Annual Report 2022

TRANSLATION NOTE

This document is a free translation of the original issued in the Portuguese language. In the event of discrepancies or misinterpretations the original version shall prevail.

Haitong Global Asset Management , SGOIC, S.A.
Edifício Quartzo, Rua Alexandre Herculano, 38, 1269-180 LISBOA
Share capital €25,000,000
Registered at the Commercial Registry of Lisbon, corporate taxpayer ID no. 502 040 246

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GOVERNING BODIES

Board of the General Meeting

Chairman	Ana Cristina Lucas Vaz das Neves
Secretary	David Luís Marques Ramalhete

Board of Directors

Chairman	Francisco Alexandre Valente Oliveira (*)
Member	Luís Nuno Lima de Carvalho Valença Pinto
Member	José Luís de Saldanha Ferreira Pinto Basto
Member	António Carlos Gomes Pacheco
Member	Bin Xu (*)

Supervisory Board

Chairman	José Maria Rego Ribeiro da Cunha
Permanent Member	Mário Paulo Bettencourt de Oliveira
Permanent Member	José Duarte Coutinho Ortigão Ramos
Alternate Member	Paulo Ribeiro da Silva

Statutory Auditor

Deloitte & Associados, SROC, S.A. – SROC No. 43, represented by:

Edgar Luís Afonso Guerra, Statutory Auditor no. 1872

(*) Taking up of office on 2 March 2023

DIRECTORS' REPORT

Dear Shareholders,

In compliance with the law and the articles of association, the Board of Directors of Haitong Global Asset Management, SGOIC, S.A. ("Haitong GAM") hereby submits for your consideration the Management Report and Annual Accounts for the year 2022.

1. Macroeconomic context

The market in 2022

Global growth was hammered in 2022 – a year of inflation, war in Ukraine and the sharpest rise in interest rates by central banks in 20 years. At the beginning of 2022 world real GDP was expected to advance at a rate of 4.3% (Bloomberg consensus estimates), with the latest estimates pointing to a growth 3.1% in 2022 (compared to 6.1% in 2021), followed by a further deceleration to 2.1% in 2023.

Based on the latest estimates, GDP growth slowed down in 2022 in the leading economies, with US GDP growing by 3.1% (compared to 6.1% in 2021) and that of the euro area rising by 3.3% (compared to 5.4% in 2021). China is expected to grow by 3.0% in 2022 (compared to 8.4% in 2021). In Portugal, a weak euro has boosted exports and GDP is expected to have risen by 6.6% in 2022 (compared to 5.4% in 2021). The Spanish GDP might have outperformed that of the euro area, with a 4.6% growth in 2022 (compared to 5.1% in 2021).

Emerging economies have been hampered by sluggish economic growth in China, high inflation and the war in Ukraine. Brazil is also expected to have witnessed a downturn in 2022, with GDP estimated to have grown by 3.0% (compared to 4.8% in 2021).

The COVID-19 pandemic was downgraded to an endemic disease in most western economies. However, in Asia, and especially in China, the virus continued to disrupt the economy.

Energy and food prices, which have soared due to the war in Ukraine, have added to the pressure on headline inflation. The reopening of many economies in 2022 continued to cause disruptions in the global supply chain and inflation, mainly in 1H2022. The impact of higher energy and food prices was more evident in the 2H2022 in Europe.

Global consumer prices, already rising in 2021 (4.7%), are expected to peak at 7.5% by 2022, based on consensus estimates. In both Europe and the USA, year-on-year CPI inflation hit its highest level since the 1980s, having peaked, in year-on-year terms, at 10.7% in the euro area in October and 9.1% in the USA in June. Due to a slower pace of growth in China, where GDP may have grown by 3%, inflation is expected to have increased by 2.1% in 2022, matching consensus estimates.

The majority of central banks in western economies were left behind the curve to keep inflation close to the target in 2022. The lagged response to higher-than-expected inflation led the Fed, the ECB and the Bank of England, among other major central banks, to start an interest rate hike cycle from the 1H2022. In fact, the Fed increased its benchmark rate by 75 basis points, which had not happened since 1994, and the ECB adopted the same pace of increase, for the first time since the monetary union in 1999. By the end of 2022, the Fed funds rate reached 4.5% (+425 basis points), the ECB's main refinancing rate 2.5% (+250 basis points), and the Bank of England reference rate 3.5% (+340 basis points).

Despite the aggressive tightening of monetary conditions imposed by central banks in 2022, real interest rates in developed economies remained at their most negative level since the 1980s, on account of high inflation. Key economic indicators such as employment, retail sales, industrial production and housing prices were still resilient in 2022. Most business and consumer confidence indicators have deteriorated in the 2H2022 due to the forecast rise in interest rates.

The resilience of the economy and especially of the labour market, was one of the sources of persistent inflation in developed economies in 2022. The unemployment rate in the euro area reached an all-time low – 6.6% in 2022 – and fell to 3.6% in the USA, its lowest level since 1970.

Fiscal expansion in major economies in 2022 was also a source of inflationary impetus. Based on preliminary indicators, the US budget deficit is expected to have slowed to 4.4% of GDP in 2022 (compared to 10.8% in 2021). Public expenditure in the euro area is also expected to keep a budget balance deficit of 3.8% of GDP in 2022 (compared to 5.1% in 2021).

Due to the EU agreement to ease fiscal targets until 2024 and the ongoing investment cycle of NextGenerationEU funds, sovereign debt ratings in the euro area remained stable or even improved in 2022. The Portuguese sovereign debt rating was upgraded by one notch by S&P (to BBB+ with stable outlook) and by Fitch (to BBB+ with stable outlook). Notwithstanding the cost of rising premiums on euro bond markets, Italy's sovereign debt rating remained investment grade in 2022 (Moody's Baa3/negative outlook; S&P BBB/stable outlook; and Fitch BBB/stable outlook).

The 10-year benchmark government bonds yield showed its highest volatility in 5 years throughout 2022. Due to the cycle of rate hikes by major central banks, the US 10-year Treasury Notes yield increased to 3.875% (+225 basis points in 2022). The 10-year German Bund yield surged to 2.50% (+268 basis points in 2022).
In Asia, the yield on Chinese 10-year government bonds denominated in US dollars rose to 3.6% by December 2022, compared to 0.7% at end of 2021.

Credit markets in the euro area were affected by the ECB's cycle of higher nominal interest rates in 2022. The spread of Portuguese 10-year treasury bonds against the German Bund for the same maturity widened from 37 to 101 basis points, while the equivalent spread of Spanish government bonds widened from 34 to 108 basis points in 2022.

Equity markets also recorded one of the biggest losses since the COVID-19 pandemic, with the benchmark indices recording sharp falls both in the USA (the S&P 500 depreciated 19.4%) and in Europe (the Eurostoxx50 retreated 11.7%) in 2022.

Commodity markets displayed a mixed performance, with the CRB Index down 4.1% on 2022, with industrial metals leading this fall (-7.6%). Crude oil prices (Brent) rose 10.5% to USD 85.9/per barrel in 2022.

In foreign exchange markets, the US dollar rose 5.8%, against the euro, to 1.07 in 2022. The Fed was the first major central bank to hike interest rates at a fast pace and the US dollar outperformed the other major currencies in 2022. Emerging market currencies showed a mixed performance in 2022, with the Brazilian real appreciating 5.1% against the US dollar, driven by buoyant exports (agricultural commodities and crude oil). In line with the performance of the most liquid currencies, the Chinese Yuan retreated against the US dollar, standing at CNY/USD 6.90 (-8.5%) in 2022.

Foreign exchange markets (FX rate and % change)				
		2021	**2022**	**% Change**
USA	Dollar Index	95.67	103.52	8.2%
EUR	USD/EUR	1.14	1.07	-5.8%
China	CNY/USD	6.36	6.90	8.5%
Brazil	BRL/USD	5.57	5.29	-5.1%

Source: Bloomberg | Review: Haitong Bank | Updated: 31/12/2022

Outlook for 2023

Soft landing or hard landing? Consensus expectations of a 2.1% rise in world GDP in 2023 already incorporate, to a large extent, a slowdown in global economic activity.

One of the major risks is the possibility of central banks raising interest rates above expectations in the event of persistent inflation in 1H2023. If this happens, a hard-landing recession should not be underestimated.

Following a global economic imbalance between 2021 and 2022, world GDP grew at a higher than potential rate of 3%. Inflation gained momentum in 2022, driven by strong demand and supply-side shocks (disruptions in the global supply chain and the war in Ukraine).

As a result of these unforeseen events, the ECB and the Fed are still forecasting an inflation rate above the 2% target in 2023 and 2024, based on the latest official projections. The Fed forecasts core PCE inflation to decelerate from 4.8% in 2022 to 3.5% in 2023 and 2.5% in 2024. The ECB forecasts average CPI to drop to 6.3% in 2023 (against 8.4% in 2022) and 3.4% in 2024.

