

# Inven Capital – Subfund B

## ANNUAL REPORT



for 2021

# CONTENTS

Definitions	2
Declaration of honor of the persons responsible for the Annual Report	3
Independent Auditor's Report	4
Sub-fund Profile	7
Business activities, state of assets and ownership interests	16
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Annexes	21
Report on Relations	
Financial Statements as at 31 December 2021	

For the purposes of this Annual Report, the following terms contained herein shall have the meaning provided below:

CNB	Czech National Bank
EIB	European Investment Bank, registered office: 98-100 boulevard Konrad Adenauer, L-2950 Luxembourg
Fund	Inven Capital, SICAV, a.s., variable-capital investment fund, Company ID No. (IČO): 02059533, registered office: Pod křížkem 1773/2, 147 00 Prague 4, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Entry No. 19323
Sub-fund	Inven Capital – Subfund B
AMISTA IS	AMISTA investiční společnost, a.s., Company ID No. (IČO): 274 37 558, registered office: Pobřežní 620/3, Prague 8, 186 00
Accounting Period / Reporting Period	Period from 1 January 2021 to 31 December 2021
Valuation Date	Last day of the Accounting Period
ICIFA	Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended

For the purposes of this Annual Report, the following legislation contained herein shall have the meaning provided below:

FATCA Agreement	Agreement between the United States of America and the Czech Republic to Improve International Tax Compliance and with Respect to the United States Information and Reporting Provisions Commonly Known as the Foreign Account Tax Compliance Act, published under No. 72/2014 Coll. of Int. Agreements
Act on Auditors	Act No. 93/2009 Coll., on Auditors and on amendments to certain acts (Act on Auditors), as amended
Income Taxes Act	Act No. 586/1992 Coll., on Income Taxes, as amended
Act on Accounting	Act No. 563/1991 Coll., on Accounting, as amended
ICIFA	Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended
AICTA	Act No. 164/2013 Coll., on International Cooperation in Tax Administration and on amendments to other related acts, as amended
BCA	Act No. 90/2012 Coll., on Business Corporations and Cooperatives (Business Corporations Act), as amended
ACMU	Act No. 256/2004 Coll., on Capital Market Undertakings, as amended
Decree	Decree No. 234/2009 Coll., on the Protection against Market Abuse and on Transparency, as amended

# Declaration of honor of the persons responsible for the Annual Report

To the best of our knowledge, having taken all reasonable care to ensure that such is the case, the Annual Report gives a true and fair view of the financial position, business and results of operations for the year 2021, prospects for future development, business activities and results of operations, and does not conceal any facts that could change the purpose and meaning of this Report

In Prague, 22 April 2022

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Inven Capital, SICAV, a.s.  
Ing. Ivo Němejc  
Vice-Chairman of the Board of Directors

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Inven Capital, SICAV, a.s.  
Ing. Viktor Miškovský  
Member of the Board of Directors

# Independent Auditor's Report





# Sub-fund Profile

## Sub-fund description

**Name: Inven Capital – Subfund B**

### Identification data

Alternative ID No. (NIČ): 751 60 706

Tax Identification No. (DIČ): CZ684366252

### Registered Office

Street: Pod křížkem 1773/2

District: Braník

Post code: 147 00 Prague 4

### Establishment of the Fund

On 1 September 2013, ČEZ Nová energetika, a.s. (original name of the Fund prior to the granting of a license), was formed as a non-regulated joint-stock company established by ČEZ, a. s., Company ID No. (IČO): 45274649, with registered office located at Duhová 2/1444, Prague 4, post code 140 53, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Entry No. 1581, as the sole founder and shareholder.

With effect from 4 September 2014, ČEZ Nová energetika, a.s., was registered in the register maintained by CNB pursuant to Section 596(f) of ICIFA.

With effect from 10 December 2015, the ownership of 4 shares issued by ČEZ Nová energetika, a.s., was transferred to ČEZ Teplárenská, a. s., Company ID No. (IČO): 273 09 941, with registered office located at Říčany, Bezručova 2212/30, zip code 251 01, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Entry No. 17910.

The CNB's decision to grant a license to conduct the activities of an autonomous investment fund came into legal force on 31 August 2016 and the company changed its business name to Inven Capital, investiční fond, a.s. with effect from 1 September 2016. Pursuant to Section 8(1) of the Act, the Fund is authorized to manage itself. The Fund is not authorized to perform its own administration. The Fund has submitted to the application of the ICIFA upon the Fund's own request.

With effect from 1 February 2018, the Fund as a joint-stock company was transformed into a variable-capital joint-stock company (SICAV) pursuant to Section 367 of ICIFA; alongside the change of legal form, the company changed its name to Inven Capital, SICAV, a.s.

### Sub-fund

Inven Capital - Subfund B was created on 1 February 2018 by the decision of the Fund's Board of Directors and was registered in the register maintained by the CNB on 7 February 2018. In accordance with Section 165(1) of the ICIFA, the Sub-fund is, from an accounting and property

perspective, a part separated from the assets and liabilities of the Fund. The Fund has included in the sub-funds the assets and liabilities arising from investment activities. All investment activities of the Fund are carried out through the sub-funds.

Each sub-fund has its own investment strategy and its own statute. The investment strategy is always set out in the statute.

## Shares

For each sub-fund, the Fund issues investment shares that represent equal shares in the fund capital of the given sub-fund. The investment shares issued for a sub-fund have the following rights attached: the right to a share in profit ensuing only from the performance of the given sub-fund and the right to a share of the liquidation surplus ensuing only upon the dissolution of the sub-fund with liquidation.

The shares are issued as no-par value (NPV) shares, i.e. shares with no nominal value listed on the share. The investment shares of Subfund B are held by the European Investment Bank. As at 31 December 2021, 39,242 investment shares were issued for the Sub-fund. As at 31 December 2021, the fund capital amounted to CZK 1,179,535 thousand.

The currency of the investment shares of Subfund B is in EUR. The Company's shares have been issued as securities and have not been admitted to trading on a regulated market, i.e. they are not listed on any regulated (or other European) market or admitted to trading in any multilateral trading facility.

Net business assets: CZK 1,179,535 thousand

## Bodies of the Sub-fund

### Board of Directors

**Chairman of the Board of Directors** Ing. Petr Míkovec (since 27 February 2015)  
Address: Na Královce 508/3, Vršovice, 101 00 Prague 10  
Date of birth: 24 May 1974

**Vice-Chairman of the Board of Directors** Ing. Ivo Němejc (since 1 February 2017)  
Address: Chrustenice no. 212, 267 12 Chrustenice  
Date of birth: 5 May 1977

**Member of the Board of Directors** Ing. Viktor Miškovský (since 1 February 2017)  
Address: České družiny 1947/19, Dejvice, 160 00 Prague 6  
Date of birth: 12 April 1968

The Board of Directors is the statutory body of the Fund, which is responsible for management of the Fund and represents the Fund externally. The Board of Directors follows generally binding legal regulations, the Articles of Association and the Statute of the Fund and its sub-funds, if established. Among other things, the Board of Directors further convenes the General Meeting of the Fund and

approves amendments to the Statute of the Fund and its sub-funds, if established. The Board of Directors is elected by the Fund's General Meeting and has three members.

The fundamentals of the Fund's business management fall within the competence of the Fund.

The members of the Board of Directors are authorized to perform their activities based on a CNB decision to carry out investment company activity. An authorized representative of the Board of Directors has the prior consent of CNB to perform its function.

### Supervisory Board

Chairman of the Supervisory Board	<b>Ing. Tomáš Pleskač, MBA</b> Date of birth: 8 November 1966 Education: university degree	(since 30 May 2016) (member since 1 February 2016)
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Vice-Chairman of the Supervisory Board	<b>Ing. Martin Novák, MBA</b> Date of birth: 2 May 1971 Education: university degree	(since 16 March 2015) (member since 30 August 2014)
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Member of the Supervisory Board	<b>Mgr. Ing. Vojtěch Kopp</b> Date of birth: 12 July 1981 Education: university degree	(since 30 December 2014) (member since 30 August 2014)
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The Supervisory Board supervises the proper performance of the Fund's activities, as well as carries out other activities stipulated by generally binding legal regulations; it consists of three members elected by the General Meeting.

### Information on changes of facts recorded in the Commercial Register that occurred in the Reporting Period

The Sub-fund constitutes a part of the assets and liabilities of the Fund, separated for accounting and property purposes; the Sub-fund is without legal personality and is not registered in the Commercial Register.

### Information on the investment company managing the Sub-fund in the Accounting Period

The Fund is an autonomous investment fund authorized to manage itself pursuant to the license to perform the activities of an autonomous investment fund granted by the CNB. Pursuant to the provision of Section 8(2) of the ICIFA, the Fund is the manager of the Fund. The manager of the Fund, i.e. the Fund, is also the manager of the sub-funds created by the Fund.

In the Accounting Period, the manager carried out regular activities stipulated in and compliant with the Fund's statute and the Sub-fund's statute.

Members of the Board of Directors act as portfolio managers.

Chairman of the Board of Directors	<b>Ing. Petr Mikovec</b> Date of birth: 24 May 1974 Education: university degree	(since 27 February 2015) (member since 1 September 2013)
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1998 – 2003 Patria Finance, a.s.: Online business division manager  
 2004 – 2006 ČEZ, a.s.: Analysis and forecasting specialist  
 2007 – 2007 ČEZ, a.s.: Strategy project manager  
 2007 – 2008 ČEZ, a.s.: Product evaluation department head  
 2008 – 2010 ČEZ, a.s.: Portfolio assessment division head  
 2010 – 2012 ČEZ, a.s.: Portfolio assessment division manager  
 2010 – 2014 ČEZ, a.s.: Director of the business development division, ČEZ Group

Vice-Chairman of the Board of Directors **Ing. Ivo Němejc** (since 1 February 2017)  
 Date of birth: 5 May 1977  
 Education: university degree

1998 - 2001 NEWTON Holding, a.s.: Financial analyst  
 2001 – 2005 NEWTON Management, a.s.: Project manager  
 2005 – 2006 BAWAG Bank CZ, a.s.: Corporate Finance team leader  
 2006 – 2009 LBBW Bank CZ a.s.: Structured financing director  
 2010 – 2014 LBBW Bank CZ a.s.: Director for large corporate clients and structured financing

Member of the Board of Directors **Ing. Viktor Miškovský** (since 1 February 2017)  
 Date of birth: 12 April 1968  
 Education: university degree

1995 – 2002 Arthur Andersen, a.s.: Senior Manager  
 2002 – 2005 Horizon Energy Development/United Energy: CFO in Horizon Energy Development s.r.o., chairman of the Supervisory Board of United Energy a.s., member of the Board of Directors of Teplárny Liberec, a.s.  
 2005 – 2007 Západočeská energetika, a. s.: CEO and chairman of the BoD  
 2008 – 2015 Wikov Wind, a. s.: CEO and member of the BoD

### **Major factors affecting the Sub-fund's economic results**

In 2021, the Sub-fund recorded a loss in connection with the operating costs incurred in the administration of the Sub-fund investing in growth-stage cleantech startups in Europe with scalable business models proven by sales and a strong growth potential.

### **Information on the investment Sub-fund's Depositary**

Business name: Česká spořitelna, a.s.  
 Registered office: Olbrachtova 1929/62, 140 00 Prague 4  
 Company ID No. (IČO): 452 44 782

The performance of the activities of a depositary by Česká spořitelna is governed by the Depositary Agreement of 1 February 2018. Pursuant to the Agreement, the Depositary undertakes to act as a depositary for the fund pursuant to Act No. 240/2013 Coll., on Investment Companies and Investment Funds, and Commission Delegated Regulation (EU) No. 231/2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council.

**Information on persons to whom the safekeeping or custody of the Fund's assets was delegated by the Depository, if they safekeep or otherwise hold in custody more than 1% of the Fund's assets**

The Depository currently uses the services of Clearstream Banking S.A. Luxembourg for the settlement and clearing of foreign securities and the services of the *Central Securities Depository* (Centrální depozitář cenných papírů, a. s.) for the settlement and clearing of stock-exchange transactions with the securities traded on the *Prague Stock Exchange* (Burza cenných papírů Praha, a. s.) and local custodians for the markets in Poland, Slovakia, Hungary, Romania and Turkey. The collaborating entities may change over time, particularly when entering new markets.

