



## **Board of Directors' Report H1 2022**



**Dear shareholders,**



“Financial economic markets are marked by geopolitical uncertainties, rising inflation and increased interest rates. The European Central Bank has increased the reference interest for the first time in 11 years and FED marked off the most aggressive reference interest increase in the last 25 years. These factors led to the increase in risk aversion in the first half of 2022. Despite these changes, our company proves that it has a business model that generates performance. Thus, the total assets value is 2.45 billion lei, a 1.7% increase in comparison to the same period in 2021, and net result of 65.2 million lei exceeded the target approved by shareholders for the entire 2022.

We expect rising results until the end of 2022, operating prudently in this tumultuous environment, in line with our priority to generate value for shareholders.”

We hereby present you the results registered by EVERGENT Investments in H1 2022 and the objectives of the coming period in agreement with “2022 Activity program” and “EVERGENT Investments’ Investment Strategy and Policy”, approved in the General Meetings of Shareholders.

### Company Performance

- ◆ **2.450 million lei** – assets under management (AUM), **1.7% higher** than in H1 2021
- ◆ **2.278 million lei** – net asset value, **2.1% higher** than in H1 2021
- ◆ **2,3891 lei** – net asset unit value, **4.7%** higher than in H1 2021

In the first half of 2022, the company’s performance has registered a slight increase on the background of the volatile market generated by exogenous events.

### 65.2 million lei – net result

Net result registered on 30<sup>th</sup> June 2022 is comprised of 54.2 million lei net profit and 11 million lei net gain from the sale of assets reflected in retained earnings. Therefore we register an **exceeding by 1% of the target approved by shareholders in 2022 Budget for the entire 2022.**

- ◆ **117.4 million lei** – value of equity investments

Equity investments in H2 2022 represent 69% of the budget approved by shareholders for 2022.

### Portfolio Structure

Compared to the total value of assets under management, the portfolio of listed shares holds the main share, of 72.5%, while the percentage of unlisted shares is 9.6%. The main sectors in the portfolio structure remain the financial-banking sector with 41.6% and the energy-industrial sector with 26.94% of the total value of assets under management.

The investment of over 38% of EVERGENT's total assets in TLV and BRD shares indicates a structure of our portfolio that is aligned with ESG principles.

The ESG rating, given by Sustainalytics, of 17, namely 19.2 points awarded to Banca Transilvania and BRD places the banks in the Low Risk category regarding ESG initiatives and performances. Therefore, the responsible involvement of banks in society's current issues, such as: climate change, aspects related to inclusion, diversity and governance is confirmed.

### Investment Strategy

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

Thus, we aim to:

- ◆ Increase investments in the PRIVATE EQUITY portfolio – especially agribusiness and real estate.
- ◆ Increase the performance of FINANCIAL-BANKING and ENERGY-INDUSTRIAL portfolios through their active management, as they represent the main sources of income for new investments.
- ◆ Capitalize on the SELL Portfolio – sale of historic share portfolio. Thus, this portfolio decreased by 2 holdings compares to H1 2021, obtaining revenues in the total amount of 4,929,250 lei.

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 AIF legal framework allows us to allocate up to 40% of assets in this type of project, a first “threshold” would be 20-25%. 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 hold 99,9% through Agointens SA – we are market leaders in blueberry production, with a planted area of 86 ha. In April 2022, we purchased 23 ha that are to be cultivate. Therefore, we exceeded the threshold of 100 ha, pursuing the objective of increasing the area to 200 ha.



- ✓ **"Veranda Mall"** – where we have an indirect holding of 37% through Professional Imo Partners SA and Nord SA – with a rentable area of about 34.000 square meters, shopping galleries and a multiplex cinema with 12 projection rooms, Veranda Mall has become a true benchmark in the central-eastern area of Bucharest.



**“Atria Urban Resort”** Real-estate project- where we have 50% holding through Straulesti Lac Alfa SA – targets the construction in 4 stages of a residential complex that includes 1.378 apartments, located in the north west area of Bucharest, with easy access to the Northern part of the capital city. The construction of Stage 1 with 160 apartments is completed and all apartments sold. Stage 2, completed in December 2021, includes a number of 398 apartments of which 298 apartments were sold, and 10 have been preliminary contracted. At the same time, on the reporting date, the building permit for Stage 3 with 350 apartments has been issued.

Proiect



Stage 1 (completed)



Stage 1 (completed)



Stage 2 (completed)



- ✓ **Iasi Real-estate Project** - held 99.99% 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. Our detailed analysis and projections targeted both the quality and location of purchased assets, and the significant real-estate development potential of Iași.
- ✓ In February 2022 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** – 99.99% 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 and on the office segment. EVER Imo aims to develop real-estate projects in this promising residential hub.

1. **Intrarea Straulesti Project** – specific activities are run in order to obtain the detailed urban plan approval for the development of a land of 16000 square meters in the North part of Bucharest, an area that will become 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 a land of 11480 square meters 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!*

*Respectfully yours,*

Claudiu Doros  
President CEO

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*Half-yearly report in accordance with:* Law no. 24/2017 on 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:* 12<sup>th</sup> August 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.:* JO4/2400/92

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

*LEI:* 254900Y1O0025N04US14

*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, Premium category

*International identifiers:* Bucharest Stock Exchange: EVER; ISIN: ROSIFBACNOR0; 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..*

**Legal framework-** EVERGENT Investments SA is classified, according to applicable regulations as Alternative Investments Fund of the Investment Companies Type – F.I.A.S., category: Retail Investor Alternative Investment Fund (RIAIF) authorized by the Financial Supervision Authority with Permit no. 101/25.06.2021 and functions abiding by the provisions of Law no. 74/2015 on the managers of alternative investment funds, Law no. 243/2019 (AIF), Law no. 24/2017 on the issuers of financial instruments and market operations, Companies' Law no. 31/1990 and FSA regulations issued to apply primary law.

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

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

**Its object of activity** consists in:

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



## 1. Activity Analysis

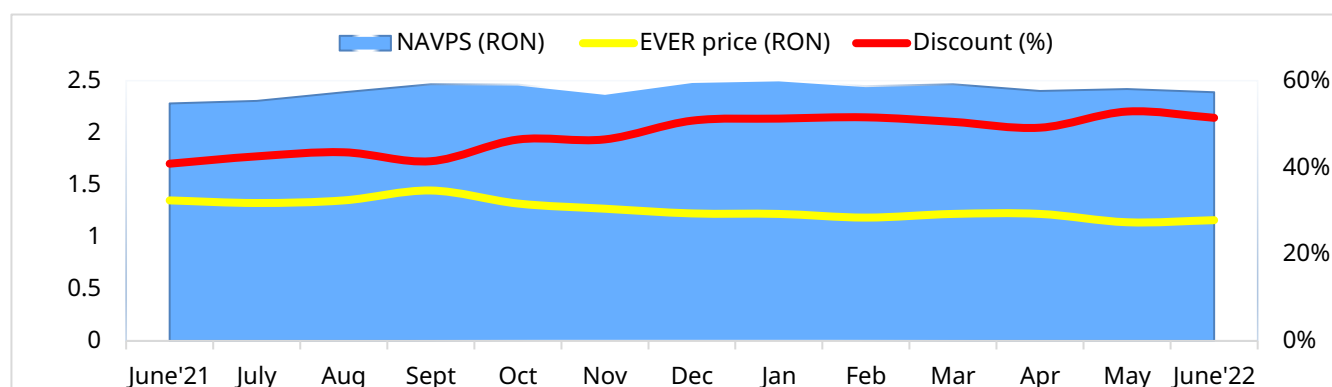
### 1.1. Performances

#### Evolution of assets under management

Indicator	2020	H1 2021	2021	H1 2022	H1 2022 /H1 2021 %
Total assets (mil lei)	2.137	2.408	2.553	<b>2.450</b>	+1,7
Net asset (mil lei)	2.003	2.230	2.383	<b>2.278</b>	+2,1
NAVPS (lei)	2,04	2,28	2,48	<b>2,39</b>	+4,7
Market price (lei)	1,25	1,35	1,22	<b>1,16</b>	-14,1
Discount (%) market price / NAVPS	39	41	51	<b>51</b>	+10,0pp

\* Calculation method for net asset of EVERGENT Investments SA – page 10

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

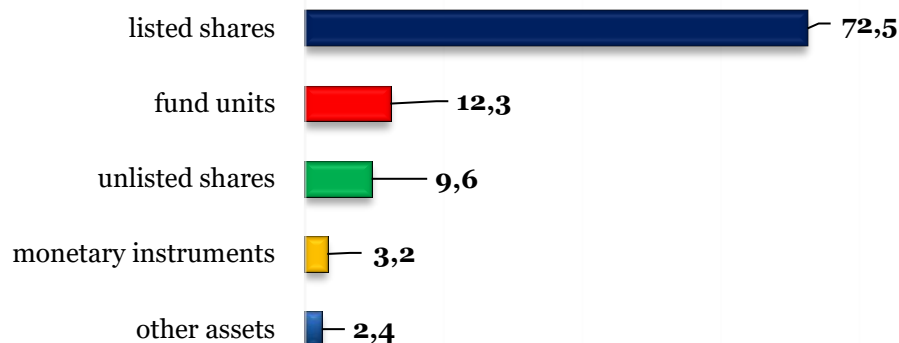


#### Portfolio Structure

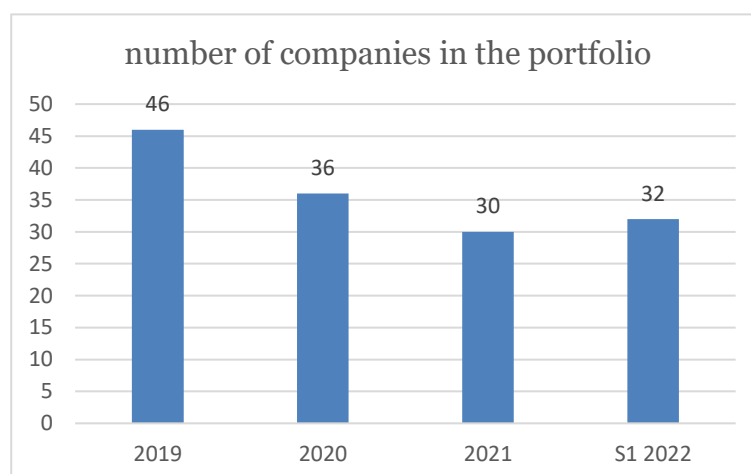
Assets structure (% of total assets value)	2020	H1 2021	2021	H1 2022	H1 2022 /S1 2021 pp
Shares, of which:	80,0	75,4	79,1	82,1	+8,9
✓ <i>listed</i>	70,1	66,8	70,2	72,5	+8,5
✓ <i>unlisted</i>	9,9	8,6	8,9	9,6	+11,6
Non UCITS +UCITS (fund units)	14,0	13,0	21,3	12,3	-5,4
Monetary instruments (deposits, availabilities)	4,3	9,3	6,3	3,2	-65,6
Other assets	1,7	2,3	2,3	2,4	+4,3

**Portfolio Structure – 30<sup>th</sup> June 2022** (% of total assets value)

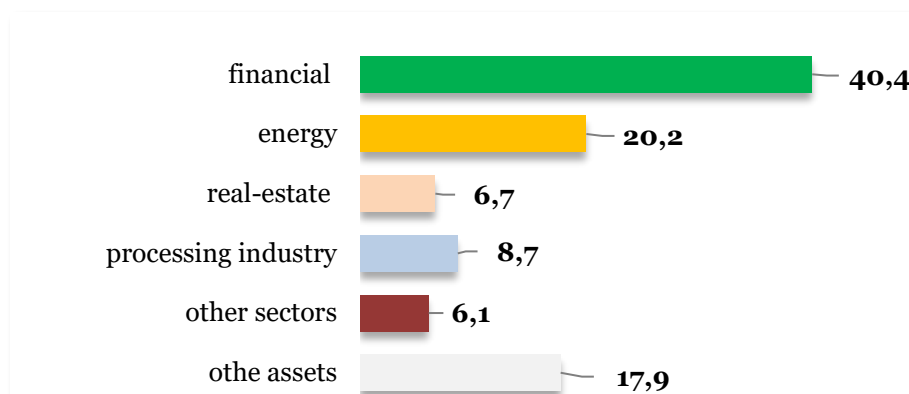
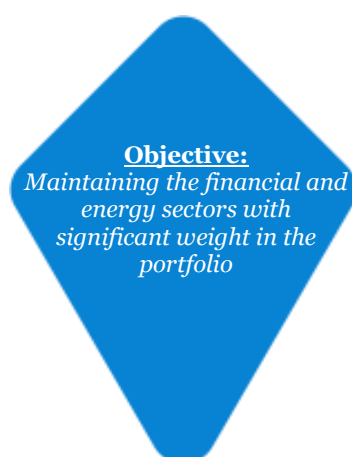
**Objectives:**  
*Maintaining the main weight in shares, namely listed shares*


**Number of holdings**

**Objective:**  
*Decrease the number of holdings and increase the exposure per issuer, in order to increase the efficiency of the management*


**Sectorial Exposure**

Sectorial exposure (% of total assets value)	2020	H1 2021	2021	H1 2022	H1 2022/S1 2021 pp
Financial	44,4	45,1	44,8	40,4	-10,4
Energy	16,0	11,4	13,2	20,2	+77,2
Processing industry	7,0	7,3	8,8	8,7	+20,5
Real-estate	6,9	6,0	6,6	6,7	+10,0
Other sectors	5,7	5,6	5,7	6,1	+1,7

**Sectorial Exposure – 30<sup>th</sup> June 2022** (% of total assets value)

**Top Companies/ Holdings in the Portfolio – 30<sup>th</sup> June 2022**

Top companies in the portfolio	> 1% of total assets value (%)	% holdings in the issuer's share capital
BANCA TRANSILVANIA	35,5	6,26
ROMGAZ	15,6	1,96
AEROSTAR	7,4	15,17
BRD	3,3	0,92
PROFESSIONAL IMO PARTNERS	2,5	31,42
OMV PETROM	2,4	0,27
AGROINTENS	2,1	100
STRAULESTI LAC ALFA	2,1	50,00
EVER IMO	1,9	100
EVERLAND	1,8	100
NUCLEARELECTRICA	1,6	0,29
MECANICA CEAHLAU	1,0	73,3
TRANSILVANIA INVESTMENTS	1,0	4.85
<b>TOTAL</b>	<b>78,2</b>	

**Method of calculation of the net asset value of EVERGENT Investments SA**

The assessment of EVERGENT Investments SA assets is made with the application of assessments methods that are specific for each assets category, in accordance with the provisions of *FSA Regulation no. 9/2014 on the authorization and operation of investment management companies, undertakings for collective investment in transferable securities and of the depositaries of undertakings for collective investment in transferable securities*, with its later amendments and additions and *FSA Rule no. 10/2015 on the management of alternative investment funds*, with its later amendments and additions.

