



## Board of Directors' Report Q1 2023



**Claudiu Doros**

CEO and President of the Board of Directors

***Dear shareholders,***

„The start of 2023 was a strong one, we have reached a level of investments of 151.6 million lei, in a quarter with new challenges. The context created by structural changes caused us to act quickly and adopt both offensive and defensive strategies. At the same time, the more strict financial conditions and higher yield dispersions can help us capitalize on market opportunities in order to exploit advantages and generate pure alpha through rigorous risk management.

Thus, EVERGENT Investments continues to develop in an increasingly complex world. The financial performance influenced by the volatile market environment directly impacted the action that navigated difficult markets. We continue to maintain a solid position, with a total value of assets of over 2.4 billion lei, and distribute a competitive dividend on the market, with a yield of 7%.

Now that stressors are constantly changing we remain firm in our commitment to show results and are confident in the company's long-term strategy.

In conclusion, we define success through the value we create for all interested parties: investors, partners, employees and the community we are part of.

**The Company's position**

- ◆ **2.419 million lei** – assets under management (AUM), a slight decrease, by 3.6%, compared to 31<sup>st</sup> March 2022
- ◆ **2.177 million lei** – net asset value, a slight decrease, by 7.3%, compared to 31<sup>st</sup> March 2022
- ◆ **2.3921 lei** – net asset unit value, a slight decrease, by 3% compared to 31<sup>st</sup> March 2022

The modest decline in asset values was driven by the volatile and uncertain global market environment, impacting the Romanian equity market.

## Company Performance

### ◆ **2.4 million lei** – registered net result

Net result registered on 31<sup>st</sup> March 2023 is 2.41 million lei, comprised of 4.6 million lei loss and 7.01 million lei net gain from the sale of financial assets reflected in retained earnings – accounting treatment in accordance with IFRS 9.

### ◆ **151.6 million lei** value of equity investments

Equity investments in Q1 2023 were 151.6 million lei, representing 49.70% of the budget approved by shareholders for 2023.

## Portfolio Structure

We are confident that an active management of EVERGENT Investments portfolio will multiply the capital of our shareholders. Therefore, our listed portfolio is comprised through a dynamic assignment, different from the structure of BVB indexes which gives us the ability to generate alpha and reach two figure yields for our assets.

Compared to the total value of assets under management, the portfolio of listed shares holds the main share, of 73.9%, while the percentage of unlisted shares is 11.1%. The main sectors in the portfolio structure remain, the financial-bank sector with 43.4% and energy-industrial sector with 29.3 % of total value of assets under management.

## Investment strategy

Our financial investment translates into constantly building, in order to capitalize on ideas and opportunities. EVERGENT Investments' strategy is aimed at generating long-term performance through investment strategies calibrated for each managed portfolio.

Therefore, our main objectives are:

- ◆ 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 are the main generators of income and sources for investments.
- ◆ Capitalization on SELL portfolio – sale of historic share portfolio.

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

We focus our resources and our attention on a highly concentrated private equity portfolio. We have a rigorous fundamental analysis process that identifies resilient business models with long-term profit. Consequently, we implement a customized strategy for each individual project. Our objective is to create strong companies and sustainable long-term value.

Running and completed projects:

- ✓ **"Blueberry Farm Project"**- with 100% holding through Agointens SA and EVER AGRIBIO SA (subsidiary set-up in 2022, with the objective of entering the bio segment, with high growth potential) is related to intensive high-added value agriculture. We are leaders in blueberry production with a planted area of 105 ha – planted and in the process of being planted. Blueberry production is a scalable business and we already have new lands (50 ha at EVER AGRIBO farm), that will ensure our future growth.
  
- ✓ **"Atria Urban Resort"** Real-estate project- with 50% holding through Straulesti Lac Alfa SA, targets the construction in 4 stages of a residential complex that includes 1,378 apartments, located in the NV area of Bucharest Municipality, in the vicinity of Colosseum Retail Park with easy access to the northern part of the capital city. On the reporting date, the construction and sale of Phase 1 with 160 apartments is completed. Phase 2 includes 398 apartments was completed in December 2021 and 323 apartments (88%) of the total number of apartments were sold. At present Phase 3 is being run, with a number of 350 – apartment, according to nZeb energy efficiency standards, of which 74 apartments were pre-contracted.

Project



Phase 1 - completed



Phase 2 completed



- ✓ **Iasi Real Estate Project** developed through EVERLAND SA, on Bd. Primaveraii, no. 2, located on an area of 2.25 ha is a multifunctional residential complex with offices and commercial functions, with zonal urban plan approved on 28<sup>th</sup> February 2022.



Town planning indicators of PUZ for M1 area are the following: POT max 45%, CUT max 4 and Rh max S/Ds+P+20E, and for M2 area: POT max 45%, CUT max 2,5 and Rhmax S/Ds +P+16E, with a total area of 83,800 square meters of which 16,765 square meters of offices, 62,870 square meters for living area, 850 apartments, 4,191 sqm for additional services, 6,000 sqm green area and corresponding parking lots, mainly underground.

Up to the construction authorization phase, the final heights and surfaces can be optimized for the best use.

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



- ✓ In "**Veranda Mall**" project we have 37% holding through Professional Imo Partners SA and Nord SA. The extension stage with approx. 6,300 sqm has been completed with the area dedicated to commercial galleries and a multiplex cinema equipped with 12 projection rooms, the leasable surface reaching approx. 34,000 sqm. After the pandemic period, the activity of the Veranda mall improved constantly, returning to the pre-pandemic level.



- ✓ **Future real estate projects to be developed in Bucharest** - holding 99.99% through EVER-IMO

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

- 1. Proiect Intrarea Straulesti** – specific activities are run in order to obtain the detailed urban plan approval for the development of a land of 16,000 square meters in the North part of Bucharest, an area that will become a new premium financial and residential hub.
- 2. Proiect Piscul Mosului** - another pending program is on a land of 19,000 sqm in an area with residential development potential in the North of the Capital.
- 3. Proiect Spatarul Preda** will be developed on a land of 11,480 square meters in the semi-central area of Bucharest, with good perspectives in the residential segment.

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

*Respectfully yours,*

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> May 2023

*Issuer name:* EVERGENT Investments SA

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

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

*Tax identification code:* 2816642

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

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

*LEI:* 254900Y1O0025N04US14

*Subscribed and paid-up capital:* 96,175,359.2 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 for retail investors (FIAIR), investing 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), with a diversified investment policy, closed-end, self-managed, authorized by the Financial Supervisory Authority with Permit no. 101/25.06.2021 and functions abiding by the provisions of Law no. 74/2015 on the managers of alternative investment funds, Law no. 24/2017 on the issuers of financial instruments and market operations, Law no. 243/2019 on the regulation of alternative investment funds, Companies' Law no. 31/1990 and FSA regulations issued to apply primary law.

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

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

**Its object of activity** consists in:

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



## 1. Activity Analysis

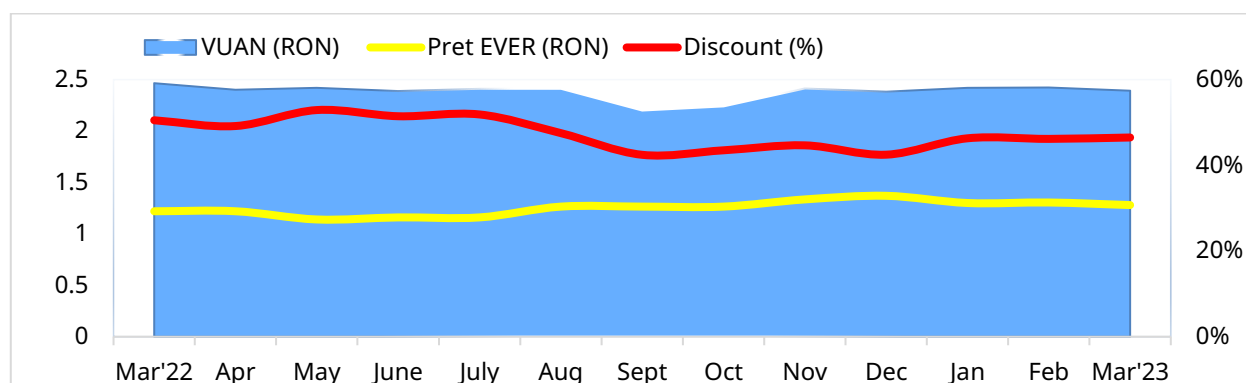
### 1.1. Performances

#### Value of assets under management

Indicator	2021	Q1 2022	2022	Q1 2023	Q1 2023 / Q1 2022 %
Total assets (mil lei)	2.553	<b>2.509</b>	2.365	<b>2.419</b>	-3.6
Net asset (mil lei)	2.383	<b>2.350</b>	2.215	<b>2.177</b>	-7.3
NAVPS (lei)	2.49	<b>2.465</b>	2.38	<b>2.392</b>	-3.0
Market price (lei)	1.22	<b>1.22</b>	1.37	<b>1.28</b>	4.9
Discount (%) market price / NAVPS	51	<b>51</b>	42	<b>46</b>	-5.0pp

\* Calculation method for net asset of EVERGENT Investments SA – page 11

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

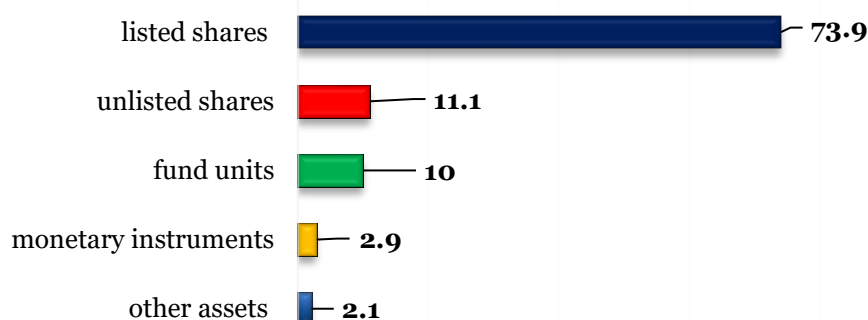


#### Portfolio Structure

Assets structure (% of total assets value)	2021	Q1 2022	2022	Q1 2023	Q1 2023 – Q1 2022
Shares, of which	79.1	81.4	82.2	85.0	+3.6
- listed	70.2	72.2	71.4	73.9	+1.7
- unlisted	8.9	9.2	10.8	11.1	+1.9
Non UCITS +UCITS (fund units)	12.3	12.3	11.2	10.0	-2.3
Monetary instruments (deposits, availabilities)	6.3	3.5	4.5	2.9	-0.6
Other assets	2.3	2.8	2.1	2.1	-0.7

#### Portfolio Structure – 31<sup>st</sup> March 2023 (% of total assets value)

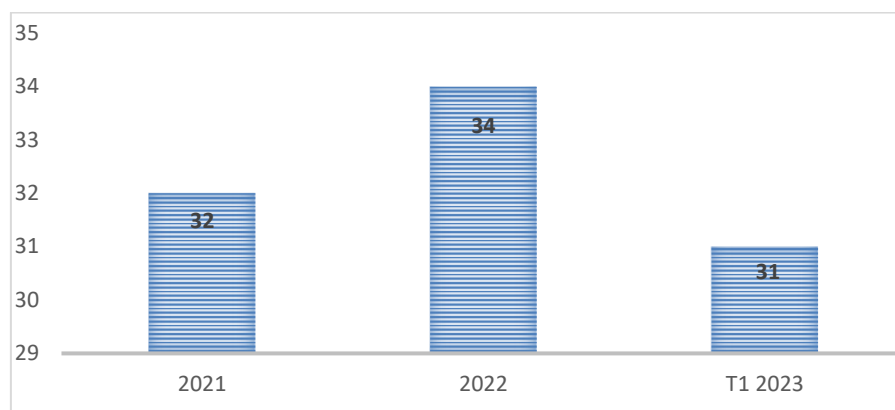
**Objective:**  
Maintaining the main weight in shares, namely listed shares



## Number of Companies in the Portfolio

### Objective:

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



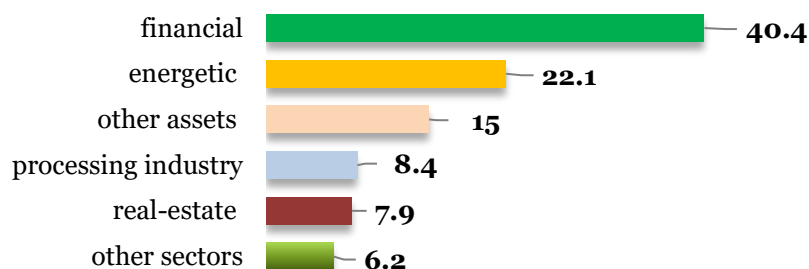
## Sectorial exposure

Sectorial exposure (% of total assets value)	2021	Q1 2022	2022	Q1 2023	Q1 2023 -Q1 2022
Financial	44.8	42.8	42.2	40.4	-2.4
Energy	13.2	16.5	17.3	22.1	+5.6
Real-estate	8.8	9.4	8.7	8.4	-1.0
Processing industry	6.6	6.7	7.6	7.9	+1.2
Other sectors	5.7	6	6.4	6.2	+0.2

## Sectorial exposure – 31<sup>st</sup> March 2023 (% of total assets value)

### Objective:

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



## Top companies/holdings in the portfolio – 31<sup>st</sup> March 2023

TOP COMPANIES IN THE PORTFOLIO	% holding of issuer's share capital	> 1% of total assets value
BANCA TRANSILVANIA	6.08	34.7
OMV PETROM	0.94	11.2
ROMGAZ	1.46	9.2
AEROSTAR	15.17	7.2
BRD	0.92	3.2
STRAULESTI LAC ALFA	50.00	2.6
PROFESSIONAL IMO PARTNERS	31.42	2.3
AGROINTENS	100.00	2.2
EVER IMO	100.00	2.0
EVERLAND	100.00	1.9
NUCLEARELECTRICA	0.29	1.7
CASA	99.77	1.4
TRANSILVANIA INVESTMENTS ALLIANCE	4.85	1.3
<b>TOTAL</b>		<b>80.9</b>

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

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

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

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

At the same time, it was released that the methods for the ascertainment of assets value have not been changed.