**Information on the prime broker**

No persons authorized to provide investment services acted as the prime broker for the Sub-fund In the Accounting Period. The Sub-fund did not have a prime broker.

**Identification of assets with value exceeding 1% of the total value of the Sub-fund's resources**

The Sub-fund's assets in excess of 1% of the total value of the Sub-fund's resources as at the Valuation Date comprise ownership interests in Tado GmbH, Cloud & Heat Technologies GmbH, Cosmo Tech S.A.S., NeuronSW SE, Zolar GmbH, Eliq AB, Forto GmbH and Woltair,s.r.o. amounting to CZK 1,219,110 thousand. The Sub-fund's interest in each company is up to 10% for most companies, except for Zolar and Woltair, s.r.o., where it exceeds 10%. Other assets of CZK 51,039 thousand consist of convertible loans in NeuronSW, Cloud & Heat Technologies GmbH, Woltair and CosmoTech. The item Due from banks and cooperative savings associations in the amount of CZK 2,117 thousand includes a bank account balance.

**Information on the remuneration of employees and officers paid to the Fund's employees and officers by the Sub-fund's manager**

The Fund, as the Sub-fund's manager, has disclosed in its annual report information on the wages, remuneration, fees and similar income paid to its employees and officers, broken down as stipulated by the applicable regulations. The employees and officers' fees and other remuneration are paid out of the Management fee; the Management Fee for 2021 amounted to CZK 16,741 thousand.

**Information on the remuneration of employees and officers paid by the Sub-fund to the employees or officers whose activity has a significant impact on the Sub-fund's risk profile**

The Sub-fund did not make any such payments in the Accounting Period.

**Information on research and development activities**

The Sub-fund did not engage in any R&D activities in the Reporting Period.

**Information on securities financing transactions (SFT)**

No such transactions took place in the Accounting Period.

**Information on environmental protection activities and labor relations**

The Sub-Fund, being a part separated from the assets and liabilities of the Fund from an accounting and property perspective, is not involved in environmental protection; however, in the Accounting Period, Inven Capital fully offset its CO2 emissions by planting trees in cooperation with the non-profit organization Sázíme stromy and became carbon neutral. In connection with its membership in

the international Leaders for Climate Action initiative, it also seeks to reduce its carbon footprint, for example by consuming electricity exclusively from renewable sources, printing on recycled paper or reducing air travel.

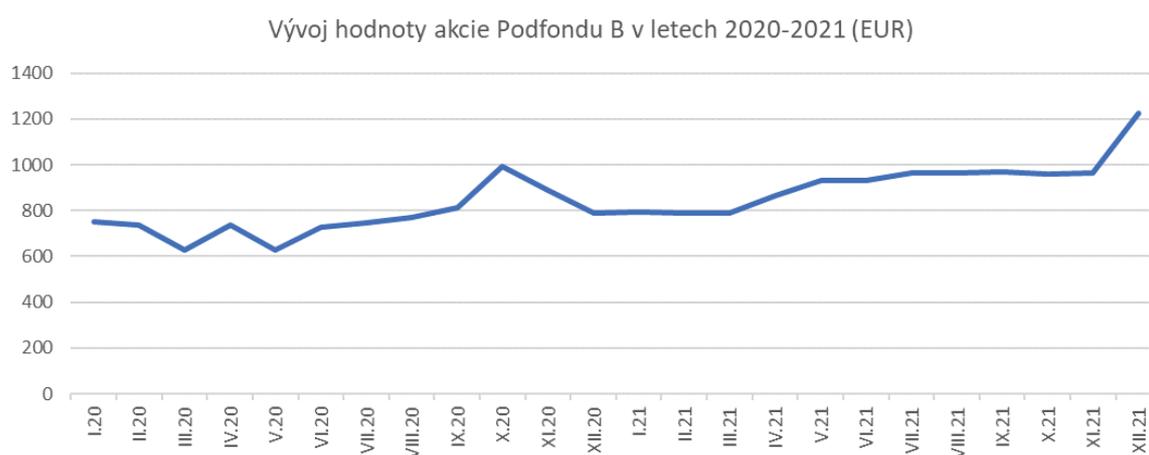
Since the Sub-fund is, from an accounting and property perspective, a part separated from the assets and liabilities of the Fund, the Sub-fund did not have any employees in the Accounting Period.

**Foreign branch or a part of the undertaking abroad**

The Sub-fund has no foreign branch or a part of the undertaking abroad.

## The Sub-fund's fund capital and changes in share value

Balance as at:	31/ 12/ 2021	31/ 12/ 2020	31/ 12/ 2019
Fund capital of Subfund (EUR):	47,447,098	25,063,962	12,415,935
Number of the Sub-fund's investment shares issued and outstanding at the end of the Accounting Period:	39,242	31,762	16,587
Number of the Sub-fund's investment shares issued in the Accounting Period:	7,480	15,175	4,326
Number of the Sub-fund's investment shares purchased in the Accounting Period:	-	-	-
Fund capital of Subfund B per 1 share (EUR):	1,209.0897	789.1178	748.5340



**[Share value in 2020 (in CZK)]**

### Information on the acquisition of own shares or ownership interests

The Sub-fund did not acquire its own shares or ownership interests in 2021.

### Information on major changes in the Sub-fund's Statute

The following significant changes to the Sub-fund's Statute were made in the Accounting Period:

With effect from 17 May 2021, Ing. Martin Pacovský, Risk management officer, was replaced in the list of the Fund's officers by Ing. Hana Uhlíková.

Furthermore, there was a change in the Compliance Officer; instead of an employee, Mgr. Iveta Niemiec, an external company, DBK PARTNERS, advokátní kancelář, s.r.o., was entrusted with the performance of compliance activities.

### Effects of the COVID-19 pandemic on the entity

The Fund's management monitored the situation in the Target Companies throughout the year and continued its initiatives from 2020, when it responded to the first wave of the coronavirus crisis and initiated establishing of crisis plans in the Target Companies. These plans include (a) internal measures to ensure uninterrupted operations of the companies and protection of their employees, (b) analysis of the impact on business operations, including elimination measures (e.g., different way

of communicating with customers, pre-stocking, alternative sales channels), and (c) analysis of the impact on the financial plan and related solutions to mitigate it as much as possible. The solutions in question include both a detailed analysis of possible cost reduction and its impact on the companies' performance, drawing on various support programs, etc.

None of the Target Companies has been materially adversely affected by the COVID pandemic as at the financial statements date. This results from the Target Companies' scope of business, as most of the innovative products offered by the companies include IT solutions that are put to use despite the said constraints.

Among the impacts that we experienced due to the COVID pandemic and that the Target Companies had to deal with were mainly delays in the delivery of materials and components (photovoltaic systems, aluminium components, etc.) and increased transport costs. As a result, certain projects were delayed as compared to the plan, gross margins are lower for some companies due to higher costs, but overall the Target Companies were able to cope with the challenges.

The 2021 year-end valuation of the companies reflects the estimated impact of COVID-19 on individual investments; no significant impairment due to the pandemic has been recorded for any of these investments.

### **Subsequent events**

On 1 January 2022, a new Sub-fund C was established, which operates identically to Sub-fund A, has the same shareholders as well as the same investment strategy. As at the same date, Sub-fund C began a five-year investment period, which will be followed by a five-year divestment period.

At the end of February 2022, war broke out in Ukraine, which was attacked by the Russian Federation for no reason. The attack sparked a widespread reaction around the world, with unprecedented economic sanctions imposed on Russia. These sanctions will have global impacts, which are difficult to quantify at the moment, given that the sanctions are time-delayed and the conflict is still ongoing.

In response to the international crisis, the Fund's management has initiated crisis plans in the Target Companies that capture the possible negative consequences of the sanctions. These plans include an analysis of the impacts on the business including measures to eliminate them (e.g. alternative suppliers, stocking up, etc.), along with an analysis of the impacts on the financial plan and solutions to mitigate them as much as possible.

One of the likely effects of this war will be to secure energy independence and accelerate energy self-sufficiency. For some Target Companies, this will mean an opportunity to grow faster and increase their value.

The management of the Fund considered the potential impacts of the conflict on its activities and business and concluded it did not have a significant effect on the going concern assumption. Accordingly, the financial statements for the year ended 31 December 2021 were prepared on the assumption that the Company would be able to continue as a going concern.

## Comments on the Annexes attached

This Annual Report includes Annexes that include information on the Sub-fund's performance. In accordance with the generally binding legal regulations, this Annual Report also includes the financial statements, including the notes to the financial statements, and the Independent Auditor's Report. The Report on Relations is prepared at the level of the Fund. The figures contained in the Annexes are in CZK thousands (unless otherwise stated). The investment fund's balance sheet and income statement contain data structured according to special accounting legislation. Each caption contains information on the amount for the immediately preceding reporting period. If certain tables or values are not filled in, the corresponding value is zero. Further information is provided in the notes to the financial statements.

In Prague, 22 April 2022

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Inven Capital, SICAV, a.s.  
Ing. Ivo Němejc  
Vice-Chairman of the Board of Directors

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Inven Capital, SICAV, a.s.  
Ing. Viktor Miškovský  
Member of the Board of Directors

# Business activities, state of assets and ownership interests

Fund	Inven Capital, SICAV, a.s., Company ID No. (IČO): 02059533, registered office: Pod křížkem 1773/2, 147 00 Prague 4, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 19323
Sub-fund	Inven Capital – Subfund B
Accounting Period / Reporting Period	Period from 1 January 2021 to 31 December 2021

## 1. Sub-fund's activities in the Accounting Period

Inven Capital - Subfund B focuses on investments in growth-stage cleantech startups from the European Union, with scalable business models proven by sales and a strong growth potential. The Sub-fund is interested in sectors such as energy efficiency, distributed power generation, flexibility and energy storage, energy data services, clean transport, smart city, etc.

Subfund B has invested in eight companies (four German ones, one French, two Czech and one Swedish) and has invested more than a half of its investment framework. The companies are as follows:

**tado GmbH** – the company is developing a platform for smart household temperature control based on the user's location and habits.

**Cloud & Heat Technologies GmbH** – designer, supplier and operator of highly energy- and cost-efficient distributed data centers using the heat of water-cooled servers for heating and hot water supply.

**Cosmo Tech S.A.S.** – supplier of a software platform for complex system modelling providing key information to optimize decision-making in the management of critical infrastructure and processes.

**NeuronSW SE** – a technology company that has developed a comprehensive AI solution for sound analysis to predict machine failures.

**Zolar GmbH** – the company's digital platform is applied in the installation of photovoltaic panels and battery systems in family houses through external plumbing companies, which it consolidates within its platform.

**Eliq AB** – the company's software platform collects and analyzes data on customers' consumption and production of electricity from smart meters, combines the data with additional information on the consumption of household appliances and provides its customers with an overview of their consumption, including energy savings options, which reduces customer fluctuation and the cost of servicing them and provides additional space for upselling.

**Forto GmbH** – European digital freight forwarder, which develops a platform working with real-time data, optimizes transport, allows customers to order transport, track their shipments and handle all online administration, including the choice of transport method with regard to emissions; focuses mainly on relations between Asia and Europe.

**Woltair s.r.o.** – the company develops a digital platform that simplifies the selection, ordering and installation of heating equipment, while connecting customers and technology through this platform.

Nearly 500 investment opportunities were assessed for 2021. There was no new investment, but additional investments were made in Cloud&Heat, NeuronSW, Eliq, Forto and Woltair.

## 2. Sub-fund's results

The annual financial statements for the Accounting Period including the notes to the financial statements, together with the auditor's report that constitutes an inseparable part of the Annual Report, give a fair and comprehensive view of the Sub-fund's financial performance.

The Sub-fund is, from an accounting and property perspective, a part separated from the assets and liabilities of the Fund. The accounting records reflect the Sub-fund's assets and liabilities and other facts to allow for the preparation of a separate set of financial statements of the Sub-fund. This Annual Report is also a separate annual report of the Sub-fund. The Sub-fund has no legal personality; information concerning its bodies is therefore contained in the Fund's Annual Report.

