



# Board of Directors' Report Q1 2022



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

**Dear shareholders,**



„Global economic circuit and geopolitical tensions in the beginning of 2022 are different from the previous cycles, this first turbulent and volatile first quarter being dominated by the war in Ukraine. Sanctions against Russia have created new threats to economic development, with the global market quickly reacting to these measures, with significant negative effects on all activities.

Despite the adverse environment, the total value of EVERGENT assets increased by 11,1% compared to 31<sup>st</sup> March 2021, and the net asset value per share by 13,4% compared to the same date. Net result of the first quarter reached 17% of the budgeted level for the entire 2022 and capitalization of 1.2 billion lei, the largest of all investment companies, show that we have a solid position and are ready for uncertain times.

We maintain our long-time investment approach and assign capital to stable companies, able to develop at a constant pace and remain focused on priorities to multiply our shareholders' capital. Therefore, we continue our active management combined with analytic rigour to generate profit.”

We hereby present you the results registered by EVERGENT Investments in Q1 2022 and the objectives of the coming period in accordance with “2022 Activity Program” and “EVERGENT Investments' Investment Strategy and Policy” approved in the General Meeting of Shareholders.

### Company Performance

- ◆ **2.509 million lei** – assets under management value (AUM) on 31<sup>st</sup> March 2022, **11,1% higher** than on 31<sup>st</sup> March 2021
- ◆ **2.350 million lei** – net asset value on 31<sup>st</sup> March 2022, **11.6% higher** than on 31<sup>st</sup> March 2021.
- ◆ **2,4650 lei** – net asset value per share on 31<sup>st</sup> March 2022, **13,4% higher** than on 31<sup>st</sup> March 2021

On 31<sup>st</sup> March 2022, the Company's performance registered an increase in comparison to 31<sup>st</sup> March 2021, so that the net asset value per share is 13,4% higher compared to the same period of the previous year.

- ◆ 10,93 million lei – net result

Thus, net result registered on 31<sup>st</sup> March 2022 is 10,93 million lei, being comprised of net profit of 10,97 million lei and net loss of (0,04 million lei). This result represents 17% of the value approved by shareholders in the budget for the entire year 2022.

- ◆ 82,4 million lei - equity investments

Investments in securities in Q1 2022 were 82,4 million lei, representing 48,5% of the budget approved by shareholders for 2022.

### Portfolio Structure

We are confident that an active management of EVERGENT Investments portfolio will significantly increase the capital of our shareholders. Thus, the listed portfolio is built through a dynamic

allocation, different from the structure of the BSE indices, therefore, we have the ability to generate alpha and show double-digit returns of our assets.

Compared to the total value of assets under management, the portfolio of listed shares holds the main share, of 72.2%, while the share of unlisted shares is 9.2%. The main sectors in the portfolio structure remain, the financial sector 42.8% and the energy sector 16.5% of the total value of assets.

### 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.

Astfel, urmarim:

- ◆ 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 - sale of the historical stock portfolio.

Private equity projects sets us apart from 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 FIA framework allows us to allocate up to 40% of assets in this type of project. We have focused our attention and resources on a concentrated private equity portfolio. Through the rigorous process of fundamental analysis we identify resilient business models with substantial long-term profit. Thus, we implement a strategy customized to each project.

- ✓ **Blueberry farm" Project-** where we have 99,9999% holding through Agointens SA – we are market leaders in blueberry production, with a planted area of 86 ha.



- ✓ **Veranda Mall" Project-** de 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.



**“Atria Urban Resort” Real-estate project** – where we have 50% holding through Straulesti Lac Alfa SA – targets the 4-stage building of a residential complex to include 1.381 apartments, located in the NV of Bucharest Municipality, near Colosseum Retail Park with easy access to the north area of the capital city. On the reporting date, stage 1 with 160 apartments is completed and 97% apartments are sold. Stage 2 includes 398 apartments and was completed in December 2021, 257 apartments being sold and another 37 preliminary contracts entered. At present the planning of Stage 3 for 350 apartments is running  
Project

Stage 1 (completed)



Stage 2 (running)

Stage 2 (running)



✓ **Iasi Real estate project** – held 100% through Everland SA. The Company owns a land of about 2,55 ha and an administrative building GF+8 with a built area of 4.600 sqm, located in the central

area of Iași municipality. Our detailed analysis and projections targeted both the quality and location of purchased assets, and the significant real-estate development potential of Iași municipality.

- ✓ In February we obtained the zone urban plan, and we are now analysing the development of a real-estate project of about 100 million euro, with a maximum built area of 83.800 sqm.



- ✓ ***Future real-estate projects to be developed in Bucharest*** - 100% holding through EVER-IMO.

Through EVER IMO we continue to develop the private equity portfolio focusing our investments in real-estate in a strategic land bank. The North area of Bucharest has a quick and ample development both on the residential segment and on the office. EVER Imo aims to develop real-estate projects in this promising residential hub.

- 1. Intrarea Straulesti Project** will be developed on 16000 sqm land in the North of Bucharest, an area that will be a new, premium financial and residential hub.
- 2. Piscul Mosului Project** – another pending program is on a land of 19.000 sqm in an area with residential development potential in the North of the Capital.
- 3. Spatarul Preda Project** will be developed on 11480 sqm in the semi-central area of Bucharest with good perspectives in the residential segment.

*On behalf of EVERGENT Investments' team, thank you for your trust!*

*With special consideration,*

Claudiu Doros  
President CEO

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

*Report date:* 13<sup>th</sup> May 2022

*Issuer name:* EVERGENT Investments SA

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

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

*Tax identification code:* 2816642

*Trade Registry No.:* JO4/2400/1992

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

*LEI:* 254900Y100025N04US14

*Subscribed and paid-up capital:* 98.121.305,10 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, ctg. Premium

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

## Field of Activity.

### INVESTMENT COMPANY TYPE

*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..*

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 the assets under management.

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

**Its activity object** consists in:

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

## 1. Activity Analysis.

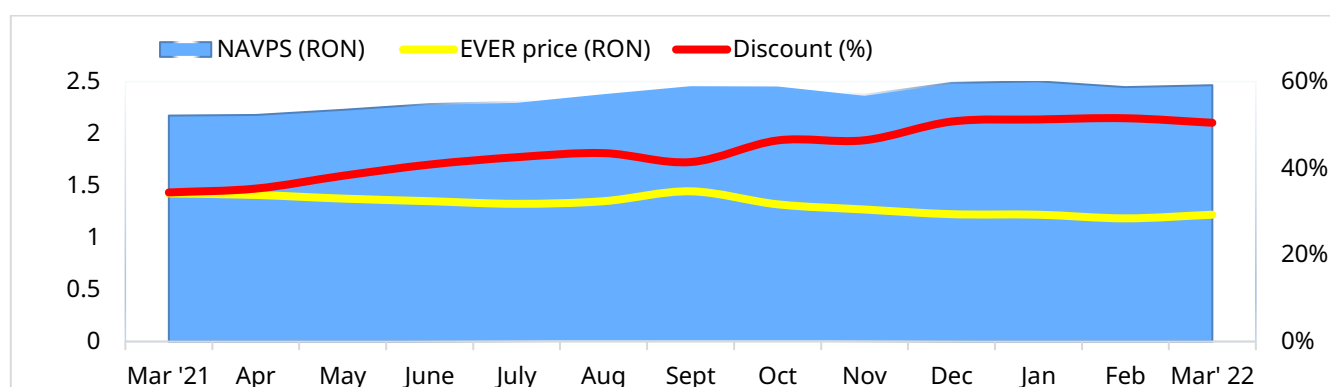
### 1.1. Performances.

#### Evolution of the assets under management

Indicator	2020	Q1 2021	2021	Q1 2022	Q1 2022 /Q1 2021 %
Total assets (mil lei)	2.137	<b>2,259</b>	2,567	<b>2,509</b>	+11,1
Net asset (mil lei)	2.003	<b>2,106</b>	2,396	<b>2,350</b>	+11,6
NAVPS (lei)	2,04	<b>2,173</b>	2,50	<b>2,465</b>	+13,6
Market price (lei)	1,25	<b>1,425</b>	1,22	<b>1,220</b>	-14,1
Δt (%) market price / NAVPS discount	39	<b>34</b>	51	<b>51</b>	+17,0

\* Methodology for calculating the net asset value of EVERGENT Investments SA - page 10

#### Evolution of NAVPS / EVER price / Discount (YoY)



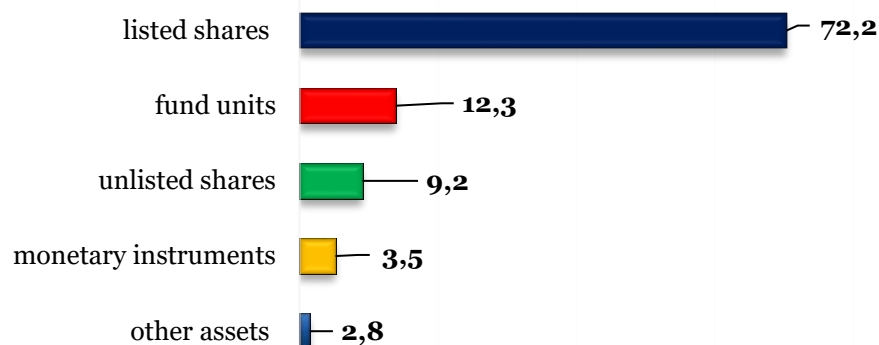
#### Portfolio Structure.

