing the portfolio of assets.

On 30 June 2021 and 31 December 2020 the Group has the following asset structure subject to price risk:

<i>In RON</i>	<b>No. comp.</b>	<b>Market value 30 June 2021</b>	<b>No. comp.</b>	<b>Market value 31 December 2020</b>
Capital investment				
Listed companies	23	1,944,672,864	24	1,641,178,221
Unlisted companies	21	87,158,236	22	87,032,773
Fund units	4	4,252,073	4	3,598,943
<b>Total capital investment</b>	<b>48</b>	<b>2,036,083,173</b>	<b>50</b>	<b>1,731,809,937</b>



*Notes to the consolidated financial statements as of 30 June 2021*

The market value of the portfolio of listed shares (on BVB - regulated market, BVB-AERO - alternative trading system), as of 30 June 2021, represents 95.71% (31 December 2020: 94.96%) of the total value of the portfolio of shares administered.

A number of 7 issuers are found in the managed portfolio, of the 17 that constitute the BET index of the Bucharest Stock Exchange.

The market value of the shares held by the 7 issuers represents - as of 30 June, 2021 - 84.78 %

(31 December 2020: 86.05%) of the market value of the shares held in the listed companies.

The Group also monitors the risk concentration by activity sectors, as follows:

Portfolio structure	The market value of the participation on 30 June 2021		The market value of the participation on 31 December 2020	
	(RON)	%	(RON)	%
<b>Economic sectors with a share in the Group's portfolio:</b>				
finance, banking	1,221,356,410	59.99	1,026,003,902	59.24
oil resources, methane gas and related services	323,128,286	15.87	278,880,875	16.10
energy and gas transport	135,845,665	6.67	138,415,383	7.99
financial intermediation	97,118,530	4.77	77,590,385	4.48
pharmaceutical industry	88,905,168	4.37	62,396,107	3.60
tourism, public food catering, leisure	81,962,892	4.03	81,300,358	4.69
machine building industry, processing	42,584,747	2.09	28,620,353	1.65
electronic, electrotechnical industry	32,546,844	1.60	26,211,928	1.51
metallurgical industry	4,791,404	0.24	5,098,546	0.29
grain storage and trade	1,731,294	0.09	1,731,294	0.10
lease and sublease of real estate	1,710,053	0.08	1,811,409	0.10
other activities	149,807	0.01	150,454	0.01
<b>TOTAL SECURITIES</b>	<b>2,031,831,100</b>	<b>99.79</b>	<b>1,728,210,994</b>	<b>99.79</b>
<b>FUND UNITS</b>	<b>4,252,073</b>	<b>0.21</b>	<b>3,598,943</b>	<b>0.21</b>
<b>GENERAL TOTAL</b>	<b>2,036,083,173</b>	<b>100.00</b>	<b>1,731,809,937</b>	<b>100.00</b>

Based on the analysis of the data presented above, as of 30 June 2021, the Group mainly held shares that are active in the field of finance, banking with a share of 59.99% of the total portfolio, increasing compared to 31 December 2020, when in the same sector of activity registered a weight of 59.24%.

• **Exchange rate risk**

The exchange rate risk is the risk that the value of a financial instrument will be adversely affected by a fluctuation in the foreign exchange market. This risk concerns all positions held by the Group in foreign currency deposits, financial instruments denominated in foreign currency, regardless of the holding period or the level of liquidity recorded by the respective positions. During the reporting period ending on 30 June 2021, the Group did not use derivative securities to protect itself against interest rate fluctuations. The exchange rate risk due to price fluctuations is insignificant.

As of 30 June 2021, the foreign currency availabilities were 2,266,334 lei (31 December 2020: 13,720,343 RON), i.e. 4.24% (31 December 2020: 20.31 %) of the total availabilities.

Given that most of the Group's assets are expressed in national currency, exchange rate fluctuations do not directly affect the Group's activity. These fluctuations have an influence on the assessment of investments such as foreign currency deposits and current account availability.

The available cash in foreign currency represents, as of 30 June 2021, 0.1% (31 December 2020: 0.7%) of the total financial assets, so the exchange rate risk is insignificant.

Investments in bank deposits in foreign currency are constantly monitored and investment/disinvestment measures are taken, depending on the forecast evolution of the exchange rate.

The concentration of assets and liabilities by types of currencies is presented as follows:



*Notes to the consolidated financial statements as of 30 June 2021*

<i>In RON</i>	<b>Accounting value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>
<b>30 June 2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	20,055,464	18,356,852	1,692,677	5,935
Deposits placed in banks	33,398,705	32,830,983	123,823	443,899
Financial assets assessed at fair value through other elements of the comprehensive income	2,031,831,100	2,031,831,100		
Financial assets assessed at fair value through the profit or loss account	4,252,073	4,252,073		
Credits and receivables	9,138,627	9,138,627		
Other financial assets	83,091,035	83,091,035		
<b>Total financial assets</b>	<b>2,181,767,004</b>	<b>2,179,500,670</b>	<b>1,816,500</b>	<b>449,834</b>
<b>Financial liabilities</b>				
Payable dividends	87,740,551	87,740,551		
Other financial liabilities	39,911,885	39,736,288	175,597	
<b>Total financial liabilities</b>	<b>127,652,436</b>	<b>127,476,839</b>	<b>175,597</b>	

<i>In RON</i>	<b>Accounting value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>
<b>31 December 2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	21,107,444	19,237,886	1,864,774	4,784
Deposits placed in banks	46,445,240	34,594,455	207,116	11,643,669
Financial assets assessed at fair value through other elements of the comprehensive income	1,728,210,994	1,728,210,994	-	-
Financial assets assessed at fair value through the profit or loss account	3,598,943	3,598,943	-	-
Credits and receivables	31,458,864	25,732,951	-	5,725,913
Other financial assets	129,971,552	129,971,552	-	-
<b>Total financial assets</b>	<b>1,960,793,037</b>	<b>1,941,346,781</b>	<b>2,071,890</b>	<b>17,374,366</b>
<b>Financial liabilities</b>				
Payable dividends	62,084,594	62,084,594	-	-
Other financial liabilities	132,062,673	131,399,457	663,216	-
<b>Total financial liabilities</b>	<b>194,147,267</b>	<b>193,484,051</b>	<b>663,216</b>	<b>-</b>

• ***The interest rate risk***

The interest rate risk is the current or future risk that profits and capitals may change as a result of adverse changes in market interest rates. The factors that define this type of market risk are a wide range of interest rates corresponding to a variation of markets, currencies and maturities for which the Group holds positions.

The interest rate directly influences the income and expenditure attached to the financial assets and liabilities bearing variable interest rates.

Most of the assets in the portfolio do not bear interest. As a result, the Group is not significantly affected by the interest rate risk. Interest rates applied to cash and cash equivalents are short-term.

At the Group level, the share of borrowed resources in the total financing resources of companies is not significant, except for Mercur S.A. Craiova and Lactate Natura S.A. Târgoviște.

In order to benefit from the interest rate volatility, for greater flexibility in the policy of allocating the money availabilities, it will be intended that the placing of the money availabilities in monetary instruments will be made especially in the short term, i.e. 1-3 months.

The risk of lowering the interest rate is moderate, taking into account the amounts placed in deposits in relation to the total liquidities of the Group.

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The following table summarizes the Group's exposure to interest rate risk. In lei

*In RON*

	Accounting value	Less than 3 months	Between 3 and 12 months	Between 1 - 5 years	No interest
<b>30 June 2021</b>					
Cash and cash equivalents	20,055,464				20,055,464
Deposits placed in banks	33,398,705	32,284,481	710,646	403,578	
Financial assets assessed at fair value through other elements of the comprehensive income	2,031,831,100				2,031,831,100
Financial assets measured at fair value through profit or loss	4,252,073				4,252,073
Credits and receivables	9,138,627				9,138,627
Other financial assets	83,091,035				83,091,035
<b>Total financial assets</b>	<b>2,181,767,004</b>	<b>32,284,481</b>	<b>710,646</b>	<b>403,578</b>	<b>2,148,368,299</b>
<b>Financial liabilities</b>					
Payable dividends	87,740,551				87,740,551
Other financial liabilities	39,911,885	4,254,180	10,242,299	218,253	25,197,153
<b>Total financial liabilities</b>	<b>127,652,436</b>	<b>4,254,180</b>	<b>10,242,299</b>	<b>218,253</b>	<b>112,937,704</b>

*In RON*

	Accounting value	Less than 3 months	Between 3 and 12 months	Between 1 - 5 years	No interest
<b>31 December 2020</b>					
Cash and cash equivalents	21,107,444				21,107,444
Deposits placed in banks	46,445,240	45,319,059	722,603	403,578	
Financial assets assessed at fair value through other elements of the comprehensive income	1,728,210,994				1,728,210,994
Financial assets measured at fair value through profit or loss	3,598,943				3,598,943
Credits and receivables	31,458,864				31,458,864
Other financial assets	129,971,552				129,971,552
<b>Total financial assets</b>	<b>1,960,793,037</b>	<b>45,319,059</b>	<b>722,603</b>	<b>403,578</b>	<b>1,914,347,797</b>
<b>Financial liabilities</b>					
Payable dividends	62,084,594	-	-	-	62,084,594
Other financial liabilities	132,062,673	635,503	78,071,066	251,931	53,104,173

**b) The credit risk**

The credit risk is the Group's risk of having losses or not achieving the estimated profits pursuant to the insolvency of its debtors or pursuant to the counterparty's failure of meeting its financial obligations.

The credit risk expresses the possibility that debtors or issuers may not meet their obligations at maturity due to the deterioration of the borrower's financial situation and its insolvency or due to the general economic situation. The credit risk appears in relation to any type of debt.

The main elements of credit risk that are identified and can significantly influence the activity of the Company are:

- the risk of non-collection of dividends from companies in the portfolio;

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*Notes to the consolidated financial statements as of 30 June 2021*

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- the risk of not receiving the value of the contract, in the case of the activity of selling the shares in “closed” companies, through a sale-purchase contract;
- the risk that in the case of liquidation of a company from the portfolio, the value obtained will be lower than the value of the initial investment or even nothing will be recovered;
- the risk of settlement in the case of transactions with shares issued by listed companies;
- the risk of concentration.

The indicators used to measure the insolvency risk of the issuers are as follows: the exposure rate to issuers with high risk of bankruptcy (in the next 2 years), the exposure rate to non-listed issuers, the exposure rate by activity sectors.

