

**CASA DE BUCOVINA – CLUB DE MUNTE S.A.  
BOARD OF ADMINISTRATORS' REPORT  
FOR THE FIRST QUARTER OF 2022  
(PERIOADA 01.01.2022 – 31.03.2022)**

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

Quarterly report in accordance with:	The provisions of Law no. 24/2017 and FSA Regulation no. 5/2018
Date of the report:	13 May 2022
Name of the issuer:	CASA DE BUCOVINA – CLUB DE MUNTE S.A.
Headquarters:	Gura Humorului, 18, Republicii Square, Suceava County
Phone/fax no.:	+40 230 207 000/ +40 230 207 001
Sole Registration Code:	10376500
Registration Number with the Trade Register:	J33/718/1998
Subscribed and aid-in share capital:	16,231,941.2 lei
Main features of the issued securities:	162,319,412 shares, with a face value of RON 0.1/share
Regulated market on which the securities are traded	Bucharest Stock Exchange
LEI Code	2549003JCE4UBBB88S53

## 1. Main financial indicators

### Financial results

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
<b>Revenue from touristic services, of which:</b>	<b>1,201,795</b>	<b>964,475</b>
Revenue from hotel services	538,233	433,519
Revenue from catering (restaurant, bar)	602,909	474,614
Revenue from SPA, playgrounds, various	33,209	1,675
Revenue from rentals	27,444	54,667
Other revenue	12,317	425
Operating expenses	(1,652,806)	(1,184,578)
<b>Operating loss</b>	<b>(438,694)</b>	<b>(219,678)</b>
Financial revenue	56,217	61,549
(Net loss)/ Net gain from the revaluation of financial assets at fair value through profit or loss	(212,221)	326,963
(Loss)/Profit before tax	(594,698)	168,834
<b>(Net loss)/Net profit for the period</b>	<b>(594,698)</b>	<b>168,834</b>

### Financial position

	31.03.2022	31.12.2021
Cash and current accounts	5,117,798	3,499,696
Deposits at banks	1,634,162	3,829,297
Financial assets at fair value through profit or loss	5,065,905	5,278,126
Financial assets at amortized cost	2,235,268	2,235,268
Inventories	175,628	179,853
Other assets	780,560	840,247
Tangible and intangible fixed assets	23,418,352	23,367,215
<b>Total assets</b>	<b>38,427,673</b>	<b>39,229,702</b>
Trade payables	368,779	529,764
Other liabilities	399,995	446,340
<b>Total liabilities</b>	<b>768,774</b>	<b>976,104</b>
<b>Equity</b>	<b>37,658,899</b>	<b>38,253,598</b>
<b>Total equity and liabilities</b>	<b>38,427,673</b>	<b>39,229,702</b>

## 2. Company information

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

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

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

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

## 3. Analysis of the company's activity

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

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

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

The following packages were promoted:

- vacation offers;
- holydays packages with early booking discounts;
- team-building offers;
- conferences packages;
- the project „Family camp”.

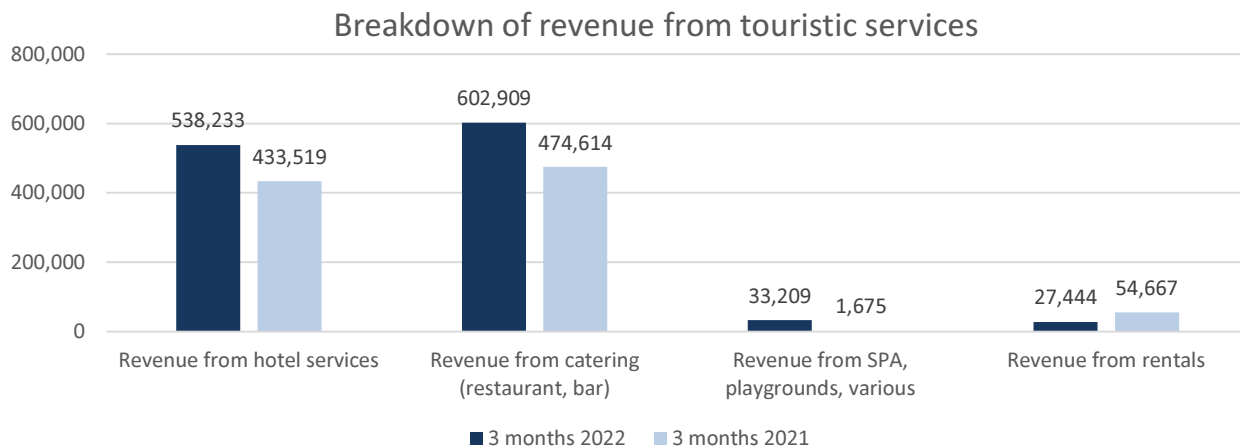
For the domestic market, the company uses both traditional distribution channels – travel agencies, congress organizers, reception, as well as modern and unconventional channels (Online Travel Agencies, Facebook).

We specify that until March 15, when most of the restrictions imposed by the Covid-19 pandemic were lifted, the activity was carried out in compliance with all the legal provisions in force. For the safety of clients and staff, we have temporarily restricted or limited access to some of our facilities and implemented a set of prevention and protection measures, in accordance with the regulations in force and the recommendations issued by the World Health Organization. As of March 15, some of these limitations have been removed.

In the first three months of 2022 the company registered an increase in revenue from the basic activity of 24.6% compared to the similar period of 2021. During this period the revenue from the accommodation activity registered an increase of 24.2%, the revenue from the catering activity grew by 27%, the revenue from Spa and playgrounds registered an increase of 1882%. During the reporting period, rentals revenue decreased by 49.8%.

In the first three months of 2022, the hotel registered a slight return of the number of clients in the segment of tourists for conferences and corporate events, where the decrease registered in the same

period of 2021 was of 90%. However, the total number of participants in such events is about 75% lower than the number of tourists of a similar category registered in 2019 (pre-pandemic). The same situation was registered in the segment of foreign circuit tourists, where the number of tourists registered in the reporting period is approximately 15% of the number of those registered in the similar period of 2019.



The most significant increases were registered in the segment of individual tourists. The first two months of the year brought an upward trend in bookings in this segment. The outbreak of the conflict in Ukraine has led to a drastic reduction in bookings, both in the short and medium term.

Thus, in the first three months of 2022, taking into account all the operating limitations and the outbreak of the conflict in the neighboring country, the occupancy rate of the hotel registered a value of 4.1 percentage points higher compared to the same period of 2021.

The company has taken measures to keep operational expenses as low as possible, by optimizing the size of operational staff, optimizing inventory, limiting energy and gas consumption. However, during this period, operating expenses increased by 39.5% compared to the same period of 2021, while utilities increased by 109% compared to the same period last year.

In the first 3 months of 2022 there were no events of the nature of the merger or reorganization of the company. During the first 3 months of 2022, the company did not make significant acquisitions / disposals of assets used in the core business.

For the next nine months there are a series of factors of legislative and macroeconomic uncertainty, able to significantly affect the company's activity and liquidity.

The prolongation of the conflict in Ukraine, resulting in the cancellation of international travel in the area, high inflation, utility costs and the prospect of an economic recession call into question the possibility reaching the budgeted figures for the summer / autumn season

In this context, the company analyzes various business continuity plans, applicable to as many scenarios as possible.

## 4. The economic and financial position

### 4.1. The company's tangible assets

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

Along with the land, the company owns the following buildings:

- hotel (opened 2002) located in Gura Humorului, 18, Republicii street, Suceava county, consisting of basement, mezzanine, ground floor and 8 floors, 130 rooms with a capacity of 220 guests;
- catering capacity: 2 restaurants with 180 and 60 seats, bar (60 seats) and terrace (60 seats);
- conference center: 6 rooms in the hotel (capacity between 25 and 100 seats);
- multipurpose stand-alone conference room with a capacity of 280 seats;
- office space in a Gura Humorului, 18, Republicii street, with a built surface of 171 sqm;
- Arinis Inn located in Arinis Park - terrace with a capacity of 140 seats.

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

### 4.2. Financial statements

The financial statements for the period ended 31 March 2022 were prepared in accordance with the Finance Ministry Order no. 2844/12.12.2016 for the approval of the accounting Regulations compliant with the International Financial Reporting Standards.

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

In the tables below there are presented the statement of financial position and the statement of profit or loss and other comprehensive income related to the first three months of the year 2022.

<i>lei</i>	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Assets</b>		
Cash and bank accounts	5,117,798	3,499,696
Deposits at banks	1,634,162	3,829,297
Financial assets at fair value through profit or loss	5,065,905	5,278,126
Financial assets at amortized cost	2,235,268	2,235,268
Inventories	175,628	179,853
Other assets	780,560	840,247
Tangible and intangible fixed assets	23,418,352	23,367,215
<b>Total Assets</b>	<b>38,427,673</b>	<b>39,229,702</b>
<b>Liabilities</b>		
Trade payables	368,779	529,764
Other liabilities	399,995	446,340
<b>Total Liabilities</b>	<b>768,774</b>	<b>976,104</b>
<b>Equity</b>		
Share capital	31,078,307	31,078,307
Reserves from revaluation of tangible assets	14,398,105	14,439,568
Reported result	(7,817,513)	(7,264,277)
<b>Total Equity</b>	<b>37,658,899</b>	<b>38,253,598</b>
<b>Total Liabilities and Equity</b>	<b>38,427,673</b>	<b>39,229,702</b>

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

On 18 August 2021, the Board of Administrators of CASA DE BUCOVINA – CLUB DE MUNTE S.A. has decided the subscription of lei 2,225,000 and the purchase of 890,000 corporate bonds, guaranteed, issued by FIROS S.A., with a face value of lei 2.5/bond. The subscription of the respective bonds was made on 19.08.2021 (1,700,000 lei, representing 680,000 bonds) and on 27.08.2021 (525,000 lei, representing 210,000 bonds). The interest rate is fixed, 4% per year, and the interest is paid every 90 calendar days from the date of each subscription. The maturity of the bonds is 36 months from the date of subscription.