Assets structure (% of total assets value)	2020	Q1 2021	2021	Q1 2022	ΔQ1 2022-Q1 2021 pp
Shares, of which:	80,0	79,4	79,1	81,4	+2,0
- <i>listed</i>	70,1	70,3	70,2	72,2	+1,9
- <i>unlisted</i>	9,9	9,1	8,9	9,2	+0,1
Non UCITS+UCITS (fund units)	14,0	13,9	12,3	12,3	-1,6
Monetary instruments (deposits, availabilities)	4,3	5,2	6,3	3,5	-1,7
Other assets	1,7	1,5	2,3	2,8	+1,3

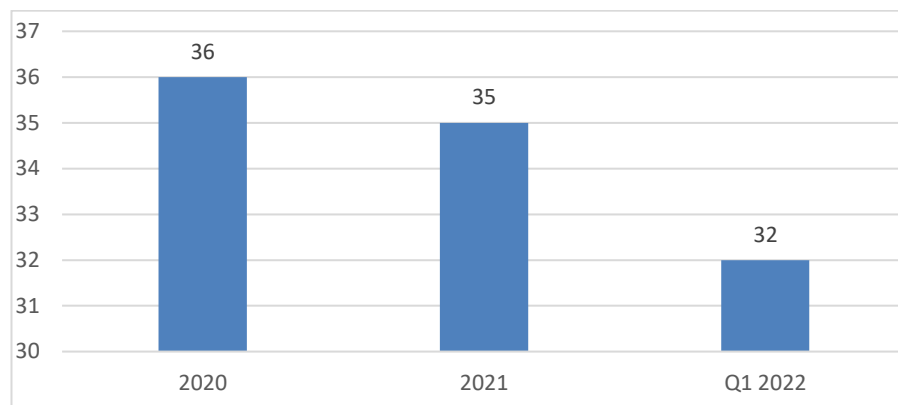


**Portfolio structure – 31<sup>st</sup> March 2022** (% of total assets value)

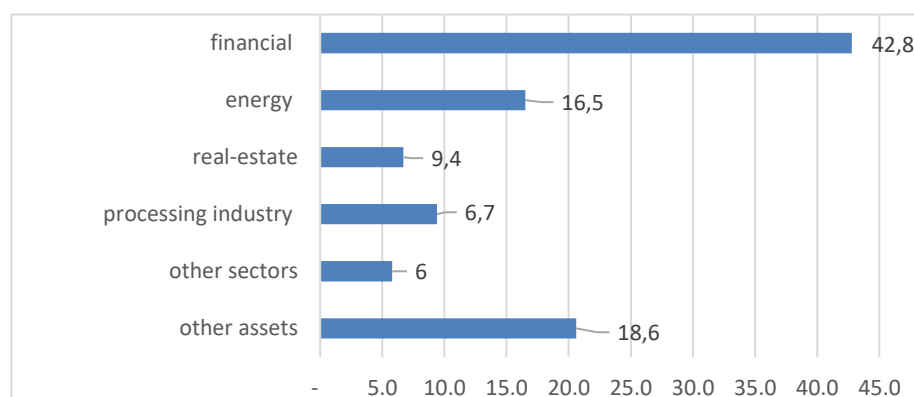
**Objective:**  
Maintaining the main share weight, namely listed shares


**Number of holdings in the portfolio**

**Objective:**  
Decreasing the number of holdings and increasing the exposure per issuer


**Evolution of sectorial exposure.**

Sectorial exposure (% of total assets value)	2020	Q1 2021	2021	Q1 2022	ΔQ1 2022-Q1 2021 pp
Financial	44,4	44,5	44,8	42,8	-1,7
Energy	16	16,5	13,2	16,5	0,0
Real-estate	6,9	6,4	8,8	9,4	+3,0
Processing industry	7,0	6,2	6,6	6,7	+0,5
Other sectors	5,7	5,8	5,7	6,0	+0,2

**Sectorial exposure – 31<sup>st</sup> March 2022** (% of total assets value)

**Top companies/holdings in the portfolio – 31<sup>st</sup> March 2022**

TOP COMPANIES IN THE PORTFOLIO	> 1% of total assets value	% holding of issuer's share capital
BANCA TRANSILVANIA	36,9	6,01
ROMGAZ	12,1	1,96
AEROSTAR	8,2	15,18
BRD	4,0	0,82
PROFESSIONAL IMO PARTNERS	2,5	31,42
OMV PETROM	2,2	0,21
STRAULESTI LAC ALFA	2,2	50,00
AGROINTENS	1,9	100
EVER IMO	1,9	100
EVERLAND	1,8	100
NUCLEARELECTRICA	1,6	0,29
TRANSILVANIA INVESTMENTS ALLIANCE	1,3	4,85
<b>TOTAL</b>	<b>76,6</b>	

**Methodology for calculating the net asset value of EVERGENT Investments SA**

Asset valuation of EVERGENT Investments is made by applying the valuation methods specific to each asset category, in accordance with the provisions of the *FSA Regulation no. 9/2014 on the authorization and operation of investment management companies, collective investment undertakings and depository collective investment in securities*, with subsequent amendments and completions and of *Regulation 10/2015 on the alternative investment funds management*, with subsequent amendments and completions.

According to the legal provisions, the Company **annually reviews the asset valuation policies and procedures and communicates them to the investors**. Thus, through the current report of February 25, 2022 we informed the market that the current regulations available on the site [www.evergent.ro](http://www.evergent.ro) are adequate, namely:

1. "Policies and procedures for valuing assets and calculating the net asset value per share".
2. "EVERGENT Investments' asset valuation rules and procedures".

**For the issuers that have a liquidity that is irrelevant for the application of the method mark-to-market**, by decision of the board of directors it may be decided that the shares of those companies be valued in accordance with the valuation standards in force, according to the law, based on a valuation report. EVERGENT Investments will maintain this valuation method for a period of at least one calendar year.

The active market is defined by the International Financial Reporting Standard 13 - Fair Value valuation (IFRS 13): "the market in which the transactions with the asset or liability in question take place at a volume and frequency sufficient to provide consistently accurate pricing information."

The issuers that are valued by valuation report are presented in a distinct category, "listed shares without active market" in "Statement of assets and liabilities of EVERGENT Investments" Annex 10 of FSA Regulation no. 7 / 2020, reported monthly to BSE and posted on their own website.

The substantiation of the decision to evaluate the shares of the respective companies in accordance with the valuation standards in force takes into account both quantitative criteria and qualitative criteria. Given that the fair value must be measured in relation to an active market, the internal analysis methodology for substantiating the belonging of an issuer's securities in this category is performed according to the Accounting Policies Manual.

With the authorization as an Retail Investor Alternative Investment Fund (RIAIF), namely starting with the net assets of August 2021, the issuers classified without active market were established, respectively Martens SA [MABE], Nord SA [NORD], Professional Imo Partners SA [PPLI], Regal SA [REGL], Șantierul Naval Constanța SA [SNC], for which the liquidity analysis was also performed.

In the net assets of March 2022, the list was supplemented with Brikston Construction Solutions SA, following the admission to trading on March 29, 2022, maintaining the valuation method by the valuation report that was previously used as an unlisted company.

### Comparative Evolution within the Sector Q1 2022/Q1 2021

EVERGENT Investment ranks first in terms of capitalization, with about 1.2 billion lei, in the sector it operates in. At the same time, EVERGENT Investments registers the lowest price /NAVPS discount, namely 50.5%.

million lei	SIF1	EVERGENT Investments	TRANSI (SIF3)	SIF4	SIF5
<b>Net asset 31.03.2022</b>	3,270.80	2,350.01	1,401.96	1,945.17	2,200.94
Net asset 31.03.2021	3,082.08	2,105.99	1,244.00	1,758.43	2,086.04
<b>NAV evolution 21/20%</b>	6.12%	11.59%	12.70%	10.62%	5.51%
<b>Liquidities 31.03.2022*</b>	125.06	87.25	-48.38	136.03	3.62
Liquidities 31.03.2021*	198.29	116.62	79.34	67.61	30.35
Liquidities evolution 21/20%	-36.93%	-25.18%	-160.98%	101.21%	-88.07%
<b>Result of the period 31.03.2022</b>	-36.25	-0.03	35.49	-53.74	60.13
Result of the period 31.03.2021	94.76	19.30	20.41	93.87	1.06
<b>Capitalization 31.03.2022</b>	1,195.78	1,197.08	689.82	906.27	983.00
Capitalization 31.03.2021	1,283.40	1,410.01	748.21	737.57	973.81
Capitalization evolution 21/20%	-6.83%	-15.10%	-7.80%	22.87%	0.94%
<b>NAVPS 31.03.2022</b>	6.4448	2.4650	0.6515	2.4790	4.4019
Price 31.03.2022	2.320	1.220	0.319	1.155	1.966
<b>Price / NAVPS discount 31.03.2022</b>	-64.0%	-50.5%	-51.0%	-53.4%	-55.3%
Price/ NAVPS discount 31.03.2021	-58.4%	-34.4%	-39.9%	-58.1%	-53.3%
<b>Dividend 2021</b>	0.060	0.065	0.000	0.000	0.030
<b>DY%</b>	2.59%	5.33%	0.00%	0.00%	1.53%
Current no. of shares	515,422,363	981,213,051	2,162,443,797	784,645,201	500,000,000
No. shares TI 2021	515,422,363	989,479,176	2,162,443,797	784,645,201	522,149,143

\*availabilities, deposits, state titles

## 1.2. Portfolios. Strategies. Results.

EVERGENT Investments has four portfolios defined: FINANCIAL – BANKING, ENERGY - INDUSTRIAL, PRIVATE EQUITY and SELL. The management of portfolio holdings was made on the lines of the multiannual coordinates and 2022 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 significantly 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.

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 evolution of international share markets in the 1<sup>st</sup> Quarter 2022 has been strongly influenced by the war in Ukraine. International evolution did not only take into account the conflict exposure on geographic regions, but also the sectorial one. Energy shares were the main beneficiaries of the Russian- Ukrainian conflict, following the increase of petrol, gas and electric energy prices.

The evolution of international indexes was influenced in Q1 2022 to a large extent by the correlation of each country with the two fighting countries and the conflict in itself.

It can be seen that the main stock market indices had a negative evolution in Q1 2022

Index	Evolution Q1 2022	Evolution 12 mths	Standard deviation
BET-BK	-6.61%	5.24%	5.09%
BUX	-13.51%	-5.91%	10.27%
Nasdaq Composite	-9.11%	7.35%	5.95%
DAX	-11.06%	-9.09%	5.58%
NASDAQ Italy	-9.81%	-5.86%	4.98%
CAC 40	-8.74%	3.93%	4.37%
PX	-4.17%	27.28%	9.99%
SAX	-5.93%	-0.63%	2.29%
SOFIX	-3.36%	18.14%	5.45%
S&P 500	-4.95%	14.03%	4.73%
WIG 20	-8.61%	4.42%	8.94%

### 1.2.1. FINANCIAL - BANKING PORTFOLIO

The financial-banking sector remains the main investment pillar of EVERGENT Investments, representing 43,4% of total assets on March 31, 2022, compared to 44.5% at March 31, 2021.

The global macroeconomic climate has recently been strongly influenced by the consequences of events in Ukraine (including signs of de-globalization, the separation of the Euro-Atlantic bloc and the Eastern bloc) and the intensification of inflationary pressures with an unfavourable impact on real disposable income and investments.

