



# Annual Report

of r2p invest SICAV, a.s. fund  
for the reporting period from 1 January 2021 to 31 March 2022

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## Abbreviations used

AIFMR	Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositories, leverage, transparency and supervision, as amended
AVANT IS	AVANT investment company, a.s., Company ID No.: 275 90 241, with its registered office at Hvězdova 1716/2b, Nusle, 140 00 Prague 4
CNB	Czech National Bank
Fund	r2p invest SICAV, a.s., Company ID No.: 073 15 899, with its registered office at Hvězdova 1716/2b, Nusle, 140 00 Prague 4
IAS/IFRS	International Financial Reporting Standards adopted by the European Union law
Investment Fund Capital	Assets and debts of the Fund from its investment activities within the meaning of Section 164 (1) of AMCIF
ISIN (International Securities Identification Number)	Identification according to the international numbering system for the identification of securities
LEI	Legal Entity Identifier (for more see <a href="https://www.gleif.org/en">https://www.gleif.org/en</a> and <a href="https://www.cdcp.cz/index.php/cz/dalsi-sluzby/lei-legal-entity-identifikator/brideleni-lei">https://www.cdcp.cz/index.php/cz/dalsi-sluzby/lei-legal-entity-identifikator/brideleni-lei</a> )
Other assets	Assets and debts of the Fund that are not part of the assets and debts of the Fund from its investment activities in the sense of Section 164 (1) of AMCIF
CC	Act No. 89/2012 Coll., Civil Code, as amended
DeMDRR	Decree No. 244/2013 Coll., on More Detailed Regulation of Certain Rules Set out by the Act on Management Companies and Investment Funds, as amended
Annual Report	This annual report
Reporting Period	period from 1 January 2021 to 31 March 2022
AMCIF	Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended
AoA	Act No. 93/2009 Coll., on Auditors, as amended
BCA	Act No. 90/2012 Coll., on Business Companies and Cooperatives (Business Corporations Act), as amended.
AA	Act No. 563/1991 Coll., on Accounting (Accounting Act), as amended

The comparative period in the Statement of Financial Position, in the Profit or Loss and other Comprehensive Income Statement, in the Statement of Changes in Equity and the Statement of Cash Flows is the period ending as of the last day of the Reporting Period.

The explanatory notes contain sufficient information for the investor to properly understand any significant changes in values and developments during the Reporting Period reflected in the financial statements.

The Annual Report is non-consolidated and audited.

Since the Fund does not create any sub-funds, it separates the assets and the debts of its investment activity from its other fortune in accordance with Section 164 (1) of AMCIF.

## General Information

Name of the Fund	of r2p invest SICAV, a.s.
Registered office	Hvězdova 1716/2b, Nusle, 140 00 Praha 4
Company ID No.:	073 15 899
LEI	3157004HYTTTFHF5HF741
Place of registration	registered in the Commercial Register kept by the Municipal Court in Prague, file No. B 23674
Incorporation of the Fund	25 July 2018
Duration of the existence	indefinite period
Type of the Fund and its legal form	Qualified investors' fund pursuant to Section 95 (1) (a) of AMCIF in the legal form of a joint-stock company with variable share capital
Legal regime	The Fund's activities are governed by generally binding legal regulations in the Czech Republic
Country of registered office	Czech Republic
Telephone number and website	+420 267 997 795, avantfunds.cz
Fund manager	AVANT IS
Note	The Fund manager is entitled to exceed the reference limit. The manager provides to the Fund the administration services pursuant to Section 38 (1) of AMCIF.

### a) Registered capital of the Fund

Fund capital:	CZK 917,651,458 (as of the last day of the Reporting Period)
	of that non-investment fund capital CZK 77,849
	(of that CZK 100,000 subscribed capital)
	of that investment fund capital: CZK 917,573,609

### b) Data on securities

#### Founders' Shares

Type	paper securities
Form	registered share
Nominal value	no-par value shares
Marketability	the shares are not publicly traded
Transferability	limited transferability
ISIN	has not been assigned
Number of shares as of the end of the Reporting Period	100,000
Changes over the Reporting Period	
Newly issued shares	0 shares in the value of CZK 0 thousand
Redeemed	0 shares in the value of CZK 0 thousand

**Preference investment shares ("PIS")**

<b>Type</b>	book-entry security
<b>Form</b>	registered share
<b>Nominal value</b>	no-par value shares
<b>Marketability</b>	not accepted for trading at the regulated European market
<b>Transferability</b>	freely transferable
<b>ISIN</b>	CZ0008043445
<b>Number of shares as of the end of the Reporting Period</b>	352,101,885
<b>Changes over the Reporting Period</b>	
Newly issued shares	204,532,094 shares in the value of CZK 239,419 thousand
Redeemed	0 shares in the value of CZK 0 thousand

**Dividend investment shares („DIS“)**

<b>Type</b>	book-entry security
<b>Form</b>	registered share
<b>Nominal value</b>	no-par value shares
<b>Marketability</b>	not accepted for trading at the regulated European market
<b>Transferability</b>	freely transferable
<b>ISIN</b>	CZ0008044609
<b>Number of shares as of the end of the Reporting Period</b>	70,121,075
<b>Changes over the Reporting Period</b>	
Newly issued shares	44,320,061 shares in the value of CZK 46,480 thousand
Redeemed	0 shares in the value of CZK 0 thousand

**Performance investment shares ("PIS")**

<b>Type</b>	book-entry security
<b>Form</b>	registered share
<b>Nominal value</b>	no-par value shares
<b>Marketability</b>	not accepted for trading at the regulated European market
<b>Transferability</b>	limited transferability
<b>ISIN</b>	CZ0008045747
<b>Number of shares as of the end of the Reporting Period</b>	189,692,501
<b>Changes over the Reporting Period</b>	
Newly issued shares	0 shares in the value of CZK 0 thousand
Redeemed	0 shares in the value of CZK 0 thousand

**EUR preference investment shares**

<b>Type</b>	book-entry security
<b>Form</b>	registered share
<b>Nominal value</b>	no-par value shares
<b>Marketability</b>	not accepted for trading at the regulated European market
<b>Transferability</b>	freely transferable
<b>ISIN</b>	CZ0008046091
<b>Number of shares as of the end of the Reporting Period</b>	299,816
<b>Changes over the Reporting Period</b>	
Newly issued shares	299,816 shares in the value of CZK 7,673 thousand
Redeemed	0 shares in the value of CZK 0 thousand

**EUR dividend investment shares**

<b>Type</b>	book-entry security
<b>Form</b>	registered share
<b>Nominal value</b>	no-par value shares
<b>Marketability</b>	not accepted for trading at the regulated European market
<b>Transferability</b>	freely transferable
<b>ISIN</b>	CZ0008046083
<b>Number of shares as of the end of the Reporting Period</b>	0
<b>Changes over the Reporting Period</b>	
Newly issued shares	0 shares in the value of CZK 0 thousand
Redeemed	0 shares in the value of CZK 0 thousand



## Objective Assessment of Business Activity of the Fund in the Reporting Period (provisions of Section 34 (2) (a) of AMCIF)

### a) Overview of investment activities

The subject of the Fund's business activities is and will continue to be the collective investment of funds deposited by qualified investors. During the Reporting Period, the Fund carried out standard activities in accordance with its statute. The Fund's investment strategy mainly focuses on acquisition of various types of assets as specified by the Fund's statute. The Fund may only acquire assets or debts envisaging the Fund's future profit. The Fund may not accept commitments and similar contractual arrangements that are not reciprocally balanced by a corresponding consideration (e.g. by reducing of the assets purchase price).