More information regarding the elements that constitute the statement of financial position is presented in the Notes to the financial statements for the financial period ended 31 March 2022.

<i>lei</i>	<b>31 March 2022</b>	<b>31 March 2021</b>
Revenue from touristic services	1,201,795	964,475
Other revenue	12,317	425
Expenses with raw materials and consumables	(403,663)	(243,413)
Cost of goods sold	(265,637)	(183,612)
Third party expenses	(187,559)	(81,514)
Personnel expenses	(487,289)	(402,019)
Depreciation and impairment of fixed assets	(149,980)	(156,380)
Other expenses	(158,678)	(117,640)
<b>Operating loss</b>	<b>(438,694)</b>	<b>(219,678)</b>
Financial revenue	56,217	61,549
(Net loss)/Net gain from revaluation of financial assets at fair value through profit or loss	(212,221)	326,963
<b>(Loss)/Profit before tax</b>	<b>(594,698)</b>	<b>168,834</b>
Tax expense	0	0
<b>(Net loss)/Net profit for the period</b>	<b>(594,698)</b>	<b>168,834</b>

In the first three months of 2022, the company registered an increase in revenue from tourist services of 24.6% compared to the same period of 2021, amid the increase in revenues from catering services (+ 27%), while revenues from services hotels increased by 24.2%.

Operating expenses increased by 39.5% compared to the same period of the previous year, mainly considering the increase in the cost of goods (+44.7%, above the increase in revenues from catering services, due to the significant increase in prices), the increase in personnel expenses (+21.4%, on the back of the increase of the necessary personnel following the increase of the activity and the growth of the minimum wage), and of the expenses with the services provided by third parties (+130.1%). At the same time, depreciation expenses registered a slight decrease of 0.2%, expenses with raw materials and consumables increased by 68.5% (due to the increase in expenses with inventory items and consumables, as well as due to the increase in acquisition prices). In addition, utility spending grew by 109% compared to the similar period of last year.

Thus, the company registered an operating loss of 438.694 lei in the first three months of 2022, compared to the loss registered in the same period of last year, of 219.678 lei, and to the budgeted operating loss for this period, of 495.288 lei.

The company registered a negative value of the GOP (Gross Operating Profit) indicator, of 0.16 mil lei, compared with the budgeted value for this period, of 0.19 mil lei.

The financial result was a loss of 0.16 mil lei, compared to a profit of 0.39 mil lei in the first three months of 2021, amid the marking-to-market of the fund units held. The negative financial result, cumulated with the registered operating loss, led to a negative before tax result of 0.59 mil lei,

compared to the gross profit of 0.17 mil lei registered in the similar period of last year, and to the budgeted gross result for the first quarter of 2022, of -0.44 mil lei.

More information regarding the elements that constitute the statement of profit or loss and other comprehensive income is presented in the Notes to the financial statements for the financial period ended 31 March 2022.

### 4.3. Revenues and expenditures budget execution

The main financial indicators registered in the first three months of 2022 compared with the REB for the first three months of 2022 are presented in the table below:

	REB 3 months 2022	Actual 3 months 2022
Total revenue	1,100,615	1,213,896
Total expenses	770,248	833,877
Profit from operating activity*	330,367	380,019
GOP**	-190,488	-162,949
<b>Operating result</b>	<b>-495,288</b>	<b>-438,694</b>
Financial result	60,000	-156,004
<b>Result before taxes</b>	<b>-435,288</b>	<b>-594,698</b>

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

\*\* GOP – Gross Operating Profit

In the first three months of 2022, the revenue from the company's major business segments were above the budgeted values.

### 4.4. Liquidity, risk and management indicators

Liquidity indicators		31.03.2022	31.03.2021
Current liquidity	Current assets / Current liabilities	22,70	27,01
Quick liquidity – acid test	(Current assets - Inventories) / Current liabilities	22,43	26,70
Risk indicators		31.03.2022	31.03.2021
Indebtedness	Debt / Equity*100	n/a	n/a
Interest coverage ratio	EBIT / Interest costs	n/a	n/a
Management indicators		31.03.2022	31.03.2021
Clients turnover (days)	Average clients balance / Turnover *90	8,39	11,58
Fixed assets turnover	Turnover / Fixed assets	0,05	0,04

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

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

In the first three months of 2022 CASA DE BUCOVINA – CLUB DE MUNTE S.A. was not in any situation unable to meet its financial obligations during the analyzed period.

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

During the first three months of 2022 there were no changes in the rights of the holders of the shares issued by CASA DE BUCOVINA – CLUB DE MUNTE S.A.

## **6. Company management**

### **6.1. Board of Administrators**

According with the Constitutive Act of the Company and the resolutions of the General Shareholders Meeting, the company has adopted the unitary management system, which entails appointing a Board of Administrators composed of an odd number of Administrators and delegating the management of the company to a general manager.

The Board of Administrators consists of 5 members. The members of the board have four-year mandates, according with the legal provisions in force.

On the OGSM on 28.04.2020, the company's shareholders have chosen the following persons as members of the Board of Administrators, with a term of 4 years: Mircea Constantin, Cristina Gabriela Gagea, Ion Romica Tamas, Dana Ababei and Dumitru Florin Chiribuca. Subsequently, the members of the Board of Administrators have chosen Mr. Mircea Constantin as President and Mr. Ion Romica Tamas as Vice-President.

The Ordinary General Meeting of Shareholders of the Company, convened on 29 April 2021, decided the election of Mr. Marinescu Dan Florin as a member of the Board of Directors, with a term equal to the remaining period until the expiration of the mandate of his predecessor, respectively from 01 May 2021 to 28 April 2024, following the resignation of Mr. Constantin Mircea starting dated 30 April 2021.

Subsequently, in the meeting of the Board of Administrators on 06.05.2021, Dan Florin Marinescu was elected President of the Board of Administrators.

The CVs of the administrators are available on the company's website, [www.bestwesternbucovina.ro](http://www.bestwesternbucovina.ro), under the Shareholder Information section, Corporate Governance sub-section.

### **6.2. Executive management**

As at 31.03.2022, the executive management of the company was provided by:

- General Manager - Mandate contract - Ion Romica Tamas;
- Head of financial-accounting service – Permanent contract – Dorina Tiron;
- Sales Manager – Permanent contract - Doina Prosciuc;
- Food & Beverage Manager – Permanent contract – Stefan Ghisovan;
- Accommodation Manager – Permanent contract - Analaura – Iuliana Simota;
- Technic Manager – Permanent contract – Mihai Sava.

### **6.3. Corporate governance**

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

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

The current and financial reports are currently and systematically provided to company's shareholders. Information regarding the General Meeting of Shareholders, the convening notice, the agenda, the special power of attorney forms, vote by correspondence forms, draft resolutions are posted on a special section of the website. The company ensures the immediate information of all the shareholders about the decisions made and the vote result after the General Meeting of Shareholders.



The shareholders' participation to the meeting is strongly encouraged, shareholders who cannot attend have the possibility to vote by correspondence or by representative.

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

## **7. Subsequent events**

The Ordinary General Meeting of Shareholders of the Company, convened on 28 April 2022 decided, mainly, the following:

- the approval of the financial statements for 2021;
- the 2021 net profit distribution proposal, amounting to 622.876 lei, as follows: 32.170 lei to the legal reserve, 284.147 lei to cover the loss from the correction of accounting errors from 2018, and 306.559 lei as undistributed profit, according to the proposal of the Board of Administrators.

## **8. Annexes**

Financial statements for the financial period ended 31.03.2022

## **9. Signatures**

**Ion Romica Tamas**

Vice-President of the Board of Administrators

General Manager

**Dorina Tiron**

Head of financial-accounting service

**Casa de Bucovina – Club de Munte S.A.**

**Interim Financial Statements  
as at 31 March 2022**

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

Unaudited

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**Casa de Bucovina – Club de Munte S.A.**  
**Statement of profit or loss and other comprehensive income**  
*for the financial period ended 31 March 2022*

<i>in LEI</i>	Note	31 March 2022	31 March 2021
Revenue from touristic services	5	1,201,795	964,475
Other revenue		12,317	425
Expenses with raw materials and consumables		(403,663)	(243,413)
Expenses on merchandise		(265,637)	(183,612)
Expenses on services provided by third parties	6	(187,559)	(81,514)
Employee benefits expenses	7	(487,289)	(402,019)
Depreciation and impairment of tangible and intangible assets	8	(149,980)	(156,380)
Other expenses	9	(158,678)	(117,640)
<b>Operating Loss</b>		<b>(438,694)</b>	<b>(219,678)</b>
Financial revenue	10	56,217	61,549
(Net loss)/Net gain from financial assets at fair value through profit or loss	11	(212,221)	326,963
<b>(Loss)/ Profit before tax</b>		<b>(594,698)</b>	<b>168,834</b>
Tax expense	12	-	-
<b>(Net loss)/Net profit for the period</b>		<b>(594,698)</b>	<b>168,834</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Changes in revaluation reserve of tangible assets		-	-
<b>Total comprehensive income for the period</b>		<b>(594,698)</b>	<b>168,834</b>
<b>Earnings per share</b>			
Basic	13	(0.0037)	0.0010
Diluted		(0.0037)	0.0010

The financial statements were authorized to be issued by the Board of Administrators on 13.05.2022.