To reduce inflation, FED will operate in 2022 several interest increases and shall start the quantitative tightening (QT) in May, that means it will start to actually withdraw liquidity from the markets with a pace of 95 billion dollars a month, possibly even through the sale of state and mortgage bonds purchased in the last years, which may have negative effects on share markets.

On the average to long term, the September 2021 approval of the National Recovery and Resilience Plan by the European Commission with the first tranche of funding (EUR 1.8 billion) already granted in December 2021 should be a catalyst to stimulate economic growth. An additional pre-financing (EUR 1.9 billion) was granted in January 2022, after the targets and benchmarks for Q4 2021 were met. On the other hand, the outbreak of the Ukrainian crisis at the end of February 2022 strengthens the pre-existing obstacles to GDP growth: the increase in purchasing power will be severely affected by inflation; the cost of living is rising; the manufacturing sector, especially the automotive industry, is facing new threats in the supply chain; the need to accommodate the additional burden on the national budget could lead to an under-execution of public investment, while the growth of corporate insolvencies is likely to accelerate.

The annual inflation rate continued to rise above market expectations, reaching a double-digit level of 10.2% in March 2022, far from the upper limit of the NBR's target range (2.5% ± 1 percentage point). The evolution was supported by rising food and fuel prices, as the war in Ukraine sent additional shock waves into the global food supply chain and the energy market.

In the context of higher and longer inflationary pressures from global cost shocks, NBR began raising monetary policy rates in September 2021: 50 basis points for the fourth quarter of 2021, two additional 75 basis points in total in the first two months of 2022 and a further increase of 50 basis points of the key rate to 3.0% in early April, in the context of a further deterioration of short-term inflation outlook, triggered by the war in Ukraine and its collateral effects (higher prices for goods such as food and energy, disruption of supply chains, lower confidence in the business environment and higher investor uncertainty).

According to data published by the NBR, the balance of total non-government credit increased at a monthly rate of 1.6% and an annual dynamics of 15.7% to RON 336.1 billion in March, supported by the low level of real financing costs and continuing the post-pandemic economic recovery. In the updated central scenario, non-government credit could increase at an average annual rate of 9.7% in the 2022-2024 period.

A series of challenges remain due to the persistence of the pandemic, the most important of which is the potential increase of credit risk in the coming period, due to uncertainties about the speed of economic recovery. Another challenge arises from the increase in 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 security risk is of increasing relevance for banks.

The National Strategy and Forecast Commission (CNSP) has made public the spring version of the official macroeconomic forecasts. Compared to the forecast published in February, the CNSP has substantially revised down this year's economic growth estimate amid the negative impact of the Russia-Ukraine war. Thus, CNSP now expects the economy to grow by 2.9% in 2022, the advance being significantly lower than the 4.3% forecast in February. The CNSP also revised down its economic growth forecast for 2023 to 4.4% from 5.1%. For the current year, CNSP now estimates a 3.1% increase in population consumption (a slower advance than the 3.8% estimated in February) and a 4.8% increase in investment (the advance being significantly lower compared to the level of 9.1% forecast in February).

The banking sector faces a series of challenges, one of which is the prospect of rising, non-performing loans (especially if the perception of risk in international financial markets will intensify, with an impact on the real economy and the real-estate market), in a context dominated by high energy prices and the persistence of inflationary pressures.

Uncertainty caused by volatility in financial markets, high energy prices and the effect of contagion (in the context of increasing the likelihood of Russia going into default, with an impact on the evolution of interest rates on government securities, especially in the context of high exposure of the banking sector on public debt) and cyber-attacks might also impact the Romanian banking sector.

The statistics published by the National Bank of Romania also indicate the increase of the non-performing loans rate from 3.35% in December 2021 (historical low level) to 3.42% in January 2022.

According to the stress test scenario prepared by BNR, non-performing loans rate could increase to 9.9% at the end of 2022.

The social – economic measures package "Support for Romania", with an impact of 17.3 billion lei, from state budget and European funds, was approved by the leaders of the governing coalition. The postponement of bank rates was removed, but Adrian Căciu stated that "the measure remained under discussion, we are discussing with the banking system the division of costs on this measure".

In terms of banking activity, the annual growth rate of gross loans continued to be strong in 2022, with an advance of + 16.6% \* in the annual dynamics at the end of February 2022, determined both by 1) the growth of gross loans granted individuals (+ 9.3% \*) supported by housing loans (+ 12.3% \*), while consumer loans (+ 4.8% \*) reconfirmed the growth rate at the end of 2021; as well as 2) loans to companies, + 24.0% \*, which continued the double-digit growth started in June 2021. The strong inclining to save generated by the prolonged pandemic, which maintained the growth rate of deposits in an area with two figures during 2021, continued at the beginning of 2022, the deposits showing an increase of + 12.2% \* in the dynamics cancel at the end of February 2022.

Non-performing credit rates on the level of the banking system (according to the definition of the European Banking Authority) in February 2022 remained at a level close to that at the end of 2021 (3,37% compared to 3,35% at the end of December 2021) being on an annual downward trend (3.98% at the end of February 2021). The rate is thus at the bottom of the average risk range defined by the EBA [3-8%].

The Romanian banking system is well capitalized, which is reflected in the capital adequacy rate of 22.3% at the end of December 2021 (compared to 25.1% at the end of December 2020). In terms of liquidity, the banking system also has a solid position, with a liquidity coverage ratio (LCR) of 240% at the end of February 2022, a level similar to that at the end of December 2021 of 239 % (compared to 266% at the end of December 2020).

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

Since 2022 Banca Transilvania is in the top of the most valuable 500 bank brands in the world, ranking 304<sup>th</sup> according to 2022 Brand Finance Banking 500. 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.

For 2021, the bank rewards its shareholders both through the distribution of free shares in proportion of 12% of share capital and dividends amounting to a total of 800 million lei.

*Although Banca Transilvania obtained in the first quarter of 2022 a net profit of 307.5 million lei, decreasing compared to the results obtained in Q1 2021, the net interest income increased by 21.7% due to the increase of crediting and interest.*

The loan portfolio managed by the Bank increased by 4.5% compared to the end of the previous year and by 32% compared to the end of the same period in 2021. Between January and March 2022, approximately 63,000 new loans were granted, of which over 58,000 new loans to retail customers. At the level of the Bank, the net loans at the end of March 2022 represent 54.6 billion lei. All business segments indicated growth compared to the analysed periods.

*The Bank has kept its very prudent provisioning policy, covering the non-performing exposures with total provisions of de 179%, higher than at the end of 2021 when it was 166%.*

*Results were lower compared to the same period of the previous year, but remain at a very good level, given that in the same period of 2021 net result was positively influenced by provision reversals, while the net result in the first quarter of 2022 was affected by the setup of provisions.*

**BRD - SOCIETE GENERALE (BRD)** – is the third largest bank in Romania, with a solid business model, focused on the retail segment, and a market share of 11% on assets.

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.

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

In the first quarter of 2022, BRD registered a strong business activity on all fronts, despite

uncertainties in the macroeconomic context towards the end of the quarter.

The revenues of the BRD Group registered a solid increase in the first three months of the year, the net banking income being higher by 7.5% compared to the same period of 2021. The strong commercial pace translated into an increase of almost 10% in net revenues from interest due to a very dynamic activity on all lines.

The quality of the loan portfolio continued to improve with a low NPL \* rate (non-performing loans according to the EBA definition) of 2.7% at the end of March 2022, below the 3.1% level recorded at the end of March 2021 and a rate of high provisioning coverage (76.5% at the end of March 2022 compared to 73.3% at the end of March 2021, on Bank level). The net cost of risk was reduced from RON 54 million in Q1 2021 to RON 32 million in Q1 2022 as a result of a good performance of non-performing portfolio recoveries partially offset by deterioration in the context, given the current geopolitical environment.

As an effect of the previously mentioned evolutions, in the first quarter of 2022 BRD Group registered a net profit of 263 million RON (+18,3% of annual dynamics, from 222 million RON in the first quarter of 2021), an equity yield of 11,9% (2,8 pp higher compared to the first quarter of 2021) and an assets yield of 1,5% (cu 0,1 pp higher compared to the first quarter of 2021). The Bank registered similar trends that led to a net result of 246 million RON compared to 218 million RON in the first quarter of 2021.

Expectations are for the bank's profitability to increase with the growth of Romanian economy. Bank interest income will be positively affected by the increase of loans and interest rate, an increase that is reflected in Q1 2022 results and will be felt even more in the results of the coming quarters.

### **Transilvania Investments Alliance**

TRANSI share ownership interest represented 1,33% of EVERGENT Investments' total assets on March 31, 2022. It is expected that this company will increase its assets value and implicitly share price through the restructure of the portfolio with higher exposure on the private or listed tourist hotel sector.

### **BVB**

EVERGENT Investments is part of the development of Romanian capital market and holding 4.33%, an important position in BVB's shareholding, is beneficial for our shareholders, in the current context of the economic development of the country and of the Romanian companies.

In 2022 BVB will continue the projects launched over the last years, such as the BVB Research Hub portal, as well as the process of covering listed companies with ESG analysis. In 2021, 15 listed companies were covered by fundamental analysis through the BVB Research program and 73 companies received ESG analyses following the partnership with Sustainalytics. In 2022 BVB will focus on optimizing these programs but also on supporting the expenses generated by these projects by initiating partnerships.

2022 is a very important year from the perspective of the biggest project started by BVB as well, the establishment of the Central Counterpart, CCP.RO. Thus in the second half of 2022 BVB anticipates the authorization of Central Counterpart and the start of the effective operational activities.

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

On 31<sup>st</sup> March 2022, the assets of the 6 subsidiaries of EVERGENT Investments Group had a value of 180 mil lei, representing 7,97% of EVERGENT Investments' total assets.



The members of EVERGENT Investments Group:

No..	Subsidiary name	Direct holding of EVERGENT Investments – parent company %	Weight of total assets % 31.03.2022	Company type (closed/listed)	Activity
1	EVERLAND SA Bacau	99,99	1,66	Unlisted	Real estate_ private-equity portfolio
2	EVER-IMO SA Bucuresti	99,99	1,93	Unlisted	
3	REGAL SA Galati	93,02	0,54	BVB-ATS (REGL)	
4	MECANICA CEAHLAU SA Piatra Neamt	73,30	0,97	BVB-REGS (MECF)	Agriculture_ private-equity portfolio
5	AGROINTENS SA Bucuresti	99,99	1,99	Unlisted	
6	CASA SA Bacau	99,60	0,88	unlisted	Garnishment and support EVERGENT Investments
<b>Total</b>			<b>7,97</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 in the companies from the EVERGENT Investments' portfolio.
- Investments in this portfolio represent a “private equity” approach that involves the **increase of certain existent majority holdings (real-estate, agricultural machines, agribusiness), as well as new investments (real-estate, agribusiness)** and offers development opportunities for medium or long term.