The credit risk may indirectly affect the activity of the Group, the case of the companies in the portfolio that have financial difficulties in paying their payment obligations corresponding to the dividends. Given the diversity of investments and the fact that most of them are carried out in stable entities and with increased liquidity in the market, this risk is greatly diminished and properly managed by the Group.

The Group may be exposed to credit risk through investments in bonds, current accounts, bank deposits, and other receivables. At the Group level, there are no bonds, derivatives, which minimizes the credit risk.

Through the specificities of its portfolio, the sector with high exposure is the “finance and banking” sector, with an exposure of more than 20% in total assets, which holds 59.99% of the total share portfolio as of 30 June 2021. The exposure on this sector is monitored; a positive issue of such holding is the liquidity of investments, with 3 issuers being present in this sector: Banca Transilvania, B.R.D. and Eximbank.

We estimate that the credit risk to which the Group is exposed is average.

### **c) Liquidity risk**

The liquidity risk is the risk that the profit may be affected as a consequence of the operations related to financial instruments which are not liquid (which could generate difficulties in the purchase or sale of such financial instruments in a reasonable time, with minimum loss), as well as the one generated by the possibility that the Group may not be able to meet its financial obligations in the short run.

The Group aims to maintain a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, considering the period required for liquidation and the price or value at which the respective assets can be liquidated, as well as their sensitivity to market risks or other external factors.

The Group must hold liquid assets, the aggregate value of which will cover the difference between liquidity outflows and liquidity inflows in crisis statements, so as to ensure that the Group maintains levels of liquidity reserves that are adequate to enable it to cope. any imbalances between liquidity inflows and outflows in crisis statements.

The liquidity risk is mainly related to the shares held in the “closed” type companies existing in the managed portfolio. Thus, the sale of shareholdings - in the event of negative aspects in their economic and financial situation or in the pursuit of obtaining liquidity - cannot be made fast enough, with the risk of not being able to obtain a price higher or at least equal to the one for which these shareholdings are valued in the calculation of the net asset, according to the FSA regulations.

The Group constantly monitors the liquidity profile of the portfolio, analysing the impact of each asset on the liquidity, adopting a prudent policy regarding the cash outflows, permanently evaluating the quantitative and qualitative risks of the positions held and of the expected investments to be made.

We consider this risk to be average.

The structure of assets and liabilities in terms of liquidity is analysed in the following table:

*Notes to the consolidated financial statements as of 30 June 2021*

<i>In RON</i>	<b>Accounting value</b>	<b>Less than 3 months</b>	<b>Between 3 and 12 months</b>	<b>Between 1 - 5 years</b>	<b>No preset maturity</b>
<b>30 June 2021</b>					
<b>Financial assets</b>					
Cash and cash equivalents	20,055,464				20,055,464
Deposits placed in banks	33,398,705	32,284,481	710,646	403,578	
Financial assets assessed at fair value through other elements of the comprehensive income	2,031,831,100				2,031,831,100
Financial assets measured at fair value through profit or loss	4,252,073				4,252,073
Credits and receivables	9,138,627				9,138,627
Other financial assets	83,091,035				83,091,035
<b>Total financial assets</b>	<b>2,181,767,004</b>	<b>32,284,481</b>	<b>710,646</b>	<b>403,578</b>	<b>2,148,368,299</b>
<b>Financial liabilities</b>					
Payable dividends	87,740,551				87,740,551
Other financial liabilities	39,911,885	4,254,180	10,242,299	218,253	25,197,153
<b>Total financial liabilities</b>	<b>127,652,436</b>	<b>4,254,180</b>	<b>10,242,299</b>	<b>218,253</b>	<b>112,937,704</b>

*Notes to the consolidated financial statements as of 30 June 2021*

<i>In RON</i>	<b>Accounting value</b>	<b>Less than 3 months</b>	<b>Between 3 and 12 months</b>	<b>Between 1 - 5 years</b>	<b>No preset maturity</b>
<b>31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	21,107,444				21,107,444
Deposits placed in banks	46,445,240	45,319,059	722,603	403,578	
Financial assets assessed at fair value through other elements of the comprehensive income	1,728,210,994				1,728,210,994
Financial assets measured at fair value through profit or loss	3,598,943				3,598,943
Credits and receivables	31,458,864				31,458,864
Other financial assets	129,971,552				129,971,552
<b>Total financial assets</b>	<b>1,960,793,037</b>	<b>45,319,059</b>	<b>722,603</b>	<b>403,578</b>	<b>1,914,347,797</b>
<b>Financial liabilities</b>					
Payable dividends	62,084,594	-	-	-	62,084,594
Other financial liabilities	132,062,673	635,503	78,071,066	251,931	53,104,173
<b>Total financial liabilities</b>	<b>194,147,267</b>	<b>635,503</b>	<b>78,071,066</b>	<b>251,931</b>	<b>115,188,767</b>

#### **d) Operational risk**

Operational risk refers to losses resulting from acts (or negligence) in the conduct of business activities. Operational risk is also assimilated to legal risk, i.e. the risk of having losses due to the improper enforcement or failure to enforce legal or contractual provisions.

Legal risk includes:

- *IT risk* - a subcategory of operational risk that refers to the risk caused by inadequate strategies and IT policies, of information technology and information processing, regarding its management capacity, integrity, controllability and continuity or the improper use of information technology.

- *Strategic risk* - the current or future risk that profits and capitals are affected, generated by changes in the business environment or by unfavourable business decisions, by the improper implementation of decisions or by the failure to react to changes in the business environment. The strategic risk is uncontrollable and unquantifiable, as the companies' management adopts a cautious policy with a view to minimizing exposure to this risk. The main benchmarks in pursuing the strategic risk are: the pursuit of efficiency indicators according to the undertaken strategic objectives. In order to avoid the strategic risk, the market evolution is pursued compared to the provisions undertaken in the budget of revenues and expenditures. We estimate that, at the Group's level, the strategic risk is low and the business policy adopted by the company's management is cautious.

- *Reputation risk* - the current or future risk that the profits and capitals are affected, resulting from the unfavourable perception of the image of the companies in the Group by shareholders, investors or the supervisory authority. The companies' objective is to satisfy the interests of shareholders and investors and to perform a fair activity, according to the relevant legal regulations.

- *The risk related to outsourced activities* - the financial, reputational and operational impact that the improper performance of the outsourced activity by the service provider may have on the companies in the Group, including the risk that the company may not be able to pursue the performance of financial activities and/or comply with the provisions of the relevant legislation, as a consequence of the failure or difficulties encountered by the legal person employed by the company to perform certain activities, based on a contract. To be managed by the departments managing the entered contracts.

- *Model risk* - the potential loss that any company in the Group may incur, as a consequence of decisions that could be mainly based on the output of internal models, due to errors in the development, implementation or use of such models. To be managed at the level of each department.

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*Notes to the consolidated financial statements as of 30 June 2021*

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- *The risk of conflicts of interest* - any situation when the interests of the companies in the Group diverge from the personal interests of employees, directors, managers or their close relatives.

With a view to assessing the level of operational risk to which it is exposed, the Group acts to identify and frame operational risk events within specific categories, that will allow to establish the most efficient methods of controlling and reducing potential effects. The functional departments within the Group are responsible for the preliminary analysis of the operational risks arising in their area of activity. The person in charge with managing the risks must also implement and develop measures to manage the operational risk.

The Company uses self-assessment as a tool to analyse and manage operational risk.

The person in charge with managing risks within S.I.F. Oltenia S.A. updated the risk register on 30.06.2021, as operational risk events were carefully monitored and timely remedied, so as not to affect the company's activity.

In 2020, S.I.F. Oltenia S.A. carried out the internal evaluation of the operational risks generated by the Information Systems according to the FSA Norm no. 4/2018 regarding the management of the operational risks generated by the information systems used by the authorized / approved / registered entities, regulated and / or supervised by the FSA.

From the point of view of the FSA Norm no. 4 / 2018, S.I.F. Oltenia S.A. falls under the medium-risk category. Pursuant to Article 49 (a) of FSA Norm no. 4/2018, the outcome of the internal assessment of the operational risks of S.I.F. Oltenia SA was sent to the FSA within the regulatory deadline (*until 31 March 2021 for 2020*). *It was sent to FSA on 25 March 2021*).

According to art 21 of the FSA Norm no. 4/2018, S.I.F. Oltenia S.A. has the obligation to audit the important information systems used, every 3 years, by means of an external IT audit or with certified internal resources, so that the period subject to the audit will be 3 consecutive calendar years, starting with the first January following the end of the period subject to the previous IT audit, according to the classification in the medium risk category. In 2020, S.I.F. the external audit of the relevant IT systems of S.I.F. Oltenia S.A. was carried out by CertSIGN S.A. The next audit on the relevant IT systems of S.I.F. Oltenia S.A. is to be carried out in 2023.

S.I.F. Oltenia S.A. has a policy of maintaining an optimum level of equity in order to develop the company and achieve the proposed objectives. The main objective of the Group is the continuity of the activity in order to provide profitability for its shareholders.

Considering the complexity of the Group's activities, the amount of its activities, the staff structure, the level of informatization, the complexity of the monitoring and control procedures and other intrinsic aspects related to the company's risk policy, we estimate that the operational risk at the Group's level is average.

#### **e) Capital adequacy**

The management policy regarding capital adequacy focuses on maintaining a solid capital base in order to support the continued development of the Group and to achieve the investment objectives.

Equity consists of the share capital, the reserves created, the current result and the deferred result. As of 30 June 2021, the equity of the Group is 2,108,413,656 RON (31 December 2020: 1,864,138,757 RON).

The group is not subject to legal requirements for capital adequacy.