Through the resolution of the Board of Directors, it was decided that the shareholdings of issuers for which the market is not active be assessed according to the law, at fair value, determined through an assessment report prepared in accordance with International Assessment Standards in force. The decision is based on the internal analysis, run through the application of IFRS 13 “Fair Value Measurement”, analysis that revealed that, for shares of these companies, assessment through mark-to-market is not relevant, since the market is not active.

Shares of issuers that are measured at fair value determined through an evaluation report are presented in a distinct category „listed shares – without active market” in the „Statement of Assets and Liabilities of EVERGENT Investments”, Annex 10, prepared in accordance with FSA Rule no. 7/2020, within the monthly report of net asset to BVB that is also posted on the Company’s website.

The substantiation of the selection decision of the evaluation method is based on a periodic and consistent analysis, carried out according to certain quantitative and qualitative criteria.

Since fair value must be evaluated in relation to an active market, the internal analysis methodology for substantiating the belonging of an issuer’s shares to this category is carried out in accordance with the Accounting Policies Guideline, in accordance with IFRS 13 “Fair Value Measurement”.

## Comparative evolution – within the sector Q1 2022/Q1 2021

EVERGENT Investments continues to register the lowest discount, of 46.5%, of share price compared to NAVPS within the sector it operates in, marking an 8% decrease compared to the same period of the previous year.

At the same time, the Company ranks second for market capitalization, with 1.23 billion lei, up 5% compared to 31<sup>st</sup> March 2022. ,

The 2.18 billion lei value of net assets places the company second within financial investments companies.

bil lei	SIF1	EVER	TRANSI	SIF4	SIF5
<b>Net asset 31.03.2023</b>	<b>3,304.37</b>	<b>2,177.46</b>	<b>1,382.54</b>	<b>1,916.66</b>	<b>2,098.30</b>
Net asset 31.03.2022	3,270.80	2,350.01	1,401.96	1,945.17	2,200.94
NAV evolution 23/22%	1.03%	-7.34%	-1.39%	-1.47%	-4.66%
<b>Liquidities 31.03.2023*</b>	<b>55.29</b>	<b>79.06</b>	<b>17.22</b>	<b>131.87</b>	<b>58.00</b>
Liquidities 31.03.2022*	125.06	87.25	-48.40	136.03	3.62
Liquidity evolution 23/22%	-55.79%	-9.39%	-135.58%	-3.06%	1502.21%
<b>Result of the period on 31.03.2023</b>	<b>32.14</b>	<b>-4.6</b>	<b>23.95</b>	<b>21.42</b>	<b>-3.26</b>
Result of the period on 31.03.2022	-36.25	-0.03	35.49	-53.74	60.13
<b>Capitalization 31.03.2023</b>	<b>1,248.47</b>	<b>1,231.04</b>	<b>629.27</b>	<b>918.03</b>	<b>855.00</b>
Capitalization 31.03.2022	1,177.42	1,173.34	687.66	906.27	983.00
Capitalization evolution 23/22%	6.03%	4.92%	-8.49%	1.30%	-13.02%
<b>NAVPS 31.03.2023</b>	<b>6.5237</b>	<b>2.3921</b>	<b>0.6432</b>	<b>2.5183</b>	<b>4.4175</b>
Price 31.03.2023	2.460	1.280	0.291	1.170	1.710
<b>Price/ NAVPS discount 31.03.2023</b>	<b>-62.3%</b>	<b>-46.5%</b>	<b>-54.8%</b>	<b>-53.5%</b>	<b>-61.3%</b>
Price/ NAVPS discount 31.03.2022	-64.0%	-50.5%	-51.2%	-53.4%	-55.3%
Approved 2022 dividend	0.000	0.090	0.014	0.000	0.000
<b>DY%</b>	<b>0.00%</b>	<b>7.03%</b>	<b>4.81%</b>	<b>0.00%</b>	<b>0.00%</b>
No. of shares	507,510,056	961,753,592	2,162,443,797	784,645,201	500,000,000

\*availabilities, deposits, state titles

### 1.2. Portfolios. Strategies. Results

EVERGENT Investments has four portfolios defined: FINANCIAL – BANKING, ENERGY-INDUSTRIAL, SELL and PRIVATE EQUITY. The management of portfolio holdings was made on the lines of the multiannual coordinates and 2023 Activity Program, namely:

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

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

We are confident that sustained active management of the EVERGENT Investments portfolio will significantly multiply our shareholders' capital. Our listed portfolio is built through a dynamic allocation, different from the BVB index structure, therefore we have the ability to generate alpha and obtain double digit returns on our assets for the benefit of shareholders.

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

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

## Context

In the first quarter of 2023 there has been a rebound of most stock markets, in many cases the losses in the past 12 months being recovered. Of the major indices, Nasdaq Composite has had the most significant rebound, from a 14.05% loss over the last 12 months to an increase of 16.77% in Q1 2023. S&P 500 registered an increase of 7.03% in Q1 2023 compared to the 9.29% loss over the last 12 months.

Romanian index BET-BK increased by 6.13% in Q1 2023, from a 6.12% loss over the past 12 months.

Index	Q1 2023 evolution	12 months' evolution	Standard deviation
BET-BK	6.13%	-6.12%	6.70%
BUX	3.77%	-10.19%	8.13%
Nasdaq Composite	16.77%	-14.05%	5.86%
DAX	14.45%	6.22%	8.76%
CAC 40	15.33%	7.71%	8.47%
PX	17.85%	0.58%	8.50%
SAX	-3.37%	-18.51%	6.12%
SOFIX	3.54%	-4.53%	4.71%
S&P 500	7.03%	-9.29%	4.30%
WIG 20	0.61%	-19.73%	10.25%

Against the backdrop of the energy crisis, bottlenecks in supply chains, the effects of the war in Ukraine on agri-food commodity prices, plus the accelerating pace of increase in labour costs, the annual inflation rate fell slightly in March to 14.5% from 16.4% in December 2022.

### 1.2.1. FINANCIAL – BANKING Portfolio

The financial-banking sector remains the main investment pillar of EVERGENT Investments, representing 43.4% of total assets on 31<sup>st</sup> March 2022, compared to 40.4% on 31<sup>st</sup> March 2023.

The macroeconomic environment was marked by strong inflationary pressures, an accelerating trend of rising market interest rates and increased volatility.

In Romania, the banking system has good capitalisation and liquidity reserves.



After the shocks induced by the pandemic crisis and the worsening geopolitical situation in the region following the conflict in Ukraine, the banking sector managed to maintain an adequate financial and prudential position without transmitting or amplifying risks to the real-estate sector.

Recent turmoil in the US and European banking sectors has not affected the Romanian banking sector.

Given the accumulating vulnerabilities in the Romanian banking sector and following the warning published by the ESRB Secretariat in September 2022 regarding the increased risks to financial stability in the European Union, the National Bank of Romania has recommended some domestic credit institutions not to distribute dividends from the profit for the financial year 2022. This action was aimed at strengthening capitalisation in order to adequately manage the turbulence that may manifest itself in the near future. Previously, the solvency ratio had declined sharply from a peak of 25.1 per cent in December 2020 (when the ESRB 2020/7 non-dividend recommendation was in force) to 21.5 per cent in September 2022 (lower than before the COVID-19 crisis), also due to the resumption of dividend distributions (including from previously retained earnings) after the expiry of the ESRB recommendations.

The outlook for 2023 is consistent with a slowdown in economic activity and persistently high inflation in European countries. Given that the process of lowering interest rates is expected to start only in 2024, this year is likely to be characterised by pressures on the sustainability of real sector debt service.

Amid the accumulation of vulnerabilities in the Romanian banking sector and after the ESRB's warning in September about the increased risks to financial stability in the European Union, the NBR recommended some domestic credit institutions not to distribute dividends from the profits of the 2022 financial year. This action is aimed at strengthening capitalisation in order to adequately manage the turmoil that may emerge in the near future. Previously, the solvency ratio had declined sharply from a peak of 25.1% in December 2020 to 21.5% in September 2022, which was also caused by the resumption of dividend distributions (including from previously retained earnings) after the expiry of previous ESRB recommendations.

Although the volatility of financing sources was low, the liquidity of credit institutions worsened in 2022, with an amount of liquidity injection operations by BNR similar to that in 2009 during the global financial crisis, amid the firm liquidity management policy promoted by BNR in order to control inflation.

Profitability in the banking sector remained robust in 2022, but the outlook is more pessimistic for the period ahead. The ROA (1.5%, December 2022) and ROE (16.6%, December 2022) indicators place Romania in the top European ranking from this perspective.

In the coming period, a number of challenges to the profitability of the banking sector are emerging, against the background of a continued rise in financing costs (especially for term deposits), deteriorating asset quality (under the influence of rising interest rates and a macroeconomic environment that could affect aggregate demand, with adverse effects on the financial positions of non-financial corporations), reduced new lending as banks tighten lending standards and a lower propensity to consume and invest.

The solvency of the Romanian banking sector ranks favourably in European comparisons, with the level of the total own funds ratio (21.5%, September 2022) remaining above the European average (18.9%, September 2022).

From 2023 onwards, the total own funds ratio is expected to decrease by about 2 percentage points until the full dissipation of the transitional provisions of the CRR Quick Fix.

In recent years, the link between banks and the government sector has become stronger, the highest in the EU, as reflected in the ratio of the stock of government securities and loans to central and local government to the amount of bank assets. The connection involves direct exposures (securities and loans, 22.4%, December 2022) as well as exposures created by guarantees related to loans granted by banks to the real-estate sector.

Holdings of government securities help improve solvency (through lower risk weights) or liquidity ratios, but expose the banking sector to concentration and interest rate risk in the event of upward adjustment of yields should economic and geopolitical uncertainties persist. Most of the securities portfolio is valued at fair value through other comprehensive income (61.6%, December 2022), with a direct impact on own funds, i.e. solvency. However, the high share of funding provided by (low interest-bearing) demand deposits gives credit institutions a good capacity to finance sovereign debt while maintaining a positive spread between the average level of government securities coupons and the average cost of funding.

**BANCA TRANSILVANIA (TLV)** – the most important bank institution in the system remains the main holding, providing stability and increase to EVERGENT Investments' portfolio.

TLV shares have generated shareholder value year after year and are included in the FTSE Global Equities Index Series (2020), making it one of the most liquid issuers listed on BVB.

Banca Transilvania crosses two thresholds in the Brand Finance Banking 500 2023 ranking: the brand value exceeds USD 500 million (US\$513 million) and enters the top 300, ranking 297<sup>th</sup>. It is also ranked 7<sup>th</sup> in the Top 10 Strongest Banking Brands Worldwide, with a AAA+ brand rating.

The bank obtained a score of 17 (Low ESG Risk) from Sustainalytic, a score that places Banca Transilvania in position 133, out of 983 banks evaluated worldwide. BT obtained 91/100 points according to the Corporate Sustainability and Transparency Index, receiving GOLD Level recognition for the 2021 Sustainability Report.

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 abided by.

In the first quarter of 2023, the evolution of the share price on the capital market did not determine the sale of shares through the mechanism mentioned above, because there was no risk that the exposure on the issuer Banca Transilvania would approach the allowed limit of 40% in total assets.

Although Banca Transilvania obtained at the end of 2022 a net profit of 2.18 billion lei, a 22% increase compared to the profit obtained at the end of 2021, the proposal of the Board of Directors is not to grant dividends to shareholders and to assign the related 2022 profit for the capitalization of the bank and for the establishment of reserves from retained earnings.

On April 21 this year, Banca Transilvania sold bonds worth 500 million euros, in an oversubscribed issue in just a few hours, with investors placing orders of over 850 million euros. More than 80% of the total issue was subscribed by international investors from almost 20 countries. The issue consists of non-preferential senior bonds with a maturity of 4 years, at a yield of 9%/year and is listed on Euronext Dublin (ISIN XS2616733981).

The bank is well capitalized, both through the incorporation of the profit of the previous year, and through the sums attracted in the bond issue worth 500 million euros, from international markets.

The bank started the year strong, recording in the first 3 months of the year a profit of 675.9 million lei, 120% higher than the same period of 2022.

Net interest income shows an increase of 27.3% at the Bank level, impacted by the increase in interest rates (increase in the ROBOR index, but also in interest on deposits).