In accordance with available consensus estimates available, the ECB is expected to raise *its refi* rate to 3.25% in 1H2023 (against 2.5% in December 2022), and the Fed is expected to reach a rate of 4.75% in 1H2023 (against 4.5% in December 2022). 4.5% in December 2022).

In our risk scenario, with more persistent inflation and soft landing of the economy in 1H2023, the benchmark rates may reach 4% in the euro area and 5.25% in the USA.

Change in GDP (%) – Consensus					
	2019	**2020**	**2021**	**2022**	**2023**
Global	**2.8%**	**-3.1%**	**6.1%**	*3.1%*	*2.1%*
Euro area	**1.4%**	**-6.4%**	**5.4%**	*3.3%*	*-0.1%*
USA	**2.3%**	**-3.4%**	**5.7%**	*1.9%*	*0.3%*
Portugal	**2.7%**	**-8.4%**	**5.4%**	*6.6%*	*0.5%*
Spain	**2.0%**	**-10.8%**	**5.1%**	*4.6%*	*1.0%*
Brazil	**1.4%**	**-4.4%**	**4.8%**	*3.0%*	*0.8%*
China	**6.0%**	**2.2%**	**8.4%**	*3.0%*	*4.8%*

** Consensus estimates (Bloomberg) Jan 23 | Bold = Current; In italics = Consensus*
Source: Bloomberg

Uncertainty about the magnitude and length of the monetary cycle is likely to keep most financial asset classes exposed to significant volatility, particularly in 1H2023.

The benchmark 10-year US Treasury Notes rate is expected to rise to a range of 3.0% to 4.5% and the 10-year German Bund yield is expected to advance to a range of 1.5% to 3.0% in 2023. Based on the outlook for a weak world GDP growth, the US dollar and the Euro are likely to become liquidity safeguards in 2023. The Euro is expected to keep a range of EUR/USD 1.00-1.10 with downside risk in case of further geopolitical tensions with Russia. Emerging market currencies are expected to remain volatile in 1H2023, probably improving in 2H2023 on the back of the reopening of the Chinese economy and some recovery in commodity markets.

Rating agencies refrained from any major changes to euro area sovereign debt ratings in 2022, as fiscal deterioration in most countries was not the result of pre-pandemic structural imbalances. Downside risks to sovereign ratings are likely to become more visible in case of excessive delay in resuming fiscal rebalancing until 2024 (EU agreement). The risk of a rating downgrade in 2023 seems limited for both Portugal (S&P BBB+/stable; Moody's Baa2/stable; and Fitch BBB+/stable) and Spain (S&P A/stable; Moody's Baa1/stable; and Fitch A-/stable) owing to support from the EU and the ECB. A hard landing followed by an economic downturn could pose a downgrade risk to Italy’s sovereign rating (S&P BBB/stable; Moody’s Baa3/negative; and Fitch BBB/stable) and also a source of volatility for euro bond markets in 2023. The ECB's Transmission Protection Instrument, announced in 2022 to avoid bond market fragmentation, could be tested in the event of strong recession and extreme volatility in euro financial markets in 2023.

We anticipate a difficult economic environment in 2023, with a risk of recession in both Europe and the United States in 1H2023. The reopening of the economy in China will tend to cushion emerging economies and commodity markets against any hard landing in developed economies.

2. Activity in 2022

As regards Haitong Global Asset Management 's activity developed in 2022, the following should be noted:

- The winding-up of venture capital fund Haitong Infrastructure Fund I in April 2022;
- The winding-up of FCR /Novo Banco in January 2023;
- Divestments in the amount of €17.9 million materialised by (i) the sale of the entire portfolio of subsidiaries held by FCR /Novo Banco, (ii) the sale of Ventos Paralelos the only subsidiary held by Haitong Infrastructure Fund; and (iii) capital distributions from subsidiaries of the Funds under management;
- Capital reductions in the funds managed by HGAM, totalling around €16.9 million;
- Total participating interests under management, at market value, reached approximately €17.5 million, showing a decrease compared to the end of 2021, which showed participating interests under management of €34.2 million. Of this total, around 5.9% refers to stakes in companies, through funds under management, and 94.1% refers to units in venture capital funds, under external management.

2.1. Funds under management

The volume of funds under management showed a decrease compared to 2021, reaching the amount of €49 million, which corresponds to the net asset value of the only Fund (Haitong Private Equity Fund) under HGAM management, which includes an amount of €24.8 million relating to the subscribed and unpaid capital by the Fund's sole Unitholder.

2.2. Investment

No new investments were made during the 2022 financial year.

2.3. Divestment

Divestments in 2022 totalled €17.9 million. The disposal of Epedal, Nexxpro, Cristalmax, Ach. Brito and Ramos Ferreira, subsidiary of the FCR PME/Novo Banco Fund, and of Ventos Paralelos, subsidiary of the Haitong Infrastructure Fund.

Distributions received from funds managed by third parties held by the Haitong Private Equity Fund (ESID and Armilar Ventures III) are also noteworthy, reflecting their maturity and strong operational performance.

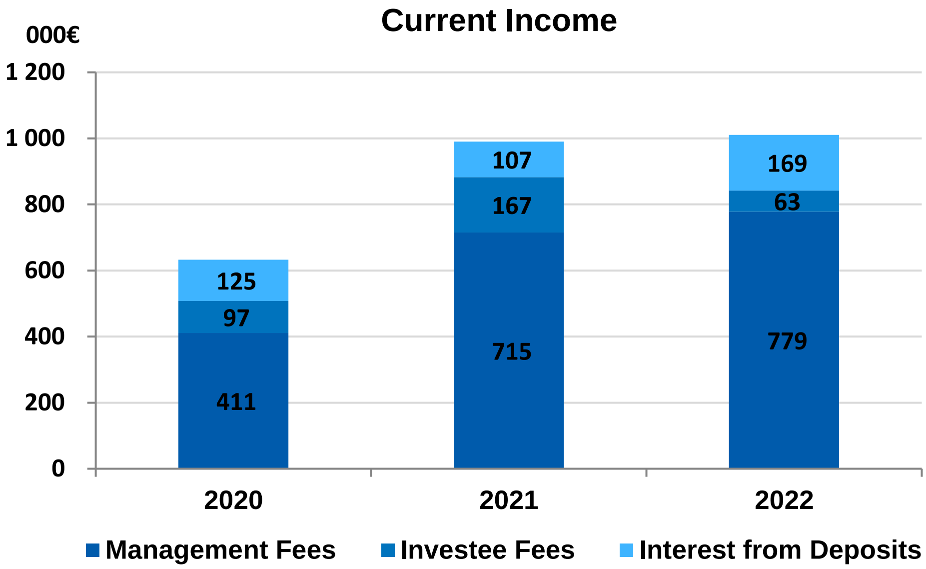
3. Economic and financial overview

This economic and financial overview is restricted to Haitong Global Asset Management only, and excludes venture capital funds under its management.

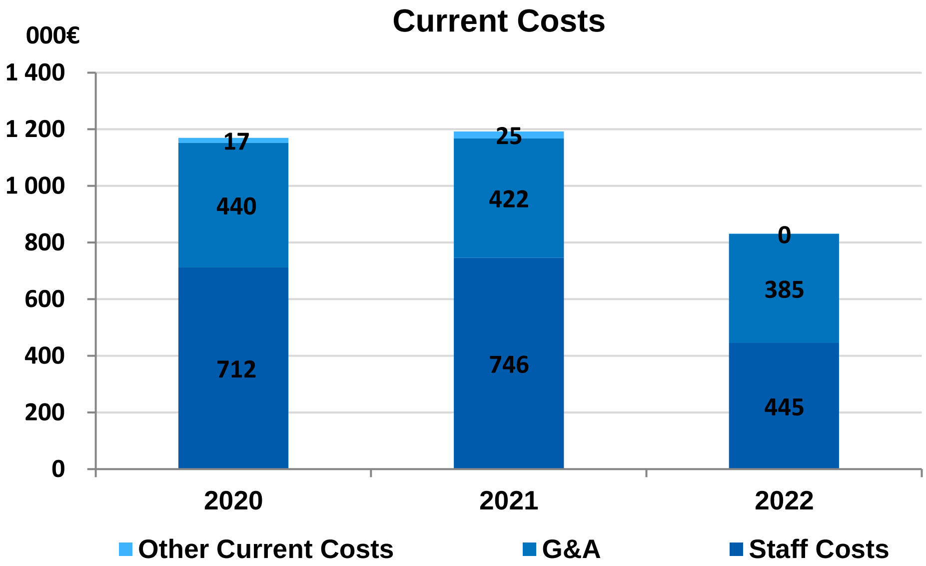
3.1. Performance review

At the end of 2022 Haitong Global Asset Management posted a net profit for the year of approximately €223 thousand, down 86.53% from about €1,654 thousand in the previous year, impacted by the positive effect of the sale of the portfolio of subsidiaries held by the Company.