According to legal provisions, the Company **annually revises its assessment policies and procedures for its assets and informs investors about them**. Thus, through the current report on 25.02.2022 we have informed the market that current regulations available on the website [www.evergent.ro](http://www.evergent.ro), are adequate, these are:

1. “Assessment policies and procedures for assets and for calculating the net asset value per share.”
2. “Assessment rules and procedures for EVERGENT Investments’ assets“.

### Comparative evolution – within the sector H1 2022/H1 2021

million lei	SIF 1	EVER	TRANSI	SIF 4	SIF 5
<b>Net asset 30.06.2022</b>	3.158,63	<b>2.278,31</b>	1.355,85	1.873,21	2.128,61
Net asset 30.06.2021	3.308,21	2.230,49	1.319,36	1.839,09	2.099,07
NAV evolution 2022/2021	-4,52%	2,14%	2,77%	1,86%	1,41%
<b>Liquidities 30.06.2022*</b>	246,23	<b>77,88</b>	33,24	185,07	63,80%
Liquidities 30.06.2021*	287,95	224,76	74,07	90,12	40,26
Liquidities evolution 2022/2021	-14,49%	-65,35%	-55,13%	105,36%	58,47% <sup>o</sup>
<b>Results of the period 30.06.2022</b>	4,35	<b>54,2</b>	68,77	-69,16	143,98
Result of the period 30.06.2021	200,31	48,88	58,27	163,67	27,49
<b>Capitalization 30.06.2022</b>	1.262,78	<b>1.138,21</b>	518,99	1.098,50	977,50
Capitalization 30.06.2021	1.412,26	1.335,80	793,62	1.082,81	978,00
Capitalization evolution 2022/2021	-10,58%	-14,79%	-34,60%	1,45%	-0,05%
<b>NAVPS 30.06.2022</b>	6,2238	<b>2,3891</b>	0,6300	2,3873	4,2572
<b>Price 30.06.2022</b>	2,450	<b>1,160</b>	0,240	1,400	1,955
<b>Price/NAVPS discount 30.06.2022</b>	-60,6%	<b>-51,4%</b>	-61,9%	-41,4%	-54,1%
Price/ NAVPS discount 30.06.2021	-57,3%	-40,9%	-39,8%	-41,1%	-53,4%
<b>Dividend 2021</b>	0,060	<b>0,065</b>	0,000	0,000	0,030
<b>DY%</b>	2,45%	<b>5,60%</b>	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. of shares 30.06.2021	515.422.363	989.479.176	2.162.443.797	784.645.201	500.000.000

\*availabilities, deposits, state titles

Within the sector in which it operates, EVERGENT Investments ranks second in terms of capitalization, with approximately 1.33 billion lei. In terms of net assets, Evergent occupies the second position, with approx. 2.28 billion lei, in increase in comparison to the same period in 2021 by 2%. Furthermore, EVERGENT Investments registers the second lowest price /NAVPS discount, namely 51%.

## 1.2. Portfolios. Strategies. Results

EVERGENT Investments has four portfolios defined: FINANCIAL – BANKING, ENERGY-INDUSTRIAL, SELL and PRIVATE EQUITY. The management of portfolio holdings was made on the lines of the multiannual coordinates and 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, in shares of limited liability companies whose annual financial statements are audited in accordance with the law and in other instruments.

We have built solid portfolios, which have generated value both for our investors and for the community in which we live. We have extracted value from portfolios of listed shares, but we have also built a private equity business in real estate and agribusiness. We have continuously perfected ourselves, we have improved procedures creating an organizational culture based on sustainable values. We have valuable and solid assets, experienced management, people with diverse and time-tested expertise, we have built an innovative strategic approach, combined with analytical rigor. This mix of precious resources has proven over time our ability to generate repetitive positive results.

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 2<sup>nd</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 Q2 2022 to a large extent by the correlation of each country with the two fighting countries and/or the conflict in itself.

It can be seen that the main stock market indices had a negative evolution in Q2 2022

Index	Evolution Q1 2022	12 mths evolution	Standard deviation
BET-BK	-11.67%	-15.16%	6.67%
BUX	-23.32%	-35.28%	15.35%
Nasdaq Composite	-22.44%	-23.96%	9.59%
DAX	-17.02%	-28.06%	8.43%
CAC 40	-16.79%	-20.45%	7.14%
PX	-15.59%	-2.28%	7.23%
SAX	-8.59%	-10.74%	5.14%
SOFIX	-8.45%	-3.90%	4.03%
S&P 500	-16.45%	-11.92%	5.74%
WIG 20	-25.85%	-35.13%	12.68%

### 1.2.1. Financial - Banking Portfolio

The financial-banking sector remains the main investment pillar of EVERGENT Investments, the issuers in this sector representing 41.06% of total assets on 30.06.2022 (30.06.2021: 39%), and 38.9% of total assets are bank shares.

The Romanian banking sectors remains in a prudential and financial position similar or better than the European values, the trends that have characterized 2021 being usually favourable in the first quarter of the current year. The effects generated by the military conflict between Russia and Ukraine on the banking sector are currently limited given the low direct exposures in the two countries, but the indirect effect that can accumulate over a longer period of time can be significant, but have a high level of uncertainty.

The solvency ratio remained high until the end of 2021 (23.3%), and liquidity indicators are at comfortable levels (with values of LCR indicators of 212% and NSFR of 174%, March 2022). In the first quarter of 2022, the total equity ratio decreased by about 2 percentage points, mainly as a result of the marking to market of losses related to financial instruments measured at fair value as a result of the upward shift of the yield curve in lei and euros.

In terms of asset quality, there is an improvement, with the NPL ratio (according to EBA classification) standing at 3.3% (March 2022), compared to 3.8% at the end of 2021, but remains in the average risk zone. NPL coverage ratio continued to increase earlier this year (up to 67.2% in March 2022).

BNR identifies two systemic risks of a severe level: global uncertainties in the context of the energy crisis, the war in Ukraine and the COVID-19 pandemic and the deterioration of internal macroeconomic balances, including as a result of geopolitical and international developments, the first migrating from the category of high systemic risk. The other two systemic risks identified are the delay in reforms and the absorption of European funds, especially through the National Recovery and Resilience Plan (PNRR) and the risk of non-payment of loans contracted by the non-governmental sector, which remain at a high level.

The operational efficiency indicator (cost/income) shows some deficiencies in the case of banks with market shares by assets below 5%, especially in the context of the need to increase financial efforts in the field of technological investments.

Credit risk remains important for the banking sector, although recent developments have led to the reduction of non-performance rates both in the case of non-financial companies and the population. These vulnerabilities are likely to be amplified by the introduction of new moratoriums, if they delay the recognition of late payments.

The connection of the banking sector with the public sector remains important. The share of claims on the government sector in aggregate assets has grown considerably since the beginning of the pandemic (22.9% in March 2022), being the highest in the EU. Among these, government securities issued by the central administration are dominant (20.1% of assets in March 2022, decreasing since the end of the year). The significant direct link is also strengthened by indirect exposures, considering the state guarantees granted through the First Home/New Home program, but also through the programs implemented in the context of the COVID-19 pandemic (SME Invest, Agro SME Invest, SME Leasing).

Given the marginal volume of Romanian banks' exposures to counterparties residing in Russia or Ukraine it is expected that the translation of the negative effects of adverse economic developments, as a result of the military conflict, will not have a significant direct impact on the Romanian banking sector.

However, the indirect impact on the Romanian banking sector of these future developments can be substantial and depends on the intensity and duration of the conflict.

The main global economies tightened their monetary policy. The FED has announced a much more alert rate of monetary policy tightening and anticipates a monetary policy interest rate in the range of 1.75-2% by the end of the year, against the background of the uncertain economic context amplified by the pressures of the war on inflation.

Any adjustments to the ECB's representative interest rates will take place after a period following the end of the Governing Council's net purchases under the APP and will be gradual. The Governing Council anticipates keeping key ECB interest rates at current levels until it sees inflation reaching 2% well before the end of its projection horizon.

The annual inflation rate continued to rise above market expectations, reaching a level of 15.05% in June 2022. In order to prevent the side effects of high and rising inflation driven by global supply-side shocks, the BNR has achieved a gradual increase of the monetary policy interest rate, increasing it in five successive steps, to the level of 4.75% in July 2022.

EVERGENT Investments is aware of the importance of sustainable investments and the incorporation of ESG factors in investment decision-making, therefore it proposes the gradual integration of the analysis of factors related to sustainability in the activity of managing the investment portfolio. Thus, the company is constantly analyzing the possibility of allocating capital to projects in economic sectors that support the transition to a sustainable economy and in issuers that carefully monitor the integration of ESG factors in their activity.

Investment approach is mainly guided by the analysis of fundamental data for the purpose of generating value for shareholders, but we are also looking at their concern towards a more sustainable economy, one that is fair towards people, resources and planet.

**BANCA TRANSILVANIA (TLV)** – remains the most important holding providing sustainability and increase to EVERGENT Investments' Portfolio.

The TLV share generated value for shareholders year after year and is included in the FTSE Global Equities Index Series (2020).

Banca Transilvania has received ESG Risk Rating (Environmental, Social and Corporate Governance) very good (17) and is classified in the Low Risk category following Sustainalytics analysis regarding ESG initiatives and performances.

The result ranks BT on 133<sup>th</sup> place of 1.003 banks on global level, placing it in the first 15% of all companies analysed by Sustainalytics, namely in the first 8% regional banks, Sustainalytics being one of the most important world ESG ratings supplier.

The Bank's 2020 Sustainability Report registered a double recognition: Gold Level Recognition following Romania CST Index assessment, the only ranking for performance and transparency from the perspective of corporate sustainability in Romania, calculated by The Azores Sustainability & CSR Services and one of the best sustainability reports in Romania (Gala of the Romanian Stock Exchange Investor Relations Association).

In 2021, another step was taken in terms of sustainability by starting the BT Group's accession process to the Principles for Responsible Banking of the United Nations Environment Program Financial Initiative (UNEP FI), and it recently received membership status.

TLV maintains its position as the leader of the Romanian banking market since 2018, and in 2021 it is significantly detached from the other banks, reaching assets of over 125 billion lei, up 21% compared to 2020, as a result of the increase in lending and as a result of purchases.

This year, the bank registered a 19% increase compared to 2021 in the Brand Strength Index, thus entering AAA+ territory and ranking the BT brand in the Top 10 Global Banking for this indicator. The value of the Banca Transilvania brand reached USD 460 million (from USD 441 million in 2021), occupying the 302<sup>nd</sup> place in Brand Finance Banking 500, 2022.

EVERGENT Investments has implemented an internal mechanism for managing the exposure, subject to fluctuations in the TLV share price, so that the legal and prudential limits regarding ownership per issuer (40%), per Group (50%) and in the bank's share capital (10%) are respected).

On the background of reaching price maxima that have caused the exposure on Banca Transilvania to reach the allowed limit of 40% of total asset, based on the internal mechanism for exposure management, sales were made in the reporting period, obtaining 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 (Q1) 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 32.0% 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 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, in 2022 BRD distributed dividends from the profits of 2019, 2020 and 2021. Following the registration of a very good commercial and financial performance in all these years, the dividend per share distributed was 3.7 lei. The bank aims to maintain a 70% pay out of profit achieved in the following years.

In the first half of 2022, BRD recorded a solid financial performance, based on a dynamic commercial activity in all business lines.

The operational profit of the bank was 13.2% higher than that recorded in the same period of 2021, due to the increase in interest income (+11.4% YOY).