In 2021, the company recorded a loss of CZK 35,716 thousand. The loss was in particular due to the operating costs incurred in the administration of Podfond B in the implementation of investments and remeasurement of convertible loans.

## 3. State of assets

The value of the Sub-fund's assets increased by 75.75% year-on-year (i.e. by CZK 548,371 thousand). The increase in assets was mainly due to ownership interests in companies (an increase of CZK 552,010 thousand), which increased thanks to three new investments, additional investments and the effect of revaluation.

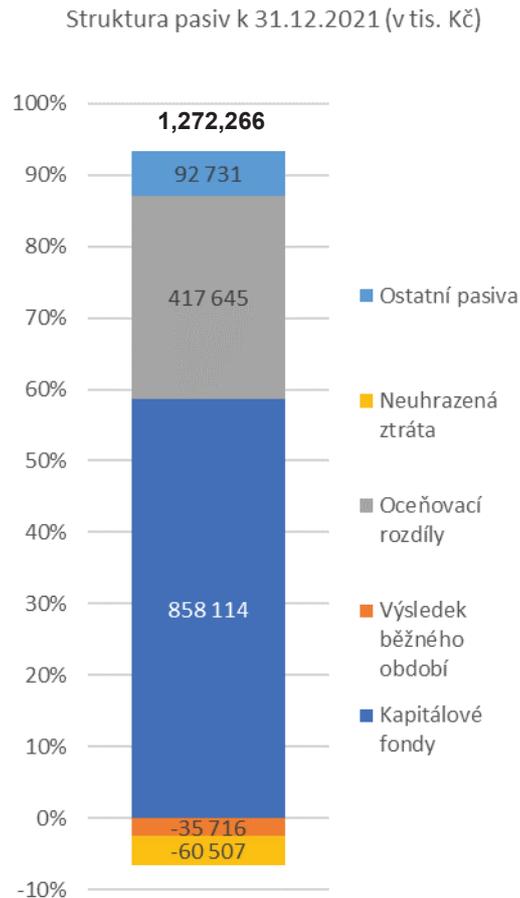
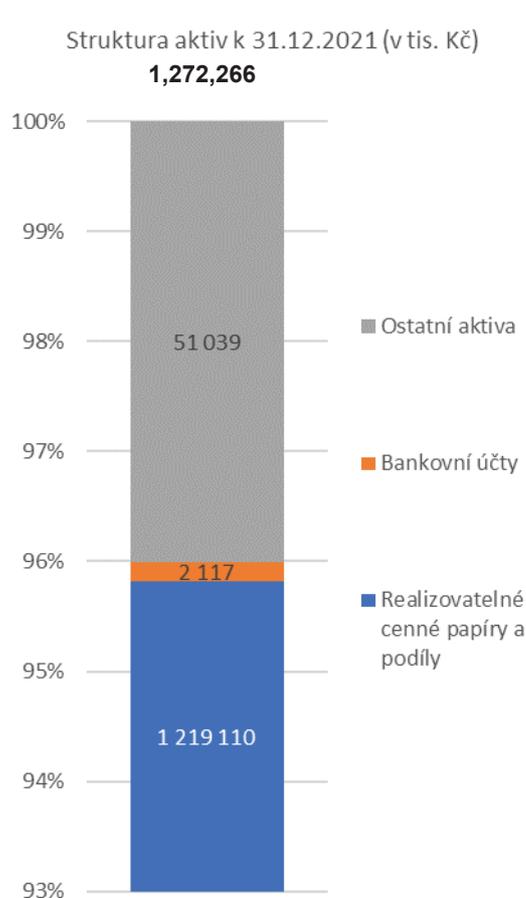
The Sub-fund's portfolio is financed through own resources (94.01%), in particular capital funds; the remaining percentage (5.99%) includes short-term liabilities in the form of other liabilities.

### Assets

In the balance sheet as at 31 December 2021, the Sub-fund reported assets totaling CZK 1,272,266 thousand. These assets mainly consist of shares, unit certificates and other interests in Tado, Cloud & Heat Technologies, CosmoTech, NeuronSW, Zolar, Eliq, Forto a Woltair in the amount of CZK 1,219,110 thousand, other assets of CZK 51,039 thousand and due from banks in the amount of CZK 2,117 thousand. The fair value of ownership interests was determined on the basis of an expert opinion prepared by Deloitte as at 31 December 2021.

### Liabilities

In the balance sheet as at 31 December 2021, the company reported liabilities totaling CZK 1,272,266 thousand. These consisted of equity of CZK 1,179,535 thousand and other liabilities in the amount of CZK 92,731 thousand, which represent mainly liabilities to shareholders of CZK 75,629 thousand and a deferred tax liability of CZK 16,485 thousand. The number of investment shares issued for Subfund B is 39,242. The loss for the period was CZK 35,716 thousand.



**Structure of assets as at 31/ 12/ 2021 (in CZK thousands) Structure of liabilities as at 31/ 12/ 2021 (in CZK thousands)**

Other assets  
Bank accounts  
Available-for sale securities and interests

Other liabilities  
Accumulated loss  
Gain/loss on revaluation  
Profit/loss for the period  
Capital funds

**Cash flow**

Net decrease in cash as at 31 December 2021 amounted to CZK (10,101) thousand.

The cash flow from operating activities at the end of the Reporting Period amounted to CZK (37,519) thousand; as at 31 December 2020, it was CZK (45,037) thousand, which represents a decrease of CZK (82,556) thousand. The cash flow was affected by the reported accounting profit from ordinary activities before taxation in the amount of CZK (41,212) thousand and a change in non-cash components of working capital of CZK (23,391) thousand, including changes of other assets totaling CZK (33,546) thousand and other liabilities of CZK 10,155 thousand.

The net cash flow related to investing activities amounted to CZK (137,501) thousand at the end of the Accounting Period; at the end of the previous period it was CZK (352,948) thousand; its amount was affected by the costs associated with the acquisition of fixed assets in the very amount of CZK (137,501) thousand.

The net cash flow related to financial activities at the end of the Accounting Period amounted to CZK 164,919 thousand. At the end of the previous period it was CZK 319,621 thousand; its amount was affected by the impact of changes in equity on cash totaling CZK 164,919 thousand.

At the end of the period, cash and cash equivalents decreased by CZK 10,101 thousand compared to the previous accounting period, which represented the very net decrease in cash and cash equivalents.

#### **4. Projected development**

As at 1 January 2022, Sub-fund B entered a five-year divestment period and therefore the key task will be to work towards successful divestments of the Target Companies.

New investments will only be made from Sub-fund C, which began its five-year investment period on 1 January 2022. The Fund will thus be able to continue to invest in new investment opportunities.

The Fund's management will continue to monitor the situation regarding the COVID-19 pandemic and the deteriorating global economic situation in the context of the military conflict in Ukraine. These crises can be an opportunity to accelerate certain trends such as energy self-sufficiency, digitalisation, remote access and decentralisation. These areas experience increased demand for new solutions, and for many Target Companies, they represent an opportunity for faster growth and increasing their value.

# Annexes

1. Report on Relations
2. Financial Statements as at 31 December 2021

Inven Capital, SICAV, a.s.

## Report on Relations of Inven Capital, SICAV, a.s., for 2021

Date of preparation:	March 2022	Appendices:	1
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This Report has been prepared pursuant to the provisions of Section 82 of Act No. 90/2012 Coll., on Business Corporations (the Corporations Act). In accordance with the Corporations Act, the Report describes relations between the Controlling entity and the Controlled entity and between the Controlled entity and entities controlled by the same Controlling entity; pursuant to the provisions of Section 82, para. 1 through 4 of the Corporations Act, the Report has been prepared for the past accounting period (from 1 January 2021 to 31 December 2021).

### 1. Structure of Relations

#### Controlled Entity and Author of Report on Relations

**Inven Capital, SICAV, a.s.**

Business reg. No.: 020 59 533

Registered office: Pod křížkem 1773/2, Braník, 147 00 Prague 4,

Entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert no. 19323.

#### Controlling entity

**ČEZ, a. s.**

Business reg. No.: 45274649

Registered office: Prague 4, Duhová 2/1444, Zip code 140 53

Entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert no. 1581.

As at 31 December 2021, 100% of the founder's shares are held by ČEZ, a.s., with its registered office in Prague 4, Duhová 2/1444, zip code 140 53, business reg. no.: 45274649.

Inven Capital, SICAV, a.s., may establish sub-funds pursuant to Section 165 et seq. of the Act on Management Companies and Investment Funds. The sub-fund is, from an accounting and property perspective, a part separated from the assets and liabilities of the Company. The Fund has so far established two sub-funds: Inven Capital – Subfund A and Inven Capital – Subfund B.

As at 31 December 2021, ČEZ, a.s., with its registered office in Prague 4, Duhová 2/1444, zip code 140 53, business reg. no.: 45274649, and ČEZ Teplárenská, a.s., with its registered office in Říčany, Bezručova 2212/30, zip code 251 01, business reg. no.: 27309941, hold 99.86% and 0.14%, respectively of investment shares in Inven Capital – Subfund A. ČEZ Teplárenská, a.s., is an entity controlled by ČEZ, a.s.

As at 31 December 2021, 100% of investment shares in Inven Capital – Subfund B are held by the European Investment Bank (EIB), with its registered office at 98-100 boulevard Konrad Adenauer, L-2950 Luxembourg.

The Czech Republic, i.e. the Ministry of Finance, owns shares corresponding to 69.78% of the share capital of the Controlling entity, ČEZ, a.s.

### **Other entities controlled by the same controlling entity**

According to the information provided by ČEZ, a.s., the Board of Directors of Inven Capital, SICAV, a.s., has prepared a scheme of the structure of relations between entities controlled by the same controlling entity, that is the entities controlled by ČEZ, a.s.

Inven Capital, SICAV, a.s., is included in the ČEZ Group; the ČEZ Group also includes the ČEZ Concern, led by ČEZ, a.s., as the managing entity. Inven Capital, SICAV, a.s., is not a member of the ČEZ Concern.

### **2. Scheme of relations**

For the scheme of relations see Appendix No. 1 to this Report.

### **3. Controlled entity's role**

Inven Capital, SICAV, a.s., is a self-governing investment fund that aims to bring ČEZ Group know-how, capacities and products in the field of “new energy” – especially in the area of energy services and products for end customers, new technologies, decentralized resources, etc. in the EU region and other nearby markets. The investment activities of Inven Capital, SICAV, a.s., should provide the ČEZ Group with innovative products and companies, as well as additional revenues and synergies with the present customer and product portfolio of the ČEZ Group.

### **4. Method and means of control**

ČEZ, a.s., directly controls Inven Capital, SICAV, a.s., i.e. it is the majority shareholder of Inven Capital, SICAV, a.s., and holds 100% of its founder's shares. With regard to the above, ČEZ, a.s., is entitled to appoint or recall a majority of the controlled entity's statutory body members.

### **5. Summary of actions taken during the accounting period at the initiative or in the interest of other related parties**

No acts pertaining to the assets with a value exceeding 10% of the controlled entity's equity as stated in the most recent financial statements were carried out at the initiative or in the interest of the controlling entity or entities controlled by it.

### **6. Overview of agreements between related parties**

The below overview includes agreements concluded between Inven Capital, SICAV, a.s. (formerly Inven Capital, investiční fond, a.s., and ČEZ Nová energetika, a.s.) and ČEZ, a.s., and other entities controlled by the same controlling entity; it includes not only agreements concluded in the relevant accounting period, but all agreements existing (i.e. effective) in 2021.