During the Reporting Period, the objectives of the Fund were successfully met by purchasing equity participations in capital trading companies providing credits, loans and managin/purchasing receivables in the territory of Europe, Asia and North America. During the financial year, the fund acquired additional subsidiaries across continents. It has provided loans to these subsidiaries in order to meet the Fund's or the subsidiaries' investment strategies. At the same time, the Fund sold its Russian subsidiaries, including the loans granted thereto.

The Fund's subsidiaries have been focusing both on the purchase of the portfolios of receivables and proceeds therefrom and on the management of the amounts receivable for other entities. Besides that, they have been providing non-bank loans and financing purchase of cars. The subsidiaries significant as to their assets have exceeded the set 2021 revenue plans. The Fund thus has been implementing its strategy through both direct and indirect investments in loans and receivables, especially in the territory of Central Europe, Eastern Europe, the Mediterranean, East Asia and North America.

The Fund therefore meets its target yields, primarily through proceeds from loans granted, through dividends received from subsidiaries and through an increase in the value of subsidiaries. The Fund may sell equity participations as appropriate. The Fund's investments are designed as medium- to long-term, which makes it particularly suitable for investors with investment horizons of over 4 years.

Management of Other Assets consists only in holding of the Fund's subscribed capital with founders' shares issued by the Fund in relation thereto.

**The main sources of the Fund's income in the Reporting Period were the revenues from dividends owned by companies, revenues from granted loans and revenues from the sale of equity participations and loans.**

In case of favorable economic development and sufficient resources to cover payables, the Fund may decide on distribution of a profit share, though it does not plan to do so in the time being except for the Dividend Investment Shares. As far as these shares are concerned, the Fund regularly pays advance payments on dividends and, upon termination of an accounting period, pays the remaining dividend to these classes of shares. During the financial year, advance payments were made for dividends, and the shareholders holding these shares will receive the profit share in the form of dividends according to the Fund's statute and articles of association.

Currently, the Fund's management bodies have not committed the Fund to further significant investments, including the expected funding sources. During the Reporting Period, the Fund did not introduce any new significant products or services. The Fund does not register any restrictions on the use of its capital resources that would or could significantly affect its operation, including indirectly.

Being open-end, the Fund allows investors to enter and/or to leave it on ongoing basis, with the proviso that the Fund is obliged to repurchase the investment shares issued thereby. This is why the Fund is not willing to hold its investments for an unlimited period, but only for a period corresponding to the investors' interest to stay in the Fund and/or for a period until - given the investment and risk profile of the Fund - a more suitable investment asset is found within the framework of the investment activity. The structure of investments reflects the Fund's investment strategy, the Fund's risk profile and the current market situation in general.

Besides that, the Fund is managed through exit strategies for termination of its individual investments in order to maximize the investors' profit from the performed and terminated investments within the time horizon specified in the Fund's statute.

The Fund carries out a partial or total exit from the investment into an equity participation (the Exit Strategy) after having found in the market a counterparty submitting an offer that ensures adequate return on the investment to the Fund's investors in the medium to long term. If the external economic environment does not present an opportunity to sell equity participation at a profit and if further holding of the SPV asset appears economically nonprofitable, the Fund may initiate an exit from the investment by its sale at the market price or, as the owner, the Fund may decide on liquidation of specific equity participation. Credit claims provided from the Fund's assets are as a rule held till their maturity or even beyond if, with regard to the development of the investment, their capitalization into an equity stake or their transfer to a third party at market conditions (the Exit Strategy) do not appear more expedient.

**The war in Ukraine has significantly impacted the Fund's investment activity**, especially with regard to assets held thereby in Russia. The Fund had three subsidiaries in Russia: OOO MKK „M.B.A. Finance“, OOO MKK „Vyruchai Dengi“ a OOO MKK „Fairdip Finance“. Another important part of the Fund's assets constituted the loans granted to these subsidiaries. The Fund evaluated the risks related to the yield from these assets and, as the risk grew to the extent as not to be sufficiently balanced by the expected above-average returns, decided to exit these investments. As a result, the Fund sold both the loans and the subsidiaries themselves, doing so for the same or higher than the book value of the assets as of January. In order to diversify the geographical risk, the Fund bought companies in the Czech Republic, Slovakia and India.

After the transactions described above, the Fund currently owns the following companies:

M.B.A. Finance, s.r.o., Company ID No.: 27407209: 100% share, Czech Republic

M.B.A. Financie, s.r.o., Company ID No.: 36 754 404: 100% share, Slovak Republic;

M.B.A. CONSULTING INDIA PVT. LTD, A-6, 2nd Floor, Sector 16 Gautam Buddha Nagar Uttar Pradesh- 201301 49% share and 26,63% call option, Indie;

r2p invest pte. ltd., 10 Anson road #21-07, International Plaza, Singapore (079903), Company ID No.: 201824206H: 60% share, Singapore;

TA MERI Group, a.s., Company ID No.: 05305292: 100% share, Czech Republic

TA MERI Finance, pvt. Ltd. 3 Marathonos, Mali House, 8011 Paphos, Kypr, ID HE 397049, 70% share, Kypr; r2p LA&CS, a.s., Company ID No.: 09469397: 100% share, Czech Republic

## b) Financial overview

From the published Balance Sheet (Annex No. 2 of the Annual Report), the Fund's financial position can be determined by the following data (in CZK thousand):

Indicator	Investment component	Non-investment component
Fixed assets	972,775	-
Current assets	165,489	78
<b>Total assets</b>	<b>1,138,264</b>	<b>78</b>

## c)

Indicator	Investment component	Non-investment component
Equity	917,574	78
Long-term liabilities	29,207	0
Short-term liabilities	191,483	0
<b>Total liabilities</b>	<b>1,138,264</b>	<b>78</b>

**d) Portfolio overview**

This section contains only a basic overview of the Fund's portfolio and the Fund's results of the Reporting Period in thousands of CZK with comments. For more details see the audited financial statements attached as Annex No. 2 to the Annual Report.