The credits granted in the first half had the highest dynamics ever recorded (+13% compared to the same period last year) due to the increase in the level of loans for homes by 77% compared to the same period of the last year. Lending to companies also increased, at a high level (+15.8% in the annual dynamics), supported by both the SME segment (+36.8% in the annual dynamics) and that of large companies (+7.5 % in annual dynamics).

The quality of the loan portfolio continued to improve with a reduced NPL\* rate (non-performing loans according to the EBA definition) of 2.6% at the end of June 2022, below the level of 3.3% recorded in the same period of the previous year and a coverage rate with high provisions (77% at the end of June 2022 compared to 74% at the end of June 2021).

The net cost of risk was kept under control, registering an expense with provisions of 46 million RON (compared to 39 million RON net reversal in the first half of 2021), determined by the general deterioration of the environment/macro-economic perspectives, partially compensated by substantial recoveries from the non-performing portfolio and the off-balance sheet portfolio.

As a result of the previously mentioned developments, BRD recorded in the first half of 2022 a net profit of 617 million RON (-4.8% in annual dynamics, from 629 million RON in the first half of 2021), a return on equity by almost 16%.

The main trends affecting the activity are the digitization of financial services, the transition to green energy/circular economy and changing mobility patterns.

The improvement of the digital experience through the new completely remote registration process allowed the accelerated growth of the number of customers using the new "YOU BRD" mobile application, up to 890 thousand on June 30, 2022, an increase of 164% compared to the same period of the year last.

Although 2022 started with new challenges for the society and economy, BRD Group is committed to playing an important role in supporting companies in their transition to activities with less carbon dioxide emissions, in an equitable translation from the social point of view, tolerant to diversity and with a lower impact on natural balance and biodiversity.

In this context, BRD concluded or completed a volume of transactions of over 500 million EURO, marking a series of new firsts on the local market, among which, the largest green credit or the first bond issue correlated with sustainability objectives, from Bucharest Stock Exchange, for which the bank was the sole coordinator.

On the individuals market, the first financing products for green products have started to appear, and BRD joins this trend, with a complete financing offer that it will launch in 2022, both on the consumer and real estate markets, doubled by an acceleration of digitization to reduce the physical footprint.

BRD has defined a business plan for sustainable and positive impact financing, following the Group's guidelines and aiming to contribute to the fulfilment of the Group's commitments, including reaching €120 billion in financing for the energy transition by 2023.

**TRANSILVANIA INVESTMENTS ALLIANCE (TRANSI)** –EVERGENT Investments' holdings represents 1,03% total assets on 30.06.2022. The expectation regarding this company is to increase its asset value, implicitly the share price, by restructuring the portfolio with high exposure to the hotel tourism sector, private or listed.

### **BVB**

Since EVERGENT Investments is part of the development of Romanian capital market, in the current context of the economic development of the country and Romanian companies, the holding of an important position in BVB shareholding (4,33%) is beneficial for our shareholders.

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. Thus, 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 actual operational activities.

### 1.2.2. Energy-Industrial Portfolio

The weight of the energy sector is 26,94 of total assets on 30.06.2022 in comparison to 17.16% on 30.06.2021.

The Evergent Investments strategy considers investing in projects and economic activities with a significant positive impact on the climate and the environment, which respect social and governance principles depending on their potential for growth and to offer sustainable and possibly higher returns, compared to other investment opportunities in the market.

Evergent Investments is interested in allocating capital to projects in economic sectors that support the transition to a sustainable economy with low carbon emissions.

In line with Romania's Energy Strategy and the EU Taxonomy, we consider gas and nuclear fuel to be transitional fuels, indispensable within the European economy, to achieve neutrality targets by 2050.

EVERGENT Investments intends to invest in green financial products. This intention largely depends on the capacity of the local market to offer such investment alternatives. A green financial product of great interest is Hidroelectrică, at the time when it would become accessible to investors.

The company also intends to invest in sovereign green bonds, green bonds listed on the BSE or in ESG-weighted indices.

EVERGENT Investments mainly takes into consideration the growth rates of companies' profits, but also the sustainability of these profits.

EVERGENT Investments assesses investments from the point of view of sustainability according to an internally processed methodology that analyses environmental, social and governance criteria.

The assessment of the issuer from the point of view of sustainability is carried out on the basis of public data available in the case of listed companies or data obtained at the level of management of unlisted issuers.

The information from the own ESG evaluation represents support in the investment decision and completes the other analysis elements, representing an advantage/disadvantage in the selection of an investment.

EVERGENT Investments is constantly analysing the possibility of allocating capital to projects in economic sectors that support the transition to a sustainable economy with low carbon emissions. In this regard, we will try to identify the business segments that produce or supply goods, products and services that offer environmental solutions. We consider that this area can include agriculture, industries producing renewable energy (hydro, photovoltaic) or with low carbon emissions (nuclear energy or produced by modern combined cycle gas turbine power plants, which produce less than half of the volume of carbon dioxide (CO<sub>2</sub>) compared to coal-fired plants of equivalent size. Nuclear power may have a reversible effect on global warming, given that energy demand is forecast to increase. Over the course of the nuclear fuel cycle, nuclear power plants have very low emissions of greenhouse gases compared to other sources of energy production.

In the scenarios analysed by the International Energy Agency, energy demand will increase by 2.1% per year until 2040, especially in developed countries. It is estimated that the share of energies with

zero carbon emissions will increase from 36% currently to 52% by 2040. Romania supports the environmental objectives of the European Union aimed at achieving zero carbon emissions by 2050. The decarbonisation target that is to be achieved by 2030, the intermediate stage, was accelerated from 40% to 55%. This ambitious goal cannot be achieved without the use of all low-carbon energies, especially nuclear energy and gas. Thus, the target assumed by Romania is to reduce CO<sub>2</sub> emissions by 43.9% by 2030 compared to their level in 2005.

Current data shows that the demand for fossil fuels on the global market is increasing, just like their price. The increase in gas prices is supported by the prospect of the interruption of Russian imports and the fact that, at the moment, there is no infrastructure for storing energy from renewable sources on an industrial scale, nor infrastructure for transporting it. Most likely, in the short and medium term, the global energy system will operate in a hybrid regime.

Unlike the other countries in the region, Romania is little dependent on energy imports: in 2021, Romania provided 80% of its internal natural gas needs, 35% of Brent oil, 60% of petroleum products and over 95% of its electricity. Romania's commercial exchanges with Russia and Ukraine are reduced, representing 2% of the total in 2021.

The consequences of the war in Ukraine, along with the sanctions imposed on Russia, were also felt on the financial markets. The prices of many raw materials have seen significant increases since the beginning of the invasion. The price of natural gas has exceeded the maximum reached during the course of 2021 and remains on an upward trend, but in the case of oil a tempering is observed after the maximum reached in the first part of March.

**OMV PETROM (SNP)** the Company has the prospect of increasing its profitability in 2022 under the conditions of the improvement of legislative framework. Despite the decrease in production, a positive influence is expected from the increase in oil prices, the sale of higher volumes of refined products, higher refining margins and higher gas and energy prices.

The recently approved amendments to the Offshore Law have also improved the fiscal environment for SNP's current production in the Black Sea (about 25% of Petrom's gas production) and deep-onshore (about 15% of Petrom's gas production). As a result, fees in the E&P (exploration and production) segment are expected to decline substantially in H2 2022.

Petrom management estimates a long-term Brent oil price between 65 and 70 USD/bbl and refining margins between 5 and 6 USD/bbl for 2022-2030.

The Final FID investment decision for the Neptun Deep Project will probably be in the first part of 2023 and the first gas will be extracted after 4 years, in 2027.

By 2025, production will decline by 5%/year, mainly due to natural decline, divestment of Kazakhstan assets and other portfolio optimizations. Net of divestments, the decrease is smaller, at 3%.

After Neptun Deep starts production, production will increase by over 50% compared to 2025, with gas representing approximately 70%. Given the current lower production and higher costs, the unit cost of production will remain at USD 13/bbl until 2025 and will decrease significantly when Neptun Deep will go into operation.

A new government decision draft has been posted on the Ministry of Energy website, approving the sale of 1% of SNP shares by the Ministry of Energy to SNP employees.

The sale of the shares would take place before the end of 2023.

SNP reported very good results in H1 2022: The net profit in H1 2022 was 4,646.22 million lei, more than 4 times higher than that achieved in H1 2021 and much higher than that achieved in 2021, of 2,860 million lei.

Sales revenues of 25,581 million lei in H1 2022 increased by 153% compared to H1 2021, supported mainly by higher prices of goods and higher volumes related to sales of petroleum products and electricity. Sales from the Refining and Marketing segment represented 55% of total consolidated sales and sales from the Gas and Energy segment represented 44%. Sales from the Exploration and Production segment represented only 0.1% after the sale of the subsidiaries from Kazakhstan in Q2 2021 (Sales from Exploration and Production being, for the most part, sales within the Group, not to third parties).

The operating result was in the amount of 5,717.5 million lei, significantly higher compared to the value of 1,237 million lei in H1 2021 due to the higher contribution of all business segments, as a result of the increase in prices in the Exploration and Production segment, the margins of significantly higher refining from the Refining and Marketing segment, as well as solid margins for natural gas from storage and from transactions with third parties in the Gas and Energy segment. The result also reflects increased acquisitions both in terms of volumes and prices for all products, and higher taxation in Exploration and Production.

OMV Petrom made the decision to eliminate oil imports from Russia, with negative effects on the purchase cost, due to the Ural-Brent oil differential. The impact is tempered by the fact that OMV Petrom internally produces 70% of the oil processed at Petrobrazi.

OMV Petrom's 2030 strategy targets operations with Net Zero emissions until 2050, investments of 11 billion euros until 2030, of which 3.7 billion euros for projects with reduced and zero carbon emissions until 2030.

In 2030, 35% of CAPEX, directed to businesses with low carbon emissions will produce 15% of the company's EBIT, but at the same time, 20% of CAPEX, directed to Neptun Deep will produce 35% of total EBIT.

The transition to low and zero carbon emissions will be achieved by reducing the intensity of carbon emissions by 30% until 2030 compared to 2019 (2021: decrease of ~10% compared to 2019), alternative mobility: around 100 recharging points will be installed until the end of 2022, the development of a portfolio of renewable electricity through partnerships and the development of projects in the direction of the production of sustainable fuel for aviation and second generation bio-ethanol.

**NUCLEARELECTRICA (SNN)** – the inclusion of nuclear energy in the scope of the EU Taxonomy on Sustainable Financing is an important step for the development of the European nuclear industry and the recognition of the significant role that nuclear has in a balanced, diversified, sustainable and stable energy mix. The current European fleet of nuclear reactors, as well as the expansion of existing capabilities, is a necessity to ensure security in energy supply.

The inclusion of nuclear energy in the EU Taxonomy to allow states to develop nuclear projects in a timely manner will help us reach our climate targets faster and contribute to a cleaner future from an energy point of view.

Due to the massive investment plans to increase the production capacity of reactors 3 and 4, SNN will strengthen its business model with net profit margins of over 25% and dividend yields over 6% in the average term.

SN Nuclearelectrica SA has on-going strategic investment projects with an estimated value of 9 billion Euros, among which: Refurbishment of Unit 1, Project of Units 3 and 4, development of small modular reactors in cooperation with NuScale, as well as support projects for current operation, such as is the Detrition Facility. SNN's investment projects will contribute with clean energy to the energy stability of Romania, to the development of the nuclear industry and to the training of a new generation of specialists.

The project of CANDU Units 3 and 4, CNE Cernavoda is foreseen in the Energy Strategy Project of Romania 2019-2030 with the perspective of 2050 as well as in the Integrated National Plan in the field of Energy and Climate Change, as a pillar of Romania's energy independence and the achievement of decarbonization targets assumed by Romania as an EU Member State.

The two nuclear units contribute to Romania's energy security, but also to the achievement of decarbonization targets through the 195 million tons of CO<sub>2</sub> avoided since commissioning until now (10 million tons of CO<sub>2</sub> avoided annually by the operation of the two units at Cernavodă) and contributes 33% of the total clean energy in Romania.

As for the refurbishment of Unit 1, which is expected to extend the life of the reactor by another 30 years, the costs are significantly higher than the company's estimates to date (€1.2-1.5 billion). There are 3 retrofit scenarios, based on different degrees of safety and performance, and the costs vary from 1.81 billion euros to 2.09 billion euros.

Reactor 1 is scheduled to closed during refurbishment, between January 2027 and September 2029.

For 2022, SNN estimates a net profit of 2,152.7 million lei, with 112% more than the one achieved in 2021. Revenues from the sale of electricity in 2022 are estimated at 5,019,758 thousand lei, at a quantity scheduled for sale of 10,597 GWh , resulting in a weighted average selling price of 473.68 lei/MWh.

In the context of the Green Deal conditions, the price of CO<sub>2</sub> certificates will continue to rise, increasing the price of electricity. Nuclearelectrica benefits from this context through the production of cheap energy, its production costs not being affected by the increase in the price of the CO<sub>2</sub> certificate.

Nuclearelectrica, NuScale & E-Infra signed a Memorandum of Understanding to develop NuScale's first small modular reactor (SMR) on a site in Romania. Following the agreement to advance the development of NuScale's SMR technology, Romania has the potential to deploy the first small modular reactors in Europe and become a catalyst for the deployment of SMR in the region.