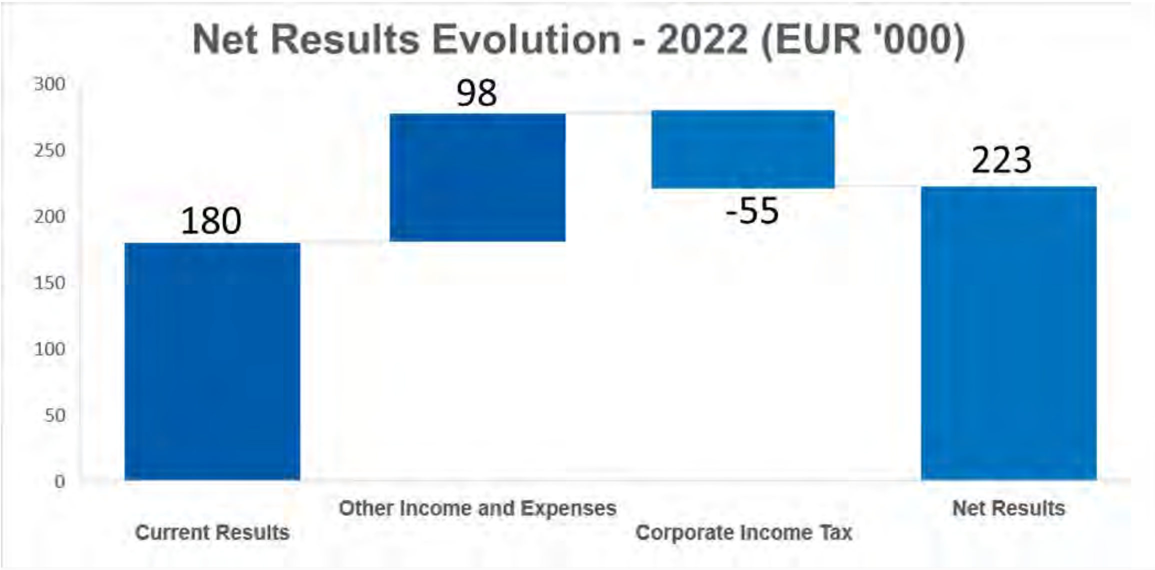
Current income rose by 2.1% compared to 2021, as a result of the maintenance of funds under management, and current expenses decreased about 30.3% compared to 2021. Haitong GAM closed the year with positive current results of €180 thousand.



Source: Haitong Global Asset Management



Source: Haitong Global Asset Management



Source: Haitong Global Asset Management

As shown in chart above, the positive net results of €223 thousand resulted from (i) positive operating results, (ii) reversal of impairments previously recorded and (iii) taxes.

3.2. Balance sheet position

At the end of the year Haitong Global Asset Management reported assets of about €56.6 million, about €55.5 million of which corresponding to available financial resources.

The sale of the Company's holdings portfolio completed in early 2022 reflects the ongoing process of transforming Haitong Global Asset Management into a UCITS management company (Portuguese acronym SGOIC).

In 2022 Haitong Global Asset Management's equity closed at €56.1 million.

4. Outlook for 2023

In a particularly difficult economic environment in 2022, as a result of the sharp rise in inflation and the war in Ukraine, it was possible to maintain an accelerated level of divestment, which allowed the disposal of all participating interests held by FCR PME/Novo Banco to be completed by the end of the year. To maximise value creation, a close monitoring of the portfolio of HPEF subsidiaries was simultaneously maintained.

Haitong Global Asset Management is undergoing a process of change of its activity beyond the strict focus on the private equity business. From a legal standpoint, the change in the Company's business scope took place in the first quarter of 2022, following the sale of the last subsidiary in its portfolio, in January 2022. In the fourth quarter of the year another important milestone was achieved, with the implementation of a new portfolio and fund management IT system, which will support the expansion of Haitong Global Asset Management's activity. During the coming months, the Company will incorporate the asset management activities that have been developed by Haitong Bank.

In the future, Haitong Global Asset Management, SGOIC, SA. will develop a broader activity of asset management and will position itself as the Haitong Group's European vehicle for management of undertakings of collective investment, leveraging on its significant expertise in Asian assets and strong track record in European assets.

5. Purchase and sale of own shares

Information for compliance with the provisions of Article 324 of the Companies Code: no own shares were purchased or sold in 2022, and the Company held no shares of this type by the end of the year.

6. Transactions between the Company and its Directors

Information for compliance with the provisions of Article 307 of the Companies Code: there were no transactions between the Company and its Directors in 2022.

7. Company's position vis-à-vis public authorities

Haitong Global Asset Management has no debts to the State, the Social Security or any other public authority.

8. Earnings distribution proposal

Under the terms of the law and the Company's Articles of Association, the Board of Directors proposes that the net profit for the year 2022 be allocated as follows:

a) Legal reserve: €11,144.00

b) Retained earnings €211,729.00

9. Final Note

The Board of Directors would like to thank the employees of the Company for their commitment and dedication, and to express its gratitude to the Members of the other Governing Bodies, the Shareholder, the CMVM, the IAPMEI, PME Investimentos and all the other private equity firms and institutions with which it has interacted, for their cooperation throughout the year.

Lisbon, 30 March 2023

The Board of Directors

Chairman of the Board of Directors
Francisco Alexandre Valente Oliveira

Member
António Carlos Gomes Pacheco

Member
Bin Xu

Member
Luís Nuno Lima de Carvalho Valença Pinto

Member
José Luís de Saldanha Ferreira Pinto Basto

FINANCIAL STATEMENTS

Profit and Loss Account
for the years ended on 31 December 2022 and 2021

(EUR)

	Notes	31.12.2022	31.12.2021 (Restated)
Interest and similar income	4	168 937	107 366
Net interest income		**168 937**	**107 366**
Revenues from services and fees	5	842 003	882 678
Net profit/loss from other financial instruments at fair value through profit or loss	6	-	2 928 173
Foreign exchange revaluation results		-	(9)
Other operating profit/loss	7	(13 300)	(19 671)
Operating income		**997 640**	**3 898 537**
Staff costs	8	445 008	746 058
Administrative expenses	9	385 380	421 960
Depreciation/amortisation	13 e 14	493	1 532
Impairment on financial assets	10	(111 229)	972 656
Operating expenses		**719 652**	**2 142 206**
Profit/loss before tax		**277 988**	**1 756 331**
Taxes			
Current	15	(55 115)	(1 608 052)
Deferred	15	-	1 505 849
Net profit/loss for the year		**222 873**	**1 654 128**

The accompanying notes are an integral part of these financial statements

The Board of Directors

Chartered Accountant

Statement of Comprehensive Income

for the years ended on 31 December 2022 and 2021

(EUR)

	31.12.2022	31.12.2021 (Restated)
Net profit/loss for the year	**222 873**	**1 654 128**
Total comprehensive income/loss for the period	**222 873**	**1 654 128**

The accompanying notes are an integral part of these financial statements

The Board of Directors

Chartered Accountant

Balance Sheet as at 31 December 2022 and 2021

(EUR)

	NotEs	31.12.2022	31.12.2021 (Restated)	01.01.2021 (Restated)
Assets				
Cash and cash equivalents	11	404 290	42 909	777 927
Financial assets not held for trading mandatorily measured at fair value through profit or loss		-	-	
Securities		-	-	23 098 132
Financial assets at amortised cost				
Loans and advances to credit institutions	12	55 054 011	57 633 456	30 997 712
Loans and advances to customers		-	-	971 544
Other tangible assets	13	771	477	2 010
Intangible assets	14	58 865	-	-
Investments in subsidiaries and associated companies		-	-	968
Deferred tax assets				
Current tax assets	15	953 809	67 137	420 382
Other assets	16	93 658	227 083	503 644
Total Assets		**56 565 404**	**57 971 062**	**56 772 319**
Liabilities				
Tax deferred liabilities				
Current tax liabilities	15	59 179	1 622 614	-
Deferred tax liabilities		-	-	1 926 231
Other liabilities	17	412 652	477 748	629 516
Total Liabilities		**471 831**	**2 100 362**	**2 555 747**
Equity				
Equity	18	25 000 000	25 000 000	25 000 000
Other reserves and retained earnings	19	30 870 700	29 216 572	27 750 689
Net profit/loss for the year		222 873	1 654 128	1 465 883
Total Equity		**56 093 573**	**55 870 700**	**54 216 572**
Total Equity and Liabilities		**56 565 404**	**57 971 062**	**56 772 319**

