

Board of Directors Report

1st Half 2021

STK Emergent

Half-year report in accordance with: **Law no. 24/2017, ASF's Norm no. 5/2018**

Date of the report: **08/27/2021**

Name of the issuer: **STK EMERGENT Investment Fund managed by STK FINANCIAL AFIA SA**

Headquarter: **Cluj-Napoca, Mihai Veliciu street no. 3**

Telephone number: **0264 591 982**

Decision of the Financial Supervisory Authority (ASF): **no. 20/16.03.2006**

Registration number in the ASF Registry: **CSC08FIIR/120004**

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

Subscribed and paid-in share capital: **RON 121,950,600**

The main characteristics of the securities issued by STK Emergent: **609,753 fund units, registered, dematerialised, par value: RON 200 per fund unit**

The financial statements for the first half of 2021 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 06/30/2021 have not been audited.

Events with significant impact on the Fund's performance

Romania's economy contracted by 3.9% in 2020 but, in 2021, the evolution is above expectations in the context of the pandemic.

The European Commission estimates that Romania will have an economic growth of 7.4% in 2021 and 4.9% in 2022 based on the evolution above expectations in the first quarter of this year. The country's GDP grew by 2.8% in the first quarter, supported mainly by private consumption and investment.

Due to the favorable economic outlook, the Fund focused mainly on domestic investment opportunities and in particular on future BVB listings. Such major events during the semester were the start of the listing (IPO) Transport Trade Services (TTS) of approximately 315 million lei and the private placement SMTL (Simtel), in which the fund participated.

STK FINANCIAL AFIA SA

400423 Cluj-Napoca, Mihai Veliciu nr. 3, tel./fax 0264591982, www.stk.ro, office@stk.ro

Operator date cu caracter personal nr. 30711, Autorizația ASF nr. 94/28.03.2018

Nr. Reg. ASF PJR071AFIAA/120008, CIF 17772595, J12/2600/2005, Capital social: 913.724 lei

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1. Financial statements

The Fund's **Statement of Financial Position** as of 06/30/2021 compared with 12/31/2020 is as follows:

	-RON-		
In accordance with IFRS:	06/30/2021	12/31/2020	Chg (%)
Other financial assets at fair value through other comprehensive income	32,979,223	32,979,223	0.0%
Securities at fair value through profit or loss (held for trading)	8,990,429	3,938,383	128.3%
Receivables from securities operations	0	0	n.a.
Cash and cash equivalents	21,132,144	23,150,763	-8.7 %
TOTAL ASSETS	63,101,796	60,068,370	5.0%
Equity	62,599,168	59,567,832	5.1%
Current liabilities	502,629	500,537	0.4%
TOTAL EQUITY AND LIABILITIES	63,101,796	60,068,370	5.0%

The category *Other financial assets at fair value through other comprehensive income* includes the unlisted companies STK Properties SA and Emergent Real Estate SA, valued in compliance with the international valuation standards; thus a fair value is used from a valuation report made by an ANEVAR certified external valuator.

Securities at fair value through profit or loss (held for trading) increased to RON 8.99 million, the Fund bought shares in the first six months of 2021 due to a return to some extent to the pre-pandemic situation on the capital markets; the acquisitions generated the decrease of cash availabilities to RON 21.13 million compared to RON 23.15 million at the end of 2020.

The profit realized in the first semester was of 3.03 million lei and, as a result, the Fund's equity registered an increase of 5.1%.. The composition of the Fund's equity is shown in the table below:

-RON-

In accordance with IFRS:	06/30/2021	12/31/2020
Capital on fund units	121,950,600	121,950,600
Issue premiums	10,003,133	10,003,133
Reserves*	8,375,348	8,375,348
Retained earnings on transition to IFRS	(32,498,316)	(32,498,316)
Reported earnings	(48,262,933)	(46,876,101)
Result for the period**	3,031,336	(1,386,831)
Total Equity	62,599,168	59,567,832

*according to IFRS, the Reserves include the positive/negative differences arising from revaluation of *Other financial assets at fair value through other comprehensive income*

** according to IFRS, the Reserves include the positive/negative differences arising from revaluation of *Securities at fair value through profit or loss (held for trading)*

The financial performance of the fund as of 06/30/2021 compared to the same period of the last year is as follows:

-RON-

In accordance with IFRS:	H1 2021 <i>6 months</i>	H1 2020 <i>6 months</i>	Chg (%)
Net gain on financial instruments traded or held for trading at fair value through profit or loss	3,458,538	1,133,527	x2.05
Dividend income	127,306	15,000	x7.49
Interest income	5,459	58,029	-90.6%
Net gain from foreign exchange differences	405,352	8,083	x49.15
Total Net Revenue	3,996,655	1,214,640	x2.29
Administration fees, bank charges, fees, other expenses	965,320	903,441	6.8%
Total Net Expenses	965,320	903,441	6.8%
Net Profit for the year	3,031,336	311,199	x8.74

Fund's net revenues realized during the first half of 2021 amounted to RON 3.99 million, increasing by 2.29 times compared to the net revenues of RON 1.21 million from the same semester of the last year; the increase is due to the net gain from traded financial instruments (RON 3.46 million compared to RON 1.13 million).

