



# Board of Directors' Report H1 2023



**Claudiu Doros**

CEO and President of the Board of Directors

***Dear shareholders,***

EVERGENT Investments recorded a good financial performance in the second quarter of 2023, by exceeding the threshold of half a billion euros of total assets under management, i.e. an increase of 2.5% compared to June 30, 2022.

We continued to strengthen the company's position and generated a net result of 47.7 million lei, in the context of heightened volatility, the European and global macro-financial climate and regional geo-political tensions. We acted quickly and focused capital in sectors with development potential.

The pace and speed of change is unexpectedly dynamic and it is not surprising that there are significant disruptions in some areas, offering new opportunities. We have high standards for new investments, but are expanding options to optimise portfolio performance and create long-term value. Thus, investments in the first half of 2023 reached 186 million lei, while we distributed dividends of more than 82 million lei from the net result of 2022.

We remain steadfast in our commitment to delivering results through the consistent application of the company's long-term strategy.

We understand success by the value we create for all stakeholders: investors, partners, employees and the community we are part of.

**Company's Performance**

- ◆ **2,511 million lei** – assets under management (AUM **an increase by 2.5%** compared to 30th June 2022)
- ◆ **2,243 million lei** – net asset value, **of 1.5%** compared to 30<sup>th</sup> June 2022
- ◆ **2.4424 lei** – net asset unit value, **an increase by 2.2%** compared to 30<sup>th</sup> July 2022
- ◆ **47.7 million lei** – **net result**
- ◆ **186.44 million lei** – **equity investments value**

Net result registered on the 30<sup>th</sup> June 2023 is comprised of 26.2 million lei net profit and 21.5 million lei net gain from the sale of financial assets at fair value through other comprehensive income (FVTOCI), reflected in retained earnings.

Investments in securities made in H1 2023 were of 186.44 million lei, representing 61% of the budget approved by shareholders for 2023.

## Portfolio Structure

We are confident that an active management of EVERGENT Investments' portfolio efficiently multiplies our shareholders' capital. Thus, the listed portfolio is built through a dynamic assignment, different from BVB indexes, and therefore we have a proven ability to generate alpha.

Relative to the total value of assets under management, 75% represents the listed shares portfolio while 10.8% is the unlisted shares portfolio. The main sectors in the portfolio structure remain the financial-banking sector with 41.3% and energy-industrial with 22% of total assets value.

## Investment Strategy

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

Our main objectives are therefore:

- ◆ Increase of investments in PRIVATE EQUITY – especially agribusiness and real-estate.
- ◆ Increase of the performance of FINANCIAL-BANKING and ENERGY-INDUSTRIAL portfolios through their active management, as they are the main generators of income and sources for new investments.
- ◆ Capitalization of SELL Portfolio – sale of historic shares portfolio.

Private-equity type investments, an element setting our company apart, contribute to the long-term increase of managed assets yield and ensure the offset of the risk generated by the high volatility of the quotes of the listed securities in the portfolio.

We allocate resources following a fundamental analysis process that identifies resilient business models with substantial long-term returns. Consequently, we implement a customized strategy for each individual project. Our objective is to create stronger companies and long-term sustainable 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 about intensive agriculture with high added value. We are leaders of blueberry production with a planted area of 105 ha planted and pending planting. Blueberry production is a scalable business and we already hold new lands (50ha at EVER AGRIBIO farm), that will guarantee future growth.

- ✓ **“Atria Urban Resort”** real-estate Project- with 50% holding through Straulești Lac Alfa SA, targets the 4-stage building of a residential centre that includes 1.378 apartments, located in the NW area of Bucharest municipality, near Colosseum Retail Park with easy access to the North area of the capital. On the reporting date, the construction and sale for Stage 1 with 160 apartments is completed. Stage 2 includes a number of 398 apartments, was completed in December 2021 and 323 apartments were sold (81%) of the total number of apartments. At present, we are currently running the building of Stage 3, with 350 apartments, in accordance with nZem energy efficiency standards.

Project



Stage 1 - completed



Stage 2 completed



- ✓ **Iași Real Estate Project** developed through EVERLAND SA, from Bd. Primaverii, no. 2, located on a 2.55 ha land is a residential multifunctional complex with office and commercial functions, with zonal urban plan approved on 28th February 2022. EVERLAND Centre, with a value of over 100 million euro, is a major urban reconversion project from a former, unused industrial area to the newest central urban hub in Iași.

Urban indicators in the PUZ stage 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 spread area of 83,800 sqm, of 16,765 sqm offices, 62,870 sqm living area with 850 apartments, 4,191 sqm for additional services, 6,000 sqm green area and the corresponding parking lots, most of them underground.

The final heights and areas can be optimized for best use up to the construction authorization phase.



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



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

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

- 1. Intrarea Straulesti Project** – specific activities for the obtaining of the zone urban plan are currently being run for an area of 16,000 square meters in the Northern part of Bucharest, an area that will be a new premium financial and residential hub.
- 2. Piscul Mosului Project**- another project being prepared for 19,000 sqm land located in an area with residential development potential in the Northern part of the capital city.
- 3. Spatarul Preda Project** shall be developed on an 1148 sqm land in the semi-central area of Bucharest with good prospects in the residential segment.

*Thank you on behalf of the EVERGENT Investments team!*

*Respectfully yours,*

Claudiu Doroş  
President and CEO

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

*Report date:* 11<sup>th</sup> August 2023

*Issuer name:* EVERGENT Investments SA

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

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

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

## Field of activity

### INVESTMENT COMPANY TYPE

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

**Legal framework** - EVERGENT Investments SA is classified according to applicable regulations as Alternative Investment Fund of the Investment Companies Type - F.I.A.S., Alternative Investment Fund intended for Retail Investors (AIFRI), 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 alternative investment funds managers, 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** – value increase of assets under management.

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

**Its Object of activity consists in:**

- a) portfolio management;
- b) risk management;
- c) c) Other auxiliary activities related to collective administration activities permitted by the legislation in force.



## 1. Activity Analysis

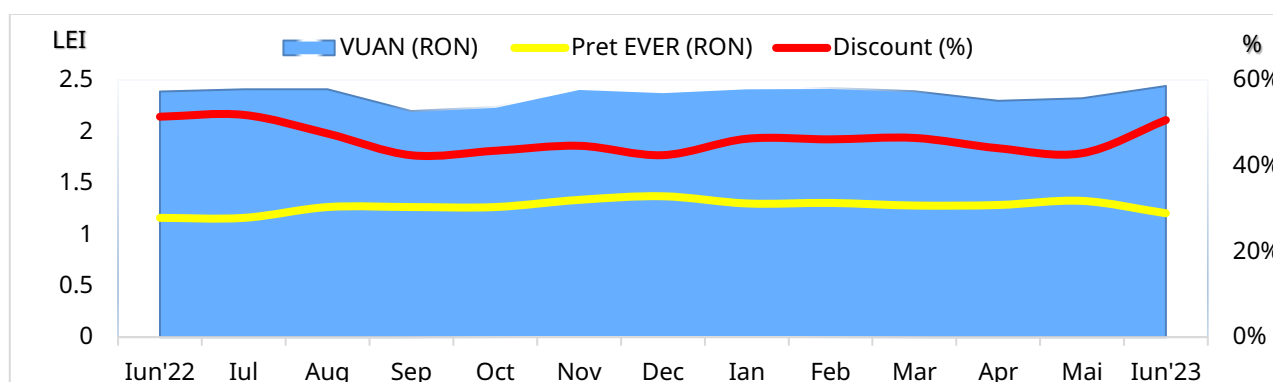
### 1.1. Performances

#### Evolution of assets under management value

Indicator	31.12.2021	30.06.2022	31.12.2022	30.06.2023	30.06.2023 / 30.06.2022 %
Total assets (mil lei)	2,553	2,450	2,365	<b>2,511</b>	+2.5
Net asset (mil lei)	2,383	2,278	2,215	<b>2,243</b>	-1.5
NAVPS (lei)	2,48	2,39	2,38	<b>2,44</b>	+2.2
Market price (lei)	1,22	1,16	1,37	<b>1,21</b>	+3.9
Discount (%) market price / NAVPS	51	51	42	<b>51</b>	0.0pp

\*Calculation methodology for EVERGENT Investment SA's net asset value – page 11.

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

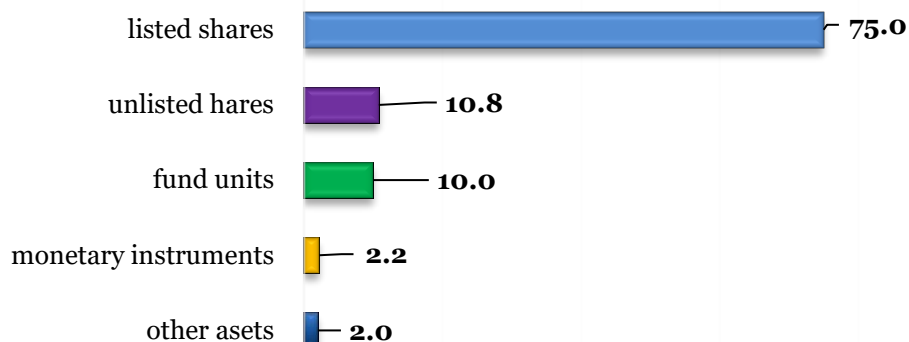


#### Portfolio Structure Evolution

Assets structure (% of total assets value)	31.12.2021	30.06.2022	31.12.2022	30.06.2023	30.06.2023 - 30.06.2022
Shares, of which:	79.1	82.1	82.2	85.8	+3.7
✓ <i>listed</i>	70.2	72.5	71.4	75.0	+2.5
✓ <i>unlisted</i>	8.9	9.6	10.8	10.8	+1.2
Non-UCITS +UCITS (fund units)	12.3	12.3	11.2	10.0	-2.3
Monetary instruments (deposits, availabilities)	6.3	3.2	4.5	2.2	-1.0
Other assets	2.3	2.4	2.1	2.0	-0.4

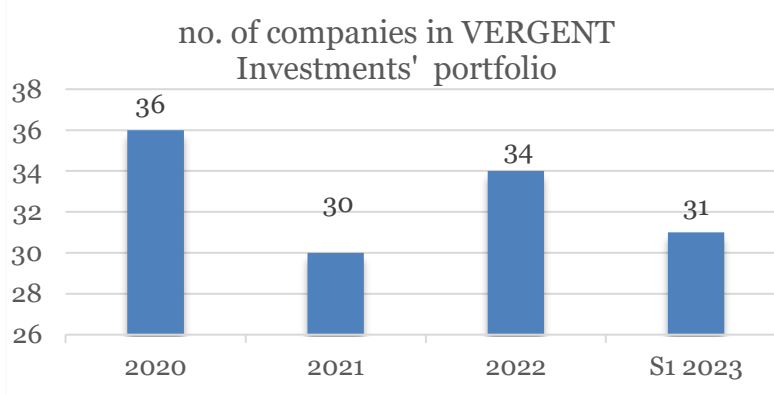
**Portfolio structure – 30<sup>th</sup> June 2023** (% of total assets value)

**Objective:**  
*maintaining the main weight on listed hares*



**Number of companies in the portfolio**

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

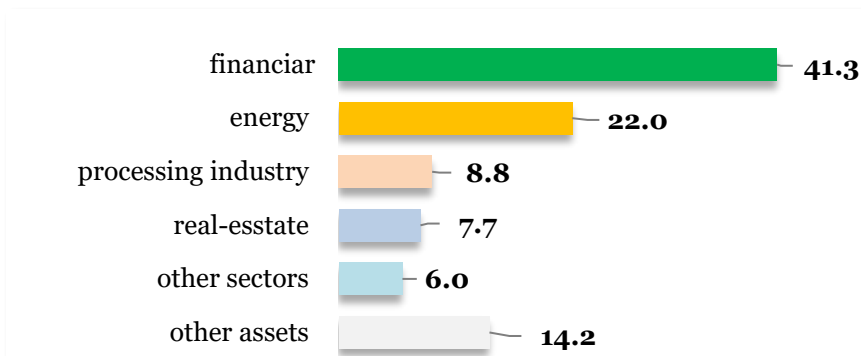


**Sectorial Exposure**

Sectorial exposure (% of total assets value)	31.12.2021	30.06. 2022	31.12.2022	30.06.2023	30.06.2023 / 30.06.2022
<b>Financial</b>	44.8	40.4	42.2	41.3	+0.9
<b>Energy</b>	13.2	20.2	17.3	22	+1.8
<b>Processing industry</b>	8.8	8.7	8.7	8.8	+0.1
<b>Real-estate</b>	6.6	6.7	7.6	7.7	+1.0
<b>Other sectors</b>	5.7	6.1	6.4	6	-0.1

**Sectorial exposure – 30<sup>th</sup> June 2023** (% of total assets value)

**Objective:**  
*Optimizing the financial-banking and energy-industrial sectors as portfolio's stability pillars*


**Top companies/holdings in the portfolio – 30<sup>th</sup> June 2023**

Top companies in the portfolio	> 1% of total assets value (%)	% holding of the issuer's share capital
BANCA TRANSILVANIA	35.5	6.08
OMV PETROM	12.8	1.03
ROMGAZ	8.3	1.22
AEROSTAR	7.6	15.17
BRD - GROUPE SOCIETE GENERALE	3.4	0.92
STRAULESTI LAC ALFA	2.5	50.00
PROFESSIONAL IMO PARTNERS	2.2	31.42
AGROINTENS	2.2	99.99
EVER IMO	1.9	99.99
EVERLAND	1.9	99.99
CASA	1.4	99.77
TRANSILVANIA INVESTMENTS ALLIAN	1.2	4.85
<b>TOTAL</b>	<b>80.9</b>	

**Methodology for calculating EVERGENT Investments SA's net asset value**

Evaluation of EVERGENT Investments SA assets is made by applying specific evaluation methods for each assets category, compliant with the provisions of *FSA Regulation no. 9/2014 on the authorization and operation and investment management companies, undertakings for collective investment in transferable securities and of the depositaries of undertakings for collective investments in securities, with its later amendments and completions and FSA Regulation 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 policies and procedures for asset valuation and notifies them to investors.** Thus through current report on 28.02.2023 we have informed the market that the current regulations available on website [www.evergent.ro](http://www.evergent.ro) are adequate, namely:

1. “Policies and procedures for the valuation of assets and calculation of net asset value per share”.
2. “Rules and procedures for the valuation of EVERGENT Investments' assets “.

## H 2023 / H1 2022 Comparative Evolution within the sector

Within the sector it operates in, EVERGENT Investments registers on 30.06.2023 the highest dividend yield of 7.47% and the second lowest price to NAVPS discount of 50.7%, a slight decrease compared to 30.06.2022.

At the same time, EVERGENT Investments covers the second position for market capitalization, with 1.16 billion lei, after LION (1.21 billion lei). Compared to 30.06.2022, the company's capitalization increased by around 2%. Net asset value of 2.24 billion lei places EVERGENT on the second place, for financial investment companies.

mil lei	LION	EVER	TRANSI	SIF4	SIF5
<b>Net asset 30.06.2023</b>	<b>3,455.86</b>	<b>2,243.11</b>	<b>1,412.90</b>	<b>1,980.42</b>	<b>2,215.88</b>
Net asset 30.06.2022	3,158.63	2,278.31	1,355.85	1,873.21	2,128.61
NAV evolution 23/22%	9.41%	-1.54%	4.21%	5.72%	4.10%
<b>Liquidities 30.06.2023*</b>	<b>205.95</b>	<b>64.75</b>	<b>58.78</b>	<b>163.96</b>	<b>61.94</b>
Liquidities 30.06.2022*	246.23	77.88	33.24	185.07	63.80
Liquidities evolution 23/22%	-16.36%	-16.86%	76.84%	-11.41%	-2.92%
<b>Results of the period 30.06.2023</b>	<b>114.69</b>	<b>26.24</b>	<b>52.38</b>	<b>43.04</b>	<b>18.43</b>
Results of the period 30.06.2022	4.35	54.20	68.77	-69.16	143.98
<b>Capitalization 30.06.2023</b>	<b>1,212.95</b>	<b>1,158.91</b>	<b>611.97</b>	<b>1,039.65</b>	<b>845.00</b>
Capitalization 30.06.2022	1,262.78	1,138.21	518.99	1,098.50	977.50
Capitalization evolution 23/22%	-3.95%	1.82%	17.92%	-5.36%	-13.55%
<b>NAVPS 30.06.2023</b>	<b>6.8227</b>	<b>2.4424</b>	<b>0.6584</b>	<b>2.6020</b>	<b>4.6650</b>
Price 30.06.2023	2.390	1.205	0.283	1.325	1.690
<b>Price/ NAVPS discount 30.06.2023</b>	<b>-65.0%</b>	<b>-50.7%</b>	<b>-57.0%</b>	<b>-49.1%</b>	<b>-63.8%</b>
Price /NAVPS discount 30.06.2022	-60.6%	-51.4%	-61.9%	-41.4%	-54.1%
<b>Dividend 2022</b>	<b>0.000</b>	<b>0.090</b>	<b>0.014</b>	<b>0.000</b>	<b>0.000</b>
<b>DY%</b>	<b>0.00%</b>	<b>7.47%</b>	<b>4.95%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>No. of shares</b>	507,510,056	961,753,592	2,162,443,797	784,645,201	500,000,000

\*availabilities, deposits, state title

### 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 along 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.

The private equity projects set us apart from other actions on the market and provide an attractive yield/risk ratio, with significant long-term profit for our shareholder. We support the companies we invest in to reach their maximum potential. The AIF framework allows us to assign up to 40% of assets to this type of projects.