**Tamaş Ion Romică**  
**General Director**

**Tiron Dorina**  
**Head of financial-accounting services**

Notes on pages 6 to 37 are part of the interim financial statements.

**Casa de Bucovina – Club de Munte S.A.**  
**Statement of financial position**  
*as at 31 March 2022*

<i>in LEI</i>	Note	31 March 2022	31 December 2021
<b>Assets</b>			
Cash and current accounts	14	5,117,798	3,499,696
Deposits at banks	15	1,634,162	3,829,297
Financial assets at fair value through profit or loss	16 a)	5,065,905	5,278,126
Financial assets measured at amortised cost	16 b)	2,235,268	2,235,268
Inventories		175,628	179,853
Other assets	17	780,560	840,247
Tangible and intangible assets	18	23,418,352	23,367,215
<b>Total Assets</b>		<b>38,427,673</b>	<b>39,229,702</b>
<b>Liabilities</b>			
Trade payables	19	368,779	529,764
Other liabilities	20	399,995	446,340
<b>Total Liabilities</b>		<b>768,774</b>	<b>976,104</b>
<b>Equity</b>			
Share capital	21 a)	31,078,307	31,078,307
Reserves from revaluation of tangible assets	21 b)	14,398,105	14,439,568
Retained earnings	21 c)	(7,817,513)	(7,264,277)
<b>Total Equity</b>		<b>37,658,899</b>	<b>38,253,598</b>
<b>Total Liabilities and Equity</b>		<b>38,427,673</b>	<b>39,229,702</b>

**Tamaş Ion Romică**  
**General Director**

**Tiron Dorina**  
**Head of financial-accounting services**

Notes on pages 6 to 37 are part of the interim financial statements.

# Casa de Bucovina – Club de Munte S.A.

## Statement of changes in equity

for the financial period ended 31 March 2022

<i>in LEI</i>	Share capital	Own shares	Reserves from revaluation of tangible assets	Retained earnings	Total equity
<b>Balance as at 1 January 2022</b>	<b>31,078,307</b>	-	<b>14,439,568</b>	<b>(7,264,277)</b>	<b>38,253,598</b>
<b>Total comprehensive income for the period</b>					
Net result for the period	-	-	-	(594,698)	(594,698)
<b>Other comprehensive income</b>					
Distribution to legal reserve					
Distribution to other reserves					
Increase in revaluation reserve for tangible assets					
Reported result from the correction of accounting errors					
Transfer from revaluation reserve to retained earnings as depreciation	-	-	(41,463)	41,463	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(41,463)</b>	<b>(553,235)</b>	<b>(594,698)</b>
<b>Transactions with shareholders recognized directly in equity</b>					
Dividends to be paid					
Prescribed dividends	-	-	-	-	-
<b>Transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2022</b>	<b>31,078,307</b>	-	<b>14,398,105</b>	<b>(7,817,513)</b>	<b>37,658,899</b>

**Tamaş Ion Romică**  
General Director

**Tiron Dorina**  
Head of financial-accounting services

Notes on pages 6 to 37 are part of the interim financial statements.

# Casa de Bucovina – Club de Munte S.A.

## Statement of changes in equity

for the financial period ended 31 March 2022

<i>În LEI</i>	Share capital	Own shares	Reserves from revaluation of tangible assets	Retained earnings	Total equity
<b>Balance as at 1 January 2021</b>	<b>31,078,307</b>	-	<b>14,605,420</b>	<b>(8,053,005)</b>	<b>37,630,722</b>
<b>Total comprehensive income for the period</b>					
Net result for the period	-	-	-	168,834	<b>168,834</b>
<b>Other comprehensive income</b>					
Distribution to legal reserve					
Distribution to other reserves					
Increase in revaluation reserve for tangible assets					
Reported result from the correction of accounting errors					
Transfer from revaluation reserve to retained earnings as depreciation	-	-	(41,463)	41,463	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(41,463)</b>	<b>210,297</b>	<b>168,834</b>
<b>Transactions with shareholders recognized directly in equity</b>					
Dividends to be paid					
Prescribed dividends	-	-	-	-	-
<b>Transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2021</b>	<b>31,078,307</b>	-	<b>14,563,957</b>	<b>(7,842,708)</b>	<b>37,799,556</b>

**Tamaş Ion Romică**  
General Director

**Tiron Dorina**  
Head of financial-accounting services

Notes on pages 6 to 37 are part of the interim financial statements.

# Casa de Bucovina – Club de Munte S.A.

## Statement of cash flow

for the financial period ended 31 March 2022

<i>in LEI</i>	Note	31 March 2022	31 March 2021
<b>I. Cash flow from operating activities</b>			
<b>1 – Gross result</b>		<b>(594,698)</b>	<b>168,834</b>
<b>2 - Adjustments for non-cash items and other items included in investing or financing activities, of which:</b>		<b>110,642</b>	<b>(340,651)</b>
2.1. Depreciation of fixed assets	18	149,980	156,380
2.2. Provisions for risks and charges	9	(31,585)	(19,051)
2.3. Impairment adjustments of assets	9		(14,990)
2.4. Net Loss/(Net gain) from financial assets at fair value through profit or loss	11	212,221	(326,963)
2.5. Interest income	10	(56,268)	(61,564)
2.6. Adjustments for other non-cash items		(163,706)	(74,463)
<b>3 - Changes in working capital during the period, of which:</b>		<b>36,627</b>	<b>(63,112)</b>
3.1. (Increase) / Decrease in balances of trade receivables and other receivables		206,560	(45,614)
3.2. (Increase) / Decrease in inventory balance		4,225	4,970
3.3. Increase / (Decrease) in trade payables and other liabilities balances		(174,158)	(22,468)
<b>4. Profit tax paid</b>		<b>0</b>	<b>0</b>
<b>Net cash used in operating activities (A)</b>		<b>(447,429)</b>	<b>(234,929)</b>
<b>II. Cash flow from investment activities</b>			
5 - cash payments for the acquisition of tangible and intangible assets, including improvements		(201,117)	-
6 - cash receipts from interest and similar		71,402	41,293
7 - net placements in deposits with a maturity of more than 3 months and less than one year	15	2,180,000	-
<b>Net cash from investment activities (B)</b>		<b>2,050,285</b>	<b>41,293</b>
<b>III. Cash flow from financing activities</b>			
8. – dividend payments to shareholders		(1,263)	(2,360)
<b>Net cash used in financing activities (C)</b>		<b>(1,263)</b>	<b>(2,360)</b>
<b>Cash flows – Total (A+B+C)</b>		<b>1,601,593</b>	<b>(195,996)</b>
<b>Cash at beginning of period</b>		<b>3,495,697</b>	<b>436,897</b>
<b>Cash at end of period</b>		<b>5,097,290</b>	<b>240,901</b>

<i>in LEI</i>	Note	31 March 2022	31 March 2021
Cash on hand		13,016	6,935
Current accounts in banks		675,140	233,966
Bank deposits with a maturity of less than 3 months		4,409,134	
<b>Total cash and cash equivalents</b>	14	<b>5,097,290</b>	<b>240,901</b>

**Tamaş Ion Romică**  
General Director

**Tiron Dorina**  
Head of financial-accounting services

Notes on pages 6 to 37 are part of the interim financial statements.



# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **1. Reporting entity**

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

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

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

As of 31 March 2022, 69.25% of the Company is owned by SIF Muntenia S.A., and 30.75% by other shareholders. Depozitarul Central S.A. Bucuresti keeps the evidence of shares and shareholders, according to the legal provisions.

### **2. Basis of preparation**

#### **(a) Declaration of conformity**

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

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

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

#### **(b) Presentation of financial statements**

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

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **2. Basis of preparation (continued)**

#### **(c) Functional and presentation currency**

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

#### **(d) Basis of valuation**

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

#### **(e) Use of estimates and judgements**

The preparation of interim financial statements in accordance with International Financial Reporting Standards involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. Judgments and assumptions associated with these estimates are based on historical experience and on other factors deemed reasonable considering these estimates. The results of these estimates form the basis for judgments related to accounting values of assets and liabilities that cannot be obtained from other sources of information. The results obtained can differ from these estimates.

Judgments and the assumptions are regularly reviewed by the Company. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period in which the estimates are revised and future periods if the revisions affect both the current period and future periods.

#### **(f) Going concern**

These financial statements are prepared on a going concern basis which assumes the Company will continue to operate in the foreseeable future (see Note 4).

The company's management, applying a prudential policy, considers that in 2022 the Company can obtain from the main activity the liquidity necessary to cover the related operational costs.

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 3. Significant accounting policies

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

#### (a) Transactions in foreign currency

Transactions denominated in foreign currencies are recorded in lei at the official exchange rate at the settlement date of transactions. Monetary assets and liabilities denominated in foreign currencies at the date of preparation of the statement of financial position are translated into the functional currency at the exchange rate of that day.

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

The exchange rates of the main foreign currencies were:

Currency	31 March 2022	31 December 2021	Variation
Euro (EUR)	1: LEU 4,9466	1: LEU 4,9481	- 0,03%
US Dollar (USD)	1: LEU 4,4508	1: LEU 4,3707	+ 1,83%

#### (b) Accounting of the hyperinflation effect

Under IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current measuring unit at the end of the reporting period (non-monetary items are restated using a general price index from the date of purchase or contribution).

Under IAS 29, an economy is considered hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%.