*Notes to the consolidated financial statements as of 30 June 2021*

## 6. FINANCIAL ASSETS AND LIABILITIES

### Accounting classifications and fair values

The accounting values and fair values of financial assets and liabilities are presented as of 30 June 2021, as follows:

*In RON*

	The fair value through other elements of the comprehensive income	The fair value through the profit or loss account	Amortized cost	Net book value	Fair value
Cash and cash equivalents			20,055,464	20,055,464	20,055,464
Deposits placed in banks			33,398,705	33,398,705	33,398,705
Financial assets assessed at fair value through other elements of the comprehensive income	2,031,831,100			2,031,831,100	2,031,831,100
Financial assets assessed at fair value through the profit or loss account		4,252,073		4,252,073	4,252,073
Investments held to maturity					
Other financial assets			92,229,662	92,229,662	92,229,662
<b>Total financial assets</b>	<b>2,031,831,100</b>	<b>4,252,073</b>	<b>145,683,831</b>	<b>2,181,767,004</b>	<b>2,181,767,004</b>
Payable dividends			87,740,551	87,740,551	87,740,551
Other financial liabilities			39,911,885	39,911,885	39,911,885
<b>Total financial liabilities</b>			<b>127,652,436</b>	<b>127,652,436</b>	<b>127,652,436</b>

The accounting values and fair values of financial assets and liabilities are presented as of 31 December 2020, as follows:

*In RON*

	The fair value through other elements of the comprehensive income	The fair value through the profit or loss account	Amortized cost	Net book value	Fair value
Cash and cash equivalents			21,107,444	21,107,444	21,107,444
Deposits placed in banks			46,445,240	46,445,240	46,445,240
Financial assets assessed at fair value through other elements of the comprehensive income	1,728,210,994			1,728,210,994	1,728,210,994
Financial assets assessed at fair value through the profit or loss account		3,598,943		3,598,943	3,598,943
Investments held to maturity				-	-
Other financial assets			161,430,416	161,430,416	161,430,416
<b>Total financial assets</b>	<b>1,728,210,994</b>	<b>3,598,943</b>	<b>228,983,100</b>	<b>1,960,793,037</b>	<b>1,960,793,037</b>
Payable dividends	-	-	62,084,594	62,084,594	62,084,594
Other financial liabilities	-	-	132,062,673	132,062,673	132,062,673
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>194,147,267</b>	<b>194,147,267</b>	<b>194,147,267</b>



## 7. INCOME FROM DIVIDENDS

Dividend income is recorded at gross value. The tax rates for dividends for the period ending on 30 June 2021 were 5% and zero (31 December 2020: 5% and zero). Dividend income, mainly by taxpayers, is presented as follows:

<i>In RON</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
OMV PETROM S.A. București	18,343,571	23,051,987
S.N.G.N. ROMGAZ S.A. Mediaș	4,029,655	-
ȘANTIERUL NAVAL Orșova	3,200,338	-
BRD - GROUPE SOCIETE GENERALE S.A. București	2,150,580	-
S.N.T.G.N. TRANSGAZ S.A. Mediaș	1,980,552	3,764,021
ALIMENT MULFATLAR S.R.L. Constanța	1,384,000	1,107,200
BURSA DE VALORI BUCURESTI S.A.	409,494	315,496
S.I.F. MOLDOVA S.A.	148,682	201,175
DEPOZITARUL CENTRAL S.A. București	32,553	58,601
S.N. NUCLEAR ELECTRICA	8,974	-
C.N.T.E.E TRANSELECTRICA S.A. București	-	1,301,668
COMCEREAL TULCEA S.A.	-	966,955
<b>TOTAL</b>	<b>31,688,399</b>	<b>30,767,103</b>

## 8. INTEREST INCOME

<i>In RON</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
Incomes from interests for bank deposits	119,906	218,550
Incomes from interests for current bank accounts	8,867	6,104
Income from dividends	23,475	-
<b>Total</b>	<b>152,248</b>	<b>224,654</b>

## 9. OTHER OPERATIONAL INCOMES

<i>In RON</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
Income from the production sold	51,175,988	77,886,050
Revenues from lease and rental	10,371,723	9,495,378
Income from sales of goods	2,682,184	809,450
Other operating revenues	375,118	1,481,786
Incomes from provisions for the depreciation of current assets	144,881	192,961
Revenues from operating subsidies	-	-
Other financial revenues	71,935	20,284
Financial revenues from adjustments for loss of value of financial assets	204	-
<b>Total</b>	<b>64,822,033</b>	<b>89,885,909</b>

*Notes to the consolidated financial statements as of 30 June 2021*

**10. NET INCOME FROM CURRENCY DIFFERENCES**

*In RON*

	<b>30 June 2021</b>	<b>30 June 2020</b>
Revenues from foreign currency exchange	831,562	915,161
Expenses from foreign currency exchange	62,872	405,484
<b>Net profit from exchange rate differences</b>	<b>768,690</b>	<b>509,677</b>

**11. EARNINGS FROM FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH THE PROFIT OR LOSS ACCOUNT**

*In RON*

	<b>30 June 2021</b>	<b>30 June 2020</b>
Earnings for financial assets assessed at fair value through profit or loss	1,461	-
Losses for financial assets assessed at fair value through profit or loss	-	-
<b>Earnings/losses for financial assets assessed at fair value through profit or loss</b>	<b>1,461</b>	<b>-</b>

**12. FEES AND MANAGEMENT AND SUPERVISION TAXES**

*In RON*

	<b>30 June 2021</b>	<b>30 June 2020</b>
Expenses on commissions due to SSIF for share transactions	10,616	144,714
Expenses on commissions payable for shareholders register services	103,037	78,071
Expenses on commissions with the depository company	229,619	210,665
BVB expenses	52,250	11,000
Expenditure on taxes due to entities in the capital market (FSA)	810,963	689,512
Audit fee expenses	143,906	154,028
Other expenses related to commissions, fees and contributions	267,580	86,916
<b>Total</b>	<b>1,617,971</b>	<b>1,374,906</b>

**13. OTHER OPERATIONAL EXPENSES**

*In RON*

	<b>30 June 2021</b>	<b>30 June 2020</b>
Expenses on raw materials and materials	39,578,249	61,057,639
Tax and tax expenses	1,704,903	1,452,117
Expenses for staff	18,309,660	12,638,897
Expenses on depreciation, amortisations and provisions	2,580,502	2,332,431
Expenditure on external benefits	8,511,589	11,936,216
Expenses on late payments to suppliers	71,675	1,485
Other expenses	650,917	190,555
<b>Total</b>	<b>71,407,495</b>	<b>89,609,340</b>

*Notes to the consolidated financial statements as of 30 June 2021*

## Salaries and similar expenses

*In RON*

	<b>30 June 2021</b>	<b>30 June 2020</b>
Salaries	17,578,312	12,154,391
Expenditure on insurance and social protection	731,348	484,506
Other salary expenses based on judge's decisions	-	-
<b>Total</b>	<b>18,309,660</b>	<b>12,638,897</b>

  

	<b>30 June 2021</b>	<b>30 June 2020</b>
Staff with mandate contract	17	12
Employees with higher education	115	110
Employees with upper secondary education	286	275
Employees with general education	43	43
<b>Total</b>	<b>461</b>	<b>440</b>

The evolution of the number of employees by categories during 2020 is as follows:

	<b>No. of employees 31 December 2020</b>	<b>Incoming employees in 2021</b>	<b>Outgoing employees in 2021</b>	<b>No. of employees 30 June 2021</b>
Employees with higher education	120	8	13	115
Employees with upper secondary education	302	30	46	286
Employees with general education	57	1	15	43
<b>Total</b>	<b>479</b>	<b>39</b>	<b>74</b>	<b>444</b>

Other operational expenditure includes expenditure on raw materials and materials, personnel costs, other taxes and charges, depreciation and provisioning charges, external benefit charges. The number of employees as of 30 June 2021 is 444 (31 December 2020: 479). The average number of employees as of 30 June 2021 is 436 (31 December 2020: 471).

The Group makes payments to institutions of the Romanian state in the account of the pensions of its employees.

All employees are members of the pension plan of the Romanian state. The Group operates no other pension or post-retirement benefit plan and, hence, has no further obligations regarding pensions. Moreover, the Group is not obliged to provide additional benefits to employees after retirement.

The Group did not grant any advances or credits to members of the board of directors during the reporting period, except for advances for travel in the interests of the service, duly justified, so that no amount of this kind is due at the end of the period.

## 14. INCOME TAX

*In RON*

	<b>30 June 2021</b>	<b>30 June 2020</b>
Current profit tax	176,082	84,048
Tax on the income of micro-enterprises / specific	67,392	70,077
Dividend tax	1,320,502	1,377,524
Deferred income tax	117,390	112,714
<b>Total income tax</b>	<b>1,681,366</b>	<b>1,644,363</b>

Reconciliation of profit before tax, at the expense of profit tax in profit or loss account:

<i>In RON</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
Profit before taxation	30,360,758	30,472,462
Tax according to the statutory tax rate of 16% and other rates	4,601,803	4,253,474

The effect on the profit tax of:

<i>In RON</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
Non-taxable income	(6,024,664)	(4,731,943)
Dividend tax rate	1,320,502	1,377,524
Non-deductible expenses	1,598,943	562,517
Fiscal losses from current activities		-
Amounts representing sponsorship within legal limits		-
Records and resumes of temporary differences	117,390	112,714
<b>Income tax</b>	<b>176,082</b>	<b>1,574,286</b>
Tax on the income of micro-enterprises / specific	67,392	70,077
<b>Total income tax</b>	<b>1,681,366</b>	<b>1,644,363</b>

## 15. CASH AND CASH EQUIVALENTS

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Cash in the cashier's office	284,785	194,688
Current accounts in banks	19,671,998	20,814,549
Cash equivalents	98,681	98,207
<b>Total cash and cash equivalents</b>	<b>20,055,464</b>	<b>21,107,444</b>

Current accounts opened with banks are permanently available to the Group and are not restricted.

## 16. DEPOSITS PLACED IN BANKS

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Sight deposits	33,366,976	46,410,389
Attached claims	31,729	34,851
<b>Total deposits in banks</b>	<b>33,398,705</b>	<b>46,445,240</b>

Bank deposits are permanently available to the Group and are not restricted or encumbered.

*Notes to the consolidated financial statements as of 30 June 2021*

## 17. FINANCIAL ASSETS

- Financial assets assessed at fair value through other elements of the comprehensive income**

As of 30 June 2021 and 31 December 2020, the structure of the Group's portfolio according to the market on which it was traded was as follows:

*In RON*

Name	Market value 30 June 2021	Market value 31 December 2020
- Securities admitted or traded on a regulated market in Romania;	1,921,394,631	1,622,449,139
- Securities admitted or traded on an alternative Romanian market;	23,278,233	18,729,082
- Securities not admitted to trading on a regulated market or on an alternative trading system;	87,158,236	87,032,773
<b>Total</b>	<b>2,031,831,100</b>	<b>1,728,210,994</b>

As of 30 June 2021 and 31 December 2020, the category of shares assessed at fair value mainly includes the value of the shares held by the following issuers: Banca Transilvania S.A. Cluj Napoca, BRD – Groupe Societe Generale, OMV Petrom S.A. București, Antibiotice S.A. Iași, S.I.F Banat - Crișana S.A., SNGN Romgaz S.A. Mediaș, SNTGN Transgaz S.A. Mediaș, CNTEE Transelectrica S.A. București, etc.