As an investment perspective in the coming years, we will continue the exposure in agribusiness and real estate, but we can also develop our activity in areas that interfere with the two major themes of global and national interest: technological evolution and environmental protection. For example, we focus on finding and developing companies with technology for clean resources (water, soil, air) and green energy (hydro and photovoltaic).

## Context

The second quarter of 2023 was profitable for international capital markets, but this was not reflected on BVB shoes indexes have had pretty low performances compared to relevant markets.

BUX (Hungary) and WIG 20 (Poland) registered the highest increases of over 20%, in H2 2023. In the last 12 months, the best performance was that of BUX, with 44% increase.

Variations over the last 12 months refer to the period at the start of the war in Ukraine, currently the biggest increases are mainly found on markets that have registered the highest decreases at the start of the war.

The evolution of the BVB in Q2 2023 was below the average of the international stock exchanges, partially motivated by the need for financial resources to participate to the Hidroelectrica IPO.

Index	Q2 evolution 2023	12 months' evolution	Standard deviation
BET-BK	-0.02%	6.27%	7.85%
BUX	22.72%	43.75%	14.58%
Nasdaq Composite	10.91%	22.91%	7.64%
DAX	2.10%	30.69%	13.79%
CAC 40	-0.77%	28.44%	13.01%
PX	-4.41%	13.91%	12.17%
SAX	3.01%	-8.17%	4.03%
SOFIX	10.48%	15.22%	7.02%
S&P 500	6.55%	15.67%	4.74%
WIG 20	22.99%	33.15%	15.83%

Against the background of the easing of the energy crisis, the annual inflation rate fell in June to 10.3% 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 40.4% of total assets on 30<sup>th</sup> June 2023, compared to 42.2% on 31<sup>st</sup> December 2022.

In the first quarter of 2023 we have witnessed the consolidation of the positive climate of the banking system, an evolution supported by the post-pandemic economic recovery, normalization of monetary policy cycle and decrease of interest rates on security.

After the shocks induced by the pandemic crisis and the worsening geopolitical situation in the region following the conflict in Ukraine, the macroeconomic environment was marked by strong inflationary pressures, an accelerating trend of rising market interest rates and high volatility.

The banking sector managed to maintain a proper financial and prudential policy, without transferring or amplifying risks on the level of the real sector.

The war in Ukraine and the associated sanctions continue to generate significant uncertainties and risks to the outlook for economic activities, including the medium-term evolution of inflation, and the

absorption of European funds, mainly those related to the Next Generation EU programme, is subject to the fulfilment of strict targets and milestones in the implementation of projects.

The global macroeconomic climate deteriorated in June. Higher interest rates and the effects of this year's banking crisis will drastically slow economic growth for the world's largest economies, according to the World Bank, which forecasts that advanced economies, namely the US, Japan and countries in the euro area, will grow by just 0.7% overall in 2023, down from 2.6% in 2022.

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

The interbank market ended the first half of 2023 with a substantial liquidity surplus, which exceeded 25 billion lei, daily average, at the end of June, thus remaining in surplus, as it closed the year 2022.

The sum deposited by banks at BNR through the deposit facility was of 25.5 mil lei in June, daily average, a decrease compared to its value in March, April and May. In April 2023 the amount deposited by banks in the deposit facility raised to a maximum of the last decade, 30.7 billion lei, according to BNR.

In the context of the large liquidity surplus in the banking system, the relevant monetary policy instrument in Romania becomes the 6% interest rate on the deposit facility, and not the 7% key interest rate.

The high level of interest on the deposit facility encourages banks to place their money with BNR while lending to the economy has slowed.

The average interest rate offered by BNR to banks on deposits rose to 6% between February and June after 5.93% in January and 5.75% in December 2022.

With the interbank market still in liquidity surplus, BNR remained a net debtor to commercial banks in H1 2023.

The latest interest rate increase was made in the monetary policy meeting of 2023, with BNR raising the benchmark interest rate by 25 base points to 7.00% to anchor expectations regarding the annual dynamics of average-term consumer prices converging towards the target range.

Monetary policy decisions of Fed and BCE remain relevant, along with the attitude of central banks in the region.

In the first half of this year, in a still challenging macroeconomic environment, banks showed a robust performance.

The annual dynamics of the credit granted to the private sector slightly accelerated its decrease in the first two months of the 2<sup>nd</sup> quarter, reaching 7.8% in May, from 10.2% in March, while the lei component pace continued to quickly decelerate and currency credit stopped its ascension, registered successive decreases in April and May. Therefore, the weight of the lei component in the credit granted to the private sector considerably tempered its descending trend, marginally decreasing to 67.6 % in May, from 67.8% in March.

The outlook for 2023 corresponds to a slowdown in economic activity and a persistence of high inflation at the level of European countries. Given that the process of decreasing interest rates is expected to start only in 2024, it is likely that this year will be characterized by pressures on the sustainability of the debt service of the real sector.

In the following period, a series of challenges to the profitability of the banking sector are emerging, against the background of the continued increase in financing costs (especially in the case of term deposits), the deterioration of asset quality (under the influence of the increase in interest rates and a

macroeconomic framework that could affect aggregate demand, with adverse effects on the financial statements of non-financial companies), the reduction of new lending in the context of tightening bank lending standards and a lower propensity for consumption and investment.

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 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 if 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 banking institution in the system remains the main holding of EVERGENT Investments, providing stability and portfolio increase.

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 has obtained a very good ESG Risk Rating this year too, Low Risk, following Sustainalytics analysis. BT rating in 2023 is 15.1 compared to 17 in the previous year - Low Risk in both years ranking BT as 106<sup>th</sup> (compared to 133<sup>rd</sup>, in 2022) out of over 1,000 banks analysed on global level.

The value of Banca Transilvania brand exceeded 500 million USD (513 million USD) entering the top 300, on the 297<sup>th</sup> position. At the same time, it ranks 7<sup>th</sup> in Top 10 Strongest Banking Brands Worldwide, with a brand rating of AAA+.

EVERGENT Investments has implemented an internal mechanism to manage exposure, subjected to the fluctuation of TLV share quote, so that legal and prudential limits regarding holding per issuer are abided by (40%), on Group (50%) and in the bank's share capital (10%).

In the first half 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 at the end of 2022 Banca Transilvania obtained 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 allocate the related profit 2022 for the capitalization of the bank and for the establishment of reserves from retained earnings.

In order to fulfil the legal requirements of MREL eligible debts (valid at the European level), Banca Transilvania sold in the first semester of 2023, bonds of 600 million euros, in an oversubscribed issue in just a few hours, investors placing orders of over 850 of millions of 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). Also in July, Banca Transilvania IFC offered Banca Transilvania 100 million euros as part of a package of subordinated bonds of 200 million euros, together with Asian Infrastructure Investments.

The bank is well capitalized by including the profit of the previous year, and through amounts drawn within the bonds issue this year.

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.

The non-performing loan ratio remains at a low level of only 2.4% and the bank continues its prudent policy and maintains the total provisioning of non-performing loans at a high level of 196%.

Solvency is 19.86% and includes the profit for the quarter ended.

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

The Liquidity Coverage Ratio (LCR), calculated according to the requirements introduced by Basel III, was 345% on 31.03.2023, well above the minimum required level of 100%.

Results registered on 31.03.2023 and bank indicators reported in the first quarter of 2023 speak for a very good management performance.

**BRD - SOCIETE GENERALE (BRD)** – is the third largest bank in Romania, with a solid business model, focused on the retail segment, with a market share of 9.9% on assets.

BRD managed to weather the pandemic turbulence well without jeopardising its balance sheet.

The bank is well positioned and aims to grow healthily and steadily, supporting the transition of Romanian economy towards sustainability. The business model has a moderate risk focused exclusively on internal market and diversified lending.

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

BRD financed more than 1,500 clients in the first half of 2023 under the SME Invest Plus program, approving loans worth 1.6 billion lei and co-financed 450 companies eligible for non-reimbursable grants from the state budget or the European Union budget with a total loan amount of 195 million lei. In addition, the Bank is involved in financing the transition to sustainability, with the total volume of new sustainable financing reaching 1.2 billion lei in the first half of 2023.

The Extraordinary General Meeting of Shareholders approved in its meeting of 16 February 2023 a EUR 300 million package of one/more loans that may be eligible as Additional Tier 1 instruments in accordance with EU Regulation 575/2013. The loans will be perpetual (including call options for the issuer), denominated in EURO or RON, with fixed or variable interest rate, with annual or half-yearly frequency, through one or more issues, carried out until the maximum ceiling is reached.

OGMS approved the non-distribution of dividends to shareholders from the profit registered on 31.12.2022 and the allocation of 2022 profit for the bank's capitalization and the setup of reserves from retained earnings.



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

Holdings of TRANSI shares represented 1.18% of the total assets of EVERGENT Investments as at 30 June 2023. The Company aims to increase the value of assets under management by maximising aggregate returns and aims to continue the process of portfolio restructuring, improving portfolio liquidity and promoting efficient and attractive shareholder remuneration tools. Transilvania Investments aims to maximise 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 Romanian capital market, and holding 4.33%, an important position in the BVB shareholding, is beneficial for our shareholders.

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

The Romanian stock market broke a new milestone and reached an all-time high in June, when the BET-TR index, which includes dividends, crossed the 25,000-point threshold for the first time since its setup.

Also in the first half of the year, the biggest advance was recorded by the energy and utilities index, with BET-NG up 12.5%.

Companies in the BET-TR index have given investors more than 100% gains over the last 5 years, more than double the US S&P500 index and more than double the European STOXX600 index.

Expectations are that the second half of this year will see an increase in market activity compared to the first 6 months. The Hidroelectrica transaction, such an important company in the national economic spectrum, has generated new benchmarks in terms of liquidity and valuation of Romanian listed companies.

We will see a new record year in the equity segment of the Regulated Market in terms of total trading value, including offerings, the previous record being unbroken since 2007, when this value was 13.8 billion lei.

In 2023, the BVB will continue the projects launched in recent years, such as the BVB Research Hub portal and the ESG analysis coverage of listed companies. Thus, in 2022, 17 listed companies were covered by fundamental analysis through the BVB Research programme and 43 companies received ESG analysis following the partnership with Sustainalytics.

### **1.2.2. Energy-Industrial Portfolio**

The weight of energy-industrial portfolio is 29.6% of total assets in H1 2023 compared to 26.9% in H1 2022.

EVERGENT Investments' strategy is to invest in projects and economic activities that have a significant positive impact on the climate and the environment, that comply with social and governance principles in accordance with their potential to grow and provide sustainable and possibly higher returns compared to other investment opportunities in the market.

EVERGENT Investments is interested to assign capital towards projects in economic sectors that

support the transition towards 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 transition fuels, indispensable in the European economy to reach the neutrality targets by 2050.

EVERGENT Investments intends to invest in green financial products. This intension largely depends 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 in ESG-weighted indices.

EVERGENT Investments focuses primarily on the growth rates of company profits, but also on the sustainability of these profits.

EVERGENT Investments assesses investments for sustainability according to an internally developed methodology that analyses environmental, social and governance criteria. The assessment is carried out on the basis of publicly available data in the case of listed companies or data obtained from the management of unlisted issuers.

Information from ESG own assessment represents a support for the investment decision and completes the other analysis elements, representing an advantage/disadvantage in the selection of an investment.

EVERGENT Investments constantly analyses the possibility to assign capital to projects from economic sectors that support the transition towards a sustainable economy, with low carbon gas emissions. For this purpose we shall try and identify business segments that manufacture or supply goods, products and services offering environmental solution. We think that agriculture, renewable energy producing industries (hydro, photovoltaic) or combined emissions, that produce less than half the carbon dioxide volume (CO<sub>2</sub>) compared to coal plants of similar sizes can be classified in this category. Nuclear energy may have a reversible effect on global warming since energy demand is forecast to grow. During the nuclear fuel cycle, nuclear plants have very low greenhouse gas emissions compared to other energy production sources.

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 environment goals of the European Union of achieving zero carbon emissions by 2050. The decarbonisation target to be achieved 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 undertaken 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 is increasing on the global market. The maintenance of gas and oil prices above the average of recent years is supported by the interruption of Russian imports and the fact that, there is currently no infrastructure for the storage of energy from renewable sources on an industrial scale or infrastructure for its transportation. Most likely, on the short and average term, global energy system shall function in a hybrid regime.

**OMV PETROM (SNP)** recorded a loss of 537 million lei in Q2 2023, compared to a net profit of 2.9 billion lei in the same period in 2022. The loss in Q2 was made against the backdrop of solidarity taxes demanded by the PSD-PNL coalition from large energy companies in the total amount of 1,982

million lei, recorded in Q2 2023 and as a result of planned maintenance activities, mainly at the Petrobrazi refinery and Brazi power plant.

Profit before solidarity contribution on refined oil and tax was 1.7 billion lei in Q2 2023, compared to 3.4 billion lei in Q2 2022. The company's sales were 8.4 bn lei in Q2 2023, compared to 13.7 bn lei in the same period of 2022. In H1 (6 months), SNP recorded a net profit of 944 mil. lei, down 80% from 4.6 bn. lei in H1 2022.

Consolidated sales revenues of 17,864 million lei in H1 2023 decreased by 30% compared to H1 2022, negatively influenced by lower commodity prices and lower volumes of petroleum products and electricity sales, only partially offset by higher volumes of natural gas sales. Sales in the Refining and Marketing segment accounted for 66% of total consolidated sales, sales in the Gas and Power segment accounted for 33%, while sales in the Exploration and Production segment accounted for only 0.2% (Exploration and Production sales being mostly intra-Group sales, not to third parties).

The operating result in the first half of 2023 decreased to RON 3,176 million, compared to RON 5,718 million in the first half of 2022, largely due to lower market prices and lower asset availability as a result of planned maintenance activities, mainly at the Petrobrazi refinery and the Brazi power plant, both of which were extended longer than originally scheduled due to additional works identified during maintenance activities..

In May 2023, Law no. 119/2023 approving GEO 186/2022, introduced the obligation to pay for the years 2022 and 2023 a contribution of 350 lei for each ton of processed lignite for companies with lignite extraction and refining activities.

SNP recorded in Q2 2023 the Solidarity Contribution on refined crude oil for the year 2022 in the amount of 1,485 million lei and for the period January - June 2023 in the amount of 498 million lei, presented on a separate line in the condensed consolidated interim statement of income and expenses, above the Income tax line.

Net profit in H1 2023 was 944 mil lei (H1 2022: 4.646 mil lei).

Investments amounted to RON 2,393 million in H1 2023, 72% higher than in H1 2022 (RON 1,389 million).

As at 30.06.2023, the company held liquid assets of 14 billion lei.

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

OMV Petrom, together with its partner Romgaz, has made the final investment decision for the development of the Neptun Deep project in the Black Sea. OMV Petrom is the operator of the project with a 50% stake. The two companies have approved the development plan for the Domino and Pelican South commercial gas fields in the Neptun Deep offshore perimeter, which is being submitted to the National Agency for Mineral Resources (ANRM) for confirmation.