Indicator	Adjusted status as of the last day of the previous reporting period *)	Status as of the last day of the Reporting Period	share (%)	change in %
Total assets of the Fund	524,440	1,138,342	100 %	117.06 %
Cash	22,823	7,657	0.67 %	-66.45 %
Loans granted	191,317	722,535	63.48 %	277.66 %
Other shares	2,596	16,619	1.46 %	540.18 %
Equity participations	303,915	336,520	29.56 %	10.73 %
Other assets	3,789	55,011	4.83 %	1,351.86 %

\*) As an accounting entity, which is a controlling person, the Fund is obliged to draw up consolidated financial statements in accordance with Section 22 (2) of the AA. The Fund has decided to use international accounting standards in preparation of its consolidated financial statements pursuant to Section 23a (2) of the AA. Similarly, pursuant to Section 19a (8) of the AA, the Fund has decided to use international accounting standards to draw up its separate financial statements. For this reason, the Fund adjusted the comparative period in the Financial Statements and therefore reports the "Adjusted status as of the last day of the previous reporting period" in the Annual Report.

**Commentary to the Portfolio overview**

Significant property, plant and equipment of the Fund are listed in Annex No. 4 of the Annual Report. During the Reporting Period, there were no factors, risks or uncertainties that would affect the Fund's economic result.

**e) Overview of the Fund's result**

From the published reports (Annex No. 2 of the Annual Report), the Fund's financial performance can be determined by the following data (in thousands of CZK):

Indicator	Investment component	Non-investment component
Profit from revaluation of financial instruments	228,902	-
Income from loans granted	42,028	-
Income from stock and shares	50,762	-
Income from foreign exchange operations	397	-
Income from charges and commission	2,290	-
Profit from derecognition of financial instruments	620,337	-
<b>Total income</b>	<b>944,716</b>	<b>-</b>
Loss from revaluation of financial instruments	-226,118	-
Cost of foreign exchange operations	-2,685	-
Costs of charges and commission	-15,380	-
Costs and interests	-2,363	-
Administrative costs	-7,661	-
Loss from derecognition of financial instruments	-559,119	-
Payments to holders of investment shares	-5,085	-
<b>Total costs</b>	<b>-818,411</b>	<b>-</b>
Tax on profit	-300	-
Profit or loss after tax	126,005	-

**Commentary to the profit/loss overview**

In the relevant period, there were no extraordinary factors that would significantly affect the operating profit of the Fund.

**f) Overview of basic financial and operational indicators****Main financial indicators**

The following data are given in thousands of CZK:

Indicator	Status as of the last day of the previous reporting period	Status as of the last day of the Reporting Period	Change in %
NAV of the Fund	498,293	917,573	84.14 %
Other assets	78	78	-
Leverage	101 %	101 %	1 %
New investments (subscription)	282,079	457,110	62.05 %
Discontinued investments (redemption)	0	0	N/A
Net profit	62,620	126,005	101.22 %
Value of the preference investment share	1.1143	1.2309	10.46 %
Value of the performance investment share	1.6188	2.1234	31.17 %
Value of the dividend investment share	1.0370	1.0492	1.18 %
Value of the EUR preference investment share	N/A	1.0616 EUR	N/A
Value of the EUR dividend investment share	N/A	N/A	N/A

**Commentary to the main financial indicators**

The NAV of the Fund – the total value of the Investment Fund Capital, i.e. the net value of the Fund's assets from investment activity after deduction of all debts from investment activity. 31.67 % of the Fund's NAV is allocated to investors investing in the performance investment shares, 57.2 % to investors investing in priority investment shares, 0.05 % to investors investing in EUR priority investment shares, 11.08 % to investors investing in dividend investment shares and 0 % to investors investing in EUR dividend investment shares. The level of leverage is relatively low, being set by the Fund's statute to the maximum rate is set at of 300 %.

**g) Capital resources**

The following overview of data in thousands CZK describes the status of long-term and short-term capital resources as of the last day of the Reporting Period. Information on structure of the Fund's equity is provided in Annex No. 2 of the Annual Report.

Long-term capital resources in thousands CZK	Investment component (investment shares)	Founders' Share (founders' shares)
Net assets attributable to shareholders	917,573	78
Long-term liabilities	4,014	-

Short-term capital resources in thousands CZK	Investment component	Non-investment component
Short-term liabilities	216,374	-

**Commentary to the financing resources**

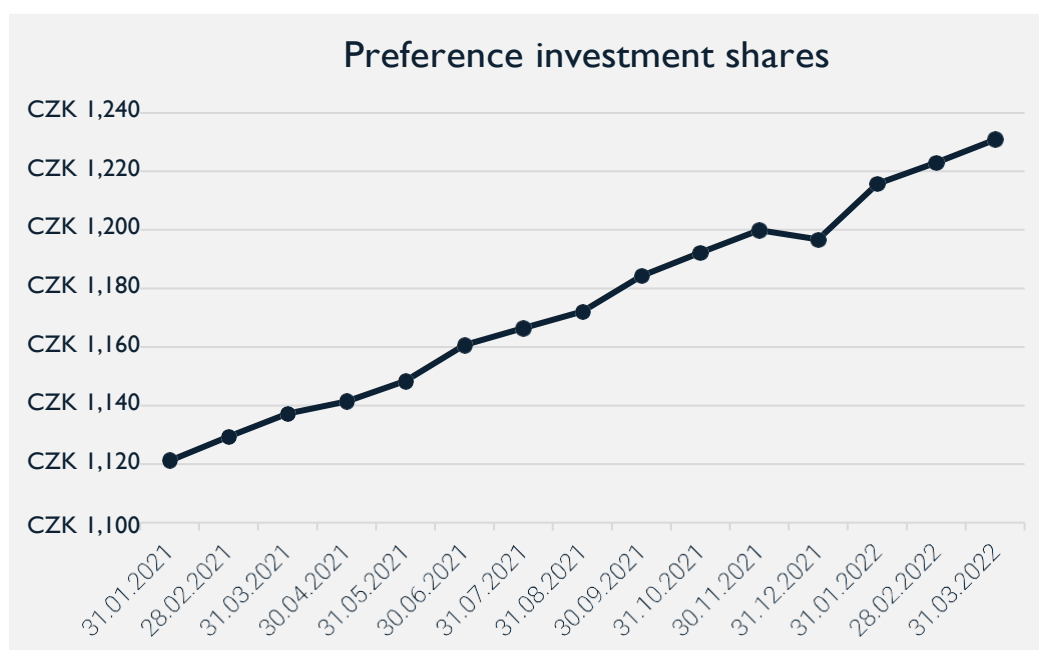
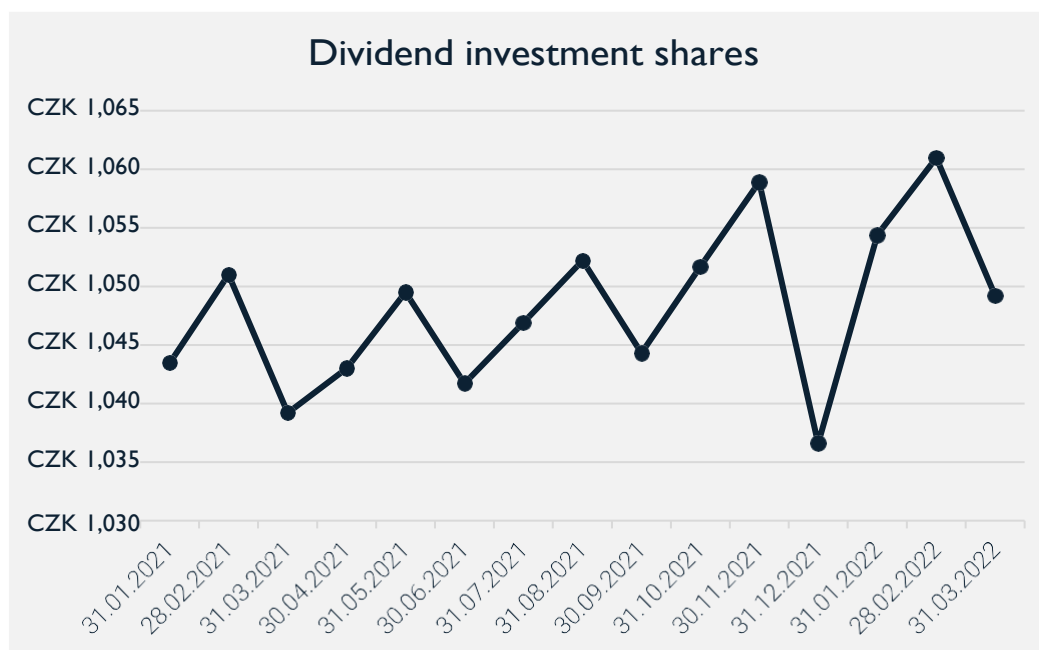
The Fund's investment activity is primarily funded with long-term resources from the issued investment shares. The external resources of the Fund are mainly composed of loans payable, other liabilities and trade payables. As part of its activity, the Fund is not forced to limit its investment activity due to a lack of capital resources. Possible shortfalls in financing due to redemption of investment shares are covered from external resources or by operative sale of liquid assets.