The accompanying notes are an integral part of these financial statements

The Board of Directors

Chartered Accountant

Individual Statement of Changes in Equity for the years ended 31 December 2022 and 2021

(EUR)

	Equity	Other Reserves, Retained Earnings and Other Comprehensive Income	Total	Net Profit/Loss for the Year	Total Equity
Balance as at 31 December 2020	**25 000 000**	**27 750 689**	**52 750 689**	**1 465 883**	**54 216 572**
Effects of changes in accounting policy	-	-	-	-	-
Balance as at 1 January 2021	**25 000 000**	**27 750 689**	**52 750 689**	**1 465 883**	**54 216 572**
Appropriation of net profit/loss	-	1 465 883	1 465 883	(1 465 883)	-
Net profit/loss for the year	-	-	-	1 654 128	1 654 128
Balance as at 31 December 2021 (Restated)	**25 000 000**	**29 216 572**	**54 216 572**	**1 654 128**	**55 870 700**
Appropriation of net profit/loss	-	1 654 128	1 654 128	(1 654 128)	-
Net profit/loss for the year	-	-	-	222 873	222 873
Balance as at 31 December 2022	**25 000 000**	**30 870 700**	**55 870 700**	**222 873**	**56 093 573**

The accompanying notes are an integral part of these financial statements

The Board of Directors

Chartered Accountant

Cash Flow Statement for the years ended on 31 December 2022 and 2021

(EUR)

	Notes	31.12.2022	31.12.2021 (Restated)
Cash flow from operating activities			
Interest and income received		111 286	109 196
Services and fees received		1 188 407	-
Cash payments to employees and suppliers		-	-
		1 299 693	**109 196**
Changes in operating assets and liabilities:			
Investments in credit institutions		(50 816)	(109 196)
Other operating assets and liabilities		(40 692)	-
Net cash from operating activities before income tax		**(91 508)**	**(109 196)**
Interest taxes paid		-	(3 456)
		(91 508)	**(112 652)**
Net cash flow from investing activities			
Sale and redemption of securities investments		-	3 456
		-	**3 456**
Net change in cash and cash equivalents		**1 208 185**	**-**
Cash and cash equivalents at beginning of the year		42 909	777 927
Cash and equivalents at end of the year		404 290	42 909
		361 381	**(735 018)**
Cash and cash equivalents include:			
Cash	11	1 405	1 405
Deposits at central banks	11	402 885	41 504
Total		**404 290**	**42 909**

The accompanying notes are an integral part of these financial statements

The Board of Directors

Chartered Accountant

1. Notes to the Financial Statements

NOTE 1 – ACTIVITY

Haitong Global Asset Management, SGOIC, S.A. (Haitong GAM or the Company), formerly known as Haitong Capital – SCR, S.A., has its registered office at Rua Alexandre Herculano, 38, in Lisbon, and was incorporated on 12 September 1988 with the original corporate name SFIR – Sociedade de Financiamento e Investimento de Risco, S.A. On 24 October 1996 the Company changed its name to ES Capital – Sociedade de Capital de Risco, S.A., on 10 September 2003 it changed again its name to Espírito Santo Capital – Sociedade de Capital de Risco, S.A., on 24 September 2015 it changed its name to Haitong Capital – SCR, S.A. and on 16 March 2022 it changed again its name to Haitong Global Asset Management, SGOIC, S.A.

Following the CMVM authorisation granted on 14 September 2021, the process of transforming Haitong Capital into a SGOIC began. The first stage took place on 16 March 2022 with the registration of the change in its name and Articles of Association at the Registry Office.

The investment funds, as well as the portfolios of assets under management as at 31 December 2022 and 2021 are detailed in Note 21.

Haitong GAM's financial statements are consolidated by the Haitong Bank S.A., with its registered office at Rua Alexandre Herculano, 38, in Lisbon.

NOTE 2 – MAIN ACCOUNTING POLICIES

2.1. BASES OF PRESENTATION

Under the provisions of CMVM Regulation No 2/2015, republished by CMVM Regulation No 3/2020 and as amended by CMVM Regulations No 6/2020 and 9/2020, Haitong Global Asset Management, SGOIC, S.A.'s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The IFRS comprise the accounting standards issued by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and their predecessor bodies.

For the purpose of compliance with the commercial legislation in force, the Haitong GAM prepared, approved and published until 31 December 2021 its financial statements in accordance with the Accounting Standards System ("Portuguese acronym SNC").

As at 31 December 2022 the financial statements were prepared in accordance with IFRS. The year 2021, presented for comparative purposes, was restated to comply with IFRS.

These Haitong GAM's financial statements are for the year ended 31 December 2022 and were prepared in accordance with the IFRS in force as adopted in the European Union up to 31 December 2022.

The Company has adopted the IFRS and interpretations that are mandatory for financial years beginning on or after 1 January 2022. The accounting policies have been consistently applied to the 2021 financial year for comparative purposes.

The financial statements are expressed in euro, rounded to the nearest unit. They have been prepared under the historical cost convention, except for the assets and liabilities measured at fair value, namely financial instruments at fair value through profit or loss.

Other financial assets, financial liabilities and non-financial assets and liabilities are recorded at amortised cost or historical cost.

The preparation of the financial statements in conformity with IFRS requires the Company to make judgements and estimates and use assumptions affecting the application of the accounting policies and the amounts corresponding to income, expenses, assets and liabilities. Any changes to such assumptions or any difference between these assumptions and reality may have an impact on current estimates and judgements. The areas involving a higher degree of judgement or complexity, or where significant assumptions and estimates are used in preparing individual financial statements are set out in Note 3.

These financial statements were approved at a meeting of the Board of Directors at the meeting of the Board of Directors held on 30 March 2023.

2.2. FOREIGN CURRENCY TRANSACTIONS

Transactions undertaken in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into euro at the exchange rate ruling at the year date. Any exchange differences arising are recognised in profit and loss.

Non-monetary assets and liabilities recorded at historical cost, expressed in foreign currency, are translated at the exchange rate prevailing on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated at the exchange rate ruling at the date the fair value was determined. Any exchange differences arising are recognised in profit or loss.

2.3. FINANCIAL INSTRUMENTS

2.3.1 CLASSIFICATION OF FINANCIAL ASSETS

At initial recognition, financial assets are classified into one of the following categories:

Financial assets at amortised cost;

Financial assets at fair value through other comprehensive income; or

Financial assets at fair value through profit or loss:

Financial assets held for trading

Financial assets not held for trading mandatorily measured at fair value through profit or loss

Financial assets designated at fair value through profit or loss

Financial assets classification and measurement depends on the SPPI test results (assessment if the contractual cash flows characteristics to conclude whether they correspond solely to payments of principal and interest on the principal amount outstanding) and the business model.

a) Financial assets measured at amortised cost

A financial asset is classified under "Financial assets at amortised cost" if both of the following conditions are met:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

"Financial assets at amortised cost" includes mainly loans and advances to credit institutions, loans and advances to customers, and debt securities.

b) Financial assets at fair value through other comprehensive income

A financial asset is classified under "Financial assets at fair value through other comprehensive income" if both of the following conditions are met:

The financial asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Furthermore, on initial recognition of an equity instrument, which is neither held for trading nor contingent consideration by an acquirer in a business combination to which IFRS 3 applies, the Company may irrevocably opt to recognise it "Financial assets at fair value through other comprehensive income". This option is exercised on a case-by-case, investment-by-investment basis and is available only for financial instruments that comply with the definition of equity instruments in IAS 32 and cannot be used for financial instruments that are classified as equity instrument at issuer level under the exceptions provided in paragraphs 16A to 16D of IAS 32.

c) Financial assets at fair value through profit or loss

A financial asset is classified under “Financial assets at fair value through profit and loss” if the business model defined by the Company for its management or the characteristics of its contractual cash flows are not appropriate for them to be classified in the aforesaid categories.

Moreover, the Company may irrevocably designate a financial asset, which meets the criteria to be classified under "Financial assets at amortised cost" or "Financial assets at fair value through other comprehensive income", as at fair value through profit or loss upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases.

Gains and losses on financial assets and liabilities at fair value through profit or loss, i.e. changes in fair value and interest on trading derivatives, as well as dividends received from these portfolios, are recognised under "Net income from other financial instruments at fair value through profit or loss" in the profit and loss account.

Business model assessment for managing financial assets

The assessment of the business model does not depend on management’s intentions for an individual instrument but rather for a set of instruments, considering the frequency, value, timing of sales in previous financial years, the reasons for said sales and expectations of frequency of future sales. Infrequent or minor sales, or close to the maturity of the asset and those motivated by increases in the credit risk of financial assets or to manage concentration risk, among others, may be compatible with the model of holding assets to collect contractual cash flows.

