



**2021 Board of Directors' Report**  
*Relating to the Separate Financial Statements*





**Dear shareholders,**

In 2021 we have generated outstanding results through an approach based on expertise, team experience and adaptability of the investment strategy, despite the fact that the year has brought disruptive changes in all areas. Thus, our investment decisions caused the value of assets under management to exceed the significance threshold of euro 500 million (RON 2.553 billion) as of 31<sup>st</sup> December 2021, meaning a 19.4% increase of our shareholders' wealth. We have obtained a net result of 149,3 million lei by optimizing the structure of the listed shares portfolio, simultaneously with the development of private equity portfolio.

As we move forward in 2022, we focus on investments with attractive returns to multiply the capital of our shareholders, we rely on our work procedures and processes constantly adapting to this ever-changing economic landscape; in short, we perseveringly apply a solid investment strategy for the benefit our shareholders.

We hereby present the results registered by EVERGENT Investments in 2021, in agreement with "2021 Activity Program" and "EVERGENT Investments' Investment Strategy and Policy" approved in the General Meeting of Shareholders, as well as the objective of the coming period:

**Financial performance**

- ◆ **2.553 million lei** – assets under management (AUM), **19,4% higher** than in 2020
- ◆ **2.383 million lei** – net asset value, **19% higher** than in 2020
- ◆ **2,4888 lei** – net asset unit value, **21,9 % higher** than in 2020

Financial position and performance registered a significant increase in 2021, amid the continuation of the upward trend financial market quotations started in the last part of 2020.

◆ **149,3 million lei – net result**

The net result registered on 31<sup>st</sup> December 2021 is comprised of 46,4 million lei net profit and 102,9 million lei net profit from assets sale reflected in retained earnings. We thus record a 102% above the target approved by shareholders in 2021 IEB.

◆ **155 million lei – equity investment value**

Equity investment value in 2021 represents 110,7% of the budget approved by shareholders for 2021.

**Portfolio structure**

Reported to assets under management, the listed shares portfolio holds the main weight of 70,2%, while the weight of unlisted shares is 8,9%. The main sectors in the portfolio structure remain the financial sector with 44,8% and energy sector with 13,2% of assets under management.

**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 of the managed portfolios. Given that sustainability in

relation to the natural and social environment is of major importance, we are committed to the integration of ESG principles in our investment analysis and in the risk profile of our company and the returns on its assets. Through a responsible and transparent approach of realities and perspectives, we protect and multiply the value of the assets managed by the company, for the benefit of all EVERGENT Investments' shareholders and stakeholders.

Thus, our main objectives are to:

- ◆ Increase investments in the PRIVATE EQUITY portfolio – especially in agribusiness and real estate.
- ◆ Increase of the performance of FINANCIAL-BANKING and ENERGY-INDUSTRIAL Portfolios through their active management as they are the main generators of income and sources for new investments.
- ◆ Capitalization of the SELL Portfolio– extracting value from the historical share portfolio. Thus, the number of holdings in this portfolio decreased by 5 in comparison to 2020 with 11 companies remaining. We have obtained revenues totalling 8.6 million lei in 2021.

Private equity investments, an important differentiator of the company, contribute to the long-term increase of managed assets and ensure a compensation of the risk generated by the high volatility of listed titles in the portfolio.

We allocate our resources and attention to a concentrated private equity portfolio. We have a fundamental analysis process that identifies resilient and substantially long-term business models. Consequently, we implement a strategy customized to each project. Our goal is to create stronger companies and long-term sustainable value.

On-going and completed projects:

- ✓ **"Blueberry Farm"**, with 100% holding through Agpointens SA, pertains to high added-value, intensive agriculture. We are the leaders in blueberry production, with a planted area of 86 ha. Blueberry production is a scalable business and we already have a good track record that insures our growth.



- ✓ **"Atria Urban Resort"** Real-estate project, with 50% holding through Straulesti Lac Alfa SA, targets the 4-stage building of a residential complex to include 1.393 apartments, located in the northwestern part of Bucharest Municipality, near Colosseum Retail Park with easy access to the north area of the capital city. On the reporting date, the building and sale of Stage 1, 160 apartments is completed. Stage 2 started in December 2019 and preliminary contracts were entered for 71% of the total number of apartments. At present, the planning of Stage 3 with 350 apartments is on-going.



Project



Stage 1



Stage 2



**Iasi Real Estate Project** developed through EVERLAND SA, the project from Bd. Primaverii no. 2, located on 2,55 ha of land is a multifunctional residential centre with offices and trade areas, with its Zonal Urban Plan approved on 28<sup>th</sup> February 2022.

The urban indicators in the ZUP stage for the M1 area are the following: POT max 45%, CUT max 4 and Rh max S/Ds+P+20E, and for the M2 area: POT max 45%, CUT max 2,5 and Rhmax S/Ds +P+16E, with a spread area of 83.800 square meters, of which 16.765 square meters of office, 62.870 square meters for dwellings, with 850 apartments, 4.191 square meters for complementary services, 6.000 square meters of green areas, and corresponding parking lots located mainly underground. Until the building permit phase, the final heights and surfaces can be optimized for the best use.

The EVERLAND complex, with a value of over 100 million euro, is a major urban redevelopment project from a former unused industrial area to the newest central urban hub in Iasi.





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



- ✓ In **"Veranda Mall" Project** we have a 37% indirect holding through Professional Imo Partners SA and Nord SA. The extension stage was completed with about 6,300 sqm with the area dedicated to commercial galleries and a multiplex cinema equipped with 12 projection rooms, the leasable area reaching approximately 34,000 sqm.



On behalf of EVERGENT Investments team, I hereby thank you for your trust!

*Yours sincerely,*

Claudiu Doros  
CEO

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**Annual report as per:** Law no. 24/2017, Art. 63; FSA Reg. 5/2018 on the issuers of financial instruments and market operations; article 126, annex 15- Annual Report Template; 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:** 25<sup>th</sup> March 2022

**Issuer name:** EVERGENT Investments SA

**Headquarters:** Pictor Aman Street no. 94 C, Bacau

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

**Tax identification code:** 2816642

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

**LEI:** 254900Y100025N04US14

**Subscribed and paid-up capital:** 98.121.305,1 lei

**Number 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 securities 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

### TYPE OF INVESTMENT COMPANY

*EVERGENT Investments is an AIFM positioned mainly on Romanian market, as a closed fund with investments mainly in shares, with an average risk degree and temporary liquidity investments in fixed rate instruments.*

**Legal framework** - EVERGENT Investments SA is classified, according to applicable regulations, as an Alternative Investment Fund of the investment companies type – F.I.A.S., Retail Investor Alternative Investment Fund (RIAIF) category, authorized by the Financial Supervisory Authority with certificate no. 101/25.06.2021 and functions abiding by the provisions of Law no. 74/2015 on managers of alternative investment funds, Law no. 24/2017 on issuers of financial instruments and market operations, Companies' Law no. 31/1990 and FSA regulations issued for the application of primary law.

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

**The main field of activity** of the company is financial investments.

**Its object of activity** consists in:

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



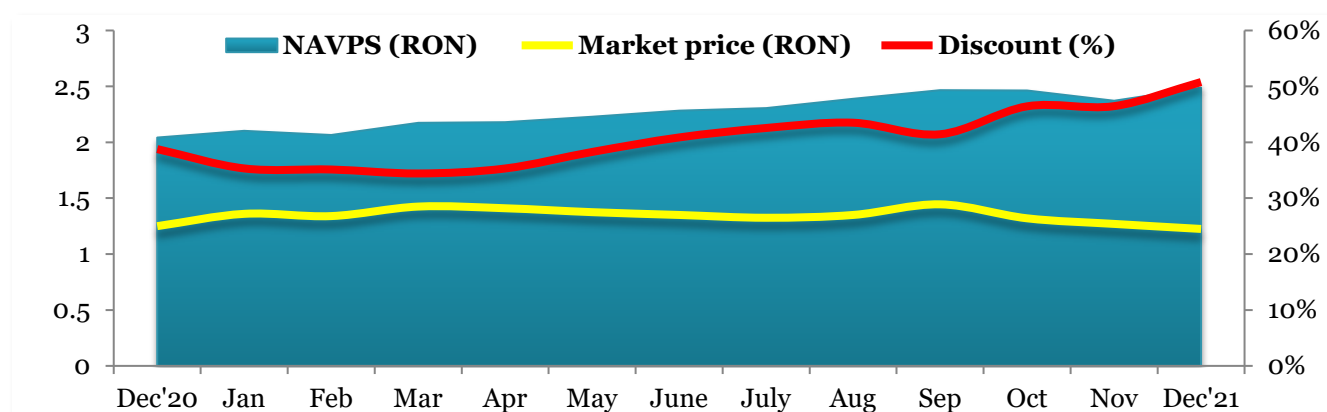
# 1 Activity Analysis

## 1.1. Performances

### Assets under management

Indicator	2019	2020	2021	2021 /2020 %
Total Assets (million lei)	2.361	2.137	2.553	+19
Net Asset (million lei)	2.195	2.003	2.383	+19
NAV per Share (lei)	2,23	2,04	2,49	+22
Market price (lei)	1,61	1,25	1,22	-2,4
(Market price / NAV per Share) Discount (%)	28	39	51	+12pp

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

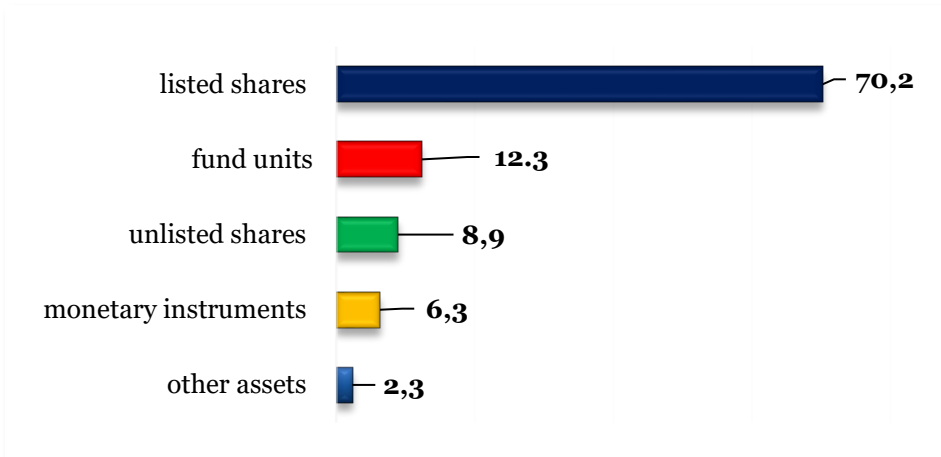


### Portfolio structure

Assets structure (% din of total assets value)	2019	2020	2021	2021 vs 2020
<b>Shares, of which:</b>	81,4	80,0	79,1	-0,9
<i>Listed</i>	72,2	70,1	70,2	+0,1
<i>Unlisted</i>	9,2	9,9	8,9	-1,0
<b>Non UCITS+UCITS (fund units)</b>	12,5	14,0	12,3	-1,7
<b>Monetary instruments (deposits, availabilities)</b>	4,3	4,3	6,3	+2,0
<b>Other assets</b>	1,8	1,7	2,3	+0,6

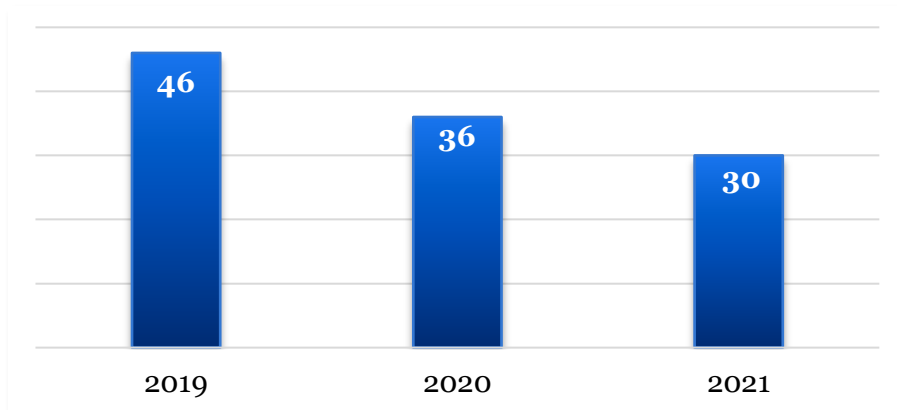
**Portfolio structure on 31<sup>st</sup> December 2021** (% assets under management)

**Objective:**  
Maintaining the main share weight, namely listed shares



**Number of companies in the portfolio**

**Objective:**  
Lower the number of holdings and increase of exposure per issuer to increase the efficiency of the management action.

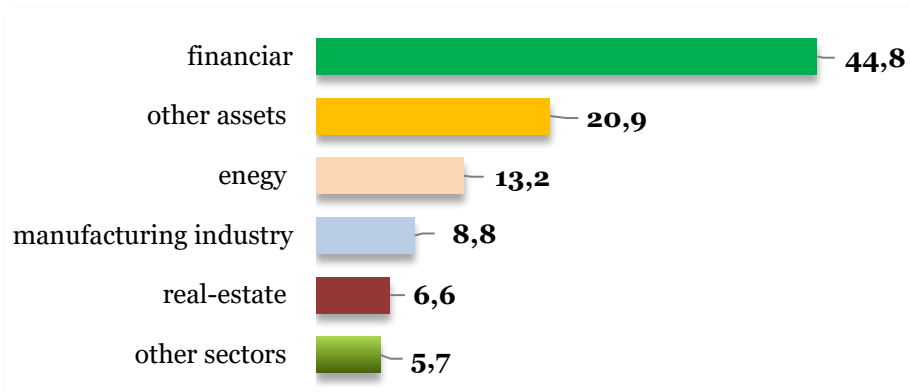


**Sectorial exposure**

Sectorial exposure (% assets under management)	2019	2020	2021	2021/2020 pp
Financial	45,4	44,4	44,8	+0,4
Energy	16,0	16,0	13,2	-2,8
Processing industry	8,0	7,0	8,8	+1,8
Real estate	6,4	6,9	6,6	-0,3
Other sectors	5,6	5,7	5,7	0

**Sectorial exposure – 31<sup>st</sup> December 2021** (% of total assets value).

**Objective:**  
Maintaining and optimizing the financial-banking and energy-industrial sectors as pillars of portfolio stability



**Top companies/holdings in the portfolio – 31<sup>st</sup> December 2021**

TOP COMPANIES IN THE PORTFOLIO	% holding of issuer's share capital	> 1% of total assets value
BANCA TRANSILVANIA	6,09	38,9
ROMGAZ	1,96	11,6
AEROSTAR	15,17	7,5
BRD-SG	0,81	4,0
PROFESSIONAL IMO PARTNERS	31,42	2,4
STRAULESTI LAC ALFA	50,00	2,2
AGROINTENS	100,00	1,8
EVER IMO	100,00	1,8
EVERLAND	100,00	1,7
NUCLEARELECTRICA	0,29	1,6
SIF TRANSILVANIA	0,13	1,4
<b>TOTAL</b>		<b>74,2</b>

**2021/2020 comparative evolution within the sector**

EVERGENT Investments ranks second for market capitalization with 1,2 billion lei, a slight decrease compared to 31st December 2020, since the total number of shares decreased compared to the same period of 2020. Also EVERGENT Investments recorded on 31st December 2021 the second highest net asset, namely 2,4 billion lei.

At the same time, EVERGENT Investments ranks third in terms of price discount compared to NAV, namely 50.8%.

Net result, of 149,3 million lei, is comprised of 46,4 million lei net profit and 102,9 million lei ret gain reflected in retained earnings from the sale of financial assets classified at fair value through other comprehensive income (accounting treatment as per IFRS 9).

million lei	SIF1	EVER	SIF3	SIF4	SIF5
<b>Net asset 31.12.2021</b>	<b>3,363.15</b>	<b>2,383.17</b>	<b>1,382.38</b>	<b>1,982.61</b>	<b>2,199.83</b>
Net asset 31.12.2020	2,826.27	2,002.77	1,170.31	1,552.79	1,998.47
NAV evolution 21/20%	19.00%	18.99%	18.12%	27.68%	10.08%
<b>Liquidities 31.12.2021*</b>	<b>339.36</b>	<b>161.50</b>	<b>47.86</b>	<b>94.95</b>	<b>18.55</b>
Liquidities 31.12.2020*	150.69	91.66	70.51	64.79	30.88
Liquidities evolution 21/20%	125.20%	76.20%	-32.12%	46.54%	-39.93%
<b>Net result 31.12.2021</b>	<b>361.12</b>	<b>46.39</b>	<b>99.07</b>	<b>266.12</b>	<b>38.09</b>
Net result 31.12.2020	92.12	5.83	34.54	-25.86	52.23
Profit evolution 21/20%	292.01%	695.71%	186.83%		-27.07%
<b>Capitalization 31.12.2021</b>	<b>1,309.17</b>	<b>1,201.99</b>	<b>746.04</b>	<b>1,227.97</b>	<b>843.00</b>
Capitalization 31.12.2020	1,133.93	1,236.85	743.88	643.41	939.87
Capitalization evolution 21/20%	15.45%	-2.82%	0.29%	90.85%	-10.31%
<b>NAVPS 31.12.2021</b>	<b>6.6268</b>	<b>2.4888</b>	<b>0.6424</b>	<b>2.5268</b>	<b>4.3997</b>
Price 31.12.2021	2.540	1.225	0.345	1.565	1.686
<b>Price/NAVPS Discount 31.12.2021</b>	<b>-61.7%</b>	<b>-50.8%</b>	<b>-46.3%</b>	<b>-38.1%</b>	<b>-61.7%</b>
Price/ NAVPS Discount 31.12.2020	-59.9%	-38.8%	-36.4%	-58.3%	-53.0%
DIVIDEND 2020	0	0.043	0	0	0.05
<b>DY%</b>	<b>0.00%</b>	<b>3.51%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.97%</b>
No. of shares	515,422,363	981,213,051	2,162,443,797	784,645,201	500,000,000

\*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 on the lines of the multiannual coordinates and 2021 Activity Program, namely:

- ✓ *Increase* for 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 – listed portfolios that provide liquidity to EVERGENT Investments assets, representing the main income and sources generators for new investments.
- ✓ *Restructure* for SELL Portfolio– sale of the historic share portfolio.

EVERGENT Investments is a long-term investor, therefore investment performance is a key objective in our business. Our investment philosophy is focused on growth in a wider universe of opportunities through the possibility of investing in real estate portfolios, in corporate bonds not admitted to trading, shares of limited liability companies whose annual financial statements are audited in accordance with the law and other instruments.

We are confident that a sustained active management of EVERGENT Investments portfolio shall significant increase our shareholders’ capital. Our listed portfolio is built through a dynamic allocation, different from the structure of BVB indicators, and therefore we have the ability to generate alpha and show double-digit returns for our assets, for the benefit of our shareholders.

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

As an investment perspective in the coming years, we shall continue our exposure to agribusiness and real estate, but we can also expand our business in areas that interfere with the two major global and national interest issues: technological evolution and environmental protection. For example, we are focusing on finding and developing companies with clean resource technology (water, soil, air) and green energy (hydro and photovoltaic).

## Context

The first three quarters of 2021 were very good, but the last quarter was quite weak, with share returns under those of the first nine months of the year. The last three months of 2021 saw a decline of the BET-BK index, which had one of the lowest quarterly performances among relevant indices. For the whole year 2021, BET-BK remained among the best performers, with a yield of 22%, although in Q4 2021 it had a decrease of 2%.

Also in the last quarter of 2021, there was a de-correlation between the American stock market and European ones, the American market gaining a clear advance towards the end of the year.

The table below summarizes the evolution of the relevant indices compared to BET- BK, the standard deviation of a measure of those standards’ volatility. It can be observed that BET-BK index, which had one of the best yields in 2021, registered an average volatility in 2021.

By comparison, WIG 20, which had a much lower yield, presented the same level of volatility.



Index	Q4 2021 evolution	2021 evolution	Standard deviation
<b>BET-BK</b>	-2.02%	22.13%	7.22%
<b>BUX</b>	-8.87%	9.50%	8.25%
<b>NASDAK COMPOSITE</b>	8.95%	22.14%	6.89%
<b>DAX</b>	1.89%	6.95%	4.21%
<b>CAC 40</b>	7.69%	19.35%	6.28%
<b>SAX</b>	0.46%	6.34%	2.51%
<b>S&amp;P 500</b>	10.94%	27.23%	7.78%
<b>WIG 20</b>	-3.58%	5.69%	7.25%

### 1.2.1. FINANCIAL – BANKING Portfolio

The financial – banking sector is the main investment pillar of EVERGENT Investments, representing 44,8% of total assets on 31<sup>st</sup> December 2021.

Since the start of the pandemic, Romanian banking sector has maintained a prudent position in terms of the balance sheet structure, in order to promote a proper management of liquidity risk, assigning a significant share of assets to exposures on the government sector, but with effects on the enhancement of the connection between the bank sector and the state.

Post-pandemic saving was focused on demand deposits, and the significant contraction of lending since the onset of the pandemic was followed by a significant upward trend of real-estate lending in 2021, with a positive impact on bank profitability - net profit of 6,4 billion lei, ROE 13,6%, September 2021 (NBR report on financial stability 31.12.2021). There has been a gradual increase of expenses for bank digitalization of banks in recent years, with a forecast budget increase in 2022 as well, and the expected effects are to increase customers and revenues.

The financial health indicators of the banking sector have remained at adequate levels during the COVID-19 pandemic period, at a similar or better level compared to European average, giving an increased ability to absorb possible shocks. The results of the solvency and liquidity stress testing exercises show that the banking sector's ability to manage the main risks that could materialize in the context of high-severity macroeconomic developments is maintained.

According to central bank statistics, the total equity ratio stood at 23.1% in September 2021 (compared to a 19.6% average in EU Member States), while the liquidity coverage indicator increased to 241,9% in September 2021 (compared to 172,4% in EU). The operational efficiency of credit institutions, although higher than the EU average (cost/income ratio of 54%, September 2021 in comparison to 64% in EU, June 2021), as well as the non-performing loans (3,7% September 2021, in comparison to 2,3 % in EU, June 2021) still places the Romanian banking sector in a medium risk area, according to ABE classification (NBR report on financial stability 31.12.2021).

A series of challenges remain due to the persistence of the pandemic, the most important being the potential intensification of credit risk in the coming period, due to uncertainties about the speed of the economy's recovery. Another challenge arises from the increase of interest rate risk as a result of the holding of significant fixed income debt instruments (especially government securities) and the mismatch of the duration of interest rate sensitive assets and liabilities.

At the same time, cyber risk has a high relevance for banks.

The non-performing loans rate continued its downward trend that began in the second half of the

previous year and reached 5.8% at the end of September 2021, a reduction of 0.8 percentage points, according to the Financial Stability Report published by the NBR.

The loose financial discipline of companies remains an important structural vulnerability of non-financial companies in Romania. The negative economic effects of the COVID-19 pandemic have exacerbated this vulnerability to some extent, given the periods of total or partial disruption of economic activities, as well as the mobility constraints that have affected demand in such sectors as the extractive industry or services for the population.

BNR supported the liquidity needs of banks throughout the period since the beginning of the pandemic through bilateral repo operations and the results of the latest stress tests run on the level of credit institutions certify the adequate level of liquidity and not how significant risks in the event of significant withdrawal financing.

In January 2022, BNR increased the key interest rate to 2% per year, from 1,75%, in the context of the intensification of inflation and inflation expectations. It is also decided to extend the symmetrical corridor formed by the interest rates of the permanent facilities around the monetary policy interest rate to  $\pm 1,00$  percentage points, from  $\pm 0,75$  percentage points; thus, starting on 11th January 2022, the interest rate related to the credit facility (Lombard) increased to 3,00% per year, from 2,50% per year, while the interest rate for deposit facility remained at 1,00% per year;

Annual inflation rate rose to 7,94 % in October 2021 from 6,29% in September, and in November it dropped to 7,80% under the impact of capping and offsetting electricity and gas prices for the population, slightly exceeding the forecast level at the end of two months of the fourth quarter. Its growth continued to be driven mainly by exogenous CPI components, with major influences in this range mainly due to the substantial rise in fuel prices, due to the non-petrol and diesel category and to a lesser extent from the increase of LFO prices.

The excess liquidity on the monetary market remains widespread. Thus, in October, The National Committee for Macro-Prudential Supervision (CNSM) of which NBR is a member, decided not to extend the recommendations regarding the restrictions related to the distribution of dividends by banks during the COVID-19 pandemic, given the consistent level of capital reserves and the similar position announced in July by the European Central Bank (ECB).

The ECB's strategies anticipate that the bank will move faster in withdrawing incentives, while markets expect the benchmark interest rate to reach zero by the end of this year.

The move to a more aggressive stance came amid a record inflation figure in January, which rose for the seventh month in a row to a new record of 5.1%.

The second factor behind the ECB's change of tone was the rapid recovery of the labour market following the pandemic. Eurozone unemployment fell to a record low of 7%.

Fed Chairman Jay Powell has refused to rule out further aggressive interest rate increases in 2022 and the Bank of England has raised interest rates for the second time in three months.

**BANCA TRANSILVANIA (TLV)** – remains the most important holding, providing stability and growth to EVERGENT Investments portfolio. TLV share is included in FTSE Global Equities Index Series (2020).

Banca Transilvania remains in 2022 in the top of the most valuable 500 bank brands in the world, ranking 204th according to Brand Finance Banking 500 2022. The value of Banca Transilvania brand has increased to 460 million dollars, from 441 million dollars in 2021.

EVERGENT Investments has implemented an internal management mechanism for exposure subject to fluctuation in TLV share price, so that the legal and prudential limits on holding per issuer (40%), by Group (50%) and in the bank's share capital (10%).

In the context of reaching price maximums that caused exposure on issuer Banca Transilvania to approach the allowed limit of 40% of total assets, based on the internal exposure management mechanism, sales were made during the reporting period, with the achievement of significant gains from transactions.

In 2021, the Bank rewarded its shareholder both with the distribution of free shares in proportion of 10% of the share capital, and with dividends amounting to a total of 500 million lei.

Expectations are for further growth of the bank's assets (the highest in the banking system in terms of asset value) and its profitability with the growth of Romanian economy. Bank interest income will be positively affected by the increase of loans and interest rates and we will see the influence of these increases in the results of 2022 as well.

Following the acquisition of Idea Bank, Banca Transilvania continues its organic growth, so that as a result of the transition it could reach about 19% of the local market, which is about one fifth of the assets of Romanian banking systems, detaching itself from other banks. Although Idea Bank is a small bank, through this acquisition Banca Transilvania consolidates its market share on loans and deposits base, as well as the number of customers.

The transaction worth 213 million lei (43 million euros) was completed on November 29, 2021. Romanian companies, which are under the IDEA brand, mean 2.8 billion lei total assets, over 60,000 customers, 530 employees and 46 units, at the end of last year.

Results registered at the end of 2021 support the role of Banca Transilvania as the main pillar of economic recovery in 2021 and place the bank among the most profitable banks in the European union according to the rate of return on registered capital.

The bank's loan portfolio is very solid, with a non-performing exposure rate of 2.71% at the end of 2021, and the coverage of total non-performing exposures with provisions, according to EBA standards, is 166%, which indicates the prudent policy of the bank in terms of crediting activity.

**BRD - SOCIETE GENERALE (BRD)** – is the third largest bank in Romania, with a well-established business model, oriented towards the retail segment and market share of 100% on assets.

In line with investors' expectations, BRD convened in January this year the Ordinary General Meeting of Shareholders for the distribution of dividends from the profits of 2019 and 2020. The approved amount is 1,684 million lei, and the dividend per share is 2.4164 lei. Also, as a result of a very good commercial and financial performance, the bank proposed the distribution of dividends from the profit for the year 2021 in the amount of 1,285 lei / share.

At the end of 2021, the bank obtained a very good financial and commercial performance, amid the increase in transaction volumes of clients and of lending activity both of companies and natural individuals. The commercial activity was very good on all business lines, while the dynamics of saving registered increasing volumes and greater diversification.

BRD managed to safely get through the turmoil generated by the pandemic without jeopardizing its balance sheet. The bank aims to grow healthily and steadily, supporting the transition of the Romanian economy towards sustainability. The business model presents a moderate risk being focused exclusively

on domestic market and diversified loans.

The quality of the loan portfolio remains robust, with an NPL rate of 3.1%. The non-performing loan coverage rate of 75% remains at a solid level.

Earlier this year, Fitch Ratings confirmed the default long-term issuer rating (IDR) of BRD-Groupe Societe Generale S.A. (BRD) to "BBB +" with negative prospects.

Expectations are to increase the bank's profitability with the growth of the Romanian economy. Bank interest income will be positively affected by the increase in loans and interest, an increase that is reflected in the results for Q4 2021 and will be felt more in the results of 2022.

### **SIF TRANSILVANIA**

The holdings of SIF3 shares represented 1,42% of EVERGENT Investments' total assets on 31<sup>st</sup> December 2021. The expectation regarding this company is to increase the value of its assets, implicitly of the share price by restructuring the portfolio with high exposure on the tourist, hotel, private or listed sector.

### **BSE**

Because EVERGENT Investments is part of the development of Romanian capital market, in the current context of economic development of the country and Romanian companies, holding an important position in BSE shareholding (4.33%) is also beneficial for our shareholders. At the same time, the current and forecast increase of market capitalization and the company's profitability (7.9 million lei at the end of 2021 with a net profit margin of 30%) are elements that determine long-term holding.

## **1.2.2. ENERGY – INDUSTRIAL Portfolio**

The weight of the energy sector is 13,2% of total assets on 31<sup>st</sup> December 2021 in comparison to 16% on 31<sup>st</sup> December 2020.

EVERGENT Investments constantly analyses the possibility of allocating capital to projects in economic sectors that support the transition to a sustainable, low-carbon economy. In this regard, we will try to identify the business segments that produce or supply goods, products and services that offer environment solutions. We consider that this area can include agriculture, renewable energy producing industries (hydro, photovoltaic) or low carbon (nuclear energy or produced by modern plants with combined cycle gas turbines, which produce less than half the volume of carbon dioxide (CO<sub>2</sub>) compared to coal-fired power plants of equivalent size. Nuclear energy may have a reversible effect on global warming since energy demand is forecast to increase. During the nuclear fuel cycle, nuclear power plants have very low greenhouse gas emissions compared to other energy sources. In line with Romania's energy strategy, we consider gas and nuclear fuel to be transition fuels, indispensable in the European economy, in order to achieve neutrality goals by 2050.

In the scenarios analysed by the International Energy Agency, energy demand will increase by 2.1% per year by 2040, especially in developed countries. It is estimated that the share of zero carbon energy will increase from the current 36% to 52% by 2040. Romania supports the European Union's environmental goals of achieving zero carbon by 2050. The decarbonisation that is to be reached by 2030, the intermediate stage has been accelerated from 40% to 55%. This ambitious goal cannot be achieved without the use of all low-carbon energy, especially nuclear and gas. Thus, the target undertaken by Romania is to reduce CO<sub>2</sub> emissions by 43.9% by 2030 compared to their level in 2005. Romania also aims to reduce dependence on energy imports from 20.8% today to 17.8 % by 2030 which means sustained investment in production capacity without carbon emissions or transition, with basic production to ensure the stability of the national energy system.



The European Commission has recently approved the inclusion of natural gas and nuclear energy on the list of investments in the transition to decarbonisation.

Current data shows that the demand for fossil fuels in the global market is growing, as is their price. The increase in gas prices is also supported by the fact that, at present, there is no infrastructure for the storage of energy from renewable sources on an industrial scale and no infrastructure for its transportation. Most likely, in the short and medium term, the global energy system will operate in a hybrid regime.

For Europe, this means that the need for Russian gas shall be maintained, both because of its geography and energy infrastructure, as well as CO<sub>2</sub> reduction programs where gas will be preferred over oil, on one hand, and on the other because the transformation of the global energy sector will not take place as quickly as originally intended.

Romania must rely on gas and nuclear energy in the transition to a carbon-free economy. Romania is one of the least energy efficient countries, with a pronounced dependence on coal, which has a share of 16% in the local energy mix. The transition to a carbon-free economy will be extremely difficult if gas is not used as an intermediate fuel. Nuclear energy investments have the major advantage that they produce no emissions, thus contributing to the reaching of targets.

In 2021, Russian gas imports could not compensate the demand increase following the restart of economies after the coronavirus, the reduction of European production following the closure of some deposits in Europe (Norway, Denmark, the Netherlands) and the natural decline (Romania) or increase of liquefied natural gas demand on Asian markets.

The increase in gas prices is the result of a strong recovery in demand, lower volumes of Russian gas and imported LNG. Gas stocks in Europe were below average in September as deliveries from Russia, US LNG and Norway were lower. The huge demand in Asia has led American companies to sell their goods where there is a good price. US can deliver gas and oil to Europe, not electricity, and this is an important issue on the average and long term in the context of the "green" agenda that will make electricity the "new oil".

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

The rise in the price of CO<sub>2</sub>, electricity and natural gas certificates should be a warning to the EU that fossil fuels cannot be replaced with renewable energy and that the transition to a carbon-free economy cannot be made without natural gas.

**NUCLEARELECTRICA (SNN)** – the deep paradigm shifts in the energy industry, namely the shift from fossil fuels to electricity consumption, ideally positions the company for value growth. Due to the massive investment plans to increase the production capacity of reactors 3 and 4, SNN will consolidate its business model with a net profit margin of over 25% and dividend yields over 6% in the medium term.

With regard to the refurbishment of Unit 1, which is expected to increase the life of the reactor by a further 30 years, the costs are significantly higher than the company's estimates to date (EUR 1.2-1.5 billion). There are 3 refurbishment scenarios, based on varying degrees of safety and performance, and costs range from € 1.81 billion to € 2.09 billion.

During the refurbishment, reactor 1 is scheduled to be shut down between January 2027 and September 2029.

For 2022, SNN estimates a net profit of 2.152,7 mil. lei, 112% higher than that achieved in 2021. Revenues from the sale of electricity in 2022 will be 5.019.758 mii lei, at a scheduled sale quantity of 10.597 GWh, resulting in a weighted average selling price of 473,68 lei/MWh.

In the context of Green Deal, CO<sub>2</sub> certificate prices will continue to rise, increasing the price of

electricity. Nuclearelectrica benefits from this context as the company produces cheap energy and its production costs are not affected by the CO<sub>2</sub> certificate price increase.

**ROMGAZ (SNG)** – has very good prospects for business growth in the current favourable context of the gas market. The company budgeted for 2022 operating income of 12,3 billion lei and a net profit of 1,73 billion lei. For 2021, preliminary results indicate operating income of 6.2 billion lei and a net profit of 1.7 billion lei, 35% higher than that in 2020.

Romgaz has completed the exclusive negotiations and reached an agreement with ExxonMobil Exploration and Production Romania Holdings Ltd, on the terms and conditions for acquiring a stake in the Neptun Deep project, and the transaction could be completed in the first quarter of 2022. Neptune Deep project will contribute to the development of gas production and maintain the degree of reserve replacement on the average term. FID's final investment decision depends on the offshore law that is expected to be approved by the Parliament in the first half of 2022.

Romgaz's plan to increase production foresees that by the end of 2022 a number of wells with an additional daily flow of almost 1 million cubic meters will be commissioned. Aristotel Jude, Romgaz director: "In 2023 we will commission another 13 wells with an additional contribution of approximately 1.2 cubic meters per day, 9% compared to the current average daily production.

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

The main direction of action in Romgaz strategy project: injection of carbon dioxide into depleted gas fields with a view to provide storage services, the reduction of the quantity of technological natural gas burned in a controlled manner, through the application of methane capture and use solutions, construction of methanol and olefin production units, development of renewable electricity generation capacities of 180 MW, with the commissioning of a photovoltaic capacity of 60MW by the end of 2023. The company aims to extend through rehabilitation the exploitation of mature ores, concession of new perimeters, maximization of the recovery factor of hydrocarbon reserves, development of new exploration and exploitation project, maintaining the annual decline in gas production below 2,5%.

**AEROSTAR (ARS) (7,5%)** 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 the parts, subassemblies and equipment manufactured by Aerostar are used for are Airbus, Boeing, Bombardier, Dassault or Gulfstream planes. AEROSTAR is the main independent provider of maintenance services in Romania and the region for Airbus 320 and Boeing 737. At the same time, it is a leading supplier for the Ministry of National Defense in the field of air, land and naval defend system.

The sound business model and efficient management represent the guarantee of the successful overcoming of the challenges that the aeronautical and air transport field is currently facing.

IATA and other industry groups – passenger traffic is expected to return to 2019 levels in 2023-2024 and then, in a few years, to return to the long-term growth trend, said Boeing CEO and President, David Calhoun on 28<sup>th</sup> July 2021.

The forecast for A&D industry for 2022 (Deloitte A&D outlook 2022 study) is positive.

Current macroeconomic trends suggest that the demand for small and medium-size aircraft will continue to recover and reach pre-COVID levels in 2022, and manufacturers of aircraft / subassemblies for small aircrafts, such as Aerostar are well positioned to benefit from this demand recovery. In 2022, innovation, technological transformation and geopolitical and regulatory changes are likely to increase the strength of the business environment in all industry segments: commercial, airspace and defence. The intensification of global transactions is also likely in 2022 as large companies will prioritize mergers and acquisitions to boost long-term growth.

Defence markets are expected to remain stable in 2022, as military projects continue to be a strategic priority and countries will further strengthen their armies given international threats.

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

On 31<sup>st</sup> December 2021, the assets of the 6 subsidiaries of EVERGENT Investments Group registered a value of 192,1 million lei, representing 7,51% of EVERGENT Investments' total assets.

Members of EVERGENT Investments Group:

No.	Subsidiary name	EVERGENT Investments direct holding – mother company %	Weight of total assets % 31.12.2021	Company type (closed/ listed)	Activity
1	EVERLAND SA	99,99	1,76	Unlisted	Real estate - private equity portfolio
2	EVER IMO SA	99,99	1,82	Unlisted	
3	REGAL SA	93,02	0,38	BVB-ATS (REGL)	
4	MECANICA CEAHLAU SA	73,30	0,94	BVB-REGS (MECF)	agriculture and agricultural machines - private equity portfolio
5	AGROINTENS SA	99,99	1,82	Unlisted	
6	CASA SA	99,60	0,79	Unlisted	Garnishment and support for EVERGENT Investments
<b>Total</b>			<b>7,51</b>		

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

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

#### Rules applied in compliance 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 and 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. Some 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 crops.

**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 panted area was 86 ha.

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

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

### Corporate events:

20.04.2021 – OGMS approved the financial statements and auditor appointment

20.04.2021 – EGMS approved the extension of a working capital credit facility of 1.5 million lei

22.06.2021 – EGMS approved: updated financial forecasts, increase of share capital by 1.750.000 lei; increase of the value of existent working capital credit facility to 2,5 mil. lei and of the corresponding collateral.

15.12.2021 – EGMS approved the modification of mortgages on the real property used as collateral for working capital credit facilities of 2,5 mil. lei and approved the collateral corresponding to the credit facilities.

23.12.2021 – OGMS approved 2022 IEB, investment plan and updated financial projections.

### 2021 Financial results

Indicators – AGROINTENS (thousand lei)	2021 Budget	Achieved in 2021	Achieved 2021 / 2021 Budget (%)
<b>Total income</b>	12.049	8.538	70,9
<b>Total expenses</b>	12.490	10.857	86,9
<b>Net profit/(Loss)</b>	-441	-2.319	n.a.

Registered loss is in accordance with the financial projections corresponding to the newly setup farms.

### 1.2.3.2. EVERLAND SA – Iasi Real Estate Program

**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. The Company holds assets located in the central area of Iași municipality, with a significant real-estate development potential, on all segments: residential, office and commercial:

1. Land owned of around 2,55 ha;
2. Administrative building (GF+8) with a built area of 4.600 square meters.

#### Status:

- ✓ Urban zonal plan approved by Iasi council on 28.02.2022
- ✓ Maximum built area of 83.800 square meters, the estimated value of the project being 100 million euro;
- ✓ The urban indicators in the zonal urban plan for the M1 area are the following: land occupancy rate max 45%, site rate max 4 and height max basement / semi-basement + Gf + 20 floors, and for the M2 area: land occupancy rate max 45%, site rate max 2,5 and height max basement / semi-basement + Gf + 16 floors, with a built area of 83.800 square meters, of which 16.765 square meters of office, 62.870 square meters for dwellings, with 850 apartments, 4.191 square meters for complementary services, 6.000 square meters of green areas, and corresponding parking lots located mainly underground.
- ✓ In June 2021, the company setup an investment vehicle with 100% holding for the development of later real-estate projects.

### 2021 Financial Results

Indicators – EVERLAND SA (thousand lei)	2021 Budget	Achieved 2021	Achieved 2021 / 2021 Budget (%)
<b>Total income</b>	39	105	269
<b>Total expenses</b>	2.422	644	26
<b>Net profit/(loss)</b>	-2.383	-539	23.

Loss was generated by operational expenses (UZP).



**Corporate events:****OGMS 14.01.2021**

A director is elected for a 4 years' mandate.

**OGMS 23.04.2021**

**Resolutions:** approves the 2020 financial statements and appoints auditor Deloitte Audit SRL.

**EGMS 11.06.2021**

**Resolutions:** approves the participation of EVERLAND S.A. to the set-up of a limited liability company named „A3 Snagov” and set-up of A3 SNAGOV S.R.L. with sole associate.

**EGMS 12.07.2021**

**Resolutions:** approves the increase of EVERLAND SA's share capital to 44.407.510 lei, divided into 4.440.751 shares with a face value of 10 lei/share.

**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.

*Financial results on 31.12.2021*

Indicators – CASA SA (thousand lei)	2021 Budget	Achieved 2021	Achieved 2021 / Budget 2021 (%)
<b>Total income</b>	3.959	2.805	71
<b>Total expenses</b>	3.713	2.720	73
<b>Net profit/(loss)</b>	246	85	34

Income obtained in the reporting period was affected by the Covid 19 pandemic, without jeopardizing activity continuation, with effects on the company's profitability.

**Corporate events:**

21.04.2021 – OGMS approved the financial statements for 2020 financial year and the appointment of auditor Deloitte Audit SRL.

**1.2.3.4. MECANICA CEAHLAU SA**

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

The company manufactures agricultural equipment for land process and distributes (i) Steyer and Hart tractors, (ii) Project herbicide equipment and (iii) Stoll front loaders. In 2021, the company introduced irrigation reels in its product portfolio.

*31.12.2021 Financial results*

Indicators – Mecanica Ceahlau (thousand lei)	2021 Budget	Achieved 2021	Achieved 2021/2021 Bdget (%)
<b>Total income</b>	31.064	35.799	115
<b>Total expenses (except income tax)</b>	29.734	33.419	112
<b>Net profit/ (loss)</b>	980	1.720	175

**Corporate events:**

26.04.2021 – OGMS approved the financial statements and auditor appointment

26.04.2021 – EGMS approved the extension of the counter-guarantee letter and maintenance of guarantees related to the letter, representing 9.25% of the company's total fixed assets less receivables and the cumulative level of guarantees representing the 24,37% cumulative percentage of total fixed assets of the company less receivables.

22.11.2021 – OGMS approved the appointing of a company director with a 4 years' mandate.

### 1.2.3.5. REGAL SA

On the reporting date, the company has 3 commercial spaces and the administrative headquarters. The company is in the process of withdrawing from trading and cancellation from FSA records, according to GMS resolution on 30/09/2021.

#### Financial Results on 31.12.2021

Indicators – REGAL (thousand lei)	2021 Budget	Achieved 2021	Achieved 2021 / Budget 2021 (%)
<b>Total income</b>	1.881	2.183	116
<b>Total expenses (except income tax)</b>	1.783	1.711	95
<b>Net profit/(loss)</b>	82	300	365

Income obtained in the reporting period was affected by the Covid-19 pandemic, without jeopardizing activity continuity, but with effects on the company's profitability.

#### Corporate events:

16.04.2021 – OGMS approved the financial statements and appointment of the auditor

16.04.2021 – EGMS approved the sale of three assets

30.09.2021 – EGMS approved the BVB trading withdrawal and cancellation of shares from FSA records.

### 1.2.3.6. EVER IMO SA

#### Real-estate projects in the North area of Bucharest

The company owns in the northern part of Bucharest, for real-estate development: (i) a plot of land of 1,9 ha and (ii) a plot of land with an area of 1,6 ha, acquired in July 2021.

#### Financial results on 31.12.2021

Indicators – EVER IMO SA (thousand lei)	2021 Budget	Achieved 2021	Achieved 2021 / 2021 Budget (%)
<b>Total income</b>	2.190	2.892	132
<b>Total expenses (except income tax)</b>	9.194	9.392	102
<b>Net profit/(loss)</b>	-7.004	-6.500	92

#### Corporate events:

27.05.2021 – OGMS approves the financial statements and appointment of auditor

22.06.2021 – EGMS approves the issue of corporate bonds of 18,6 mil. Lei

18.08.2021 – EGMS approves the free transfer (donation) for the extension of the street network (BNR project) to Bucharest town Hall of real property along with works carried out.

18.11.2021 – EGMS approves the name change from Tesatoriile Reunite to EVER IMO

14.12.2021 – EGMS approves, subject to the adjudication following the sale auction, the real-estate investment and participation of EVERGENT Investments with cash to the share capital increase of EVER IMO for this purpose.

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**Mention:** Private Equity portfolio also monitors the following companies:

- ✓ **NORD SA**, stock symbol **NORD** (18,19% holding of share capital) and **Professional Imo Partners SA**, stock symbol **PPLI** (31,42% holding of share capital) who directly/ indirectly participate to the implementation of "**Veranda Mall**" project in Bucharest
- ✓ **STRAULESTI LAC ALFA SA**, closed company (50% of the share capital) that implements "**Atria Urban Resort**" project in Bucharest.
- ✓ **AGROSERV MARIUTA SA**, ticker symbol **MILK** (8,28% of the share capital)

### 1.2.3.7. "VERANDA MALL" Shopping Centre real - estate project

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

**Description:** the investment project consisted in the construction of "VERANDA MALL" Trade Centre in Bucharest and its operation through Veranda Obor SA Company. The trade centre 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 was reflected in mall traffic, the most affected areas being those for entertainment (cinema, play area for children) and the restaurants that registered income decreases which were later reflected in the turnover decrease of the trade centre.

### 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 STRAULESTI LAC ALFA SA. The project targets the building of 1.381 apartments, in 4 stages, on a land of about 9 ha, located in the NW area of Bucharest municipality, in the vicinity of Colosseum Retail Park with quick access to the northern part of the capital city.

**Investment:** EVERGENT Investments is a shareholder of Straulesti Lac Alfa SA, along with CityRing Property SRL and Mr. Liviu Lepadatu who also provides the management of the real estate project development. EVERGENT Investments' total investment is 8,3 mil euro. Project financing is ensured both with own capital and bank loan, binding loan and the estimated project value is over 100 mil. euro.

**Current status:**

- ✓ Stage 1:
  - Includes a number of 160 apartments (studios, two and three rooms) completed and sold at the end of 2019
- ✓ Stage 2 (398 apartments):
  - Works were stated in December 2019, the building being completed in 2021;
  - Preliminary contracts were concluded for around 71% of the apartments
- ✓ Stage 3 (338 apartments) – planning pending.

*Financial results on 31.12.2021*

Indicators – Straulesti Lac Alfa (thousand lei)	2021 Budget	Achieved 2021	Achieved 2021 / 2021 Budget (%)
<b>Total income</b>	80.208	71.690	89
<b>Total expenses (except profit tax)</b>	75.973	63.050	83
<b>Net profit</b>	3.591	7.215	200

The sale of Stage 2 apartments shall be started in Q4 2021.

**Corporate events:**

11.03.2021 – EGMS approved the landscaping contract for the 2<sup>nd</sup> stage of Atria project

28.04.2021 – OGMS approved 2020 Board report, 2020 financial statements, allocation of 2020 profit, 2021 Activity Program

15.07.2021 – OGMS approved the increase of the expense budget and signing of contracts to existent suppliers, rectification of 2021 Budget.

06.09.2021 – EGMS approved the contracting of an additional credit for investments of 3 mil. euro

21.12.2021 – OGMS approved 2022 Budget

### 1.2.3.9. AGROSERV MARIUTA SA (MILK)

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

Agroserv Măriuța SA is a company that carries out mixed agricultural activity crops and animal husbandry. Starting in 2018 the company added a new business area, namely the processing of cow's milk, obtaining dairy products- whole milk bottled in glass, matured cheeses, acidophilic products.

The company has an integrated business model, that includes several product lines, working in the field of consumer goods by selling dairy products in modern or traditional trade/ HoReCa, with a solid component in basic agriculture selling the products of crops and milk to other local processors.

The company's portfolio of products includes milk, sour milk, cream milk, curd, sana. All brand products (except for the cheese) are packed in glass.

### 1.2.4. "SELL" Portfolio

In order to reach the investment objectives foreseen in EVERGENT Investments SA Investment Strategy and 2020 Activity Program, it continued to reduce the weight of SELL Portfolio, a portfolio selected based on liquidity criteria, performance and growth potential. Thus, on 31<sup>st</sup> December 2021, the weight of SELL portfolio was 0,41% of assets under management, compared to 1,10% on 31<sup>st</sup> December 2020, the main strategy applied being restructure through sale.

To the extent that the positions in this portfolio are sold, liquidities feed EVERGENT Investments SA's investment needs.

By 31<sup>st</sup> December 2021 participations held by EVERGENT Investments SA in the following companies were sold:

- ✓ Compa Sibiu (CMP) – full package sale;
- ✓ Agricola International SA – full package sale.

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 challenged decisions of the general meetings of shareholder affecting the interests of minority shareholders, submitted requests for the convening of general meetings of shareholders.

### 1.2.5. Implementation of 2021 Investment Program

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

million lei	2021 Activity program	Achieved on Dec 31, 2021	% achievement 31.12.2021
<b>Total investment program, of which:</b>	140	155	110.7
➤ <b>FINANCIAL - BANKING</b>	55,8	100	179.5
➤ <b>ENERGY - INDUSTRIAL</b>	20	13	63,5
➤ <b>PRIVATE EQUITY</b>	29,2	33	112.45
➤ <b>Other investments</b>	35	9	25.7



### 1.2.6. Perspective elements regarding the activity of EVERGENT Investments. Uncertainties and risks in 2022. 2022 Objectives.

a) *Presentation and analysis of the trends, elements, events or factors of uncertainty that affect or could affect the issuer's liquidity in comparison to the same period of the previous year.*

#### External

- In 2022, FED is expected to operate 3 interest rate hikes which will cause volatility in the markets. Expectations are that FED operates the first interest rate hike in March, with a total of three increases this year.
- All conditions are met for a financial crisis in Turkey, which may cause volatility on emerging markets. Since Governments have printed and spent on a large scale, becoming over-indebted, it is very likely that crisis will occur in different countries, especially in emerging ones.
- Threat posed by the extension of military conflict in Europe:
  - Russia's role as natural gas supplier for Europe means that energy prices could trigger waves of volatility across financial markets in the event of an invasion of Ukraine. Thus, a Ukrainian-Russian conflict is likely to cause a spike in gas prices even if the effects on the market can be felt on the short term. Subsequently, volatility triggered by the energy industry could lead to increases for the US dollar against the single European currency, as ING Swiss bank strategists write: "Any intensification should create positive effects for the dollar given that European dependence on Russian energy exports becomes increasingly apparent" strategists state.
  - The energy market could be very volatile if the conflict escalates. Russia is one of the world's largest producers and exporters of oil and gas. According to Eurostat, 46.8% of EU gas imports in the first half of 2021 come from Russia. At the same time, Europe is Russia's main natural gas destination.
  - If tensions materialize in a conflict, gas prices could also be affected if Russian gas exports were significantly reduced. Chancellor Olaf Scholz also says Germany could block Nord Stream 2 project should Russia attack Ukraine.
  - The European Union could face a short-term halt in all Russian gas imports, but this would have profound economic consequences and would require urgent measures to lower demand.
  - If Russia disrupts all gas supplies, the EU should increase liquefied natural gas (LNG) imports and impose emergency measures to reduce demand - such as plant closures - to avoid severe deficits..

