

NEWSLETTER

VOLUME 02

The start of 2026 brought complex transitions for emerging markets, moving from the trade shocks of late 2025 toward fragmented resilience. The initial volatility caused by the reversal of U.S. import front-loading began to settle throughout January and February 2026. Yet, structural shifts into competing geopolitical blocs continued to exert significant fiscal pressure on Emerging Market and Developing Economies (EMDEs).

Global investment capital remained discerning during this period. Portfolio inflows stabilised compared to sharp drops in September 2025, with clear preference for EM debt over equities as investors sought to hedge against ongoing political risks. According to the latest IIF Global Debt Monitor, total global debt has surged past US\$346 trillion, leaving many EMs with narrowing fiscal space and elevated service costs that complicate long-term reform agendas.

Commodity markets and inflation dynamics

The beginning of 2026 witnessed significant volatility in global commodity markets, marked by an 8% surge in prices during January 2026 – the sharpest monthly increase in nearly three years. This upward momentum was primarily fuelled by substantial gains in energy and metals sectors, whilst agricultural prices remained relatively stable.

Brent crude oil prices climbed steadily through early 2026, reaching US\$71 per barrel by mid-February 2026 as geopolitical tensions intensified. Natural gas prices experienced a sharp spike in January 2026, driven by unseasonably cold winter conditions that heightened heating demand across Europe and the United States.

The metals sector saw dramatic fluctuations. Precious metals jumped 17% in January 2026, with gold hitting a historic peak above US\$5,500 per troy ounce due to surge in safe-haven buying. Whilst gold subsequently retraced some gains, silver and platinum also reached record highs in January 2026, supported by aggressive speculative demand, before undergoing swift price correction in early February 2026.

Eurozone: stabilisation and cautious expansion

The economic narrative for January and February 2026 was one of stabilisation and cautious expansion. The European Central Bank successfully steered headline inflation toward a more sustainable path, with HICP estimates for the period cooling to 1.7%, down from 2.1% in late 2025. The expected decline in headline inflation reflects a downward base effect from energy prices, whilst inflation in non-energy components continues to ease throughout 2026.

This disinflationary trend allowed the ECB to maintain its deposit facility rate at 2.0% whilst projecting GDP growth of 1.2% for the year. This environment provided a relatively stable backdrop for Central and Eastern Europe (CEE), though regional performance remained divergent through end-February 2026. Poland led the CEE growth at over 3.0%, Romania continued to grapple with core inflationary pressures near 6.5% – a lingering consequence of 2025 VAT adjustments and removal of energy price caps – whilst Czechia successfully anchored inflation near its 2.3% target.

Caucasus and Central Asia: primary growth engine

The Caucasus and Central Asia region emerged during January and February 2026 as a primary growth engine among emerging economies, with the EBRD forecasting robust regional expansion of 5.2%. This outperformance was underpinned by aggressive credit expansion, energy exports and surge in green infrastructure investment, exemplified by major co-financed renewable energy projects in solar and battery storage.

Uzbekistan remained at the forefront of this transformation. Following successful signing of the Enhanced Partnership and Cooperation Agreement with the EU in January 2026, the nation positioned itself for WTO accession by March

2026. However, despite successful launch of the US\$2 billion National Investment Fund to facilitate privatisation, execution risks such as administrative delays in the banking sector remained a concern through February 2026.

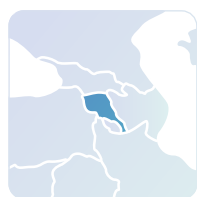
The early 2026 outlook for EMs hinges on their ability to navigate a divided global trade system whilst maintaining the policy consistency required to attract stable, long-term foreign direct investment. The first two months of 2026 underscored a global economy characterised by delicate balance between stabilising inflationary trends and persistent geopolitical headwinds. For EMDEs, the ability to sustain growth amidst an average regional slowdown to 2.50% will depend heavily on internal policy consistency and agility in navigating a divided global trade system.

Macroeconomic indicators

Country	Inflation	GDP growth	Interest rate
Armenia	4.30%	9.80%	6.50%
Czechia	1.60%	2.70%	3.50%
Italy	1.50%	0.80%	2.00%
Kazakhstan	12.20%	6.30%	18.00%
Kyrgyzstan	9.70%	10.04%	12.00%
Moldova	5.06%	1.10%	5.00%
Romania	9.31%	1.00%	6.50%
Tajikistan	3.60%	8.10%	11.82%
Uzbekistan	7.30%	7.25%	14.00%

According to the IMF, three of the 10 fastest-growing countries for 2026–2030 are markets where our portfolio companies are already active: Moldova ranks first (53%), Armenia fifth (33.9%) and Kazakhstan ninth (29%), just one position ahead of China.