Assessment of contractual cash flow characteristics of financial assets (SPPI)

If a financial asset contains a contractual clause which may modify the timing or amount of contractual cash flows (such as early repayment or extension clauses), the Group will determine whether the cash flows to be generated during the term of the instrument, under that contractual clause, are only payments of principal and interest on the principal amount of the capital outstanding.

Upon initial recognition, the contractual conditions of financial assets that impact on cash flows or are contingent on the occurrence of exceptional or highly unusual events (such as the liquidation of the issuer) may be recognised at amortised cost or at fair value through other comprehensive income.

Initial recognition

At initial recognition, all financial instruments are recognised at their fair value. For financial instruments that are not recognised at fair value through profit or loss, the fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of instruments at fair value through profit or loss, directly attributable transaction costs are recognised immediately in profit or loss.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset or to the issue or assumption of a financial liability that would not have been incurred if the Group had not carried out the transaction.

Measurement subsequent to initial recognition

Following initial recognition, the Company measures financial assets at amortised cost, fair value through other comprehensive income, fair value through profit or loss or cost.

The fair value of quoted financial assets is their current bid price. If no quoted price is available, the Company estimates fair value by using (i) valuation methodologies, such as the use of recent, similar transaction prices under market conditions, discounted cash flow techniques and option valuation models customised to reflect the particularities and circumstances of the instrument, and (ii) valuation assumptions based on market information. These methodologies also incorporate own and counterparty credit and counterparty risk. These methodologies may require the use of assumptions or judgements in estimating fair value.

The income and expenses of financial instruments at amortised cost are recognised in accordance with the following criteria:

Interest is recognised in profit or loss, using the effective interest rate of the transaction on the gross carrying amount of the transaction (except in the case of impaired assets, where the interest rate is applied on the net carrying amount of the impairment).

The other changes in value will be recognised as income or expense when the instrument is derecognised from the balance sheet, when it is reclassified, and in the case of financial assets, when impairment losses or gains from their recovery occur.

Income and expenses on financial instruments at fair value through profit or loss are recognised according to the following criteria:

Fair value changes are recognised directly in profit or loss, separating the part attributable to income from the instrument, which is recorded as interest or dividends according to their nature, and the remainder, which is recorded as profit or loss in the corresponding item.

Interest on debt instruments are measured using the effective interest rate method.

Income and expenses of financial instruments at fair value through other comprehensive income or loss are recognised according to the following criteria:

Interest is recognised in the same manner as assets at amortised cost.

Foreign exchange differences are recognised in profit and loss.

Impairment losses or gains on their recovery are recognised in profit or loss.

The remaining changes in value are recognised in other comprehensive income.

Therefore, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognised in profit or loss for the period are the same as those that would be recognised if measured at amortised cost.

When a debt instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recognised in other comprehensive income is reclassified to net profit/loss for the year.

When contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of the financial asset in accordance with the Company's adopted policy, the Company recalculates the gross amount of the financial asset and recognises a gain or loss arising from the difference from the previous amortised cost against profit or loss. The gross amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the asset.

Impairment of financial assets

The Company determines impairment losses for exposures that carry credit risk.

Impairment model

Under IFRS 9, the Company determines the expected credit losses (ECL) using a forward-looking model that considers credit losses over the lifetime of financial instruments. Accordingly, ECL calculation incorporates macroeconomic factors, as well as other forward-looking information, whose changes impact expected losses.

Calculating expected credit losses

According to the IFRS 9, the expected credit loss for financial assets is the current value of the difference between (1) the contractual cash flows that are due to an entity under the agreement, and (2) the cash flows that the entity expects to receive.

The recognition of an impairment is required on financial assets at amortised cost (AC). Therefore, the types of financial assets for which impairment should be recognised are as follows:

- Loans and advances to customers;
- Loans and advances to banks;
- Debt securities;
- Debtors and other receivables
- Cash and cash equivalents.

Derecognition criteria

The Company derecognises a financial asset in the following situations:

a) when transferring that asset and, as a result of such transfer, all the risks and benefits of that asset are transferred to another entity;

b) where there is a significant change in the borrower within the instrument:
c) where there is a change deemed significant in the terms and conditions of that asset.

2.3.2 INTEREST RECOGNITION

Results referring to interest from asset and liability financial instruments measured at amortised cost are recognised under "Interest and similar income" or "Interest and similar costs" (net interest income), using the effective interest rate method. Interest at the effective rate on financial assets at fair value through other comprehensive income is also recognised in Net interest income.

The effective interest rate corresponds to the rate that discounts estimated future payments or receipts during the expected lifetime of the financial instrument (or, where appropriate, for a shorter period) to the net present book value of the financial asset or liability.

2.4. OTHER TANGIBLE ASSETS

The Company's other tangible assets are measured at cost less their accumulated amortisation and impairment losses. This cost includes expenditure directly attributable to the acquisition of goods.

Costs incurred with other tangible assets are recognised only if it is likely that they will result in future economic benefits to the Company. All repair and maintenance costs are recognised as a cost on an accrual basis.

Depreciation of other tangible assets is calculated using the straight-line method, at the following rates of depreciation which reflect the expected useful life of the assets.

	Number of years
Own use properties	50
Benefits on rented properties	10
IT equipment	4 to 5
Indoor installation	5 a 12
Furniture and furnishings	4 to 10
Security equipment	4 to 10
Machines and tools	4 to 10
Transport material	4
Other equipment	5

Where there is evidence that an asset may be impaired, IAS 36 requires that its recoverable amount is estimated, and an impairment loss recognised when the net book value of the asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

The recoverable amount is determined as the higher of its net selling price and value in use, the latter being calculated by the current value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

2.5. INTANGIBLE ASSETS

Costs incurred with the acquisition, production and development of software are capitalised, as are the additional expenses incurred by the Company required for its implementation. Such costs are amortised on a straight-line basis over the expected useful life of these assets, which is usually between 3 and 8 years.

Costs that are directly associated with the development of identifiable specific software applications and that will probably generate economic benefits beyond one year, are recognised as intangible assets.

All other charges related to IT services are recognised as costs, where incurred.

2.6. TAXES ON CAPITAL INCOME

Taxes on capital income comprise current and deferred taxes. Taxes on capital income are recognised in profit or loss, except where they are related to items that are recognised directly in equity, in which case they are also recorded with a contra-entry under equity. Taxes recognised in equity, as a result of the reassessment of financial assets at fair value through other comprehensive income, are subsequently recognised in profit or loss when the gains and losses that gave rise to them are recognised in profit or loss.

Current taxes are those expected to be paid based on the taxable income calculated in accordance with the tax rules in force, using the tax rate approved or substantially approved in each jurisdiction.

Deferred taxes are calculated, using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax basis, by using the tax rates that have been enacted or substantively enacted by the balance sheet date in each jurisdiction and are expected to apply when the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences, except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is not likely that they reverse in the future. Deferred tax assets are recognised only to the extent that future taxable profits are expected to be available to absorb tax losses carried forward and deductible temporary differences.

2.7. RECOGNITION OF REVENUES FROM SERVICES AND FEES

Revenues from services and fees are recognised when (or as) a performance obligation is satisfied by transferring a service, based on the transaction price associated with that performance obligation, as follows:

- Revenues from services and fees arising from the performance of a certain performance obligation, such as loan syndication fees, are recognised in profit or loss when each performance obligation has been satisfied;

- Revenues from services and fees related to performance obligations satisfied over time are recognised in profit or loss over the period in which the performance obligations are satisfied;

Revenues from services and fees that are an integral part of the effective interest rate of a financial instrument are recognised in profit or loss using the effective interest rate method.

2.8. RECOGNITION OF REVENUES FROM SERVICES AND FEES

The Company has no employees, the staffing being provided by the Haitong Bank, S.A. In this context, the amounts referring to staff remuneration and other related costs recorded under "Staff costs" result from the assignment of employees from the Haitong Bank, S.A. These amounts include costs with pensions related to expenses with staff seconded by the Haitong Bank, S.A. Haitong GAM has no direct responsibility. Responsibilities regarding Haitong GAM employees are included in the Haitong Bank S.A. Pension Fund.

2.9. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise amounts recorded in the balance sheet with less than three months' maturity from the date of acquisition/contracting, consisting of cash and balances at central banks and other credit institutions.

NOTE 3 – MAIN ESTIMATES AND JUDGEMENTS USED IN PREPARING THE FINANCIAL STATEMENTS

IFRS set forth a range of accounting treatments and require the Board of Directors to use judgements and make estimates in deciding which treatment is more suitable. These estimates were made considering the best information available at the date the financial statements were prepared, given the context of uncertainty of the current economic environment. The main accounting estimates and judgements used by the Company when applying the accounting principles are discussed in this Note to improve the understanding of how their application affects the Company's reported results and their disclosure.