The rate of non-performing loans remains at a low level of only 2.4%, and the bank, continuing its usual prudential policy, maintains the degree of coverage with total provisions of non-performing loans at a high level of 196%.

Solvency is 19.86% and includes the profit related to the completed quarter.

The bank's assets increased by 4.5% compared to the end of the previous year, respectively by 15.6% compared to March 2022, reaching close to the value of 140 billion lei.

The liquidity requirement coverage indicator (LCR), calculated according to the requirements introduced by Basel III, recorded the value of 345% on 31.03.2023, being well above the minimum required level of 100%.

The results recorded on 31.03.2023 and the banking indicators reported for the first quarter of 2023 indicate a very good management performance.

**BRD - SOCIETE GENERALE (BRD)** – is the third largest bank in Romania, with an established business model, oriented towards the retail segment and an 11% market share in assets.

BRD managed to cross the turbulence generated by the pandemic without putting its balance sheet at risk. The bank aims to grow in a healthy and constant way, supporting the transition of the Romanian economy towards sustainability. The business model presents a moderate risk focused exclusively on the domestic market and on diversified loans.

In 2022, BRD innovated and diversified its service offer with a new specialized structure, Euromentor, built to support entrepreneurs and the company's clients to access European funds.

At the level of 2022, the balance of net loans (including leasing) reached 37.7 billion lei, registering a double-digit increase of 10.4% compared to 31<sup>st</sup> December 2021, reflecting the strong lending activity on all lines. BRD recorded a record issue of housing loans in 2022 (+58% year on year) and the second best year for consumer loans, with almost 7.5 billion Ron of new loans granted to private clients in 2022.

In 2022, bank was the most important partner in the governmental support programs IMM Invest and AGRO IMM Invest, but also in other guarantee schemes for SMEs launched this year such as RURAL INVEST, IMM PROD and GARANT CONSTRUCT, programs characterized state guarantees and subsidized interests.

The extraordinary general meeting of shareholders approved in the meeting of February 16, 2023 a package of EUR 300 million, for one/more loans that may be eligible as additional level 1 instruments, in accordance with EU Regulation no. 575/2013. The loans will be perpetual (including call options for the issuer), denominated in EURO or RON, with a fixed or variable interest rate, with

an annual or half-yearly frequency, through one or more issues, and run until the upper limit is reached.

### **Transilvania Investments Alliance (TRANSI)**

TRANSI share holdings represented 1.26% of the total assets of EVERGENT Investments on 31<sup>st</sup> March 2023. The company aims to increase the value of managed assets by maximizing aggregate returns and aims to continue the portfolio restructuring process, improve its liquidity and promote efficient and attractive shareholder remuneration tools. Transilvania Investments aims to maximize the potential offered by the main business lines, namely tourism, real estate, industry and venture capital/private equity.

### **BVB**

EVERGENT Investments is part of the development of the capital market in Romania, and holding 4.33%, an important position in the BVB shareholding, is beneficial for our shareholders, given the current context. BVB will also continue in 2023 the projects launched in recent years, such as the BVB Research Hub portal, as well as the ESG coverage project of listed companies. Thus, in 2022, 17 listed companies were covered by fundamental analysis through the BVB Research program and 43 companies received ESG analyses following the partnership with Sustainalytics.

At the start of 2023, a new section was included in BVB Research Hub for Contributors where materials written by individual investors on local capital markets and those passionate about stock markets that have relevant knowledge and experience they want to share, are published.

The year 2023 is also a very important year from the perspective of the biggest project initiated by BVB, the establishment of the Central Counterparty, CCP.RO Bucharest. Thus, in the fourth quarter of this year, BVB anticipates the operationalization of the central counterparty, following its authorization.

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

The share of the industrial energy portfolio is 29.30% in total assets in Q1 2023 compared to 24.04% in Q1 2022.

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

EVERGENT Investments is interested in assigning 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 as transitional fuels that are vital 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 ability of the local market to provide such investment alternatives. A green financial product of interest is Hidroelectrica, once it becomes accessible for investors.

At the same time, the Company intends to invest in sovereign green bonds, green bonds listed on BVB or in ESG-weighted indices.

EVERGENT Investments mainly considers 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 evaluation 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 for non-listed issuers.

Information from the own ESG assessment is a support for 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.

**OMV PETROM (SNP)** On 31.03.2023, SNP achieved a net profit of approximately 1.5 billion lei, 15% lower than that recorded in the same period last year, while investments amounted to approximately 1 billion lei, up 52% compared to the previous year.

"The results for the first quarter of this year are influenced by the decline in international prices for crude oil and gas, from the record levels recorded in 2022. In the context of lower demand for gas, fuels and electricity in Romania, we had a strong operational performance, which partly counterbalanced the drop in prices," said the company's CEO, Christina Verchere, in the press release with the financial results.



The operating result excluding special items was 985 million lei, compared to 1,106 million lei in Q1/22, mainly due to the lower prices of crude oil and natural gas, as well as the drop in sales volume.

OMV Petrom maintains a high profitability, despite the negative internal regulations. The attractive valuation, the estimated dividends and the investments in the Neptun Deep deposit offer positive perspectives for the company.

The ordinary general meeting of shareholders approved the Management Board's proposal to distribute basic dividends in the gross amount of 0.0375 lei/share for the financial year 2022, representing an annual increase of 10%. The total gross value of the dividends to be distributed amounts to over 2.3 billion lei, representing 23% of the net profit for the year 2022.

SNP is building 4 photovoltaic parks with a total capacity of 450 MW in partnership with CE Oltenia. Total investments will amount to EUR 400 million, and 70% will be financed through the Upgrade Fund. According to the 2030 Strategy, SNP will expand this type of renewable capacity to over 1 GW by 2030.

The President of Romania resubmitted to the Parliament for re-examination the Law for the approval of GEO no. 186/2022 regarding the solidarity tax. The President considers that some provisions are not sufficiently clear, so as to provide the security of not generating problems in application, and therefore require to be reanalysed by the Parliament. Thus, it is necessary to reanalyse and clarify the calculation mechanism regarding the temporary solidarity contribution, to avoid situations in which the application of the rules would be difficult or would generate effects other than those intended by the legislator.

On 2<sup>nd</sup> May 2023, the Senate, as first chamber, adopted a new amendment to the law voted in March, through which, especially for Petrom, there is a tax introduced applied to the amount of refined crude oil, which is 350 lei per ton. A day later, the amendment was adopted by the Chamber of Deputies as well, and it now only requires promulgation from Presidency to become a law.

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)** Romgaz reported a net profit of 2.5 billion lei for 2022, a 29% increase compared to that obtained in 2021, while business increased more than 2 times, to 13 billion lei.

Romgaz has forecasted a net profit of 2,018,987,000 lei for 2023, 15% lower than the one achieved in 2022, in the conditions of the decrease in turnover and income from gas sales by 24% and the decrease in expenses with taxes and fees with 49%. The decrease in revenues from the sale of gas is caused by the decrease in quantities and delivery prices, as a result of the application of the provisions

of the Government Emergency Ordinance (GEO) no. 27/2022. Thus, it is estimated that 75.3% of the production delivered to customers (including ELCEN) in 2023 will be sold at the regulated price of 150 lei/MWh. For the year 2022, Romgaz will pay the solidarity contribution foreseen by GEO no. 186/2022, in the amount of 996 million lei.

The modified version of the offshore law, adopted in May 2022, provides for the necessary stability clause and a reasonable tax environment for offshore production; and, this, together with expectations that gas prices could remain above the average of recent years in the long term, lead to a positive Final Investment Decision (FID) for the Neptun Deep project.

The Neptun Deep project will increase the profitability of SNG and SNP starting in 2027.

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

The Iernut gas plant will be ready within 16 months from the start of the works based on the new contract signed by Romgaz with Duro Felguera.

“Completion of the works and commissioning of the investment objective Development of CTE Iernut through the construction of a new thermoelectric plant with combined cycle with gas turbines” is the name of the contract that was signed on April 3 by the gas producer with the Spanish company Duro Felguera, after the Board of Directors decided to continue working with the same builder at the end of March. The price of this new contract is 344,925,922 lei. The company will pay the builder an advance of 15%. Completion period: 16 months from the date of the order to start the works, with the possibility of extension according to the provisions of the contract.

According to the initial agreement, the plant should have been completed as early as 2020. The works were delayed by disagreements between Romgaz and the Duro Felguera – Romelectro association, which ultimately led to the termination of the contract.

**NUCLEARELECTRICA (SNN)** In 2022, SNN achieved a record net profit of 2,729 million lei, 163% higher than the one achieved in 2021, of 1,036.3 million lei. Operating income doubled in 2022, reaching 6.5 billion lei, compared to 3.2 billion lei achieved in 2021. Nuclear energy represents a sustainable alternative for the development of the energy sector, considering the limited resources of energy raw materials, as well as the need to produce electricity without greenhouse 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 a price that can be borne by final consumers, as well as by facilitating the increase in the country's degree of energy independence. Nuclear energy is by far the most efficient, with over 90% capacity factor, followed by biomass (with a reduced production), hydrocarbons and coal, both with around 40%, wind, with a capacity factor close to that of the hydroelectric sector and, energy from photovoltaic sources, with less than 15%. It should be taken into account that if in case of hydro, wind or photovoltaic sources, production is intermittent and low capacity factor is related to the impossibility to produce more, for coal and hydrocarbons there is a decision not to produce constantly, these sources being the most expensive ones at present, both because of green certificates and because of increase in gas prices.

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

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

SN Nuclearelectrica SA has on-going strategic investment projects with an estimated value of 9 billion Euros, including: 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 operations, such as 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. CANDU Units 3 and 4 CNE Cernavoda Project is foreseen in 2019-2030 Energy Strategy of Romania, with 2050 perspective, as well as in the Integrated National Plan in the field of Energy and Climate Change, as a pillar of Romania's energy independence and the achievement of decarbonisation targets undertaken by Romania as an 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. During the refurbishment, reactor 1 is meant to shut down between January 2027 and September 2029. In May 2022, Nuclearelectrica, NuScale and E-Infra signed a Memorandum of Understanding to analyse the potential location of the first small modular reactor (SMR) in Romania on the site of the former thermal power plant from Doicești, Dâmbovița County.

**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.

In the first quarter of 2023, Aerostar reached net profit of 30 million lei, an increase of 50% compared to that achieved in Q1 2022. The operating profit increased to 29.4 million lei (+38% y/y). From the turnover of 124,702 thousand lei achieved in the first quarter of 2023, the company sold products and services on the domestic market of 21,833 thousand lei, and on the foreign market of an equivalent to 102,869 thousand lei.

According to the Deloitte A&D 2023 prospects report, the recovery of air traffic in 2022 led to an increase in aircraft orders. In September 2022, the level of air traffic recorded 81% of the level of 2019, with the removal of international travel restrictions. Equipment manufacturers estimate that global passenger traffic will return to 2019 levels by the end of 2023. This will translate into an increase in industry output.

The defence segment remained stable in 2022 and is expected to outperform the commercial aerospace segment due to rising defence budgets based on the increased demand for military equipment on global level following the invasion of Ukraine.

The US defence budget for tax year 2023 highlights perceived strategic threats from China and Russia. European nations announced an increase of about 204 billion dollars in the defence budget in the first

3 months three months after the invasion focusing primarily on future military technologies.

In 2022 AEROSTAR S.A. announced the realization of an investment worth three million euros, from own sources, consisting in securing energy through the implementation of a photovoltaic park. In 2022, AEROSTAR S.A. achieved the objective that contributes to increasing sustainability and reducing electricity consumption by implementing the photovoltaic park, in order to benefit from green energy from its own source. The photovoltaic park consists of over 7000 panels, located on the roof of the buildings owned by AEROSTAR S.A., with a total installed power of 3MW.

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

On 31<sup>st</sup> March 2023, the assets of the 8 subsidiaries of EVERGENT Investments Group registered a value of 217 mil lei, representing 8,96% of EVERGENT Investments' total assets.

The members of EVERGENT Investments Group:

No	Subsidiary name	Direct holding of EVERGENT Investments – parent company %	Weight of total assets % 31.03.2023	Company type (closed/listed)	Activity
1	EVERLAND SA Bacău	99.99	1.94	Unlisted	Real estate, private-equity portfolio
2	EVER-IMO SA Bucuresti	99.99	1.97	Unlisted	
3	REGAL SA Galați	93.89	0.30	Unlisted	
4	MECANICA CEAHLAU SA Piatra Neamț	73.30	0.95	BVB-REGS (MECF)	Agriculture and private-equity portfolio
5	AGROINTENS SA Bucuresti	99.99	2.20	Unlisted	
6	EVER Agribio SA Săucești, Bacău	99.99	0.14	Unlisted	Garnishment and support of EVERGENT Investments
7	CASA SA Bacău	99.60	1.42	Unlisted	
8	VISIONALFA Investments SA Bacău	99.99	0.01	Unlisted	Financial services
	<b>Total</b>		<b>8.96</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 multiannual investment strategies and legal risk and prudential limits of EVERGENT Investments, without representing the main investment activity.
- ✓ EVERGENT Investments is a shareholder with a holding of over 99% in all unlisted shares. In the selection of monitoring of investments in unlisted companies, EVERGENT INVESTMENTS applies a high level of diligence, its staff holds the adequate professional skills and abilities for the activities that are specific in the investment fields: financial analysis, legal, commercial and technical analysis, negotiation, conclusion of agreements and contracts.
- ✓ These assets are assessed in compliance with the evaluation policies and procedures, their value being reported on a monthly basis.