#### Internal

- According to the analyses carried out by the NBR, the risk of delays in reforms and absorption of European funds, especially through PNRR, the risk of global uncertainties in the context of the COVID-19 pandemic and the risk of non-repayment of loans contracted by the non-governmental sector are assessed to be at a high level.
- In the coming period, budget deficit is expected to deepen, given the possibility that, on one hand, some of the measures previously implemented to support the economy because of the acceleration in the number of cases will be reintroduced, and on the other hand, the introduction of new measures necessary to combat the effects of the energy crisis (raising the price of electric energy and natural gas by resorting to support measures for the final consumers).
- Domestic macroeconomic developments and international macro-financial climate have led to an increase in the interest rate of government securities with 10 years' maturity in February to over 5.5% increasing the cost of capital, with negative effects on the assessment of companies.

b) *Presentation and analysis of the effects of current or anticipated capital expenditures on the financial situation of the issuer, in comparison to the same period of the previous year.*

EVERGENT Investments respectively related to the Share redemption program for the reduction of the share capital can be found in the materials submitted for the approval of EGMS on 20<sup>th</sup> January 2022 and EGMS on 28<sup>th</sup> April 2022: “Approval of the running of a share redemption program in order to lower the share capital”:

c) *Presentation and analysis of events, transactions and economic changes that significantly affect income from basic activity.*

Dividend income for 2021 included in the Income and Expenditure Budget that represent the main income reflected in the profit and loss account have been estimated based on the preliminary results for 2021 of companies in the portfolio, management releases, investments and cash-flow estimates of the companies. The recommendations of the Central European Bank will influence the dividend distribution of bank companies.

## 2022 Objective

The key elements of EVERGENT Investments Investment Strategy and Policy are based on an assignment of resources that insure the sustainable development of EVERGENT Investments’ activity and satisfaction of its shareholders interest both on the short and on the long run.

The solid and sustainable **investment policy** is the grounds for the long-term increase of managed assets value, a basic element for the consolidation of investors’ trust.

### Remuneration policy for EVERGENT Investments’ shareholders

EVERGENT Investments undertakes a predictable dividend policy.

In the context of the capital market volatility, the Board of Directors aims to find a balance between the need to provide resources for investment programs that are to be developed, shareholders

Expectation on the short term, namely dividend distributions and expectations of shareholders on the long term, namely increase of total assets and consequently of EVER share price.

The Board of Directors intends to remunerate shareholders both through the distribution of cash dividends, and the running of share buy-back programs for the purpose of reducing the share capital. We think that the mix of policies that includes dividend distribution and the possibility to subscribe to Public Purchase Offerings (PPOs) provides a higher return that that offered by classic dividend distribution, remunerating invested capital at a level higher than the returns offered by monetary investments.

**Capital operations** through the running of share buy-back programs for the purpose of lowering the share capital.

### Strategies defined for the assets portfolios:

- Increase for PRIVATE EQUITY Portfolio - “private equity” –type approach for existent majority holdings (real estate, agricultural, other sectors)
- Performance increase for Financial – Banking and Energy-Industrial Portfolios, listed portfolios that provide liquidity to EVERGENT Investments’ assets, the main generators of revenue and sources for new investments.
- Sale for the SELL Portfolio– drawing value from the “historic” share portfolio.

## 2 Risk Management

EVERGENT Investments sets and permanently maintains operational the risk management position that is hierarchically and functionally independent from the activities generating risk exposure and has access all information relevant for the fulfilment of its attributions and responsibilities.

One of the central components of the risk management system is the permanent risk management function. This function plays a key role in defining the policy for risk management and monitoring within the company, in order to insure the permanent compliance of the risk level with the company's risk profile.

Risk management responsibility is not limited to the level of the risk specialists or control functions. Operational structures under the supervision of the management functions are primarily responsible for the day-to-day management of risks taking into account the risk appetite and in accordance with the policies, procedures and controls of EVERGENT Investments.

### 2.1. Risk management policy

EVERGENT Investments sets, implements and maintains a proper and formalized risk management policy that:

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

**The objective of the risk management policy** is the prudent management of risks so as to prevent the negative impact that external or internal factors might have on the Company's activity leading to the failure to reach set targets, the occurrence of unplanned or uncontrolled losses, or occurrence of other negative effects.

**The efficiency of the risk management system** is assessed on a quarterly basis by Executive Management, the Audit Committee and Board of Directors and is carried out in compliance with the provisions of art. 45 FSA Reg. no.2 /2016 on the application of corporate government principles by entities authorized, regulated and supervised by FSA modified and completed by FSA Reg. no. 9/2019.

After examining the characteristics and performance of the risk management system, the Fund's Board of Directors concluded that, on 31.12.2021 it is proportionate and appropriate for the size, nature and complexity of the day-to-day business, insuring the consistency of controls with the risk generated by the processes and the efficient use of company assets.

#### **Staff of the Risk Management department:**

1. Sonia Fechet – risk manager, risk administrator (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 run between 01.01.2021 - 31.12.2021:**

- ✓ Annual revision of risk management policy, profile and procedures;
- ✓ Assessment of the company's risk profile;
- ✓ Calculation of the risk indicators set according to risk management procedures and analysis of their compliance with the approved risk tolerance limits;
- ✓ Risk analysis for investments proposed by the departments with portfolio management

- function;
- ✓ analysis of the impact of the 2021 activity program on the structure of assets, the system of prudential limits and the risk profile of the company;
  - ✓ assessment of the way in which variable remuneration structure affects the company's risk profile;
  - ✓ daily monitoring of the abidance of assets in the portfolio by prudential limits;
  - ✓ follow-up of the fulfilment of measures set in the Annual Risk Response Plan and operational risk event reporting sheets;
  - ✓ assessment of the abidance of asset categories by risk classes, depending on liquidity degree;
  - ✓ analysis and calculation of institutional reporting risk measures (Annex IV to R.231/2013);
  - ✓ monitoring the synthetic risk indicator (SRI) of EVERGENT Investments share
  - ✓ preparation of the Policy on the integration of sustainability risk in the investment decision-making process, for compliance with the provisions of (EU) Regulation no. 2088/2019 on information on sustainability in the financial services sector;
  - ✓ performing annual crisis simulations;
  - ✓ calculation of own funds and the need for own funds;
  - ✓ reports to FSA on the risk management activity, annual self-assessment of IT operational risks, results of annual crisis simulations, implementation status of recommendations made by the risk manager, own funds and own funds requirements;
  - ✓ administrative activities.

## 2.2. Risk profile

The **risk profile** represents all exposed of EVERGENT Investments to real and potential risks. The risk profile of EVERGENT Investments on 31.12.2021 is the following:

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

Risk type	Undertaken risk level	Risk level on 31.12.2021
Market risk	Average	Average
Issuer risk	Average	low
Liquidity risk	Low	Low
Credit and counter-party risk	Average	low
Operational risk	Average	Average

On 31<sup>st</sup> December 2021, the risk indicators calculated for the 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 of EVERGENT Investments.

Between 01.01.2021-31.12.2021 there have been no exceeding of the risk limits undertaken through the risk profile.

## 2.3. The main risks that the company is exposed to

In its activity EVERGENT Investments is exposed to various types of risks that are associated with its equity portfolio (shares, bonds), especially the portfolio of financial instruments traded in the capital market, these being the most important type of risks that it faces.

The main risks that EVERGENT Investments is subject to are:

### 1. Market risk

Most of EVERGENT Investments' assets are subjected to market risk, defined as the modification potential of their market value.



We distinguish three very different types of market risks:

**a) Price risk** derives from market movements, assets exposed to it being financial assets such as shares and holding titles in open or closed investment funds. Since assets exposed to price risk hold a weight of around 91% of total managed assets on 31<sup>st</sup> December 2021, price risk is a relevant risk for EVERGENT Investments.

**b) Currency risk** describes the risk that the value of investments in other currency than RON modify due to currency exchange rate modifications. Given the low weight of assets in other currency in total assets of EVERGENT Investments (0,38%), currency risk impact is insignificant.

**c) Interest rate risk** refers to the possibility that investment in bonds – known as fixed income titles – suffer following unexpected modifications of the interest rate. Given the low weight of bonds in total assets of EVERGENT Investments (1,50%), 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 the risk appetite.

In order to reach this objective, market risk management defines and applies a framework that systematically identifies, evaluates, monitors and reports market risk so that higher management may make efficient decisions in due time regarding the methods to manage and lower it. The Risk Management Department identifies market risks through the active analysis of the portfolio and investment suggestions of the business function.

## **2. Liquidity risk**

Liquidity risk is the risk stemming from a potential incapacity to fulfil all payment obligations when these become due, or to fulfil them without excessive costs. Since all Fund's assets are exposed to liquidity risk, this is a relevant risk for EVERGENT Investments, although the closed-end structure of the Fund determines relatively low liquidity requirements (shareholders do not have the right to request the Fund to buy-back their shares).

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

Liquidity reserves include cash and cash equivalents available, as well as very liquid equity. The liquidity reserve volume is constantly monitored and reported.

## **3. Issuer Risk**

Issuer risk results from exposures on shares held in entities in the portfolio and represent the current or future risk of value loss for a title in the portfolio, due either to the deterioration of its economic-financial status, or the business conditions (failure to function or lack of correlation of its internal activities according to its business plan), or to events, external trends or changes that could not have been known or prevented by the control system. Since assets exposed to issuer risk represent around 79% of total assets under management on 31<sup>st</sup> December 2021, this is a relevant risk for EVERGENT Investments.

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

#### 4. Credit and Counterparty Risk

The counterparty risk is a risk associated to credit risk. Credit risk is the risk of causing a financial loss for the company, stemming from the uncertainty related to the capacity, ability or wish of the business partners to fulfil their contract obligations.

Counterparty risk represents the risk that a counterparty in a transaction infringe on its contract obligation before the final settlement of the cash flows corresponding to the transactions.

Since assets exposed to credit and counterparty risk represent about 9,8% of assets under management on 31<sup>st</sup> December 2021, this is a relevant risk for EVERGENT Investments.

The management framework for the credit and counterparty risk is created to identify, measure and manage the credit and counterparty risk position. The Risk Management Department is responsible for the monitoring and internal reporting of credit and counterparty risk. The portfolio management function provides a proper framework for the monitoring and management of assets in the portfolio that are exposed to credit and counterparty risk.

#### 5. Operational Risk

Operational risk is the risk of loss resulting from internal processes, inadequate individuals or systems or external events. Since operational risks result from all operations run, they are relevant risks for the Fund.

The daily management of operational risk is the responsibility of all company departments. The risk management function manages a consistent application of operational risk management in the entire company. Through our annual operational risks self-evaluation model we aim to maintain a strict monitoring and high awareness of this risk.

As part of the operational risk management process, in the context of the COVID-19 pandemic that continued in 2021, EVERGENT Investments has taken all necessary measures to manage the risks associated to this exceptional situation, namely to insure activity continuity, the protection of employees' health and safety, good running of the relationship with shareholders, investors, business partners and market institutions.

To abide by the requirements of FSA Rule no. 4/2018 (*IT information technology related risk*) is treated distinctly in the self-assessment process of operational risks. According to the self-assessment on 31.12.2021, residual operating risk level generated by the IT systems remains in the ***average risk category abiding by the requirements of FSA Rule no. 4/2018***. The result of the internal IT operational risks assessment is annually submitted to FSA.

At the same time, *the money laundering and financing of terrorism risk (SB/FT)* was assessed within a distinct process.

Other subcategories of operational risk include legal risk, risk related to professional liability, compliance risk, model risk, risk related to outsourced services, etc.

**6. Other risks:** regulation risk, systemic risk, strategic risk, reputation risk, conflict of interest risk, risk related to activities carried out by the company's subsidiaries, risks related to sustainability.

#### 7. The risk of EVERGENT Investments' assets failure to abide by the legal holding limits.

On 31<sup>st</sup> December 2021, assets in EVERGENT Investments portfolio ***abide by*** the prudential limits. Between 01.01.2021-31.12.2021 there has been no exceeding of legal prudential limits.

##### 7.1 Limits regarding exposure level on assets category reported to total assets, in compliance with Net monthly asset report on 31.12.2021 – Law 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 RIAIF in each of the issuers it has holdings up to 40%, should not exceed 80% of total assets value:

Issuer name	Asset category market value (FSA Reg. no. 7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Banca Transilvania shares</b>	992.949.373	38,89
<b>SNG Romgaz shares</b>	295.162.140	11,56
<b>Total</b>	1.288.111.513	50,45

Exposure on TLV issuer abides by the maximum holding limit of 40% and is carefully monitored through daily holding monitoring mechanisms.

The two issuers that exceed 10% individually **do not** cumulatively **exceed** 80% of total assets.

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

Group name	Asset category market value (FSA Reg. no. 7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Straulesti Lac Alfa Group, of which:</b>	72.865.870	2,85
• <b>Straulesti Lac Alfa shares</b>	56.121.337	2,20
• <b>Straulesti Lac Alfa bonds</b>	16.744.533	0,66
<b>EVER IMO Group, of which:</b>	64.093.666	2,51
• <b>Ever Imo shares</b>	46.487.266	1,82
• <b>Ever Imo bonds</b>	17.606.400	0,69
<b>BVB Group, of which:</b>	9.889.443	0,39
• <b>Bucharest Stock Exchange shares</b>	8.880.528	0,35
• <b>Depozitarul Central shares</b>	1.008.915	0,04

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

Name	Asset category market value (FSA Reg. no. 7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>AGROINTENS shares</b>	46.542.439	1,82
<b>EVER IMO shares</b>	46.487.266	1,82
<b>EVERLAND shares</b>	45.021.100	1,76
<b>MECANICA CEAHLAU shares</b>	24.092.498	0,94
<b>CASA shares</b>	20.192.838	0,79
<b>REGAL shares</b>	9.777.490	0,38
<b>EVER IMO bonds</b>	17.606.400	0,69
<b>TOTAL EVERGENT Investments Group</b>	209.720.031	8,21

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

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

**e) 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..*

In net asset on 31.12.2021, the value of current accounts and cash is 267.382 lei, representing 0,01% of

assets value.

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

Bank name	Deposit value (FSA Reg no.7/2020) (lei)	Weight of total EVERGENT Investments' assets (%)
<b>Banca Transilvania</b>	136.107.279	5,33
<b>Eximbank</b>	16.534.375	0,65
<b>BRD - GSG</b>	4.834.074	0,19

**g) UCITS not allowed for trading within a trading venue or on a third party stock exchange, issued by a single AIF destined for retail investors– allowed limit: 20% of assets**

IRAIF name	Market value of asset category (FSA Reg no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>FIA Fondul Privat Comercial</b>	79.844.537	3,13
<b>FIA DCP Investitii</b>	36.625.554	1,43
<b>FIA Hermes</b>	11.060.500	0,43

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

QIAIF name	Market value of asset category (FSA Reg. No. 7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>FIA Alchemist</b>	58.507.884	2,29
<b>FIA BT Invest 1</b>	28.636.521	1,12
<b>FII Optim Invest</b>	27.535.070	1,08
<b>FIA Multicapital Invest</b>	21.614.893	0,85
<b>FIA Certinvest Actiuni</b>	9.373.944	0,37

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

Name of open-type AIF	Market value of asset category (FSA Reg. no. 7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>FIA Fondul Privat Comercial</b>	79.844.537	3,13
<b>FIA Alchemist</b>	58.507.884	2,29
<b>FIA DCP Investitii</b>	36.625.554	1,43
<b>FIA BT Invest 1</b>	28.636.521	1,12
<b>FII Optim Invest</b>	27.535.070	1,08
<b>FIA Multicapital Invest</b>	21.614.893	0,85
<b>FIA Hermes</b>	11.060.500	0,43
<b>FIA Certinvest Actiuni</b>	9.373.944	0,37
<b>Total open-type AIF fund units</b>	273.198.903	10,70

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

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

OPCVM name	Market value of asset category (FSA Reg. no.7/2020) (lei)	Weight of total assets of EVERGENT Investments (%)
<b>FDI Piscator Equity Plus</b>	15.084.623	0,59
<b>FDI Transilvania</b>	6.480.191	0,25
<b>FDI Napoca</b>	5.517.358	0,22
<b>FDI BT Index Romania ROTX</b>	5.493.618	0,22
<b>FDI Star Next</b>	2.977.472	0,12
<b>FDI Tehnoglobinvest</b>	1.628.395	0,06
<b>FDI Certinvest BET Index</b>	1.343.680	0,05
<b>FDI Star Focus</b>	1.101.212	0,04
<b>FDI Certinvest BET-FI Index</b>	1.088.996	0,04

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

OPC name	Market value of asset category (FSA Reg. no.7/2020) (lei)	Weight of total assets of EVERGENT Investments (%)
<b>SIF Transilvania</b>	36.182.737	1,42

**k) Financial instruments 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** cash loans, participation/subscription to syndicated loans in favour of a third party, - only for entities from the group EVERGENT Investments is part of, setup as investment company- **allowed limit: 10% of assets** - not the case;

**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 that particular FIAIR through the law, in whose case no holding limit is allowed – **allowed limit: 40% of assets**

Asset type	Market value of asset category (FSA Reg. no.7/2020) (lei)	Weight of total assets of EVERGENT Investments (%)
<b>Shares held in close-type issuers (incl. amounts to collect following the withdrawal from closed-companies)</b>	227.153.828	8,90
<b>Closed bonds</b>	34.350.933	1,35
<b>TOTAL</b>	261.504.761	10,24

**Note:** new investments in corporate bonds not allowed for trading will be made abiding by the conditions foreseen by art. 44 FSA Regulation no.7/2020; art.44 of FSA Regulation no.7/2020 does not apply in case the corporate bonds not allowed for trading are issued by a company in which EVERGENT Investments holds at least 51% of the 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 cannot make short sales, defined in accordance with the provisions of (EU) Regulation no. 236/2012 of the European Parliament and Council on 14th March 2021 on short selling and certain aspects of credit default swaps, other than for the purpose of risk coverage, namely hedging, in accordance with art.33 line (1) Law no.243/2019.
- Cannot swap financial instruments for cash or other financial instruments in the portfolio and does not use free transfers of illiquid assets in its investment portfolio to investors („redemption in kind”), in accordance with art.43, line (2) FSA Regulation no.7/2020.
- Cannot invest in money market instruments such as commercial papers, in accordance with art. 35 line (1), letter g) Law no.243/2019.

**7.2. Limits regarding the level of EVERGENT Investments' exposure to the issuers' share capital**

**a) Memorandum of Association of Depozitarul Central, title III, chapter I, Art. 10 (1)**

Company shareholders may not hold more than 5% of vote rights, with the exception of market operator, that may hold up to 75% of vote rights with FSA approval.

Issuer name	No of shares held	Total number of issuer's shares	Holding percentage in the issuer's share capital (%)
<b>Depozitarul Central</b>	7.396.029	252.919.526	2,92

**b) Law no. 126/11.06.2018, 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 shares held	Total no. Of issuer's shares	Holding percentage in the issuer's share capital (%)
<b>Bursa de Valori Bucuresti</b>	348.256	8.049.246	4,33

**c) Banca Transilvania's Memorandum of Association, art.11, item (b)**

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

- ✓ they have GMS approval
- ✓ they abide by the formalities requested by the law.

Issuer name	No. of held shares	Total no. of issuers' share	Holding percentage in the issuer's share capital (%)
<b>Banca Transilvania</b>	384.864.098	6.311.469.680	6,10

**7.3. Abidance by Law no.74/2015, art.2 line (2)** - On 31<sup>st</sup> March 2021, the value of assets managed by EVERGENT Investments and reported in compliance with “*EVERGENT Investments' statement of assets and liabilities*”, were 2.533.047.027 lei. Their value in euro is **515.965.123**.

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. The leverage effect of an AIF is expressed as a ratio of its exposure and the value of its net asset.

EVERGENT Investments' policy on the use of leverage (according to the Prospectus and Rules authorized by FSA): „*the maximum leverage level that EVERGENT Investments may engage in twice*

the total value of asset (Total Active)”

The leverage effect indicator on 31.12.2021, calculated for institutional reporting purposes (foreseen in Annex IV of EU Regulation no. 231/2013 and art. 38, line (4) Law no. 243/2019), is:

- ✓ 0,9527 (or 95,27%), according to the gross method approach
- ✓ 1,00 (or 100,00%), according to the engagement method

On 31<sup>st</sup> December 2021, **EVERGENT Investments has no assets acquired through the use of the leverage effect.**

Between 01.01.2021 - 31.12.2021 there have been no *financing operations through financial instruments* (SFT) and no *total return swap* (TRS) transactions, as defined by (EU) Regulation no. 2365/2015.

## 2.4.

### Crisis Simulations

Stress testing and scenario analysis play an important role in risk management. EVERGENT Investments has carried out its annual crisis simulation on reference day 31<sup>st</sup> March 2021 in accordance with art. 15, line (3) letter (b) EU Directive 2011/61/EU and art. 16, line (1), second paragraph of EU Directive 2011/61/EU corroborated with art.2 of FSA Rule no. 39/2020.

**Results of the crisis simulation according to art. 15**, line (3), letter (b) Directive 2011/61/UE:

The simulation of the concomitant application of extreme shocks to the different categories of financial instruments held in the portfolio on 31.03.2021 indicates that they could lead to a decrease of:

- 22,09% of total assets and by 23,69% of the NAV per Share (in the historic scenario)
- 48,99% of total assets and by 52,54% of the NAV per Share (in the hypothetical scenario)

**The results of crisis simulation under normal and exceptional conditions**, in accordance with art. 16 line (1) second paragraph of Directive 2011/61/EU and art. 2 FSA Rule no. 39/2020:

We have run scenarios for the application of extreme shocks on assets and separately on liabilities of the Fund, as well as combined scenarios of extreme shocks on assets and liabilities. In all scenarios analysed, the Fund has sufficient high-quality assets, whose capitalization under normal or exceptional market conditions to allow it to successfully fulfil its short-term payment obligations, both under normal and exceptional situations.

Crisis simulations will contribute to the decision-making process at the appropriate level of management, including strategic business decisions.

The results of the annual crisis simulation have been presented and approved by the Board of Directors in the meeting on 14.05.2021 and submitted to FSA together with the methodology used.

## 3

## Financial position and performance

The separate financial statements were prepared by the company in accordance with accounting regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by FSA in the sector of financial instruments and investments approved by „Norm 39/2015”.

Within the meaning of Rule 39/2015, IFRS represents the standards adopted according to the procedure foreseen by (CE) Regulation no.1606/2002 of the European Parliament and Council on 19<sup>th</sup> July 2002 on the application of international accounting standards, with its later amendments and additions.

In 2021, the company's financial performance and position have registered a significant increase in comparison to the previous year, due to the continuation of the upward trend of financial market quotations started in the last part of 2020, following their significant decrease at the start of the COVID-19 generated epidemic.

### 3.1. Comprehensive Income. Management Expenses. Financial Position

#### ➤ Separate statement of comprehensive income:

(lei)	2019 (audited)	2020 (audited)	2021 (audited)
<b>Income</b>			
Gross dividend income	97.667.837	89.107.709	54.656.711
Interest income	4.221.743	2.913.568	4.718.481
Other operating income	2.237.211	1.082.041	1.030.926
Net gain/ (net loss) from FVTPL financial assets	79.182.413	(50.074.477)	25.460.617
Net gain from the sale of financial assets	-	191.429	-
Net gain/ (net loss) from the revaluation of investment property	632.131	(33.547)	143.329
<b>Expenses</b>			
(Losses)/loss reversal from assets impairment	(299.221)	(275.130)	3.895.437
(Losses)/loss reversal from non-financial assets impairment	49.642	628	(28.989)
(Set-up)/reversal of provisions for risks and expenses	2.196.967	239.144	(1.620.399)
Expenses with wages, indemnities and other similar expenses	(29.935.965)	(23.607.641)	(29.426.547)
Other operating expenses	(9.915.247)	(9.067.642)	(10.477.957)
<b>Operating profit</b>	<b>146.037.511</b>	<b>10.476.082</b>	<b>48.351.609</b>
Expenses with interest from lease contract liabilities	(35.336)	(39.736)	(42.218)
<b>Profit before tax</b>	<b>146.002.175</b>	<b>10.436.346</b>	<b>48.309.391</b>
Income tax	(18.632.548)	(4.609.320)	(1.920.757)
<b>Net profit</b>	<b>127.369.627</b>	<b>5.827.026</b>	<b>46.388.634</b>
<b>Other comprehensive income elements</b>			
Increase/ (decrease) of reserve from the revaluation of property, plant and equipment, net of deferred tax	(140.859)	(170.598)	439.940
Net gain/ (net loss) from the revaluation of FVOCI financial assets	341.465.711	(153.598.721)	414.290.697
Other gain from the derecognition of financial assets at fair value through other comprehensive income	423.500	-	-
<b>Other elements of comprehensive income – elements that will not be reclassified in profit or loss</b>	<b>341.748.352</b>	<b>(153.769.319)</b>	<b>414.730.637</b>
Net gain/ (net loss) from the revaluation of FVTOCI bonds	130.959	29.587	45.845
<b>Other comprehensive income elements – elements that will be reclassified in profit or loss</b>	<b>130.959</b>	<b>29.587</b>	<b>45.845</b>
<b>Other comprehensive income elements - Total</b>	<b>341.879.311</b>	<b>(153.739.732)</b>	<b>414.776.482</b>
<b>Total comprehensive income of the financial year</b>	<b>469.248.938</b>	<b>(147.912.706)</b>	<b>461.165.116</b>
<b>Basic and diluted earnings per share (net profit per share)</b>	<b>0,1290</b>	<b>0,0059</b>	<b>0,0477</b>
<b>Basic and diluted result per share (including gain from the sale of FVTOCI financial assets)</b>	<b>0,2008</b>	<b>0,0571</b>	<b>0,1536</b>

Net profit registered in 2021, of 46,4 million lei, was generated mainly by dividend income of 54,7 million lei and net gain from financial assets at fair value through profit or loss (FVTPL), of 25,5 million lei (most of which is 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 2021, of 414,3 million lei, caused by 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 1st January 2018, with the coming into force of IFRS 9 "Financial Instruments", in case of shares, depending on their classifications, gains or losses from sale are reflected either in profit or loss (in case of FVTPL financial assets), or directly in retained earnings (in case of FVTOCI financial assets), unlike the previous period when, in accordance with IAS 39 „Financial Instruments: Recognition and Measurement”, they are fully reflected in profit or loss.

Consequently, the management of the Company considers net result as a performance indicator, as it includes besides the net profit, the net gain from the sale of FVTOCI financial assets:

(lei)	2019 (audited)	2020 (audited)	2021 (audited)
Net profit	127.369.627	5.827.026	46.388.634
Net gain on sale of FVTOCI* financial assets, net of tax, recycled in retained earnings	70.411.765	50.247.530	102.908.216
<b>Net result (including Gain from the transfer of FVOCI financial assets)</b>	<b>197.781.392</b>	<b>56.074.556</b>	<b>149.296.850</b>

\* represents a reclassification from reserves from the revaluation of FVTOCI financial assets in retained earnings.

### ➤ Management Expenses

The monthly average percentage of the management expenses represent 0,07%, of the total assets.

**The monthly average of management expenses represents 0,07% of total assets value**, being lower than the monthly average management commissions of SAIs (0,08% - 0,25%).

### Structure of Management Expenses

<b>Management expenses (lei)</b>	<b>22.416.616</b>
<b>Expenses with wages, indemnities and similar, of which:</b>	<b>17.284.848</b>
- wages and allowances, without the partition to the benefit plan of employees and managers	16.782.621
- expenses for social insurance and protection	437.794
- professional training expenses	64.433
<b>Expenses for outsourced services and other operating expenses</b>	<b>4.637.066</b>
<b>Expenses for energy and water</b>	<b>322.832</b>
<b>Expenses for fuel and materials</b>	<b>171.870</b>

**Management expenses** include expenses directly related to the running of everyday activity.

In management expenses, the main weight (81%) 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 11 to the Separate Financial Statements on 31st December 2021 and information in section "3.5 Remunerations for financial year 2021" below .

*Expenses for outsourced services and other operating expenses* represent 17% of total management expenses and mainly include services for the monitoring of companies in the portfolio, professional counsel, management of spaces and archive, insurance, post and subscription expenses, rents, royalties, concession taxes, protocol expenses, travel, expenses for maintenance and repairs, other operating expenses.

➤ **Separate statement of financial position:**

(lei)	31 <sup>st</sup> December 2019 (audited)	31 <sup>st</sup> December 2020 (audited)	31 <sup>st</sup> December 2021 (audited)
<b>Assets</b>			
Cash and current accounts	1.291.803	327.423	267.380
Bank deposits with initial maturity within 3 months	97.115.086	85.057.575	157.466.639
Financial assets measured at fair value through profit or loss	389.164.163	364.462.371	381.215.357
Financial assets measured at fair value through other comprehensive income	1.830.970.481	1.643.409.645	1.952.286.731
Bonds at fair value through other comprehensive income	3.942.270	3.802.401	3.982.215
Bonds at amortized cost	24.530.592	16.644.595	34.171.645
Other financial assets at amortized cost	3.861.629	8.104.606	5.361.399
Other assets	168.914	344.410	1.579.222
Investment property	4.137.404	4.103.857	4.247.186
Plant, property and equipment	7.907.094	7.503.594	8.308.912
Right-of-use assets from leasing contracts	974.181	1.132.811	3.570.975
Intangible assets	58.092	368.884	360.960
<b>Total assets</b>	<b>2.364.121.709</b>	<b>2.135.262.172</b>	<b>2.552.818.621</b>
<b>Liabilities</b>			
Lease liabilities	1.002.104	1.070.045	3.511.637
Dividends payable	31.036.100	35.818.292	34.036.742
Current tax liabilities	7.912.060	4.171.854	-
Financial liabilities at amortized cost	1.016.121	944.439	1.833.601
Other liabilities	2.515.951	3.292.889	3.409.990
Provisions for risks and expenses	368.488	129.344	1.749.743
Deferred tax liabilities	122.787.036	90.800.183	125.338.378
<b>Total liabilities</b>	<b>166.637.860</b>	<b>136.227.046</b>	<b>169.880.091</b>
<b>Equity</b>			
Share capital	521.004.761	514.402.388	510.105.062
Retained earnings	881.728.409	871.860.684	981.801.980
Reserves from the revaluation of property, plant and equipment	8.698.494	8.527.896	8.967.836
Reserves from the revaluation of financial assets at fair value through other comprehensive income	795.634.481	591.817.817	903.246.143
Treasury shares	(30.335.310)	(9.595.338)	(41.119.507)
Equity-based payments to employees, directors and administrators	20.142.446	18.457.300	16.252.012
Other equity elements	610.568	3.564.379	3.685.004
<b>Total equity</b>	<b>2.197.483.849</b>	<b>1.999.035.126</b>	<b>2.382.938.530</b>
<b>Total liabilities and equity</b>	<b>2.364.121.709</b>	<b>2.135.262.172</b>	<b>2.552.818.621</b>

In 2021, EVERGENT Investments' total assets increased by 20% mainly because of the value increase of FVTOCI financial assets, caused by the favourable evolution of the price of listed shares in the portfolio classified in this category and FVTPL financial assets, caused mainly by the increase of fund units fair value as well as the value increase of bank deposits caused by the share sale volume.

The increase in total liabilities was largely due to the increase in the deferred tax liability on the reserve from the revaluation of FVTOCI financial assets, which increased in 2021. Deferred income tax was calculated and recorded in accordance with IFRS.

In the General Meeting of Shareholders on 29<sup>th</sup> April 2021, the distribution of a gross dividend of 0.043 lei per share (total 42.123.789 lei), corresponding to net result obtained in the financial year concluded on 31<sup>st</sup> December 2020 comprised of net profit and net gain reflected in retained earnings from the sale of FVTOCI equity, the registration date being 19<sup>th</sup> May 2021 (ex-date 18<sup>th</sup> May 2021), and payment date, 11<sup>th</sup> June 2021.



### 3.2. Performance ratios

	2019	2020	2021
<b>Current liquidity ratio</b>	11,6	10,4	13,9
<b>Rotation of clients-receivables</b>	12	23	29
<b>Rotation of non-current assets</b>	0,10	0,06	0,04
<b>Earnings per share (lei/share)</b>	0,1290	0,0059	0,0477
<b>Result per basic share (lei/share)</b>	0,2008	0,0571	0,1536

Specifications:

- ✓ Current liquidity ratio = current assets/ current liabilities
- ✓ Rotation of clients-receivables = average balance of receivables/ turnover x no. of days for the reporting period
- ✓ Rotation of non-current assets = revenue from current activity / non-current assets
- ✓ Result per share (lei/share) = (net profit/(loss)+gain from the transfer of FVTOCI assets / number of shares.

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) *Result per share*, respectively *earnings per share* have been calculated using the average number of shares in circulation (e.g. excluding bought-back shares).

### 3.3. 2021 Budget Achievement

million lei	Budgeted 2021	Achieved 2021	Achievement degree %
<b>Total income</b>	<b>63,6</b>	<b>88,4</b>	<b>139</b>
Financial income	62,7	84,9	136
➤ Dividend income	31,4	54,7	174
➤ Income from bank deposits and bonds	2,9	4,7	162
➤ Income from FVTPL financial assets	28,4	25,4	90
➤ Other financial assets	-	0,1	n/a
Other operating income	0,9	3,5	378
<b>Total expenses</b>	<b>(45,8)</b>	<b>(40,1)</b>	<b>88</b>
Financial expenses	(0,7)	(0,6)	86
➤ Expenses for transaction commissions	(0,7)	(0,6)	86
Current activity expenses	(45,1)	(39,5)	88
<b>Gross profit</b>	<b>17,8</b>	<b>48,3</b>	<b>272</b>
Income tax	(1,4)	(1,9)	141
<b>Net profit (A)</b>	<b>16,4</b>	<b>46,4</b>	<b>283</b>
<b>Net gain from the sale of FVTOCI assets (B)</b>	<b>57,5</b>	<b>102,9</b>	<b>179</b>
<b>Net result (C)= (A)+(B)</b>	<b>73,9</b>	<b>149,3</b>	<b>202</b>

**Net result** registered in 2021 is 149,3 million lei, 102% higher than the budgeted level of 73,9 million lei, being mainly generated by:

- Net profit achieved 172% higher than the budgeted one, due mainly to the registration of certain dividend income above the budgeted level.
- exceeding by 79% the budgeted level for the gain from the sale of FVTOCI assets.

At the same time, registered expenses for current activity (the main expense category) represents 88% of the total budgeted for 2021.

### 3.4. Tangible assets of the Company

#### Location and characteristics of the main tangible assets

On 31<sup>st</sup> December 2021, the Company holds in its patrimony tangible assets, including fixed assets and capital investments with a gross value of 15,5 mil. lei, namely a net value of 12,7 million lei, as follows:

fixed means category	Value (lei)	
	Gross	Net
Freehold land	898.529	898.529
Buildings	6.438.896	6.438.897
Technical installations, of which	<b>2.393.235</b>	<b>319.114</b>
• technological equipment	2.162.153	319.114
• transportation vehicles	231.082	-
Other fixed assets	164.808	25.644
Tangible assets in progress	626.728	626.728
Investment property	4.247.186	4.247.186
Assets representing lease rights-to-use	4.714.369	3.570.975
<b>TOTAL</b>	<b>19.483.751</b>	<b>16.127.073</b>

The Company has reassessed its freehold land and buildings on 31st December 2021.

The main tangible assets held by the Company are buildings. The company owns a number of 5 buildings with the following location:

ASSET	Address	Description
Headquarters	Pictor Aman St. no. 94 C, Bacau	building basement + GF + 3 floors
Bucharest	Unirii St. Splai no.6, 4 <sup>th</sup> district	block GF + Mezzanine
Bucharest	Nerva Traian St. no. 12, block 1437, 3 <sup>rd</sup> district, Bucharest	block GF
Iasi	Grigore Ureche St no. 3, block Gh. Sontu, Iasi	block GF
Vaslui	Miron Costin St. no.8	building

#### Potential issues related to the ownership right on tangible assets

The Company owns a building in Vaslui for which impairment adjustments were setup, so that it is presented at zero value in the financial statements. The land under the building is in the Company's use and the land exceeding the built area was returned to its former owner based on Law no. 10/2001, under these circumstances the building is object of a litigation with object the payment corresponding to the use of the land used as access areas that is to be set by the Court.

### 3.5. Remuneration corresponding to 2021 financial year

Remuneration for EVERGENT Investment staff have been granted abiding by the remuneration policies of the company, in accordance with legal provisions, contract provisions and internal procedures, namely:

1. „Remuneration policy for the leaders of the company” (members of the Board of Directors and directors), in accordance with the provisions of art. 92 index 1 (currently art. 106) Law no. 24/2017 on the issuers of financial instruments and market operations, approved by Resolution no. 3 of the Ordinary General Meeting of Shareholders on 28<sup>th</sup> January 2021.
2. “Remuneration policies and practices for the personnel categories whose professional activity has a significant impact on its risk profile” regulation that is specific for the quality of Alternative Investment Fund Manager (AIFM), prepared in accordance with Law no. 74/2015 on AIFM and ESMA Guide no. 232/2013 on solid remuneration policies in accordance with DAFIA. According to legal regulations, through “personnel” we understand all categories of

personnel, namely: managers, directors, key functions and other personnel categories whose actions have a significant impact on the company's risk factor.

*Remuneration policies and practices* include all types of remunerations offered to personnel.

3. EVERGENT Investments' Memorandum of Association (FSA Authorization no. 192/09.09.2021)
4. Administration and Management contracts approved by the Ordinary General Meeting of shareholders no. 4 on 28<sup>th</sup> January 2021.
5. Collective employment contract and individual employment contracts.

Remuneration offered to the entire personnel is presented in detail in the table below, as total and for: the members of the board of directors, directors, functions with control attributions (employees from the: Compliance, Internal Audit, Risk Management Department) and other functions included in the category of identified personal (director replacements – Director and PPE Manager, Finance Director, department coordinators, less the coordinators of Compliance, Internal Audit, Risk Management), other than then above, with the presentation of the calculation method for fixed and variable remuneration.

The calculation method for each type of remuneration is presented in this section with the clear identification of functions and abidance by legal provisions and internal procedures, namely:

The company does not offer performance commissions.

Evergent Investments does not have outsourced functions.

#### Remuneration of directors and managers

Remuneration is comprised of:

- (a) *Fixed component*, representing: monthly remuneration, additional monthly remuneration for the managers tasked with specific functions within consultative committees;
- (b) *Variable component*, representing: (i) participation to the benefit plan, in accordance with the provisions of the Memorandum of Association and management and administration contracts; (ii) quarterly bonuses.

*The benefit plan*, is granted annually, following the approval of the annual financial statements in the General Meeting of Shareholders, based on the result of the evaluation of the fulfilment degree for the following performances:

- Obtaining a positive net result, an indicator comprised of the net profit achieved and from the net gain from transactions reflected in retained earnings, percentage from the result.
- Result of the annual assessment of the adequacy of the management structure in accordance with the criteria and procedures set in FSA Regulation no. 1/2019 on the assessment and approval of the members of the management structure and individuals holding key positions within entities regulated by the Financial Supervisory Authority, namely "adequate".

The assessment of the fulfilment of performance indicators, for the purpose of offering the variable remuneration is made by the Appointing-Remuneration Committee.

Participation to the benefit plan will not be offered in case of a negative net result (indicator comprised of net profit achieved and net gain from transactions reflected in retained earnings).

In agreement with statutory provisions and resolutions of the General Meetings of Shareholders, the company's manager and directors participate to the benefit plans including through the allocation of shares corresponding to the mandate period.

Remuneration by shares aims to align the interests of beneficiaries by implementing the objectives proposed and to achieve the long-term performance indicators, as well as to increase the performance of the management act, for the benefit of shareholders. At the same time, by offering shares through "Stock Option Plan" programs, as part of variable remuneration the tax facilitates provided by the law for the Company and for the beneficiaries are taken into account.

*Quarterly bonuses* are granted with the approval of the Board of Directors that ascertains if the granting criteria are met, namely the evolution of EVER share is higher than the evolution of BET-FI index, on most trading days in the reporting period (quarter).

### Remuneration of employees

Employees' remuneration is comprised of:

(a) Fixed component, representing the monthly remuneration for the attributions and responsibilities (a) exercised in accordance with the provisions in the individual employment contract;

The fixed component which also includes food tickets, holiday tickets, and indemnities for taken holiday, indemnities offered on retirement, sickness or death allowance, presents for holidays

(b) Variable remuneration comprised of the participation to the annual benefit plan and quarterly bonuses. The total value of variable remuneration (in cash and/or shares at market value) is at the level of the 5% of net result limit, in the interval of 0 to 9 gross monthly wages, according to the provisions of the Collective Employment Contract.

*The Benefit plan* is granted annually, following the approval of the annual financial statements in the General Meeting of Shareholders, depending on the level of reaching performance objectives, implementation by the Company of project and prudential risk management.

At the individual level, professional performance is assessed annually, qualitatively and quantitatively based on the criteria set out in the Collective Employment Contract, Internal Regulation and Individual Employment Contracts, in accordance with specific internal procedures.

*Quarterly bonuses* are granted in accordance with the criteria foreseen by the Remuneration Policy and Collective Employment Contract.

The annual benefit plan for managers, directors and employees of the Company is granted in cash and/or company shares (EVER shares); at least 50% as shares, through Stock Option Plan programs (SOP).

The granting of benefits as shares is made through SPO programs, approved by the shareholders, for the purpose of distributing EVER shares to the managers, directors and employees of the company, the source being shares bought-back by the Company.

The right to receive shares is granted on the basis of a Plan approved by the Board of Directors, in accordance with the decisions adopted by the general meeting of shareholders. Share assignment is made following the beneficiaries' exercising their right, 12 months after its granting.

In 2021:

- the cash component of the benefit plan for 2020 has been paid, and
- EVER shares were awarded as part of the benefits plan for 2019. Assignment was made after the 12-months' deadline for the granting of rights (the right was offered in 2020, following the approval of 2019 financial statements by OGMS). The event was object of Current Report on 06.05.2021 on the assignment of EVER shares, according to "Share Granting Plan" for 2019.

**Total gross remuneration and detailed on personal categories and remuneration types**

Gross remunerations (lei)	Gross remunerations (expenses corresponding to 2021)	Gross remunerations actually paid in 2021	Gross remunerations to be paid in 2022 and value of shares to be assigned or deferred (in 2023)	No. of beneficiaries	Value of shares actually distributed during 2021 (expenses related to the previous years*)
	A = B+C	B	C		
1. remunerations offered to the entire AIFM personnel	29.002.755	16.713.051	12.289.704		13.403.919
Fixed remunerations	16.457.647	16.457.647	-	47	-
Variable remunerations					
- in cash					
• Bonuses	344.780	255.404	89.376	40	62.069
• Participation to benefits plan	1.346.540	-	1.346.540	30	264.203
- as shares (share-based participation to the benefits plan)	10.853.788	-	10.853.788	44	13.077.647
2. Remunerations offered to AIFM's identified personnel	23.861.198	13.684.699	10.176.499		12.133.133
A. Members of the Board of Directors (BD)	11.684.919	6.530.427	5.154.492		7.726.976
Fixed remunerations	6.484.747	6.484.747	-	5	
Variable remuneration					
- in cash					
• bonuses	45.680	45.680	-	5	-
• participation to the benefits plan	-	-	-	-	-
- as shares (participation to the share-based benefits plan)	5.154.492	-	5.154.492	5	7.726.976
B. Directors, of which:	6.733.063	3.951.155	2.781.908		2.871.889
Fixed remunerations	3.907.643	3.907.643	-	2	
Variable remunerations					
- in cash					
• bonuses	43.512	43.512	-	2	-
• participation to be benefits plan	-	-	-	-	-
- as shares (share-based participation to the benefits plan)	2.781.908	-	2.781.908	2	2.871.889



<b>Gross remuneration (lei)</b>	Gross remuneration (expenses for 2021)	Gross remunerations Actually paid in 2021	Gross remuneration to be paid in 2022 and value of shares to be assigned or deferred (in 2023)	No. of beneficiaries	Value of shares actually distributed during 2021 (expenses related to the previous years*)
	A = B+C	B	C		
C. functions with control attributions (with the express indication of all functions included in this category)	1.697.741	992.936	704.805		621.506
Fixed remunerations	961.513	961.513	-	6	-
Variable remuneration					
- in cash					
• bonuses	41.581	31.423	10.158	6	13.405
• participation to the benefits plan	306.452	-	306.452	6	208.814
- as shares (share-based participation to the benefits plan)	388.195	-	388.195	5	399.287
D. Other functions than that indicated at letters A –C above, included in the identified personal category (with the actual indication of all functions included in this category).	3.745.475	2.210.181	1.535.294		912.762
Fixed remuneration	2.144.025	2.144.025	-	11	-
Variable remuneration					
- in cash					
• bonuses	90.957	66.156	24.801	11	23.416
• participation to benefit plan	456.115	-	456.115	6	264.203
- as shares (share-based participation to the benefits plan)	1.054.378	-	1.054.378	11	625.143

\* Includes:

- cash: participation to the benefits plan in cash corresponding to 2020 (paid in 2021) and bonuses corresponding to the 4<sup>th</sup> quarter of 2020;
- shares: share-based participation to the benefits plan corresponding to 2019 (shares assigned in 2021).

### Calculation method for each type of remuneration / benefit

Categories	Frequency	Calculation method (according to frequency)	
		Period 01.01.2021 - 04.04.2021	Period 05.04.2021 - 31.12.2021
<b>Members of the Board of Directors (BD)</b>			
<b>Fixed remuneration:</b>			
Monthly remuneration*	Monthly	6 average monthly salaries (based on the company's organizational chart at the end of the previous year), abiding by the 0,015% of the value of average total income of the previous year	5 average monthly salaries (based on the company's organizational chart at the end of the previous year), abiding by the 0,015% of the value of average total income of the previous year
Additional remuneration *	Monthly	Are set by the Board of Directors, abiding by the limit foreseen in the Memorandum of Association. For participation in consultative committees and other functions within the Board of Directors an additional remuneration is granted according to the provisions of Management contracts, the value of which is set through a resolution of the Board of Directors, abiding by the limits set in accordance with art. 7 line 11 Memorandum of Association.	Are set by the Board of Directors, abiding by the limit foreseen by the Memorandum of Association. An additional remuneration is granted for participating to the consultative committees, according to the provisions of the Management Contracts, the value of which is set through the resolution of the Board of Directors and abiding by the limits set in accordance with art. 7 line 11 of the Memorandum of Association.
<b>Variable remuneration:</b>			
Bonuses in cash *	Trimestral	5% applied to remuneration (excluding additional remuneration) for the quarters in which the evolution of the EVERGENT Investments share price is higher than the evolution of the sector index (BET-FI), in most trading days of the reporting period (quarter)	
Share-based participation to the benefits plan	Annually	Total annual value of the participation to benefits of BD/CD members is 5% of the net profit achieved and net gain from transactions reflected in retained earnings, before the registration of the benefit plan. At least 50% of the benefit plan will be granted as shares. The benefit plan is granted to directors and managers, depending on the meeting of certain criteria in the Administration and Management Contracts.	
<b>Directors</b>			
Fixed remuneration CEO*	Monthly	12 average tariff salaries calculated based on the list of functions valid for the last day of the previous year, within the provisions of art. 7, par. 11 of the Memorandum of Association	
Fixed remuneration Deputy CEO*	Monthly	11 average tariff salaries calculated based on the list of positions valid for the last day of the previous year, within the provisions of art. 7, par. 11 of the Memorandum of Association	
<b>Variable remuneration, of which:</b>			
Cash bonuses*	Quarterly	5% applied to remuneration (excluding additional remunerations) for the quarters in which the evolution of EVERGENT Investments share price is higher than the evolution of (BET-FI) sector index, on most trading days of the reporting period (quarter)	
Share-based participation to the benefits plan	Annually	The total annual value of participation to benefits of the members of the Board of Directors is 5% of the net profit realized and of the net gain from transactions reflected in the result carried forward, before the registration of the benefit plan.	
<b>Employees :</b>			
Fixed remuneration	Monthly	Wages according to the individual employment contracts	
<b>Variable remunerations, of which:</b>			
- cash bonuses	Quarterly	5% of the salary fund achieved monthly and cumulatively	
- cash participation to benefits plan	Annually	In the range 0 - 9 gross monthly basic salaries, within the limit of 5% of the net profit realized and of the net gain from transactions reflected in the carried forward result, before the registration of the benefit plan, At least 50% of the benefit plan will be granted in the form of shares	
- share-based participation to the benefits plan			

4

**EVER Share**

No. of shares: 981.213.050  
 Nominal value: 0,1 lei  
 Share capital: 98.121.305 lei  
 capitalization (31.12.2021): 1.201.985.987 lei  
 (242 mil euro)  
 Price: 1,225 lei, EPS\*: 0,15 lei, PER:\*8,05; DY: 3,51 %

\*Note: EPS and PER indicators were calculated taking into account the net result, in the amount of 149.3 million lei, composed of 46.4 million lei net profit and 102.9 million lei net gain from the sale of assets reflected in the result carried forward - treatment contabil conform IFRS 9.

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

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

**Evolution of EVER shares between 01.01.2021 – 31.12.2021**



(Sursa: Bloomberg Finance)

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

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

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

Yields 31.12.2021 (%)	EVER share	BET-FI	NAVPS EVER
12 months	-2,00	21,08	21,90

Note: series of historic prices and NAVPS 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 (%)*	22,97	10,99
Beta**	0,96	1,00

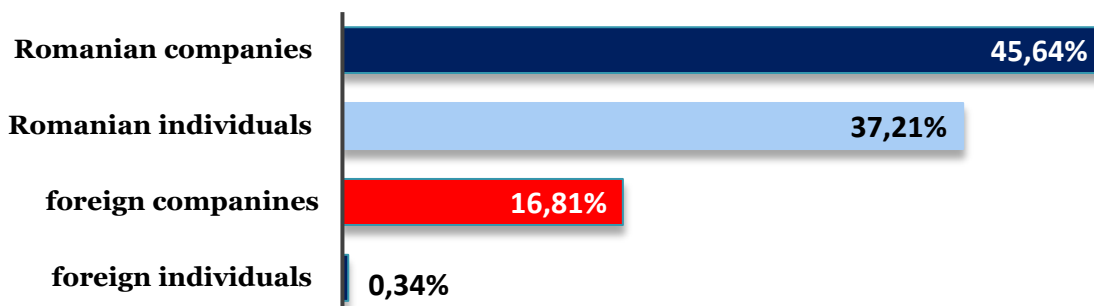
\* volatility (12M) = annualized volatility

\*\* Beta = price sensitivity to market movements

## 4.1. Dividend Policy

### Shareholding structure on 31<sup>st</sup> December 2021

Total shareholders: 5,74 million



### Dividend payment

Dividend payment on 31.12.2021	2018 dividend	2019 dividend	2020 dividend
	0,0304 lei/share	0,06 lei/share	0,043 lei/share
Total dividend payable (lei)	30.234.239	59.063.889	42.012.148
Total paid (lei)	22.912.713	44.249.665	30.808.400
% payment	75,78	74,92	73,33

Through the statement on 17<sup>th</sup> May 2021, EVERGENT Investments SA informed its shareholders that the payment of dividends for 2020 will start in accordance with the resolution of the General Meeting of Shareholders no. 4 on 29<sup>th</sup> April 2021, as follows:

- ✓ Gross dividend per share is 0,043 lei, amount of which dividend tax will be withheld and commissions corresponding to the payment will be borne for the net dividend value;
- ✓ Payment date is 11th June 2021;
- ✓ Shareholders entitled to 2020 dividends are those registered in the consolidation shareholders' registry on 19th May 2021 – Registration date. In case of deceased shareholders, dividends are to be paid at the request of one of the successors, only after the Central Depository of Bucharest has made the transfer of shares on the heirs' names;
- ✓ According to OGMS no. 7/29.04.2021, 2017 dividends, not collected by 02.10.2021, of 11.805.730,93 lei became out-dated.

## 4.2. Acquisition of Treasury Shares

### The running of treasury shares buy-back program, in accordance with the resolution of EVERGENT Investments EGMS no. 4/27.04.2020.

1. The cumulated results of the operations run in the **first date** of the redemption program (current report on 08.12.2020):

- ✓ Period: 12.10.2020 – 04.12.2020;
- ✓ Number of purchased shares: 2.000.000;
- ✓ Average price: 1,2035 lei/share;
- ✓ Total shares value: 2.407.086,36 lei;
- ✓ Percentage in the share capital of EVERGENT Investments: 0,2021;

- ✓ Broker: BT Capital Partners.

**2. The second stage** of the treasury shares buy-back program (with the modification of characteristics notified in current report on 26.01.2021). The cumulated results of the operations are the following:

- ✓ Period: 09.12.2020 – 03.03.2021;
- ✓ Number of bought-back shares: 4.686.171;
- ✓ Average price: 1,2783 lei/share;
- ✓ Total share value: 5.990.177,98 lei;
- ✓ Percentage of EVERGENT Investments' share capital: 0,475%;
- ✓ Broker: BT Capital Partners.

**3. The running of the public purchase offer for EVER Shares** (current report 04.03.2021)

Through FSA resolution no. 303/03.03.2021 the public offering for the acquisition of shares issued by EVERGENT Investments SA, was approved with the following main characteristics:

- ✓ Number of shares that are object of the offer: 8.266.125, representing 0,84% of share capital;
- ✓ Purchase price: 1,6 lei per share;
- ✓ Running period: 09th March– 22nd March 2021;
- ✓ Broker: BT Capital Partners;
- ✓ Subscription location: according to the offer document displayed on [www.sifm.ro](http://www.sifm.ro).

