



**Evergent**  
INVESTMENTS S.A.

# Board of Directors' Report Q3 2021



URS is a member of Registrar of Standards (Holdings) Ltd.

**Dear shareholders,**



“Today we are reporting the highest value of assets under management in the history of our company – 525 million de euro, and all financial indicators show a substantial increase over the annual target. Although delivering consistent and continuous performance is not an easy mission, we manage to generate significant investment performance for our shareholders by following our strategy. The net result, 144% higher than that forecast, demonstrates the strength of our business model, of our management and our entire team.

We hereby present you the results registered by EVERGENT Investments in Q3 2021 and the objectives of the following period, in agreement with “2021 Activity Program” and “EVERGENT Investments’ Investment Strategy and Policy” approved in the General Meeting of Shareholders.

### Financial Performance

- ◆ **2.599 million lei** – assets under management (AUM), **27% higher** than Q3 2020
- ◆ **2.410 million lei** – net asset value, **26% higher** than Q3 2020
- ◆ **2,46 lei** – NAV per share, **27% higher** than Q3 2020
- ◆ **1,44 lei** – the price of EVER share on 30.09.2021, **12% higher** than Q3 2020

In the first 9 months of 2021, the company’s financial position and performance have registered a significant increase, amid the continuation of the upward trend of financial market quotations, started at the end of 2020, their decrease at the start of COVID 19 pandemic generated crisis.

### ◆ **180,3 million lei – net result**

The net result generated on 30<sup>th</sup> September 2021 is comprised of 82,4 million lei net profit and 97,9 million lei net gain from asset sale, reflected in retained earnings. We are thus registering a **144% exceeding of the target approved by shareholders in 2021 IEB for the entire 2021.**

### ◆ **100 million lei – value of securities investments**

Securities investments in Q3 2021 represent 71% of the budget approved by shareholders for 2021.

### Portfolio Structure

Reported to the total value of managed assets, the listed shares portfolio holds the main weight, of 67,2%, unlisted shares represent 8%. The financial sector with 44,3% and energy sector with 11,4% of total assets value remain the main sectors in the portfolio structure.

### Investment Strategy

Our investment philosophy translates into constantly building, to capitalize on ideas and opportunities. EVERGENT Investments’ current strategy has the objective of generating long-term performance through investment policies customized for each managed portfolio.

Thus, we aim to:

- ◆ Increase of investments in PRIVATE EQUITY portfolio – especially in agribusiness and real-estate.

- ◆ Performance increase for FINANCIAL-BANKING and ENERGY-INDUSTRIAL portfolios, through their management, these being the main generators of income and sources for new investments.
- ◆ Capitalization of SELL portfolio– sale of the historic shares portfolio. Thus, the number of holdings in this portfolio decreased by 13 in comparison to Q3 2020, obtaining income with a total value of 15,2 million lei.

Private equity type investments – an important key differentiator- contributes to the increase of managed assets return and insure the compensation of the risk generated by the high volatility of listed title prices in the portfolio.

Our resources and attention are assigned to a concentrated private-equity portfolio. We have a fundamental analysis process that identifies resilient business models with long-term profit. Consequently, we are implementing a customized strategy to each individual project.

- ✓ **"Blueberry Farm" Project** – where we have 100% holding through Agroitens SA – we are one of the main players in blueberry production, with a planted area of 86 ha.



- ✓ **"Veranda Mall" Project**- where we have 37% indirect holding through Professional Imo Partners SA and Nord SA – we have completed the extension stage by 6.300 square meters, with an area dedicated to the commercial galleries and a multiplex Cinema equipped with 12 cinema halls, the rentable area reaching around 34.000 square meters.



- ✓ **"Atria Urban Resort" Real Estate Project**- where we have 50% holding through Straulesti Lac Alfa SA – targets the 4-stage building of a residential complex that includes 1,381 apartments, located in the NV area of Bucharest Municipality, near Colosseum Retail Park with easy access to the northern area of the capital city. On the reporting date, the 1<sup>st</sup> stage of construction, 160 apartments, is completed and 97% of Stage 1 apartments sold. Stage 2, started in December 2019, was taken over in October 2021, preliminary contracts have already been concluded for around 66% of the apartments. At present, Stage 3 with 338 apartments is in the running and planning phase.



Project



Stage 1 (completed)



Stage 2 (received)



Stage 2 (received)



✓ **Iasi real-estate project** - where we have 100% holding through EVERLAND SA (former Agroland Capital SA). The company owns a land of around 2,55 ha and an administrative building GF+8 with a built area of 4.600 square meters, located in the central area of Iasi municipality. Our detailed analysis and projections targeted both the quality and location of the purchased assets as well as the significant real estate development potential of Iasi Municipality. We have obtained all preliminary approvals for the zonal urban plan. The draft resolution regarding the zonal urban plan has been published on the website of Iasi Town Hall. The maximum built area is 83.800 square meters, the project value being estimated to around 90 million euro.



„**Baba Novac Residence**” Real-estate project, where we have 100% holding through Tesatoriile Reunite SA – was successfully completed, with an exit value of 35 million euro.



Looking towards the future, we identify growth opportunities in a new economic era that may create the premises for investments with good returns. We believe that we are in the start phase of a long-term, accelerated growth process of our company.

*Respectfully yours,*

Claudiu Doros  
President and CEO



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*Quarterly report as per:* Law no. 24/2017 on issuers of financial instruments and market operations; FSA Rule no. 5/2018 on issuers of financial instruments and market operations, FSA Rule no. 39/2015 on the approval of accounting regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by FSA.

*Report date:* 15<sup>th</sup> November 2021

*Issuer name:* EVERGENT Investments SA

*Headquarters:* 94 C Pictor Aman St, Bacau

*Phone/fax/e-mail:* 0234576740 / 0234570062 / office@evergent.ro

*Tax identification code:* 2816642

*Trade Registry no.:* JO4/2400/92

*EUID:* ROONRC. J/04/2400/1992

*LEI:* 254900Y100025N04US14

*Subscribed and paid-up capital:* 98.121.305,10 lei

*No. of issued shares:* 981.213.051

*Nominal value:* 0,1 lei/share

*Shareholding structure:* 100% private

*Free float:* 100%

*FSA Registry no.:* PJR09FIAIR/040003

*Regulated market on which issued equities are traded:* Bucharest Stock Exchange, Premium category

*International identifiers:* Bucharest Stock Exchange: EVER; ISIN: ROSIFBACNORo; Bloomberg FIGI: BBG000BMN556; Reuters RIC: ROEVER.BX

## Field of Activity.

**Legal framework** - EVERGENT Investments SA is setup as a Romanian private-law entity, organized as public limited company, classified according to applicable regulations as alterantive investment fund destined for retail investors - FIAIR, with a diversified investment policy, closed-end, self-managed (FSA authorization no. 101/26.06.2021) and Alternative investment funds manager – AIFM (FSA authorization no. 20/23.01.2018).

The company functions abiding by the provisions of Law no. 24/2017 on the issuers of financial instruments and market operations, Law no. 74/2015 on the managers of alternative investment funds, Law no. 243/2019 (FIA) and Companies' Law no. 31/1990.

**Purpose** – increase of managed assets value.

The Company's **main field of activity** is financial investments.

**Its activity object** consists in:

- a) Portfolio management;
- b) Risk management;
- c) Other auxiliary and connected activities of collective management allowed by the law in force.

### TYPE OF INVESTMENT COMPANY

*EVERGENT Investments is an investment fund placed on the Romanian market with investments predominantly in average-risk shares, and temporary liquidity placements in fixed-income instruments*

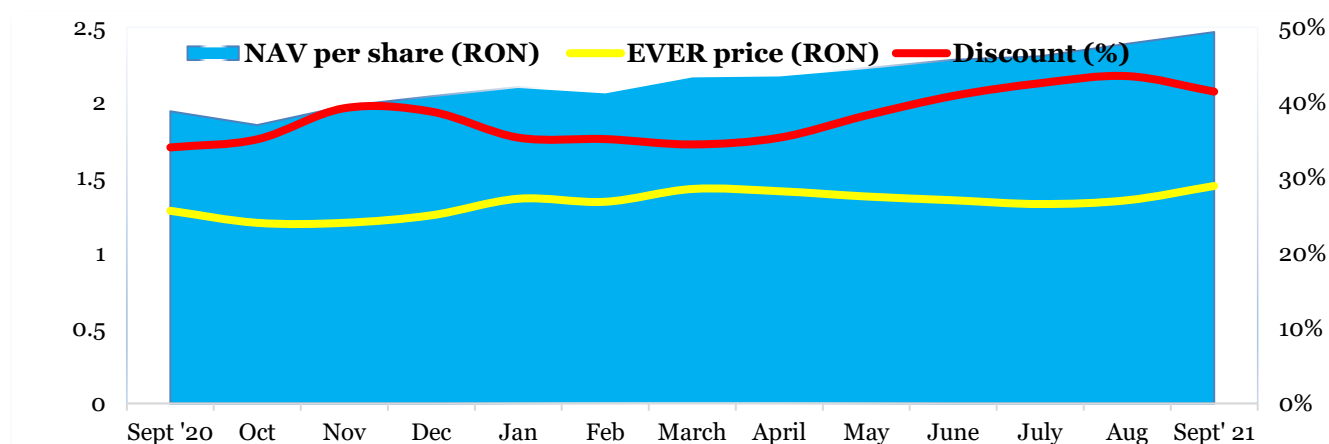
## 1. Activity analysis.

### 1.1. Evolutions. Objectives. Performances.

#### Evolution of assets under management

Indicator	2019	Q3 2020	2020	Q3 2021	Q3 2021 / Q3 2020 %
Total assets (million lei)	2.361	2.050	2.137	<b>2.599</b>	+27
Net asset (million lei)	2.195	1.909	2.003	<b>2.410</b>	+26
NAV per share (lei)	2,23	1,94	2,04	<b>2,46</b>	+27
Market price (lei)	1,61	1,28	1,25	<b>1,44</b>	+12
Market price /NAV discount (%)	28	34	39	<b>41</b>	+7pp

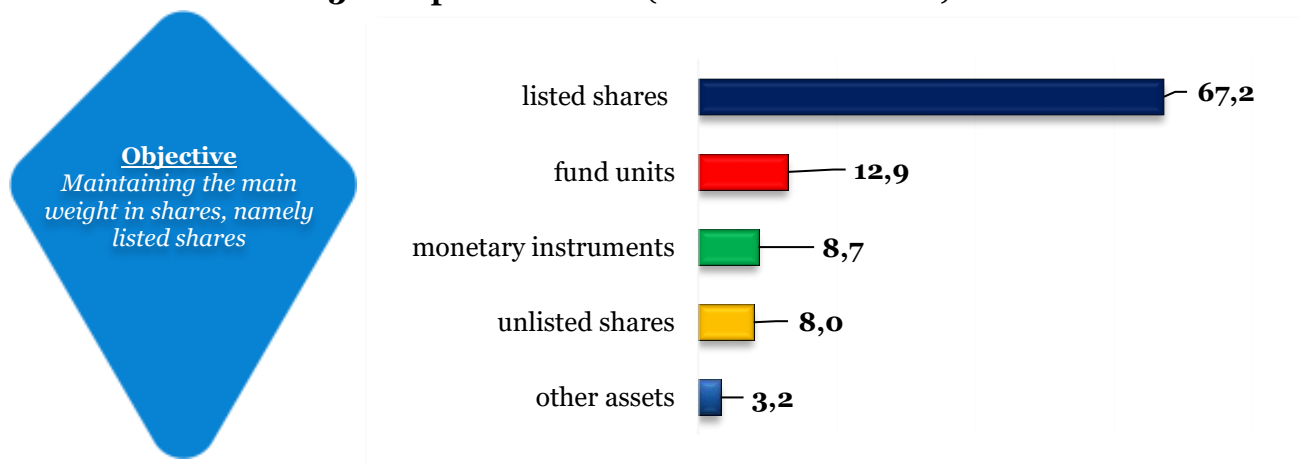
#### NAV per share / EVER price / Discount (YoY)



#### Portfolio structure evolution.

Structura activelor (% din val. totala a activelor)	2019	Q3 2020	2020	Q3 2021	Q3 2021/Q3 2020 pp
Shares, of which:	81,4	82,1	80,0	<b>75,2</b>	-6,9
✓ listed	72,2	72,4	70,1	<b>67,2</b>	-5,2
✓ unlisted	9,2	9,7	9,9	<b>8,0</b>	-1,7
Non UCITS+UCITS (fund units)	12,5	13,2	14,0	<b>12,9</b>	-0,3
Monetary instruments (deposits, availabilities)	4,3	2,8	4,3	<b>8,7</b>	+5,9
Other assets	1,8	1,9	1,7	<b>3,2</b>	+1,3

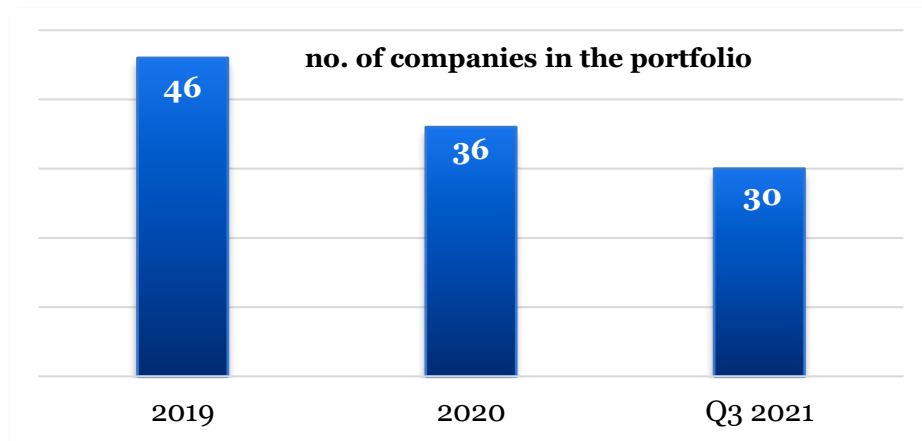
#### Portfolio structure – 30<sup>th</sup> September 2021 (% of total assets value)





## Evolution of the number of holdings

**Objective:**  
 Decrease in the number of holdings and increase of exposure/issuer, so that we can directly positively influence the portfolio

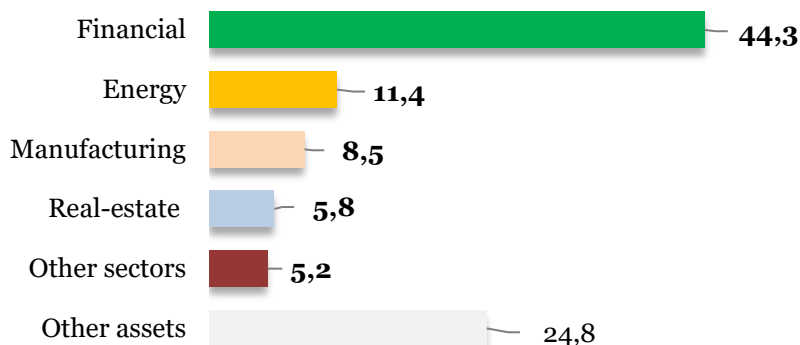


## Evolutio

Sectorial exposure (% of total assets value)	2019	Q3 2020	2020	Q3 2021	Q3 2021/Q3 2020 pp
Financial	45,4	45,9	44,4	<b>44,3</b>	-1,6
Energy	16,0	16,3	16,0	<b>11,4</b>	-4,9
Manufacturing	8,0	7,7	7,0	<b>8,5</b>	+0,8
Real-estate	6,4	6,5	6,9	<b>5,8</b>	-0,7
Other sectors	5,6	5,7	5,7	<b>5,2</b>	-0,5

