



## **Board of Directors' Report Q3 2022**



**Dear shareholders,**



“In the first nine months of 2022, EVERGENT Investments has had solid results in a context marked by geopolitical and economic uncertainties, that that induced extreme market volatility. We have operated prudently, rebalanced the assets portfolio with special focus on risk management. Thus, net result of 101.4 million lei exceeded by 57% the target in the Income and Expense Budget approved by shareholders for the entire 2022 year, and total value of assets under management is 2.19 milliard lei. We have continued to implement the Company’s strategy by assigning capital to the financial-banking and energy sectors on BVB and equity type investments in sectors such as IT and agribusiness, with high medium – and long-term profitability potential. The result obtained confirms the solidity of the business model and strength of EVERGENT Investments.”

We hereby present you the results registered by EVERGENT Investments in the third quarter of 2022 and objectives of the following period, in agreement with “2022 Activity Program” and “EVERGENT Investments’ Investment Strategy and Policy”, approved in the General Meeting of Shareholders.

### **Company Performance**

- ◆ **2,193 million lei** – assets under management (AUM)
- ◆ **2,067 million lei** – net asset value
- ◆ **2.1980 lei** – net asset unit value

### **101.4 million lei – net result**

The net result of 101.4 million lei registered on 30<sup>th</sup> September 2022 is comprised of 87 million lei net profit and 14.4 million lei net gain from financial asset sale reflected in retained earnings. We therefore note an exceeding of net result by 57% higher than the 64.5 million lei target for the entire 2022, approved by shareholders through 2022 Budget.

### ◆ **175.4 million lei – value of equity investments**

Equity investments up to 30<sup>th</sup> September 2022 exceeded by 3% the 169.9 million lei value set in the budget approved by shareholders for the entire 2022.

Compared to the total value of assets under management, the listed share portfolio holds the main weight of 70.8%, while the weight of unlisted shares is 11%. The main sectors in the portfolio structure remain the financial – banking sector with 39.4% and the energy-industrial sector with 19.5% of total assets value.

The investment of over 37% of total assets of EVERGENT in TLV and BRD shares shows that the structure of our portfolio is aligned to ESG principles.

The ESG rating of Sustainalytics, of 17, namely 19.2 points, granted to Banca Transilvania and BRD places the banks in the Low Risk category in terms of ESG initiatives and performances. Thus, the responsible involvement of the banks in current issues of society such as: climate change, aspects regarding 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 the objective to generate long-term performance through investment policies customized for each of the managed portfolios.

Therefore, we aim to:

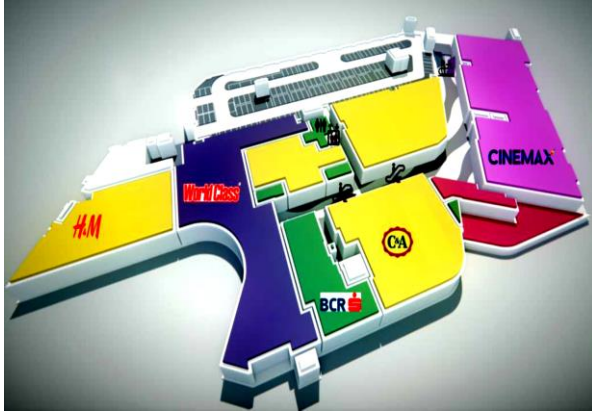
- ◆ Increase investments in the PRIVATE EQUITY Portfolio – especially agribusiness and real estate.
- ◆ Increase the performance of FINANCIAL-BANKING AND ENERGY-INDUSTRIAL Portfolios through their active management, as they represent the main generators of income and sources for investments.
- ◆ Capitalize on the SELL portfolio through the sale of the historic share portfolio.

Private equity projects sets us apart from other market players and bring an attractive return / risk ratio, with significant long-term profit, for our shareholders. We support the companies we invest in to reach their full potential. The FIA framework allows us to allocate up to 40% of assets in this type of project, a first “benchmark” being 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 the leaders of the blueberry production market, with a held area of over 100 ha, of which 86 ha planted area. Our objective is to increase the area to 200 ha and set-up new cultivated plantations.



- ✓ **"Veranda Mall" Project**- where we have an indirect holding of 37% through shares held by 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 benchmark of the central-eastern part of Bucharest.



- ✓ **“Atria Urban Resort” Real-estate project**- where we have 50% holding through Straulesti Lac Alfa SA – targets the 4-stage building of a residential complex that includes 1,378 apartments, located in the North-western area of Bucharest municipality, in the vicinity of Colosseum Retail Park, with easy access to the northern part of the capital city. The construction of stage 1 with 160 apartments has been completed, all apartments being sold. Stage 2, completed in November 2021 includes 398 apartments of which 307 apartments were sold and preliminary contracts have been entered for another 6. We have obtained by building permit for Stage 3 with 350 apartments; building is to start in the 4<sup>th</sup> quarter.

Project



Stage 1 (completed)



Stage 1 (completed)



Stage 2 (completed)



- ✓ **Iasi real-estate project** – 99.99% holding through Everland SA. The company holds a land of around 2.55 ha and an administrative building GF+8 with a built area of 4,600 square meters, located in the centre of Iasi municipality. Our detailed analysis and projections targeted both the quality and location of purchased assets, and the significant real-estate development potential of Iasi municipality.

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 the development of private equity portfolio, focusing real-estate investments in a strategic land bank. The Northern Bucharest area has a quick and ample development, both on the residential and office segment. EVER Imo aims to develop real-estate projects in this promising residential hub as well.

1. **Intrarea Straulesti Project**– specific activities are run in order to obtain the approval of the urban plan for the development on a land of 16000 square meters in Northern Bucharest, an area that will be a new premium financial and residential hub.
2. **Piscul Mosului Project**- another pending program is a land of 19,000 square meters, located 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 on the residential segment.

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

*Best regards,*

Claudiu Doros  
President CEO

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*Quarterly 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:* 15<sup>th</sup> November 2022

*Issuer name:* EVERGENT Investments SA

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

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

*Tax identification code:* 2816642

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

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

*LEI:* 254900Y100025N04US14

*Subscribed and paid-up capital:* 96,175,359.20 lei

*Number of issued shares:* 961,753,592

*Nominal value:* 0.1 lei/share

*Shareholding structure:* 100% private

*Free float:* 100%

*FSA Registry no.:* PJR09FIAIR/040003

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

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

## Field of Activity

### 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 as authorized Alternative Funds Manager, by permit no.20/23.01.2018, 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 activity object** consists in:

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

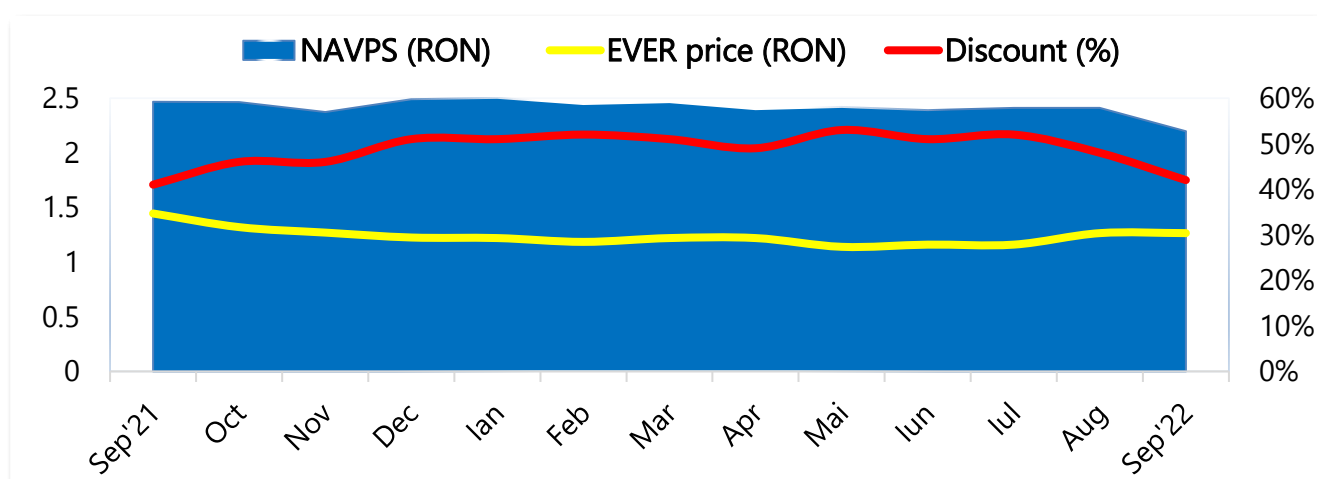
## 1. Activity Analysis

### 1.1. Evolution of Managed Assets Value

Indicator	2020	Q3 2021	2021	Q3 2022	Q3 2022 /Q3 2021 %
Total assets (mil lei)	2,137	2,600	2,553	<b>2,193</b>	-15.7
Net assets (mil lei)	2,003	2,411	2,383	<b>2,068</b>	-14.2
NAVPS (lei)	2.04	2.47	2.48	<b>2.20</b>	-10.9
Market price (lei)	1.25	1.45	1.22	<b>1.27</b>	-12.5
Market price / NAVPS discount (%)	39	41	51	<b>42</b>	+1.0

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

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



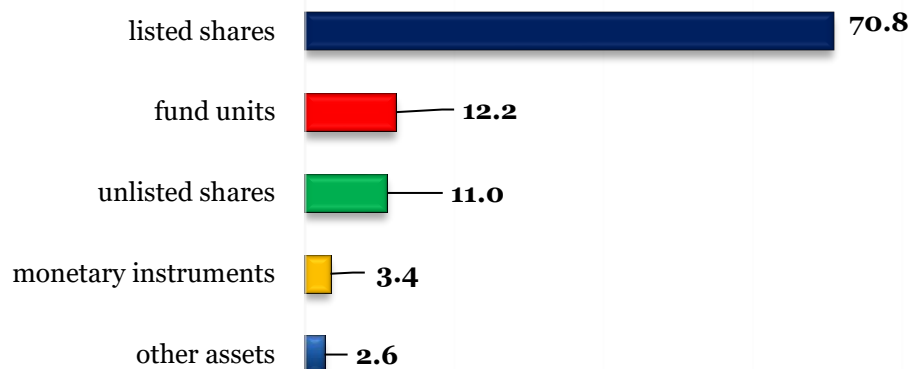
### Evolution of Portfolio Structure

Assets structure (% of total assets value)	2020	Q3 2021	2021	Q3 2022	Q3 2022 /Q3 2021%
Shares, of which:	80.0	75.2	79.1	81.8	+8.8
✓ <i>Listed</i>	70.1	67.2	70.2	70.8	+5.4
✓ <i>Unlisted</i>	9.9	8.0	8.9	11.0	+37.5
Non UCITS +UCITS (fund units)	14.0	12.9	21.3	12.2	-5.4
Monetary instruments (deposits, availabilities)	4.3	8.7	6.3	3.4	-60.9
Other assets	1.7	3.2	2.3	2.6	-18.8