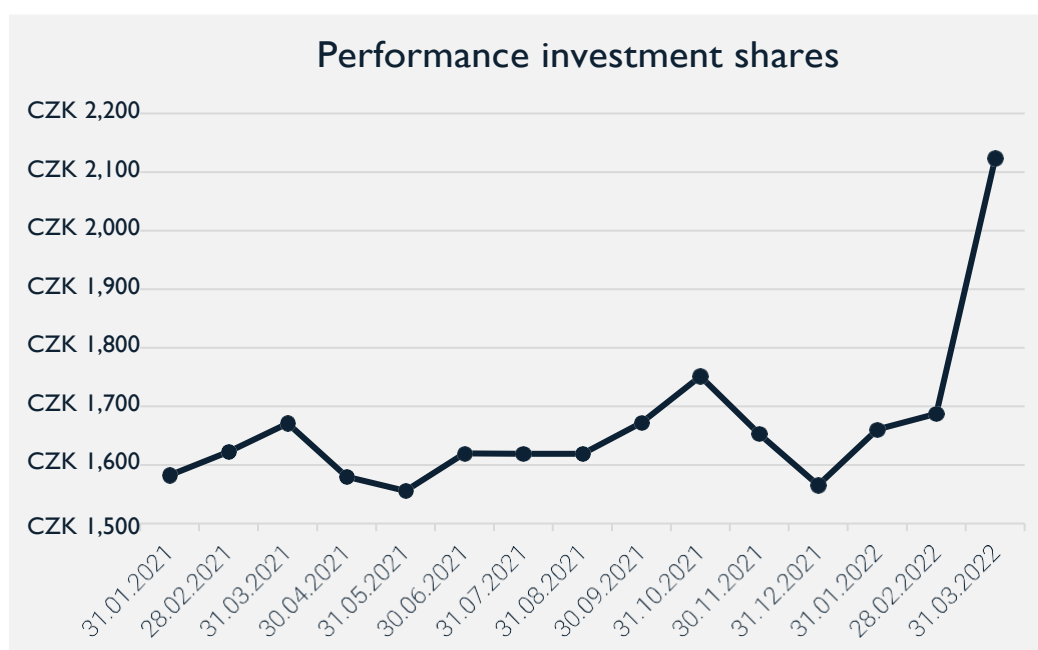
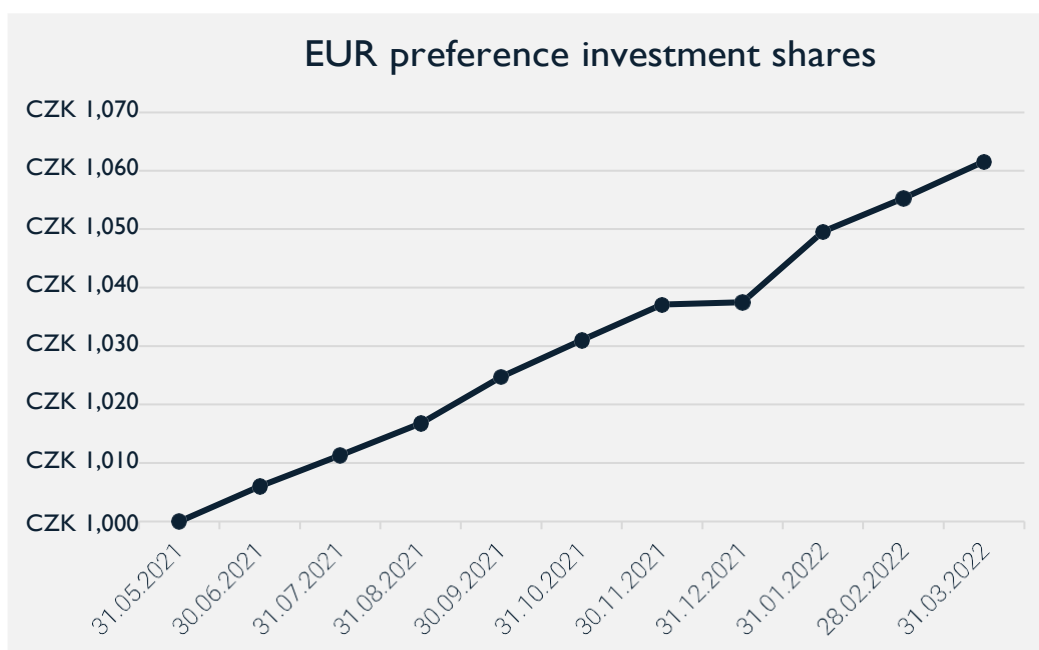
**Explanation and analysis of cash flows**

For more details see the audited financial statements attached as Annex No. 2 to the Annual Report. Cash and cash equivalents (balances with banks) – the status of funds in the Fund's bank accounts. The Fund has no cash resources.

The Fund is not aware of any restrictions on the use of the capital resources that would or could significantly affect its operation, including indirectly.