#### 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.

“Private equity” type approach implies 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 development period, and others are still in the maturity period of the life cycle of a business.

#### 1.2.3.1. AGROINTENS SA – “BLUEBERRY FARM EXTENSION” blue-berry 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 of 86 ha.

**EVERGENT Investments' investment:** 8,4 mil euro.

**Current status:**

Seasonal agricultural works were carried out.

*Q1 2022 Financial results*

Indicators – AGROINTENS (mii lei)	IEB 2022	Achieved Q1 2022	achieved Q1 2022 / IEB 2022 (%)
<b>Total income</b>	17.735	809	5%
<b>Total expenses</b>	(15.875)	(1.654)	10%
<b>Net profit/(loss)</b>	1.860	(845)	n/a

Registered loss is due to the seasonal nature of the activity.

**1.2.3.2. EVERLAND SA –Iasi Real Estate Project**

**Premises:** the Company owns about 2.55 ha land and an administrative building GF+8 with a built area of 4.600 sqm, located in the central area of Iași municipality. Our detailed analysis and forecasts targeted both the quality and location of the purchased assets and the significant real-estate development potential of Iași municipality.

**Stage:**

In February we have received the approval of the zone urban plan and we are now analysing the development of a real-estate project of about 100 million euro, with a maximum built area of 83.800 square meters.

*Q1 2022 Financial results*

Indicators – EVERLAND SA (thousand lei)	2022 Budget	Achieved Q1 2022	Achieved Q1 2022 / 2022 Budget (%)
<b>Total income</b>	35	8	50%
<b>Total expenses</b>	(3.560)	(153)	4%
<b>Net profit/(loss)</b>	(3.525)	(135)	n/a

The loss was generated by operational expenses for the preparation of the real-estate project.

**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..

*Q1 2022 Financial Results*

Indicators – CASA SA (thousand lei)	2022 Budget	Achieved Q1 2022	Achieved Q1 2022 / 2022 Budget (%)
<b>Total income</b>	4.388	978	22%
<b>Total expenses</b>	(4.186)	(600)	14%
<b>Net profit/(loss)</b>	202	378	187%

**1.2.3.4. MECANICA CEAHLAU SA**

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

*Q1 2022 Financial Results*

indicators – Mecanica Ceahlau SA (thousand lei)	2022 Budget	Achieved Q1 2022	Achieved Q1 2022 / 2022 Budget (%)
<b>Total income</b>	45.353	11.694	26%
<b>Total expenses (less income tax)</b>	(43.122)	(10.684)	25%
<b>Net profit/(loss)</b>	1.891	0.923	49%

**1.2.3.5. REGAL SA**

On the reporting date, the company has 3 commercial spaces with a built area of around 1.500 square meters. The company shall continue to sell its commercial spaces in agreement with the approved strategy.

EGMS of September 30, 2021 approved the withdrawal from trading and cancellation from FSA records and closing of the company.

### Q1 2022 Financial Results

Indicators – REGAL (thousand lei)	2022 Budget	Achieved Q1 2022	Achieved Q1 2022 / 2022 Budget (%)
Total income	3.867	105	3%
Total expenses	(3.925)	(170)	4%
Net profit/(loss)	(508)	(65)	n/a

### 1.2.3.6. EVER-IMO SA

#### **Future real-estate projects in Bucharest**

Following the success of "Baba Novac Residence" real-estate project, the company is preparing three real-estate development projects: Intrarea Straulesti Project, Piscul Mosului Project and Spatarul Preda Project.

### Q1 2022 Financial results

Indicators – EVER - IMO SA (thousand lei)	2022 Budget	Achieved Q1 2022	Achieved Q1 2022 / 2022 Budget (%)
Total income	3.103	719	23%
Total expenses (less income tax)	(6.174)	(1.404)	23%
Net profit/(loss)	(3.071)	(685)	n/a

\*\*\*

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

- ✓ NORD SA - 18,19% holding of share capital and Professional Imo Partners SA - 31,42% holding of share capital, who directly/ indirectly participate to the implementation of "**Veranda Mall**" project in Bucharest
- ✓ STRAULESTI LAC ALFA SA - 50% holding of share capital, who implements "**Atria Urban Resort**" project Bucharest
- ✓ AGROSERV MARIUTA SA –11,44% holding of share capital.

### 1.2.3.7. "VERANDA MALL" Trade 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 or 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, that includes a number of 160 apartments, was completed and sold in full;
- ✓ Stage 2 includes 398 apartments and was completed, 257 apartments were sold and 37 preliminary contracts were signed;
- ✓ Stage 3 includes 350 apartments – planning pending.

*Q1 2022 Financial results*

Indicators – Straulesti Lac Alfa SA (thousand lei)	2022 Budget	Achieved Q1 2022	Achieved Q1 2022 / 2022 Budget (%)
<b>Total income</b>	158.748	31.486	20%
<b>Total expenses (excluding income tax)</b>	(130.228)	(3.892)	3%
<b>Net profit</b>	24.185	23.401	97%

**1.2.3.9. AGROSERV MARIUTA SA**

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

Agroserv Măriuța SA is a company that mainly carries out mixed agricultural activity, crops and animal husbandry. Starting with 2018 the company added a new business line, by processing 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 business lines in the field of consumer goods by selling dairy products in modern and traditional trade, as well as in 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.

**Stage:**

The cheese and butter production unit was commissioned between February – April 2022.

**1.2.4. "SELL" Portfolio**

SELL Portfolio was built on criteria of low liquidity, performance and growth potential of the holdings it includes. In order to reach the investment objectives of EVERGENT Investments SA and from 2022 Activity Program, the reduction of the weight of SELL portfolio in the company's total assets continued in Q1 2022. Thus, on 31<sup>st</sup> March 2022, the weight of SELL portfolio was 0,41% of total assets value, compared to 0,93% on 31<sup>st</sup> March 2021, 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.

Through activities specific to SELL Portfolio, the active participation of EVERGENT Investments to the General Meetings of Shareholders of companies in the portfolio was ensured, questions were sent to the Boards of Directors, the legitimacy of the resolutions of the general meetings of shareholders/resolutions of the boards of directors that affected the interests of minority shareholders was monitored and challenge suggestions were submitted, depending on the case.

### 1.2.5. Implementation of 2022 investment program

EVERGENT Investments has analysed and implemented investment *consistent with the directions and principles presented in 2022 Activity Program*, approved by the shareholders in OGMS on 28<sup>th</sup> April 2022.

thousand lei	2022 activity program	Achieved in Q1 2022	% achievement Q1 2022
<b>Total investment program, of which assigned for portfolios:</b>	<b>169,9</b>	<b>82,4</b>	<b>48,5</b>
• FINANCIAL-BANKING		22,5	
• ENERGY-INDUSTRIAL		51,7	

## 2. Financial Position and Performance

The interim simplified separate financial statements for the three months' period ended on 31<sup>st</sup> March 2022 were prepared in accordance with IAS 34 "Interim Financial Reporting" and applying the provisions of Rule 39/2015 for the approval of accounting regulations compliant with the International Financial Reporting Standards ("IFRS"), applicable to entities authorized, regulated and supervised by FSA. 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.

In the first quarter of 2022, the Company's financial position and performance decreased, mainly because of the negative impact that the Russian-Ukrainian conflict has had on financial markets, as well as by the impact of the generalized increase of interest, following the increase of monetary policy interest given the accentuation of inflationary pressures, both determining a decrease of quotations on Bucharest Stock Exchange, with impact on the value of assets in the portfolio.

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

#### ➤ Separate statement of comprehensive income:

(lei)	2020 (audited)	T1 2021 (unaudited)	2021 (audited)	T1 2022 (unaudited)
<b>Revenue</b>				
Dividend income	89.107.709	880.833	54.656.711	13.802.044
Interest income	2.913.568	766.966	4.718.481	1.553.826
Other operating revenue	1.082.041	280.869	1.030.926	243.777
Net gain/ (net loss) from FVTPL assets	(50.074.477)	27.356.362	25.460.617	(10.334.511)
Net gain from the sale of non-financial assets	191.429	-	-	-
Net gain/ (net loss) from the revaluation of investment property	(33.547)	-	143.329	-
<b>Expenses</b>				
(Impairment loss)/Loss reversal on financial assets	(275.130)	(77.026)	3.895.437	2.330.902
(Impairment loss)/Loss reversal on non-financial assets impairment	628	-	(28.989)	671
(Set-up)/Reversal of provisions for risks and expenses	239.144	(1.800)	(1.620.399)	52.200
Expenses with wages, remuneration and other similar expenses	(23.607.641)	(4.844.284)	(29.426.547)	(4.348.130)
Other operating expenses	(9.067.642)	(2.179.993)	(10.477.957)	(2.708.383)
<b>Operating profit /(loss)</b>	<b>10.476.082</b>	<b>22.181.927</b>	<b>48.351.609</b>	<b>592.396</b>
Interest expense from lease liability contract	(39.736)	(9.386)	(42.218)	(23.641)
<b>Profit /(loss) before tax</b>	<b>10.436.346</b>	<b>22.172.541</b>	<b>48.309.391</b>	<b>568.755</b>
Income tax	(4.609.320)	(2.875.258)	(1.920.757)	(603.758)
<b>Net profit/(loss)</b>	<b>5.827.026</b>	<b>19.297.283</b>	<b>46.388.634</b>	<b>(35.003)</b>
<b>Other comprehensive income</b>				
Increase/(Decrease) from revaluation of property, plant and equipment, net of deferred tax	(170.598)	6.166	439.940	7.176
Net gain/(loss) from the revaluation of financial instruments at fair value through other comprehensive income (FVTOCI)	(153.598.721)	98.925.539	414.290.697	(28.125.569)
<b>Other elements of comprehensive income – elements that will not be reclassified in profit or loss</b>	<b>(153.769.319)</b>	<b>98.931.705</b>	<b>414.730.637</b>	<b>(28.118.393)</b>
Net gain/(net loss) from the revaluation of FVTOCI bonds	29.587	58.715	45.845	2.551
<b>Other comprehensive income- elements that will be reclassified in profit or loss</b>	<b>29.587</b>	<b>58.715</b>	<b>45.845</b>	<b>2.551</b>
<b>Other comprehensive income - Total</b>	<b>(153.739.732)</b>	<b>98.990.420</b>	<b>414.776.482</b>	<b>(28.115.842)</b>
<b>Total comprehensive income of the financial period/ year</b>	<b>(147.912.706)</b>	<b>118.287.703</b>	<b>461.165.116</b>	<b>(28.150.845)</b>
<b>Basic and diluted earnings per share (net profit /(net loss) per share)</b>	<b>0,0059</b>	<b>0,0197</b>	<b>0,0477</b>	<b>(0,0000)</b>
<b>Result per share (including gain from the sale of FVTOCI financial assets)</b>	<b>0,0571</b>	<b>0,0322</b>	<b>0,1536</b>	<b>0,0114</b>

Net loss registered by the Company in the first quarter of 2022 was mainly caused by net loss from financial assets at fair value through profit or loss (FVTPL), of 10,3 million lei, most of which was unattained loss from the revaluation of fund units from the Company's Portfolio.