A broader description of the main accounting policies used by the Company is disclosed in Note 2 to the financial statements.

Considering that there are often alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Company could differ if a different treatment were chosen. The Board of Directors believes that the choices made are adequate and that the financial statements present fairly, in all material respects, the Company's financial position and results of operations.

3.1 Income taxes

Under the terms of the law in force, tax returns are subject to review and correction by tax authorities for a four-year period, except where any deduction (in particular tax losses) or tax credit has been made, in which case the expiry period is that of the exercise of this right; or where inspections, complaints or objections are in progress, in which cases, depending on the circumstances, time limits are extended or suspended. Therefore, the Company's tax returns for the years 2019 to 2022 may still be subject to review. Hence, additional tax assessments may arise due essentially to different interpretations of the tax law. However, the Board of Directors of the Company believes that there will be no additional payments of a significant amount likely to distort the information in the financial statements.

NOTE 4 – NET INTEREST INCOME

The amount of this item is made up of:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Interes and similar income		
Interest from depoisits and investments in credit institutions	168 937	107 366
	168 937	**107 366**

NOTE 5 – GAINS AND LOSSES ON SERVICES AND FEES

The amount of this item is made up of:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Revenues from services and fees		
Management fees		
FCR PME / NOVO BANCO	345 873	463 631
Haitong Private Equity Fund - FCR	432 676	256 618
Other fees	63 454	162 429
	842 003	**882 678**

At 31 December 2022, gains and losses on services and fees include an amount of €779 thousand (31 December 2021: €720 thousand) relating to management fees charged by the Company as responsible for the management of the venture capital funds shown in Note 21, and an amount of €63 thousand (31 December 2021: €167 thousand) referring to monitoring fees charged to subsidiaries of the managed Funds.

NOTE 6 – GAINS AND LOSSES ON OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The amount of this item is made up of:

(EUR)

	31.12.2021 (Restated)
Shares	10 143
Other variable yield securities	2 918 030
	2 928 173

NOTE 7 – OTHER OPERATING RESULTS

The amount of this item is made up of:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Other customer services	6 087	3 477
Direct and indirect taxes	(11 241)	(16 965)
Other operating profit/loss	(8 146)	(6 183)
	(13 300)	**(19 671)**

NOTE 8 – STAFF COSTS

Staff costs are made up of:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Wages and salaries		
Remunerations	368 541	447 586
Impact from termination agreements	26 949	-
Other expenses	49 518	298 472
	445 008	**746 058**

The Company has no employees, the staffing being provided by the Haitong Bank, S.A. In this context, the amounts referring to staff remuneration and other related costs recorded under "Staff costs" result from the assignment of employees from the Haitong Bank, S.A. These amounts include pension costs related to expenses with staff seconded by the Haitong Bank, S.A., with no direct responsibility on the part of the Haitong GAM. Responsibilities regarding Haitong GAM employees are included in the Haitong Bank S.A.'s Pension Fund.

The item "Other expenses" includes the performance bonus for the year:

- 2022 in the amount of €50 thousand for that year and includes the reversal of the overestimated performance bonus for the year 2021 in the amount of approximately €129 thousand.
- 2021 in the amount of €150 thousand, for the year then ended, and includes the reversal overestimated performance bonus for the year 2020 in the amount of approximately €58 thousand.

Costs with the compensation and other benefits allocated to key management personnel assigned to Haitong GAM, in office at the end of the year, are as follows:

(EUR)

	Board of Directors	Total
December 2022		
Remunerations and other short-term benefits	218 565	218 565
Variable remunerations	12 961	12 961
Total	**231 526**	**231 526**
December 2021		
Remuneration and other short term benefits	311 548	311 548
Variable remunerations	39 713	39 713
Total	**351 261**	**351 261**

By professional category, the average number of employees assigned to Haitong GAM is analysed as follows:

	31.12.2022	31.12.2021
Directors	2	3
Management	-	-
Specific duties	1	3
Administrative duties	1	1
Assistant duties	-	-
Total	**4**	**7**

NOTE 9 – ADMINISTRATIVE EXPENSES

The amount of this item is made up of:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Communications and expeditions	2 525	4 608
Rents and leases	49 945	49 811
Travel and representation expenses	486	1 397
Maintenance and repairs	4 837	2 820
Insurance	384	530
Advertising and publications	546	618
Legal and litigation	10 975	21 872
Specialised services		
Independent labour	1 620	12 181
Other specialised services	307 205	314 948
Other expenses	6 857	13 175
	385 380	**421 960**

The item Other specialised services includes, among others, consultancy and external auditors fees. The item Other costs includes, among others, security and surveillance costs, information, training and external supplies costs.

2022 and 2021 fees agreed with the Audit Firm, under the provisions set forth in Article 508-F of the Companies Code, are detailed as follows:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Statutory audit of annual accounts	12 500	25 500
Total amount of services agreed	**12 500**	**25 500**

Amounts shown are before tax.

NOTE 10 – PROVISIONS AND IMPAIRMENT

Movements in impairment losses are as follows:

(EUR)

	31.12.2021 (Restated)	Additions/ Reversals	Write-offs	Exchange Differences and Other	31.12.2022
Financial assets at amortised cost					
Loans and advances to customers	2 127 237	-	(2 127 237)	-	-
Other assets (Note 16)	751 902	(111 229)	-	69 321	709 994
	2 879 139	**(111 229)**	**(2 127 237)**	**69 321**	**709 994**

(EUR)

	31.12.2020 (Restated)	Additions / Reversals	Exchange differences and other	31.12.2021 (Restated)
Financial assets at amortised cost				
Loans and advances to customers	1 155 693	971 544	-	2 127 237
Other assets (Note 16)	745 000	1 112	5 790	751 902
	1 900 693	**972 656**	**5 790**	**2 879 139**

As at 31 December 2021 the exposure recognised as Financial assets at amortised cost - Loans and advances to customers was impaired on 100% of the exposure and was disposed of in 2022.

NOTE 11 – CASH AND CASH EQUIVALENTS

This item is detailed as follows, as at 31 December 2022 and 2021:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Cash	1 405	1 405
deposits with other credit institutions		
Demand deposits	402 885	41 504
	402 885	**41 504**
	404 290	**42 909**

NOTE 12 – LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This item is detailed as follows, as at 31 December 2022 and 2021:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Loans and Advances to Credit Institutions in the country		
Deposits	55 054 011	57 633 456
	55 054 011	**57 633 456**

As at 31 December 2022 and 2021, term deposits by residual maturities may be presented as follows:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Up to 3 months	-	15 004 125
From 3 months to one year	55 054 011	42 629 331
	55 054 011	**57 633 456**

NOTE 13 – OTHER TANGIBLE ASSETS

This item is detailed as follows, as at 31 December 2022 and 2021:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Real estate		
Improvements in leasehold property	13 068	13 068
	13 068	**13 068**
Equipment		
IT equipment	48 616	48 616
Furniture and equipment	38 571	38 571
Machinery and tools	5 069	5 069
Security equipment	1 876	1 876
Other	4 471	3 684
	98 603	**97 816**
	111 671	**110 884**
Accumulated depreciation	(110 900)	(110 407)
	771	**477**

Activity in this item was as follows:

(EUR)

	Real Estate	Equipment	Total
Balance as at 31 December 2020 (Restated)	**13 068**	**97 816**	**110 884**
Balance as at 31 December 2021 (Restated)	**13 068**	**97 816**	**110 884**
Accruals	-	787	787
Balance as at 31 December 2022	**13 068**	**98 603**	**111 671**
Depreciation			
Balance as at 31 December 2021 (Restated)	**13 068**	**95 807**	**108 875**
Depreciation for the year	-	1 532	1 532
Balance as at 31 December 2020 (Restated)	**13 068**	**97 339**	**110 407**
Depreciation for the year	-	493	493
Balance as at 31 December 2022	**13 068**	**97 832**	**110 900**
Net Balance as at 31 December 2022	**-**	**771**	**771**
Net balance as at 31 December 2021 (Restated)	**-**	**477**	**477**

NOTE 14 – INTANGIBLE ASSETS

This item is detailed as follows, as at 31 December 2022 and 2021:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Purchased from third parties		
Automated data processing system	3 134	3 134
	3 134	**3 134**
Fixed assets In progress	58 865	-
	61 999	**3 134**
Accumulated amortisation	(3 134)	(3 134)
	(3 134)	**(3 134)**
	58 865	**-**

Activity in this item was as follows:

(EUR)