Estimated key aspects of Neptun Deep project:

- total investments for development are estimated at up to 4 billion EUR, to be spent mostly between 2024-2026
- First production is expected in 2027
- Plateau production is estimated at around 140 thousand boe/day for almost 10 years
- Estimated recoverable volumes are currently about 100 bcm (~700 MMboe)
- Unit cost of production is estimated at an average of USD 3/boe (for the life of the deposit)
- HSSE: the carbon footprint is expected to be better than the industry benchmark (plateau production carbon footprint of about 2.2 kg CO<sub>2</sub>/boe, significantly below the industry average of 16.7

kg CO<sub>2</sub>/boe according to the IOGP). State-of-the-art technology and expertise is to be used to produce the natural gas safely and in an environmentally friendly manner.

The Han Asparuh offshore hydrocarbon field in the Bulgarian sector of the Black Sea, under concession from OMV Petrom (42.86%) and TotalEnergies (with 57.14% rights and operator status), has an estimated extraction potential of 13 billion cubic metres of natural gas per year in two blocks, said the head of the French's Bulgarian subsidiary, Yves Le Stunff.

In total, the Bulgarian offshore field is expected to produce 221 billion cubic metres of natural gas, of which OMV Petrom is expected to account for 42.86% or 94.7 billion cubic metres.

It is estimated that in the current economic, legislative and geopolitical context, the prerequisites have been created to rebalance the energy portfolio in order to increase the exposure on the SNP issuer.

The strategy to increase SNP interest is based on:

- high likelihood of SNP price increase
- estimation of a higher dividend yield
- more attractive multiples

We believe that massive investments in green energy will allow SNP to maintain high profitability in the long term by compensating for the reduction in oil production.

SNP has a progressive and predictable dividend policy, a strong balance sheet and there are prerequisites for special dividends in the coming years.

SNP's management has proposed the distribution of a special gross dividend of 0.0450 lei per share. The above special dividend proposal will result in a total dividend per share distributed this year of 0.0825 lei, including the approved basic dividend of 0.0375 lei, resulting in a total dividend yield of 19.6%.

**ROMGAZ (SNG)** Romgaz recorded in Q1 2023 a turnover of 2,909.0 million lei, down by 25.90% or 1,016.8 million lei compared to Q1 2022, at a decrease in volumes delivered of 5.69%. Compared to Q4 2022, turnover increased by 14.21%, while the quantity delivered increased by 6.25%.

The consolidated net profit of 970.0 million lei was down by 0.98% or 9.6 million lei compared to the same period last year. Compared to Q4 2022, the net profit is up by 214.01%, considering that Q4 2022 was affected by the solidarity contribution introduced at the end of 2022 (the contribution, presented as corporate income tax, was for the whole year 2022, not just Q4).

Natural gas production recorded in Q1 2023 was 1,236.7 million cubic meters, 0.73% higher than planned production. Compared to Q1 2022 natural gas production, production recorded in Q1 2023 was 5.4% lower.

The two main charges included under "Other expenses" in the profit and loss account decreased, with a positive effect:

1. Tax on additional revenues was 477 million lei, due to lower gas prices and volumes sold;
2. Royalties for gas production and storage activities amounted to 150 million lei, mainly due to lower reference prices for natural gas on the CEGH and in Romania, as well as lower production;

Other expenses decreased by 67.13% compared to the first quarter 2022. The 1,662.12 million lei decrease is mainly due to the decrease of expenses on additional income tax and royalty expenses. Royalty expenses (including storage activity royalties) decrease by 310.32 million lei (-67.36%) compared to Q1 2022, and additional income tax decreased in Q1 2023 by 1,366.26 million lei (-74.13%) compared to Q2 2022.

Neptun Deep project will increase SNG and SNP profitability starting from 2027.

Romgaz aims to extend through rehabilitation the exploitation duration of mature fields, 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%.

**Iernut gas-fired power plant will be ready within 16 months from the start of works under the new contract signed by Romgaz with Duro Felguera.**

"Completion of works and commissioning of the investment objective Development of the Iernut TPP through the construction of a new combined cycle gas turbine power plant" is the name of the contract that was signed on 3 April by the gas producer with the Spanish company Duro Felguera, after the Board of Directors decided to continue the works with the same constructor at the end of March. The price of this new contract is 344,925,922 lei. The company will pay the contractor a 15% advance. The deadline for completion is 16 months from the date of the order to start work, with the possibility of extension according to the provisions of the contract.

According to the original agreement, the plant should have been completed as early as 2020. The work was delayed by disagreements between Romgaz and the Duro Felguera - Romelectro joint venture, which eventually led to the termination of the contract.

**NUCLEARELECTRICA (SNN)** Revenues realized on the electricity market related to electricity deliveries in Q1 2023 amounted to RON 2,093.4 million, 14% higher than in Q1 2022. Operating revenues increased by 13.5%. This increase is driven by the 14% increase in the weighted average price of electricity sold in Q1 2023 compared to the weighted average price in the same period of 2022, given the sale of a similar total amount of electricity (-0.7%).

Net profit obtained in Q1 2023 was 766.5 mil.lei, a 6% decrease compared to that in Q1 2022.

The average selling price in Q1 2023 was 754.72 lei/Mwh. On the centralized market 44.41% of the production was sold at the mandatory price of 450 lei/Mwh, on the bilateral contracts market it was sold at 1,104 lei/Mwh and on the PZU at 615.99 lei/Mwh.

Expenditure on the contribution to the energy transition fund/additional income tax, amounting to 840,842 thousand lei due for Q1 2023, increased by 83.1% (Q1 2022: 459,177 thousand lei).

Nuclear energy is a sustainable alternative for the development of the energy sector, given the limited resources of energy raw materials and the need for electricity generation without greenhouse gas emissions. The role of nuclear energy becomes even more evident in achieving the ambitious targets for the reduction of greenhouse gas emissions, while contributing to ensuring energy security and promoting an affordable price for final consumers, as well as facilitating the increase of the country's energy independence. Nuclear energy is by far the most efficient, with over 90% capacity factor, followed by biomass (with a low production), hydrocarbons and coals, both with around 40%, wind, with a capacity factor close to the hydroelectric sector and energy from photovoltaic sources, with less than 15%. It should be borne in mind that, while in the case of hydro, wind and photovoltaic sources production is intermittent and the small capacity factor is related to the impossibility of producing more, for coal and hydrocarbons there is a decision not to produce constantly, these sources being the most expensive at the moment, both because of green certificates and because of rising gas prices.

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

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

SN Nuclearelectrica SA has ongoing strategic investment projects worth an estimated €9 billion, including the Unit 1 Refurbishment, Units 3 and 4 project, the development of small modular reactors

in cooperation with NuScale, as well as support projects for current operations, such as the Debris Removal Facility. SNN's investment projects will contribute with clean energy to Romania's energy stability, to the development of the nuclear industry and to the training of a new generation of specialists. The CANDU 3 and 4 Cernavoda NPP project is foreseen in 2019-2030 Romania's Draft Energy Strategy with a 2050 perspective as well as in the National Integrated Energy and Climate Change Plan, as a pillar of Romania's energy independence and the achievement of Romania's decarbonisation targets as an EU Member State. As for the refurbishment of Unit 1, which is expected to extend the reactor's lifetime by another 30 years, the costs are significantly higher than the company's estimates to date (€1.2-1.5 billion). There are 3 refurbishment scenarios, based on different degrees of safety and performance, and the costs range from euro 1.81 billion to 2.09 billion euro. During the refurbishment process, reactor 1 is planned to be shut down from January 2027 to September 2029. In May 2022, Nuclearelectrica, NuScale and E-Infra signed a Memorandum of Understanding to analyse the potential of placing the first small modular reactor (SMR) in Romania on the site of the former Doicești thermal power plant, Dâmbovița County.

**AEROSTAR (ARS)** is a leader in Romania for the manufacture of aviation products, a recognized 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 obtained a net profit of 30 mil.lei a 50% increase compared to that in Q1 2022. 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 102,869 thousand lei equivalent.

The American company Lockheed Martin, in partnership with Aerostar S.A., recently announced that in the coming months they will open a maintenance, repair and overhaul (MRO) centre for Black Hawk helicopters in Bacau, Romania.

According to the contract signed between the two companies earlier this year, the maintenance centre in Bacau will be fully accredited and operational when seven S-70 Black Hawk helicopters, purchased by the Ministry of Interior, arrive in our country. As a reminder, in November 2021 the Ministry of Interior signed a framework agreement for a fleet of 12 Black Hawk helicopters to meet the needs of the country's emergency services.

AEROSTAR S.A. has announced an investment of three million euros in 2022, from its own sources, to secure energy by implementing a photovoltaic park. In the year 2022, AEROSTAR S.A. has achieved the objective that contributes to increase sustainability and reduce electricity consumption by implementing the photovoltaic park to benefit from green energy from its own sources. The photovoltaic park consists of more than 7000 panels, placed on the roofs of buildings owned by AEROSTAR S.A., with a total installed power of 3MW.

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

On 30<sup>th</sup> June 2023, the assets of the 8 subsidiaries of EVERGENT Investments Group registered a value of 218.5 mil. lei, representing 8.70% of EVERGENT Investments' total assets.

## Members of EVERGENT Investments' Group:

N o.	Subsidiary name	Direct holding of EVERGENT Investments – parent company %	Weight of total assets % 30.06.2023	Company type (closed/ listed )	Activity
1	EVERLAND SA Bacău	99.99	1.87	Unlisted	Real estate, private-equity portfolio
2	EVER-IMO SA Bucuresti	99.99	1.90	Unlisted	
3	REGAL SA Galați	93.89	0.28	Unlisted	
4	MECANICA CEAHLAU SA Piatra Neamț	73.30	0.91	BVB-REGS (MECF)	Agriculture, private-equity portfolio
5	AGROINTENS SA Bucuresti	99.99	2.23	Unlisted	
6	EVER Agribio SA Săucești, Bacău	99.99	0.13	Unlisted	
7	CASA SA Bacău	99.60	1.37	unlisted	Garnishment and support for EVERGENT Investments
8	VISIONALFA Investments SA Bacău	99.99	0.01	Unlisted	Financial services (no activity)
	<b>Total</b>		<b>8.70</b>		

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

- implementation of projects in different activity sectors and business development through the companies in EVERGENT Investments' historic portfolio.
- investments in this portfolio represent a “private equity” type approach that involves the **increase of existent holdings (real-estate, agricultural machines, agribusiness, IT), as well as new investments (real-estate, agribusiness, IT)** and provides new average or long-term development 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 companies. In the selection of monitoring of investments in unlisted companies, EVERGENT INVESTMENTS applies a high level of diligence, its staff holds the adequate professional skills and abilities for the activities that are specific in the investment fields: financial analysis, legal, commercial and technical analysis, negotiation, conclusion of agreements and contracts.
- ✓ These assets are assessed in compliance with the evaluation policies and procedures, their value being reported on a monthly basis.

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

Part of the investments presented in the paragraphs below are in their development stage, other are in the maturity stage of a business lifecycle.

**1.2.3.1. AGROINTENS SA – “Extension of BLUEBERRY FARM” Blueberry Farm Project**  
([www.agrointens.ro](http://www.agrointens.ro))

Agrointens SA is a company whose activity consists in the exploitation and sale of blueberry cultures.

**Project description:** the object of the project is the setup and development of farms for blueberry culture. At present the farms in Brașov county- Vistea and Mandra and Arges county - Popesti and Ratesti are in various development stages. At the end of the reporting period, the planted area was 105 ha.

**EVERGENT Investments' investment:** 8.8 million euro.

**Current status:** seasonal agricultural works were carried out and harvesting started.

*H1 2023 Financial results*

Indicators – AGROINTENS (thousand lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 Budget (%)
<b>Total income</b>	27,692	8,246	30
<b>Total expenses</b>	(24,818)	(10,813)	44
<b>Net profit/(los)</b>	2,874	(2,567)	n/a

The registered loss is in agreement with the implementation stage of the financial development model that foresees the purchase of new land and set-up of new blueberry farms with mixed financing, from own sources, bank loan and contribution of majority shareholder.

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

**Premises:** The company owns a land of about 2.55 ha and an administrative building Gf + 8 with a built surface of 4,600 sqm, located in the central area of Iasi. Our detailed analyses and projections focused on both the quality and location of the acquired assets, as well as the significant potential for real estate development in Iasi municipality.

**Status:**

Based on the zonal urban plan approved, we are analysing the development of a real-estate project of around 100 million euro with a total built area of 83,800 square meters.

*H1 2023 Financial results*

Indicators – EVERLAND SA (thousand lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 Budget (%)
<b>Total income</b>	120	116	97
<b>Total expenses</b>	(585)	(272)	46
<b>Net profit/ (loss)</b>	(465)	(156)	34

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

**1.2.3.3. CASA SA**

The company manages its own real-estate and that belonging to EVERGENT Investments and delivers real-estate management services to EVERGENT Investments.

*H1 2023 Financial results*

Indicators – CASA SA (thousand lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 Budget (%)
<b>Total income</b>	6,264	1,568	25
<b>Total expenses</b>	(5,967)	1,534	26
<b>Net profit/(loss)</b>	297	34	11

**1.2.3.4. MECANICA CEAHLAU SA**

The company manufactures agricultural equipment for working the land, and distributes: Steyr tractors, Project herbicide equipment and Stoll front loaders.

*H1 2023 Financial results*

Indicators – Mecanica Ceahlau SA (thousand lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 Budget (%)
<b>Total income</b>	46,300	23,306	50
<b>Total expenses (less income tax)</b>	(43,600)	(23,147)	53
<b>Net profit/(loss)</b>	2,250	(28)	n/a

**1.2.3.5. REGAL SA**

On the report date, the company owns 3 commercial spaces plus its headquarters, with a total built area of about 1,500 square meters. The company continues to sell commercial areas in agreement with the strategy approved.



*H1 2023 Financial results*

Indicators – REGAL SA (thousand lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 Budget (%)
<b>Total income</b>	4,047	295	7
<b>Total expenses (less income tax)</b>	(4,024)	(346)	9
<b>Net profit/(Loss)</b>	(477)	(57)	12

**1.2.3.6. EVER IMO SA*****Future real-estate projects in Bucharest***

Following the success of the "Baba Novac Residence" real estate project, the company has three real estate development projects in the pipeline: the Intrarea Străulești project, the Piscul Moșului project and the Spătarul Preda project.

*H1 2023 Financial results*

Indicators – EVER-IMO SA (thousand lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 Budget (%)
<b>Total income</b>	2,925	1,378	47
<b>Total expenses</b>	(6,616)	(2,994)	45
<b>Net profit/(loss)</b>	(3,691)	(1,616)	44

**1.2.3.7. EVER AGRIBIO SA – *bio blueberry culture Project***

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

We are currently preparing the documentation to access non-reimbursable funds to setup a bio blueberry farm and a logistics area.

*H1 2023 Financial results*

Indicators – EVER-AGRIBIO SA (thousand lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 Budget (%)
<b>Total income</b>	0	26	na
<b>Total expenses</b>	(1,143)	(473)	41
<b>Net profit/(Loss)</b>	(1,143)	(447)	39

**1.2.3.8. VISIONALFA Investments SA**

Company set-up in August 2022 for the purpose of investment funds management; does not carry out an activity.

**Note:** Private Equity Portfolio is also monitoring the following companies:

- ✓ NORD SA - 18,19% holding of share capital and Professional Imo Partners SA - 31.42% holding of share capital that directly/ indirectly participate to the implementation of "**Veranda Mall**" Project Bucharest
- ✓ STRAULESTI LAC ALFA SA - 50% holding of share capital, that implements "**Atria Urban Resort**" Project, Bucharest
- ✓ AGROSERV MARIUTA SA –11.44% holding of share capital, with „Lăptăria cu caimac” brand
- ✓ mWare SOLUTIONS SA –5.6% holding of share capital, operating in the IT/Big data/AI field

**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 building of "VERANDA MALL" shopping centre in Bucharest and its operation through Veranda Obor SA company. The trade centre is a proximity mall, located in a densely populated area with good foot traffic, Obor-Colentina. "VERANDA MALL" opened on 27<sup>th</sup> October 2016.

**Project characteristics:** GLE (developed built area) around 67,000 square meters; GLA (rentable area) around 34.000 square meters following expansion; no. tenant-shops: 100; occupancy rate: 97%  
**Investment:** The value of EVERGENT Investments' investment reaches 14,3mil euro. EVERGENT Investments indirectly holds in Veranda Obor SA around 37% interest through Professional Imo Partners SA (PPLI) and Nord SA (NORD), companies listed on BVB – ATS segment.