The purpose of the program is the reduction of the share capital through the annulment of bought-back shares, according to EGMS resolution no. 4 on 27<sup>th</sup> April 2020.

**4. The third stage** of the treasury shares buy-back program (announced in current report on 26.03.2021). the cumulated results of the operations are the following:

- ✓ Period: 29.03.2021 – 07.05.2021;
- ✓ Number of purchased shares: 2.600.000;
- ✓ Average Price: 1,4261 lei/share;
- ✓ Total share value: 3.707.955.61 lei;
- ✓ Percentage of EVERGENT Investments' capital: 0,26%;
- ✓ Broker: BT Capital Partners.

**The running of the treasury shares redemption program, in accordance with EGMS resolution of EVERGENT Investments no. 2/29.04.2021.**

**The running of the public offering for EVER Share purchase** (current report on 23.09.2021-FSA Resolution no. 1165 / 22.09.2021)

Through FSA resolution no. 1165/22.09.2021 the public purchase offering for shares issued by EVERGENT Investments SA, was approved with the following main characteristics:

- ✓ The number of shares that are object of the offer: 19.459.459, representing 1,9832% of the share capital;
- ✓ Purchase price: 1,85 lei per share;
- ✓ Running period: 28th September– 11th October 2021;
- ✓ Offer broker: BT Capital Partners;
- ✓ Subscription locations: according to the offer document displayed on site [www.evergent.ro](http://www.evergent.ro).

The purpose of the program is the reduction of the share capital through the annulment of bought-back shares, according to EGMS resolution no. 2 on 29th April 2021.

The operations are part of EVERGENT Investments' policy mix that includes buy-back programs and dividend distribution that provide a higher return on invested capital than other placement types.



## 5

## Company Management

### 5.1. List of Directors

#### 5.1.1. CV (name, forename, age, qualification, professional experience, position and seniority)

No	First and last name	Age	Qualification	Professional experience	Current position with EVERGENT Investments	Seniority
1	Doroş Liviu Claudiu	51	Higher education <ul style="list-style-type: none"> <li>MBA - Management and Business Administration               <ul style="list-style-type: none"> <li>Economist – specialization Economy of Industry, Constructions and Transport</li> </ul> </li> </ul> Specializations: capital market: <ul style="list-style-type: none"> <li>Investment consultant</li> <li>Specialist in technical analysis and trading strategies</li> <li>Agent for financial investment services</li> <li>Project management</li> <li>Internal control</li> </ul>	<ul style="list-style-type: none"> <li>Economist</li> <li>Brokerage</li> <li>Company management</li> <li>Consultancy</li> <li>Assets management</li> </ul>	BD president CEO Member of the Management Committee	BD member 2006 - present
2	Iancu Catalin – Jianu-Dan	44	<ul style="list-style-type: none"> <li>Graduation certificate Stanford University. Graduate School of Business</li> <li>MBA in management. Rotterdam School of Management</li> </ul> Bachelor studies - Bachelor of Economy – the Academy of Economic Studies Bucharest; Faculty of Economic studies in foreign language	<ul style="list-style-type: none"> <li>Training courses at Morgan Stanley. Standard Bank. Barclays Capital</li> <li>Management “OTP Management Academy</li> <li>Investment management. Capital market consultant</li> <li>Member of the Association of Financial Markets in Romania</li> </ul>	BD Vice-president Director general adjunct Member of the Management Committee	BS Member 2013 - present
3	Radu Octavian Claudiu	59	<ul style="list-style-type: none"> <li>FernUniversitaet Hagen – Betriebswirtschaftlehre</li> <li>Bachelor studies – Bachelor of Economics - the Academy of Economic studies Bucharest – Faculty of Commerce</li> </ul>	<ul style="list-style-type: none"> <li>Business consultation</li> <li>Marketing</li> <li>Management</li> </ul>	Independent non-executive manager President of the audit committee	BD member 2013 - present
4	Ciorcila Horia	57	<ul style="list-style-type: none"> <li>Cluj Napoca Polytechnic Institute. Faculty of electronics. Specialization Automation and Computers</li> </ul>	<ul style="list-style-type: none"> <li>BD President – Banca Transilvania</li> <li>BD member at BT Asset Management SAI</li> </ul>	Non-executive, independent director President of the Investment Committee	BD Member 2013 - present
5	Ceocea Costel	64	High education <ul style="list-style-type: none"> <li>Doctor in industrial engineering with thesis “Risk in Management Activity”</li> <li>MBA - Management and Business Administration.</li> <li>Economist - major Economy of the Constructions and Transport Industry</li> </ul> Specialization: Capital Market: <ul style="list-style-type: none"> <li>Investment consultant</li> <li>Business manager</li> <li>Company assessor</li> <li>Company liquidator</li> <li>Acquisitions manager</li> <li>Chartered accountant</li> <li>Project management</li> <li>Internal control</li> </ul>	<ul style="list-style-type: none"> <li>President of EVERGENT Investments (2009 - 2021)</li> <li>CEO EVERGENT Investments (2009 – 2017)</li> <li>Banca Transilvania Manager</li> <li>University lecturer –Vasile Alecsandri University of Bacau</li> </ul>	Non-executive director President of the Appointing-Remuneration Committee	BD member 2001 – present day

#### Authorization of EVERGENT Investments' Board of Directors

The members of the Board of Directors, presented above have been approved by OGMS resolution no. 2/28.01.2021, for the 5<sup>th</sup> April 2021 – 5<sup>th</sup> April 2025 mandate and authorized by FSA (authorization no. 49/30.03.2021).

(Current report on 31.03.2021)

### Authorization of EVERGENT Investments' management

The company's executive management, presented in the table above, has been approved by BD resolution on 5<sup>th</sup> April 2021 and authorized by FSA (authorization no. 59/05.04.2021) for a 4 years' mandate, namely for 5<sup>th</sup> April 2021 - 5<sup>th</sup> April 2025.

(Current report on 06.04.2021)

### Consultative committees of the Board of Directors (BD resolution on 5th April 2021)

- *The Appointing – Remuneration committee* is comprised of 3 members, namely:
  - 1) Costel Ceocea – President – non-executive director;
  - 2) Octavian Claudiu Radu – member – non-executive and independent director;
  - 3) Horia Ciorcila – member – non-executive and independent director.
- *Audit Committee* is comprised of 3 members, namely:
  - 1) Octavian Claudiu Radu – President – non-executive and independent director;
  - 2) Horia Ciorcila – member – non-executive and independent director;
  - 3) Costel Ceocea – member – non-executive director.
- *Investment Committee* – is comprised of 3 members, namely:
  - 1) Horia Ciorcila – President – non-executive and independent director
  - 2) Octavian Claudiu Radu – member – non-executive and independent director;
  - 3) Costel Ceocea – member – non-executive director.

The non-executive quality for the members of the Consultative Committees and independent directors for their presidents insures the fulfilment of the conditions foreseen by the Corporate Governance Code of EVERGENT Investments, aligned to the requirements of the Bucharest Stock Exchange Code.

**5.1.2. Any agreement, convention or family connection** between that director and another individual due to whom he was appointed director – not the case.

- **Director's holding in the company's share capital** (direct and indirect holding on 31.12.2021)

No.	Name	Forename	31.12.2021 holdings	% share capital
1	Ceocea	Costel	3.966.484	0,40
2	Doroş	Liviu Claudiu	7.638.052	0,78
3	Iancu	Catalin Jianu Dan	4.297.092	0,44
4	Radu	Octavian Claudiu	0	0,00
5	Ciorcila	Horia	4.062.542	0,41

**5.1.4. List of individuals affiliated to the company. EVERGENT Investments Group** – detailed presentation in Chapter 1.2.2.

### 5.2. List of executive management members:

members of EVERGENT Investments' management: Doroş Liviu Claudiu – CEO, Iancu Catalin Jianu Dan – Deputy CEO – FSA authorization 59/05.04.2021.

#### 5.2.1. Term on which the individual is part of executive management

The directors of the company have entered Management Contracts for a 4 years' mandate, namely 5<sup>th</sup> April 2021 - 5<sup>th</sup> April 2025.

**5.2.2. Any agreement, convention or family relationship between that individual and another individual due to whom that individual was appointed member of executive management-** *not the case.*

**5.2.3. Participation of the individual to the capital of the company** – see the list presented under item 5.1.3.

**5.3. For all individuals foreseen under item 5.1. and 5.2. mention possible litigations or administrative procedures** in which they were involved over the last 5 years, regarding their activity within the issuer, as well as those regarding the ability of that individual to fulfil his attributions within the issuer – *not the case*

**5.4. Assessment of individuals in the management structure**

According to “*Policies for the evaluation of individuals in the management structure and individuals holding key positions within EVERGENT Investments*” ([www.evergent.ro/about us](http://www.evergent.ro/about-us)) and statutory provisions, the Board of Directors has carried out the annual assessment of the efficiency of the Board and its Committees as well as assessment of the performance of directors based on the criteria set for the monitoring of the results of executive management’s activity and of the company as a whole. The President of the Board and the Board in its entirety has ascertained that the way in which the Board carries out its activity has insured the fulfilment of its responsibilities.

The consultative committees tasked with the carrying out of investigations and the drafting of recommendations for the board in fields such as audit (*Audit Committee*), remuneration of staff (managers, directors, employees) or appointing of candidates for various management positions and other (*Appointing-Remuneration Committee*), investments (*Audit Committee*) have submitted the Board recommendations for each meeting, concerning issues under their competence (see: *EVERGENT Investments’ Corporate Governance Code*) and presented half-yearly reports on their activity.

## 6

### Human Resource Management

On the level of the executive special attention is paid to human resources to insure the continuity of professional training programs for the purpose of maintaining the expertise acquired over several years of specialization. Staff working in the following fields was included in the continuous training programs: investment analysis, assets evaluation, accounting, audit, risk management, legal, corporate governance. The amount assigned in the reporting period for the professional training and participation to seminars and conferences in the field was 65,72 mii lei.

The staff is regularly assessed both from the perspective of performance and specific knowledge.

The number of employees at the end of 2021 is 40. In agreement with the 2020 Succession Plan, we continue the staff recruitment and selection process.

Activity continuity shall be continued in the future as well, through the **update and implementation of the Succession and Development Plan – 2022 edition, time horizon 2025 - 2026.**

In compliance with the Remuneration policy we have offered for 2021 the option to purchase EVER shares to managers, directors and employees of the company, as part of the *Benefits Plan*.

## 7

**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 CEO. 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 and operations and submission of recommendations for their improvement.

Internal audit is exercised as follows:

- ✓ 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.

The 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 SIF MOLDOVA.
- ✓ 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 assessments.

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.

**The activities run by internal audit in 2021 based on the internal audit plan targeted:**

- ✓ completion of the activity audit for subsidiary Agointens SA, partially run in 2020;
- ✓ completion of the financial-accounting activity audit, partially run in 2020;
- ✓ audit of the activity of EVER IMO SA;
- ✓ audit of CASA SA subsidiary;
- ✓ audit of the investment and management of Energy-Industrial, Financial-Banking and SELL Portfolio activity;
- ✓ follow-up of the progresses registered in the implementation of internal audit recommendation, under monitoring;
- ✓ verification of certain compliance aspects, at the request of the Board of Directors or directors;
- ✓ participation within committees or work groups appointed by the Board of Directors or directors, for the implementation of certain projects and carrying out of certain activities.
- ✓ Other activities.

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

Internal auditors report directly to the Audit Committee and Board of Directors, their ascertainment 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..

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.

## 8

**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 carried out mainly 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 2021 are specific for the activity of EVERGENT Investments as AIFM (authorization no. 20/23.01.2018), defined by art. 51 Law no. 74/2015 and are approved by the Board of Directors within 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 the new legal norms applicable to EVERGENT Investments' activity regarding:
  - ✓ Alternative Investment Funds- EVERGENT Investments' authority as Alternative investment fund for retail investors (FIAIR), with depository BRD Groupe Societe Generale SA – authorization no. 101/25.06.2021.  
Later, there has been a reviewing of the Simplified prospectus of EVERGENT Investments, following the reduction of the share capital and update with the financial data on 30.09.2021.
  - ✓ Information regarding sustainability in the financial services sector ((EU) Regulation 2019/2088): according to the law, the documents foreseen by the law were prepared and sent to FSA on the 10<sup>th</sup> March, namely published on the website of the company.
2. Conditions that laid at the base of the **authorization/endorsement of the functioning conditions foreseen by art. 2, 4 and 6-10 Law no. 74/2015** (EVERGENT Investments' authorization as AIFM – FSA authorization no. 20/23.01.2018) and later amendments – the revision process within the internal procedural framework continued and FSA was notified regarding the revision of the Remuneration Policy and Procedures regarding organisational 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** – the potential conflict of interest situations, corresponding to the types of conflict of interests identified in the activity of EVERGENT Investments/ EVERGENT Investments Group, were managed according to the rules set. *Conclusion: no conflict was registered.*

**6.** Provisions of art. 18 Law no. 74/2015, lines (1), (3)-(9), (11), (12) on the **assessment of AIF assets**

- ✓ The monthly net asset was endorsed, including the verification of the assessment method of held assets.
- ✓ As an effect as authorization as AIF, the implementation of new reporting layouts, reporting/publishing procedures were verified and the first NAV and VUAN statement was prepared 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 Law no. 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 for retail investors, namely 25.06.2021 the new “*Depository and Custody Contract*” came into force. *Conclusion: compliance.*

**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 reports 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 the abidance by the legal deadline and content of the report; the webpage is constantly updated in the Romanian and English language, once public information is released.

*Conclusion: Full prior verification – there have been 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 on the modification of the holding thresholds;
- b) Information was included in the consolidated report for H1 2021 of EVERGENT Investments on the activity of its subsidiaries.

*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 privileged information were notified about the trading interdiction for SIF2/EVER shares in 2021 according to the published financial reporting calendar, the ex-post status was verified according to internal procedures. *Conclusion: no non-compliances identified.*

b) BD was submitted and approved the Reports on “Abidance by EVERGENT Investments of legal and internal regulations on the preparation of EGMS and OGMS on 28/29.01.2021 and 29/30<sup>th</sup> April 2021” in the context of the COVID pandemic. *Conclusion: the privileged information related to GMS convening was adequately managed.*

**12.** The 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 analysed period.*

**13.** Abidance by legal and internal provisions for the organization and conducting of the General Meeting of Shareholders on 28/29.01.2021 and 29/30.04.2021, with the certification of the abidance by these obligations.

- a) Specific measures were adopted to prepare GMS in the context of the COVID -19 pandemic
- b) BD was submitted and approved the reports on “Abidance by EVERGENT Investments of legal and internal regulations on the preparation of: EGMS and OGM on 28/29.01.2021 and on 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 authorizations/decisions during the reporting period:**

- a) Authorization of the amendments of 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 lowering the share capital through the annulment of bought-back shares, in accordance with EGMS resolution no. 4 on 27th April 2020 – FSA Resolution no. 303 on 03rd March 2021.
- c) Authorization as members of the Board of Directors of EVERGENT Investments SA, in compliance with resolution no. 2 of the Ordinary General Meeting of Shareholders on 28th January 2021 of the following individuals: Ceocea Costel; Ciorcila Horia; Doroş Liviu-Claudiu; Iancu Catalin-Jianu-Dan; Radu Octavian Claudiu, for a 4 years’ mandate starting on 5th April 2021. FSA authorization no. 49/30.03.2021
- d) Authorization of EVERGENT Investments SA’s directors, in accordance with the resolution of the Board of Directors on 5th April 2021 for a 4 years’ mandate, namely Mr. Doroş 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 (F.I.A.I.R.), with depositary BRD Groupe Societe Generale SA – Authorization no. 101/25.06.2021.
- f) Authorization of the amendments in the Memorandum of Association, in accordance with EGMS Resolution no. 3 on 30th 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 bought-back shares, according to EGMS resolution no. 3 on 29th 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, from the point of view of the abidance/reflectance of legal provisions and internal regulations;
- b) Compliance endorsement for the running of the 2nd and 3rd stage of the treasury shares redemption program in compliance with EGMS no. 4/27.04.2020 (running period: stage II: 09.12.2020 – 03.03.2021, RC 08.12.2020 and 26.01.2021; 3rd stage- 29.03-07.05.2021; RC 26.03.2021)
- c) Compliance endorsement for the running of the public purchase offers of treasury shares, with object the reduction of the share capital through the annulment of bought-back shares, in accordance with EGMS resolution no. 303/03.03.2021 and no. 1165/22.09.2021
- d) Reports submitted and approved by BD on the status of the implementation of the resolutions of the Board of Directors and Management Committee on 31.03.2021, 30.06.2021 and 30.09.2021;
- e) Compliance endorsement for the revision of the Corporate Governance Code of EVERGENT Investments SA.

*Conclusion: no non-compliances identified following the verifications carried out;*

**17. Compliance of the investment of managed assets with capital market regulations, internal rules and procedures and Memorandum of Associations** - Internal compliance endorsements were issued for investment notes. *Conclusion: no infringement of legal provisions or internal regulations ascertained.*

**18.** Abidance by the internal procedures regarding ***“The supervision of the application of international sanctions on the capital market”*** – *monitoring of asfromania.ro website and sending notifications to the management structure, employees, if the case be.*

**19.** The briefing of EVERGENT Investments, the management structure and employees regarding the legal regimen applicable to the capital market; regarding draft norms under public consultation; suggestions are sent to FSA, if necessary, following their integration on company level and prior approval by the 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 employed in the department are set. In case one of the individuals is missing, his/her attributions and responsibilities are immediately taken over by the other authorized individual.

## 9

## Legal assistance, consultancy and legal representation activity

Given legislative dynamics, the Legal Service has made sure that in line with the company's objectives and strategy, the company's rights and obligations are fulfilled on time and under legal conditions. The service is subordinate to the President and CEO, being coordinated by a Director who is responsible for managing all activities related to legal advice and representation, ensuring the legality endorsement for all legal documents the company is party in.

## 9.1.

### Legal representation

The main objective of the legal assistance and representation activity was the representation of the company's interests before courts by submitting all necessary defences within the procedure deadlines.

In the reporting period, the Company registered in its specific records a number of **223 litigations, of which 63 files being solved and final**, on the following categories:

#### 9.1.1. Annulment of unlawful GMS resolution in companies in the portfolio and connected litigations

- TOTAL: 26 files; PENDING: 9 files; SOLVED: 17 files.
- ✓ Litigations in this category include the annulment of some GMS resolution in some companies in the portfolio where unlawfulness elements were identified, as well as in related files, namely those that target interventions and/or complaints against resolutions regarding different entries in the trade registry related to the challenged GMS resolutions.
- ✓ Favourable solutions were obtained in litigations against Dyonisos SA. In the actions where unfavourable solutions are pronounced by first instance court, the defence will be continued by promoting appeals in accordance with the law, considering that the factual and legal reasons invoked by EVERGENT Investments are substantiated de facto and de recto.

#### 9.1.2. Litigations with object claims and connected files

- TOTAL: 135 files; PENDING: 114 files; SOLVED: 21 files.
- ✓ Special attention is offered to files with object claims since these target the recovery of certain amounts owed to our company, for which purpose we continue the legal endeavours to obtain our claims from AAAS, and other debtors.
- ✓ New enforcement actions were initiated against AAAS for the recovery of the court costs incurred by our company for the defence, in the files where this institution challenges the enforcement procedure.
- ✓ 16 garnishment validation cases were investigated, of which 11 were solved with final resolutions, 3 of these being in favour of EVERGENT, the court ordering the validation of garnishment on the General Treasury. In the enforcement files on garnished third party Oltchim S.A., for amounts owed to AAAS, as a result of the assets sale within the insolvency procedure, favourable resolutions were obtained. Thus, the amount of 3.971.906,86 lei was collected, and other amounts will be collected in 2022.

### 9.1.3. Litigations with insolvency procedure as object

- TOTAL: 7 files;
- ✓ Litigations in this category target the recovery of claims in files that have been on the dockets of court for a long time, since insolvency procedure involves time consuming operations.
- ✓ Taking into account the fact that in these files we have unsecured receivables, we do not estimate chances of recovering some amounts declared on the creditors' table.

### 9.1.4. Litigations in which the company acts as respondent

- TOTAL: 55 files; PENDING: 30 files; SOLVED: 25 files.
- ✓ The litigations in this category include mainly enforcement challenges against AAAS Bucharest, with the mention that the respective challenges do not affect in any way the amounts recognized for our company through enforceable title. Most of these solutions are in favour of EVERGENT Investments SA.
- ✓ The action filed by plaintiff Cantoreanu Florin against EVERGENT with object the payment of 148.720,95 USD as damages plus legal penalty interest, which the applicant considered an actual loss suffered as a result of a so-called lack of diligence on EVERGENT Investments' part in the full recovery of the amount of de 250.000 USD from AAAS.
- ✓ New litigations have been started against our company with the object the pronouncement of certain resolutions to replace authentic document, shares filed by various plaintiffs who have contracted in the past companies that at present are cancelled from the trade registry, companies in which we had the quality of shareholder. We estimate favourable solutions in these cases based on the exception of the lack of procedural quality since as shareholders we have not taken over any assets from the patrimony of these companies and we do not have the quality of successor of these companies in any way.

**In short, the litigations status is the following** (details in annex 3):

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

- ✓ 168 files, of which: 150 files are litigations pending in different trial stages (of which 102 are against AAAS) and 38 are solved.
- ✓ Value of litigations on the docket of courts: 62.239.635,66 lei (claims in insolvency procedure).

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

- ✓ 55 files, of which: 30 files are litigations pending in different trial stages, and 25 are completed.
- ✓ Value of litigations pending on the dockets of courts: 94.155,85 lei +148.720,95 USD in files with object various claims.

## 9.2. Legal Consultancy

The Legal Department is consulted and offers consultancy in all fields of activity of the company and/or subsidiaries within the Group, in an important number of consultancy files, with object: corporate operations, contracts, investment projects, revisions of legislative proposals, transactions, organisation and conducting the General Meeting of Shareholders.

At the end of 2021 the legal consultancy activity focuses on a number of **113 consultancy files and a total number of 400 legitimacy endorsements**, for various legal documents, such as contracts, addenda, resolutions, mandates, agreements. The main documents and operations within the legal consultancy activity and granting of legitimacy endorsement refers to:

- ✓ Preparation of the updated Memorandum of Association regarding the name change of the company, according to EGMS on 30<sup>th</sup> October 2020 and the reduction of share capital, within EGMS resolution on 29.04.2021, registered with the Trade Registry of all amendments occurred and all connected documents related to these amendments, including those regarding the emblem and setup of EVERGENT representation, with full effects opposable to third parties;
- ✓ The preparation of all documents necessary for the registration of mentions for the election of directors and managers, for the 2021-2025 mandate;
- ✓ Active support for the revision of the documentation regarding EVERGENT's authorization as FIAIR;
- ✓ Revision and endorsement of the document corresponding to the general meeting of shareholders of EVERGENT Investments in 2021;
- ✓ Endorsements of documents within the Public Purchase Offering run by the Company in 2021;
- ✓ Assistance and legal consultancy corresponding to the sale of shares held by EVERGENT Investments in Agricola Internațional SA, preparation and completion of the transaction regarding the solving of disputes;
- ✓ Legal consultancy and endorsement regarding all mandates issued by the company in the General Meeting of Shareholders run by the subsidiaries of EVERGENT Group;
- ✓ Observations and legislative proposals in various areas of interest for the Company.

We also emphasize the approval, at the level of the Director's activity, of a number of 1185 provisions for the establishment and / or termination of garnishments, regarding the payment of dividends to shareholders and the corresponding response addresses.

## 10 Corporate Governance

The annual report of the directors is accompanied by:

- ✓ **Statement regarding the application of Corporate Governance Code** in accordance with the provisions of *FSA Reg. no. 9/2019 for the modification and amendment of FSA Reg. no. 2/2016 on the application of Corporate Governance principles by entities authorized, regulated and supervised by FSA* (Annex 5)
- ✓ **Statement on the abidance by the Corporate Governance Principles** stipulated by the *Corporate Governance Code of Bucharest Stock Exchange* (Annex 6).

The listed documents are displayed on website [www.evergent.ro](http://www.evergent.ro)

### 10.1. Relationship with investors

Related information in  
**The Corporate Governance Code of EVERGENT Investments**  
Chapter 1.1. General Meeting of Shareholders  
Chapter 8. Shareholders' rights

Note – details regarding each category of reports made in the reporting period are presented in Annex 4.

In the reporting period we have **abided by and insured the transparency, information and reporting requirements**, through press releases, publication of mandatory reports and running of an extended correspondence with shareholders. We have provided shareholders and investors with additional data, some of them regular in nature (monthly newsletter), prepared in such a way so as to insure the up-to-date information on the company's performance.

EVERGENT Investments is not under the incidence of transparency requirements foreseen by “EU Regulation no. 2019/2088 on sustainability information within the financial sector” regarding the promotion of sustainable environment or social investments, since EVER share does not fall under the category of products mentioned under art. 8 line (1) and art. 9 line (1), (2) and (3), namely at present it does not promote environment or social characteristics or a combination of the two, it does not have sustainable investments as object and there has been no index assigned as reference criteria.

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: e-mails, social platforms, or letters and phone conversations.

### Change of the company name to EVERGENT Investments

In accordance with the resolution of the Extraordinary General Meeting of Shareholders no. 2/30.10.2020 and of the updated Memorandum of association in accordance with FSA authorization no. 21/01.03.2021 as well as the registration of the mention in the Trade Registry (TR Resolution no. 2888 on 03.03.2021) the name of the company was changed from “Societatea de Investitii Financiare Moldova” S.A. to “**EVERGENT INVESTMENTS**” S.A.

Starting on 29.03.2021 the trading symbol of EVERGENT Investment shares became EVER.

### Authorization of EVERGENT Investments SA as FIAIR

The Financial Supervisory Authority issued Authorization no. 101/25.06.2021 through which EVERGENT Investments was authorized as Alternative Investment fund destined for retail investors (F.I.A.I.R.) (*current report on 29.06.2021*)

**Reduction of the share capital** (current reports on 15.09.2021 and 08.09.2021) – the share capital of the company was lowered from 98.947.917,60 lei to 98.121.305,10 lei, divided in 981.213.051 shares with a nominal value of 0,10 lei, following the annulment of a number of 8.266.125 treasury shares



acquired by the company, in accordance with the Extraordinary General Meeting of Shareholders of EVERGENT Investments SA no. 2/29.04.2021. FSA authorized the amendments of the Memorandum of Association and issued the Financial Instruments Registration Certificate no. AC-5260-2/14.09.2021 corresponding to the reduction of the Company's share capital.

**Convening of EGMS on 20<sup>th</sup> January 2022** (*Current report 20.12.2021*), with the following addenda: approval of the amendment and completion of the Memorandum of Association of EVERGENT Investments; approval of the lowering of the share capital from 98.121.305,10 lei to 96.175.359,20 lei and approval of a new buy-back program for the reduction of the share capital, through the annulment of a maximum number of 23.100.000 shares, representing 2,402% of the share capital.

**Processing of personal data** - EVERGENT Investments processes personal data it has access to in accordance with European Regulation no. 679/2016 ("Regulation") on the protection of natural individuals regarding the processing of personal data and the free circulation of this data based on the legal obligations and legitimate interests of the Company and its shareholders. The company makes sure that all principles foreseen by the Regulation regarding the processing of personal data it has access to are abided by. The processing of personal data is made through automated and manual means, abiding by legal requirements and under conditions that insure the safety, confidentiality and observance of the targeted individual's rights.

## 10.2. Ensuring Business continuity

Business continuity is insured through the preparation and implementation of

- a) **Continuity plan** – with its half-yearly assessment and regular testing, in accordance with the requirements of FSA Reg. no. 2/2016 and FSA Norm no. 4/2018;
- b) **Succession plan** – the personnel selection and recruitment processes in run in accordance with EVERGENT Investments' particularities.

## 10.3. 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 total amount of sponsorships offered by EVERGENT Investments SA in 2021 was 405.855 lei. EVERGENT Investments SA uses the tax facilities connected to sponsorship activities.

## 10.4. Application of corporate governance principles in accordance with FSA Regulation ASF 2/2016

Relevant events registered in 2021 in connection with the application of the provisions of Regulation no. 2/2016 on the application of corporate governance principles by entities authorized, regulated and supervised by the FSA:

1. Board responsibilities: references in chapter 5 – Company management
2. Responsibilities of executive management and individuals holding key positions: references in chapter 2: Risk management, chapter 5 – Management of the Company, chapter 7- Internal Audit, chapter, Chapter 8 - Compliance

3. Conflicts of interest and their management: references in chapter 8- Compliance
4. Risk management and risk management function: references in chapter 2 – Risk management
5. Provisions regarding transparency – information foreseen by art. 48<sup>1</sup> of the Regulation are found on the website in the section: *Investor information / Corporate Governance / Corporate Governance Code/ Information foreseen by art. 48 index 1 FSA Regulation no. 2/2016.*

### 10.5. Involvement Policy

#### **Information regarding the application of the involvement policy within the issuers from the portfolio, according to the provisions of art. 101 par. (1) of Law no. 24/2017 republished.**

##### **EVERGENT Investments SA's involvement policy**

EVERGENT Investments SA abides by the requirements mentioned in art. 101 Law no. 24/2017 R on the involvement policy within issuers in the portfolio, the policy that is subordinate to the objectives and principles set by the Company's investment strategy and policy through:

- a) The Company's Corporate Governance Code, documents that meets the legal requirements mentioned for the involvement policy in issuers in the portfolio.

The Company's corporate governance code presents, in an integrated and concise manner, all relevant aspects related to the management and functioning of the Companies, by assimilating significant aspects from the company's authorization as AOPC/AIF and AIFM.

Its own corporate governance code, which regulated the substitution and additional requirements to those established by relevant legal regulation, was developed following public consultations with the shareholders, and submitted for GMS information and approval starting in 2011. The code is aligned with the relevant legal provisions and the best practices in the field, with reference to principles and rules of representative national and international entities.

The Code is regularly revised, the latest edition in November 2021 and the previous ones are presented on the website [www.evergent.ro](http://www.evergent.ro).

- b) A series of other documents of the company, compliant with AIFM and AIF legislation include descriptions of the way in which EVERGENT Investments meets the provisions stipulated by line (3) Law no. 24/2017, namely:

1. Procedures regarding the organisational structure and administrative, accounting requirement and control and protection tools in the field of electronic data processing, as well as mechanisms adequate to internal control;
2. Investment strategy and policy: Statements regarding diligence policies, taking into consideration the main negative effects of investment decisions of sustainability factors;
3. Policy on the prevention and management of conflicts of interests and personal transactions.

#### **General presentation of the vote conduct in companies where it is shareholder**

The internal analysis for vote substantiation is made based on operational procedure "*Exercise of EVERGENT Investments' attributions as shareholder of the companies in the portfolio*". The regulation foresees that analysis within the portfolio management department analyse the materials and information made available to the shareholders in order to identify the best representation solution and protect the interests of the Company. Proposals shall be transposed into mandates of representation, special proxies or ballot through correspondence that shall be subject to the approval of the deputy CEO /CEO.

In exercising the vote policy, as well as in all of its activity, the Company acts honestly, equitably, professionally and independently in the interest of the Company and its investors.

Thus, in accordance with the best practices and provisions of the Corporate Governance Code, the

Company supports the proposals of the directors of companies in the portfolio referring to: name change, change of headquarters, stock exchange listing, setting the venue and date of the annual general meeting, approval of dividend payment, authorization of the transfer of reserves and income assignment; amendments to authorized signers; approval of the modification of the methods for accounting records holding; acceptance of work agreements, appointment of internal auditors.

Regarding aspects related to the Board of Directors, the Company usually considers supporting the management. However, a vote against the management will be considered in case the corporate performance has been poor.

The Company considers voting “for” for: cumulative vote – for the protection of minority shareholders; increase of share capital with contributions from reserves; share buy-back programs in case all shareholders can participate, under equal conditions; the lowering of share capital following the annulment of bought-back shares.

In the case of the vote for the following categories, the Company makes case-to-case assessment: capital operation for which there are the premises that the Company’s interests shall be affected; the contracting of credits and pledging/ mortgaging of company property; issue of corporate bonds; merger or division of the company; conversion of shares from one category to another; conversion of a category of bonds to another or shares; modification of the Memorandum of Association; setup or cancellation of secondary headquarters: subsidiaries, agencies, or other such units without legal personality; assets sale; anticipatory dissolution of the Company.

The company considers voting “against” for” share capital increase with contribution in kind; share capital increase without granting preference right to the shareholders.

In case it is considered that, based on professional reasoning and taking into account the specific situation of that particular company, it is not necessary to involve the Company’s shareholder in the GMS due to conjuncture situations or general policy interests of the Company, in relation to companies classified in different categories, it suggests that EVERGEN Investment should not participate, whereas information regarding resolutions adopted and the running of GMS shall be obtained at a later date.

All these principles are transposed according to the above-mentioned legal and internal provisions in the vote options sent to the companies in the portfolio, following the close and responsible analysis of the management proposals of that particular company.

**11**

**Prevention and fight against money laundering and the financing of terrorism**

In 2021 the Committee for the prevention and fight against money laundering has fulfilled its attributions set by the legislation in the field and internal procedures, for which purpose it carried out the following operations:

- ✓ Assessment of money laundering and terrorism financing risk on individual level and on the level of the entire activity
- ✓ Abidance of clients by risk classes,
- ✓ Preparation of the documentation foreseen in internal client-awareness norms, in accordance with the provisions of FSA Regulation no. 13/2019, by applying proper client awareness measures,
- ✓ Assessment of internal controls efficiency;
- ✓ Issue of the endorsements necessary to enter transaction the company was party of, following the analysis of the documentation regarding client awareness prepared in accordance with internal client awareness norms.
- ✓ Taking the necessary steps to update the Policies and Procedures for the prevention and fight against money laundering and terrorism financing, so that they are aligned with current legislation. The related documentation and methodologies will be completed in the first quarter of 2022.

In accordance with the provisions of FSA Regulation no. 13/2019 on the establishment of measures to prevent and combat money laundering and the financing of terrorism through financial sector supervised by FSA, employees with responsibilities in the field of ML/TF and those who carry out activities that may be related to this aria participated to a vocational training program Fight against Money Laundering 2021, held online and organized by a FSA certified vocational training body.

## 12 Subsequent events

### **I. Conducting the extraordinary general meeting of shareholders on 20<sup>th</sup> January 2022**

Main resolutions adopted:

1. The amendment and addition of the provisions of art. 7 lines 20-23 of EVERGENT Investments SA's Memorandum of Association
2. Reduction of EVERGENT Investments SA's share capital from 98.121.305,10 lei to 96.175.359,20 lei in accordance to and justified by GMS Resolution no. 3 29.04.2021
3. The running of a treasury shares redemption program ("Program 6") for the purpose of reducing the share capital, through share annulment. The number of shares that can be bought-back is maximum 23.100.000 shares, and maximum price per share 2,2 lei.

### **II. The running of the treasury shares buy-back program in accordance with EGMS Resolution of AGEA EVERGENT Investments no. 4/20.01. 2022.**

*The first stage of the buy-back program is running*

The main characteristics announced in the current report on 25.01.2022

- (a) Period: 26.01.2022 – 15.06.2022;
- ✓ No. of shares: maximum 8.000.000;
  - ✓ Maximum price: 2.2 lei/share;
  - ✓ Purpose: the company will buy-back shares in order to reduce its share capital
  - ✓ Intermediary: BT Capital Partners.

### **III. Collection of the amount representing claims against AAAS**

In January 2022 we registered the collection of the amount of 2.099.598,02 lei, following the validation of a garnishment on Treasury of Bucharest Municipality, in enforcement files against AAAS. The total recovered amount in 2021 and 2022 in the enforcement procedure of AAAS is 6.071.505 lei.

### **IV. Compliance officer's cease of activity**

EVERGENT Investments has informed its shareholders and investors that Mr George-Catalin Nicolaescu no longer exercises the compliance officer function, following the cease of his employment with the company through retirement on 20.01.2022. On 1<sup>st</sup> February 2022, EVERGENT Investments hired a compliance officer that will cover the compliance function following FSA authorization. Mrs Michaela Pușcaș continues to insure the permanent compliance function.

### **V. Reporting 2021 preliminary unaudited results – 25<sup>th</sup> February 2022**

**VI. The area urban plan for Iași real-estate project developed by EVERGENT Group has been issued – 28<sup>th</sup> February 2022.**



## **The Russian-Ukrainian military conflict**

On February 24, 2022, Russia began military operations against Ukraine. This was preceded by a relocation of troops to the border with Ukraine and the diplomatic recognition by Russia, of the Donetsk Popular Republic and the Lugansk Popular Republic.

EVERGENT Investments has no direct exposure in Russia or Ukraine. However, this event is expected to have a negative impact on many economic sectors, given Russia's important role in the energy raw materials market in Europe. An increased volatility of the quotations on the Bucharest Stock Exchange is already taking place and we anticipate continuing at least in the short term, over a horizon of 3-6 months. This is also reflected in the fair value measurement of the holdings in the EVERGENT Investments portfolio, with a potential impact on both the income statement and other comprehensive income.

Based on the existing data, EVERGENT Investments analysed the possible evolutions of the domestic and international economic environment as a result of this event, ad-hoc crisis simulations were performed according to risk procedures, concluding that the performance of EVERGENT Investments may be affected, but only in the short or medium term and no difficulties are estimated in meeting the Company's commitments, and business continuity is not affected. At the date of authorization of these annual financial statements, the Company's management is not able to reliably estimate the impact, as events are unfolding day-by-day.

EVERGENT Investments closely monitors the evolution of this conflict, its impact and the measures taken at the international level on the national economic environment, which is the market where the company's assets are exposed.

**Annexes:**

**1. Annex 1** – Net asset statement on 31.12.2021

Annex 1.1. Statement of assets and liabilities EVERGENT Investments (FSA Reg. no. 7/2020 – Annex 10)

Annex 1.2. Statement of assets and detailed statement of investments of EVERGENT Investments (FSA Reg. no. 7/2020 – Annex 11)

**2. Annex 2** – Separate financial statements on 31.12.2021 prepared in accordance with Accounting regulations compliant with the International Financial Reporting Standards (IFRS) applicable to entities authorized, regulated and supervised by FSA in the Sector of Financial Instruments and Financial Investments approve by FSA norm no.. 39/2015.

**3. Annex 3** – Statement of litigations on 31.12.2021

**4. Annex 4** - BVB, FSA Reporting – 2021

**5. Annex 5** - Statement on the application of corporate government principles – according to FSA Reg. 9/2019

**6. Annex 6** – Statement on the application of corporate governance principles – in accordance with CGC BVB

**7. Annex 7** - 2021 Remuneration Report, in accordance with the Remuneration Policy approved by the Ordinary General Meeting of Shareholders of EVERGENT Investments for the members of the management structure (directors and executive managers).

**8. Annex 8** – Report on the activity carried out by the Appointing- Remuneration committee in 2021.

**9. Annex 9** – Statement of persons responsible.

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*2021 Board of Directors' Report corresponding to the separate financial statements was approved in the meeting of 25<sup>th</sup> March 2022*

**Claudiu DOROȘ**  
CEO

**Mihaela MOLEAVIN**  
Finance Director

**Michaela PUSCAS**  
Compliance manager

**Georgiana DOLGOS**  
Director

**Annex 1.1**

In accordance FSA Regulation no 7/2020

**STATEMENT OF ASSETS AND LIABILITIES OF EVERGENT Investments****Date of calculation 31/12/2021 - Monthly, balanta IFRS**

		LEI	% total assets
<b>1</b>	<b>Intangible assets</b>	<b>360.960,00</b>	<b>0,014</b>
<b>2</b>	<b>Tangible assets</b>	<b>8.308.912,00</b>	<b>0,325</b>
<b>3</b>	<b>Investment property</b>	<b>4.247.186,00</b>	<b>0,166</b>
<b>4</b>	<b>Biological assets</b>	<b>0,00</b>	<b>0,000</b>
<b>5</b>	<b>Right-of-use asset from leasing contracts</b>	<b>3.570.975,00</b>	<b>0,140</b>
<b>6</b>	<b>Financial assets, of which:</b>	<b>2.371.883.224,19</b>	<b>92,904</b>
<b>6.1</b>	<b>Financial assets at amortized cost, of which:</b>	<b>34.409.965,48</b>	<b>1,348</b>
6.1.1	Bonds, of which:	34.409.965,48	1,348
6.1.1.1	Listed bonds, of which:	0,00	0,000
6.1.1.1.1	Corporate bonds	0,00	0,000
6.1.1.1.2	Municipal bonds	0,00	0,000
6.1.1.2	Listed and not traded over the last 30 days bonds, of which:	59.032,15	0,002
6.1.1.2.1	Corporate bonds	0,00	0,000
6.1.1.2.2	Municipal bonds	59.032,15	0,002
6.1.1.3	Unlisted bonds, of which:	34.350.933,33	1,345
6.1.1.3.1	Corporate bonds	34.350.933,33	1,345
6.1.1.3.2	Municipal bonds	0,00	0,000
<b>6.2</b>	<b>Financial assets at fair value through profit or loss, of which:</b>	<b>381.215.357,43</b>	<b>14,932</b>
6.2.1	Shares, of which:	67.300.907,29	2,636
6.2.1.1	Listed shares	18.658.018,00	0,731
6.2.1.2	Listed shares not traded over the last 30 trading days	0,00	0,000
6.2.1.3	Unlisted shares, of which:	48.642.889,29	1,905
6.2.1.3.1	Unlisted shares	46.487.266,00	1,821

6.2.1.3.2	Unlisted shares from a member state	2.155.623,29	0,084
6.2.2	UCITS and/or AIF equity securities, of which:	313.914.450,14	12,296
6.2.2.1	Fund units, of which:	313.914.450,14	12,296
6.2.2.1.1	Listed fund units	0,00	0,000
6.2.2.1.2	Unlisted fund units	313.914.450,14	12,296
6.2.2.2	Shares, of which:	0,00	0,000
6.2.2.2.1	Listed shares	0,00	0,000
<b>6.3</b>	<b>Financial assets measured at fair value through other comprehensive income, of which:</b>	<b>1.956.257.901,28</b>	<b>76,624</b>
6.3.1	Shares, of which:	1.916.092.949,87	75,051
6.3.1.1	Listed shares	1.737.654.978,57	68,062
6.3.1.2	Listed shares not traded over the last 30 trading days	0,00	0,000
6.3.1.3	Untraded shares	178.437.971,30	6,989
6.3.2	UCITS and/or AIF equity securities, of which:	36.182.736,81	1,417
6.3.2.1	Fund units, of which:	0,00	0,000
6.3.2.1.1	Listed fund units	0,00	0,000
6.3.2.1.2	Unlisted fund units	0,00	0,000
6.3.2.2	Shares, of which:	36.182.736,81	1,417
6.3.2.2.1	Listed shares	36.182.736,81	1,417
6.3.3	Bonds	3.982.214,60	0,156
6.3.3.1	Listed bonds, of which:	3.982.214,60	0,156
6.3.3.1.1	Corporate bonds	3.982.214,60	0,156
6.3.3.1.2	Municipal bonds	0,00	0,000
6.3.3.2	Listed and untraded over the last 30 days bonds, of which:	0,00	0,000
6.3.3.2.1	Corporate bonds	0,00	0,000
6.3.3.2.2	Municipal bonds	0,00	0,000
6.3.3.3	Unlisted bonds, of which:	0,00	0,000
6.3.3.3.1	Corporate bonds	0,00	0,000
6.3.3.3.2	Municipal bonds	0,00	0,000

<b>7</b>	<b>Availability (cash and current accounts), of which:</b>	<b>4.028.217,61</b>	<b>0,158</b>
7.1	Amounts in current accounts and financial investment services company accounts	267.381,73	0,010
7.2	Amounts under settlement	3.760.835,88	0,147
7.3	Amounts in transit	0,00	0,000
<b>8</b>	<b>Bank deposits</b>	<b>157.475.728,14</b>	<b>6,168</b>
<b>9</b>	<b>Other assets</b>	<b>2.878.240,44</b>	<b>0,113</b>
<b>9.1</b>	<b>Dividends or other receivables, of which:</b>	<b>0,00</b>	<b>0,000</b>
9.1.1	Dividends due from listed issuers	0,00	0,000
9.1.2	Shares distributed without cash contribution	0,00	0,000
9.1.3	Shares distributed with cash contribution	0,00	0,000
9.1.4	Amounts due from capital decreases	0,00	0,000
<b>9.2</b>	<b>Other assets, of which:</b>	<b>2.878.240,44</b>	<b>0,113</b>
9.2.1	Other financial assets measured at amortized cost	1.519.635,00	0,060
9.2.2	Other assets	1.358.605,44	0,053
<b>10</b>	<b>Accrued charges</b>	<b>293.584,00</b>	<b>0,011</b>
<b>11</b>	<b>Total assets</b>	<b>2.553.047.027,38</b>	<b>100,000</b>
<b>12</b>	<b>Total liabilities</b>	<b>168.064.840,00</b>	
<b>12.1</b>	<b>Financial liabilities measured at amortized cost</b>	<b>1.825.640,00</b>	
<b>12.2</b>	<b>Deferred tax liabilities</b>	<b>125.338.378,00</b>	
<b>12.3</b>	<b>Other liabilities, of which:</b>	<b>40.900.822,00</b>	
12.3.1	Dividends payable to shareholders	34.036.742,00	
12.3.2	Amounts subscribed and not paid to the share capital increases of the issuers	0,00	
12.3.3	Other liabilities	6.864.080,00	
<b>13</b>	<b>Provisions for risks and expenses</b>	<b>1.749.743,00</b>	
<b>14</b>	<b>Deferred income</b>	<b>57.549,00</b>	
<b>15</b>	<b>Equity capital, of which:</b>	<b>2.382.938.528,00</b>	



15.1	Share capital	98.121.305,00	
15.2	Capital assimilated elements	411.983.757,00	
15.3	Other equity elements	19.937.016,00	
15.4	Capital bonuses	0,00	
15.5	Revaluation reserves	912.213.976,00	
15.6	Reserves	882.825.823,00	
15.7	Treasury shares	41.119.507,00	
15.8	Retained earnings	52.587.524,00	
15.9	Earnings of the period	46.388.634,00	
<b>16</b>	<b>Net assets</b>	<b>2.383.174.895,38</b>	
<b>17</b>	<b>Number of issued shares in circulation</b>	<b>957.563.544</b>	
<b>18</b>	<b>Net asset value per share</b>	<b>2,4888</b>	
<b>19</b>	<b>Number of companies in the portfolio, of which:</b>	<b>30</b>	
19.1	Companies admitted to trading on an EU trading venue	17	
19.2	Companies admitted to trading on a third country stock exchange	0	
19.3	Companies not admitted to trading	13	
<p>* According to article 123 paragraph (3) of FSA Regulation 9/2014, regarding the NAV/share calculation, this position represents: 'The number of issued outstanding shares at that date, excluding the own shares bought back by the company'</p>			

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Business Valuation Manager  
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Drafted, Gabriela PETER

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Depository Certification  
BRD – Groupe Societe Generale

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

## DETAILED STATEMENT OF INVESTMENTS ON 31.12.2021 IN COMPARISON TO 30.11.2021

No.	Item	Currency	Start of the reporting period (30.11.2021)				End of the reporting period (31.12.2021)				Differences
			% of net asset	% of total asset	Currency	LEI	% of net asset	% of total asset	Currency	LEI	
1	<b>I. Total assets</b>	RON	106,883	100,000	0,00	2.428.000.996,93	107,128	100,000	0,00	2.553.047.027,39	125.046.030,46
2	<b>I.1. Securities and money market instruments, of which:</b>	RON	72,026	67,388	0,00	1.636.169.957,31	73,699	68,795	0,00	1.756.372.028,72	120.202.071,41
3	<b>I.1. Securities and money market instruments, of which:</b>	EUR	0,174	0,163	800.093,15	3.959.661,00	0,167	0,156	804.796,71	3.982.214,60	22.553,60
4	I.1.1. Securities and money market instruments admitted to or traded on a regulated market in Romania, of which:	RON	72,026	67,388	0,00	1.636.169.957,31	73,699	68,795	0,00	1.756.372.028,72	120.202.071,41
5	I.1.1. Securities and money market instruments admitted to or traded on a regulated market in Romania, of which:	EUR	0,174	0,163	800.093,15	3.959.661,00	0,167	0,156	804.796,71	3.982.214,60	22.553,60
6	I.1.1.1. - BVB listed shares	RON	68,017	63,637	0,00	1.545.104.238,38	69,453	64,832	0,00	1.655.197.422,39	110.093.184,01
7	I.1.1.2. – ATS listed shares	RON	4,006	3,748	0,00	91.006.804,76	4,243	3,961	0,00	101.115.574,18	10.108.769,42
8	I.1.1.3. – Listed shares, not traded over the last 30 days	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
9	I.1.1.4. – municipal bonds	RON	0,003	0,002	0,00	58.914,17	0,002	0,002	0,00	59.032,15	117,98
10	I.1.1.5. – city bonds	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
11	I.1.1.6. – corporate bonds	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
12	I.1.1.6. – corporate bonds	EUR	0,174	0,163	800.093,15	3.959.661,00	0,167	0,156	804.796,71	3.982.214,60	22.553,60
13	I.1.1.7. – state bonds	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
14	I.1.1.8. - preemptive rights / assignment	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
15	I.1.2. securities and instruments of monetary market admitted to or traded on a regulated market of a member state	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00

16	I.1.3. securities and money market instruments admitted at the official rate of a stock exchange from a third country, or negotiated by another regulated market in at third country that operated regularly and is renowned and open to the public, approved by F.S.A., of which:	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
17	<b>I.2. newly issued securities</b>	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
18	<b>I.3. other securities and money market instruments mentioned in art. art. 83 line (1) letter (a) of G.E.O. no. 32/2012 of which:</b>	RON	10,655	9,969	0,00	242.044.596,74	10,879	10,156	0,00	259.276.170,63	17.231.573,89
19	<b>I.3. other securities and money market instruments mentioned in art. art. 83 line (1) letter (a) of G.E.O. no. 32/2012 of which:</b>	EUR	0,094	0,088	431.646,67	2.136.219,37	0,090	0,084	435.646,67	2.155.623,29	19.403,92
20	I.3.1. - unlisted shares (closed)	RON	9,094	8,508	0,00	206.584.352,30	9,438	8,810	0,00	224.925.237,30	18.340.885,00
21	I.3.1. - unlisted shares (closed)	EUR	0,094	0,088	431.646,67	2.136.219,37	0,090	0,084	435.646,67	2.155.623,29	19.403,92
22	I.3.2. – municipal bonds	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
23	I.3.3. – city bonds	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
24	I.3.4. – corporate bonds	RON	1,561	1,460	0,00	35.460.244,44	1,441	1,345	0,00	34.350.933,33	-1.109.311,11
25	I.3.5. – state bonds	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
26	<b>I.4. Bank deposits, of which:</b>	RON	7,402	6,925	0,00	168.145.392,36	6,464	6,034	0,00	154.051.395,52	-14.093.996,84
27	<b>I.4. Bank deposits, of which:</b>	EUR	0,151	0,141	692.046,65	3.424.938,88	0,144	0,134	692.050,00	3.424.332,63	-606,25
28	I.4.1. bank deposits setup at a credit institute in Romania;	RON	7,402	6,925	0,00	168.145.392,36	6,464	6,034	0,00	154.051.395,52	-14.093.996,84
29	I.4.1. bank deposits setup at a credit institute in Romania;	EUR	0,151	0,141	692.046,65	3.424.938,88	0,144	0,134	692.050,00	3.424.332,63	-606,25
30	I.4.2. bank deposits setup at credit institutions in a member state;	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
31	I.4.3. bank deposits setup at credit institutions, in a third state;	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
32	<b>I.5. Derivatives traded on a regulated market</b>	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
33	<b>I.6. Current accounts and cash</b>	RON	0,025	0,023	0,00	563.706,98	0,009	0,008	0,00	215.481,95	-348.225,03