<b>Contracting parties</b>	<b>Contract number</b>	<b>Subject matter and date</b>
ČEZ Nová energetika, a.s. a ČEZ, a.s.	5600005989	Contract for the provision of services – media services (website) dated 18 June 2015 incl. Amendment no. 1 dated 24 September 2020
Inven Capital, investiční fond, a.s. a ČEZ, a.s.	5600008710	Service Level Agreement (SLA) dated 6 November 2017, incl. Amendments no. 1 through 4
Inven Capital, investiční fond, a.s. a ČEZ, a.s.	CONTRACT_2021_2211	Agreement on mutual credit frameworks in connection with the agreement on the provision of multi-level flexi on-line real mutual cash pooling in CZK for an economically related group, dated 28 January 2016, incl. Amendments no. 1 through 5
Inven Capital, investiční fond, a.s. a ČEZ, a.s.	CONTRACT_2021_2254	Agreement on mutual credit frameworks in connection with the agreement on the provision of multi-level flexi on-line real mutual cash pooling in EUR for an economically related group, dated 28 January 2016, incl. Amendment no. 1 through 4
Inven Capital, SICAV, a.s. a ČEZ, a.s.		Agreement on subscription, issue and repurchase of investment shares dated 21 February 2018
Inven Capital, SICAV, a.s. a ČEZ, a.s.	5600009180	Entrustment agreement on the performance of an individual activity, incl. management of an investment fund (performance of an internal audit) dated 8 March 2018
Inven Capital, SICAV, a.s. a ČEZ, a.s.		Agreement on Cooperation in the Performance of a Public Contract of 30 September 2019
Inven Capital, SICAV, a.s. a ČEZ, a.s.	5600011270	License agreement on the provision of the right to use trademark effective from 9 January 2020
Inven Capital, SICAV, a.s. a ČEZ ICT Services, s.r.o.	41/2021	Framework agreement on the provision of services dated 12 February 2021
Inven Capital, SICAV, a.s. a ČEZ ICT Services, s.r.o.	42/2021	Subcontract for the provision of services 42/2021 to the Framework agreement on the provision of services 41/2021 dated 12 April 2021
Inven Capital, SICAV, a.s. a ČEZ Prodej, a.s.	0201502284, 0201502287, 0201502320, 0201502323	Contracts for combined services of electricity supply from LV networks dated 2 April 2020

All the above agreements were signed at arm's length; provided counter-performance corresponded to arm's-length conditions as well.

#### **7. Assessment of any detriment suffered by the Controlled entity and possible compensation**

In view of the legal relations between the Controlled entity and other Related Parties, it is evident that the Controlled entity suffered no detriment as a result of agreements, other legal actions or other measures concluded, made or accepted by the Controlled entity in the accounting period. For this reason, no compensation has been assessed.

### **8. Assessment of benefits and drawbacks arising from relations between related parties**

Based on the available information, the Board of Directors assessed the benefits and drawbacks of the Company's membership in the ČEZ Group and concluded that the benefits outweighed and that the Company generally profits from being a part of the entire concern. For example, the Company benefits from the financial stability of the ČEZ Group, its good reputation, as well as related cost savings in the area of marketing, procurement, administration, etc. In addition, it uses service outsourcing, cash pooling, and advanced cooperation options within the ČEZ Group. The Board of Directors is not aware of any risks arising from the relations between the entities described above, which would not be provided for by standard means.

### **9. Other actions**

In 2021, Inven Capital, SICAV, a.s., did not perform any actions at the initiative or in the interest of the Controlling entity or its controlled entities, which should be included in this Report pursuant to the provisions of Section 82 para. d) of the Corporations Act.

### **10. Conclusion and Representation**

This Report on Relations between Related Parties has been prepared by the statutory body of Inven Capital, SICAV, a.s., within the legal deadline.

The statutory body declares that the above overview is complete and true. All activities have been carried out in accordance with the provisions of the Corporations Act and have not been intended to obscure any other relationship.

This Report on Relations does not contain information the disclosure of which could cause material damage to Inven Capital, SICAV, a.s. Furthermore, no information herein shall be deemed a trade secret or classified information under special legislation.

The Report has been prepared to the best of the authors' knowledge and belief; the authors drew on all available materials and documents with every effort.

This Report is subject to review by the Supervisory Board of Inven Capital, SICAV, a.s.

In Prague, 13 March 2022

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Inven Capital, SICAV, a.s.  
Ing. Petr Míkovec  
Board of Directors Chair

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Inven Capital, SICAV, a.s.  
Ing. Ivo Němejc  
Board of Directors Vice-Chair

Appendix 1: Structure of Relations

Company: Inven Capital - Podfond B  
Registered office: Pod křížkem 1773/2, Prague 4 - Braník  
Alternative ID No. (NIČ): 751 60 692  
Scope of business: autonomous investment fund

**BALANCE SHEET**  
as at 31 December 2021

(in CZK thousands)		Note	2021	2021	2021	2020
			Gross	Adjustment	Net	Net
<b>ASSETS</b>						
1	Cash in hand and balances with central banks		0	0	0	0
2	State zero-coupon bonds and other securities eligible for refinancing with the central bank		0	0	0	0
	of which a) issued by government institutions		0	0	0	0
	b) other		0	0	0	0
3	Due from banks and cooperative savings associations	6	2 117	0	2 117	12 218
	of which a) repayable on demand		2 117	0	2 117	12 218
	b) other receivables		0	0	0	0
4	Receivables from non-banking entities		0	0	0	0
	of which a) repayable on demand		0	0	0	0
	b) other receivables		0	0	0	0
5	Debt securities		0	0	0	0
	of which a) issued by government institutions		0	0	0	0
	b) issued by other entities		0	0	0	0
6	Shares, unit certificates and other participations	4	1 219 110	0	1 219 110	667 100
7	Ownership interests constituting a significant influence of which: in banks		0	0	0	0
8	Ownership interests constituting a dominant influence of which: in banks		0	0	0	0
9	Intangible fixed assets		0	0	0	0
	a) goodwill		0	0	0	0
10	Tangible fixed assets		0	0	0	0
	of which a) land and buildings for operating activities		0	0	0	0
	b) other operating assets		0	0	0	0
11	Other assets	7	51 039	0	51 039	38 371
12	Receivables from subscribed share capital		0	0	0	0
13	Deferred expenses and accrued income	8	0	0	0	6 206
<b>Total assets</b>			<b>1 272 266</b>	<b>0</b>	<b>1 272 266</b>	<b>723 895</b>

as at 31 December 2021

(in CZK thousands)	Note	2021	2020 #
<b>LIABILITIES AND EQUITY</b>			
1		0	0
		0	0
		0	0
2		0	0
		0	0
		0	0
3		0	0
		0	0
		0	0
4	10	92 731	66 091
5		0	0
6		0	0
		0	0
		0	0
		0	0
7		0	0
8	9	0	0
		0	0
9		0	0
10		0	0
		0	0
		0	0
11		0	0
12		858 114	693 195
13	9	417 645	25 116
		417 645	25 116
		0	0
		0	0
14	9	-60 507	-42 981
15	9	-35 716	-17 526
		1 179 535	657 804
<b>Total equity and liabilities</b>		<b>1 272 266</b>	<b>723 895</b>
OFF-BALANCE SHEET ITEMS as at 31 December:		<b>2 021</b>	<b>2 020</b>
Off-balance sheet assets:		<b>1 196 020</b>	<b>657 804</b>
Assets provided for management			
Signature of the statutory body:			

Company: Inven Capital - Podfond B  
Registered office: Pod křížkem 1773/2, Prague 4 - Braník, CZ  
Alternative ID No. (NIČ): 751 60 692  
Scope of business: autonomous investment fund

**INCOME STATEMENT**  
**for 2021**

(in CZK thousands)	Note	2021	2020
1 Interest income and similar income	14	4 794	1 255
of which Interest on debt securities		0	0
2 Interest expense and similar expense		0	0
of which interest expense from debt securities		0	0
3 Income from shares and ownership interests		0	0
of which a) income from ownership interests constituting a significant influence		0	0
b) income from ownership interests constituting a dominant influence		0	0
c) other income from shares and ownership interests		0	0
4 Fee and commission income		0	0
5 Fee and commission expense	12	-16 741	-27 020
6 Profit or loss on financial operations	14	-29 265	8 239
7 Other operating income		0	0
8 Other operating expenses		0	0
9 Administrative expenses	13	0	0
of which a) staff costs		0	0
of which: aa) wages and salaries		0	0
ab) social security and health insurance		0	0
b) other administrative expenses		0	0
10 Release of provisions and allowances for tangible and intangible fixed assets		0	0
11 Depreciation/amortization, charge for and use of provisions and allowances for tangible and intangible fixed assets		0	0
12 Release of allowances and provisions for receivables and guarantees, recoveries of receivables previously written off		0	0
13 Write-offs, charge for and use of allowances and provisions for receivables and guarantees		0	0
14 Release of allowances against ownership interests constituting dominant or significant influence		0	0
15 Loss on the transfer of ownership interests constituting dominant or significant influence, charge for and use of allowances against ownership interests constituting dominant or significant influence		0	0
16 Release of other provisions		0	0
17 Charge for and use of other provisions		0	0
18 Share in profit/(losses) of ownership interests constituting dominant or significant influence		0	0
19 <i>Profit/(loss) for the period from ordinary activities before taxes</i>		-41 212	-17 526
23 Income tax	11	5 496	0
24 <b>Profit/(loss) for the period after taxation</b>		<b>-35 716</b>	<b>-17 526</b>

Signature of the statutory body:

Ing. Ivo Němejc

Ing. Viktor Miškovský

Company: Inven Capital - Podfond B  
Registered office: Pod křížkem 1773/2, Prague 4 - Braník, C  
Alternative ID No. (NIČ): 751 60 692  
Scope of business: autonomous investment fund

**CASH FLOW STATEMENT  
for 2021**

Reference	Text	Accounting period	
		2021	2020
<b>P.</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>12 218</b>	<b>508</b>
	<b><u>Cash flows from operating activities</u></b>		
Z.	Net profit on ordinary activities before tax	-41 212	-17 526
A.1.	Adjustments for non-cash movements	27 084	-2 621
A.1.1.	Amortization of fixed assets and write-off of receivables		
A.1.2.	Change in allowances and provisions		
A.1.3.	Revaluation of assets	31 878	
A.1.4.	Gain/loss on disposal of fixed assets		
A.1.5.	Interest expense and interest income	-4 794	-1 255
A.1.6.	Other non-cash movements		-1 366
<b>A.*</b>	<b>Net cash from operating activities before taxation, changes in working capital and extraordinary items</b>	<b>-14 129</b>	<b>-20 147</b>
A.2.	Change in non-cash components of working capital	-23 391	65 184
A.2.1.	Change in other assets, prepayments and accrued income	-33 546	-520
A.2.2.	Change in other liabilities, accruals and deferred income	10 155	65 704
A.2.3.	Change in inventory		
<b>A.**</b>	<b>Net cash from operating activities before taxation and extraordinary items</b>	<b>-37 519</b>	<b>45 037</b>
A.3.	Interest paid		
A.4.	Interest received	0	
A.5.	Tax paid		
A.6.	Gains and losses on extraordinary items		
<b>A.***</b>	<b>Net cash provided by (used in) operating activities</b>	<b>-37 519</b>	<b>45 037</b>
	<b><u>Cash flows from investing activities</u></b>		
B.1.	Purchase of fixed assets	-137 501	-352 948
B.2.	Proceeds from sale of fixed assets		
<b>B.***</b>	<b>Net cash provided by (used in) investing activities</b>	<b>-137 501</b>	<b>-352 948</b>
	<b><u>Cash flows from financing activities</u></b>		
C.1.	Change in long-term liabilities and short-term loans	0	0
C.2.	Change in receivables/payables related to group cashpooling		
C.3.	Effect of changes in equity on cash	164 919	319 621
C.3.1.	Effect of changes in basic capital on cash		
C.3.2.	Dividends or profit sharing paid		
<b>C.***</b>	<b>Net cash provided by (used in) financing activities</b>	<b>164 919</b>	<b>319 621</b>
<b>F.</b>	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-10 101</b>	<b>11 710</b>
	<b>Net increase (decrease) in cash and cash equivalents due to merger</b>		
<b>R.</b>	<b>Cash and cash equivalents at end of year</b>	<b>2 117</b>	<b>12 218</b>
		<b>0</b>	<b>0</b>

Signature of the statutory body:

Ing. Ivo Němejc  
Board of Directors Vice-chair

Ing. Viktor Miškovský  
Member of the Board of Directors

Company: Inven Capital - Podfond B  
Registered office: Pod křížkem 1773/2, Prague 4-Braník, C  
Alternative ID No. (NIC): 751 60 692  
Scope of business: autonomous investment fund

**STATEMENT OF CHANGES IN EQUITY**

	Other capital funds	Gains or losses from revaluation	Profit (loss) brought forward	Profit (loss) for the year	Total equity
Balance as at 1 January 2020	373 573	-15 103	-17 530	-25 452	315 488
Issue/repurchase of investment shares	319 622				319 622
Revaluation of investments		40 219			40 219
Distribution of profit (loss) brought forward			-25 452	25 452	
Profit (loss) for the year				-17 526	-17 526
Balance as at 31 December 2020	693 195	25 116	-42 981	-17 526	657 804
Issue/repurchase of investment shares	164 919				164 919
Revaluation of investments		392 529			392 529
Distribution of profit (loss) brought forward			-17 526	17 526	
Profit (loss) for the year				-35 716	-35 716
Balance as at 31 December 2021	858 114	417 645	-60 507	-35 716	1 179 535

Signature of the statutory body:

Ing. Ivo Němejc  
Board of Directors Vice-chair

Ing. Viktor Miškovský  
Member of the Board of Directors

## **Inven Capital - Subfund B**

Financial Statements as at 31 December 2021









## **1. DESCRIPTION OF THE SUB-FUND**

Inven Capital – Subfund B (hereinafter “Subfund B”) is a sub-fund of Inven Capital, SICAV, a.s.