The “private equity” 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” Blueberry Farm Project ([www.agrointens.ro](http://www.agrointens.ro))

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

**Project description:** The project object is the set-up and development of blueberry farms. At present, Viștea and Mandra farms–Brașov County, Popești and Rătești –Argeș County are in various development stages. At the end of the reporting period, the planted area was 86 ha.

**EVERGENT Investments' investment:** 8.4 mil euro.

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

#### Q1 2023 Financial Results

Indicators – AGROINTENS (K lei)	2023 Budget	Achieved in Q1 2023	Achieved in Q1 2023 / 2023 Budget (%)
Total income	27.692	3.065	11%
Total expenses	(24.818)	(4.048)	16%
Net profit /(loss)	2.874	(983)	n/a

The recorded loss is due to the seasonal nature of the activity and it is in accordance with the stage of implementation of the financial development model that provides for the purchase of new land and the establishment of new blueberry farms with mixed financing from own sources, bank loans and the contribution of the majority shareholder.

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

**Premises:** The company owns a plot of land of about 2.55 ha and an administrative building GF+8 with a built area of 4,600 square meters, located in the central area of Iași municipality. Our detailed analysis and projections targeted both the quality of the purchased assets location and the significant real-estate development potential of Iasi municipality.

#### Status:

Based on the zonal urban plan approved, we consider the development of a real estate project of about 100 million euro with a maximum built area of 83,800 sqm.

#### Q1 2023 Financial Results

Indicators – EVERLAND SA (K lei)	2023 Budget	Achieved Q1 2023	Achieved Q1 2023 / 2023 Budget (%)
Total income	120	43	36%
Total expenses	(585)	(134)	23%
Net profit/(loss)	(465)	(91)	n/a

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

### 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.

#### Q1 Financial Results 2023

Indicators – CASA SA (K lei)	2023 Budget	Achieved Q1 2023	Achieved Q1 2023 / 2023 Budget (%)
Total income	6,264	727	12%
Total expenses	(5,967)	(752)	13%
Net profit / (loss)	297	(25)	n/a



#### 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.

##### Q1 2023 Financial Results

Indicators – MECANICA CEAHLAU SA (K lei)	2023 Budget	Achieved Q1 2023	Achieved Q1 2023 / 2023 Budget (%)
<b>Total income</b>	46,300	12,699	27%
<b>Total expenses (less income tax)</b>	(43,600)	(12,490)	29%
<b>Net profit/(Loss)</b>	2.250	160	7%

#### 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 1,500 sqm. The Company continues the sale of commercial area, according to the approved strategy.

A Dutch-style tender sale process with the competitive component of the shareholding is underway.

##### Q1 2023 Financial Results

Indicators – REGAL (K lei)	2023 Budget	Achieved Q1 2023	Achieved Q1 2023 / 2023 Budget (%)
<b>Total income</b>	4,047	116	3%
<b>Total expenses (less profit tax)</b>	(4,024)	(165)	4%
<b>Net profit/(loss)</b>	(477)	(49)	n/a

#### 1.2.3.6. EVER-IMO SA

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

Following the success of „Baba Novac Residence” Real-estate project, the company is preparing three real-estate development projects: Intrarea Străulești Project, Piscul Moșului Project and Spătarul Preda Project.

##### Q1 2023 Financial Results

Indicators – EVER-IMO SA (K lei)	2023 Budget	Achieved Q1 2023	Achieved Q1 2023 / 2023 Budget (%)
<b>Total income</b>	2,925	654	22%
<b>Total expenses</b>	(6,616)	(1,196)	18%
<b>Net profit/(Loss)</b>	(3,691)	(542)	n/a

#### 1.2.3.7. EVER AGRIBIO SA – Bio Blueberry Culture

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.

The documentation for accessing non-refundable funds for the set-up of an organic blueberry plantation and logistics area is currently being prepared.

##### Q1 2023 Financial Results

Indicators – EVER AGRIBIO SA (K lei)	2023 Budget	Achieved Q1 2023	Achieved Q1 2023 / 2023 Budget (%)
<b>Total income</b>	0	3	n/a
<b>Total expenses</b>	(1,143)	(209)	18%
<b>Net profit/(loss)</b>	(1,143)	(206)	n/a

#### 1.2.3.8. VISIONALFA Investments SA

A company set-up in August 2022 for the purpose of investment fund management; does not carry out any activity.

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

- ✓ **NORD SA** - holding 18.19% of the share capital and **Professional Imo Partners SA** – holding 31.42% of the 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
- ✓ AGROSERV MARIUTA SA –11.44% holding of the share capital, with „Lăptăria cu caimac” brand
- ✓ mWare SOLUTIONS SA –5.6% holding of share capital, with activity in the field of IT/big data/AI

**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<sup>th</sup> October 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: 98%

**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:** following the pandemic crisis, the Mall increased its activity to the level before the pandemic.

**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:**

- ✓ Phase 1, that includes a number of 160 apartments has been completed and sold in full;
- ✓ Phase 2 that includes 398 apartments was completed, 323 apartments being sold;
- ✓ Phase 3 includes 350 apartments, under construction, 74 apartments having preliminary contracts entered.

*Q1 2023 Financial Results*

Indicators – STRAULESTI LAC ALFA SA (K lei)	2023 Budget	Achieved Q1 2023	Achieved Q1 2023 / 2023 Budget (%)
Total income	106,645	15,539	15%
Total expenses (less income tax)	(102,783)	(15,111)	15%
Net profit	3.275	349	11%

**1.2.3.11. AGROSERV MARIUTA SA**

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

Agroserv Măriuța SA is a company that mainly carries out a mixed agricultural activity, vegetable cultivation combined with animal breeding. Starting from 2018, the Company added a new line of business by processing cow's milk, respectively obtaining dairy products - whole milk packaged in bottles, matured cheeses, acidophilic products.

The company is an integrated business, with several business lines that operates in the area of

consumer goods by selling dairy products in the modern, traditional HoReCa trade, but it also has a solid component in basic agriculture, including vegetable and dairy farm sales to other local processors. The company's product portfolio includes milk, yogurt, cream, curd, and whole milk. All the brand's products (except cheeses) are packaged in glass.

**Status:**

Investment projects in 2023: packaging washing line and biogas station

Mixed financing: equity, bank credit and grant funds.

**1.2.3.12. mWare Solutions**

MWARE Solutions SA (<https://www.bigconnect.io/>) is an important local player in the deep-tech IT sector. The company has developed its own platform that introduces the ability to analyse unstructured data within organizations using a semantic model of data understanding based on neural networks, with native deep-learning and machine learning capabilities to discover new perspectives in decision-making, customer understanding, new indicators and possibilities for automating organizational processes based on artificial intelligence.

The IT sector is one of the utmost importance in Romanian economy, with a contribution of approximately 6.2% to the Gross Domestic Product, which amounts to 13.6 billion euros. The expectations of this sector are for growth with double-digit rates in the coming years, being additionally supported by the PNRR through the C7 component - Digital transformation with a budget allocation of 1.88 billion euros.

**1.2.4. "SELL" Portfolio**

SELL Portfolio was built based on low liquidity, performance and growth potential criteria of the holdings that make it up. In order to reach the investment objectives foreseen in „EVERGENT Investments' Investment Strategy and Policy”, in Q1 the weight of the SELL Portfolio in total assets continued to be reduced.

Thus, on 31<sup>st</sup> March 2023, the weight of SELL Portfolio was 0.28% of total assets value, compared to 0.41% on 31<sup>st</sup> March 2022, the strategy applied being restructure through sale.

Up to 31<sup>st</sup> March 2023 the shares held by EVERGENT Investments in the following companies were sold in full:

- Casa de Bucovina Club de Munte (BCM);
- Martens SA (MABE).

The cumulative amount of 0.77 million lei obtained from the sale of the two companies feeds the investment needs of EVERGENT Investments SA.

Through activities specific to the SELL Portfolio, the active participation of EVERGENT Investments in the General Meetings of the shareholders of the companies in this portfolio was ensured, questions addressed to the Boards of Directors were sent, the legality of the decisions of the general meetings of shareholders/decisions of the Boards of Administration that affected the interests of the shareholders was monitored, minorities and appeal proposals filed, where appropriate.

**1.2.5. Implementation of 2023 Investment Program**

EVERGENT Investments has analysed and implemented investments *consistent with the directions and principles presented in 2023 Activity Program*, approved by the shareholders in OGMS on 27<sup>th</sup> April 2023.

million lei	2023 Activity Program	Achieved in Q1 2023	% achievement in Q1 2023
<b>Total investment program, of which assigned for portfolios:</b>	<b>305.2</b>	<b>151.6</b>	<b>49.7%</b>
• ENERGY - INDUSTRIAL	260	140.7	54.1%
• PRIVATE - EQUITY	45.2	10.9	24.1%

## Financial Position and Performance

The interim condensed separate financial statements for the three months' period ended on 31<sup>st</sup> March 2023, 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, IFRS are the standards adopted according to the procedure foreseen by Regulation (CE) no. 1606/2002 of the European Parliament and Council on 19th July 2022 on the application of international accounting standards, with its subsequent amendments and additions.

The interim condensed separate financial statements for the three months' period ended on 31<sup>st</sup> March 2023 have not been audited.

In the first three months of 2023, the Company's financial position registered a slight increase, following the use of the credit facility contracted from Banca Commerciale Romana to capitalize on opportunities on the market in the new investment context.

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

#### ➤ Separate statement of comprehensive income:

(lei)	2021 (audited)	3 months 2022 (unaudited)	2022 (audited)	3 months 2023 (unaudited)
<b>Income</b>				
Gross dividend revenue	54,656,711	13,802,044	120,777,371	-
Interest revenue	4,718,481	1,553,826	7,087,713	2,059,675
Other operating income	1,030,926	243,777	1,607,660	259,068
Net gain/ (net loss) from FVTPL financial assets	25,460,617	(10,334,511)	(474,436)	2,306,746
Net gain from the revaluation of real-property investments	143,329	-	798,078	-
<b>Expenses</b>				
(Loss)/Loss reversal from financial assets impairment	3,895,437	2,330,902	2,332,072	(18,160)
(Loss)/Loss reversal from impairment of non-financial assets	(28,989)	671	671	-
(Set-up)/reversal of provisions for risks and expenses	(1,620,399)	52,200	117,190	-
Expenses with wages, remunerations and other similar expenses	(29,426,547)	(4,348,130)	(28,773,429)	(4,961,949)
Other operating expenses	(10,477,957)	(2,708,383)	(11,660,747)	(3,585,762)
<b>Operational profit/(loss)</b>	<b>48,351,609</b>	<b>592,396</b>	<b>91,812,143</b>	<b>(3,940,382)</b>
Financing expenses	(42,218)	(23,641)	(95,436)	(654,745)
<b>Profit /(loss) before tax</b>	<b>48,309,391</b>	<b>568,755</b>	<b>91,716,707</b>	<b>(4,595,127)</b>
Income tax	(1,920,757)	(603,758)	(8,863,072)	(5,394)
<b>Net profit/(loss)</b>	<b>46,388,634</b>	<b>(35,003)</b>	<b>82,853,635</b>	<b>(4,600,521)</b>
<b>Other comprehensive income elements</b>				
Increase/ (Decrease) of reserve from the revaluation of property, plant and equipment, net of deferred tax	439,940	7,176	806,957	9,284
Net gain/ (Net loss) from the revaluation of FVOCI financial assets	414,290,697	(28,125,569)	(168,168,297)	(4,514,249)
<b>Other elements of comprehensive income – elements that will be reclassified in profit or loss</b>	<b>414,730,637</b>	<b>(28,118,393)</b>	<b>(167,361,340)</b>	<b>(4,504,965)</b>
Net gain / (net loss) from the revaluation of FVTOCI bonds	45,845	2,551	(105,304)	(170,161)
<b>Other elements of comprehensive income – elements that will be reclassified in profit or loss</b>	<b>45,845</b>	<b>2,551</b>	<b>(105,304)</b>	<b>(170,161)</b>
<b>Other comprehensive income - Total</b>	<b>414,776,482</b>	<b>(28,115,842)</b>	<b>(167,466,644)</b>	<b>(4,675,126)</b>
<b>Total comprehensive income of the financial year /period</b>	<b>461,165,116</b>	<b>(28,150,845)</b>	<b>(84,613,009)</b>	<b>(9,275,647)</b>
<b>Basic and diluted earnings per share (net profit/ net (loss) per share)</b>	<b>0.0477</b>	<b>(0.0000)</b>	<b>0.0874</b>	<b>(0.0050)</b>
<b>Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)</b>	<b>0.1536</b>	<b>0.0114</b>	<b>0.1244</b>	<b>0.0026</b>

In the first quarter of 2023, the Company registered a loss of 4.6 million lei, since companies in the portfolio distribute dividends, that are the main source of income for the Company, starting in the second quarter of the year, following the approval of the annual financial statements.

Comprehensive income in the first quarter of 2023 was also influenced by the net loss from the revaluation of financial assets measured at fair value through other comprehensive income (FVTOCI), of 4.5 million lei, caused by a slight decrease of listed share prices for certain issuers in the portfolio, mainly those in the financial-banking sector.