## Sectorial exposure – 30<sup>th</sup> September 2021 (% of total assets value)

**Objective:**  
 Maintaining the financial and energy sector with important weight in the portfolio



## Top companies/holdings in the portfolio – 30<sup>th</sup> September 2021

TOP COMPANIES IN THE PORTFOLIO	> 1% of total assets value	% holding in the issuer's share capital
BANCA TRANSILVANIA	38,2	5,8
ROMGAZ	10,1	1,9
AEROSTAR	7,2	15,1
BRD - SG	4,1	0,8
PROFESSIONAL IMO PARTNERS	2,2	31,4
AGROINTENS	1,8	100
EVERLAND	1,7	100
TESATORIILE REUNITE	1,7	100
STRAULESTI LAC ALFA	1,6	50
SIF TRANSILVANIA	1,5	4,9
NUCLEARELECTRICA	1,3	0,3
<b>TOTAL</b>	<b>71,4</b>	

## Comparative evolution – within the sector - Q3 2021 / Q3 2020

On 30.09.2021, EVERGENT Investments ranked first for capitalization with 1.417 million lei, an increase by around 12% in comparison to the value on 30.09.2020, while the number of shares decreased in comparison to the similar period in 2020. At the same time, EVERGENT Investments registered on 30.09.2021 the second lowest price /NAV discount, namely 41%.

mil lei	SIF1	EVERGENT Investments	SIF3	SIF4	SIF5
<b>Net asset 30.09.2021</b>	<b>3,375.48</b>	<b>2,410.75</b>	<b>1,357.52</b>	<b>1,973.53</b>	<b>2,190.68</b>
Net asset 30.09.2020	2,624.54	1,909.83	1,074.06	1,487.51	1,911.55
NAV evolution 21/20%	28.61	26.23	26.39	32.67	14.60
<b>Liquidities 30.09.2021*</b>	<b>404.35</b>	<b>225.60</b>	<b>109.96</b>	<b>103.32</b>	<b>11.05</b>
Liquidities 30.09.2020*	225.03	57.95	57.57	56.49	13.14
Liquidities evolution 21/20%	79.69	289.29	91.01	82.89	-15.90
<b>Net result 30.09.2021</b>	<b>321.60</b>	<b>82.36</b>	<b>55.44</b>	<b>195.54</b>	<b>47.18</b>
Net result 30.09.2020	-42.43	-19.29	-17.88	-24.21	34.99
Profit evolution 21/20%	-857.95	-526.96	-410.07	-907.68	34.84
<b>Capitalization 30.09.2021</b>	<b>1,381.33</b>	<b>1,417.85</b>	<b>780.64</b>	<b>1,227.97</b>	<b>925.00</b>
Capitalization 30.09.2020	1,071.14	1,266.53	849.84	572.79	1,018.19
Capitalization evolution 21/20%	28.96	11.95	-8.14	114.38	-9.15
<b>NAV 30.09.2021</b>	<b>6.549</b>	<b>2.4674</b>	<b>0.6278</b>	<b>2.5152</b>	<b>4.3814</b>
Price 30.09.2021	2.680	1.445	0.361	1.565	1.850
<b>Price / NAV per share discount 30.09.2021</b>	<b>-59.1</b>	<b>-41.4%</b>	<b>-42.5</b>	<b>-37.8</b>	<b>-57.8</b>
Price / NAV per share discount 30.09.2020	-59.4	-34.0	-20.9	-61.5	-46.7
<b>2020 dividend</b>	<b>0</b>	<b>0.043</b>	<b>0</b>	<b>0</b>	<b>0.05</b>
DY%	0.00	2.98	0.00	0.00	2.70
<b>No. of shares</b>	<b>515,422,363</b>	<b>981,213,051</b>	<b>2,162,443,797</b>	<b>784,645,201</b>	<b>500,000,000</b>

\* availabilities, deposits, state titles

### 1.2. Portfolios. Strategies. Results.

EVERGENT Investments has four portfolios defined: FINANCIAL - BANKING, ENERGY - INDUSTRIAL, SELL and PRIVATE EQUITY. The management of portfolio holdings was made based on the multiannual strategies and 2021 Activity Program, namely:

- *Increase* for the Private-Equity Portfolio - “private equity” type approach within existent majority holdings (real estate, agriculture, other sectors).
- *Performance increase* for Financial – Banking and Energy-Industrial Portfolio and Energy-Industrial Portfolio – listed portfolios that offer liquidity to EVERGENT Investment assets, these being the main generators of income and sources for new investments.
- *Restructure* for the SELL Portfolio – sale of historic share portfolio.

EVERGENT Investments is a long-term investor and therefore investment performance is an essential objective in our activity. Our investment philosophy is focused on growth in an extended universe of opportunities through the possibility to invest in real-estate assets, corporate bonds not admitted to trading, shares of limited liabilities companies whose annual financial statements are audited according to the law and other instruments.

We are confident that an active, sustained portfolio management, EVERGENT Investment shall significantly increase the capital of our shareholders. Our listed portfolio is comprised through a dynamic assignment, different from the structure of BVB indexes and therefore we have the ability to generate alpha indicated two-figure returns for our assets, to the benefit of shareholders.

Private equity projects set us apart from other market players and bring an attractive risk/yield ratio, with significant long-term profit for our shareholders. We support the companies we invest in to reach their maximum potential. The new AIF framework allows the assignment of up to 40% of assets to this type of projects.

As investment perspective for the following years, we shall continue to keep our exposure on agribusiness and real-estate, but we can also develop our activity in fields that interfere with the two largest current topics: technological evolution and transformation of the environment. For example, we are focusing on finding and developing companies with clean resource technologies (water, soil, air) and green energy (photovoltaic).

## Context

BET-BK index, although it has a slight weaker evolution than in Q1 and Q2, has had one of the highest increase of the indexes taken into consideration in the third quarter of the year, being surpassed only by indexes in Hungary (BUX) and Czech Republic (PX). It is observed that indexes on developed markets have started to lose energy in Q3 2021, which may have an impact on those on emerging or border markets in the future. In comparison to the start of the year, the USD increase of BET-BK is ranking 4<sup>th</sup> in Europe after the indexes on markets in Estonia, Iceland and Czech Republic with a plus of 24,64%. BET, on the other hand, is slightly lower, at +20,06%.

For the last 12 months, BET-BK ranked second being exceeded by PX, the Prague market index and BUX that from Budapest.

Hungary and the Czech Republic were among the most affected countries in the world by the 3<sup>rd</sup> COVID wave, so it is possible that the return of the stock market is connected to the medical one. And in the last 12 months, the indexes of the large markets remained behind those in our region.

Index	Evolution Q3 2021 %	Evolution 12 months %	Standard deviation %
BET-BK	4.91	43.48	13.80
BUX	6.62	60.92	17.84
NASDAQ COMPOSITE	-0.38	29.38	9.99z
DAX	-4.26	18.27	8.87
NASDAQ ITALY	-0.97	29.50	10.52
CAC 40 INDEX	-2.38	34.24	12.36
PX	11.89	61.02	17.54
SAX	3.39	7.73	3.62
SOFIX	2.27	35.40	12.26
S&P 500	0.23	28.09	10.07
WIG 20	-0.79	30.61	12.32

### 1.2.1. FINANCIAL Portfolio

The financial – banking sector is the main investment pillar of EVERGENT Investments, representing 44,3% of total assets on 30.09.2021.

The main financial health indicators of the banking sector remain within the prudential limits set by the European Bank Authority. Resilience increased following the improvement of capitalization rate and liquidity position and the support offered by the tax and monetary policy, and the rate of non-performing credits decreased slightly, following the reduction of non-performing credits balance. Profitability consolidated up to values comparable to those registered before the start of the pandemic crisis.

On the longer term, uncertainties about the ability of some companies to remain viable after the cease of government support measures and programs are growing, but especially in the context of particularly large increases in energy prices and prices of other commodities and intermediate goods, as well as the extension of supply problems, which could lead to the restructure or bankruptcy of companies.

Other short-term risk factors looming over the bank sector are: the accumulation of tensions that could lead to adjustments in the stock market and real-estate market, and delay of structural reforms in the context of the persistence of political tensions and dynamics of the health crisis.

At the sixth monetary policy meeting this year, the Board of Directors of Romania's National Bank (BNR) decided to launch a new monetary cycle, by increasing the reference interest rate from 1,25% to 1,50%, in the context of inflation intensification and inflationist expectations. Analysts expect a more significant increase, of 0,5 percentage points to 2% up to the meeting on 9<sup>th</sup> November, since annual inflation in October would be close to 7% and there is a two months break of monetary policy decisions to come.

The solid balances of banks continue to provide sufficient credit availabilities. The active interest rates charged by banks in relation to companies and the population are at historical lows. Loans to the population remain resilient, especially for housing purchases. The relatively slower growth rate of lending to enterprises is mainly due to the fact that enterprises still have sufficient funding as a result of the considerable volume of loans contracted during the first wave of the pandemic. They have consistent cash holdings and do not distribute profit, which reduces their need for outside financing. For larger enterprises, bond issuance is an alternative to bank loans. The solid balances of banks continue to ensure sufficient credit availabilities.

According to the central bank's statistics, the total assets of the domestic banking sector rose by 1,9 quarter/quarter, 13% year/year and 4,6% ytd to 585,9 billion RON in Q2 (record level). The aggregate net financial result at the level of the Romanian banking sector increased by 48.2% year / year to RON 4.1 billion annualized in the first half: ROE (return on equity) and ROA (return on assets) indicators to 12.98%, respectively 1.43%. The solvency ratio decreased from 24.62% in Q1 2021 to 23.88% in Q2 2021, but remains at a very high level (well above the recommended minimum).

The liquidity excess in the money market remains ample. Thus, in October the National Committee for Prudential Supervision (CNSM), that BNR is part of, has decided not to extend the recommendations regarding the restrictions related to the distribution of dividends to banks during the COVID-19 pandemic, considering the consistent level of capital reserves and the similar position announced in July by the European Central Bank (ECB).

**BANCA TRANSILVANIA (TLV)** – remains the main stability and increase pillar of EVERGENT's portfolio. TLV share is included in FTSE Global Equities Index Series (2020).

EVERGENT Investments has implemented an internal mechanisms for the management of exposure subjected to the fluctuation of TLV share quotation, so that the level and prudential limits regarding holding per issuer (40%), per Group (50%) and bank share capital (10%) are abided by.

In the context of reaching a maximum price that caused the exposure on BANCA TRANSILVANIA issuer to near the 40% of the total assets allowed limit, based on the internal mechanism for exposure, sales were made on the market, obtaining important gains from transactions.

In 2021, the Bank rewarded its shareholders, both by distributing bonus shares in the percentage of 10% of the share capital and with dividends in the total amount of 500 million lei.

BANCA TRANSILVANIA continued its organic growth through the purchase of Idea Bank, so that following the transaction it may reach around 19% of the local market, which is about one fifth of the assets of the Romanian banking system, standing out from all other banks. Although Idea Bank is a small bank, Banca Transilvania consolidates through this acquisition its market share on loans and deposits, as well as the number of the customers. The transaction was approved in June and in October received all the necessary approvals from the Romania's National Bank and the Competition Council for the purchase of the entire share package held by Getin Holding Group in the share capital of Idea



Bank S.A., as well as the holdings of the companies from the Idea Bank Group Romania. The value of the transaction is 213 million lei (43 million euro). The companies from Romania that are under the IDEA brand represent 2,85 billion lei total assets, over 60.000 customers, 530 employees and 46 units, at the end of the previous year.

The results registered in the first 9 months of 2021 support the role of BANCA TRANSILVANIA as the main pillar of the economic recovery in 2021 and place the bank among the most profitable banks in the European Union, according to the registered rate of return on capital.

The bank's loan portfolio is very solid, with a non-performing exposure rate of 3.43% in Q3 2021, and the coverage of non-performing exposures with total provisions, according to EBA standards, was 147%, indicating the bank's prudent policy in terms of lending activity.

**BRD-SOCIETE GENERALE (BRD)** – the bank obtained in the first 9 months of the year, a positive financial performance, following the increase of the clients' transaction volumes. The interest income remained resilient (-1.5% of the annual dynamics in the first 9 months of 2021), the effect of lower market interest rates (average ROBOR interest rate at 3 months, -90 basis points year / year ) being tempered by the increase of the volumes.

It is the third largest bank in Romania, with a solid business model focused on the retail segment and a market share of 11% on assets.

The cumulated effects of economic recovery and consistent recoveries in the non-performing portfolio translated into net reversal of risk cost.

BRD managed to go through the crisis without jeopardizing its balance. The bank aims to grow in a healthy and constant manner, supporting the transition of Romanian economy towards sustainability. Its business model has a moderate risk being exclusively focused on the domestic market, diversified loans.

At the end of September, the bank had a solid capitalization rate of 26,9%, due to its own large funds following the fact that the dividends related to profits made in 2019 and 2020 were distributed only in a very small proportion.

The quality of the credit portfolio remains strong, with a NPL of 3,2%. Non-performing credits coverage degree of 75% remains at a solid level.

At the start of the current year, Fitch Ratings confirmed the implicit long-term issuer rating (IDR) of BRD-Groupe Societe Generale S.A. (BRD) at „BBB +” with negative perspectives.

**FINANCIAL INVESTMENT COMPANIES (SIFs)** – the holdings in SIFs (namely in SIF3 issuer) represented 1,49% of total assets on 30.09.2021.

### 1.2.2. ENERGY – INDUSTRIAL PORTFOLIO

The weight of the energy sector on 30.09.2021 was 11,44% of total assets, compared to 16,26% on 30.09.2020.

EVERGENT Investments analyses the possibility of assigning capital to projects from economic sectors that support the transition towards a sustainable economy, with low carbon footprint. For this purpose, we shall try to identify business segments that produce or supply goods, products and services that offer environment solutions. We consider that agriculture, renewable energy generating (hydro) or low carbon emission industries (nuclear energy or energy generated by modern combined-cycle power plants, can be classified as such. Nuclear energy may have a reversible effect on global warming given that energy demand is forecast to grow. During the nuclear combustible cycle, nuclear plants have very low greenhouse gas emission in comparison to other energy generation sources. In line with Romania's energy strategy, we think that gas and nuclear fuel are transition fuels, vital for European economy to reach neutrality targets by 2050.

In the scenarios analyzed by the International Energy Agency energy demand shall increase by 2,1% per year until 2040, especially in developed countries. It is estimated that the weight of zero carbon emissions energy shall increase from 36% at present to 52% by 2040. Romania supports the European union's environment objectives that target zero carbon emissions by 2050. The de-carbonization target that is to be reached by 2030, intermediary stage, has been accelerated from 40% to 55%. This ambitious target cannot be used without the use of all low carbon emission energies, especially nuclear energy and gas. Thus, the target undertaken by Romania is the reduction of CO<sub>2</sub> carbon emissions with 43,9% until 2030 in comparison to their level in 2005. At the same time, Romania aims to reduce its energy import dependence from 20.8% today to 17,8% by 2030 which means sustained investments in no carbon emission or transition production capacities, with basic production to insure the stability of the national energy system.