Inven Capital, SICAV, a.s., (hereinafter the “Company” or the “Fund”), formerly Inven Capital, investiční fond, a.s., and prior to that ČEZ Nová energetika, a.s., is a joint-stock company established on 1 September 2013 with the registered office located at Pod křížkem 1773/2, Prague 4, the Czech Republic, Company ID No. 02059533.

The Czech National Bank’s (CNB) decision to grant a license to conduct the activities of an autonomous investment fund came into legal force on 31 August 2016 and the company changed its business name to Inven Capital, investiční fond, a.s. with effect from 1 September 2016. With effect from 1 February 2018, the Fund as a joint-stock company was transformed into a variable-capital joint-stock company (SICAV) within the meaning of Section 367 of the Act; alongside the change of legal form, the Company changed its name to Inven Capital, SICAV, a.s. The Fund is an autonomous investment fund of qualified investors in the form of a joint-stock company with variable registered capital. No significant changes were made to the public register entry in 2021.

The sole shareholder of Subfund B is the European Investment Bank (EIB), with registered office located at 98-100 boulevard Konrad Adenauer, L-2950 Luxembourg.

Members of the Fund’s statutory and supervisory bodies as at 31 December 2021:

Board of Directors	
Chairman	Petr Míkovec
Vice-Chairman	Ivo Němejc
Member:	Viktor Miškovský

Supervisory Board	
Chairman	Tomáš Pleskač
Vice-Chairman	Martin Novák
Member:	Vojtěch Kopp

The Fund has no foreign branch.

Inven Capital – Subfund B was created on 1 February 2018 by the decision of the Fund’s Board of Directors and was registered in the register maintained by the CNB on 7 February 2018. In accordance with Section 165(1) of ICIFA, the Sub-fund is, from an accounting and property perspective, a part separated from the assets and liabilities of the Fund.

The Sub-fund’s investment shares are held by the EIB.

Subfund B has its own investment strategy and its own Statute. The investment strategy is always set out in the Statute. The version of the Sub-fund’s Statute valid as at 31 December 2021 is dated 17 May 2021.

The Sub-fund’s investment strategy focuses on investments in growth-stage cleantech startups from the EU, with scalable business models proven by sales and a strong growth potential. The Sub-fund is interested in sectors such as energy efficiency, distributed power generation, flexibility and energy storage, energy data services, clean transport, smart city, and the like.

## **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

The accompanying financial statements were prepared in accordance with Decree No. 501/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for accounting entities that are banks and other financial institutions, of 6 November 2002, as

amended, stipulating the structure and content of the financial statements and the scope of disclosures for banks and certain financial institutions, and with the Czech accounting standards for financial institutions as applicable for 2021 and 2020.

As of 1 January 2021, the Decree 501/2002, Coll., stipulates that for the purposes of recognition, measurement and disclosure of financial instruments, an entity shall proceed in accordance with International Financial Reporting Standards regulated by directly applicable regulations of the European Union governing the application of international accounting standards (individually "International Accounting Standard" or collectively "IFRS").

The balances and tables in the notes relating to the classification of financial instruments and information on their measurement as at 31 December 2020 and for 2020 have not been restated. Therefore, the information is not comparable.

These financial statements have been prepared for the period from 1 January 2021 to 31 December 2021. The previous accounting period lasted from 1 January 2020 to 31 December 2020.

The financial statements have been prepared on a going concern basis.

### **Explanation Added for Translation into English**

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by Subfund B in preparing the 2021 and 2020 financial statements were as follows:

#### **a) Transaction Recognition Date**

Depending on the type of transaction, a transaction is recognized on the day on which a cash payment is made or collected, foreign currency or securities are purchased or sold, a payment or collection from the client's account is made, funds (foreign currency) are credited according to the bank's notification, a securities transaction is settled, a guarantee or loan commitment is issued or accepted or values are accepted to custody.

Accounting transactions that involve the purchase and sale of financial assets with normal delivery date (spot transactions) and fixed-term transactions (forwards, futures and swaps) and options are recorded in off-balance sheet accounts between the contract date and the settlement date.

A financial asset or a part thereof is derecognized from the balance sheet if Subfund B loses control over the contractual rights to the financial asset or part thereof. Subfund B will lose control if the rights to the benefits defined in the contract are exercised or waived or if they expire.

#### **b) Foreign Currency**

Transactions denominated in foreign currencies are recognized in local currency translated at the exchange rate published by the Czech National Bank ("CNB") as at the transaction date. Financial assets and liabilities denominated in foreign currencies, together with forex spot transactions prior to maturity are translated to local currency at the rate published by the CNB as at the financial statements date. Any gain or loss resulting from the translation of assets and liabilities denominated in foreign currencies is recognized in the 'Profit or loss on financial operations' caption of the income statement with the exception of items revalued to fair value through equity.

#### **c) Financial Instruments**

#### **Methods effective from 1 January 2021**

## i. Financial instrument classification

A financial asset is mainly cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset.

A financial liability is mainly a contractual obligation to deliver cash or another financial asset. Financial liabilities and assets are presented as current (short-term) or non-current (long-term).

Financial assets are presented as current when the Fund expects to realize them within 12 months of the balance sheet date or if there is no reasonable certainty that the Fund will hold the financial assets for more than 12 months of the balance sheet date. Financial liabilities are presented as current when they are due within 12 months of the balance sheet date.

## ii. Financial assets

Financial assets are classified into two main categories (a) at amortized cost and (b) at fair value depending on whether the financial asset is held for trading or is held within a business model whose objective is to hold assets to collect contractual cash flows.

The Fund defines financial assets to the following categories:

### a) financial assets at amortized cost

This category includes the financial assets held with strategy to collect contractual cash flows, which consist of both principal and interest payments. Examples for such financial assets are trade receivables. Expected foreign exchange rate differences and interest income are recognized in the income statement.

### b) financial assets measured at fair value through other comprehensive income (FVOCI)

In the case of debt securities, this category includes the financial assets held with strategy to collect contractual cash flows or to sell financial assets.

The Fund also invests in the Fund's portfolio companies. These equity instruments do not contain a commitment to transfer economic resources. The Fund owns shares that are redeemable by the issuer only at its own decision. The Fund uses the option to account for changes in the fair value of these assets using the FVOCI method. The change in fair value on revaluation, or any gain/loss on the sale of these assets will not be reclassified to profit or loss, and therefore never affects profit or loss. Allowances are neither calculated nor recorded. Changes in the fair value are recognized in equity through the 'Gain or loss on revaluation' caption. In case that equity instrument was sold, an accumulated revaluation reserve is reclassified to retained earnings. Foreign exchange rate differences are recognized in equity (part of revaluation reserve).

### c) financial assets measured at fair value through profit or loss (FVTPL)

This category includes financial assets which, on initial recognition, were classified as financial assets at fair value through profit or loss and which cannot be classified as equity because they contain a counterparty's commitment to transfer economic resources to the Fund; the category includes **convertible loans**. Convertible loans include an obligation to convert the principal and accrued interest in the shares of a portfolio company and, at the same time, an obligation to pay the Sub-fund's principal with interest if no conversion occurs. In measuring convertible loans, the fair value is measured separately for the principal and the derivative representing the discount on the converted shares. Convertible loans are recognized in other assets in the balance sheet.

Allowances are neither calculated nor recorded. Changes in the fair value and foreign exchange rate differences are recognized in the income statement.

As at 31 December 2020, the Fund did not classify financial assets into separate categories under IFRS 9. All shares and interests in portfolio companies, including the interest in the British fund ETF2,

were revalued to fair value at least at the end of the accounting period by an independent expert and recognized at fair value. The revaluation differences were recorded in equity and did not affect profit or loss. Convertible loans were also revalued at fair value, but differences in fair value were recognized in the income statement and affected profit or loss (see the methods described below).

### **iii. Fair value of financial instruments**

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The fair value is the market value as published by local or foreign stock exchange or the value determined by a qualified estimate or expert opinion, if the market value is unavailable.

Based on the method of measuring the fair value, the Fund records financial instruments in the following structure:

Level 1: Fair value is determined based on unadjusted market prices of identical assets and liabilities that are quoted in active markets

Level 2: Fair value is determined using techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Fair value is determined based on techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data and thus use unobservable inputs.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

### **iv. Cash and cash equivalents**

The carrying amount of cash and other current financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

### **v. Non-current debt and equity financial assets**

The fair values of non-current debt and equity financial assets, which are publicly traded on active markets, are determined based on quoted market prices. The fair values of non-current debt and equity financial assets, which are not publicly traded on active markets, are determined using appropriate valuation models.

### **vi. Short-term receivables and Payables**

The carrying amount of receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

## **Methods effective until 31 December 2020**

### **a. Debt securities**

Debt securities include fixed-income securities including accrued accessories of the debt, i.e. fixed interest rate securities and variable interest rate securities, if the variability of the interest rate is determined in advance in relation to market-based rates as at particular dates or periods. Debt securities also include debt securities issued by government authorities and other debt securities measured at fair

value, debt securities provided as collateral in repurchase agreements, debt securities provided as borrowings and the allowance against debt securities measured at amortized cost.

#### **b. Shares, unit certificates and other interests**

Shares, share certificates and other interests include in particular available-for-sale securities and interests. Ownership interests and securities are measured at cost that includes the purchase price and direct costs related to the acquisition, e.g. stock exchange and brokers' fees and commissions. As at 31 December, the individual components are revalued as follows:

Available-for-sale securities (except for bonds with fixed interest rate) and interests represent minority interests measured at fair value. Changes in fair value are recognized in equity as gains or losses from the revaluation of assets and liabilities. Any permanent value impairment is recognized in the relevant income statement caption.

The fair value is the market value as published by local or foreign stock exchange or the value determined by a qualified estimate or expert opinion, if the market value is unavailable.

#### **c. Derivatives**

Derivatives are initially measured at cost.

Derivatives are recorded in other short-/long-term receivables or payables, as appropriate, in the accompanying balance sheet.

Derivatives are classified as derivatives held for trading or hedging derivatives. A derivative qualifies as a hedging derivative only if all of the following conditions are met:

- a) The hedge is consistent with the Company's risk management strategy;
- b) At the inception of the hedge, there is formal documentation of the hedging relationship in accounting records; the documentation includes identification of hedged items and hedging instruments, precise specification of the risk being hedged, and approach to assessing and demonstrating hedge effectiveness; and
- c) The hedge is effective; the hedge is effective if, at inception and during the period for which the hedge is designated, changes in the fair value or cash flows of hedging instruments attributable to the hedged risk, or overall changes in the fair value or cash flows of hedging instruments, are within a range of 80–125 percent of changes in the fair value or cash flows of hedged items attributable to the hedged risk. The Company assess hedge effectiveness at the inception of the hedge and subsequently at least at each balance sheet date when annual, extraordinary, interim or any other financial statements are prepared.

