



SIF BANAT-CRIȘANA

PRELIMINARY FINANCIAL RESULTS

— AS OF DECEMBER 31, 2022 —

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This report presents the preliminary unaudited financial results of SIF Banat-Crișana as of December 31, 2022, prepared in compliance to the Norm 39/2015 issued by the Financial Supervisory Authority (ASF). The financial results presented herein are preliminary and subject to subsequent adjustments.

This English version of the report is a convenience translation of the "Preliminary financial results as of December 31, 2022" issued in Romanian. The Romanian version of the report is the official document.

1. COMPANY PRESENTATION

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> ▪ joint stock company, Romanian legal entity with entire private capital ▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 50,751,005.60 – subscribed and paid-up capital ▪ 507,510,056 shares issued, entirely outstanding ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ Number in Trade Register J02/1898/1992 ▪ Tax Identification Code RO 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018 ▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021 ▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main business activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> a) portfolio management b) risk management c) other activities carried out within the collective management of an investment fund, allowed by the legislation in force
TRADING MARKET	The company is listed since November 1, 1999, on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
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2. STATEMENT OF MAIN ITEMS OF THE FINANCIAL POSITION AND THE PRELIMINARY RESULTS AS OF DECEMBER 31, 2022

SIF Banat-Crișana publishes the preliminary unaudited financial results as of December 31, 2022, prepared according to the Norm 39/2015 for the approval of the Accounting Regulations compliant with IFRS adopted by European Union, applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) of Financial Instruments and Investments Sector.

Total assets held by SIF Banat-Crișana as of December 31, 2022, amounting to RON 3,405.3 million, are down 5.6% vs. 2021, against the backdrop of a tumultuous 2022, characterized by high volatility, macroeconomic uncertainty, and geopolitical tensions.

Within the total assets, the financial assets have the dominant share, standing at a level comparable to 2021. These mainly consist of financial assets measured at fair value through profit and loss (shares issued by subsidiaries and associates, bonds issued by subsidiaries, loan granted to a subsidiary, and fund units), and the financial assets measured at fair value through other comprehensive income (shares). Measurement at fair value is carried out in accordance with the provisions of IFRS 13, using either the available market quotation for listed assets (which meet active market conditions) or valuation reports prepared by authorized valuers, as per International Valuation Standards (for unlisted or listed shareholdings but without an active market). The increase in the item *Financial assets measured at fair value through profit and loss* compared to 2021 is mainly due to the recognition of the loan granted to SIF SPV TWO S.A. to finance the acquisitions carried out in 2022. The item *Financial assets measured at fair value through other comprehensive income (shares)* is mainly influenced by: (1) the effect of the movements of the stock prices during 2022 on the Company's minority interest portfolio (mainly the rises of listed companies having financial and pharmaceutical profile) and (2) the net investments made within this category of assets during 2022.

Cash and cash equivalents comprise mostly short-term placements in bank deposits with maturity of up to 3 months. The significant decrease versus 2021 is attributable to the allocation of funds from short-term monetary placements to substantial investments (totalling RON 357 million) made throughout the year, achieved by increasing the shareholding in selected listed minority stakes on the stock exchange (companies, in the financial and energy sectors, recorded in *Financial assets measured at fair value through other comprehensive income*).

Total liabilities are 15.1% below those existing at 2021 year-end, variation attributed to the adjustment of debt with deferred income tax related to the unfavourable fair value differences recognized in other comprehensive income due to the fair value measurement of financial assets during the year 2022.

As of December 31, 2022, *equity* amounted to RON 3,242.8 million, 5.1% down vs. the previous year, the decrease being influenced by:

- The decrease in retained earnings is mainly determined by the difference between the current result for 2022 (RON 95.5 million) and the part of the previous year's result that was not distributed as dividends (RON 356 million), transferred to Other reserves, following the resolution of the General meeting for its capitalization as own sources of financing (see page 7 *Statement of changes in equity* - Retained earnings column);
- The item *Difference in changes in the fair value of financial assets measured by other comprehensive income*, down 24.6% compared to the end of 2021, reflects the impact of the recognition of unfavourable fair value differences related to financial assets recorded in this category (shares in minority interests held by SIF Banat-Crișana, shares in the two consolidated subsidiaries), influenced both by the net difference in fair value resulting from the MTM (mark to market) and

by the net result from the sale of financial assets at fair value through other comprehensive income, transferred to retained earnings.