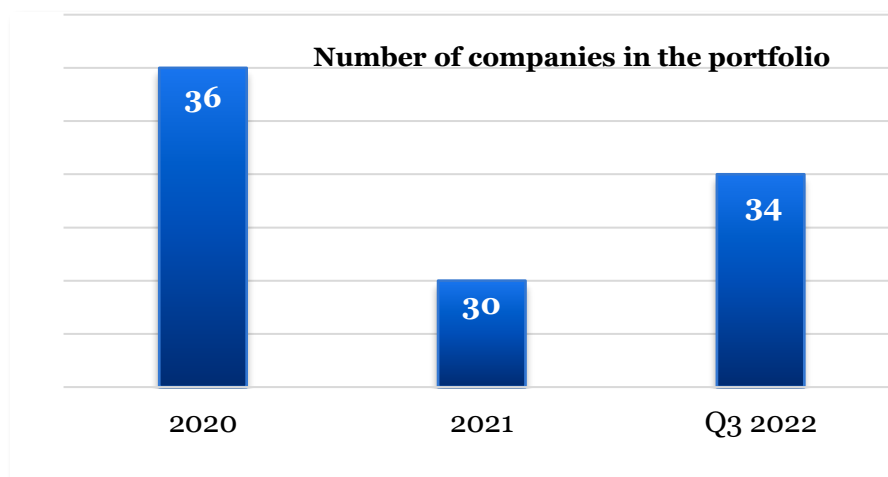


**Portfolio structure – 30<sup>th</sup> September 2022** (% of total assets value)

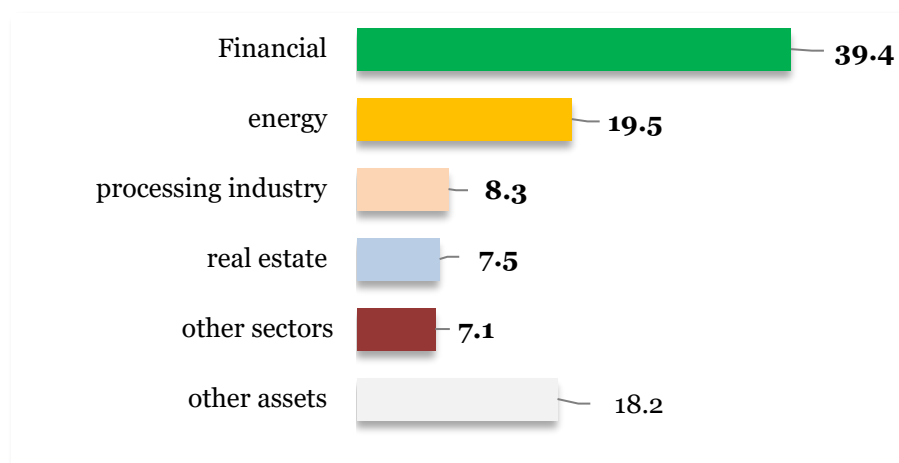
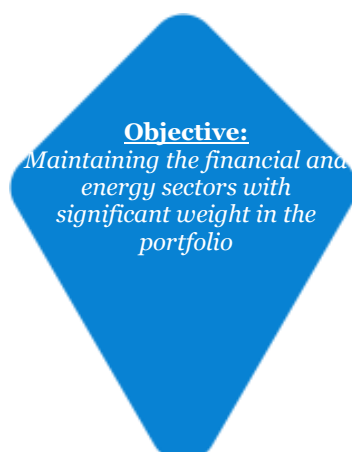
**Objective:**  
Maintaining the main weight in shares, namely listed shares.


**No. of holdings**

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


**Sectorial exposure**

Sectorial exposure (% of total assets value)	2020	Q3 2021	2021	Q3 2022	Q3 2022/Q3 2021 %
Financial	44.4	44.3	44.8	39.4	-11.1
Energy	16.0	11.4	13.2	19.5	+71.1
Processing industry	7.0	8.5	8.8	8.3	-2.4
Real-estate	6.9	5.8	6.6	7.5	+29.3
Other sectors	5.7	5.2	5.7	7.1	+36.5

**Sectorial exposure – 30<sup>th</sup> September 2022** (% of total assets value).

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

Top companies in the portfolio	> 1% of total assets value (%)	% holding of the issuer's share capital
BANCA TRANSILVANIA	33.8	6.26
ROMGAZ	13.8	1.96
AEROSTAR	6.8	11.44
OMV PETROM	3.7	3.73
BRD	3.3	0.92
PROFESSIONAL IMO PARTNERS	2.8	31.42
STRAULESTI LAC ALFA	2.4	50
AGROINTENS	2.4	100
EVERLAND	2.1	100
EVER IMO	2.1	100
NUCLEARELECTRICA	1.7	0.29
TRANSILVANIA INVESTMENTS ALLIANCE	1.2	4.85
MECANICA CEAHLAU	1.1	73.30
<b>TOTAL</b>	<b>77.2</b>	

**Method of calculation for 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, namely:

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 Q3 2022 / Q3 2021**

Within the sector in which it operates, EVERGENT Investments registers on 30.09.2022 the lowest price/NAVPS discount, namely 42%.

Furthermore, it ranks second in terms of capitalization (1,22 billion lei) and net asset value (2,07 billion lei).

Million lei	SIF 1	EVER	TRANSI	SIF 4	SIF 5
<b>Net asset 30.09.2022</b>	2,989.34	<b>2,067.69</b>	1,280.73	1,759.86	1,990.35
<b>Net asset 30.09.2021</b>	3,375.48	2,410.75	1,357.52	1,973.53	2,190.68
<b>NAV evolution 2022/2021</b>	-11.44%	-14.23%	-5.66%	-10.83%	-9.14%
<b>Liquidities 30.09.2022*</b>	200.75	<b>73.79</b>	32.79	187.67	71.41%
<b>Liquidities 30.09.2021*</b>	404.35	225.60	109.96	103.32	11.05
<b>Liquidities evolution 2022/2021</b>	-50.35%	-67.29%	-70.18%	81.64%	546.41%
<b>Result of the period 30.09.2022</b>	7.27	<b>87.00</b>	55.07	-63.90	175.03
<b>Result of the period 30.09.2021</b>	321.60	82.36	55.44	195.54	47.18
<b>Result evolution %2022/2021</b>	-97.74%	5.63%	-0.67%	-132.68%	270.98%
<b>Capitalization 30.09.2022</b>	1,262.78	<b>1,216.62</b>	555.75	953.34	860.00
<b>Capitalization 30.09.2021</b>	1,381.33	1,417.85	780.64	1,227.97	925.00
<b>Capitalization evolution % 2022/2021</b>	-8.58%	-14.19%	-28.81%	-22.36%	-7.03%
<b>Price/ NAVPS discount 30.09.2022</b>	-58.4%	<b>-42.4%</b>	-56.8%	-47.5%	-59.0%
<b>Price/NAVPS discount 30.09.2021</b>	-59.1%	-41.4%	-42.5%	-37.8%	-57.8%
<b>2021 dividend</b>	0.060	<b>0.065</b>	0.000	0.000	0.030
<b>DY%</b>	2.45%	<b>5.14%</b>	0.00%	0.00%	1.74%
<b>No. of shares</b>	515,422,363	961,753,592	2,162,443,797	784,645,201	500,000,000

\*cash, deposits, government securities

## 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, shares of limited liability companies whose annual financial statements are audited in accordance with the law and 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, the first “benchmark” for this purpose being 20-25%.

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).

EVERGENT Investments is aware about the importance of sustainable investments and inclusion of ESG (environment, social and governance) factors in making investment decisions and therefore aims to gradually integrate legal sustainability analysis factors in its investment portfolio management activity. Thus, the company constantly analyses the possibility to assign capital to projects in economic sectors that support the transition towards a sustainable economy or in issuers that carefully monitor ESG factors in its activity.

The investment approach is mainly guided by the analysis of fundamental data with the purpose of increasing share value for shareholders, with an eye to their concern for the transition to a more sustainable economy, an economy that is fair to people, resources and the planet.

## Context

The third quarter of 2022 was a non-performing one for both the capital market in Romania and for foreign markets. Weak evolutions were mainly due to inflation and the war in Ukraine, and in the case of European markets, the depreciation of national currencies compared to the US dollar. Although financial results were mainly higher, they were not necessarily transferred to the share price. Especially in the highest declines top, there are several surprises, with issuers whose results and/or future prospects would not justify a negative stock market evolution.

The evolution of international indexes in Q3 2022, was mainly influenced by the connection of each country with Russia and Ukraine, and with the conflict itself.

It can be seen that the main stock market indices had a negative evolution in Q 3 2022:

Index	Evolution Q3 2022	12 months' evolution	Standard deviation
BET-BK	-18.63%	-34.19%	9.31%
BUX	-15.10%	-48.47%	16.47%
Nasdaq Composite	0.21%	-23.51%	11.12%
DAX	-12.24%	-34.05%	11.21%
CAC 40	-10.37%	-26.96%	9.96%
PX	-14.77%	-25.57%	10.12%
SAX	-14.46%	-26.15%	8.46%
SOFIX	-11.34%	-16.69%	5.94%
S&P 500	-1.75%	-13.66%	7.30%
WIG 20	-24.70%	-50.76%	16.88%

Against the background of the energy crisis, the blockages in the supply chains, the effects of the war in Ukraine on the quotations of agri-food raw materials, to which the acceleration of the growth rate of labor costs is added, the annual inflation rate continued to accelerate its growth rate, reaching in September at 15.9%.

### 1.2.1. Financial – Banking Portfolio

The financial-banking sector remains the main investment pillar of EVERGENT Investments, the issuers in this sector representing 39.4% of total assets value on 30<sup>th</sup> September 2022 (30<sup>th</sup> September 2021: 44.3%), of which bank shares are 37.1%.

The Romanian bank sector is solid and well placed and remains in a prudential and financial status that is similar or better in comparison to European values.

Nevertheless there is room for increasing the lending to industries with higher added value and innovation and for the co-financing projects with European funds. These developments should be primarily based on the solid and rapid recapitalization of Romanian economy.

The liquidity and profitability indicators of the banking sector in Romania, which are significantly above the European average, allow the consolidation of the macro-prudential policy without negatively influencing the credit offer for eligible borrowers.

Regarding coverage rates and NPLs, the two parameters in establishing the buffer levels, Romania is currently in the first place in the EU according to the level of the coverage rate (69% in Romania vs

44% in the EU) and close to the European average in regarding the rate of non-performing loans (3.2% in Romania vs 2.3% in the EU).