**Current status:** Following the pandemic crisis, the mall increased its activity, revenues have exceeded the pre-pandemic level.

#### 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 company. The projects targets the building of 1,378 apartments in 4 stages, on a land of around 9ha, located in the NV area of Bucharest municipality, in the vicinity of Colosseum Retail Park with easy access to the northern area of the capital city..

**Investment:** EVERGENT Investments is shareholder in STRAULESTI LAC ALFA SA, along with CityRing Property SRL and Mr. Liviu Lepadatu who provides the management of the development of the real-estate project. EVERGENT Investments' total investment is 8,3 mil euro. Project financing is ensured both with own capital and bank loan, bonded assets, and the project's estimated realization value is 100 mil. euro.

#### **Current status:**

- ✓ Stage 1, that includes a number of 160 apartments, was completed and sold in full;
- ✓ Stage 2 that includes 398 apartments was completed, 323 apartments being sold;
- ✓ Stage 3 includes 350 apartments, currently under construction.

#### *H1 2023 Financial results*

Indicators – STRAULESTI LAC ALFA SA (mii lei)	2023 Budget	Achieved H1 2023	Achieved H1 2023 / 2023 IEB (%)
<b>Total income</b>	106,645	38,810	36
<b>Total expenses (less income tax)</b>	(102,783)	(38,103)	37
<b>Net profit</b>	3,275	566	17

#### 1.2.3.11. AGROSERV MARIUTA SA

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

Agroserv Măriuța SA is a company that carries out a mixed agricultural activity, i.e. vegetable cultivation, livestock breeding, and cow milk processing, obtaining dairy products – whole milk packaged in bottles, matured cheeses, acidophilic products.

The company follows an integrated business model, distributing dairy products through Key Accounts, company-owned stores, and online platforms. The company's product portfolio includes milk, yogurt, sour cream, cottage cheese, and buttermilk. All brand products (except for cheeses) are packaged in glass containers.

The company's operations were impacted in 2022 by inflation, rising energy and fuel prices, the conflict in Ukraine, springtime drought, as well as the delayed availability of non-repayable financing lines for the company's investment plans. These factors were reflected in the results as of 31 December 2022, through an 11% increase in expenses and a 7% increase in operating revenues compared to the previous year, resulting in a net loss of 1.9 million lei with a turnover of 72.9 million lei.

For the year 2023, the company aims to achieve a turnover of 79.6 million lei and a net profit of 2.1 million lei. These plans are supported by the expansion of the irrigation system, the increase in

productivity at the livestock farm and the factory, and by the implementation of investment projects, namely the packaging washing line and the biogas station.

The company will report the financial results for the first half of 2023 on 27th September.

**Status:**

Investment programs in 2023: packaging washing line and biogas station

Mixed financing: equity, bank credit and non-repayable funds.

**1.2.3.12. mWare Solutions**

MWARE Solutions SA (<https://www.bigconnect.io/>) is a significant local player in the deep-tech IT sector, providing integrated Big Data, artificial intelligence and digitalization solutions for both the public and private sectors, primarily targeting industries dealing with large data volumes, such as telecommunications, financial-banking, energy, agriculture or healthcare.

The company has developed its own platform that introduces the capability to analyze unstructured data within organizations using a semantic data understanding model based on neural networks. It features native deep learning and machine learning capabilities to discover new perspectives for decision-making, customer understanding, new indicators, and possibilities for AI-based process automation.

To prepare for future projects, during the first half of 2023, the company focused on increasing its workforce by 75% compared to the beginning of the year, expanding the range of offered solutions (including smart city solutions, AI laboratories and industry-specific products), and growing its client portfolio in both the public and private sectors.

MWARE Solutions has built a comprehensive digitalization stack, which, alongside the existing BigConnect products, includes an Enterprise edition database and a low-code framework for application development. This stack currently represents a complete and highly competitive alternative to the technological stacks offered by other market players.

The IT sector holds significant importance in the Romanian economy, contributing approximately 6.2% to the Gross Domestic Product (GDP), totaling 13.6 billion euros. Expectations for this sector include double-digit growth rates in the upcoming years, further bolstered by the National Recovery and Resilience Plan (NRRP) through Component C7 – 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 of the holdings it comprises. In order to reach the investment objectives foreseen in “EVERGENT Investments SA’s Investment Strategy and Policy”, in the first half of 2023 we continued to reduce the weight of SELL Portfolio in the total assets of the company.

Thus, through the sale of holdings in the SELL portfolio, on 30<sup>th</sup> June 2023, the share was 0.26% of total assets, compared to 0.42% on 30<sup>th</sup> June 2022.

By 30<sup>th</sup> June 2023 all holdings 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 EVERGENT's investment needs of EVERGENT Investments SA.

Through activities specific for the SELL Portfolio, we have ensured the active participation of EVERGENT Investments to the General Meetings of Shareholders of companies in this portfolio, questions were asked to the Board of Directors, the legality of the resolutions of the general meetings of shareholders / decisions of the board of directors that affected the interests of minority shareholders were monitored, and challenge proposals were prepared, depending on the case.

### 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 H1 2023	% achievement H1 2023
<b>Total investment program</b> , of which allocated for the portfolios:	<b>305.2</b>	<b>186.4</b>	<b>61</b>
• FINANCIAL -BANKING		0	
• ENERGY-INDUSTRIAL		168	64.6
• PRIVATE – EQUITY		18.4	

### 1.2.6. Main Risks and Uncertainties in H2 2023

According to BNR's May 2023 Inflation Report, the economic implications of the war in Ukraine reconfirm their importance as a major risk source. Its future stages and intensity are fraught with many uncertainties, but based on actual developments on the ground, as it becomes more and more likely that the armed conflict will extend over a longer period of time. Geopolitical risks were amplified, including in view of a possible escalation of trade disputes between China and USA.

Such a development would be likely to delay or even reverse progress in restructuring and streamlining global value-added chains, leading to further inflationary spikes and further slowdowns in economic activity. As seen in a number of recent episodes - notably the one that culminated in China's self-isolation amid the response to the COVID pandemic in that country - spill-over effects are multiple and have the potential to be relatively far-reaching.

A significant source of uncertainties and risks also remains the absorption of European funds, mainly those related to the "Next Generation EU" programme, in the context of the attached conditionalities.

High uncertainties and risks continue to be associated to the tax policy given on one hand the budget deficit target set for the running year with a view to further budgetary consolidation in the context of the excessive deficit procedure and significant increase of financing cost, and on the other hand the characteristic of budget execution in the first months of the year and sets of support measures placed to be implemented or extended in 2023, in a difficult domestic and international social environment, with possible adverse implications on the final budget parameters.

The residential market is expected to decline, suggesting that it has entered a readjustment phase and is experiencing a slight downturn. This trend is influenced by financing conditions and market sentiment. Residential prices in 2022 increased by 2.4%, which is much less than the 10.8% increase in 2021, and is also the weakest increase since 2015.

According to data published by the NSI, in February 2023 there was a decrease in the number of building permits issued for residential buildings (-27.4%) compared to February 2022 at national level.

In the Bucharest-Ilfov region there is a 50% decrease in the number of building permits issued. In 2022 there was a 22% decrease compared to 2021.

Residential real estate market in Bucharest and Romania is experiencing a regression and readjustment phase with a slight drop in prices and a decrease of building permits issued.

But the process of interest rate cuts will be slow and inflation will be hard to bring down, especially as the wage growth spiral has begun. Credit-based purchases have fallen sharply, so what is currently traded is mostly cash-based, with purchases being made more from cash accumulated by customers. Prices have slowed down, but they are not falling either. Cash has been accumulating in the market, waiting for investment opportunities.

From the 1<sup>st</sup> April 2023 the new IRCC came into force, that was 5.98% for Q1 2023 to which 2% bank margin was added, resulting in the end, with all DAE fees to over 8%. On the 1<sup>st</sup> June, IRCC changed to 5.94%.

It is estimated that the building materials market will enter a balanced trend in 2023. In Bucharest, the situation generated by the blocking of PUZs will contribute to the reduction of housing supply in the coming period.

## 2. Financial Position and Performance

The interim condensed separate financial statements for the six months' period ended on 30<sup>th</sup> June 2023 were prepared in accordance with IAS 34 "Interim Financial Reporting" and applying the provisions of Rule 39/2015 for the approval of Accounting regulations in accordance with the International Financial Reporting Standards ("IFRS"), applicable to entities authorized, regulated and supervised by FSA. According to Rule 39/2015, IFRS represent the standards adopted according to the procedure foreseen by (CE) no. 1606/2002 of the European Parliament and Council on 19th July 2002 regarding the application of international accounting standards, with the subsequent amendments and additions

The interim condensed, separate financial statements for the six months' period ended on 30<sup>th</sup> June 2023 have not been audited.

In the first half of 2023, the financial position of the Company recorded an increase of more than 6%, on the back of the appreciation of stock market prices in this period, but also due to the use, in the first quarter of the year, of the credit facilities contracted from Banca Commerciale Romana to take advantage of market opportunities.

The net result obtained in this period, including, together with the net profit, net gain from the sale of financial assets classified at fair value through other comprehensive income (FVTOCI) represent 60% of the level budgeted for the entire 2023.

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

#### ➤ Individual statement of comprehensive income:

(lei)	2021 (audited)	6 mths 2022 (unaudited)	2022 (audited)	6 mths 2023 (unaudited)
<b>Revenue</b>				
Gross dividend revenue	54,656,711	85,182,439	120,777,371	32,948,168
Interest revenue	4,718,481	3,302,059	7,087,713	3,681,078
Other operating income	1,030,926	1,087,632	1,607,660	510,418
Net gain/ (net loss) on FVTPL financial assets	25,460,617	(18,545,690)	(474,436)	11,398,289
Net gain on real-estate investments	143,329	-	798,078	-
<b>Expenses</b>				
Loss reversal on financial assets impairment	3,895,437	2,284,442	2,332,072	19,645
(Loss)/Loss reversal on impairment of non-financial assets	(28,989)	671	671	-
(Setup)/Reversal of provisions for risks and expenses	(1,620,399)	44,446	117,190	-
Expenses with wages, remuneration and other similar expenses	(29,426,547)	(8,534,927)	(28,773,429)	(9,839,136)
Other operating expenses	(10,477,957)	(5,169,699)	(11,660,747)	(6,499,583)
<b>Operating profit</b>	<b>48,351,609</b>	<b>59,651,373</b>	<b>91,812,143</b>	<b>32,218,879</b>
Financing expenses	(42,218)	(46,642)	(95,436)	(1,679,734)
<b>Profit before tax</b>	<b>48,309,391</b>	<b>59,604,731</b>	<b>91,716,707</b>	<b>30,539,145</b>
Profit tax	(1,920,757)	(5,408,413)	(8,863,072)	(4,303,104)
<b>Net profit</b>	<b>46,388,634</b>	<b>54,196,318</b>	<b>82,853,635</b>	<b>26,236,041</b>
<b>Other comprehensive income</b>				
Reserve increase from revaluation of property, plant and equipment, net of deferred tax	439,940	14,352	806,957	18,569
Net gain/ (Net loss) from revaluation of FVOCI assets	414,290,697	(87,467,793)	(168,168,297)	99,950,154
<b>Other comprehensive income- elements that will not be reclassified in profit or loss</b>	<b>414,730,637</b>	<b>(87,453,441)</b>	<b>(167,361,340)</b>	<b>99,968,723</b>
Net gain/(net loss) on the revaluation of FVTOCI bonds	45,845	(79,175)	(105,304)	(146,945)
<b>Other comprehensive income – elements that will be reclassified in profit or loss</b>	<b>45,845</b>	<b>(79,175)</b>	<b>(105,304)</b>	<b>(146,945)</b>
<b>Other comprehensive income elements - Total</b>	<b>414,776,482</b>	<b>(87,532,616)</b>	<b>(167,466,644)</b>	<b>99,821,778</b>
<b>Total comprehensive income of the period</b>	<b>461,165,116</b>	<b>(33,336,298)</b>	<b>(84,613,009)</b>	<b>126,057,819</b>
<b>Basic and diluted earnings per share (net profit per share)</b>	<b>0,0477</b>	<b>0,0568</b>	<b>0,0874</b>	<b>0,0287</b>
<b>Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)</b>	<b>0,1536</b>	<b>0,0683</b>	<b>0,1244</b>	<b>0,0523</b>

In the first half of 2023, the Company registered a profit of 26.2 million lei generated both by dividend income received from companies in the portfolio and from gain from the revaluation of assets measured at fair value through profit or loss (FVTPL).

Comprehensive income of this period was also influenced by net gain from the revaluation of financial assets measured at fair value through other comprehensive income (FVTOCI), of 100 million lei, caused by the price increase of listed shares in the portfolio.

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

Consequently, management considers net result as a performance indicator, along with Net profit and net gain from the sale of FVTOCI assets.

(lei)	2021 (unaudited)	6 months 2022 (unaudited)	2022 (audited)	6 months 2023 (unaudited)
<b>Net profit</b>	46,388,634	54,196,318	82,853,635	26,236,041
Gain on the sale of FVTOCI* financial assets, net of tax, recycled in retained earnings	102,908,216	11,003,715	35,081,104	21,504,320
<b>Net result (including gain on the sale of FVTOCI financial assets)</b>	<b>149,296,850</b>	<b>65,200,033</b>	<b>117,934,739</b>	<b>47,740,361</b>

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

### ➤ Management Expenses

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

**The monthly average of monthly management expenses represents 0.09% of total assets**, being lower than the average commissions paid to investment fund managers in Romania (0.15% - 0.32%).

### Structure of Management Expenses

<b>Management Expenses (lei)</b>	<b>13,157,290</b>
<b>Expenses with wages, indemnities and similar, of which:</b>	<b>9,943,866</b>
- wages and indemnities	9,630,037
- expenses for social insurance and protection and other social expenses	209,099
- expenses for professional training	104,730
<b>Expenses for outsourced services and other operating expenses</b>	<b>2,792,121</b>
Expenses for water and energy	341,349
Expenses for fuel and materials	79,954

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

In management expenses, the main weight, of 76%, is held by *expenses with indemnities, wages and other similar* (wages, indemnities, social insurance expenses, expenses for the training of staff, directors and manager). For more details regarding expense with wages, indemnities and other similar expenses, divided in fixed and variable expenses, see explanatory note 7 to the Individual Financial Statements on 30<sup>th</sup> June 2023.

*Expenses for outsourced services and other operating expenses* represent 21% of total management expenses and mainly include services for the monitoring of companies in the portfolio, professional consultancy, management of spaces and archive, insurance, postal expenses and subscriptions, rents, royalties, concession fees, protocol expenses, travel, expenses for maintenance and repair, other operating expenses.