34	<b>I.6. Current accounts and cash</b>	EUR	0,002	0,002	9.216,59	45.612,90	0,002	0,002	8.452,07	41.821,69	-3.791,21
35	<b>I.6. Current accounts and cash</b>	USD	0,000	0,000	2.303,82	10.102,94	0,000	0,000	2.305,83	10.078,09	-24,85
36	<b>I.7. money market instruments, other than those traded on a regulated market, in accordance with art. 82 letter g) GEO no. 32/2012 – repo type contracts on securities</b>	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
37	<b>I.8. AIF/UCITS holding titles, of which:</b>	RON	15,602	14,598	0,00	354.427.547,57	14,690	13,713	0,00	350.097.186,95	-4.330.360,62
38	I.8.1. Fund units	RON	13,972	13,072	0,00	317.381.884,16	13,172	12,296	0,00	313.914.450,14	-3.467.434,02
39	I.8.2. Shares	RON	1,631	1,526	0,00	37.045.663,41	1,518	1,417	0,00	36.182.736,81	-862.926,60
40	<b>I.9. Dividends or other rights to collect</b>	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
41	<b>I.10. other assets (amounts in transit, receivables from distributors, amounts at SSIF, etc.)</b>	RON	0,752	0,703	0,00	17.073.260,88	0,983	0,917	0,00	23.420.693,32	6.347.432,44
42	<b>II. Total liabilities</b>	RON	6,883	6,440	0,00	156.366.875,00	7,128	6,654	0,00	169.872.132,00	13.505.257,00
43	II.1. Expenses for the payment of commissions to A.I.F.M.	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
44	II.2. Expenses for the payment of commissions due to the depositary	RON	0,002	0,002	0,00	36.585,55	0,002	0,002	0,00	38.846,37	2.260,82
45	II.3. Expenses with commissions due to brokers	RON	0,000	0,000	0,00	2.678,56	0,000	0,000	0,00	7.961,15	5.282,59
46	II.4. expenses with turnover commissions and other bank services	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
47	II.5. Interest expenses	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
48	II.6. Issue expenses	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
49	II.7. Expenses with the commissions/ fees owed to F.S.A.	RON	0,008	0,007	0,00	176.443,00	0,008	0,007	0,00	185.256,00	8.813,00
50	II.8. Financial audit expenses	RON	0,004	0,004	0,00	93.344,61	0,011	0,011	0,00	273.032,93	179.688,32
51	II.9. Other approved expenses	RON	6,870	6,427	0,00	156.057.823,28	7,107	6,634	0,00	169.367.035,55	13.309.212,27
52	II.10. Redemptions to pay	RON	0,000	0,000	0,00	0,00	0,000	0,000	0,00	0,00	0,00
53	<b>III. Net asset value (I-II)</b>	RON	100,000	93,560	0,00	2.271.634.121,93	100,000	93,346	0,00	2.383.174.895,39	111.540.773,46

<b>NAV Statement</b>			
<b>Element no.</b>	<b>Current Period (31.12.2021)</b>	<b>Corresponding period of the previous year (31.12.2020)</b>	<b>Differences</b>
<b>Net assets</b>	2.383.174.895,38	2.002.774.315,20	380.400.580,18
<b>Number of issued shares in circulation</b>	957.563.544	980.981.287	-23.417.743
<b>Net asset value per share</b>	2,4888	2,0416	0,4472

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Marta ANTOCHI

Drafted, Gabriela PETER

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Depository Certification  
BRD – Groupe Societe Generale

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU



**I. Securities admitted to or traded on a Romanian regulated market**  
**1. Shares traded over the last 30 trading days (work days)**

No.	Issuer	Share symbol	Date of latest trading session	No. of owned shares	Nominal value	Share value	Total value	Percentage in the share capital of the issuer	Percentage in F.I.A.I.R. total assets
					lei	lei	lei	%	%
1	AEROSTAR	ARS	30.12.2021	23.112.232	0,3200	8,2500	190.675.914,00	15,178	7.469
2	AGROSERV MARIUTA	MILK	30.12.2021	860.409	0,1000	10,7800	9.275.209,02	8,284	0.363
3	ARMAX GAZ	ARAX	30.12.2021	157.778	10,0000	1,2200	192.489,16	2,569	0.008
4	BANCA TRANSILVANIA	TLV	30.12.2021	384.864.098	1,0000	2,5800	992.949.372,84	6,098	38.893
5	BRD	BRD	30.12.2021	5.707.097	1,0000	17,7000	101.015.616,90	0,819	3.957
6	BURSA DE VALORI BUCURESTI	BVB	30.12.2021	348.256	10,0000	25,5000	8.880.528,00	4,327	0.348
7	CASA DE BUCOVINA CLUB DE MUNTE	BCM	30.12.2021	7.679.206	0,1000	0,0980	752.562,19	4,731	0.029
8	MARTENS	MABE	09.07.2021	72.203	2,5000	0,0000	0,00	7,743	0.000
9	MECANICA CEAHLAU	MECF	29.12.2021	175.857.653	0,1000	0,1370	24.092.498,46	73,302	0.944
10	NORD S.A. Bucuresti	NORD	25.11.2021	1.665.004	2,5000	10,7775	17.944.581,00	18,190	0.703
11	PROFESSIONAL IMO PARTNERS S.A.	PPLI	08.12.2021	24.307.608	1,0000	2,5310	61.522.556,00	31,420	2.410
12	REGAL	REGL	22.12.2021	1.116.258	0,1000	8,7592	9.777.490,00	93,022	0.383
13	SANTIERUL NAVAL CONSTANTA	SNC	21.12.2021	1.300.836	2,5000	1,8475	2.403.249,00	2,001	0.094
14	SN NUCLEARELECTRICA SA	SNN	30.12.2021	886.570	10,0000	47,0000	41.668.790,00	0,294	1.632
15	SNGN ROMGAZ SA	SNG	30.12.2021	7.568.260	1,0000	39,0000	295.162.140,00	1,964	11.561
<b>TOTAL</b>							<b>1.756.312.996,57</b>		<b>68,793</b>

**2. Shares not traded over the last 30 trading days (work days)**

No.	Issuer	Share symbol	Date of latest trading session	No. of owned shares	Nominal value	Share value	Total value	Percentage in the share capital of the issuer	Percentage in F.I.A.I.R. total assets
					lei	lei	lei	%	%
1	ATLAS GALATI	ATLK	22.09.2021	17.036.782	0,1000	0,0000	0,00	33,995	0.000
<b>TOTAL</b>							<b>0,00</b>		<b>0,000</b>

**3. Shares not traded over the last 30 trading days (work days) for which financial statements are not obtained within 90 days from the legal submission dates.**

Not the case

**4. Preemptive rights / assignment rights**

No.	Issuer	Right types	Symbol	Date of latest trading session	No. of owned rights	Right value	Total value	Percentage in F.I.A.I.R. total assets
						lei	lei	%
1	IASITEX	de preferinta	IASXR03		611.269	0,0000	0,00	0.000
<b>TOTAL</b>							<b>0,00</b>	<b>0,000</b>

### 5. Bonds admitted to trading issued or pledged by local public administration authorities/ corporate bonds

Issuer	Bond symbol	Date of latest trading session	No. of bonds held	Acquisition date	Coupon date	Coupon maturity date	Initial value	Daily increase	Cumulated interest	Cumulated Discount / bonus cumulate	Market price	Total value	Percentage in total issued bonds	Percentage in F.I.A.I.R. total assets
												lei	%	%
<b>Bonds admitted to trading in EUR</b>														
Autonom Services S.A	AUT24E	23.12.2021	800	12.11.2019	12.11.2021	11.11.2022	800.000,00	97,53	4.876,71		99,9900	3.982.214,60	4,000	0,156
<b>Total bonds admitted to trading in EUR</b>												<b>3.982.214,60</b>		<b>0,156</b>
<b>Bonds admitted to trading in RON</b>														
PRIMARIA BACAU	BAC26B	27.05.2016	2.000	03.09.2009	01.11.2021	31.01.2022	58.800,00	3,81	232,15		93,0000	59.032,15	0,500	0,002
<b>Total bonds admitted to trading in RON</b>												<b>59.032,15</b>		<b>0,002</b>
<b>TOTAL</b>												<b>4.041.246,75</b>		<b>0,158</b>

### 6. Bonds admitted to trading issued or guaranteed by public central administration authorities

Not the case

### 7. Other securities admitted to trading on a regulated market

Not the case

**8. Amounts pending settlement for securities allowed to trading or traded on a Romanian regulated market**

Issuer	Security type	Symbol	Unit value	No. of traded securities	Total value	Percentage in the issuer's share capital / total bonds of an issuer	Percentage in F.I.A.I.R. total assets
			lei		lei	%	%
AGROSERV MARIUTA	Shares	MILK	10,6633	5.056	-53.913,60	0,049	-0,002
BANCA TRANSILVANIA	Shares	TLV	2,6045	1.000.000	2.604.515,36	0,016	0,102
SIF TRANSILVANIA	Shares	SIF3	0,4330	2.813.384	1.218.195,27	0,130	0,048
<b>TOTAL</b>					<b>3.768.797,03</b>		<b>0,148</b>

**II. Securities admitted to trading or traded on a regulated market of another member state**
**1. Shares traded over the last 30 trading days (work days)**

Not the case

**2. Bonds admitted to trading or pledged by local public administration authorities, corporate bonds**

Not the case

**3. Bonds admitted to trading or pledged by central public administration authorities**

Not the case

**4. Other securities allowed for trading on a regulated market in another member state**

Not the case

**5. Amounts pending settlement for securities allowed for trading on a regulated market from a member state**

Not the case

**III. Securities admitted to trading or traded on a regulated market in a third state**
**1. Shares traded over the last 30 trading days (work days)**

Not the case

**2. Bonds admitted to trading issued or pledged by public local administration authorities, corporate bonds, traded over the last 30 days**

Not the case

**3. Other securities admitted to trading on a regulated market of a third state**

Not the case

**4. Amounts pending settlement for securities admitted to trading or traded on a regulated market of a third state**

Not the case

**IV. Money market instruments admitted to trading or traded on a Romanian regulated market**

Not the case

**Amounts pending settlement for money market instruments admitted to trading or traded on a Romanian regulated market**

Not the case

**V. Money market instruments admitted to or traded on a regulated market of another member state**

Not the case

**Amounts pending settlement for money market instruments admitted to trading or traded on a regulated market of another member state**

Not the case

**VI. Money market instruments admitted to trading or traded on a regulated market of a third state**

Not the case

**Amounts pending settlement for money market instruments allowed for trading or traded on a regulated market of a third state**

Not the case

**VII. Newly issued securities**

**1. Newly issued shares**

Not the case



**2. Newly issued bonds**

Not the case

**3. Preemptive rights (following central depository registration, before being admitted to trading).**

Not the case

**VIII. Other securities and money market instruments mentioned under art. 83 line (1) letter a) of G.E.O no. 32/2012****VIII.1 Other securities mentioned under art. 83 line (1) letter a G.E.O no. 32/2012****1. Shares not admitted to trading**

No.	Issuer	No. of owned shares	Nominal value	Share value	Total value	Percentage in the issuer's share capital / total bonds of an issuer	Percentage in F.I.A.I.R. total assets
					lei	%	%
<b>Shares not admitted to trading in EUR</b>							
1	CATALYST ROMANIA SCA SICAR	288	1.000,0000	1.512,6620	2.155.623,29	1,990	0,084
<b>Total shares not admitted to trading in EUR</b>					<b>2.155.623,29</b>		<b>0,084</b>
<b>Shares not admitted to trading in RON</b>							
2	AGROINTENS SA	3.437.911	10,0000	13,5380	46.542.439,00	100,000	1,823
3	BRIKSTON CONSTRUCTION SOLUTIONS(CERAMICA	225	0,1000	2,2547	507,30	0,000	0,000
4	CASA ROMANA DE COMPENSATIE	852.039	0,1000	0,0000	0,00	7,879	0,000
5	CASA SA BACAU	7.978.462	2,5000	2,5309	20.192.838,00	99,601	0,791
6	DEPOZITARUL CENTRAL(REGISCO)	7.396.029	0,1000	0,1364	1.008.915,00	2,924	0,040
7	DYONISOS	772.824	0,1000	0,5623	434.574,00	12,410	0,017
8	EVER IMO S.A.	4.963.027	2,5000	9,3667	46.487.266,00	100,000	1,821
9	EVERLAND SA	4.440.750	10,0000	10,1382	45.021.100,00	100,000	1,763
10	EXIMBANK	414.740	6,0000	5,8588	2.429.877,00	0,311	0,095
11	RULMENTI	2.408.645	2,7500	1,8064	4.350.976,00	6,005	0,170
12	STRAULESTI LAC ALFA S.A.	3.880.307	10,0000	14,4631	56.121.337,00	50,000	2,198
13	VASTEX	147.105	2,5000	15,8758	2.335.408,00	13,935	0,091
<b>Total shares not admitted to trading in RON</b>					<b>224.925.237,30</b>		<b>8,810</b>
<b>TOTAL</b>					<b>227.080.860,59</b>		<b>8,895</b>

**2. Shares traded within other systems than regulated markets**

Not the case

**3. Shares not admitted to trading measured at zero value (lack of updated financial statement submitted to the Trade Registry)**

Not the case

**4. Bonds not admitted to trading**

No.	Issuer	No. of owned bonds	Purchase date	Coupon date	Coupon maturity date	Initial value	Daily increase	Cumulated interest	Cumulated discount / bonus	Total value	Percentage in total bonds issued	Percentage in F.I.A.I.R. total assets
										lei	%	%
<b>Bonds not admitted to trading in RON</b>												
1	EVER IMO S.A.	6.720.000	24.06.2021	23.06.2021	22.06.2022	16.800.000,00	4.200,00	806.400,00		17.606.400,00	100,000	0,690
2	STRAULESTI LAC ALFA S.A.	167	20.12.2019	20.12.2021	19.12.2022	16.700.000,00	3.711,11	44.533,33		16.744.533,33	100,000	0,656
<b>Total bonds not admitted to trading in RON</b>										<b>34.350.933,33</b>		<b>1,345</b>
<b>TOTAL</b>										<b>34.350.933,33</b>		<b>1,345</b>

**5. Amounts pending settlement for shares traded within other systems than regulated markets**

Not the case

**VIII.2. Other money market instruments than those mentioned under art. 83 line (1) letter a) of G.E.O. 32/2012****1. Commercial papers**

Not the case

## IX. Availabilities in current accounts and cash

### 1. Availabilities in current accounts and cash, in lei

No.	Bank name	Current value	Percentage in F.I.A.I.R. total assets
		lei	%
1	BANCA TRANSILVANIA Sucursala BACAU - RO95BTRLXXXXXXXXXXXXXXXXXX	9.292,84	0,000
2	BANCA TRANSILVANIA Sucursala Bacau - RO55BTRLXXXXXXXXXXXXXXXXXX	144.796,01	0,006
3	BCR Sucursala Bacau - RO34RNCBXXXXXXXXXXXXXXXXXX	0,00	0,000
4	BCR Sucursala Bacau - RO51RNCBXXXXXXXXXXXXXXXXXX	1.079,88	0,000
5	BRD Sucursala Bacau - RO26BRDEXXXXXXXXXXXXXXXXXX	10.008,51	0,000
6	BRD Sucursala Bacau - RO55BRDEXXXXXXXXXXXXXXXXXX	0,00	0,000
7	BRD Sucursala Bacau - RO71BRDEXXXXXXXXXXXXXXXXXX	5.000,98	0,000
8	BRD Sucursala Bacau - RO79BRDEXXXXXXXXXXXXXXXXXX	5.000,00	0,000
9	BRD Sucursala Bacau - RO79BRDEXXXXXXXXXXXXXXXXXX	4.438,00	0,000
10	BRD Sucursala Bacau - RO90BRDEXXXXXXXXXXXXXXXXXX	4.769,27	0,000
11	CEC BANK Sucursala Bacau - RO57CECEXXXXXXXXXXXXXXXXXX	11.546,59	0,000
12	EVERGENT Investments S.A. - Casa	4.171,86	0,000
13	EXIMBANK - RO84EXIMXXXXXXXXXXXXXXXXXX	776,34	0,000
14	TREZORERIA BACAU - RO91TREZXXXXXXXXXXXXXXXXXX	199,49	0,000
15	UNICREDIT ROMANIA S.A. Sucursala Bacau - RO49BACXXXXXXXXXXXXXXXXXX	14.402,18	0,001
<b>TOTAL</b>		<b>215.481,95</b>	<b>0,008</b>

## 2. Availabilities in current accounts and cash, in currency

No.	Bank name	Current value	RNB currency rate	Updated value in lei	Percentage in F.I.A.I.R. total assets
		currency			%
<b>Availabilities in current accounts and cash in EUR</b>					
1	BANCA TRANSILVANIA Sucursala Bacau - RO04BTRLXXXXXXXXXXXXXXXXXX	65,75	4,9481	325,34	0,000
2	BANCA TRANSILVANIA Sucursala Bacau - RO20BTRLXXXXXXXXXXXXXXXXXX	1.517,12	4,9481	7.506,86	0,000
3	BRD Sucursala Bacau - RO06BRDEXXXXXXXXXXXXXXXXXX	4.712,60	4,9481	23.318,42	0,001
4	BRD Sucursala Bacau - RO14BRDEXXXXXXXXXXXXXXXXXX	7,97	4,9481	39,44	0,000
5	BRD Sucursala Bacau - RO66BRDEXXXXXXXXXXXXXXXXXX	1.898,88	4,9481	9.395,85	0,000
6	BRD Sucursala Bacau - RO69BRDEXXXXXXXXXXXXXXXXXX	126,89	4,9481	627,86	0,000
7	UNICREDIT ROMANIA S.A. Sucursala Bacau - RO38BACXXXXXXXXXXXXXXXXXX	122,86	4,9481	607,92	0,000
<b>Total availabilities in current accounts and cash in EUR</b>		<b>8.452,07</b>		<b>41.821,69</b>	<b>0,002</b>
<b>Availabilities in current accounts and cash in USD</b>					
1	BANCA TRANSILVANIA Sucursala BACAU - RO83BTRLXXXXXXXXXXXXXXXXXX	0,00	4,3707	0,00	0,000
2	BANCA TRANSILVANIA Sucursala BACAU - RO86BTRLXXXXXXXXXXXXXXXXXX	9,07	4,3707	39,64	0,000
3	BRD Sucursala Bacau - RO53BRDEXXXXXXXXXXXXXXXXXX	2.033,58	4,3707	8.888,17	0,000
4	BRD Sucursala Bacau - RO67BRDEXXXXXXXXXXXXXXXXXX	25,63	4,3707	112,02	0,000
5	BRD Sucursala Bacau - RO78BRDEXXXXXXXXXXXXXXXXXX	137,77	4,3707	602,15	0,000
6	BRD Sucursala Bacau - RO79BRDEXXXXXXXXXXXXXXXXXX	99,78	4,3707	436,11	0,000
<b>Total availabilities in current accounts and cash in USD</b>		<b>2.305,83</b>		<b>10.078,09</b>	<b>0,000</b>
<b>TOTAL</b>				<b>51.899,78</b>	<b>0,002</b>

**X. Bank deposits on distinct categories: setup with Romanian credit institutions/ from another member state/ a third state**
**1. Bank deposits in lei**

No.	Bank name	Setup date	Maturity date	Initial value	Daily increase	Cumulated interest	Total value	Percentage in F.I.A.I.R. total assets
				lei	lei	lei	lei	%
1	EXIMBANK	02.12.2021	04.01.2022	10.000.000,00	694,44	20.833,33	10.020.833,33	0,393
2	EXIMBANK	02.12.2021	04.01.2022	6.500.000,00	451,39	13.541,67	6.513.541,67	0,255
3	BRD	31.12.2021	03.01.2022	4.834.020,10	53,71	53,71	4.834.073,81	0,189
4	BANCA TRANSILVANIA	23.12.2021	06.01.2022	40.000.000,00	2.722,22	24.500,00	40.024.500,00	1,568
5	BANCA TRANSILVANIA	23.12.2021	06.01.2022	10.108.000,00	687,91	6.191,15	10.114.191,15	0,396
6	BANCA TRANSILVANIA	28.12.2021	27.01.2022	15.500.000,00	1.205,56	4.822,22	15.504.822,22	0,607
7	BANCA TRANSILVANIA	23.12.2021	13.01.2022	16.000.000,00	1.155,56	10.400,00	16.010.400,00	0,627
8	BANCA TRANSILVANIA	23.12.2021	25.01.2022	16.000.000,00	1.244,44	11.200,00	16.011.200,00	0,627
9	BANCA TRANSILVANIA	23.12.2021	25.01.2022	10.000.000,00	777,78	7.000,00	10.007.000,00	0,392
10	BANCA TRANSILVANIA	28.12.2021	18.01.2022	15.000.000,00	1.083,33	4.333,33	15.004.333,33	0,588
11	BANCA TRANSILVANIA	23.12.2021	13.01.2022	10.000.000,00	722,22	6.500,00	10.006.500,00	0,392
<b>TOTAL</b>							<b>154.051.395,51</b>	<b>6,034</b>

## 2. Bank deposits in currency

No.	Bank name	Setup date	Maturity date	Initial value	Daily increase	Cumulated interest	RNB currency rate	Total value	Percentage in F.I.A.I.R. total assets
				currency	currency	currency	lei	lei	%
<b>Bank deposits in EUR</b>									
1	BANCA TRANSILVANIA	10.12.2021	10.01.2022	98.500,00	0,03	0,60	4,9481	487.390,83	0,019
2	BANCA TRANSILVANIA	21.12.2021	21.01.2022	50.000,00	0,01	0,15	4,9481	247.405,76	0,010
3	BANCA TRANSILVANIA	19.12.2021	19.01.2022	31.005,56	0,01	0,11	4,9481	153.419,17	0,006
4	BANCA TRANSILVANIA	19.12.2021	19.01.2022	181.016,81	0,05	0,65	4,9481	895.692,51	0,035
5	BANCA TRANSILVANIA	27.12.2021	27.01.2022	49.509,66	0,01	0,07	4,9481	244.979,09	0,010
6	BANCA TRANSILVANIA	17.12.2021	17.01.2022	36.000,30	0,01	0,15	4,9481	178.133,83	0,007
7	BANCA TRANSILVANIA	18.12.2021	18.01.2022	48.011,73	0,01	0,19	4,9481	237.567,77	0,009
8	BANCA TRANSILVANIA	18.12.2021	18.01.2022	33.003,34	0,01	0,13	4,9481	163.304,46	0,006
9	BANCA TRANSILVANIA	20.12.2021	20.01.2022	165.000,00	0,05	0,55	4,9481	816.439,22	0,032
<b>Total bank deposits in EUR</b>				<b>692.047,40</b>		<b>2,60</b>		<b>3.424.332,64</b>	<b>0,134</b>
<b>TOTAL</b>								<b>3.424.332,64</b>	<b>0,134</b>



## XIV. UCITS. / OCPU holding titles

1. Holding titles denominated in lei								
No.	Fund name	Date of latest trading session	No. of owned fund units	Fund unit value (NAV) lei	Market price lei	Total value lei	Percentage in total holding titles of UCITS/OCPU %	Percentage in F.I.A.I.R. total assets %
<b>Shares</b>								
1	SIF TRANSILVANIA	30.12.2021	104.877.498,000000		0,3450	36.182.736,81	4,850	1,417
<b>Total Shares</b>						<b>36.182.736,81</b>		<b>1,417</b>
<b>Unit funds</b>								
2	FDI BT Index Romania ROTX		238.117,915992	23,0710		5.493.618,44	2,537	0,215
3	FDI CERTINVEST BET INDEX		4.564,750993	294,3600		1.343.680,10	11,080	0,053
4	FDI CERTINVEST BET-FI INDEX		3.355,817309	324,5100		1.088.996,27	17,911	0,043
5	FDI NAPOCA		7.265.417,540000	0,7594		5.517.358,08	28,876	0,216
6	FDI Piscator Equity Plus		75.473,721500	199,8659		15.084.623,27	78,594	0,591
7	FDI STAR FOCUS		159.783,580000	6,8919		1.101.212,46	17,312	0,043
8	FDI STAR NEXT		364.421,840000	8,1704		2.977.472,20	19,998	0,117
9	FDI TehnoGloinvest		1.071,770000	1.519,3515		1.628.395,36	14,963	0,064
10	FDI Transilvania		116.884,880000	55,4408		6.480.191,26	19,126	0,254
11	FIA ALCHEMIST		614,676400	95.184,8549		58.507.883,94	49,830	2,292
12	FIA BT INVEST 1		1.308,797738	21.880,0200		28.636.520,69	8,160	1,122
13	FIA CERTINVEST ACTIUNI		35,405359	264.760,6000		9.373.944,09	6,411	0,367
14	FIA DCP INVESTITII		4.161,462300	8.801,1260		36.625.554,05	42,739	1,435
15	FIA FONDUL PRIVAT COMERCIAL		166.024,330000	480,9207		79.844.537,00	47,860	3,127
16	FIA HERMES		70,958400	155.873,0200		11.060.500,10	49,448	0,433
17	FIA MULTICAPITAL INVEST		6.788,000000	3.184,2800		21.614.892,64	40,554	0,847
18	FIA OPTIM Invest		2.219,940000	12.403,5200		27.535.070,19	19,600	1,079
<b>Total Unit funds</b>						<b>313.914.450,14</b>		<b>12,296</b>
<b>TOTAL</b>						<b>350.097.186,95</b>		<b>13,713</b>

**2. Holding titles denominated in currency**

Not the case

**3. Amounts pending settlement for holding titles denominated in lei**

Not the case

**4. Amounts pending settlement for holding titles denominated in currency**

Not the case

**XV. Dividends or other receivable rights**

**1. Dividends to collect**

Not the case

**2. Shares distributed without money consideration**

Not the case

**3. Shares distributed with money consideration**

Not the case

**4. Amount payable for shares distributed with money consideration**

Not the case

**5. Preemptive rights (before admission to trading and following the trading period)**

Not the case

**Evolution of net asset and NAT over the latest 3 reporting periods**

	31.12.2021	31.12.2020	31.12.2019
Net assets	2.383.174.895,38	2.002.774.315,20	2.195.563.192,40
Net asset value per share	2,4888	2,0416	2,2400

**Explanatory notes:**

The valuation methods used for financial instruments for which valuation methods in accordance with the valuation standards in force, according to the law, were used, based on valuation report, presented in the Annex in accordance with art. 38 line (4) din law no. 243/2019, are detailed in “Policies and Procedures for the asset valuation and NAV calculation”.

Leverage effect and the value of EVERGENT Investments’ exposure calculated in accordance with the provisions of (EU) Regulation no. 231/2013

Method type	Leverage lever	Exposure value
Gross method	0,9527 (sau 95,27%)	2.270.431.040,00
Commitment method	1,0000 (sau 100,00%)	2.383.174.895,00

Prepared  
EVERGENT Investments

President and CEO  
Claudiu DOROS

Business Valuation Manager  
Marta ANTOCHI

Drafted, Gabriela PETER

Compliance Officer  
Catalin NICOLAESCU

Depository Certification  
BRD – Groupe Societe Generale

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

**EVERGENT INVESTMENTS SA**  
**SEPARATE FINANCIAL STATEMENTS**  
**AS AT 31 DECEMBER 2021**

Prepared in accordance with Accounting Regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority - Financial Instruments and Investments sector, approved by Financial Supervisory Authority's Rule no. 39/2015

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders,  
EVERGENT Investments S.A.

### Report on the Audit of the Separate Financial Statements

#### Opinion

1. We have audited the separate financial statements of EVERGENT Investments S.A. ("the Company"), with registered office in Bacau, 94C Pictor Aman, Bacau county, identified by unique tax registration code 2816642, which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the separate financial statements.
2. The separate financial statements as at December 31, 2021 are identified as follows:
  - Total Equity: RON 2,382,938,530
  - Net profit for the financial year: RON 46,388,634
3. In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2021, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by European Union and applying Financial Supervisory Authority ("FSA") Norm no. 39/28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorized, regulated and supervised by the FSA - Financial Investments and Instruments Sector, with subsequent amendments (referred to herein as "FSA Norm no. 39/2015").

#### Basis for Opinion

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

#### Key Audit Matters

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



Key audit matter	How our audit addressed the matter
<p><b>Valuation of equity investments</b></p> <p>We refer to note 16 to the separate financial statements, which presents the equity investments of EVERGENT Investments, representing shares held by EVERGENT Investments. As at 31 December 2021, these financial assets valued at fair value represent approximately 91% of the total assets of EVERGENT Investments.</p> <p>Equity investments presented to Level 3 of the fair value hierarchy represent RON 318.7 million and consist of participations held by EVERGENT Investments in unlisted Romanian companies.</p> <p>The determination of fair value presented to Level 3 equity investments has been performed on the basis of valuation models using financial information of the valued companies available prior to 31 December 2021, which involves significant judgments and a high degree of estimates.</p> <p>These reports were performed by independent valuers appointed by EVERGENT Investments management and by authorized in-house valuers of EVERGENT Investments. The management of EVERGENT Investments performed an analysis for the period following the date of the valuation of the participations until 31 December 2021 in order to identify significant changes in the fair values of equity investments as at 31 December 2021.</p> <p>This was a key area of focus in our audit due to the significance of the amounts involved, the complexity involved in valuing these investments, the significance of the judgments and estimates included in the valuation, as well as the reflection of the changes in fair value in the separate financial statements.</p>	<p>In order to address the key audit matter, our audit focus was to assess relevant controls over the valuation process of equity investments at fair value. Our analysis of the design and implementation of the relevant controls provided a basis for us to establish the planned nature, timing and extent of our detailed audit procedures.</p> <p>For the material listed equity investments, we have assessed the frequency of the transactions to identify investments that do not have an active market and we have assessed the accuracy of the shares' closing price on the capital market as of 31 December 2021 or from the last day of trading available at the end of the reporting period.</p> <p>For a sample of equity investments with a fair value presented to Level 3 determined by us, whose fair value was determined by using valuation models that include significant valuation assumptions, we involved our own internal valuation specialists, who assessed the valuation methodology, significant assumptions and unobservable inputs used by the in-house valuers and the external valuers and their professional competence and independence from EVERGENT Investments.</p> <p>We have assessed the EVERGENT Investments Management's analyses for the period following the date of the valuation reports until December 31, 2021, in order to identify significant events which may have a significant impact on the fair value of equity investments as at 31 December 2021.</p> <p>We have also assessed the mathematical accuracy of the significant changes in fair value that have been reflected in the separate financial statements, by comparing year-on-year fair value variation for equity investments.</p> <p>We have also considered whether the separate financial statements appropriately reflect all the material disclosures in relation to equity investments according to the accounting policies of EVERGENT Investments and IFRS 13 <i>Fair Value Measurement</i> ("IFRS 13") requirements. In this regard, we assessed the presentation of the material information on fair value hierarchy policy and disclosures regarding significant unobservable and observable inputs in accordance with disclosures of IFRS 13.</p>

## Other information

- The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' Separate report and the Remuneration Report for the financial year 2021, but does not include the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the separate financial statements for the year ended December 31, 2021, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' Separate report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 8-13.

With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

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

- a) the information included in the Administrators' Separate report and the Remuneration Report, for the financial year for which the separate financial statements have been prepared is consistent, in all material respects, with these separate financial statements;
- b) the Administrators' Separate report has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 8-13;
- c) the Remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the separate financial statements prepared as at December 31, 2021, we are required to report if we have identified a material misstatement of this Administrator's Separate report and the Remuneration report. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements**

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

#### **Auditor's Responsibilities for the Audit of the Separate Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

### ***Requirements for audits of public interest entities***

15. We have been appointed by the Ordinary General Assembly of Shareholders on October 30, 2020 to audit the separate financial statements of EVERGENT Investments S.A. for the financial year ended December 31, 2021. The uninterrupted total duration of our commitment is one year, covering the financial year ended December 31, 2021.

We confirm that:

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

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

### ***Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the "European Single Electronic Format Regulatory Technical Standard" ("ESEF")***

16. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the separate financial statements included in the annual financial report of EVERGENT Investments S.A. ("the Company") as presented in the digital file which contains the unique code ("LEI") 254900Y100025N04US14 ("Digital File").

(i) *Responsibilities of Management and Those Charged with Governance for the Digital File prepared in compliance with ESEF*

EVERGENT Investments's management is responsible for preparing Digital File that complies with the ESEF.

This responsibility includes:

- the design, implementation and maintenance of internal controls relevant to the application of the ESEF;
- ensuring consistency between the Digital File and the separate financial statements to be submitted in accordance with FSA Norm no. 39 / 2015;

Those charged with governance are responsible for overseeing the preparation of the Digital File that complies with ESEF.

*(ii) Auditor's Responsibilities for the Audit of the Digital File*

Our responsibility is to express a conclusion on whether the separate financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of EVERGENT Investments' process for preparation of the Digital File in accordance with ESEF, including relevant internal controls;
- reconciling the digital file with the audited separate financial statements of EVERGENT Investments to be submitted in accordance with FSA Norm no. 39 /2015;
- evaluate if separate financial statements contained in the annual report have been prepared in a valid XHTML format.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the separate financial statements for the year ended 31 December 2021 included in the annual financial report presented in the Digital File complies in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the separate financial statements. Our audit opinion relating to the separate financial statements of the Company for the year ended 31 December 2021 is set out in the "Report on the audit of the separate financial statements" section above.

Irina Dobre, Audit Partner

*For signature, please refer to the original Romanian version.*

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

On behalf of:

**DELOITTE AUDIT SRL**

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

The Mark Building, 84-98 and 100-102 Calea Griviței, 9<sup>th</sup> Floor, District 1  
Bucharest, Romania  
March 25, 2022

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(All amounts are presented in Lei, unless otherwise stated)**

<i>In LEI</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>			
Gross dividend income	<b>6</b>	54,656,711	89,107,709
Interest income	<b>7</b>	4,718,481	2,913,568
Other operating revenue	<b>8</b>	1,030,926	1,082,041
Net gain/(net loss) on financial assets at fair value through profit or loss	<b>10</b>	25,460,617	(50,074,477)
Net gain from disposal of non-financial assets	<b>9</b>	-	191,429
Net gain / (net loss) from the revaluation of investment property		143,329	(33,547)
<b>Expenses</b>			
(Impairment loss)/Loss reversal on financial assets		3,895,437	(275,130)
(Impairment loss)/Loss reversal on non-financial assets impairment		(28,989)	628
(Set-up)/Reversal of provisions for risks and expenses	<b>23</b>	(1,620,399)	239,144
Expenses with wages, remuneration and other similar expenses	<b>11</b>	(29,426,547)	(23,607,641)
Other operating expenses	<b>12</b>	(10,477,957)	(9,067,642)
<b>Operating profit</b>		<b>48,351,609</b>	<b>10,476,082</b>
Interest expense from lease liability contract		(42,218)	(39,736)
<b>Profit before tax</b>		<b>48,309,391</b>	<b>10,436,346</b>
Income tax	<b>13</b>	(1,920,757)	(4,609,320)
<b>Net profit of the financial year</b>		<b>46,388,634</b>	<b>5,827,026</b>
<b>Other comprehensive income</b>			
Increase/(Decrease) from revaluation of property, plant and equipment, net of deferred tax		439,940	(170,598)
Net gain/(loss) from the revaluation of financial instruments at fair value through other comprehensive income (FVTOCI)	<b>16 d)</b>	414,290,697	(153,598,721)
<b>Other elements of comprehensive income – elements that will not be reclassified in profit or loss</b>		<b>414,730,637</b>	<b>(153,769,319)</b>
Net gain from the revaluation of FVTOCI bonds	<b>16 d)</b>	45,845	29,587
<b>Other comprehensive income- elements that will be reclassified in profit or loss</b>		<b>45,845</b>	<b>29,587</b>
<b>Other comprehensive income elements - Total</b>		<b>414,776,482</b>	<b>(153,739,732)</b>

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(All amounts are presented in Lei, unless otherwise stated)**



<b>Total comprehensive income of the financial year</b>		<b>461,165,116</b>	<b>(147,912,706)</b>
Basic and diluted earnings per share (net profit per share)	26	<b>0.0477</b>	<b>0.0059</b>
Result per share (including gain from the sale of FVTOCI financial assets)		<b>0.1536</b>	<b>0.0571</b>

The separate financial statements were approved by the Board of Directors on 25 March 2022 and signed on its behalf by:

\_\_\_\_\_  
**Claudiu Doros**  
CEO

\_\_\_\_\_  
**Mihaela Moleavin**  
Finance Director



**SEPARATE STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(All amounts are presented in Lei, unless otherwise stated)**

<i>In LEI</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Assets</b>			
Cash and current accounts	<b>14</b>	267,380	327,423
Bank deposits with initial maturity within 3 months	<b>15</b>	157,466,639	85,057,575
Financial assets measured at fair value through profit or loss	<b>16 a)</b>	381,215,357	364,462,371
Financial assets measured at fair value through other comprehensive income	<b>16 b)</b>	1,952,286,731	1,643,409,645
Bonds at fair value through other comprehensive income	<b>16 c)</b>	3,982,215	3,802,401
Bonds at amortized cost	<b>16 e)</b>	34,171,645	16,644,595
Other financial assets at amortized cost	<b>17 a)</b>	5,361,399	8,104,606
Other assets	<b>17 b)</b>	1,579,222	344,410
Investment property	<b>18</b>	4,247,186	4,103,857
Plant, property and equipment	<b>19</b>	8,308,912	7,503,594
Right-of-use asset	<b>19</b>	3,570,975	1,132,811
Intangible assets	<b>19</b>	360,960	368,884
<b>Total assets</b>		<b>2,552,818,621</b>	<b>2,135,262,172</b>
<b>Liabilities</b>			
Lease liabilities	<b>20</b>	3,511,637	1,070,045
Dividends payable	<b>21</b>	34,036,742	35,818,292
Current income tax liabilities		-	4,171,854
Other financial liabilities at amortized cost	<b>22 a)</b>	1,833,601	944,439
Other liabilities	<b>22 b)</b>	3,409,990	3,292,889
Provisions for risks and expenses	<b>23</b>	1,749,743	129,344
Deferred tax liabilities	<b>24</b>	125,338,378	90,800,183
<b>Total liabilities</b>		<b>169,880,091</b>	<b>136,227,046</b>
<b>Equity</b>			
Share capital	<b>25</b>	510,105,062	514,402,388
Retained earnings		981,801,980	871,860,684
Reserves from the revaluation of property, plant and equipment		8,967,836	8,527,896
Reserves from the revaluation of financial assets at fair value through other comprehensive income	<b>16 d)</b>	903,246,143	591,817,817
Treasury shares	<b>25 e)</b>	(41,119,507)	(9,595,338)
Equity-based payments to employees, directors and administrators	<b>25 f)</b>	16,252,012	18,457,300
Other items of equity	<b>25 g)</b>	3,685,004	3,564,379
<b>Total equity</b>		<b>2,382,938,530</b>	<b>1,999,035,126</b>
<b>Total liabilities and equity</b>		<b>2,552,818,621</b>	<b>2,135,262,172</b>

The separate financial statements were approved by the Board of Directors on 25 March 2022 and signed on its behalf by:

**Claudiu Doros**  
CEO

**Mihaela Moleavin**  
Finance Director

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**  
(all amounts are presented in Lei, unless otherwise stated)

	Note	Share capital	Reserves from the revaluation of property, plant and equipment	Reserves from the revaluation of FVTOCI financial assets	Retained earnings	Treasury shares	Equity-based payments to employees, directors and administrators	Other equity elements	Total
<i>In LEI</i>									
<b>Balance at 31 December 2020</b>	25	<b>514,402,388</b>	<b>8,527,896</b>	<b>591,817,817</b>	<b>871,860,684</b>	<b>(9,595,338)</b>	<b>18,457,300</b>	<b>3,564,379</b>	<b>1,999,035,126</b>
<b>Comprehensive income</b>									
<b>Profit of the financial year</b>		-	-	-	46,388,634	-	-	-	46,388,634
<b>Other comprehensive income</b>									
Increases/(Decreases) of revaluation reserve on property, plant and equipment, net of deferred tax		-	439,940	-	-	-	-	-	439,940
Revaluation at fair value of FVTOCI equity instruments, net of deferred tax		-	-	414,290,697	-	-	-	-	414,290,697
Revaluation at fair value of FVTOCI bonds		-	-	45,845	-	-	-	-	45,845
Net gain, transferred to retained earnings, for the sale of FVTOCI equity instruments	16 d)	-	-	(102,908,216)	102,908,216	-	-	-	-
<b>Total comprehensive income of the financial year</b>		<b>-</b>	<b>439,940</b>	<b>311,428,326</b>	<b>149,296,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>461,165,116</b>
<b>Transactions with shareholders directly recognized in equity</b>									
Decrease of capital	25 a)	(4,297,326)	-	-	(9,149,137)	13,225,800	-	220,663	-
Acquisition of treasury shares		-	-	-	-	(57,184,679)	-	(742,975)	(57,927,654)
Treasury shares attributed to employees, administrators and directors	25 e)	-	-	-	-	12,434,710	(13,077,647)	642,937	-
Equity-based payments to employees, directors and administrators	25 f)	-	-	-	-	-	10,872,359	-	10,872,359
Dividends expired according to the law (explanatory note 3 l)		-	-	-	11,805,731	-	-	-	11,805,731
Dividends distributed from the result of 2020 financial year		-	-	-	(42,012,148)	-	-	-	(42,012,148)
<b>Total transactions with shareholders directly recognized in equity</b>		<b>(4,297,326)</b>	<b>-</b>	<b>-</b>	<b>(39,355,554)</b>	<b>(31,524,169)</b>	<b>(2,205,288)</b>	<b>120,625</b>	<b>(77,261,712)</b>
<b>Balance at 31 December 2021</b>	25	<b>510,105,062</b>	<b>8,967,836</b>	<b>903,246,143</b>	<b>981,801,980</b>	<b>(41,119,507)</b>	<b>16,252,012</b>	<b>3,685,004</b>	<b>2,382,938,530</b>

The separate financial statements were approved by the Board of Directors on 25 March 2022 and signed on its behalf by:

**Claudiu Doros**  
CEO

**Mihaela Moleavin**  
Finance Director

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**  
(all amounts are presented in Lei, unless otherwise stated)

	Note								Total
		Share capital	Reserves from the revaluation of property, plant and equipment	Reserves from the revaluation of FVTOCI financial assets	Retained earnings	Treasury shares	Equity-based payments to employees, directors and administrators	Other equity elements	
<i>In LEI</i>									
<b>Balance at 31 December 2019</b>	<b>25</b>	<b>521,004,761</b>	<b>8,698,494</b>	<b>795,634,481</b>	<b>881,728,409</b>	<b>(30,335,310)</b>	<b>20,142,446</b>	<b>610,568</b>	<b>2,197,483,849</b>
<b>Comprehensive income</b>									
<i>Profit of the financial year</i>		-	-	-	5,827,026	-	-	-	5,827,026
<i>Other comprehensive income</i>									
Increases/(Decreases) of revaluation reserve on property, plant and equipment, net of deferred tax		-	(170,598)	-	-	-	-	-	(170,598)
Revaluation at fair value of FVTOCI equity instruments, net of deferred tax		-	-	(153,598,721)	-	-	-	-	(153,598,721)
Revaluation at fair value of FVTOCI bonds		-	-	29,587	-	-	-	-	29,587
Net gain, transferred to retained earnings, for the sale of FVTOCI equity instruments	16 d)	-	-	(50,247,530)	50,247,530	-	-	-	-
<b>Total comprehensive income of the financial year</b>		<b>-</b>	<b>(170,598)</b>	<b>(203,816,664)</b>	<b>56,074,556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(147,912,706)</b>
<b>Transactions with shareholders directly recognized in equity</b>									
Decrease of capital	25 a)	(6,602,373)	-	-	(17,176,387)	23,495,000	-	283,760	-
Acquisition of treasury shares		-	-	-	-	(6,888,598)	-	(15,149)	(6,903,747)
Treasury shares attributed to employees, administrators and directors	25 e)	-	-	-	-	4,133,570	(6,818,770)	2,685,200	-
Equity-based payments to employees, directors and administrators	25 f)	-	-	-	-	-	5,133,624	-	5,133,624
Dividends expired according to the law (explanatory note 3 l)		-	-	-	10,297,995	-	-	-	10,297,995
Dividends distributed from the result of 2019 financial year		-	-	-	(59,063,889)	-	-	-	(59,063,889)
<b>Total transactions with shareholders directly recognized in equity</b>		<b>(6,602,373)</b>	<b>-</b>	<b>-</b>	<b>(65,942,281)</b>	<b>20,739,972</b>	<b>(1,685,146)</b>	<b>2,953,811</b>	<b>(50,536,017)</b>
<b>Balance at 31 December 2020</b>	<b>25</b>	<b>514,402,388</b>	<b>8,527,896</b>	<b>591,817,817</b>	<b>871,860,684</b>	<b>(9,595,338)</b>	<b>18,457,300</b>	<b>3,564,379</b>	<b>1,999,035,126</b>

The separate financial statements were approved by the Board of Directors on 25 March 2022 and signed on its behalf by:

**Claudiu Doroş**  
CEO

**Mihaela Moleavin**  
Finance Director

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**  
**(All amounts are presented in Lei, unless otherwise stated)**

<i>In LEI</i>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>			
<b>Net profit for the year</b>		<b>46,388,634</b>	<b>5,827,026</b>
<b>Adjustments:</b>			
Loss/(Loss reversal) from assets impairment		(3,895,437)	275,130
Loss/(Loss reversal) from non-financial assets impairment		28,989	(628)
Net (gain) / loss from the revaluation of investment property	17	(143,329)	33,547
(Net gain) / Net loss of financial assets at fair value through profit or loss	10	(25,460,617)	50,074,477
Set-up / (reversal) of provisions for risks and charges	22	1,620,399	(239,144)
Gross dividend income	6	(54,656,711)	(89,107,709)
Interest income	7	(4,718,481)	(2,913,568)
Interest expenses from lease liabilities contract		42,218	39,736
Corporate tax		1,920,757	4,609,320
Other adjustments		11,050,242	5,966,979
<b>Modifications of assets and liabilities corresponding to operating activities</b>			
Payments for acquisition of financial assets at fair value through profit or loss		(28,049,293)	(48,048,309)
Proceeds from sales of financial assets at fair value through profit or loss		36,756,923	-
Payments for the acquisition of financial assets at fair value through other comprehensive income		(109,952,592)	(129,173,619)
Proceeds from sales of financial assets at fair value through other comprehensive income		272,386,310	138,515,009
Proceeds from return of capital (portfolio company)		-	22,675,625
Payments for bonds acquisition		(16,800,000)	-
Proceeds from bonds		11,760	7,814,599
Changes in other assets		6,587,201	(4,484,072)
Changes in other liabilities		1,844,018	433,284
Proceeds from dividends		52,163,237	86,114,036
Proceeds from interest		3,858,688	3,281,234
Income tax paid		(27,316,922)	(12,663,974)
<b>Net cash resulted from operating activities</b>		<b>163,665,994</b>	<b>39,028,979</b>
<b>Investment activities</b>			
Payments for acquisitions of property, plant and equipment		(887,199)	(337,485)
Payments for acquisition of intangible assets		(74,401)	(343,119)
Proceeds from sale of intangible assets and property investments		-	191,429
<b>Net cash used in investment activities</b>		<b>(961,600)</b>	<b>(489,175)</b>

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**  
**(All amounts are presented in Lei, unless otherwise stated)**

<i>In LEI</i>	Note	<u>2021</u>	<u>2020</u>
<b>Financing activities</b>			
Paid dividends		(31,987,967)	(43,983,702)
Lease payments		(444,670)	(479,656)
Payments of lease liability interest		(42,218)	(39,736)
Acquisition of treasury shares		<u>(57,927,654)</u>	<u>(6,903,747)</u>
<b>Net cash used in financing activities</b>		<b><u>(90,402,509)</u></b>	<b><u>(51,406,841)</u></b>
<b>Net increase/(decrease) of cash and cash equivalents</b>		<b><u>72,301,885</u></b>	<b><u>(12,867,037)</u></b>
<b>Cash and cash equivalents at 1 January</b>		<u>85,331,836</u>	<u>98,198,873</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>157,633,721</u></b>	<b><u>85,331,836</u></b>
		<b><u>31 December</u></b>	<b><u>31 December</u></b>
<i>In LEI</i>		<b>2021</b>	<b>2020</b>
Cash at hand		4,172	6,715
Current bank accounts		263,209	320,709
Bank deposits with initial maturity within 3 months		<u>157,366,340</u>	<u>85,004,412</u>
<b>Cash and cash equivalents</b>		<b><u>157,633,721</u></b>	<b><u>85,331,836</u></b>

The separate financial statements were approved by the Board of Directors on 25 March 2022 and signed on its behalf by:

\_\_\_\_\_  
**Claudiu Doros**  
CEO

\_\_\_\_\_  
**Mihaela Moleavin**  
Finance Director

## 1. REPORTING ENTITY

EVERGENT Investments SA (“**the Company**”), is setup as a Romanian private-law legal entity, organized as a joint-stock company, classified according to applicable regulations as AIS-type Alternative Investment Fund, alternative investment fund category intended for retail investors - AIFRI, with a diversified investment policy, closed, self-managed.

The Company is authorized by the Financial Supervision Authority (FSA) as alternative investment fund manager by Permit no. 20/23.01.2018 and as an Alternative Investment Fund intended for retail investors (AIFRI), by Permit no. 101/25.06.2021.

Starting 3 March 2021, the Company changed its name from “Societatea de Investiții Financiare Moldova SA (SIF Moldova SA) tp “EVERGENT Investments SA.”, retaining all the rights and obligations assumed by the Company under its previous name, as the change of the name does not have as effect the creation of a new legal person, according to the applicable legal provisions.

The headquarters of the Company is located in Street Pictor Aman, no. 94C, Bacau municipality, Bacau county, Romania.

According to the Articles of Incorporation, the Company’s main business activity consists in:

- administration of the portfolio;
- risk management;
- other auxiliary activities related to collective administration activities permitted by the legislation in force.

The company is self-managed as a one-tier company.

The shares issued by Evergent Investments SA are listed at the Bucharest Stock Exchange, the primary market, Premium category, with indicative EVER, since 29 March 2021 (the Company’s share were previously traded using indicative SIF2).

The shares and shareholders’ record is kept according to the law by Depozitarul Central S.A. Bucharest.

The assets deposit services are provided by BRD – Société Générale S.A. – a company authorized by the National Committee for Securities, whose attributions and prerogatives have been taken over by FSA.



## 2. BASIS OF PREPARATION

### (a) Statement of compliance

**The separate financial statements** have been prepared by the Company in accordance with Accounting Regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by FSA in the field of Financial Instruments and Investments approved by “Rule 39/2015”.

According to Norm 39/2015, the International Financial Reporting Standards, hereinafter referred to as IFRS, represent the standards adopted in accordance with the procedure foreseen by Regulation (CE) no. 1606/2002 of the European Parliament and Council of 19 July 2002 regarding the application of international accounting standards, with the subsequent amendments and additions.

The separate financial statements for the financial year ended 31 December 2021, including the financial information used for comparison purposes include the separate statement of financial position, separate statement of comprehensive income, separate statement of cash flows, separate statement of changes in equity and explanatory notes.

The consolidated financial statements of the Group (the Company and its subsidiaries) at 31 December 2021 were approved on 25 March 2022. These will be available on the Company’s website: [www.evergent.ro](http://www.evergent.ro)

The Company’s accounting records are held in Lei (national currency symbol: “RON”).

## **2. BASIS OF PREPARATION (continued)**

### **(b) Financial Statements Presentation**

The separate financial statements have been prepared in accordance with the requirements of IAS 1 "Presentation of Financial Statements". The presentation adopted by the company is based on liquidity for the statement of financial position and a presentation of income and expenses depending on their nature for the statement of comprehensive income, considering that these presentation methods offer more relevant information for the users, than if presented based on other methods permitted by IAS 1.

These separate financial statements were prepared based on the going concern assumption that assumes that the Company will continue its activity in the predictable future. The management of the Company considers that the Company will normally continue its activity in the future, and consequently, the separate financial statements were prepared on this basis (see explanatory note (2) "Impact of COVID-19 pandemic on the Company's financial position and performance").

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

The Company's management consider that the functional currency, as defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates", is the Romanian currency ("Leu" or "RON"). The separate financial statements are presented in RON, rounded to the closest RON, a currency that the management of the Company has selected as presentation currency.

### **(d) Basis of measurement**

The separate financial statements have been prepared based on the fair value convention for financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

Other financial assets and liabilities are stated at amortized cost, and non-financial assets and liabilities have been presented at historic cost, fair value or revaluated amount.

### **(e) Use of Estimates and Judgments**

The preparation of separate financial statements in accordance with IFRS requires the use of management estimates, judgments in determining and applying the Company's accounting policies and assumptions that affect the amounts recognised in the financial statements, as well as the following year reported value of the assets, liabilities, revenues

## **2. BASIS OF PREPARATION (continued)**

### **(e) Use of Estimates and Judgments (continued)**

and expenses . Estimates and assumptions associated with these are based on historical experience and other factors deemed reasonable in light of the given circumstances, and the result of this considerations represents the basis for the judgements used when establishing the accounting value of the assets and liabilities for which no other valuation sources are available. The results obtained may differ from the value of the estimates.

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

The information and reasoning concerning the ascertainment and application of judgement in determining and applying accounting policies and determining accounting estimates, with the highest degree of uncertainty regarding the estimates, which have a significant impact on the amounts recognized in these annual financial statements, are the following:

- Determining the fair value of financial instruments (see explanatory notes 16 (c) and 3 (e) (vi))
- Fair value hierarchy and unobservable inputs used in the evaluation (Level 3) (see explanatory notes 16(c) and note 18)
- Classification of financial instruments (see explanatory notes 3 (e) i) and 5)
- Adjustments for expected credit losses of assets carried at amortized cost (see explanatory note 3 (e) (vii) )

## 2. BASIS OF PREPARATION (continued)

### **(f) Impact of COVID-19 epidemic on the financial position and performance of the Company**

The coronavirus epidemic (“COVID-19”), declared a pandemic by the World Health organization on 11 March 2020 has significantly affected world economy, including financial markets that registered significant slow-downs at the beginning of the crisis, in 2020, reflected in the evolution of the most important stock indexes.