The rate of non-performing loans at the level of the banking system (as defined by the European Banking Authority) continued its annual downward trend reaching 2.89% at the end of August 2022 compared to 3.35% at the end of December 2021.

Romania has the lowest level of banking intermediation: 55% (bank assets in GDP) - almost 5 times lower than the EU average.

Romanian banks are currently benefiting from a strong combination of solid credit growth and increase in monetary policy interest rate. This combination led to significant increases in net interest income in 2022.

These positive factors will continue in the 4<sup>th</sup> quarter of 2022, but may slowly decrease since loan increase is decelerating while financing costs are rising which may lower the yields of credit increase.

Given the marginal volume of Romanian banks' exposure 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 shall have no significant direct impact on the Romanian banking sector.

Nevertheless, the indirect impact on Romanian banking sector of these future developments may be a substantial one and depends on the intensity and duration of the conflict.

During the monetary policy meeting of the BNR Board of Directors on October 5, 2022, the members of the Board showed that the annual inflation rate reached 15.32% in August, marginally exceeding the forecasts, after it fell to 14 in July, 96%, up from 15.05% in June. It was noted that the new growth was driven almost entirely by the continued increase in food prices, including the LFO category, whose impact was however largely offset by lower fuel prices – on the back of fuel price compensation and lower oil prices – as well as the effects of associated with the evolution of energy prices.

The evolution of interests rates results from the evolution of inflation. In October, the monetary policy decision was to increase the monetary policy interest above market expectations with 75 basis points, up to 6.25%. Correspondingly, the interest rate for the credit facility was increased to 6.50% and that for the deposit facility to 4.50%. At the same time, it was decided to maintain firm control over liquidity on the money market and to maintain the current levels of mandatory minimum reserve ratios for credit institutions' lei and foreign currency liabilities (of 8%, namely 5%).

The National Committee for Macroprudential Oversight (CNSM), comprised of the representatives of BNR, FSA and Government, recommended that BNR ask banks to increase their capital reserves to be able to face severe risks in the coming period. Consequently, the countercyclical capital buffer will be increased from 0.5% to 1%, from October 23, 2023. The CNSM recommendation came following the warning issued at the end of September by the European Systemic Risk Board (ESRB) regarding the risks and the vulnerabilities of the financial system of the European Union in the current context.

BNR has identified three main risks: geopolitical risk combined with energy risk, internal disorder and especially twin deficits and the ability of authorities to draw European and NRRP resources.

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

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

Banca Transilvania maintained its solid financial position and comfortable capitalization level. Therefore, at the end of September 2022, the Bank recorded a net profit of RON 1.44 billion, an expansion of the total assets by 7.8%, reaching RON 134.8 billion, with an increase in the loan portfolio by 21% and a solvency ratio of 23.05%.

The number of the bank's active customers reached 3.8 million, up 4.7% since the beginning of the year. BT has 313,000 new active customers gained in the first nine months of 2022. 84% of the bank's customers are digitalized.

Therefore, the constant increase in the number of customers and transactions continued, with a dynamic much higher than the market average.

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. As of September 2022, as a result of the acquisitions and the increase in lending, the assets were over RON 134 billion, being 19% higher than at the beginning of the year.

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.

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 observed.

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.

Banca Transilvania has received ESG Risk Rating (environment, social and corporate governance) of 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 was recently granted the membership status.

This year the bank registered a 19% increase compared to 2021 for 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 302nd place in Brand Finance Banking 500, 2022.

In 2022, the Bank was the most important partner in government support programs IMM Invest and AGRO IMM Invest, as well as other granting schemes for SMEs launched in the current year such as RURAL INVEST, IMM PROD and GARANT CONSTRUCT, with a total financed value of over 2.8 billion lei in the first semester through these programs that are characterized by state guarantees and subsidized interest.

**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.

Counting on a dynamic and extensive commercial activity, BRD achieved a solid performance on all income categories at the end of the first nine months of this year. Banking income was higher by 10.6% compared to the same period of 2021, mainly due to a double-digit advance in interest income, based on both the positive effect of volumes and higher market rates. Operating expenses registered a moderate increase, due to the rigorous discipline in terms of expenses, the increase being 5.3% compared to the same period of the previous year, mainly due to the increase in salary expenses affected by rising inflation.

The profit registered in 9 months, of 997 million, was 12.6% higher than the profit registered in the same period of 2021.

Credits granted in the first 3 quarters of the year have had a strong dynamic, the increase being +21% compared to the same period of the previous year.

Lending for housing continued to progress, with new production being 21% higher, and the consumer credit market remained resilient in the face of a market slowdown, after the record year 2021. Lending to companies registered a remarkable increase (+31% compared to of the same period last year), supported by both of its pillars, respectively the segment of SMEs and large companies.

BRD initiated the Climate Change Summit, the first summit in Romania dedicated to climate change, a reference forum on the level of Central and Eastern Europe, that brought to the same table leaders and experts to discuss solutions for a sustainable future and generate the necessary momentum to be part of this transformation. The event had an audience of about 1 million persons, through all communication channels.

BRD was actively involved in governmental project for economic support, with approved loans of 1,4 billion RON in the first half of 2022 (IMM Invest program was no longer operational following the end of June). Economy support will continue through a new program, IMM Invest Plus, which started in October 2022.

The quality of the loan portfolio continued to improve with a low NPL \* rate (non-performing loans according to the EBA definition) of 2.6% at the end of September 2022, under the 3.2% level registered in the same period of the previous year and a high provisioning coverage (78% at the end of September 2022 compared to 75% at the end of September 2021).



The net cost of risk recorded a net expense with provisions of 37 million RON (in relation to a resumption of revenues of 42 million RON in the first nine months of 2021), determined by constitutions related to the performing portfolio as a result of macro-economic trends, in while the non-performing portfolio was a source of constant recoveries during the year.

BRD was an active participant (with an average market share of 40%) to the distribution of the three Fidelis government bonds issues for retail investors in the first nine months of 2022, 1.8 billion RON being subscribed through the bank's networks.

At the same time, the bank took important steps forward towards a fully digitalized path for client through the 100% online flow of credit cards issue, accessible through BRD site and online banking application You BRD, as well as through the instant payment service offered to natural individual clients in You BRD.

**TRANSILVANIA INVESTMENTS ALLIANCE (TRANSI)** –EVERGENT Investments' holding represents 1.23% of total assets on 30<sup>th</sup> September 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, unquoted 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.

On 06<sup>th</sup> September 2022 BVB published the Sustainability Report that covered aspects from the area of Bursa de Valori Bucuresti SA issuer. The report refers to non-financial data and information, related to the period January 2021-August 2022, and is considered to be a preliminary step in the preparation of the BVB Annual Sustainability Report for 2022, which will be published together with the issuer's Annual Report for 2022 financial year.

In 2022 BVB continued its projects launched over the last year, such as BVB Research Hub portal and project for covering listed companies with ESG analysis. At the same time, the digitalization process continued with eVOTE through the use of the platform to participate to the General Meetings of Shareholders (GMS) online.

The use of eVOTE has the purpose of insure the transparency and corporate governance of Bursa de Valori București company and increase operational efficiency through the simplification of administrative procedures.

### **Recalibration of Fund Unit Portfolio**

In the third quarter, one of the strategic directions of EVERGENT Investments targeted the reduction of investment funds exposure, through the capitalization on holdings in a number of four funds. We have obtained new liquidities resources necessary for on-going investment programs, with emphasis on financial –banking, energy and private equity fields.

Between July - September 2022, full redemptions were made of the holdings in the funds: FIA Optim Invest, FIA Certinvest Actiuni, FDI Certinvest BET Index, FDI Certinvest BET-FI Index.

The strategy to invest in funds, started since 2010 is a dynamic one, carried out in compliance with all legal and internal regulations that govern our investment activity. Its main features are liquidity

management and access to the expertise of professional assets managers with significant experience in the financial and capital markets.

We continue to assess the opportunity to invest/disinvest in/from fund units and take concrete steps in this regard, taking into account the performance recorded over time, the structure of the portfolios, and focusing on other investment opportunities with higher returns.

The gradual capitalization of holdings in fund units, as a component of liquidity management, makes an important contribution to covering the need for resources for the development of current investment programs.

### **1.2.2. Energy – Industrial Portfolio**

The weight of the energy-industrial portfolio is 26.075% in total assets on 30<sup>th</sup> September 2022 compared to 18.68% on 30<sup>th</sup> September 2021.

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 investment from 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 Hidroelectrica, at the time when it would become accessible to investors.

EVERGENT Investments mainly takes into account 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 sense, 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 indicates 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.

Oil prices continued to fall in September, reaching \$90.6/bbl, from \$97.7/bbl in August due to concerns about reduced demand. To temper the price drop, OPEC+ countries decided to cut oil production by 2 million barrels per day.

Natural gas prices fell 6% in September to EUR 197/MWh despite Nordstream pipeline sabotage. Stock levels reached 89% at the end of September, 9% higher than the target for the end of October.

## Regulatory Framework

From September 1, 2022, the regulatory framework set an overtaxation of companies in the energy sector.

### Gas and electric energy market:

- GEO no. 119/2022 for the amendment and completion of Government's Emergency Ordinance no. 27/2022 on measures applicable to end-customers on the electric energy and natural gas market between 1<sup>st</sup> April 2022 – 31<sup>st</sup> March 2023, as well as for the amendment and completion of certain normative acts in the energy field came into force on 01<sup>st</sup> September 2022
- Applicability: most of the deadlines in GEO no. 27 were extended until August 2023.
- Current status: in Parliament, pending amendment

### *Main provisions:*

- Kept the household overhead of 150 lei/MWh

- Reduced the ceiling for PETs from 250 lei/MWh to 150 lei/MWh
- gas transfer price used to produce electricity capped at 100 lei/MWh
- the exceptional tax for electricity producers has increased from 80% to 100%
- 100% tax for profits above the 2% margin for gas and electric energy trading
- 100% tax on electricity export profits

Fuel market:

- GEO no. 106/2022: voluntary pump discount 50 bani/litre
- Applicability: Q3-Q4/2022

**OMV PETROM (SNP)** The net profit of OMV Petrom increased by 5 times in the first 9 months of the year in comparison to the similar period of 2021, from 1.676 billion lei to 9.156 billion lei, of which half was obtained in Q3 2022 alone, due to the mark-up of hydrocarbon, fuel and electric energy. Sale income of OMV Petrom advanced by 160% from 17.046 to 44.248 billion lei.

In Q3 2022, SNP's net profit increased 6.5 times in comparison to Q3 2021 from 696 million lei to 4.51 billion lei, following certain sale income of 18.66 billion lei (compared to 6.92 billion lei in July-September 2021).