- Financial assets at fair value through the profit or loss account**

Financial assets at fair value through the profit or loss account as of 30 June 2021 and 31 December 2020 are presented as follows:

*In RON*

Name	Market value 30 June 2021	Market value 31 December 2020
- Securities admitted or traded on a regulated market in Romania;	-	-
- Fund units	4,252,073	3,598,943
<b>Total</b>	<b>4,252,073</b>	<b>3,598,943</b>

The movement of financial assets measured at Fair value by other items of the comprehensive income for the reporting periods ended as of 30 June 2021 and 31 December 2020 is presented in the following table:

<i>In RON</i>	Shares appraised at the fair value	Shares assessed at cost	Total
<b>01 January 2020</b>	<b>1,996,294,969</b>	-	<b>1,996,294,969</b>
Purchases	14,964,884	-	14,964,884
Sales	(52,145,645)	-	(52,145,645)
Impairment losses	(5,690,691)	-	(5,690,691)
Changes in the fair value	(220,353,301)	-	(220,353,301)
Reclassifications 2020	(4,859,222)	-	(4,859,222)
<b>31 December 2020</b>	<b>1,728,210,994</b>	-	<b>1,728,210,994</b>
Purchases	22,732,058	-	22,732,058
Sales	(4,925,883)	-	(4,925,883)
Impairment losses	-	-	-
Changes in the fair value	285,813,931	-	285,813,931
Reclassifications 2021	-	-	-
<b>30 June 2021</b>	<b>2,031,831,100</b>	-	<b>2,031,831,100</b>

*Notes to the consolidated financial statements as of 30 June 2021*

The share inflows during 2021 are in the amount of 22,732,058 RON and represent the purchase of shares on the capital market in Antibiotice Iasi (13.54 million RON) and S.I.F. Banat-Crișana (9.19 million RON).

The sales of shares during the reporting period are 4,925,883 RON and represent the cost of shares exiting the Company's portfolio, i.e. S.I.F. Transilvania (3.57 million RON), Altur S.A. Slatina (1.32 million RON), Corint S.A. Târgoviște (0.03 million RON).

As of 30 June, 2021, the Group held a portfolio of participations in companies and investment funds with a market value of 2,036,083,173 RON. The companies with a share in the total securities in which the Group held holdings are the following:

No.	Company	Percentage of total securities	Market value on 30 June 2021
		- % -	- RON -
1	BANCA TRANSILVANIA S.A. Cluj	33.28	677,513,372
2	B.R.D. - GROUPE SOCIETE GENERALE S.A.	24.68	502,527,691
3	OMV PETROM S.A. București	12.38	252,102,800
4	ANTIBIOTICE S.A. Iași	4.37	88,905,168
5	S.I.F. BANAT CRISANA S.A.	3.85	78,371,790
6	S.N.G.N. ROMGAZ S.A. Mediaș	3.49	71,025,486
7	S.N.T.G.N. TRANSGAZ S.A. Mediaș	3.35	68,155,080
8	C.N.T.E.E. TRANSELECTRICA S.A. București	3.32	67,524,019
9	TURISM FELIX S.A. Băile Felix	2.33	47,438,302
10	EXIMBANK - BANCA DE EXPORT IMPORT A ROMANIEI S.A.	2.03	41,315,348
<b>Total</b>		<b>93.06</b>	<b>1,894,879,056</b>

As of 31 December 2020, the Group held a portfolio of participations in companies and investment funds with a market value of 1,731,809,937 RON. The companies with a share in the total securities in which the Group held holdings are the following:

No.	Company	Percentage of total securities	Market value on 31 December 2020
		- % -	- RON -
1	BANCA TRANSILVANIA S.A. Cluj	32.30	559,414,711
2	B.R.D. - GROUPE SOCIETE GENERALE S.A.	24.64	426,717,798
3	OMV PETROM S.A. București	12.45	215,622,043
4	C.N.T.E.E. TRANSELECTRICA S.A. București	4.01	69,422,285
5	S.N.T.G.N. TRANSGAZ S.A. Mediaș	3.98	68,885,313
6	S.N.G.N. ROMGAZ S.A. Mediaș	3.65	63,258,832
7	ANTIBIOTICE S.A. Iași	3.60	62,396,107
8	S.I.F. BANAT CRISANA S.A.	3.19	55,283,184
9	TURISM FELIX S.A. Băile Felix	2.62	45,425,768
10	EXIMBANK - BANCA DE EXPORT IMPORT A ROMANIEI S.A.	2.30	39,871,393
<b>Total</b>		<b>92.74</b>	<b>1,606,297,434</b>

• ***The hierarchy of fair values***

For the calculation of fair value, for equity instruments (shares), the Group uses the following hierarchy of methods:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: entries other than the listed prices included in Level 1 which are observable for assets or liabilities, either directly (e.g. prices) or indirectly (e.g. price derivatives);
- Level 3: assessment techniques based largely on unobservable elements. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the evaluation of the instrument.



*Notes to the consolidated financial statements as of 30 June 2021*

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Level 1	1,901,153,326	1,595,938,885
Level 2	47,732,748	48,069,347
Level 3	87,197,099	87,801,705
<b>Total</b>	<b>2,036,083,173</b>	<b>1,731,809,937</b>

The fair value measurement of the equity investments (equity instruments - shares) held as of 30 June 2021 was performed as follows:

- for listed and traded securities in the reporting period, the market value was determined by considering the quotation of the last trading day (closing quotation on the main capital market for those listed on the regulated market - BVB, respectively the reference price for the alternative system - AERO for level 1, and for level 2, quotations are taken for shares traded in the last 30 trading days);
- for listed securities that have no transactions in the last 30 days of the reporting period, as well as for unlisted securities, the market value is determined at the book value per share as it results from the last approved yearly financial statement of the entity;
- for securities issued by credit institutions not admitted to trading, the assessment is made at the book value per share calculated based on the value of the equity capital contained in the monthly reports transmitted to the NBR;
- for securities not admitted to trading on a regulated market or within an alternative trading system in Romania issued by issuers holding more than 33% of the share capital, they are assessed exclusively in accordance with International Assessment Standards on the basis of a assessment report updated at least yearly;
- for the securities related to companies in the insolvency or reorganization procedure, the assessment is made at zero value.

The securities issued by the mutual fund are assessed taking into account the last unit value of the net asset, calculated and published.

## **18. LOANS AND RECEIVABLES**

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Trade receivables	5,028,965	31,253,884
Borrowers	3,824,211	1,327,268
Claims in connection with the state budget and the social insurance budget	1,055,382	1,088,124
Other receivables	1,412,039	36,667
Debt impairment adjustments (debtors)	(2,181,970)	(2,247,079)
<b>TOTAL</b>	<b>9,138,627</b>	<b>31,458,864</b>

**19. TANGIBLE ASSETS**

<i>In RON</i>	<b>Land and buildings</b>	<b>Technical installations and machinery</b>	<b>Other installations, tools and furniture</b>	<b>Advance payments and tangible assets in progress</b>	<b>Total</b>
<b>01 January 2020</b>	<b>93,788,852</b>	<b>69,257,352</b>	<b>3,006,254</b>	<b>3,729,072</b>	<b>169,781,530</b>
Increase	9,644,832	13,550,245	159,147	4,408,865	27,763,089
Decrease	(822,799)	(1,244,273)	(30,627)	(5,112,690)	(7,210,389)
<b>31 December 2020</b>	<b>102,610,885</b>	<b>81,563,324</b>	<b>3,134,774</b>	<b>3,025,247</b>	<b>190,334,230</b>
Increase	1,668,399	717,968	23,782	1,743,977	4,154,126
Decrease	-	(307,253)	(114,478)	(1,770,625)	(2,192,356)
<b>30 June 2021</b>	<b>104,279,284</b>	<b>81,974,039</b>	<b>3,044,078</b>	<b>2,998,599</b>	<b>192,296,000</b>
<b>Accumulated amortization</b>					
<b>01 January 2020</b>	<b>25,840,204</b>	<b>60,747,184</b>	<b>1,578,642</b>	<b>1,274,373</b>	<b>89,440,403</b>
Amortization recorded during the exercise	3,266,576	10,370,810	318,171	-	13,955,557
Decrease or resumption	(652,579)	(774,810)	(21,738)	-	(1,449,127)
<b>31 December 2020</b>	<b>28,454,201</b>	<b>70,343,184</b>	<b>1,875,075</b>	<b>1,274,373</b>	<b>101,946,833</b>
Amortization recorded during the exercise	1,201,131	1,409,822	95,253	-	2,706,204
Decrease or resumption	(65,169)	(301,448)	(106,756)	-	(473,373)
<b>30 June 2021</b>	<b>29,590,163</b>	<b>71,451,558</b>	<b>1,863,572</b>	<b>1,274,373</b>	<b>104,179,666</b>
<b>Net accounting value as of 01 January 2020</b>	<b>67,948,648</b>	<b>8,510,168</b>	<b>1,427,612</b>	<b>2,454,699</b>	<b>80,341,127</b>
<b>Net accounting value as of 31 December 2020</b>	<b>74,156,684</b>	<b>11,220,140</b>	<b>1,259,699</b>	<b>1,750,874</b>	<b>88,387,397</b>
<b>Net accounting value as of 30 June 2021</b>	<b>74,689,121</b>	<b>10,522,481</b>	<b>1,180,506</b>	<b>1,724,226</b>	<b>88,116,334</b>

**20. REAL ESTATE INVESTMENT**

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
<b>Balance at the beginning of the financial year</b>	<b>101,044,820</b>	<b>100,005,702</b>
Assessment of real estate investment	-	129,894
Reclassifications in the category of tangible assets	-	414,166
Reclassifications in the category of tangible assets	(17,985)	-
- Purchases of real estate investment	-	495,058
- Sales of real estate investment	-	-
<b>Balance at the end of the reporting period</b>	<b>101,026,835</b>	<b>101,044,820</b>

**21. OTHER ASSETS**

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Intangible fixed assets	171,514	47,925,894
Other fixed receivables	17,017,999	17,041,382
Stocks	16,141,555	64,479,833
Advance expenses	2,009,854	524,443
Goodwill	47,750,113	-
<b>TOTAL</b>	<b>83,091,035</b>	<b>129,971,552</b>