Dividend income, interest income and other income as of December 31, 2022 (preliminary) amounted to RON 166.2 million, up 27.4% vs. 2021. Their improvement is mainly due to the dividends collected from shareholdings in banking sector, given that in the previous year the dividend policy was impacted by their decision to reduce the amounts distributed or postpone their distribution. Structurally, the largest part (58%) was that of dividends collected from the banking companies, as compared to 2021, when 61% came from the dividends distributed by the companies where SIF Banat-Crișana holds the majority stake. Interest income related to assets at fair value through profit and loss is up 82% vs. 2021, mainly due to the recognition in the item of the financing component related to the sale of some financial assets from the portfolio, of interest related to the loan granted to the subsidiary SIF SPV TWO S.A, and the bonds with variable interest (VNC24). Interest income related to assets at amortized cost and assets at fair value fair value assets through comprehensive income are up 87% vs. 2021, given the accelerated increase in the interest rates subsidized by the banks for RON deposits established in 2022.

Net gain on investment in the financial year 2022 is significantly below that of 2021 and it is mainly the negative effect of fair value differences related to financial assets measured at fair value through profit and loss (shareholdings subsidiaries and associates, fund units).

Total expenses of the Company decreased compared to the previous year. Structurally, the item *Other operating expenses*, which includes operating expenses, is down 7.9% compared to 2021, and the level of *Commission expenses* is almost 15% lower as compared to 2021.

The preliminary net profit for the financial year 2022 is of RON 95.5 million, vs. the result for the previous year of RON 387 million, mainly as the effect of the influences detailed above.

The item *Other comprehensive income* includes changes in fair value related to the financial assets measured at fair value through other comprehensive income, significantly lower as compared to the previous year, the decrease being mainly due to the downward trend in the fair value of the portfolio of financial assets listed on the stock exchange.

Radu-Răzvan STRĂUȚ

Vice Chairman, Deputy General Director

Dorel BABA

Financial Reporting Manager

Standalone statement of financial position
- preliminary unaudited -

<i>in RON</i>	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	26.615.152	260,126,530
Bank deposits	-	79,232,230
Financial assets at fair value through other comprehensive income (bonds)	-	5,283,259
Other financial assets	12.834.480	10,514,505
Other assets	328.155	225,875
Financial assets at fair value through profit and loss	1.723.810.844	1,680,415,609
Financial assets at fair value through other comprehensive income (shares)	1.624.523.020	1,554,069,140
Assets representing rights of use of underlying assets in a leasing contract	476.645	725,329
Investment property	12.963.376	12,953,334
Tangible assets	3.711.480	3,840,248
Total assets	<u>3.405.263.152</u>	<u>3,607,386,059</u>
Liabilities		
Dividends payable	10,042,310	-
Other financial liabilities	15,038,374	10,219,192
Other liabilities and deferred revenues	251,682	293,418
Debts from leasing contracts	530,880	789,288
Deferred income tax	136,546,721	179,957,876
Total liabilities	<u>162,409,967</u>	<u>191,259,774</u>
Equity		
Share capital	50,751,006	51,542,236
Treasury shares	-	(21,363,229)
Loss on repurchase of own shares	-	(330,998)
Benefits granted in equity instruments	2,000,537	-
Other reserves	1,604,099,887	1,249,578,037
Reserves from revaluation of tangible fixed assets	1,176,569	1,176,569
Legal reserves	10,150,201	10,308,447
Reserves from revaluation of financial assets designated at fair value through other comprehensive income	741,827,359	984,425,325
Retained earnings	832,847,626	1,140,789,898
Total equity	<u>3,242,853,185</u>	<u>3,416,126,285</u>
Total liabilities and equity	<u>3,405,263,152</u>	<u>3,607,386,059</u>

Radu-Răzvan STRĂUȚ

Vice Chairman, Deputy General Director

Dorel BABA

Financial Reporting Manager

Standalone statement of profit and loss and other comprehensive income
- preliminary unaudited -