Overview of ALTERNATIVE's portfolio companies and countries



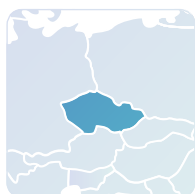
ARMENIA

Armenia entered the first months of the year with solid macroeconomic performance and improving external confidence. According to the Eurasian Development Bank, economic activity grew 7.2% year-on-year in January 2026, supported by strong expansion in services, construction and industry, leading the institution to maintain its 2026 growth forecast at 5.3%. In February 2026, S&P Global Ratings revised Armenia's sovereign outlook from stable to positive, citing improving regional dynamics, resilient domestic demand and strengthened reserve position. With average growth of 7.8% between 2022 and 2025, Armenia remains one of the fastest-growing economies in its rating group.

MK Kredit Armenia

MK Kredit Armenia began the year with strong momentum. January 2026 focused on lead generation through sustained social media advertising and evaluating new marketing service providers in preparation for an upcoming brand refresh. February 2026 delivered exceptional com-

mercial results, with the sales plan exceeded by 107% and significant share of new clients. The launch of the MK Partner project marked an important strategic step, expanding the company's partner network and contributing to higher quality lead inflows. The MK Partner project is a referral program where existing clients bring in new customers and receive cashback, aiming to expand collaboration and attract new clients through trusted partners. Internal engagement initiatives, such as celebration of Armenia's Book Day, further strengthened team cohesion.



CZECHIA

Czechia entered 2026 with stable but moderate growth trajectory, following recovery that took shape in the second half of 2025. Economic activity continued to expand, supported primarily by household consumption, which benefited from rising real wages and improving consumer sentiment. The Ministry of Finance maintained its outlook for GDP growth of around 2.4% in 2026, reflecting steady domestic demand and gradual revival in investment, including projects linked to the EU funds and ongoing industrial modernisation.

Despite this internal resilience, external conditions remained challenging. Czech industry continued to face weaker demand from key European trading partners. And global trade tensions, particularly tariff measures affecting EU exports, continued to weigh on net exports.

Inflation remained contained, moving closer to the Czech National Bank's target. The CNB projected inflation around 1.6% in early 2026, supported by easing energy prices and more stable Czech koruna. Wage growth in services continued to exert some upward pressure. The overall inflation dynamics allowed the central bank to maintain steady monetary policy stance.

The January-February 2026 confirmed a macroeconomic environment characterised by solid domestic demand, improving consumer confidence and prudent monetary policy, whilst external headwinds and structural pressures, including energy intensity and export concentration, remain key factors shaping the outlook for 2026.

Anytime Czechia

In early 2026, Anytime Czechia launched a strategic partnership with EY to conduct an in-depth analysis of environmental sustainability data related to car sharing operations, gathering key evidence to assess and validate the service's potential positive impact on urban mobility and emissions reduction. The initiative reflects the company's commitment to data-driven decision-making and its ambition to position car sharing as a measurable contributor to greener cities. At the same time, the significant rise in fuel costs continued to reshape the competitive landscape. While all car sharing operators adjusted their pricing accordingly, the increase paradoxically acted as a catalyst for growth, attracting a new and expanding segment of customers, drivers who had previously relied on private vehicle ownership but found it increasingly uneconomical for everyday use.



ITALY

Against a backdrop of subdued global demand and persistent trade uncertainty, Italy's economic performance at the start of 2026 reflects continuity rather than acceleration. Preliminary estimates confirmed GDP growth of 0.3% quarter-on-quarter in Q4 2025, with economic sentiment turning positive for the first time in over a year. For 2026, growth projections from major institutions converge in a narrow range: ING forecasts GDP expansion of 0.8%, whilst the IMF estimates 0.7%, with domestic demand serving as the primary engine in both scenarios.

Private consumption is projected to grow at 0.9% in 2026, supported by continued wage gains and decline in household savings propensity. Investment is expected to rise at 2.7%, driven in part by projects financed under the National Recovery and Resilience Plan. Industrial production rebounded in November 2025, but fell again in December 2025, reflecting the volatile trajectory of the manufacturing sector.

On the fiscal front, progress is tangible. The government deficit is projected to narrow to 2.8% of GDP in 2026, as the primary surplus rises, placing Italy on course to exit the EU's Excessive Deficit Procedure. Nevertheless, the debt-to-GDP ratio is expected to reach approximately 137% by 2027.