Current data indicate that the fossil fuels demand on global market is increasing, and so is their price. Gas price increase is also supported by the fact that at present there is no infrastructure to store energy from renewable sources on an industrial scale, or infrastructure for its transportation. Most probably, on the short and average term, the global energy system shall function in a hybrid manner. For Europe, this means that its dependence on Russian gas will continue both because of geography and energy infrastructure, and because in the programs of CO<sub>2</sub> emission reduction, gas will be preferred to the detriment of oil, on one hand and on the other because the transformation of global energy section will not be as fast as initially intended.

**Romania must rely on gas and nuclear gas in its transition to a carbon-free economy.** In Romania, one of the least efficient state from the energy point of view, with a strong coal dependence that have a weight of 16% in the local energy mix, going to a carbon-free emission will be extremely hard if gas is not used as intermediary fuel. Nuclear energy investments have the strong advantage of not producing emissions and contribute to reaching the targets.

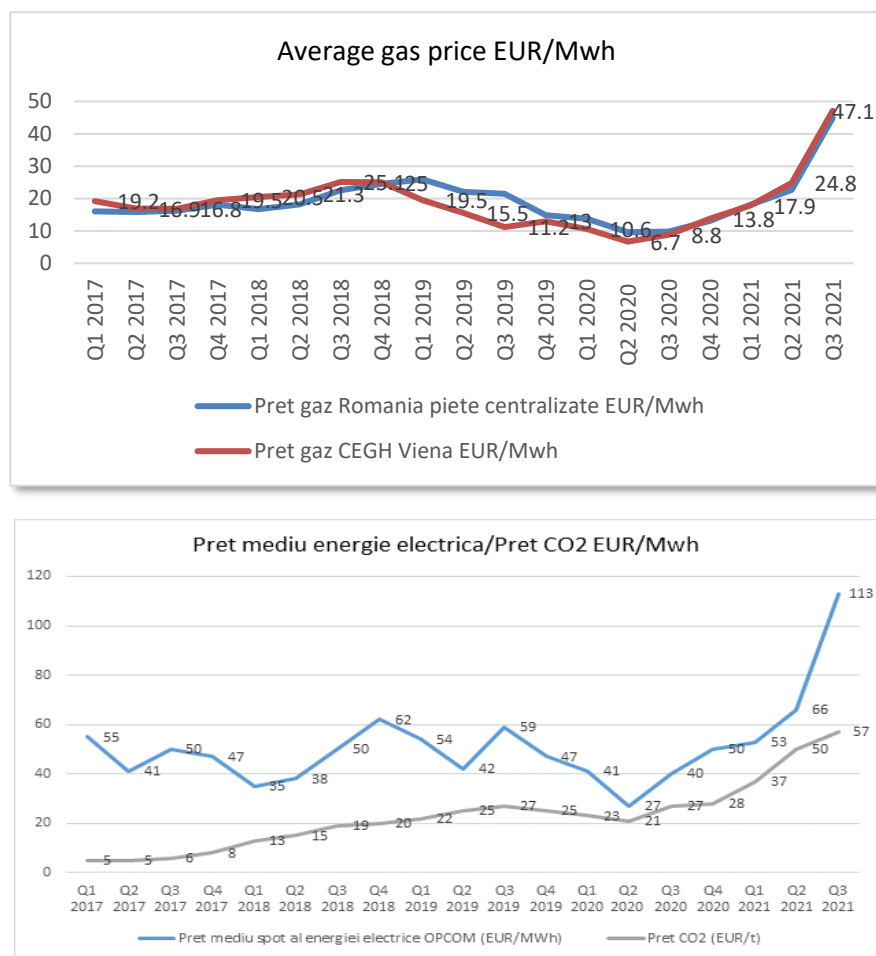
In 2021, Russian gas imports could not compensate the demand increase following the restart of economies after the coronavirus, reduction of European production following the closing of several reserves in Europe (Norway, Denmark, Holland) and the natural decline (Romania) or increase of liquid natural gas demand on Asian markets. Green light for Nord Stream 2 pipeline is still pending.

The increase of gas prices is the result of a strong demand recovery, lower Russian gas volumes and imported LNG. Natural gas prices are dictated by Russian gas. 40% of Europe's consumption is provided by Gazprom, who is automatically the market-maker and until Nord Stream 2 is functional, there will be no gas price reduction. Gas reserves in Europe were under the average in September since deliveries from Russia, LNG from USA and from Norway were lower. At the same time, gas reserves in Europe were 2% under the average in Romania, while in the previous year they were 30% above average. Gazprom's sale to Europa were 11% lower in September 2021 than in the same month of 2020 and 19% lower than in 2019. The high demand from Asia caused American companies to sell their merchandize where the price is better. U.S.A can deliver gas and oil to Europe, not electric energy and this aspect is important for the average and long term in the context of the "green" agenda that will turn electric energy into the "new oil".

Electric energy price increased in 2021 due to low production, high consumption following the pandemic, increase of CO<sub>2</sub> certificate prices because of Green Deal Pact. In order to reach intermediary targets proposed for 2030 (-55% for carbon dioxide emissions), CE considers a price of over 60 euro/certificate as necessary".

The rise of CO<sub>2</sub> certificate prices and prices of natural gas should be a warning for EU that gas and fossil fuel cannot be quickly replaced by renewable energy and that the transition to a carbon-free economy cannot be made without natural gas.

## Evolution of average quarterly prices of gas and electricity on Romanian market and CEGH (EUR/Mwh).



**NUCLEARELECTRICA (SNN)**– the deep paradigm shifts in the energy industry, namely the transition from fossil fuels to electricity consumption, ideally positions SNN for value recognition. Coupled with massive investment plans for the increase of the production capacity of reactors 3 and 4, SNN will consolidate its business model with net profit margins over 25% and dividend return of over 6% on the average term.

Since the beginning of this year, the electricity market has become liberalized again, leading to higher prices and encouraging investment in this industry. In addition, rising carbon prices are driving up electricity prices. For example, electricity prices in September 2021 on the DAM market were 668.31 RON / MW compared to 225.58 RON / MW in September 2020. Hidroelectrica directly benefits from this transition due to higher average prices and consequently higher margins.

In the context of Green Deal conditions, the price of CO2 certificates will continue to rise, driving up the price of electricity. Nuclearelectrica benefits from this context, because the company produces cheap energy and its production costs are not affected by the increase of the CO2 certificate price.

**ROMGAZ (SNG)** – has very good prospects for increasing profitability in the current favorable context of the gas market. Romgaz sells around 80% of its production through 1 year contracts. Romgaz sells 40% of its natural gas production through the centralized natural gas market for market prices, while the rest of the sales are through bilateral contracts for which price updates may take 2-3 quarters. These bilateral contracts are longer forward contracts with negotiated prices. In August-September 2021 ROMGAZ signed bilateral contracts for the new gas year (October 2021- September 2022) for prices based on future prices on CEGH and BRM. The current high gas prices will be reflected in ROMGAZ's results starting in Q4 2021 until Q3 2022.

**Romgaz has completed exclusive negotiations and reached an agreement with ExxonMobil Exploration and Production Romania Holdings Ltd, on the terms and conditions corresponding to the acquisition of interest in Neptun Deep project, and the transaction could be completed in the first quarter of 2022.** Neptune Deep project shall contribute to the development of gas production and maintain the reserve replacement rate on the average term.

The final investment decision FID depends on offshore law that should be approved in Parliament this year.

S.N.G.N. ROMGAZ S.A. 2021 – 2030 strategy, approved by shareholders on 4<sup>th</sup> November 2021 foresees the reduction by at least 10% of carbon, methane and other gas emission, in comparison to their level in 2020.

The main action directions in Romgaz strategy project: injection of carbon dioxide in exhausted gas reserves in anticipation of delivering storage services, reduction of technological natural gas quantities burned controllably, by applying solutions to collect methane and use it, setup of production units for methanol and oils, development of facilities for 180 MW renewable energy production, with the commissioning of a photovoltaic facility of 60MW by the end of 2023.

The Company aims to extend the exploitation life of mature deposits, through rehabilitation, concession of new perimeters, maximization of the recovery factor of hydrocarbon reserves, development of new exploration and exploitation projects, maintaining the annual decline of gas production under 2,5%.

**AEROSTAR (ARS)** is a leader in Romania for the manufacture of aviation products, a renowned supplier in the supply chain of several global programs. The final products for which the parts, subassemblies and equipment manufactured by Aerostar are used are Airbus, Boeing, Bombardier, Dassault or Gulfstream airplanes. AEROSTAR is the main independent supplier of maintenance services in Romania and the region for Airbus 320 and Boeing 737. At the same time it is a first-class supplier for MAPN in the field of air, ground and naval defense systems. The solidity of the business model and efficient management represent the guarantee of successfully overcoming the challenges that the aeronautic and air transport field is currently facing.

IATA and other groups in the industry – expect that passenger traffic return to the 2019 level in 2023-2024 and then in several years return to the long-term increase tendency, stated David Calhoun CEO and President of Boeing on 28<sup>th</sup> July 2021.

By mid-2021, the vast majority of companies in the Western aerospace and commercial defense industry registered stable financial results.

### 1.2.3. PRIVATE EQUITY Portfolio. EVERGENT Investments Group

On 30<sup>th</sup> September 2021, the assets of the 6 subsidiaries of the EVERGENT Investments Group registered a value of 186.8 million lei, representing 7.19% of the total assets of EVERGENT Investments.

Members of EVERGENT Investments Group:

No.	Subsidiary name	EVERGENT Investments' direct holding – mother company %	Weight of total assets % 30.09.2021	Company type (closed/ listed)	Activity
1	EVERLAND SA Bacau	99,99	1,69	Unlisted	Real estate - private equity portfolio
2	TESATORIILE REUNITE SA Bucuresti	99,99	1,67	Unlisted	
3	REGAL SA Galati	93,02	0,35	BVB-ATS (REGL)	
4	MECANICA CEHLAU SA Piatra Neamt	73,30	0,91	BVB-REGS (MECF)	Agriculture - private equity portfolio
5	AGROINTENS SA Bucuresti	99,99	1,79	Unlisted	
6	CASA SA Bacau	99,60	0,77	Unlisted	Garnishment and support of EVERGENT Investments
<b>Total</b>			<b>7,19</b>		



According to its *Investment Strategy and Policy*, EVERGENT Investments has an investment strategy to develop its PRIVATE EQUITY Portfolio, characterized by:

- a) Implementation of projects in various activity sectors and business development through the companies in EVERGENT Investments' historic portfolio.
- b) Investments in this portfolio represent a “private equity”-type approach that involves the **development of existent majority holdings (real-estate, agricultural machines, agribusiness) and new investments as well (real-estate, agribusiness)**, and offer average or long-term increase opportunities.

**Rules applied in accordance with AIFM legislation**

- ✓ Private equity type investments through which control is obtained on unlisted companies is in the line with the multiannual investment strategies and legal risk and prudential limits of EVERGENT Investments, without representing the main investment activity.
- ✓ EVERGENT Investments is a shareholder with a holding of over 99% in all unlisted shares. In the selection of monitoring of investments in unlisted companies, EVERGENT INVESTMENTS applies a high level of diligence, its staff holds the adequate professional skills and abilities for the activities that are specific in the investment fields: financial analysis, legal, commercial and technical analysis, negotiation, conclusion of agreements and contracts.
- ✓ These assets are assessed in compliance with the evaluation policies and procedures, their value being reported on a monthly basis.

The “private equity” type approach involves an active involvement in entrepreneurial projects, which leads to an increase of managed assets profitability and offers the possibility to compensate the risks of possible involutions of EVERGENT Investments ownership interest in listed companies.

Part of the investments presented in the paragraphs below are in the growth/development stage while others are in the maturity stage of the business life cycle.

### 1.2.3.1. AGROINTENS SA – "BLUEBERRY FARM extension" Blueberry Farm Project ([www.agrointens.ro](http://www.agrointens.ro))

Agrointens SA is a company whose activity consists in the exploitation and capitalization of blueberry farms.

**Project description:** The object of the project is the setup and development of blueberry farms. At present the following farms: Vistea –Brasov district, Mandra–Brasov district and Popesti–Arges district are in various development stages. At the end of the reporting period the planted area was 86 ha

**EVERGENT Investments' investment:** 7,6 mil euro.

**Current status:** Seasonal agriculture works have been carried out.

#### Q3 2021 Financial Results

Indicators – AGROINTENS (mii lei)	2021 IEB	Achieved Q3 2021	Achieved Q3 2021 / 2021 IEB (%)
Total income	12.049	7.886	65,5
Total expenses	(12.490)	(8.862)	70,9
Net profit/(Loss)	(441)	(976)	na

### 1.2.3.2. EVERLAND SA (ex. AGROLAND CAPITAL SA) –Iasi real-estate project

**Premises:** The company was setup for the purpose of capitalizing on investment opportunities from the agri-business – real estate field for the purpose of generating value for the shareholders. We have purchased assets belonging to Iasitex SA Company, located in the central area of Iasi municipality, with significant real estate development potential, on all segments: residential, office and commercial:

- ✓ Held land of around 25.800 square meters;
- ✓ Administrative building (GF+8) with a built area of 4.600 square meters.

**Status:**

- ✓ All preliminary approvals for the zonal urban plan have been obtained. The announcement of the

draft resolution on the zonal urban plan has been published on the website of Iasi Town Hall.

- ✓ Maximum built area is 83.800 square meters, the value of the project being estimated at around 90 million euro
- ✓ In June 2021, the Company setup an investment vehicle with 100% for the purpose of developing later real-estate project.

### Financial Results Q3 2021

Indicators – EVERLAND SA (thousand lei)	2021 Budget	Achieved Q3 2021	Achieved Q3 2021 / 2021 Budget (%)
<b>Total income</b>	39	73	187
<b>Total expenses</b>	(2.422)	(528)	22
<b>Net profit/(loss)</b>	(2.383)	(455)	na

The loss was generated by operating expenses.

### 1.2.3.3. CASA SA

The Company manages own real estate and those belonging to EVERGENT Investments and delivers real estate management services in the property of EVERGENT Investments.

#### Q3 2021 Financial results

Indicators – CASA SA ((thousand lei)	2021 Budget	Achieved Q3 2021	Achieved Q3 2021 / 2021 IEB (%)
<b>Total income</b>	3.958	1.889	48
<b>Total expenses</b>	(3.713)	(1.582)	43
<b>Net profit/(loss)</b>	245	307	125

Revenue obtained in the reporting period were affected by Covid 19 pandemic.

### 1.2.3.4. MECANICA CEAHLAU SA

The company manufactures agricultural equipment for land process and distributes (i) Steyer and Hart tractors, (ii) Project herbicide equipment and (iii) Stoll front loaders.

#### Q3 2021 Financial results

Indicators – Mecanica Ceahlau SA (thousand lei)	2021 Budget	Achieved Q3 2021	Achieved Q3 2021 / 2021 Budget (%)
<b>Total income</b>	31.064	27.356	88
<b>Total expenses (except income tax)</b>	(29.734)	25.491	86
<b>Net profit / (loss)</b>	980	1.368	139

### 1.2.3.5. REGAL SA

On the reporting date the company owned 5 commercial areas plus an administrative headquarters, with a built area of 2.200 square meters. The company continues the sale of the commercial areas, in accordance with the strategy approved.