According to IFRS 9 "Financial Instruments", in case of shares in the portfolio, depending on their classification, gain or loss from sale are reflected either in profit or in loss (in case of FVTPL financial assets), or directly in retained earnings (in case of FVTOCI financial assets).

Consequently, management considers Net Result as an indicator of the Company's performance, along with Net Profit / (net loss) and gain obtained from the sale of FVTOCI financial assets.

(lei)	2021 (audited)	3 months 2022 (unaudited)	2022 (audited)	3 months 2023 (unaudited)
<b>Net profit /(loss)</b>	46,388,634	(35,003)	82,853,635	(4,600,521)
Gain related to the transfer of FVTOCI* financial assets, net of tax, recycled in retained earnings	102,908,216	10,970,603	35,081,104	7,012,172
<b>Net result (including Gain from the transfer of FVTOCI financial assets)</b>	<b>149,296,850</b>	<b>10,935,600</b>	<b>117,934,739</b>	<b>2,411,651</b>

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

### ➤ Management Expenses

The monthly average percentage of management expenses represents 0.09%, of total assets.

**The monthly average percentage of management expenses represents 0.09% of total assets value**, being lower than the average commissions paid to management companies by local investment funds (0.15% - 0.30%).

### Structure of Management Expenses

Management expenses (lei)	6,442,714
<b>Expenses with wages, indemnities and similar, of which:</b>	<b>5,006,321</b>
- wages and indemnities	4,858,129
- expenses for social insurance and other social expenses	103,820
- expenses for professional training	44,372
<b>Expenses for outsourced services and other operating expenses</b>	<b>1,200,410</b>
Expenses for energy and water	189,738
Expenses for fuel and materials	46,245

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

In management expenses, the main weight, of 78%, is held by *expenses for wages, indemnities and similar* (wages, allowances, social benefits and professional training of staff, directors and managers). For more details on expenses with wages, allowances and other similar expenses, divided on fixed and variable expenses, see explanatory note 7 to the Separate Financial Statements on 31<sup>st</sup> March 2023.

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



➤ **Individual Statement of Financial Position:**

(lei)	31 <sup>st</sup> December 2021 (audited)	31 <sup>st</sup> March 2022 (unaudited)	31 <sup>st</sup> December 2022 (audited)	31 <sup>st</sup> March 2023 (unaudited)
<b>Assets</b>				
Cash and current accounts	267,380	258,314	788,781	794,618
Bank deposits with initial maturity within 3 months	157,466,639	89,795,581	104,971,764	69,761,221
Bank deposits with initial maturity over 3 months	-	-	-	10,149,890
Financial assets at fair value through profit or loss	381,215,357	375,880,846	333,619,756	315,218,826
Financial assets at fair value through other comprehensive income	1,952,286,731	1,970,969,267	1,875,688,529	1,984,438,098
Bonds at fair value through other comprehensive income	3,982,215	4,024,825	3,982,047	3,828,895
Bonds at amortized cost	34,171,645	34,881,265	17,550,535	17,903,623
Other financial assets at amortized cost	5,361,399	19,207,589	9,869,910	1,146,892
Other assets	1,579,222	395,772	497,055	470,790
Investment property	4,247,186	4,247,186	4,284,448	4,284,448
Tangible assets	8,308,912	8,456,219	9,282,127	9,117,871
Right-of-use assets	3,570,975	3,369,121	3,474,536	3,161,523
Intangibles	360,960	338,605	412,375	438,516
<b>Total assets</b>	<b>2,552,818,621</b>	<b>2,511,824,590</b>	<b>2,364,421,863</b>	<b>2,420,715,211</b>
<b>Liabilities</b>				
Loans	-	-	-	95,309,709
Lease liabilities	3,511,637	3,314,451	3,456,939	3,158,205
Dividends payable	34,036,742	33,792,396	42,633,808	42,321,351
Current income tax liabilities	-	838,565	5,370,896	507,263
Financial liabilities at amortized cost	1,833,601	3,574,549	2,871,103	8,444,934
Other liabilities	3,409,990	2,960,909	4,154,999	3,463,029
Provisions for risk and expenses	1,749,743	1,697,543	1,632,553	1,632,553
Deferred income tax liabilities	125,338,378	115,871,656	89,669,402	88,549,860
<b>Total liabilities</b>	<b>169,880,091</b>	<b>162,050,069</b>	<b>149,789,700</b>	<b>243,386,904</b>
<b>Equity</b>				
Share capital	510,105,062	510,105,062	499,988,637	499,988,637
Retained earnings	981,801,980	992,737,580	1,018,427,444	1,020,839,095
Reserves from the revaluation of property, plant and equipment	8,967,836	8,975,012	9,774,793	9,784,078
Reserves from the revaluation of financial assets at fair value through other comprehensive income	903,246,143	864,152,522	699,891,438	688,194,855
Treasury shares	(41,119,507)	(46,122,664)	(38,991,230)	(66,662,480)
Equity-based payments to employees, directors and administrators	16,252,012	16,252,012	20,765,780	20,765,780
Other equity elements	3,685,004	3,674,997	4,775,301	4,418,342
<b>Total equity</b>	<b>2,382,938,530</b>	<b>2,349,774,521</b>	<b>2,214,632,163</b>	<b>2,177,328,307</b>
<b>Total liabilities and equity</b>	<b>2,552,818,621</b>	<b>2,511,824,590</b>	<b>2,364,421,863</b>	<b>2,420,715,211</b>

In the first three months of 2023, EVERGENT Investments' total assets increased by 2.4%, due to the credit facility contracted from Banca Comerciala Romana (BCR) in order to capitalize on market opportunities in the new investment context.

The main modification from the point of view of assets structure was the decrease of bank loans, liquidities being used to a large extent, together with the credit facility for investment in shares classified at fair value through other comprehensive income (FVTOCI).

In the first three years of 2023, EVERGENT Investments' total liabilities increased by 62%, an increase caused by the use of the 19.2 million euro credit facility contracted from BCR in January 2023, for the purchase of listed shares.

### 1.3. Performance Indicators

	2021	3 months 2022	2022	3 months 2023
<b>Current liquidity indicator</b>	6.6	5.0	3.5	1.0
<b>Rotation speed of debits-clients</b>	29	71	21	107
<b>Rotation speed of intangible assets</b>	0.043	0.008	0.07	0.002
<b>Net profit / (net loss) per share (lei/share)</b>	0.0477	(0.0000)	0.0874	(0.0050)
<b>Earnings per basic share (lei/share)</b>	0.1536	0.0114	0.1244	0.0026

*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).

**1.4. 2023 Budget Achievement Degree**

million lei	Budgeted 2023	Achieved in 3 months 2023	Achievement degree %
<b>Total income</b>	<b>102.75</b>	<b>4.67</b>	<b>5</b>
<b>Financial income</b>	<b>101.96</b>	<b>4.36</b>	<b>4</b>
• Dividend income	97.43	-	-
• Income from bank deposits and bonds	4.53	2.06	45
• Gain from FVTPL financial assets	-	2.30	n/a
<b>Other operating income</b>	<b>0.79</b>	<b>0.31</b>	<b>39</b>
• Income from rent and connected activities	0.79	0.28	36
• Other income from current activities	-	0.03	n/a
<b>Total expenses</b>	<b>(71.03)</b>	<b>(9.27)</b>	<b>13</b>
<b>Financial expenses</b>	<b>(24.58)</b>	<b>(1.68)</b>	<b>7</b>
• Loss from FVTPL financial assets	(17.15)	-	-
• Expenses with bank transactions and commissions	(0.91)	(0.11)	12
• Expenses with currency rate differences	(1.81)	(0.90)	50
• Other financial expenses	(4.71)	(0.67)	14
<b>Expenses from current activities</b>	<b>(46.45)</b>	<b>(7.59)</b>	<b>16</b>
<b>Gross profit / (loss)</b>	<b>31.72</b>	<b>(4.60)</b>	<b>(14)</b>
Income tax	(6.97)	-	n/a
<b>Net profit / (loss)</b>	<b>24.75</b>	<b>(4.60)</b>	<b>(19)</b>
Net gain from the sale of FVTOCI financial assets	54.18	7.01	13
<b>Net result</b>	<b>78.93</b>	<b>2.41</b>	<b>3</b>

**The Net Result** registered in the first 3 months of 2023 represents 3% of the budgeted level for the entire 2023 and is mainly due to net gain from the sale of FVTOCI financial assets reflected in retained earnings. In the first quarter of 2023, the company has registered a loss in the profit and loss account since dividend income, that are the main income source of the Company, through their nature are registered starting from the second quarter of the year, when companies in the portfolio start to declare dividends, after the approval of the annual financial statements.

At the same time, expenses for current activity registered (main expenses category), represent 13% din of the total budgeted for 2023.

### 3. 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 necessary to fulfil its attributions and responsibilities.

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.

#### 3.1. Risk Management Policy

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

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

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

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

Following the examination of the characteristics and performances of the risk management system, the Board of Directors concluded on 31<sup>st</sup> December 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 01.01.2023 - 31.03.2023:**

- ✓ Revision of certain risk management 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 analysis regarding investments suggested by the portfolio management functions;
- ✓ Risk analyses regarding the investments proposed by the portfolio management departments;
- ✓ Analysis of the impact of the 2023 activity program on the structure of assets, the system of prudential limits and the risk profile of the company;
- ✓ Monitoring the fulfilment of measures set in the Annual Risk Response Plan and on the Report Sheets for operational risk events;
- ✓ Analysis of the abundance of assets categories by risk classes, depending on their liquidity degree;
- ✓ Monitoring of the synthetic risk indicator (ISR) of EVERGENT Investments share and calculation of previous performance scenarios;
- ✓ Weekly and monthly monitoring of liquidity risk indicators;
- ✓ Calculation of exposure and effect of leverage;
- ✓ Analysis and calculation of institutional reporting risk measures (Annex IV to the Regulation 231/2013);
- ✓ Calculation of own funds and the need for own funds;
- ✓ Documentation and collaboration for the revision of the Key Information Document, in accordance with (EU) Regulation no. 2268/2021 amending the regulatory technical standards provided for in the Delegated Regulation (EU) no. 653/2017 (with the data on 31.12.2022).
- ✓ 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.

### 3.2. Risk Profile

The **risk profile** represents all exposures of EVERGENT Investments to real and potential risks. EVERGENT Investments' risk profile on 31.03.2023 is the following:

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

Risk type	Undertaken risk level	Risk level on 31.03.2023
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 31<sup>st</sup> March 2023, 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 01.01.2023-31.03.2023 there has been no exceeding of the risk limits undertaken through the risk profile.

### 3.3. 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 a potential of their market value to change.

Given that assets exposed to market risk have a weight of approx. 95% of the total assets under management on March 31, 2023, market risk, defined as the potential for changes in their market value, represents a relevant risk for EVERGENT Investments.

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.
- b) **Currency risk** describes the risk that the value of investments in other currency than leu modifies due to currency rate modifications.
- c) **Interest rate risk** refers to the possibility that bond investments – known as fixed income titles – suffer following unexpected modifications of the interest rate.

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

## 2. Liquidity Risk

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

Since all Fund's assets are exposed to liquidity risk, this is a relevant risk for EVERGENT Investments, although the closed-end structure of the Fund determines relatively low 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 3 months of 2023 has been an important factor in maintaining adequate liquidity.

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

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

## 3. Issuer Risk

Issuer risk results from exposures on shares held in entities in the portfolio and represent the current or future risk of value loss for a title in the portfolio, due either to the deterioration of its economic-financial status, or the business conditions (failure to function or lack of correlation of its internal activities according to its business plan), or to events, external trends or changes that could not have been known or prevented by the control system. Since asses exposed to issuer risk hold a weight of around 85% of total assets managed on 31<sup>st</sup> March 2023, this being 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. 4.24% of total managed assets on 31<sup>st</sup> March 2023, this being 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. According to the self-assessment on 31.12.2022, the level of residual operational risk generated by the IT systems remain in the ***average risk*** category, **abiding by the requirements of FSA Rule no. 4/2018**. The result of the internal assessment of IT operating risks is annually submitted to FSA.

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 risk may manifest as an own risk or may have a 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 is a relevant risk for EVERGENT Investments.

The management of sustainability risk is carried out by the department with risk management function, in accordance with specific sustainability risk procedure, through the setting of adequate limits and the follow-up of its abidance by 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 31<sup>st</sup> March 2023, the assets in EVERGENT Investments' portfolio abide by the legal prudential limits. Between 01.01.2023 and 31.03.2023 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 no. 243/2019, art. 35, line (2):**

**a) Securities and monetary market instruments issued by the same issuer**, with the exception of securities or monetary market instruments issued or guaranteed by a member state, local public authorities of the member state, a third state or international public bodies to which one or more member state belong – *allowed limit: 10% of assets, limit that may be increased up to a maximum 40%, provided that the total value of equities held by EVERGENT Investments in each of the issuers it has holdings up to 40%, 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>	838,683,944	34.67
<b>OMW Petrom</b>	270,516,267	11.18
<b>Total</b>	<b>1,109,200,210</b>	<b>45.85</b>

Exposure on TLV issuer (34.67%) 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 combined.