The average price obtained by SNP for oil advanced by 58%, from 57.23 dollars/barrel to 90.37 dollars/barrel. On centralized markets, the weighted average price of natural gas in Q3 2022 was 173 euros/MWh, compared to only 44.9 euros/MWh in Q3 2021. OMV's electricity production from the Brazi plant increased by 9%, to 3.53 TWh. Instead, the average spot price on the OPCOM exchange increased from 113 to 412 euros.

"The excellent result of the natural gas activity was mainly generated by third-party natural gas transactions, mostly from volumes bought and sold outside Romania, in line with our strategic direction to develop operations in neighbouring countries. Additionally, during the quarter, we benefited from volumes purchased in prior periods at lower prices. In the electricity activity, the very good result was supported by the higher production of the Brazi power plant and the favourable market context, effects partly counterbalanced by the impact of OUG 27 and OUG 119, both issued in 2022, which led to overcharging for energy electricity with an amount of around 600 million lei. According to the estimates of OMV Petrom, national natural gas demand decreased by approximately 17% compared to Q3 2021, end-customer consumption being heavily affected by rising prices", states the quarterly report of OMV Petrom.

OMV Petrom's 2030 strategy targets operations with Net Zero emissions by 2050, investments of 11 billion euro by 2030, of which 3.7 billion euro for low and zero carbon emissions projects by 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% by 2030 compared to 2019 (2021: decrease of ~10% compared to 2019), alternative mobility: approximately 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 bio-ethanol of the second generation.

**ROMGAZ (SNG)** – has very good business growth prospects in the current favourable gas market context. Romgaz reported a net profit of 1.7 billion lei in the first half of 2022, an increase by 127% compared to the same period of the previous year while business rose three times to 7.5 billion lei.

Romgaz is one of the 3 issuers, along with 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 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.

We expect a record net profit, both for SNP and for Romgaz in 2022-2023, boosted by the good macro context. In the medium term, oil/gas prices will remain above historical averages, supporting the results of both companies well above the average profit of the past years.

Although the current regulatory framework imposed reduces most of the growth potential due to very high gas prices, it allows both companies to realize superior profits.

The amended version of the offshore law, adopted in May of this year, provides for the necessary stability clause and a reasonable tax environment; and this, together with expectations that gas prices may remain high in the long term, lead to a positive Final Investment Decision (FID) for the Neptun Deep project.

The Neptun Deep project will substantially increase the profitability of both companies.

Romgaz aims to extend the exploitation period of mature fields through rehabilitation, concession of new perimeters, maximization of the recovery factor for hydrocarbon reserves, development of new explorations and exploration projects, maintaining the annual decline in gas production under 2.5%.

**NUCLEARELECTRICA (SNN)** – Nuclear energy is a durable development alternative of the energy sector given that energy raw materials are limited and given the need to produce electric energy without green gas emissions. The role of nuclear energy becomes even more evident in reaching the ambitious targets for reducing greenhouse gas emissions, while contributing to ensuring energy security and promoting an affordable price for end consumers, as well as facilitating the increase in the country's degree of energy independence.

The „2019-2030 Energy Strategy of Romania, with 2050 perspective” sets out concrete targets, establishes clear directions and defines the milestones by which Romania will maintain its position as an energy producer in the region and as an active and important actor in the management of energy situations regional stress; the development of the energy sector is directly proportional to the realization of strategic investment projects of national interest, the completion of the Project with Small Modular Reactors being a priority.

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 3 and 4 Units NEP Cernavoda is foreseen in 2019-2030 Energy Strategy of Romania with 2050 perspective and in the Integrated National Plan in the Field of Energy and

Climate Change, as a pillar of Romania's energy independence and meeting the decarbonisation targets undertaken by Romania as EU member state.

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 close during refurbishment, between January 2027 and September 2029.

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 by producing cheap energy, its production costs are not affected by the increase in the price of the CO<sub>2</sub> certificate.

Nuclearelectrica SA and Nova Power & Gas SRL launch RoPower Nuclear SA, the project company for the development of small modular reactors in Romania on the site of the former coal-fired power plant in Doicești, Dâmbovița county.

On 30.09.2022, SNN obtained a net profit of 1,939,091 thousand lei, more than 3 times over that obtained on 30.09.2021 (640.6 mil.lei).

Operating income increased by 128%. This increase is caused by the increase in revenues from the sale of electricity, as a result of the 138.2% increase of weighted average selling price of electricity. The average price in the first 9 months of 2022 was 626.30 lei/Mwh.

OGMS on 19.10.2022 approved the rectification of IEB 2022, approving a net profit of 2,248.9 mil.lei, an increase by 117% compared to net profit in 2021.

The updated revenue and expenditure budget with the 4-year sales strategy indicates a net profit in 2023 of 2.431,6 million lei and in 2024 a net profit of 2,538.8 million lei.

**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.

On 30.09.2022, Aerostar obtained a net profit of 73,914 thousand lei, an increase by 53% compared to the same period of the previous year.

The turnover of the company increased on 30.09.2022 by 30% compared to the same period of the previous year, supported by the advance of sales on the main business lines: the sales of the Aviation Manufacturing and Production line increased by 55% and the sales of the Maintenance line commercial aircraft increased by 28% compared to the same period of the previous year.

According to Deloitte A&D Report prospects, current macro-economic tendencies suggest that demand for small and medium aircrafts will continue to recover and reached the levels before COVID

in 2022, and aircraft manufacturers have focused their attention towards small aircrafts, Aerostar being well placed to benefit from this demand change. Additionally, with air passenger traffic rising from 2020 lows, A&D market revenues will recover in 2022.

Defence markets are expected to remain stable because in the current geopolitical context military projects continue to be a strategic priority and countries are strengthening their armies even more.

Global air traffic will recover in 2022 by 85%-90% compared to the level of 2019.

Global defence costs will increase by 2.5% in 2022.

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

On 30<sup>th</sup> September 2022, the assets of the 8 subsidiaries of EVERGENT Investments Group registered a value of 216 mil lei, representing 9.86% of EVERGENT Investments' total assets.

The members of EVERGENT Investments S.A. Group:

No.	Subsidiary name	Direct holding of EVERGENT Investments – parent company %	Weight of total assets % 30.09.2022	Company type (closed/listed)	Activity
1	EVERLAND SA	99.99	2.05	Unlisted	Real estate - private equity portfolio
2	EVER IMO SA	99.99	2.12	Unlisted	
3	REGAL SA	93.02	0.38	Unlisted	
4	MECANICA CEAHLAU SA	73.30	1.07	BVB-REGS (MECF)	Agriculture - private equity portfolio
5	AGROINTENS SA	99.99	2.45	Unlisted	
6	EVER AGRIBIO SA	99.99	0.07	Unlisted	
7	CASA SA	99.60	0.92	Unlisted	Garnishment and support of EVERGENT Investments
8	VISIONALFA Investments SA (no activity)	99.99	0.01	Unlisted	Financial services
<b>Total</b>			<b>9.86</b>		

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

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

#### Rules applied in accordance with AIFM legislation

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

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

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

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

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

**Project description:** The object of the project is the setup and development of blueberry farms. At present the following farms: Vistea –Brasov district, Mandra –Brasov district and Popesti –Argeş district are in various development stages. At the end of the reporting period, the planted area was 86 ha. In April 2022 23 ha were purchased in Ratesti commune, Argeş county on which a new plantation will be set-up. We have thus exceeded the 100 ha benchmark, the following objective being to increase this area to 200 ha.

**EVERGENT Investments' investment:** 8.85 mil euro.

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

#### Financial Results on 30.09.2022

Indicators – AGROINTENS (thousand lei)	2022 Budget	Achieved on 30.09.2022	Achieved on 30.09.2022 / 2022 Budget (%)
Total income	19,235	11,645	60.54
Total expenses	(17,375)	(11,791)	67.86
Net profit / (loss)	1,860	(146)	na

Registered loss is due to adverse weather conditions.

### 1.2.3.2. EVERLAND SA –Iasi Real-estate Project

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

- ✓ Held land of about 2.55 ha;
- ✓ Administrative building (GF+8) with a built area of 4,600 square meters.

#### Status:

- ✓ The documents to obtain the zonal urban plan approval for the multifunctional complex (housing, offices, services) pending with the architecture firm.
- ✓ 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 on 30.09.2022

Indicators – EVERLAND SA (thousand lei)	2022 IEB	Achieved on 30.09.2022	Achieved on 30.09.2022 / 2022 IEB (%)
Total income	35	95	271
Total expenses	(3,560)	(349)	9.8
Net profit / (loss)	(3,525)	(254)	na

The loss was generated by operating 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.



*Financial Results on 30.09.2022*

Indicators – CASA SA (thousand lei)	2022 Budget	Achieved on 30.09.2022	Achieved on 30.09.2022 / 2022 Budget (%)
<b>Total income</b>	4,388	2,485	56.63
<b>Total expenses</b>	(4,186)	(1,857)	44.36
<b>Net profit / (loss)</b>	202	628	310.89

**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.

*Financial Results on 30.09.2022*

Indicators – MECANICA Ceahlau (thousand lei)	2022 Budget	Achieved on 30.09.2022	Achieved on 30.09.2022 / 2022 Budget (%)
<b>Total income</b>	45,353	35,174	77.55
<b>Total expenses (less income tax)</b>	(43,122)	(33,192)	76.97
<b>Net profit/(Loss)</b>	1,891	1,801	95.24

**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 strategy.

Through FSA resolution no.584/16.05.2022 the company's shares (REGL) were redrawn from trading starting on 18<sup>th</sup> May 2022.

*Financial Results on 30.09.2022*

Indicators – REGAL (thousand lei)	2022 Budget	Achieved on 30.09.2022	Achieved on 30.09.2022 / 2022 Budget (%)
<b>Total income</b>	3,867	385	10.0
<b>Total expenses (less income tax)</b>	(3,925)	(491)	12.5
<b>Net profit/(Loss)</b>	(508)	(106)	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.

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

*Financial Results on 30.09.2022*

Indicators – EVER IMO SA (thousand lei)	2022 Budget	Achieved on 30.09.2022	Achieved on 30.09.2022 / 2022 Budget (%)
<b>Total income</b>	3,103	2,668	85.98
<b>Total expenses (less income tax)</b>	(6,174)	(4,516)	73.14
<b>Net profit/(loss)</b>	(3,071)	(1,848)	na

### 1.2.3.7. EVER AGRIBIO SA

The company was set-up in September 2022 and is to deliver activities in the agriculture and renewable energy field, on the 50ha land it holds in Saucesti commune, Bacau county.

### 1.2.3.8. VISIONALFA INVESTMENTS SA

The company was recently set-up, it has no activity.

\*\*\*

**Mention:** The Private Equity Portfolio also monitors the following companies:

- ✓ NORD SA – 18.19% holding of share capital and Professional Imo Partners SA – 31.42% holding of share capital, that directly / indirectly participate in the implementation of "**Veranda Mall**" Project Bucharest
- ✓ STRAULESTI LAC ALFA SA - 50% holding of share capital, that implements the "**Atria Urban Resort**" Project, Bucharest.