Continued decline in inflation and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect for financial periods starting 1 January 2004. Therefore, the provisions of IAS 29 have been adopted in the preparation of financial statements until 31 December 2003.

#### (c) Cash and cash equivalents

Cash and cash equivalents comprise: cash, current accounts and deposits with banks (including blocked deposits and interest received on cash deposits).

When preparing the cash flow statement, the following have been considered as cash and cash equivalents: cash, current accounts at banks and deposits with an original maturity of less than 90 days (excluding blocked deposits).

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 3. Significant accounting policies (continued)

#### (d) Financial assets and liabilities

##### *(ii) Classification*

The Company classifies financial instruments held in the following categories:

##### *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the conditions below and it is not designated as at fair value through profit or loss:

- is owned within a business model whose purpose is to keep assets for the collection of contractual cash flows; and
- its contractual conditions generate, at certain dates, cash flows that are only principal payments and interest on the principal due.

##### *Financial assets at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income only if it meets both of the following conditions and it is not designated at fair value through profit or loss:

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

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

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

All financial assets that are not classified at amortised cost or at fair value through other comprehensive income, as described above, will be measured at fair value through profit or loss. In addition, upon initial recognition, the Company may irrevocably designate that a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through other comprehensive income is measured at fair value through profit or loss, if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *(iii) Recognition*

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

##### *(iv) Compensations*

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

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

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

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

##### **(v) Valuation**

###### *Valuation at amortised cost*

The amortised cost of a financial asset or liability is the amount at which the asset or financial liability is measured after initial recognition, less principal payments, plus or minus the accumulated depreciation to date using the effective interest method, less reductions related to impairment losses.

###### *Valuation at fair value*

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between participants on the main market at the valuation date, which is concluded on the principal market (the market with the highest turnover and activity level or if no principal market, on the most advantageous market the company has access to at that date. The fair value of a liability reflects the risk of non-compliance (non-performing risk).

When available, the Company measures the fair value of an instrument using the price quoted on an active market for that instrument. A market is considered active if transactions with the asset or liability are at a sufficient frequency and volume to constantly provide price information.

If there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable input data and minimize the use of unobservable input data. The chosen valuation technique incorporates all the factors that market participants would consider when determining the price of a transaction.

The best proof of the fair value of a financial instrument at initial recognition is the transaction price - the fair value of the consideration received or given. If the Company determines that the fair value at the initial recognition differs from the transaction price and the fair value is obvious either by the existence of an active market quotation for a similar asset or liability or by a valuation technique based on observable market entry, that instrument is initially measured at fair value. Subsequently, the difference between the fair value and the trading price is depreciated in profit or loss, over the life of the financial instrument.

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

##### **(vi) Impairment identification and valuation of expected credit loss**

The expected credit loss is the difference between all contractual cash flows that are owed to the Company and the present value of all cash flows that the Company expects to receive, using the original effective interest rate.

A financial asset or group of financial assets is impaired as a result of credit risk in the event that one or more events occurred that have a negative impact on the estimated future cash flows of the assets.

The Company assesses whether the credit risk for a financial asset has increased significantly from initial recognition on the basis of information available without cost or undue effort, which is an indicator of significant credit risk increases since initial recognition.

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

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

##### *(v) Impairment identification and valuation of expected credit loss (continued)*

The Company recognizes in profit or loss the amount of changes in expected credit loss over the lifetime of the financial assets as impairment gain or loss.

Gains or losses from impairment are determined as the difference between the carrying amount of the financial asset and the present value of future cash flows using the effective interest rate of the financial asset at its original date.

The Company recognizes favorable changes in expected credit losses during the entire lifetime as an impairment gain, even if the expected credit loss during its lifetime is less than the amount of expected credit loss that was included in the cash flows estimated at the initial recognition.

##### *(vi) Derecognition*

The Company derecognizes a financial asset when the rights to receive cash flows from that financial asset expire or when the Company has transferred the rights to receive the contractual cash flows related to that financial asset in a transaction in which it substantially transferred all the risks and rewards related to the ownership. Also, the Company fully derecognizes the financial assets when it does not have reasonable estimates of the recovery of the contractual cash flows.

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

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

##### *(vi) Gains and losses on disposal*

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

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

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

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

#### **(e) Other financial assets and liabilities**

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

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 3. Significant accounting policies (continued)

#### (f) Tangible assets

##### (i) Recognition and valuation

Tangible assets recognized as assets are initially valued at cost. The cost of a tangible assets item comprises the purchase price, including non-recoverable taxes, after deducting any commercial discounts and any costs directly attributable to bringing the asset to the location and conditions necessary for it to be used for the purpose intended by the management, such as: staff costs arising directly from the construction or acquisition of assets, the costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees.

Tangible assets are classified by the Company in the following asset classes of the same nature and similar use:

- Land;
- Constructions;
- Equipment, technical equipment and machinery;
- Vehicles;
- Other tangible assets.

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

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

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

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

The expenditures with the maintenance and repairs of tangible assets are recorded in the statement of comprehensive income when incurred, while significant improvements to tangible assets, which increase the value or duration of their life, or which increase their capacity to generate economic benefits, are capitalized.

##### (ii) Amortizare

Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Constructions	40-50 years
Equipment	2-12 years
Vehicles	4-8 years
Furniture and other tangible assets	4-12 years

Land is not object to depreciation.

Depreciation methods, useful life durations and estimated residual values are reviewed by the Company's management at each reporting date.

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

#### **(f) Tangible assets (continued)**

##### *(iii) Sale / scrapping of tangible assets*

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

#### **(g) Intangible assets**

##### *(i) Recognition and valuation*

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

##### *(ii) Subsequent expenses*

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

##### *(iii) Amortization of intangible assets*

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

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

- software 3 years.

The amortization methods, useful life durations and residual values are revised at the end of each financial year and revised, if necessary.

#### **(h) Inventories**

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is based on the average price method and includes the expenses related to the acquisition of inventories, the production or processing costs and other costs supported to bring the inventories in the current form and location.

The net realizable value is the sale price estimated across the normal business course, less the estimated cost for completion and the necessary costs to make the sale.

#### **(i) Impairment of non-financial assets**

The carrying amount of the Company's assets that are not financial, other than deferred tax assets, are revised at each reporting date to identify the existence of indications of impairment. If such indication exists, the recoverable amount is estimated for the respective assets.

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



# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

#### **(i) Impairment of non-financial assets (continued)**

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

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

#### **(j) Dividends to be paid**

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

#### **(k) Revaluation reserves**

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

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

If the revaluation result is an increase of the carrying amount, then it is treated as follows: as an increase in the revaluation reserve stated in equity if there was not a decrease previously recognized as an expense for the same asset or as income to compensate the expense with the decrease previously recognized for that asset.

If the revaluation result is a decrease below the net carrying amount, it is treated as an expense equal to the full amount of the impairment when in the revaluation reserve there is not recorded an amount related to that asset (revaluation surplus) or as a decrease in revaluation reserve to the lower of that reserve amount and the value of the decrease, and the potential not-covered difference is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to retained earnings when this surplus represents a realized gain. The gain is deemed realized as the asset for which the revaluation reserve was constituted is depreciated, respectively at its removal if it has not been completely depreciated. No part of the revaluation reserve may be distributed, directly or indirectly, except where revalued asset was sold, in which case the revaluation surplus is the gain actually realized.

#### **(l) Legal reserves**

Legal reserves are constituted as 5% of the gross profit at the end of the year, until the legal reserves amount to 20% of the nominal paid-up share capital, according to legal provisions. These reserves are tax deductible and are only distributed at the liquidation of the Company.

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. . Significant accounting policies (continued)**

#### **(m) Provisions for risks and expenses**

Provisions are recognized in the statement of financial position when the Company acquires the obligation related to a past event and in the future it is likely to be required to a consumption of economic resources to extinguish this obligation and a reasonable estimate of the obligation can be made. To determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the liability.

#### **(n) Related parties**

The parties are considered to be related with the Company in case one of the parties has the possibility to directly or indirectly control the other party or can influence significantly the other party through its holding or based on contractual rights, familial or other relationship, as defined by IAS 24 „Presentation of information regarding related parties”.

#### **(o) Employees benefits**

##### ***(i) Short term benefits***

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of profit or loss and other comprehensive income as the services are provided.

Short-term employee benefits include salaries, bonuses. Short-term employee benefits are recognized as an expense when services are rendered. The Company recognizes a provision for the amounts expected to be paid as cash bonuses or employee benefit schemes, while the company currently has a legal or constructive obligation to pay those amounts as a result of past service rendered by employees and whether that obligation can be estimated reliably.

##### ***(ii) Defined contribution plans***

All the Company’s employees are insured and have the legal obligation to contribute (through social contributions) to the Romanian State pension system (a State defined contribution plan).

Starting with 2018, the Company retains, declares and pays on behalf of its employees the contribution to social security and the contribution to health insurance according to the provisions of the Fiscal Code modified by GEO no.79/2017.

The Company is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any other post-retirement benefit system. The Company has no obligation to provide further services to current or former employees.

##### ***(iii) Long term employees benefits***

The Company's net obligation in respect of services related to long-term benefits is the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods.

The Company has no obligation to grant benefits to employees at the retirement date.

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

#### **(p) Revenues**

##### *(i) Sale of goods*

Revenue from the sale of goods during the current activities are measured at fair value of the amounts received or receivable, less returns, trade discounts and rebates for volume. Revenues are recognized when there is persuasive evidence, usually in the form of an executed sales contract and the risks and benefits resulting from the ownership of goods are transferred substantially to the buyer, the recovery of the amounts is probable, the costs and potential returns of goods can be credibly estimated, the entity is no longer involved in the managing the goods sold and the revenues amount can be measured reliably. If it is likely for certain discounts or rebates to be granted and their value can be measured reliably, then they are recognized as a reduction of revenue as the sales are recognized.