#### Q3 2021 Financial results

Indicators – REGAL (thousand lei)	2021 Budget	Achieved Q3 2021	Achieved Q3 2021 / 2021 Budget (%)
<b>Total income</b>	1.881	470	25
<b>Total expenses (except profit tax)</b>	(1.783)	554	31
<b>Net profit/(loss)</b>	82	(89)	na

Revenue obtained in the reporting period were affected by Covid-19 pandemic, without jeopardizing the continuation of activity, but affected the profitability of the company.

### 1.2.3.6. TESATORIILE REUNITE SA

#### **Real-estate projects in the Northern area of Bucharest**

The company holds in the northern area of Bucharest the following properties for real-estate development: (i) a plot of land of 1,9 ha and (ii) a land of 1,6 ha, purchased in July 2021.

## Q3 2021 Financial Results

Indicators – Tesoriile Reunite SA (thousand lei)	2021 Budget	Achieved Q3 2021	Achieved Q3 2021 / 2021 Budget (%)
<b>Total income</b>	2.190	928	42
<b>Total expenses (except income tax)</b>	(9.194)	(3.088)	34
<b>Net profit/(loss)</b>	(7.004)	(2.160)	na

\*\*\*

**Note:** Private Equity Portfolio also monitors the following companies:

- ✓ NORD SA - 18,19% holding of share capital and Professional Imo Partners SA - 31,42% holding of share capital, that directly/indirectly participate to the implementation of "**Veranda Mall**" Bucharest Project
- ✓ STRAULESTI LAC ALFA SA - 50% holding of share capital, that implements "**Atria Urban Resort**" Project Bucharest.

### 1.2.3.7. "VERANDA MALL" Trade Center real-estate project

([www.verandamall.ro](http://www.verandamall.ro))

**Description:** the investment project consisted in the construction of "VERANDA MALL" Trade Center in Bucharest and its operation through Veranda Obor SA Company. The trade center is a proximity mall located in a heavily populated area with commercial traffic, Obor-Colentina. "VERANDA MALL" opened on 27.10.2016.

**Project characteristics:** GLE (built area) around 67.000 square meters; GLA (rentable area) around 34.000 square meters after extension; no. of renting stores: 100; occupation degree: 97%

**Investment:** The value of EVERGENT Investments' investment amounts to 14,3 mil euro. EVERGENT Investments indirectly holds in Veranda Obor SA a holding around 37% through Professional Imo Partners SA (PPLI) and Nord SA (NORD), companied listed on BVB – ATS segment.

**Current status** – because of the Covid-19 pandemic, the mall decreased its activity, each legislative modification/ order related to Covid-19 reflected in mall traffic, the most affected areas being those for entertainment (cinema, play areas for children) and restaurants that registered revenue decrease, later reflected in the trade center's turnover.

### 1.2.3.8. STRAULESTI LAC ALFA SA

"**ATRIA URBAN RESORT**" Residential Real-estate Project ([www.atriaresort.ro](http://www.atriaresort.ro))

EVERGENT Investments invests in "ATRIA URBAN RESORT" real-estate project, developed through Company STRAULESTI LAC ALFA SA. The project targets the building of 1.381 apartments, in 4 stages, on a land area of around 9 ha, located in the NW part of Bucharest municipality, in the vicinity of Colosseum Retail Park with quick access to Piata Victoriei and the Northern part of the capital city.

**Investment:** EVERGENT Investments is shareholder in STRAULESTI LAC ALFA SA, along with CityRing Property SRL and Mr. Liviu Lepadatu who provides the management of the real-estate project development. EVERGENT Investments' total investment is 8,3 mil euro. Project financing is provided both with own capital and bank loan, and the estimated project completion value is over 100 million euro.

**Current status:**

- ✓ Stage 1:
  - Includes a number of 160 apartments (studios, two and three rooms) completed at the end of 2019;
  - Sale status – 97% of sale-purchase contracts / preliminary contracts for apartment sales;
- ✓ Stage 2 (398 apartments):
  - Works started in December 2019;

- Reception: October 2021;
  - Preliminary contracts were signed for around 66% of the apartments.
- ✓ Stage 3 (338 apartments) – planning running.

### Q3 2021 Financial Results

Indicators – STRAULESTI LAC ALFA SA (thousand lei)	2021 Budget	Achieved Q3 2021	Achieved Q3 2021 / 2021 Budget (%)
<b>Total income</b>	80.337	48.777	61
<b>Total expenses</b> (except income tax)	(64.965)	(49.790)	77
<b>Net profit</b>	15.372	(1.033)	na

Sale of Stage 2 apartments shall start in Q4 2021.

### 1.2.4. “SELL” Portfolio

In order to reach the investment objectives foreseen by EVERGENT Investments' Investment Strategy and Policy and 2021 Activity Program, continued to reduce the weight of SELL Portfolio, a portfolio selected based on low liquidity, performance and growth potential criteria. Thus, on 30<sup>th</sup> September 2021, the weight of SELL portfolio was 0,37% of total assets value, in comparison to 1,56% on 30<sup>th</sup> September 2020, the main strategy applied being restructure through sale. To the extent that the positions in this portfolio are sold, the liquidities feed EVERGENT Investments' investment needs.

Until 30<sup>th</sup> September 2021 holdings held by EVERGENT Investments in Compa SA Sibiu and Agricola International SA Bacau were sold in full.

S We have actively participated to the General Meetings of Shareholders of the companies in the portfolio, we have submitted questions to the Board of Directors of the companies in the portfolio, we have submitted challenge proposals for the resolution of the general meetings of shareholders that affected the interests of minority shareholders, we have submitted convening requests and/or requests for the amendment of the agenda of the General Meeting of Shareholders.

### 1.2.5. Implementation of 2021 Investment Program

EVERGENT Investments has analyzed and implemented investments *compliant with the directions and principles presented in 2021 Activity Program*, approved by the shareholders in the Ordinary General Meeting of Shareholders on 29<sup>th</sup> April 2021.

mil. lei	2021 Activity program	Achieved Q3 2021	% achievement Q3 2021
<b>Total investment program</b> , of which assigned for the following portfolios:	<b>140</b>	<b>99,9</b>	<b>71,3</b>
• <b>FINANCIAL - BANKING</b>	55,8	54,4	97,4
• <b>ENERGY - INDUSTRIAL</b>	20	12,7	63,5
• <b>PRIVATE EQUITY</b>	29,2	24,9	85,2
• <b>Other investments</b>	35	7,9	22,5



## 2. Financial Position and Performance.

The condensed individual statements for the nine months' period concluded on 30<sup>th</sup> September 2021, were prepared in accordance with IAS 34 "Interim Financial Reporting" and applying the provisions of Rule 39/2015 for the approval of Accounting regulations compliant with the International Financial Reporting Standards ("IFRS"), applicable to entities authorized, regulated and supervised by FSA. Within the meaning of Norm 39/2015, IFRS represents the standards adopted according to the procedure provided by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, as subsequently amended and supplemented.

In the first nine months of 2021 the financial position and performance of the Company registered a significant increase based on the continuation of the upward trend of quotations on the financial markets started in the last part of 2020, following the significant decrease at the start of the crisis generated by the COVID 19 pandemic.

### 2.1. Comprehensive income. Management Expenses. Financial Position.

#### ➤ □ Individual statement of comprehensive income:

(lei)	2019 (audited)	9 months 2020 (unaudited)	2020 (audited)	9 months 2021 (unaudited)
<b>Income</b>				
Dividend income	97.667.837	39.203.304	89.107.709	54.656.711
Interest income	4.221.743	2.246.321	2.913.568	3.090.091
Other operating income	2.237.211	876.504	1.082.041	801.377
Net gain/ (net loss) from FVTPL financial assets	79.182.413	(41.952.332)	(50.074.477)	50.589.139
Net gain from the sale of financial assets	-	-	191.429	-
Net gain/ (net loss) from the revaluation of investment property	632.131	-	(33.547)	-
<b>Expenses</b>				
(losses)/loss reversal from financial assets impairment	(299.221)	(45.884)	(275.130)	2.180.921
(Losses)/loss reversal from impairment of non-financial assets	49.642	628	628	-
(Setup)/reversal of provisions for risks and expenses	2.196.967	37.573	239.144	(1.618.599)
Expenses with wages, indemnities and other similar expenses	(29.935.965)	(12.480.949)	(23.607.641)	(13.219.532)
Other operating expenses	(9.915.247)	(6.037.858)	(9.067.642)	(7.255.837)
<b>Operating profit /(loss)</b>	<b>146.037.511</b>	<b>(18.152.693)</b>	<b>10.476.082</b>	<b>89.224.271</b>
Expenses with interest related to leasing contract liability	(35.336)	(30.300)	(39.736)	(26.253)
<b>Profit /(loss) before tax</b>	<b>146.002.175</b>	<b>(18.182.993)</b>	<b>10.436.346</b>	<b>89.198.018</b>
<b>Income tax</b>	<b>(18.632.548)</b>	<b>(1.110.959)</b>	<b>(4.609.320)</b>	<b>(6.839.732)</b>
<b>Net profit /(Net loss)</b>	<b>127.369.627</b>	<b>(19.293.952)</b>	<b>5.827.026</b>	<b>82.358.286</b>
<b>Other comprehensive income elements</b>				
Increase/ (decrease) of reserve from the revaluation of tangible assets, net of deferred tax	(140.859)	20.282	(170.598)	18.499
Net gain/ (Net loss) from the revaluation of FVOCI financial assets	341.465.711	(186.193.234)	(153.598.721)	392.570.025
Other gain from the derecognition of financial assets at fair value through other comprehensive income	423.500	-	-	-
<b>Other comprehensive income elements – elements that will be reclassified in profit or loss</b>	<b>341.748.352</b>	<b>(186.172.952)</b>	<b>(153.769.319)</b>	<b>392.588.524</b>
<b>Net gain/ (Net loss) from the revaluation of FVTOCI bonds</b>	<b>130.959</b>	<b>(120.208)</b>	<b>29.587</b>	<b>17.327</b>
<b>Other comprehensive income elements – elements that will be reclassified in profit or loss</b>	<b>130.959</b>	<b>(120.208)</b>	<b>29.587</b>	<b>17.327</b>
<b>Other comprehensive income elements - Total</b>	<b>341.879.311</b>	<b>(186.293.160)</b>	<b>(153.739.732)</b>	<b>392.605.851</b>
<b>Total comprehensive income corresponding to the financial year/period</b>	<b>469.248.938</b>	<b>(205.587.112)</b>	<b>(147.912.706)</b>	<b>474.964.137</b>
<b>Basic and diluted earnings per share (net profit/(loss) per share)</b>	<b>0,1290</b>	<b>(0,0196)</b>	<b>0,0059</b>	<b>0,0844</b>
<b>Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)</b>	<b>0,2008</b>	<b>0,0175</b>	<b>0,0571</b>	<b>0,1847</b>

Net profit registered in the first 9 months of 2021, of 82,4 mil. lei, was generated mainly from dividend income of 54,7 mil. lei and net gain from the sale of financial assets at fair value through profit or loss (FVTPL), of 50,6 mil. lei (the highest part being unrealized gain from the revaluation of fund units in the portfolio).

Comprehensive income was significantly influenced by net gain from the revaluation of financial assets measured at fair value through other comprehensive income (FVTOCI) registered in the first 9 months of 2021, of 392,6 mil. lei, generated mainly from the price increase of listed shares in the portfolio, classified in this category (mainly Banca Transilvania, Romgaz, Aerostar and BRD – Groupe Societe Generale).

Starting on the 1<sup>st</sup> January 2018, with the coming into force of IFRS 9 "Financial Instruments", in case of shares, depending on their classification, gain or loss from sale is reflected either in profit or loss (in case of FVTPL financial assets), or directly in Retained earnings (in case of FVTOCI financial assets), unlike in the previous period when, in accordance with IAS 39 "Financial Instruments" Recognition and Measurement", they were fully reflected in profit or loss.

Consequently, the management of the Company considers besides the net result, including the net profit / (net loss), the gain from the sale of FVTOCI Financial assets as performance indicator:

(lei)	2019 (audited)	9 months 2020 (unaudited)	2020 (audited)	9 months 2021 (unaudited)
<b>Profit net / (Net loss)</b>	127.369.627	(19.293.952)	5.827.026	82.358.286
<b>Net gain corresponding to the transfer of FVOCI* financial assets, net of tax, recycled in retained earnings</b>	70.411.765	36.501.026	50.247.530	97.903.676
<b>Net result (including Gain from the transfer of FVOCI financial assets)</b>	<b>197.781.392</b>	<b>17.207.074</b>	<b>56.074.556</b>	<b>180.261.962</b>

\* represents a reclassification from other elements of comprehensive income to retained earnings

### ➤ Management Expenses.

The monthly average percentage of management expenses represents 0,13%, of total assets value

**The monthly average percentage of management expenses represents 0,13% of total assets value**, being on the low side of average commissions paid to management companies by investment funds (0,08%-0,25%).

### Structure of management expenses

<b>Management expenses (lei)</b>	<b>20.061.437</b>
<b>Expenses with wages, allowances and similar, of which:</b>	<b>13.252.290</b>
- wages and indemnities, without profit share of employees and managers	12.930.664
- expenses for social insurance and protection	288.868
- professional training expenses	32.758
<b>Expenses for outsourced services and other operational expenses</b>	<b>6.416.490</b>
<b>Expenses for energy and water</b>	<b>278.849</b>
<b>Expenses for fuel and materials</b>	<b>113.807</b>

**Management expenses** include expenses directly related to the carrying out of current activity.

In management expenses, the main weight of 66%, is held by *expenses for wages, allowances and similar* (wages, allowances, social benefits and expenses for the professional training of staff and managers). For more details on expenses for wages, allowances and other similar expenses divided into fixed and variable categories, see explanatory note 7 to the Individual Financial Statements on 30<sup>th</sup> September 2021.

*Expense for outsourced services and other operating expenses* represent 32% din of total management expenses and mainly include expenses for the monitoring of companies in the portfolio, professional consulting, area and archive management, insurance, post expenses and subscriptions, rents, royalties, concession fees, protocol expenses, travel, maintenance and repair expenses, other operating expenses.