**22. PAYABLE DIVIDENDS**

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Payable dividends for 2020	25,174,330	-
Payable dividends for 2019	15,380,474	15,980,798
Payable dividends for 2018	21,490,412	21,718,496
Payable dividends for 2017	9,960,790	10,061,664
Payable dividends for 2016	12,475,910	12,475,929
Payable dividends for 2015	597,576	597,580
Payable dividends for 2014	487,293	487,297
Payable dividends for 2013	652,681	652,685
Payable dividends for 2012	11,973	11,973
Payable dividends for 2011	75,375	10,598
Payable dividends for 2010	136,998	7,929
Payable dividends for previous years	1,296,739	79,645
<b>Total payable dividends</b>	<b>87,740,551</b>	<b>62,084,594</b>

**23. FEES AND CHARGES**

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Debts related to the Social Insurance Budget	1,386,901	1,708,113
Debts related to the State Budget	554,446	2,671,580
Other taxes and fees	560,145	89,629
<b>Total</b>	<b>2,501,492</b>	<b>4,469,322</b>

*Notes to the consolidated financial statements as of 30 June 2021*

## 24. DEBTS REGARDING DEFERRED TAX LIABILITIES

Deferred tax liabilities are determined by the following elements:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Tax</b>
<b>30 June 2021</b>				
Differences from changes in the fair value of financial assets measured at fair value through other comprehensive income elements	765,081,852	3,708,560	761,373,292	118,152,716
Financial assets assessed at fair value through other elements of the comprehensive income - received free of charge	42,421,408	-	42,421,408	6,754,996
Reassessment of tangible assets	8,877,951	-	8,877,951	1,420,474
The result carried forward representing reserves from revaluations of tangible assets	11,498,743	1,380,700	10,118,043	1,618,892
Fixed assets adjustments	2,366,022	1,984,948	381,074	60,973
Provisions for litigation and other provisions	2,030,679	119,785	1,910,894	305,743
Other reserves	25,179,952	-	25,179,952	4,028,795
<b>TOTAL</b>	<b>857,456,607</b>	<b>7,193,993</b>	<b>850,262,614</b>	<b>132,342,589</b>

The value of the tax is recognized directly by the diminution of its own capital and does not affect the income and expenses.

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Tax</b>
<b>31 December 2020</b>				
Differences from changes in the fair value of financial assets measured at fair value through other comprehensive income elements	488,158,172	2,118,892	486,039,280	73,368,361
Financial assets assessed at fair value through other elements of the comprehensive income - received free of charge	42,529,131	-	42,529,131	6,777,832
Reassessment of tangible assets	9,059,354	-	9,059,354	1,449,498
The result carried forward representing reserves from revaluations of tangible assets	11,377,083	1,380,700	9,996,383	1,599,423
Fixed assets adjustments	2,270,432	1,962,410	308,022	58,519
Provisions for litigation and other provisions	2,030,679	136,535	1,894,144	303,063
Other reserves	24,457,562	-	24,457,562	3,913,212
<b>TOTAL</b>	<b>579,882,413</b>	<b>5,598,537</b>	<b>574,283,876</b>	<b>87,469,908</b>

## 25. OTHER PAYABLES

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Staff-related payables	1,225,325	1,317,008
Trade payables	14,018,060	25,395,130
Bank loans and other similar liabilities (leasing)	12,048,773	87,281,682
Received guarantees	2,827,340	2,646,338
Various creditors	2,013,314	2,220,290
Deferred revenues	485,473	647,417
Provisions for risks and expenses	7,254,023	12,554,808
Other payables	39,577	-
<b>Total other payables</b>	<b>39,911,885</b>	<b>132,062,673</b>

*Notes to the consolidated financial statements as of 30 June 2021*

As of 30 June 2021, the Group's loans are mainly located on banking units as follows:

*In RON*

<b>Company</b>	<b>Bank</b>	<b>Foreign Currency</b>	<b>Interest rate</b>	<b>Final maturity</b>	<b>Balance on 30 June 2021</b>
Mercur S.A.	Raiffeisen Bank SA	LEI	Robor 1M +1.5%	17/12/2021	<b>8,006,476</b>
Lactate Natura S.A.	CEC	LEI	4.35%	04/10/2022	<b>218,253</b>
Lactate Natura S.A.	CEC	LEI	Robor 3M + 3.5 % pp	01/06/2022	<b>2,406,178</b>
Lactate Natura S.A.	Complex Hotelier Dâmbovița	LEI	Robor 3M + 3.5 % pa	31/12/2021	1,373,692
<b>Total</b>					<b>12,004,599</b>

As of 31 December 2020, the Group's loans are mainly located on banking units as follows:

*In RON*

<b>Company</b>	<b>Bank</b>	<b>Foreign Currency</b>	<b>Interest rate</b>	<b>Final maturity</b>	<b>Balance on 31 December 2020</b>
Argus S.A. Constanța	Banca Transilvania	LEI	Robor 3M + bank margin	30/07/2021	70,000,000
Argus S.A. Constanța	Banca Transilvania	LEI	Robor 3M + bank margin	08/08/2021	5,605,337
Mercur S.A.	Raiffeisen Bank SA	LEI	Robor 1M +1.5%	17/12/2021	8,911,476
Lactate Natura S.A.	CEC	LEI	4.35%	04/10/2022	251,830
Lactate Natura S.A.	CEC	LEI	Robor 3M + 3.5 pp.	01/06/2022	2,465,729
Lactate Natura S.A.	BRD FACTORING	LEI	Robor 1M + 1.75 pa	10/07/2021	635,504
<b>Total</b>					<b>87,869,876</b>

The guarantees granted in order to obtain the loans were as follows:

- Lactate Natura S.A.
  - First-rank mortgage on the incorporated real estate for construction yards - Targoviste dairy product plant, 8392 sqm, written in the Land Book No. 1833 of Targoviste, under the land reg. no. 1845, together with the constructions under land reg. no. 78738-C1, 78738-C2, 78738-05, 78738-C6, 78738-C7, 78738-C8, 78738-CIO owned by the dairy company nature S.A.,
  - Mortgage on company accounts opened with CEC Bank S.A.;
  - Real security for the goods to be procured from the loan, that is the thermo-shrink wrapping machine type POLY AS 1060 + rotating packaging machine to PET model RPS2000.
  - First-rank mortgage on the incorporated real estate for construction yards - Viforata cheese factory, property of the company, located in Aninoasa village, Viforata village, Dâmbovița county.
- Mercur
  - Property on the company's main asset: Mercur Center and the related land located in Craiova, 14 Calea Unirii.

## 26. CAPITAL AND RESERVES

### • *Registered capital*

The registered capital, according to the Company's articles of association, has the value of 50,000,000 RON, is divided into 500,000,000 shares with a nominal value of 0.1 RON / share and is the result of the direct subscriptions made to the share capital of the Company and of the conversion into shares of amounts due as dividends based on Law no. 55/1995 and through the effect of Law no. 133/1996.

The shares issued by the Company are traded on the Bucharest Stock Exchange, the Premium category (SIF5 market symbol).

The record of the shares and the shareholders is kept by Depozitarul Central S.A. of Bucharest.

The Company's shares are: ordinary, nominative, of equal value, issued in a dematerialized form, fully paid when subscribed, registered to the account and granting equal rights to their holders, except for the limitations in the legal provisions and regulations.

The following events resulting in the decrease of registered capital occurred during 2020 and 2021:

- On 1 July 2020, FSA issued the Registration Certificate for financial securities no. AC-419-2/01 July 2020 for the registration of the decrease in the registered capital, as a consequence of the EGSM resolution of 18 November 2019. The registered capital was decreased by 19,622,585 shares with a nominal value of 0.1 RON, from 58,016,571.40 RON (divided into 580,165,714 shares) to the value of 56,054,312.90 RON (divided into 560,543,129 shares).
- On 19 August 2020, FSA issued the Registration Certificate for financial securities no. AC-419-3/19 August 2020 for the registration of the decrease in the registered capital, as a consequence of the EGSM resolution no. 10 of 25 March 2020. The registered capital was decreased by 38,393,986 shares with a nominal value of 0.1 RON, from 56,054,312.90 RON (divided into 560,543,129 shares) to the value of 52,214,914.30 RON (divided into 522,149,143 shares).
- Based on the Resolution No. 8 of the Extraordinary General Shareholders Meeting of 25 March 2020, the Company purchased a number of 22,149,143 of its own shares representing 3.8177% of the share capital.

On 24 June 2021, FSA issued the Registration Certificate for financial securities no. AC-419-4/24.06.2021 for the registration of the decrease in the registered capital, as a consequence of the EGSM resolution no. 6 of 29 October 2020. The registered capital was decreased by 22,149,143 shares with a nominal value of 0.1 RON, from 52,214,914.30 RON (divided into 522,149,143 shares) to the value of 50,000,000 RON (divided into 500,000,000 shares).

The share capital is presented as follows:

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Registered capital	50,000,000	52,214,914
The effect of applying IAS-29 on the share capital	2,182,562,011	2,182,560,795
<b>Re-treated registered capital</b>	<b>2,232,562,011</b>	<b>2,234,775,709</b>

The shareholders structure on 31 December 2020 and on 31 December 2019 was as follows:

	<b>No. of shareholders</b>	<b>No. of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
<b>30 June 2021</b>				
Resident natural entities	5,731,530	227,007,789	22,700,779	45.40
Non-resident natural entities	1,887	2,234,016	223,401	0.45
Total natural entities	5,733,417	229,241,805	22,924,180	45.85
Resident legal entities	184	205,121,598	20,512,160	41.02
Non-resident legal entities	30	65,636,597	6,563,660	13.13
Total legal entities	214	270,758,195	27,075,820	54.15
<b>Total 30 June 2021</b>	<b>5,733,631</b>	<b>500,000,000</b>	<b>50,000,000</b>	<b>100.00</b>



*Notes to the consolidated financial statements as of 30 June 2021*

	<b>No. of shareholders</b>	<b>No. of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
<b>31 December 2020</b>				
Resident natural entities	5,732,877	226,484,341	22,648,434	43.37
Non-resident natural entities	1,885	2,194,251	219,425	0.42
Total natural entities	5,734,762	228,678,592	22,867,859	43.79
Resident legal entities	189	225,290,250	22,529,025	43.15
Non-resident legal entities	36	68,180,301	6,818,030	13.06
Total legal entities	225	293,470,551	29,347,055	56.21
<b>Total 2020</b>	<b>5,734,987</b>	<b>522,149,143</b>	<b>52,214,914</b>	<b>100.00</b>

As of 30 June 2021, the number of shareholders of the Company was 5,733,631 (31 December 2020: 5,734,987).