**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>EVER IMO Group, of which:</b>	<b>65,697,205</b>	<b>2.72</b>
• Ever Imo shares	47,712,805	1.97
• Ever Imo bonds	17,984,400	0.74
<b>BVB Group, of which:</b>	<b>17,212,762</b>	<b>0.71</b>
• Bucharest Stock Exchange Shares	16,437,683	0.68
• Depozitarul Central Shares	775,079	0.03

**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>	54,177,041	2.20
<b>Ever Imo shares</b>	47,712,805	1.97
<b>Everland shares</b>	46,877,181	1.94
<b>Casa shares</b>	34,369,057	1.42
<b>Mecanica Ceahlau shares</b>	22,901,596	0.95
<b>Ever Imo bonds</b>	17,984,400	0.74
<b>Regal shares</b>	7,144,944	0.30
<b>Ever Agribio shares</b>	3,388,583	0.14
<b>Visionalfa Investments shares</b>	219,845	0.01
<b>TOTAL EVERGENT Investments Group</b>	<b>234,775,452</b>	<b>9.70</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 31.03.2023, the value of current accounts and cash is 794,621 lei, representing 0.03% 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	36,685,581	1.52
CEC Bank	18,050,499	0.75
BRD-GSG	14,452,434	0.60
BCR	10,728,743	0.44

**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	74,274,354	3.07
FIA DCP Investitii	38,526,361	1.59
FIA Hermes	12,846,661	0.53

**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	60,767,515	2.51
AIF BT Invest 1	28,147,776	1.16

**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	74,274,354	3.07
AIF Alchemist	60,767,515	2.51
AIF DCP Investitii	38,526,361	1.59
AIF BT Invest 1	28,147,776	1.16
AIF Hermes	12,846,661	0.53
<b>Total open-type AIFs unit funds</b>	<b>214,562,668</b>	<b>8.87</b>

**i) 2. Securities 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.**

UCITS name	Market val. of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
FDI Transilvania	6,258,402	0.26
FDI BT Maxim	5,652,993	0.23
FDI BT Index Romania ROTX	5,526,717	0.23
FDI Napoca	5,281,232	0.22
FDI Star Next	2,941,431	0.12
FDI Tehnoglobinvest	1,501,617	0.06
FDI Star Focus	1,111,870	0.05

**j) 2. Securities issued by a single UCITS 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**

UCITS name	Market value of asset category (FSA Reg. No. 7/2020)	Weight of total EVERGENT Investments assets (%)
<b>Transilvania Investments Alliance</b>	30,519,352	1.26
<b>Fondul Proprietatea</b>	12,555,249	0.52

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

**l) 1. Granting cash loans**, participation/subscription to syndicated loans in favour of a third party, - *only for entities from the group EVERGENT Investments is part of, setup as investment company- allowed limit: 10% of assets - not the case;*

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

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

Asset type	Market val. of asset categ. (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>Shares held in close-type issuers (incl. amounts to collect following the withdrawal from closed-companies)</b>	268,768,782	11.11
<b>Closed bonds</b>	17,984,400	0.74
<b>TOTAL</b>	<b>286,753,182</b>	<b>11.85</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 on the setting of the marketing scheme of greenhouse gas emission certificates, – *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>	43,009,433	707,658,233	6.08

**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 2,419,194,020 lei. Their value in euro is 488,814,940.

EVERGENT Investments policy regarding the use of leverage (according to the Exposure and Leverage Calculation Procedure): "*The maximum level of leverage that EVERGENT Investments can employ is 2 times the total value of the Net Asset (NAV)*"

The value of exposure and level of leverage effect is reported **on a monthly** basis within the Explanatory Notes of Annex 10 „*Statement of Assets and Liabilities of EVERGENT Investments*” and Annex 11 „*Detailed statement of Investments*” of FSA Regulation no. 7/2020, in accordance with art. 38 line (4) Law no. 243/2019 and **quarterly** in the Risk Profile section of *Annex IV* to EU Regulation no. 231/2013.

On 31.03.2023 EVERGENT Investments' portfolio includes assets acquired through the use of the leverage effect *namely listed shares that were acquired through bank loan*, resulting in a leverage ascertained through the gross method of 1.0141 and through commitment method of 1.0447.

Method type	Leverage level	Exposure value (lei)
<b>Gross method</b>	1.0141 (or 101.41%)	2,208,065,341
<b>Commitment method</b>	1.0447 (or 104.47%)	2,274,836,839

The exposure and leverage effect were calculated based on the *Statement of Assets and Liabilities of EVERGENT Investments* on 31.03.2023 certified by BRD-GSG, with the application of calculation and treatment rules (exclusion, conversion, inclusion) foreseen by art. 7 (gross method) and art. 8 (commitment method) of EU Reg. no. 231/2013.

Between 01.01.2023 and 31.03.2023 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.-

### 3.4. Crisis Simulations

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

EVERGENT Investments prepared the **annual crisis simulation** for reference date **31<sup>st</sup> March 2023** in accordance with art. 15 line (3) letter (b) Directive 2011/61/EU and art. 16, line (1), second paragraph of Directive 2011/61/EU 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/EU:**

The simulation of the simultaneous application of extreme shocks to different categories of financial instruments held in the portfolio on 31.03.2023 indicates that they could lead to a decrease by:

- ✓ 17.56 % of total assets and 19,51 % of net asset value (in the historic scenario)
- ✓ 45.54 % of total assets and 50,59 % of net asset value (in the hypothetical scenario)

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

- ✓ We have run scenarios applying extreme shocks on assets and separately on liabilities of the Fund, as well as combined scenarios, on both assets and liabilities in order to determine the general effect on the Fund's liquidities. Liquidity crisis simulation reconfirm that the Fund's key elements allow it to remain sufficiently liquid to fulfil its short-term payment obligations under normal and crisis circumstances.

Crisis simulations will contribute to making the adequate decisions on management level, including decisions related to business strategies.

The results of the annual crisis simulations were presented and approved by the Board of Directors in the meeting of May 15, 2023 and will be submitted to FSA along with the used methodology.

#### 4. EVER Share Market

No. of shares: 961,753,592  
 Nominal value: 0.1 lei  
 Share capital: 96,175,359.20 lei  
 Capitalization: 1,231,044,598 lei  
 31.03.2023 (248 mil euro)

Price: 1.28 lei, EPS: 0.123 lei, PER: 10.4 ; DIVY: 7.03%  
 52 m: 1.075 lei; 52 M: 1.415 lei

The EPS and PER indicators were calculated taking into account the Net Result, in the amount of 2.41 million lei, composed of 4.60 million lei loss and 7.01 million lei net gain from the sale of assets reflected in the retained earnings - accounting treatment according to IFRS 9.

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

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

#### EVER share evolution between 31.03.2022 – 31.03.2023



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

Ch.16. Assessment of  
 Company Performance and  
 EVER share performance

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

Yields 31.03.2023 (%)	EVER Share	BET-FI	EVER NAVPS
1 month	-1.92	-1.26	-1.32
3 months	-6.57	0.04	0.44
6 months	1.19	6.55	8.33
12 months	4.92	-0.62	-2.96

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

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

Indicator	EVER share	BET-FI
Annualized volatility (%)*	22.51	12.49
Beta**	0.97	1.00

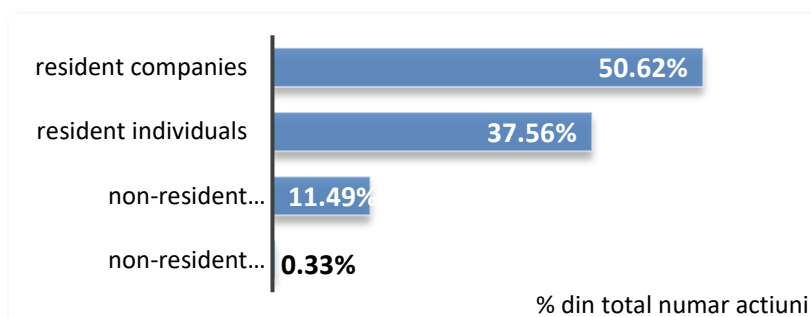
\* Volatility (12M) = annualized volatility

\*\* Beta = price sensitivity to market movements

#### 4.1. 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 31<sup>st</sup> March 2023 – No. of shareholders: 5,742,477



#### Dividend Payment

Dividend payments on 31.03.2023	2019 Dividend	2020 Dividend	2021 Dividend
	0.06 lei/act	0.043 lei/act	0.065 lei/act
<b>Total to pay (lei/share)</b>	59,063,889	42,012,148	62,052,983
<b>Total paid (lei)</b>	44,675,575	31,402,100	45,537,382
<b>% payment</b>	75.64	74.75	73.38

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.

The general meeting of shareholders on 27.04.2023 approved a gross dividend of 0.09 lei/share for shareholders registered on 9<sup>th</sup> June 2023. Payment date is 28<sup>th</sup> June 2023. Dividend yield is 7% on 26.04.2023.

#### 4.2. Acquisition of Treasury Shares

In accordance with the resolution of the Extraordinary General Meeting of EVERGENT Investments' shareholders no. 2/28.04.2022, the public offering for the purchase of treasury shares was run between 22.12.2022 – 06.01.2023, for a number of 19,625,000 shares, at a purchase Price of 1.41 lei/share, in order to lower the share capital through share annulment.

The offer was a success from the point of view of the interest shown by investors, the assignment index being 0.0908835825.

## 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 auditors: Virginia Sofian, Gabriela Stelea, Rodica Grințescu.

Internal audit is an independent activity of objective assurance and counselling, with the purpose of adding value and improving the company's operations. It helps the company 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 position in the organization chart, direct access and activity reporting on the level of the Audit Committee and Board of Directors are insured, 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;
- ✓ 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 business changes, risks, operations, programs systems and controls of the Company as well as depending on priorities set by the Board of Directors or Management.

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 the first quarter of 2023** focused on assessing the efficiency of the risk management system and control system implemented on processes and activities.

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

- ✓ Functions that hold and manage risks (operational management) – 1<sup>st</sup> line. Operational management is responsible for maintaining efficient internal controls and for the execution of daily control procedures;
- ✓ Risk supervision function (risk management function and compliance function) – 2<sup>nd</sup> line. The risk management function ensures the management and control of risks identified through specific assessment processes and the compliance function ensures the management of compliance risks;
- ✓ 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 internal audit function ensures the objective and independent assessment of the risk management system, internal control system and governance and execution processes in order to support the reaching of objectives and issues recommendations to improve the efficiency of these activities.

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

- ✓ Audit of asset evaluation activity and calculation of net asset value per share (NAVPS);
- ✓ corporate governance audit – partial run;
- ✓ audit of subsidiary Agointens SA's activity – partial run;
- ✓ follow-up of progress registered in the implementation of internal audit recommendations, being monitored on 31.12.2022;
- ✓ 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 and management of subsidiaries ordered adequate measures for the management of identified risks.

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

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

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

There have been no situations when the management decided not to take any measures to reduce the risks considered 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 pro-active nature, exercised through the constant supervision and monitoring of activities subjected to internal control in order to prevent the occurrence of legal or internal non-compliance, for an efficient increase of the internal control function. The main activities of the Compliance Department for H1 2023 are specific to EVERGENT Investments as AIFM (permit no.20/23.01.2018), defined by art. 51 Law 74/2015 on alternative investment fund managers and are approved by the Board of Directors within the 2023 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, AIF and issuer:

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

- ✓ *Alternative Investment Fund Managers*, through the „Verification of the abidance by the Assessment Policy and Procedure for individuals in the management structure and individuals covering key-positions in EVERGENT Investments SA”, including the annual verification of the adequacy of the above-mentioned personnel.
- ✓ *Alternative Investment Funds*, through the revision of „Key Information Document”, for alignment to the provisions of *EU Delegated regulation no. 2268/2021* amending EU Regulation no. 653/2017 on key information documents regarding structured individual insurance-based investment products (PRIIP), by setting certain technical regulation standards regarding the method of presentation, content, revision and modification of key information documents, as well as conditions to meet the requirement to deliver such documents, applied from the 1<sup>st</sup> January 2023.
- ✓ *Issuers of financial instruments*, mainly through the verification of the convening notice, materials and information presented to shareholders in OGMS and EGMS on 27.04.2023.
- ✓ *Information regarding sustainability in the financial services sector*.

### 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:

- Annual assessment of the adequacy of “Procedures and Policies for asset valuation and calculation of net asset unit value per share” and communication to investors through Current Report within the legal deadline (28.02.2023) and display on the website of the revised documents:
  - (i) “Policies and procedures for the valuation of assets and calculation of net asset unit value per share”.

(ii) “Rules and procedures to evaluate the assets of EVERGENT Investments S.A.“.

The release included the information that the methods for the ascertainment of assets value has not been modified.

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 no. 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 (CR 05.05.2023);
- Remuneration policies on the Group level, including in the balance GMS of subsidiaries.

Conclusions: *no non-compliances identified.*

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

Conclusion: *no conflict was registered.*

**6.** Provisions of art. 18 Law no. 74/2015, 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**

EVERGENT Investments notified FSA and informed the investors, through the current report of 28.03.2023, regarding the decision to change the Asset Depository of EVERGENT Investments SA - respectively Banca Comercială Română SA (BCR SA) instead of BRD-Groupe Société Générale SA.