➤ **Separate Statement of Financial Position:**

(lei)	31 <sup>ST</sup> December 2021 (audited)	30 <sup>th</sup> June 2022 (unaudited)	31 <sup>st</sup> December 2022 (audited)	30 <sup>th</sup> June 2023 (unaudited)
<b>Assets</b>				
Cash and current account	267,380	10,733,101	788,781	1,301,763
Bank deposits with initial maturity within 3 months	157,466,639	67,259,737	104,971,764	51,984,252
Bank deposits with initial maturity over 3 months	-	-	-	10,340,300
Financial assets measured at fair value through profit or loss	381,215,357	367,669,668	333,619,756	324,310,369
Financial assets measured at fair value through other comprehensive income	1,952,286,731	1,945,579,520	1,875,688,529	2,080,328,258
Bonds at fair value through other comprehensive income	3,982,215	4,067,742	3,982,047	3,963,426
Bonds at amortized cost	34,171,645	34,160,824	17,550,535	16,720,903
Other financial assets at amortized cost	5,361,399	3,190,908	9,869,910	4,877,649
Other assets	1,579,222	1,036,729	497,055	605,703
Fixed assets held for sale	-	-	-	212,738
Investment property	4,247,186	4,247,186	4,284,448	4,071,710
Plant, property and equipment	8,308,912	8,540,881	9,282,127	9,005,516
Right-of-use assets	3,570,975	3,287,958	3,474,536	3,040,945
Intangible assets	360,960	324,174	412,375	444,971
<b>Total assets</b>	<b>2,552,818,621</b>	<b>2,450,098,428</b>	<b>2,364,421,863</b>	<b>2,511,208,503</b>
<b>Liabilities</b>				
Loans	-	-	-	95,627,836
Lease liabilities	3,511,637	3,243,980	3,456,939	3,058,477
Dividends payable	34,036,742	52,576,181	42,633,808	54,467,644
Current income tax liabilities	-	-	5,370,896	3,334,643
Financial liabilities at amortized cost	1,833,601	687,617	2,871,103	700,740
Other liabilities	3,409,990	2,565,452	4,154,999	4,723,696
Provisions for risks and expenses	1,749,743	1,705,297	1,632,553	1,632,553
Deferred tax liabilities	125,338,378	111,090,834	89,669,402	104,652,052
<b>Total liabilities</b>	<b>169,880,091</b>	<b>171,869,361</b>	<b>149,789,700</b>	<b>268,197,641</b>
<b>Equity</b>				
Share capital	510,105,062	510,105,062	499,988,637	499,988,637
Retained earnings	981,801,980	984,949,030	1,018,427,444	997,572,538
Reserves from the revaluation of property, plant and equipment	8,967,836	8,982,188	9,774,793	9,793,362
Reserves from the revaluation of financial assets at fair value through other comprehensive income	903,246,143	804,695,460	699,891,438	778,190,327
Treasury shares	(41,119,507)	(45,723,253)	(38,991,230)	(56,514,937)
Equity-based payments to employees, directors and administrators	16,252,012	10,850,388	20,765,780	9,905,947
Other items of equity	3,685,004	4,370,192	4,775,301	4,074,988
<b>Total equity</b>	<b>2,382,938,530</b>	<b>2,278,229,067</b>	<b>2,214,632,163</b>	<b>2,243,010,862</b>
<b>Total liabilities and equity</b>	<b>2,552,818,621</b>	<b>2,450,098,428</b>	<b>2,364,421,863</b>	<b>2,511,208,503</b>

In the first half of 2023 EVERGENT Investments' total assets increased by 6.2%, on the background of the appreciation of stock prices in this period, but also due to the use, in the first quarter of the year, of the credit facilities contracted from Banca Comerciala Romana to take advantage of market opportunities.

The main modification from the point of view of assets structure was the decrease of bank deposits, liquidities being used together with the credit facility for investments in listed shares, classified at fair value through other comprehensive income (FVTOCI). The Company's liquidity level was impacted by the payment of dividends distributed from the net result of 2022 in June 2023.

The Company's total liabilities increased from 149.8 million lei on 31 December 2022 to 268.2 million lei on 30 June 2023.



## 2.2 Performance Indicators

	2021	6 months 2022	2022	6 months 2023
<b>Current liquidity indicator</b>	6.6	3.1	3.5	1.5
<b>Rotation speed of debits- clients</b>	29	9	21	27
<b>Rotation speed of intangible assets</b>	0.043	0.045	0.07	0.02
<b>Basic and diluted gain per share (lei/share)</b>	0.0477	0.0568	0.0874	0.0287
<b>Basic and diluted earnings per share (lei/ share)</b>	0.1536	0.0683	0.1244	0.0523

*Specification:*

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

*Note:*

- (1) *Turnover* includes revenue from dividends, interest, other operating revenue and net gain from financial assets at fair value through profit or loss
- (2) *Earnings per share*, namely gain per share were calculated using the average number of shares in circulation (e.g. less treasury shares bought-back by the Company).

## 2.3 2023 Budget Achievement Degree

million lei	budgeted 2023	achieved 6 months 2023	Achievement degree %
<b>Total income</b>	<b>102.75</b>	<b>48.66</b>	<b>47</b>
<b>Financial income</b>	<b>101.96</b>	<b>48.05</b>	<b>47</b>
• dividend income	97.43	32.95	34
• income from bank deposits and bonds	4.53	3.68	81
• net gain from FVTPL financial assets	-	11.40	n/a
• other financial revenue	-	0.02	n/a
<b>Other operating revenue</b>	<b>0.79</b>	<b>0.61</b>	<b>77</b>
• income from rent and connected activities	0.79	0.57	72
• other income from current activity	-	0.04	n/a
<b>Total expenses</b>	<b>(71.03)</b>	<b>(18.12)</b>	<b>26</b>
<b>Financial expenses</b>	<b>(24.58)</b>	<b>(3.10)</b>	<b>13</b>
• net loss on FVTPL financial assets	(17.15)	-	n/a
• expenses with commissions for transactions and bank commissions	(0.91)	(0.26)	29
• expense with currency rate difference	(1.81)	(1.17)	65
• other financial expenses	(4.71)	(1.67)	35
<b>Current activity expenses</b>	<b>(46.45)</b>	<b>(15.02)</b>	<b>32</b>
<b>Gross profit</b>	<b>31.72</b>	<b>30.54</b>	<b>96</b>
Income tax	(6.97)	(4.30)	62
<b>Net profit</b>	<b>24.75</b>	<b>26.24</b>	<b>106</b>
Net gain on the sale of FVTOCI assets	54.18	21.50	40
<b>Net result</b>	<b>78.93</b>	<b>47.74</b>	<b>60</b>

**Net result** obtained in the first 6 months of 2023 represents 60% of the level budgeted for the entire 2023, being generated both by dividend income and net gain on the revaluation of FVTPL financial assets, as well as net gain on the sale of FVTOCI financial assets.

At the same time, current activity expenses (the main expense category) represent 32% of the total budgeted for the entire 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 information relevant for the fulfilment of 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 responsibility of risk managers is not limited to the level of specialists in the field of risk 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 point of view it is subordinate to the CEO. Its position in the organisational chart, ensures direct access and reporting to the Audit Committee and Board of Directors, as well as the necessary independence 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. 9/13.08.2019.

Following the examination of the characteristics and performances of the risk management system, the Board of Directors concluded that in the first half of 2023, 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.

The personal 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 - 30.06.2023:**

- ✓ Annual revision of the risk management policy, risk profile and risk management procedures. Notification to FSA regarding the revised Risk Policy and Profile.
- ✓ Assessment of the company's risk profile;

- ✓ Calculation of risk indicators set in accordance with risk management procedures and analysis of the abidance by them and by the approved risk tolerance limits;
- ✓ Risk analyses regarding the investments proposed by the portfolio management departments;
- ✓ Analysis of the impact of the 2023 activity program on the structure of assets, the system of prudential limits and the risk profile of the company;
- ✓ Assessment of the way in which variable remuneration structure affects the company's risk profile
- ✓ Daily monitoring of the abidance of assets in the portfolio by prudential limits;
- ✓ Follow-up of the fulfilment of measures set in the Annual Risk Response Plan and on the Report Sheets for operational risk events;
- ✓ Analysis of the abidance of assets categories by risk classes, depending on their liquidity degree;
- ✓ Monitoring of the synthetic risk indicator (SRI) of EVERGENT Investments' share and calculation of previous performance scenarios;
- ✓ Weekly and monthly monitoring of liquidity risk indicators;
- ✓ Calculation of exposure and leverage;
- ✓ Completion of the Risk Profile section in the half-yearly institutional report annex (Annex IV to (EU) Regulation 231/2013);
- ✓ carrying out annual crisis simulations;
- ✓ Calculation of own funds and own fund's needs;
- ✓ Update of ISR and previous performance scenarios with the data on 31.05.2023, within the Key Information Document revised following the change of the company's assets depository.
- ✓ 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

**Risk profile** represents all exposures of EVERGENT Investments to real and potential risks. EVERGENT Investments' risk profile on 30.06.2023 and is the following:

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

Risk type	Undertaken risk level	Risk level on 30.06.2023
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 30<sup>th</sup> June 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 01.01.2023-30.06.2023 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 Investments is exposed to are:

### 1. **Market Risk**

Most of EVERGENT Investments' assets are subject to market risk, defined as modification potential of their market value. We distinguish between three types of very different market risks:

- a) **Price risk** derives from market movements, assets exposed to it being financial assets such as shares and holding titles in open or closed investment funds. Since assets exposed to price risk hold a weight of around 95% of total assets under management on 30th June 2023, market risk being a relevant risk for EVERGENT Investments.
- b) **Currency risk** describes the risk that the value of investments in other currency than leu modifies due to currency rate modifications. Given the low weight of assets in other currencies in the total assets managed by EVERGENT Investments on 30<sup>th</sup> June 2023 (cca.4%), currency risk is a relevant risk for EVERGENT Investments.
- c) **Interest rate risk** refers to the possibility that financial assets (e.g. bonds) or money assets and variable interest bank loans suffer following unexpected modification of interest rate. Given the size of the exposure on instruments exposed to interest rate risk on 30 June 2023 (approx. 5%), this is a relevant risk for EVERGENT Investments.

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

### 2. **Liquidity Risk**

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

Given that all managed assets are exposed to liquidity risk, this is a relevant risk for EVERGENT Investments, although the closed-end structure of the Fund determines relatively low prudential requirements regarding liquidity (the shareholders are not entitled to request the Fund to buy-back shares). The management of liquidity risk profile over the 1<sup>st</sup> half 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 exposure on shares held in entities in the portfolio and represents that current or future risk of value loss for a title in the portfolio, following the deterioration of its economic-financial condition, or due to its 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 86% of total assets under management on 30<sup>th</sup> June 2023, this is a relevant risk for EVERGENT Investments.

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

#### **4. Credit and Counterparty Risk**

The counterparty risk is a risk associated to credit risk. Credit risk is the risk of causing a financial loss for the company, stemming from the uncertainty related to the capacity, ability or wish of the business partners to fulfil their contract obligations. Counterparty risk represents the risk that a counterparty in a transaction infringe on its contract obligation before the final settlement of the cash flows corresponding to the transactions. Since assets exposed to credit and counterparty risks hold a weight of about 3,36% of total assets under management on 30<sup>th</sup> June 2023, this is a relevant risk for EVERGENT Investments.

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

#### **5. Operational Risk**

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

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

In order to abide by the requirements of FSA Rule no. 4/2018, information technology (IT) risk is treated separately in the self –assessment process of operational risks. According to the self-assessment on 31.12.2022, the level of residual operating risk generated by IT systems remains in the average risk category, abiding by the requirements of FSA rule no. 4/2018. The result of the internal IT operating risk assessment is annually submitted to FSA. At the same time, the risk of money laundering and the financing of terrorism (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, should it occur, could cause a significant negative, actual or potential effect on the assets, profitability or balance status or on the fund's reputation.

Sustainability risk can manifest as own risk or may have an impact on and significantly contribute to other risk categories, such as market risk, liquidity risk, credit and counterparty risk, issuer risk or operational risk. Sustainability risk is a relevant risk for EVERGENT Investments.

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

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

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

On 30<sup>th</sup> June 2023, assets in EVERGENT Investments' portfolio **abide by** legal prudential limits. Between 01.01.2023-30.06.2023 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 30.06.2023 – 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 shares</b>	892,015,640	35.52
<b>OMW Petrom shares</b>	321,225,683	12.79
<b>Total</b>	<b>1,213,241,323</b>	<b>48.31</b>

Exposure on **TLV issuer (35.52%)** **abide by** the maximum 40% holding limit and is closely monitored through daily holding mechanisms. The two issuers that exceed the 10% individually **do not exceed** 80% of total assets together.

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

Group name	Market value per asset category (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments assets (%)
<b>EVER IMO Group, of which:</b>	<b>64,546,405</b>	<b>2.57</b>
• Ever Imo shares	47,712,805	1.90
• Ever Imo bonds	16,833,600	0.67
<b>BVB Group, of which:</b>	<b>18,187,879</b>	<b>0.72</b>
• Bucharest Stock	17,412,800	0.69
• 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	Asset category market value (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments' assets (%)
<b>Agrointens shares</b>	55,927,041	2.23
<b>Ever Imo shares</b>	47,712,805	1.90
<b>Everland shares</b>	46,877,181	1.87
<b>Casa shares</b>	34,369,057	1.37
<b>Mecanica Ceahlau shares</b>	22,901,596	0.91
<b>Ever Imo bonds</b>	16,833,600	0.67
<b>Regal shares</b>	7,144,944	0.28
<b>Ever Agribio shares</b>	3,388,583	0.13
<b>Visionalfa Investments shares</b>	219,845	0.01
<b>TOTAL EVERGENT Investments Group</b>	<b>235,374,652</b>	<b>9.37</b>

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

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

**e) Value of current accounts and cash - allowed limit: 20% of assets.** The limit may be exceeded up to maximum 50% provided that the amounts come from the issue of equity securities, from investments that reached maturity, or from the sale of financial instruments in the portfolio, and that exceeding is not over 90 days. In net asset on 30.06.2023, the value of current accounts and cash is 1.301.771 lei, representing 0.05% 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 assets of EVERGENT Investments (%)
BCR *	29,788,351	1.19
CEC BANK	22,414,307	0.89
Banca Transilvania	10,125,354	0.40

\*includes a collateral credit deposit of de 10,341,667 lei

**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.

UCITS name	Market value of asset category (FSA Reg. no. 7/2020) (lei)	Weight of total assets of EVERGENT Investments (%)
FIA Fondul Privat Comercial	75,203,775	2.99
FIA DCP Investitii	40,751,804	1.62
FIA Hermes	13,621,381	0.54

**h) Holding titles not allowed for trading** within a trading venue or on a third state exchange market, by a single AIF destined for professional investors - allowed limit: 10% of assets.

UCITS name	Market value of asset category (FSA Reg. no. 7/2020) (lei)	Weight of total assets of EVERGENT Investments (%)
FIA Alchemist	64,059,562	2.55
FIA BT Invest 1	27,902,913	1.11

**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.

Open-type AIF name	Market value of asset category (FSA Reg.no..7/2020) (lei)	Weight of total EVERGENT Investments's assets (%)
FIA Fondul Privat Comercial	75,203,775	2.99
FIA Alchemist	64,059,562	2.55
FIA DCP Investitii	40,751,804	1.62
FIA BT Invest 1	27,902,913	1.11
FIA Hermes	13,621,381	0.54
<b>TOTAL open-type AIFs</b>	<b>221,539,435</b>	<b>8.82</b>

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

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

OPCVM name	Market value of asset category (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments' assets (%)
<b>FDI Transilvania</b>	6,374,130	0.25
<b>FDI BT Maxim</b>	6,008,881	0.24
<b>FDI BT Index Romania ROTX</b>	5,833,889	0.23
<b>FDI Napoca</b>	5,454,149	0.22
<b>FDI Star Next</b>	3,047,113	0.12
<b>FDI Tehnoglobinvest</b>	1,582,196	0.06
<b>FDI Star Focus</b>	1,135,678	0.05

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

CIU name	Asset category market value (FSA Reg. no.7/2020) (lei)	Weight of total EVERGENT Investments' assets (%)
<b>Transilvania Investments Alliance</b>	29,680,332	1.18
<b>Fondul Proprietatea</b>	11,606,896	0.46

**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 of loans** in cash, participation/subscription to syndicated loans in favour of third parties – *only in case of entities from the group EVERGENT Investments is part of* - **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 value of asset category (FSA Reg. no.7/2020) (lei)	Weight of EVERGENT Investments' total assets (%)
<b>Shares held in close-type issuers (incl. amounts to collect following the withdrawal from closed-companies)</b>	270,496,667	10.77
<b>Closed bonds</b>	16,833,600	0.67
<b>TOTAL</b>	<b>287,330,267</b>	<b>11.44</b>

**Note:** new investments in corporate bonds not allowed for trading will be made abiding by the conditions foreseen by art. 44 FSA Regulation no.7/2020; art.44 of FSA Regulation no.7/2020 does not apply in case the corporate bonds not allowed for trading are issued by a company in which EVERGENT Investments holds at least 51% of the share capital.

**n) shares issued by limited liability companies**, regulated by Companies' Law no. 31/1990 republished with its later amendments and additions – **allowed limit: 20% of assets** –not the case.

**o) greenhouse gas emission certificate** as defined by art. 3 letter b) Government's Resolution no. 780/2006, with its later amendments and additions– **allowed limit: 10% of assets** – not the case.



**Other restrictions applicable to EVERGENT Investments:**

- ✓ It cannot make short sales, defined in accordance with the provisions of (EU) Regulation no. 236/2012 of the European Parliament and Council on 14th March 2021 on short selling and certain aspects of credit default swaps, other than for the purpose of risk coverage, namely hedging, in accordance with art.33 line (1) Law no.. 243/2019.
- ✓ Cannot swap financial instruments for cash or other financial instruments in the portfolio and does not use free transfers of illiquid assets in its investment portfolio to investors („redemption in kind”), in accordance with art.43, line (2) FSA Regulation no.7/2020.
- ✓ Cannot invest in money market instruments such as commercial papers, in accordance with art. 35 line (1), letter g) Law no243/2019.