Comprehensive income was also influenced by net loss from the revaluation of financial assets measured at fair value through other comprehensive income (FVTOCI) registered in the first 3 months of 2022, of 28,1 million lei, caused mainly by the price decrease of listed shares in the portfolio, classified in this category, for the reasons mentioned above.

According to IFRS 9 "Financial instruments", in case of shares, depending on their classification, gain or loss from sale is reflected either in profit or loss (in case of FVTPL financial assets), or directly in Retained Earnings (in case of FVTOCI financial assets).

Consequently, management considers net result as a performance indicator, including the gain from the sale of FVTOCI financial assets along with net profit /(net loss).

(lei)	2020 (audited)	T1 2021 (unaudited)	2021 (audited)	T1 2022 (unaudited)
<b>Net profit /(loss)</b>	5.827.026	19.297.283	46.388.634	(35.003)
Gain on the transfer of FVOCI* financial assets, net of tax, recycled in retained earnings	50.247.530	12.201.247	102.908.216	10.970.603
<b>Net result (including gain on the transfer of FVOCI financial assets)</b>	<b>56.074.556</b>	<b>31.498.530</b>	<b>149.296.850</b>	<b>10.935.600</b>

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

### ➤ Management Expenses

The monthly average percentage of management expenses represents 0,08%, of total assets.

**The monthly average of monthly management expenses represents 0.08-% of total assets**, being lower than the average commissions paid to investment fund management companies (0,08% - 0,30%).

### Structure of Management Expenses

<b>Management expenses (lei)</b>	<b>5.753.059</b>
<b>Expenses with wages, indemnities and similar, of which:</b>	<b>4.417.927</b>
- wages and indemnities	4.254.165
- expenses for social insurance and protection	93.965
- expenses for professional training	69.797
<b>Expenses for outsourced services and other operating expenses</b>	<b>1.105.304</b>
Expenses for energy and water	168.054
Expenses for fuel and materials	61.774

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

In management expenses, the main weight, de 77%, is held by *expenses for wages, indemnities and similar* (wages, allowances, social benefits and professional training of staff, directors and managers). For more detail on expenses with wages, allowances and other similar expenses, divided on fixed and variable expenses, see explanatory note 7 to the Separate Financial Statements on 31<sup>st</sup> March 2022.

*Expenses for outsourced services and other operating expenses* represent 19% of total management expenses and mainly include services for the monitoring of companies in the portfolio, professional consultancy, management of spaces and archive, insurance, postal expenses and subscriptions, rents, royalties, concession fees, protocol expenses, travel, expenses for maintenance and repair, other operating expenses.

➤ **Separate statement of financial position:**

(lei)	31 <sup>st</sup> December 2020 (audited)	Q1 2021 (unaudited)	31 <sup>st</sup> December 2021 (audited)	Q1 2022 (unaudited)
<b>Assets</b>				
Cash and current accounts	327.423	199.047	267.380	258.314
Bank deposits with initial maturity within 3 months	85.057.575	116.744.332	157.466.639	89.795.581
Financial assets measured at fair value through profit or loss	364.462.371	379.841.923	381.215.357	375.880.846
Financial assets measured at fair value through other comprehensive income	1.643.409.645	1.721.168.083	1.952.286.731	1.970.969.267
Bonds at fair value through other comprehensive income	3.802.401	3.947.836	3.982.215	4.024.825
Bonds at amortized cost	16.644.595	16.914.097	34.171.645	34.881.265
Other financial assets at amortized cost	8.104.606	1.602.868	5.361.399	19.207.589
Other assets	344.410	453.077	1.579.222	395.772
Investment property	4.103.857	4.103.857	4.247.186	4.247.186
Plant, property and equipment	7.503.594	7.388.630	8.308.912	8.456.219
Right-of-use assets	1.132.811	1.067.886	3.570.975	3.369.121
Intangible assets	368.884	388.122	360.960	338.605
<b>Total assets</b>	<b>2.135.262.172</b>	<b>2.253.819.758</b>	<b>2.552.818.621</b>	<b>2.511.824.590</b>
<b>Liabilities</b>				
Lease liabilities	1.070.045	1.016.308	3.511.637	3.314.451
Dividends payable	35.818.292	35.584.528	34.036.742	33.792.396
Current income tax liabilities	4.171.854	5.681.296	-	838.565
Financial liabilities at amortized cost	944.439	1.399.064	1.833.601	3.574.549
Other liabilities	3.292.889	2.407.652	3.409.990	2.960.909
Provisions for risks and expenses	129.344	131.144	1.749.743	1.697.543
Deferred tax liabilities	90.800.183	108.375.444	125.338.378	115.871.656
<b>Total liabilities</b>	<b>136.227.046</b>	<b>154.595.436</b>	<b>169.880.091</b>	<b>162.050.069</b>
<b>Equity</b>				
Share capital	514.402.388	514.402.388	510.105.062	510.105.062
Retained earnings	871.860.684	903.359.214	981.801.980	992.737.580
Reserves from the revaluation of property, plant and equipment	8.527.896	8.534.062	8.967.836	8.975.012
Reserves from the revaluation of financial assets at fair value through other comprehensive income	591.817.817	678.600.824	903.246.143	864.152.522
Treasury shares	(9.595.338)	(27.463.896)	(41.119.507)	(46.122.664)
Equity-based payments to employees, directors and administrators	18.457.300	18.457.300	16.252.012	16.252.012
Other items of equity	3.564.379	3.334.430	3.685.004	3.674.997
<b>Total equity</b>	<b>1.999.035.126</b>	<b>2.099.224.322</b>	<b>2.382.938.530</b>	<b>2.349.774.521</b>
<b>Total liabilities and equity</b>	<b>2.135.262.172</b>	<b>2.253.819.758</b>	<b>2.552.818.621</b>	<b>2.511.824.590</b>

In the first three months of 2022, EVERGENT Investments' total assets decreased by about 2%, mainly because of the decrease of financial assets value in the Company's portfolio (shares and fund units) because of the military conflict at Romania's borders and interest increase.

The main modification from the point of view of assets structure was the decrease of bank deposits, liquidities being used for investments in shares measured at fair value through other comprehensive income (FVTOCI).

The decrease of total liabilities was mainly caused by the decrease of the deferred tax liability corresponding to the reserve from the revaluation of FVTOCI financial assets that decreased in Q1 2022. Deferred profit tax was calculated and registered in accordance with IFRS provisions.

## 2.2. Performance Indicators

	2020	Q1 2021	2021	Q1 2022
<b>Current liquidity indicator</b>	10,4	11,1	13,9	11,8
<b>Rotation speed of debts-clients</b>	23	15	29	71
<b>Rotation speed of intangible assets</b>	0,06	0,017	0,043	0,008
<b>Net profit / (net loss) per share (lei/share)</b>	0,0059	0,0197	0,0477	(0,0000)
<b>Earnings per basic share (lei/share)</b>	0,0571	0,0322	0,1536	0,0114

Specifications:

Current liquidity indicator = current assets/ current liabilities

Rotation speed of debts-clients = average balance of claims/ turnover x no. of days for the reporting period rotation speed of non-current



assets = revenue from current activity / non-current assets

Earning per basic 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) Earning per share, namely net profit per share have been calculated using the average number of shares in circulation (e.g. excluding redeemed shares).

### 2.3. 2022 Budget Achievement Degree

million lei	Budgeted 2022	Achieved Q1 2022	Achievement degree %
<b>Total income</b>	<b>99,49</b>	<b>17,81</b>	<b>18</b>
<b>Financial income</b>	<b>98,54</b>	<b>15,35</b>	<b>16</b>
• Dividend income	93,03	13,80	15
• Income from bank deposits and bonds	5,51	1,55	28
<b>Other operating income</b>	<b>0,95</b>	<b>2,46</b>	<b>258</b>
• Income from rent and connected activities	0,95	0,24	25
• Income from provision reversal	-	2,17	n/a
• Other income from current activity	-	0,05	n/a
<b>Total expenses</b>	<b>(89,05)</b>	<b>(17,25)</b>	<b>19</b>
<b>Financial expenses</b>	<b>(46,55)</b>	<b>(10,43)</b>	<b>22</b>
• Floss from FVTPL financial assets	(46,09)	(10,33)	22
• Expenses with bank transactions and commissions	(0,36)	(0,07)	19
• Other financial expenses	(0,10)	(0,03)	25
<b>Expenses for current activity</b>	<b>(42,50)</b>	<b>(6,82)</b>	<b>16</b>
<b>Gross profit</b>	<b>10,44</b>	<b>0,56</b>	<b>5</b>
Profit tax	(4,23)	(0,60)	14
<b>Net profit/ (net loss)</b>	<b>6,21</b>	<b>(0,04)</b>	<b>(1)</b>
Net gain from the sale of FVTOCI assets	58,28	10,97	19
<b>Net result</b>	<b>64,49</b>	<b>10,93</b>	<b>17</b>

**Net result** registered in the first 3 months of 2022 represents 17% from the budgeted level for the entire 2022, mainly due to net gain from the sale of FVTOCI financial assets registered by the Company. Loss registered in Q1 2022 was caused by the negative evolution of financial markets (including Bucharest Stock Exchange) because of the Russian- Ukrainian conflict started at the end of February 2022.

Through their nature, dividend income is registered mainly starting with the second quarter of the year, when companies in the portfolio start to declare dividends, which is why the level of Q1 2022 is relatively low.