**h) Development in the share value over the relevant period in graphic form (Section 291 (1) of AMCIF in conjunction with Section 234 (1) (j) of AMCIF and Annex 2 (f) of DeMDRR)**





The Fund did not track or copy any index or other benchmark during the relevant period.

**i) Information on whether own shares were acquired in the Reporting Period (Section 307 of BCA and Section 21(2)(d) of AA)**

As of the end of the Reporting Period, neither the Fund, any of its subsidiaries or any other person on behalf of the Fund held shares that would constitute a share in the Fund's registered capital.

**j) Description of all significant events relating to the Fund and occurring after the end of the Reporting Period, including information on facts occurring after the balance sheet date and being significant for fulfilling of the purpose of the Annual Report (Section 34 (2) (b) of AMCIF and Section 21 (2) (a) of AA)**

After the balance sheet date, no events significant for the fulfillment of the purpose of the Annual Report occurred.



Changes in the Commercial Register:

The following changes were entered in the Commercial Register:

1 October 2021 – change of address - from: Rohanské nábřeží 671/15, Karlín, 186 00 Prague 8 to: Hvězdova 1716/2b, Nusle, 140 00 Prague 4

**Statutory body:**

In the performance of duties, represented by	Mgr. Ing. Ondřej Pieran, CFA	deleted on 11 February 2021
In the performance of duties, represented by	Mgr. Robert Robek	deleted on 11 February 2021
In the performance of duties, represented by	JUDr. Petr Krátký	deleted on 3 September 2021
In the performance of duties, represented by	Ing. Pavel Makovec	deleted on 11 February 2021

**Statutory body:**

In the performance of duties, represented by	JUDr. Petr Krátký	since 3 September 2021
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**Supervisory body:**

Member of Supervisory Board	Petr Žáček	deleted on 21 July 2021
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**Supervisory body:**

Member of Supervisory Board	Petr Žáček	entered on 21 July 2021
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**k) Information on the anticipated future development of the Fund's business (Section 34(2) (c) of AMCIF and Section 21 (2) (b) of AA)**

During the current accounting period, the Fund will keep on implementing the investment strategy as defined in the Fund's statute through selection of stocks suitable for investment and active management of the Fund's portfolio by providing medium and long-term loans and purchasing equity participations in capital companies with a particular focus on the provision of loans and the purchase or management of receivables. The generated income will be further reinvested for the most part.

The Fund plans to keep on subscribing investment shares of the following types: CZK Priority Investment Shares, CZK Dividend Investment Shares, EUR Priority Investment Shares and EUR Dividend Investment Shares. As part of its dividend policy, the Fund plans to pay a dividend for the year 2022-2023 from the CZK Dividend Investment Shares.

During the current accounting period, the Fund will keep on countering the credit risk of counterparties, as implies its investment strategy. The Fund reduces this risk by providing loans primarily to the subsidiaries.

As far as the expected business risks and uncertainties of the Fund for the following period are concerned, a risk may consist in the need for liquidity on the part of the Fund's equity holdings, which the Fund is ready to cover with its own capital and/or by issuing additional investment shares and/or by external financing.

During the current accounting period, an important factor may consist in the impact of extraordinary measures associated with the spread of the SARS-CoV-2 virus and the epidemic of the disease COVID-19. As a result, there may be a reduction in economic activity across all sectors of the economy, however the most likely without any negative impact on the real value of the Fund's assets and payables. As of the date of the Annual Report, there is nevertheless a certain uncertainty as to the intensity and timing of the extraordinary measures introduced and their effect on the global and domestic economy, as the situation is changing constantly. Therefore, it is not possible to determine with reasonable accuracy the expected impact of the above situation on the real value of the Fund's assets and debts. In spite of that, we do not expect any tangible negative impacts on the assets and payables.

## **l) The impact of Russian aggression in Ukraine**

As to the military attack of Russian Federation in Ukraine, the Fund determined the main risks threatening thereto and, at the same time, evaluated in terms of the identified risks whether the assumption of uninterrupted existence of the accounting entity is not at risk.

The main risk associated with the occupation of Ukraine in particular consist in:

- reduction in the value of assets held in Russia
- large fluctuations in the financial markets
- increased inflation
- subsequent overall decline in economic activity and therefrom resulting severe recession.

According to information published by the Czech National Bank (CNB press release of 24/02/2022; "CNB observations on the impact of the current situation in Ukraine"), we can already expect the direct impact on domestic economic growth resulting from trade ties with Russia and Ukraine to be limited. That may be explained by low export of goods and services from the Czech Republic to these countries (2.3 % in the case of Russia and 1 % in the case of Ukraine). In the short term, however, the overall pro-inflationary effects of the conflict can be expected, mainly due to higher prices of oil, natural gas and, indirectly, other energies. The exchange rate of CZK will have similar short-term effect on prices, as it is weaker compared to the estimate of the winter forecast.

The Russian attack on Ukraine could negatively affect the value of Russian subsidiaries and the loans granted thereto in the upcoming period of time. The Fund therefore reassessed the risks related to the yield from these assets and, as the risk grew to the extent as not to be sufficiently balanced by the expected above-average returns according to the manager, decided to exit these investments in Russia. These assets constituted over a half of the value of the Fund's assets in January 2022. The Fund managed to sell them at book value or higher value and thus avoided a loss from their sale. In order to diversify geographical risk, the Fund bought companies from the Czech Republic, Slovakia and India.

Considering the facts mentioned above, the war in Ukraine does not represent a threat to the Fund's assumption of uninterrupted existence of the accounting entity.

## **m) Impact of the COVID-19 pandemic**

As to the global pandemic of COVID-19 and the subsequent effects of epidemiological measures on the economies of the affected countries, the Fund determined the main risks threatening thereto and, at the same time, evaluated in terms of the identified risks whether the assumption of uninterrupted existence of the accounting entity is not at risk.

### **Investment strategy/ fair value of the Fund's investments**

The investment strategy of the Fund consists in creation of equity participations (subsidiaries) through which purchases or management of receivables and granting of loans are carried out. The debtors are entities whose economic exposure takes place across continents, primarily in Asia and Europe.

The Fund's investments are not significantly allocated in sectors, which the quarantine measures would have a tangible impact on. The share of the portfolio allocated in sectors immediately and significantly impacted by the epidemiological measures does not exceed 5 % of the Fund's assets. The Fund therefore does not expect a negative effect on the portfolio value due to the direct impact of the quarantine measures.

The Fund's current portfolio can be considered neutral in terms of correlation with the economic development. The Fund does not intend to change its investment strategy. The Fund's investments are sufficiently diversified. The diversification ensures greater degree of protection to the Fund's assets value if certain of the investments fail.

### **The Fund's liquidity**

The Fund holds part of the portfolio in cash or in instruments easily and promptly convertible into cash without creating any loss. The Fund is ready to meet higher demands on liquid resources in the following period.