	Automated Data Processing System	Fixed Assets in Progress	Total
Balance as at 31 December 2020 (Restated)	**3 134**	**-**	**3 134**
Balance as at 31 December 2021 (Restated)	**3 134**	**-**	**3 134**
Accruals:			
From third parties	-	58 865	**58 865**
Balance as at 31 December 2022	**3 134**	**58 865**	**61 999**
Amortisations			
Balance as at 31 December 2020 (Restated)	**3 134**	**-**	**3 134**
Balance as at 31 December 2021 (Restated)	**3 134**	**-**	**3 134**
Balance as at 31 December 2022	**3 134**	**-**	**3 134**
Balance as at 31 December 2022	**-**	**58 865**	**58 865**
Balance as at 31 December 2022 (Restated)	**-**	**-**	**-**

NOTE 15 – TAXES

The tax rate reconciliation, in respect of the amount recognised in profit or loss, may be analysed as follows:

(EUR)

	31.12.2022		31.12.2021 (Restated)	
	%	Amount	%	Amount
Profit/loss before tax		**277 988**		**1 756 331**
Company's tax rate	22,5%		24,6%	
Tax based on Company's tax rate		62 547		436 230
Tax benefits			(3,80%)	(66 820)
Autonomous taxation	0,64%	1 766	0,13%	2 212
Other	(3,31%)	(9 198)	(15,34%)	(269 419)
	19,83%	**55 115**	**5,62%**	**102 203**
Of which:				
Current taxes		55 115		1 608 052
Deferred taxes		-		(1 505 849)
	19,83%		**5,62%**	

The balance sheet deferred tax in 2021 is explained as follows:

(EUR)

	31.12.2021 (Restated)	
	Deferred tax assets	Deferred tax liabilities
Initial balance	**420 382**	**(1 926 231)**
Recognised in profit or loss		
Differences arising from fair value measurements		
Securities revaluation	(420 382)	1 926 231
Final balance	**-**	**-**

In 2021, the financial assets that, through their revaluation, were generating deferred tax in 2020, were sold. Thus, with the disposal of these financial assets, in 2021 their deferred tax was cancelled and consequently the accumulated tax gains and losses were calculated, which had an impact on the estimated current tax.

NOTE 16 – OTHER ASSETS

Other assets as at 31 December 2022 and 2021 are detailed as follows:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Debtors and other receivables		
Other sundry debtors	758 749	911 065
Impairment losses and other investments (Note 10)	(709 994)	(751 902)
	48 755	**159 163**
Deferred cost expenses	**2 414**	**15 965**
Other adjustment accounts		
Other transactions pending settlement	42 489	51 955
	42 489	**51 955**
	93 658	**227 083**

NOTE 17 – OTHER LIABILITIES

Other Liabilities as at 31 December 2022 and 2021 are detailed as follows:

(em euros)

	31.12.2022	31.12.2021 (Reexpresso)
Credores e outros recursos		
Credores diversos		
Credores por fornecimento de bens	21 248	2 937
Outros credores	25 120	22 450
	46 368	**25 387**
Custos a pagar		
Outros custos a pagar	297 290	282 162
	297 290	**282 162**
Outras contas de regularização		
Outras operações a regularizar	68 994	170 199
	68 994	**170 199**
	412 652	**477 748**

The items Other costs payable, at 31 December 2022 and 2021, show the balances to be paid relating to audits, taxes and accrued remuneration.

NOTE 18 – EQUITY

Ordinary shares

As at 31 December 2022 and 2021 the subscribed capital of €25,000,000 is 100% owned by Haitong Bank S.A.

Note 19 – FAIR VALUE RESERVES, OTHER RESERVES, RETAINED EARNINGS AND NON-CONTROLLING INTERESTS

Legal reserves and other reserves

These items performed as follows:

(EUR)

	Reserves and Retained Earnings		
	Legal Reserve	Other Reserves and Retained Earnings	Total Reserves and Retained Earnings
Balance as at 31 December 2020 (Restated)	**3 548 900**	**24 201 789**	**27 750 689**
Appropriation of net profit	-	1 465 883	1 465 883
Build up of reserves	73 294	(73 294)	-
Balance as at 31 December 2021 (Restated)	**3 622 194**	**25 594 378**	**29 216 572**
Appropriation of net profit	-	1 654 128	1 654 128
Build up of reserves	82 706	(82 706)	-
Balance as at 31 December 2022	**3 704 900**	**27 165 800**	**30 870 700**

In accordance with the commercial law in force, at least 5% of net profit for the year if positive, must be allocated to increase the legal reserve until representing 20% of the capital. This reserve is not distributable except in case of Haitong GAM liquidation, but may be used to absorb losses after other reserves are burnt through, or incorporated into the capital.

NOTE 20 – TRANSACTIONS WITH RELATED PARTIES

The amount of the Company's transactions with related entities of the Company in the years ended 31 December 2022 and 2021, as well as their costs and income recognised in the year, are summarised as follows:

(EUR)

	31.12.2022				
	Assets			Income	Expenses
	Deposits and investment in other credit institutions	Other Assets	Total		
Shareholders					
HAITONG BANK SA	55 439 717	8 880	55 448 597	168 937	292 359
TOTAL	**55 439 717**	**8 880**	**55 448 597**	**168 937**	**292 359**

(EUR)

	31.12.2021 (Restated)				
	Assets			Income	Expenses
	Deposits and investment in other credit institutions	Other Assets	Total		
Shareholders					
HAITONG BANK SA	57 652 833	8 880	57 661 713	107 366	295 173
TOTAL	**57 652 833**	**8 880**	**57 661 713**	**107 366**	**295 173**

On 26 May 2021, an agreement was entered into between Haitong GAM and Haitong Private Equity Fund - Venture Capital Fund ("Fund"), held 100% by Haitong Investment Ireland PLC, for the disposal of the financial holdings (except the stake held in Controlled Sport) held by Haitong GAM, which provided for the transaction of these assets at their book value as at 31 December 2020, with the necessary adjustments arising from the occurrence of certain events between the disposal date and the indicated reference date. The transaction was carried out for the amount of €26,016 thousand, and the price corresponded to the fair value of the investments as at 31 December 2020.

The aforementioned agreement provided for an adjustment mechanism for the transaction price of the asset portfolio disposed of. This mechanism consisted of a compensation to be paid by the Haitong GAM to the Fund if certain contractually established conditions were met. In accordance with the contractual terms, if the valuation value of the asset portfolio, as at 31 December 2022, was lower than the disposal amount of this asset portfolio of the Fund, the Management Company of the Fund must compensate the Fund, considering the formula contractually established, should this valuation determine a devaluation of the portfolio between 10% and 25% of the disposal amount. Given that the value of the asset portfolio increased between its acquisition date and the end of 2022, no compensation is due to the Fund by the Management Company under said agreement.

NOTE 21 – ASSETS UNDER MANAGEMENT

The Company's business consists of the administration, management and representation of Investment Funds.

As at 31 December 2022 and 2021 the volume under management relating to investment funds managed by the Company can be summarised as follows:

(EUR)

	31.12.2022	31.12.2021 (Restated)
Venture capital funds		
HAITONG INFRASTRUCTURE FUND	-	344 380
FCR PME/NOVO BANCO	-	11 903 572
HAITONG PRIVATE EQUITY FUND - FCR	49 003 819	53 747 597
	49 003 819	**65 995 549**

In 2022 venture capital funds Haitong Infrastructure Fund and FCR PME/Novo Banco were liquidated.

NOTE 22 – BUSINESS RISK MANAGEMENT

The Company takes all decisions so as to ensure that the risk policies approved by the Board of Directors are duly implemented and followed.

Fair value

As at 31 December 2022 and 2021, the Company's Board of Directors is of the opinion that the fair value of the financial instruments assets and liabilities recognised at amortised cost does not differ significantly from their book value.

Credit risk

The Company considers that, in view of its business, it is not directly exposed to credit risk. The Company's assets correspond, essentially, to cash and cash equivalents and loans and advances to credit institutions.

Interest rate, liquidity and market risk

The Company considers that, in view of its business, it is not exposed to interest rate, liquidity and market risk. It should be noted that the Company invests its cash surpluses in financial investments with credit institutions.

NOTE 23 – RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS THAT CAME INTO FORCE IN THE YEAR

Up to the date these financial statements were approved ("endorsed") by the European Union the following accounting standards, interpretations, amendments and revisions, with mandatory application for the year beginning 1 January 2022:

Standard / Interpretation	Applicable in the European Union for financial years beginning on or after	
Amendment to IFRS 3	1 January 2022	This amendment corresponds to the update of the reference to the 2018 conceptual framework; additional requirements for analysis of liabilities in accordance with IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination.
Amendment to IFRS 16 –Proceeds before intended use	1 January 2022	This amendment corresponds to an amendment to IAS 16 to prohibit deducting from the cost of a tangible asset any proceeds from selling items prior to the asset being available for use.
Amendment to IAS 37 – Onerous Contracts	1 January 2022	This amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract.