Derivatives that do not meet all of the above conditions are classified as derivatives held for trading. Gains and losses on derivatives held for trading are recorded in profit or loss at least at each balance sheet date.

Derivatives are revalued to fair value as at the balance sheet date. The fair value of the derivative is determined on the basis of an expert opinion.

With hedging derivatives for which cash flow hedge accounting is applied, gains or losses attributable to the hedged risk are recognized in equity. Gains or losses from the valuation of hedging instruments are reclassified into profit or loss during the same periods in which expenses and income related to hedged items affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset, a non-financial liability or a firm commitment for which fair value hedge accounting is applied, the associated gains and losses may be recognized together with the non-financial asset or non-financial liability.

With hedging derivatives for which hedge accounting for a net investment in foreign subsidiaries or associates is applied, gains or losses attributable to the hedged currency risk are recognized in equity. These gains and losses are reclassified into profit or loss in the same periods during which expenses and income on disposal of the hedged net investment in foreign subsidiaries or associates affect profit or loss.

Sometimes, a derivative may be a component of a hybrid (combined) financial instrument that includes both a host contract and the derivative (embedded derivative) which affects cash flows or otherwise modifies the features of the host contract. An embedded derivative is separated from the host contract and is accounted for as a separate derivative if all of the following conditions are met:

- a) The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- b) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- c) The hybrid (combined) instrument is not measured in fair value or is measured at fair value but changes in fair value are retained in the statement of financial position.

The economic characteristics and risks of an embedded derivative are not closely related to the economic characteristics and risks of a host contract and, accordingly, an embedded derivative is separated from a host contract in the following examples:

- a) A put option embedded in an equity instrument;
- b) A call option embedded in an equity instrument;
- c) A currency option embedded in an interest rate instrument;
- d) An option to extend the remaining term to maturity of an interest rate host instrument unless there is a concurrent adjustment to the approximate current market rate of interest at the time of the extension;
- e) A derivative converting an interest rate host instrument into an instrument with features of an equity instrument or commodity;
- f) A derivative embedded in an interest rate host instrument which converts the host instrument into an equity instrument;
- g) A call or put option on an interest rate instrument issued with a significant discount or premium unless the option's exercise price is approximately equal to the interest rate instrument's cost increased or decreased by interest income or expense;
- h) A credit derivative embedded in a host contract.

The fair value of an embedded derivative separated from a host contract is recorded in other receivables or liabilities, as appropriate.

The economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of a host contract and, accordingly, an embedded derivative is not separated from a host contract in the following examples:

- a) An interest rate swap embedded in an interest rate host contract;
- b) An interest rate option embedded in an interest rate host contract if the option was out of the money at inception;
- c) A currency swap or forward embedded in an interest rate host contract;
- d) A prepayment option embedded in a host contract unless the option's exercise price will normally generate significant gains or losses.

#### **d. Amounts due from banks**

Receivables from banks, current accounts held with banks and short-term financial deposits with maturity not exceeding 3 months. Receivables from banks denominated in foreign currencies are translated to Czech crowns at the exchange rate prevailing as at the balance sheet date as published by the Czech National Bank.

#### **e. Other liabilities**

Other liabilities are initially measured at their nominal value, including transaction costs; they were recognized at fair value as at the financial statements date. As at 31 December 2020, other liabilities were recognized at fair value.

Other liabilities represent mainly liabilities to investors who have sent funds to the Sub-fund's bank account and to whom investment shares have not been issued for these funds by the end of the accounting period.

#### **f. Other assets**

Receivables originated by the Sub-fund are initially measured at their nominal value including transaction costs; they were recognized at fair value as at the financial statements date. As at 31 December 2020, other assets were recognized at fair value.

Other assets consist mainly of convertible loans that are measured at fair value (see Note 3c).

#### **g. Provisions**

Provisions represent probable performance of uncertain timing and amount. Provisions are recognized if the following criteria are met:

- there is a present obligation (legal or substantial) to perform, which results from past events,
- the performance is probable and will require an outflow of resources embodying economic benefits,
- a reasonably reliable estimate can be made of the performance.

Additions to provisions are recognized in the relevant income statement caption, their use is recognized together with the costs or losses for which the provisions were created in the relevant income statement caption. The release of provisions that are no longer needed is recognized in Creation and release of other provisions. Provisions are created in the currency in which the related performance is expected to be made.

#### **h. Equity**

For each sub-fund, the Fund issues investment shares that represent equal shares in the fund capital of the given sub-fund. The investment shares issued for a sub-fund have the following rights attached: the right to a share in profit ensuing only from the performance of the given sub-fund and the right to a share of the liquidation surplus ensuing only upon the dissolution of the sub-fund with liquidation. The shares are issued as no-par value (NPV) shares, i.e. shares with no nominal value listed on the share.

The currency of the investment shares of Subfund B is in EUR. The Company's shares have been issued as securities and have not been admitted to trading on a regulated market, i.e. they are not listed on any regulated (or other European) market or admitted to trading in any multilateral trading facility.

In accordance with the Articles of Association, Subfund B does not create a reserve fund.

#### **i. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

#### **j. Recognition of Revenues and Expenses**

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Operating expenses and other fees related to the management and administration of the Sub-fund are recognized in the 'Fee and Commission Expense' caption in the period in which they were incurred.

Interest income on debt securities is recognized in the 'Interest Income and Interest Expense' caption.

#### **k. Income tax**

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items (tax loss, research and development costs) and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

#### **l. Subsequent events**

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

#### **m. Changes in accounting policies**

As of 1 January 2021, based on an amendment to Decree No. 501/2020 Coll. implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for entities that are banks and other financial institutions, the Fund applies IFRS 9 – Financial Instruments, IFRS 7 – Financial Instruments: Disclosures and IAS 32 – Financial instruments: Presentation.

IFRS 9 covers the following:

- Classification and measurement of financial instruments;
- Impairment testing;
- Hedge accounting.

Currently, the Fund is mainly concerned with the issue of classification and measurement of financial instruments – i.e. financial assets and issued shares.

#### **n. Equity instruments**

The Sub-fund has one shareholder and one type of redeemable shares issued; in accordance with IAS 32 16A – 16D there are no subordinate, preference, or other types of shares, all shares carry the same rights. Investment shares meet the definition of a puttable instrument and the exceptions stipulated in IAS32.16A-B. For this reason, the Fund classifies and recognizes investment shares in equity.

### **4. INITIAL APPLICATION OF IFRS 9**

The Fund presents financial statements where the recognition of financial instruments is governed by IFRS 9 and the Fund presents financial statements where the recognition of financial instruments is governed by IFRS 9 and related standards (in particular IAS 32, IFRS 7, IFRS 13, IFRS 16) for the first time for the 2021 accounting period; the change is prospective and the comparative period has

not been adjusted. As the Company's investments were already measured at fair value through other comprehensive income as regards shares and interests and its financial assets were already measured at fair value through profit or loss as regards convertible loans in the past accounting periods, the application of IFRS does not have a material impact on the measurement classification of these financial instruments in the financial statements.

## **5. SHARES, UNIT CERTIFICATES AND OTHER INTERESTS**

The item Shares, unit certificates and other interests includes Ownership interests in portfolio companies. The Sub-fund's interests are not listed on active markets. The fair value measurement was carried out as at 31 December 2021 by Deloitte.

Summary of changes in shares, unit certificates and other interests (in CZK thousands):

Shares, unit certificates and other participations	Balance as at 1/ 1/ 2020	Additions	Revaluation	Balance as at 31/ 12/ 2020	Additions	Revaluation	Balance as at 31/ 12/ 2021
FVOCI	309,682	321,452	35,966	667,100	137,880	414,130	1,219,110
Total	309,682	321,452	35,966	667,100	137,880	414,130	1,219,110

For all investments, the Fund used the method of measuring a financial asset at fair value through other comprehensive income (FVOCI) in accordance with IFRS 9.5.7.5 as at 31 December 2021. The revaluation of the Sub-fund's investments was accounted for in the same way in the previous accounting period, when the revaluation of investments was included directly in equity as at 31 December 2020.

The fair values of purchased interests in portfolio companies are determined on the basis of Level 3, i.e. using techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period, i.e. to Level 1 (fair value measurement using quoted (unadjusted) prices in active markets for identical assets or liabilities) or to Level 2 (fair value measurement using other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly).

The Fund did not change the hierarchy level for any of the ownership interests in 2021.

The measurement is based on fair value as defined by IFRS and International Private Equity and Venture Capital ("IPEV") guidelines, which define fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The following information was used from reliable sources available as at the measurement date:

- a) The International Private Equity and Venture Capital Valuation (IPEV) Guidelines (2018);
- b) Refinitiv Eikon financial database; and
- c) Exchange rates published by the Czech National Bank.

The fair value of all the Sub-fund's investments has been determined in EUR as at the measurement date. These values were translated into CZK at the rate published by the Czech National Bank as at 31 December 2021.

Interests in portfolio companies were measured as follows as at 31 December 2021:

**a. Cloud&Heat Technologies GmbH**

Cloud&Heat's value was determined based on the Guideline Public Company Method (GPC), which is commonly used to value start-up companies not being profitable. The multiple of enterprise value (EV) to sales (EV/sales) was determined using publicly available data on comparable companies from the Refinitiv Eikon database. For Cloud&Heat, two multiples were used, i.e. for hardware sales (1.8) and software business (5.2). The resulting value of the company was adjusted for cash and debt as at 31 December 2021 and a 5% illiquidity deduction was applied; based on the resulting equity value, the Sub-fund's interest (19,017 Series B shares) was valued at CZK 55,388 thousand.

**b. CosmoTech**

Cosmo Tech's value was determined based on the Guideline Public Company Method (GPC), which is commonly used to value start-up companies not yet being profitable. Due to the unique business model, it was not possible to find exactly comparable companies, so a broader sample was applied comprising small software development companies operating in the EU that share financial and operational characteristics with Cosmo Tech. The multiple of enterprise value (EV) to sales (EV/sales) was determined 5.2 using publicly available data from the Refinitiv Eikon database. The resulting value of the company was adjusted for cash and debt as at 31 December 2021 and a 5% illiquidity deduction was applied; based on the resulting equity value, the Sub-fund's interest (3,260,515 Series D shares) was valued at CZK 52,629 thousand.

**c. Eliq AB**

As in the cases above, Eliq AB's value was determined based on the Guideline Public Company Method (GPC), which is commonly used to value start-up companies not yet being profitable. The multiple of enterprise value (EV) to sales (EV/sales) was determined 6.9 using publicly available data from the Refinitiv Eikon database. The sample includes companies from the SaaS segment. The resulting value of the company was adjusted for cash and debt as at 31 December 2021 and a 5% illiquidity deduction was applied; based on the resulting equity value, the Sub-fund's interest (153,941 Series A2 shares) was valued at CZK 31,075 thousand.

**d. Forto GmbH**

The value of investment in Forto GmbH was estimated on the basis of a post-money valuation resulting from a recent financing round; it was determined by independent entities and adjusted for a percentage change in the market capitalization of relevant companies. For this purpose, software companies operating in the transport sector were selected. The interest was valued based on the holding of 3,573 Series B+1 shares and 297 Series C shares and is estimated to amount to EUR 638,604 thousand.

**e. Neuron**

Due to Neuron's continued financial underperformance, unsuccessful efforts to attract new customers and investors, and impending loss of liquidity, a decision was made to estimate a liquidation value rather than use valuation techniques that would have required a going concern assumption. In this way, the Neuron FV was estimated to be zero.

**f. Tado GmbH**

For valuation purposes, the recent acquisition of aWATTAr by tado was used as the price of the tado share was determined to settle the transaction. The transaction was selected as a fair value indicator because of its proximity to the measurement date. The interest in Tado GmbH was valued at CZK 172,280 thousand based on the holding of 3,433 F preference shares and 1,156 G preference shares.

**g. Woltair**

The valuation of Woltair was based on the price accepted by an independent party from the recent funding round, i.e. July 2021, without any adjustment for fair value purposes. The interest was valued at CZK 34,083 thousand based on the holding of 4,433 shares.

