

## Board of Directors Report

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

STK Emergent

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

Date of the report: **May 15, 2023**

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 factors that influenced the Fund`s activity and results in the first quarter of 2023 spring from the international and domestic economic context. The main concerns remain the inflation and interest rate increase in order to fight inflation.

The graph below presents the inflation trend in the US, that fell towards 5%, as a result of FED`s monetary policy, but it is still above the target levels.



Interest rates are still hovering around high levels.

**STK FINANCIAL AFIA SA**

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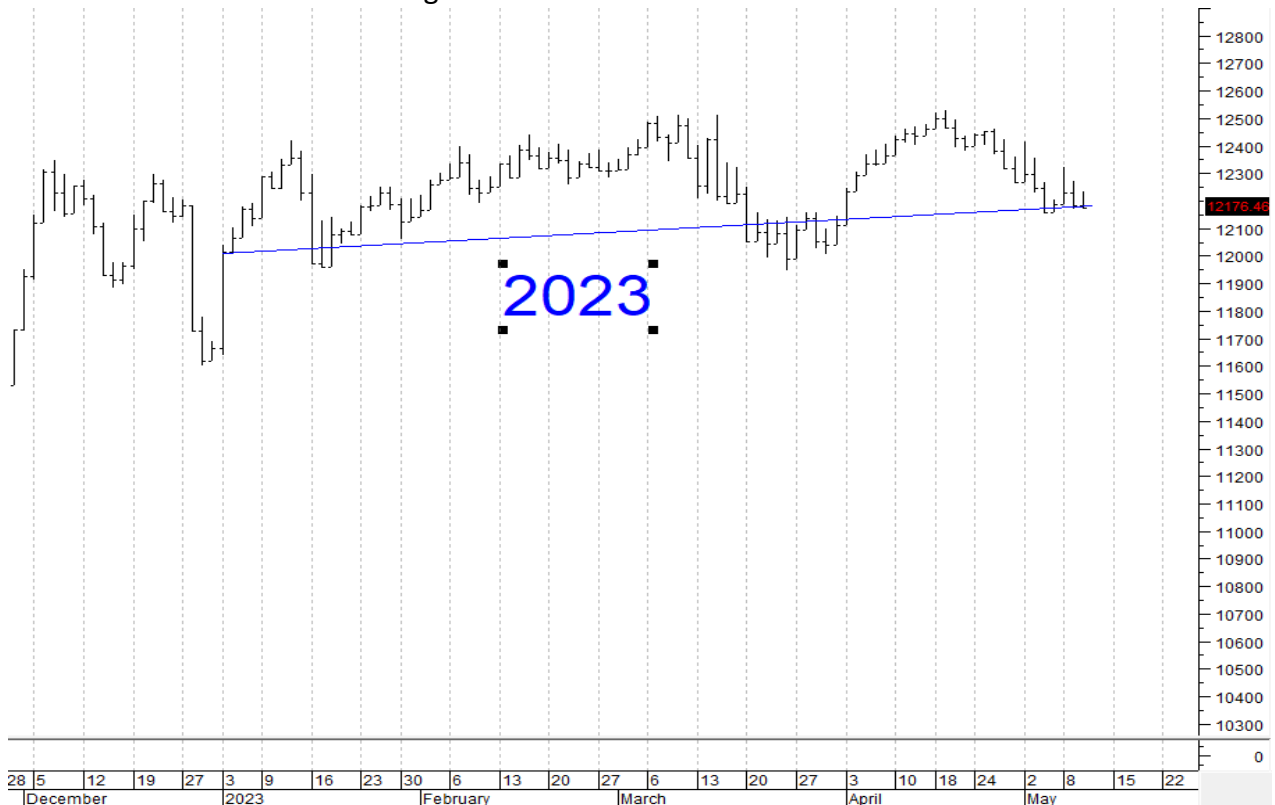
Operator date cu caracter personal nr. 30711, Autorizația ASF nr. 94/28.03.2018

Nr. Reg. ASF PJR07<sup>1</sup>AFIAA/120008, CIF 17772595, J12/2600/2005, Capital social: 913.724 lei



The interest rates are near the highest levels of the last years. For the second half of the year a break is expected in the hawkish policy.