##### *(ii) Services rendering*

Revenues from rendering of services are recorded as they are made. Services also include the execution of works and other operations cannot be treated as a delivery of goods.

The stage of completion of the works is determined based on statements accompanying invoices, records of acceptance or other evidence on the stage of completion of the services.

#### **(q) Financial revenue and expenses**

Financial revenues include interest revenue related to invested amounts. Interest revenue is recognized in profit or loss on an accrual basis, based on the effective interest method.

The gains and losses from the differences of the exchange rate related to financial assets and liabilities are reported on a net basis, either as financial revenue or financial expense, based on foreign exchange fluctuations: net gain or net loss.

#### **(r) Current and deferred tax**

Starting with 2017, the Company applies the provisions of the Law no.170/2016 on the specific tax to certain activities, with derogation from Title II of the Fiscal Code. For the year 2022, according to GEO no. 11 / 31.01.2022, the specific tax is not due for a period of 180 days.

In 2021, the Company applied the fiscal facilities related to the specific tax according to GEO no. 226/2020, Art. XXV, whereby the specific tax was not due for the period of 90 days starting with 01 April 2021.

For the other types of activities, which are not subject to the specific tax, the Company owes income tax according to art. 10 paragraph (1) of Law no. 170/2016 and art. 9 of the Order of the Minister of Tourism and the Minister of Public Finance no. 264/14.03.2017 / 464/17.03.2017 for the approval of the Methodological Norms for the application of Law no. 170/2017.

During the financial period ended 31 March 2022 and 31 March 2021 no current income tax was calculated

For the financial period ended 31 March 2022 and 31 March 2021, the current income tax rate was 16%. At the end of the financial period ended 30 September 2021, from the analysis of the elements of temporary differences, it was found that they are not related to other possible economic activities, other than those falling under the provisions of Law no. 170/2016. Consequently, at 31 March 2022, the Company does not have any liabilities/receivables related to the deferred tax.

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

#### **(s) Earnings per share**

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

#### **(t) Subsequent events**

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

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

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

#### **(u) Activity segments**

An activity segment is the component of an entity:

- a) which is engaged in business activities that could obtain revenues and could incur expenses;
- b) whose results of the activities are regularly examined by the main decision factor from the entity, in order to make decisions regarding the allocated resources for the segment and the evaluation of its performance, and
- c) for which separate financial information is available

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

- a) its reported revenues, including: revenues from external clients and sales or transfers between segments represent 10% or more of the combined revenues, internal and external, of all activity segments;
- b) the absolute value of its reported profit or loss is 10% or the higher, in absolute value, of (i) the combined profit reported for all activity segments that did not report a loss and (ii) the combined loss for all activity segments that reported a loss;
- c) its assets represent 10% or more of the combined assets of all activity segments.

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

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

#### **(v) Lease contracts**

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

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

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

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

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

#### **(w) Standards and interpretations that are not yet effective**

A number of new standards, amendments and interpretations of standards are not yet in force at the time of financial statements and have not been applied in the preparation of these financial statements:

#### ***j) Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and the associate or joint venture (date of entry into force: European Commission has decided to postpone endorsement for an indefinite period)***

The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on the extent to which the assets sold or contributed constitute a business, so that a gain or loss is recognized entirely when a transaction between an investor and the associate or joint venture involves the transfer of an asset or assets that constitute a business (whether it is incorporated in a subsidiary or not), while a gain or loss is partially recognized when a transaction between an investor and an associate or joint venture involves assets that do not constitute a business, even if those assets are incorporated in a subsidiary.

The Company does not consider that these amendments will have a significant effect on the financial statements.

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **3. Significant accounting policies (continued)**

#### **(w) Standards and interpretations that are not yet effective (continued)**

##### **ii) Amendments to IAS 1 Presentation of financial statements: Classification of debts into current and longterm debt (effective date: annual periods beginning on or after 1 January 2023)**

The amendments clarify that a classification of current or long-term debt is based solely on the company's right to defer settlement at the end of the reporting period. Thus, the company's right to defer settlement for at least twelve months after the reporting date must have an economic ground. The classification is not affected by the intentions or expectations of the Management regarding the extent and when the entity will exercise its right. The amendments also clarify the situations that are considered as a debt settlement.

The company does not consider that these amendments will have a significant effect on the financial statements.

### **4. Significant accounting estimates and judgements**

The Management discussed the development, selection, presentation and application of significant accounting policies and estimates. All these are approved at the meetings of the Board of Administrators.

These presentations complete the information on financial risk management (see Note 23). Significant accounting judgments on applying the Company's accounting policies include:

#### **Key sources of uncertainty of estimation**

##### *Adjustments for the impairment of assets valued at amortised cost*

Assets registered at amortised cost are valued for impairment according to the accounting policy described in Note 3 (d) (v).

Assessment for impairment of receivables is made on an individual level and is based on management's best estimate of the present value of cash flows expected to be received. To estimate these flows, the management makes certain estimates related to the financial position of the counterparty. Each impaired asset is individually analyzed. Accuracy of the adjustments depends on estimates of future cash flows for specific counterparties.

##### *Determining the fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques in accounting policy described in Note 3(d)(v). For financial instruments rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, the concentration, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument.

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 4. Significant accounting estimates and judgements (continued)

#### *Fair value hierarchy*

The Company uses the following hierarchy for fair value measurement methods:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes items that are not based on observable and unobservable input parameters which can have a significant effect on the assessment instrument. This category includes instruments that are valued based on quoted prices for similar instruments but which are subject to adjustments based largely on unobservable data or estimates to reflect the difference between the two instruments.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or the prices quoted by brokers. For all other financial instruments, the Company determines fair value by using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Assumptions and variables used in valuation techniques include risk-free interest rates and reference rates, margins for credit risk and other premiums used in estimating discount rates, yields on bonds and equity, exchange rates, indices price of capital, volatilities and correlations predicted. The purpose of valuation techniques is to determine the fair value of financial instruments which reflect the price at the reporting date, the price that would be determined by objective conditions market participants.

#### **31 March 2022**

In Lei	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	-	5.065.905	5.065.905.

#### **31 December 2021**

In Lei	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	-	5.278.126	5.278.126

For the financial period ended 31 March 2022, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the closed-end fund units amounting to 5.065.905 lei (31 December 2021: 5.278.126 lei) (Note 16 a) ).

Under the fair value model for financial assets at fair value through profit or loss - fund units, a positive change of fair value of 10% leads to profit after tax increase of 425.536 lei at 31 March 2022 (31 December 2021: 443.363 lei), a negative change of 10% having an equal negative net impact.

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

*for the financial period ended 31 March 2022*

### 4. Significant accounting estimates and judgements (continued)

#### *Classification of financial assets and liabilities*

The Company's accounting policies provide the basis for the classification of assets and liabilities, at the initial moment, in different accounting categories.

#### *Revaluation of tangible assets*

Tangible assets such as land and buildings are subject to revaluation, and changes in fair value are recognized in other comprehensive income.

#### *Fair value measurement*

As at 31 December 2018, the Company's tangible assets were valued by an independent external valuer authorized by the National Association of Authorized Valuers in Romania ("ANEVAR"). Revaluations of land and buildings at 31 December 2018 were performed on the basis of the following methods, in accordance with the valuation principles and techniques contained in the ANEVAR Standards for valuation of assets:

- the comparison method for land;
- the revenue method, with an average capitalization rate of 10.3%, in conjunction with the cost method, for constructions.

#### *Fair value hierarchy*

Based on the input data used in the valuation technique, the fair value of tangible assets was classified at level 3 of the fair value hierarchy.

#### *Valuation techniques*

In direct comparisons, the sales or offers of properties similar to those valued were collected, analyzed, compared and adjusted, to identify similarities and differences between these properties. The prices of comparables were adjusted to warrant differences in the characteristics of the properties evaluated. The benchmarks used include property rights, financing and sales conditions, post-purchase costs, market conditions, location, physical characteristics, best use, and town-planning regulations.

Under the cost-based approach, the net replacement cost method was used, in view of the specialized character of certain buildings (hotel). Therefore, the net replacement cost was determined based on the price in the updated specialist catalogs, with update indices or on the basis of works estimates. The degree of wear was determined taking into account upgrades on finishings and installations, capital repairs and building development stages.

Tangible assets have been valued taking into account the best use of these assets. Based on the analysis of location information and property characteristics identified in the market analysis, it was found that generally the best use is the one available at the time of the valuation.

#### *Implications of the Covid-19 pandemic*

In the context of the Covid-19 pandemic, the Company has identified the main risks and uncertainties to which it is exposed. The events related to the Covid-19 pandemic became significant especially in the first quarter of 2020. The Covid-19 pandemic caused uncertainties in the activity of most of the companies.



# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 4. Significant accounting estimates and judgements (continued)

*Implications of the Covid-19 pandemic (continued)*

Company's activity was suspended from 22 March 2020 to 5 June 2020, during which time the Company continued to take the necessary measures to ensure a sufficient flow of liquidity to meet its outstanding obligations, both under normal and stressful conditions, without incurring unacceptable losses or endangering the Company's reputation.

In the financial period ended 31 March 2022, the revenues from tourism activity increased by around 24,61% compared to the financial period ended 31 March 2021.

Except for the elements presented above, the Company cannot accurately quantify the economic impact on its financial performance, but continuously monitors the evolution of the relevant events, in order to identify the best directions of action through which the continuity of the Company's activity can be ensured.