In 2021, the Company’s financial position and performance increased significantly (see Notes 10 and 16 (a) and (b)), amid the continuing upward trend in quotations on the financial markets (including the Bucharest Stock Exchange) which began in late 2020, after the decrease caused by the crisis generated by the COVID-19 epidemic.

In 2021, the level of dividends distributed by the companies in the portfolio was lower than in the previous year, amid poorer results in 2020, prudence by companies and / or restrictions imposed or recommendations made by European regulators in certain areas of activity.

At 31 December 2021, international financial markets, as well as the Bucharest Stock Exchange, reflected a relatively high volatility, but continued to recover from the significant drop in early 2020, exceeding the level prior to the start of this health crisis.

In the context of the COVID-19 epidemic, it’s expected that in 2022 there will continue to be a high volatility of market quotes on the Bucharest Stock Exchange, market on which most of the Company’s portfolio is exposed.

For 2022, according to NBR analyzes, the risks come from the delay in reforms and the absorption of European funds, especially through the National Recovery and Resilience Plan, global uncertainties in the context of the COVID-19 pandemic and the risk of default on loans contracted by the non-governmental sector.

Also, the risk of tensions in macroeconomic balances, including as a result of the effects of the COVID-19 pandemic, is considered the most important systemic risk to financial stability, being the only one assessed at a severe level.

In 2022, volatility is expected to be driven by interest rate hikes expected to be operated by the US Federal Reserve (FED), over-indebtedness of governments, the potential financial crisis in Turkey, and the threat of military conflict in Europe.

The management of the Company does not estimate difficulties in respecting its engagements towards third parties, the present and estimated liquidity available is in line

## 2. BASIS OF PREPARATION (continued)

### (f) Impact of COVID-19 epidemic on the financial position and performance of the Company (continued)

with the limits imposed by regulations and sufficient to cover current payments and distributions to shareholders.

During the operational risk management process, in the context of the COVID-19 pandemic, the Company took the necessary measures to manage the risks associated with this exceptional situation, namely ensuring business continuity, protecting the health and safety of employees, good relationship with customers / investors, business partners, capital market authorities and institutions, as follows:

- Ensuring the possibility of carrying out the activity of employees from home / remotely and social distancing of the staff present at the office;
- Organizational IT measures for careful monitoring of cyber risk, increasing security of access to computer applications and databases;
- Additional sanitation and sanitary protection measures;
- Revision of the continuity plan, which was adapted to the concrete situation of the risks generated by the appearance of the pandemic;
- Special measures for the holding of the General Meetings of Shareholders.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Foreign currency transactions

Operations expressed in foreign currency are registered in lei at the official exchange rate on the transaction date. Monetary assets and liabilities registered in a foreign currency at the date of preparation of the financial statements are translated into the functional currency at the closing rate of the date in question.

Exchange rate differences arising on the settlement of monetary items or conversion of monetary elements at rates different from those at which they were translated on initial recognition (during the period), or in the previous annual financial statements are recognized as profit or loss in the period in which they arise.

**The main exchange rates for foreign currency in accordance with NBR reporting were:**

Currency	31 December 2021	31 December 2020	Variation
Euro (EUR)	1: 4.9481 Lei	1:4.8694 Lei	+1.6%
American dollar (USD)	1: 4.3707 Lei	1:3.9660 Lei	+10.2%

#### (b) Subsidiaries and associates

Subsidiaries are entities under the Company's control. Control exists when the Company is exposed or has the right to variable earnings from its involvement in the entities it has invested in and has the ability to affect these earnings through its power over the entity it invested in. At the time control is evaluated, the potential or convertible voting rights which can be exercised at that time must also be taken into consideration.

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

The list of subsidiaries and associates is presented under explanatory note 28.

In these separate financial statements, the Company has classified its interests in subsidiaries and associates as financial assets measured at fair value through comprehensive income or financial assets at fair value through profit or loss, in accordance with IFRS 9.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(c) Accounting for hyperinflation effect**

In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current measurement unit on the date when they are prepared (non-monetary elements are restated using a general price index on the purchase or contribution date). In accordance with IAS 29, an economy is considered to be hyperinflationary when, among other factors, the cumulated inflation rate over a three years' period exceeds 100%.

In Romania's case (economy whose functional currency has been adopted by the Company), the provisions of IAS 29 have been adopted for the preparing of separate financial statements up to 31 December 2003, starting 1 January 2004 its economy ceased to be hyperinflationary.

Thus, the values expressed in the current measurement unit at 31 December 2003 are stated as base for the book values reported in the separate financial statements and do not represent measured values, replacement cost, or any other measure of the present value of assets or prices at which the transactions would be made at this moment.

#### **(d) Statement of cash flows**

On preparing the statement of cash flows, the Company treats the following as cash and cash equivalents: cash at hand, current bank accounts, bank deposits with an initial maturity within or equal to 3 months and their corresponding interest (without, if the case be, restricted deposits and restricted current accounts), less accrued interest and the corresponding expected credit loss.

Taking into account its main activity, the Company considers that the entire activity of investments in financial instruments (including both the management of FVTPL classified financial assets and FVTOCI financial assets) is part of its operational activity.



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Financial assets and liabilities

##### (i) *Classification of financial assets*

IFRS 9 provides an approach regarding the classification and evaluation of financial assets that reflects the business model within which financial assets and cash flow characteristics are managed.

The **business models** used by the Company to manage its financial assets are:

- To collect contractual cash flows:

Financial assets held within this business model are managed to obtain cash flows through the collection of contract payments over the life of the instrument. This means that the Company manages the assets held in its portfolio to collect those contractual cash flows (instead of managing the general return of the portfolio through holding or selling assets).

Assets held under this business model are not necessarily held until they reach maturity, “rare frequency” sales are also possible, when the credit risk of those particular instruments increases. An increase of the sale frequency over a certain period of time is not necessarily contrary to this type of business if the Company can explain the reasons that led to these sales and can prove that the sales do not reflect a modification of the current business model.

- To collect contractual cash-flows and to sell:

Financial assets that are held within this business model are managed both for the collection of contractual cash flows and for the sale of financial assets.

- Other business models:

Other business models include the maximization of cash flows through sale, trading, management of assets based on fair value, financial instruments purchased for sale or trade purposes that are measured at fair value through profit or loss.

The management of this portfolio is made based on the market value evolution of those assets and includes frequent purchases and sales for the purpose of profit maximization.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Financial assets and liabilities (continued)

##### (i) Classification of financial assets (continued)

#### Analysis of cash flow characteristics (SPPI test)

The SPPI test represents the analysis of the contract terms of financial assets for the purpose of identifying if the cash flows represent solely payments of principal and interest corresponding to the principal.

IFRS 9 includes three categories for the classification of financial assets: measured at amortized cost, measured at fair value through comprehensive income and measured at fair value through profit or loss.

- **Financial assets measured at amortized cost**

Following initial recognition, a financial asset is classified as being measured at amortized cost only if two of the following conditions are met simultaneously:

- the asset is held in a business model whose objective is to keep financial assets to collect contractual cash flows;
- the contractual terms of the financial asset generate, on certain dates, cash flows representing exclusive payments of principal and interest.

- **Financial assets measured at fair value through other comprehensive income („FVTOCI”)**

Following initial recognition, a financial asset is classified as measured at fair value through other comprehensive income, only if two conditions are met simultaneously:

- the asset is held within a business model whose objective is to keep the financial assets to collect contractual cash flows and to sell them;
- the contractual terms of the financial asset generate, on certain dates, certain cash flows represented exclusive payments of principal and interest.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Financial assets and liabilities (continued)

##### *(i) Classification of financial assets (continued)*

Moreover, on the initial recognition of an investment in equity instruments that is not held for trading, the Company may irrevocably choose to present later changes in fair value in other comprehensive income.

The Company has used its irrevocable option to designate these equity instruments at fair value through other comprehensive income as these financial assets are held both for the collection of dividends and for gains on sale, not for trading.

Gains or losses corresponding to an equity instrument measured at fair value through other comprehensive income are recognized in other comprehensive income, except for dividend income.

- ***Financial assets measured at fair value through profit or loss (“FVTPL”):***

All financial assets that are not classified as measured at amortized cost or fair value through other comprehensive income, as described above, are measured at fair value through profit or loss.

Moreover, on initial recognition, the Company may irrevocably designate that a financial asset that otherwise meets the requirements to be measured at amortized cost or fair value through other comprehensive income, is measured at fair value through profit or loss, if this eliminates or significantly reduces an accounting inconsistency that would occur if another method would be used.

Financial assets that do not meet the criteria regarding the collection of cash flows (SPPI test) must be measured at fair value through profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

##### ***(i) Classification of financial assets (continued)***

Following the adoption of IFRS 9, financial assets such as equity instruments that the Company did not opt to classify as financial assets measured at fair value through other comprehensive income, and which were not held for trading, have been classified at fair value through profit or loss.

Assets held for trading are measured at fair value through profit or loss. An asset is held for trading if it cumulatively meets the following requirements:

- it is held for sale and repurchase in the near future;
- on initial recognition, it is part of an identified financial instruments portfolio, that are managed together, and for which there is proof of a recent pattern of following short-term profit; or
- it is a derivative (with the exception of a derivative that is a financial guarantee contract or designated and efficient hedging instrument).

The Company does not held assets held for trading as at December 31, 2021 or December 31, 2020.

In case of financial assets at fair value through profit or loss, fair value modifications are registered in the statement of comprehensive income, in profit or loss.

##### ***(ii) Classification of financial liabilities***

Financial liabilities are classified following initial recognition at amortized cost, except when measured at fair value through profit or loss (financial liabilities held for trading purposes that are designated on initial recognition or later at fair value through profit or loss, according to IFRS9 specific provisions, including financial liabilities corresponding to derivatives). Incorporated derivatives are separated from the host contract in case of financial liabilities.

The Company does not hold financial liabilities carried at fair value through profit or loss at 31 December 2021 or 31 December 2020.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

##### ***(iii) Initial recognition***

Assets and liabilities are recognized at the date when the Company becomes a party of the contractual provisions (transaction date). Financial assets and liabilities are measured at fair value at the time of their initial recognition, plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

##### ***(iv) Offsetting of financial assets and liabilities***

Financial assets and financial liabilities are set off, and the net result presented in the statement of financial position when there is a legal set off right and if it is intended to be settled on a net basis, or if the Company intends to realize its asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when allowed by accounting standards, or for the profit and loss resulted from a group of similar transactions, such as those from the Company's trading activity.

##### ***(v) Measurement at amortized cost***

The amortised cost of a financial asset or liability represents the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

##### ***(vi) Measurement at fair value***

Fair value is the price that would be received following the sale of an asset or the price that would be paid to transfer a liability through an orderly transaction between market participants on the evaluation date (e.g. an exit price).

The determination of the fair value of financial assets and liabilities is based on the quotations of an active market. A financial instrument has an active market if quoted prices are rapidly and regularly available, and these prices reflect the market transactions regularly made under objective market conditions.

Fair value measurement for instruments traded on an active market is made by multiplying the number of units held by the closing price on the last trading day of the given reporting period.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

##### ***(vi) Measurement at fair value (continued)***

In case a financial asset is listed on several active markets, the Company uses either the principal market for the asset, or, in the absence of a principal market, the most advantageous market, taking into consideration all barriers/costs associated to the access to each market.

For all other financial instruments, fair value is determined using evaluation techniques.

Evaluation techniques include techniques based on the net present value, discounted cash flow method, comparison with similar instruments for which there is an observable market price and other measurement methods.

##### ***(vii) Identification and measurement of expected credit losses***

###### *Financial assets measured at amortized cost*

The Company recognises expected credit losses for financial assets at amortized cost measured according to the provisions of IFRS 9.

For this purpose, these instruments are classified as stage 1, stage 2 or stage 3 depending on absolute or relative credit risk, by reference to the moment of their initial recognition. Thus:

*Stage 1:* includes (i) newly recognized exposures, other than purchased or originated credit-impaired (POCI); (ii) exposures for which credit risk has not significantly deteriorated since initial recognition (iii) exposures with low credit risk (low credit risk exemption).

*Stage 2:* includes exposures that, although performing, have registered a significant deterioration of credit risk since initial recognition.

*Stage 3:* includes impaired credit exposures.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Financial assets and liabilities (continued)

##### *(vii) Identification and measurement of expected credit losses (continued)*

Expected credit loss represents the difference between all contractual hedged cash flows that are owed to the Company and all cash flows that the Company expects to receive, discounted to the initial effective interest rate.

For stage 1 exposures, the loss allowance for a financial instrument is measured at an amount equal to 12-month expected credit losses. For stage 2 or 3 exposures, the loss allowance is measured at an amount equal to the lifetime expected credit losses.

The Company assesses whether the credit risk for a financial instrument has increased significantly since the initial recognition on the basis of information, available at no cost or effort, which is an indicator of significant increases in credit risk since the initial recognition, such as significant impairment, financial results or credit rating of the issuer of the financial instrument or delays of more than 30 days in the payment of interest or principal related to the financial instrument.

The Company uses the simplified approach applicable to trade receivables and other financial assets at amortised cost, as they do not have a significant financing component. On this approach, the Company measures for these receivables the loss allowance at an amount equal to lifetime expected credit loss (i.e. eliminates the need to calculate expected losses of credit risk for Stage 1 at an amount equal to 12-month expected credit losses and the need to evaluate the occurrence of a significant credit risk increase).

The Company has defined as credit-impaired exposures, the receivables that meet one or both criteria below:

- exposures for which the Company evaluates that it is unlikely that the debtor pay its obligations, irrespective of the value of exposures and number of days for which exposure is delayed (e.g. due to major financial difficulties faced by the client; in the case of disputed amounts);
- overdue amounts, with significant delays, over 365 days.

The Company recognizes in profit or loss the value, as impairment gain or loss, the amount of expected credit loss increase (reversal) of the financial assets.

Impairment gain or loss is calculated as the difference between the gross carrying amount of a financial asset and present value of future cash-flows using the actual interest rate of the financial asset at the initial time.



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Financial assets and liabilities (continued)

##### *(viii) Derecognition*

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from that asset expire, or when the Company has transferred the contractual rights to receive contractual cash flows for that particular asset in a transaction that significantly transfers all risks and rewards of ownership of the financial assets.

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

The Company derecognizes a financial liability when contractual obligations have extinguished, i.e. when contractual obligations are discharged or cancelled or expired.

If an entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it shall recognise either a servicing asset or a servicing liability for that servicing contract.

When derecognizing a financial asset in its entirety (with the exception of equity instruments measured at fair value through other comprehensive income) in full, the difference between:

- its carrying amount;
- the sum of (i) value of the consideration received (including any new asset obtained less any new liability assumed) and (ii) any accumulated gain or loss that was recognized in other comprehensive income

shall be recognized in profit or loss.

When the financial asset at fair value through other comprehensive income is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment in case of debt instruments (recycled in profit or loss).

In case of equity instruments carried at fair value through other comprehensive income, accumulated gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss (i.e. not recycled in profit or loss), but is reclassified to retained earnings.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(f) Investment property**

Investment property are real estate properties (lands, buildings, part of buildings) held by the Company for rental purposes or to increase value or both, and not to be used for the production or supply of goods and services or administrative purposes or sold during normal course of business.

#### **(i) Initial Recognition**

An investment property is recognized as asset if:

- it is likely that future economic benefits associated to the asset, will flow to the Company;
- the cost of the asset can be measured reliably.

An investment property is initially measured at cost, including transaction costs. The cost of an investment property includes all costs related to its acquisition price plus any directly attributable expenses (for example legal fees, property transfer fees and other trading costs).

#### **(ii) Subsequent Measurement**

The company records real estate investments at fair value, changes in fair value being recognized in profit or loss.

##### *Fair value measurement*

On December 31, 2021, the real estate investments of the Company were evaluated by independent external appraisers, authorized by the National Association of Authorized Appraisers in Romania (“ANEVAR”). The appraisers mainly applied the market approach, using the market comparison method, and the income approach, using the direct capitalization method, respecting the valuation principles and techniques contained in the ANEVAR Asset Valuation Standards.

Gains or losses on changes in the fair value of real estate investments are recognized in profit or loss for the period in which they are recorded.

#### **(iii) Transfers**

Transfers to or from investment properties are made only when there is a changes in use of that particular asset.

For the transfer of an investment property valued at fair value to property, plant and equipment, the implicit cost of the asset for the purpose of its later accounting will be its fair value on the date of its use modification.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(f) Investment property (continued)**

If a real estate property used by the Company becomes an investment property that will be accounted at fair value, the Company applies IAS 16 until the date of modification of the utilisation. As at the date of the transfer the Company must treat any difference in the book value of a real estate property, in accordance with IAS 16 and its fair value as a revaluation, in accordance with IAS 16 (it means in revaluation reserve in equity).

#### **(iv) Derecognition**

The book value of an investment property is derecognized on disposal or when the investment is definitively withdrawn from use and no future economic benefits are expected of its disposal.

The gains or losses resulting from the disposal of an investment property are recognized in profit or loss when it is scrapped or sold.

#### **(g) Property, plant and equipment and intangible assets**

##### **(i) Recognition and measurement**

Tangible assets are initially measured at cost by the Company. The cost of a property, plant and equipment is comprised of the purchase price, including non-recoverable taxes, after the deduction of any price discounts of commercial nature to which any cost that can be directly attributed to bringing the asset to the location and condition necessary for it to be used for the intended purpose is added, for example: expenses with employees that directly result from the construction or purchase of the asset, costs for the development of the location, initial delivery and handling costs, costs for installation and assembly, fees for the professionals involved.

Property, plant and equipment are classified by the Company in the following classes of assets of the same nature and with similar use:

- Freehold lands;
- Buildings;
- Equipment, technical installations and machines;
- Transportation vehicles;
- Other property, plant and equipment;
- Right-of-use assets.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Property, plant and equipment and intangible assets (continued)

##### (ii) Recognition and measurement (continued)

###### *Subsequent measurement*

Lands and buildings are presented at revaluated amount, which represents the fair value on the revaluation date. The determination of fair values and revaluation is performed at the end of each reporting period.

All the other classes of assets in this category are accounted for at cost less accumulated depreciation and impairment adjustments (if the case).

In the case of revalued property, plant and equipment (lands and buildings), if the book value of an asset is increased further to revaluation, the increase will be recognized in other comprehensive income, as revaluation reserve. In case the book value is lowered, this lowering will be recognized in profit or loss, exception when it is recognized in other comprehensive income to the extent that the revaluation reserve has credit balance for the analyzed asset.

Expenses for the maintenance and repairs of tangible assets are registered by the Company in the statement of consolidated comprehensive income (in profit or loss) when they occur, and significant improvements to tangible assets, which meet the definition of property, plant and equipment are capitalized.

##### (ii) Depreciation

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

Buildings	40 years
Equipment, technical installations and machines	2-12 years
Transportation vehicles	4-8 years
Furniture and other tangible assets	4-12 years
Right-of-use assets in lease contracts	Duration of lease contract

Lands are not subject to depreciation.

Other intangible assets that meet the recognition criteria as per IFRS are accounted for at cost less accumulated depreciation. The amortisation of intangible assets is recorded in profit or loss, on a straight-line basis for a maximum estimated period of 3 years, with the exception of trademarks, for which the maximum depreciation period is 10 years.

The depreciation methods, estimated useful lives as well as residual values are revised by the management of the Company for each reporting period.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Property, plant and equipment and intangible assets (continued)

##### *(iii) Derecognition of property, plant and equipment and intangible assets*

Property, plant and equipment are written-off together with their corresponding accumulated depreciation. Any profit or loss resulted from such an operation is included in profit or loss in the current period.

The revaluation reserve for revalued property, plant and equipment (freehold and buildings) included in equity is transferred directly to retained earnings when the asset is disposed of, or scrapped.

#### (h) Impairment of assets, other than financial assets

The book value of Company's assets that are not financial in nature, other than assets such as deferred taxes, are revised at every reporting date to identify the existence of impairment indicators. If such indication exists, the recoverable value of those assets will be estimated.

An impairment loss is recognized when the book value of the cash generating asset or unit exceeds the recoverable value of the cash generating asset or unit.

A cash-generating unit is the smallest identifiable group generating cash inflows and that has the ability to generate cash inflows independent from other assets or other asset groups.

Impairment losses are allocated to reduce the carrying amount of assets in the cash-generating unit in the following order:

- (a) first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit (if any); and
- (b) then any other assets of the unit, on a pro rata basis, based on the carrying amount of each asset in that unit.

Impairment losses are recognized in comprehensive income, in profit or loss.

The recoverable value of cash generating asset or unit is the higher of the value in use and fair value less sale costs for that asset or unit. In order to ascertain the value in use, future cash flows are revised using a discount rate before taxation that reflects current market conditions and risks specific for that particular asset. Impairment losses recognized in the previous periods are measured on each reporting date in order to determine if they diminished or no longer exist. Impairment loss is reversed if a change has occurred in the estimates used to determine the recoverable value. Impairment loss is reversed only in case the book value of the asset does not exceed the book value that would be calculated net of amortization and impairment if the impairment loss had not been recognized.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(i) Share capital**

Ordinary shares are recognized in share capital.

#### **(j) Treasury shares**

The Company record treasury shares (treasury shares redemption) on the transaction date as a decrease of equity, in Other items of equity. Treasury shares are recorded at acquisition value, and brokerage fees and other costs directly connected to the acquisition are recorded directly in equity, in a distinct account “other items of equity”.

For details regarding the purpose of buy back programs, please refer to Note 25e).

Cancellation of treasury shares is made in accordance with the approval of shareholders, after meeting all legal requirements. Upon cancellation, the balance of treasury shares is offset with share capital and retained earnings and amounts recognized in connection with the cancelled treasury shares in “other items of equity”.

The cancellation of treasury shares may generate gains or losses depending on the acquisition value of own shares reported with their nominal amount. Net gain or loss from the cancellation of treasury shares are directly recognized in equity, in a distinct account.

#### **(k) Distributable dividends**

Dividends are treated as a profit distribution in the period when they were declared and approved by the General Meeting of Shareholders.

The dividends declared before the reporting date are registered as liabilities on the reporting date.

#### **(l) Dividends prescribed (written off)**

The rights to request dividends not collected by the shareholders within 3 years from the declaration date, are time-barred /prescribed/written off according to the law.

On the prescription (write-off) date, the Company recorded their value in equity, in retained earnings.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Provisions are recognized in the statement of financial position when an obligation arises for the Company connected to a past event and it is probable that in the future it will be necessary to use economic resources to settle this obligation, and a reasonable estimation of the value of the liability can be made. In order to determine the provision, future cash flows are updated using an discounting rate before taxation that reflects the current market conditions and specific risks of that individual liability.

#### **(n) Interest income and expenses**

Interest income and expenses are recognized in the statement of comprehensive income (in profit or loss) through the effective interest method. Effective interest rate represents the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

#### **(o) Dividend income**

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

The Company registers dividend income at gross value that includes dividend tax which is recognized as current income tax expense. The actual calculation is made according to the tax provisions in force on the calculation date.

#### **(p) Rental income**

The Company, as lessor, must qualify each of its lease contracts either as operating lease or finance lease. A lease is classified as operating lease if it does not transfer substantially all risks and rewards of ownership on an underlying asset.

Rental income is generated by investment property rented by the Company as operating lease contracts and are recognized in profit or loss, on a straight-line basis during the entire contract duration.

The Company, as lessor does not have any leases classified as finance leases.



### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(q) Benefits of administrators, directors and employees**

##### *Short-term benefits*

Short-term benefits of administrators, directors and employees mainly include the remunerations/wages and bonuses, but also participation in the cash benefits plan (see note (r) below). The short-term benefits are recognized as expense when the services are delivered. A liability is recognized for the amounts expected to be paid as cash bonuses on the short-term or schemes for the employees' profit sharing (in cash or in shares) as the Company has, on the reporting date, a legal or implicit obligation to pay these amounts as a result of past services delivered by the managers, directors and employees, and if that obligation can be reliably estimated.

The fixed (remunerations) and variable (bonuses and participation in the benefits plan) component of the remuneration of the directors and managers of the Company are established by the provisions of Article 7 para. (11) of the Articles of Incorporation and of the Remuneration Policy of the Company's directors, approved by the Ordinary General Meeting of Shareholders, being provided in the administration and management contracts.

The fixed component (salaries) and the variable component (bonuses and participation in the benefit plan) of the remuneration of the Company's employees are established by the individual employment contracts and the collective labor contract.

##### *Defined contribution plans*

The Company makes payments on behalf of its own administrators, directors and employees to the Romanian pension system, health insurance and unemployment fund, during the normal course of business.

All administrators, directors and employees of the Company are members, and at the same time have the legal obligation to contribute (through social contributions) to the pension scheme of the Romanian state (a defined contribution plan of the state). All corresponding contributions are recognized in profit or loss in the period when they are made. The Company has no other additional obligations.

The Company is not engaged in any independent pension scheme and, consequently, it has no such obligations. The Company is not engaged in any other post-retirement benefits system. The Company is not bound to pay subsequent services to its former or current managers, directors and employees.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(r) Equity-based and cash payments to employees, directors and administrators**

##### *Benefits plan regarding the profit sharing of administrators, directors and employees*

The administrators and directors of the Company participate in the benefits plan (part of the variable component of the remuneration), paid including through the distribution of shares or options to purchase Company's shares, at a rate of 5% of the Company's net profit obtained and of the net realised gain from transactions reflected in the Company's retained earnings, before accounting for the benefits plan.

The actual level of the profit-sharing is set by the Board of Directors, following the approval of the annual financial statements in the General Meeting of Shareholders, based on the result of the assessment of the achievement of the following performance objectives:

- achieving a positive net result, an indicator composed of the net profit realized and the net gain from transactions reflected in retained earnings;
- the result of the annual assessment of the adequacy of the management structure, according to the criteria and procedure established by FSA Regulation no. 1/2019 on the evaluation and approval of the members of the management structure and of the persons holding key positions within the entities regulated by the Financial Supervisory Authority, namely "appropriate".

The fund for the participation of the Company's employees in the benefits plan is maximum 5% of the net profit achieved and the net gain from transactions reflected in the Company's retained earnings, before accounting for the benefits plan, paid including as shares or options to purchase Company shares, with the approval of the Board of Directors, provided that the annual financial statements are approved by the General Meeting of Shareholders. The total value of individual remunerations for employees is between 0-9 gross monthly wages, within the income and expenditure budget.

When the employees are appointed and the individual levels are set in the benefits plan the following are taken into account:

- the achievement by the Company of a positive net result (indicator composed of the net profit realized and the net gain from transactions reflected in the carried forward result);
- the results of the annual evaluation of the professional performance criteria applicable to the employees, according to the internal regulations and the specific internal procedure;

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Equity-based and cash payments to employees, directors and administrators (continued)

- the benefit plan is granted only to employees who actually worked in the Company in the year for which the benefit plan is granted, proportionally to the period worked during that year;
- employees whose employment contracts have been terminated for reasons attributable to them and employees who have directly or indirectly caused losses to the Company (materials, image) will not participate in the benefit plan.

The benefits plan may be granted annually, in cash and/or shares. The structure of this variable remuneration offered to the administrators, directors and employees of the Company (Beneficiaries) is: at least 51% in Company shares, through the running of a Stock Option Plan (SOP) type program, the source being shares redeemed by the Company, and maximum 49% in cash. Beneficiaries may choose that the percentage of variable remuneration offered in shares be up to 100%.

Regarding the cash benefits sharing plan, the payments are made in the year following the year when services were rendered, further to the approval of the Board of Directors, after the Company's annual financial statements are approved in the General Meeting of Shareholders.

Regarding participation in the benefits plan with shares by the Company, Beneficiaries may exercise their right/option only 12 months after the signing by each beneficiary of their agreements with the Company, but no more than 15 months as of such date. The signing of the beneficiaries' agreement with the Company, which takes place following the Board of Directors' approval of the SOP plan (after the Company's annual financial statements are approved in the General Meeting of Shareholders), agreement that also sets the number of shares offered to each Beneficiary).

Therefore, the actual granting of benefits under the plan in the form of shares takes place more than 12 months after the end of the year when the services were rendered.

For the participation of administrators, directors and employees to the benefits plan, the Company recognizes an expense in the period when the services were delivered (the period to which the benefits plan refers), in correspondence with a liability, for that portion offered in cash, and in correspondence with an increase of equity (benefits offered to employees as equity instruments) for the portion offered as shares through SOP.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(s) Gains and losses from exchange differences**

Foreign currency transactions are registered in functional currency (lei) by converting the foreign currency amount at the official exchange rate officially announced by the Romanian National Bank valid on the transaction date.

On the reporting date, monetary elements expressed in foreign currency are converted using the official closing exchange rate.

Exchange differences that occur on the settlement of monetary elements or the conversion of monetary differences at different rates than those they were converted in on initial recognition (during the period) or in the previous annual financial statements are recognized as gain or loss in profit or loss in the period when they occur.

#### **(t) Income tax**

The income tax corresponding to the financial year includes current and deferred income tax. Current profit tax includes tax on dividend income recognized at gross value.

Income tax is recognized in the statement of comprehensive income, or in other comprehensive income if the tax corresponds to other comprehensive income.

Current income tax represents tax to be paid for the tax profit obtained in the current period (including gain from the sale of FVTOCI financial assets, directly recognized in retained earnings), determined based on the percentages applied on the reporting date and all adjustments corresponding to previous periods.

For the period ended 31 December 2021, the income tax rate was 16% (31 December 2020: 16%).

The tax rate corresponding to dividend income was 5% or 0% (2020: 5% or 0%). Dividend tax exemption is applied in case the Company's holding percentage was higher than 10% of the share capital of the company distributing the dividends, for an uninterrupted period of at least one year before distribution.

Deferred tax is determined for those temporary differences that occur between the tax base for asset and liability tax calculation and their book value, used for reporting in the consolidated financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(t) Income tax**

Deferred tax is not recognized for the following temporary differences: initial recognition of the goodwill, initial recognition of assets and liabilities from transactions that are not business combinations and that do not affect the accounting profit or the tax profit and differences coming from subsidiary investments, provided they are not reversed in the near future.

Deferred tax is calculated based on tax percentages that are expected to be applied to the time differences on their reversal, based on the law applicable on the reporting date. Receivables and liabilities from deferred tax are settled only if there is a legal right to offset the current receivables and liabilities with tax and if they correspond to the tax collected by the same tax authority for the same entity subject to taxation or for different tax authorities, but which want to settle current receivables and liabilities with tax using a net base or the assets and liabilities will be realised simultaneously.

The deferred tax asset is recognized only to the extent that it is likely that future profits will be achieved to be used to cover the tax loss. The receivable is revised at the end of each financial year and it is lowered to the extent that it is improbable for the corresponding tax benefit to be achieved.

Additional taxes that occur in dividend distribution (if applicable) are recognized on the same date as the dividend payment obligation.

#### **(u) Earnings per share**

The Company presents the basic and diluted earnings per share for ordinary shares. Earnings per share are calculated through the dividing the profit or loss attributable to the Company's ordinary shareholders to the average weighted number of ordinary shares in the reporting period.

Diluted earnings per share are calculated through the adjustment of profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by potential ordinary shares.

### 3. SIGNIFICAND ACCOUNTING POLICIES (continued)

#### (u) Earnings per share (continued)

*Result per share (including gain from the sale of FVTOCI financial assets)*

The Company presents in its financial statement, along the earnings per share, an alternative performance measure (not-IFRS measure), the “Result per share”, including not only the net profit for the period, but also realised gains from the sale of FVTOCI financial assets (presented in the Separate Statement of changes in equity on the line “Net gains, transferred to retained earnings, related to sale of FVTOCI”), since along with the net profit, the gain from the sale of FVTOCI financial assets is considered an indicator of the Company’s performance and represents a potential source for dividend distribution to the shareholders, but it is not however reflected in the statement of comprehensive income for the period.

#### *Reconciliation*

*In LEI*

	<b>31 December 2021</b>	<b>31 December 2020</b>
Net profit attributable to Company’s shareholders	46,388,634	5,827,026
Gains carried to retained earnings attributable to shareholders (from sale of financial assets at fair value through other comprehensive income)	102,908,216	50,247,530
<b>Net result (including the gains from the sale of FVTOCI assets)</b>	<b>149,296,850</b>	<b>56,074,556</b>
<i>Weighted average number of outstanding ordinary shares</i>	<u>972,033,967</u>	<u>982,312,571</u>
<b>Basic earnings per share (including the gains from the sale of FVTOCI assets)</b>	<u><b>0.1536</b></u>	<u><b>0.0571</b></u>

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

### 3. SIGNIFICAND ACCOUNTING POLICIES (continued)

#### (v) Leases where the Company is a lessee

##### *Initial recognition and measurement*

On the commencement date of a contract, the Company evaluates if that contract is, or includes a lease contract. A contract is or contains a lease contract if that contract offers the right to control the use of an identified asset for a certain period of time, in exchange for a price.

At the commencement date, the Company, as lessee, recognizes a right-of-use asset and a lease liability.

##### *Determining the duration of the lease*

The Company determines the duration of the lease as the irrevocable period of a lease, together with:

- the periods covered by an option to extend the lease if the Company has reasonable assurance that it will exercise that option; and
- the periods covered by an option to terminate the lease if the Company has reasonable assurance that it will not exercise that option.

In assessing the extent to which it has reasonable assurance that it will exercise an option to extend a lease or that it will not exercise an option to terminate a lease, the Company shall consider its intentions and all relevant factors and circumstances that is an economic incentive for the Company to exercise the option to extend the lease or not to exercise the option to terminate the lease. The main relevant factors analyzed are: contractual terms and conditions for optional periods compared to market rates, significant modernization of the lease asset, costs related to the termination of the lease.

##### *Initial measurement of the right-of-use asset*

At the commencement date, the Company measures the right-of-use asset at cost. The cost comprises the amount of the initial measurement of the lease liability (as described in the paragraph below), any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the lessee (if the case).

##### *Initial measurement of the lease liability*

At the commencement date, the Company measures the lease liability at discounted value of the lease payments that are not paid on that date. The lease payments are discounted using the implicit interest rate in the lease if such rate can be readily determined. If such rate cannot be readily determined, the Company uses its incremental borrowing rate.

The Company's incremental borrowing rate is the interest rate that the Company should pay to borrow for a similar period, with a similar guarantee, the funds necessary to obtain an asset with a value similar to that of the right-to-use asset, in a similar economic environment.



### 3. SIGNIFICAND ACCOUNTING POLICIES (continued)

#### (v) Leases where the Company is a lessee (continued)

##### *Subsequent measurement of the right-to-use asset*

After the commencement date, the Company measures the right-of-use asset applying the cost model, which means that it measures the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment.

##### *Subsequent measurement of the lease liability*

After the commencement date, the Company measures the lease liability by increasing the book value to reflect the interest related to the lease liability and reducing the book value to reflect the lease payments made, reflecting, if the case be, any changes in the lease.

The interest on the lease liability for each period during the entire contract period must be the value that produces a constant interest rate for the balance of the lease liability.

After the commencement date, the interest related to the lease liability is reflected in profit or loss.

##### *Recognition exemption*

The Company, as lessee, choses to apply the exemption allowed by IFRS 16:

- short-term leases; and
- leases whose underlying assets are of low value.

Consequently, in case of short-term leases, and in case of contracts with low value underlying asset, the Company recognizes the lease payments associated to such leases as an expense, on a straight-line basis over the entire duration of the lease.

#### (w) Standards and interpretations that came into force in the current year

The following amendments of existing standards issued by the International Accounting Standard Board - "IASB" and adopted by the European Union („EU”) came into force in the current year:

- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 „Insurance Contracts” and IFRS 16 „Leases”** - Phase 2 (applicable for annual periods beginning on or after 1 January 2021);
- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 June 2021 (effective for annual periods beginning on or after 1 April 2021),

### 3. SIGNIFICAND ACCOUNTING POLICIES (continued)

#### (w) Standards and interpretations that came into force in the current year (continued)

- **Amendments to IFRS 4 Insurance Contracts “Extension of the Temporary Exemption from Applying IFRS 9”** (the expiry date for the temporary exemption from IFRS 9 was extended for annual periods beginning on or after 1 January 2023).

The Company considers that the adoption of these amendments shall not have a significant impact on its annual financial statements.

The following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective at 31 December 2021:

- **Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated;
- **Amendments to IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022. Early application is permitted),
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts - Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 3 “Business Combinations”** - (effective for annual periods beginning on or after 1 January 2022),
- **IFRS 17 “Insurance Contracts”** including amendments to IFRS 17 issued by IASB on 25 June 2020 (effective for annual periods beginning on or after 1 January 2023).

The Company thinks that the adoption of these standards and amendments shall not have a significant impact on its annual financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) Standards and interpretations issued by IASB, not yet adopted by EU

At the authorization date of these financial statements, IFRS as adopted by EU do not significantly differ from the regulations adopted by IASB, with the exception of the following amendments:

- **Amendments to IAS 1 „Presentation of Financial Statements”** – classification of liabilities as current and non-current (applicable for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 1 „Presentation of Financial Statements”** and IFRS Practice Statement (2): Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 12 “Income Taxes”** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- **Amendments to IFRS 17 “Insurance contracts”** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

The Company estimates that the adoption of these amendments of existing standards shall have no significant impact on its annual financial statements in their first year of adoption.

#### **4. MANAGEMENT OF SIGNIFICANT RISKS**

Risk management is carried out in a consistent methodological environment, which represents an important component of the strategy for yield maximization while maintaining an acceptable level of risk exposure and abiding by legal provisions. The formalization of risk management policies and procedures decided by the management of the Company is an integral part of the Company's strategic objectives.

Investments expose the Company to a variety of risks associated to the financial instruments held and the financial markets on which it operates. The main risks that the Company is exposed to are:

- market risk (interest rate risk, currency risk and price risk);
- credit risk;
- liquidity risk;
- taxation risk (non-financial risk);
- operational risk (non-financial risk)

The general risk management strategy aims to maximize the Company's profit by reference to the risk level that it is exposed to and minimize potential adverse variations on the Company's financial performance. The Company has implemented procedures and policies for the management and measurement of the risks it is exposed to. These policies and procedures are presented under the sections dedicated to each individual risk group.

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (a) Market Risk

Market risk is defined as the risk of recording a loss or the failure to achieve the expected profit, as a result of fluctuation of prices, fluctuation of interest rates and currency exchange rates. In order to manage market risk efficiently, procedures for investment diligence and diligence in monitoring the portfolio holdings, technical and fundamental analysis methods are used, as well as forecasts regarding the evolution of economic branches and financial markets, as well as specific procedures such as:

- permanent monitoring of market issuers and risk / return characteristics of portfolio holdings
- diversification of the range of financial instruments and business sectors
- active management of the stock portfolio
- optimizing the performance / market risk ratio
- adequate assessment of unlisted holdings
- monitoring the macroeconomic, political and sectoral context and adapting market risk management to this context
- following the classification of the asset categories in the portfolio within the legal limits
- setting limits on appetite and tolerance to market risk and monitoring compliance with the established risk profile.

The selection of investment opportunities is made through:

- technical analysis;
- Fundamental analysis – determining the issuer’s ability to generate profit;
- comparative analysis – determining the relative value of an issuer in relation with the market or other similar companies;
- statistical analysis – determining tendencies and correlations using price and traded volume history.

The Company is exposed to the following market risk categories:

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (a) Market Risk (continued)

###### (i) Price risk

The Company is exposed to the risk related to price variation of financial assets measured at fair value through profit or loss, and financial assets measured at fair value through comprehensive income. At 31 December 2021, 85% of all shares traded on an active market by the Company (31 December 2020: 88%) represented investments in companies that were included in the BET index of the Bucharest Stock Exchange, index weighted with free-float capitalization of the most liquid Romanian companies on the regulated market of Bucharest Stock Exchange.

A positive variation of 10% variation of the price of financial assets at fair value through profit or loss would lead to an increase of post-tax profit of 32,922,326 lei (31 December 2020: 31.457.268 lei), a negative variation of 10% having an equal contrary net impact.

A positive 10% variation of the price of financial assets measured at fair value through other comprehensive income would lead to an increase of equity, net of profit tax, of 171,764,723 lei (31 December 2020: 142.990.086 lei), a negative 10% variation having an equal contrary net impact.

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (a) Market Risk (continued)

##### (i) Price risk (continued)

The Company held shares in companies operating in various fields of activity, such as:

<i>In LEI</i>	<b>31 December 2021</b>	<b>%</b>	<b>31 December 2020</b>	<b>%</b>
Financial, bank and insurance	1,144,622,670	56,68%	949,355,738	55,80%
Natural gas industry	295,162,140	14,61%	278,717,476	16,38%
Manufacture and maintenance of transportation vehicles	190,675,914	9,44%	98,097,116	5,77%
Real-estate development (promotion)	164,131,159	8,13%	143,472,585	8,43%
Real-estate transactions, rentals and other services	65,213,938	3,23%	50,264,277	2,95%
Agriculture, animal breeding, fishing	46,542,439	2,30%	44,884,773	2,64%
Power industry	41,668,790	2,06%	21,211,750	1,25%
Wholesale, retail, tourism and restaurants	28,474,633	1,41%	23,324,665	1,37%
Manufacture of machines, tools and equipment	28,443,474	1,41%	29,481,464	1,73%
Food industry	9,709,783	0,48%	4,795,402	0,28%
Transport, storage, communication	2,403,249	0,12%	4,702,309	0,28%
Textile industry	2,335,408	0,12%	2,703,509	0,16%
Metal construction and metal products industry	203,534	0,01%	7,466,666	0,44%
Chemical and oil industry	-	-	42,736,198	2,51%
Other	507	0,00%	463	0,00%
<b>TOTAL</b>	<b><u>2,019,587,638</u></b>	<b><u>100,00%</u></b>	<b><u>1,701,214,391</u></b>	<b><u>100,00%</u></b>

As shown in the above table, at 31 December 2021, the Company mainly held shares in companies operating in the financial-banking and insurance field, which account for 56.68% of the Company's total share portfolio, similar to the 55.8% percentage recorded at 31 December 2020. The Company's exposure regarding the holding of Banca Transilvania shares is 49% of the Company's share portfolio on 31 December 2021 (31 December 2020: 49%).

Fund units held by the Company are exposed to price risk as they have investments with different degrees of risk (bank deposits, bonds, other fixed-income instruments, shares and other financial instruments).



#### **4. MANAGEMENT OF SIGNIFICANT RISKS (continued)**

##### **(a) Market Risk (continued)**

##### **(ii) Interest rate risk**

The Company is exposed to interest rate risk. The changes in the interest rate on the market directly influences the revenues and expenses corresponding to financial assets and liabilities bearing variable interest, as well as the fair value of fixed interest-bearing assets.

At 31 December 2021 and 31 December 2020, most of the Company's assets and liabilities do not bear interest. Therefore, the Company is not significantly influenced by the risk of interest rate fluctuations. Cash surplus or other similar cash equivalent are mainly invested in short-term bank deposits with maturity of 1- 3 months. Moreover, the Company has non-significantly invested in corporate and municipal bonds with fixed or variable interest.

The Company does not use derivatives to protect itself from interest rate fluctuations, the interest rate risk being insignificant.

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (a) Market Risk (continued)

##### (ii) Interest Rate Risk (continued)

The following tables present the Company's exposure to interest rate risk, at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date as at 31 December 2021 and 31 December 2020:

<i>In LEI</i>	<b>Net value at 31 December 2021</b>	<b>Under 1 month</b>	<b>Between 1 and 3 months</b>	<b>Between 3 and 12 months</b>	<b>Over 1 year</b>	<b>No interest rate risk</b>
<b>31 December 2021</b>						
<b>Financial assets</b>						
Cash and current accounts	267,380	263,208	-	-	-	4,172
Bank deposits with initial maturity within 3 months	157,466,639	157,466,639	-	-	-	-
Financial assets at fair value through profit or loss	381,215,357	-	-	-	-	381,215,357
Financial assets at fair value through other comprehensive income	1,952,286,731	-	-	-	-	1,952,286,731
Bonds at fair value through other comprehensive income	3,982,215	-	-	24,130	3,958,085	-
Bonds at amortized cost	34,171,645	3,172	-	17,448,364	16,720,109	-
Other financial assets at amortized cost	5,361,399	-	-	-	-	5,361,399
<b>Total financial assets</b>	<b>2,534,751,366</b>	<b>157,733,019</b>	<b>-</b>	<b>17,472,494</b>	<b>20,678,194</b>	<b>2,338,867,659</b>
<b>Financial liabilities</b>						
Lease liabilities	3,511,637	60,531	111,967	459,238	2,879,901	-
Dividends payable	34,036,742	-	-	-	-	34,036,742
Financial liabilities at amortized cost	1,833,601	-	-	-	-	1,833,601
<b>Total financial liabilities</b>	<b>39,381,980</b>	<b>60,531</b>	<b>111,967</b>	<b>459,238</b>	<b>2,879,901</b>	<b>35,870,343</b>

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (a) Market Risk (continued)

##### (ii) Interest rate risk (continued)

<i>In LEI</i> 31 December 2020	Net value at 31 December 2020	Under 1 month	Between 1 and 3 months	Between 3 and 12 months	Over 1 year	No interest rate risk
<b>Financial assets</b>						
Cash and current accounts	327,423	320,708	-	-	-	6,715
Bank deposits with initial maturity within 3 months	85,057,575	85,057,575	-	-	-	-
Financial assets at fair value through profit or loss	364,462,371	-	-	-	-	364,462,371
Financial assets at fair value through other comprehensive income	1,643,409,645	-	-	-	-	1,643,409,645
Bonds at fair value through other comprehensive income	3,802,401	-	-	3,802,401	-	-
Bonds at amortized cost	16,644,595	3,289	-	56,293	16,585,013	-
Other financial assets at amortized cost	8,104,606	-	-	-	-	8,104,606
<b>Total financial assets</b>	<b>2,121,808,616</b>	<b>85,381,572</b>	<b>-</b>	<b>80,040</b>	<b>20,363,667</b>	<b>2,015,983,337</b>
<b>Financial liabilities</b>						
Lease liabilities	1,070,045	34,366	73,543	335,010	627,126	-
Dividends payable	35,818,292	-	-	-	-	35,818,292
Financial liabilities at amortized cost	944,439	-	-	-	-	944,439
<b>Total financial liabilities</b>	<b>37,832,776</b>	<b>34,366</b>	<b>73,543</b>	<b>335,010</b>	<b>627,126</b>	<b>36,762,731</b>

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (a) Market Risk (continued)

##### (ii) Interest rate risk (continued)

The impact on the Company's net profit of a +/- 100 bp change of the interest rate for assets and liabilities bearing variable interest and expressed in other currencies, corroborated with a +/- 500 bp change of the interest rate corresponding to assets and liabilities bearing variable interest and expressed in lei is +/- 2.478 lei (31 December 2020: +/- 2.976 lei).

##### (iii) Currency Risk

The currency risk is the risk of recording losses or of not obtaining the estimated profit following the adverse fluctuations of the exchange rate.

Most of the Company's financial assets and financial liabilities are expressed in national currency and therefore exchange rate fluctuations do not significantly affect the Company's activity and results. Exposure to changes in the exchange rate is mainly due to current accounts and bank deposits, corporate bonds, shares and loans in foreign currency.

The assets and liabilities expressed in lei and in other currencies at 31 December 2021 and 31 December 2020 are presented in the tables below:

<i>In LEI</i>	<b>Net value at 31 December 2021</b>	<b>Lei</b>	<b>EUR</b>	<b>USD</b>
<b>31 December 2021</b>				
Cash and current accounts	267,380	215,480	41,822	10,078
Bank deposits with initial maturity within 3 months	157,466,639	154,042,306	3,424,333	-
Financial assets at fair value through profit or loss	381,215,357	379,059,734	2,155,623	-
Financial assets at fair value through comprehensive income	1,952,286,731	1,952,286,731	-	-
Bonds at fair value through other comprehensive income	3,982,215		3,982,215	-
Bonds at amortized cost	34,171,645	34,171,645	-	-
Other financial assets at amortized cost	5,361,399	5,361,399	-	-
<b>Total financial assets</b>	<b>2,534,751,366</b>	<b>2,525,137,295</b>	<b>9,603,993</b>	<b>10,078</b>
<b>Financial liabilities</b>				
Lease liabilities	3,511,637	330,546	3,181,091	-
Dividends payable	34,036,742	34,036,742	-	-
Financial liabilities at amortized cost	1,833,601	1,480,677	352,924	-
<b>Total financial liabilities</b>	<b>39,381,980</b>	<b>35,847,965</b>	<b>3,534,015</b>	<b>-</b>

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

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

##### (iii) Currency Risk (continued)

<i>In LEI</i>	<b>Net value at 31 December 2020</b>	<b>Lei</b>	<b>EUR</b>	<b>USD</b>
<b>31 December 2020</b>				
Cash and current accounts	327,423	249,500	66,258	11,665
Bank deposits with initial maturity within 3 months	85,057,575	82,744,534	2,313,041	-
Financial assets at fair value through profit or loss	364,462,371	361,656,629	2,805,742	-
Financial assets at fair value through comprehensive income	1,643,409,645	1,643,409,645	-	-
Bonds at fair value through other comprehensive income	3,802,401	-	3,802,401	-
Bonds at amortized cost	16,644,595	16,644,595	-	-
Other financial assets at amortized cost	8,104,606	8,104,606	-	-
<b>Total financial assets</b>	<b>2,121,808,616</b>	<b>2,112,809,509</b>	<b>8,987,442</b>	<b>11,665</b>
<b>Financial liabilities</b>				
Lease liabilities	1,070,045	288,963	781,082	-
Dividends payable	35,818,292	35,818,292	-	-
Financial liabilities at amortized cost	944,439	693,321	251,118	-
<b>Total financial liabilities</b>	<b>37,832,776</b>	<b>36,800,576</b>	<b>1,032,200</b>	<b>-</b>

The net impact on the Company's profit of a  $\pm 15\%$  change of the RON/EUR exchange rate, corroborated with a change of  $\pm 15\%$  of RON/USD exchange rate, at 31 December 2021, all other variables remaining the same is  $\pm 766,087$  lei (31 December 2020: de  $\pm 1,003,830$  lei).

##### (b) Credit Risk

The Company is exposed to credit risk related to financial instruments arising from the possible failure of a third party to pay its obligations towards the Company. The Company is exposed to credit risk following the investments made in bank deposits and bonds issued by municipalities or companies, current accounts and other receivables.

On 31 December 2021 and 31 December 2020, the Company did not hold any collateral as insurance or other credit risk improvement. At 31 December 2021 and 31 December 2020, the Company did not register overdue financial assets, with the exception of outstanding sundry debtors.

The Company's maximum credit risk exposure is 201,245,106 lei at 31 December 2021 and 113,929,885 lei at 31 December 2020, and can be analyzed as follows:

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (b) Credit Risk (continued)

##### *Exposures from current accounts and bank deposits*

<i>In LEI</i>	<b>Rating</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Banca Transilvania	Fitch: BB+	136,269,239	2,466,569
EximBank	Fitch: BBB- (assimilated to sovereign rating)	16,535,151	78,536,992
BRD - Group Societe Generale	Fitch: BBB+	4,906,711	4,304,360
UniCredit Bank	Fitch: BB+	15,010	16,553
CEC Bank	Fitch: BBB- (assimilated to sovereign rating)	11,547	12,186
Banca Comercială Română	Fitch: BBB+	1,080	981
Treasury	Fitch: BBB- (assimilated to sovereign rating)	199	43,742
<b>Total funds with banks</b>		<b><u>157,738,937</u></b>	<b><u>85,381,383</u></b>
<b>Cash</b>		<b><u>4,172</u></b>	<b><u>6,715</u></b>
<b>Total cash, current accounts and deposits - gross amounts</b>		<b><u>157,743,109</u></b>	<b><u>85,388,098</u></b>
<b>Expected credit losses, out of which for:</b>		<b><u>(9,090)</u></b>	<b><u>(3,100)</u></b>
<i>Current accounts</i>		(1)	(1)
<i>Bank deposits with initial maturity within 3 months</i>		(9,089)	(3,099)
<b>Total cash, bank account and deposits</b>		<b>157,734,019</b>	<b>85,384,998</b>

The annual average interest rate for 2021, for bank deposits was 1.48% (2020: 2.29%).

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (b) Credit Risk (continued)

##### *Exposures from bonds at amortized cost*

<i>In LEI</i>	<b>Rating</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Străulești Lac Alfa bonds	No rating	16,744,533	16,744,533
EVER IMO bonds (former Tesatoriile Reunite)	No rating Fitch: BBB-	17,606,400	-
Bacău municipal bonds	(assimilated to sovereign rating)	59,032	70,909
<b>Total bonds at amortised cost – gross value</b>		<b>34,409,965</b>	<b>16,815,442</b>
Expected credit losses		<b>(238,320)</b>	<b>(170,847)</b>
<b>Total bonds at amortised cost</b>		<b>34,171,645</b>	<b>16,644,595</b>

Străulești Lac Alfa bonds are denominated in Lei, their maturity is on 9 December 2022 and have a fixed interest rate (coupon) of 8% per year.