At the same time, expenses for current activity registered (main expenses category), represent 16% of the total budgeted for 2022.

### 3. EVER Share Market

Number of shares: 981.213.051  
 Nominal value: 0,1 lei  
 Share capital: 98.121.305,10 lei  
 Capitalization: 1.197.079.922 lei  
 31.03.2022 (242 million euro)

Price: 1,22 lei, EPS: 0,08 lei, PER:16,12 ; DIVY: 5,2 %  
 52 m: 1,015 lei; 52 M: 1,54 lei

The market on which EVER share is traded: Bucharest Stock Exchange, *Premium category*, since 01.11.1999. Starting on 28<sup>th</sup> march 2021 it is traded under the EVER symbol.

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

#### EVER share evolution between 31.03.2021 and 31.03.2022



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

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

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

Yields 31.03.2021 (%)	EVER share	BET-FI	NAVPS EVER
1 month	2,95	2,84	0,77
3 months	-0,41	-2,96	-0,96
6 months	-15,57	-5,00	-0,10
12 months	-14,39	4,11	13,44

Note: series of historic prices and NAVPS are 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 (%)*	25,07	12,89
Beta**	0,94	1,00

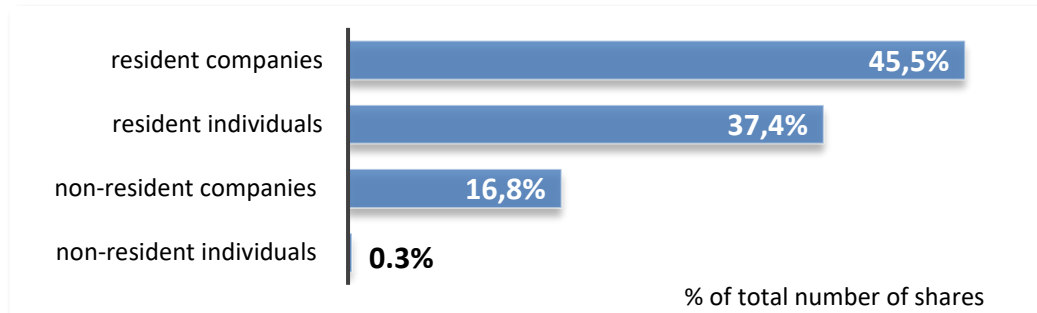
\* Volatility (12m) = annualized volatility

\*\* Beta = price sensitivity to market movements

### 3.1. Dividend policy

Through the optimal mix between the predictable dividend policy and the buyback program, the company returns value to the shareholders, both on long-term and short-term. This is supported by the dividend distribution rates in recent years which prove the predictability of the dividend allocation to shareholders on a consistent basis and the stability of the company's cash flows, implicitly a strong financial position in the market.

#### Shareholding structure at March 31, 2022 – Number of shareholders: 5.745.580



#### Dividend payment :

Dividend payments on March 31, 2021	2018 dividends	2019 dividends	2020 dividends
	<b>0.0304 lei/share</b>	<b>0.06 lei/share</b>	<b>0.043 lei/share</b>
<b>Total dividend payable (lei)</b>	30,234,239	59,063,889	42,012,148
<b>Total paid (lei)</b>	<b>22,938,124.21</b>	<b>44,333,797.08</b>	<b>30,943,204.14</b>
<b>% payment</b>	75.87	75.06	73.65

Through the announcement of May 17, 2021, EVERGENT Investments SA informed the shareholders on the payment of the dividends for the year 2020, in accordance with the General Meeting of Shareholders Resolution no. 4 of April 29, 2021, as follows:

- ✓ The gross dividend per share is *0.043 lei*, amount from which the tax on dividends will be withheld and the commissions related to the payment will be borne from the value of the net dividend;
- ✓ The payment date is June 11, 2021;
- ✓ The shareholders entitled to receive the 2020 dividends are those registered in the consolidated register of shareholders on May 19, 2021 – which is the registration date. In the case of deceased shareholders, the dividends are to be paid at the request of one of the successors, only after the transfer of the shares on the name of the heirs by the Depozitarul Central Bucuresti.

### 3.2. Own share buyback

#### EVERGENT Investments Extraordinary General Meeting of Shareholders Resolution no. 4 of January 20, 2022

- approves a new share buyback program (“Program 6”) in compliance with the applicable legal provisions and meeting the following main characteristics:
  - a) program purpose: The company will buyback shares in order to reduce the share capital, by canceling the shares.
  - b) maximum number of shares that can be bought back: maximum 23,100,000 shares (maximum 2.402% of the share capital that will result after the operation of the reduction, according to item 3 on the agenda).
  - c) minimum price per share: the minimum purchase price will be the market price on the BSE

from the moment the purchase is made.

d) maximum price per share: 2.2 lei.

e) program period: maximum 18 months from the date the resolution is published in Romania's Official Gazette, part IV

f) the payment of the bought back shares will be made from from the distributable profit or from the available reserves of the company, entered in the last approved annual financial statement, except for the legal reserves registered in 2020 financial statements, according to the provisions of art. 103 index 1 of Companies' Law no. 31/1990.

g) the acquisition of the shares will be carried out through market operations, in order to acquire a maximum of 23,100,000 shares, in order to reduce the share capital by canceling the shares.

**Starting the first stage of the buyback program of own shares**, in compliance with EVERGENT Investments Extraordinary General Meeting of Shareholders Resolution no. 4 of January 20, 2022 and the Board of Directors' Resolution of January 25, 2022.

The characteristics of the Program are the following:

- Period: January 26, 2022 – June 15, 2022;
- Number of shares: maximum 8,000,000 shares;
- Daily volume: maximum 25% of the average daily volume of shares traded on BSE, calculated on the basis of the average daily volume of the 20 trading days preceding the date on which the acquisition takes place, according to art. 3 paragraph (3) letter b) of the EU Delegated Regulation 2016/1052;
- Price: the minimum purchase price will be the BSE market price from the moment of the acquisition, the maximum price - 2.2 lei/share, according to the EGMS Resolution no. 4 of January 20, 2022;
- Purpose of the program: The company will buyback shares in order to reduce the share capital by canceling the shares;
- Intermediary: BT CAPITAL PARTNERS

## 4. Risk Management

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

The risk management function is provided by the Risk Management department, which has a main role in defining the risk management policy and aims to frame the risks to which the company is or may be exposed in the risk profile assumed by the Board of Directors. EVERGENT Investments has adopted appropriate and effective measures, processes and techniques to identify, measure, administer and monitor at all times the risks to which it is or may be exposed.

**Objectives of the management structure**, within the risk management policy are the prudent management of risks so as to prevent the negative impact that internal or external factors may have on the activity of the company leading to the failure to reach its targets, the occurrence of unplanned or uncontrolled losses, or the occurrence of other negative effects. When ascertaining risk appetite and tolerance, EVERGENT Investments takes into account all relevant risks that it is exposed to due to the specifics of its activity, the main influence being that of **market risk**.

**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. 9/13.08.2019.

Following the assessment of:

- ✓ Risk management policies and measures, processes and techniques for risk measurement and management;
- ✓ Measures taken to remedy deficiencies occurred in the running of the risk management process;
- ✓ Fulfilment of the risk management function;
- ✓ Measures meant to insure the functional and hierarchic separation of the risk management function.

The Board of Directors in the meeting on 25.02.2022 concluded that the *risk management system within the company in Q2 2021 was efficient*, proportionate and adequate for the size, nature and complexity of current activity, insuring the coherence of controls with the risks generated by processes and the efficient use of the company's assets.

Personnel of the Risk Management department:

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

### 4.1. Risk Profile.

**The risk profile** represents all exposed of EVERGENT Investments to real and potential risks. The risk profile of EVERGENT Investments on 31.03.2022 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 31.03.2022
Market risk	Average	Average
Issuer risk	Average	Low
Liquidity risk	Low	Low
Credit and counterparty risk	Average	Low
Operational risk	Average	Average

On 31<sup>st</sup> March 2022, 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.

Between 01.01.2022-31.03.2022 there have been no exceeding of risk limits undertaken through the risk profile.

**Main activities carried out between 01.01.2022 and 31.03.2022:**

- ✓ Annual revision of the Risk Management Policy and Risk Profile;
- ✓ Assessment of the company's current risk profile;
- ✓ Calculation of risk indicators set according to risk management procedures and analysis of their abidance by the approved risk tolerance limits;
- ✓ Risk analysis regarding investments suggested by portfolio management function departments;
- ✓ Daily monitoring of the observance of prudential limits by assets in the portfolio;
- ✓ 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;
- ✓ monitoring the synthetic risk indicator (SRI) of EVERGENT Investments share
- ✓ analysis of 2022 investment program impact on the asset structure, legal prudential limits and risk profile.
- ✓ Preparation of ad-hoc crisis simulations in the context of the Russian –Ukrainian conflict this year;
- ✓ 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.
- ✓ Inventory and ensurance that FSA is provided with the department's documents from the period subjected to regular control.
- ✓ Analysis and calculation of institutional reporting risk measures (Annex IV to R.231/2013).
- ✓ Administrative activities

**4.2. 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 subjected to are:

**1. Market Risk**

Most of EVERGENT Investments' assets are subjected to market risk, defined as the modification potential of their market value. Market risk may occur following the modification of share prices, interest rates, currency exchange rates and other relevant parameters. We distinguish among 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 93% of total assets under management on 31<sup>st</sup> March 2022, market risk being a relevant risk for EVERGENT Investments.
- b) **Currency risk** describes the risk that the value of investments in other currency than leu modifies due to currency rate modifications. Given the low weight of assets in other currencies in the total assets of EVERGENT Investments (0,38%), the impact of currency risk is insignificant.
- c) **Interest rate risk** refers to the possibility that bond investments -- 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 (1,56%), 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. Stress testing and scenario analysis play an important role in the management of market risk.

## 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. The liquidity risk management framework has been an important factor in maintaining adequate liquidity and the management of the liquidity profile over the first quarter of 2022.

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. Stress testing and scenario analysis play an important role in the management of liquidity risk.

## 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.

The issuer risk management framework is designed to identify, measure and management the issuer risk position. The Risk Management Department is responsible for the monitoring and internal reporting of issuer risk. The portfolio management function provides a 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.

The management framework for the credit and counterparty risk is designed to identify, measure and manage the credit and counterparty risk position. The Risk Management Department is responsible for the 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**, with subcategories: IT risk, professional liability risk, compliance risk, model risk, external event risk, money laundering risks and terrorism financing risk.