**ROMGAZ (SNG)** – has very good business growth prospects in the current favourable context on the gas market. The company has budgeted for 2022 operating revenues of 12.3 billion lei and a net profit of 1.73 billion lei.

Romgaz is part of the 3 issuers (SNP and SNN) for which the energy crisis produces consistent increases in profit due to the continuous increase in prices.

It is expected that Romgaz will maintain or even increase its production, because it has the task of covering part of the difference that will result after the reduction or even elimination of gas imports from Russia.

The net profit achieved by Romgaz in the last 12 months reaches 2.43 billion lei, the highest in the history of the company and under the current conditions it should continue to grow due to the increase in prices.

The prospects are still very good; Romgaz will have a lot to gain from Europe's renunciation of Russian gas, in the medium and long term.

Romgaz's plan to increase production provides for the commissioning of a number of wells with an additional daily flow of almost 1 million cubic meters by the end of 2022. Aristotel Jude, director of Romgaz: "In 2023 we will put into operation another 13 wells with additional approximately 1.2 million cubic meters per day, 9% compared to the current average daily production".

The S.N.G.N. strategy ROMGAZ S.A. 2021 – 2030 provides for the reduction of carbon, methane and other gas emissions by at least 10%, compared to their level in 2020.

The main directions of action from Romgaz's strategy project: the injection of carbon dioxide into depleted gas deposits in the perspective of providing storage services, the reduction of the quantities of technological natural gas burned in a controlled manner, by applying methane capture solutions and the valorisation of it, the realization of methanol and olefin production units, the development of renewable electricity production capacities of 180 MW, with the commissioning of a photovoltaic capacity of 60 MW by the end of 2023.

The company aims to extend the exploitation period of mature deposits by rehabilitating, concession new perimeters, maximize the recovery factor of hydrocarbon reserves, develop new exploration and exploitation projects, maintain the annual decline in gas production below 2.5%.

In addition to the expectations regarding the increase in profitability, even against the background of tensions between Russia and the West regarding gas supplies, the company will distribute a dividend with a yield of almost 9%, among the highest on the BSE.

**AEROSTAR (ARS)** is a leader in Romania for the manufacture of aviation products, an acknowledged supplier in the supply chain of several global programs. The final products in which the parts, subassemblies and equipment manufactured by Aerostar end up are Airbus, Boeing, Bombardier, Dassault or Gulfstream aircraft. AEROSTAR is the main independent supplier of maintenance services in Romania and in the region for the Airbus 320 and Boeing 737. At the same time, it is the first rank supplier for MAPN in the field of defence systems in the aero, land and naval category.

The solidity of the business model and the efficient management are the guarantee of successfully overcoming the challenges that the aeronautical and air transport field is currently facing.

IATA and other industry groups - expect passenger traffic to return to 2019 levels in 2023-2024 and then, a few years later, return to the long-term growth trend, said Boeing CEO and President, David Calhoun.

**The forecasts for the aeronautical and defense industry for 2022 are positive (Deloitte A&D Outlook 2022 Study).**

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

The allocations for the defence industry amount to 200 million euros this year, the amount from which AEROSTAR Bacau will also benefit.

The two vice-presidents of the Lockheed Martin company, Ray Piselli and Dennis Goege, signed on May 18, 2022, the letter of intent with the Ministry of Economy, through which the American company expresses its willingness to enter into partnerships with the Romanian state for investments in the aeronautical industry in Romania regarding the production of arms of all forms, in the context of the war in Ukraine and the increase of the NATO presence on the Eastern flank.

The director of the International Air Transport Association (IATA), Willie Walsh, declared on May 9, 2022 that air passenger traffic is recovering faster than expected and, as a whole, the industry should return in 2023 to the number of passengers before the pandemic, a year later than expected.

In the first quarter of 2022, Aerostar recorded an increase in turnover compared to that achieved in the first quarter of 2021. Export sales also recorded an increase mainly driven by the reactivation of the market for manufactured aeronautical products. The first quarter of 2022 saw increases for the manufacturing of aviation products due to the increase in demand for aircraft in the global market and the gradual recovery of passenger flights.

### 1.2.3. Private equity Portfolio. EVERGENT Investments Group

On 30<sup>th</sup> June 2022, the assets of the 6 subsidiaries of EVERGENT Investments Group registered a value of 212 mil lei, representing 8,66% of EVERGENT Investments' total assets value.

Members of EVERGENT Investments Group:

No	Subsidiary name	Direct holding of EVERGENT Investments – parent company %	Weight of total assets % 31.06.2022	Company type (closed/listed)	Activity
1	EVERLAND SA Bacau	99,99	1,84	Unlisted	Real estate – Private Equity Portfolio
2	EVER IMO SA Bucuresti	99,99	1,90	Unlisted	
3	REGAL SA Galati	93,02	0,34	BVB-ATS (REGL)	
4	MECANICA CEAHLAU SA Piatra Neamt	73,30	0,98	BVB-REGS (MECF)	Agriculture - Private Equity Portfolio
5	AGROINTENS SA Bucuresti	99,99	2,10	Unlisted	
6	CASA SA Bacau	99,60	0,82	Unlisted	Own and support for EVERGENT Investments
<b>Total</b>			<b>7,98</b>		

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

- The implementation of projects in different sectors of activity and the development of companies from the historical portfolio of EVERGENT Investments.
- The investments in this portfolio represent a “private equity”-type approach that involves the **development of certain existent majority holdings (real-estate, agricultural machines, agribusiness), as well as new investments (real-estate, agribusiness)** and offers average and long-term growth opportunities.



**Rules applied in compliance with AIFM legislation**

- ✓ Private equity type investments through which control is obtained on unlisted companies is in the line with the multi-annual 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.

Part of the investments presented in the paragraphs below are in their development stage, while other are going through the maturity period of a business' life cycle.

**1.2.3.1. AGROINTENS SA – “BLUEBERRY FARM extension” blue-berry project**  
([www.agrointens.ro](http://www.agrointens.ro))

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

**Project description:** The object of the project is the setup and development of blueberry farms. At present the following farms: Vistea –Brasov district, Mandra –Brasov district and Popesti –Arges district are in various development stages. At the end of the reporting period the panted area was 86 ha. In April 2022, we purchased 23 ha that are to be cultivated. Therefore, we exceeded the threshold of 100 ha, pursuing the objective of increasing the area to 200 ha.

**EVERGENT Investments' investment:** 8,85 million euro.

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

*H1 2022 Financial results*

Indicators – AGROINTENS (thousand lei)	Budget 2022	Achieved H1 2022	achieved H1 2022 / Budget 2022 (%)
<b>Total income</b>	17.735	2.797	15,77
<b>Total expenses</b>	(15.875)	(4.506)	28,38
<b>Net profit /(loss)</b>	(1.860)	(1.709)	na

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

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

**Premise:** The company was founded with the aim of capitalizing investment opportunities in the real estate field in order to create value for shareholders. The company owns assets located in the central area of Iași city, with a significant real estate development potential in all segments: residential, office and commercial:

- ✓ Held land of 2,55 ha;
- ✓ Administrative building (GF+8) with a built area of 4.600 square meters.

**Status:**

- ✓ The preparation of the documentation for obtaining the zonal urban plan for a multifunctional complex (housing, offices, services) with an architectural firm is in progress.
- ✓ In June 2021, the Company set-up an investment vehicle A3 Snagov SRL, with 100% ownership in order to develop further real estate projects.

*Financial Results H1 2022*

Indicators – EVERLAND SA (mii lei)	Budget 2022	Achieved H1 2022	Achieved H1 2022 / Budget 2022 (%)
<b>Total income</b>	35	58	166
<b>Total expenses</b>	(3.560)	(241)	6,7
<b>Net profit/(loss)</b>	(3.525)	(183)	n/a

The loss was generated by operational expenses.

**1.2.3.3. CASA SA**

The Company manages own real estate property and properties belonging to EVERGENT Investment delivering real-estate management services for real-estate owned by EVERGENT Investments.

*H1 2020 Financial Results*

Indicators – CASA SA (thousand lei)	Budget 2022	Achieved H1 2022	Achieved H1 2022 / 2022 Budget (%)
<b>Total income</b>	4.388	1.792	40,84
<b>Total expenses</b>	(4.186)	(1.213)	28,99
<b>Net profit/(loss)</b>	202	579	286,63

**1.2.3.4. MECANICA CEAHLAU SA**

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

*H1 2022 Financial Results*

Indicators – Mecanica Ceahlau SA (thousand lei)	Budget 2022	Achieved H1 2022	Achieved H 2022 / Budget 2022 (%)
<b>Total income</b>	45.353	23.119	50,97
<b>Total expenses (less income tax)</b>	(43.122)	(21.559)	49,60
<b>Net profit/(loss)</b>	1.891	1.405	74,29

**1.2.3.5. REGAL SA**

On the reporting date, the company has 3 commercial spaces plus administrative headquarters with a built area of around 1800 square meters. The company shall continue to sell its commercial spaces in agreement with the approved

On the report date the company has been delisted from the stock market.

*H1 2022 Financial Results*

Indicators – REGAL (thousand lei)	Budget 2022	Achieved H1 2022	Achieved H1 2022 / Budget 2022 (%)
<b>Total income</b>	3.867	210	5,5
<b>Total expenses (less income tax)</b>	(3.925)	(320)	8,5
<b>Net profit/(loss)</b>	(508)	(110)	na

**1.2.3.6. EVER IMO SA*****Real-estate projects in the Northern area of Bucharest***

The company owns a freehold land of 1,9 ha in the Northern part of Bucharest, that it will develop as a real-estate project.

Also, in July 2021, the company completed the purchase of another plot of land with an area of 1.6 ha in the North of Bucharest for further real estate development.

*H1 2022 Financial Results*

Indicators – EVER IMO SA (thousand lei)	Budget 2022	Achieved H1 2022	Achieved H1 2022 / Budget 2022 (%)
<b>Total income</b>	3.103	1.839	59,26
<b>Total expenses (except profit tax)</b>	(6.174)	(3.322)	53,82
<b>Net profit / (loss)</b>	(3.071)	(1.483)	na

\*\*\*

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

- ✓ NORD SA - 18,19% holding of share capital and Professional Imo Partners SA - 31,42% holding of share capital, 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.

### 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 million 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** – Following the Covid-19 pandemic, the mall has resumed its activity, close to the level before the pandemic. The main stores affected by the pandemic crisis remain the entertainment and fashion ones.

### 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, bond loan and the estimated project value is over 100 mil. euro.

**Current status:**

- ✓ Stage 1:
  - Includes a number of 160 apartments (studios, two and three rooms) completed and sold in full;
- ✓ Stage 2 (398 apartments):
  - Works started in December 2019, ended in November 2021, sold 75%
  - The works started in December 2019 and were completed in November 2021. 75% of the apartments were sold.
- ✓ Stage 3 (338 apartments) – the building permit was obtained.

*H1 2022 Financial Results*

Indicators – STRAULESTI LAC ALFA SA (thousand lei)	2022 Budget	Achieved H1 2022	Achieved H1 2021/ Budget 2022(%)
<b>Total income</b>	158.748	44.664	28,14
<b>Total expenses (less income tax)</b>	130.228	8.394	6,45
<b>Net profit</b>	24.185	30.865	127,62

**1.2.4. “SELL” Portfolio**

In order to reach the investment objectives foreseen in EVERGENT Investments' Investment Policy and Strategy, and 2022 Activity Program, we continued to lower the weight of SELL Portfolio, a portfolio selected based on criteria of low liquidity, performance and growth potential.

Thus, on 30<sup>th</sup> June 2022, the share of the SELL portfolio was 0.42% of the total value of assets, compared to 0.65% on 30<sup>th</sup> June 2021, the main strategy applied being restructuring through sale. To the extent that the positions in this portfolio are sold, the liquidity feeds the investment needs of EVERGENT Investments.

We have actively participated to General Meetings of Shareholders of companies in the portfolio, submitted questions to the board of directors of companies, submitted suggestions to challenge decisions of the general meeting of shareholders that affected the interests of EVERGENT Investments in particular, and of minority shareholders in general.

**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.

million lei	2022 Activity Program	Achieved H1 2022	% achievement H1 2022
<b>Total investment program</b> , of which assigned for portfolios:	<b>169.9</b>	<b>117.4</b>	<b>69</b>
• FINANCIAL- BANKING	60	57.5	96
• ENERGY - INDUSTRIAL	51.7	51.7	100
• PRIVATE - EQUITY	35.7	8.2	23

**1.2.6. Main Risks and Uncertainties in H2 2022**

According to the BNR Report on financial stability in June 2022, the degree of uncertainty regarding macroeconomic developments at the global level has increased substantially, against the background of the outbreak of the war in Ukraine and the implications generated by the energy crisis.

Global risks are assessed to be increasing after the outbreak of the war in Ukraine, expectations regarding economic developments have decreased significantly compared to previous estimates, and inflationary pressures have increased. The degree of uncertainty and the level of restrictions associated with the Covid 19 pandemic are decreasing, but possible blockages at the level of global trade may reappear in the context of the sanctions imposed on Russia and the decrease in the transport capacity of Ukraine, given that these states occupy an important place in the global export of grain and raw materials, including natural gas and oil in the case of Russia.