If no new funds are obtained through the subscription of investment shares, the new investments will only be implemented as reinvestments of resources from the current revenue and income from completed investment opportunities. The Fund has no commitments as to further funding of

investments and therefore avoids significant liquidity difficulties while implementing its investment strategy. The Fund has sufficient tools available in order to bridge any short- and/or medium-term shortage of liquidity. The Fund does not intend to use public support.

**Operational risks**

The manager and administrator properly provided the Fund with all necessary activities without major restrictions, thus even during the quarantine, by adapting correspondingly the work organization.

**Assumption of uninterrupted existence of the accounting entity**

In terms of the above, there were no significant factors that would threaten the uninterrupted existence of the Fund as an accounting entity. The immediate effects of the epidemiological measures were assessed as insignificant. The Fund does not expect any temporary decrease in the fair value of its investments. The Fund's prevailing liquidity is ensured, as a sufficient part of the Fund's assets is placed in liquid instruments. Appropriate instruments have been defined to address potential future liquidity problems in the event of excessive requirements for redemption. As far as the Fund's operation is concerned, all necessary services are ensured thereto.

## Commentary to the Annual Report

### a) Information on activities in the field of research and development (Section 21 (2) (c) of the AA)

The Fund is not active in the field of research and development.

### b) Information on activities in the field of environmental protection and employment relationships (Section 21 (2) (e) of the AA)

The Fund does not carry out activities in the field of environmental protection. The Fund has no employees and therefore is not active in the field of employment relationships.

### c) Information on whether the Fund has a branch or another part of a business plant abroad (Section 21 (2) (f) of the AA)

The Fund has no branch or any other part of a business plant abroad.

### d) Data on the activities of the Fund manager in relation to the Fund's assets in the Reporting Period (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (b) of the AMCIF)

During the Reporting Period, the manager performed standard activities in relation to the Fund according to the Fund's statute. In terms of investments, no acquisition contracts were concluded during the Reporting Period.

### e) Identification data of each person responsible for asset management (portfolio manager) or external administrator of the Fund in the relevant period and the time during which they performed this activity, including a brief description of their experience and qualification (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (a) of the DeMDRR)

<b>Name and surname</b>	<b>Ing. Ludvík Miška</b>
<b>Further identification data</b>	date of birth: 2 July 1993 permanent address: Okrouhlice 229, Okrouhlice 582 31
<b>The Fund portfolio manager responsibilities</b>	for the entire Reporting Period
<b>Qualification of and experience as portfolio manager</b>	
Before joining AVANT IS, he worked with EY's Financial Accounting Advisory Services department and founded a company trading in capital markets. He received his engineering degree at the University of Economics in Prague, majoring in business accounting and financial management and minoring in management consulting, with half-term studies of Global sales and management at the Fachhochschule Oberösterreich in Linz, Austria.	

### f) Identification data of each depository of the Fund in the relevant period and the period during which they performed the responsibilities of a depository (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (b) of the DeMDRR)

<b>Name</b>	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Company ID No.:</b>	649 48 242
<b>Registered office</b>	Prague 4 - Michle, Želetavská 1525/1, postcode 14092
<b>The Fund depository responsibilities performed:</b>	for the entire Reporting Period

- g) Identification data of each person entrusted with the safekeeping or custody of the Fund's assets, if more than 1 % of the value of the Fund's assets is deposited with such person (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (c) of the DeMDRR)**

No person was entrusted as depository in the Reporting Period.

- h) Identification data of each person authorized to provide investment services who performed responsibilities of the main supporter in relation to the Fund's assets during the relevant period, and information on the period during which they performed this activity (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (d) of the DeMDRR)**

The Fund did not use services of a main supporter.

- i) Identification of the property, if its value exceeded 1 % of the Fund's assets value as of the date when the valuation used for the purposes of this Report was performed, indicating the total acquisition price and fair value as at the end of the relevant period (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (e) of the DeMDRR)**

This information is contained in Annex No. 4 of this Annual Report.

- j) Litigations or arbitration disputes relating to the assets or claims of the owners of securities or book-entry securities issued by the Fund, if the value of the subject matter of the proceeding exceeded 5 % of the value of the Fund's assets in the relevant period, including data on all the state, court or arbitration proceedings in the Reporting Period, which could have or in the recent past had a significant effect on the financial situation or profitability of the Fund or its group, or a statement that such proceedings did not occur (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (g) of the DeMDRR)**

In the Reporting Period, the Fund was not a party to any litigations or arbitration disputes that would relate to the assets or claims of the owners of securities or book-entry securities issued by the Fund, where the value of the subject matter of the proceedings would exceed 5 % of the value of the Fund's assets in the Reporting Period.

In the Reporting Period, the Fund was not a party in any administrative, judicial or arbitration proceedings that could have, or in the recent past had, a significant impact on the Fund's financial situation or profitability.

- k) The value of all paid profit shares per an investment share (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (h) of the DeMDRR)**

In the Reporting Period, an advance for dividends in the amount of CZK 3,901 thousand was paid to the holders of Dividend Investment Shares. In total, CZK 5,085 thousand will be paid in dividends for the accounting period ending on 31 March 2022.

In the previous Reporting Period, an advance for dividends in the amount of CZK 406 thousand was paid to the holders of Dividend Investment Shares. In total, CZK 899 thousand was paid in dividends for 2020.

- l) Data on the remuneration actually paid to the manager for the Fund management, categorized by remuneration for the performance of the responsibilities of the depository, administrator, main supporter and auditor, and data on other expenses or taxes (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (i) of the DeMDRR)**

<b>Remuneration to the manager for the Fund management</b>	CZK 5,890 thousand
<b>Remuneration to the depository for the depositing services</b>	CZK 908 thousand
<b>Remuneration to the depository for administration of securities</b>	CZK 127 thousand
<b>Remuneration to the administrator</b>	included in the remuneration for management
<b>Remuneration to the main supporter</b>	CZK 0 thousand
<b>Remuneration to the auditor</b>	CZK 282 thousand
<b>Further expenses or taxes</b>	
<b>Legal and notarial services</b>	CZK 30 thousand
<b>Expert opinions</b>	CZK 299 thousand
<b>Translations</b>	CZK 68 thousand
<b>Other administrative costs</b>	CZK 57 thousand

The considerations are chargeable to the Investment Fund Capital. The Fund costs that do not or could not incur in relation with the Fund's investment activities can only be chargeable to the Other Assets.