#### h. Zolar GmbH

The value of investment in Zolar GmbH was estimated based on the valuation accepted by several independent parties during the last financing round in February 2021. At the same time, the development of the implied multiple from the financing round was confirmed to be in line with the European solar and renewable energy industry. The interest was valued based on the holding of 6,136 Series B-2 shares and 4,552 Series B shares and is estimated to be CZK 235,051 thousand.

#### Sensitivity

The fair values of portfolio companies are mainly impacted by sales (sales volume, share of recurring and non-recurring engagements, volume of services provided) and the EV/sales multiples of comparable listed companies used. The multiples may fluctuate depending on the market development and the overall economic situation, especially as regards new market segments, where the multiples may reflect current perception of market participants. Positive expectations of the development of a given market segment lead to higher multiples and higher fair value of companies, while negative expectations have the opposite effect and result in a decrease in the fair value.

(in CZK thousands)	Equity interest	Fair value as at 31/ 12/ 2021	Fair value as at 31/ 12/ 2020
Cloud&Heat	6.50%	55,388	65,648
Cosmo Tech	8.90%	52,629	59,091
Eliq	7.70%	31,075	20,869
Forto	2.80%	638,604	144,134
Neuron	4.70%	0	13,409
Tado	3.60%	172,280	141,492
Woltair	11.10%	34,083	26,245
Zolar	10.10%	235,051	196,212
Total		1,219,110	667,100

The fair value totaled CZK 1,219,110 thousand as at 31 December 2021.

Ownership interests in portfolio companies as at 31 December 2020 consisted of investments in Tado GmbH, Cloud&Heat Technologies GmbH, Cosmo Tech, NeuronSW SE, Zolar GmbH, Eliq AB, Forto GmbH and Woltair (Topite.cz), with the fair value amounting to CZK 667,100 thousand as at 31 December 2020.

None of the Sub-fund's interests in any of the companies reaches 20%. The revaluation of investments as at 31 December 2021 and 2020 was included directly in equity.

In 2021, new investments Tado, Eliq and Forto were made.

## 6. LOANS GRANTED

Summary of changes in convertible loans granted:

(in CZK thousands)	Balance as at 31/ 12/ 2019	Additions	Disposals	Revaluation	Interest	Balance as at 31/ 12/ 2020
Loans and borrowings – with the right to exchange for ownership interests	-	21,997	-	2,193	1,255	25,445
Derivative	-	11,559	-	1,367	-	12,926
Total	-	33,556	-	3,560	1,255	38,371
(in CZK thousands)	Balance as at 31/ 12/ 2020	Additions	Disposals	Revaluation	Interest	Balance as at 31/ 12/ 2021
Loans and borrowings – with the right to exchange for ownership interests	38,371	40,660	(2,061)	(30,725)	4,794	51,039
Total	38,371	40,660	(2,061)	(30,725)	4,794	51,039

In 2021, the Sub-fund provided loans with the right to exchange for ownership interests to Cloud&Heat Technologies GmbH, NeuronSW SE, Cosmo Tech and Woltair in the amount of CZK 51,039 thousand. The loans with the right to exchange for ownership interests are included in the Other assets balance sheet caption.

Convertible loans include an obligation to convert the principal and accrued interest in the shares of a portfolio company and, at the same time, an obligation to pay the Sub-fund's principal with interest if no conversion occurs. The value of an embedded derivative is included in the measurement of the instrument. Changes in fair value are recognized in profit or loss in the current and prior accounting periods, there is no change due to the application of IFRS 9.

The above convertible loans were measured by Deloitte as at 31 December 2021. Their value is particularly affected by:

- a. Probability of individual scenarios (exit, financing round, maturity, default);
- b. Date of each scenario (except the default scenario);
- c. Cost of equity (for all convertible loans used 30% based on publicly available study 2020 Private Capital Markets Report by Pepperdine University);
- d. Cost of debt (as per the convertible loan agreement).

Interest recorded in connection with the loans to Cloud&Heat Technologies GmbH, NeuronSW SE, CosmoTech and Woltair amounted to CZK 4,794 thousand and CZK 1,255 thousand, respectively as at 31 December 2021 and 2020.

In 2020, the convertible loans granted were distributed into principal and related derivative and accounted for separately. The Sub-fund provided loans with the right to exchange for ownership interests to Cloud & Heat Technologies GmbH and NeuronSW SE in the amount of CZK 25,445 thousand after excluding the embedded derivatives. The loans with the right to exchange for ownership interests were included in the Other assets balance sheet caption.

In connection with these loans, embedded derivatives of CZK 10,865 thousand were recorded; the amount consists of an embedded derivative for a loan to NeuronSW SE in the amount of CZK 4,356 thousand and Cloud & Heat in the amount of CZK 6,509 thousand. As at 31 December 2020, the derivatives totaled CZK 12,926 thousand and included the derivative value to the equity bridge of Tado GmbH, which had been determined CZK 2,061 thousand based on an expert opinion, and in this amount was excluded from the investment in this company. The derivatives were included in the Other assets balance sheet caption as well.

The convertible loans, including derivatives and interest, totaled CZK 38,371 thousand as at 31 December 2020.

## **7. AMOUNTS DUE FROM BANKS**

Cash consists of:

(in CZK thousands)	31/ 12/ 2021	31/ 12/ 2020
Current account balances	2,117	12,218
Total	2,117	12,218

## **8. OTHER ASSETS**

Other assets include:

(in CZK thousands)	2021	2020
Convertible loans	51,039	38,371
Total	51,039	38,371

For more information on convertible loans, see Note 6 (Loans granted).

## 9. PREPAID EXPENSES AND ACCRUED INCOME

As at 31 December 2021 and 2020, Subfund B recorded prepaid expenses of CZK 0 thousand and CZK 6,206 thousand, respectively that include operating costs and other fees billed in advance based on the Sub-fund's Statute and relating to the management and administration of the Sub-fund.

## 10. EQUITY

	31/ 12/ 2021	31/ 12/ 2020	31/ 12/ 2019
Fund capital of Sub-fund (in CZK thousands):	1,179,535	657,804	315,491
Fund capital of Sub-fund (in EUR thousands):	47,447	25,064	12,416
Number of investment shares of the Sub-fund issued and outstanding at the end of the accounting period (number of items):	39,242	31,762	16,587
Number of investment shares of the Sub-fund issued in the accounting period (number of items):	7,480	15,175	4,326
Number of investment shares of the Sub-fund purchased in the accounting period (number of items):	-	-	-
Fund capital of Sub-fund per 1 share (CZK):	30,057.9698	20,710.3993	19,020.2489
Fund capital of Subfund per 1 share (EUR):	1,209.0897	789.1179	748.534

Balance as at: 31 December 2021 (in CZK)

Fund capital: CZK 1,179,534,851 (converted at the rate of CZK 24.86 / EUR 1 as at 31 December 2020)

Fund capital per share: CZK 30,058

Balance as at: 31 December 2020 (in CZK)

Fund capital: CZK 657,803,679 (converted at the rate of 26,245 CZK for 1 EUR as of 31 December 2020)

Fund capital per share: CZK 20,710

In 2021, other capital funds increased by CZK 164,919 thousand to CZK 858,114 thousand (see the Statement of Changes in Equity) due to the issue of investment shares in connection with investments in new companies; in 2020, other capital funds increased by CZK 319,622 thousand due to the issue of investment shares in connection with investments in new companies as well.

Gains or losses from revaluation in 2021 increased by CZK 392,529 thousand in connection with revaluation to fair value as at 31 December 2021; in 2020, the item increased by CZK 40,219 thousand in connection with the revaluation to fair value as well (see the Statement of Changes in Equity).

Profit (loss) brought forward represents a loss of CZK 60,507 thousand as at 31 December 2021, which was increased by CZK 17,526 thousand due to the loss in 2020. In 2020, accumulated loss was increased by CZK 25,452 thousand (loss of 2019).

## 11. OTHER LIABILITIES

(in CZK thousands)	2021	2020
Unbilled deliveries	462	232
Liabilities to suppliers	155	-
Deferred tax liability	16,485	-
Other	75,629	65,859
Total	92,731	66,091

As at 31 December 2021, other liabilities include unbilled deliveries consisting of unbilled liabilities to suppliers related to 2021 of CZK 462 thousand, liabilities to suppliers before due date of CZK 155 thousand, a deferred tax liability of CZK 16,485 thousand, and the 'Other' item mainly including liabilities to shareholders totaling CZK 75,629 thousand.

As at 31 December 2020, other liabilities included unbilled deliveries of CZK 232 thousand and the 'Other' item mainly consisting of liabilities to shareholders totaling CZK 65,859 thousand.

## 12. INCOME TAX

	2021	2020
Profit (loss) before taxes	(41,212)	(17,526)
Other non-deductible expenses (particularly investments carrying costs)	3,209	4,917
Non-taxable revenues	(178)	-
Tax base	(38,181)	(12,609)
Current income tax rate	5%	5%
Current tax expense	-	-

As at 31 December 2021, the deferred tax liability recognized in other liabilities totaled CZK (16,485) thousand (of which CZK 5,496 thousand is the deferred tax asset arising from tax losses and the revaluation of convertible loans recognized in profit or loss, and CZK (21,981) thousand is the deferred tax liability arising from revaluation of investments recognized through other comprehensive income – Gain or loss on revaluation); and as at 31 December 2020, the deferred tax asset of CZK 3,392 thousand (of which CZK 2,127 thousand arose from tax losses and CZK 1,265 thousand due to revaluation). As at 31 December 2020, Subfund B did not record the deferred tax asset on the basis that its recovery is uncertain due to the uncertainty as to the generation of sufficient future taxable income.

The current tax expense is zero as at 31 December 2021 and 2020, respectively.

## 13. FEE AND COMMISSION EXPENSE

Subfund B had no employees in the Accounting Period. The fee expenses reported below relate to fees determined on the basis of the Sub-fund's Statute.

Fee and commission expense (in CZK thousands)	2021	2020
Management and other services	15,470	26,060
Administration	611	458
Audit	328	328
Depositary	329	168
Total	16,740	27,020

#### **14. OTHER SIGNIFICANT INCOME AND EXPENSE ITEMS**

As at 31 December 2021 and 2020, the 'Interest income and similar income' caption includes, in particular, interest income of CZK 4,794 thousand and CZK 1,255 thousand, respectively arising from convertible loans.

As at 31 December 2021, the Sub-fund recorded a loss from financial operations of CZK 29,265 thousand, comprising mainly the loss on remeasurement of convertible loans and foreign exchange gains and losses. As at 31 December 2020, the profit of CZK 8,239 thousand was realised, in particular, by exchange rate gains and income from revaluation of embedded derivatives.

#### **15. RELATED PARTY INFORMATION**

The members of management, supervisory and administrative bodies of the Fund were granted no advances, earnest money, loans, borrowings or guarantees in 2021 and they do not hold any shares/interests of the Company. Other benefits consist of the use of company cars and phones for private purposes.

#### **16. FAIR VALUE**

As at 31 December 2021, the fair value hierarchy of financial instruments was as follows:

(in CZK thousands)		Level 1	Level 2	Level 3
<b>Assets</b>				
Due from banks and cooperative savings associations	*	2,117	-	-
Shares, unit certificates and other interests	FVOCI	-	-	1,219,110
Loans granted (convertible loans)	FVTPL	-	-	51,039
<b>Liabilities</b>				
Liabilities to shareholders	*	-	-	75,629

\* The fair value is the same as the carrying amount, see Note 3.

#### **17. RISK MANAGEMENT**

The primary objective of risk management is to protect and enhance the value of shareholders' investment in the Sub-fund while maintaining risk exposure acceptable to shareholders.

The Sub-fund is exposed to risk factors, all of which are detailed in the Sub-fund's Statute and in the internal rules on Risk Management, Compliance with Limits and Liquidity Management. Risk Management is independent of the portfolio management and informs the Board of Directors immediately of all facts increasing the risk taken. The function evaluates, measures, reduces and reports individual risks. The main risks that the Fund may be exposed to include:

- (a) market risk,
- (b) concentration risk,
- (c) liquidity risk,
- (d) operational risk,
- (e) credit risk,
- (f) risk connected with investments in ownership interests in business companies,

- (g) risk associated with Sub-fund's investment strategy,
- (h) risk of counterparty default,
- (i) outsourcing risk.