### 1.2.3.9. "VERANDA MALL" Trade Centre Real-estate Project ([www.verandamall.ro](http://www.verandamall.ro))

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

**Project characteristics:** GLE (built area) around 67,000 square meters; GLA (rentable area) around 34,000 square meters after extension; no. of renting stores: 100; occupation degree: 97%.

**Investment:** The value of EVERGENT Investments' investment amounts to 14.3 mil euro. EVERGENT Investments indirectly holds in Veranda Obor SA a holding around 37% through Professional Imo Partners SA (PPLI) and Nord SA (NORD), companied listed on BVB – ATS segment.

**Current status** - In 2022 the mall's activity comes near the level from before the pandemic, yet the entertainment and fashion segments, the main activities affected by the pandemic crisis are still below expectations.

### 1.2.3.10. STRAULESTI LAC ALFA SA

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

EVERGENT Investments invests in "ATRIA URBAN RESORT" real-estate project, developed through STRAULESTI LAC ALFA SA. The project targets the building of 1,381 apartments, in 4 stages, on a land of about 9 ha, located in the NW area of Bucharest municipality, in the vicinity of Colosseum Retail Park with quick access to the northern part of the capital city.

**Investment:** EVERGENT Investments is a shareholder of Straulesti Lac Alfa SA, along with CityRing Property SRL and Mr. Liviu Lepadatu who also provides the management of the real estate project development. EVERGENT Investments' total investment is 8.3 mil euro. Project financing is ensured both with own capital and bank loan, binding loan and the estimated project value is over 100 mil. euro.

**Current status:**

- ✓ Stage 1:
  - Includes a number of 160 apartments (studios, two and three rooms) completed and sold in full;

- ✓ Stage 2 (398 apartments):
  - Works started in December 2019, were completed in November 2021. 77% of apartments have been sold.
- ✓ Stage 3 (338 apartments): the building permit was obtained, in the 4<sup>th</sup> quarter 2022 construction will start.

#### Financial Results on 30.09.2022

Indicators – STRAULESTI LAC ALFA SA (thousand lei)	2022 Budget	Achieved on 30.09.2022	Achieved on 30.09.2022 / 2022 Budget (%)
<b>Total income</b>	78,528	65,756	83.73
<b>Total expenses (less income tax)</b>	44,064	27,609	62.65
<b>Net profit</b>	29,225	32,508	111.23

#### 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, new rounds of negotiations with interested investors were held.

On 30<sup>th</sup> September 2022, the weight of SELL portfolio was 0.36% of total assets value, compared to 0.37% on 30<sup>th</sup> September 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.

SWe have actively participated to General Meetings of Shareholders of companies in the portfolio, submitted questions to the board of directors of companies in the portfolio, 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 in Q3 2022	% achievement Q3 2022
<b>Total investment program, of which assigned for portfolios:</b>	<b>169.9</b>	<b>175.4</b>	<b>103.2</b>
• FINANCIAL- BANKING	60	70.0	116.7
• ENERGY - INDUSTRIAL	51.7	87.9	170.0
• PRIVATE - EQUITY	35.7	17.5	49.0

## 2. Financial Position and Performance

The interim condensed separate financial statements for the nine months' period ended on 30<sup>th</sup> September 2022 were prepared in accordance with IAS 34 "Interim Financial Reporting" 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.

The interim condensed separate financial statements for the nine months' period ended on 30<sup>th</sup> September 2022 have not been audited.

In the first nine months of 2022, the Company's financial position registered a decrease caused mainly by 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)	9 months 2021 (unaudited)	2021 (audited)	9 months 2022 (unaudited)
<b>Revenue</b>				
Dividend revenue	89,107,709	54,656,711	54,656,711	120,777,371
Interest revenue	2,913,568	3,090,091	4,718,481	5,221,031
Other operating income	1,082,041	801,377	1,030,926	1,385,486
Net gain/ (net loss) from FVTPL financial assets	(50,074,477)	50,589,139	25,460,617	(14,069,082)
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	760,816
<b>Expenses</b>				
(Loss)/Loss reversal from financial assets impairment	(275,130)	2,180,921	3,895,437	2,325,962
(Loss)/Loss reversal from impairment of non-financial assets	628	-	(28,989)	671
(Set-up)/reversal of provisions for risks and expenses	239,144	(1,618,599)	(1,620,399)	42,646
Expenses with wages, remunerations and other similar expenses	(23,607,641)	(13,219,532)	(29,426,547)	(12,838,634)
Other operating expenses	(9,067,642)	(7,255,837)	(10,477,957)	(7,201,347)
<b>Operational profit</b>	<b>10,476,082</b>	<b>89,224,271</b>	<b>48,351,609</b>	<b>96,404,920</b>
Interest expense from lease contract liability	(39,736)	(26,253)	(42,218)	(69,176)
<b>Profit before tax</b>	<b>10,436,346</b>	<b>89,198,018</b>	<b>48,309,391</b>	<b>96,335,744</b>
Income tax	(4,609,320)	(6,839,732)	(1,920,757)	(9,331,469)
<b>Net profit</b>	<b>5,827,026</b>	<b>82,358,286</b>	<b>46,388,634</b>	<b>87,004,275</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)	18,499	439,940	21,528
Net gain/ (Net loss) from the revaluation of FVOCI financial assets	(153,598,721)	392,570,025	414,290,697	(326,025,853)
<b>Other elements of comprehensive income – elements that will not be reclassified in profit or tax</b>	<b>(153,769,319)</b>	<b>392,588,524</b>	<b>414,730,637</b>	<b>(326,004,325)</b>
Net gain/(Net loss) from the revaluation of FVTOCI bonds	29,587	17,327	45,845	(284,769)
<b>Other elements of comprehensive income – elements that will be</b>	<b>29,587</b>	<b>17,327</b>	<b>45,845</b>	<b>(284,769)</b>

reclassified in profit or loss				
Other comprehensive income - Total	(153,739,732)	392,605,851	414,776,482	(326,289,094)
Total comprehensive income of the financial year /period	(147,912,706)	474,964,137	461,165,116	(239,284,819)
Basic and diluted earnings per share (net profit/ net (loss) per share)	0.0059	0.0844	0.0477	0.0913
Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)	0.0571	0.1847	0.1536	0.1064

The net profit registered by the Company in the first nine months of 2022 has been caused mainly by the registration in this period of the largest part of dividend income of 120.8 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 9 months of 2022, of 326 million lei, caused mainly by the price decrease of shares in the portfolio classified in this category, due to the reasons previously mentioned.

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 considered net result as a performance indicator, along with Net profit/ (net loss) and gain from the sale of FVTOCI financial assets.

(lei)	2020 (audited)	9 months 2021 (unaudited)	2021 (audited)	9 months 2022 (unaudited)
<b>Net profit</b>	5,827,026	82,358,286	46,388,634	87,004,275
Gain on the transfer of FVOCI* financial assets, net of tax, recycled in retained earnings	50,247,530	97,903,676	102,908,216	14,389,531
<b>Net result (including gain on the transfer of FVOCI financial assets)</b>	<b>56,074,556</b>	<b>180,261,962</b>	<b>149,296,850</b>	<b>101,393,806</b>

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

### ➤ Management Expenses

The monthly average percentage of management expenses represents 0.08%, of total assets.

**The monthly average of monthly management expenses represents 0.07% of total assets**, being lower than the average commissions paid to investment fund management companies (0.12% - 0.25%).

### Structure of Management Expenses

<b>Management Expenses (lei)</b>	<b>15,931,786</b>
<b>Expenses with wages, indemnities and similar, of which:</b>	<b>13,007,515</b>
- wages and indemnities	12,527,375
- expenses for social insurance and protection	311,259
- expenses for professional training	168,881
<b>Expenses for outsourced services and other operating expenses</b>	<b>2,366,201</b>
Expenses for energy and water	303,011
Expenses for fuel and materials	255,059

**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> September 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 (auditat)	30 <sup>th</sup> September 2021 (unaudited)	31 <sup>st</sup> December 2021 (audited)	30 <sup>th</sup> September 2022 (unaudited)
<b>Assets</b>				
Cash and current accounts	327,423	241,544	267,380	262,647
Bank deposits with initial maturity within 3 months	85,057,575	214,553,717	157,466,639	50,258,895
Financial assets measured at fair value through profit or loss	364,462,371	398,324,084	381,215,357	334,716,116
Financial assets measured at fair value through other comprehensive income	1,643,409,645	1,893,381,293	1,952,286,731	1,721,022,714
Bonds at fair value through other comprehensive income	3,802,401	4,073,559	3,982,215	3,857,763
Bonds at amortized cost	16,644,595	34,740,547	34,171,645	34,908,324
Other financial assets at amortized cost	8,104,606	41,500,521	5,361,399	28,485,490
Other assets	344,410	413,997	1,579,222	571,074
Investment property	4,103,857	4,103,857	4,247,186	4,247,186
Tangible assets	7,503,594	7,216,689	8,308,912	8,500,820
Right-of-use assets	1,132,811	831,501	3,570,975	3,399,269
Intangible	368,884	367,078	360,960	309,836
<b>Total assets</b>	<b>2,135,262,172</b>	<b>2,599,748,387</b>	<b>2,552,818,621</b>	<b>2,190,540,134</b>
<b>Liabilities</b>				
Lease liabilities	1,070,045	778,354	3,511,637	3,368,326
Dividends payable	35,818,292	46,862,440	34,036,742	44,224,064
Deferred tax liabilities	4,171,854	7,874,476	-	2,131,499
Financial liabilities at amortized cost	944,439	638,721	1,833,601	2,337,633
Other liabilities	3,292,889	1,551,265	3,409,990	1,543,895
Provisions for risks and expenses	129,344	1,747,943	1,749,743	1,707,097
deferred profit tax	90,800,183	129,752,753	125,338,378	71,590,527
<b>Total liabilities</b>	<b>136,227,046</b>	<b>189,205,952</b>	<b>169,880,091</b>	<b>126,903,041</b>
<b>Equity</b>				
Share capital	514,402,388	510,105,062	510,105,062	499,988,637
Retained earnings	871,860,684	1,000,961,365	981,801,980	1,001,886,511
Reserves from the revaluation of property, plant and equipment	8,527,896	8,546,395	8,967,836	8,989,364
Reserves from the revaluation of financial assets at fair value through other comprehensive income	591,817,817	886,501,493	903,246,143	562,545,990
Treasury shares	(9,595,338)	(5,119,508)	(41,119,507)	(25,468,890)
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	4,149,404	3,685,004	4,845,093
<b>Total equity</b>	<b>1,999,035,126</b>	<b>2,410,542,435</b>	<b>2,382,938,530</b>	<b>2,063,637,093</b>
<b>Total liabilities and equity</b>	<b>2,135,262,172</b>	<b>2,599,748,387</b>	<b>2,552,818,621</b>	<b>2,190,540,134</b>

In the first nine months of 2022, EVERGENT Investments' total assets decreased by 14%, 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 nine months of 2022, EVERGENT Investments' total liabilities registered a decrease of about 25%, caused mainly by the deferred income tax liability lowering corresponding to the reserve from the revaluation of FVTOCI financial assets, decrease mitigated by the increase in dividends due. Deferred profit tax was calculated and recorded in accordance with IFRS provisions.