### 5. Revenue from touristic services

	<u>31 March 2022</u>	<u>31 March 2021</u>
Revenue from hotel services	538,233	433,519
Revenue from catering (restaurant, bar)	602,909	474,614
Revenue from SPA, playgrounds, various	33,209	1,675
Revenue from rentals	27,444	54,667
<b>Total</b>	<b><u>1,201,795</u></b>	<b><u>964,475</u></b>

### 6. Expenses on services provided by third parties

	<u>31 March 2022</u>	<u>31 March 2021</u>
Third party expenses	135,560	67,743
Expenses with repairs and maintenance	51,999	13,771
<b>Total</b>	<b><u>187,559</u></b>	<b><u>81,514</u></b>

### 7. Employee benefits expenses

	<u>31 March 2022</u>	<u>31 March 2021</u>
Salaries	566,038	422,750
Expenses with social security and social protection	24,477	11,916
Expenses with meal tickets	60,480	41,490
Income from operating subsidies (i)	(163,706)	(74,137)
<b>Total</b>	<b><u>487,289</u></b>	<b><u>402,019</u></b>

(i) The company benefited from the settlement of a part of the salaries from the unemployment insurance budget of 163.706 lei, according to GEO 132/07.08.2020, for the measure to reduce the working time of the employees.

The average number of employees in the period ended 31 March 2022 was 56 (period ended 31 March 2021: 49), and the effective number of employees as of 31 March 2022 is 56 (31 March 2021: 49).

## Casa de Bucovina – Club de Munte S.A.

### Notes to the financial statements

for the financial period ended 31 March 2022

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

	<u>31 March 2022</u>	<u>31 March 2021</u>
Expenses with depreciation	149,980	156,380
	<u>149,980</u>	<u>156,380</u>

#### 9. Other expenses

	<u>31 March 2022</u>	<u>31 March 2021</u>
Expenses with other taxes, fees and similar	104,348	75,796
Expenses with commissions and fees	35,196	32,568
Postal and telecommunications expenses	11,320	11,399
Protocol, advertising and publicity expenses	1,825	898
Expenses with bank services and similar	8,015	5,972
Expenses with insurance premiums	13,580	12,408
Income from reversal of provisions	(31,585)	(19,051)
Income from reversal of adjustments for impairment of assets		(14,990)
Expenses with granted donations		2,750
Travel, secondment and transfer expenses	448	103
Expenses with compensations, fines and penalties	2,087	211
Expenses with royalties, management locations and rents	13,444	9,576
<b>Total</b>	<u>158,678</u>	<u>117,640</u>

#### 10. Financial revenue

	<u>31 March 2022</u>	<u>31 March 2021</u>
Revenue from interest	56,268	61,564
Net gain from foreign exchange differences	(51)	(15)
<b>Total</b>	<u>56,217</u>	<u>61,549</u>

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

	<u>31 March 2022</u>	<u>31 March 2021</u>
Net gain / (Net loss) from financial assets at fair value through profit or loss (Note 16 a)	(212,221)	326,963
<b>Total</b>	<u>(212,221)</u>	<u>326,963</u>

## Casa de Bucovina – Club de Munte S.A.

### Notes to the financial statements

for the financial period ended 31 March 2022

#### 12. Tax expense

	31 March 2022	31 March 2021
<b>Current tax</b>		
Current income tax expense	-	-
Specific tax expense	-	-
	-	-

#### 13. Earnings per share

in LEI

	31 March 2022	31 March 2021
Profit / (Loss) attributable to ordinary shareholders	(594,698)	168,834
Weighted average number of ordinary shares	162,319,412	162,319,412
<b>Basic earnings per share</b>	<b>(0.0037)</b>	<b>0.0010</b>

#### 14. Cash and current accounts

	31 March 2022	31 December 2021
Current accounts	675,140	838,929
Cash	13,016	6,632
Deposits with an original maturity of less than 3 months	4,409,134	2,650,136
Other values	10,155	4,000
Cash advances	10,353	
<b>Total</b>	<b>5,117,798</b>	<b>3,499,697</b>

The current accounts in banks are always at Company's disposal and are not restricted or encumbered, except for the amount of 43.285 lei (31 December 2021: 42.585 lei) representing personnel guarantees.

#### 15. Deposits at banks

	31 March 2022	31 December 2021
Bank deposits with an initial maturity higher than 3 months and less than a year	1,585,000	3,765,000
Related receivables	49,162	64,297
<b>Total</b>	<b>1,634,162</b>	<b>3,829,297</b>

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 16. Financial assets

#### a) *Financial assets at fair value through profit or loss*

As at 31 March 2022 the Company owns fund units valued at fair value (cost: 4,999,996 Lei), acquired in 2018, to Fondul Inchis de Investitii Star Value, managed by SAI Star Asset Management. Units held are valued at the unit value of the net asset (VUAN), calculated by the fund manager using closing prices for the fund's financial instruments. The differences in the fair value measurement of the fund units held determined a net loss of 212,221 lei (31 March 2021: a net gain of 326,963 lei) (Note 11).

<b>Fond închis de investiții FII Star Value</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Fair value	5,065,905	5,278,126
<b>Total</b>	<b>5,065,905</b>	<b>5,278,126</b>

	<b>31 March 2022</b>	<b>31 December 2021</b>
Number of fund units	4691,00	4,691.00

#### b) *Financial assets valued at amortised cost*

	<b>31 March 2022</b>	<b>31 December 2021</b>
Bonds	2,225,000	2,225,000
Related receivables	10,268	10,268
<b>Total</b>	<b>2,235,268</b>	<b>2,235,268</b>

In 2018 the Company has acquired 890,000 bonds issued by Firos S.A, which are dematerialized, nominative and freely transferable, with a fixed yield. The acquisition value of the bonds was 2,225,000 lei, with a fixed interest rate of 4% per year. The maturity of the bonds is 36 months from the subscription date. These bonds are guaranteed by the issuer through the mortgage on a plot of land owned by the issuer, located in Bdul. Timisoara no.100T, Bucharest. FIROS S.A., headquartered in Bucharest, 100 Timisoara Blvd., sector 6, sole registration code 434492 is a subsidiary of SIF Muntenia S.A.

In the period ended at 30 June 2021, these bonds have matured.

On 19 August 2021 and 27 August 2021, the Company subscribed the value of 2,225,000 lei and purchased a number of 890,000 corporate bonds, guaranteed, issued by FIROS S.A., with a nominal value of 2.5 lei / bond. The interest rate is fixed, 4% per year, and the interest is paid every 90 calendar days from the date of each subscription. The maturity of the bonds is 36 months from the date of subscription. These bonds are guaranteed by the issuer through the mortgage on a plot of land owned by the issuer, located in Bdul. Timisoara no.100T, Bucharest.

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 17. Other assets

	<u>31 March 2022</u>	<u>31 December 2021</u>
Trade receivables (i)	98,852	128,177
Prepayments (ii)	284,813	146,485
Other receivables (iii)	396,895	565,585
<b>Total</b>	<b><u>780,560</u></b>	<b><u>840,247</u></b>

#### (i) Trade receivables

	<u>31 March 2022</u>	<u>31 December 2021</u>
Clients	221,360	250,685
Adjustments for impairment of client receivables	(123,952)	(123,952)
Suppliers – debtors for services	1,444	1,444
<b>Total</b>	<b><u>98,852</u></b>	<b><u>128,177</u></b>

#### (ii) Prepayments

	<u>31 March 2022</u>	<u>31 December 2021</u>
Concession of land – inflated cost	107,547	107,912
Value of concession of land – paid in advance	34,263	34,380
Miscellaneous	7,978	4,193
Marketing tax - Best Western	61,240	-
Tax in land and buildings	73,785	-
<b>Total</b>	<b><u>284,813</u></b>	<b><u>146,485</u></b>

#### (iii) Other receivables

	<u>31 March 2022</u>	<u>31 December 2021</u>
Receivables from the State budget	214,500	121,188
Various debtors	85,569	95,806
Adjustments for the impairment of various debtors	(13,210)	(13,210)
Government grants		276,445
Grants to be received*)	109,786	85,106
Other financial assets **)	250	250
<b>Total</b>	<b><u>396,895</u></b>	<b><u>565,585</u></b>

\*) As a result of the entry into force of GEO no. 132 / 07.08.2020 on support measures for employees and employers in the context of the COVID-19 pandemic and for stimulating employment growth, the Company benefited from the settlement of a part of the salaries supported from the unemployment insurance budget in the amount of 163.706 lei, collecting until 31 March 2022 the amount of 53.920 lei.

\*\*) The Company is a founding member of the Association for Tourism Development – Gura Humorului, established in June 2009, in accordance with Government Ordinance no. 26/2000 regarding associations and foundations, with subsequent modifications and additions and with the Decree no. 31/1954, being founded by 26 founding members, with an initial patrimony of 6.800 lei, comprised of the partners' cash contributions. The contribution of the Company was of 250 LEI, representing 3.67% of the association's patrimony.