The net expenses of the Fund are composed of expenses with administration fees, bank charges, and other fees, which increased in the first half of 2021 by 6.8% to RON 0.97 million, compared to RON 0.90 million in the first half of 2020. The net result for the first half of 2021 was a profit of RON 3.03 million (compared to a profit of RON 0.31 million in the same period of last year).

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The **Cash flow statement** for the first half of 2021 is as follows:

-RON-

In accordance with IFRS:	H1 2021 <i>6 months</i>	H1 2020 <i>6 months</i>	Chg (%)
Interest received	5,381	58,072	-90.7%
Dividends received	127,203	4,000	x30.8
Proceeds from the sale of securities held for trading (shares)	11,944,515	9,433,739	26.6%
Purchases of securities held for trading	(13,551,210)	(11,566)	x117.1
Payment for the Fund's administration	(723,474)	(693,677)	4.3%
Payments for other operational expenses	(176,074)	(190,235)	-7.4%
Cash flow from operating activities	(2,373,659)	8,600,332	-127.6%
Dividends paid to unit holders	(12,465)	0	n.a.
Cash flow from financing activities	(12,465)	0	n.a.
Net increase/(decrease) in cash and cash equivalents	(2,386,124)	8,600,332	-127.7%
Cash and cash equivalents at 1 January	23,150,763	18,217,289	27.1%
Effect of exchange rate changes on cash and cash equivalents	367,504	(56,258)	x7.53
Cash and cash equivalents at end of period	21,132,143	26,761,363	-21.0%

The net cash flow decrease in the first half of 2021 amounting to RON -2.37 milion compared to RON +8.60 milion in the same period of last year is due to the payments for the acquisition of the securities held for trading of RON -13.55 milion (this category including the value of shares purchased during the semester).

2. Analysis of STK Emergent activity

At the end of June the net asset value per share was RON 102.66 up by 5.1% compared to the end of December 2020, when it was RON 97.69; in the first six months of 2021 the BET index registered returns of +21.45% and the BET-FI index +22.37%.

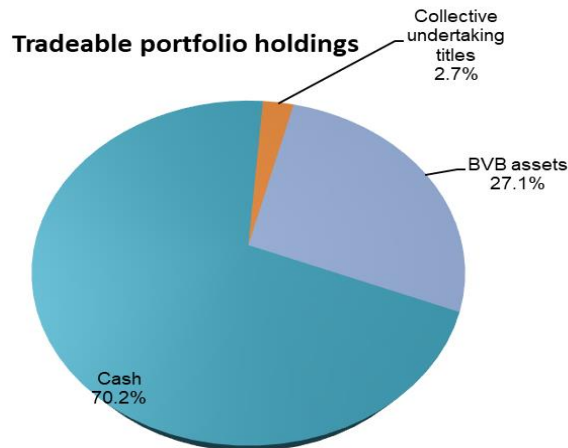
From launch to the end of June 30, 2021, the net asset value per share registered an increase of 5.80%, while the BET-FI index increased by 13.64%, and the BET index increased by 59.61% over the same time frame.

The net asset structure at 06/30/2021 compared to the end of 2020 is as follows:

	06/30/2021	12/31/2020
Unlisted shares	32,979,223	32,979,223
Tradeable shares portfolio	30,122,574	27,089,147
<i>Shares</i>	8,182,260	3,287,410
<i>Cash</i>	21,132,144	23,150,763
<i>Other assets</i>	808,170	650,973
Total assets	63,101,797	60,068,370
Liabilities	502,629	500,537
Net assets	62,599,168	59,567,833
NAV per share	102.66	97.69

The tradeable shares portfolio amounting to RON 30.12 million represents 48.1% of the total net assets at the end of the first half. The category *Other assets* includes collective undertaking titles. The Fund's net assets varied by 5.1% from RON 59.57 million at the end of 2020 to RON 62.60 million at the end of June 2021.

The structure of the tradeable portfolio holdings as of 06/30/2021 is presented in the chart below:



At the end of June 2021 the portfolio of traded shares is composed of 70.2% cash, collective undertakings titles: 2.7% and shares on the Bucharest Stock Exchange: 27.1%.

3. Changes affecting the capital and management of the company

3.1. Description of cases where the Fund was unable to meet its financial obligations

Not applicable.

3.2. Description of any change in the rights of the holders of securities held

Not applicable.

4. Significant transactions

Information on the major transactions concluded by the issuer with the persons with whom it acts in a concerted manner or in which these persons were involved during the relevant period of time.

Not applicable.

Attached to this report are:

Financial Statements as of 06/30/2021

Notes to the Accounts

**Chairman of the Board,
PASCU Nicolae**

**Chartered Accountant,
OPREAN Victor-Bogdan**