As a consequence of the above-mentioned factors the capital market had oscillating trends and the 2023 return of the BET index is negative.



## 2. Fund's Financial Position and Performance

The financial statements as of March 31, 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 March 31, 2023 have not been audited.**

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

	RON				
In accordance with IFRS:	31.03.2023	Weighting(%)	31.12.2022	Weighting(%)	Var (%)
<b>Non current assets</b>					
Non-current financial assets measured at fair value through other comprehensive income	46,101,267	56.52%	44,549,051	56.30%	3.48%
<b>Current assets</b>					
Current financial assets at fair value through profit or loss mandatorily measured at fair value	14,962,971	18.34%	14,608,144	18.46%	2.43%
Receivables from trading operations	1		1		
Cash and cash equivalents	20,505,039	25.14%	19,976,839	25.24%	2.64%
<b>TOTAL ASSETS</b>	<b>81,569,277</b>	<b>100.00%</b>	<b>79,134,035</b>	<b>100.00%</b>	<b>3.08%</b>
<b>Equity</b>	<b>81,356,692</b>	<b>99.74%</b>	<b>78,924,022</b>	<b>99.73%</b>	<b>3.08%</b>
<b>Total current liabilities</b>	<b>212,585</b>	<b>0.26%</b>	<b>210,013</b>	<b>0.27%</b>	<b>1.22%</b>
<b>TOTAL LIABILITIES</b>	<b>81,569,277</b>	<b>100.00%</b>	<b>79,134,035</b>	<b>100.00%</b>	<b>3.08%</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 2.43% versus last year. The *Cash and cash equivalents* increased by 2.64% over the same time frame.

The total assets of the Fund amounted to RON 81.6 million as of March 31, 2023, on the rise by 3.08% compared to the end of 2022. The variation of 3.08% in equity is due to the incorporation of the net result of the first three months and the reserves.

The financial performance of the Fund as of March 31, 2023 compared to the same period of the last year is as follows:

<b>In accordance with IFRS:</b>	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>Var (%)</b>
Net gains from current financial assets at fair value through profit or loss, mandatorily measured at fair value	1,223,959	0	<i>n.a.</i>
Dividend income	-	0	<i>n.a.</i>
Interest income	204,415	10,197	1905%
Net gains from foreign exchange differences	1,804	-	<i>n.a.</i>
<b>Total net Revenues</b>	<b>1,430,177</b>	<b>10,197</b>	<b>13925%</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	-	681,205	-100%
Management fees, bank charges, fees	549,723	478,919	15%
Net loss from foreign exchange differences	-	1,596	<i>n.a.</i>
<b>Total net Expenses</b>	<b>549,723</b>	<b>1,161,720</b>	<b>-53%</b>
<b>Net result of the financial year</b>	<b>880,454</b>	<b>-1,151,523</b>	<i>n.a.</i>

The breakdown of net revenues is as follows: 86% net gains from current financial assets at fair value through profit or loss, 14 interest incomes and gains from foreign exchange differences.

*Management fees, bank charges and other fees*, amounting to RON 0.5 million increased versus the first quarter of the previous year due to the rise in assets. The interest income amounted to RON 204 thousand and the *net expenses on exchange rate differences* were insignificant. The operational activity of the Fund in the first quarter of 2023 ended with a net gain of RON 880 thousand.

Attached to this report are:

Statement of Financial Position as of 03/31/2023

Statement of Profit or Loss and Other Comprehensive Income as of 03/31/2023

Notes to the Accounts

**Chairman of the Board,  
PASCU Nicolae**