➤ **Individual statement of financial position:**

(lei)	31 <sup>st</sup> December 2019 (audited)	30 <sup>th</sup> September 2020 (unaudited)	31 <sup>st</sup> December 2020 (audited)	30 <sup>th</sup> September 2021 (unaudited)
<b>Assets</b>				
Cash and current accounts	1.291.803	312.311	327.423	241.544
Bank deposits	97.115.086	56.751.746	85.057.575	214.553.717
Financial assets at fair value through profit or loss	389.164.163	346.584.516	364.462.371	398.324.084
Financial assets at fair value through other elements of comprehensive income	1.830.970.481	1.629.344.251	1.643.409.645	1.893.381.293
Bonds at amortized cost	24.530.592	17.630.045	16.644.595	34.740.547
Bonds at fair value through other comprehensive income	3.942.270	3.951.915	3.802.401	4.073.559
Investment	4.137.404	4.137.404	4.103.857	4.103.857
Intangible assets	58.092	40.097	368.884	367.078
Property, plant and equipment	7.907.094	7.785.395	7.503.594	7.216.689
Right-of-use assets	974.181	931.448	1.132.811	831.501
Other financial assets at amortized cost	3.861.629	3.044.765	8.104.606	41.500.521
Other assets	168.914	409.109	344.410	413.997
<b>Total assets</b>	<b>2.364.121.709</b>	<b>2.070.923.002</b>	<b>2.135.262.172</b>	<b>2.599.748.387</b>
<b>Liabilities</b>				
Lease liabilities	1.002.104	968.156	1.070.045	778.354
Dividends payable	31.036.100	47.643.777	35.818.292	46.862.440
Provisions for risks and expenses	368.488	968.156	129.344	1.747.943
Deferred tax liabilities	122.787.036	47.643.777	90.800.183	129.752.753
Current tax liabilities	7.912.060	4.751.914	4.171.854	7.874.476
Financial liabilities at amortized cost	1.016.121	583.834	944.439	638.721
Other liabilities	2.515.951	1.251.167	3.292.889	1.551.265
<b>Total liabilities</b>	<b>166.637.860</b>	<b>141.085.295</b>	<b>136.227.046</b>	<b>189.205.952</b>
<b>Equity</b>				
Share capital	521.004.761	514.402.388	514.402.388	510.105.062
Retained earnings	881.728.409	822.695.211	871.860.684	1.000.961.365
Reserves from the revaluation of property, plant and equipment	8.698.494	8.718.775	8.527.896	8.546.395
Reserves from the revaluation of financial assets at fair value through other comprehensive income	795.634.481	572.820.013	591.817.817	886.501.493
Treasury shares	(30.335.310)	(4.453.000)	(9.595.338)	(5.119.508)
Equity-based payments to employees, directors and administrators	20.142.446	13.077.647	18.457.300	5.398.224
Other equity elements	610.568	2.576.673	3.564.379	4.149.404
<b>Total equity</b>	<b>2.197.483.849</b>	<b>1.929.837.707</b>	<b>1.999.035.126</b>	<b>2.410.542.435</b>
<b>Total liabilities and equity</b>	<b>2.364.121.709</b>	<b>2.070.923.002</b>	<b>2.135.262.172</b>	<b>2.599.748.387</b>

In the first 9 months of 2021, EVERGENT Investments' total assets increased by around 22%, mainly due to the increase of FVTOCI financial assets, caused by the favorable evolution of prices of listed shares in the portfolio, classified in this category and FVTPL financial assets, caused mainly by the increase of fair value of fund units, as well as value increase of bank deposits caused by the share sale volume.

The increase of total liabilities was mainly generated by the increase of deferred tax liabilities corresponding to the reserve from the revaluation of FVTOCI financial assets that increased in the first 9 months of 2021. Deferred profit tax was calculated in accordance with IFRS provisions.

## 2.2. Performance Indicators

	2019	9 months 2020	2020	9 months 2021
<b>Current liquidity indicator</b>	11,6	7,5	10,4	11,5
<b>Rotation speed of debits-clients</b>	12	22	23	62
<b>Rotation speed of intangible assets</b>	0,10	0,025	0,06	0,056
<b>Net profit / (net loss) per share (lei/share)</b>	0,1290	(0,0196)	0,0059	0,0844
<b>Earnings per basic share (lei/share)</b>	0,2008	0,0175	0,0571	0,1847

### Specifications:

- ✓ Current liquidity indicator = current assets/ current liabilities
- ✓ Rotation speed of debits-clients = average balance of claims/ turnover x no. of days for the reporting period
- ✓ Rotation speed of non-current assets = revenue from current activity / non-current assets

Earnings per basic share (lei/share) = (net profit + gain from the transfer of FVTOCI assets) / share number

Note: (1) *Turnover* includes revenue from dividends, interest, other operating revenue and net gain from financial assets at fair value through profit or loss; (2) *Earning per share*, namely net profit per share have been calculated using the average number of shares in circulation (e.g. excluding redeemed shares and including shares assigned to employees and administrators within the Stock Option Plan program).

## 2.3. 2021 Budget Achievement Degree

million lei	Budgeted 2021	Achieved on 30 <sup>th</sup> Sept. 2021	Achievement degree %
<b>Total income</b>	<b>63,6</b>	<b>109,8</b>	<b>173</b>
<b>Financial income</b>	62,7	108,4	173
• Dividend income	31,4	54,7	174
• Income from bank deposits and bonds	2,9	3,1	107
• Gain from FVTPL financial assets	28,4	50,5	178
• Other financial income	-	0,1	-
<b>Other operating income</b>	0,9	1,4	156
<b>Total expenses</b>	<b>(45,8)</b>	<b>(20,6)</b>	<b>45</b>
<b>Financial expenses</b>	(0,7)	(0,5)	75
• Transaction commissions expenses	(0,7)	(0,5)	76
<b>Current activity expenses</b>	(45,1)	(20,1)	45
<b>Gross profit</b>	<b>17,8</b>	<b>89,2</b>	<b>501</b>
<b>Income tax</b>	(1,4)	(6,8)	486
<b>Profit/ net (A)</b>	<b>16,4</b>	<b>82,4</b>	<b>502</b>
<b>Net gain from the sale of FVTOCI (B)</b>	<b>57,5</b>	<b>97,9</b>	<b>170</b>
<b>Net result (C)= (A)+(B)</b>	<b>73,9</b>	<b>180,3</b>	<b>244</b>

**Net result** registered in the first 9 months of 2021 is nearly 2,5 times higher than the level budgeted for the entire 2021, mainly due to:

- ✓ Net profit achieved that is about 5 time higher than the budgeted one because of the net gain from FVTPL financial assets, with a significant value in the first 9 months of 2021 determined by the fair value increase of investments in fund units.
- ✓ 70% exceeding of the budgeted level for gain from sale of FVTOCI assets.

Also, the dividend income registered in the first 9 months exceeded by 74% the budgeted level.

At the same time, the expenses related to the current activity (main category of expenses) represent 45% of the total budgeted for the entire 2021.

### 3. EVER share market

No. of shares: 981.213.051  
 Nominal value: 0,1 lei  
 Share capital: 98.121.305 lei  
 capitalization: 1.417.852.859 lei  
 30.09.2021 (287 million euro)

Price: 1,44 lei, EPS: 0,08 lei, PER:18 ; DIVY: 2,98 %  
 52 m: 1,19 lei; 52 M: 1,54 lei

Market on which EVER Share is traded: Bucharest Stock Exchange, *Premium* category, since 01.11.1999. Between November 1999 and March 2021 it was traded under the SIF2 symbol.

The shares and shareholders' records are kept according to the law by SC Depozitarul Central SA.

#### Evolution of EVER share between 30.09.2020 – 30.09.2021



(Source: Bloomberg Finance)

#### Yields: EVER share, VUAN EVER, BET-FI

Yields 30.09.2021 (%)	EVER share	BET-FI	VUAN EVER
1 month	7,04	3,43	3,27
3 months	7,04	1,07	8,08
6 months	1,40	9,59	13,55
12 months	12,89	26,70	27,18

Note: series of historic prices and NAV taken into consideration for the calculation of yield/risk indicators are adjusted with issuers' corporate events.

#### Risk analysis (1Y. daily series): EVER share/BET-FI

Indicator	EVER share	BET-FI
Annualized volatility (%)*	21,00	12,02
Beta**	0,87	1,00

\* Volatility (12M) = annualized volatility

\*\* Beta = price sensitivity to market movements

Related information in  
**Corporate Governance  
 Code  
 of EVERGENT  
 Investments**

Chapter 16. Evaluation  
 of the company performance  
 and performance of EVER  
 share

Starting on 26.07.2021 EVERGENT Investments SA receives the Market Maker services of Raiffeisen Centrobank AG, for the purpose of increasing the liquidity of EVER shares and decrease of their volatility on the market.



## 4. Risk Management

EVERGENT Investments sets and permanently maintains operational the risk management position that is hierarchically and functionally independent from the activities generating risk exposures and has access to all relevant information.

One of the main components of the risk management system is the permanent risk management function. This function plays a main role in defining the policy for risk management and monitoring in the Company, in order to ensure the constant compliance of the risk level with the risk profile of the company.

The responsibility of risk management is not limited to the level of the specialists in the risk field or control functions. Operational structures, under the supervision of the management functions are first of all responsible for the daily management of risks, given the risk appetite and in accordance with the policies, procedures and controls of EVERGENT Investments.

The risk management activity is carried out by the risk management department that is subordinate to the Board of Directors, and from the administrative point of view it is subordinate to the CEO. Due to its position in the organizational chart, the direct access and reporting of activity on the level of the Audit Committee and Board of Directors, as well as the independence necessary to carry out the risk management activity are insured.

### 4.1. Risk Management Policy

EVERGENT Investments sets, implements and maintains an adequate and formalized risk management policy that:

- ✓ Identifies all relevant risks that it is, or could be subjected to;
- ✓ Includes the procedures necessary to allow the company to evaluate its exposure to the relevant risks it is or could be exposed to.

**The objectives of the risk management policy** are the prudential management of risks so as to prevent the negative impact that internal or external factors may have on the company's activity, leading to the failure to reach set targets, the occurrence of unplanned or uncontrolled losses or the occurrence of other negative effects.

**The efficiency of the risk management system** is assessed on a half-yearly basis by Executive Management, Audit Committee and Board of Directors, according to the provisions of art. 45 of FSA Regulation no. 2/2016 on the application of corporate governance principles by entities authorized, regulated and supervised by FSA, amended and completed by FSA Regulation no. 9/13.08.2019.

Following the examination of the characteristics and performance of the risk management system, the Board of Directors concluded that in the 1<sup>st</sup> half of 2021 it is proportionate and adequate for the size, nature and complexity of current activity, insuring the coherence of controls with the risks generated by processes and efficient use of company's assets.

The staff of the Management Department:

1. Sonia Fechet – risk manager, department coordinator (FSA Reg. no.: PFR13<sup>2</sup>FARA/040050)
2. Elena Rebei – senior risk manager (FSA reg. no.: PFR13<sup>2</sup>FARA/040049)

### Main activities carried out between 01.01.2021 - 30.09.2021:

- ✓ Annual revision of the Policy, Profile and Procedures for risk management;
- ✓ Assessment of the company's risk profile;
- ✓ Calculation of the risk indicators in compliance with the risk management procedures and analysis of the abidance by the approved risk tolerances;
- ✓ Risks analysis regarding the investments suggested by the departments with portfolio management function;
- ✓ Analysis of the impact of 2021 activity program on the structure of assets, prudential limits system and risk profile of the company;

- ✓ Assessment of the way in which variable remuneration affects the company's risk profile;
- ✓ Daily monitoring of the abidance of assets in the portfolio by the prudential limits;
- ✓ Follow-up of the fulfillment of measures set through the annual risk-response plan and sheets for operational risk events reporting;
- ✓ Analysis of the abidance of asset categories by the risk classes, depending on their liquidity degree;
- ✓ Analysis and calculation of risk measures for institutional reporting (Annex IV to R.231/2013);
- ✓ Monitoring of the synthetic risk indicators (SRI) of EVERGENT Investments' share;
- ✓ Drafting of policies regarding the integration of sustainability risks in the investment decision-making process, to comply with the provisions of (EU) Regulation no. 2088/2019 on sustainability reporting in the financial services industry;
- ✓ Carrying out of annual crisis simulations;
- ✓ Calculation of own funds and own funds needs;
- ✓ Reports to FSA regarding the risk management activity, annual self-evaluation of IT operating risks, results of annual crisis simulations, implementation status of recommendations submitted by the risk manager, own funds and own funds requirements.

#### 4.2. Risk Profile.

The **risk profile** represents all exposures EVERGENT Investments to real and potential risks. EVERGENT Investments' risk profile on 30.09.2021 is the following:

**The global risk profile undertaken by EVERGENT Investments is an average one, corresponding to an average risk appetite.**

Risk type	Undertaken risk level	Risk level on 30.06.2021
Market risk	Average	<b>Average</b>
Issuer risk	Average	<b>Low</b>
Liquidity risk	Low	<b>Low</b>
Credit and counterparty risk	Average	<b>Low</b>
Operating risk	Average	<b>average</b>

On 30<sup>th</sup> September 2021, risk indicators calculated for relevant risks that EVERGENT Investments is or could be exposed to **abide by** the tolerance limits, risk appetite and profile approved by the Board of Directors.

Between 01.01.2021-30.09.2021 the risk limits undertaken through the risk profile have not been exceeded.

#### 4.3. The main risks that the Fund is exposed to.

In its activity, EVERGENT Investments is exposed to various risk types that are associated to the securities portfolio (shares, fund units, bonds), especially the portfolio of financial instruments traded on the capital market, these being the most important risks that the company faces.

The main risks that EVERGENT Investments is exposed to are:

##### 1. Market Risk

Most assets of EVERGENT Investments are exposed to market risk, defined as modification potential of their market value. We distinguish among three very different market risk types:

- a) **Price risk** derives from market movements, the assets exposed to it being financial instruments such as shares and holding titles in closed or open investment funds. Given that the assets exposed to market risk represent around 87,8% of total assets managed on 30<sup>th</sup> September 2021, price risk represents a relevant risk for EVERGENT Investments.
- b) **Currency risk** describes the risk that the value of investments in other currencies than leu will change due to currency rate changes. Given the low weight of the assets in other currencies in total assets of EVERGENT Investments (0,37%), the impact of currency risk is insignificant.
- c) **Interest rate risk** refers to the possibility that bonds investments – also known as fixed-revenue titles- suffer following the unexpected modification of interest rate. Given the low weight of bonds in total assets of EVERGENT Investments (1,51%), the impact of interest rate risk is insignificant.

The main objective of market risk management as part of the independent risk management function

is to make sure that the business function optimizes the risk/reward relationship and does not expose EVERGENT Investments to unacceptable losses that do not correspond to its risk appetite.

In order to reach this objective, the management of market risk defines and applies a framework that identifies, assesses, monitors and reports market risk in a systematic manner, so that higher management may take efficient decisions in due time regarding the method to manage and mitigate it. The Risk Management Department identifies market risks through an active analysis of the portfolio and investment proposals of the business function.

## **2. Liquidity Risk**

Liquidity risk is the risk stemming from a potential incapacity to fulfill payment obligations when these become eligible or to fulfill them without excessive costs.

Since all managed assets are exposed to liquidity risk, this is a relevant risk for EVERGENT Investments, although the closed-type structure of the Funds requires relatively low prudential requirements regarding liquidity (shareholders do not have the right to ask the Fund to redeem shares). The management of liquidity risk profile between 01.01.2021 – 30.09.2021 has been an important factor in maintaining an adequate liquidity.

The framework for the management of liquidity risk is designed to identify measure and manage the liquidity risk position. The Risk Management Department is responsible for the internal monitoring and reporting of liquidity. The liquidity management function ensures a proper framework to manage liquidities taking into consideration the investment policy, liquidity risk profile and support obligations of EVERGENT Investments.

Liquidity reserves include available cash and cash equivalents, as well as very liquid securities. The minimum volume of liquidities reserves is constantly monitored and reported.

## **3. Issuer Risk**

Issuer risk results from exposures on shares held in entities in the portfolio and represents the actual or future risk of value loss of a title in the portfolio, following the deterioration of its economic-financial status, either due to the business conditions (failure of his activities, or to correlate its internal activities according to its business plan), either due to events, tendencies and external chances that could not have been known and prevented through the control system. Since assets exposed to issuer risks hold a weight of about 75% of total assets managed on 30<sup>th</sup> September 2021, this is a relevant risk for EVERGENT Investments.

The framework for the management of issuer risk is design to identify, measure and manage the issuer risk position. The Risk Management Department is responsible for the monitoring and internal reporting of issuer risk. The portfolio management position provides an adequate framework for the management and monitoring of issuers in the portfolio.