EVER IMO SA bonds (former Țesătoriile Reunite SA) are denominated in Lei, convertible in issuer shares, are due on 23 June 2024 and a fixed interest rate (coupon) of 9% per year. Bacău municipal bonds are denominated in lei, have a final maturity on 31 October 2026 and a variable interest rate (coupon), which is the average of 6 months ROIBID and 6 months ROBOR reference rates, plus a 0.85% margin per year.



#### 4. MANAGEMENT OF SIGNIFICANT RISKS (*continued*)

##### (b) Credit Risk (*continued*)

###### *Exposures from bonds at fair value through other comprehensive income*

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Autonom Service bonds	<u>3,982,215</u>	<u>3,802,401</u>
<b>Total</b>	<b><u>3,982,215</u></b>	<b><u>3,802,401</u></b>

Autonom Service bonds are denominated in EUR, have their maturity on 12 November 2024 and have a fixed interest rate (coupon) of 4.45% per year.

Autonom Service Company has a B+ credit rating issued by Fitch.

###### *Financial assets at amortized cost*

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
AAAS receivable	51,084,774	54,991,048
BRD – settlement transactions	3,768,797	6,295,020
Advances from the Central Depository for dividends payments to shareholders	1,218,575	1,500,447
Dividends to be received	571,471	505,213
Other financial assets at amortized cost	-	1,440
Less expected credit loss	<u>(51,282,218)</u>	<u>(55,188,562)</u>
<b>Total</b>	<b><u>5,361,399</u></b>	<b><u>8,104,606</u></b>

Other assets at amortized cost mainly include trade receivables, sundry debtors and supplier advances.

Adjustments for expected credit loss correspond mainly to receivable from the Authority for State Assets Management (“AAAS”), from litigations won definitively, which are covered in full, and related to a portion of trade receivables.

##### (c) Liquidity Risk

Liquidity risk represents the risk of recording a loss or of not obtaining the estimated profits, resulting from the impossibility at any time to fulfill short-term payment obligations, without this payment involving excessive costs or losses that cannot be borne by the Company.

The Company’s financial instruments may include investments in shares not traded on an organized market that might consequently have low liquidity.

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

##### (c) Liquidity Risk (continued)

The structure of the Company's assets and liabilities has been analyzed based on the remaining period of time from the balance date until the contract maturity date, for both the financial year ended 31 December 2021 and the financial year ended 31 December 2020, as follows:

<i>In LEI</i>	<u>Book value</u>	<u>Undiscounted value</u>	<u>Within 1 month</u>	<u>Under 3 months</u>	<u>Between 3 and 12 months</u>	<u>Over 1 year</u>	<u>No pre-set maturity</u>
<b>31 December 2021</b>							
<b>Financial assets</b>							
Cash and current accounts	267,380	267,380	267,380	-	-	-	-
Bank deposits with initial maturity within 3 months	157,466,639	157,618,878	157,618,878	-	-	-	-
Financial assets at fair value through profit or loss	381,215,357	381,215,357	-	-	-	-	381,215,357
Financial assets at fair value through other comprehensive income	1,952,286,731	1,952,286,731	-	-	-	-	1,952,286,731
Bonds at fair value through other comprehensive income	3,982,215	4,462,843	-	-	152,007	4,310,836	-
Bonds at amortized cost	34,171,645	39,523,975	3,292	-	19,601,038	19,919,645	-
Other financial assets at amortized cost	5,361,399	5,361,399	5,129,863	22,458	77,993	78,647	52,438
<b>Total financial assets</b>	<b>2,534,751,366</b>	<b>2,540,736,563</b>	<b>163,019,413</b>	<b>22,458</b>	<b>19,831,038</b>	<b>24,309,128</b>	<b>2,333,554,526</b>
<b>Financial liabilities</b>							
Lease liabilities	3,511,637	4,655,994	68,913	127,402	524,748	3,934,931	-
Dividends payable	34,036,742	34,036,742	34,036,742	-	-	-	-
Financial liabilities at amortized cost	1,833,601	1,833,601	1,833,601	-	-	-	-
<b>Total financial liabilities</b>	<b>39,381,980</b>	<b>40,526,337</b>	<b>35,939,256</b>	<b>127,402</b>	<b>524,748</b>	<b>3,934,931</b>	
<b>Net financial assets</b>	<b>2,495,369,386</b>	<b>2,500,210,226</b>	<b>127,080,157</b>	<b>(104,944)</b>	<b>19,306,290</b>	<b>20,374,197</b>	<b>2,333,554,526</b>

**EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**  
(All amounts are presented in Lei, unless otherwise stated)

**4. MANAGEMENT OF SIGNIFICANT RISKS (continued)**

**(c) Liquidity Risk (continued)**

<i>In LEI</i>	<u>Book value</u>	<u>Undiscounted value</u>	<u>Within 1 month</u>	<u>Under 3 months</u>	<u>Between 3 and 12 months</u>	<u>Over 1 year</u>	<u>No pre-set maturity</u>
<b>31 December 2020</b>							
<b>Financial assets</b>							
Cash and current accounts	327,423	327,423	327,423	-	-	-	-
Bank deposits with initial maturity within 3 months	85,057,575	85,127,164	85,127,164	-	-	-	-
Financial assets at fair value through profit or loss	364,462,371	364,462,371	-	-	-	-	364,462,371
Financial assets at fair value through other comprehensive income	1,643,409,645	1,643,409,645	-	-	-	-	1,643,409,645
Bonds at fair value through other comprehensive income	3,802,401	4,452,428	-	-	168,863	4,283,565	-
Bonds at amortized cost	16,644,595	19,485,040	3,434	-	1,364,538	18,117,068	-
Other financial assets at amortized cost	8,104,606	8,104,606	7,859,855	22,458	134,927	-	87,366
<b>Total financial assets</b>	<b>2,121,808,616</b>	<b>2,125,368,677</b>	<b>93,317,876</b>	<b>22,458</b>	<b>1,668,328</b>	<b>22,400,633</b>	<b>2,007,959,382</b>
<b>Financial liabilities</b>							
Lease liabilities	1,070,045	1,895,634	37,365	79,757	358,906	1,419,606	-
Dividends payable	35,818,292	35,818,292	35,818,292	-	-	-	-
Financial liabilities at amortized cost	944,439	944,439	944,439	-	-	-	-
<b>Total financial liabilities</b>	<b>37,832,776</b>	<b>38,658,365</b>	<b>36,800,096</b>	<b>79,757</b>	<b>358,906</b>	<b>1,419,606</b>	<b>-</b>
<b>Net financial assets</b>	<b>2,083,975,840</b>	<b>2,086,710,312</b>	<b>56,517,780</b>	<b>(57,299)</b>	<b>1,309,422</b>	<b>20,981,027</b>	<b>2,007,959,382</b>

#### **4. MANAGEMENT OF SIGNIFICANT RISKS (continued)**

##### **(c) Liquidity Risk (continued)**

All non-financial assets, except for inventories and other assets, are expected to be recovered more than 12 months after the end of the reporting period.

All non-financial liabilities, except for current income tax liabilities and other liabilities, are expected to be settled more than 12 months after the end of the reporting period.

##### **(d) Taxation Risk**

The taxation system in Romania is subject to various interpretations and permanent changes that can be retroactive. In certain circumstances, tax authorities might adopt different positions than those of the Company and might calculate tax interest and penalties. Although the tax corresponding to a transaction can be minimal, the penalties can be large, depending on the interpretation of the tax authorities.

Moreover, Romania's Government has under its supervision a series of agencies that are authorized to control both the Romanian and foreign entities carrying out activities in Romania. These verifications are largely similar to those carried out in many countries but might also extend over some legal or regulating areas in which the Romanian authorities might be interested.

The tax returns might be subject to control and revisions over a period of five years and in general after the date of their submission. According to the legal provisions applicable in Romania, the already checked periods can be subject to other additional verifications in the future.

The management of the Company considers it has correctly calculated and registered taxes, levies and other liabilities towards the state. Nevertheless, there is a risk that authorities might have a different position than that of the Company.

The latest control of the National Agency of Fiscal Administration, the Company was subjected to, covered the period up to January 1, 2010. Therefore, the Company's tax liabilities after this date may be the subject of subsequent verifications, provided that they are not already time-barred.

##### **(e) Operational Risk**

Operational risk represents the risk of loss caused either by the use of processes, systems and human resources that are inadequate or have not fulfilled their function property, or by external events and actions.

The management of operational risk is ensured by the Company through the implementation of and compliance with operational risk standards and procedures and a rigorous internal control system.

#### **4. MANAGEMENT OF SIGNIFICANT RISKS (continued)**

##### **(f) Capital Adequacy**

The management's policy regarding capital adequacy is focused on maintaining a solid capital base, for the purpose of supporting the continuous development of the Company and reaching its investment objectives.

The Company's equity includes various types of reserves and retained earnings. At 31 December 2020, equities were 2,382,938,530 lei (31 December 2020: 1,999,035,126 lei).

As AIFM, the Company applies the legal requirements provided by Law no. 74/2015 regarding the minimum level of initial capital and own funds.

## 5. FINANCIAL ASSETS AND LIABILITIES

The table below summarizes the book values and fair values of the Company's financial assets and liabilities at 31 December 2021:

<i>In LEI</i>	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Amortized cost</b>	<b>Total book value</b>	<b>Fair value</b>
Cash and current accounts	-	-	267,380	267,380	267,380
Bank deposits with initial maturity within 3 years	-	-	157,466,639	157,466,639	157,466,639
Financial assets at fair value through profit or loss	381,215,357	-	-	381,215,357	381,215,357
Financial assets at fair value through other comprehensive income	-	1,952,286,731	-	1,952,286,731	1,952,286,731
Bonds at fair value through other comprehensive income	-	3,982,215	-	3,982,215	3,982,215
Bonds at amortized cost	-	-	34,171,645	34,171,645	34,171,645
Other financial assets at amortized cost	-	-	5,361,399	5,361,399	5,361,399
<b>Total financial assets</b>	<b>381,215,357</b>	<b>1,956,268,946</b>	<b>197,267,063</b>	<b>2,534,751,366</b>	<b>2,534,751,366</b>
Lease liabilities	-	-	3,511,637	3,511,637	3,511,637
Dividends payable	-	-	34,036,742	34,036,742	34,036,742
Financial liabilities at amortized cost	-	-	1,833,601	1,833,601	1,833,601
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>39,381,980</b>	<b>39,381,980</b>	<b>39,381,980</b>

For financial assets and financial liabilities at amortized cost, there are no differences between fair value and book value, since these are current assets/liabilities. For bonds at amortized cost, the Company has analyzed the fair value of bonds at 31 December 2021 and concluded there are no significant differences between fair value and amortized cost.

## 5. FINANCIAL ASSETS AND LIABILITIES (continued)

The table below summarizes the book values and fair values of the Company's financial assets and liabilities at 31 December 2020:

<i>In LEI</i>	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Amortized cost</b>	<b>Total book value</b>	<b>Fair value</b>
Cash and current accounts	-	-	327,423	327,423	327,423
Bank deposits with initial maturity within 3 months	-	-	85,057,575	85,057,575	85,057,575
Financial assets at fair value through profit or loss	364,462,371	-	-	364,462,371	364,462,371
Financial assets at fair value through other comprehensive income	-	1,643,409,645	-	1,643,409,645	1,643,409,645
Bonds at fair value through other comprehensive income	-	3,802,401	-	3,802,401	3,802,401
Bonds at amortized cost	-	-	16,644,595	16,644,595	16,644,595
Total financial assets at amortized cost	-	-	8,104,606	8,104,606	8,104,606
<b>Total financial assets</b>	<b>364,462,371</b>	<b>1,647,212,046</b>	<b>110,134,199</b>	<b>2,121,808,616</b>	<b>2,121,808,616</b>
Lease liabilities	-	-	1,070,045	1,070,045	1,070,045
Dividends payable	-	-	35,818,292	35,818,292	35,818,292
Financial liabilities at amortized cost	-	-	944,439	944,439	944,439
<b>Total financial liabilities</b>	-	-	<b>37,832,776</b>	<b>37,832,776</b>	<b>37,832,776</b>



## 6. GROSS DIVIDEND INCOME

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
Banca Transilvania	28,908,155	38,261,114
SNGN ROMGAZ SA	13,547,185	12,184,899
OMV Petrom	3,644,628	544,628
SN NUCLEARELECTRICA SA	2,775,228	-
Aerostar	2,751,286	2,979,585
Străulești Lac Alfa	998,275	3,624,976
Bursa de Valori Bucuresti	371,659	286,345
SNTGN Transgaz	164,029	4,384,043
EVER IMO (former Tesătoriile Reunite)	-	12,074,038
Mecanica Ceahlau	-	8,063,073
SIF Transilvania	-	3,823,026
Regal	-	1,951,520
Other dividends	1,496,266	930,462
<b>Total</b>	<b><u>54,656,711</u></b>	<b><u>89,107,709</u></b>

Dividend revenue is registered at gross value. Dividend tax rates for the period concluded on 31 December 2021 were 5% or 0% (2020: 5% or 0%). Dividend tax exemption is applied in case the Company's holding percentage was more than 10% of the share capital of the company that distributed the dividends, for an uninterrupted period of at least one year before distribution.

In 2021, the value of gross dividends distributed by the companies for which holdings were classified as financial assets at fair value through other comprehensive income was 53,247,405 lei (2020: 74,182,951 lei).

## 7. INTEREST INCOME

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
Interest income corresponding to bank deposits and current accounts	2,380,644	1,198,747
Interest income corresponding to bonds at amortized cost	2,161,025	1,540,539
Interest income corresponding to bonds at fair value through other comprehensive income	176,812	174,282
<b>Total</b>	<b><u>4,718,481</u></b>	<b><u>2,913,568</u></b>

## 8. OTHER OPERATING INCOME

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
Rent income	815,524	828,754
Income from recovered receivables	72,897	41,005
Net gain from exchange rate differences	101,148	186,798
Other income from operations	<u>41,357</u>	<u>25,484</u>
<b>Total</b>	<b><u>1,030,926</u></b>	<b><u>1,082,041</u></b>

## 9. NET GAINS FROM THE DISPOSAL OF NON-FINANCIAL ASSETS

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
Net gain from disposal of property, plant and equipment	<u>-</u>	<u>191,429</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>191,429</u></b>

## 10. NET GAIN / (NET LOSS) FROM ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
Net gain / (net loss) from the revaluation of financial assets measured at fair value through profit or loss	23,040,448	(50,074,477)
Net gain / (net loss) from the sale of financial assets at fair value through profit or loss	<u>2,420,169</u>	<u>-</u>
<b>Total</b>	<b><u>25,460,617</u></b>	<b><u>(50,074,477)</u></b>

Unrealized net gains in 2021, in amount of 23,040,448 lei (2020: unrealised net loss 50,074,477 lei) represents the difference from the revaluation at fair value of shares and fund units held at fair value through profit or loss.

In 2021, unrealized net profit was mainly generated by the increase of fair value of investments in fund units. The increase was determined by the continuation of the upward trend of quotations on the financial markets (including on the Bucharest Stock Exchange) started in late 2020, after their decrease in the first half of the year.

In 2020, the unrealized net loss was mainly generated by the decrease in the fair value of investments in fund units, as a result of the unfavorable impact that the beginning of the crisis generated by the COVID-19 epidemic had on the quotations of financial instruments on the Stock Exchange. Bucharest. The net gain in 2021 comes from the sale of fund units.

## 11. EXPENSES WITH WAGES, REMUNERATIONS AND OTHER SIMILAR EXPENSES

Expenses with wages, remunerations, contributions and other similar expenses include expenses with the salaries, allowances, contributions and other benefits, as well as corresponding contributions of the employees, members of the Board of Directors and Management Committee.

*In LEI*

	2021		2020	
	No. beneficiari es	Value	No. beneficiari es	Value
<b>Fixed remunerations</b>				
Board of Directors	5	6,484,747	5	8,296,848
Management Committee	2	3,907,643	2	3,224,232
Employees	40	<u>6,065,257</u>	37	<u>5,233,956</u>
<b>Total fixed remunerations</b>		<b><u>16,457,647</u></b>		<b><u>16,755,036</u></b>
<b>Variable remunerations</b>				
<b>Board of Directors and Management Committee</b>				
Bonuses for the current year	5	89,192	5	87,938
Participation in the benefit plan in stocks for the current year		7,936,400		3,108,690
<b>Total</b>		<b><u>8,025,592</u></b>		<b><u>3,196,628</u></b>
<b>Employees</b>				
Participation in the benefit plan in cash for the current year	42	1,352,345	37	856,573
Bonuses for the current year		249,783		215,922
Participation in the benefit plan in stocks for the current year		2,917,388		2,024,933
<b>Total</b>		<b><u>4,519,516</u></b>		<b><u>3,097,428</u></b>
<b>Total variable remunerations</b>		<b><u>12,545,108</u></b>		<b><u>6,294,056</u></b>
<b>Expenses with social contributions and similar</b>		<b><u>437,794</u></b>		<b><u>379,636</u></b>
<b>Net expenses/income from provisions for untaken leaves</b>		<b><u>(14,002)</u></b>		<b><u>178,913</u></b>
<b>Total wages, allowances, contributions and similar expenses</b>		<b><u>29,426,547</u></b>		<b><u>23,607,641</u></b>

The remunerations due to the officers are approved by the General Meeting of Shareholders and Board of Directors, through the Management Contracts.

The average number of employees for the period concluded on 31 December 2021 was 40 (31 December 2020: 34).

## 12. OTHER OPERATING EXPENSES

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
Commission and fee expenses	3,835,049	3,062,594
Expenses with outsourced services	2,628,512	2,636,906
Expenses with protocol, advertising and publicity	968,530	365,367
Expenses with the amortization of tangible and intangible assets	628,788	537,631
Expenses with the depreciation of right-of-use assets from lease contracts	450,336	391,363
Audit and audit-related services	410,123	360,879
Expenses with sponsorship and patronage	405,855	652,451
Other operating expenses	<u>1,150,764</u>	<u>1,060,934</u>
<b>Total</b>	<b><u>10,477,957</u></b>	<b><u>9,067,642</u></b>

Expenses with commissions and fees include mainly the commission calculated based on the net asset owed to FSA, commissions for equity transactions on the regulated market, commissions owed to the depository bank, for register services of the Central Depository owed by the Company, as well as legal assistance fee and other fees for consultancy.

Expenses with outsourced services are represented mainly by the cost of portfolio monitoring services, insurance, assets evaluation services and services for the management of property owned by the Company.

Other operating expenses include expenses with travel, post and telecommunication, expenses with maintenance and repairs, utilities, fuel, inventory objects and materials, other taxes and other expenses.

In 2021, the fees for the Company's statutory financial statements audit included in the category of audit and audit-related services supplied by the statutory auditor were 338,196 lei (2020: 315,349 lei).

In 2021, expenses related to short-term leases were 20,556 lei (2020: 0 lei).

### 13. INCOME TAX

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
<b>Current profit tax</b>		
Current income tax (16%)	2,370,801	1,597,609
Dividend tax (5%)	2,493,474	2,992,234
	<u>4,864,275</u>	<u>4,589,843</u>
<b>Deferred income tax</b>		
Financial assets	-	(49,358)
Investment property and property, plant and equipment	3,054	(25,004)
Liabilities related to cash benefit plan and other benefits	(2,687,308)	(35,141)
Provisions for risks and charges	(259,264)	128,980
	<u>(2,943,518)</u>	<u>19,477</u>
<b>Total</b>	<u>1,920,757</u>	<u>4,609,320</u>

The reconciliation of profit before tax with income tax expense in the profit or loss account:

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
<b>Profit before tax</b>	<u>48,309,391</u>	<u>10,436,346</u>
<b>Tax in accordance with the statutory taxation rate of 16% (2020: 16%)</b>	<u>7,729,503</u>	<u>1,669,815</u>
<b>Effect on income tax of:</b>		
Non-deductible expenses	7,456,880	15,383,327
Non-taxable income	(9,652,498)	(15,194,155)
Registration/ (reversal) of temporary differences	(2,943,518)	19,478
Other elements	(3,163,084)	(261,379)
Dividend tax (5%)	2,493,474	2,992,234
<b>Income tax</b>	<u>1,920,757</u>	<u>4,609,320</u>

The effective income tax rate on 31 December 2021 is 4% (31 December 2020: 44%).

On determining the tax result, expenses for management and administration, as well as other expenses are taken into account as non-deductible expenses, proportional to the weight of non-deductible revenues in the total revenues registered by the Company.

The main non-taxable income is represented by dividend income and income from differences following the measurement of financial assets at fair value through profit or loss (holdings over 10%), and non-deductible expenses include expenses with the benefit plan, expenses from the revaluation of financial assets at fair value through profit or loss (holdings over 10%), as well as expenses proportionally assigned to non-taxable income.

#### 14. CASH AND CURRENT ACCOUNTS

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Cash	4,172	6,715
Current accounts	263,209	320,709
<b>Cash and current accounts – gross value</b>	<b>267,381</b>	<b>327,424</b>
Expected credit loss corresponding to current accounts	(1)	(1)
<b>Total cash and bank accounts</b>	<b>267,380</b>	<b>327,423</b>

The current bank deposits are constantly at the Company's disposal. All current accounts of the Company are classified as Stage 1.

#### 15. BANK DEPOSITS WITH INITIAL MATURITY UNDER 3 MONTHS

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Term deposits with initial maturity within 3 months	157,366,340	85,004,412
Attached receivables	109,388	56,262
<b>Total bank deposits – gross value</b>	<b>157,475,728</b>	<b>85,060,674</b>
Expected credit loss	(9,089)	(3,099)
<b>Total bank deposits</b>	<b>157,466,639</b>	<b>85,057,575</b>

The bank deposits are constantly at the Company's disposal and are not restricted. All Company's bank deposits are classified as Stage 1.

## 16. FINANCIAL ASSETS

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

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Fund units	313,914,450	298,357,626
Shares	67,300,907	66,104,745
<b>Total</b>	<b>381,215,357</b>	<b>364,462,371</b>
<i>In LEI</i>	<b>2021</b>	<b>2020</b>
<b>1 January</b>	<b>364,462,371</b>	<b>389,164,163</b>
Sales during the year	28,049,293	48,048,310
Purchases during the year	(36,756,924)	-
Capital return (company in the portfolio)	-	(22,675,625)
Changes in fair value	23,040,448	(50,074,477)
Gain from FVTPL sale	2,420,169	-
<b>31 December</b>	<b>381,215,357</b>	<b>364,462,371</b>



## 16. FINANCIAL ASSETS (continued)

### (b) Financial assets at fair value through other comprehensive income

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Shares measured at fair value	<u>1,952,286,731</u>	<u>1,643,409,645</u>
<b>Total</b>	<b><u>1,952,286,731</u></b>	<b><u>1,643,409,645</u></b>

At 31 December 2021 the category of shares measured at fair value through other comprehensive income mainly includes shares held in Banca Transilvania, SNGN Romgaz, Aerostar, BRD Groupe Société Générale, Professional Imo Partners (31 December 2020: Banca Transilvania, SNGN Romgaz, Aerostar, BRD - Groupe Société Générale, SNTGN Transgaz).

The Company has used its irrevocable option to designate such equity instruments at fair value through other comprehensive income, as these financial assets are held both for dividend collection and for gains on sale and are not held for trading.

The movement of financial assets in the period ended 31 December 2021 and 31 December 2020 is presented in the following table:

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
<b>1 January</b>	<b><u>1,643,409,645</u></b>	<b><u>1,830,970,481</u></b>
Sales during the year	(272,386,310)	(138,515,009)
Purchases during the year	109,952,592	129,173,619
Changes in fair value	<u>471,310,804</u>	<u>(178,219,446)</u>
<b>31 December</b>	<b><u>1,952,286,731</u></b>	<b><u>1,643,409,645</u></b>

In 2021, shares measured at fair value through other comprehensive income increased significantly due to a new growing trend for financial markets (including the Bucharest Stock Exchange), after the significant drop registered in 2020 (especially in the first part of the year) determined by the impact of the crisis generated by the COVID-19 epidemic.

Sales of shares classified at fair value through other comprehensive income were determined on the basis of an analysis prepared by the specialized departments, in the context of the Company's medium and long-term objectives or for capitalizing on opportunities (e.g. public offering of certain issuers). The sales were not made shortly after the acquisition, and the transactions with those shares did not aim to make short-term profits.

In the case of Banca Transilvania share sales, the sales were made in order not to reach the maximum legal limit of 40% of the total holding assets for an issuer. For information regarding the net gains from the sale of shares carried at fair value through other comprehensive income, see Note 16 d).

## 16. FINANCIAL ASSETS (continued)

### c) Fair Value Hierarchy

The below table analyzes the financial instruments at fair value depending on the valuation method. Fair value levels depending on the inputs in the valuation model have been defined as follows:

- Level 1: quoted prices (not adjusted) on active markets for identical assets or liabilities;
- Level 2: inputs other than the quoted prices included in level 1 that are observable for assets or liabilities either directly (e.g. prices) or indirectly (e.g. price derivatives);
- Level 3: inputs for assets or liabilities that are not based on observable inputs from the market (unobservable inputs).

#### 31 December 2021

<i>In LEI</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss	322,794,978	-	58,420,379	381,215,357
Financial assets measured at fair value through other comprehensive income	1,691,978,374	-	260,308,357	1,952,286,731
Bonds at fair value through other comprehensive income	<u>3,982,215</u>			<u>3,982,215</u>
<b>Total</b>	<b><u>2,018,755,567</u></b>	<b><u>-</u></b>	<b><u>318,728,736</u></b>	<b><u>2,337,484,303</u></b>

#### 31 December 2020

<i>In LEI</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss	309,004,839	-	55,457,532	364,462,371
Financial assets measured at fair value through other comprehensive income	1,410,174,001	-	233,235,644	1,643,409,645
Bonds at fair value through other comprehensive income	<u>3,802,401</u>			<u>3,802,401</u>
<b>Total</b>	<b><u>1,722,981,241</u></b>	<b><u>-</u></b>	<b><u>288,693,176</u></b>	<b><u>2,011,674,418</u></b>

**EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
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**16. FINANCIAL ASSETS (continued)**

**c) Fair value hierarchy (continued)**

<b>Financial assets</b>	<b>Fair value at 31 December 2021</b>	<b>Valuation technique</b>	<b>Unobservable inputs, value intervals</b>	<b>Relationship between unobservable inputs and fair value</b>
Listed minority interest without active market	2,403,249	Market approach, comparable companies method	Invested capital/revenues multiple: 0,8 Discount for lack of marketability: 16,3%	The lower the EV/Rev multiple, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value.
Not listed minority interest	5,360,398	Market approach, comparable companies method	Invested capital/turnover multiple: 0,6 Invested capital/EBITDA multiple: 6,2 Equity value/ book value multiple: 1,2 Discount for lack of marketability: 14,6%	The lower the EV/Sales multiple, the lower the fair value. The lower the EV/EBITDA multiple, the lower the fair value. In the balance, the book value is identified through equity. The lower the price/book value ratio, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value.
Not listed minority interest with control right	46,542,439	Income-based approach – discounted cash-flow method	Weighted average cost of capital: 9,9% Discount for lack of marketability: 18,9%. Constant long-term income growth rate: 2,5%	The lower the weighted average cost of capital, the higher the fair value. The lower the lack of marketability discount, the higher the fair value. The higher the long-term revenue increase rate, the higher the fair value.
Not listed minority interest	434,574	Income-based approach – discounted cash-flow method	Weighted average cost of capital: 12,4% Constant long-term income growth rate: 2,5% Discount for lack of control: 15,3% Discount for lack of marketability: 16,3%	The lower the weighted average cost of capital, the higher the fair value. The higher the long-term revenue increase rate, the higher the fair value. The lower the lack of control discount, the higher the fair value. The lower the lack of marketability discount, the higher the fair value.

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16. FINANCIAL ASSETS (continued)

c) Fair value hierarchy (continued)

Financial assets	Fair value at 31 December 2021	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
Not listed minority interest with control right (investment/ holding / start-up)	111,701,204	Asset-based approach-asset accumulation method or adjusted net asset method	Market value of equity by reference to their book value: 1,0 Discount for lack of marketability: 9,6%	In the balance sheet, the book value is identified through equity. The lower the resulted ratio, the lower the fair value. The lower the lack of marketability discount, the higher the fair value.
Listed majority interest without active market (investment/ holding / start-up)	9,777,490	Asset-based approach-asset accumulation method or adjusted net asset method	Market value of equity by reference to their book value: 1,1	In the balance sheet, the book value is identified through equity. The lower the resulted ratio, the lower the fair value.
Listed minority interest without active market (investment/ holding / start-up)	79,467,137	Asset-based approach-asset accumulation method or adjusted net asset method	Market value of equity by reference to their book value: 1,5 Discount for lack of control: 18,4% Discount for lack of marketability: 9,6%	In the balance sheet, the book value is identified through equity. The lower the resulted ratio, the lower the fair value. The lower the lack of control discount, the higher the fair value. The lower the lack of marketability discount, the higher the fair value.
Not listed minority interest (investment/ holding / start-up)	63,042,245	Asset-based approach-asset accumulation method or adjusted net asset method	Market value of equity by reference to their book value: 0,8  Discount for lack of control: 23,4% Discount for lack of marketability: 11,8%	In the balance sheet, the book value is identified through equity. The lower the resulted ratio, the lower the fair value. The lower the lack of control discount, the higher the fair value. The lower the lack of marketability discount, the higher the fair value.
<b>Total</b>	<b>318,728,736</b>			

**EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
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**16. FINANCIAL ASSETS (continued)**

**c) Fair value hierarchy (continued)**

<b>Financial assets</b>	<b>Fair value at 31 December 2020</b>	<b>Valuation technique</b>	<b>Unobservable inputs, value intervals</b>	<b>Relationship between unobservable inputs and fair value</b>
Listed minority interest without active market	2,099,809	Market approach, comparable companies method	Invested capital/turnover multiple: 0,5 Invested capital/EBITDA multiple: 4,2 Discount for lack of marketability: 16,3%	The lower the EV/Sales multiple, the lower the fair value The lower the EV/EBITDA, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value
Not listed minority interest	8,421,706	Market approach, comparable companies method	Invested capital/turnover multiple: 0,6 – 1,6 Invested capital/EBITDA multiple: 6,2 – 6,4 Equity value/ book value multiple: 0,9 Discount for lack of marketability: 9,6% – 16,3%	The lower the EV/Sales multiple, the lower the fair value. The lower the EV/EBITDA multiple, the lower the fair value. In the balance, the book value is identified through equity. The lower the price/book value ratio, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value
Not listed minority interest with control right	44,884,773	Income-based approach – discounted cash-flow method	Weighted average cost of capital: 9,9% Discount for lack of marketability: 18,9%.	The lower the weighted average cost of capital, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
Not listed minority interest	425,671	Income-based approach – discounted cash-flow method	Weighted average cost of capital: 13,9% Constant long-term income growth rate: 2,5% Discount for lack of control: 16,1% Discount for lack of marketability: 16,3%	The lower the weighted average cost of capital, the higher the fair value. The higher the long-term revenue increase rate, the higher the fair value. The lower the lack of control discount, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value

## 16. FINANCIAL ASSETS (continued)

### c) Fair value hierarchy (continued)

Financial assets	Fair value on 31 December 2020	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
Not listed majority interest	102,112,983	Asset-based approach-asset accumulation method or adjusted net asset method	Market value of equity by reference to their book value: 0,8 -0,9 Discount for lack of marketability: 9,6%	In the balance, the book value is identified through equity. The lower the resulted ratio, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value.
Listed majority interest without active market	9,103,084	Asset-based approach-asset accumulation method or adjusted net asset method	Market value of equity by reference to their book value: 1,2	In the balance, the book value is identified through equity. The lower the resulted ratio, the lower the fair value.
Listed minority interest without active market	70,759,293	Asset-based approach - asset accumulation method or adjusted net asset method	Market value of equity by reference to their book value: 1,1 -2 Discount for lack of control: 14,2%÷17,3% Discount for lack of marketability: 9,6%	In the balance, the book value is identified through equity. The lower the resulted ratio, the lower the fair value. The lower the lack of control discount, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
Not listed minority interest	50,885,857	Asset-based approach - asset accumulation method or adjusted net asset method	Market value of equity, by reference to their book value: 1,0÷1,2 Discount for lack of control: 11,9%÷21,6% Discount for lack of marketability: 9,6%÷16,3%	In the balance, the book value is identified through equity. The lower the resulted ratio, the lower the fair value. The lower the lack of control discount, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
<b>Total</b>	<b>288,693,176</b>			

## 16. FINANCIAL ASSETS (continued)

### c) Fair value hierarchy (continued)

#### *Sensitivity analysis*

Although the Company considers that fair value estimates are adequate, the use of other methods and assumptions could lead to different values of the fair value. For the fair values recognized following the use of a significant number of unobservable inputs (Level 3), the modification of one or more assumptions would influence the Company's profit or loss and other comprehensive income at 31 December 2021 as follows:

<b>Modified assumption</b> <i>(Lei)</i>	<b>Impact on profit or loss (before tax)</b>	<b>Impact on other comprehensive income (before tax)</b>
WACC increase by 50 bps	-	(8.969.095)
WACC decrease by 50 bps	-	10.186.558
Increase of the perpetuity growth rate by 25 bps	-	2.465.253
Decrease of the perpetuity growth rate by 25 bps	-	(2.269.110)
Increase of (EBITDA, CA, P/E) multiples by 10%	215,562	667,640
Decrease of (EBITDA, CA, P/E) multiples by 10%	(215,562)	(667,640)
Increase in sale price per sqm by 10%	5.513.610	2.941.384
Decrease in sale price per sqm by 10%	(5.513.610)	(2.941.384)
Increase sale price apartments (per sqm) by 10%	-	7.256.236
Decrease in sale price apartments (per sqm) by 10%	-	(7.256.236)
Increase in rent per sqm by 10%	83.411	192.550
Decrease in rent per sqm by 10%	(83.411)	(192.550)
Increase in rent capitalization rate by 50 bps	(218.264)	(477.568)
Decrease in rent capitalization rate by 50 bps	242.516	531.598
Increase of DLOM by 10%	(427.762)	(3.391.341)
Decrease of DLOM by 10%	427.762	3.391.342

The main unobservable inputs refer to the relevant multiples of the total invested capital and multiples of equity in ordinary shares.

*Revenues/Turnover multiple:* is an instruments used to evaluate companies based on a market comparison with similar listed companies. Evaluating a company based on its turnover is particularly useful when the profit value is influenced by elements not related to the usual course of business. Turnover is the indicator from the income statement which is the hardest vulnerable to accounting policies, which recommends it as multiple.

*EBITDA multiple:* represents the most relevant multiple used when pricing the investments and it is calculated using information from comparable listed public companies (similar



## 16. FINANCIAL ASSETS (continued)

### c) Fair value hierarchy (continued)

geographic location, industry size, target market and other factors that valuers consider as relevant). The trading multiples for the comparable companies are determined by dividing the enterprise value of the a company by its EBITDA and by further discounting, due to possible lack of marketability and other differences between the comparable peer group and specific company.

*Price/book value:* often expressed simply as "price-to-book", this multiple measures a company's market price based on its book value (net assets). It reflects how many times the book value per share investors are ready to pay for a share. The Price / Book value ratio multiple varies significantly based on the industry.

A company that requires more assets (e.g. a manufacturing company with factory space and machinery) will generally post a significantly lower price-to-book than a company whose earnings result from rendering services (e.g. a consulting firm).

*Weighted average cost of capital:* represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the "Capital Asset Pricing Model". All capital sources – shares, bonds and any other long-term debts - are included in the weighted average cost of capital calculation.

*Discount for lack of control:* represents the discount applied to reflect the absence of the power of control and it is used within the discounted cash flow method, in order to determine the value of a minority interest in the equity of the valued company.

*Discount for lack of marketability:* represents the discount applied to the comparable market multiples, in order to reflect the liquidity differences between the revalued company from the portfolio and its comparable peer group. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

In case of equity instruments in holdings, the evaluation model was determined by summing the market value of assets and liabilities, namely their book values adjusted further to the subsequent valuations where the income-based approach was used. This method was used to determine directly the value of the equity of holding-type majority shareholders.

## 16. FINANCIAL ASSETS (continued)

### c) Fair value hierarchy (continued)

#### Level 3 fair value changes

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
<b>At 1 January</b>	<b>288,693,176</b>	<b>311,740,739</b>
Total loss recognized in profit or loss	(5,086,448)	(3,384,295)
Total gain recognized in other comprehensive income	24,167,997	5,848,421
Purchases/Capital investment	16,086,795	11,140,778
Sales	(4,929,250)	(13,976,842)
Transfers to Level 1	(203,534)	-
Capital return (portfolio company)	-	(22,675,625)
<b>Balance at 31 December</b>	<b>318,728,736</b>	<b>288,693,176</b>

In 2021, the Company transferred the shares held in Armax Gaz from Level 3 to Level 1, because the market for such shares traded on the BSE became active this year.

At 31 December 2021 and 31 December 2020, the Company classified as Level 1 securities measured on the basis of the BSE closing prices, on the last day of trading. Fund units evaluated based on the unit value of their net asset certified by the fund's depositary are included in this level.

The investments classified in Level 3, representing 16% of the Company's share portfolio at 31 December 2021 (31 December 2020: 17%), have been evaluated by independent external or internal valuers, based on the financial information provided by the monitoring departments, using measurement techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs, with the management's supervision and review, which makes sure that all inputs underlying the valuation reports are accurate and adequate.

The valuation date for Level 3 holdings was 30 September 2021 or 30 June 2021, and a subsequent analysis was performed on the reporting date, 31 December 2021.

COVID-19 has created and it is expected to continue to create uncertainties in the economic environment in general and in activities carried out in certain sectors, in particular. Through the nature of its activity, the Company has investments in several sectors of activity, but most of these sectors are not directly affected by this situation.

In 2020, from among the sectors of activities in which companies activates where the Company has level 3 participation, the most affected by the COVID 19 epidemic has been the rental of own of leased property.

## 16. FINANCIAL ASSETS (continued)

### c) Fair value hierarchy (continued)

In this sector, at 31 December 2021 operated companies in which the Company's interest represented 29% of the level 3 investments (31 December 2020: 27%), and 5% of the Company's share portfolio (31 December 2020: 5%).

The value of the Company's interest in these companies decreased by around 10% in 2020, the uncertainty created by the COVID-19 context being reflected in their evaluation especially through the decrease of the estimated level of rents and occupancy.

In 2021, the effects of the pandemic, including on this sector of activity, were mitigated by macroeconomic measures, but also by the relaxation of health measures and the vaccination process. Retail parks have become more attractive in the context of new consumer habits, thanks to large stores that promote social distance, due to parking facilities and drive-through premises. Also, regarding the spaces rented by the companies in the portfolio, most of the tenants resumed their activity or terminated the contracts, being replaced by other tenants.

In the sector at issue, all these effects and corroborated measures have led to reduced restrictions, reduced risks and largely recovered from the 2020 declines.

The evaluation of Level 3 investments has considered the actual economic conditions and other market conditions present on the evaluation date, incorporating, to the extent possible, uncertainties in the macro-economic environment and high volatility of financial markets generated by COVID-19 context. Nevertheless, these conditions may change following the evolution of the pandemic and economic, sanitary or other measures adopted by states all over the world, including in Romania, which may have a positive or negative impact on the fair value of the Company's investment portfolio.

## 16. FINANCIAL ASSETS (continued)

### (d) Reserve from the revaluation at fair value of financial assets measured at fair value through other comprehensive income, net of deferred tax

	<u>2021</u>	<u>2020</u>
<b>At 1 January</b>	<b>591,817,817</b>	<b>795,634,481</b>
Gross gain/(loss) from the revaluation of financial assets measured at fair value through other comprehensive income	471,365,381	(178,184,224)
Deferred tax corresponding to the gain/loss from revaluation of financial assets measured at fair value through other comprehensive income	<u>(57,028,839)</u>	<u>24,615,090</u>
<b><i>Net gain/(loss) from the revaluation of financial assets measured at fair value through other comprehensive income</i></b>	<b><u>414,336,542</u></b>	<b><u>(153,569,134)</u></b>
Net gain transferred to retained earnings as a result of the sale of financial assets measured at fair value through other comprehensive income	<u>(102,908,216)</u>	<u>(50,247,530)</u>
<b>At 31 December</b>	<b><u>903,246,143</u></b>	<b><u>591,817,817</u></b>

In 2021, the net gain obtained 102,908,216 lei was mainly achieved from the sale of shares in Banca Transilvania, SNTGN Transgaz, OMV Petrom and SN Nuclearelectrica.

### (e) Bonds at amortized cost

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Corporate bonds	34,350,933	16,744,533
Municipal bonds	<u>59,032</u>	<u>70,909</u>
<b>Total bonds at amortised cost – gross value</b>	<b><u>34,409,965</u></b>	<b><u>16,815,442</u></b>
Expected credit loss	<u>(238,320)</u>	<u>(170,847)</u>
<b>Total bonds at amortised cost</b>	<b><u>34,171,645</u></b>	<b><u>16,644,595</u></b>
Corporate bonds	<u>3,982,215</u>	<u>3,802,401</u>
<b>Total bonds at fair value through other comprehensive income</b>	<b><u>3,982,215</u></b>	<b><u>3,802,401</u></b>

## 16. FINANCIAL ASSETS (continued)

### (e) Bonds at amortized cost (continued)

At 31 December 2021, the category of bonds at amortised cost included the bonds issued by EVER IMO, the Bacău City Hall and Străulești Lac Alfa (31 December 2020: bonds issued by the Bacău City Hall and Străulești Lac Alfa).

At December 31, 2021 and December 31, 2020, the category of bonds at fair value through other comprehensive income included bonds issued by Autonom Service SA, which are held by the Company in a business model whose objective is to keep assets both to collect contractual cash flows and to sell. Autonom Service bonds are listed on the Bucharest Stock Exchange.

All bonds of the Company are classified as Stage 1.

**17. a) OTHER FINANCIAL ASSETS AT AMORTISED COST**

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Sundry debtors	56,353,603	63,125,934
Trade receivables	140,438	51,294
Collateral (guarantees)	19,627	52,055
Advances to suppliers	129,949	62,445
Dividends to receive	-	1,440
<b>Total other financial assets – gross value</b>	<b>56,643,617</b>	<b>63,293,168</b>
Less expected credit loss corresponding to other financial assets	(51,282,218)	(55,188,562)
<b>Total other financial assets</b>	<b><u>5,361,399</u></b>	<b><u>8,104,606</u></b>

Receivables from sundry debtors mainly include amounts arising from final court decisions in amount of 51,214,709 lei (31 December 2020: 55,120,982 lei).

At 31 December 2021, Other financial assets at amortised cost are divided into performing assets in amount of 5,341,772 lei (31.12.2020: 8,104,607 lei) and impaired receivables in amount of 51.282.218 lei (31.12.2020: 55,188,562 lei), of which sundry debtors 51,279,147 lei (31.12.2020: 55,185,421 lei).

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Other performing financial assets	5,361,399	8,104,606
Other impaired financial assets	51,282,218	55,188,562
<b>Total other financial assets – gross value</b>	<b>56,643,617</b>	<b>63,293,168</b>
Adjustments for expected credit loss for other performing financial assets	-	-
Adjustments for expected credit loss for other impaired financial assets	(51,282,218)	(55,188,562)
<b>Total other financial assets</b>	<b><u>5,361,399</u></b>	<b><u>8,104,606</u></b>

**17. a) OTHER FINANCIAL ASSETS AT AMORTISED COST (continued)**

Adjustment movements for expected credit loss for other assets at amortized cost can be analyzed as follows:

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
<b>At 1 January</b>	<b>(55,188,562)</b>	<b>(55,752,204)</b>
Charge	(11,753)	(80,399)
Reversal	3,918,097	644,041
<b>At 31 December</b>	<b>(51,282,218)</b>	<b>(55,188,562)</b>

**17. b) OTHER ASSETS**

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Current income tax receivables	1,172,702	-
Prepayments	293,584	173,236
Other assets	112,936	171,174
<b>Total</b>	<b>1,579,222</b>	<b>344,410</b>

**18. INVESTMENT PROPERTY**

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
<b>Balance at 1 January</b>	<b>4,103,857</b>	<b>4,137,404</b>
Changes in fair value	143,329	(33,547)
<b>Balance at 31 December</b>	<b>4,247,186</b>	<b>4,103,857</b>

The fair value measurement of investment property was made by independent valuers, members of the National Association of Valuers of Romania (ANEVAR).

*Fair value hierarchy*

Based on the input data used in the valuation technique, the fair value of investment property was classified as level 3 in the fair value hierarchy.



## **18. INVESTMENT PROPERTY (continued)**

### *Valuation techniques*

The table below presents the valuation techniques used to determine the fair value of investment property classified as level 3 in fair value hierarchy.

<b>Valuation techniques</b>	<b>Input</b>	<b>Connection between input data and fair value measurement</b>
The valuation method applied in the income approach for the evaluation of the entire real estate property (location-building) is direct capitalization. The method consists in the division of stabilized annual income by a corresponding capitalization rate, using the net operating income in conjunction with the net capitalization rate. In order to estimate the net operating income from the gross income corresponding to properties located in segmented markets of primary cities, with central locations we deducted the non-recoverable operating expenses for the property.	Market rent obtainable by an operator of a reasonable efficiency or average-competence management acting in an efficient manner.	Estimated fair value would increase (decrease) in case: the market rent is higher (lower).
	The percentage of non-recoverable expenses (of the landlord) applied to the effective gross income.	the ratio of non-recoverable expenses is lower (higher).
	Vacancy rate, given the location, area, technical qualities of the building (finishing, equipment) (10%).	the vacancy rate is lower (higher).
	Capitalization rate applied to the net income from operations (7,5%).	the capitalization rate is lower (higher).
The contribution of the land resulted from the assigning process through which the net building replacement cost was deducted from the value of the entire property.		

These valuations are periodically revised by the management of the Company. The valuation frequency is dictated by the dynamics of the market the investment property held by the Company belongs to, so that the fair value of investment property reflects the market conditions on the date of the financial statements.

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**19. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS**

	<b>1 January 2021</b>	<b>Purchases</b>	<b>Transfer</b>	<b>Disposals</b>	<b>Annulment of accumulated depreciation and amortization (on revaluation date)</b>	<b>Value increase from revaluation</b>	<b>Value decrease from evaluation</b>	<b>31 December 2021</b>
<b>Gross book value</b>								
<b>Intangible assets</b>								
Intangible assets	2,499,254	74,401	-	-	-	-	-	2,573,655
<b>Total</b>	<b>2,499,254</b>	<b>74,401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,573,655</b>
<b>Tangible assets</b>								
Lands	884,721	-	-	-	-	21,505	(7,697)	898,529
Buildings	6,274,211	-	-	-	(315,881)	480,567	-	6,438,897
Equipment	1,935,976	245,433	-	(19,256)	-	-	-	2,162,153
Transportation vehicles	231,082	-	-	-	-	-	-	231,082
Other fixed assets	150,398	4,668	10,370	(628)	-	-	-	164,808
Tangible assets in progress	803	637,098	(10,370)	(803)	-	-	-	626,728
<b>Total</b>	<b>9,477,191</b>	<b>887,199</b>	<b>-</b>	<b>(20,687)</b>	<b>(315,881)</b>	<b>502,072</b>	<b>(7,697)</b>	<b>10,522,197</b>
<b>Right-of-use assets from leases</b>								
Right-of-use transportation vehicles	1,204,664	173,620	-	(76,777)	-	-	-	1,301,507
Right-of-use office space	381,377	2,693,282	-	-	-	-	-	3,074,659
Right-of-use concessions	291,653	46,550	-	-	-	-	-	338,203
<b>Total</b>	<b>1,877,694</b>	<b>2,913,452</b>	<b>-</b>	<b>(76,777)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,714,369</b>

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**19. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS (continued)**

<b>Accumulated depreciation/amortization and impairment</b>	<b>1 January 2021</b>	<b>Depreciation / amortization in the current period</b>	<b>Accumulated depreciation / amortization of disposals</b>	<b>Annulment of accumulated depreciation / amortization (on revaluation date)</b>	<b>Setup of depreciation adjustments</b>	<b>Reversal of impairment allowances</b>	<b>31 December 2021</b>
<b>Intangible assets</b>							
Intangible assets	2,130,370	82,325					2,212,695
<b>Total</b>	<b>2,130,370</b>	<b>82,325</b>					<b>2,212,695</b>
<b>Tangible assets</b>							
Buildings	-	315,881	-	(315,881)	-	-	-
Equipment	1,618,187	220,585	(19,256)	-	23,522	-	1,843,039
Transportation vehicles	231,082	-	-	-	-	-	231,082
Other non-current assets	124,328	9,997	(628)	-	5,467	-	139,164
<b>Total</b>	<b>1,973,597</b>	<b>546,463</b>	<b>(19,884)</b>	<b>(315,881)</b>	<b>28,989</b>	<b>-</b>	<b>2,213,285</b>
<b>Depreciation of right-of-use assets from leases</b>							
Right-of-use transportation vehicles	545,482	320,418	(51,825)	-	-	-	814,075
Right-of-use office areas	193,029	120,728	-	-	-	-	313,757
Right-of-use concessions	6,372	9,190	-	-	-	-	15,562
<b>Total</b>	<b>744,883</b>	<b>450,336</b>	<b>(51,825)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,143,394</b>
<b>Net book value</b>							
<b>Intangible assets</b>	<b>368,884</b>						<b>360,960</b>
<b>Tangible assets</b>	<b>7,503,594</b>						<b>8,308,912</b>
<b>Right-of-use assets from leases</b>	<b>1,132,811</b>						<b>3,570,975</b>

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**19. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS (continued)**

	<u>1 January 2020</u>	<u>Purchases</u>	<u>Transfer</u>	<u>Disposals</u>	<u>Annulment of accumulated depreciation and amortization (on revaluation date)</u>	<u>Value increase from revaluation</u>	<u>Value decrease from evaluation</u>	<u>31 December 2020</u>
<b>Gross book value</b>								
<b>Intangible assets</b>								
Intangible assets	2,171,572	337,486	-	(9,804)	-	-	-	2,499,254
<b>Total</b>	<b>2,171,572</b>	<b>337,486</b>	<b>-</b>	<b>(9,804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,499,254</b>
<b>Tangible assets</b>								
Lands	895,681	-	-	-	-	343	(11,303)	884,721
Buildings	6,825,926	-	-	-	(326,994)	16,660	(241,381)	6,274,211
Equipment	1,615,056	328,156	8,965	(16,201)	-	-	-	1,935,976
Transportation vehicles	697,693	-	-	(466,611)	-	-	-	231,082
Other fixed assets	149,602	12,700	-	(11,904)	-	-	-	150,398
Tangible assets in progress	803	8,965	(8,965)	-	-	-	-	803
<b>Total</b>	<b>10,184,761</b>	<b>349,821</b>	<b>-</b>	<b>(494,716)</b>	<b>(326,994)</b>	<b>17,003</b>	<b>(252,684)</b>	<b>9,477,191</b>
<b>Right-of-use assets from leases</b>								
Right-of-use transportation vehicles	984,971	296,989	-	(77,296)	-	-	-	1,204,664
Right-of-use office space	379,446	1,931	-	-	-	-	-	381,377
Right-of-use concessions	-	291,653	-	-	-	-	-	291,653
<b>Total</b>	<b>1,364,417</b>	<b>590,573</b>	<b>-</b>	<b>(77,296)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,877,694</b>

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**19. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS (continued)**

Accumulated depreciation/amortization and impairment	1 January 2020	Depreciation / amortization in the current period	Depreciation transfer	Accumulated depreciation / amortization of disposals	Annulment of accumulated depreciation / amortization (on revaluation date)	Setup of depreciation adjustments	Reversal of impairment allowances	31 December 2020
<b>Intangible assets</b>								
Intangible assets	2,113,481	26,693	-	(9,804)	-	-	-	2,130,370
<b>Total</b>	<b>2,113,481</b>	<b>26,693</b>	<b>-</b>	<b>(9,804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,130,370</b>
<b>Tangible assets</b>								
Buildings	-	326,994	-	-	(326,994)	-	-	-
Equipment	1,451,756	175,932	-	(8,873)	-	-	(628)	1,618,187
Transportation vehicles	697,693	-	-	(466,611)	-	-	-	231,082
Other non-current assets	128,220	8,012	-	(11,904)	-	-	-	124,328
<b>Total</b>	<b>2,277,669</b>	<b>510,938</b>	<b>-</b>	<b>(487,388)</b>	<b>(326,994)</b>	<b>-</b>	<b>(628)</b>	<b>1,973,597</b>
<b>Depreciation of right-of-use assets from leases</b>								
Right-of-use transportation vehicles	295,491	286,707	-	(36,715)	-	-	-	545,483
Right-of-use office areas	94,745	98,284	-	-	-	-	-	193,029
Right-of-use concessions	-	6,372	-	-	-	-	-	6,372
<b>Total</b>	<b>390,236</b>	<b>391,363</b>	<b>-</b>	<b>(36,715)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>744,884</b>
<b>Net book value</b>								
Intangible assets	<b>58,092</b>							<b>368,884</b>
Tangible assets	<b>7,907,094</b>							<b>7,503,595</b>
Right-of-use assets from leases	<b>974,181</b>							<b>1,132,811</b>

## **19. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS (continued)**

Impairment losses recognized in profit or loss have been classified as asset amortization and impairment expenses.