Operational risk is the risk of loss resulting from internal processes, inadequate individuals or systems or external events. This includes legal risk but excludes business and reputation risk.

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.

To abide by the requirements of FSA Rule no. 4/2018, IT Information Technology related risk is treated separately in the self-assessment process of operational risk. Money laundering and terrorism financing risk (ML/TF) is assessed within a separate process related to the activity of fighting against money laundering and terrorism financing, activity managed by the compliance officer and ML /TF assigned individuals.

6. **Other risks**, with subcategories: 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.

We pay particular attention during this period to systemic risk, manifested by severe tensions in domestic macroeconomic equilibrium, including as a result of the COVID-19 pandemic, the energy crisis and the war in Ukraine. They have produced and are expected to continue to produce accelerated inflation and a slowdown in economic growth, both globally and nationally, with the effect of increasing capital market volatility and uncertainties about their evolution.

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

On 31<sup>st</sup> March 2022, the assets in EVERGENT Investments' portfolio **abide by** legal prudential limits. Between 01.01.2022-31.03.2022 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 31.03.2022 – Law no.243/2019, art.35, line (2):**

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

There are two issuers in this category

Issuer name	Asset category market value (FSA Reg. no. 9/2014) (lei)	Weight of total assets of EVERGENT Investments (%)
Banca Transilvania	924.990.768	36,86
SNGN Romgaz	303.108.813	12,08
<b>Total</b>	<b>1.228.099.581</b>	<b>48,94</b>

**TLV exposure (36,86%), abides by** the maximum 40% holding limit and is closely monitored through daily holding 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. 9/2014) (lei)	Weight of EVERGENT Investments' total assets (%)
<b>Straulesti Lac Alfa Group, of which:</b>	<b>73.199.870</b>	<b>n2,92</b>
• Straulesti Lac Alfa shares	56.121.337	2,24
• Straulesti lac Alfa bonds	17.078.533	0,68
<b>EVER IMO Group, of which:</b>	<b>64.471.666</b>	<b>2,57</b>
• Ever Imo shares	46.487.266	1,85
• Ever Imo bonds	17.984.400	0,72
<b>BVB Group, of which:</b>	<b>10.690.432</b>	<b>0,43</b>
• Bucharest Stock Market shares	9.681.517	0,39
• Central depository Shares	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	Weight of total assets of
------	-----------------------------	---------------------------



	(FSA Reg. no.9/2014) (lei)	EVERGENT Investments (%)
AGROINTENS shares	46.542.439	1,85
EVER IMO shares	46.487.266	1,85
EVERLAND shares	45.021.100	1,79
MECANICA CEAHLAU shares	22.861.495	0,91
CASA shares	20.192.838	0,80
REGAL shares	9.777.490	0,39
EVER IMO bonds	17.984.400	0,72
<b>TOTAL EVERGENT Investments Group</b>	<b>208.867.028</b>	<b>8,32*</b>

\* with Agointens SA virtual shares of 4.845.000 lei (subscribed and not assigned by 31.02.2022), limit per EVERGENT Investments Group becomes 8,52%.

**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 31.03.2022, the value of current accounts and cash is 253.750 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.9/2014) (lei)	Weight of total EVERGENT Investments' assets (%)
Banca Transilvania	72.433.077	2,89
Eximbank	10.059.781	0,40
BRD-GSG	7.308.256	0,29

**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.**

FIAIR name	Asset category market value (FSA Reg. no.9/2014) (lei)	Weight of total EVERGENT Investments' assets (%)
FIA Fondul Privat Comercial	75.910.474	3,03
FIA DCP Investitii	35.648.900	1,42
FIA Hermes	11.150.872	0,44

**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**

FIAIP name	Asset market value (FSA Reg. no.9/2014) (lei)	Weight of total EVERGENT Investments' assets (%)
FIA Alchemist	56.552.922	2,25
FIA BT Invest 1	27.496.034	1,10
FIA Optim Invest	25.731.769	1,03
FIA Multicapital Invest	19.702.170	0,79
FIA Certinvest Actiuni	10.169.421	0,41

**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	Asset category market value (FSA Reg. no.9/2014) (lei)	Weight of total assets of EVERGENT Investments (%)
Fondul Privat Comercial	75.910.474	3,03
FIA Alchemist	56.552.922	2,25
FIA DCP Investitii	35.648.900	1,42
FIA BT Invest 1	27.496.034	1,10
FIA Optim Invest	25.731.769	1,03
FIA Multicapital Invest	19.702.170	0,79

FIA Hermes	11.150.872	0,44
FIA Certinvest Actiuni	10.169.421	0,41
<b>TOTAL open-type AIF funds</b>	<b>262.362.562</b>	<b>10,46</b>

**i) 2. UCITS not allowed for trading**, within a trading value or on a third state stock market, issued by other open-types AIF – case of the Group that EVERGENT Investments is part of- *allowed limit: 40% of assets – not the case.*

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

OPCVM name	Asset category market value (FSA Reg. no.9/2014) (lei)	Weight of total EVERGENT Investments' assets (%)
FDI Piscator Equity Plus	14.828.722	0,59
FDI Transilvania	6.432.187	0,26
FDI BT Index Romania ROTX	5.546.719	0,22
FDI BT Maxim	5.528.081	0,22
FDI Napoca	5.337.902	0,21
FDI Star Next	2.872.191	0,11
FDI Tehnoglobinvest	1.511.893	0,06
FDI Certinvest BET Index	1.323.869	0,05
FDI Star Focus	1.077.580	0,04
FDI Certinvest BET- FI Index	1.062.183	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	Asset category market value (FSA reg. no.9/2014) (lei)	Weight of total EVERGENT Investments' assets (%)
Transilvania Investments Alliance	33.351.044	1,33
Fondul Proprietatea	15.382.411	0,61

**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;*

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

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

Asset type	Asset category market value (FSA Reg. no.9/2014) (lei)	Weight of total EVERGENT Investments' assets (%)
Shares held in close-type issuers (incl. amounts to collect following the withdrawal from closed-companies)	227.048.381	9,05
Closed bonds	35.062.933	1,40
<b>TOTAL</b>	<b>262.111.315</b>	<b>10,45*</b>

\* with Agointens SA virtual shares of 4.845.000 lei (subscribed and not assigned by 31.02.2022), the limit per unlisted assets becomes 10,64%.

**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 Central Depository, 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 shares	Holding percentage in the issuer's share capital (%)
Depozitarul Central (Regisco)	7.396.029	252.919.526	2,92

#### b) Law no. 126/11.06.2018, 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 (%)
Bursa de Valori Bucuresti	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:

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

Issuer name	No. of held shares	Total no. of issuers' share
Banca Transilvania	379.094.577	6.311.469.680

**7.3. Abidance by Law no.74/2015, art.2 line (2)** - On 31<sup>st</sup> March 2022, the value of assets managed by EVERGENT Investments and reported in compliance with “*EVERGENT Investments' statement of assets and liabilities*”, were 2.509.255.580 lei. Their value in euro is **507.268.746**.

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 31.03.2022, calculated for the purpose of institutional reporting (foreseen in Annex IV to EU Regulation no. 231/2013 and art. 38 line (4) Law no..243/2019), is:

✓ 0,9632 (or 96,32%), according to the gross method approach

✓ 1,00 (or 100,00%), according to the engagement method

On 31<sup>st</sup> March 2022, **EVERGENT Investments does not have assets acquired through the use of leverage effect.**

Between 01.01.2022 - 31.03.2022 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.

#### **4.3. Crisis Simulations.**

In the context of the Russian-Ukrainian conflict, CMR conducted an **ad-hoc crisis simulation** to analyse the impact it could have on the Fund's assets and liquidity, on the reference date **31.01.2022**, in two scenarios, as follows:

**Scenario 1** – The event in question was the start of a full-fledged war by the Russian army in Ukraine and a market crash, with no recovery until the end of the year.

**Scenario 2** – The event in question was a conflict situation on the Russia-Ukraine border or limited to the eastern region of Ukraine, without the outbreak of a war and a market crash, without recovery until the end of the year.

Applying the shocks provided in the 2 scenarios does not lead to expected losses of EVERGENT Investments assets above the maximum limit of market risk assumed by the risk profile of 25%.

In terms of liquidity, in three of the nine combined LST scenarios, the value of the CSF falls slightly below 1, which means that in these extreme cases the Fund could face slight short-term liquidity shortfalls due on 30 of days. Another 3 out of nine combined scenarios would lead to decreases in CSF below the internally set 1.5% limit, but above 1.

The results of the ad-hoc crisis simulation were presented and approved by the Board of Directors on 25.02.2022 and communicated to ASF, together with the methodology used.

## 5. Internal Audit

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

FSA notified internal auditor: Virginia Sofian, Gabriela Stelea

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

The internal audit activity is carried out by the internal audit department that is subordinated to the Board of Directors and from an administrative point of view it is subordinated to the 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.

#### **Activities run by internal audit in Q1 2022 based on the internal audit plan targeted:**

- ✓ audit of the activity of subsidiary Casa SA;
- ✓ audit of activities regarding the protection of personal data;
- ✓ audit of the internal control system– partial run;
- ✓ follow-up of the progresses registered in the implementation of internal audit recommendation, under monitoring on 31.12.2022;
- ✓ 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.

Besides the activities presented, other **non-audit activities** have been run, among these:

- ✓ strategic and annual planning of internal audit activity;
- ✓ internal audit activity reporting;
- ✓ monitoring and reporting on the insurance and improvement program of the quality of internal audit activity
- ✓ reporting to FSA on the implementation status of recommendations submitted by the internal auditor and Audit Committee;
- ✓ administrative 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.