MK Kredit Italy

In the first two months of 2026, MK Kredit Italy focused on accelerating digitalisation and strengthening its commercial infrastructure. The first phase of document collection automation introduced AI tools to support the completion of funding and privacy applications for owners, partners and guarantors, improving accuracy and efficiency. This was followed by the integration of the KLARO platform into the credit assessment process, enabling the automatic retrieval of required documentation through electronic signatures and further streamlining workflows. In parallel, February 2026 saw progress on the commercial front, with the onboarding of two leading brokerage firms with nationwide networks and the expansion of the partner bank pool, supporting the development of a dedicated white-label product namely microcredit offered by MK Kredit Italy to the clients of partner banks.

In early 2026, MK Kredit Italy completed two key operational milestones, appointing a new auditor and engaging a new legal firm, as part of a broader effort to streamline governance, optimise internal processes and reduce overall management costs.



KAZAKHSTAN

Kazakhstan entered 2026 with macroeconomic agenda centred on stability, fiscal consolidation and targeted investment in high-value sectors. In January 2026, the National Bank kept the base rate unchanged at 18%, noting that inflationary pressures remained elevated. This is particularly due to rising service costs and regulated tariff adjustments. By February 2026, the Bank's leadership reaffirmed that reducing the fiscal deficit, strengthening inflation control and maintaining disciplined public spending would be key priorities for the year.

Growth prospects for 2026 remain positive. The World Bank projects Kazakhstan's GDP to ex-

pand by 4.5%, supported by industrial output, public investment and strong agricultural exports. The government announced a major strategic initiative: US\$1 billion from the National Fund will be allocated to high-tech development, digital transformation and advanced industrial projects. This investment programme aims to accelerate economic diversification and reduce reliance on mining and natural resources industries.

Agriculture continued to be a major driver of export performance. Kazakhstan set a new grain export record in 2025. An early 2026 data show shipments reaching 5.1 million tonnes, with notable growth in deliveries to Central Asia and Middle East. The state is also intensifying efforts to expand agricultural processing capacity, aiming to increase value-added production and strengthen competitiveness in foreign markets.

The January-February 2026 period reflects an economy in consolidation mode: cautious monetary policy, strategic investment in technology and agriculture, as well as solid growth expectations, balanced against persistent inflation risks and exposure to global commodity market volatility.



KYRGYZSTAN

Kyrgyzstan began 2026 with mix of steady macroeconomic indicators, active policy adjustments and ongoing structural reforms aimed at strengthening long-term development. According to the National Bank, monetary policy remained firmly oriented toward stability, with the discount rate kept at 11%, a level expected to hold throughout the year. Despite this, the Bank conducted two currency interventions in early 2026 to smooth volatility in the foreign exchange market. The government also proposed raising minimum working capital requirements for exchange offices to reinforce financial sector resilience.

Economic activity continued to expand, although many households reported limited improvement in living standards due to rising prices. The state forecasts up to KGS 578 billion in tax revenues for 2026, supported by administrative reforms and recent reduction in transaction tax rate. Public debt reached KGS 885 billion, prompting renewed discussions on fiscal sustainability. Unemployment showed notable improvement, with official figures indicating 22% decline compared to the previous year.

Structural and social development remained central to the government's agenda. Kyrgyzstan announced plans to reduce the national poverty rate to 20% by 2030, supported by targeted social programmes and economic diversification efforts. The modernisation of state universities was accelerated, signalling broader push to upgrade human capital and align education with labour market needs.

The economy also saw dynamic sectoral shifts. The domestic crypto market surpassed US\$3.1 billion in turnover, highlighting rapid digitalisation and growing investor interest. In agriculture, the country continued reducing its dependence on imported food products. The new demographic data showed the population approaching 7.5 million.

MK Leasing Kyrgyzstan

MK Leasing Kyrgyzstan has successfully attracted significant external funding to support its

continued growth and expansion. In February from a local bank in local currency — this was a significant milestone that strengthened the company's financial foundation and facilitated its further growth, also demonstrating the growing trust in the company from Kyrgyzstan's financial institutions. This brings the total of attracted funds in local currency to around €1.73 million in one year alone. The funds will enable the company to further scale its operations, reduce foreign currency exposure, strengthen its market position and continue delivering value to its clients and stakeholders.



MOLDOVA

Moldova entered 2026 with signs of gradual economic improvement, supported by easing inflation, targeted fiscal adjustments and ongoing reforms in key sectors. According to the National Bank of Moldova, the economy has begun to move out of stagnation, with annual inflation reaching 4.85% in January 2026, significantly lower than peaks of previous years. The central bank expects inflation to continue declining through the first quarter of 2026, reflecting more stable energy prices and improved supply-side conditions.

Fiscal policy remained an important focus at the start of the year. Tax revenue for 2026 is projected to reach up to 57.8 billion lei, driven by stronger compliance and more efficient collection framework. The government approved changes to the VAT refund mechanism for farmers, aiming to ease liquidity pressures in agriculture and improve financial predictability for producers.