The Fund identifies and evaluates the risks associated with each new and additional investment; the transaction must be approved by the Board of Directors, the Risk management officer, the Administrator's risk manager and the Compliance officer (recorded on the transaction card). In addition, risks are managed when an investment is held in the form of quarterly risk reports on the limit compliance; annual Risk Management Reports are submitted to the Fund's Board of Directors and Supervisory Board summarizing significant events, proposals for adjustments to the investment strategy and the liquidity plan; Stress Tests and Investment Limit Reports from the Fund's Administrator form a part thereof.

### **Market risk**

The risk that the value of an asset invested in by the Subfund A may rise or fall depending on changes in overall market developments, macroeconomic conditions, interest rates, exchange rates and the asset's perception by the market. The limits stipulated by the current full version of the Statute and by the applicable legal regulations apply to all components of the market risk. Market risk is thoroughly assessed by the Fund prior to the approval of any transaction. The Subfund is a fund of qualified investors focused on specific investments in accordance with its investment objective, as stated in the Sub-fund's Statute, and therefore there is an increased risk of concentration and it is not possible to reduce the risk through greater diversification. Market risk involves:

### **Currency risk**

With respect to the fact that the Sub-fund's investment shares are subscribed in EUR, the Sub-fund is exposed to currency risk when making investments in currencies other than EUR. This may result in fluctuations in the value of a security determined by the Administrator due to exchange rate differences arising upon the valuation of the Sub-fund's assets.

The range of investments in different currencies is limited by the Statute; pursuant to the Statute, the Sub-fund's investments shall be made in EUR and other currencies of the EU Member States. Sub-fund's existing investments have so far only been made in EUR. As the current value of the investment shares issued by Subfund is determined in EUR as well, the Sub-fund is not currently exposed to currency risk.

### **Interest rate risk**

The Sub-fund is not exposed to significant interest rate risk; it does not hold funds in bank accounts except for minimal liquidity. Cash is drawn on each investment individually from the shareholder. The convertible loans granted usually have a fixed interest rate that does not change until maturity. The interest rate may only change when a new tranche of the convertible loan is granted.

### **Concentration risk**

The market risk is related to the concentration risk that is the risk of loss arising from a significant concentration of exposures, particularly to a single person or a single group of related parties, or to a group of persons where the probability of their failure depends on a common risk factor, i.e. the same economic sector or part thereof, geographical area, financial market section, type of assets or the issuer of the investment instrument. The Sub-fund is exposed to the concentration risk due to its investment strategy focusing on investments in new energy and related sectors and its focus on the European Union market.

The table below shows the distribution of investments in the Sub-fund's portfolio within the authorized investment industries as at 31 December 2021:

	<b>Share in portfolio</b>
Logistics	31%
Installation of thermal equipment	22%
Energy consumption optimization	30%
Other (AI)	17%
<b>Total</b>	<b>100%</b>

The Sub-fund has limited this risk through the limits applicable to individual securities and equal shares in a group of related persons, see the limits in the Statute.

### **Liquidity risk**

Liquidity risk is the risk that certain asset of the Sub-fund will not be converted to cash quickly enough at a reasonable price and that, as a result, the Sub-fund will be unable to meet its financial obligations as they fall due, including the risk that the assets held by the Sub-fund cannot be sold or offset with limited costs and within a reasonable time.

As at 31 December 2021, the Sub-fund has cash at bank totaling EUR 85 thousand; it records no current liabilities from supplier business transactions. As at 31 December 2020, the Sub-fund had cash at bank totaling EUR 466 thousand and recorded no current liabilities from supplier business transactions.

The liquidity risk exposure is considered to be low as the Sub-fund draws its investment funds individually from the shareholder, i.e. the European Investment Bank. Only minimum liquidity is held in the bank account pursuant to the Sub-fund's Statute. The Sub-fund has no trade payables. Liquidation preference has been agreed on the convertible loans granted, so that in the event of liquidation or sale of the company, the Sub-fund will be compensated as a matter of priority.

The share of each financial asset in the Sub-fund's total assets by maturity is shown below:

(in CZK thousands)	0-3 months	4 months - 2 years	No maturity	% of total shares
Bank accounts	2 117			0%
Convertible loans		51,039		4%
Shares and interests			1,219,110	96%

### **Operational risk**

The risk of a loss of assets resulting from inadequate or erroneous internal processes, failures of operating systems or human factor, or external events.

The Fund has divided operational risk to four categories according to the source of risk:

- a) process risks (incorrect execution of a transaction, exceeded limits, bookkeeping errors);
- b) risk of human error (internal fraud, manual processing errors, errors in entries to information systems);
- c) information system risks (HW, SW or telecommunications failure, unavailability of data, security failure, missing valuation data);
- d) external risks (external service provider default, including External suppliers, forces of nature).

The operational risk assessment takes into account the functioning of the Fund's internal and external control system, which is evaluated by the Fund and by the internal auditor, who is responsible for assessing individual operational risk manifestations and is involved in identifying potential new operational risk manifestations. Operational risk is eliminated by strict adherence to the four eyes rule, including random checks, employee training regarding limits, internal guidelines

and legal regulations, strict adherence to the archiving rules by the information system administrator, thereby minimizing losses due to information system failure (part of the contract with the IS supplier), control mechanisms preventing the use of client funds for proprietary trading. Reconciliation and control of the movements of funds and investment instruments and compliance with the limits are carried out in accordance with the applicable Internal Policy, thereby ensuring timely detection and correction of errors. Concerning external control, operational risk is also eliminated by the activities of the Fund's depository. The scope of control by the depository is governed by the Depository Agreement.

### **Credit risk**

The risk associated with possible failure by the Sub-fund's counterparty to meet its obligations, i.e. the risk that the issuer of an investment instrument held by Subfund B or a party to a contract (relating to a particular investment) fails to meet its obligation, or that a debtor fails to repay, timely and fully, the Sub-fund's claim.

The Sub-funds may accept and provide loans or borrowings under the terms laid down in the Statute. As at 31 December 2021, the Sub-fund recorded no loans.

### **Risk connected with investments in ownership interests in business companies**

According to the investment strategy set out in the Statute, Subfund B may acquire shares, ownership interests, equity certificates, or any other legally permissible forms of participation in corporations with share capital or similar types of companies in foreign jurisdictions (whether regulated or unregulated) that meet the conditions set out in the Statute. Target companies may as well be temporary special purpose vehicles established to acquire the above assets, and/or obtain bank or non-bank financing and risk diversification, including the possibility for Subfund B to carry out a transformation process in which Subfund B and/or the Target Company will be participating companies, in accordance with the relevant specific legislation.

According to the Statute, the minimum amount of a single investment from the Sub-fund's own resources is EUR 1,000,000 at the time of its acquisition; the maximum investment from the Sub-fund's own resources at the time of its acquisition is EUR 10,000,000 per Target Company in the sum of all investment rounds. The Sub-fund's Statute sets out other investment limits as well.

Business companies in which the Sub-fund has a stake may be exposed to business risks. As a result, the market price of ownership interests in a business company may decrease or completely lose value (the company may go bankrupt), or the interest may become unsaleable. This risk is managed by careful selection of the target companies; each company is subject to a thorough examination prior to any transaction (Term sheet, Deal Alert, ABAC report, financial, legal and/or technical due diligence reports). In addition, liquidation preference is agreed in direct investments; liquidation preference means that Subfund B will receive a preferred return in case the company is liquidated (sold). Investments in target companies are made as co-investments of both Subfund A / Subfund B in the companies in the EU, and with strong partners. In addition, the investors have their members in supervisory bodies with direct access to company information on a monthly basis or any time upon request. The Sub-fund also regularly monitors the portfolio companies.

### **Inherent risk associated with Sub-fund's investment strategy**

In view of the Sub-fund's very specific investment strategy, there will always be a risk associated with the very nature of the investment strategy aiming at investments in new industries and progressive technologies through investments in Target Companies. Such risks include, but are not limited to, e.g.:

- a) the risk associated with the promoter of the investment being considered or with the management team in the Target Company arising from e.g. possible lack of experience, honesty, business instinct, or contacts, etc.;
- b) the risk associated with the product resulting from e.g. insufficient commercialization of the product, different requirements for prototype production and mass production, possible reverse engineering of the new product, wrong estimate of the product's benefits, product price, etc.;

- c) technological risks arising from e.g. the possible existence of a better or more efficient technology now or in the future, unpredictability of the development time and direction, non-connectivity to existing systems, lack of material resources, etc.;
- d) market risks related to the market environment, such as the market size, market potential, competition, alternative products, unforeseen marketing costs, etc.;
- e) financial risks, such as the absence of adequate capital resources/market at the moment of future divestment, inappropriate level or structure of external financing, currency risks, disagreement between co-financing investors, etc.;
- f) operational risks associated with e.g. lack of qualified personnel, etc.;
- g) environmental risks;
- h) the above-mentioned political, regional, legal, regulatory and tax risks pertaining to individual investments.

Through diversification, which is part of the risk management strategy exercised by the Fund, possible impact of these risks on total assets of the Sub-fund can be reduced to a certain extent, but the probability, form and frequency of occurrence of risks cannot be affected.

#### **Settlement risk (Counterparty risk)**

Settlement risk is the risk of a loss arising from a counterparty's failure to meet its obligations before the final settlement of the underlying transaction. Transactions with the Sub-fund's assets may be frustrated due to the counterparty's inability to satisfy its liabilities and deliver the required asset or make the required payment by the agreed deadline.

Settlement risk is assessed when a transaction is approved (ABAC report, Due diligence reports). The risk that a counterparty may default in the settlement of transactions is mitigated by the use of appropriate contractual instruments (e.g. escrow accounts).

Counterparty risk is assessed as low. The Sub-fund has only a minimum balance in bank accounts resulting from the requirement for minimum liquidity under the Sub-fund's Statute. The account is maintained at Komerční banka a.s., which is a regulated entity under the supervision of CNB. Liquidation preference is agreed on the convertible loans granted, so that in the event of liquidation or sale of the company, priority payment has been guaranteed.

#### **Outsourcing risk**

Certain activities related to the management of the Fund are outsourced from a third party on the basis of an outsourcing agreement pursuant to Clause 4 of the Fund's Statute. The delegation of certain tasks to another entity involves the risk that the Fund will not meet some of its obligations. The Fund minimizes this risk by carefully selecting external service providers.

Accounting and tax services - WTS Alfery s.r.o. is a long-term provider of services to the CEZ Group.

Administrator – AMISTA investiční společnost, a.s., is an entity subject to CNB regulation.

### **18. SUBSEQUENT EVENTS**

On 1 January 2022, a new Subfund C was established, which operates identically to Sub-fund A, has the same shareholders as well as the same investment strategy. As at the same date, Sub-fund C began a five-year investment period, which will be followed by a five-year divestment period. The existence of Subfund C will enable the Fund to invest in new companies.

At the end of February 2022, war broke out in Ukraine, which was attacked by the Russian Federation for no reason. The attack sparked a widespread reaction around the world, with unprecedented economic sanctions imposed on Russia. These sanctions will have global impacts, which are difficult to quantify at the moment, given that the sanctions are time-delayed and the conflict is still ongoing.

In response to the international crisis, the Fund's management has initiated crisis plans in the Target Companies that capture the possible negative consequences of the sanctions. These plans include an analysis of the impacts on the business including measures to eliminate them (e.g. alternative

suppliers, stocking up, etc.), along with an analysis of the impacts on the financial plan and solutions to mitigate them as much as possible.

One of the possible effects of this war will be increased efforts to secure energy independence from the Russian Federation and accelerate energy self-sufficiency in the coming period. For some Target Companies, this will mean an opportunity to grow faster and increase their value.

The management of the Fund considered the potential impacts of the conflict on its activities and business and concluded it did not have a significant effect on the going concern assumption. Accordingly, the financial statements for the year ended 31 December 2021 were prepared on the assumption that the Company would be able to continue as a going concern.

Prepared on:	Signature of entity's statutory body:	
22 April 2022	Ing. Ivo Němejc Board of Directors Vice-Chairman	Ing. Viktor Miškovský Member of the Board of Directors