## 2.2. Performance Indicators

	2020	9 months 2021	2021	9 months 2022
<b>Current liquidity indicator</b>	10.4	11.5	13.9	8.2
<b>Rotation speed of debits-clients</b>	23	62	29	36
<b>Rotation speed of intangible assets</b>	0.056	0.056	0.043	0.072
<b>Net profit / (net loss) per share (lei/share)</b>	0.0059	0.0844	0.0477	0.0913
<b>Earnings per basic share (lei/share)</b>	0.0571	0.1847	0.1536	0.1064

### Specifications:

- ✓ Current liquidity indicator = current assets/ current liabilities
- ✓ Rotation speed of debits-clients = average balance of claims/turnover x number of days corresponding to the reporting period
- ✓ Rotation speed of non-current assets = revenue from current activity/non-current assets
- ✓ Earnings per basic share (lei/share) = (net profit/(net loss)+gain from the transfer of FVTOCI assets/ no. 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).

## 2022 Budget Achievement Degree

million lei	Budgeted 2022	Achieved Q3 2022	Achievment degree %
<b>Total income</b>	<b>99.49</b>	<b>130.62</b>	<b>131</b>
<b>Financial income</b>	<b>98.54</b>	<b>126.23</b>	<b>128</b>
• Dividend income	93.03	120.78	130
• Income from bank deposits and bonds	5.51	5.22	95
• Other financial revenue	-	0.23	n/a
<b>Other operating income</b>	<b>0.95</b>	<b>4.39</b>	<b>462</b>
• Income from rent and connected activities	0.95	0.69	72
• Income from provisions reversal	-	2.17	n/a
• Other income from current activity	-	1.53	n/a
<b>Total expenses</b>	<b>(89.05)</b>	<b>(34.28)</b>	<b>38</b>
<b>Financial expenses</b>	<b>(46.55)</b>	<b>(14.27)</b>	<b>31</b>
• Loss from FVTPL financial assets	(46.09)	(14.07)	31
• Expenses with bank transactions and commissions	(0.36)	(0.12)	33
• Other financial expenses	(0.10)	(0.08)	80
<b>Expenses for current activities</b>	<b>(42.50)</b>	<b>(20.01)</b>	<b>47</b>
<b>Gross profit</b>	<b>10.44</b>	<b>96.34</b>	<b>923</b>
Profit tax	(4.23)	(9.33)	221
<b>Net profit</b>	<b>6.21</b>	<b>87.01</b>	<b>1401</b>
Net gain from the sale of FVTOCI assets	58.28	14.39	25
<b>Net result</b>	<b>64.49</b>	<b>101.40</b>	<b>157</b>

**Net result** obtained in the first 9 months of 2022, of 101,4 million lei, is 57% higher than the budgeted level for the entire 2022, mainly due to the registration of income from dividends 30% higher than those estimated for the entire 2022, and a loss of FVTPL financial assets at a level 30% lower.

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

### 3. EVER Share Market

No. of shares: 961,753,592  
 Nominal value: 0.1 lei  
 Share capital: 96,175,359.20 lei  
 Capitalization: 1,216,618,294 lei  
 30.09.2022 (245 mil euro)  
 Price: 1.265 lei, EPS: 0.05 lei, PER: 23.53; DIVY: 512%  
 52 m: 1.0150 lei; 52 M: 1.32 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 30.09.2021 – 30.09.2022



Related information in

#### Corporate Governance Code of EVERGENT Investments

Ch. 16. Assessment of Company and EVER share performance

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

Yields 30.09.2022 (%)	EVER share	BET-FI	EVER NAVPS
<b>1 month</b>	0.00	-7.40	-8.79
<b>3 months</b>	9.05	-6.33	-8.00
<b>6 months</b>	3.69	-6.72	-10.83
<b>12 months</b>	-12.46	-11.39	-10.92

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
<b>Annualized volatility (%)*</b>	25.80	15.29
<b>Beta**</b>	0.94	1.00

\* Volatility (12M) = annualized volatility

\*\* Beta = price sensitivity to market movements

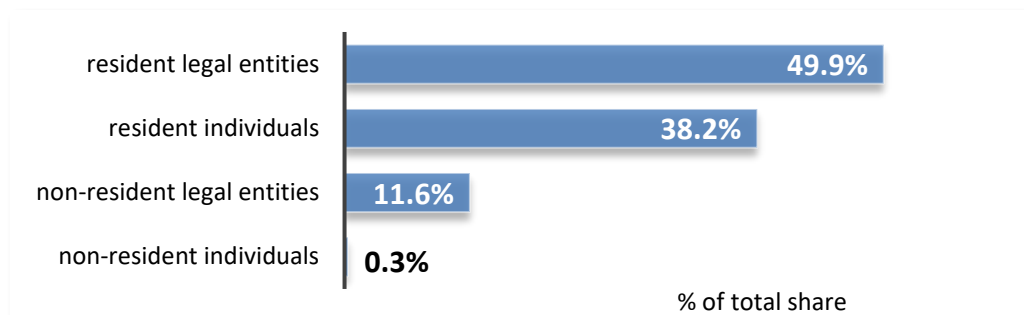
EVERGENT Investments SA has benefited from the Market Maker services of Raiffeisen Centrobank AG since 26.07.2021, in order to increase the liquidity of EVER shares and decrease their volatility on the market.



### 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 stability of company cash-flows, and indirectly its strong financial position on the market.

#### Shareholding Structure - on 30<sup>th</sup> September 2022 – no. of shareholders: 5.744.030



Through its Current Report on 8<sup>th</sup> July the company announced that it received from BT Asset Management a notification regarding the exceeding of the 10% of share capital and vote rights threshold of EVERGENT Investments SA, authorized by FSA through Resolutions 841/06.07.2022 and 842/06.07.2022.

#### Dividend Payment

Dividend payments on 30.09.2022	2019 dividend	2020 dividend	2021 dividend
	0.06 lei/act	0.043 lei/act	0.065 lei/act
<b>Total dividend payable (lei)</b>	59,063,889	42,012,148	62,052,983.32
<b>Total paid (lei)</b>	44,540,839	31,227,665	43,948,346
<b>% payment</b>	75.42	74.33	70.82

The dividends related to the year 2018, not collected until 30.07.2022, in the total amount of 7,133,675.68 lei, were prescribed according to decision no. 8 of OGMS of EVERGENT Investments from 28.04.2022.

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 Treasury Shares

#### The extraordinary general meeting of shareholders of EVERGENT Investments adopted Resolution no. 4 on 20.01.2022, through which:

The running of a treasury shares buy-back program ("Program 6") was approved 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 treasury shares buy-back program**, was carried out in accordance with the Resolution no. 4/20.01.2022 of the extraordinary general meeting of shareholders of EVERGENT Investments on 25<sup>th</sup> January 2022, the Program's characteristics being the following:

- Period: 26.01.2022 – 15.06.2022;
- Number of shares: maximum 8,000,000 shares;
- Daily volume: maximum 25% of the average daily volume of shares traded on BVB, calculated on the average daily volume in the 20 trading days before the date when acquisition was made, in accordance with art. 3 line (3) letter b) EU Delegated Regulation 2016/1052;
- Broker: BT CAPITAL PARTNERS.

**The second stage of the treasury shares buy-back program**, in accordance with the resolution of the extraordinary general meeting of shareholders no. 4/20.01.2022, was carried out in accordance with the Resolution of the Board of Directors no. 3/20.06.2022, the characteristics of the Program being the following:

- Period: 20.06.2022 – 20.09.2022;
- No. 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;
- Broker: BT CAPITAL PARTNERS.

**The third stage of the treasury shares buy-back program (completed on the reporting date)**, in accordance with the resolution of the extraordinary general meeting of shareholders no. 4/20.01.2022, was carried out in accordance with the resolution of the Board of Directors no. 1/20.09.2022, the characteristics of the program being the following:

- Period: 21.09.2022 – 06.10.2022;
- Number of shares: maximum 7,651,609 shares;
- Daily volume: maximum 25% of average daily volume of shares traded on BSE, 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;
- 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 relevant information.

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. no9/13.08.2019.

Following the examination of the characteristics and performances of the risk management system, the Board of Directors concluded on 30<sup>th</sup> June 2022 that it 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 and 30.09.2022:**

- ✓ 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 analyses 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 231/2013);
- ✓ Alignment to the provisions of (EU) Reg. no. 1255/2021 to amend (EU) Reg. no.231/2013 regarding the risks related to sustainability that the managers of alternative investment funds should take into account. For this purpose, we have revised the Risk Management Policy and Risk Profile, so as the include sustainability risk as a relevant one. At the same time, we have revised the Policy regarding the integration of sustainability risk in the investment decision-making process and Statement on the policies and diligence regarding the taking into consideration of the main negative effects of investment decisions on sustainability factors. The preparation of the procedure regarding the management of sustainability risk;
- ✓ 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;
- ✓ KID information update regarding synthetic risk indicators and performance scenarios with the data on 31.03.2022, following annual revision;
- ✓ KID information update regarding synthetic risk scenarios and performance scenarios with the data on 30.09.2022, following the modifications with more than 5 percent of the average yield for the moderate performance scenario of EVER share;
- ✓ 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

**The risk profile** represents all exposures of EVERGENT Investments to real and potential risks. EVERGENT Investments' risk profile on 30.09.2022 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 30.09.2022
Market risk	Average	Average
Issuer risk	Average	Low
Liquidity risk	Low	Low
Credit and counterparty risk	Average	Low
Operational risk	Average	Average
Sustainability risk	Average	Average

On 30<sup>th</sup> September 2022, the risk indicators calculated for the relevant risks that EVERGENT Investment is or could be exposed to abide by the tolerance limits, risk appetite and profile approved by the Board of Directors.

Between 01.01.2022-30.09.2022 there has been no exceeding of the risk limits undertaken through the risk profile.

### 4.3. 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> September 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 (0.40%), 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 (1.77%), 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 over the first 9 months 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 assets exposed to issuer risk hold a weight of around 82% of total managed assets on 30th September 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 4.08% of total assets managed on 30th September 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 these risks.

In accordance with the requirements of FSA Rule no. 4/2018, information technology (IT) risk is treated separately in the self-assessment process of operational risk assessment. At the same time, money laundering and terrorism financing risk (SB/FT) 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. Sustainability Risk**

The risk related to sustainability means an environment, social or governance event or condition that if manifested, could cause a significant negative, actual or potential effect on the assets, profitability or balance status or on the fund's reputation.