<i>in RON</i>	Dec. 31, 2022	Dec. 31, 2021
Revenues		
Dividend income	166,188,008	130,451,726
Interest income (related to assets at fair value through other comprehensive income, assets at amortized cost)	2,991,738	1,601,660
Interest income (related to assets at fair value through profit and loss)	5,717,828	3,135,548
Other operating revenues	18,619	245,786
Gain/(Loss) on investment		
Gain / (Loss) on investment property	10,042	699,195
Gain / (Loss) on foreign exchange	(20,400)	2,274,798
Gain / (Loss) on financial assets at fair value through profit and loss	(47,386,144)	285,316,488
Expenses		
Reversal/(set-up) of adjustments for impairment of current assets	566,018	93,593
Commissions, fees, and charges	(4,350,043)	(5,109,130)
Other operating expenses	(20,609,717)	(22,369,340)
Profit before income tax	103,125,949	396,340,324
Income tax	(7,658,801)	(9,339,219)
Net profit for the period	95,467,148	387,001,105
Other comprehensive income		
Amounts that are or may be transferred to profit or loss		
Amounts that may be transferred to profit or loss (debt instruments)	(65,463)	73,975
Amounts transferred to profit or loss (debt instruments)	-	-
Amounts that are or may be transferred to retained earnings		
Change in fair value of shares measured through other comprehensive income	(283,620,973)	373,791,887
Change of reserve from revaluation of tangible assets	-	-
The effect of income tax on items above	43,396,254	(53,324,608)
Other comprehensive income	(240,290,182)	320,541,254
Total comprehensive income for the period	(144,823,034)	707,524,359
Earnings per share		
Basic	0.1881	0.7541
Diluted	0.1881	0.7541

Radu-Răzvan STRĂUȚ

Vice Chairman, Deputy General Director

Dorel BABA

Financial Reporting Manager

Denominated in RON

	Share capital	Treasury shares	Losses from the repurchase of own shares	Legal reserves	Reserves from value changes in financial assets at fair value through other comprehensive income	Reserves from revaluation of tangible assets	Benefits granted in equity instruments	Other reserves	Retained earnings	Total
Balance on January 1, 2022	51,542,236	(21,363,229)	(330,998)	10,308,447	984,425,325	1,176,569	-	1,249,578,037	1,140,789,898	3,416,126,285
Profit for the period	-	-	-	-	-	-	-	-	95,467,148	95,467,148
Reserve from revaluation of financial assets transferred to profit and loss	-	-	-	-	-	-	-	-	-	-
Reserve from revaluation of financial assets transferred to retained earnings	-	-	-	-	(2,119,796)	-	-	-	2,119,796	-
Change of reserve	-	-	-	(158,246)	(283,698,905)	-	-	-	158,246	(283,698,905)
Revaluation of tangible assets	-	-	-	-	-	-	-	-	-	-
Related deferred tax	-	-	-	-	43,220,735	-	-	-	187,988	43,408,723
Total comprehensive income for the period	-	-	-	(158,246)	(242,597,966)	-	-	-	97,933,178	(144,823,034)
Other reserves – own sources	-	-	-	-	-	-	-	356,550,501	(356,550,501)	-
Payable dividends	-	-	-	-	-	-	-	-	(30,450,603)	(30,450,603)
Lapsed dividends	-	-	-	-	-	-	-	-	-	-
Change in benefits granted	-	-	-	-	-	-	2,000,537	-	-	2,000,537
Repurchase of own shares	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	(791,230)	21,363,229	330,998	-	-	-	-	(2,028,651)	(18,874,346)	-
Total transactions with shareholders recognized directly in equity	(791,230)	21,363,229	330,998	-	-	-	2,000,537	354,521,850	(405,875,450)	(28,450,066)
Balance on December 31, 2022	50,751,006	-	-	10,150,201	741,827,359	1,176,569	2,000,537	1,604,099,887	832,847,626	3,242,853,185