In the context of international events, systemic risk assessments have tightened for certain categories, while the outlook for the coming period is mixed. Two systemic risks of a severe level were identified: global uncertainties in the context of the energy crisis, the war in Ukraine and the COVID-19 pandemic and the deterioration of internal macroeconomic balances, including as a result of geopolitical and international developments, the former migrating from the high systemic risk category.

The other two systemic risks identified, the one concerning the delay in reforms and the absorption of European funds, especially through the National Recovery and Resilience Plan (PNRR) and the risk of non-payment of loans contracted by the non-governmental sector remain at a high level, with growth prospects for the former and retention for the second.

Risks on a global level have significantly increased and uncertainty has substantially amplified since the outbreak of the war in Ukraine, putting additional pressure on energy, fuel and raw material prices. Energy prices have hit new highs since the start of the war in Ukraine, with effects on energy security, especially in the face of possible future disruptions to access to natural gas and oil.

On the short term, the ability to diversify imports is low, but on the average and long term other possible measures are the stimulation of clean and efficient energy production, the establishment of thresholds for the storage of natural gas and the realization of investments in this direction, including for increasing energy efficiency.

The continuation of economic reforms, including in order to ensure the energy transition and to improve the absorption capacity of European funds, especially through PNRR, should be part of the national priorities. Attracting funds through the PNRR implies the implementation of a large number of reforms (507 targets and strict milestones for the period 2021-2026), of which at the end of 2021 Romania met 17 of the 21 targets and milestones undertaken for that year. Added to this is the history of a low ability to absorb European structural and investment funds (57 percent of the allocations for the financial year 2014-2020, at the end of 2021), with important differences including by destination. The capacity of these resources to generate substantial changes in Romanian society is significant and can cause structural transformations in multiple areas of activity, especially in terms of energy transition and digitalization.

In this context, given that in the recent period the increase of financing flows to the real economy, especially to non-financial companies, and also the high level of uncertainty that characterizes economic developments or the historical level of higher risk associated with certain segments, such as would be that of the SME, it is likely that in the next period, we will witness a higher manifestation of the credit risk.

The developments in the next period on the real estate market depend on a number of factors (such as the generalized tightening of financing conditions or the increase of uncertainties in the new geopolitical context), likely to decrease the potential demand from the population, thus limiting the increase in prices. On the other hand, the increase in spending on construction materials will further put pressure on real estate prices, in the context of a potential decrease in demand from the population.

Risks to financial stability are increasing in the context of the implications generated by the war in Ukraine, especially assessed as having a significant impact on economic growth. Although the direct exposures of the European financial system to Russia are generally low, the indirect effects generated

by rising commodity prices, tightening financing conditions, possible cyber incidents or pressures generated by the trade-off between energy security and energy transition can be significant.

Chain price increases for energy products have the potential to amplify tensions on the level of domestic macroeconomic balances. The risks are manifested in the case of non-financial companies through higher costs of utility expenses and respectively through the erosion of economic-financial health indicators. A persistent increase in these costs can trigger second-round effects, implicitly increases in arrears to the state, banks and suppliers and the decrease of monetary flows in the economy. It could also create bottlenecks in supply chains or deepen existing ones, due to the closure or limitation of production capacities in energy-intensive sectors.

## 2. Financial Position and Performance

The interim simplified separate financial statements for the six months' period ended on 30<sup>th</sup> June 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 military 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)	H1 2021 (unaudited)	2021 (audited)	H1 2022 (unaudited)
<b>Revenue</b>				
Dividend revenue	89.107.709	25.483.793	54.656.711	85.182.439
Interest revenue	2.913.568	1.620.802	4.718.481	3.302.059
Other operating income	1.082.041	492.199	1.030.926	1.087.632
Net gain/ (net loss) from FVTPL financial assets	(50.074.477)	38.702.482	25.460.617	(18.545.690)
Net gain from the sale of non-financial assets	191.429	-	-	-
Net gain/ (net loss) from the revaluation of real-property investments	(33.547)	-	143.329	-
<b>Expenses</b>				
(Loss)/Loss reversal from financial assets impairment	(275.130)	(68.016)	3.895.437	2.284.442
(Loss)/Loss reversal from impairment of non-financial assets				671
	628	-	(28.989)	
(Set-up)/reversal of provisions for risks and expenses	239.144	(3.600)	(1.620.399)	44.446
Expenses with wages, remunerations and other similar expenses	(23.607.641)	(9.191.688)	(29.426.547)	(8.534.927)
Other operating expenses	(9.067.642)	(4.567.498)	(10.477.957)	(5.169.699)
<b>Operational profit</b>	<b>10.476.082</b>	<b>52.468.474</b>	<b>48.351.609</b>	<b>59.651.373</b>
Interest expense from lease contract liability	(39.736)	(18.204)	(42.218)	(46.642)
<b>Profit before tax</b>	<b>10.436.346</b>	<b>52.450.270</b>	<b>48.309.391</b>	<b>59.604.731</b>
Income tax	(4.609.320)	(3.568.132)	(1.920.757)	(5.408.413)
<b>Net profit</b>	<b>5.827.026</b>	<b>48.882.138</b>	<b>46.388.634</b>	<b>54.196.318</b>
<b>Other comprehensive income elements</b>				
Increase/ (Decrease) of reserve from the revaluation of property, plant and equipment, net of deferred tax	(170.598)	12.333	439.940	14.352
Net gain/ (Net loss) from the revaluation of FVOCI financial assets	(153.598.721)	240.855.270	414.290.697	(87.467.793)
<b>Other elements of comprehensive income – elements that will not be reclassified in profit or tax</b>	<b>(153.769.319)</b>	<b>240.867.603</b>	<b>414.730.637</b>	<b>(87.453.441)</b>
Net gain/(Net loss) from the revaluation of FVTOCI bonds	29.587	49.758	45.845	(79.175)
<b>Other elements of comprehensive income – elements that will be reclassified in profit or loss</b>	<b>29.587</b>	<b>49.758</b>	<b>45.845</b>	<b>(79.175)</b>

Other comprehensive income - Total	(153.739.732)	240.917.361	414.776.482	(87.532.616)
Total comprehensive income of the financial year /period	(147.912.706)	289.799.499	461.165.116	(33.336.298)
Basic and diluted earnings per share (net profit/ net (loss) per share)	0,0059	0,0501	0,0477	0,0568
Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)	0,0571	0,1194	0,1536	0,0683

The net profit registered by the Company in the first half of 2022 has been caused mainly by the registration in this period of the largest part of dividend income, of 85,2 million lei.

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 6 months of 2022, of 87,5 million lei, determined in particular by the decrease in the prices of the shares listed in the portfolio classified in this category, for the previously mentioned reasons.

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, along with Net profit/ (net loss) and gain from the sale of FVTOCI financial assets.

(lei)	2020 (audited)	H1 2021 (unaudited)	2021 (audited)	H1 2022 (unaudited)
<b>Net profit</b>	5.827.026	48.882.138	46.388.634	54.196.318
Gain on the transfer of FVOCI* financial assets, net of tax, recycled in retained earnings	50.247.530	67.573.959	102.908.216	11.003.715
<b>Net result (including gain on the transfer of FVOCI financial assets)</b>	<b>56.074.556</b>	<b>116.456.097</b>	<b>149.296.850</b>	<b>65.200.033</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 0,07%, of total assets.

**The monthly average of monthly management expenses represents 0.07% 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>10.853.191</b>
Expenses with wages, indemnities and similar, of which:	8.689.970
- wages and indemnities	8.318.407
- expenses for social insurance and protection	216.520
- expenses for professional training	155.043
Expenses for outsourced services and other operating expenses	1.665.340
Expenses for energy and water	285.199
Expenses for fuel and materials	212.682

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

In management expenses, the main weight, of 80%, 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 30<sup>th</sup> June 2022.



*Expenses for outsourced services and other operating expenses* represent 15% 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.

➤ **Individual Statement of Financial Position :**

(lei)	31 <sup>st</sup> December 2020 (audited)	30 <sup>th</sup> June 2021 (unaudited)	31 <sup>st</sup> December 2021 (audited)	30 <sup>th</sup> June 2022 (unaudited)
<b>Assets</b>				
Cash and current accounts	327.423	476.990	267.380	10.733.101
Bank deposits with initial maturity within 3 months	85.057.575	208.841.355	157.466.639	67.259.737
Financial assets measured at fair value through profit or loss	364.462.371	376.422.596	381.215.357	367.669.668
Financial assets measured at fair value through other comprehensive income	1.643.409.645	1.746.663.053	1.952.286.731	1.945.579.520
Bonds at fair value through other comprehensive income	3.802.401	4.052.361	3.982.215	4.067.742
Bonds at amortized cost	16.644.595	34.023.614	34.171.645	34.160.824
Other financial assets at amortized cost	8.104.606	20.193.152	5.361.399	3.190.908
Other assets	344.410	366.872	1.579.222	1.036.729
Investment property	4.103.857	4.103.857	4.247.186	4.247.186
Tangible assets	7.503.594	7.344.526	8.308.912	8.540.881
Right-of-use assets	1.132.811	937.218	3.570.975	3.287.958
Intangible	368.884	385.246	360.960	324.174
<b>Total assets</b>	<b>2.135.262.172</b>	<b>2.403.810.840</b>	<b>2.552.818.621</b>	<b>2.450.098.428</b>
<b>Liabilities</b>				
Lease liabilities	1.070.045	883.305	3.511.637	3.243.980
Dividends payable	35.818.292	47.813.513	34.036.742	52.576.181
Deferred tax liabilities	4.171.854	10.064.487	-	-
Financial liabilities at amortized cost	944.439	627.324	1.833.601	687.617
Other liabilities	3.292.889	2.074.732	3.409.990	2.565.452
Provisions for risks and expenses	129.344	132.944	1.749.743	1.705.297
deferred profit tax	90.800.183	116.794.744	125.338.378	111.090.834
<b>Total liabilities</b>	<b>136.227.046</b>	<b>178.391.049</b>	<b>169.880.091</b>	<b>171.869.361</b>
<b>Equity</b>				
Share capital	514.402.388	514.402.388	510.105.062	510.105.062
Retained earnings	871.860.684	946.304.637	981.801.980	984.949.030
Reserves from the revaluation of property, plant and equipment	8.527.896	8.540.229	8.967.836	8.982.188
Reserves from the revaluation of financial assets at fair value through other comprehensive income	591.817.817	765.148.886	903.246.143	804.695.460
Treasury shares	(9.595.338)	(18.345.308)	(41.119.507)	(45.723.253)
Equity-based payments to employees, directors and administrators	18.457.300	5.398.224	16.252.012	10.850.388
Other equity elements	3.564.379	3.970.735	3.685.004	4.370.192
<b>Total equity</b>	<b>1.999.035.126</b>	<b>2.225.419.791</b>	<b>2.382.938.530</b>	<b>2.278.229.067</b>
<b>Total liabilities and equity</b>	<b>2.135.262.172</b>	<b>2.403.810.840</b>	<b>2.552.818.621</b>	<b>2.450.098.428</b>

In the first six months of 2022, EVERGENT Investments' total assets decreased by about 4%, 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 and also following the payment of dividends to the Company's shareholders.

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), and for the payment of dividends to shareholders.

In the first six months of 2022 EVERGENT Investments' total liabilities registered a slight increase by about 1% caused mainly by the increase of dividends owed, increase mitigated by the reduction of the deferred tax liability related to the reserve from the revaluation of FVTOCI financial assets which decreased in H1 2022. The deferred profit tax was calculated and recorded in accordance with IFRS provisions.

## 2.2. Performance Indicators

	2020	S1 2021	2021	S1 2022
<b>Current liquidity indicator</b>	10,4	10	13,9	8,1
<b>Rotation speed of debits-clients</b>	23	39	29	9
<b>Rotation speed of intangible assets</b>	0,056	0,037	0,043	0,045
<b>Net profit / (net loss) per share (lei/share)</b>	0,0059	0,0501	0,0477	0,0568
<b>Earnings per basic share (lei/share)</b>	0,0571	0,1194	0,1536	0,0683

### Specifications:

- Current liquidity indicator = current assets/ current liabilities
- Rotation speed of debits-clients = average balance of claims/ turnover x no. of days for the reporting period rotation speed of non-current assets = revenue from current activity / non-current assets
- 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 H1 2022	% Achievement Degree
<b>Income</b>	<b>99,49</b>	<b>92,01</b>	<b>92</b>
<b>Financial income</b>	<b>98,54</b>	<b>88,68</b>	<b>90</b>
• Dividend income	93,03	85,18	92
• Income from bank deposits and bonds	5,51	3,30	60
• Other financial revenue	-	0,20	n/a
<b>Other operating income</b>	<b>0,95</b>	<b>3,33</b>	<b>351</b>
• Income from rent and connected activities	0,95	0,45	48
• Income from provisions reversal	-	2,18	n/a
• Other income from current activity	-	0,70	n/a
<b>Total expenses</b>	<b>(89,05)</b>	<b>(32,41)</b>	<b>36</b>
<b>Financial expenses</b>	<b>(46,55)</b>	<b>(18,70)</b>	<b>40</b>
• Loss from FVTPL financial assets	(46,09)	(18,55)	40
• Expenses with bank transactions and commissions	(0,36)	(0,09)	25
• Other financial expenses	(0,10)	(0,06)	60
<b>Expenses for current activities</b>	<b>(42,50)</b>	<b>(13,71)</b>	<b>32</b>
<b>Gross profit</b>	<b>10,44</b>	<b>59,60</b>	<b>571</b>
Profit tax	(4,23)	(5,40)	128
<b>Net profit</b>	<b>6,21</b>	<b>54,20</b>	<b>872</b>
Net gain from the sale of FVTOCI assets	58,28	11,00	19
<b>Net result</b>	<b>64,49</b>	<b>65,20</b>	<b>101</b>

**Net result** registered in the first 6 months of 2022 is slightly higher than the level budgeted for the entire 2022, mainly due to the registration in this period of the largest part of dividend income.