- m) Information on substantial changes to the data listed in the Fund's statute that occurred during the Reporting Period (Section 291 (1) of the AMCIF in conjunction with Section 234 (2) (a) of the AMCIF)**

During the Reporting Period, the following substantial changes to the Fund's statute occurred:

29 March 2021 - adaptation of the statute to the new model;

31 March 2021 - amendment of the article that determines the issue price at the time of the subscription; 31 July 2021 - change in the distribution mechanism;

1 January 2022 - modification of the reporting period (transition to the financial year), change in the

**Data on wages, payments to and similar income of employees and managers, which may be considered remunerations, paid by the Fund manager to its employees or managers in the Reporting Period, broken down into the fixed and variable components; data on the number of employees and managers of the Fund manager; and data on any remuneration for capital appreciation paid out by the Fund or its manager (Section 291 (1) of the AMCIF in conjunction with Section 234 (2) (b) of the AMCIF)**

Employees of the Fund manager (including the Fund portfolio manager) as well as authorized representatives of the statutory body are remunerated by a member of the statutory body in accordance with its internal principles for remuneration developed in accordance with the requirements of the AIFMR. These persons are not remunerated by the Fund.

The Fund manager has created a system for remuneration of its employee (including managers), which stipulates that the remuneration consists of a compulsory component (salary) and a non-compulsory component (performance remuneration). The non-compulsory component of the remuneration is paid upon fulfillment of pre-defined requirements, which as a rule depend on the economic result of the Fund manager and on the performance of the relevant employee.

The Fund manager is obliged to publish data on remuneration of the employees. Since the Fund manager ensures management of a large number of investment funds, the following numbers are a mere proportional part of the total amount paid by the Fund manager to its employees, as these usually provide management and administration service for several funds.

The Fund manager has introduced a method of calculation of the proportional amount attributable to the separate funds based on objective criteria.

<b>Fixed component of the remunerations</b>	<b>CZK 3,634 thousand</b>
<b>Variable component of the remunerations</b>	<b>CZK 0</b>
<b>Number of payees</b>	<b>67.5</b>
<b>Remuneration for capital appreciation</b>	<b>CZK 0</b>

**n) Data on wages, payments to and similar income of employees and managers, which may be considered remunerations, paid by the Fund manager to its employees or managers whose activities have significant effect on the Fund's risk profile (Section 291 (1) of the AMCIF in conjunction with Section 234 (2) (c) of the AMCIF)**

The Fund manager applies specific principles and procedures of remuneration in relation to employees who have a significant effect on the risks to which the Fund manager or the fund managed thereby may be exposed. These principles and procedures embedded in the remuneration system support proper and effective risk management and discourage undertaking of risks beyond the risk profile of the managed funds, are consistent with the funds strategies and embrace procedures aimed at avoiding of conflicts of interest.

Employees and managers having significant effect on the risk profile of the Fund while performing their duties and/or responsibilities:

- Board of Directors and Supervisory Board,
- Directors of Fund's Asset Management.

The above-mentioned rules of determination of the fixed entitlement and variable non-entitlement component of remuneration also apply to these persons, with the proviso that the salary and the performance remuneration are suitably balanced. The appropriate ratio between the salary and the performance bonus is determined individually.

<b>Remunerations to managers</b>	<b>CZK 627 thousand</b>
<b>Number of payees</b>	<b>8.3</b>
<b>Remunerations to other employees</b>	<b>CZK 3,007 thousand</b>
<b>Number of payees</b>	<b>59.2</b>



### **Declaration by the Fund authorized persons**

To the best of our knowledge, we declare that the Annual Report gives a true and fair view of the Fund's financial situation, business activities and economic result in the Reporting Period and of its prospects for future development of the financial situation, business activities and economic result.

Report prepared by: JUDr. Petr Krátký

Position: authorized representative of the sole member of the board of directors of  
AVANT investiční společnost, a.s.

Dated: 12 September 2022



Signature:



## **Annexes**

Annex No. 1 - Audit Report

Annex No. 2 - The Fund's financial statements verified by auditor (provisions of Section 234 (1) (a) of the AMCIF)

Annex No. 3 - Report on Relations in the Reporting Period (provisions of Section 82 of the BCA)

Annex No. 4 - Identification of the Fund's property whose value exceeds 1 % of the total Fund's assets (Annex 2 (e) of the DeMDRR)

## **Annex No. 1 - Audit Report**

**Auditor Report on the financial statements and annual report  
of r2p invest SICAV, a.s. for the reporting period ending on 31 March  
2022**

Identification data:

Business name:	r2p invest SICAV, a.s.
Company ID No.:	073 15 899
Registered office:	Hvězdova 1716/2b, Nusle, 140 00 Prague 4
Subject of the audit:	Verification of financial statements and other information listed in the annual report of r2p invest SICAV, a.s.
Audited period:	accounting period from 1 January 1 2021 to 31 March 2022
Balance sheet date:	31 March 2022
Date of the report signing:	12 September 2022
Auditors:	EURO-Trend Audit, a.s. Authorization by the Chamber of Auditors of the Czech Republic (CACR) No. 317  Ing. Petr Rynes Authorization by the Chamber of Auditors of the Czech Republic (CACR) No. 1299

**Auditor Report on the financial statements and annual report  
of r2p invest SICAV, a.s.  
for the reporting period ending on 31 March 2022**



# EURO-Trend Audit, a.s.

Registered in the Commercial Register - Section B, File number 5767, Company ID No.: 25733834  
Senovážné náměstí 23, 110 00 Prague 1,  
[www.eurotrend-audit.cz](http://www.eurotrend-audit.cz)

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## **INDEPENDENT AUDITOR'S REPORT**

**to shareholders of r2p invest SICAV, a.s.**

### ***Audit Opinion***

We have audited the attached financial statements of r2p invest SICAV, a.s. (hereinafter "accounting unit") compiled on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union, which consists of a statement of financial position as of 31 March 2022, a profit, loss and other comprehensive income statement, a statement of changes in net assets attributable to the holders of investment shares and founder's shares, and the cash flow statement for the year ending on 31 March 2022, including annexes to the financial statements indicating significant accounting policies applied and other explanatory information. The data on the accounting unit are indicated in section 1 of the annex to the financial statements.

In our opinion, the financial statements present a true and fair picture of the financial position of r2p invest SICAV, a.s. as of 31 March 2022 as well as of financial performance and cash flows over the reporting period ending on 31 March 2022 in accordance with international financial reporting standards as adopted by the European Union.

### ***Basis for Audit Opinion***

We conducted the audit in accordance with the Act on Auditors, with the Regulation (EU) No 537/2014 of the European Parliament and of the Council and with the Auditing Standards of the Chamber of Auditors of the Czech Republic consisting in the International Standards on Auditing (ISA) and the related application guidelines. Our responsibility established by these regulations is described in more detail in the section Auditor's Responsibility for the Audit of Financial Statements. In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are a third party as regards the accounting unit and we meet all the other ethical obligations arising from the aforementioned regulations. We believe that the audit evidence collected provides sufficient and appropriate grounds for expression of our Audit Opinion.

### ***Emphasis of Matter***

We draw the attention to Section 4 Critical Accounting Estimates and to Section 12 Significant Events after the Date of the Financial Statements of the Annex to the financial statements, where the management of the accounting unit draws attention to the impact of the military conflict between the Russian Federation and Ukraine assuming that the uninterrupted existence of the accounting unit is to be preserved.