Agriculture and food security remained central to the country's economic agenda. The Ministry of Agriculture reported reduced grain imports and stable regional market conditions, reflecting better domestic production and improved storage capacity. The IMF projects GDP growth of around 2.3% in 2026, whilst emphasising the need for deeper fiscal reforms to ensure long-term sustainability.



ROMANIA

The first months of 2026 brought several notable developments in Romania, driven mainly by large-scale infrastructure planning and continued private sector investment. Authorities advanced a €15 billion proposal for an 800 km high-speed rail corridor linking Constanța to the western border, whilst the country maintained one of the highest home ownership rates globally.

MK Kredit Romania

In January 2026, MK Kredit Romania strengthened its market presence by participating in the national Policy Forum on microfinance and securing the first 4 million lei tranche from Patria Bank to expand lending capacity. February 2026 brought major commercial and marketing milestones, including launch of the 0% granting fee campaign for HoReCa, completion of the new radio commercial and finalisation of the company's new website content. The team also completed financial analysis training and formally opened the Brașov branch, achieving strong press visibility. Throughout this period, the company focused on improving cross-team coordination and data-driven execution to enhance campaign performance and operational efficiency.



TAJIKISTAN

Tajikistan entered 2026 with steady economic momentum, supported by strong investment inflows, expanding digitalisation and stable monetary environment. Regional financial institutions expect the country to maintain solid GDP growth in 2026, driven by infrastructure development, remittance-supported consumption and continued public investment. The IMF's latest review highlights the need for stronger fiscal management and structural reforms but acknowledges the resilience of Tajikistan's growth outlook.

Domestically, the financial system continued to modernise. Digital payments recorded significant growth, driven by rising fintech adoption and government efforts to expand electronic transactions. Authorities also emphasised that Tajikistan's tax burden remains comparatively low, aiming to support business activity and encourage formalisation. Housing and construction data from 2025 showed stable price increases and ongoing urban expansion, contributing to domestic demand.



UZBEKISTAN

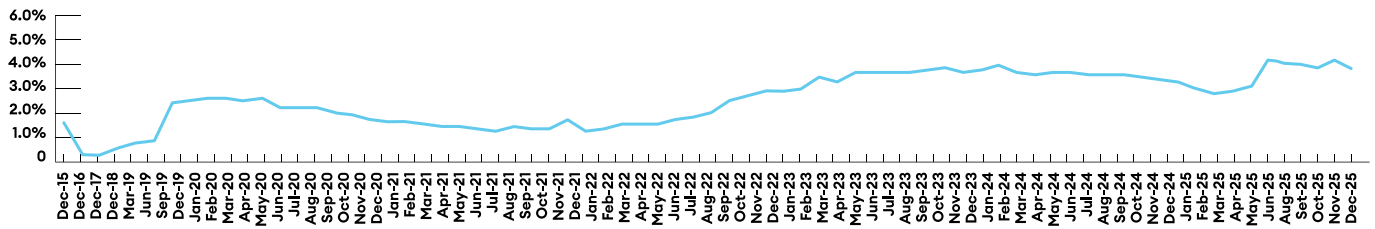
Uzbekistan entered 2026 with robust economic expectations, supported by projected GDP growth of 6.6% and continued investment in industrial modernisation, including creation of a national Centre for the Fourth Industrial Revolution. January 2026 saw stable monetary policy, with the Central Bank maintaining its key rate at 14% amid concerns over household debt sustainability and persistent inflationary pressures linked to utilities, fuel and transport.

In February 2026, the government announced major initiatives to expand domestic agricultural machinery production fivefold by 2028, backed by substantial subsidies and preferential lending. Public debt rose to nearly US\$47 billion, though its share of GDP declined, reflecting strong nominal growth. Authorities also emphasised reduced dependence on gold revenues and conducted stress tests to ensure fiscal resilience. Overall, Uzbekistan continues to balance ambitious industrial expansion with prudent macroeconomic management, maintaining stable environment for financial sector activity.

MK Leasing Uzbekistan

The beginning of the year brought combination of strong sales results and market-driven constraints for MK Leasing Uzbekistan. January 2026 targets were surpassed, although several potential deals stalled due to nationwide shortage of available machinery and vehicles, limiting the impact of the 15% down-payment campaign. In February 2026, marketing efforts supported six finalised large contracts and introduced a new communication initiative focused on female entrepreneurs. The team also refined internal processes to address competition from banks, client affordability issues and post-application drop-off. Digital campaigns performed efficiently, reaching broad audience and strengthening MK Leasing's visibility in the Uzbek market.

WIGHTED PAR 30+ OF PORTFOLIO COMPANIES



WIGHTED PAR 90+ OF PORTFOLIO COMPANIES