Loss from FVTPL financial assets registered in H1 2022 has been caused by the adverse evolution of financial markets (including Bucharest Stock Exchange) because of the Russian –Ukrainian conflict started at the end of February 2022.

At the same time, expenses for current activity registered (main expenses category), represent 32% of the total budgeted for 2022.

### 3. EVER Share

No. of shares: 981.213.051  
 Face value: 0,1 lei  
 Share capital: 98.121.305,10 lei  
 Capitalization: 1.138.207.139 lei  
 30.06.2022 (230 mil euro)

Price: 1,16 lei, EPS: 0,05 lei, PER: 23,2; DIVY: 5,6 %  
 52 m: 1,0150 lei; 52 M: 1,5400 lei

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

The register of shares and shareholders is kept, in accordance with the law, by Depozitarul Central SA.

#### EVER share evolution between 30.06.2021 – 30.06.2022



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 30.06.2022 (%)	EVER Share	BET-FI	NAVPS EVER
1 month	1,75	1,39	-1,27
3 months	-4,92	-0,42	-3,08
6 months	-5,31	-3,36	-4,01
12 months	-14,07	-4,38	4,65

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 (%)*	27,39	13,93
Beta**	1,04	1,00

\* Volatility (12M) = annualized volatility

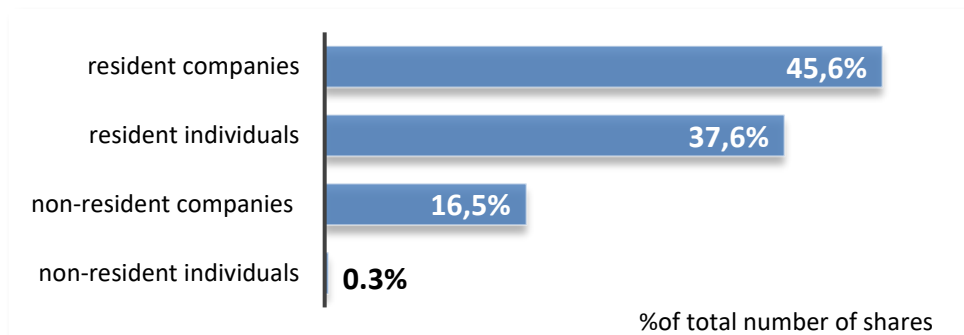
\*\* Beta = price sensitivity to market movements

EVERGENT Investments SA has benefited from the Market Maker services of Raiffeisen Centrobank AG since 26.07.2021, in order to increase the liquidity of EVER shares and decrease their volatility on the market.

### 3.1. Dividend Policy

Through the optimum mixture between predictable dividend policy and buyback programs, the company returns value to its shareholders, both on the long and on the short term. This aspect is supported by the dividend distribution rates of recent years, which demonstrate the stability of the company's cash flows, implicitly a strong financial position on the market.

#### Shareholding structure - on 30<sup>th</sup> June 2022 – number of shareholders: 5.744.895



### Dividend Payment

Dividend Payments on 30.06.2022	2018 dividend	2019 dividend	2020 dividend	2021 dividend
	<b>0,0304 lei/act</b>	<b>0,06 lei/act</b>	<b>0,043 lei/act</b>	<b>0.065 lei/act</b>
<b>Total dividend payable (lei)</b>	30.234.239	59.063.889	42.012.148	62.052.983.32
<b>Total paid (lei)</b>	<b>22.960.859</b>	<b>44.413.226</b>	<b>31.051.497</b>	<b>43.058.7401</b>
<b>% payment</b>	75,94	75,20	73,91	69,39

Through press release on 13<sup>th</sup> May 2022, EVERGENT Investments SA informed its shareholders that it starts paying dividends for 2021, in accordance with the Resolution of the General Meeting of Shareholder no. 4 on 28<sup>th</sup> April 2022, as follows:

- ✓ Gross dividend per share *0,065 lei*, amount that will be retained at source for dividend tax and commissions related to payments shall be borne from net dividend;
- ✓ Payment date is 10<sup>th</sup> June 2022;
- ✓ Shareholders entitled to receive 2021 dividends are those registered in the consolidated register of shareholders on 18<sup>th</sup> May 2022 – Registration date. In case of deceased shareholders dividends are to be paid at the request of one of the successors, only after the transfer of shares in the name of the heirs has been carried out by Depozitarul Central Bucharest;

### 3.2. Acquisition of own shares

#### The Extraordinary General Meeting of EVERGENT Investments Shareholders adopted the Resolution no. 4 of 20.01.2022. whereby:

- approves the running of a treasury shares buy-back program (“Program 6”) abiding by the applicable legal provisions and with the following main characteristics:

a) program purpose: the Company will buy-back shares for the reduction of share capital through share annulment.

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 following the reduction operation, according to item 3 on the agenda).

- c) minimum price per share: minimum acquisition price shall be the BVB market price on the date the acquisition is made.
- d) maximum price per share: 2,2 lei.
- e) Program Duration: maximum 18 months from the date of its publication in Romania's Official Journal, Part IV
- f) the payment of bought –back shares shall be made from the distributable profit or company's available resources registered on the latest annual financial statement approved, with the exception of legal reserves registered in 2020 Financial Statements, according to art. 103 index 1 Companies' Law no. 31/1990.
- g) the acquisition of shares shall be through market operations, for the purpose of acquiring a maximum number of 23.100.000 shares, in order to reduce the share capital through share annulment.

**The first stage of the own shares buyback program**, in compliance with the resolution of the Extraordinary General Meeting of EVERGENT Investments shareholders no. 4 of January 20, 2022, was carried out according to the Board of Directors Decision of January 25, 2022, the characteristics of the program being the following:

- Period: 26.01.2022 – 15.06.2022;
- Number of shares: maximum 8.000.000 shares;
- Daily volume: maximum 25% of average daily volume of shares traded on BVB, calculated based on the average daily volume in the 20 trading days before the date the purchase is made, in accordance with art. 3 line (3) letter b) EU delegated regulation 2016/1052;
- Price: minimum purchase price shall be the BVB market price at the time the purchase is made, maximum price– 2,2 lei/share, according to EGMS no. 4/20.01.2022;
- Program purpose: the company shall buy-back shares for the purpose of reducing its share capital through share annulment
- Broker: BT CAPITAL PARTNERS.

**The second stage of the own shares buyback program**, in compliance with the resolution of the Extraordinary General Meeting of Shareholders no. 4 of January 20, 2022, was carried out according to the Board of Directors Decision no 3 of June 20, 2022, the characteristics of the program being the following:

- Period: 20.06.2022 – 28.10.2022;
- Number of shares: maximum 8.000.000 shares;
- Daily volume: maximum 25% of average daily volume of shares traded on BVB, calculated based on the average daily volume in the 20 trading days before the date the purchase is made, in accordance with art. 3 line (3) letter b) EU delegated regulation 2016/1052;
- Price: minimum purchase price shall be the BVB market price at the time the purchase is made, maximum price– 2,2 lei/share, according to EGMS no. 4/20.01.2022;
- Program purpose: the company shall buy-back shares for the purpose of reducing its share capital through share annulment
- Broker: 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

One of the main components of the risk management system is the permanent risk management function. This function has a main role in defining the policy regarding risk management and monitoring in the company, in order to ensure the permanent compliance of the risk level with the company's risk profile.

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

The risk management activity is carried out by the risk management department that is subordinate to the Board of Directors, and from an administrative standpoint, it is subordinate to the President CEO. Through its position in the organisational chart, direct access and activity reports on the level of the Audit Committee and Board of Directors is ensured, as well as the independence necessary to carry out the risk management activity.

### 4.1. Risk Management Policy

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

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

**The objectives of the risk management policy** are the prudent management of risks in order to prevent the impact of internal and external factors on the activity of the company, preventing it from reaching its set goals, causing unplanned and uncontrolled damage, or causing other negative effects.

**The efficiency of the risk management system** is assessed on a quarterly basis by Executive Management, the Audit Committee and Board of Directors and is carried out in compliance with the provisions of art. 45 FSA Reg. no.2 /2016 on the application of corporate government principles by entities authorized, regulated and supervised by FSA modified and completed by FSA Reg. no. 9/13.08.2019.

Following the examination of the characteristics and performances of the risk management system, the Board of Directors concluded that in the 1<sup>st</sup> Semester 2022, is proportional and adequate for the size, nature and complexity of current activity, insuring the coherence of controls with the risks generated by processes and efficient use of company 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)

**Main activities carried out between 01.01.2022 - 30.06.2022:**

- ✓ Annual revision of Risk Management Policy, Profile and Procedures;
- ✓ Assessment of the company's risk profile;
- ✓ Calculation of risk indicators set in accordance with risk management procedures and analysis of

- the abidance by them and by the approved risk tolerance limits;
- ✓ Risk analyzes regarding the investments proposed by the portfolio management departments;
  - ✓ Analysis of the impact of the 2022 activity program on the structure of assets, the system of prudential limits and the risk profile of the company;
  - ✓ Assessment of the way in which variable remuneration structure affects the company's risk profile;
  - ✓ Daily monitoring of the abidance of assets in the portfolio by prudential limits;
  - ✓ Monitoring the fulfilment of measures set in the Annual Risk Response Plan and on the Report Sheets for operational risk events;
  - ✓ Analysis of the abidance of assets categories by risk classes, depending on their liquidity degree;
  - ✓ Analysis and calculation of institutional reporting risk measures (Annex IV to the Regulation (EU)231/2013);
  - ✓ Documentation of the specific legislation regarding sustainability in order to treat sustainability risks as relevant risks and to integrate them into the processes and activities of the company, for compliance with the provisions of Reg. (EU) no. 1255/2021 amending Reg. (EU) no. 231 /2013 regarding the risks related to sustainability that managers of alternative investment funds must take into account
  - ✓ Monitoring the synthetic risk indicator (SRI) of EVERGENT Investments share;
  - ✓ Carrying out ad-hoc and annual crisis simulations;
  - ✓ Calculation of own funds and own fund's needs;
  - ✓ Annual revision of information in the Key Information Document (KID);
  - ✓ Reports on the risk management activity, annual self-assessment of IT operational risks, results of the annual crisis simulations, implementation status for the recommendations prepared by the risk manager, own funds and own funds requirements.
  - ✓ Administrative activities.

## 4.2. Risk Profile

**Risk Profile** represents all exposures of EVERGENT Investments to real and potential risks. EVERGENT Investments' risk profile on 30.06.2022 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 30.06.2022
Market risk	Average	Average
Issuer risk	Average	Low
Liquidity risk	Low	Low
Credit and counterparty risk	Average	Low
Operational risk	Average	Average

On 30<sup>th</sup> June 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 01.01.2022-30.06.2022 there has been no exceeding of the risk limits undertaken through the risk profile.

### 1. Main Risks that the Fund is Exposed to

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

The main risks that EVERGENT Investment Company is exposed to are:

### 1. Market Risk

Most of EVERGENT Investments' assets are subject to market risk, defined as modification potential of their market value. We distinguish between three types of very different 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 94% of total assets under management on 30<sup>th</sup> June 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 (0,39%), currency risk impact 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 (1,57%), the impact of interest rate risk is insignificant.

The main objective of market risk management, as part of the independent risk management function is to make sure that the business function optimizes the risk/reward relationship and does not expose EVERGENT Investments to unacceptable losses that do not correspond to the risk appetite. In order to reach this objective, market risk management defines and applies a framework that systematically identifies, evaluates, monitors and reports market risk so that higher management may make efficient decisions in due time regarding the methods to manage and lower it. The Risk Management Department identifies market risks through the active analysis of the portfolio and investment suggestions of the business function.

### 2. Liquidity Risk

Liquidity risk is the risk stemming from a potential incapacity to fulfil all payment obligations when these become due, or to fulfil them without excessive costs.

Given that all managed assets are exposed to liquidity risk, this is a relevant risk for EVERGENT Investments, although the closed-end structure of the Fund determines relatively low prudential requirements regarding liquidity (the shareholders are not entitled to request the Fund to buy-back shares). The management of liquidity risk profile in the 1<sup>st</sup> half of 2022 has been an important factor in maintaining adequate liquidity.

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

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

### 3. Issuer Risk

Issuer risk results from exposures on shares held in entities in the portfolio and represent the current or future risk of value loss for a title in the portfolio, due either to the deterioration of its economic-financial status, or the business conditions (failure to function or lack of correlation of its internal activities according to its business plan), or to events, external trends or changes that could not have been known or prevented by the control system. Since asses exposed to issuer risk hold a weight of around 82% of total managed assets on 30<sup>th</sup> June 2022, this is a relevant risk for EVERGENT Investments.



