

INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
SIF Banat-Crisana S.A.

Report on the Audit of the Consolidated Financial Statement

Opinion

1. We have audited the consolidated financial statements of SIF Banat-Crișana SA and its subsidiaries (the "Group"), with registered office in Calea Victoriei no. 35 A, Arad, Romania, identified by unique tax registration code 2761040, which comprise the consolidated statement of the financial position as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the consolidated financial statements.
2. The consolidated financial statements as at December 31, 2020 are identified as follows:

• Total Equity	RON	2,686,767,122
• Net profit for the financial year	RON	88,860,428
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by European Union and applying Financial Supervisory Authority ("FSA") Norm no. 39/28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorized, regulated and supervised by the FSA - Financial Investments and Instruments Sector (referred to herein as "FSA Norm no. 39 / 2015").

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
<p>Valuation of equity investments</p> <p>We refer to note 18 and note 19 to the consolidated financial statements, which presents the equity investments of the Group in romanian companies. As at December 31, 2020, these financial assets valued at fair value represent 90% of the total assets of the Group.</p> <p>Equity investments presented to Level 3 represent RON 789 million in the total assets of the Group.</p> <p>The determination of fair value to Level 3 equity investments has been performed, based on the available information as of September 30, 2020 or as of December 31, 2020, by independent evaluators appointed by the Group and authorized in-house evaluators.</p> <p>For the valuation reports as of September 30, 2020 and up to December 31, 2020, the independent and the in-house evaluators performed an analysis, in order to identify significant changes in the fair values of equity investments as at December 31, 2020.</p> <p>The COVID-19 pandemic has resulted in an increase in the uncertainty of assumptions underlying the economic outlook. This combined with varying government responses, has raised the complexity of significant judgement and estimates when determining the fair value for unlisted companies in which the Group holds participation.</p> <p>This was a key area of focus in our audit due to the significance of the amounts involved, the complexity involved in valuing these investments, the significance of the judgments and estimates included in the valuation, as well as the reflection of the changes in fair value in the consolidated financial statements.</p>	<p>We have assessed the key controls over the valuation process of the Group's equity investments. Our analysis of the design and implementation of the controls provided a basis for us to establish the planned nature, timing and extent of our detailed audit procedures.</p> <p>For the material listed equity investments, we have assessed the frequency of the trading in order to identify illiquid equity securities and we have assessed the accuracy of the closing share market price as of 31 December 2020 or from the last of trading available at the end of the reporting period.</p> <p>For a sample of unlisted Level 3 equity investments, we involved our own internal valuation specialists to critically assess the valuation methodology, significant assumptions and unobservable inputs used by the in-house and external evaluators and also we assessed their professional competence and independence from the Group. We also assessed the compliance of the valuation methods with the relevant valuation standards and accounting policies of the Group.</p> <p>For the valuation reports as of September 30, 2020, we have assessed the Group in-house and external evaluators' analyses for the period following the date of the valuation reports (respectively, from September 30, 2020 until December 31, 2020), in order to identify significant events, which may have a significant impact on the fair value of equity investments as at December 31, 2020.</p> <p>We have assessed the accuracy of the changes in fair value that have been reflected in the consolidated financial statements as at December 31, 2020.</p> <p>We have also analysed how the evaluations related to the selected sample reflected the impact of COVID-19 on the economic sector of which the Group's investments are part.</p> <p>We have considered whether the consolidated financial statements appropriately reflect all material disclosures in relation to equity investments according to the accounting policies of the Group and IFRS 13 requirements. In this regard, we assessed the presentation of the material information on fair value hierarchy policy and disclosures regarding significant unobservable and observable inputs against disclosures of IFRS 13 <i>Fair Value Measurement</i>.</p>

Other information – Administrators’ Consolidated Report

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators’ Consolidated report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December, 31, 2020, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators’ consolidated report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 29-30.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the Administrators’ consolidated report for the financial year for which the consolidated financial statements have been prepared are consistent, in all material respects, with these consolidated financial statements;
- b) the Administrators’ consolidated report has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 29-30.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2020, we are required to report if we have identified a material misstatement of this Administrator’s consolidated report. We have nothing to report in this regard.

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the Ordinary General Assembly of Shareholders on June 20, 2019 to audit the consolidated financial statements of SIF Banat-Crisana for the financial year ended December 31, 2020. The uninterrupted total duration of our commitment is 2 years, covering the financial years ended December 31, 2019 until December 31, 2020.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Group that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Irina Dobre, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 3344

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

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March 30, 2021