In 2021, purchases mainly include the capitalization of costs with the fit-out of rental office spaces, IT equipment and right-of-use assets in leases, and the sales included vehicles.

### *Fair value measurement*

At 31 December 2021 the Company's lands and buildings were assessed by independent valuers, authorized by the National Agency of Authorized Valuers of Romania ("ANEVAR"). The revaluation of lands and buildings at 31 December 2021 was made based on the following methods, in compliance with the valuation principles and techniques included in the ANEVAR Goods Valuation Standards:

- income-based approach, capitalization method with an average capitalization rate of 8.5% corroborated, for component assignment, with the net replacement cost or alternative methods through which the market value of the land was deducted from the value of the full real property.

The average vacancy rate, given the location, area and technical qualities of the building (finishing and equipment): 13.3%.

### *Fair value hierarchy*

Based on the input used in the valuation technique, the fair value of buildings was classified as Level 3 in the fair value hierarchy.

### *Valuation techniques*

Sales or offers of properties similar to those subject to valuation were collected, analyzed, compared and adjusted in direct comparisons in order to identify the similarities and differences between these properties, and the prices of comparable property were adjusted to justify the differences between the characteristics of the valued properties. The comparison elements used include ownership rights, financing and sale conditions, expenses incurred right after purchase, market conditions, location, physical characteristics, best use and town planning regulations in force.

The valuation model applied in case of revenue approach for the valuation of full properties (lands and buildings) is direct capitalization. The method consists in dividing the annual income stabilized by a corresponding capitalization rate, using the net operating income, in conjunction with the net capitalization rate.

## **19. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS (continued)**

The allocation process between land and building was made either through:

- deduction of the land's market value from the value of the real property, in case of lands in exclusive property or leasehold, the result being the value of the building; or
- deduction of the net replacement cost from the value of the full real property, in case of lands held in joint property, the result being the value of the land.

In the cost-based approach we have used the net replacement cost method given the specialized nature of some buildings. Therefore, the net replacement cost has been determined based on the price in specialized catalogues, updated with discounted indexes or based on works estimates. The wear and tear degree was determined taking into consideration the improvements made for finishing and installations, capital repairs and development stages of the building.

Property, plant and equipment, as investment property have been evaluated taking into consideration the best use for these assets. Following the analysis of information regarding the location and characteristics of properties identified in the market analysis, it was ascertained that in general the best use is that existing at the valuation date.

The other categories of property, plant and equipment are presented at cost, less accumulated amortization and value impairment adjustment, where necessary.



## 20. LEASE LIABILITIES

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Gross lease liabilities</b>		
Lease liabilities (over 5 years)	2,495,434	984,626
Lease liabilities (between 1 and 5 years)	1,439,497	434,980
Lease liabilities (up to 1 year)	721,063	476,028
<b>Total gross liabilities</b>	<b>4,655,994</b>	<b>1,895,634</b>
<b>Lease liabilities</b>		
Lease liabilities (over 5 years)	1,698,249	263,258
Lease liabilities (between 1 and 5 years)	1,181,652	363,869
Lease liabilities (up to 1 year)	631,736	442,918
<b>Total</b>	<b>3,511,637</b>	<b>1,070,045</b>

The Company registers leases the main object of which is transport, office areas and lands. Assets representing rights of use in leases are presented in note 19.

Expenses related to short-term leases are presented in note 12 Other operating expenses.

## 21. DIVIDENDS PAYABLE

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Dividends payable for 2012	641	641
Dividends payable for 2013	985	985
Dividends payable for 2014	162,380	162,380
Dividends payable for 2015	167,010	167,010
Dividends payable for 2016	162,414	163,855
Dividends payable for 2017	203,816	12,140,534
Dividends payable for 2018	7,321,525	7,556,837
Dividends payable for 2019	14,814,224	15,626,050
Dividends payable for 2020	11,203,747	-
<b>Total dividends payable</b>	<b><u>34,036,742</u></b>	<b><u>35,818,292</u></b>

Dividends payable, not collected within 3 years from the date of their release, are prescribed according to the law and registered to equity, with the exception of amounts garnished/frozen/ withheld according to the law (e.g, if shareholders are subject to enforcement procedures).

## 22. a) FINANCIAL LIABILITIES AT AMORTIZED COST

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Suppliers	1,811,134	869,513
Other financial liabilities	22,467	74,926
<b>Total</b>	<b><u>1,833,601</u></b>	<b><u>944,439</u></b>

**22. b) OTHER LIABILITIES**

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Taxes and levies	1,332,985	1,787,089
Liabilities related to employees' cash benefits plan	1,526,256	920,191
Liabilities related to salaries and other salary rights	493,201	580,168
Other liabilities	57,548	5,441
<b>Total</b>	<b>3,409,990</b>	<b>3,292,889</b>

Liabilities regarding the cash benefits plan represent the amounts that are to be offered to employees as profit-sharing and bonuses, in cash, in accordance with the Collective Employment Contract.

Liabilities regarding salaries and other salary rights represent the amounts that are to be paid, representing salaries, allowances for vacations not taken, medical leaves and other rights according to the provisions of the Collective Employment Contract.

Taxes represent current liabilities that have been paid by the Company on time.

### 23. PROVISIONS FOR RISKS AND CHARGES

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Provisions for litigations	1,749,743	129,344
<b>Total</b>	<b>1,749,743</b>	<b>129,344</b>

In general, for the amounts ascertained by enforceable titles and enforced by the bailiffs, litigations were initiated by Authority for the Administrations of State Assets (AAAS). Provisions for litigations represent the amounts collected by the Company through bailiffs in the period 2011 – 2016 and later challenged by AAAS, which the Company estimates that it is likely they will be collected.

The provision for litigation can be analyzed as follows:

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>At 1 January</b>	<b>129,344</b>	<b>368,488</b>
Change	1,620,399	31,869
Reversal	-	(271,013)
<b>At 31 December</b>	<b>1,749,743</b>	<b>129,344</b>

In 2021, the Company set up provisions due to the collection of amounts through enforcement procedures in a litigation against the AAAS, for which the amount received is likely to be returned.

## 24. DEFERRED TAX LIABILITIES

Deferred income tax liabilities at 31 December 2021 are generated by the elements detailed in the following table:

<i>In LEI</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Financial assets at fair value through other comprehensive income	795,777,726	-	795,777,726
Tangible assets	4,178,638	-	4,178,638
Investment property	3,316,495	-	3,316,495
Provisions for litigations	-	(1,749,743)	(1,749,743)
Liabilities related to profit sharing and other benefits	-	(18,158,251)	(18,158,251)
<b>Total</b>	<b><u>803,272,859</u></b>	<b><u>(19,907,994)</u></b>	<b><u>783,364,865</u></b>
Net temporary differences, 16% rate			<u>783,364,865</u>
<b>Deferred income tax liabilities</b>			<b><u>125,338,378</u></b>

Deferred income tax liabilities at 31 December 2020 are generated by the elements presented in the table below:

<i>In LEI</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Financial assets at fair value through other comprehensive income	561,857,236	-	561,857,236
Tangible assets	3,838,421	-	3,838,421
Investment property	3,297,406	-	3,297,406
Provisions for litigation and other liabilities	-	(129,344)	(129,344)
Liabilities related to profit sharing in cash and other benefits	-	(1,362,573)	(1,362,573)
<b>Total</b>	<b><u>568,993,063</u></b>	<b><u>(1,491,917)</u></b>	<b><u>567,501,146</u></b>
Net temporary differences, 16% rate			<u>567,501,146</u>
<b>Deferred income tax liabilities</b>			<b><u>90,800,183</u></b>

Deferred income tax directly recorded through the decrease of equity is 128,163,465 lei at 31 December 2021 (31 December 2020: 90,681,752 lei), being generated by financial assets measured at fair value through other comprehensive income for which the Company's interest is under 10%, for a period of time under one year and property, plant and equipment.

## 25. CAPITAL AND RESERVES

### a) Share Capital

The structure of the Company's shareholding structure at 31 December 2021, namely 31 December 2020 is presented in the tables below:

<b>31 December 2021</b>	<b>No. of shareholders</b>	<b>No. of shares</b>	<b>Nominal value (lei)</b>	<b>(%)</b>
Individuals	5,745,988	368,458,146	36,845,815	38%
Companies	168	612,754,905	61,275,491	62%
<b>Total</b>	<b>5,746,156</b>	<b>981,213,051</b>	<b>98,121,305</b>	<b>100%</b>

<b>31 December 2020</b>	<b>No. of shareholders</b>	<b>No. of shares</b>	<b>Nominal value (lei)</b>	<b>(%)</b>
Individuals	5,748,590	365,813,829	36,581,383	37%
Companies	180	623,665,347	62,366,535	63%
<b>Total</b>	<b>5,748,770</b>	<b>989,479,176</b>	<b>98,947,918</b>	<b>100%</b>

All shares are ordinary and have been subscribed and paid in full at 31 December 2021 and 31 December 2020. All shares have the same voting right and a nominal value of 0,1 lei/share. The number of shares authorized for issue is equal to that of issued shares.

Thus, the share capital at 31 December 2021 had a nominal value of 98,121,305 lei (31 December 2020: 98,947,918 lei).

## **25. CAPITAL AND RESERVES (continued)**

### ***(a) Share capital (continued)***

At 31 December 2021, the difference 411,983,757 lei between the book value of the share capital of 510,105,062 lei and its nominal value, is the inflation difference generated by the application of IAS 29 “Financial reporting in hyperinflationary economies” up to 1 January 2004.

In September 2021, the Company’s share capital was decreased from 98,947,917.60 lei to 98,121,305.10 lei, divided in 981,213,051 shares with a nominal value of 0.10 lei, following the annulment of a number of 8,266,125 own shares purchased by the Company, in accordance with Resolution of the Extraordinary General Meeting of Shareholders of EVERGENT Investments no. 2 of 29 April 2021.

### ***(b) Reserves from the revaluation of assets measured at fair value through other comprehensive income***

This reserve includes the accumulated net fair value modifications of financial assets measured at fair value through other comprehensive income from the date of their classification in this category until the date of derecognition or impairment.

Reserves from the revaluation of financial assets measured at fair value through other comprehensive elements are registered at value net of deferred tax. The value of the deferred income tax recognized directly through the decrease of equity is presented in note 16 d).

### ***(c) Legal reserves***

According to legal requirements, the Company sets up legal reserves of 5% of the registered profit in accordance with statutory accounting regulations applicable, up to 20% of the share capital. The value of the legal reserve at 31 December 2021 is 20,763,584 lei (31 December 2020: 20,763,584 lei).

Legal reserves cannot be distributed to shareholders and are included in retained earnings.

### ***(d) Dividends***

In the General Meeting of Shareholders on 29 April 2021, the Company’s shareholders approved the distribution of a gross dividend of 0.043 lei/share (total 42,012,148 lei), corresponding to the statutory profit of 2020 financial year.

In the General Meeting of Shareholders on 27 April 2020, the Company’s shareholders approved the distribution of a gross dividend of 0.06 lei/share (total 59,063,889 lei), corresponding to the statutory profit of 2019 financial year.

## 25. CAPITAL AND RESERVES (continued)

### (e) Treasury shares

The total number of treasury shares held by the Company at 31 December 2021 is 23,649,507 representing 2.41% of the share capital (31.12.2020: 8,497,889 shares, representing 0.86% of the share capital) in total 41,119,507 lei (31.12.2020: worth 9,595,338 lei).

The evolution of the number of shares (and their value) in 2021, namely 2020 is the following:

	<u>Balance at 1 January 2021</u>	<u>Purchases during the period</u>	<u>Annulments during the period</u>	<u>Allocations during the periods (directors and employees)</u>	<u>Balance at 31 December 2021</u>
<b>Own shares</b>					
Buy-back program approved by EGMS on 29 April 2021	-	19,459,459	-	-	19,459,459
Buy-back program approved by EGMS on 27 April 2020	3,416,855	14,135,441	(8,266,125)	(5,096,123)	4,190,048
Buy-back program approved by EGMS on 18 April 2019	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>	<u>-</u>
Buy-back program approved by EGMS on 25 April 2016	<u>1,081,034</u>	<u>-</u>	<u>-</u>	<u>(1,081,034)</u>	<u>-</u>
<b>Total no. of shares</b>	<u><b>8,497,889</b></u>	<u><b>33,594,900</b></u>	<u><b>(8,266,125)</b></u>	<u><b>(10,177,157)</b></u>	<u><b>23,649,507</b></u>
<b>Total share value (Lei)</b>	<u><b>9,595,338</b></u>	<u><b>57,184,679</b></u>	<u><b>(13,225,800)</b></u>	<u><b>(12,434,710)</b></u>	<u><b>41,119,507</b></u>
	<u>Balance at 1 January 2020</u>	<u>Purchases during the period</u>	<u>Annulments during the period</u>	<u>Allocations during the periods (directors and employees)</u>	<u>Balance at 31 December 2020</u>
<b>Own shares</b>					
Buy-back program approved by EGMS on 19 April 2020	-	3,416,855	-	-	3,416,855
Buy-back program approved by EGMS on 18 April 2019	15,087,556	1,612,444	(12,700,000)	-	4,000,000
Buy-back program approved by EGMS on 25 April 2016	<u>6,934,057</u>	<u>-</u>	<u>-</u>	<u>(5,853,023)</u>	<u>1,081,034</u>
<b>Total no. of shares</b>	<u><b>22,021,613</b></u>	<u><b>5,029,299</b></u>	<u><b>(12,700,000)</b></u>	<u><b>(5,853,023)</b></u>	<u><b>8,497,889</b></u>
<b>Total share value (Lei)</b>	<u><b>30,335,310</b></u>	<u><b>6,888,598</b></u>	<u><b>(23,495,000)</b></u>	<u><b>(4,133,570)</b></u>	<u><b>9,595,338</b></u>



## 25. CAPITAL AND RESERVES (continued)

### *(e) Treasury shares (continued)*

In 2021, the Company carried out two offers for the purchase of treasury shares.

The first, carried out in Q1 of 2021, has the following main characteristics:

- number of treasury shares bought back in the offer: 8,266,125, representing 0.84% of the share capital
- purchase price: 1.6 lei per share
- tender period: 9 – 22 March 2021
- intermediary of the offer: BT Capital Partners SA

The purpose of the program is the decrease of the share capital by annulling the shares bought back, as per EGMS Resolution no. 4 of 27 April 2020.

The second tender, which began in September and ended in October 2021, has the following main characteristics:

- number of treasury shares bought back in the offer: 19,459,459, representing 1.98% of the share capital
- purchase price: 1.85 lei per share
- offer period: 28 September – 11 October 2021
- intermediary of the offer: BT Capital Partners SA

The purpose of the program is the decrease of the share capital by annulling the shares bought back, as per EGMS Resolution no. 3 of 29.04.2021.

In 2021, the Company bought back a number of 5,869,316 treasury shares in the program approved by Resolution no. 4 of the Extraordinary General Meeting of Shareholders of 27 April 2020, the purpose of which is the distribution of shares to employees, directors and officers of the Company under stock option plans (SOP).

In September 2021, the Company's share capital decreased from 98,947,917.60 lei to 98,121,305.10 lei, divided into 981,213,051 shares, further to the annulment of 8,266,125 treasury shares bought back by the Company, in accordance with Resolution no. 2 of the Extraordinary General Meeting of Shareholders of EVERGENT Investments of 29 April 2021.

In 2021, a number of 10,177,157 shares (2020: 5,853,023 shares) were allocated to employees and directors, which represents 1.0372% of the share capital (2020: 0.5915%), in total amount of 12,434,710 lei (2020: 4,133,570 lei), under the stock option plan (SOP) related to 2019 (2020: SOP 2018):

## 25. CAPITAL AND RESERVES (continued)

### (f) Equity-based payments to employees, directors and administrators

Equity-based payments to employees, directors and administrators represent the value of benefits regarding the benefit plan of managers, directors and employees through SOP programs, the part offered in shares. The following SOP programs are outstanding at 31 December 2021, and 31 December 2020:

<i>In LEI</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
SOP 2019	-	13,077,647
SOP 2020	5,398,224	5,379,653
SOP 2021	<u>10,853,788</u>	<u>-</u>
<b>Total</b>	<u><b>16,252,012</b></u>	<u><b>18,457,300</b></u>

The options exercisable at the beginning of the reporting period, which were fully exercised in 2021, correspond to the shares related to SOP 2019, in the amount of 13,077,646 lei (a number of 10,177,157 shares) assigned in 2021 at a price of 1.2850 lei / action (closing price from April 24, 2020).

The options granted during 2021 and which are exercisable at the end of the reporting period correspond to the shares related to SOP 2020, which are worth 5,398,224 lei (a number of 3,842,152 shares) and will be allocated in 2022 at a price of 1,4050 lei / share (closing price from April 28, 2021).

There were no expired or lost options during 2021.

The shares related to SOP 2021 are worth 10,853,788 lei and will be assigned in 2023 at a market price provided in the SOP 2021 program, a program that will be subject to the approval of the Board of Directors. The estimated number of shares based on the closing price from December 31, 2021 (of 1.2250 lei / share) would be 8,860,235 shares.

### (g) Other items of equity

Other items of equity include acquisition costs for treasury shares (commissions and fees and other costs related their acquisition) and the gain/loss on allocation of treasury shares to administrators, officers and employees, as share-based benefits (the difference between value at granting price and the value at acquisition price of treasury shares).

## 26. EARNINGS PER SHARE

The calculation of the basic earnings per share was made based on the profit attributable to ordinary shareholders and weighted average number of outstanding ordinary shares (without bought-back shares):

<i>In LEI</i>	<b>Note</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Net profit assignable to the Company's shareholders		46,388,634	5,827,026
<i>Weighted average number of outstanding ordinary shares</i>		<u>972,033,967</u>	<u>982,312,571</u>
<b>Basic earnings per share (net profit per share)</b>		<b><u>0.0477</u></b>	<b><u>0.0059</u></b>
Net profit attributable to the Company's shareholders		46,388,634	5,827,026
Net gain registered in retained earnings attributable to shareholders (from the sale of financial assets at fair value through other comprehensive income)		102,908,216	50,247,530
<i>Weighted average number of outstanding ordinary shares</i>		<u>972,033,967</u>	<u>982,312,571</u>
<b>Result per share (including earnings from the sale of FVTOCI financial assets)</b>	<b>3(v)</b>	<b><u>0.1536</u></b>	<b><u>0.0571</u></b>

Diluted earnings per share are equal to the basic earnings per share since the Company has not registered potential ordinary shares.

The result per share are calculated based on net profit, which includes, in addition to net profit, the gain on the sale of FVTOCI financial assets.

The company also presents in the financial statements, together with the basic and diluted earnings per share, the result per share (including the gain from the sale of FVTOCI financial assets), because along with the net profit, the gain from the sale of FVTOCI financial assets is considered an indicator of the Company's performance and is a potential source for dividend distribution to the Company's shareholders.

## 27. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Legal disputes

At 31 December 2021, the Company was involved in lawsuits as plaintiff or defendant.

For lawsuits where Company acts as plaintiff/defendant whose object influences the Company's patrimony, litigation provisions were setup.

Most lawsuits where the Company acts as plaintiff are those against the Authority for State Assets Management ("AAAS"). For amounts claimed by the Company and won through final court orders, receivables from AAAS were registered, for most of which the enforcement procedure was initiated. Impairment allowances were recorded for such receivables (see Explanatory note 17 a)).

Contingent liabilities corresponding to the lawsuits where the Company acts as defendant are detailed below:

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
<b>1 January</b>	<b>270.907</b>	-
Charges during the period	24.253	270.907
Lawsuits settled during the period	<u>(63.553)</u>	<u>-</u>
<b>31 December</b>	<b>231.607</b>	<b>270.907</b>

Out of the total contingent assets registered at 31 December 2021 and 31 December 2020 of 3,657,149 lei, the amount of 3,644,554 lei represents the value of shares as per Law 151/2014, following the Company's withdrawal from the shareholding of Vastex.

### (b) Contingencies related to the environment

The Company has not registered any type of liabilities at 31 December 2021 and 31 December 2020 for anticipated costs, including legal and consultancy fees, location surveys, design and implementation of remedy plans concerning the environment.

The management of the Company does not consider the expenses related to possible environment issues to be of significance.

## **27. COMMITMENTS AND CONTINGENT LIABILITIES (continued)**

### **(c) Transfer pricing**

- The Romanian tax legislation has been providing rules on transfer pricing between affiliates ever since 2000. The current legislative framework defines the principle of “market value” for transactions between affiliates as well as the methods of determining transfer prices. Thus, it is probable that the tax authorities should conduct verifications of the transfer pricing to verify that the tax result and/or customs value of imported goods is not distorted by the effect of the prices practiced in the relations with affiliates. The Company cannot measure the result of such verifications. The company does not have significant transactions with related parties.

## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the normal course of business, the Company has identified the following related parties:

### List of subsidiaries and interest percentage:

	<u>31 December</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
Agointens SA	99.99%	99.99%
Everland SA (former Agroland Capital SA)	99.99%	99.99%
A3 Snagov SRL	99.99%	99.99%
Casa SA	99.32%	99.32%
Mecanica Ceahlău SA	73.30%	73.30%
Regal SA	93.02%	93.02%
EVER IMO SA (former Țesătoriile Reunite SA)	99.99%	99.99%

Subsidiary A3 Snagov SRL, established in June 2021, is indirectly owned by the Company, through Everland SA (former Agroland Capital SA), which owns 100% of its shares.

Subsidiary Asset Invest SA (owned by the Company 99.99%) was voluntarily liquidated (and cancelled in December 2020) after its assets and activities were transferred to CASA SA subsidiary.

In 2021, the Company took part in capital increases of its subsidiaries:

- Agointens SA, by cash contribution, in amount of 1,750,000 lei.
- EVERLAND SA (former AGROLAND CAPITAL SA), by cash contribution, in amount of 6,287,500 lei
- EVER IMO SA (former Țesătoriile Reunite S.A.), by cash contribution, in amount of 8,000,000 lei

In 2020:

- The Company took part in the increase of share capital of subsidiary Agointens SA, by cash contribution in amount of 2,667,500 lei.
- The Company took part in the increase of share capital of subsidiary CASA SA, by cash contribution in amount of 8.300.000 lei.
- Subsidiary Țesătoriile Reunite (currently EVER IMO) SA returned to the Company a portion of the invested share capital, in amount of 22,675,625 lei.

### Associates of the Company

The Company holds an investment in an associated entity at 31 December 2021 and 31 December 2020, Străulești Lac Alfa S.A., with 50% ownership.

In 2021 and 2020 there were no sales of subsidiaries.

## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

In December 2020, the Company transferred to its subsidiary, CASA SA, 8 packages of shares in its SELL portfolio, worth 9.782.580 lei. The sale was made at fair value, ascertained by an ANEVAR authorized independent evaluator.

At the end of the reporting period, the following balances correspond to transactions with related parties:

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>CASA SA</b>		
Other financial assets at amortized cost	12,540	1,974
Financial liabilities	89,022	120,400
<b>EVER IMO SA (former TESATORIILE REUNITE SA)</b>		
Corporate bonds at amortised cost	17,606,400	-
Right-of-use assets for qualifying assets in leases	2,670,838	-
Other financial assets at amortised cost	109,040	-
Other assets	9,301	-
Lease liabilities	2,662,393	-
Financial liabilities	618,977	-
<b>STRAULESTI LAC ALFA</b>		
Corporate bonds at amortized cost	16,744,533	16,744,533

**28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**  
*(continued)*

In the reporting period the following transactions were carried out within the group, representing mainly dividends, bond interest, rents and delivery of management and archiving services.

<i>In LEI</i>	<u>2021</u>	<u>2020</u>
<b>EVERLAND SA (former AGROLAND SA)</b>		
Other operating income	1,595	1,568
<b>ASSET INVEST SA</b>		
Other operating income	-	18,300
Other operating income	-	288,833
<b>CASA SA</b>		
Other operating income	368,177	368,424
Other operating income	1,004,393	647,212
<b>REGAL SA</b>		
Dividend income	-	1,951,520
<b>EVER IMO SA (former TESATORIILE REUNITE SA)</b>		
Interest income	806,400	-
Dividend income	-	12,074,038
Other operating income	371	
Other operating expenses	78,514	
Interest expenses with lease liabilities	8,531	
<b>MECANICA CEAHLAU SA</b>		
Dividend income	-	8,063,073
<b>STRAULESTI LAC ALFA</b>		
Interest income	1,354,556	1,358,267
Gross dividend income	998,275	3,625,000



## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

### *Key Management Staff*

At 31 December 2021 the members of the Board of Directors were Mr. Liviu Claudiu Doroş (President of the Board of Directors and CEO), Mr. Cătălin Jianu Dan Iancu (Vice-president of the Board of Directors and Deputy CEO), Mr. Costel Ceocea (Non-Executive Director), Mr. Horia Ciorcilă (Non-Executive Director) and Mr. Octavian Claudiu Radu (Non-Executive Director).

At 31 December 2020 the members of the Board of Directors were Mr. Costel Ceocea (President of the Board of Directors), Mr. Octavian Claudiu Radu (Vice-president of the Board of Directors), Mr. Claudiu Doroş (CEO), Mr. Cătălin Jianu Dan Iancu (Deputy CEO), and Mr. Horia Ciorcilă (Non-Executive Director).

The key management staff includes the members of the Board of Directors and Management Committee of the Company.

The remuneration for 2021 and 2020 are presented in the table below:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Board of Directors	11.684.919	10.609.221
Management Committee	6.733.063	4.108.487
<b>Total, of which:</b>	<b>18,417,982</b>	<b>14,717,708</b>
<i>Share-based payment</i>	<i>7,936,400</i>	<i>3,108,690</i>

Detailed information regarding the compensation and benefits offered to the members of the Board of Directors and Management Committee are presented in explanatory note 11.

The Company does not offer post-employment benefits or benefits for the termination of the employment contract to its key personnel.

## 29. SUBSEQUENT EVENTS

### **Resolutions of the Extraordinary General Meeting of Shareholders (EGMS) of 20 January 2022**

The main resolutions of the shareholders in the EGMS of 20 January 2022 were the following:

- Approval of amendment and supplementation of Art. 7, paragraphs 20 - 23 of the Company's Articles of Association, regarding the organization and functioning of the Management Committee.
- Approval of the Company's share capital decrease from 98,121,305.10 lei to 96,175,359.20 lei in accordance with EGMS Resolution no. 3 of 29.04.2021.
- Approval of a buy-back treasury shares program ("Program 6") of the Company, in order to decrease the share capital, by annulment of shares. The number of shares that may be bought back is maximum 23,100,000 shares, and the maximum price per share is 2.2 lei.

#### **Beginning of first stage of treasury shares buy-back program**

On 26 January 2022, the first stage of the treasury shares buy-back program began in accordance with EGMS Resolution no. 4/20.01.2022, with the following characteristics:

- Program period: 26.01.2022 – 15.06.2022;
- Number of shares: maximum: 8,000,000 shares;
- Daily volume: maximum 25% of the daily average number of shares traded on the BSE, calculated based on the daily average number in the 20 trading days preceding the purchase date, as per art. 3 paragraph (3) letter b) of EU Delegated Regulation 2016/1052;
- Price: the minimum purchase price will be the BSE purchase price on the date of purchase, maximum price – 2.2 lei/share;
- Purpose of the program: the Company will buy back shares in order to decrease the share capital, by annulment of the shares;
- Intermediary: BT CAPITAL PARTNERS.

## 29. SUBSEQUENT EVENTS (continued)

### The Russian-Ukrainian military conflict

On February 24, 2022, Russia began military operations against Ukraine. This was preceded by a merger of troops on the border with Ukraine and the diplomatic recognition by Russia on February 21, 2022, of the Donetsk People's Republic and the Lugansk People's Republic.

EVERGENT Investments has no direct exposure in Russia or Ukraine. However, this event is expected to have a negative impact on many economic sectors, given Russia's important role in the energy raw materials market in Europe. An increased volatility of the quotations on the Bucharest Stock Exchange is already manifested and we anticipate to continue at least in the short term, on a horizon of 3-6 months. This is also reflected in the fair value measurement of the holdings in the EVERGENT Investments portfolio, with a negative potential impact on both the income statement and other comprehensive income.

Based on existing data, EVERGENT Investments analysed the possible evolutions of the domestic and international economic environment as a result of this event, ad-hoc crisis simulations were performed according to risk procedures, concluding that the performance of EVERGENT Investments may be affected, but in the short term or and no difficulties are estimated in meeting the Company's commitments, and business continuity is not affected. At the date of authorization of these annual financial statements, the Company's management is not able to reliably estimate the impact, as events are unfolding day-by-day.

EVERGENT Investments closely monitors the evolution of this conflict, its impact and the measures taken at international level on the national economic environment, the market where the company's assets are exposed.

The separate financial statements were approved by the Board of Directors on 25 March 2022 and signed on its behalf by:

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**Claudiu Doros**  
President and CEO

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**Mihaela Moleavin**  
Finance Director

**Annex 3****Statement of pending litigations with object annulment of GMS resolutions for companies in Evergent Investments' Portfolio – quality: plaintiff**

No.	Company	Object	Litigation status	Observations
1	Brikston Construction	Annulment of EGMS resolution no. 09.06.2020	Action dismissed with appeal	EVER appeal
2*	Dyonisos Cotesti	Annulment of OGMS resolution on 09.07.2020	Action allowed	With appeal
3*	Dyonisos Cotesti	Annulment of OGMS resolution on 13.01.2021	Action allowed	With appeal
4*	Dyonisos Cotesti	Annulment of GMS resolution on 15.04.2021	Litigation pending on the merits	
5*	Martens SA	Annulment of EGMS resolution on din 30.03.2021	Action dismissed	EVER appeal
6*	Martens SA	Dissolution action	Action dismissed	With appeal
7*	Martens SA	Partial annulment OGMS resolution on 28.04.2021	Litigation pending on the merits	
8*	Martens SA	Partial annulment of EGM 28.04.2021	Action dismissed	With appeal
9*	Santier Naval Constanta	Annulment of OGMS resolution on 27.04.2021	Action dismissed	EVER appeal

**SOLVED LITIGATIONS**

1	Agricola International SA	Request TR intervention	EVERGENT Investments' appeal dismissed
2	Agricola International SA	Request TR intervention	EVERGENT Investments' appeal dismissed
3	Agricola International SA	Complaint TR intervention	EVERGENT Investments' appeal dismissed
4*	Agricola International SA	Suspension of EMGS on 01.10.2020	EVERGENT Investments' appeal dismissed
5*	Compa SA	Annulment of EGMS resolutions no. 1 and 2 on 15.01.2020	EVERGENT Investments' appeal dismissed
6*	Agricola International SA	Suspension of EGMS resolution on 20.11.2020	EVERGENT Investments' appeal dismissed
7	Agricola International SA	Annulment of EGMS resolution on 28.05.2020	EVER's appeal allowed
8*	Brikston Construction Solutions SA	Suspension of EGMS resolution on 15.09.2020	EVER's appeal dismissed
9*	Agricola International SA	Annulment of OGMS resolution on H 18.03.2020	EVERGENT Investments' appeal dismissed

10	Agricola International SA	Annulment of OGMS resolution on 28.05.2020	Waiver of judgment
11	Bucovina Tex SA	Annulment of OGMS resolution on 09.06.2020	Waiver noted
12*	Martens SA	Suspension of EGMS resolution on 30.03.2021	EVERGENT Investments' appeal dismissed
13	Agricola International SA	Annulment of OGMS resolution on 19.12.2018	Waiver of judgment
14	Agricola International SA	Complaint TR resolution	Waiver of judgment
15	Agricola International SA	Annulment EGMS resolution on 01.10.2020	Waiver noted
16*	Agricola International SA	Annulment EGMS resolution on .11.2020	Waiver of judgment
17*	Brikston Construction Solutions SA	Annulment EGMS resolution on 15.09.2020	EVER's appeal dismissed

**Status of pending litigations with object claims - Evergent Investments SA acting as plaintiff**

No.	Company / natural individual	Claims value in lei	Object	Observation
1	Nedea Carmen	2,670.00	Enforcement	
2	Vastex S.A.	3,644,554.43	Share value claims Law. 151/2014	Retrial EVER appeal
3	AIPC	6,376.12	enforcement	
4	AIPC	1,552.21	enforcement	
5	AIPC	3,479.45	enforcement	
6	AAAS	3,378.21	enforcement	
7	AAAS	3,309.46	enforcement	
8	A.A.A.S.	970.74	enforcement	
9	A.A.A.S.	5,410.29	enforcement	
10	A.A.A.S.	534,217.30	enforcement	
11	A.A.A.S.	6,792,009.51	enforcement	
12	A.A.A.S.	606,165.30	enforcement	
13	A.A.A.S.	1,450,617.22	enforcement	
14	A.A.A.S.	143,361.86	enforcement	
15	A.A.A.S.	424,057.47	enforcement	
16	A.A.A.S.	1,045,579.33	enforcement	
17	A.A.A.S.	1,279,399.05	enforcement	
18	A.A.A.S.	1,099,612.11	enforcement	
19	A.A.A.S.	1,493,215.39	enforcement	
20	A.A.A.S.	425,550.42	enforcement	
21	A.A.A.S.	13,117.93	enforcement	
22	A.A.A.S.	27,843.83	enforcement	
23	A.A.A.S.	5,712.72	enforcement	
24	A.A.A.S.	89,038.55	enforcement	
25*	AAAS	3,127.50	enforcement	

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26	A.A.A.S.	1,665,638.13	enforcement
27	A.A.A.S.	1,751,391.29	enforcement
28	A.A.A.S.	972,647.22	enforcement
29	A.A.A.S.	1,389,751.92	enforcement
30	A.A.A.S.	1,358,582.49	enforcement
31	A.A.A.S.	15,844.25	enforcement
32	A.A.A.S.	1,442.05	enforcement
33	A.A.A.S.	46,221.26	enforcement
34	A.A.A.S.	2,253.58	enforcement
35	A.A.A.S.	32,430.98	enforcement
36	A.A.A.S.	2,002.89	enforcement
37	A.A.A.S.	36,230.58	enforcement
38	A.A.A.S.	2,089.15	enforcement
39	A.A.A.S.	27,038.10	enforcement
40	A.A.A.S.	2,862.20	enforcement
41	A.A.A.S.	42,646.39	enforcement
42	A.A.A.S.	32,527.41	enforcement
43	A.A.A.S.	2,158.77	enforcement
44	A.A.A.S.	11,881.48	enforcement
45	A.A.A.S.	2,125.77	enforcement
46	A.A.A.S.	2,044.43	enforcement
47	A.A.A.S.	2,213.07	enforcement
48	A.A.A.S.	17,762.79	enforcement
49	A.A.A.S.	21,951.73	enforcement
50	A.A.A.S.	2,334,219.84	enforcement
51	A.A.A.S.	1,689,971.85	enforcement
52	A.A.A.S.	1,622,052.19	enforcement
53	A.A.A.S.	2,398,326.82	enforcement
54	A.A.A.S.	1,254,335.66	enforcement
55	A.A.A.S.	1,008,621.73	enforcement
56	A.A.A.S.	1,963,773.83	enforcement
57	A.A.A.S.	277,928.72	enforcement
58	A.A.A.S.	2,633,174.50	enforcement
59	A.A.A.S.	1,594,790.95	enforcement
60	A.A.A.S.	109,276.60	enforcement
61	A.A.A.S.	1,834,336.31	enforcement
62	A.A.A.S.	3,211,018.92	enforcement
63	A.A.A.S.	2,344,821.01	enforcement
64	A.A.A.S.		enforcement
65	A.A.A.S.	447,775.34	enforcement
66	A.A.A.S.	1,921,426.47	enforcement
67	A.A.A.S.	1,684,275.94	enforcement
68	A.A.A.S.	2,066,038.87	enforcement
69	A.A.A.S.	3,037,894.06	enforcement
70	A.A.A.S.	153,650.54	enforcement
71*	A.A.A.S.	581.74	enforcement
72	A.A.A.S.	410,667.53	enforcement
73	A.A.A.S.	2,358.80	enforcement
74	AAAS	1,356.11	enforcement

75	AAAS	1,997.29	enforcement
76	AAAS	2,638.01	enforcement
77	AAAS	2,066.27	enforcement
78	AAAS	2,633.57	enforcement
79	AAAS	3,284.04	enforcement
80	AAAS	3,609.90	enforcement
81	AAAS	3,877.27	enforcement
82	AAAS	3,238.90	enforcement
83	AAAS	2,656.57	enforcement
84	AAAS	3,316.59	enforcement
85	AAAS	2,749.46	enforcement
86	AAAS	3,883.79	enforcement
87	AAAS	2,486.09	enforcement
88	AAAS	3,349.89	enforcement
89	AAAS	3,316.71	enforcement
90	AAAS	3,310.76	enforcement
91	AAAS	3,326.80	enforcement
92	AAAS	3,350.85	enforcement
93	AAAS	3,322.02	enforcement
94	AAAS	1,373.83	enforcement
95	AAAS	2,237.46	enforcement
96	AAAS	1,661.37	enforcement
97	AAAS	3,300.72	enforcement
98	AAAS	3,313.87	enforcement
99	AAAS	3,318.86	enforcement
100	AAAS	3,376.07	enforcement
101	AAAS	3,372.95	enforcement
102	AAAS	3,310.91	enforcement
103	AAAS	3,407.79	enforcement
104	AAAS	2,252.96	enforcement
105	AAAS	1,712.16	enforcement
106	AAAS	3,361.59	enforcement
107	AAAS	1,728.55	enforcement
108*	AAAS	3,012.23	enforcement
109*	DGFRP	2,660.18	enforcement
	<b>TOTAL:</b>	<b>60,650,554.94</b>	

#### **SOLVED LITIGATIONS**

1	CIA Hasmatuchi	70.00	claims – rent value	Enforcement
2*	DGFRP	606,34	enforcement	

#### **Status of pending litigations where Evergent Investments SA acts and plaintiff – files connected to claims**

No.	Company	Object	Litigation status	Observations
1	Inco Industry SRL s.a.	Intervention – usucapio action	Retrial on merits	

2	AAAS. Oltchim SA	validation of garnishment	Cause suspended	
3	AAAS. Oltchim SA	validation of garnishment	Cause suspended	
4	AAAS. Oltchim SA	validation of garnishment	Action partly allowed	With appeal
5	AAAS. Oltchim SA	validation of garnishment	Cause suspended	

### SETTLED LITIGATIONS

1	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
2	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
3	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
4	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
5	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
6	AAAS. Trezoreria Mun. B	validation of garnishment	EVERGENT Investments' appeal dismissed
7	AAAS. Oltchim SA	validation of garnishment	Action dismissed
8	AAAS. Trezoreria Mun. B	validation of garnishment	EVERGENT Investments' recourse dismissed
9	AAAS. Trezoreria Mun. B	validation of garnishment	EVERGENT Investments' recourse dismissed
10	AAAS. Trezoreria Mun. B	validation of garnishment	EVERGENT Investments' recourse dismissed
11	AAAS. Trezoreria Mun. B	validation of garnishment	EVERGENT Investments' recourse dismissed
12	AAAS. Trezoreria Mun. B	validation of garnishment	EVERGENT Investments' recourse dismissed
13	AAAS. Trezoreria Mun. B	validation of garnishment	EVERGENT Investments' recourse dismissed
14	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
15	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
16	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
17	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
18	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained
19	AAAS. Oltchim SA	validation of garnishment	Obsolesce ascertained

### Status of pending litigations with object insolvency (Evergent Investments SA acting as plaintiff - creditor)

No.	Company	Claim value in lei lei	Status	Observations
1	BIR	344.12	Bankruptcy	Procedure continues
2	Network Press	3,799.87	Bankruptcy	Procedure continues
3	Pantex S.A. Brasov	10.3	Bankruptcy	Procedure continues
4	Nobel Corporation	2,215.31	Bankruptcy	Procedure continues
5	Horticola SA	1,466,168.33	Insolvency	Procedure continues
6	Celule Electrice Bailesti	22,707.72	Insolvency	Procedure continues
7	Genko Med Group	93,835.07	Bankruptcy	Procedure continues
<b>TOTAL LEI:</b>		<b>1,589,080.72</b>		

### Status of pending litigations where Evergent Investments SA acts as respondent

No.	Plaintiff	Claims value in lei	Object	Observations
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1	Groza Daniel	40,155.85	Claims- lack of real-property use	EVERGENT Investments SA's appeal allowed. Retrial of appeal
2	Mercom SA Onesti	54,000.00	Reclaim of real property and claims	EVERGENT's appeal partly allowed. Liability limited to 13.780 lei.
<b>TOTAL</b>		<b>94,155.85</b>		
3*	Cantoreanu Ioan Florin	<b>148.720,95 USD</b> plus penalizing interest	claims – damages suffered following a so-called failure to enforce of amounts due from AAAS to EVER considerate	Action against EVERGENT dismissed. With appeal
4	Spatariuc Maria		Resolution to replace authentic document	Litigation pending on the merits
5	Livadaru Costel s.a.		Resolution to replace authentic document	Litigation pending on the merits
6	Spatariuc Dumitru s.a.		Resolution to replace authentic document	Litigation pending on the merits
7	Dionisie Mirela s.a.		Resolution to replace authentic document	Litigation pending on the merits
8	Reuti Veronica		Share annulment	Litigation pending on the merits
9	Andrei Lina		Resolution to replace authentic document	Litigation pending on the merits

#### **SOLVED LITIGATIONS**

1	Calistru Dumitru		Obligation to do	Action allowed
2	Dau Valentina		Resolution to replace authentic document	EVER's recourse allowed
3	Luchian Doru		Resolution to replace authentic document	EVER's appeal allowed
4	Mătărjac Daniela		Resolution to replace authentic document	Action against EVERGENT dismissed

#### **LITIGATIONS AGAINST AAAS (plaintiff) - EVER (respondent)**

No.	Challenged amount in lei	Object	Status	Observations. Garnished third parties
1		enforcement challenge	Challenge dismissed. With appeal	Eximbank, Trezoreria S4 B
2		enforcement challenge	Challenge dismissed. With appeal	AAAS' appeal
3		garnishment challenge	Challenge dismissed	With appeal
4		garnishment challenge	Challenge dismissed	With appeal
5		garnishment challenge	Challenge dismissed	With appeal
6		garnishment challenge	Challenge dismissed	With appeal
7		garnishment challenge	Challenge partly allowed	EVERGENT Investments' appeal

8	garnishment challenge	Challenge allowed	With appeal
9	garnishment challenge	Challenge allowed	EVERGENT Investments' appeal
10	garnishment challenge	Retrial on the merits	
11	garnishment challenge	Challenge allowed	EVERGENT Investments' appeal
12	garnishment challenge	Challenge partly allowed	EVER appeal
13*	garnishment challenge	Challenge partly allowed	EVERGENT Investments' appeal
14*	garnishment challenge	Challenge partly allowed	EVER's appeal
15*	enforcement challenge	Challenge dismissed	AAAS' appeal
16*	garnishment challenge	Challenge dismissed	AAAS' appeal
17*	garnishment challenge	Challenge dismissed	AAAS' appeal
18*	garnishment challenge	Challenge dismissed. With appeal	
19*	enforcement challenge	Litigation pending on the merits	
20*	enforcement challenge	Challenge partly allowed	AAAS' appeal
21*	enforcement challenge	Challenge in annulment - EVERGENT	

### **SOLVED LITIGATION**

1	enforcement challenge	EVERGENT Investments' appeal dismissed	Garnished third party - Oltchim SA
2	enforcement challenge	AAAS' appeal allowed	
3	enforcement challenge	Connected to 22604/4/2020	
4	enforcement challenge	EVERGENT Investments' appeal dismissed	Garnished third party - Oltchim SA
5	garnishment challenge	AAAS' appeal dismissed	
6	enforcement challenge	EVERGENT Investments' appeal dismissed	
7	enforcement challenge	EVERGENT Investments' appeal dismissed	
8	garnishment challenge	EVERGENT Investments' appeal dismissed	
9	enforcement challenge	D.G.R.F.B's appeal dismissed	
10*	Challenge in annulment	Challenge dismissed AAAS	
11	enforcement challenge	EVERGENT Investments' appeal dismissed	
12	enforcement challenge	AAAS's appeal dismissed	request to complete resolution dismissed

13	garnishment challenge	EVER's appeal dismissed.	
14	garnishment challenge	EVER's appeal dismissed	
15	garnishment challenge	Challenge partly allowed	EVER's recourse dismissed
16	garnishment challenge	EVER's appeal dismissed	
17*	garnishment challenge	EVER's appeal dismissed	
18*	garnishment challenge	EVERGENT Investments' appeal dismissed	
19	enforcement challenge	EVERGENT Investments' appeal dismissed	Garnished third party - Oltchim SA
20*	garnishment challenge	EVERGENT Investments' appeal dismissed	
21*	enforcement challenge	EVERGENT Investments' appeal allowed	Garnished third party - Oltchim SA
* - new litigation, filed in 2021			

## Annex 4

### A. CURRENT REPORTS

- December 20, 2021 (8:30) EGMS Convening Notice – January 20, 2022
- November 22, 2021 (18:30) Management transactions – article 19 EU Reg. 596/2014 – Aurelian Trifa
- November 16, 2021 (17:01) Investors and analysts conference call on Q3 2021 results
- October 18, 2021 (17:09) Management transactions – article 19 EU Reg. 596/2014 – Aurelian Trifa
- October 11, 2021 (16:24) Management transactions – article 19 EU Reg. 596/2014 – Claudiu Liviu Doros
- 23<sup>th</sup> September 2021 (12:33) – Public Purchase Offer – September 28, 2021 – October 11, 2021
- 21<sup>th</sup> September 2021 (19:02) - EVERGENT Investments explains the rigorous process applied in its business decisions for good briefing of investors
- 16<sup>th</sup> September 2021 (18:00) - Submission of Public Offering Document for the purchase of EVER shares
- 15<sup>th</sup> September 2021 (15:07) - Share capital reduction - Certificate of Registration of Financial Instruments
- 08<sup>th</sup> September 2021 (15:59) - Authorization of amendments to EVERGENT Investments Memorandum of Association
- 26<sup>th</sup> July 2021 (15:12) - EVERGENT Investments has entered into a Market Maker service contract with Raiffeisen Centrobank AG
- 23<sup>th</sup> July 2021 (14:19) - EVERGENT Investments sold the entire holding in Agricola International SA Bacau
- 8<sup>th</sup> July 2021 (19.00) A company from the EVERGENT Investments Group acquires a plot of land in the northern part of Bucharest
- 29<sup>th</sup> June 2021 (16:15) Authorization of EVERGENT as FIAIR
- 18<sup>th</sup> June 2021 (18:00) notification of exceeding the 5% MILK threshold
- 21<sup>st</sup> May 2021 (13:40) Manager's transactions – Article 19 of the EU Regulation 596/2014 - Octavian Claudiu RADU
- 20<sup>th</sup> May 2021 (18:15) Manager's transactions – Article 19 of the EU Regulation 596/2014 - Octavian Claudiu RADU
- 17<sup>th</sup> May 2021 (17:55) Notification regarding 2020 dividend payment
- 07<sup>th</sup> May 2021 (16:30) Completion of the 3<sup>rd</sup> redemption stage
- 07<sup>th</sup> May 2021 (15:20) Notification – acquisition of treasury shares 27<sup>th</sup> April – 6<sup>th</sup> May 2021
- 06<sup>th</sup> May 2021 (16:11) Offering of shares SOP 2020
- 06<sup>th</sup> May 2021 (14:20) Informative document regarding share assignment
- 29<sup>th</sup> April 2021 (15:32) Availability report 2020 Board of Directors Report
- 29<sup>th</sup> April 2021 (11:45) EVERGENT Investments – EGMS and OGMS resolutions 29<sup>th</sup> April 2021
- 29<sup>th</sup> April 2021 (11:45) Current report – Conducting of EGMS and OGMS on 29<sup>th</sup> April 2021
- 27<sup>th</sup> April 2021 (14:08) Notification – redemption of treasury shares 20.04.2021 - 26.04.2021
- 23<sup>th</sup> April 2021 (12:50) Information regarding EGMS and OGMS on 29/30<sup>th</sup> April 2021
- 20<sup>th</sup> April 2021 (16:02) Notification – redemption of treasury shares 14.04.2021 - 19.04.2021
- 13<sup>th</sup> April 2021 (17:01) Notification - redemption of treasury shares 06.04.2021 - 12.04.2021
- 06<sup>th</sup> April 2021 (17:35) authorization of executive management
- 06<sup>th</sup> April 2021 (16:00) Notification – Redemption program 29<sup>th</sup> March – 05<sup>th</sup> April 2021

- 31<sup>st</sup> March 2021 (16:12) authorization of the Board of Directors
- 26<sup>th</sup> March 2021 (16:08) Initiation of the 3<sup>rd</sup> stage of the share redemption program
- 26<sup>th</sup> March 2021 (14:51) Current report: Convening of OGMS and EGMS - 29/30<sup>th</sup> April 2021
- 25<sup>th</sup> March 2021 (18:06) Current report: Manager's transactions – Article 19 of the EU Regulation 596/2014 - Claudiu Doros
- 24<sup>th</sup> March 2021 (18:05) BT Capital Partners Notification- results of the public purchase offering EVERGENT INVESTMENTS SA
- 22<sup>nd</sup> March 2021 (17:43) BT Capital Partners Notification- assignment index for the public purchase offering for shares issued by EVERGENT INVESTMENTS
- 16<sup>th</sup> March 2021 (17:28) Current report: Financial Instruments Registration Certificate for EVERGENT Investments
- 08<sup>th</sup> March 2021 (15:03) Current report: Completion of the 2<sup>nd</sup> stage of share redemption program
- 04<sup>th</sup> March 2021 (11:46) Current report: Approval of the public share offering for shares issued by Evergent Investments SA
- 02<sup>nd</sup> March 2021 (10:34) Important event: FSA Authorization – name change from SIF Moldova SA to Evergent Investments SA
- 26<sup>th</sup> February 2021 (18:00) Current report: Unaudited preliminary individual financial statements for 2020; (18:00) Phone conference invitation 03.03.2021, 15:00
- 24<sup>th</sup> February 2021 (12:48) Important event: Notification of holding/vote threshold under 5% SIF Banat Crisana SA
- 16<sup>th</sup> February 2021 (8:14) Notification regarding transactions made during the share redemption program, in accordance with SIF Moldova's EGMS resolution no. 4/27.04.2020
- 08<sup>th</sup> February 2021; (15:49) Notification regarding transactions made in the share redemption program, in accordance with SIF Moldova's EGMS Resolution no. 4/27.04.2020
- 04<sup>th</sup> February 2021 (17:41) Important event: Amendment to Major holding notification (exceeding the 5% of vote rights threshold) - SAI Atlas Asset Management
- 01<sup>st</sup> February 2021 (16:15) Notification regarding transactions made within the share redemption program, in accordance with SIF Moldova's EGMS resolution no. 4/27.04.2020
- 29<sup>th</sup> January 2021 (15:42) Auditor's Report - art. 92 ind. 3 Law 24.2017 – 2<sup>nd</sup> half of 2020 29.01.2021
- 28<sup>th</sup> January 2021 (12:42) Important event: Conducting of OGMS on 28<sup>th</sup> January 2021 and election of SIF Moldova SA' Board of Directors; (17:25) Important event Notification of majority holdings (exceeding the 5% of vote rights threshold - SAI Atlas Asset Management)
- 26<sup>th</sup> January 2021 (18:00) Important event: Modification of the characteristics of the 2<sup>nd</sup> stage of the treasury shares redemption program, run in accordance with SIF Moldova's EGMS resolution no. 4-27.04.2020
- 25<sup>th</sup> January 2021 (16:14) Notification regarding transactions made within the share redemption program; in accordance with SIF Moldova's EGMS resolution no. 4-27.04.2020
- 22<sup>nd</sup> January 2021 (16:49) Important event: Notification of majority holding (exceeding the 5% vote rights threshold - SAI Globinvest SA)
- 18<sup>th</sup> January 2021 (15:40) Notification regarding transactions made within the share redemption program, in accordance with SIF Moldova's EGMS no. 4-27.04.2020
- 11<sup>th</sup> January 2021 (15:09) Notification regarding transactions made within the share redemption program, in accordance with SIF Moldova's EGMS resolution no. 4-27.04.2020
- 04<sup>th</sup> January 2021 (16:26) Notification regarding transactions made within the share redemption program, in accordance with SIF Moldova's EGMS resolution no. 4-27.04.2020

