

C.I.

Hello, again!

My name is Cătălin Iancu, Deputy CEO of EVERGENT Investments.

Welcome, again, to the conference call during which we will present the unaudited preliminary financial results corresponding to the year 2023. I thank everyone who is here with us today!

Next to me is Mrs. Mihaela Moleavin, CFO. Together we will answer the questions following our presentation.

To begin with, I will present the position and financial performance, the big milestones, after which the CFO will go into further detail on the net result.

In 2023, EVERGENT Investments has achieved a record net result of RON 203.8 million, representing an increase of 73% compared to the one recorded during the previous year.

The net result is the main performance indicator of the company and will be presented in detail by the CFO.

Our company has continued to show remarkable performance by achieving a record value in total assets of RON 2.95 billion at the end of last year, obtaining an increase of 140% in the past 10 years.

The total return in EVERGENT assets (including the dividends paid to the shareholders) was 31.85% in 2023, comparable to the annual return of the highest performing funds in Romania, members of the Fund Managers Association.

Thus, the value which we returned to our shareholders was comprised of the allotment of dividends and buy-back programs. In 2023, we have allotted RON 38.8 million to the buy-back programs. The dividend fund was in the sum of RON 82.7 million, representing a payout ratio of 70%. Within the sector that we operate in, we have recorded the greatest dividend yield of 7.26%, calculated at *ex-date*.

Last year, we generally recalibrated the listed shares portfolio, in accordance with the company's strategic direction. On 31 December 2023, the listed shares portfolio had the following structure: financial-banking – 45.3%, energy – 14%, industry – 7.5%, real estate – 6.7%. We will come back to these milestones when I answer your questions.

Moving on, I will ask our CFO, Mrs. Mihaela Moleavin, to present the financial results of the company and, following that, as I said, we will answer any questions you might have.

Mihaela?

M.M.

Thank you! Hello, again.

2023 was a year with remarkable results for EVERGENT Investments. As previously mentioned, the total assets have reached a historic level, while the company's net result has long surpassed both the budgeted level for this year and the level recorded in the previous year.

I will present, in short, EVERGENT Investments' performance indicator.

The net result, which was RON 203.8 million, has 2 components: the net profit (reflected in the profit and loss account) and the net gain achieved from the sale of financial assets classified at fair value through other elements of the comprehensive income, directly reflected in the reported result.

1. The net profit was RON 124.7 million, surpassing last year's recorded level by over 50%. The growth was determined both by the dividend income from the companies in the portfolio (including special dividends from OMV Petrom and Fondul Proprietatea) that increased by 19% compared to those recorded in the previous year, and the net gain of RON 39.3 million from financial assets at fair value through profit and loss (FVTPL), compared to a recorded loss in the previous year.

2. The second component, the net gain achieved from the sale of financial assets classified at fair value through other comprehensive income (FVTOCI), reflected in the reported result, was RON 79 million, significantly higher than the one recorded in the previous year, based on an increase in stock quotes during the year, and thus so an increase in opportunities to capitalize on portfolio holdings.

I will now move on to the financial position.

In 2023, especially in the latter half of the year, the Company's financial position has recorded a significant growth, the total value of assets being RON 2.95 billion on 31 December 2023, increasing by 25% compared to the end of the previous year.

The increase was both in financial assets classified at fair value through other comprehensive income, which is the main component of the company, and its liquid assets.

The increase of financial assets at fair value through other comprehensive income was due to both the growth of stocks price from the company's portfolio classified under this category and to using the credit facility from BCR.

The increase in total debt has been determined both by the increase in debt with the deferred tax related to the reserve from the revaluation of financial assets classified at fair value through other comprehensive income, and by using the previously mentioned credit facility.

Thank you!

We now invite you to ask us questions regarding the presented aspects.

C.I.: Thank you, Mihaela. I propose we start with Mr. Tancău's questions and, following that, we will begin the conversation and wait for other questions.

I will read the first one, you asked us the following:

“Cash + deposits were RON 311 million on 31 December 2023, RON 320 million on 31 January 2024, while at the same time, on 13 February 2024, you said you were accessing a credit line of 19.2 million euros. What is the explanation for the fact that you have, in your account, approximately 65 million euros and, at the same time, you are accessing a 19.2-million-euro credit? Especially under the conditions in which the credit interest rates are higher than the ones on deposits, so it isn't an opportunity for arbitrage.”

The answer has to do with our outlook for this year and, to a large extent, for the year 2025. This position is built because, from our perspective, we are in the middle of shaping a high on the external markets, and consequently in Romania as well. We believe that this high is being shaped and we expect the moment to come along with corrections on the capital markets, mainly stock market; we are building a strong cash position so that we may use it when the low occurs in a timely manner, correction that, according to our vision, should take place. This is the reason for which we have strengthened this cash position and with this facility which has been extended and successfully used since last year so the facility is there, it is in standby, and it is ready to be used when we consider that this macro-outlook will have happened. Obviously, referring to the second part of the question, arbitrage, there is clearly no arbitrage between credit and placements; although, and I cannot go into detail, you will be surprised by the course of this facility. I mean, it is contracted under very, very, very good conditions. But to be perfectly clear, arbitrage has been excluded, we never had such a thing in mind for even a second. The idea was, and I will close with this, to have enough fuel, so to speak, to be deployed whenever the market conditions impose it.

May I move on to the second question?

T.T.: Yes, please.