**Casa de Bucovina – Club de Munte S.A.**  
**Notes to the financial statements**  
*for the financial period ended 31 March 2022*

**18. Tangible and intangible assets**

**A. Tangible assets**

a) Evolution of tangible assets as at 31 March 2022

<i>in LEI</i>	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
<i>Gross book value</i>						
<b>31 December 2021</b>	<b>10,255,586</b>	<b>13,799,880</b>	<b>2,173,929</b>	<b>767,512</b>	<b>12,171</b>	<b>27,009,078</b>
Inflows	-	-	-	-	197758.	197758.
Closed prepayments	-	-	-	-	-	-
Outflows	-	-	-	-	-	-
<b>31 March 2022</b>	<b>10,255,586</b>	<b>13,799,880</b>	<b>2,173,929</b>	<b>767,512</b>	<b>209,929</b>	<b>27,206,836</b>
<i>Cumulated depreciation</i>						
<b>31 December 2021</b>	-	<b>(1,338,531)</b>	<b>(1,833,047)</b>	<b>(481,503)</b>	-	<b>(3,653,081)</b>
Expense with depreciation	-	(111,544)	(25,215)	(10,632)	-	(147,391)
Reversal of cumulated depreciation	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
<b>31 March 2022</b>	-	<b>(1,450,075)</b>	<b>(1,858,262)</b>	<b>(492,135)</b>	-	<b>(3,800,472)</b>
<i>Net book value</i>						
<b>31 December 2021</b>	<b>10,255,586</b>	<b>12,461,349</b>	<b>340,882</b>	<b>286,009</b>	<b>12,171</b>	<b>23,355,997</b>
<b>31 March 2022</b>	<b>10,255,586</b>	<b>12,349,805</b>	<b>315,667</b>	<b>275,377</b>	<b>209,929</b>	<b>23,406,364</b>

**Casa de Bucovina – Club de Munte S.A.**  
**Notes to the financial statements**  
*for the financial period ended 31 March 2022*

**A. Tangible assets (continued)**

b) Evolution of tangible assets as at 31 March 2021:

<i>In LEI</i>	Land	Buildings	Technical equipment and vehicles	Other equipment, machinery and furniture	Tangible assets in progress	Total
<i>Gross book value</i>						
<b>31 December 2020</b>	<b>10,255,586</b>	<b>13,799,880</b>	<b>2,119,639</b>	<b>770,187</b>	<b>12,171</b>	<b>26,957,463</b>
Inflow	-	-	-	-	-	-
Increase in revaluation through reserves	-	-	-	-	-	-
Increase in revaluation through profit or loss	-	-	-	-	-	-
Reversal of cumulated depreciation	-	-	-	-	-	-
Commissioning	-	-	-	-	-	-
Closing advances	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
<b>31 March 2021</b>	<b>10,255,586</b>	<b>13,799,880</b>	<b>2,119,639</b>	<b>770,187</b>	<b>12,171</b>	<b>26,957,463</b>
<i>Cumulated depreciation</i>						
<b>31 December 2020</b>	-	<b>(892,354)</b>	<b>(1,752,364)</b>	<b>(427,772)</b>	-	<b>(3,072,490)</b>
Expense with depreciation	-	(111,544)	(25,064)	(16,206)	-	(152,814)
Reversal of cumulated depreciation	-	-	-	-	-	-
Outflow	-	-	-	-	-	-
<b>31 March 2021</b>	-	<b>(1,003,898)</b>	<b>(1,777,428)</b>	<b>(443,978)</b>	-	<b>(3,225,304)</b>
<i>Net book value</i>						
<b>31 December 2020</b>	<b>10,255,586</b>	<b>12,907,526</b>	<b>367,275</b>	<b>342,415</b>	<b>12,171</b>	<b>23,884,973</b>
<b>31 March 2021</b>	<b>10,255,586</b>	<b>12,795,982</b>	<b>342,211</b>	<b>326,209</b>	<b>12,171</b>	<b>23,732,159</b>

c) The value of plots of land held by the Company as at **31 March 2022** și **31 December 2021** is the revalued amount at 31 December 2018, determined by the independent valuer CMF Consulting S.A..

Land - Location / Property document	Area sqm	LEI	
		Value as at 31 March 2022	Value as at 31 December 2021
Str. Mihail, Gura Humorului, plot 370/2, CF 6501; Ctr. no. 2818/2000	687	128.164	128.164
Str. Republicii no. 18, Gura Humorului; contribution in kind AA 12/2004	220	41.042	41.042
Arinis dendrologic park; contribution in kind AA 2/1998	8.807	739.349	739.349
Gura Humorului Suceava county; Ctr. 266/02.02.2010	262	48.878	48.878
Arinis dendrologic park; contribution in kind AA 3/1999 and exchange contract 179/2005	162.678	9.298.153	9.298.153
<b>TOTAL</b>	<b>172.392</b>	<b>10.255.586</b>	<b>10.255.586</b>

**Casa de Bucovina – Club de Munte S.A.**  
**Notes to the financial statements**  
*for the financial period ended 31 March 2022*

**18. Tangible and intangible assets (continued)**

**A. Tangible assets (continued)**

Lands in concession, held by the Company as at 31 March 2022:

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

**d)** The Company owns as at **31 March 2022** and **31 December 2021** the following **buildings** valued at revaluated value at 31 December 2018, determined by the independent valuer CMF Consulting SA.:

	Address of the building	Acquisition/registration date	Value as at 31 March 2022	Value as at 31 December 2021
1	Hotel located in Gura Humorului, 4 Bucovinei Blvd, registered in FC 5337, with basement, mezzanine, ground floor and 8 floors, 130 rooms with an area or 1.550 sqm, constructed area of 1.394 sqm, with cadastral (topo) no. 261/25.	1. Contribution in kind to the share capital, unfinished building, AA 2/1998  2. Date of commissioning: 28.02.2003  3. Minutes of final acceptance no. 1/21.10.2005	11.765.886	11.765.886
5	Building on the ground floor of a block located in Gura Humorului, Bd. Bucovinei, Wing A-P no. 4 bl. 4, with area of 171 sqm, with cadastral number (topo) 261/26	10.09.1998; contribution in kind AA 2/1998;	144.353	144.353
6	TISA conference room	Minutes of commissioning no. 1/ 21.10.2005	1.105.259	1.105.259
7	Arinis Inn	Minutes of reception no. 543/11.07.2011	305.361	305.361
8	Special constructions (transformer station)	Transfer in 2014 from the account 2131	190.079	190.079
9	Special constructions (river bank protection)	Transfer in 2014 from the account 2131	206.975	206.975
10	Arinis terrace	Minutes of reception 08.2015	81.967	81.967
<b>TOTAL</b>			<b>13.799.880</b>	<b>13.799.880</b>



# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 18. Tangible and intangible assets (continued)

#### A. Tangible assets (continued)

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

<i>in LEI</i>	<b>31 March 2022</b>	<b>31 December 2021</b>
Land	790.322	790.322
Buildings	12.639.381	12.639.381
<b>Total</b>	<b>13.429.703</b>	<b>13.429.703</b>

#### f) Valuation techniques

The valuation report of tangible fixed assets (land and buildings) issued by the independent valuer CMF CONSULTING S.A. has as basis the Standards for the Valuation of Goods, the 2018 edition, developed by National Association of Authorized Valuers in Romania ("ANEVAR"):

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

Estimates of fair value have been made in accordance with the provisions of IFRS and the above-mentioned valuation standards.

For the valuation of buildings, the revenue method was used, with an average capitalization rate of 10.3%, corroborated with the cost method.

For the land valuation it was chosen to use the market approach, the direct comparison method.

#### g) Evolution of tangible assets in progress as of 31 March 2022:

<b>Tangible assets in progress</b>	<b>Balance at 31 December 2021</b>	<b>Inputs</b>	<b>Receptions</b>	<b>Balance at 31 March 2022</b>	<b>Tangible assets in progress</b>
Arinis Inn, annex		12,171	-	-	12,171
Hotel - windows			1,651		1,651
<b>TOTAL</b>		<b>12,171</b>	<b>1,651</b>	<b>-</b>	<b>13,822</b>

**Casa de Bucovina – Club de Munte S.A.**  
**Notes to the financial statements**  
*for the financial period ended 31 March 2022*

**18. Tangible and intangible assets (continued)**

**B. Intangible assets**

**Other intangible assets** amounting to 90.979 lei represent software licenses for the accounting software, for the software for invoice issue by the reception and various PC operation licenses. These intangible assets come from direct acquisitions. The Company does not own internally generated intangible assets.

Evolution of intangible assets for the financial period ended 31 March 2022:

<i>in LEI</i>	<b>Intangible assets</b>
<i>Gross book value</i>	
<b>31 December 2021</b>	<u><b>87,619</b></u>
Inflow	3,360
Outflow	-
<b>31 March 2022</b>	<u><b>90,979</b></u>
<i>Cumulated depreciation</i>	
<b>31 December 2021</b>	<u><b>(76,402)</b></u>
Expense with depreciation	(2,589)
Outflow	-
<b>31 March 2022</b>	<u><b>(78,991)</b></u>
<i>Net book value</i>	
<b>31 December 2021</b>	<u><b>11,217</b></u>
<b>31 March 2022</b>	<u><b>11,988</b></u>

**19. Trade payables**

	<u><b>31 March 2022</b></u>	<u><b>31 December 2021</b></u>
Trade payables	247,437	432,530
Advance payments received	121,342	97,234
<b>Total</b>	<u><b>368,779</b></u>	<u><b>529,764</b></u>

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 20. Other liabilities

	31 March 2022	31 December 2021
Liabilities to the State budget	87,737	102,446
Creditors and other payables	79,786	79,737
Payables to employees	112,245	112,021
Subsidies for investments	759	1,084
Current tax to be paid	0	
Provisions*	119,468	151,053
<b>Total</b>	<b>399,995</b>	<b>446,340</b>

\* The provisions as at 31 March 2022 and 31 December 2021 represent mainly the provisions for unused leave for the years 2021 and 2020.