Status: *At present FSA is running the procedure for the authorization of the new depository. The completion of asset transfer between depositories will be notified to investors.*

**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 gaining of control over certain unlisted companies and entities**, foreseen by art. 25-29 Law no. 74/2015.

- a) Notifications were submitted to FSA on the modification of the holding thresholds;

- b) Information was included in the content of the present report on the activity of subsidiaries as well as more detailed information in the consolidated activity report of EVERGENT Investments SA for year 2022.

Conclusion: *Full prior verification – no non-compliances identified.*

- 11. Abidance by EU regulations (MAD, MAR) regarding **market abuse** (privileged information, personal transactions).**

- a) 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.*

- b) BD was submitted and approved the Reports on “The abidance of EVERGENT Investments by legal and internal regulation on the preparation of EGMS and OGMS on 27.04.2023” and the “Abidance of EVERGENT Investments SA by legal and internal regulations regarding the privileged information regimen”.

Conclusion: *privileged information related to the convening of GMS and presentation of financial statements were properly managed.*

- 12. The management of complaints regarding EVERGENT Investments activity on the capital market**

- An internal control was run regarding the Verification of the abidance of EVERGENT Investments SA by the management method for shareholders' complaints.
- Reports were made in accordance with FSA Reg. no. 9/2015

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

- Extraordinary and ordinary general meeting of shareholders on 27.04.2023, 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. Method of abiding by internal procedures – verification of the abidance by internal procedures regarding mainly:**

- a) Internal compliance endorsement for investment notes, including cash loan operations contracted in January 2023 (CR on 17.01.2023), work procedure, job descriptions, from the point of view of the abidance and reflecting of legal provisions and internal regulations;
- b) Reports presented to the Board of Directors on the status of BD and MC resolutions implementation on 31.12.2022;

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

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

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

- 17. Abidance by internal procedures regarding “Supervision of the application of international sanctions on the capital market” –**

- Monitoring and notification to FSA, if necessary, if the individuals targeted by the restrictive measures imposed on international level can be found in the shareholding structure of EVERGENT Investments SA or if they have any impact on the activity or on the investment strategy and policy of the Company. No such situation was identified.
  - Monthly report to FSA, since October 2022, on the inexistence of fund or economic resource freezing following restrictive measures issued by the European Union for the Russian Federation.
  - *Monitoring of site asfromania.ro and issue of notification towards the management structure and employees.*
- 18.** The **briefing** of EVERGENT Investments, of the management structure and employees regarding the legal regimen applicable to capital market, including through draft norms under public consultation.

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Staff of the Compliance Department:

1. Michaela Pușcaș – compliance officer, department manager (FSA Reg. no.: PFR13RCCO/04003)
2. Gabriel Lupașcu – compliance officer (FSA Reg. n: 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

The Legal Department has contributed through its activity to the setting of strategies within the litigations and transactions both inside and outside the court in which EVERGENT Investments is a party, providing dedicated assistance and support.

### 7.1. Legal Representation

In the reporting period, the legal assistance and representation activity focused on **the preparation and on-time submission of necessary defences in the 188 litigations registered in specific records**, as well as the initiation of attack means in solved litigations in case resolutions were unfavourable, resorting to extraordinary means of attack as well.

For each litigation, the necessary documents and defences were prepared, developed and submitted to the case file to protect the interests of the company in accordance with the objectives and strategy approved by the Company.

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

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

- ✓ 151 files, of which: 142 files are litigations pending in various trial stages (of these 112 files are against AAAS) and 9 files are final.
- ✓ The value of litigations on the docket of courts: 68,910,611.05 lei (claims and insolvency procedure).

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

- ✓ 37 files, of which: 28 files are litigations pending in various trial stages, and 9 are final.

In the first quarter of 2023, we continued our efforts to recover debts from AAAS, consolidating the strategy approved for these files.

EVERGENT is a creditor of AAAS for an amount of about 60,000,000 lei and since direct recovery through enforcement is difficult and time-consuming because of the lack of traceable resources and the fact that AAAS has enforcements from several tens of thousands creditors, we have looked for alternative sources that could be the object of and enforcement and satisfaction of the Company.

For the recovery of the claims that the Company holds as a result of the total or partial non-fulfilment of the obligations of the issuers in the portfolio, the actions against the debtor VASTEX and SNGN Romgaz were promoted during 2022 and continued in quarter 1 of 2023, the Legal Service taking all measures for their recovery.

We also mention that, as a result of final decision no. 401 of 24.11.2021 pronounced by the Bacau Court in file no. 2901/110/2020, by which the claim in the amount of USD 148,720.95 promoted by the plaintiff Cantoreanu Ioan Florin was dismissed, the latter was also bound to pay legal costs in the amount of 16,105.85 lei (fund and recourse). In order to recover the debt, EVERGENT filed a request for enforcement in all forms (movable and real estate),

### 7.2. Legal Consultancy

The Legal Department **is consulted and offers consultancy in all fields of activity** of the Company and/or subsidiaries within the Group, **in a considerable number of consultancy files**, with object: corporate operations, contracts, investment projects, revisions of legislative proposals,

transactions, organization and running of the General Meeting of Shareholders. As general lines that are object of consultancy, we can mention:

- ✓ Review and approval of documents related to General Meetings of shareholders;
- ✓ Support for transactions;
- ✓ Continuous participation in work sessions regarding EVERGENT's ESG objectives;
- ✓ Legal consultancy and endorsement, as the case may be, regarding the mandates issued by the company during General Meetings of shareholders at companies in the EVERGENT portfolios;
- ✓ Observations and legislative proposals in various areas of interest for the Company.

The legality endorsement is granted for all legal acts in which the company is a party or is directly interested, ensuring that those acts fall within the applicable legal limits. During the reporting period, a total number of 65 legality endorsements were issued for various legal documents, such as contracts, additional documents, decisions, mandates, agreements, in all areas of activity within the company.

We also highlight the approval of a number of 570 provisions for the start and/or cease of payments regarding dividend payment to shareholders and approval of the proper correspondence address, depending on the case.

## 8. Corporate Governance

### 8.1. Relationship with Investors

In the first quarter of 2023, we have **observed and ensured all transparency requirements<sup>1</sup> and transparency, information and reporting obligations**, by publishing current<sup>2</sup> reports 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.

### 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 44.37 mii lei.

The personnel were assessed for the activity carried out in 2022 both from the perspective of performance and from specific knowledge as well.

At the end of Q1 2023 the company has a number of 45 employees.

### 8.3. Involvement Policy

EVERGENT Investments has prepared in 2022 an „Involvement Policy and principles regarding the exercise of rights in companies in EVERGENT Investments SA's portfolio”

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

In the activity report for the year 2022, information was presented regarding the application of the engagement policy within the issuers in the portfolio, according to the provisions of art. 101 par. (1) from Law no. 24/2017.

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

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

#### **8.4. 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.



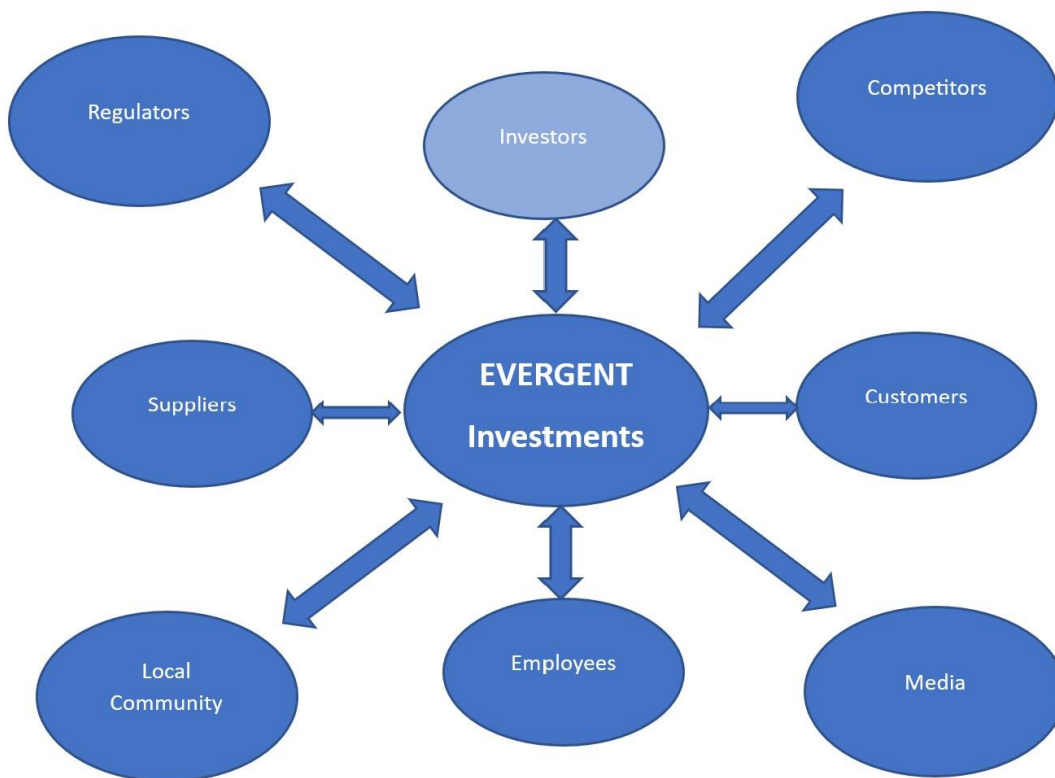




## 9. EVERGENT Investments' approach regarding environment, social and governance aspects - "ESG"

For EVERGENT Investments generating value means, besides financial performance and yield for its shareholder, a positive impact on the environment and community it carries out its activity in, as well. By applying its experience and expertise in the field of investments, the company positions itself to contribute to building a sustainable future.

As efforts to mainstream ESG in the investment sector evolve, EVERGENT Investments' approach will continue to develop. The company works closely with all stakeholders to provide transparency to the approach and to adapt it to their needs.



### Regulatory Framework

EVERGENT Investments, as participant to the financial market falls under the transparency requirements foreseen by regulation (EU) no. 2019/2088 on information regarding sustainability in the financial services sector. EVERGENT has prepared a policy regarding the integration of sustainability risks in the decision-making process and aims to gradually integrate the sustainability decision in investment analysis.

Given this objective, and taking into consideration sustainability risks as relevant risks in accordance with the modifications of (EU) Regulation no. 1255/2021 to amend Regulation (EU) no. 231/2013 concerning risks related to sustainability and sustainability factors that alternative investment funds should take into consideration, EVERGENT Investments aims to gradually integrate sustainability risks in the investment decision.

The integration of ESG factors into the company's investment strategy and policy can reduce risks and increase profitability.

## **Environment Component – “Environmental”**

EVERGENT Investments aims to lead by example and use investment experience to bring about positive changes in the environment. The global transition to zero emissions, according to the Paris Agreement, requires the commitment and collaboration of all sectors.

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 zero-carbon energies will increase from 36% today to 52% by 2040. Romania supports the European Union's environmental objectives aimed at reaching zero carbon emissions by 2050. The decarbonisation target to be reached by 2030, the intermediate stage, has been accelerated from 40% to 55%. This ambitious goal cannot be achieved without the use of all low-carbon 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.”

In line with Romania's energy strategy and the EU Taxonomy, EVERGENT Investments considers gas and nuclear fuel as transitional fuels, indispensable within the European economy to achieve neutrality targets by 2050.

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

### **Which sectors can be targeted by EVERGENT Investments**

In this sense, EVERGENT Investments tries to identify the business segments that manufacture or supply goods, products and services that provide environmental solutions. The company believes that the following can be considered in this area:

- 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 the volume of carbon dioxide (CO<sub>2</sub>) compared to coal plants of equivalent size;
- nuclear energy can have a reversible effect on global warming, considering the fact that energy demand is forecast to increase. During the nuclear fuel cycle, nuclear power plants have very low greenhouse gas emissions compared to other sources of energy production.

EVERGENT Investments analyses the possibility to invest in green financial products. The materialization of this intention depends largely on the ability of the local market to provide such investment alternatives.

At the same time, the Company intends to invest in sovereign green bonds, green bonds listed on BVB or ESG-weighted indices.

EVERGENT Investments mainly considers the growth rates of these companies' profit, and also the sustainability of these profits.

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

to the experience and diversity of the team of analysts, EVERGENT Investments can have a large coverage of the market depending on the sector and the type of activity, so as to identify the investment opportunities it pursues, aligned with sustainability standards.

**The structure of the EVERGENT Investments listed shares portfolio according to ESG principles**

On 31<sup>st</sup> March 2023, over 55% of the asset portfolio is owned by issuers that integrate ESG factors in their activities.

The main issuer is Banca Transilvania, which obtained a very good ESG Risk Rating (17) and is classified in the Low Risk category, in terms of ESG initiatives and performances. Thus, the results of the bank are confirmed in areas such as: governance of the supply of products and services; the policy of excluding polluting sectors with regard to the crediting of fossil fuels; the responsible marketing policy and the initiatives implemented for the development of human capital.