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. Since assets exposed to credit and counterparty risks hold a weight of about 4,75% of total assets managed on 30<sup>th</sup> June 2022, this is a relevant risk for EVERGENT Investments.

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**

Operational risk is the risk of loss resulting from internal processes, inadequate individuals or systems or external events. Since operational risks stem from all operations run on the level of the company, these are relevant risks for EVERGENT Investments.

The daily management of operational risk is the 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.

In compliance with the requirements of FSA Rule no. 4/2018, Information Technology (IT) related risk is treated separately in the self-assessment process of operational risk. At the same time, money laundering and terrorism financing risk (ML/TF) is assessed within a distinct process.

Other subcategories of operational risks include legal risk, vocational liability risk, compliance risk, model risk, risk related to outsourced activities.

**6. The risk of EVERGENT Investments' assets failure to abide by the legal holding limits.** On 30<sup>th</sup> June 2022, assets in EVERGENT Investments portfolio abide by legal prudential limits. Between 01.01.2022-30.06.2022 no legal prudential limits were exceeded.

**6.1 Limits regarding exposure level on assets category reported to total assets, in compliance with Net monthly asset report on 30.06.2022 – 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 FLAIR in each of the issuers it has holdings up to 40%, should not exceed 80% of total assets value:*

Issuer name	Asset category market value (FSA Reg. no. 9/2014) (lei)	Weight of total assets of EVERGENT Investments (%)
<b>Banca Transilvania</b>	869.253.946	35,48
	381.440.304	15,57
<b>Total</b>	1.250.694.250	51,05

Exposure on TLV issuer (35,48 %) abides by the maximum 40% holding limit and is closely monitored through daily holding mechanisms. The two issuers that exceed the 10% individually do not exceed 80% of total assets together.

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

Group name	Market value of asset category (FSA Reg no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Straulesti Lac Alfa Group, of which:</b>	<b>69.984.555</b>	<b>2,86</b>
• Straulesti Lac Alfa shares	52.568.311	2,15
• Straulesti Lac Alfa bonds	17.416.244	0,71
<b>Ever Imo Group, of which:</b>	<b>63.320.866</b>	<b>2,58</b>
• Ever Imo shares	46.487.266	1,90
• Ever Imo bonds	16.833.600	0,69
<b>BVB Group, of which:</b>	<b>10.760.083</b>	<b>0,44</b>
• Bucharest Stock Exchange shares	9.751.168	0,40
• Depozitarul Central 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	market value of asset category (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>AGROINTENS shares</b>	51.387.439	2,10
<b>EVER IMO shares</b>	46.487.266	1,90
<b>EVERLAND shares</b>	45.021.100	1,84
<b>MECANICA CEAHLAU shares</b>	23.916.641	0,98
<b>CASA shares</b>	20.192.838	0,82
<b>REGAL shares</b>	8.259.379	0,34
<b>EVER IMO bonds</b>	16.833.600	0,69
<b>TOTAL EVERGENT Investments Group</b>	212.098.263	8,66

**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 10.733.146 lei, representing 0,44 % of assets value.

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

Bank name	Deposit value (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Banca Transilvania</b>	64.123.227	2,62
<b>BRD-GSG</b>	3.140.345	0,13

**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.*

RIAIF name	Deposit value (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>AIF Fondul Privat Comercial</b>	69.767.789	2,85
<b>AIF DCP Investitii</b>	35.152.865	1,43
<b>AIF Hermes</b>	10.743.980	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	Market val.of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>AIF Alchemist</b>	56.004.885	2,29
<b>AIF Optim Invest</b>	27.295.361	1,11
<b>AIF BT Invest 1</b>	26.012.918	1,06
<b>AIF Multicapital Invest</b>	20.761.641	0,85
<b>AIF Certinvest Actiuni</b>	10.202.955	0,42

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

Name of open-type AIF	Market val.of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>AIF Fondul Privat Comercial</b>	69.737.789	2,85
<b>AIF Alchemist</b>	56.004.885	2,29
<b>AIF DCP Investitii</b>	35.152.865	1,43
<b>AIF Optim Invest</b>	27.295.361	1,11
<b>AIF BT Invest 1</b>	26.012.918	1,06
<b>AIF Multicapital Invest</b>	20.761.641	0,85
<b>AIF Hermes</b>	10.743.980	0,44
<b>AIF Certinvest Actiuni</b>	10.202.955	0,42
<b>TOTAL open-type AIF</b>	255.912.394	10,54

**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	Market val.of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>FDI Piscator Equity Plus</b>	14.959.820	0,61
<b>FDI Transilvania</b>	6.242.751	0,25
<b>FDI BT Index Romania ROTX</b>	5.665.540	0,23
<b>FDI BT Maxim</b>	5.351.415	0,22
<b>FDI Napoca</b>	5.217.296	0,21
<b>FDI Star Next</b>	2.880.244	0,12
<b>FDI Tehnoglobinvest</b>	1.399.934	0,06
<b>FDI Certinvest BET Index</b>	1.334.414	0,05
<b>FDI Star Focus</b>	1.083.764	0,04
<b>FDI Certinvest BET-FI Index</b>	1.082.956	0,04

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

OPC name	Market val.of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Transilvania Investments Alliance</b>	25.170.600	1,03
<b>Fondul Proprietatea</b>	15.017.899	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	Market val. Of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Shares held in close-type issuers (incl. amounts to collect following the withdrawal from closed-companies)</b>	236.590.376	9,66
<b>Closed bonds</b>	34.249.844	1,40
<b>TOTAL</b>	<b>270.840.221</b>	<b>11,05</b>

**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 Companies' 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.

### 6.2. 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 number 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 shares held	Total number of issuers' shares	Holding percentage in the issuer's share capital de (%)
Banca Transilvania	389.799.976	6.311.469.680	6,18

**6.3. Value of managed assets (Law no. 74/2015, art. 2 line (2))** – on 30<sup>th</sup> June 2022, the value of assets managed by EVERGENT Investments and reported in compliance with “*EVERGENT Investments' statement of assets and liabilities*”, was 2.450.069.258 lei. Their value in euro is 495.423.880.

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

EVERGENT Investments' policy 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 30.06.2022, 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:

- ✓ 0,9673 (or 96,73 97,81%), according to the gross method approach
- ✓ 1,00 (or 100,00%), according to the engagement method

On 30<sup>th</sup> June 2022, **EVERGENT Investments does not own assets acquired through the leverage effect.**

Between 01.01.2022 - 30.06.2022 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.

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

#### 4.4. Crisis Simulations

Stress testing and scenario analysis play an important role in risk management. In the first half of 2022 EVERGENT Investments conducted an ad-hoc crisis simulation and an annual crisis simulation.

**1. The ad-hoc crisis simulation** was conducted in the context of the Russian-Ukrainian conflict, in order to analyse the impact that it could have on the assets and liquidities of the Fund, on reference date 31<sup>st</sup> January 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.

**2. The annual crisis simulation** was concluded for reference date 31<sup>st</sup> March 2022 in accordance with article 15 line (3), letter (b) Directive 2011/61/UE and art. 16, line (1), second paragraph of Directive 2011/61/UE corroborated with art. 2 FSA Rule no.39/2020.

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

The simulation of the simultaneous application of extreme shocks to different categories of financial instruments held in the portfolio on 31.03.2022 indicates that they could lead to a decrease by:

- ✓ 22,62 % of total assets and by 24,15 % a of net asset value (in the historic scenario)
- ✓ 43,46 % of total assets and by 46,41 % of net asset value (in the hypothetic scenario)

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

- ✓ Scenarios of applying extreme shocks to the Fund's assets and separately to the Fund's liabilities, as well as combined scenarios, both to assets and liabilities, were run to determine the overall effect on the Fund's liquidity. Liquidity crisis simulations reconfirm the fact that the Fund's key elements allow it to remain sufficiently liquid to meet short-term payment obligations, under normal and crisis circumstances.

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

The results of the ad hoc and annual crisis simulations were presented and approved by the Board of Directors in the meetings of 25.02.2022 and 13.05.2022 and were submitted to FSA, 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

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 EVERGENT Investments SA.
- ✓ issues recommendations based on the results of the activities carried out
- ✓ verifies the abidance by issued recommendations
- ✓ reports aspects connected to internal audit.

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

**General objectives of internal audit for 2022** focused on the efficient assessment of the efficiency of the risk management system and control system implemented for processes and activities.

Thus, the internal control framework of EVERGENT Investments SA is structured on three levels:

- ✓ Functions holding and managing risks (operational management) -1<sup>st</sup> line;
- ✓ Risk supervision function (risk management function and compliance function) – 2<sup>nd</sup> line;
- ✓ the function that ensures an independent examination of the effectiveness of the risk management, control and governance system (internal audit function) – 3<sup>rd</sup> line.

The first control level is provided by operational management that is responsible for maintaining efficient internal controls and the conducting of daily control procedures.

Control levels two and three are provided by the three independent control functions, namely:

- the risk management function, which ensures the management and control of risks identified through specific evaluation processes;
- the compliance function, that insures the management of compliance risks;
- the internal audit function, that provides the objective and independent assessment of the efficiency of the risk management system, internal control system and governance and execution processes, in order to support the reaching of objectives and issue recommendations to improve the efficiency of these activities.

**Activities run in H1 2022, based on the internal audit plan, targeted:**

- ✓ audit of the activity of the Casa SA subsidiary;
- ✓ audit of the activities regarding the protection of personal data;
- ✓ audit of the activity of Regal SA subsidiary;
- ✓ audit of the internal control system of EVERGENT Investments SA – partial run;
- ✓ follow-up of progress in the implementation of internal audit recommendations, under monitoring;
- ✓ verification of certain compliance aspects, at the request of the Board of Directors, or executive managers;
- ✓ participation to work committees and groups appointed by the Board of Directors or executive managers, for the implementation of certain projects of the running 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 on the implementation status of recommendations submitted by the internal auditor, IT system auditor and Audit Committee;
- ✓ extension of the financial auditor's mandate;
- ✓ Administrative activities.

**Adequate measures have been implemented to maintain 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 of EVERGENT Investments SA and management of subsidiaries 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 report 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 pro-active 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 H1 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 Investigations Plan.

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

### 1. Status of compliance with legal norms regarding:

- ✓ Alternative Investment Fund Managers, through the verification of the adequacy of EVERGENT Investments' management personnel SA.
- ✓ 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"

### 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 of the document: Remuneration policies and practices for the personnel categories whose professional activities have a significant impact on its risk profile*
- *Assessment of the adequacy of the document: Policies and procedures for the assessment of assets and calculation of the net unit value per share.*

*Conclusion: no non-compliances identified.*

### 3. **Annual revision of "Key Information Document" - KID**, in accordance with the provisions of art. 15 and 16 EU Regulation no. 653/2013. The revision was submitted to FSA and displayed on the company's website.

### 4. **Prudential rules** foreseen by art. 12 Law 74/2015 – *no non-compliances identified.*

### 5. **Remuneration policies** foreseen by art. 13 Law 74/2015:

The abidance by the following was verified:

- Remuneration policies of EVERGENT Investments, assignment operations for EVER shares in accordance with the “Share Assignment Plan” for 2022 (RC 09.05.2022) and the offering of EVER shares, in accordance with “Share Offering Plan” for 2021 (RC 29.04.2022);
- Remuneration policies on the Group level, including in the balance GMS of subsidiaries.

*Conclusions: no non-compliances identified.*

**6.** Provisions of art. 14 Law 74/2015 on the identification, prevention, management and monitoring of situations mentioned in art. 30-37 EU Reg. no. 231/2013 generating **conflicts of interest** – the potential conflict of interest situations, corresponding to the types of conflict of interests identified in the activity of EVERGENT Investments/ EVERGENT Investments Group, were managed according to the rules set.

*Conclusion: no conflict was registered.*

**7.** 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.*

**8.** Provisions of art. 19 Law no. 74/2015, on **the delegation of the collective portfolio management activity or risk management** – *not the case.*

**9.** Provisions of art. 20 Law 74/2015, line (1)-(11) regarding the **agreement between the depository and AIFM** – *not the case.*

**10.** 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.*

**11.** 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.*

**12.** 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 and OGMS EMS on 28.04.2022”.

*Conclusion: privileged information regarding GMS convening were properly managed.*

**13.** 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.*

**14.** Abidance by legal and internal provisions for the organization and conducting of:

- Extraordinary general meeting of shareholders on 20/21.01.2022
- Extraordinary and ordinary general meetings of shareholders on 28.04.2022, with the certification of their 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 the GMS.

*Conclusion: no non-compliances identified.*

**15.** Verification of the abidance by Norm no. 33/2017 on the organization of the archive activity at entities authorized/ certified, regulated and supervised by FSA - on a regular basis, in the endorsement process for certain internal documents/ operations, we also verify the keeping of records and evidence of documents in paper and electronic format.

*Conclusion: no non-compliances identified.*

**16. 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.

**17. 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 treasury shares buy-back program, according to EGMS Resolution no. 4/20.01.2022 (running period: stage 1: 26.01.2022 – 15.06.2022, Report 25.01.2022 ; stage 2 20.06.2022 – 28.10.2022; Report 20.06.2022)
- c) Reports presented to the Board on the implementation status of Board and Management Committee resolutions on 31.03.2022 and 30.06.2022 approved by the Board;

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

**18. 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.*

**19.** 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.*

**20.** 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 officer, up to 20.01.2022 (FSA Reg. no.: PFR13RCCO/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

Under the coordination of the Executive Manager who provides the organization, guidance and verification of internal and inter-department activity, the Legal Department has exercised its legal presentation and consultancy attributions making sure the rights and obligations of the company are fulfilled under legal conditions.