Annual improvements 2018-2020	1 January 2022	They essentially correspond to amendments to the following standards: - IFRS 1 – a practical expedient that allows a subsidiary that adopts IFRSs for the first time after its parent to opt for the measurement of cumulative translation differences for all foreign operations for the amount that would be included in the parent's financial statements based on the parent's date of transition to IFRSs; - IFRS 9 – clarifies the fees to be included in the 10% test for derecognition of a financial liability; - IFRS 41 – removes the requirement to exclude cash flows from taxation when measuring fair value.

There were no significant effects on the Company's financial statements for the year ended 31 December 2022, arising from the adoption of the above mentioned standards, interpretations, amendments and revisions.

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS THAT WILL ENTER INTO FORCE IN FUTURE YEARS

The following accounting standards and interpretations, mandatory as of the date of approval of these financial statements, have been endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union for financial years beginning on or after	
- IFRS 17 – Insurance Contracts	1 January 2023	This standard establishes, for insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023	This amendment published by the IASB in February 2021 changes the definition of accounting estimate to monetary amount in financial statements subject to measurement uncertainty.
Amendment to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023	This amendment published by the IASB in February 2021 clarifies that material accounting policies, rather than significant accounting policies, should be disclosed, and has introduced examples for identifying a material accounting policy.

Amendment to IAS 12 Income Taxes – Deferred Taxes	1 January 2023	This amendment published by the IASB in May 2021 clarifies that the initial recognition exemption from deferred tax does not apply to transactions that give rise to equal taxable and deductible temporary differences.
Amendment to IFRS 17 – Insurance contracts –- initial application of IFRS 17 and IFRS 9 – comparative information	1 January 2023	This amendment published by the IASB in December 2021 introduces changes to comparative information to be presented when an entity adopts the two standards IFRS 17 and IFRS 9 simultaneously.

These amendments, although endorsed by the European Union, were not adopted by the Company in 2022, because its application is not yet mandatory. No significant impact on the financial statements is expected from the future adoption of these amendments.

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS NOT YET ADOPTED BY THE EUROPEAN UNION

The following accounting standards and interpretations were issued by the IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union for financial years beginning on or after	
Amendments to IAS 1 Presentation of Financial Statements - Classification of liabilities as current and non-current; Deferral of the date of application; Non-current liabilities with covenants	1 January 2024	These amendments published by IASB specify the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. The amendment on non-current liabilities with covenants specified that only the conditions that must be met before or on the reference date of the financial statements are relevant for the purposes of classification as current/non-current, also postponing the date of application to 1 January 2024.
Amendment to IAS 16 – Lease liability in a sale and leaseback	1 January 2024	This amendment published by the IASB in September 2022 explains how a seller-lessee accounts for a sale and leaseback transaction that satisfies the requirements in IFRS 15 to be accounted for as a sale.

These standards have not yet been endorsed by the European Union and as such have not been applied by the Company for the year ended 31 December 2022.

These standards and interpretations, issued by the IASB but not yet endorsed by the European Union, are not expected to have a significant impact on the accompanying financial statements.

ANNEXES

STATUTORY AUDITOR'S REPORT

(Translation of a report originally issued in Portuguese - in case of discrepancies, the original version in Portuguese prevails)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Haitong Global Asset Management, SGOIC, S.A. ("the Entity" or "Haitong GAM"), formerly named Haitong Capital – S.C.R., S.A. ("Haitong Capital"), which comprise the balance sheet as at 31 December 2022 (that presents a total of 56,565,404 Euros and total equity of 56,093,573 Euros, including a net profit of 222,873 Euros), the statements of profit and loss by nature, of changes in equity and of cash flows for the year then ended, and the accompanying notes to the financial statements, which include a summary of the significant accounting policies.

In our opinion, the accompanying financial statements present true and fairly, in all material respects, the financial position of Haitong Global Asset Management, SGOIC, S.A. as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards, technical and ethical directives of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent from the Entity in the terms of the law and we have fulfilled the other ethical requirements under the Portuguese Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that present true and fairly the Entity's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as adopted in the European Union (IFRSs);
- the preparation of the management report under the applicable legal and regulatory terms;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of its operations.

The Supervisory Body is responsible for overseeing the Entity's financial closing and reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the Supervisory Body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451, number 3, al. e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we concluded that the management report was prepared in accordance with the applicable laws and regulations and that the information contained therein is consistent with the audited financial statements and, considering our knowledge of the Entity, we did not identify material misstatements.

Lisbon, April 26, 2023

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Deloitte & Associados, SROC S.A.
Represented by Edgar Luís Afonso Guerra, ROC
Registration in OROC n.º 1872
Registration in CMVM n.º 20180014

EXPLANATION ADDED FOR TRANSLATION

(*This report is a translation of a report originally issued in Portuguese. Therefore according to Deloitte & Associados, SROC S.A. internal procedures, the report is not to be signed. In the event of discrepancies, the Portuguese language version prevails.*)

Report and Opinion of the Supervisory Board

Haitong Global Asset Management , SGOIC, S.A.

2022

Dear Shareholder,

1. Under the terms of the legal and statutory provisions, we hereby submit for your appraisal our report on the supervisory activities of the Supervisory Board, as well as our opinion on the management report and the proposed appropriation of net profit presented by the Board of Directors of the HAITONG GLOBAL ASSET MANAGEMENT, SGOIC, S.A. (hereinafter HGAM) for the year ended 31 December 2022.

2. In 2021 the name of the company was Haitong Capital, S.C.R., S.A., but it has been changed in 2022.

3. Since its appointment the Supervisory Board has regularly performed its duties, by holding regular meetings with the Board of Directors, those responsible for risk management, compliance and accounting, and by examining the accounting information made available to it on a regular basis.

4. The fairness of the accounting records and the monitoring and follow-up process of HGAM's business were verified, and the managers of the operational areas have met with the Supervisory Board, having reported on the main trends and developments in the activity carried out and the results obtained. We verified compliance with the law and the memorandum of association.

5. The Statutory Board has reviewed the accounting policies and valuation criteria adopted by the company, which aim to ensure the presentation of a true and fair view of the financial position and the results of its operations. Moreover, the Statutory Board has monitored the process of preparing and disclosing financial information, which was deemed appropriate.

6. We also met with the auditors of Haitong Private Equity Fund - Fundo de Capital de Risco (HPEF), who informed us about the work carried out and issued an unqualified audit report. This Fund has acquired and manages stakes in 5 (five) Investment Funds and 2 (two) companies. We also verified that in May 2022 the liquidation of Haitong Infrastructure Fund I was decided, and the fund was terminated.

7. We met with the Statutory Auditor of the Company and became aware of the different stages of the audit work, in particular the risks identified in the planning phase and the response to them, designed by the audit team, the audit tests planned, work performed and conclusions. The statutory auditor has monitored the process of preparing and presenting the HGAM's financial statements and informed the Supervisory Board of its conclusions and agreement to the documents prepared by the Board of Directors.

8. We should also mention that we have received from the Statutory Auditor the "Additional Report to the Supervisory Body" in compliance with the provisions set forth in Article 24 of Decree-Law No 148/2015 of 9 September 2015 and Article 63 of the Articles of Association of the Portuguese Statutory Auditors Association.

   This report details a wide range of terms and information resulting from the Statutory Auditor's analysis, which were brought to the attention of the Audit Board. We are pleased to acknowledge its content.

9. We are also aware of HGAM's Statutory Audit on the financial statements for the year 2022, issued by the Audit Firm, with no qualifications and with an emphasis of matter, a document with which we agree.

   We have verified the independence of the statutory auditor in the exercise of its duties, as it meets the necessary requirements.

10. We have audited the HAITONG GLOBAL ASSET MANAGEMENT, SGOIC, S.A.'s management report and financial statements presented to us by the Board of Directors. The management report complies with the legal and statutory provisions, referring to the most relevant aspects of the activity during the financial year. The financial statements were prepared in accordance with the accounting policies in force, with the accounting principles and valuation criteria adopted being appropriate and allowing them to give a true and fair view of the company's financial position and results.

Opinion:

11. As a result of the supervision carried out and having assessed the documents referred to in the preceding paragraphs, it is the Supervisory Board's opinion that the General Meeting approves:

    a) The Management Report and the other financial statements for the year 2022 as submitted by the Board of Directors;

    b) The proposed appropriation of net profit presented by the Board of Directors.

12. Finally, the Supervisory Board wishes to thank the members of the Board of Directors, the Statutory Auditor and the employees of HAITONG GLOBAL ASSET MANAGEMENT, SGOIC, S.A. for all the assistance provided in the performance of their duties.

Lisbon, 27 April 2023,

The Supervisory Board

Chairman - José Maria Rego Ribeiro da Cunha

Member - José Ortigão Ramos

Member - Mário Bettencourt de Oliveira