### 21. Capital and reserves

#### a) Share capital

As at **31 March 2022** the Company's paid-up share capital is of **16,231,941 lei**, consisting of:

- contribution in kind: 2,352,620 lei;
- cash contribution: 13,879,321 lei.

The share capital is divided in 162,319,412 shares, with a face value of 0.10 lei/share.

Financial Supervisory Authority (ASF) has issued, on 30.09.2020 the certificate for the securities registration no. AC – 3400 -2, that certifies the registration of the common, nominative shares in number of 162.319.412, at the face value of 0.1 lei, in the FSA Register at the 3657 position, with the **BCM** ticker.

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

#### The shareholding structure of the Company as at 31 March 2022:

31 March 2022	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	112,400,276	11,240,028	69.25
Other shareholders	49,919,136	4,991,914	30.75
<b>Total</b>	<b>162,319,412</b>	<b>16,231,942</b>	<b>100</b>

#### The shareholding structure of the Company as at 31 December 2021:

31 decembrie 2021	Number of shares	Amount (LEI)	(%)
SIF Muntenia S.A.	112.400.276	11.240.028	69,25
Legal entities	11.679.834	1.167.983	7,20
Individuals	38.239.302	3.823.930	23,56
<b>Total</b>	<b>162.319.412</b>	<b>16.231.941</b>	<b>100,00</b>

Reconciliation of share capital	31 March 2022	31 December 2021
Nominal share capital	16,231,941	16,231,941
Capital premium	4,885,965	4,885,965
Hyperinflation effect – IAS 29	9,960,401	9,960,401
<b>Total share capital and capital premium</b>	<b>31,078,307</b>	<b>31,078,307</b>

**Casa de Bucovina – Club de Munte S.A.**  
**Notes to the financial statements**  
*for the financial period ended 31 March 2022*

**21. Capital and reserves (continued)**

**b) Reserves from the revaluation of tangible assets**

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

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

**c) Reported result**

<b>Item</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Legal reserves	686,272	686,272
Other reserves	1,085,589	1,085,589
Reported result	798,021	165,852
Reported result related to the adoption for the first time of IAS 29	(9,792,697)	(9,792,697)
Current result	(594,698)	622,876
Profit distribution		(32,170)
<b>Total reported result</b>	<b>(7,817,513)</b>	<b>(7,264,277)</b>

**d) Legal reserves**

According to the legal provisions, the Company creates legal reserves in the amount of 5% of the registered gross profit, until the level of 20% of the share capital is reached. The value of the legal reserve as at 31 March 2022 and 31 December 2021 is of 686.272 lei.

The legal reserves cannot be distributed to shareholders.

**e) Other reserves**

Other reserves, amounting to 1,085,589 lei, as of 31 march 2022, are amounts allocated from the net profit for the financial years 2007-2019:

- 22,966 lei from the 2007 net profit, according to OGSM decision no.2/25.04.2008;
- 616,690 lei from the 2008 net profit, according to OGSM decision no.2/29.04.2009;
- 192,054 lei from the 2009 net profit, according to OGSM decision no.2/22.04.2010;
- 44,054 lei from the 2010 net profit, according to OGSM decision no.2/28.04.2011;
- 50,378 lei from the 2018 net profit, according to OGSM decision no..2/30.04.2019;
- 84,414 lei prescribed dividends, according to EGSM decision no.5/30.04.2019;
- 75.033 lei from the share capital decrease, according to EGSM decision from 28.04.2020 and FSA Certificate no. AC-3400-2/30.09.2020 regarding the share capital decrease.

**Casa de Bucovina – Club de Munte S.A.**  
**Notes to the financial statements**  
*for the financial period ended 31 March 2022*

**22. Related parties**

**a) Key management personnel**

	<b>31 March 2022</b>
Members of the Board of Administrators	Marinescu Dan Florin - Președinte Tamaș Ion Romică - Vicepreședinte Gagea Cristina - Membru Ababei Dana - Membru Chiribucă Dumitru Florin - Membru
Members of executive management	Tamaș Ion Romică - General Director Tiron Dorina – Head of financial-accounting services Ghișovan Ștefan – F&B Manager Prosciuc Doina – Sales Manager Șimota Analaura-Iuliana - Accommodation Manager Sava Mihai – Technic Manager

**b) Share holdings of the Company's key management personnel**

The number of shares owned by key management personnel is presented in the table below:

	<u><b>31 March 2022</b></u>
Tamaș Ion Romica	99,000
Tiron Dorina	1,055
Prosciuc Doina	43,516
Simota Analaura - Iuliana	30,352
Sava Mihai	20,352
Ghișovan Ștefan	1,406
<b>Total</b>	<u><b>195,681</b></u>

**c) Transactions with the key management personnel**

	<u><b>31 March 2022</b></u>	<u><b>31 March 2021</b></u>
Salaries paid to management	125,183	105,885
Remunerations paid to the members of the Board of Administrators	25,650	25,650

The Company has not concluded pension commitments with former members of the Board of Directors or with former managers and has not approved credits to the members of executive management or members of the Board of Administrators.

**d) Transactions with related parties**

The company has identified as a related party FIROS S.A., a subsidiary of the Company's majoritary shareholder, SIF Muntenia S.A. The Company has acquired bonds issued by the related party. (Note 16 b).

# Casa de Bucovina – Club de Munte S.A.

## Notes to the financial statements

for the financial period ended 31 March 2022

### 23. Financial risk management

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

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

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

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

#### (a) Market risk

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

The Company is exposed to the following market risk categories:

##### (i) Price risk

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

##### (ii) Interest rate risk

As at 31 March 2022 a significant portion of the Company's assets, of 21,39% (31 December 2021: 22,02%) are interest-bearing, the cash and cash equivalents are generally invested at an interest rate for the short term. The decrease of the yields affects the asset valuation.

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

<b>Fixed rate instruments</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Bank deposits	5,994,134	6,415,136
Bonds	2,225,000	2,225,000
<b>Total</b>	<b>8,219,134</b>	<b>8,640,136</b>

The Company does not hold instruments with a variable interest rate. The interest rates on its cash deposits range between 1,70% and 3,50% during the period ended 31 March 2022 for lei denominated deposits and for the bonds held the interest rate was 4% p.a..

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **23. Financial risk management (continued)**

#### **(a) Market risk (continued)**

##### *(iii) Currency risk*

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

#### **(b) Riscul de credit**

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

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management has established a credit policy under which each new client is individually analyzed in terms of creditworthiness before being offered the Company's standard terms of payment and delivery. Customers who do not meet the established conditions can perform transactions with the Company only with payment in advance.

The Company establishes an impairment adjustment which represents its estimates regarding the loss from trade receivables. The adjustments for trade receivables impairment mainly refer to the specific components of the significant supported and identified individual exposures.

#### **(c) Liquidity risk**

Liquidity risk is the Company's risk to encounter difficulties in fulfilling the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset. The company's approach regarding its liquidity management consists in ensuring, as much as possible, that it would always have sufficient liquidities to meet its due liabilities, both under normal conditions and under stress conditions, without incurring unacceptable losses or putting at risk the company's reputation.

Generally, the company ensures that it has enough cash to cover its operating expenses.

#### **(d) Risk related to taxation**

The Romanian fiscal legislation provides detailed and complex provisions, having passed through several changes in recent years. Text interpretation and practical procedures for implementing the tax legislation might vary, with the risk that certain transactions are interpreted differently by the tax authorities compared to the Company's treatment. The Romanian Government has a number of agencies authorized to conduct audits (inspections) of companies operating in Romania. These inspections are similar to tax audits in other countries and may cover not only tax matters, but other legal and regulatory matters of interest to these agencies. It is possible that the Company continues to be subject to tax audits on the extent of new tax regulations being issued.

# **Casa de Bucovina – Club de Munte S.A.**

## **Notes to the financial statements**

*for the financial period ended 31 March 2022*

### **23. Financial risk management (continued)**

#### **(e) Economic environment risk**

The Company's management cannot foresee all the effects of potential economic or financial crises that would impact the sector in which the company operates, nor their potential impact on the present financial statements. The Company's management believes that it has adopted the necessary measures for the sustainability and the development of the company in current market conditions.

#### **(f) Operational risk**

The operational risk is defined as the risk of recording losses or failure to achieve the estimated profits due to internal factors such as the inappropriate conduct of internal activities, the existence of inadequate personnel or systems, or due to external factors such as economic conditions, changes on the capital market or technological progress. The operational risk is inherent in all of the Company's activities.

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

#### **(g) Reputational risk**

Reputational risk is the risk of loss or failure to make estimated profits due to the lack of confidence of tourists, travel agencies, third parties, employees, in the integrity of the Company, in the Company's ability to manage the new conditions of business.

Reputational risk management aims at ensuring a permanent positive image, in accordance with the reality of the market, with the economic environment, with the restrictions determined by the Covid-19 pandemic, in front of customers.

#### **(h) Capital adequacy**

The Company policy is to maintain a solid capital base necessary to maintain the trust of investors, creditors and the market and to sustain the future development of the entity.

The Company's equity includes the paid-up capital, different types of reserves and retained earnings. The Company is not subject to external mandatory capital requirements.

### **24. Subsequent events**

The Ordinary General Meeting of Shareholders of the Company, convened on 28 April 2022 decided, mainly, the following:

- the approval of the financial statements for 2021;
- the 2021 net profit distribution proposal, amounting to 622.876 lei, as follows: 32.170 lei to the legal reserve, 284.147 lei to cover the loss from the correction of accounting errors from 2018, and 306.559 lei as undistributed profit, according to the proposal of the Board of Administrators.

**Tamaş Ion Romică**  
General Director

**Tiron Dorina**  
Head of financial-accounting services