Radu-Răzvan STRĂUȚ
Vice Chairman, Deputy General Director

Dorel BABA
Financial Reporting Manager

Denominated in RON

	Share capital	Treasury shares	Losses from the repurchase of own shares	Legal reserves	Reserves from value changes in financial assets at fair value through other comprehensive income	Reserves from revaluation of tangible assets	Benefits granted in equity instruments	Other reserves	Retained earnings	Total
Balance on January 1, 2021	51,542,236	(2,199,867)	(40,659)	10,308,447	766,477,039	1,176,569	1,867,063	1,157,455,631	743,318,231	2,729,904,691
Profit for the period	-	-	-	-	-	-	-	-	387,001,105	387,001,105
Reserve from revaluation of financial assets transferred to profit and loss	-	-	-	-	-	-	-	-	-	-
Reserve from revaluation of financial assets transferred to retained earnings	-	-	-	-	(117,660,625)	-	-	-	117,660,625	-
Change of reserve	-	-	-	-	373,879,953	-	-	-	-	373,879,953
Revaluation of tangible assets	-	-	-	-	-	-	-	-	-	-
Related deferred tax	-	-	-	-	(38,271,042)	-	-	-	(15,067,657)	(53,338,699)
Total comprehensive income for the period	-	-	-	-	217,948,285	-	-	-	489,594,073	707,542,359
Other reserves – own sources	-	-	-	-	-	-	-	92,122,406	(92,122,406)	-
Lapsed dividends	-	-	-	-	-	-	-	-	-	-
Change in benefits granted	-	4,575,867	77,472	-	-	-	(1,867,063)	-	-	2,786,276
Repurchase of own shares	-	(23,739,229)	(367,811)	-	-	-	-	-	-	(24,107,040)
Total transactions with shareholders recognized directly in equity	-	(19,163,362)	(290,339)	-	-	-	(1,867,063)	92,122,406	(92,122,406)	(21,320,764)
Balance on December 31, 2021	51,542,236	(21,363,229)	(330,998)	10,308,447	984,425,324	1,176,569	-	1,249,578,037	1,140,789,898	3,416,126,285

Radu-Răzvan STRĂUȚ
Vice Chairman, Deputy General Director

Dorel BABA
Financial Reporting Manager

Cash flow statement*- preliminary unaudited -**Denominated in RON*

	Dec. 31, 2022	Dec. 31, 2021
Operating activities		
Net profit for the period	95,467,148	387,001,105
<i>Adjustments for:</i>		
Depreciation of tangible and intangible assets	553,220	516,273
(Gain)/Loss from disposal of tangible assets	-	5,369
(Gain)/Loss from valuation/sale of investment property	(10,042)	(699,195)
(Gain)/Loss from financial assets at fair value through profit and loss	47,386,144	(285,316,488)
Dividend income	(166,188,008)	(130,451,726)
Interest income	(8,709,566)	(4,737,208)
Interest expense on liability from leasing contract	37,655	56,967
Expense with / (income from) exchange rate differences assets / financial liabilities and other income/expenses	(1,344,661)	16,254
Benefits granted in equity instruments	2,000,537	2,576,937
Income tax	7,658,801	9,339,219
Changes in operating assets and liabilities		
Change in other assets (claims, etc.)	(1,394,848)	(411,564)
Change in other financial liabilities	4,438,258	3,792,170
Income tax paid	-	(30,732,758)
Net cash used in operating activities	(20,105,363)	(49,044,645)
Investment activities		
Payments for acquisition of financial assets measured at fair value through other comprehensive income (shares, bonds)	(357,337,857)	(67,751,279)
Proceeds from sales of financial assets measured at fair value through other comprehensive income (shares, bonds)	8,378,030	196,793,416
(Placements) / Proceeds from bank deposits with term greater than three months	79,198,863	(79,198,863)
Proceeds from sale / repurchase of assets at fair value through profit and loss account (fund units, bonds, shares)	27,193,910	16,484,890
Payments for purchase of assets at fair value through profit and loss account (fund units, bonds, shares, loans granted)	(115,657,463)	(12,906,934)
Proceeds from sale of tangible assets and investment property	-	926,060
Payments for purchases of tangible assets	(231,500)	(113,688)
Dividends collected	159,092,059	125,033,641
Interest collected	5,452,918	3,581,221
Net cash from investment activities	(193,911,040)	182,848,463
Financing activities		
Lease payments	(295,131)	(281,064)
Dividends paid	(19,199,846)	-
Repurchase of own shares	-	(24,107,040)
Net cash used in financing activities	(19,494,976)	(24,388,104)
Net increase / (decrease) in cash and cash equivalents	(233,511,378)	109,415,714
Cash and cash equivalents on January 1	260,126,530	150,710,816
Cash and cash equivalents on December 31	26,615,152	260,126,530

Radu-Răzvan STRĂUȚ

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