## **4. Credit and Counterparty Risk**

Counterparty risk is a risk associated to credit risk, Credit risk is the risk of the occurrence of financial losses for the company, stemming from the uncertainty of the capacity, ability or will of the business partners to fulfill their contract obligations. Counterparty risk represents the risk that the counterparty in a transaction infringe its contract obligations before the final settlement of the cash-flows corresponding to the transaction. Since assets exposed to credit and counterparty risks hold a weight of about 9,8% of total managed assets on 30<sup>th</sup> September 2021 this is a relevant risk for EVERGENT Investments.

The framework for the management of credit and counterparty risk is designed to identify, measure and manage the credit and counterparty risk position. The Risk Management Department is responsible for the internal monitoring and reporting of credit and counterparty risk. The portfolio management function and liquidities management function provide an adequate framework for the management and monitoring of assets in the portfolio that are exposed to cred and counterparty risk.

## **5. Operational risk**

Operational risk is the risk of loss resulting from internal processes, inadequate individuals or

inadequate or malfunctioning systems or external events. Since operational risks result from all operations run on the level of the company, these are relevant risks for EVERGENT Investments. The daily management of operational risk is the main responsibility of all company departments. The risk management function manages a consistent application of operational risk management within the entire company. Through our annual operational risk self-evaluation model we aim to maintain a strict monitoring and high awareness of these risks.

To abide by the requirements of FSA rule no. 4/2018, IT risk is approached distinctly within the self-evaluation process of operational risks. At the same time, money laundering and terrorism financing risk (SB/FT) is evaluated within a distinct process.

Other subcategories of operational risk include legal risk, professional responsibility risk, compliance risk, model risk, risk associated to outsourced activities.

**6. Risk of EVERGENT Investments' assets failure to abide by legal holding limits.** On 30<sup>th</sup> September 2021, the assets in EVERGENT Investments' portfolio abide by the legal prudential limits. There has been no exceeding of prudential legal limits between 01.01.2021-30.09.2021.

**6.1 Limits regarding exposure level on assets categories reported to total assets in accordance with Net monthly net asset report on 30.09.2021 – Law no. 243/2019, art. 35, line (2):**

**a) Securities and monetary market instruments issued by the same issuer**, with the exception of securities or monetary market instruments issued or guaranteed by a member state, local public authorities of the member state, a third state or international public bodies to which one or more member state belong – **allowed limit: 10% of assets**, limit that may be increased up to a **maximum 40%**, provided that the total value of equities held by EVERGENT Investments in each of the issuers it has holdings up to 40% do not exceed under any circumstances 80% of total assets value.

We mention that there is only one issuer in this category:

Issuer name	Market value of assets category (FSA Reg. no.7/2020) (lei)	Weight of total assets of EVERGENT Investments (%)
Banca Transilvania	991.881.400	38,15
SNGN Romgaz	263.375.448	10,13
<b>Total</b>	<b>938.535.916</b>	<b>48,28</b>

Exposure on **TLV issuer (38,15%) abides by** the maximum holding limit of 40% and it is carefully monitored through daily holding monitoring mechanisms. The two issuers that exceed 10% individually do not exceed 80% of total assets together.

**b) 1. Securities and money market instruments issued by entities belonging to the same group - allowed limit: 50% of assets.**

Group name	Market value of asset category (FSA Reg. no.9/2014) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Tesatoriile Reunite Group, of which:</b>	<b>60.768.706</b>	<b>2,34</b>
• Tesatoriile Reunite shares	43.548.706	1,67
• Tesatoriile Reunite bonds	17.220.000	0,66
<b>Straulesti Lac Alfa Group, of which:</b>	<b>60.529.498</b>	<b>2,33</b>
• Straulesti Lac Alfa shares	42.771.831	1,65
• Straulesti lac Alfa bonds	17.757.667	0,68
<b>BVB Group, of which:</b>	<b>9.429.732</b>	<b>0,36</b>
• Bucharest Stock Exchange shares	8.706.400	0,33
• Depozitarul Central shares	723.332	0,03

**b) 2. Securities and instruments of money markets issued by entities belonging to the Group EVERGENT Investments is part of - allowed limit: 40% of assets.**

Name	Market value of asset category (FSA Reg. no.7/2020) (lei)	Weight of total assets EVERGENT Investments (%)
AGROINTENS shares	46.634.773	1,79
EVERLAND shares	43.873.773	1,69
TESATORIILE REUNITE shares	43.548.706	1,67

MECANICA CEHLAU shares	23.740.783	0,91
CASA shares	19.969.293	0,77
REGAL shares	9.103.084	0,35
TESATORIILE REUNITE bonds	17.220.000	0,66
<b>TOTAL EVERGENT Investments Group</b>	<b>195.842.370</b>	<b>7,85</b>

**c) Exposure to a counterparty risk in a transaction with derived financial instruments traded outside regulated markets – allowed limits: 20% of assets**, irrespective of the transaction counterparty – *not the case*.

**d) Comprehensive exposure to derivatives – allowed limit: not to exceed total assets value – not the case.**

**e) The value of current accounts and cash – allowed limit: 20% of assets.** The limit may be exceeded up to maximum 50% provided that the amounts come from the issue of equity securities, from investments that reached maturity, or from the sale of financial instruments in the portfolio, and that exceeding is not over 90 days. The value of current accounts and cash in net asset on 30.09.2021, the value of current accounts and cash is 241.545 lei, representing 0,01% of assets value.

**f) Bank deposits setup and held at the same bank – allowed limit: 30% of assets.**

Bank name	Deposits value (FSA Reg no.7/2020) (lei)	Weight of total assets EVERGENT Investments (%)
Banca Transilvania	100.684.410	3,87
Eximbank	98.529.807	3,79
BRD-GSG	15.346.080	0,59

**g) UCITS not allowed for trading within a trading place or on a third state stock exchange, issued by a single A.I.F. destined for retail investors – allowed limit: 20% of assets**

FIAIR name	Market val. Of asset category (FSA Reg. no..7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
FIA Fondul Privat Comercial	86.507.425	3,33
FIA DCP Investitii	37.522.253	1,44
FIA Hermes	11.847.308	0,46

**h) UCITS not allowed for trading in a trading place or on a third-country stock exchange, issued by a single AIF destined for professional investors – allowed limit: 10% of assets.**

FIAIP name	Market value of asset categ. (FSA Reg. no..7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
FIA Alchemist	66.184.646	2,55
FIA BT Invest 1	30.623.799	1,18
FII Optim Invest	29.407.057	1,13
FIA Multicapital Invest	22.802.385	0,88
FIA Certinvest Actiuni	9.783.409	0,38

**i) 1. UCITS not allowed for trading in a trading place or on a stock market of a third party, issued by an open-type AIF – allowed limit: 50% of assets.**

Name of open-type AIF	Market value of asset categ. (FSA Reg. no..7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
FIA Fondul Privat Comercial	86.507.425	3,33
FIA Alchemist	66.184.646	2,55
FIA DCP Investitii	37.522.253	1,44
FIA BT Invest 1	30.623.799	1,18
FII Optim Invest	29.407.057	1,13
FIA Multicapital Invest	22.802.385	0,88
FIA Hermes	11.847.308	0,46
FIA Certinvest Actiuni	9.783.409	0,38
<b>TOTAL open-type AIF</b>	<b>294.678.283</b>	<b>11,33</b>

**i) 2. UCITS not allowed for trading in a trading place or on a third country stock exchange, issued by other type AIFs – case of the Group that EVERGENT Investments is part of – allowed limit: 40% of assets – not the case.**



**j) 1. UCITS** issued by a single OPCVM authorized by FSA or a national competent authority for another member state – *allowed limit: 40% of assets.*

UCITS name	Market value of asset categ. (FSA Reg. no..7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
FDI Piscator Equity Plus	14.708.326	0,57
FDI Transilvania	6.511.867	0,25
FDI Napoca	5.512.272	0,21
FDI BT Index Romania ROTX	5.331.460	0,21
FDI Star Next	3.010.270	0,12
FDI Tehnoglobinvest	1.562.806	0,06
FDI Certinvest BET Index	1.312.594	0,05
FDI Star Focus	1.119.492	0,04
FDI Certinvest BET-FI Index	1.119.165	0,04

**j) 2. UCITS** issued by a single CIU allowed for trading in one trading place in Romania, another member state or on a stock exchange of a third country – *allowed limit: 40% of assets*

CIU name	Market value of asset categ. (FSA Reg. no..7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
SIF Transilvania	38.876.408	1,50

**k) Financial instrument loans**, the loan period cannot be longer than 12 calendar months, in compliance with FSA regulation regarding margin transactions and loan operations – *allowed limit: 20% of assets, limit that may be increased up to 30%, with FSA approval, under the conditions set by FSA regulations-* not the case

**l) 1. Granting of loans**, participation/subscription to syndicated loans in favor of a third party – **only entities from the Group EVERGENT Investments is part of** – *allowed limit: 10% of assets - not the case;*

**l) 2. Credit portfolios** issued by other financial or non-financial entities, purchased directly, in full or in part – only in the case of investments in financial instruments issued by internationally recognized financial institutions, credit institution or financial non-banking institutions authorized by B.N.R. or other central banks from a member state or third party states- not the case.

**m) Securities, instruments of monetary market not allowed for trading** in a trading location or stock exchange from a third state, with the exception of state titles and bonds issued by the Ministry of Public Finance, as well as holdings acquired by EVERGENT Investments by law, in whose case no holding limit is instituted – *allowed limit: 40% of assets.*

Asset type	Market value of asset categ. (FSA Reg. no..7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
Shares held in close-type issuers (including amounts to collect following the withdrawal from closed-companies)	208.756.677	8,03
Unlisted bonds	34.977.667	1,35
<b>TOTAL</b>	<b>243.734.344</b>	<b>9,37</b>

**Note:** new investments in corporate bonds not allowed for trading will be made abiding by the conditions foreseen by art. 44 of FSA Regulation no.7/2020; art.44 of FSA Regulation no. 7/2020 do not apply in case of corporate bonds not allowed for trading are issued by a company in which EVERGENT Investments holds at least 51% of share capital.

**n) shares issued by limited liability companies**, regulated by Law no. 31/1990 republished with its later amendments and additions – *allowed limit: 20% of assets –not the case.*

**o) greenhouse gas emission certificate** as defined by art. 3 letter b) Government's Resolution no. 780/2006, with its later amendments and additions– *allowed limit: 10% of assets – not the case.*

#### **Other restrictions applicable to EVERGENT Investments:**

- ✓ It may not make short sales, defined in compliance with the provisions of (EU) Regulation no. 236/2012 of the European Parliament and Council of 14<sup>th</sup> March 2012 on short selling and certain aspects of credit default swaps, unless they are made for hedging purposes in compliance with art.33 line (1) Law no.243/2019.

- ✓ It may not swap financial instruments for cash or other financial instruments in the portfolio and does not use fee transfers of illiquid assets in its investment portfolio for its investors („*redemption in kind*”), according to art.43, line (2) FSA Regulation no.7/2020.
- ✓ It may not invest in money market instruments such as commercial papers, in compliance with art.35 line (1), letter g) Law no.243/2019

## 6.2. Limits regarding the level of EVERGENT Investments exposure in the issuers' capital

### a) Memorandum of Association of the Central Depository, Title III, Chapter I, Art. 10 (1)

The shareholders of the company cannot hold over **5% of vote rights**, the exception being market operations who may hold up to 75% of vote rights, with FSA's approval.

Issuer name	No. Of shares held	Total no. of issuer's shares	Holding percentage in the issuer's share capital (%)
Depozitarul Central (Regisco)	7.396.029	252.919.526	2,92

### b) Law no. 126/11.06.2018 on financial instruments market, art. 136 line (5)

No shareholder of a market operator may hold, neither directly or jointly with the persons he/she acts in concerted manner, more than **20% of total vote rights**.

Issuer name	No. of held shares	Total no. of issuer's shares	Holdings percentage in the issuer's share capital (%)
Bucharest Stock Exchange	348.256	8.049.246	4,33

### c) Memorandum of Association of Banca Transilvania, art. 11, item (b)

No shareholder may hold 10% or more of the Bank's share capital, unless:

- (i) they have GMS approval
- (ii) they abide by the formalities requested by the law

Issuer name	No. of held shares	Total number of issuer's shares	Holding percentage in the issuer's share capital (%)
Banca Transilvania	370.105.000	6.311.469.680	5,86

**6.3. Abidance by law no. 74/2015, art. 2 line (2)** - On 30<sup>th</sup> September 2021, assets managed by EVERGENT Investments and reported in accordance with “*Statement of Assets and Liabilities of EVERGENT Investments*”, were 2.599.954.366 lei. Their value in euro is 525.551.205, **exceeding for the second consecutive month the 500 million euro threshold**.

The leverage effect means any method through which the company increases the exposure of the portfolio it manages, either through cash loan or securities, or through derivatives position or any other means.

EVERGENT Investments' policy regarding the leverage effect (according to the Prospectus and Rules authorized by FSA): „*the maximum level of the leverage effect that EVERGENT Investments may employ is 2 times the total asset value (Total Active)*”

The Leverage Effect indicator on 30.09.2021, calculated for institutional reporting purpose (foreseen in Annex IV to EU Regulation no. 231/2013 and art. 38, line (4) Law no. 243/2019), is:

- ✓ 0,9158 (or 91,58%), according to gross method approach
- ✓ 1,00 (or 100,00%), according to engagement method approach

On 30<sup>th</sup> September 2021, **EVERGENT Investments does not have assets obtained through the use of the leverage effect**.

Between 01.01.2021 - 30.09.2021 there have been no financial *instruments financing operations* (SFT) and no *total return swap* (TRS) transactions, as defined by (EU) Regulation no.2365/2015.

**7. Other risks:** regulatory risk, systemic risk, strategic risk, reputational risk, conflict of interest risk, risk related to activities carried out by the Company's subsidiaries, sustainability risks.

## 5. Internal Audit

The internal audit function is separate and independent from other functions and activities of EVERGENT Investments SA. The Internal Audit Department is subordinate to the Board of Directors.

FSA notified internal auditor: Virginia Sofian, Gabriela Stelea

Internal audit is an independent activity of objective assurance and counseling, with the purpose of adding value and improving the company's operations. It helps the company in fulfill its objectives through a systematic and methodical approach that evaluates and improves the efficiency of the risk management, control and governance processes.

The internal audit activity is carried out by the internal audit department that is subordinated to the Board of Directors and from an administrative point of view it is subordinated to the General Manager. Through its positioning in the organization chart, direct access is insured and activity reporting on the level of the Audit Committee and Board of Directors, as well as the independence required in order to carry out the internal audit activity, for the purpose of the objective evaluation of the efficiency of processes/operations and submission of recommendations for their improvement.

Internal audit is exercised under the following forms:

- ✓ compliance (regularity) audit – that has the objective of verifying the compliance with applicable laws, regulations, policies and procedures;
- ✓ performance (operational) audit – that has the objective of verifying the quality and adequate nature of systems and procedures, critical analysis of organizational structure, the evaluation of method adequacy, resources and achievement of results in relation to the objectives set;
- ✓ audit of the corporate governance system, that has the objective of evaluating the way in which the management position is exercised in order to reach company objectives.