- **Legal reserves**

According to the legal requirements, the Group constitutes legal reserves in the amount of 5% of the profit registered according to the accounting regulations applicable up to the level of 20% of the share capital according to the articles of association.

As of 30 June 2021, the legal reserves are of 23,422,685 lei (31 December 2020: 23,415,626)

Legal reserves cannot be distributed to shareholders.

- **Dividends**

During the reporting period ending on 30 June 2021, the Group declared payment dividends amounting to 29,805,749 lei (31 December 2020: 60,485,433 RON).

- **Differences from changes in the fair value of financial assets measured at fair value through other comprehensive income elements**

This includes the cumulative net changes in the fair values of the financial assets measured at fair value by other items of the comprehensive income, from the date of their classification in this category to their derecognition or impairment.

The reserves from the assessment of the financial assets assessed at fair value by other items of the comprehensive income are recorded at net value by the related deferred tax and are as of 30 June 2021 in the amount of: 662,796,170 lei (31 December 2020: 423,847,073 RON).

The deferred tax related to these reserves is recorded on the equity and deducted from the reserves of the financial assets assessed at fair value by other items of the comprehensive income.

- **Other reserves**

<i>In RON</i>	<b>30 June 2021</b>	<b>31<sup>st</sup> December 2020</b>
Other reserves – own financing sources	429,391,006	435,127,678
Other reserves – established following the enforcement of Law no. 133/1996*	144,636,073	144,636,073
Other reserves	13,566,200	89,891,164
<b>Total</b>	<b>587,593,279</b>	<b>669,654,915</b>

\* The reserve related to the initial portfolio was established following the application of Law No. 133/1996, as a difference between the value of the contributed portfolio and the value of the registered capital subscribed to the Company. These reserves are assimilated to a contribution premium.

*Notes to the consolidated financial statements as of 30 June 2021*

## 27. MINORITY INTEREST

The minority interest in the equity of the companies included in the consolidation is as follows:

<i>In RON</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Profit or loss of the financial year for non-controlling interests	724,977	468,930
Other equity	37,071,630	35,403,054
<b>Total</b>	<b>37,796,607</b>	<b>35,871,984</b>

## 28. EARNINGS PER SHARE

<i>In RON</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
Profit attributable to ordinary shareholders	27,954,414	27,684,030
The weighted average number of ordinary shares	500,000,000	580,165,714
<b>The result per basic share</b>	<b>0.0559</b>	<b>0.0477</b>

The diluted earnings per share is equal to the earnings per share basis because the Group did not record potential ordinary shares.

## 29. GRANTED GUARANTEES

Apart from the guarantees granted for obtaining bank loans, the Group does not have any guarantees granted.

## 30. ENVIRONMENTAL CONTINGENCIES

The Group did not record any provision for future environmental costs. The management of the Group does not consider the expenses associated with these elements to be significant.

## 31. TRANSFER PRICE

The Romanian legislative framework contains rules on transfer prices between affiliated persons since 2000.

The Romanian tax legislation includes the principle of market value, according to which the transactions between the related parties must take place at the market value, respecting the principles of transfer pricing.

Local taxpayers conducting transactions with affiliated parties must draw up and make available to the tax authorities, at their written request, the file of documentation of transfer prices, within the period granted by the authorities (the big taxpayers who carry out transactions with affiliated personnel over the ceilings established by legislation have the obligation to prepare the annual transfer pricing file starting with the transactions of 2016).

Failure to file the transfer pricing documentation or submitting an incomplete file may result in penalties for non-compliance.

However, regardless of the file's existence, in addition to the content of the transfer pricing documentation file, tax authorities may interpret transactions and circumstances differently from the management's interpretation and, as a result, impose additional tax obligations resulting from adjusting transfer prices (materialized in increases of income, reductions of deductible expenses, thus increasing the tax base of the corporate tax).

*Notes to the consolidated financial statements as of 30 June 2021*

As a result, it is expected that the tax authorities will initiate thorough checks of the transfer prices, to ensure that the fiscal result is not distorted by the effect of the prices charged in the relations with affiliated persons. The Company cannot quantify the result of such a review.

## **32. TRANSACTIONS AND MONEY WITH PARTIES IN SPECIAL RELATIONS**

### ***Subsidiaries of the Company***

In accordance with the legislation in force, the Company holds control over a number of 12 issuers as of 30 June 2021 (31 December 2020: 12 issuers). All the subsidiaries of the Company at the reporting date are based in Romania. For these, the percentage of ownership of the Company is not different from the percentage of the number of votes held.

Company name	Percentage held as of 30 June 2021	Percentage held as of 31 December 2020
	- % -	- % -
COMPLEX HOTELIER DÂMBOVIȚA S.A. Târgoviște	99.94	99.94
VOLTALIM S.A. Craiova	99.55	99.19
MERCUR S.A. Craiova	97.86	97.86
GEMINA TOUR S.A. Rm. Vâlcea	88.29	88.29
ARGUS S.A. Constanța	86.42	86.42
FLAROS S.A. București	81.07	81.07
CONSTRUCTII FERROVIARE S.A. Craiova	77.50	77.50
UNIVERS S.A. Rm. Vâlcea	73.75	73.75
PROVITAS S.A. București	70.28	70.28
TURISM PUCIOASA S.A. Dâmbovița	69.22	69.22
LACTATE NATURA S.A. Târgoviște	55.07	55.07
ALIMENTARA S.A. Slatina	52.24	52.24

Settlements and transactions within the Group, as well as unrealized profits resulting from transactions within the Group, are completely eliminated from the half-year consolidated financial statements.

### ***Associated entities of the Company***

As of 30 June 2021, the company had holdings of more than 20% but not more than 50% of the share capital in a number of 7 issuers (31 December 2020: 6 issuers). All these companies are based in Romania. For these issuers, the Company's holding percentage does not differ from the percentage of votes held.

Company name	Percentage held in 30 June 2021	Percentage held in 31 December 2020
	- % -	- % -
SINTEROM S.A. Cluj-Napoca	31.87	31.87
ELECTRO TOTAL S.A. Botoșani *	29.86	29.86
TURISM FELIX S.A. Băile Felix	28.97	28.97
ȘANTIERUL NAVAL Orșova S.A.	28.02	28.02
TURISM LOTUS FELIX S.A. Băile Felix	27.46	27.46
ELECTROMAGNETICA S.A. București	26.14	26.14
ANTIBIOTICE S.A. Iași	22.99	19.05

*\*Company under judicial liquidation*

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*Notes to the consolidated financial statements as of 30 June 2021*

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Following the analysis of the quantitative and qualitative criteria presented in IAS 27 - "Separate Financial Statements" and IFRS 10 - "Consolidated Financial statements", the Group concluded that it did not have investments in associated entities as of 30 June 2021 and 31 December 2020.

### **33. KEY MANAGEMENT STAFF**

#### ***30 June 2021***

Members of the Board of Directors: Sorin – Iulian Cioacă - President, Mihai Trifu - Vicepresident, Adrian Andrici, Codrin Matei, Mihai Zoescu.

Upper management: Sorin – Iulian Cioacă – General Director, Mihai Trifu - Deputy General Director.

#### ***31 December 2020***

Members of the Board of Directors: Sorin - Iulian Cioacă – President, Mihai Trifu, Adrian Andrici and Codrin Matei.

Upper management: Sorin – Iulian Cioacă – General Director, Mihai Trifu - Deputy General Director.

The Group has no contracted obligations regarding the payment of pensions to the former members of the Board of Directors and therefore has no commitments of this nature.

The Group has not granted credits or advances (except for advances for travel in the interest of the service, justified in legal terms) to the members of the Board of Directors and the management and has not recorded commitments of this nature.

The Group has not received and has not given guarantees to any affiliated party.

### **34. SEGMENT REPORTING**

Segment reporting is represented by the segmentation by activities that takes into account the branch of activity of which the main object of activity of the companies in the consolidation perimeter is part. The company together with the portfolio companies in which it owns more than 50%, included in the consolidation scope, operates in the following main activity segments:

- financial investment activity
- rental of spaces
- food industry
- tourism

*Notes to the consolidated financial statements as of 30 June 2021*

We present below the benchmarks for the purpose of a possible analysis as of 30 June 2021 and 31 December 2020:

- Assets, liabilities and equity according to the Consolidated Statement of Financial Position

Indicators	Lease of areas		Food industry		Tourism		Financial activity		TOTAL	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Fixed assets	172,496,118	162,606,519	69,788,557	53,740,414	14,697,044	14,841,890	2,032,114,898	1,690,061,865	2,289,096,617	1,921,250,688
Current assets	10,939,444	12,037,306	21,153,138	132,887,521	3,361,579	3,630,082	44,355,595	79,940,453	79,809,756	228,495,362
Advance expenses	758,007	360,941	1,060,881	48,013	69,570	19,601	121,397	97,446	2,009,855	526,001
Liabilities	18,403,603	16,719,563	10,924,842	107,681,228	685,399	677,567	224,667,704	147,778,923	254,681,548	272,857,281
Deferred revenues	444,311	624,487	3,087	3,171	40,849	34,171	14,861	17,587	503,108	679,416
Provisions	1,352,104	1,655,554	739,830	739,830	65,549	138,059	5,160,433	10,063,154	7,317,916	12,596,597
Minority interest	23,486,955	21,572,834	12,129,297	11,993,630	2,180,355	2,305,520	-	-	37,796,607	35,871,984
Equity	140,506,596	134,432,328	91,541,038	66,258,089	15,156,041	15,336,256	1,808,952,284	1,612,240,100	2,070,617,049	1,828,266,773

The indicators presented were established on the basis of the individual financial statements of the Company and of the companies in the consolidation scope.

Within the fixed assets held on 30 June 2021 by the Group, a weight of 88.77% is held by the assets of the financial investment activity represented by the portfolio of financial fixed assets, respectively 87.97% on 31 December 2020.

- Income, expenses and result according to the consolidated statement of profit or loss and other elements of the comprehensive income

Indicators	Lease of areas		Food industry		Tourism		Financial activity		TOTAL	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Total revenues	11,317,560	12,048,305	54,028,237	79,146,079	2,675,238	2,802,099	35,365,462	27,799,070	103,386,497	121,795,553
Total expenses	7,518,294	7,191,350	52,099,011	75,232,106	2,957,600	2,614,028	10,450,835	6,285,607	73,025,740	91,323,091
Gross result	3,799,266	4,856,955	106,127,248	3,913,973	(282,362)	188,071	24,914,627	21,513,463	30,360,757	30,472,462
Net earnings	3,518,893	4,612,403	1,929,100	3,913,847	(306,148)	165,090	23,537,546	20,136,759	28,679,391	28,828,099

The net profit on 30 June 2021 was made from financial investment activity at 82.07 % and 69.85 % respectively on 30 June 2020.