C.I.: Ok. The second question is:

“EVER, as well as TRANSI, LION, INFINITY and SIF4 have, at this moment, very big liquidity positions in their accounts. Can you tell us what the reasons would be for why this is happening? Is a resettlement of the capital market in our country to be expected at lower-level prices? Is it because of the lack of investment opportunities? Do you plan on using these amounts for investments this year?”

I would like to start by saying that my answer will be strictly related to our company, not the other four mentioned. The answer is based on the framework of the previous question. We wish to build a cash position at EVER, I'm not speaking for the others, a cash position so that we may benefit from what we consider to be next. If we look now

at what has really happened in 2022-2023 and 2024 on the mature capital markets, it is a new lesson that despite some unfavorable macro conditions, such as monetary policy spikes, increasing interest rates, the mature markets, a lot of them in fact, have shown an unexpected recovery, let's recognize that; first of all unexpected according to theories and even in practice. It has never been the case that, under a strengthening of the monetary policy, a recovery like this occurred. However, the detailed analysis that we are carrying out with all the involved departments and all portfolio managers shows that, if we are to analyze what the drivers for this increase on the mature markets are, we realize that we are dealing with a very, very small group – the famous, now renamed, Magnificent 7.

That is why we are waiting for a resettlement of the capital market and are, consequently, building a cash position. This is our approach for this year. Particularly, in Romania's case, we expect that these twin deficits that have started manifesting prominently in 2022-2023 will take a break in 2024, as it is an election year during which this issue will be heavily covered due to electoral pressure, but we believe that in Q1-Q2 of 2025, so immediately after finishing the cycle of elections, the problems will begin to manifest and we expect something on a macro level to occur, quite profound in Romania, and not be something positive, but rather negative. In addition to that, with this forecast in mind, we have built this cash position. Again, this is our approach, I am not talking about the other four companies mentioned. So, this would be the answer to the second question.

The third question is:

“Considering that we have already entered the third month of this year, can you tell us if you foresee new investments in the Private equity area in 2024? And if yes, can you please tell us the targeted fields?”

Yes, we are theoretically targeting all three areas in which we are active within the Private equity portfolio - agribusiness, real estate and, recently, IT&C. We are monitoring and analyzing the projects from this category all the time. We do not wish to head in other directions, we consider that three are enough for our analysis and subsequent monitoring, and involvement in the company's life. The answer is this: yes, we monitor and foresee, we analyze.

Within agribusiness we announced scaling up the business by establishing a new plantation.

So, we are continuing our activity in all these areas. We're also continuing in real estate, as much as we can in this city that is under quasi-total blockage, we have three land plots in different phases of urban documentation approval, some more advanced than others and yes, despite the not too extensive or positive moves in real estate, we believe that now is the time to start preparing a new cycle of investments. The same goes for IT as well, therefore in all three areas or directions.

The fourth question:

“Provided that the issuers in which EVER has holdings reach levels that you consider to be overvalued, are you considering selling some of those holdings? Do you think that you will be a net share seller this year (in the sense that you will sell more than you will buy)?”

I somewhat have the answer to the two questions. Yes, we believe that we are in a peak area. It is possible that we will sell, we are waiting to do so. There are sectors for which we are rebalancing, so yes, we are selling some companies that we believe are overvalued or that have reached their potential, we are buying others from inside or outside the sector. We are quite active, but not in the sense of day traders, rather these are positions held for years. But yes, the analysis, the return of different indicators that show overvaluation is taking place and we act accordingly.

These were your four questions, is there something else I can help you with, Mr. Tancău?

T.T.: No, thank you, the answers were very detailed. If you could please let me know when you're selling, maybe we can sync up as I also think they are overvalued.

C.I.: We cannot do that, but –

T.T.: The truth is that it is already at a quite high level, but at the same time there is liquidity on the market.

C.I.: Yes, it is true. We were intrigued by this growth on the mature markets for a good part of 2023, mainly in America, until, as I was telling you, through a detailed analysis, we noticed what the real drivers are and it's not, as they say, across the board, it is very focused on a few poles, and this does not indicate an image that is present on the entire market. Then, by understanding this, we positioned ourselves as you've seen, in cash and with the other investment fuel ready, we will decide when we use it as we think that the market should start correcting slightly.

T.T.: Thank you very much!

C.I.: You're welcome. Please, if there are any other questions?

M.I.: Hello, my name is Mireuță Ioan. Can you please tell me why the EVER discount is so high?

C.I.: Hello, Mr. Mireuță.

Because of something related to the simplest economy lesson one can give, on supply and demand. We have also turned the matter on all possible sides for so long that this is the flattest and most plausible answer. Taking into account that we have a predictable dividend strategy, that we have made a tradition out of delivering value to the shareholders in three ways - dividends, buy-backs and public tender offers - at a time when we have reached another record profit, the highest profit in company

history, given that we are transparent and answering questions as we are now, it is hard to understand.

However , I would also look at it from another perspective. It is a very good decision to buy at a 59% discount. The discount is not... Yes, I know, all of the shareholders are asking, I am also a shareholder. I do not like it either and it is frustrating, as I said during the other meetings, but it is not something that can be in our direct control. We can act indirectly: by making profit, by distributing dividends as we do, by conducting buybacks as we do. What more could we do as company managers? This is our answer. I repeat, frustrating for us as well at 59%.

Please, if you have any other questions?

If not, we thank you for participating and we will see each other in three months.

Goodbye!

Thank you, goodbye.