Internal auditors report to directors, Audit committee and the Board of Directors regarding the purpose, authority and responsibility of the internal audit activity, with respect to its plan or its compliance with the Ethics Code and standards. Reporting includes significant aspects regarding risks and control, aspects connected to governance and other aspects that require the attention of executive management and/or Board of Directors.

Internal audit function:

- ✓ sets, implements and maintains an audit plan for the examination and evaluation of the adequacy and efficiency of internal control systems and mechanisms and procedures of EVERGENT Investments SA;
- ✓ issues recommendations based on the results of the activities carried out
- ✓ verifies the abidance by issued recommendations
- ✓ reports aspects connected to internal audit

Internal audit activity is carried out in compliance with the International Standards for professional practice of internal audit (IAI), its compliance being supported by the results of the quality assurance and improvement program which includes internal and external evaluations.

Once every 5 years the internal audit activity is evaluated by an independent qualified auditor. The last external evaluation was at the end of 2019, and the opinion of the financial auditor was that the internal audit function is in general compliant with IAI standards for the professional practice of internal audit, that is the highest rating offered by IAI and IAI Ethics Code, as well as the approved Charter of the Internal audit, applicable policies, procedures and regulations.

The internal audit activity maintains a multiannual plan that includes, on a time horizon of about 3 years, all activities and processes that can be audited in EVERGENT Investments SA. The internal audit missions included in the Multiannual Plan are defined and selected based on the analysis of risks associated to auditable activities, for the purpose of prioritizing the internal audit missions on the

forecast horizon. The internal audit plan is evaluated on an annual basis and is in agreement with the objectives of the company.

The internal audit plan and resources necessary are endorsed by the Audit Committee and approved by the Board of Directors. At the same time, significant modifications occurred at a later time are submitted for endorsement and approval. The plan is revised and adapted, if necessary, as an answer to changes in business, risks operations, programs systems and controls of the company.

For each audit mission a plan is prepared and documented to take the following into consideration:

- ✓ objectives of the activity that is revised and means through which it is controlled;
  - ✓ significant risks related to the activity and means through which the potential impact of the risk is maintained at an acceptable level;
  - ✓ adequacy and efficiency of management and control systems for activity risks, with reference to the control framework;
  - ✓ opportunities for the significant improvement of management and control systems of activity risks.
- The plan of the mission includes objectives of the mission, coverage area, calendar and resource assignment. The objectives of the mission reflect the result of the evaluation of the risk associated to the revised activity. At the same time, on drafting the objectives of the mission the possibility of errors, irregularities, non-compliances and other significant exposures are taken into consideration.

#### **Activities run by internal audit in the period up to 30.09.2021, based on the internal audit plan targeted:**

- ✓ audit of the activity of subsidiary Agrountens SA;
- ✓ audit of the activity of subsidiary Tesatoriile Reunite SA;
- ✓ audit of subsidiary CASA SA – partially run;
- ✓ audit of the financial-accounting activity;
- ✓ audit of the investment activity and management of Energy-Industrial portfolio, Financial-Banking and SELL portfolio – partial run;
- ✓ follow-up of the progresses registered in the implementation of internal audit recommendations, monitored on 31.12.2020 and 30.06.2021;
- ✓ verification of certain compliance aspects, at the request of the Board of Directors or directors;
- ✓ participation within committees/ work groups appointed by the Board of Directors or directors, for the implementation of projects/carrying out of certain activities.

Besides the activities presented, we have also run other **non-audit activities** that include:

- ✓ strategic and annual planning of the internal audit activity;
- ✓ reporting on internal audit activity;
- ✓ drafting, implementation and monitoring of the Assurance and Improvement plan for the internal audit activity, as well as reporting on its implementation;
- ✓ revision and update of the internal regulation framework of the internal audit activity;
- ✓ reporting to FSA on the status of implementation of recommendation submitted by the internal auditor, auditor of the IT system and Audit Committee and regarding the fulfillment of internal audit function.

**Proper measures were implemented to keep risks at an acceptable level.**

Internal auditors report directly to the Audit Committee and Board of Directors, its ascertainments and proposals regarding the significant improvement of internal controls.

Following the assurance mission run in the reporting period, internal audit has submitted recommendations to improve processes. Based on the conclusions and recommendation submitted by internal audit executive management ordered adequate measures for the management of identified risks.

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The objectives and purpose of each internal audit mission, opinions/ conclusions of internal auditors, recommendations and measures plan for the implementation of recommendations suggested or applied during the running of the audit mission have been included in internal audit reports that were presented to the Audit Committee and the Board of Directors.

At the same time, internal auditors report to directors, the Audit Committee and Board of Directors regarding the scope, authority, responsibility and performance of the internal audit activity with respect to its plan and its compliance with the Ethics Code and standards. Reports include significant aspects regarding risks and control, aspects connected to governance and other aspects that require the attention of executive management and/or Board of Directors.

Internal auditors follow the progresses registered by the implementation of recommendations and reports to executive management regarding the abidance by the deadlines set for implementation. At the same time, internal auditors follow up the setting of measures by the audited structures for the implementation of recommendations.

There have been no situations when the management decided not to take any measures to reduce the risks considered unacceptable for the company.



## 6. Compliance

EVERGENT Investments sets up and maintains a permanent and efficient compliance verification function that is independent and has the following responsibilities.

- a) periodically monitors and evaluates the adequacy and efficiency of measures, policies set according to applicable regulations and actions taken to remedy deficiencies regarding the company's abidance by its obligations.
- b) regularly monitors and verifies the application of legal provisions applicable to EVERGENT Investments' activities, internal regulations and procedures and acts in accordance with its competencies to prevent and suggest measures to remedy any infringement of the laws, regulations in force applicable to the capital market or internal regulations and procedures of EVERGENT Investments by EVERGENT Investments or its staff; follows up the implementation of suggestions and recommendations;
- c) counsels and assists relevant individual responsible for the carrying out of the activities in order for EVERGENT Investments to abide by its obligation based on incidental capital market legislation.

The internal control activity has been mainly run through **permanent control** with a **pro-active nature**, exercised through the constant supervision and monitoring of the activities subjected to internal control, in order to prevent the occurrence of legal or internal non-compliance, for an efficient increase of the internal control function. The main activities of the Compliance department for Q3 2021 are specific to EVERGENT Investments' activities as AIFM (authorization no.20/23.01.2018), defined by art. 51 Law 74/2015 and are approved by the Board of Directors in the 2021 Annual Investigations Plan.

With the mention that all objectives set in the investigations plan have been reached, the activity of the compliance officers consisted mainly in the running of the following **control actions** regarding regulations related to EVERGENT Investments' activity:

1. Compliance with new legal norms applicable to EVERGENT Investments' activity regarding:
  - ✓ Alternative investment funds- **authorization of EVERGENT Investments as alternative investment fund manager for retail investors (FLAIR)**, with BRD Groupe Societe Generale SA as depositary- authorization no. 101/25.06.2021.  
Subsequently there was a revision of the Simplified Prospect of EVERGENT Investments , following the reduction of share capital and update of financial data on 30.09.2021.
  - ✓ Information on sustainability in the financial services field ((EU) Regulation 2019/2088): the documents foreseen by the law were prepared and sent to FSA, namely published on the company's website within the legal deadline, 10<sup>th</sup> March.
2. Conditions that lay at the base of the **authorization/endorsement of the functioning conditions foreseen by art. 2, 4 and 6-10 Law 74/2015** (authorization of EVERGENT Investments as AIFM – FSA authorization no.20/23.01.2018) **and later amendments-** the process of revising the internal procedural framework continued and FSA was notified regarding the revision of the Remuneration Policy and Procedure regarding organizational structure.
3. **Prudential rules** foreseen by art. 12 Law 74/2015 – *no non-compliances identified.*
4. **Remuneration policies** foreseen by art. 13 Law 74/2015 – *the abidance by the remuneration policy on group level, including during the balance GMS of subsidiaries was verified Conclusion: no non-compliances identified.*
5. Provisions of art. 14 Law 74/2015 on the identification, prevention, management and monitoring of situations mentioned in art. 30-37 EU Reg. no. 231/2013 generating **conflicts of interest** – potential conflict of interest situations corresponding to the conflict of interests types identified in the activity of EVERGENT Investments/ EVERGENT Investments Group, were managed according to the set rules. *Conclusion: no conflict identified.*
6. Provisions of art. 18 Law 74/2015, line (1), (3)-(9), (11), (12) on **evaluation of AIF assets.**
  - ✓ The net monthly asset was endorsed, it includes the verification of the evaluation method of assets held.
  - ✓ As an effect of AIF authorization, we verified the implementation of the new reporting patterns, reporting/publication procedure and drafting of the first NAV and NAV per share statement corresponding for June according to FSA Regulation no.7/2020 on the authorization and functioning of alternative investment funds.

*Conclusion: there have been no law infringements ascertained.*

7. Provisions of art. 19 of Law 74/2015, on **the delegation of the collective portfolio management activity or risk management** – *not the case.*
8. Provisions of art. 20 Law 74/2015, line (1)-(11) regarding the **agreement between the depository and AIFM** – starting on the date of its authorization as AIFM, namely on 25.06.2021 the new “*Depository and custody Agreement*” came into force. *Conclusion: compliant*
9. The **transparency and reporting** obligations foreseen by art. 21 and 23 namely the transparency obligations foreseen by art. 22 Law 74/2015.  
All mandatory report and public releases according to the good practices instituted through the own Corporate Governance Code, have been endorsed by the Compliance Department from the point of view of abiding by the legal term and content of the report; the web page is constantly updated in the Romanian and English language, once public information is released.  
*Conclusion: Full prior verification- no non-compliances identified.*
10. Obligations pertaining to AIFM following the **obtaining of control over certain unlisted companies and entities** foreseen by art. 25-29 Law 74/2015.  
a) Notifications were submitted to FSA regarding the modification of holding threshold;  
b) Information on the activity of the subsidiaries are included in the consolidated report for H1 of EVERGENT Investments.  
*Conclusion: Full prior verification – no non-compliances identified.*
11. Abidance by EU regulations (MAD, MAR) on **market abuse** (privileged information, personal transactions).  
a) All individuals with access to inside information were announced about the closed periods and interdiction to trade SIF2/EVER shares in the 3<sup>rd</sup> quarter, in accordance with the published financial reporting calendar, and the ex-post status was verified in accordance with internal procedure. *Conclusion: no non-compliances identified.*  
b) BD was submitted and approved the reports on “EVERGENT Investments abidance by legal and internal regulations regarding the preparation of: EGMS and OGMS on 28/29.01.2021 and on 29/30<sup>th</sup> April 2021”, in the context of the COVID pandemic. *Conclusion: inside information regarding the convening of GMS was properly managed.*
12. Management of **complaints** regarding the activity of EVERGENT Investments on the capital market – *Reports as per FSA Reg. no.9/2015 were prepared; there has been no complaint registered in the analyzed period.*
13. Abidance by legal and internal provisions for the organization and conducting of **General Meeting of Shareholders on 28/29.01.2021 and 29/30.04.2021**, with the certification of abiding by these obligations.  
a) Specific measures regarding the preparation of GMS were adopted in the context of COVID 19 pandemic  
b) BD was submitted and approved the Reports on “The abidance of EVERGENT Investments by legal regulation on the preparation of: EGMS and OGMS on 28/29.01.2021 and 29/30<sup>th</sup> April 2021”. *Conclusion: no non-compliances identified.*
14. Verification of the abidance by Norm no. 33/2017 on the **organization of the archive activity** at entities authorized/ certified, regulated and supervised by FSA - on a regular basis, in the endorsement process for certain internal documents/ operations, we also verify the keeping of records and evidence of documents in paper and electronic format *Conclusion: no non-compliances identified.*
15. **Obtaining FSA authorization/ decisions during the reporting period:**  
a) Authorization of the modifications in the Memorandum of Association regarding the change of the Company’s name from “Societatea de Investitii Financiare Moldova” SA to “EVERGENT Investments” SA, approved by EGMS Resolution no. 2 on 30<sup>th</sup> October 2020 – Authorization no.21/01.03.2021.

- b) Approval of the public offering of shares issued by EVERGENT Investments, for the purpose of reducing the share capital through the annulment of bought-back shares, in accordance with EGMS Resolution no. 4 on 27<sup>th</sup> April 2020 – FSA Resolution no 303 on 03<sup>rd</sup> March 2021.
- c) Authorization as members of the Board of Directors of EVERGENT Investments, in accordance with Resolution no. 2 of the Ordinary General Meeting of shareholders on 28<sup>th</sup> January 2021, of the following individuals: Ceocea Costel; Ciorcila Horia; Doros Liviu-Claudiu; Iancu Catalin-Jianu-Dan; Radu Octavian Claudiu, for a 4 years' mandate, starting on 5<sup>th</sup> April 2021 – FSA authorization no. 49/30.03.2021
- d) Authorization of the directors of EVERGENT Investments SA, in accordance with the resolution of the Board of Directors on 5<sup>th</sup> April 2021, for a 4 years' mandate, namely Mr. Doros Liviu-Claudiu; Iancu Catalin-Jianu-Dan – FSA authorization no. 59/05.04.2021.
- e) Authorization of EVERGENT Investments SA as alternative investment fund destined for retail investors (FIAIR) with BRD Groupe Societe Generale SA as depositary – authorization no. 101/25.06.2021.
- f) Authorization of the changes in the Memorandum of Association in accordance with EGMS resolution no. 3 on 30<sup>th</sup> October 2020, as presented in the Annex to Authorization no. 101/25.06.2021.
- g) Authorization of the simplified prospectus of EVERGENT Investments – Authorization no. 101/25.06.2021.
- h) Approval of the public offering of shares issued by EVERGENT Investments, for the purpose of reducing the share capital through the annulment of redeemed shares, in accordance with EGMS resolution no. 3 on 29<sup>th</sup> April 2021 – FSA Resolution no. 1165/22.09.2021
16. **Method of abiding by internal procedures-** Verification of the abidance by internal procedures regarded mainly:
- a) Internal compliance endorsement for all investment notes, work procedures, job descriptions from the point of view of their abidance/ reflection of legal provisions and internal regulations;
- b) Compliance endorsement for the running of the 2<sup>nd</sup> and 3<sup>rd</sup> stage of treasury shares redemption program, in accordance with EGMS resolution no. 4/27.04.2020 (running period: 2<sup>nd</sup> stage: 09.12.2020 – 03.03.2021, RC 08.12.2020 and 26.01.2021; 3<sup>rd</sup> stage- 29.03-07.05.2021; RC 26.03.2021)
- c) The compliance endorsement for the Public Offers for the purchase of own shares, aiming at the reduction of the share capital by canceling the bought back shares, according to the EGMS Decisions no. 4 / 27.04.2020 and no. 3 / 29.04.2021. The offers were approved by the FSA Decisions no. 303 of 03.03.2021 and no. 1165 of 22.09.2021
- d) The reports presented and approved by the Board regarding the implementation status of the resolutions of the Board of Directors and Management Committee on 31.03.2021, 30.06.2021 and 30.09.2021 ;
- Conclusion: following the verifications made no non-compliances were identified;*
- ✓ **Compliance of the investment of managed assets with capital market regulations, internal rules and procedures and memorandum of association** – Internal compliance endorsements were issued for investment notes. *Conclusion: there have been no infringements of legal provisions or internal regulations.*
17. Abidance by the internal procedures regarding „**Supervision of the application of international sanctions on the capital market**” – *monitoring of site asfromania.ro and briefing the management structure and employees, if need be*
18. The **briefing** of EVERGENT Investments, of its management structure and employees on the legal regimen applicable to the capital market, including on rules drafts under public consultation, suggestions are sent to FSA, if the case be, following their integration on company level and approval by management.