**B. REGULAR REPORTS**

- Monthly net asset – Jan / Feb / Mar / Apr / May / June / July / Aug / Sept / Oct / Nov / Dec - 2021
- November 15, 2021 (18:00) – Q3 2021 Report
- 15<sup>th</sup> September 2021 (18:00) - Availability of H1 2021 Consolidated Financial Statements accompanied by the Consolidated Board Report
- 13<sup>th</sup> August 2021 (18:00) - Availability of H1 2021 Individual Financial Statements accompanied by the Individual Board Report
- 14<sup>th</sup> May 2021 (18:00) Board of Directors' Report Q1 2021
- 26<sup>th</sup> February 2021 (18:00) Current report: Unaudited preliminary financial statements for 2020
- 15<sup>th</sup> January 2021 (14:00) 2021 Financial Communication Calendar

### Statement regarding the application of corporate governance principles

*In compliance with the provisions of the FSA Regulation no. 9/2019 for the amendment and completion of the FSA Regulation no. 2/2016 on the application of the corporate governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority*

No	Rules for corporate governance principles application	Conformity		If NO, explain
		YES	NO	
1.	The regulated entity has stated in its Memorandum of Association, the basic responsibilities of the council regarding the implementation and abidance by the corporate governance principles.	X		
2.	The corporate governance structures, positions, competencies and responsibilities of the Board and executive management/ higher management are stated in internal policies and/or internal regulations.	X		
3.	The annual report of the regulated entity is accompanied by an explanatory note which describes relevant events in connection to the application of corporate governance principles, recorded during the financial year.	X		
4.	The regulated entity has drafted a communication strategy with the interested parties in order to insure proper information.	X		
5.	The structure of the council insures, depending on the case, a balance between the executive and non-executive members so that no individual or close group of individuals can influence the decision-making process.	X		
6.	The council meets at least once every three months in order to monitor the way the activity of the regulated entity is carried out.	X		
7.	The Board or executive/ higher management, depending on the case, regularly examines the policies regarding financial reporting, internal control and the risk administration/management system adopted by the regulated entity.	X		
8.	In its activity, the Board is supported by a remuneration committee that issues recommendations.	X		
9.	The remuneration committee submits to the Board the annual reports on its activity.	X		
10.	In its activity, the Board has the support of consultative committees that issue recommendations regarding various issues that are the object of the decision-making process.	X		
11.	Consultative committees submit the Board materials/reports regarding issues entrusted by these.	X		
12.	In the internal procedures/policies/regulations are provisions regarding the selection of nominations for the individuals in the executive/higher management, the appointment of new individuals or extending the mandate of those already existent.	X		
13.	The regulated entity makes sure that the members of the executive management/ higher management receive professional training so that they can fulfill their attributions efficiently.	X		
14.	The key positions are set in such a way so that they are proper for the organizational structure of the regulated entity, and according to the regulations applicable to it.	X		
15.	The Board regularly analyze the efficiency of the internal control system of the regulated entity and the updating method, in order to ensure a rigorous management of the risks the regulated entity is exposed to.	X		
16.	The audit committee makes recommendations to the Board, regarding the selection, appointment, name and replacement of the financial auditor, as well as the terms and conditions of its remuneration.	X		
17.	The Board analysis, at least once a year and makes sure that the remuneration policies are consistent and have an efficient risk management.	X		
18.	The remuneration policy of the regulated entity is foreseen in internal regulations that target the implementation and abidance by the corporate governance principles.	X		
19.	The Board has adopted a procedure for the purpose of the proper identification and solving of conflict of interest cases.	X		
20.	The executive management / higher management, depending on the case, informs the Board about conflict of interest once these occur and does not participate to the decision-making process connected to the conflict state, if these structures or individuals are involved in that particular conflict state.	X		
21.	The council analyses, at least once a year, the efficiency of the risk administration /management system of the regulated entity.	X		
22.	The regulated entity has drafted procedures regarding the identification, evaluation and management of significant risks to which it can or will be exposed.	X		
23.	The regulated entity has clear action plans to ensure the continuity of the activity and for emergency situations.	X		
24.	The branch Board applies internal governance principles and policies similar to those of the parent company, unless there are other legal requirements that lead to the establishment of own policies.	X		

Claudiu Doros  
President and CEO

Michaela Puscas  
Compliance Manager



### Statement on compliance with the BSE Corporate Governance Code

Provisions of BSE Code		Compliance
A.1	All companies must have an internal regulation of the Board that includes the reference terms/responsibilities of the Board and key management positions of the company, which involve, among others, the General Principles in Section A.	YES
A.2	The provisions of conflict of interest management must be included in the Council's regulation	YES
A.3	The Board of Directors or Board of Supervisors should comprise at least five members	YES
A.4	The majority of the members in the Board of Directors should not have an executive position. At least one member of the Board of Directors or Board of Supervisors should be independent in case of Standard Category Companies. In case of Premium Category companies, no less than two non-executive members of the Board of Directors or Board of Supervisors should be independent ( <i>four members in the Board of Directors are independent</i> ).	YES
A.5	Other professional engagement and obligations, relatively permanent of one member of the Board, including executive and non-executive positions in the Board of some non-profit companies and institutions must be disclosed to shareholders and potential investors before appointment and during his mandate.	YES
A.6	Any member of the Board must present the Board information regarding any relationship with any shareholder directly or indirectly holding shares that represent over 5% of all vote rights. This obligation refers to any kind of relationship that might affect the position of the member regarding matters decided by the Board.	YES
A.7	The company must assign a secretary of the Board, responsible for the support of the Board's activity.	YES
A.8	The Corporate Governance Statement will inform if there has been a Board evaluation under the President or Appointment Committee, and if so, it will summarize the key measures and changes resulted from it. The Company should have a policy/guide regarding the Board's evaluation, including the purpose, criteria and frequency of the evaluation process.	YES
A.9	The Statement regarding corporate governance should contain information regarding the number of meetings of the Board and Committees over the previous year, <i>participation of managers</i> (in person or in absence) and a report of the Board and committees regarding their activity.	19 Board meetings attended by all directors
A.10	The Corporate Governance Statement should include information regarding the <i>exact number of independent members</i> of the Management Board or in the Board of Supervisors.	2 - the independence of the directors is established according to the applicable legal requirements (Law no. 31/1990).
A.11	The Board of companies in the Premium Category should set up an <i>Appointment Committee</i> comprised of non-executive members that <i>will manage the appointment procedure for new Board members</i> and will make recommendations for the Board. The majority of the Appointment Committee members should be independent.	YES
B.1	In case of companies from Premium Category, the Audit Committee must comprise at least three members and the majority of the Audit Members should be independent.	YES
B.2	The president of the Audit Committee must be an independent non-executive member.	YES
B.3	The Audit Committee should carry out an annual evaluation of the internal control system.	YES
B.4	The evaluation must consider the efficiency and coverage of the internal audit function, de adequacy of the risk management and internal control reports presented by the Audit Committee before the Board, the promptness and efficiency of the executive management in solving identified deficiencies or weaknesses following internal control and the presentation of relevant reports before the Board.	YES
B.5	The Audit Committee must evaluate the conflicts of interest, in connection to the transaction of the company and its branches with affiliated parties.	YES
B.6	The Audit Committee must evaluate the efficiency of the internal control system and risk management system.	YES
B.7	The Audit Committee must monitor the application of legal standards and internal audit standards accepted. The Audit Committee should receive and evaluate the reports of the internal audit team.	YES
B.8	Every time the Code mentions reports or analysis initiated by the Audit Committee, these must be followed by periodical reports (at least on an annual basis) or ad hoc reports to be later presented to the Boards.	YES
B.9	No shareholder can be awarded preferential treatment in comparison to other shareholders in connection to transactions and agreements entered by the Company with shareholders and their affiliates.	YES
B.10	The Board should adopt a policy to make sure that any transaction of the company with any of the company it is closely connected to and whose value is equal or larger than 5% of the assets company's net assets (according to the latest financial record) is approved by the Board following a mandatory opinion of the Audit Committee and correctly present to the shareholders and potential investors, as long as these transactions are entered in the category of events that are object of the reporting requirements.	YES



B.11	Internal Audits should be carried out by a structurally separate division (Internal Audit Department) from within the Company or through the employment of an independent entity.	YES
B.12	For the purpose of ensuring the fulfillment of the main functions of the internal audit department, this should report to the Board from a functional point of view. For administrative purposes and within the obligations of management to monitor and reduce risks, these should report directly before the general manager.	YES
C.1	The Company should publish on its website its remuneration policy and include in the annual report, a statement regarding the implementation of the remuneration policy during the annual period that is object of the analysis.	YES
D.1	The company should set up an Investor Relations Department - indicating to the public the person / individuals responsible or <i>organizational unit</i> . Besides the information requested by legal provisions, the company should include on its website a section dedicated to Investors' Relations, in the Romanian and English language, with all relevant information that might interest the investors, including:	YES
D.1.1	Main corporate regulations: Memorandum of Association, procedures regarding the General Shareholders Meetings.	YES
D.1.2	Professional CVs of the members of the company's management bodies of the Company; other professional engagements of the Board's members, including executive and non-executive positions in the company's management boards or in non-profit institutions;	YES
D.1.3	Current and periodical reports (quarterly, half-yearly and annually) – at least those foreseen under point D8 – including current reports with detained information concerning the non-compliance with the present Code;	YES
D.1.4	Information regarding shareholders' general meetings: agenda and informative materials, selection of Board members; arguments supporting the candidate proposed to be elected in the Board, along with their professional CVs; shareholder's questions regarding items on the agenda and answers of the company, included adopted resolutions;	YES
D.1.5	Information regarding corporate events, such as dividend payment and other distributions to shareholders, or other events that lead to the acquiring or limitations of a shareholder's rights, including the deadlines and principles applicable to these operations. This information shall be published within a deadline that allows investors adopt investment decisions;	YES
D.1.6	Name and contact details of an individual who, on request can supply information	YES
D.1.7	Company's presentation (e.g., presentations for investors, presentations regarding quarterly results, etc.) financial reports (quarterly, half-yearly, annual) audit reports and annual reports.	YES
D.2	The company shall have a policy regarding annual dividend distribution or distribution of other benefits to shareholders proposed by the General Manager or Directorate and approved by the Board, as a set of directorate guidelines that the company intends to follow regarding the distribution of net profit. The main annual policies for the distributions to shareholders will be published on the company's website.	YES
D.3	The company will adopt a policy regarding forecasts. Forecasts refer to the quantified conclusions of some studies that aim to certain the global impact of a number of factors regarding a certain value (so called hypothesis): through its nature, this forecast has a high level of uncertainty, the real results can significantly differ from the initially presented forecasts. The forecast policy will set the frequency, period considered and forecast content. If published, the forecasts can be included only in annual, half-yearly and quarterly reports. The forecast policy will be published on the Company's internet page.	YES
D.4	The rules of the general shareholders' meeting should not limit the participation of shareholders to the general meetings and their exercising their votes. The modifications of the rules come into force, on the following meeting of shareholders.	YES
D.5	External auditors will be present at the general shareholders' meeting when their reports are presented during the meeting.	YES
D.6	The Board will present the annual general shareholders' meeting a short ascertainment of the internal control and significant risk management systems, as well as opinions on issues presented before the general meeting.	YES
D.7	Any specialist, consultant, expert or financial analyst can be present during the shareholders' meeting based on a prior invitation from the Council. Accredited journalist can participate to the general shareholders' meeting with the exception of the case when the President of the Board decides otherwise.	YES
D.8	Quarterly and semi-annual financial statements will include information in the Romanian and English language regarding key factors that influence changes on the level of the sales, the operational profile, net profit and other relevant financial indicators, from one quarter to the other and from year to the other.	YES
D.9	A Company shall organize at least 2 meetings/ teleconferences with analysts and investors per year. The information presented with such occasion will be published in the Investors' Relation section on the Company's internet page on the date of the meetings/ teleconferences.	YES
D.10	In case a company supports various forms of artistic and cultural events, sporting events, educational or scientific events and considers that their impact on the innovative nature and competitiveness of the company are part of its mission and development strategy, shall publish its <i>policy regarding its activity in this field</i> .	YES

Claudiu Doros  
President and CEO

Michaela Puscas  
Compliance Manager

**2021 Remuneration Report, in accordance with the Remuneration Policy approved by the Ordinary General Meeting of Shareholders of EVERGENT Investments for the members of the management structure (directors and executive managers).**

## Key information

The remuneration policy for directors, approved by the shareholders in the General Meeting of 28.01.2021, is one of the *key instruments* through which shareholders confirm the importance of the company's management structure through its contribution to the business strategy and continuity of a visionary leadership, in agreement in the long-term interests of shareholders, thus insuring the sustainability and development of EVERGENT Investments, in the interest of all stakeholders.

The method and remuneration level of the management structure members connect individual performance and the performance of the Board with the company's performance, reflected in the main performance indicator namely, **net** result, comprised of net profit and net gain from the sale of financial assets measured at fair value through other comprehensive income (treatment according to IFRS).

Operational expenses in 2021 represent 1,57% of assets under management on 31.12.2021. This percentage that includes the fixed and variable remunerations of directors, executive managers and employees of the company, allows a comparison between EVERGENT Investments and equity funds actively managed in Romania, for which the average management fee is 2,4%. *The performance of the members of the management structure* is assessed based on financial and non-financial performance, correlated with the long-term strategy.

The company has assessed the remuneration and performance of its leaders not only for 2021 but on an annual basis, within an adequate time frame, which showed their contribution to the constantly generated, long-term performance of EVERGENT Investments.

The performance objectives considered by the members of EVERGENT Investments; management structure are connected to the value of EVER share on BVB and the added value reflected in the company's results.

Thus:

1. For the awarding of quarterly bonuses with a maximum value of 5% of the basic remuneration, the evolution of EVER share price must be higher than the evolution of BET-FI index, on most trading days of the reporting period (quarter).

2. For the granting of the Annual Benefit Plan, it is necessary that a positive net result be achieved, an indicator comprised of the net profit gained and net gain from transactions reflected in retained earnings (IFRS treatment), in a percentage of 5% of the net result before registering the benefit plan.

In 2021, net result was 149,3 million lei, and total assets increased by 20% in comparison to 31<sup>st</sup> December 2020.

In 2021, the members of the Board of Directors of EVERGENT Investments were awarded net fixed remunerations of 0,15%, and the executive managers of 0,09% of assets under management.

Since 2019, EVERGENT Investments, as FSA authorized manager of alternative investment funds, has *published information on the remuneration of leaders*, in the Annual Activity Reports of the Board of Directors. Also, the explanatory notes to the financial statements include, since previous years, detailed information on remuneration.

From this perspective, the remuneration of the members of the management structure fully abides by the remuneration principles set by community and national law, as well as by the provisions of good corporate governance.

With regard to the granting of share-based variable remuneration, incidental regulations establish that a proportion of at least 50% of the annual benefit plan be granted in company shares. However, the members of the Board of Directors, executive managers and a large part of the employees have opted since 2018 for a variable remuneration of 100% in shares, within *stock option plan* type programs, an aspect that denotes *an alignment of the interests of the members of management structure and employees with those of the shareholders*.

We specify that no member of the management structure of EVERGENT Investments SA has received any remuneration from the companies belonging to the EVERGENT Group.

The present Remuneration Report provides shareholders with a full and accurate picture of the remuneration granted to managers by EVERGENT Investments SA, so that shareholders, potential investors and other interested parties may knowingly assess remunerations in relation to the company's long-term results and measure the evolution of the average and long-term results and remuneration of managers, in particular in relation to the performance of the company.

## **1. APPLICABLE LEGAL AND INTERNAL FRAMEWORK**

The annual remuneration report of EVERGENT Investments' leaders (*members of the Board of Directors and executive managers*) is prepared in accordance with the Remuneration Policy for the Company's, approved by the resolution of the Ordinary General Meeting of Shareholders no. 3 on 28<sup>th</sup> January 2021, and abiding by the provisions of art. 107 Law no. 24/2017 on the issuers of financial instruments and market operations, republished.

According to the provisions of art. 267<sup>^1</sup> FSA Rule no. 5/2018 on the issuers of

financial instruments and market operations, the Report presents the information required by the law corresponding to the latest financial year concluded after the first submission of the remuneration policy, according to art. 106 Law no. 24/2017, respectively, it includes the information set by the law for financial year 2021.

The Remuneration Report for financial year 2021 is subject to vote in the Ordinary General Meeting of Shareholders on 28/29<sup>th</sup> April 2022, the opinion of the shareholders of the general meeting on the remuneration report, resulted following the vote having a consultative nature.

The remuneration report for the financial year 2021 will be displayed on the Company's website [www.evergent.ro](http://www.evergent.ro) and will remain available to the public, free of charge, for a period of 10 years.

In accordance with the provisions of art. 107 Law no. 24/2017, EVERGENT Investments processes the personal data of the management structure members included in the present Remuneration Report, based on the above-mentioned article of law.

**1.1. Remuneration policy for the leaders approved by GMS** (published on [www.evergent.ro](http://www.evergent.ro)).

The Remuneration Policy for the Leaders is prepared abiding by the Remuneration policy approved by the Ordinary General Meeting of Shareholders on 28<sup>th</sup> January 2021, without any deviation or derogation from the procedure regarding the implementation of the remuneration policy, as approved by the General Meeting of Shareholders.

The remuneration of the leaders corresponds to the prerogatives, competence, attributions, responsibilities and time assigned for their fulfilment.

**1.2. Remuneration policies and practices for the personal categories whose professional activities have a significant impact on the risk profile** – specific document for companies of the Alternative Investment Funds Manager certified by FSA type (published on [www.evergent.ro](http://www.evergent.ro)).

**1.3. Memorandum of Association of EVERGENT Investments SA** (published on [www.evergent.ro](http://www.evergent.ro)).

In accordance with the provisions of article 153<sup>^</sup>18 Companies' Law no. 31/1990, the remuneration of the Board of Directors members and general limits of additional remunerations for the members of the Board of Directors tasked with specific functions within this body, as those of the executive managers are set in the Memorandum of Association, approved by the Extraordinary General Meeting of Shareholders.

**The Report on the remuneration of leaders complies with the relevant provisions of the Memorandum of Association, namely art. 7, line 11 and art. 14:**

- *"Art. 7. Board of Directors - (11) The annual general limits of remunerations and bonuses for all directors, including the supplementary remunerations of the directors in charge of specific duties, as well as of the directors, amount to 0.6% of*

*the average total asset value of the previous year, calculated and reported in compliance with the legal provisions. Included in the general limits, the monthly remuneration for all the members of the Board of Directors is at the level of 0.015% of the average total asset value of the previous year, equally divided. The directors and managers participate in the benefit plan, inclusively paid by share allocation or option allocation to acquire company shares, amounting to 5% of the realized net profit and net revenue from transactions reflected in reported result. The actual level of this participation is established by the board of directors, after the approval of the annual financial statements in the General Meeting of Shareholders.”*

➤ **”Art. 14. Remuneration policies and practices**

- (1)** *Remuneration policies and practices are compliant with legal regulations and directives applicable to A.I.F.M and abide by the following basic principles:*
- (a) The remuneration policy is aligned with the Company’s strategy and is compatible with the investment policy, risk policy, long-term values and objectives of the Company.*
  - (b) The remuneration of the Company’s directors, administrator and employees is comprised of a fixed and a variable component.*
  - (c) there is an appropriate balance between the fixed and the variable component of total remuneration, with the fixed component having a sufficiently large percentage of total remuneration to allow for a flexible policy on variable components of remuneration. The benefits plan for administrators, directors and employees is also granted in shares or options to acquire shares of the company. At least 50% of the variable remuneration will consist of shares or options to acquire shares within the Stock Option Plan type programs, in compliance with the legal regulations in force.*
  - (d) variable remuneration is granted based on the achievement of collective and individual performance objectives, the implementation of projects by the company and the prudential management of operational risks.*
- (2)** *The fixed and variable component of the directors and administrators’ remuneration is set in Art. 7 line (11) of the Memorandum of Association. The directors and administrators of the Company have the right to participate to the benefits plan as participation to the Company’s profit in cash and/or in shares. The performance indicators and criteria for the granting of variable remuneration are presented in the Administration and Management Contracts”.*

**1.4. Administration and Management Contracts** (published on [www.evergent.ro](http://www.evergent.ro)).

The contracts for the 2021-2025 mandates have been approved through Resolution no. 4 of the Ordinary General Meeting of Shareholders no. 4 on 28.01.2021, as follows: *”Approves the Administration and Management Contracts that shall be concluded by the Company with the members of the Board of Directors, namely with the executive managers, for the 05.04.2021 - 05.04.2025 mandate”.*

The main modifications approved by the General Meetings were:

- (i) reduction of the fixed monthly remuneration from 6 to 5 average tariff salaries calculated based on the list of functions valid for the last day of the previous year, within the general remuneration limits established according to the provisions of art. 7, paragraph 11 of the Company's Memorandum of Association;
- (ii) alignment to the provisions regarding performance objectives, according to the provisions of the Memorandum of Association and Remuneration Policy of the company's leaders.

## 2. MANAGEMENT OF EVERGENT Investments

- 2.1.** The members of the Board of Directors for the 5<sup>th</sup> April 2021 – 5<sup>th</sup> April 2025 mandate were approved by the Ordinary General Meeting of Shareholders no. 2/28.01.2021 and authorized by FSA (Authorization no. 49/30.03.2021), namely: Doros Liviu Claudiu – President of the Board of Directors, Iancu Catalin-Jianu-Dan – vice-president; Ceocea Costel, Ciorcila Horia, Radu Octavian-Claudiu.

The company's executive management is provided by Doros Liviu Claudiu – CEO and Iancu Catalin-Jianu-Dan – deputy CEO, as approved by the resolution of the Board of Directors on 5<sup>th</sup> April 2021 and authorized by FSA (Authorization no. 59/05.04.2021) for a 4 years' mandate, namely between 5<sup>th</sup> April 2021 – 5<sup>th</sup> April 2025.

**The consultative committees of the Board of Directors** were set-up based on the Resolution on the 5<sup>th</sup> April 2021 and are comprised by the following members:

- *Appointing-Remuneration Committee*: Costel Ceocea – president; Octavian Claudiu Radu; Horia Ciorcila.
- *Audit Committee*: Octavian Claudiu Radu – president; Horia Ciorcila; Costel Ceocea.
- *Investment Committee*: Horia Ciorcila – president; Octavian Claudiu Radu; Costel Ceocea.

- 2.2.** The members of the Board of Directors for the 2017-2021 mandate was approved by OGMS resolution no. 8.1./04.04.2017 and endorsed by FSA through approval no. 400/13.07.2017, namely: Ceocea Costel (President of the Board of Directors), Ciorcila Horia, Doros Liviu Claudiu, Iancu Catalin-Jianu-Dan, Radu Octavian-Claudiu (vice-president of the Board of Directors). At the same time, through FSA endorsement no. 401/13.07.2017, the members of executive management were approved: Doros Liviu Claudiu – CEO and Iancu Catalin Jianu Dan – deputy-CEO.

The consultative committees of the Board of Directors for the 2017-2021 mandate: *Appointing-Remuneration Committee and Audit Committee*.



### **3. REMUNERATION OF THE MEMBERS OF MANAGEMENT STRUCTURE FOR 2021, IN AGREEMENT WITH THE REMUNERATION POLICY APPROVED BY GMS**

In agreement with legal and international provisions applicable to EVERGENT Investments' activities, the Remuneration Report provides a comprehensive overview of remuneration, including all benefits, regardless of form, granted or due in 2021 to individual managers in a clear and easy to understand manner, and in line with the Remuneration Policy approved by the General Meeting of Shareholders, including the way in which remuneration contributes to the long-term performance of the issuer.

Thus, the implementation of the remuneration policy ensures:

- ✓ The long-term performance of the management act;
- ✓ Alignment of shareholders' interests, with a prudent risk management;
- ✓ Drawing in the best professionals;
- ✓ Reward levels that are correlated with responsibilities;
- ✓ Transparency for investors.

The principles applicable on the level of the company regarding remuneration, as approved by the shareholders are those specific for Alternative Investment Funds managers, namely:

- a) The remuneration policy is compatible with the sound and efficient risk management and promotes this type of management and does not encourage excessive risk-taking in relation to risk appetite;
- b) The remuneration policy is aligned with the business strategy, long-term values and objectives, as well as with the interests of company investors and does not generate conflicts of interest;
- c) The remuneration of leaders corresponds to their prerogatives, tasks, competences and responsibilities.
- d) Remuneration of leaders and employees of the company is comprised of a fixed and a variable component;
- e) There is an adequate balance between the fixed and variable component, the fixed component having a sufficiently high percentage of total remuneration to allow for a flexible policy on variable remuneration components. The benefits plan for leaders and employees is granted in shares, or option to purchase treasury shares. At least 50% of the variable remuneration will consist of shares or options to acquire shares within Stock Option Plan type programs, in accordance with legal regulations in force.
- f) Variable remuneration is granted depending on the achievement of collective and individual performance objectives, the implementation of projects by the company and prudential risk management. The value of variable remuneration is calculated depending on an assessment combining individual performance and company results, and performance assessment is made within an adequate framework that uses both financial and non-financial criteria.

The remuneration policy approved by the Ordinary General Meeting of Shareholders does not include clauses regarding recovery periods for variable remuneration.

**The remuneration structure includes:**

- (a) A fixed component, determined by the level of responsibility undertaken or assigned through resolution of the management body; fixed remuneration is sufficiently high for the professional services delivered, according to the prerogatives, tasks, competences and responsibilities of leaders.
- (b) Variable remuneration, comprised of the annual benefits plan and quarterly bonuses, is granted depending on reaching performance objective and prudential management of operational risks.
- (c) Other benefits granted to the members of the management structure: health insurance.

Remuneration structure does not encourage undertaking risks that are incompatible with the risk profile, the provisions of the Memorandum of Association or company rules.

In accordance with the provisions of art. 107 Law no. 24/2014 and Remuneration policy approved by EVERGENT Shareholders, remuneration of the members of the management structure for 2021 financial year is the following:

**1. Fixed remuneration**

Included in the general limits set according to art. 7, line 11 Memorandum of Association, the monthly remuneration of all members of the Board of Directors is at a level of 0,015% of the average total assets value of the previous year, equally distributed.

The monthly remuneration of each member of the Board of Directors is of 5 (for the 2021-2025 mandate), namely 6 average monthly tariff salaries per company (for 20170221 mandate).

The additional monthly remuneration of directors tasked with specific functions within the Board of Directors (BD president and Vice-president, President and members of the consultative committees) is set by the Board of Directors, abiding by the limit foreseen by art. 7 line 11 of the Memorandum of Association.

The fixed monthly remuneration of the company's executive managers, registered in the Management Agreements approved by the Ordinary General Meeting is:

- at the level of 12 average monthly tariff salaries per company, for the General Manager.
- at the level of 11 average monthly tariff salaries per company, for the Deputy General Manager.

The average monthly tariff salary per company is set based on the list of functions valid for the last day of the previous year..

**2. Variable remuneration**

Variable remuneration is comprised by:

- Quarterly bonuses, within the 5% limit applied to the remuneration received;



- Annual benefits plan, consisting in cash and shares, in the amount of 5% of the net profit obtained and net gain from transactions reflected in retained earnings, calculated before the registration of the benefit plan.

Total annual remunerations consisting on the additional remuneration of directors tasked with specific functions within the Board of Directors, remunerations of directors and bonuses of directors and executive managers are granted within the limit of 0.42% of the total average assets value of the previous year, in accordance with the provisions of the Memorandum of Association.

*Quarterly bonuses* are granted with the approval of the Board of Directors, that ascertains if the granting criteria is met, namely the evolution of EVER share price be higher than the BET-FI index evolution in most trading days in the reporting period (trimester).

*The benefit plan* is granted annually, following the approval of the annual financial statements in the General Meeting of Shareholders.

Directors and executive managers participate to the benefits plan, paid inclusive through the assignment of shares or options to acquire treasury shares worth 5% of net result, indicator comprised of net profit achieved and net gain from transactions reflected in retained earnings, calculated before the registration of the benefits plan, according to the provisions of the Memorandum of Association. The actual level of this participation is set by the Board of Directors.

The benefit plan is granted based on the result of the assessment of the fulfilment of the following performance objectives set in the Management and Director Agreements:

- Achievement of a positive net result, an indicator comprised of net profit achieved and net gain from transactions reflected in retained earnings;
- Result of the annual assessment of the adequacy of the management structure, in accordance with the criteria and procedures set by FSA regulation no. 1/2019 on the assessment and approval of the management structure and individuals holding key positions within entities regulated by the Financial Supervisory Authority, namely “adequate”.

Performance assessment aligned to risks is made annually, within an adequate framework, to ensure that the assessment process is based on performance and that the actual payment of variable remuneration components that are dependent on performance is made over a period that takes into account the company’s policies and their inherent risks.

The Appointing-Remuneration committee has made 2021 annual assessment of the management structure, in accordance with criteria and procedures set by FSA Rule no. 1/2019 and ascertained the adequacy of all assessed individuals.

The benefit plan is not awarded in case of achieving of net negative result, indicator comprised of the net profit achieved and net gain from transactions reflected in retained earnings.

Other information on the remuneration of the management structure members, calculation method for each component and relative weight of fixed and variable

remuneration is presented in Annex 1.

Details on the annual modification in comparison to the previous year for the last 5 years of the net remuneration of each member of the management structure, the Company's performance (reflected in net result) and average net remuneration of company employees are presented in Annex 2.

### **Share-based remuneration**

In agreement with the provisions of the Memorandum of Association, the directors and executive managers of the company have the right to participate to the benefit plan through the assignment of shares corresponding to the mandate exercise period. The granting of share-based benefits can also be made through Stock Option Plan (SOP) Programs, approved by shareholders, for the purpose of "EVER" shares distribution to the directors and executive managers of EVERGENT Investments, the source being the shares bought-back by the company.

Share-based remuneration has the purpose of aligning the interests of beneficiaries in fulfilling objectives set and reaching long-term performance indicators, as well as the increase of the management act performance, for the shareholders' benefit. At the same time, by granting shares through "Stock Option Plan" type programs, as part of variable remuneration, tax facilities provided by the law are used both for the company and beneficiaries.

Share-based remuneration is granted abiding by the legal obligations for the preparation and publication of investor informative documents, in accordance with the law.

During 2021 financial year, as part of variable remuneration for year 2021, expense with the benefits plan, including as shares, due to the directors and executive managers of the company. The actual assignment of the shares will be in 2023. The market price and number of shares calculated depending on this price shall be foreseen in 2021 SOP program, following the approval of 2021 financial statements by the Ordinary General Meeting of Shareholders.

The Board of Directors of EVERGENT Investments has made sure that the Remuneration Report for the members of the Company's management structure has been prepared, published and verified in accordance with applicable legal provisions.

## Annex 1

**Net remunerations, fixed and variable for each member of the management structure for, 2021**

Net remunerations (expenses in 2021 according to mandate exercise periods)	Net amounts granted for 2021	Value of due shares (to be distributed and deferred for 2023*)
<b>Total remunerations granted to the management structure</b>	<b>6.252.081</b>	<b>7.936.400</b>
<b>A. Members of the Board of Directors (BD), of which</b>	<b>3.940.650</b>	<b>5.154.492</b>
<i>Total fixer remunerations of which:</i>	<i>3.793.591</i>	<i>-</i>
<i>- basic remunerations</i>		
BD member	427.584 (x5 members)	-
<i>- additional remunerations**</i>		
President of the Investment Committee (previous mandate President of the Appointing-Remuneration Committee and member of the Audit Committee)	623.702	-
President of the Audit Committee (previous mandate President of the Audit Committee and member of the Appointing-Remuneration Committee)	623.702	-
President of the Appointing –Remuneration Committee (previous mandate BD president and member in the Audit and Appointing-Remuneration Committees)	408.267	-
<i>Variable remunerations, of which:</i>	<i>26.725</i>	<i>5.154.492</i>
<i>- cash (bonuses)</i>		
BD Member	5.345 (x5 members)	-
<i>- share-based (share-based participation to the benefits plan)</i>		
President of the Board of Directors	-	584.120
Vice-president of the Board of Directors	-	584.120
President of the Investments Committee	-	1.425.645
President of the Audit Committee	-	1.425.645
President of the Appointing-Remuneration Committee	-	1.134.963
<i>Other benefits (health insurance)</i>	<i>120.334</i>	<i>-</i>
President of the Board of Directors	20.184	-
Vice-president of the Board of Directors	15.660	-
President of the Audit Committee	84.490	-
<b>B. Executive managers, of which</b>	<b>2.311.431</b>	<b>2.781.908</b>
<i>Total fixed remuneration, of which:</i>	<i>2.285.976</i>	<i>-</i>
CEO	1.132.549	-
Deputy CEO	1.153.427	-
<i>Variable remunerations, of which:</i>	<i>25.455</i>	<i>2.781.908</i>
<i>- cash (bonuses)</i>		
CEO	13.281	-
Deputy CEO	12.174	-
<i>- share-based (share-based participation to the benefits plan)</i>		
CEO	-	1.451.434
Deputy CEO	-	1.330.474

\*- the number of shares corresponding to the value of the variable remuneration will be determined according to the price of the EVER share on the date of granting the option, after the approval of the financial statements for 2021 by the Ordinary General Meeting of Shareholders. On the option granting day, EVERGENT Investments shall publish the "Informative document regarding the offering of rights/options to purchase shares". Prepared in accordance with the provisions of Annex 4 of FSA Regulation no.. 5/2018 on the issuers of financial instruments and market operations.

\*\* The positions of President, namely vice-president of the Board of Directors are not remunerated in the present mandate.

**Total remuneration and relative weight of net fixed, variable remuneration and other benefits for each member of the management structure for 2021**

	Net remunerations (expenses in 2021) lei	%
<b>President CEO</b>	<b>3.634.497</b>	<b>100</b>
<i>Fixed remuneration</i>	1.560.133	42,9
<i>Variable remuneration</i>	2.054.179	56,5
<i>Other benefits (health insurance)</i>	20.184	0,6
<b>Vice-president Deputy-CEO</b>	<b>3.528.784</b>	<b>100</b>
<i>Fixed remuneration</i>	1.581.011	44,8
<i>Variable remuneration</i>	1.932.113	54,8
<i>Other benefits (health insurance)</i>	15.660	0,4
<b>President of the Appointing-Remuneration Committee</b>	<b>1.976.159</b>	<b>100</b>
<i>Fixed remuneration</i>	835.851	42,3
<i>Variable remuneration</i>	1.140.308	57,7
<i>Other benefits (health insurance)</i>	-	0,0
<b>President of the Investment committee</b>	<b>2.482.276</b>	<b>100</b>
<i>Fixed remuneration</i>	1.051.286	42,4
<i>Variable remuneration</i>	1.430.990	57,6
<i>Other benefits (health insurance)</i>	-	0,0
<b>President of the Audit Committee</b>	<b>2.566.766</b>	<b>100</b>
<i>Fixed remuneration</i>	1.051.286	41,0
<i>Variable remuneration</i>	1.430.990	55,8
<i>Other benefits (health insurance)</i>	84.490	3,3

### Calculation method for each type of remuneration and benefit of directors and executive managers

Categories	Frequency	Calculation method (according to frequency)	
		Period 01.01.2021 - 04.04.2021	Period 05.04.2021 - 31.12.2021
<b>Members of the Board of Directors (BD)</b>			
<b>Fixed remuneration:</b>			
Basic individual remuneration*	Monthly	6 average monthly salaries (based on the company's organizational chart at the end of the previous year), abiding by the 0,015% of the value of average total income of the previous year	5 average monthly salaries (based on the company's organizational chart at the end of the previous year), abiding by the 0,015% of the value of average total income of the previous year
Additional individual remuneration*	Monthly	5 average tariff salaries on company level for each member of the Appointing-Remuneration Committee and Audit Committee.  2 average monthly salaries on company level for the President function. The function of vice-president of the board of Directors has not been remunerated.	2 average monthly salaries for the President of the Appointing-Remuneration Committee, 6 average monthly salaries for the President of the Audit Committee, namely 6 average monthly salaries for the President of the Investment Committee..  <u>The function of President, namely vice-president of the Board of Directors are not remunerated.</u>
<b>Variable remuneration:</b>			
Cash bonuses*	quarterly	5% applied to remuneration (excluding additional remuneration) for the quarters in which the evolution of the EVERGENT Investments share price is higher than the evolution of the sector index (BET-FI), in most trading days of the reporting period (quarter)	
Share-based participation to the benefits plan la	annually	Total annual value of the participation to benefits of BD/CD members is 5% of the net profit achieved and net gain from transactions reflected in retained earnings, before the registration of the benefit plan. At least 50% of the benefit plan will be granted as shares.  The benefit plan is granted to directors and managers, depending on the meeting of certain criteria in the Administration and Management Contracts	
<b>Executive managers</b>			
Fixed remuneration CEO*	monthly	12 average tariff salaries calculated based on the list of functions valid for the last day of the previous year, within the provisions of art. 7, par. 11 of the Memorandum of Association	
Fixed remuneration deputy-CEO*	monthly	11 average tariff salaries calculated based on the list of positions valid for the last day of the previous year, within the provisions of art. 7, par. 11 of the Memorandum of Association	
<b>Variable remuneration, of which:</b>			
Cash prizes*	quarterly	5% applied to the remuneration in which the evolution of EVERGENT Investment share price is higher than the evolution of the BET-FI sector index (without additional remunerations), on most trading days in the reporting period (quarter)	
Share-based participation to the benefits plan	annually	The total annual value of participation to benefits of the members of the Board of Directors is 5% of the net profit realized and of the net gain from transactions reflected in the result carried forward, before the registration of the benefit plan. At least 50% of the benefit plan shall be granted as shares	

**Annex 2**

**Annual modification in comparison to the previous year, over the last 5 years of the net remuneration of each member of the management structure, the Company's performance (reflected in Net Result) and net average remuneration of Company employees**

<b>Modification (%) / year</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Net result (lei)</b>	<b>149.296.850</b>	<b>56.074.556</b>	<b>98.204.892</b>	<b>93.361.233</b>	<b>164.786.748</b>
<b>Annual modification (%) of Company performance (net result)</b>	<b>166,2</b>	<b>-71,7</b>	<b>112,3</b>	<b>-43,3</b>	<b>33,6</b>
<b>Annual modification (%) of the remunerations of management structure in comparison to the previous year</b>					
President CEO	74,0	-40,6	58,6	-6,3	38,1
Vice-president, deputy CEO	76,4	-41,7	59,9	-6,5	38,7
President of the Appointing-Remuneration Committee	-3,9	-41,0	59,9	-13,5	43,9
President of the Investment Committee	31,1	-43,2	62,4	3,0	52,2
President of the Audit Committee	30,5	-42,1	80,0	-6,8	52,2
<b>Annual modification (%) of average remuneration based on the full time equivalent of the employees</b>	<b>11,4</b>	<b>5,8</b>	<b>4,4</b>	<b>16,6</b>	<b>38,0</b>

According to the remuneration policy approved by the shareholders, the assessment of the members of the management structure is made on an annual basis, at which time it is also verified if total remuneration abides by the remuneration policy adopted and its contribution to the Company's long-term performance.

## **REPORT ON THE ACTIVITY CARRIED OUT BY THE APPOINTING - REMUNERATION COMMITTEE IN 2021**

### **Recitals**

The present report is prepared based on the provisions of Regulation no. 2/2016 on the application of corporate governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority, applicable on 01.01.2020, with its later amendments and additions and shall accompany the 2021 Board of Directors' report relating to the individual financial statements (Annex 7 to the Report).

### **Presentation of the Appointing - Remuneration Committee**

The Appointing-Remuneration Committee is a permanent committee with consultative function, independent from EVERGENT Investments' executive management, subordinate to the Board of Directors.

The Committee assists the Board of Directors in fulfilling its responsibilities in the field of appointing management members and their remuneration.

The Committee is comprised of at least 2 non-executive members, of which at least one is an independent member, in that it abides by the independence principle foreseen by art. 18 *FSA Regulation no. 1/2019 on the assessment and approval of the members of the management structure and individuals holding key-positions within entities regulated by the Financial Supervisory Authority*.

The current members of the Appointing-Remuneration committee are set by the resolution of the Board of Directors on 05.04.2021, namely: Costel Ceocea - president, Horia Ciorcilă - member, Octavian Radu - member.

**The attributions and responsibilities of the Committee** are foreseen in the internal regulation „Procedures regarding the organisational structure and administrative, accounting requirements and control and protection devices in the field of electronic data processing, as well as adequate internal control mechanisms”, AIFM authorized, namely:

#### *Attributions and responsibilities:*

- (a) It drafts recommendations regarding the appointing policy applicable to managers and directors of the company to be presented for the approval of the Board of Directors.
- (b) It endorses, prior to the approval by the Board of Directors, and follows-up the abidance by the remuneration policy for managers, directors and employees of the company, prepared and applied by the company's executive management. If they

identify irregularities in the preparation or application of the remuneration policy, the members of the committee immediately notify the members of the Board of Directors consequently. Executive management is bound to submit a written answer to the committee within 3 working days from the date the notification is received, and in turn notify the members of the Board of Directors. In case executive management refuses or unjustifiably delays the application of modifications requested by the Committee, the Board of Directors is bound to submit FSA a report on the irregularities identified within the remuneration policy of EVERGENT Investments SA. The report is submitted within 10 working days from the written notification of the Appointing-Remuneration Committee.

(c) It can draft recommendation on the remuneration policy on the level of EVERGENT Investments Group;

(d) It submits the Board of Directors the annual report regarding remuneration and other advantages offered to the managers and directors during the financial year;

(e) It is informed about the documentation that is provided to the financial auditor for the analysis of transactions reported in accordance with art. 108 Law no. 24/2017 on legal documents concluded with the managers and directors and following the audit report it will recommend measures to be taken, if necessary;

(f) drafts recommendations regarding the covering of vacant positions in the Board of Directors, abiding by GMS resolutions and applicable law;

(g) drafts recommendations regarding the adopting of the resolution of the Board of Directors and/or executive management for the appointing, employment, discharge of office, or dismissal of department managers and staff in key positions and control position, as well as for setting the their indemnity level and rights and obligations;

(h) it regularly evaluates the level of acquirement and application of specialized knowledge and makes recommendation regarding the continuous update process of the professional knowledge of managers and directors;

(i) it makes recommendations for the improvement of knowledge regarding the activity of the company for the purpose of applying the best corporate governance practices;

(j) it monitors the abidance by the transparency, information and reporting requirements and obligations, concerning information in this activity area.



**The activity of the Appointing-Remuneration Committee in 2021 covered the following aspects:**

**A. Annual review of the general remuneration policies and assessment of the abidance by remuneration policy**

Legal and internal regulations of remuneration policy.

1. Remuneration policy for the leaders of the Company, approved by the resolution of the ordinary general meeting of shareholders no. 3 on 28<sup>th</sup> January 2021.

2. Remuneration policies and practices for the personnel categories whose professional activity has a significant impact on its risk profile;

3. Guide on solid remuneration policies, in accordance with DAFIA;

4. Memorandum of Association , Art. 7. Board of Directors – line 11;

”(11) The annual general limits of remunerations and bonuses for all the directors, including the supplementary remunerations of the directors in charge of specific duties, as well as of the directors, amount to 0.6% of the average total asset value of the previous year, calculated and reported in compliance with the legal provisions. Included in the general limits, the monthly remuneration for all the members of the Board of Directors is at the level of 0.015% of the average total asset value of the previous year, equally divided. The directors and managers participate in the benefit plan, inclusively paid by share allocation or option allocation to acquire company shares, amounting to 5% of the realized net profit and net revenue from transactions reflected in reported result. The actual level of this participation is established by the board of directors, after the approval of the annual financial statements in the General Meeting of Shareholders”.

5. Administration and Management Agreements for the mandate corresponding to 2021-2025 approved by the resolution of the Ordinary General Meeting of Shareholders no. 4 on 28.01.2021.

6. The collective employment contract regulates the fixed and variable remuneration for employees and performance indicators for each job category.

Presentation of the remuneration policy. Responsibilities of the Appointing-Remuneration Committee

The remuneration policy is applied to all levels of organisational structure within the company and represents the framework of remuneration policies for EVERGENT Investments Group. Variable remuneration for companies running new investment programs may also be granted before they become profitable, if the granting of the remuneration is sustainable, depending on the financial status of the entity and justified by the performance of the project status, evaluated in a multiannual framework that is specific for the investment. The result of the evaluation and level

of remuneration are approved by the executive management of EVERGENT Investments, with the recommendation of the Appointing-Remuneration Committee.

The Appointing-Remuneration committee is responsible for the management of the remuneration and appointing policy:

- (a) it analyses and makes sure that the remuneration and benefits policy and recommendations of the governing body correspond to the long-term business strategy, objectives, values or interests of EVERGENT Investments; for this purpose it analyses and makes recommendations to the Board of Directors regarding the remuneration policy;
- (b) it is responsible for preparing decisions regarding remuneration;
- (c) it directly supervises the remuneration of staff with management and control functions;
- (d) it annually analyses the general principles of the remuneration policy and informs the Board of Directors about their application; it provides an independent internal assessment of the abidance by the remuneration policy.

**The Committee has analysed the items on the Board of Directors' agenda regarding the remuneration policy, to be approved by the Board of Directors:**

1. Prior approval of the variable remuneration structure for 2020 and recommendation to the Board of Directors to approve variable remuneration for directors, managers and employees, as follows:
  - a) In cash - maximum 49% of variable remuneration,
  - b) Share-based – the right to receive free of charge, a number of 3.842.152 EVER shares, at the unitary price of 1,4050 lei, closing price on 28.04.2021, the day before the day of the plan's approval (*Stock Option Plan*), as follows:
    - Managers and directors: 2.212.590 shares
    - employees: 1.629.562 shares

The exercise of the right to receive free shares: after the expiry of the 12 months' period from the signing of the share-based payment agreement between the company and beneficiaries. At the time when the right is exercised, the Company will conclude an *exercise of option and transfer agreement* with each beneficiary.

2. Endorsement of the assessment of the employees' professional performance for 2020.

The committee has also analysed the application of internal regulations provisions "Policies and procedures for the assessment of individual in the management structure and individuals holding key functions in EVERGENT Investments", in the process of assessing the professional performance of employees in 2020, namely:

- ✓ Setting the variable remuneration in correlation with the degree of achievement of performance objectives.

- ✓ The granting of variable remuneration based on the results of the assessment of professional performance, using quantitative and qualitative assessment criteria that were set as follows:
    - For directors – according to the provisions of the Memorandum of Association, Administration agreements approved by the General Meeting of Shareholders;
    - For executives – according to the provisions of the Memorandum of Association, the Management Agreements approved by the General Meeting of Shareholders and resolutions of the Board of Directors;
    - For employees – according to the provisions of the collective employment contract and individual employment contract, the criteria being usually set on a yearly basis.
3. Prior approval and recommendation to the Board of Directors to approve the granting of the quarterly bonus fund for directors, managers and employees, making sure that it abides by budget provisions and the abidance by the provisions in the Management Agreements, Administration agreements and collective employment contract; the Committee has endorsed the suggestions of executive management regarding the granting of the bonus fund for employees, with the abidance by the criteria foreseen in 2021 Collective Employment Contract.
4. Prior endorsement and recommendation of the Board of Directors to approve the Collective Employment contract negotiated with the representatives of management with the representatives of employees, that is to come into force on 01.01.2022.

**Conclusion:** The Committee has examined the general principles of the remuneration policy, the way the remuneration policy is abided by and ascertained the adequacy of criteria and their application in 2021.

The Committee has monitored the abidance by the provisions of art. 21 Law no. 74/2015 regarding the publication of fixed and variable remunerations, on personnel categories:

- In the annual report of the Board of Directors – in the chapter *expenses with the staff*, where the wages, indemnities and bonus fund that is part of the variable remuneration, are presented.
- In the explanatory notes to the annual individual financial statements where the following information is presented:
  - Names of the members of the Board of Directors, namely their qualities (including the directors);
  - Number of individual employment contracts, management contracts and administration contracts;
  - Wages and indemnities paid based on the individual employment contracts, management contracts and administration contracts that include the fixed remuneration paid as well as the bonus fund that is part of variable remuneration;
  - Variable remuneration paid to employees, in cash and share-based through the *stock options plan* program;

- Variable remuneration paid to directors (two of them also fulfilling the position of CEO, namely Deputy CEO), in cash and in shares offered through the *stock options plan* program.

## **B. Assessment of the adequacy of individuals in the management structure and key positions, in accordance with new legal provisions stipulated by FSA Rule no. 1/2019**

1. The Committee presented the Board of Directors reports *on* the assessment of the adequacy of persons in the management structure and key positions, regarding:
  - 1) Annual assessment (for 2020) of the adequacy of persons in the management structure (individual and collective assessment)
  - 2) Assessment of the adequacy of the new individual appointed for the Compliance Office position, in accordance with SB/FT, in accordance with FSA Regulation no. 1/2019.

*Assessment conclusion:* The Committee ascertained the adequacy of persons in management structure and key functions. Evaluation sheets and matrixes approved by the Appointing and Remuneration Committee were used in the evaluation process.

## **C. Measures to apply 2020-2025 Succession Plan. Recommendations on the appointing policy within EVERGENT Investments**

1. The Appointing-Remuneration committee has made recommendations to the Board of Directors for the application of 2020-2025 succession plan regarding:  
Setting-up positions
  - Initiation/ acceleration of the selection and recruitment procedure in 2021, including by contracting outside specialized consultancy for the newly set-up positions and existent vacant positions.
2. According to responsibilities, the Board issues recommendations for the purpose of adopting the Board of Directors' decision for the employment, discharge of function, namely firing of department directors and individuals holding key positions. In exercising these responsibilities, the committee was recommended the appointing of Mrs Gergiana Dolgoş as Compliance Officer SB/FT, in accordance with FSA regulation no. 1/2019.

## **D. Abidance by the appointing and remuneration policy on the level of EVERGENT Investments Group**

For the general meetings of shareholders carried out at the companies in EVERGENT Investments Group in 2021 recommendations were submitted on:

1. A3 Snagov – indirect holding through subsidiary EVERLAND – recommendation on the appointing of the sole administrator;

2. CASA SA subsidiary – recommendation regarding the appointing and remuneration of the CEO, following the cease of mandate of the previous CEO;
3. Mecanica Ceahlău SA subsidiary– recommendation on the appointing and remuneration of two candidates in the Board of Directors for 2020-2025 mandate;

**E. Recommendations to executive management on the appointing of candidates for the position of managers in companies in EVERGENT Investments portfolio, submitted for the approval of GMS of that particular companies, according to the procedures regarding the selection and appointing process for individuals in the Boards of Directors of companies in the portfolio**

Internal regulation

The appointing of employees of EVERGENT Investments in companies from the entity's portfolio is expressly standardized in "Guideline regarding the selection and appointing process of individuals supported by EVERGENT Investments in the Board of Directors of companies in which it is shareholder", annex to the Procedure "Exercise of EVERGENT Investments' attributions as shareholder in companies from Private-Equity, Financial- Banking, Energy-Industrial and - SELL Portfolios".

According to this procedure, in the analysis process of convening notices for GMSs of companies in the portfolio in 2021, based on the selection principles and criteria set, directors have submitted for the approval of the Appointing-Remuneration Committee some candidates for the director position in companies from EVERGENT Investments' portfolio, that were later submitted for the approval of the GMS in that respective company, according to legal provisions.

**Note:** The half-yearly activity reports of the Appointing-Remuneration committee corresponding to 2021 were approved by the Board of Directors.

**Annex 9**

**STATEMENT**

In accordance with article 63 paragraph (1) letter c) of Law 24/2017, the undersigned Claudiu DOROȘ – President CEO and Mihaela MOLEAVIN as Finance Director - responsible for preparing the separate financial statements of EVERGENT Investments SA (the Company) on December 31, 2021, hereby state the following:

- a) The separate financial statements have been prepared in compliance with the Accounting Regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority - Financial Instruments and Investments Sector, approved by the Financial Supervisory Authority Norm no. 39/2015;
- b) The accounting policies used in preparing the annual financial statements are in accordance with the applicable accounting regulations;
- c) EVERGENT Investments SA carries out its activity in conditions of continuity;
- d) We are not aware, at the date of this statement, of any other information, events, circumstances that would significantly alter the above statements.

We confirm that the separate financial statements, which comply with the legal regulations listed above, **provide an accurate picture which is in compliance with the reality of the position and financial performance (including the Company' s assets, liabilities, profit and loss account) and that the Report of the Board of Directors includes a correct analysis of the development, financial position and performance of the Company, as well as a description of the main risks and uncertainties specific to the activity carried out.**

**Claudiu Doros**  
**President CEO**

**Mihaela Moleavin**  
**Finance Director**