**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</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 of the issuer's share capital
<b>Bucharest Stock Exchange</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 30.06.2023, the value of assets managed by EVERGENT Investments and reported in compliance with “*EVERGENT Investments' statement of assets and liabilities*”, were 2,511,205,091 lei. Their value in euro is 505,944,532.

EVERGENT Investments' policy on the use of leverage (according to the Procedure for the Calculation of Exposure or leverage effect): “*The maximum leverage level that EVERGENT Investments may engage is twice the total net asset value (NAV)*”

The value of exposure and leverage effect are reported on a **monthly** basis within the Explanatory notes, in Annex 10 „*Statements of Assets and Liabilities of EVERGENT Investments*” and Annex 11 „*Detailed Statement of Investments*” in FSA Regulation no .7/2020, in accordance with art. 38, line (4) Law no.243/2019 and **half-yearly** within the Risk Profile Section of *Annex IV* to EU Regulation no. /2013.

On 30.06.2023 EVERGENT Investments' portfolio includes assets acquired through the use of leverage, *namely listed shares that have been purchased through bank loan*, resulting in a leverage effect calculated through gross method of 1,0205 and through engagement method of 1,0426.

Method type	Leverage effect	Exposure value (lei)
<b>Gross method</b>	1.0205 (or 102.05%)	2,289,183,720
<b>Engagement method</b>	1.0426 (or 104.26%)	2,338,742,116

Exposure and leverage were calculated on the basis of the EVERGENT Investments Statement of Assets and Liabilities as at 30.06.2023 certified by the depositary BCR SA, with the application of the calculation and treatment rules (exclusion, conversion, inclusion) set out in Art.7 (gross method) and Art.8 (engagement method) of EU Regulation no.231/2013.

Between 01.01.2023 - 30.06.2023 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 has 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/UE and art. 16, line (1), of the second paragraph of Directive 2011/61/UE corroborated with art.2 FSA Rule no.39/2020.

#### **Crisis simulation results according to Article 15(3)(b) of Directive 2011/61/UE:**

Simulation of the simultaneous application of extreme shocks to the various categories of financial instruments held in the portfolio as at 31.03.2023 indicates that they could lead to a decrease by:

- ✓ 17.56 % of total assets and by 19.51 % of net assets value (in the historic scenario)
- ✓ 45.54 % of total assets and by 50.59 % of net assets value (in the hypothetical scenario)

**The results of crisis simulations in normal and exceptional conditions**, in accordance with article 16 line (1) and the second paragraph of Directive 2011/61/UE and art. 2 FSA Rule no. 39/2020: Scenarios of extreme shocks to the Fund's assets and, separately, to its liabilities, as well as combined scenarios on both assets and liabilities, were run to determine the overall effect on the Fund's liquidity. The liquidity stress tests reconfirm that key elements of the Fund enable it to remain sufficiently liquid to meet its short-term payment obligations under normal and crisis circumstances.

Crisis simulations will contribute to the adequate decision making process on the level of management, including strategic business decisions. Results of annual crisis simulations were presented to and approved by the Board of Directors in the meeting on 15.05.2023 and were notified to FSA along with the methodology used.

## 4. EVER Share Market

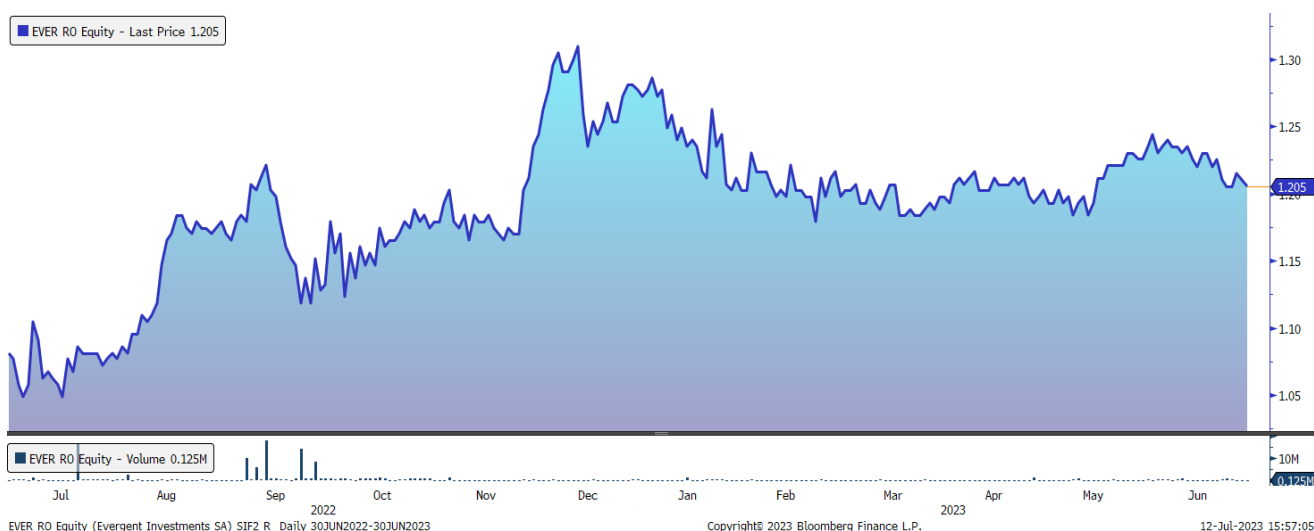
No. of shares: 961,753,592  
 Nominal value: 0.1 lei  
 Share capital: 96,175,359.20 lei  
 Capitalization: 1,158,913,078 lei  
 31.03.2023 (233 million euro)

Price: 1.205 lei, EPS: 0.11 lei, PER: 10.95; DIVY: 7.46%  
 52 m: 1.14 lei; 52 M: 1.415 lei

The market on which EVER shares are traded is the Bucharest Stock Exchange, *Premium* category, since 01.11.1999, under the EVER symbol as of 28<sup>th</sup> March 2021.

The records of shares and shareholders are kept, in accordance with the law, by the Central Depository SA.

### Evolution of EVER share between 01.07.2022 – 30.06.2023



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

Ch.16. Assessment of company performance and EVER share

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

Yields 30.06.2023 (%)	EVER share	BET-FI	EVER NAVS
1 month	-9.06	-4.03	5.20
3 months	-5.86	-2.76	2.10
6 months	-12.04	-2.73	2.55
12 months	3.88	-2.96	2.23

Note: Price series and historical NAVs taken into account in the calculation of yield/risk ratios are adjusted for corporate events of issuers.

### Risk analysis (1Y, daily series): EVER share/BET-FI

Indicator	EVER share	BET-FI
Annualized volatility (%)*	19.62	11.50
Beta**	0.91	1.00

\* volatility (12M) = annualized volatility

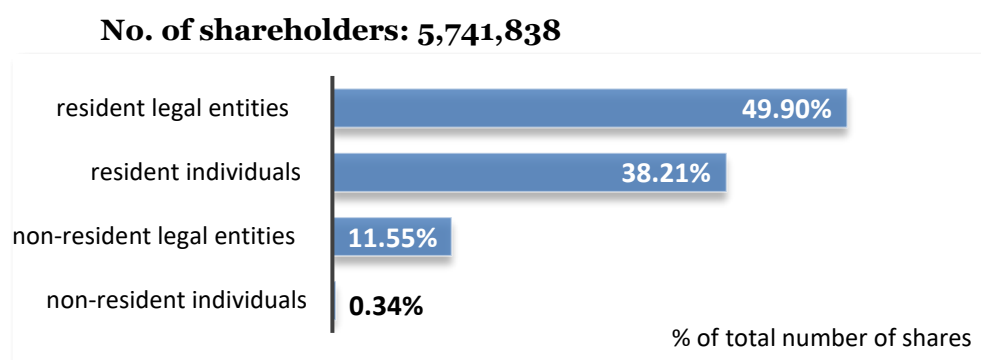
\*\* Beta = price sensitivity to market movements

EVERGENT Investments SA benefits from the Market Maker services of Raiffeisen Centrobank AG as of 26 July 2021, in order to increase the liquidity of EVER shares.

#### 4.1. Dividend Policy

Through the optimal mix of predictable dividend policy and buyback programs the company returns value to shareholders, both in the long and short term. This is supported by dividend payout ratios in recent years which demonstrate the predictability of dividend payments to shareholders on a consistent basis and the stability of the company's cash flows, resulting in a strong financial position in the market.

#### Shareholding structure on 30<sup>th</sup> June 2023



#### Dividend payment

Divided payments on 30.06.2023 (lei/share)	2020 dividends	2021 dividends	2022 dividends
	0.043	0.065	0.09
<b>Total payable (lei)</b>	42,012,148	62,052,983	82,695,517
<b>Total paid (lei)</b>	31,450,207	45,681,442	56,217,184
<b>% payment</b>	74.86	73.62	67.98

The General Meeting of Shareholders of 27<sup>th</sup> April 2023 approved a gross dividend of 0.09 lei/share for shareholders on record on 9 June 2023. The payment date was set for 28<sup>th</sup> June 2023.

2019 dividends not paid by 11<sup>th</sup> June 2023, in total 14,100,250.05 lei, were prescribed by law and according to resolution no. 7 of OGMS EVERGENT Investments on 27.04.2023.

#### 4.2. Acquisition of own shares

In accordance with the resolution of the Extraordinary General Meeting of Shareholders of EVERGENT Investments no. 2/28.04.2022, the public offering 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 offering was a success in terms of investor interest, with an allocation ratio of 0.0908835825.

#### The Extraordinary General Meeting of Shareholders of EVERGENT Investments adopted Resolution No. 2 of 27.04.2023, whereby:

- approves Programs 8 and 9 for the buy-back of treasury shares abiding by applicable legal provisions and with the following main characteristics:
  - a) Program purpose: the Company shall buy back shares for the purpose of running “stock option plan” –type programs (Program 8) as well as in order to lower the share capital through share annulment (Program 9).

- b) 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 towards 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 offer, for the purpose of lowering the share capital through share annulment (Program 9).
- c) Minimum price per share: the minimum purchase price shall be the BVB price at the time the purchase is made.
- d) Maximum price per share: 2 lei.
- e) Duration of each project: maximum 18 months from the registration date of the resolution in the Trade Registry.
- f) payment of bought-back shares shall be made from the distributable profit or company's available resources, in the latest annual approved financial statements, with the exception of legal reserves registered in 2022 financial statements, in accordance with the provisions of art. 103 index 1 Companies' Law no. 31/1990.
- authorizes the Board of Directors and its members individually to make all necessary decisions to implement the resolution, including the completion of all steps and formalities for the implementation of the programmes, the application of the allocation criteria, the determination of the beneficiaries and the number of rights/options to acquire shares, the exercise period of the rights, the preparation and publication of information documents in accordance with the law.

**First stage of Program 8 for the Buy-back of own shares**, in accordance with the resolution of the Extraordinary General Meeting of Shareholders of EVERGENT Investments no. 2/27.04.2022, was run according to the resolution of the Board of Directors on 15.05.2023, the Program's characteristics being the following:

- Period: 17.05.2023 – 14.07.2023;
- No. of shares: maximum 1,000,000 shares;
- Daily volume: maximum 25% of the average daily volume of shares traded on the BVB, calculated on the basis of the average daily volume recorded in April 2023, in accordance with Article 3(3)(b) of EU Delegated Regulation 2016/1052;
- Price: the minimum purchase price shall be the BVB market price at the time the purchase is made, the maximum price – 2 lei/hare, in accordance with EGMS resolution no. 2/27.04.2023;
- Program purpose: the Company shall buy-back shares for the purpose of distributing them to employees, directors and managers of the Company through “stock option plan”- type programs.
- Broker: BT CAPITAL PARTNERS.

## 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 certified 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 in fulfil its objectives through a systematic and methodical approach that evaluates and improves the efficiency of the risk management, control and governance processes.

The internal audit activity is carried out by the internal audit department that is subordinated to the Board of Directors and from an administrative point of view it is subordinated to the CEO. Through its positioning in the organization chart, direct access is insured and activity reporting on the level of the Audit Committee and Board of Directors, as well as the independence required in order to carry out the internal audit activity, for the purpose of the objective evaluation of the efficiency of processes and operations and submission of recommendations for their improvement.

Internal audit is exercised as follows:

- ✓ compliance (regularity) audit – that has the objective of verifying the compliance with applicable laws, regulations, policies and procedures;
- ✓ performance (operational) audit – that has the objective of verifying the quality and adequate nature of systems and procedures, critical analysis of organizational structure, the evaluation of method adequacy, resources and achievement of results in relation to the objectives set;
- ✓ audit of the corporate governance system, that has the objective of evaluating the way in which the management position is exercised in order to reach company objectives.

The internal audit function:

- ✓ sets, implements and maintains an audit plan for the examination and evaluation of the adequacy and efficiency of internal control systems and mechanisms and procedures of EVERGENT Investments;
- ✓ issued recommendations based on the result of activities carried out;
- ✓ verifies the abidance by issued recommendations;
- ✓ reports on aspects related 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 and EVERGENT Investments Group. The internal audit missions included in the Multiannual Plan are defined and selected based on the analysis of risks associated to auditable activities, for the purpose of prioritizing the internal audit missions on the forecast horizon. The internal audit plan is evaluated on an annual basis and is in agreement with the objectives of the company.

The internal audit plan and resources necessary are endorsed by the Audit Committee and approved by the Board of Directors. At the same time, significant modifications occurred at a later time are submitted for endorsement and approval. The plan is revised and adapted, if necessary, as an answer to changes in business, risks, operations, programs systems and controls of the company and to the priorities decided 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 internal audit objectives for the first half of 2023** focused on evaluating the effectiveness of the risk management system and the control system implemented on processes and activities.

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

- ✓ functions that own and manage risks (operational management) – 1<sup>st</sup> line. Operational management is responsible for maintaining effective internal control and executing daily control procedures;
- ✓ risk supervision functions (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 valuation processes, and the compliance function provides the management of compliance risks;
- ✓ function that provides an independent examination of the efficiency of the risk management system, control and governance (internal audit function) – 3<sup>rd</sup> line. The internal audit function provides the objective and independent valuation of the efficiency of the risk management system, internal control system and governance and execution processes, to support the reaching of objectives and issues recommendations for the improvement of these activities.

**Activities run by internal audit in the first half of 2023, based on the internal audit plan targeted:**

- ✓ audit of asset valuation activity and calculation of unit net asset value per share (NAVPS);
- ✓ corporate governance audit;
- ✓ audit of the activity of Agointens SA;
- ✓ auditor of the remuneration policy of the company's leaders (member of the Board of Directors and directors) and staff;
- ✓ follow-up of the progresses registered in the implementation of internal audit recommendations, under motorization;
- ✓ verification of certain compliance aspects, at the request of the Board of Directors or executive managers;
- ✓ participation in commissions / work groups appointed by the Board of Directors or executive managers for the implementation of certain projects/ carrying out of certain activities.

Besides the activities presented above, other **non-audit activities** were carried out as well, among these:

- ✓ strategic and annual planning of internal audit activities;
- ✓ reports on the internal audit activity;
- ✓ monitoring and report on the assurance and improvement program of the quality of internal audit activity;
- ✓ report on the implementation status of recommendations submitted by internal auditors and the audit committee;
- ✓ extension of the mandate of the financial auditor;
- ✓ administrative activities.

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

Internal auditors report directly to the Audit Committee and Board of Directors their ascertainment and suggestions for the significant improvement of internal controls.

Following the assurance missions run in the reporting period, internal audit has presented recommendation for process improvement. Based on the conclusions and recommendations presented by internal audit, EVERGENT Investments' executive management and the management of subsidiaries have adopted adequate measures for the management of identified risks.

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

Also, the internal auditors reported to the directors, the Audit Committee and the Board of Directors on the purpose, authority, responsibility and performance of the internal audit activity in relation to its plan and on its compliance with the Code of Ethics and the Standards. The report includes significant risk and control issues, governance issues and other issues that require the attention of executive management and/or the Board of Directors.

Internal auditors followed-up the progresses registered in the implementation of recommendations and reported to executive management on the abidance by the deadlines set for implementation. AT the same time, internal auditors followed-up the setting of measures by the audited structures to complete the implementation of recommendations.

No situations were identified in which the management decided not to take any measures to reduce risks considered unacceptable for the Company.