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Staff of the Compliance Department:

1. Michaela Puscas – compliance officer, manager (FSA Reg. no.: PFR13<sup>1</sup>RCCO/04003)
2. Catalin Nicolaescu – compliance officer (FSA Reg. no. :PFR13<sup>1</sup>RCCO/04004)

The detailed responsibilities of each individual employee in the department have been set. Should one of the individuals not be present, his/her attributions and responsibilities are automatically taken over by the other authorized individual.

## **7. Activity for the prevention and fight against money laundering and financing of terrorism**

Compliance officer ML/TF and authorized individuals ML/TF are responsible for fulfilling the obligations set by the special legislation in the field, including reports to ONPSB and FSA, if necessary.

EVERGENT Investments has set a procedure for the activities run within the company for the prevention and fight against money laundering and the financing of terrorism acts in its relationships with clients, these being implemented in accordance with Law no. 129/2019 and legislation in the field.

In Q3 2021, Compliance officer ML/FT has issued the endorsements necessary to enter share sale agreements in which the Company was one of the parties, following the analysis of the documentation regarding client awareness prepared in agreement with Internal Client Awareness Norms.

At the same time we have taken the necessary endeavors to update the Policies and Procedures for prevention and fight against money laundering and the financing of terrorism acts, for these to be aligned with the updated law in the field. These documents are to be completed in the near future.

## 8. Legal assistance, Consultancy and Representation

Given the legislative dynamics, the Legal Department made sure that in line with the objectives and strategy of the company, the rights and obligations of the Company are exercised on time and under legality conditions. The department is subordinate to the CEO and coordinated by a director who ensures the organization, guidance, verification and supervision of internal and inter-department activities applying the measures necessary for the proper running of internal processes, abidance by the legislation and accurate understanding and application of specific regulations.

### The main activities for which the Legal Department has played an active role, run in the 3<sup>rd</sup> quarter of 2021 are:

- ✓ Registration of the modifications occurred following the reduction of share capital;
- ✓ Adapting internal documents following the authorization of the company as FAIR – Alternative investment Fund for Retail Investors;
- ✓ Active implications in the efforts to change the names of subsidiaries and/or other projects run on the level of the companies in the Group;
- ✓ Issue of documents necessary to amiably solve litigious matters;
- ✓ Issue of specialized opinions and insuring the legality endorsement for various projects and investments that the company was interested in, work procedures, decisions related to personnel, negotiation and inclusion of suggestions of the company in various contracts, in agreement with its legitimate interests.
- ✓ Studies to improve legal provisions and suggestions to modify various law drafts and regulations submitted for public debate, of interest for the Company

### 8.1. Legal representation

**On the docket of the Legal Department there is a total number of 220 files**, of which 50 files are solved and final. The department **made sure that in all litigations on the docket of courts, in various trial stages, the necessary defenses were prepared and filed**, and where solutions were not in favor, EVERGENT resorted to specific means of redress.

**The status of litigations in short is the following** (details in annex 3):

#### Litigations where EVERGENT Investments SA is plaintiff:

- ✓ 165 files of which: 149 files are litigations on the docket in various trial stages (of which 108 files are against AAAS), and 34 files are completed.
- ✓ The value of litigations on the docket of courts: 63.887.580,02 lei (claims and insolvency procedure).

#### Litigations where EVERGENT Investments SA is respondent:

- ✓ 55 files, of which: 39 files are litigations pending in various trial stages and 16 are completed.
- ✓ The value of litigations on the dockets of courts: 94.155,85 lei, namely 148.720,95 USD in files with object various claims.

Given the weight of claims owed by AAAS in files where EVERGENT is plaintiff, special attention is paid to litigations with this institution. Thus, **we have intensified our efforts to recover the debts through garnishment validation requests in relation with various garnished parties, and some solutions were in favor of EVER.**

Therefore, **the Company collected the amount of 2.320.300 lei, the efforts made being in the interest of the company and its shareholders. A favorable solution in this matter is the garnishment validation for the amount of 883,569.53 lei**, The Treasury and Public Accounting Authority of Bucharest municipality, through DGRFP Bucharest, acting as garnished third party.



At the same time we provide constant support in the process of monitoring the legitimacy of resolutions adopted by the general meetings of companies in the portfolio, so that EVER interests, and consequently those of the Company's shareholder be protected. As shareholder, we have promoted actions for the annulment of GMS resolutions in the cases where the resolutions were found to be illegal, with the consequence of affecting EVER's interests. Under these circumstances, it was necessary to start actions in court with the purpose of restoring the legality situation and eliminating from the civil circuit some documents considered to be null and void. Where unfavorable decisions were obtained, the Company exercised specific remedies.

In litigations where our company is plaintiff, we have obtained some favorable solutions both in files with object various claims and enforcement challenges against AAAS. In all cases where the solution was in favor of EVERGENT Investments S.A., expenses incurred by the company for defense are validated by the court and the respondents are bound to pay them to the extent set by the Court.

### **8.2. Legal Consultancy**

Legal consultancy is provided constantly, both for the internal departments of the Company and for the companies in the Group. The consultancy activity is of the outmost importance and has a special weight in the legal department as it ensures that all operations and projects abide by the applicable legal framework.

At the end of Q3 2021 there is a number of 102 legal consultancy files. Consultancy covers the entire activity spectrum of the company, files being opened in fields such as: investment projects, revision of legislative projects, transactions, corporate operations, contracts, general meetings of shareholders. .

### **8.3. Legitimacy endorsement**

Legitimacy endorsement is granted by the Coordinating Director of the Department, for all legal documents the company is part of, or is directly interested in, making sure that those documents abide by the legal and prudential limits applicable.

At the end of H3 2021 there is a number of 320 legitimacy endorsements granted on various legal documents such as contracts, addenda, decisions, mandates, agreements from all activity areas within the Company.

We should also mention the endorsement of a number of 968 orders to make /cease payments related to the payment of dividends towards shareholders and approval of the corresponding answer addresses.

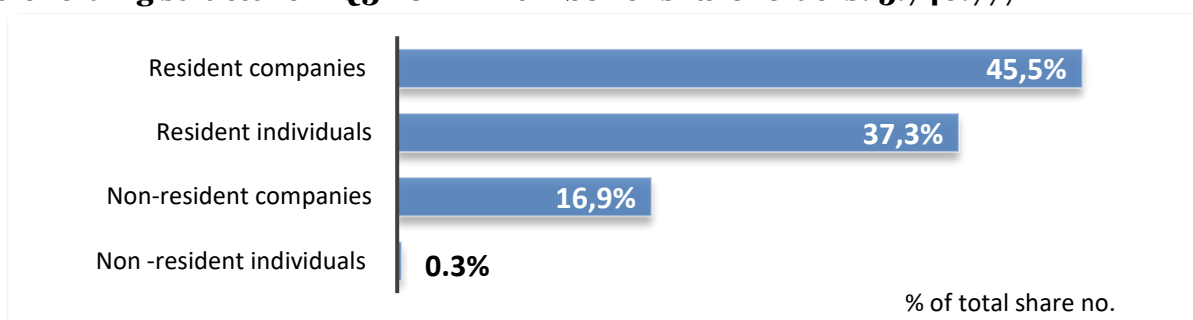
## 9. Corporate Governance

### 9.1. Relationship with investors. Dividend Policy.

In the first half of 2021, we have abided by and ensured **all transparency, information and reporting requirements<sup>1</sup> and obligations**, by publication of regular reports<sup>2</sup> and mandatory notifications through press releases and ample correspondence with the shareholders. Shareholders were provided additional information, some of them regular in nature (monthly newsletter), conceived in such a way as to ensure daily information on the company's activity.

According to the provisions of the "Corporate Governance Code", the regular and relevant information have been disseminated simultaneously, both in the Romanian and English language. An important component of the relationship with the shareholders is the direct communication activity: written correspondence (letters, e-mails); phone conversations.

#### Shareholding structure – Q3 2021 – number of shareholders: 5.746.777



#### Dividend payment:

Dividend payment on 30.06.2021	2017 dividend	2018 dividend	2019 dividend	2020 dividend
	<b>0.05 lei/share</b>	<b>0.0304 lei/share</b>	<b>0.06 lei/share</b>	<b>0.043 lei/share</b>
<b>Total dividend payable (lei)</b>	49,555,697	30,234,239	59,063,889	42,012,147.91
<b>Total paid (lei)</b>	37,544,674	22,883,175	44,129,157	29,940,042
<b>% payment</b>	<b>75.76%</b>	<b>75.69%</b>	<b>74.71%</b>	<b>71.27%</b>

According to the resolutions of EVERGENT Investments' Ordinary General Meeting of Shareholders on 29.04.2021:

- ✓ Dividends for 2020, of **0,043 lei/shares**, were made available on **11.06.2021** (*payment date*), for shareholders registered in the shareholders' register on **19.05.2021**, *registration date*, along with dividends for 2017, 2018 and 2019;
- ✓ Dividends corresponding to 2017, set through the resolution of the Ordinary General Meeting of Shareholders no. 4 on 27.04.2018, not collected until 02.10.2021 in the total amount of 11.805.730,93 lei will be prescribed.

Dividend payment is made abiding by the provisions of Law no. 24/2017, art. 86 and FSA Regulation no. 5/2018, art. 177, and is made through the Central Depository, the participants and assigned payment agent, Banca Transilvania, for the shareholders that are entered in the shareholders' register of EVERGENT Investments on record date 19.05.2021, as follows:

1. In case a shareholder has an equity account opened at a broker, participant to the compensation – settlement system and register of the Depozitarul Central, dividends are paid through bank transfer, to the participant's account, on payment date 11.06.2021.

<sup>1</sup> Related information in **EVERGENT Investments' Corporate Governance Code: Ch.1.1. General Meeting of Shareholders and Chapter 8. Shareholders' Rights**

<sup>2</sup> Note – details on each report category in the reporting period are presented in Annex 4.

2. In case a shareholder does not have equity account opened at a participant, dividends are paid by the Central Depository in cash, through Banca Transilvania, or bank transfer, by request. For shareholders companies, payments are made by request, through bank transfer.

**Processing of personal data** - EVERGENT Investments processes the personal data it has access to in accordance with European Regulation no. 679/2016 (“Regulation”) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, based on the legal obligations and legitimate interests of the Company and its shareholders. The Company watches over the abidance by all principles foreseen in the Regulation regarding the personal data that it has access to. The processing of personal data is through automated and manual means, abiding by legal requirements and under conditions that insure the safety, confidentiality and the abidance by the rights of the targeted individuals.

### Corporate Events in Q3:

**1. Reduction of the share capital from 98.947.917,60 lei to 98.121.305,10 lei, in accordance with the resolution of the Extraordinary General Meeting of Shareholders no. 2 on 29<sup>th</sup> April 2021 by going through the following stages:**

- ✓ Authorization of the modification of the Memorandum of Association of EVERGENT Investments SA by the Financial Supervision Authority (*Current report on 08.09.2021*)
- ✓ The issue by the Financial Supervision Authority of Securities Registration Certificate no. AC-5260-2/14.09.2021 corresponding to the reduction of the share capital of EVERGENT Investments S.A. (*Current report on 15.09.2021*)

**2. Approval of the public offering for EVER shares**

FSA Resolution no. 1165/22.09.2021, approved the Public Offering document for shares issued by EVERGENT Investments, for the fulfillment of the resolution of the Extraordinary General Meetings of Shareholders no. 3 on 29<sup>th</sup> April 2021 to run a treasury share buy-back program through public offering in order to lower the share capital, with the following characteristics:

- ✓ period: 28<sup>th</sup> September – 11<sup>th</sup> October 2021
- ✓ price: 1,85 lei/share
- ✓ the maximum number of shares that can be bought-back is 19.625.000 shares, representing 2% of the 98.121.305,10 lei share capital, in accordance with EGMS resolution no. 2/29.04.2021.

### 9.2. Human Resource Management.

On the level of the executive, special attention is paid to human resources for the purpose of ensuring the continuity of professional training programs in order to maintain the expertise acquired over several years of specialization. The staff working in the following fields was included in the continuous training programs: investment analysis, asset evaluation, accounting, compliance, audit, risk management, legal, corporate governance. The amount assigned in the reporting period for professional training and participation to conferences and seminars was 34 mii lei.

At the end of Q3 2021 the Company has 39 employees/.

Ensuring activity continuity is through **the preparation and implementation of the Succession Plan – 2020 edition, with 2025 as time horizon**. The process for staff selection and recruitment for key positions is currently running, in agreement with EVERGENT Investments’ particularities.

### 9.3. IT Safety

In the reporting period, IT activity had the main objective of **ensuring the safety and integrity of the data saved on the company servers and** lowering of risks generated by cyber safety incidents, by:

1. monitoring Internet and mail traffic and early identification of cyber-attacks;
2. raising the employees' attention regarding these attacks and offering measures to fight against them;
3. adaptation of safety policies in the context of remote working given the COVID-19 pandemic;
4. the preparation of instructions, use guides for remote applications and testing them before use;
5. identification of additional risks and their management methods in case staff is allowed to use personal work devices (computer, laptop, phone);
6. optimization of the process for the identification and reporting of cybernetic safety incidents.

The **Continuity plan was prepared and implemented**, it was assessed half-yearly and regularly tested in accordance with the requirements of FSA Reg. no. 2/2016 and FSA norm no. 4/2018.

#### 9.4. Social responsibility.

EVERGENT Investments constantly carries out social responsibility activities in compliance with its own Corporate Governance Code, supporting either directly, or through specialized foundations/associations, fields such as: medical, educational, cultural, scientific, sporting, social, as well as various events of local or national interest. The Company uses the tax facilities connected to sponsorship activities.

#### 10. Subsequent events

**Completion of the public offering for EVER Shares**, run based on FSA resolution no. 1165/22.09.2021:

- ✓ period: 28<sup>th</sup> September – 11<sup>th</sup> October 2021
- ✓ price: 1,85 lei/share
- ✓ number of purchased shares: 19.459.459 representing 1,9832% of share capital
- ✓ number of shares submitted within the offer: 274.289.619
- ✓ assignment index: 0,0709449343

EVERGENT Investments continues the shareholders remuneration program through an optimum mixture between annual buy-back programs and predictable dividend policy, offering high short- and long-term returns.

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#### Annexes:

1. 1. Annex 1 Net Asset Statement on 30.09.2021
  - Annex 1.1. Statement of assets and liabilities of EVERGENT Investments (FSA Reg. no. 7/2020 – Annex 10)
    - Annex 1.2. Detailed investment statement of EVERGENT Investments (FSA Reg. no. 7/2020- Annex 11)
2. Annex 2 Condensed interim individual financial statements on 30.09.2021, prepared in accordance with IAS 34 Interim Financial Reporting and applying FSA Norm no. 39/2015 on the approval of accounting regulations compliant with IFRS
3. Annex 3 Statement of litigations on 30.09.2021
4. Annex 4 BVB, FSA Reporting – Q3 2021

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*Q3 2021 Activity report of the Board of Directors corresponding to the Condensed Interim Financial Statements on 30.09.2021, was approved in the BD meeting on 15.11.2021.*

**Claudiu DOROS**  
**President and CEO**

**Mihaela MOLEAVIN**  
**CFO**

**Michaela PUSCAS**  
**Compliance Manager**