**The main activities in which the Legal Department played an active role, carried out in the first semester of 2022, are:**

- Participation to the activity for the organization of General Meetings, preparations of procedures, materials and documents related to the agenda, registration of necessary mentions in the Trade Registry regarding resolutions adopted by the General Meeting of Shareholders and related actions.
- There were two General Meetings of Shareholders in the reporting period (in January and in April of the current year), the Legal Department was involved from the preparation of procedures to the registration of mentions, the last of which was the registration of the note regarding the lowering of share capital in agreement with EGMS Resolution no. 3 on 10<sup>th</sup> January 2022, endorsed by FSA as per authorization no. 108 on 13.07.2022.
- We also underline the implication of the Legal Department in various projects and investments that the company was interested in, in the issue of specialized opinions and insurance of legality visa, as well as the active support offered in the negotiation and presentation of proposals wanted by the Company in various contracts, in agreement with the Company's legitimate interests.

### 7.1. Legal Representation

**On the docket of the Legal Department, at the end of the reporting period there is a total number of 203 files**, of which 35 files were solved with final solutions. The department **has made sure that in all litigations on the docket of courts in various trial stages, the necessary defences are filed on time**, and where solutions were not in favour of EVERGENT it resorted to specific means of attack.

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

**Litigii în care EVERGENT Investments are calitatea de reclamant:**

- ✓ 203 files, of which: 168 files are litigations pending in different trial stages( of which 109 against AAAS), and 35 files are solved.
- ✓ Value of litigations on the docket of courts: 70.328.214,75 lei (claims and insolvency procedure).

**Litigii în care EVERGENT Investments are calitatea de pârât:**

- ✓ 58 file, of which: 40 files are litigations pending in different trial stages, and 18 files are solved.
- ✓ Value of litigations on the docket of courts 148.720,95 USD in files with object various claims.

**Special attention is paid to files against AAAS Bucharest**, EVERGENT taking additional measures to recover the amounts owed to the company by this institution and in order to fight against actions filed by AAAS regarding enforcement procedures.

The total amount recovered in 2022 in the enforcement procedure against AAAS is 2.891.711,37 lei , following the garnishments instituted on various garnished third parties for the purpose of recovering due amounts, even more so since this public institution avoids, through any means possible and with the effect of harming our interest, to pay liabilities through final and enforceable court resolutions.

This is the reason that caused us to file the action against the Romanian state, with the object of holding it liable jointly with AAAS in pursuit of the company's objective to protect and defend our legitimate rights and interests.

We emphasize the sustained efforts of our company to recover debts by mentioning the solution of Iași Court of Appeal against Vastex SA Vaslui, EVERGENT winning the case after approximately 7 years. The necessary operations to recover the debt established by enforceable decision have been started.

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

We note the dismissal of the plaintiff's appeal in the claim action against EVERGENT Investments for the payment of USD 148,720.95.

### **7.2. Legal Consultancy**

Legal consultancy is a current activity of maximum importance and a special weight within the Legal Department, his activity being provided both for the Company and companies within the Group.

At the end of H1 2022 there are a number of 50 legal consultancy files targeting the entire activity area of the Company, files being prepared in fields such as: investment projects, revisions of legislative suggestions, transactions, corporate operations, General Meetings of Shareholders.

### **7.3. Granting the legality visa**

The legality visa is granted by the Coordinating Executive Management of the Department for all legal documents the Company is part of or directly interested in, making sure that that particular documents abide by applicable legal limits.

At the end of H1 2022 there is a number of 286 legality visas on various legal documents such as contracts, addenda, decisions, mandates, agreements in all activity areas of the company.

We should also mention a number of 661 orders to set-up or /and cease payment for the payment of dividends to shareholders and approval of the proper correspondence address, depending on the case.



## 8. Corporate Governance

### 8.1. Relationship with Investors

In the first half of 2022, we have **observed and ensured all transparency, information and reporting requirements<sup>1</sup>**, by publishing regular reports<sup>2</sup> and mandatory notifications, through press releases and the running of a close correspondence with shareholders. We have provided shareholders with additional information, some of which regular in nature (monthly newsletter), designed in such a way so as to ensure the daily briefing on the company's activity.

According to the provisions of "Corporate Governance Code", regular and continuous information was simultaneously released both in the Romanian and English language. An important component of the relationship with shareholders is the direct communication activity: written correspondence (letters, emails) and phone communication.

**Processing of personal information** - EVERGENT Investments processes the personal information it has access to in accordance with Regulation (EU) 679/2016 ("regulation") on the protection on natural persons with regard to the processing of personal data and on the free movement of this data, based on the legal obligations and legitimate interests of the Company and its shareholders. The Company makes sure that all principles foreseen in the Regulation for the processing of the personal data it has access to are complied with. The processing of personal data is made through automatic and manual means, abiding by legal requirements and ensuring the safety, confidentiality and abidance of the rights of the targeted persons.

### 8.2. Human Resource Management

On the level of the executive special attention is paid to human resources to insure the continuity of professional training programs for the purpose of maintaining the expertise acquired over several years of specialization. Staff working in the following fields was included in the continuous training programs: investment analysis, assets assessment, 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 155,042 thousand lei.

At the end of H1 2022 the Company has 41 employees.

Activity continuity is ensured through the implementation of the Succession Plan – 2022 edition, with time frame 2026. The process for personnel selection and recruitment is being run, in accordance with EVERGENT Investments' particularities.

### 8.4. Social Responsibility

Through all its actions, EVERGENT Investments aims to be integral part of the community, with a team of professional with solid principles, whose purpose is to generate value for the entire stakeholder spectrum. The company is involved in social responsibility activities according to its own Corporate Governance Code, offering support directly or through specialized foundations or associations.

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<sup>1</sup> Related information in **EVERGENT Investments' Corporate Governance code**: Ch.1.1.1. General Meeting of Shareholders and Ch. 8 Shareholders' Rights

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

The main areas of involvement are: education, health, culture, sports, social

Education is an essential factor in the sustainable development of society. EVERGENT Investments has strategic partnerships with universities, schools or organizations to support performance in education, creating connections between the local business environment and the national or global academic community. The mission of EVERGENT Investments is to discover talented young people and support them on their way to excellence.

EVERGENT Investments supports the health field on several levels, so that the medical act ends up taking place under conditions aligned with European standards.

EVERGENT supports culture because it wants young people to acquire their Romanian identity, to cultivate their curiosity and critical spirit. Through art and culture, it provides all generations with a space for dialogue.

Sport means perseverance, bravery, exceeding limits, team spirit, performance and its continuity. EVERGENT Investments supports both beginners and experienced athletes in reaching their goals.

Communities and companies share the same interests; the positive impact on society contributes to business consolidation. The involvement of EVERGENT Investments in the community from which it operates is aimed at sustainable economic development. Creating new jobs and supporting disadvantaged people for their integration into the community are sustainable mechanisms of intervention in society, on the long term.

### **8.5. Involvement Policy**

„The involvement policy and principles on the exercise of rights in companies in EVERGENT Investments SA’s portfolio” is available on the website of the company [www.evergent.ro](http://www.evergent.ro), in accordance with the provisions of art. 101 line (2) and Law no. 24/2017 on the issuers of financial instruments and market operations, republished.

### **8.6. IT Safety**

In the reporting period, the main objective of the IT activity was ensuring the safety and integrity of the data stored on the company’s servers and lowering of cyber security risks, through:

1. monitoring the Internet and mail traffic and early identification of cyber-attacks;
2. warning employees about these attacks and offering measures to counter them;
3. adaptation of security policies on the background of remote work, in the context of COVID-19 pandemic;
4. preparation of instructions, use guides for certain remote application and later testing of their use;
5. identification of additional risks and management methods in case the staff is allowed to use personal work devices (computer, laptop, phone);
6. optimization of the process for the identification and reporting of cyber safety incidents.

The Continuity Plan was prepared and implemented, with its quarterly assessment and regular testing, in accordance with the requirements of FSA Reg. no. 2/2016 and FSA Rule no. 4/2018

## **9. Activity for the Prevention and fight against money laundering and the financing of terrorism**

The Commission for the prevention and fight against money laundering and the financing of terrorism, comprised of compliance officer SB/FT and assigned individuals SB/FT, has fulfilled its responsibilities set by legal and internal provisions applicable for the 1<sup>st</sup> half of 2022.

Thus, the legislative news in the matter was constantly checked and the appropriate information was provided at the company level, including from the perspective of the documents necessary to be considered in the context of measures to know the clientele against the background of the military conflict in Ukraine.

A new edition of the internal procedure regarding the *Prevention and Fight against money laundering and the financing of terrorism* has been prepared, taking into consideration the modifications of Law no. 129/2019 and FSA Regulation no. 13/2019 on the establishment of measures to prevent and fight against money laundering and terrorist financing through financial sectors supervised by the Financial Supervisory Authority.

The company's employees were adequately and regularly informed, so that the procedure is correctly and responsibly applied.

The Committee continues to pay special attention to the way in which legal provisions are transposed, understood and complied with on the level of EVERGENT Investments, so that the revision process of internal regulations continue to reach this objective. In the following period, internal procedures shall be updated with the express provisions regarding additional verifications run by the company in order to ensure the high standards of the recruitment process, in accordance with the provisions of art.3 line (5) lit. h) and art. 11 line. (1) FSA Regulation no. 13/2019, as well as references to the regular assessment program of employees concerning money laundering and terrorism financing.

## **10. Aspects related to ESG**

EVERGENT Investments, as a participant in the financial market, is subject to the transparency requirements stipulated by Regulation (EU) no. 2019/2088 regarding sustainability information in the financial services sector.

EVERGENT has developed a policy regarding the integration of sustainability risks in the investment decision-making process and suggests a gradual integration of the sustainability analysis within the investment analysis.

Given this objective, and taking into consideration relevant sustainability risks in accordance with the modifications of Regulation (EU) no. 1255/2021 to amend Regulation (UE) no. 231/2013 on risk related to sustainability and sustainability factors to be considered by alternative investment funds, EVERGENT Investments considered the revision of certain documents that regulate the activity of the company that shall be approved in the following period.

The integration of ESG factors in the investment strategy and policy of the company may reduce risks and improve yield. On 30<sup>th</sup> June 2022, more than 50% of the asset portfolio is held in issuers integrated ESG factors in the activity carried out, the main issuer being Banca Transilvania, who has obtained a very good ESG Risk Rating (17) and is classified in the Low Risk category.

EVERGENT Investments believes in the importance of sustainable investments and incorporating ESG factors into the investment decision-making process. Also, active interaction with the companies in which we invest is another key element for managing investment risk. As efforts to integrate ESG into our industry continue to evolve, EVERGENT Investments' approach will continue to evolve. We are working closely with all our stakeholders to provide transparency in our approach and adapt it to their needs.

## 11. Events subsequent to the reporting date

### I. Share Capital Reduction

The Company's share capital has been reduced from 98.121.305,10 lei to 96.175.359,20 lei with a number of 19.459.459 shares, in accordance with the resolution of the Extraordinary General Meeting of Shareholders no. 3 on 30<sup>th</sup> January 2022 (current report on 25.07.2022).

The share capital is divided into 961,753,592 shares with a nominal value of 0.10 lei. The canceled shares were acquired by redemption based on AGEA Resolution no. 3 of 29.04.2021 (Program 5).

By reducing the share capital we continue to transpose the policies for the active support of share value through market operations aimed to lead to the reduction of discount between net asset and trading price. Thus, we aim to approach the discounts of similar closed-end-funds on European level through operations that bring benefits to the shareholder, such as: increase of share liquidity, increase of earnings per share for the shareholders who decide to keep their shares; increase of stock price.

### II. Exceeding the 10% of share capital threshold

On 07.07.2022, a notification was received from BT Asset Management SAI regarding exceeding the threshold of 10% of the share capital and voting rights of EVERGENT Investments. Exceeding the 10% threshold was achieved pursuant to Decision 841/06.07.2022 and 842/06.07.2022 issued by the FSA.

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#### *Annexes:*

1. Annex 1 Net Asset Statement on 30.06.2022
  - Annex 1.1. Statement of Assets and Liabilities of EVERGENT Investments (FSA Reg. no. 7/2020 – Annex 10)
  - Annex 1.2. Detailed Statement of EVERGENT Investments' investments (FSA Reg no. 7/2020-Annex 11)
2. Annex 2 Simplified interim separate Financial Statements on 30<sup>th</sup> June 2022, prepared in accordance with IAS 34 Interim Financial Reporting and applying FSA Rule no. 39/2015 on the approval of accounting regulations compliant with IFRS
3. Annex 3 Statement of Litigations on 30.06.2022
4. Annex 4 BVB, FSA Reports – H1 2022

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*The Board of Directors' Report H1 2022 related to the simplified interim financial statements as of June 30, 2022 was approved in the Board Meeting of August 12, 2022.*

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

**Mihaela MOLEAVIN**  
**Finance Director**

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

**Georgiana DOLGOȘ**  
**Director**