Sustainability risks can manifest an own risk or may have an impact on and significantly contribute to other risk categories, such as market risk, liquidity risk, credit and counterparty risk, issuer risk or operational risk.

Sustainability risk management is carried out by the department with risk management function, in accordance to specific sustainability risk procedure, by establishing the proper limits and monitoring compliance with the undertaken limits.

On the level of asset portfolios, the management and lowering of sustainability risks is the task of organisational structures with portfolio management function through the integration of sustainability risks in the investment decision-making, based on specific strategies.

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

On 30<sup>th</sup> September 2022, the assets in EVERGENT Investments' portfolio abide by legal prudential limits. Between 01.01.2022 and 30.09.2022 there has been no exceeding of legal prudential limits.

### 7.1 Limits regarding exposure level on assets category reported to total assets, in compliance with Net monthly asset report on 30.09.2022 – Law 243/2019, art. 35, line (2):

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

Issuer name	Market value of asset category (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments' assets (%)
<b>Banca Transilvania</b>	740,076,231	33.75
<b>SNGN Romgaz</b>	302,730,400	13.81
<b>Total</b>	<b>1,042,806,631</b>	<b>47.56</b>

Exposure on TLV issuer (33.75%) 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>70,325,978</b>	<b>3.21</b>
• Straulesti Lac Alfa shares	52,568,311	2.40
• Straulesti Lac Alfa bonds	17,757,667	0.81
<b>EVER IMO Group, of which:</b>	<b>63,707,266</b>	<b>2.91</b>
• Ever Imo shares	46,487,266	2.12
• Ever Imo bonds	17,220,000	0.79
<b>BVB Group, of which:</b>	<b>12,023,748</b>	<b>0.55</b>
• Bursa de Valori Bucuresti shares	11,248,669	0.51
• Depozitarul Central shares	775,079	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>	53,632,439	2.45
<b>Ever Imo shares</b>	46,487,266	2.12
<b>Everland shares</b>	45,021,100	2.05
<b>Mecanica Ceahlau shares</b>	23,564,926	1.07
<b>Casa shares</b>	20,192,838	0.92
<b>Ever Imo bonds</b>	17,220,000	0.79
<b>Regal shares</b>	8,259,379	0.38
<b>Ever Agribio shares</b>	1,510,521	0.07
<b>Visionalfa Investments shares</b>	221,162	0.01
<b>TOTAL EVERGENT Investments Group</b>	<b>216,159,631</b>	<b>9.86</b>

**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 30.09.2022, the value of current accounts and cash is 257,745 lei, representing 0.01% of assets value.

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

Bank name	Deposit value (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments' assets (%)
Banca Transilvania	35,768,451	1.63
CEC Bank	8,088,045	0.37
BRD-GSG	6,405,871	0.29

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

RIAIF name	Deposit value (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
FIA Fondul Privat Comercial	72,174,279	3.29
FIA DCP Investitii	37,772,417	1.72
FIA Hermes	12,137,248	0.55

**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 (%)
AIF Alchemist	56,004,885	2.29
AIF BT Invest 1	26,012,918	1.06
AIF Multicapital Invest	20,761,641	0.85

**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 (%)
AIF Fondul Privat Comercial	72,174,279	3.29
AIF Alchemist	56,004,885	2.29
AIF DCP Investitii	37,772,417	1.72
AIF BT Invest 1	26,012,918	1.06
AIF Multicapital Invest	20,761,641	0.85
AIF Hermes	12,137,248	0.55
<b>TOTAL open-type AIFs</b>	<b>226,765,123</b>	<b>10.34</b>

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



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

OPCVM name	Market val.of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>FDI Piscator Equity Plus</b>	14,552,813	0.66
<b>FDI Transilvania</b>	5,926,543	0.27
<b>FDI BT Index Romania ROTX</b>	5,098,819	0.23
<b>FDI Napoca</b>	4,970,272	0.23
<b>FDI BT Maxim</b>	4,930,356	0.22
<b>FDI Star Next</b>	2,738,594	0.12
<b>FDI Tehnoglobinvest</b>	1,298,861	0.06
<b>FDI Star Focus</b>	1,066,603	0.05

**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>	26,953,517	1.23
<b>Fondul Proprietatea</b>	12,757,924	0.58

**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 (%)
Shares held in close-type issuers (incl. amounts to collect following the withdrawal from closed-companies)	240,393,830	10.96
Closed bonds	34,977,667	1.60
<b>TOTAL</b>	<b>275,371,497</b>	<b>12.56</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

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

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

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

Issuer name	No. of shares held	Total number of issuer shares	Holding percentage in the issuer's share capital (%)
<b>Depozitarul Central (Regisco)</b>	7,396,029	252,919,526	2.92

#### **b) Law no. 126/11.06.2018, art. 136 line (5)**

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

Issuer name	No. of shares held	Total number of issuer's shares	Holding percentage in the issuer's share capital (%)
<b>Bursa de Valori Bucuresti</b>	348,256	8,049,246	4.33

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

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

- (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 (%)
<b>Banca Transilvania</b>	44,315,942	707,658,233	6.26

**7.3. Value of managed assets (Law no. 74/2015, art. 2 line (2))** – on 30.09.2022, the value of assets managed by EVERGENT Investments and reported in compliance with “*EVERGENT Investments' statement of assets and liabilities*”, was 2,192,712,034 lei. Their value in euro is 443,061,635.

On 30.09.2022, EVERGENT Investments does not own assets acquired through the use of the leverage effect.

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 Assets)*”.

The leverage effect indicator on 30.09.2022, 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:

- ✓ **0.9772 (or 97.72%)**, according to the gross method approach
- ✓ **1.00 (or 100.00%)**, according to the engagement method

Between 01.01.2022 and 30.09.2022 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.

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

#### 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 the 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 in 30 of days.

**2. The annual crisis simulation** was concluded for reference date 31st 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 % of net asset value (in the historic scenario)
- ✓ 43.46 % of total assets and by 46.41 % of net asset value (in the hypothetical 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 auditora: 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 fulfil 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.

**The activities run by internal audit between 01.01.2022 – 30.09.2022, 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 – partial run;
- ✓ audit of the internal control system of EVERGENT Investments SA;
- ✓ audit of the activity to prevent and fight against money laundering and the financing of terrorism;
- ✓ audit of the asset assessment activity and calculation of the net asset value per share (NAVPS) – partial run;
- ✓ follow-up of progress registered in the implementation of internal audit recommendation, 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, that include:

- ✓ 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.

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 as 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 legislations.

The internal control activity has been carried out mainly through **permanent control, with a proactive nature**, exercised through the constant supervision and monitoring of activities subjected to internal control in order to prevent the occurrence of legal or internal non-compliance, for an efficient increase of the internal control function. The main activities of the Compliance Department for 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, in the tripartite capacity of AIFM, FIA and issuer:

### 1. Status of compliance in 2022 with elgal norms on:

- ✓ Alternative Investment Fund Managers, through the verification of the adequacy of EVERGENT Investments SA's management personnel.
- ✓ Issuers, through the preparation and publication on [www.evergent.ro](http://www.evergent.ro) of the "Involvement Policy and Principles regarding the exercise of rights within companies in EVERGENT investments' portfolio "
- ✓ (EU) Regulation no. 1255/2021 to amend (EU) Regulation no. 231/2013 regarding risks related to sustainability and sustainability factors that the managers of alternative investment funds should take into account, starting on its coming into force on 1<sup>st</sup> August 2022, through adequate document revision:
  1. Risk management policy in EVERGENT Investments S.A.  
Policy on the integration of sustainability risks in the investment decision-making process.
  2. Risk profile of EVERGENT Investments S.A.- average risk (with its elements: market risk – average, issuer risk – average, liquidity risk – low; average sustainability risk; credit risk and counterparty risk – average; operational risk – average).
  3. Investment strategy and policy of EVERGENT INVESTMENTS SA.
  4. Statement on the diligence policies regarding the taking into consideration of the main negative effects of investment decision on sustainability factors.
  5. Procedures regarding the organisational structure and administrative, accounting requirement and control tools and protection in the field of electronic data processing as well as adequate internal control mechanisms.
  6. Policy on the prevention and management of conflicts of interest and personal transactions.
  7. Rules of EVERGENT INVESTMENTS SA – closed-end alternative investment fund for retail investors, set-up as an investment company.



2. Conditions that laid at the base of the **authorization/endorsement of the functioning conditions foreseen by art. 2, 4 and 6-10 Law no. 74/2015** (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:
- Document revision: Remuneration policies and practices for the personnel categories whose professional activities have a significant impact on its risk profile
  - Assessment of document adequacy: Policies and procedures for the assessment of assets and calculation of the net unit value per share
  - Authorization by FSA, through authorization no. 119/21.07.2022, of the modification of the significant conditions considered on the date the company was authorized as alternative investment fund manager (AIFM) following the modification of information regarding the identity of direct and indirect shareholders, persons or companies that own holdings classified in accordance with FSA resolutions 841 and 842 on 06.07.2022.
- Conclusion: *no non-compliances identified.*
3. **Prudential rules** foreseen by art. 12 Law 74/2015 – *no non-compliances identified.*
4. **Remuneration policies** foreseen by art. 13 Law 74/2015  
The abidance by the 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.*
5. Provisions of art. 14 Law74/2015 on the identification, prevention, management and monitoring of situations mentioned in art. 30-37 EU Reg. no. 231/2013 generating **conflicts of interest** – the potential conflict of interest situations, corresponding to the types of conflict of interests identified in the activity of EVERGENT Investments/ EVERGENT Investments Group, were managed according to the rules set.  
Conclusion: *no conflict took place.*
6. Provisions of art. 18 Law no. 74/2015, line (1), (3)-(9), (11), (12) regarding the **assessment of AIF assets** – The net monthly asset was endorsed, it includes the assessment of the valuation method for held assets.  
Conclusion: *no infringements of legal provisions were identified.*
7. Provisions of art. 19 Law no. 74/2015, on **the delegation of the collective portfolio management activity or risk management** – *not the case.*
8. Provisions of art. 20 Law 74/2015, line (1)-(11) regarding the **agreement between the depository and AIFM** – *not the case*
9. The **transparency and reporting** obligations foreseen by art. 21 and 23 namely the transparency obligations foreseen by art. 22 Law 74/2015.  
All mandatory reports and public releases, according to the good practices instituted through the own Corporate Governance Code, have been endorsed by the Compliance Department from the point of view of the abidance by the legal deadline and content of the report; the webpage is constantly updated in the Romanian and English language, once public information is released.  
Conclusion: *Full prior verification- no non-compliances identified.*