## 6. Compliance

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

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

The internal control activity has been carried out mainly through **permanent control, with a proactive nature**, exercised through the constant supervision and monitoring of 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 Q1 2022 are specific to EVERGENT Investments as AIFM (permit no.20/23.01.2018), defined by art. 51 Law 74/2015 and are approved by the Board of Directors within the 2022 Investigation 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 status with legal norms regarding:
  - ✓ Alternative Investment Fund Managers, through the verification of the adequacy of EVERGENT Investments' management personnel.
  - ✓ Issuers, through the preparation and publication on [www.evergent.ro](http://www.evergent.ro) of the " Involvement Policy and Principles regarding the exercise of rights within companies in EVERGENT investments' portfolio " ( after the reporting period, in April ).
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 (authorisation of EVERGENT Investments as AIFM – FSA authorization no.20/23.01.2018) **and later amendments** – we continued the process of revising the internal procedural framework, and notified FSA about:
  - *Revision :Remuneration policies and practices for the personnel categories whose professional activities have a significant impact on its risk profile*
  - *Assessment of adequacy: Policies and procedures for the assessment of assets and calculation of the net unit value per share.*

*Conclusion: no non-compliances identified.*
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 – Compliance with the remuneration policy on entity and group level was verified, including within the balance GMS at subsidiaries. Conclusion; no non-compliances identified.*
5. Provisions of art. 14 Law74/2015 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, line (1), (3)-(9), (11), (12) regarding the **assessment of AIF assets** – The net monthly asset was endorsed, it includes the assessment of the valuation method for held assets. *Conclusion: no infringement of legal provisions were identified.*



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** – *not the case*.
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- 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 2020 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 Report on “EVERGENT Investments’ abidance by legal and internal regulations regarding the preparation of EGMs on 20/21.01.2022”  
*Conclusion: privileged information regarding GMS convening were properly managed.*

12. The management of complaints regarding EVERGENT Investments activity on the capital market – *Reports were prepared in accordance with FSA Reg. no.9/2015; no complaint was registered in the analyzed period.*

13. Abidance by legal and internal provisions for the organization and conducting of the General Meeting of Shareholders on 20/21.01.2022” , with the certification of the abidance by these obligations. BD was submitted and approved the Report on “Abidance by EVERGENT Investments by legal and internal regulation on the preparation of EGMS on 20/21.01.2022”.  
*Conclusion: no non-compliances identified.*

14. 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; Notifications to FSA:**

✓ Authorization of the modifications of the Memorandum of Association, in accordance with the resolution of the extraordinary General Meeting of Shareholders no. 2 on 20.01.2022 on the amendment of the Company’s Memorandum of Association –FSA authorization no. 35/23.02.2022;

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 accordance with EGMS resolution no. 4/20.01.2022 (run period: 26.01.2022 – 15.06.2022, RC 25.01.2022);
- c) Reports presented to BD on the implementation status of BD and MC resolution on 31.12.2022 and 31.03.2022, approved by BD;

*Conclusion: no non-compliances were 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

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Staff of the Compliance Department:

- 1. Michaela Puscas - compliance officer, department manager (FSA reg. no: PFR13RCCO/04003)
- 2. Catalin Nicolaescu – compliance office, until 20.01.2022 (FSA Reg. no.: PFR131RCCO/04004).
- 3. Gabriel Lupascu – compliance officer, starting on 31.03.2022. (FSA Reg. no.: PFR14RCCO/040020)

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.

## 7. Legal assistance, consultancy and legal representation activity.

In agreement with the Strategy and objectives of the 2022 Activity Program, the Legal Department has the mission to ensure the legal safety of documents and operations made and defend the Company's interests.

Starting on February of the current year, the legal assistance, consultancy and representation activity is carried out mainly "in house", there are only two outsourced contracts with collaborating attorneys.

### 7.1. Legal Representation

In the reporting period, the legal assistance and representation activity focused on the **preparation and timely submission of necessary defences in the 172 litigations registered in the specific records**, as well as on the introduction of means of attack in solved litigations where decisions were not in our favour, whereas we have resorted to extraordinary remedies.

**The status of litigations is in short as follows** (details in Annex 3):

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

- ✓ 137 files of which: 131 files are litigations pending in different trial stages (of which 109 are against AAAS) and 6 are solved.
- ✓ Value of litigations on the dockets of courts: 62.167.064,68 lei (claims and insolvency).

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

- ✓ 35 files of which: 26 files are litigations pending in various trial stages and 9 are solved.
- ✓ Value of litigations on the dockets of courts: 94.155,85 lei, namely 148.720,95 USD in files with object various claims.

The Legal Department monitors with maximum diligence the companies in EVERGENT Investments' portfolio from the point of view of statutory decisions, submitting cancellation requests for Resolutions adopted illegally that prejudice the Company's interests. From this perspective, we mention that in the 1<sup>st</sup> quarter of 2022 two such actions were started.

Regarding files against AAAS Bucharest, these are constantly analysed and updated, measures being constantly taken to recover the debts from this institution. In the reporting period, we have started an action against the Romanian state, with object accountability of the Romanian state together with AAAS, so that the enforcement may also be extended on the Romanian state.

In the litigations where our company is respondent, we have obtained favourable solutions both in files with various objects (claims) and enforcement challenges against AAAS.

### 7.2. Legal Consultancy

In close connection with the activities of other departments, LD is actively and constantly involved, offering specialized consultancy both within the Company and for **subsidiaries within EVERGENT Investments Group. Consultancy covers the entire activity field of the Company, consultancy files being prepared in fields** such as: investment projects, revisions, legislative proposals, transactions, corporate operations, contracts, general meetings of shareholders.

At the end of Q1 2021 the legal consultancy activity includes a number of 40 consultancy files, 104 legitimacy endorsements for various legal documents like contracts addenda, decisions, mandates, agreements and a number of 303 endorsements for payment start /cease regarding dividend payments to shareholders.

## 8. Corporate Governance

### 8.1. Relationship with investors

In the first quarter of 2022, **all the requirements<sup>1</sup> and obligations of transparency, information and reporting were observed and ensured**, by publishing current reports<sup>2</sup> and mandatory notifications, by press releases and conducting extensive correspondence with the shareholders. Additional information was made available to shareholders, some of which were periodic (monthly newsletter), designed to ensure up-to-date information on the company's activity.

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

### 8.2. Human Resources 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 67 mii lei.

The personnel was assessed for the activity carried out in 2021 both for performance and specific knowledge.

At the end of the 1<sup>st</sup> quarter 2022 the Company has 40 employees.

### 8.3. Social Responsibility

EVERGENT Investments permanently carries out social responsibility activities, in accordance with its own Corporate Governance Code, directly or through specialized foundations or associations, supporting fields such as: medical, educational, cultural, scientific, sports, social, as well as various events of local interest or national. The value of the sponsorships granted by EVERGENT Investments in the first three months of 2022 was 32,000 lei. The company uses the tax facilities incident to the sponsorship activity.

### 8.4. Involvement policy

At the date of preparation of this report, the "Involvement policy and principles regarding the exercise of rights in the companies from EVERGENT Investments portfolio" is elaborated.

The policy is posted on the company's website [www.evergent.ro](http://www.evergent.ro), according to the provisions of art. 101 paragraph (2) of Law no. 24/2017 on issuers of financial instruments and market operations, republished.

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

<sup>2</sup> Note - the details regarding each category of reporting performed in the reporting period are presented in Annex 4.

## **9. The activity of Preventing and combating money laundering and terrorist financing**

During the first quarter of 2022, the Commission for the Prevention and Combating of Money Laundering and Terrorist Financing (comprised of the ML/TF Compliance Officer and ML/TF Designated Persons) fulfilled its responsibilities set out in the relevant legislation and internal procedures, for which the following operations have been carried out:

- the preparation and disseminating to the company's employees the information on the documents necessary to be considered in the context of customer awareness measures amid the military conflict in Ukraine;
- carrying out the necessary steps to update the relevant Policies and procedures, being thus elaborated and approved internally the Edition no. 5 of the *Procedure Preventing and combating money laundering and terrorist financing* valid starting with April 1, 2022.

During the process of reviewing the documentation, the changes in the incident legislation were taken into account, especially the Law no. 129/2019 and the FSA Regulation no. 13/2019 on the establishment of measures to prevent and combat the money laundering and terrorist financing through the financial sectors supervised by the Financial Supervisory Authority, as subsequently amended and supplemented.

At the same time, we reviewed the methodology by which the Company identifies the ML/TF risks to which it is exposed throughout the activity, identifying and evaluating the ML/TF risk associated with the services it offers and the transactions carried out, the jurisdictions in which customers operate, customers they attract and the transaction or distribution channels they use in the customer service, according to FSA Regulation no. 13/2019.

## 10. Events after the reporting date

### I. Extraordinary and Ordinary General Meeting of Shareholders of April 28, 2022.

The extraordinary and ordinary general meeting of shareholders of EVERGENT Investments S.A. was held on first convening on 28<sup>th</sup> April 2022 at the headquarters of the Company from Bacau, Pictor Aman St. no. 94C. All items on the agenda were discussed and approved in the meetings.

Among the most important adopted resolutions we have:

1. Approval of a treasury shares buy-back program – “Program 7”. The company shall buy-back shares for the purpose of reducing its share capital through share annulment and for the running of “*stock option plan*” type programs. The maximum number of shares that can be bought-back: maximum 28.025.000 shares (2,856% of registered share capital) of which maximum 19.625.000 shares (2,000% of registered share capital) through public offering, for the purpose of lowering the share capital through share annulment for a maximum price per share of 2,2 lei and maximum 8.400.000 shares through market operations (0,856% of registered share capital) for distribution to employees, managers and directors of the Company, within “*stock option plan*”- type programs.
2. Approval of the separate and condensed financial statements for 2021 financial year accompanied by the reports of the financial auditor, activity reports of the Board of Directors of EVERGENT Investments for financial year 2021.
3. Approval of the distribution of dividends with a maximum value of 62,3 million lei from net result obtained in financial year ended on 31<sup>st</sup> December 2021 comprised of net profit and net gain reflected in retained earnings through the sale of equities classified at fair value through other comprehensive income (FVTOCI) and gross dividend of a 0,065 lei/share for the shareholders registered on May 18, 2022. Payment day is June 10, 2022. Dividend yield on convening day is 5,39%.
4. Approval of the activity program and income and expense Budget for 2022.
5. Approval of the extension of the mandate of financial auditor Deloitte Audit SRL and contract duration for a period of 2 years, namely from 01.01.2023 to 31.12.2024.

**II. Offering EVER shares** in compliance with the “*Shares Granting Plan*” for the year 2021 (according to the Current Report 2006 of April 29, 2022)

**III. Allocation of EVER shares** in compliance with the “*Shares Granting Plan*” for the year 2021 (according to the Current Report 2264 of May 9, 2022)

*Q1 2022 Board of Directors' Report related to the Simplified Interim Separate Financial Statements as of March 31, 2022 was approved in the Board meeting of May 13, 2022.*

**Claudiu DOROS**  
President CEO

**Mihaela MOLEAVIN**  
CFO

**Michaela PUSCAS**  
Compliance Manager