

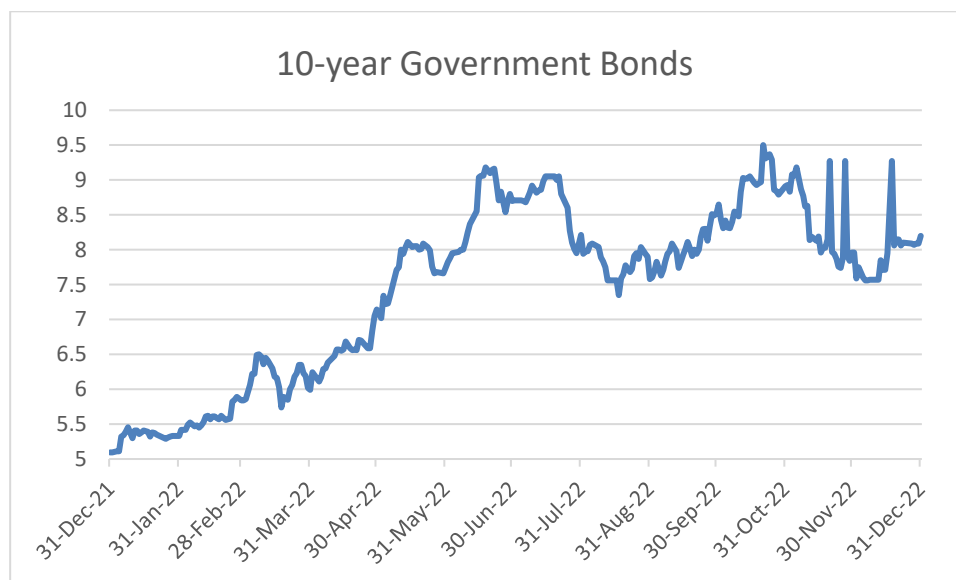
STK Emergent Investment Fund – Preliminary results 2022

1. The economic context

The Bucharest Stock Exchange (BSE) closed the previous year down -11%, as one can see in the graph below:



The rise of inflation caused the increase in interest rates and government bonds, inclusively:



The returns of the 10- year Romanian government bonds rose from 5% to 8% (reaching a high of 9.5%) and put pressure on the BSE stock due to the increase in the cost of capital, even though the main listed companies (especially those in the field of energy) had remarkable economic performance.

2. Financial Statements

The preliminary annual financial statements as of 31 December, 2022 have been prepared in compliance with the International Financial Reporting Standards (IFRS).

a) Statement of Financial Position

The preliminary statement of financial position at 12/31/2022 in compliance with the International Financial Reporting Standards is as follows:

	-RON-				
In accordance with IFRS:	2022	(%)	2021	(%)	2022 vs 2021
Non current assets					
Other financial assets at fair value through other comprehensive income	41,088,237	54.30%	37,840,961	54.49%	8.58%
Current assets					
Securities at fair value through profit or loss (held for trading)	14,608,144	19.30%	24,620,440	35.45%	-40.67%
Receivables from securities transactions	1	0%	239,027	0%	-100.00%
Cash and cash equivalents	19,976,839	26.40%	6,744,085	9.71%	196.21%
TOTAL ASSETS	75,673,221	100.00%	69,444,512	100.00%	8.97%
Equity	75,463,208	99.72%	68,951,160	99.29%	9.44%
Current liabilities	210,013	0.28%	493,352	0.71%	-57.43%
TOTAL EQUITY AND LIABILITIES	75,673,221	100.00%	69,444,512	100.00%	8.97%

The *Other financial assets at fair value through other comprehensive income* include the securities held by the Fund at STK Properties SA and Emergent Real Estate SA. The company STK Properties SA was listed on the AERO market of the Bucharest Stock Exchange in 2022. As a result, it is valued at the market value as of December 31, 2022. The company Emergent Real estate is valued at the fair value from a report made by an ANEVAR certified external valuator at 31 December 2021. An update of the report as of 31 December 2022 is underway and the new value will be included in the Fund's Annual Report to be published on April 28, 2023.

The *Securities at fair value through profit or loss account (held for trading)* category, amounting to RON 14.6 mln, comprises mainly shares of companies listed on the Bucharest Stock Exchange. The most important holding is AROBS.

Cash rose as a result of selling off part of the portfolio (against the negative trend on the capital markets throughout 2022 and the central banks' tendency to increase interest rates in order to fight inflation) and as a result of raising capital in the Fund's issue of titles in 2022 (approx. RON 7.5 mln).

Equity increased by 9.44% compared to 2021, mainly due to the capital increase carried out by the Fund in July 2022.

b) Statement of Profit or Loss

Compared to the previous year, the preliminary statement of profit or loss account of the Fund at the end of 2022 is as follows:

In accordance with IFRS:	31/12/2022	31/12/2021	<i>-lei-</i> Var (%)
Net gains on securities traded or held for trading at fair value through profit or loss	-	5,854,743	<i>n.a.</i>
Dividend income	65,587	143,422	-54%
Interest income	577,402	9,731	5833%
Net gain from foreign exchange differences	-	444,672	-100%
Other operating income	351,171	-	<i>n.a.</i>
Total Net Revenue	994,160	6,452,568	-85%
Net loss on securities traded or held for trading at fair value through profit or loss	2,045,627	-	<i>n.a.</i>
Management fees, bank charges, other fees	2,024,151	1,930,978	5%
Net loss from foreign exchange differences	1,003	-	<i>n.a.</i>
Total Net Expenses	4,070,782	1,930,978	111%
Net Loss/Profit for the year	(3,076,622)	4,521,590	<i>n.a.</i>
Other comprehensive income	3,247,276	4,861,738	-33%
<i>Not to be reclassified to profit or loss:</i>			
Change in fair value of financial assets held for sale	3,247,276	4,861,738	-33%
Total comprehensive income for the year	170,654	9,383,328	-98%

The investing and speculative activity on the stock exchange has been reduced to the lowest possible level due to the unfavorable market conditions, whereas the value growth generated by the advance of the authorization of the *Green Square* real estate project is not registered to the profit or loss account. As a result, although the Fund's equity increased, the net result recorded within the P/L account is negative.

Should we take into account the growth caused by the real estate project recorded within *Other comprehensive income*, the Fund ended 2022 with a total comprehensive income for the year of RON 170,654.