## 6. Compliance

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

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

The internal control activity has been carried out mainly through **constant control, of 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 the 1<sup>st</sup> half of 2023 are specific to the activity of EVERGENT Investments as AIFM (authorization no. 20/23.01.2018), defined by art. 51 Law no. 74/2015 and are approved by the Board of Directors in 2023 Annual Investigations plan.

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

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

- ✓ *Alternative Investment Fund Managers*, through the „Verification of the abidance by the Policy and Procedure for the assessment of individuals in the management structure and individuals with key positions within EVERGENT Investments SA”, including the adequacy assessment of the personal mentioned above.
- ✓ *Alternative investment funds*, by inserting the name of the new depositary and the elements of the contracts for storage and custody services and updating some categories of data and information, presented below:
  - a) “Key information document”
    - alignment to the provisions of *EU Delegated Regulation no. 2268/2021* to amend EU Regulation no. 653/2017 on key information documents regarding individual investment products and based on insurance (PRIIP), by setting certain technical regulation standard regarding the method of presentation, contents, revision and modification of key information documents, as well as conditions to be met to supply such documents, with effect from 1<sup>st</sup> January 2023.
    - Data update on 31.05.2023 on the synthetic risk indicator and performance scenarios property transposed and in annexes: i) information regarding the past performance of the Fund, over the last 10 years; ii) Results of the previous performance scenarios.
  - b) “Rules of EVERGENT Investments SA – Closed-end alternative investment fund for retail investors, set-up as investment company (FIAS)”
    - modifications also regard Sectio 3.7 *Methods for calculation of leverage effect*, to redraft the information on the calculation methods for the exposure and to remove the statement that the Company has no assets acquired through the use of leverage, in line with the current situation regarding the taking out of an investment loan.
  - c) “FIAS prospectus attracting capital from retail investors – summary” - updates on:
    - Financial data since latest report, i.e. 31 March 2023, unaudited.

- Presentation of data on 31<sup>st</sup> March 2023 on the shareholding structure and assets portfolio structure, taken from the Board of Directors' Activity report for Q1.
  - Rewording of leverage disclosures in terms of calculation methods for exposure and removal of the statement that the Company has no assets acquired through the use of leverage.
- d) *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.
- e) *information on sustainability in the financial services sector*.

**2. Conditions that laid at the base of the authorization / endorsement and functioning conditions foreseen by art. 2, 4 and 6-10 of Law no. 74/2015 (EVERGENT Investments authorization as AIFM – FSA Authorization no. 20/23.01.2018) and later amendments** – we continued the process of revising the internal procedural framework and FSA was notified about:

- a) Annual assessment of the adequacy of “Policies and procedures for the assessment of assets and calculation of net asset value per share” and communication to investors of the compliance of policies, through current reports, within the legal deadline (28.02.2023) and display on the website of the revised documents:
- (i) “Policies and procedures for the assessment of assets and calculation of net asset value per share”.
- (ii) “Rules and procedures for the assessment of EVERGENT Investments S.A.’s assets“.
- The release included the information that the methods for determining the value of assets have not been changed.
- b) „Procedures on organisational structure and administrative and accounting requirements and control and safeguard devices in the field of electronic data processing, as well as appropriate internal control mechanisms”.
- c) Liquidities management policy
- Conclusion: *no non-compliance identified*.

**3. Prudential rules** foreseen by art. 12 Law no. 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, EVER share assignment operations in accordance with “Share assignment plan” for year 2022 (CR 05.05.2023) and allocation of EVER Shares in accordance with “Share Assignment Plan” for year 2021 (CR 30.05.2023);
- Remuneration policies on group level, including within the balance GMS of subsidiaries.

Conclusion: *no non-compliances identified*.

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

Conclusion: *no conflict was registered*.

**6. Provisions of art. 18 Law 74/2015, line (1), (3)-(9), (11), (12) on the assessment of AIF assets** – the net monthly asset was endorsed, including the verification of the assessment method of assets held.

Conclusion: *there have been no law infringement ascertained*.

7. Provisions of art. 19 Law no. 74/2015, on **the delegation of the collective portfolio management activity or risk management** – *not the case*.
8. Provisions of art. 20 Law no. 74/2015, line (1)-(11) regarding the **agreement of the depositary and AIFM**
- EVERGENT Investments notified FSA and informed investors, through the current report of 28.03.2023, about the decision to change the Custodian of EVERGENT Investments SA assets - namely Banca Comercială Română SA (BCR SA) instead of BRD-Groupe Société Générale SA.
  - through current report on 19.05.2023 EVERGENT Investments informed investors about the authorization by the Financial Supervisory Authority of Banca Comerciala Romana as depositary of the company's assets (FSA authorization no. 74 on 18<sup>th</sup> May 2023).
9. The **transparency and reporting** obligations foreseen by art. 21 and 23, respectively the transparency ones foreseen by art. 22 Law no. 74/2015.  
All mandatory reports and public releases, according to the good practices instituted through the own Corporate Governance Code, have been endorsed by the Compliance Department from the point of view of the abidance by the legal deadline and content of the report; the webpage is constantly updated in the Romanian and English language, once public information is released.  
Conclusion: *full prior verification – no non-compliances identified*.
10. Obligations pertaining to AIFM following **the obtaining of control over certain unlisted companies and issuers**, foreseen by article 25-29 Law no. 74/2015.
- a) Notifications were submitted to FSA on the modification of holding thresholds;
  - b) Information on the activity of subsidiaries was included in the contents of the annual report, as well as more detailed information in the consolidated activity report of EVERGENT Investments SA for 2022.
- Conclusion: *full prior verification – no non-compliances identified*
11. Abidance by EU regulations (MAD, MAR) on **market abuse** (privileged information, personal transactions).
- a) all individuals with access to privileged information were notified about the preliminary closing period before the announcement of financial results regarding the interdiction to trade EVER shares in accordance with the published financial reporting calendar, and we have verified the ex-post situation according to internal procedures. Conclusion *no non-compliances identified*.
  - b) The BD was presented and approved the reports on the “Abidance by legal and internal regulations for the preparation of EGMS and OGMS on 27.04.2023” and abidance of EVERGENT Investments SA by legal and internal regulations regarding privileged Information”.
- Conclusions: *privileged information regarding the convening of GMS and presentation of financial statements were properly managed*.
12. Management of complaints regarding the activity of EVERGENT Investments on capital market
- an internal control on the Verification of the abidance of EVERGENT Investments SA by the method of management of shareholders' complaints;
  - reports were prepared in accordance with FSA Reg. no. 9/2015.
13. Abidance by legal and internal provisions for the organisation and running of:
- extraordinary and ordinary general meetings of shareholder son 27.04.2023 with the certification of the abidance by these obligations. The BD was presented and approved the

reports on “Abidance of EVERGENT Investments by legal and internal regulations regarding the preparation of GMS”

Conclusion: *no non-compliances were identified.*

14. Verification of the abidance by Rule 33/2017 on the organization of the archive activity at entities authorized/ certified, regulated and supervised by FSA - on a regular basis, in the endorsement process for certain internal documents/ operations, we also verify the keeping of records and evidence of documents in paper and electronic format.

Conclusion: *no non-compliances identified.*

**15. Obtaining FSA authorizations/ decisions; Notifications to FSA :**

- ✓ Authorization by the Financial Supervisory Authority of Banca Comerciala Romana as depository for the Company' assets- FSA Authorization no. 74 on 18<sup>th</sup> May 2023 . The Compliance Department has endorsed the documentation submitted to the ASF regarding the termination, by agreement of the parties, of the deposit and custody contract concluded with BRD - Groupe Société Générale together with the contracts on deposit and custody services concluded with Banca Comercială Română, approved by the Board of Directors of EVERGENT Investments.

**16. Method of abiding by internal procedures** – verification of the abidance by internal procedures, regarded mainly:

- a) Internal compliance endorsement for investment note, including regarding the cash loan operation contracted in January 2023 (CR on 17.01.2023), work procedures, job descriptions from the point of view of the abidance by legal provisions and internal regulations;
- b) Compliance endorsement for the running of the treasury shares buy-back program in accordance with EGMS resolution no. 2/27.04.2023 (running period: 1<sup>st</sup> stage: 17.05-14.07.2023, CR 15.05.2023 )
- c) Reports presented to the Board of Directors regarding the implementation status of BD and MC resolution on 31.12.2022 and 31.03.2023.;  
Starting with internal reports on 30.06.2023, this activity was passed on to another structure.

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

**17. Compliance of managed assets investments with capital market regulation, internal rules and procedures and Memorandum of Association** – internal compliance endorsements were issued for investments notes.

Conclusions: *no infringements of legal provisions or internal regulations identified.*

**18. Abidance by internal provisions for the “Supervision of the application of international sanctions on the capital market” –**

- monitoring and communication 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 an impact on the activity or on the investment strategy and policy of the Company. No such situation was identified.
- monthly reports to FSA, starting in October 2022 on the inexistence of fund and economic resource freeze following restrictive measured issued by the European Union against the Russian Federation.
- *monitoring of website asfromania.ro and issue of notifications and instructions to the management structure and employees.*

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

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Personnel of the Compliance Department:

1. Michaela Pușcaș – compliance officer, department manager (FSA Reg. no.: PFR13RCCO/04003)
2. Gabriel Lupașcu – compliance officer (FSA Reg. no.: PFR14RCCO/040020)

The detailed responsibilities of each individual employed in the department are set. In case one of the individuals is missing, his/her attributions and responsibilities are immediately taken over by the other authorized individual.

## 7. Legal Assistance, Consultancy and Legal Representation Activity

The Legal Department carried out the specific activities of legal assistance, advice and representation so that the objectives pursued by the company in litigation and various judicial and extrajudicial transactions were achieved.

### 7.1. Legal Representation

The legal representation activity run in the reporting period focused on the **submission of defences necessary in the 200 litigations** recorded in specific records, of these 25 litigations being solved and final. The necessary documents and defences to protect EVERGENT's investments were prepared for each litigation in part.

Files with claims as object are an important part of the litigations where EVERGENT acts as plaintiff, for which purpose, **we are continuing our legal efforts to receive our claims against AAAS and other debtors as well.** We have filed new enforcement requests against AAAS for the recovery of the legal costs that our company has incurred for the defence as well as to develop new claims recovery strategies.

Legal assistance and representation was provided **in litigations that EVERGENT has against various companies in the portfolio regarding the annulment of certain illegal GMS resolutions and files where the company is the respondent.**

As a result of the steps taken, some favourable solutions have been obtained both in cases with various objects and in the context of challenges to enforcement against AAAS.

**In short the statement of litigations is the following** (Details in Annex 3):

#### **Litigations in which EVERGENT Investments is plaintiff:**

- ✓ 156 files, of which: 142 files are litigations pending in different trial stages (of which 113 files are against AAAS) and 14 are final.
- ✓ The value of litigations on the docket of courts: 69,646,227.04 lei (claims and insolvency).

#### **Litigations in which EVERGENT Investments acts as plaintiff:**

- ✓ 44 files, of which: 33 files are litigations pending in different trial stages, and 11 files are final.

### 7.2. Legal Consultancy

An important role is given to legal consultancy, both within the Company and the subsidiaries of EVERGENT Investments Group. The consultancy covers the entire scope of the Company's activities, with consultancy files prepared for areas such as: investment projects, reviews of legislative proposals, transactions, corporate operations, contracts, shareholders' meetings, etc.

As general lines that are object of consultancy, we can list:

- ✓ endorsement and preparations of opinions requested by EVERGENT Departments;
- ✓ Constant participation to work meetings regarding EVERGENT's objectives in the field of dividend payment and garnishment records;
- ✓ Legal consultancy and endorsement, depending on the case, regarding mandates issued by companies in certain General Meetings of companies in EVERGENT's portfolio;
- ✓ observations and legislative suggestions in various areas of interest for the Company;

Legitimacy endorsement is granted for all legal documents that the company is part of or directly interested in, making sure that those documents abide by the applicable legal limits. In the reporting period, there is a total number of 170 legality endorsements issued for various legal documents such as contracts, addenda, mandates, agreements in all activity areas of the company.

We should also mention the endorsements of a number of 1087 orders for establishment and/or cease of dividend payments and approval of the corresponding notification address, depending on the case.

## 8. Corporate Governance

### 8.1. Relationship with Inventors

In the first half of 2023, we have **abided by and ensured all transparency, information and reporting obligations and requirements**<sup>1</sup> by publishing the current reports<sup>2</sup> and mandatory notification, through press releases and the running of an extended correspondence with the shareholders. We have provided the shareholders with additional information, of which some of regular nature (monthly newsletter), prepared in such a way so as to insure the up-to-date information on the company's activity.

According to the provisions of the "Corporate Governance Code", the regular and relevant information have been disseminated simultaneously, both in the Romanian and English language. An important component of the relationship with the shareholders is the direct communication activity: 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 evaluation, accounting, audit, risk management, legal, corporate governance. The amount assigned in the reporting period for the professional training and participation to seminars and conferences in the field was 104,730 mii lei.

The staff was assessed for the activity carried out in 2022 both from the perspective of performance and specific knowledge.

At the end of the first half of 2022 the company has 47 employees.

### 8.3. Involvement Policy

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

The policy is displayed 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 2022 Activity Report we have presented information about the application of the involvement policy within issuer in the portfolio, according to the provisions of art. 101 line (1) Law no. 24/2017.

### 8.4. IT Security

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;

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

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



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.

Other activities:

1. ISO 27001 Recertification.
2. Support of IT Audit in accordance with Rule 4/2018 FDS – auditor Omega Trust SRL Bucharest

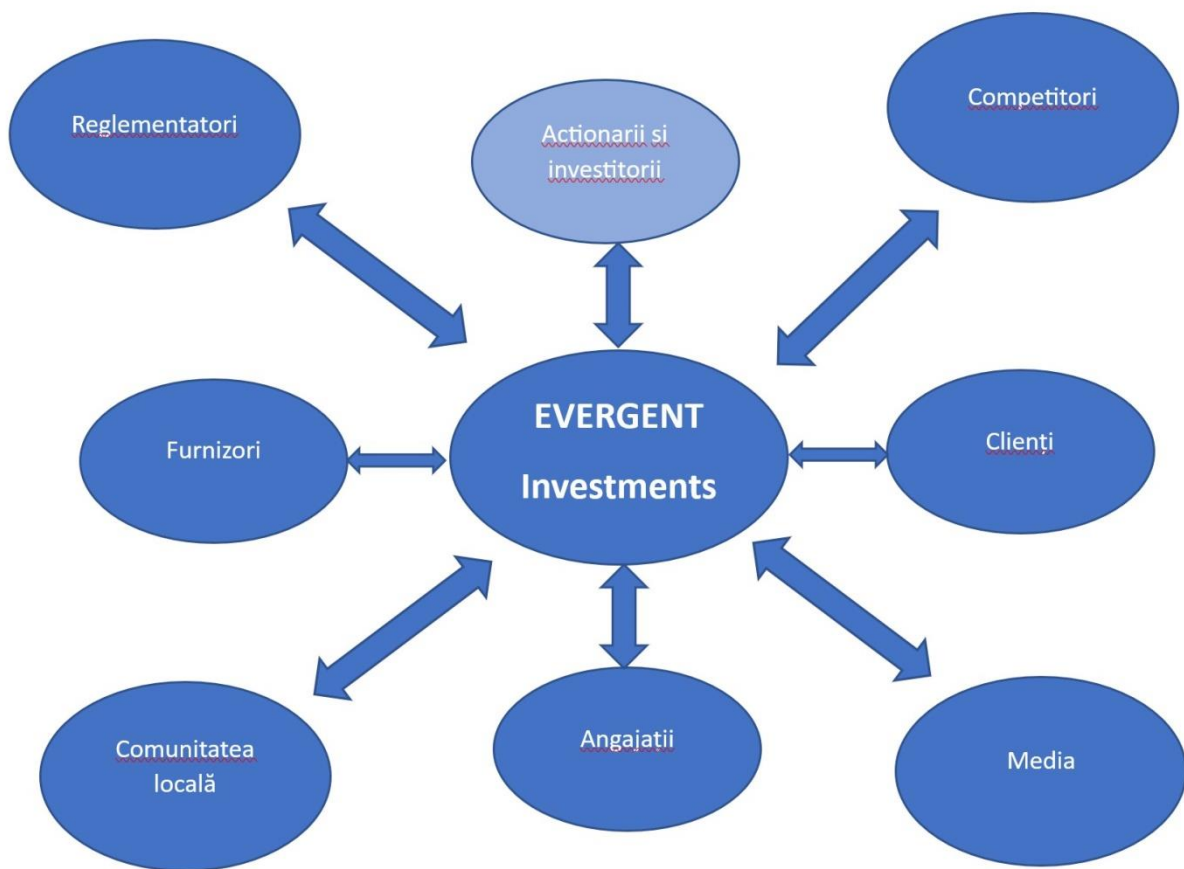


## EVERGENT Investments approach on environmental, social and governance aspects - “ESG”

For EVERGENT Investments to generate value means, besides financial performance and yield for its shareholders the positive impact on the environment and community where the company carries out its activity, as well.

