

## Board of Directors Report

### 1<sup>st</sup> Half 2023

STK Emergent

1<sup>st</sup> Half Report in accordance with the **Law no. 24/2017, Regulation no. 15/2018**

Date of the report: **A u g u s t 2 9 , 2 0 2 3**

Issuing entity: **The STK EMERGENT alternative investment fund managed by STK FINANCIAL AFIA SA**

Headquarters: **Romania, 400423 Cluj - Napoca, 3 Mihai Veliciu Street, County of Cluj**

Telephone number: **0264 591 982**

Decision of the Financial Supervisory Authority (ASF): **no. 232/15.11.2021**

Registration number in the ASF Registry: **CSC09FIAIR/120013**

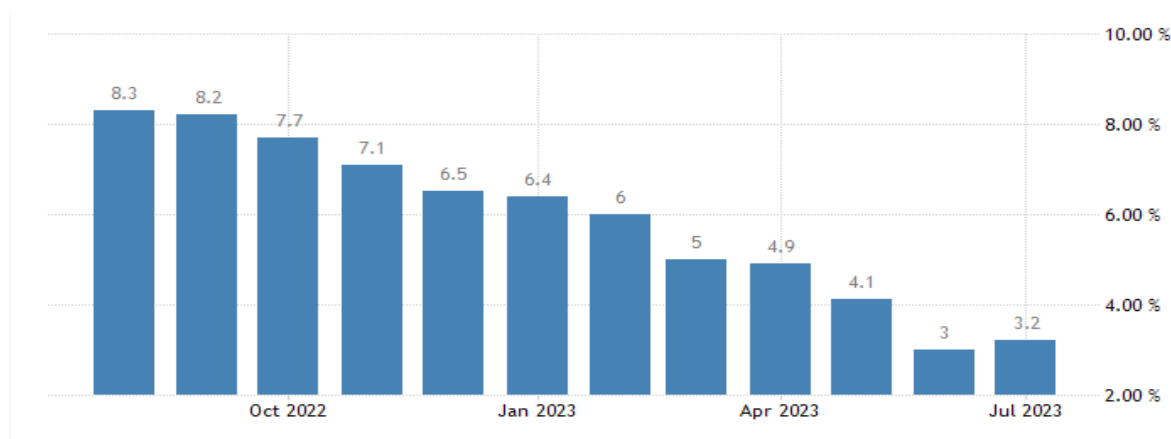
Subscribed and paid-in share capital: **RON 146,340,600**

The regulated market on which the issued securities are traded: **The Bucharest Stock Exchange**

## 1. Events with significant impact on Fund`s performance

The first half of 2023 was marked by the same macroeconomic concerns of the central banks: to bring back inflation around the long term target levels, i.e. under 2-3%. Following the tighter monetary policies, the inflation trend is downward, but high interest rates are likely to remain for longer in order to avoid the re-emergence of the inflationary pressures.

The chart below shows the inflation trend in the USA:



The interest rates have remained high, even reached record levels for the last years. The stated purpose is to deter any inflationary pressure.



High interest rates are an adverse factor for the capital markets. Under those conditions the markets have had 'more' positive trends than expected.



The SP500 American index had a performance of +15% in the last 6 months.

The BET index of the Bucharest Stock Exchange yielded a more modest 7%, performance due mainly to the enthusiasm generated by the listing of Hidroelectica shares.

## 2. Fund's Financial Position and Performance

The financial statements as of June 30, 2023 have been prepared in accordance with the Financial Supervisory Authority (ASF) Norm 39/2015 for the approval of the Accounting Regulations pursuant to the International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the ASF in the Sector of Financial and Investment Instruments. The financial statements of STK Emergent fund have not been consolidated.

**The financial statements as of June 30, 2023 have not been audited.**

The Fund's Statement of Financial Position as of **June 30, 2023** compared with December 31, 2022 is as follows:

					RON
In accordance with IFRS:	06/30/2023	Weighting(%)	12/31/2022	Weighting(%)	Var (%)
<b>Non current assets</b>					
Non-current financial assets measured at fair value through other comprehensive income	45,169,937	55.94%	44,549,051	56.30%	1.39%
<b>Current assets</b>					
Current financial assets at fair value through profit or loss mandatorily measured at fair value	15,000,875	18.58%	14,608,144	18.46%	2.69%
Receivables from trading operations	1		1		
Cash and cash equivalents	20,569,509	25.48%	19,976,839	25.24%	2.97%
<b>TOTAL ASSETS</b>	<b>80,740,322</b>	<b>100.00%</b>	<b>79,134,035</b>	<b>100.00%</b>	<b>2.03%</b>
<b>Equity</b>	<b>80,522,435</b>	<b>99.73%</b>	<b>78,924,022</b>	<b>99.73%</b>	<b>2.03%</b>
<b>Total current liabilities</b>	<b>217,887</b>	<b>0.27%</b>	<b>210,013</b>	<b>0.27%</b>	<b>3.75%</b>
<b>TOTAL LIABILITIES</b>	<b>80,740,322</b>	<b>100.00%</b>	<b>79,134,035</b>	<b>100.00%</b>	<b>2.03%</b>

The post *Non-current financial assets measured at fair value through other comprehensive income* includes Fund's holdings in STK Properties SA and Emergent Real Estate SA.

The *Current financial assets at fair value through profit or loss mandatorily measured at fair value* rose by 2.69% versus last year. The *Cash and cash equivalents* increased by 2.97% over the same time frame.

The total assets of the Fund amounted to RON 80.7 million as of June 30, 2023, on the rise by 2.03% compared to the end of 2022. The variation of 2.03% in equity is due to the incorporation of the net result of the first half and the reserves.

The financial performance of the Fund as of June 30, 2023 compared to the same period of the last year is as follows:

<b>Conform IFRS:</b>	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>Var (%)</b>
Net gains from current financial assets at fair value through profit or loss, mandatorily measured at fair value	1,530,430	0	<i>n.a.</i>
Dividend income	121,679	65,587	86%
Interest income	402,131	113,068	256%
Net gains from foreign exchange differences	16,402	-	<i>n.a.</i>
Other operational income	-	351,171	<i>n.a.</i>
<b>Total net Revenues</b>	<b>2,070,643</b>	<b>529,825</b>	<b>291%</b>
Net loss from disposed financial assets at fair value through other comprehensive income	-	0	<i>n.a.</i>
Net losses from current financial assets at fair value through profit or loss, mandatorily measured at fair value	-	1,537,378	<i>n.a.</i>
Management fees, bank charges, fees	1,093,116	964,309	13%
Net loss from foreign exchange differences	-	2,905	<i>n.a.</i>
<b>Total net Expenses</b>	<b>1,093,116</b>	<b>2,504,591</b>	<b>-56%</b>
<b>Net result of the financial year</b>	<b>977,527</b>	<b>-1,974,766</b>	<b><i>n.a.</i></b>

The breakdown of net revenues is as follows: 74% net gains from current financial assets at fair value through profit or loss, 19% interest income, 5% dividend income and 1% gains from foreign exchange differences.

*Management fees, bank charges and other fees* amounting to RON 1 million increased versus the first half of the previous year due to the rise in assets and the trading activity.

The operational activity of the Fund in the first half of 2023 ended with a net gain of RON 978 thousand.

Attached to this report are:

Statement of Financial Position as of 06/30/2023

Statement of Profit or Loss and Other Comprehensive Income as of 06/30/2023

Notes to the Accounts

**Chairman of the Board,**  
**PASCU Nicolae**