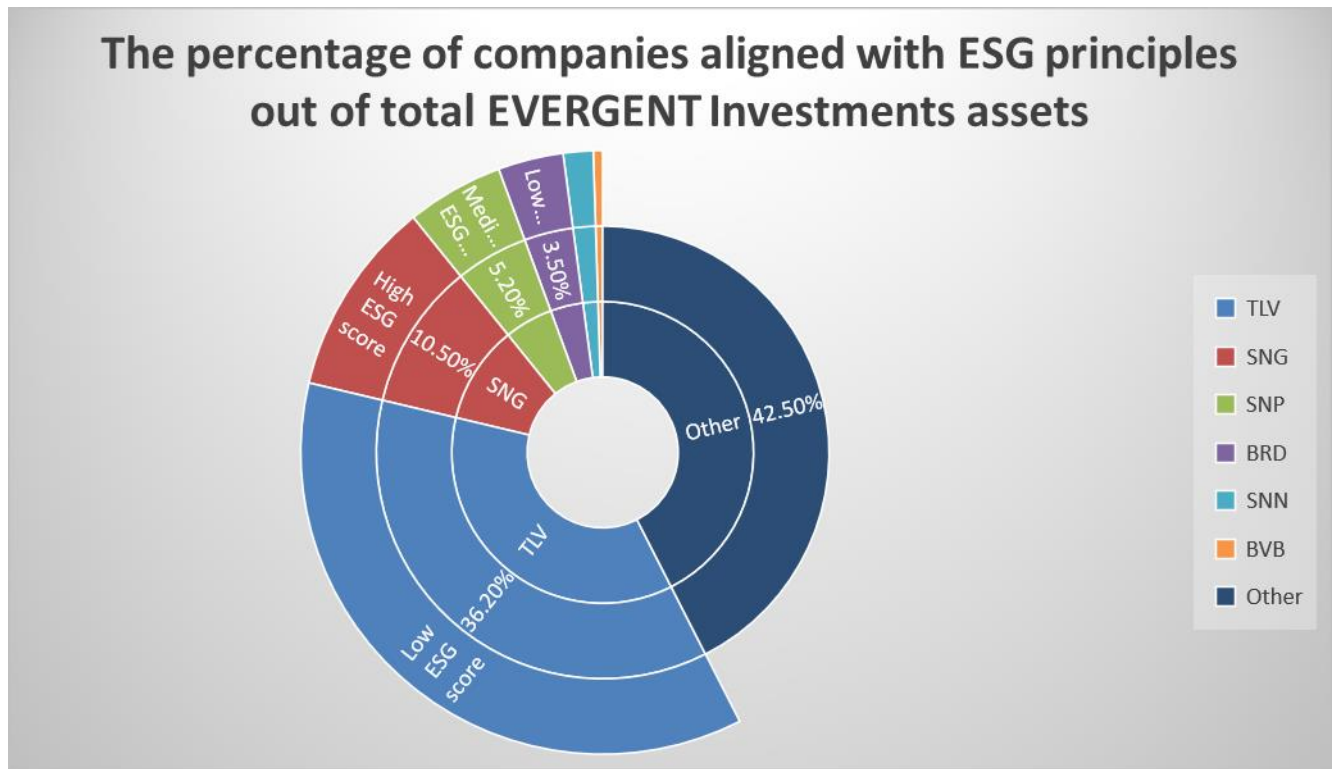
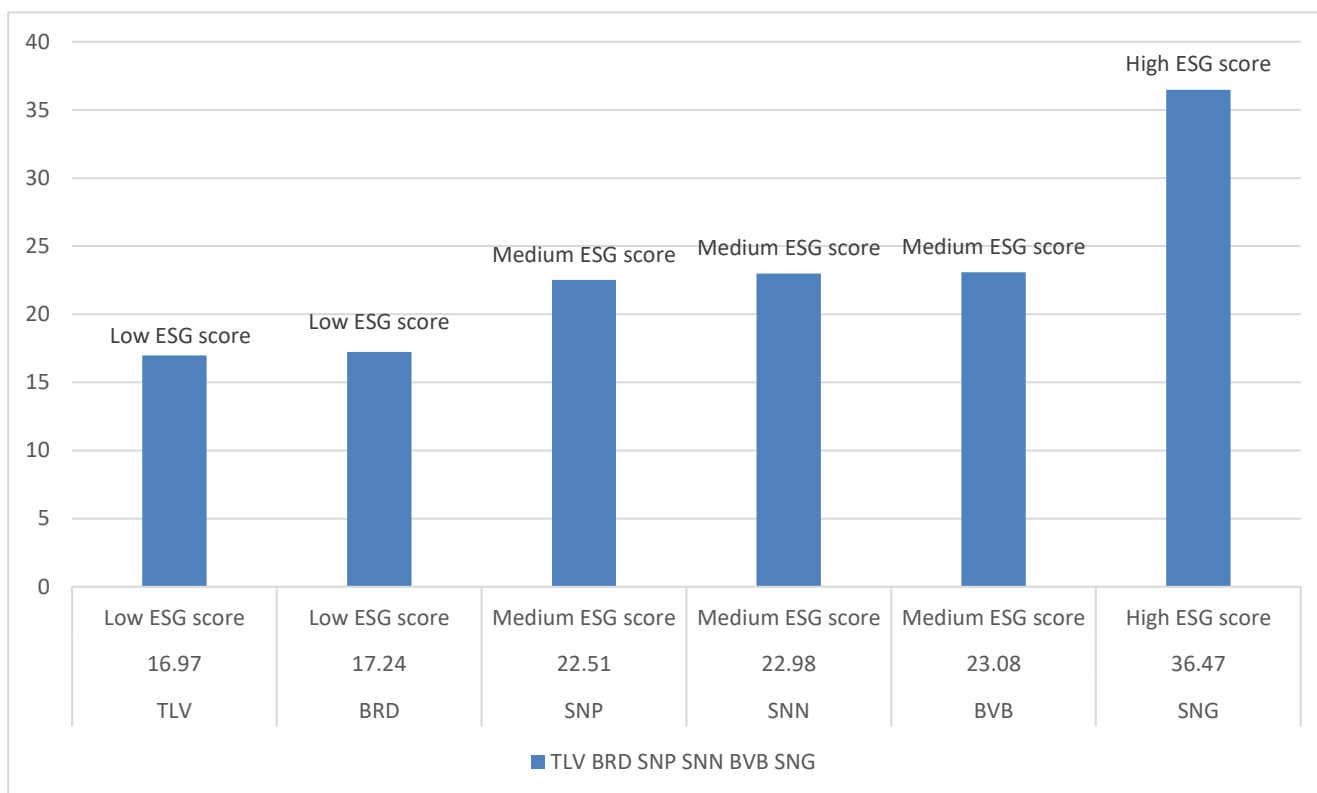


Chart of the ESG scores\* obtained by the issuers from the listed portfolio of EVERGENT Investments



\* ESG score according to Sustainalytics

During 2022, BRD continued to integrate ESG principles in its activity and launched a full range of green credits: "Green Espresso" and "Green Habitat", thus granting sustainable financing worth over 1 billion lei. At the end of 2022, BRD published the first edition of the "Building Tomorrow" sustainability report. From an ESG perspective, the bank aims to provide cumulative sustainable financing of over 1 billion euros by 2025.

AEROSTAR S.A. announced the realization of the investment of three million euros, from its own sources, in securing energy by implementing a photovoltaic park in 2022. The company achieved its objective of contributing to increasing sustainability, reducing the effects of global warming and achieving climate neutrality.

Private – equity Portfolio

EVERGENT Investments has the opportunity to generate a positive impact by being able to influence the behaviour of companies in the private equity portfolio.

The "Atria Urban Resort" project received construction approval for Phase III in 2022. 350 apartments are under construction in 2023, in accordance with the nZEB energy efficiency standard (nearly zero energy consumption), respecting "eco-friendly" principles and reducing the carbon footprint. The buildings will be equipped with solar panels for the preparation of domestic hot water and with heat recovery.

**Social Component – “Social”**

Employees are the essence of EVERGENT Investments' resource mix. The company's philosophy reflects the belief in a culture of performance and team, of people who share the same value system.

The Company believes that a thorough involvement of employees leads to performance and it supports diversity and equity initiatives, constantly promoting a culture of collaboration. EVERGENT Investments continues to improve the working conditions and career plans of the employees. Therefore, sums were allocated through the budget for continuous employee training programs on ESG issues.

EVERGENT Investments offers its employees opportunities to advance and evolve professionally, and in order to keep talented people within the company, it has implemented the "stock option plan" benefit system".

The Company acknowledges the positive impact it can have on the community it is part of, either through capital investments or through sponsorships. It aims to create opportunities for communities with insufficient resources. Therefore, he allocated amounts for donations and sponsorships in 2023 to support excellence and performance in education, to support children from disadvantaged backgrounds, for cultural projects or sports competitions, for health and humanitarian needs or crises.

### Education

The Company is a strong supporter of education and its excellence.

In order to support performance, access to education or excellence in education, EVERGENT Investments supported the organization of the National Physics Olympiad in Bacau, MBA scholarships, the participation of eminent students in national chess competitions, the projects of the FABIZ faculty within the Academy of Economic Studies, Bucharest.

### Health, wellbeing and inclusion

The company is involved in projects that offer financial inclusion and improve the quality of life of disadvantaged people or people with special needs.

Social and humanitarian projects are supported through Casa Sperantei Hospice Foundation, STOP Drug Foundation, through non-profit associations or offered directly to the people in question.

### **Social Responsibility**

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

Its 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 is provided in conditions aligned with European standards.



EVERGENT supports culture because it wants young people to acquire their Romanian identity, to build their curiosity and critical spirit. Through art and culture, it provides all generations 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 achieving 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 it operates in 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.

### **Corporate Governance Component – “Governance”**

EVERGENT Investments applies a corporate governance system aligned with the legal provisions applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority, the provisions of the Corporate Governance Code of the Bucharest Stock Exchange, the OECD principles of corporate governance, as well as the best practices in the field. This system represents the set of management responsibilities and practices to provide a strategic direction and a guarantee regarding the achievement of objectives.

The implementation of corporate governance principles, as well as the development of responsible and transparent business practices, represent important milestones of EVERGENT Investments' activity, at the same time ensuring the prerequisites for obtaining an increase in sustainable performance and for harmonizing the interests of all parties involved in the relationship with EVERGENT.

EVERGENT Investments is based on values such as responsibility, innovation, performance, diligence in action and the way employees go beyond their limits to be better. The company's values are well rooted in the organizational culture, being a guide, both on a personal level and in the business strategy. The company's team is made up of talented and persistent people, who share the same values, which have become competitive advantages and generated performance.

## 10. The Activity of Preventing and Fighting against Money Laundering and Financing of Terrorism

In the first quarter of 2023, the ML/FT designated persons have fulfilled their attributions as set by the law in force and internal procedures. The main operations included targeted:

- ✓ taking the necessary steps to update the Policies and procedures in the matter, in accordance with the changes made during 2023 to FSA Regulation no. 13/2019 regarding the establishment of measures to prevent and fight against money laundering and financing of terrorism through the financial sectors supervised by the Financial Supervisory Authority
- ✓ preparation of specific reports;
- ✓ start of the ML/FT Commission assessment process on the Group level and implementation of the revised procedure in 2023.
- ✓ Preparation and dissemination of the appropriate information on the matter to company employees.

## 11. Subsequent Events

### I. Extraordinary and Ordinary General Meetings of 27<sup>th</sup> April 2023.

The extraordinary and ordinary general meetings of the shareholders of EVERGENT Investments S.A. took place at the first convening, on 27<sup>th</sup> April 2023, at the company's headquarters in Bacău, Pictor Aman str., no. 94C. During the meetings, all items on the agenda were debated and approved.

Among the most important resolutions adopted, we have:

#### Ordinary General Meeting:

1. Approval of the individual and consolidated financial statements for the financial year 2022, accompanied by the reports of the financial auditor and the activity reports of the Board of Directors of EVERGENT Investments related to the financial year 2022.
2. Approval of the distribution of dividends in the maximum amount of 82,712,573 lei from the net result obtained in tax year ended on 31<sup>st</sup> December 2022, comprised of net profit and net gain reflected in retained earnings from the sale of equity instruments classified at fair value through other comprehensive income (FVTOCI) and gross dividend of 0.09 lei/share for shareholders registered on 9<sup>th</sup> June 2023. Payment date is 28<sup>th</sup> June 2023. Dividend yield is 7% on 26.04.2023.
3. Approval of the Activity Program and the Budget for 2023.

#### Extraordinary General Meeting:

4. Approvals for Programs 8 and 9 for buy-back of treasury shares. The company will buyback shares in order to run “*stock option plan*” type programs (Program 8), and to reduce the share capital through share annulment (Program 9). The number of shares that can be bought-back: (i) maximum 9,200,000 shares through market operations (0.956% of registered share capital), for distribution to the employees, directors and managers of the Company through “*stock option plan*” type programs (Program 8) and (ii) maximum 10,000,000 shares (1.039% of registered share capital) through public purchase offering, for the purpose of lowering the share capital through share annulment (Program 9).

- II. Approval of “Plan to grant rights/options– Stock Option Plan” for year 2022 (in accordance with Current Report 2235 on 5<sup>th</sup> May 2023)

*The Q1 2023 Activity Report of the Board of Directors related to the condensed interim individual financial statements on March 31, 2023, was approved in the Board meeting on May 15, 2023.*

**Claudiu Doros**  
**CEO**

**Mihaela Moleavin**  
**Finance Director**

**Michaela Pușcaș**  
**Compliance Manager**

**Georgiana Dolgoș**  
**Director**