By applying its experience and expertise in the field of investments, the company places better to contribute to the building of 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 this approach and adapt it to the needs.



The ESG Policy of EVERGENT Investments Group 2023 is posted on [www.evergent.ro](http://www.evergent.ro)

### Regulatory Framework

EVERGENT Investments, as a participant in the financial market, is subject to the transparency requirements stipulated by Regulation (EU) no. 2019/2088 regarding sustainability information in the financial services sector. EVERGENT has developed a policy regarding the integration of sustainability risks in the investment decision-making process and suggests a gradual integration of the sustainability analysis within the investment analysis.

Given this objective, and taking into consideration relevant sustainability risks in accordance with the modifications of Regulation (EU) no. 1255/2021 to amend Regulation (UE) no. 231/2013 on risk

related to sustainability and sustainability factors to be considered by alternative investment funds, EVERGENT Investments aims to gradually integrate sustainability risks in the investment decision.

Integrating ESG factors into a company's investment strategy and policy can reduce risks and increase returns.

### **Environmental 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 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 reaching zero carbon emissions by 2050. The decarbonisation target to be achieved 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.”

EVERGENT Investments' strategy considers investing in economic projects and activities with significant impact on the climate and environment which abides by the social and governance principles depending on their increase potential and the potential to offer sustainable higher yields compared to other investment opportunities on the market.

### **Which sectors can EVERGENT Investments target**

For this purpose, EVERGENT Investments tries to identify the business segments that manufacture or supply goods, products and services that offer environmental solution. The company considers that the following can be included 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.

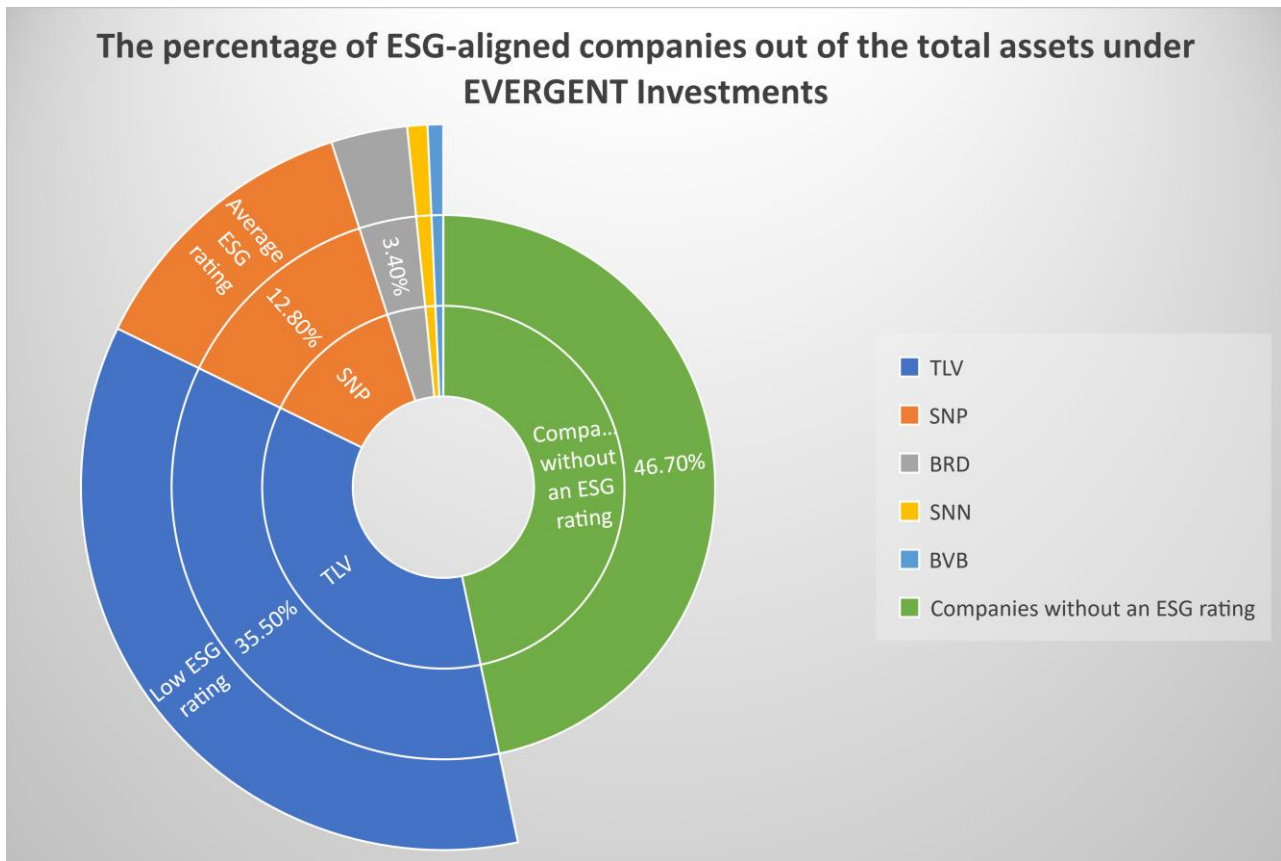
EVERGENT Investments analyses the possibility of investing in green financial products. The materialization of the intention largely depends on the capacity of the local market to offer such investment alternatives.

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

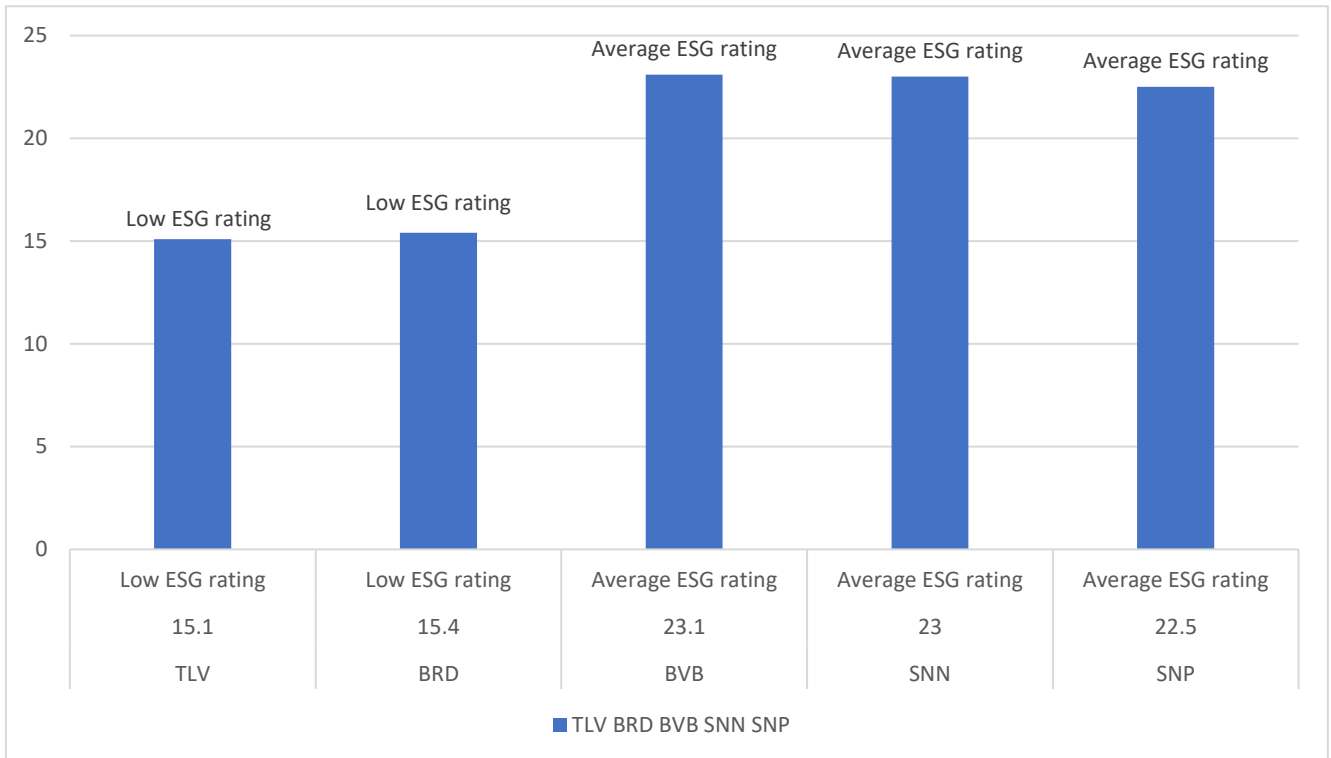
EVERGENT Investments evaluates investments from the point of view of sustainability, according to an internally processed methodology that analyses environmental, social and governance criteria. *Due to the experience and diversity of the team of analysts, EVERGENT Investments can have a large coverage 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.*

**Structure of listed shares portfolio of EVERGENT Investments in accordance with ESG principles**

On 30<sup>th</sup> June 2023, over 50% of the assets portfolio is held in issuers that integrate ESG Factors in the activities carried out. The main issuer is Banca Transilvania, that obtained a very good ESG Risk Rating (15.1) and is classified in the Low Risk category for 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.



Graph of the ESG ratings\* obtained by the issuers from the listed portfolio of EVERGENT Investments



\* ESG rating according to Sustainalytics.

OMV Petrom has set its goal to achieve carbon neutrality of operations by 2050. The company will act in three key areas: decarbonizing current operations, expanding low carbon natural gas business and pursuing low and zero carbon business operations. The carbon intensity of OMV Petrom's operation is expected to decrease by about 30% and the intensity of Scope 1-3 emission is expected to decrease by about 20% by 2030. The company targets a reduction in methane emission intensity to under 0.2% by 2025 in line with international targets.

In order to offer customers a range of low-carbon energy options on the long term, OMV Petrom will invest in renewable energy and biofuel production. The company will commission over 1 GW of renewable energy capacity in Romania by 2030. At the same time, the company intends to exceed 15% biofuel of total fuel production in 2030, with 150 thousand tonnes per year of cellulosic ethanol from straw and 450 thousand tonnes per year of sustainable aviation fuel and diesel from renewable sources.

A low-carbon mobility infrastructure will be developed, with more than 500 alternative fuel points. This includes the largest electric vehicle network in OMV Petrom's operating region by 2030, as well as LNG mobility and CNG investments.

In the second half of the decade, the company will step up investment to take advantage of opportunities in carbon capture and storage, as well as hydrogen, which is anticipated to make a significant contribution to the country's decarbonisation.

As such, OMV Petrom's portfolio will be expanded to include five new low and zero carbon activities, which together will account for approximately 35% of cumulative investment value by 2030 and approximately 15% of EBIT CCA excluding special items in 2030.

In 2022, BRD continued to integrate ESG principles in its activity and launched a full range of green credits: "Espresso verde" and "Habitat Verde", thus granting sustainable financing worth over 1 billion lei. At the end of 2022, BRD published the first edition of the sustainability report "Building Tomorrow".

From ESG perspective, the bank's objective is 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 reaching climate neutrality.

#### Private – equity Portfolio

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

“Atria Urban Resort” project received the approval for the building of the 3<sup>rd</sup> Stage in 2022.

350 apartments are currently under construction, in accordance with the nZEB standard of energy efficiency (nearly zero energy consumption), abiding by "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 core of EVERGENT Investments' resource mix. The company's philosophy reflects the belief in a performance and team culture, of people who share the same value system.

The Company believes that a thorough involvement of employees leads to performance and supports diversity and equity initiatives constantly promoting a collaboration culture. 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 in the career and in order to keep talented people within the company, it implemented the “stock option plan” benefits system

The company recognizes 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, in 2022, he allocated amounts for donations and sponsorships 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 Olympics 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, well-being 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 the Casa Sperantei Hospice Foundation, the STOP Drug Foundation, through non-profit associations or 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.

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

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

EVERGENT Investments supports the health field on several levels, so that the medical services be provided under conditions aligned with the European standards.

EVERGENT supports culture because it wants young people to acquire their Romanian identity, to cultivate their curiosity and critical spirit. Through art and culture, it offers 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 the consolidation of business. The involvement of EVERGENT Investments in the community it is part of has the objective of sustainable economic development. The creation of new places of employment and support of the disadvantaged to be integrated in the community are sustainable intervention mechanisms 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 Supervision 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 of management for the purpose of providing a strategic direction and guarantee for reaching objectives.

The implementation of corporate governance principles, and the development of responsible and transparent business practices represent important benchmarks of EVERGENT Investments' activity, while at the same time providing the premises for sustainable performance increase and the harmonization of 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 comprised of talented and tenacious people, who share the same values, which have become competitive advantages and generated performance.



## **10. Prevention and fight against money laundering and the financing of terrorism**

In the first half of 2023, ML/TF individuals have met their responsibilities set by the applicable law and internal procedures. The main operation carried out target:

- ✓ preparation of specific regular reports and assessments.
- ✓ taking the measures necessary for the implementation of ML/TF assessment process on Group level and implementation of policies and procedures revised in 2023, in agreement with updated legislation.
- ✓ continuation of necessary monitoring stages and measures on the level of subsidiaries in order to adapt certain procedures depending on the specifics and size of the economic activity carried out, as well as particularities of business relations, clients, products and services, to ensure the assessment of the FML/TF risk on the Group level, abiding by applicable legal provisions.
- ✓ ensuring the conditions for the training and assessment of all companies employees under the conditions set by FSA Regulation no. 13/2019, for which purpose the entire responsible staff has participated to mandatory training courses.
- ✓ preparation and dissemination to the company's employees of proper information in this field.

## 11. Subsequent Events

### 1. Completion of the 1<sup>st</sup> stage of Program 8 for EVER shares buy-back

On 11<sup>th</sup> July 2023 we have completed Program no. 8 for the buy-back of treasury shares carried out in order to implement Resolution of the Extraordinary Meeting of Shareholders EVERGENT Investments no. 2 on 27<sup>th</sup> April 2023 and in accordance with the resolution of the Board of Directors no. 3 on 15<sup>th</sup> May 2023.

The cumulated results of the operations run between 17<sup>th</sup> May 2023 – 11<sup>th</sup> July 2023 are the following:

- total no. of bought-back shares: 1,000,000;
- average buy-back price lei/share: 1.2587;
- Total value of bought-back shares in lei: 1,258,686.64;
- Buy-back percentage in the company's share capital: 0.1040%;
- Purpose: buy-back of treasury share in order to abide by legal obligations stemming from "stock option plan" –type programs;
- Broker: BT Capital Partners.

### 2. Start of the 2<sup>nd</sup> stage of Program no. 8 for the buy-back of EVER shares

We have started the 2<sup>nd</sup> stage of Program no. 8 for the buy-back of own shares in accordance with EGMS REGulatio no. 2 on 27<sup>th</sup> April 2023 and Resolution of the Board of Direcors on 11<sup>th</sup> July 2023.

The characteristics of the 2<sup>nd</sup> stage are the following:

- Running period: 13<sup>th</sup> July 2023 – 12<sup>th</sup> October 2023;
- Program purpose: the company shall buy-back share to abide by its legal obligations regarding the running of "stock option plan"- type programs, in accordance with the provisions of art. 5 (2) letter c) (EU) Regulation no. 596/2014 and staff remuneration policy applicable on AIFM level;
- The number of shares that can be bought-back: maximum 3,500,000 shares through market operations, representing 0,3639% of share capital;
- Minimum price per share: BSE market price from the time the purchase is made;
- Maximum price per share: 2.00 lei;
- Daily volume: average liquidity registered in June 2023;
- Broker: BT Capital Partners.

*The Activity Report for H1 2023 of the Board of Directors related to the Interim Condensed Individual Financial Statements as of 30<sup>th</sup> June 2023 was approved in the Board of Directors meeting on 11<sup>th</sup> August 2023.*

**Claudiu Doros**  
**President and CEO**

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

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

**Georgiana Dolgoș**  
**Director**