- 10. Obligations pertaining to AIFM following the **obtaining of control over certain unlisted companies and entities**, foreseen by art. 25-29 Law no. 74/2015.**
- Notifications were submitted to FSA on the modification of the holding thresholds;
  - Information was included in the consolidated report for H1 2021 of EVERGENT Investments on the activity of its subsidiaries.
- Conclusion: *Full prior verification – no non-compliances identified.*
- 11. Abidance by EU regulations (MAD, MAR) on **market abuse** (privileged information, personal transactions).**
- All persons with access to privileged information were notified of the closed period prior to the announcement of financial results regarding the ban on EVER Share trading, according to the published financial reporting calendar and the ex-post status was checked as per internal procedures. Conclusion: *no non-compliances were identified.*
  - BD was submitted and approved the Reports on “The abidance of EVERGENT Investments by legal and internal regulation on the preparation of EGMS on 20/21.01.2022 and OGMS, EGMS on 28.04.2022” and abidance of EVERGENT Investments SA by legal and internal regulations on the privileged information regiment.
- Conclusion: *privileged information related to the convening of GMS were properly managed.*
- 12. The management of complaints regarding EVERGENT Investments activity on the capital market – Reports were prepared in accordance with FSA Reg. no.9/2015; no complaint was registered in the analysed period.**
- 13. Abidance by legal and internal provisions for the organization and conducting of:**
- The extraordinary general meetings of shareholders on 20/21.01.2022
  - Extraordinary and ordinary general meetings of shareholders on 28.04.2022, with the certification of the abidance by these obligations. BD was submitted Reports on “Abidance of EVERGENT Investments by legal and internal regulation for GMS preparation”.
- Conclusion: *no non-compliances identified.*
- 14. Verification of the abidance by Norm no. 33/2017 on the organization of the archive activity at entities authorized/ certified, regulated and supervised by FSA - on a regular basis, in the endorsement process for certain internal documents/ operations, we also verify the keeping of records and evidence of documents in paper and electronic format.**
- Conclusion: *no non-compliances identified.*
- 15. **Obtaining FSA authorizations/decisions; Notifications to FSA:****
- ✓ Authorization of the amendments 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
  - ✓ Authorization of the amendment of the Memorandum of Association, following the lowering of social al EVERGENT Investments SA’s share capital from 98.121.305,10 lei to 96.175.359,20 lei in accordance with the resolution of the Extraordinary General Meeting of Shareholders no. 3 on 20<sup>th</sup> January 2022 – FSA authorization no. 108/13.07.2022
- 16. **Method of abiding by internal procedures** – verification of the abidance by internal procedures regarding mainly:**
- 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, RC 25.01.2022 ; stage 2: 20.06.2022 – 28.10.2022; TR 20.06.2022)
- c) Reports presented to BD on the implementation status of BD and MC resolutions on 31.03.2022 and 30.06.2022;

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

- 17. Compliance of the investment of managed assets with capital market regulations, internal rules and procedures and Memorandum of Associations** - Internal compliance endorsements were issued for investment notes.

Conclusion: *no infringement of legal provisions or internal regulations ascertained.*

- 18. Abidance by the internal procedures regarding “The supervision of the application of international sanctions on the capital market” –**

- *Monitoring of asfromania.ro site sections and issue of notification to the management structure, employees, if necessary.*
- *Monitoring and communication to FSA, if necessary, if the individuals targeted by the re-structure measured imposed on international level can be found in the shareholding structure of EVERGENT Investments SA or if they have an impact on the activity, or on the investment strategy and policy of the Company. No such situation was identified.*

- 19. The briefing** of EVERGENT Investments, the management structure and employees on the legal regimen applicable to the capital market, including draft norms under public consultation.

- 20. Verification of the abidance by regulations applicable to EVERGENT Investment’s activity, as Alternative Investment Fund (AIF).**

The following documents were revised:

1. Rules of EVERGENT Investments SA – closed-end Alternative Investment Fund intended for Retail Investors, set-up as investment company (FIAS)- August 2022
2. Prospectus of FIAS drawing capital from retail investors – abstract, September 2022
3. Key Information Document destined for EVERGENT Investments’ investors – June ( annual revision) and October 2022

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

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Following the completion of FSA’s regular control of the activity carried out by EVERGENT Investments S.A between 14.05.2019-04.04.2022, through FSA resolution no. 1050/04.08.2022 the company was bound to implement a set of measures within maximum 90 calendar days.

The measures targeted the modification of the internal procedure framework, no punishable deed of the entity or personnel was identified.

On the date the present report was prepared, all measures have been implemented and notified to the FSA.

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Personnel 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 has played an active role during the reporting period are:

- Projects and investments that the company was interested in;
- Issue of certain specialized opinions and ensuring the legitimacy endorsement;
- Actual support offered in negotiation and reflection in various contracts of the suggestions required by the company in agreement with its legitimate interests;
- Monitoring of the law and integration of modifications in internal documents;
- Issue of certain connected law drafts.

### 7.1. Legal Representation

**On the docket of the Legal Department, at the end of the reporting period, there is a total number of 210 files**, of which 42 files were solved with final solutions. The Department made sure that in all litigations on dockets 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):

#### Litigations where EVERGENT Investments acts as plaintiff:

- ✓ 150 files, of which: 130 files are litigations in various trial stages (of which 111 files are against AAAS) and 20 are final.
- ✓ The value of litigations on the dockets of courts: 70,769,703.48 lei (claims and insolvency procedure).

#### Litigations where EVERGENT Investments acts as respondent:

- ✓ 60 files, of which: 38 files are pending litigations on the docket, in various trial stages, and 22 files are final.
- ✓ The value of litigations on the docket of courts: 260,844 lei, namely 148,720,95 USD in files with various claims as object.

We further emphasize the promotion, where violation of legal norms is identified, of the actions to cancel some decisions of the General Meetings of Shareholders at companies in EVERGENT's portfolio. Although courts allow 20% of this type of actions, making the subject of judicial control only their legality and not their appropriateness, the follow-up process and submission of challenges process will continue whenever the interest of the company requires it.

With a significant weight on the value of claims that EVERGENT has to collect, the Legal Department pays special attention to files against AAAS Bucharest. In 2022, we underline that we have received favourable solutions in proportion of 70% in files with object enforcement challenge filed by this institution.

In the reporting period, the Legal Department has intensified its efforts to recover the amounts that the company is registered with in the chart of creditors at different debtors whose procedure has been running for over 5 years, the amount of 12,784 lei being collected from Celule Electrice Bailesti.

## **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. Up to the present we register a number of 56 legal consultancy files. Consultancy targets the entire activity area of the Company, files being prepared in fields such as: investment projects, revisions of legislative suggestions, transactions, corporate operations, contracts, 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 Q3 2022 there is a number of 367 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 1161 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.

## 7. Corporate Governance

### 8.1. Relationship with Investors

In the first three quarters of 2022, we have **observed and ensured all transparency, information and reporting requirements<sup>1</sup> and obligations**, 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 168.881 lei.

At the end of Q3 2022 we have a number of 42 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.

### 8.3. 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

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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.

Corporate Governance Code, offering support directly or through specialized foundations or associations.

The main areas of involvement are: education, health, culture, sport, 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.

#### **8.4. 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.

#### **8.5. 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.



## **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 in the third quarter 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.

We have prepared a new edition of the internal procedure on *Prevention and fight against money laundering and the financing of terrorism*, with the inclusion of several express provisions regarding additional verifications run by the company in order to insure high standards in the employment process, in agreement with the provisions of art. 3 line (5) letter h) and article 11 line (1) FSA Regulation no. 13/2019, as well as references to the regular employee assessment programs on the fight against money laundering and financing of terrorism.

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.

## **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> September 2022, about 40% 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 ca.

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. Subsequent Events

### I. Completion of Program 6 for Treasury Shares Buy-back

Buy-back program no. 6 was completed beforehand due to the full buy-back of the share volume, within the maximum price limit approved by EGMS Resolution no. 4 on 20<sup>th</sup> January 2022.

The results of the operations run within Buy-back program no. 6 between 26<sup>th</sup> January 2022 and 06<sup>th</sup> October 2022 are the following:

- Total number of bought-back shares: 23,100,000
- Average buy-back price lei/share: 1.2141
- Total value in lei of bought-back shares: 28,045,385.29
- Bought-back percentage of the share capital %: 2.4019
- Purpose of share buy-back: share capital reduction
- Broker: BT Capital Partners
- The payment of bought-back shares was made from the distributable profit and available reserves of the company registered on the latest approved financial statement, according to the provisions of art. 103<sup>1</sup> Companies' Law no. 31/1990, republished.

### II. Start and completion of Share Buy-back Program no. 7

Treasury shares buy-back program no. 7 through market operations was run in accordance with the resolution of the extraordinary general meeting of shareholders no. 2 on 28<sup>th</sup> April 2022 and resolution of the Board of Directors no. 1 on 07<sup>th</sup> October 2022. Program no. 7 was completed anticipatory due to the full buy-back of the share volume.

The results of the operations run between 10 – 28<sup>th</sup> October 2022 were the following:

- Total number of bought-back shares: 8,400,000
- Average buy-back price lei/share: 1.2525
- Total value of bought-back shares: 10,520,776.32
- Percentage of the current share capital, bought -back: 0.873  
(0,856% of the share capital registered on the date EGMS Resolution no. 2 on 28.04.2022 was adopted)
- Purpose of share buy-back – in order to abide by the legal obligations stemming from “*stock option plan*” type programs for 2021, in accordance with the provisions of art. 5 (1) letter c) of (EU) Regulation no. 596/2014
- Broker: BT Capital Partners
- The payment of bought-back shares was made from the distributable profit or available resources of the company, registered on the latest approved financial statement, in accordance with the provisions of art. 103<sup>1</sup> Companies' Law no. 31/1990, republished.

*Annexes:*

1. Annex 1 Net Asset Statement 30.09.2022
  - Annex 1.1. EVERGENT Investments assets and liabilities statement (FSA Reg. 7/2020 – Annex 10)
  - Annex 1.2. Detailed Statement of EVERGENT' investments (FSA Reg. 7/2020 - Annex 11)
2. Annex 2 Condensed Interim Separate Financial Statements on 30<sup>th</sup> September 2022, prepared in accordance with IAS 34 Interim Financial Reporting and with the application of FSA Rule no. 39/2015 on the approval of accounting regulations compliant with IFRS
3. Annex 3 Statement of litigations on 30.09.2022
4. Annex 4 Q3 2022 Reports to BSE, FSA

*The Q3 2022 Board of Directors' Report related to the condensed interim separate financial statements on September 30, 2022 was approved in the Board Meeting of November 15, 2022.*

**Claudiu DOROȘ**  
CEO

**Mihaela MOLEAVIN**  
Finance Director

**Michaela PUȘCAȘ**  
Compliance Manager

**Georgiana DOLGOȘ**  
Director