### **35. COMMITMENTS AND CONTINGENT LIABILITIES**

- ***Legal actions***

The Group has a number of court actions arising from the normal course of business. The Group's management believes that these actions will not have a significant impact on the financial statements.

As of 30 June 2021, a number of 170 cases were registered in court, of which:

- 65 cases where they have the status of applicant;
- 46 cases where they have the quality of defendant;
- 2 cases where they have the quality of intervener;
- 47 cases in insolvency proceedings;
- 5 cases as an injured party;
- 1 case as a guarantee;
- 4 cases as a seized third party.

According to their scope, the cases are structured as follows:

- 73 commercial cases;
- 8 cases - cancellation of GSM decisions;
- 43 cases in the insolvency procedure: in 33 cases it acts as a chirographic creditor; in 10 cases, it acts as a creditor
- 46 other cases.

The total of 170 cases is structured as follows:

- 136 cases are found in the companies included in the consolidation scope, as follows:
  - 52 cases as plaintiff for the amount of 17,310,204 RON;
  - 33 cases as defendant for the amount of 1,258,357 RON;
  - 44 cases in the insolvency procedure for the amount of 7,776,199 RON;
  - 2 cases as an injured party;
  - 1 case as intervener;
  - 4 cases as a seized third party.
- 34 cases belong to the Company and consist mainly of:
  - 13 cases - plaintiff;
  - 13 cases - defendant;
  - 3 cases - in insolvency proceedings;
  - 1 case - impleaded;
  - - 1 case – intervener;
  - 3 cases – civil/injured party.

According to their scope, the cases are structured as follows:

- 3 cases - cancellation of GSM resolutions, where the Company is the plaintiff;
- 4 cases - cancellation of GSM resolutions, where the Company is the defendant;
- 3 cases - invalidation of decisions issued by FSA;
- 1 cases - actions for claims, where the Company is the plaintiff;
- 4 cases - claims to ORC Dolj, where the Company is the defendant;
- 1 case in which the Company is the plaintiff;
- 3 cases - companies in insolvency proceedings, as follows:
  - in a case the Company has the status of contribution creditor;
  - in 2 cases the Company has the status of chirographic creditor;
- 2 cases where the Company is the creditor, in forced execution files;
- 13 other cases.

- ***Environmental contingencies***

The Company did not record any provision for future environmental costs. The management does not consider the expenses associated with these elements to be significant.

- ***Transfer pricing***

Romanian tax legislation includes rules on transfer prices between affiliated entities as of 2000.

The current legislative framework defines the principle of “market value” for transactions between affiliated persons, as well as the methods for establishing transfer prices. As a result, it is expected that the



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*Notes to the consolidated financial statements as of 30 June 2021*

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tax authorities will initiate thorough checks of the transfer prices, to ensure that the fiscal result is not distorted by the effect of the prices charged in the relations with affiliated persons.  
The Company cannot quantify the result of such a review.

### **36. FURTHER EVENTS AFTER THE BALANCE DATE**

#### **SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

- The Board of Directors approved the setting up of a secondary headquarters, with representation status, at the address in Bucharest, 3<sup>rd</sup> district, str. Mircea Vodă nr. 34, bloc M1, scara 1, etaj 1, ap.2 (Registration Certificate No. 51929 of 13.07.2021). To that end, a registration certificate was issued by the Office of the Trade Registry attached to the Dolj Court on the basis of Resolution 13553/16.07.2021.

- Starting with 01.08.2021, the individual employment contract of Ms Elena Sichigea, Director of the Economic Directorate, ended and the position was taken over by Ms Valentina Vlăduțoia on the same date.

- On 13.09.2021, the Board of Directors called the General Shareholders Meeting of the Company for 20.10.2021, with the following agenda:

- appointing Deloitte Audit SRL as the External Financial Auditor for a period of 3 years to audit individual and consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the financial years 2022, 2023, 2024 and mandating the Board of Directors to enter the contract for financial audit services and to establish the conditions for carrying out the audit work, in compliance with all the legal provisions applicable to that activity;

- revoking the Decision no. 24 of the Ordinary General Shareholders Meeting of the company dated 12.10.2020, as communicated on 13.10.2020 on the company's webpage on the Bucharest Stock Exchange by the current report no. 6152 / 13.10.2020.

- approving the accounting records stating that dividends which were not collected for more than three years from the date when they were due, whose actionable rights are terminated by prescription, i.e. the dividends for the 2016 and 2017 financial exercises, recorded as unpaid as of 26.10.2021, shall be covered in 2021, in one of the two following options:

**Option I:** Approval of the accounting records stating that dividends which were not collected for more than three years from the date when they were due, whose actionable rights are terminated by prescription, i.e. the dividends for the 2016 and 2017 financial exercises, recorded as unpaid as of 26.10.2021, will be classified as "revenues" in the 2021 financial exercise.

#### **SAU**

**Option II:** Approval of the accounting records stating that dividends which were not collected for more than three years from the date when they were due, whose actionable rights are terminated by prescription, i.e. the dividends for the 2016 and 2017 financial exercises, recorded as unpaid as of 26.10.2021, will be classified as "reserves" in the 2021 financial exercise.

- approval of the date 09.11.2021 as the registration date (ex date 08.11.2021) according to the legal provisions in force, for the determination of shareholders affected by the adopted decisions.

- On 15.09.2021, S.I.F. Oltenia S.A. received from the Financial Supervisory Authority the Decision No 1135/15.09.2021, withdrawing the approval granted to Mr Andrici Adrian as Member of the Board of Directors under Authorization no. 191/03.12.2020. According to the decision of the Financial Supervisory Authority, the members of the Board of Directors of S.I.F. Oltenia S.A. must meet, within 5 days of notification of the decision, with a view to reaching a decision on the appointment of a provisional manager or the ordinary general meeting of shareholders to complete the composition of the board of directors, The OGSM will take place within a period which may not exceed 50 days from the date of communication of the individual act.

- On 20.09.2021, the Board of Directors of S.I.F. Oltenia S.A. approved the co-optation of Mrs. Andreea Cosmănescu in the position of provisional administrator, the exercise of the attributions corresponding to the position of administrator to be carried out from the date of approval by the A.S.F, in accordance with the applicable legal provisions.

**COMPLEX HOTELIER DÂMBOVIȚA S.A. Târgoviște**

There are no post-balance sheet events.

**VOLTALIM S.A. Craiova**

- Starting with 01.07.2021, the duties of the general manager were taken over by Mrs. Popescu Mihaela, economic director, for a period of 4 months following the end of the term of office of Ms Badea Manuela.

**MERCUR S.A. Craiova**

- From 01.07.2021 onwards Ms Popescu Florentina was appointed General Director following the termination of the term of office of Mr Răduț Dumitru.

- The Extraordinary General Shareholders Meeting took place on 14.07.2021 and approved:

- the carrying out by the Board of Directors of capital market transactions and transactions in securities not admitted to trading or traded on a trading venue of a maximum value of 2,000,000 RON, for a period of 12 months from the date of adoption of the EGSM decision;

- ratification of Decision no. 11/29.04.2021, Article 1) of the Board of Directors approving the signing of Addendum no. 7/2021 to the credit facility contract no. 60072/2016, amending the repayment schedule of the balance of the credit to 8,386,476.39 RON as of 30.04.2021; the other unchanged provisions of the contract remain in force;

- the issuance of corporate bonds denominated in lei, RON dematerialized form, with a nominal value of 10,000 RON, with a total value of 7,800,000 RON, having the following characteristics:

- they are nominal, issued in dematerialized form and recorded in the Register of Debenture Holders held by the company;
- they are not convertible, do not confer the right to subscribe or acquire other securities and do not belong to a derivative;
- they are addressed to less than 150 investors;
- are not offered to the public and admission to trading on a regulated market will not be required;
- they are not subordinated or with an exchange value;
- The company guarantees the full payment of principal and interest with a real estate mortgage on the real estate with a total area of 6508 sqm and the construction situated in Craiova, 14 Calea Unirii, Dolj County;
- have a repayment period (due date) of: 60 months after the issue date but no later than 15.10.2026;
- they have an interest payable on a semi-annual basis of ROBOR 1M + 1 %/year of the total amount of the issue - throughout the period of the issue;
- the issuer may repay the bond loan early, in whole or in part, under the conditions laid down in the issue document;
- they have a default interest of 0.1 % per day, which shall be calculated and payable in addition to the interest on the remuneration, starting on the first working day when the obligations entered into (principal or coupons) have reached the due date but have not been fully repaid. The default interest shall be due from the first day on which it begins to run and shall be calculated until the day on which the obligations entered into and not settled are settled at the due date determined in accordance with the issue document (principal or coupons).

- the company guarantees the repayment of bonds by means of a real estate mortgage on the real estate with a total area of 6508 sqm and the construction situated in Craiova, 14 Calea Unirii, Dolj County;

- the power and authorization of the President of the Board of Directors, Ms Valentina Vladutoaia, who can be substituted, with identifying information at the company's seat, in respect of the following:

- the signature of the issue of the bonds and the terms and conditions of issue referred to in article 3 of the decision and of any documents enclosed thereto;

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*Notes to the consolidated financial statements as of 30 June 2021*

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- signature of the immovable property mortgage contract provided in article 4 of the decision. Ms Valentina Vlăduțoiaia, who can be substituted, is also empowered to negotiate all and all financial derivative conditions relating to the issue of the bonds referred to in article 3 of the Decision, and the decisions and signature will be enforceable against the Company.
- the negotiation, approval and signature of contracts and arrangements relating to the issue of corporate bonds, guarantee contracts, guarantee commitments, tender documents, underwriting contracts, consultancy contracts, declarations, registers, notifications, amendments and any other necessary acts and documents, to carry out any formalities and to authorize and/or execute any other action necessary to give full effect to the issue of bonds and to negotiate, approve and sign any other documents and perform any other operations and/or formalities that are useful or necessary to implement and give full effect to the above and to the issuance of bonds.
- The use of the funds obtained, i.e. payment of the loan granted by Raiffeisen Bank under the Credit Facility Agreement no. 60072/2016 and its amendments.
- The Ordinary General Shareholders Meeting took place on 14.07.2021, which approved the company's "remuneration policy" according to the provisions of art. 92<sup>1</sup> of Law no. 24/2017 on financial instrument issuers and market operations;
  - On 15.09.2021, the company informs the investors of:
    - the completion of the issue of bonds approved by the shareholders of the Company by Decision no. 74 of the Extraordinary General Shareholders Meeting of 14.07.2021;
    - transactions with the following affiliated persons: S.I.F. Oltenia S.A., Provitas S.A. and Complex Hotelier Dambovită S.A.;
    - the ROBOR 1M to be used in calculating the interest rate on the coupon payment for the period 15.09.2021-15.03.2022 is 1.57%.
    - the repayment of the loan facility granted by Raiffeisen Bank under the Credit Facility Agreement no. 60072/2016 and its amendments.

The company also informs investors that during the subscription period of the bond issue all 780 bonds, totalling 7,800,000 RON, were subscribed and collected to the bank account indicated in the issue prospectus. The bonds were subscribed by the following related companies: S.I.F. Oltenia S.A. - 680 bonds, Provitas S.A. - 50 bonds and Complex Hotelier Dambovită S.A. - 50 bonds. The amount of 7,800,000 RON from the bond issue will be used to repay the credit facility granted by Raiffeisen Bank on the basis of credit facility agreement no. 60072/2016 and its addenda, in accordance with the provisions of paragraph 5(d) of the EGSM Decision no. 74/14.07.2021.

#### **GEMINA TOUR S.A. Râmnicu-Vâlcea**

There are no post-balance sheet events.

#### **ARGUS S.A. Constanța**

- From 01.07.2021 Radu Dorel was appointed General Director for a 3-year mandate, following the termination of the term of office of Mr Niculescu Emilian-Mihai.
- The Extraordinary General Shareholder Meeting took place on 26.08.2021 and approved:
  - the consolidated financial statements as of 31 December 2020 for the ARGUS Group, on the basis of the Board of Directors' report and the financial auditor's report;
  - extension of the audit contract with the financial auditor JPA AUDIT & Consultanta Bucharest, for a 1 year duration, for the audit of the individual and consolidated financial statements for the financial year 2021;
  - the company's "remuneration policy" according to the provisions of art. 92<sup>1</sup> of Law no. 24/2017 on financial instrument issuers and market operations;
- The Extraordinary General Shareholder Meeting took place on 26.08.2021 and approved:
  - the Ratification of the EGSM Decision no. 6/25.11.2015 concerning the merger by absorption between Argus SA – acquiring company and REX Agra S.R.L. - absorbed company, published in the Official Gazette, Part IV issue 5823/13.10.2015, a merger which was approved by Civil judgment no. 819/17.12.2015, given by the Constanta Court – Second Civil Division in case no. 7639/118/2015, ordering

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the removal of REX Agra S.R.L. and the transfer of ownership to the assets of the acquiring company Argus S.A. on the building located in Dor Mărunt, Călărași county,

- appointment of public notary Tragone George from the “George Tragone” Notary Public Office in Constanța, 71 Soveja street, building 41, sc. D, ap. 31, ground floor, Constanța County, for authentication of this judgment, at the company’s expense, in accordance with the provisions of Article 129 (3) of Law no. 31/1990 R, in order to carry out the procedure provided for in Article 170 of the Regulation on approval, acceptance and entry in the Land Register Book of 09.07.2014 approved by Order 700/2014.

- appointment of public notary Tragone George from the “George Tragone” Notary Public Office in Constanța, 71 Soveja street, building 41, sc. D, ap. 31, ground floor, Constanța County, in order to draw up the reorganization certificate according to Article 35 of Law 7/1996 of the land register and real estate advertising and to send the necessary documentation to OCPI Călărași for the possession of the real estate on behalf of the acquiring company.

#### **FLAROS S.A. București**

- In its current report of 08.09.2021, the company informs the investors of the dispute in question in case 5295/2/2019, in which, as a complainant, it has applied for a surrender of the proceedings.

#### **CONSTRUCȚII FERROVIARE S.A. Craiova**

- The Extraordinary General Shareholders Meeting took place on 12.07.2021 and approved:
  - the carrying out by the Board of Directors of capital market transactions and transactions in securities not admitted to trading or traded on a trading venue of a maximum value of 2,500,000 RON, for a period of 12 months from the date of adoption of the EGSM decision;
  - the change of the articles of association.

- The Ordinary General Shareholders Meeting took place on 12.07.2021, which approved the company’s “remuneration policy” according to the provisions of art. 92<sup>1</sup> of Law no. 24/2017 on financial instrument issuers and market operations;

- From 21.07.2021, Ms Opreșan Camelia was appointed General Director for a 2-year mandate, following the termination of the term of office of Mr Toma Marian, with the agreement of both parties.

#### **UNIVERS S.A. Râmnicu-Vâlcea**

There are no post-balance sheet events.

#### **PROVITAS S.A. București**

There are no post-balance sheet events.

#### **TURISM PUCIOASA S.A. Dâmbovița**

- The Extraordinary General Shareholders Meeting took place on 02.07.2021 and approved the change of the company’s articles of association.

#### **ALIMENTARA S.A. Slatina**

- Starting 07.07.2021, the mandate of Ms Niță Carmen-Ana for the position of General Director of the Company was extended until 31.12.2021.

#### **LACTATE NATURA S.A. Târgoviște**

- From 01.07.2021, the mandate contract of Mr Măndoiu Ion for the position of General Director of the Company was extended until 31.12.2021.

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*Notes to the consolidated financial statements as of 30 June 2021*

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- On 10.09.2021, the company informs the investors that it signed a loan agreement for 500,000 RON with Voltalim S.A. Craiova, due on 30.06.2022, and the loan was used for its current activity.
- On 13.09.2021, the Company's Board of Directors approved the request of Mr Măndoiu Ion of termination of the mandate agreement; the duties were taken over by Ms Pletea Daniela - Economic Director.
- On 20.09.2021, the Board of Directors of the company appointed Mr. Limbidis Cătălin-Adrian as general manager of the company, starting with 01.10.2021.

We mention that the events subsequent to the balance sheet are those occurring until 20.09.2021.

### **The impact of the COVID-19 pandemics on the Company's activity**

#### *At the global level*

The COVID-19 pandemics keeps affecting the world economy. The improvement in the epidemiological situation in the EU is noted, in particular, by progress on vaccination, but there are a number of factors such as the spread of virus variants that raise concerns about the predicted evolution of this pandemic.<sup>1</sup>

According to the International Monetary Fund, the global economy is expected to grow by 6.0% in 2021 and by 4.9% in 2022. The overall forecast for 2021 remained unchanged compared to that communicated in April this year. Prospects for the emerging market and developing economies have been reduced for 2021, in particular for emerging Asia. Instead, the forecast for advanced economies has been revised reflecting developments in the pandemic and changes. Depending on the pandemic evolution generated by the new strains of the virus, the vaccination of the population, the economic outlook may be re-assessed. Inflation is expected to return to its post-pandemic level in 2022 in most countries. Increased inflation is expected in some emerging markets and developing economies, partly linked to high food prices. With the global recovery, oil prices are expected to rise by almost 60% above the 2020 level. Prices of non-petroleum goods are expected to rise by almost 30% above 2020 levels, reflected in metal and food price increases.

The growth outlook has been revised compared to what was announced earlier for the second half of 2021 and 2022 respectively, given the way in which the vaccination program and additional fiscal support by all governments are carried out.<sup>2</sup>

#### *At a national level*

According to the National Statistics Institute, the gross domestic product is on the rise in real terms by 1.8% as compared to the first quarter of 2021 and by 13.6% as compared to the second quarter of 2020. The daily average liquidity on all types of financial instruments increased by 54% in the first six months, compared to the first half of the previous year. The exchange liquidity (total trading value) showed a 41% increase across all types of financial instruments in the first semester of this year. The increase in investment activity has driven the capital market to its peak in June. After the first 6 months of the year, the BET index rose by 21% and BET-TR by 24.9%.<sup>3</sup>

In the following period, the capital market can be exposed to strong volatility as a consequence of political uncertainties on a both local and global level.

Political uncertainty and volatility of shares may have an impact on Romanian economy and, consequently, on the companies in the company's portfolio.

The Board of Directors of S.I.F. Oltenia S.A. is aware that the evolution of the pandemic and events in the political system can influence the future activity of the company and the companies in the portfolio, carefully monitoring the effect of the pandemic on the economic environment and their future results. The

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<sup>1</sup> Data taken from the website of the Council of the European Union

<https://www.consilium.europa.eu/ro/policies/coronavirus/>

<sup>2</sup> Data taken from the website of the International Monetary Fund

(<https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021>)

<sup>3</sup> Data taken from the website of the national Institute of Statistics

([https://insse.ro/cms/sites/default/files/com\\_presa/com\\_pdf/pib\\_tr2r2021\\_1.pdf](https://insse.ro/cms/sites/default/files/com_presa/com_pdf/pib_tr2r2021_1.pdf))



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*Notes to the consolidated financial statements as of 30 June 2021*

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managing structures of the companies in the Group permanently monitor the evolution of global and local events on a permanent basis and try to find the best measures to ensure the continuity of the activity.

**The impact on the operations and business continuity**

A range of actions were taken at the company's level in order to limit the impact of COVID-19 on the activity. Additional hygiene and disinfection measures are provided, the health status of the employees is regularly monitored so that the continuation of the activity is ensured. S.I.F. Oltenia S.A. has a collective health insurance package in society for the benefit of any individual who is an employee.

Communication with shareholders and investors was normal and were kept informed of relevant events taking place at company level through current reports, e-mails and website updates.

None of the companies included in the consolidation scope fall within the scope of the O.M.F.P. No. 881/25 June 2012, respectively, is not obliged to prepare and report financial statements under I.F.R.S. These conduct the accounting records according to the regulations of O.M.F.P. 1802/2014 for the approval of the accounting regulations regarding the individual annual financial statements and the consolidated annual financial statements. In order to consolidate, they prepare the second set of financial statements under I.F.R.S. The financial statements prepared under I.F.R.S. result from the portrayal of the financial statements prepared based on the O.M.F.P. 1802/2014.

The consolidated financial statements have been prepared in accordance with Norm no. 39/2015 for approving the accounting regulations conforming to the international financial reporting standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.

These financial statements are intended exclusively for use by the Group, its shareholders and F.S.A. and do not generate changes in the rights of shareholders regarding dividends.

Sorin – Iulian Cioacă

Mihai Trifu

President/General Manager

Vice-president/Deputy General Manager

Valentina Vlăduțoaia  
Economic Manager