In connection with the military attack of the Russian Federation on Ukraine, the accounting unit identified the main risks it could encounter in this context and their impact on the assumption of the uninterrupted existence of the accounting unit is to be preserved. The management of the accounting unit came to the conclusion that the war conflict in Ukraine could mainly impact the value of assets held in the Russian Federation.

After Ukraine was attacked, the management of the accounting unit assessed the risks and decided to sell investments in the Russian Federation. The assets in question were sold by the balance sheet date and the accounting unit did not create any losses from the sale. In view of these facts and other information provided in Sections 4 and 12 of the Annex to the financial statements, the military conflict in Ukraine does not pose direct threat to the assumption of uninterrupted existence of the accounting unit.

The Audit Opinion of ours has not been affected in connection with this matter.

### ***Other Matters***

We draw your attention to section 2.1 *Application of the IFRS in preparation of financial statements* of the Annex to the financial statements, in which the management of the accounting unit draws attention to the fact that the financial statements for the reporting period ending on 31 March 2022 are the first financial statements of the company drawn up using the international financial reporting standards.

Our statement has not been modified in connection with this matter.

### ***Other Information Provided in Annual Report***

In accordance with Section 2 (b) of the Act on Auditors, other information means the information provided in the annual report other than the financial statements and our Auditor's Report. This information falls into the responsibility of the board of directors.

The Audit Opinion on the financial statements does not apply to this other information. However, our obligations related to the verification of the financial statements comprise familiarization with the other information and assessment whether this other information is not in significant (material) disagreement with the financial statements or with our knowledge of the accounting unit obtained during the verification of the financial statements, or whether this other information does not appear significantly (materially) incorrect otherwise. We also assess whether the other information was prepared in accordance with the relevant legislation in all significant (material) respects. Such assessment in particular means investigation whether the other information complies with the requirements of legislation on formalities and with the procedure for developing of the other information in the context of its significance (materiality), i.e. whether failure to comply with the stipulated requirements would affect a judgment made based on the other information.

Based on the procedures applied, and in so far as we can judge, we hereby state that:

- the other information describing the facts included and indicated in the financial statements are accord in all significant (material) respects with the financial statements; and
- the other information has been prepared in accordance with statutory legislation.

We are also required to state whether - as far as we know and are aware of the accounting unit by carrying out the audit thereof - the other information does not contain any significant (material) irregularities. We have not found any significant (material) irregularities in the other information provided within the scope of the above mentioned procedures.

### ***Responsibility of Board of Directors and Supervisory Board for Financial Statements***

The board of directors is responsible for preparation of the financial statements presenting a true and fair view of the financial position in accordance with international financial reporting standards as adopted by the European Union, and for such an internal governance arrangements as are deemed necessary in order to prepare financial statements free of significant (material) irregularities caused by fraud or error.

When preparing the financial statements, the board of directors is obliged to assess whether the accounting unit is able to keep an uninterrupted operation and - where applicable - to describe in an annex to the financial statements any matters concerning its uninterrupted existence and the manner of how the assumption of uninterrupted existence is addressed in preparation of the financial statements, except for the cases where the board of directors intends to dissolve the accounting unit or to terminate its operation, or where it has no other real option but to do so.

The supervisory board is responsible for supervision of the financial reporting process.

### ***Auditor's Responsibility for Audit of Financial Statements***

As auditors, we aim at obtaining reasonable assurance that the financial statements as a whole do not contain a significant (material) irregularity caused by fraud or error and to issue an Auditor's Report comprising our Audit Opinion. Though reasonable assurance means a large degree of assurance, there is no guarantee that the audit carried out in accordance with the above-mentioned regulations reveals existing significant (material) irregularities in the financial statements at all times. Irregularities may arise as a result of fraud or error and are considered significant (material) if it can be realistically assumed that they could, each on its own and/or in aggregate, affect economic decisions adopted by the users of the financial statements on the basis thereof.

When performing an audit in accordance with the above regulations, it is our duty to apply professional judgment and maintain professional skepticism throughout the audit. We are required and obliged:

- to identify and assess the risks of significant (material) irregularities in the financial statements caused by fraud or error, to propose and implement audit procedures responding to these risks and to obtain sufficient and appropriate audit evidence in order to declare our Audit Opinion. The risk of not detecting a significant (material) irregularity that occurred as a result of fraud is greater than the risk of not detecting a significant (material) irregularity caused by an error, since the fraud may involve collusion, falsification, intentional omissions, false statements or circumvention of internal controls by the management;
- to familiarize ourselves with the accounting entity's system of internal control with relevance to the audit in order to and to the extent as to design audit procedures appropriate to the circumstances, i.e. not to express an opinion on the effectiveness of the system of internal control;

- to assess the appropriateness of the accounting standards used, the accuracy of the accounting estimates made, and the information provided by the management of the accounting unit in the annex to the financial statements;
- to assess whether application of the assumption of uninterrupted existence of the accounting in preparation of the annual financial statements by the management of the accounting unit was appropriate, and whether - with regard to the collected audit evidence - there is any significant (material) uncertainty arising from events or circumstances potentially threatening the ability of the accounting unit to continue as a going concern. If we come to the conclusion that such a significant (material) uncertainty exists, it is our duty to draw attention in our Auditor's Report to the relevant information stated in the annex to the financial statements, and if this information is insufficient, to express a modified Audit Opinion. Our conclusions regarding the accounting entity's ability to continue as a going concern are based on the audit evidence obtained by the date of our Auditor's Report. Future events or circumstances may nevertheless cause the accounting entity to discontinue as a going concern;
- to evaluate the overall presentation, organization and content of the financial statements including its annexes, and whether the financial statements present the underlying transactions and events in a manner creating a true and fair view thereof.

Our responsibility, among other things, is to inform the board of directors and the supervisory board about the planned scope and timing of the audit and about the significant findings made in course thereof, including any identified significant deficiencies in the system of internal control.

In Prague on 12 September 2022



Auditorská společnost:  
**EURO-Trend Audit, a.s.**  
 Senovážné nám. 978/23, Praha 1  
**Oprávnění KAČR č. 317**




On behalf of the company:

Ing. Petr Ryneš, Chairman of the Board  
 of Directors

Key audit partner:

**Ing. Ing. Petr Ryneš**

**Authorization by the Chamber of  
 Auditors of the Czech Republic  
 (CACR) No. 1299**

**Annex No. 2 - The Fund's financial statements verified by auditor**  
(provisions of Section 2 (234) (1) (a) of the AMCIF)



r2p invest SICAV,  
a.s. Statement of  
Financial Position  
as of 31 March 2022

thousands of CZK	Note	31 Mar 2022	31 Dec 2020	1 Jan 2020
<b><u>ASSETS - non-investment</u></b>				
Cash and cash equivalents		78	78	78
<b>Total non-investment assets</b>		<b>78</b>	<b>78</b>	<b>78</b>
<b><u>Assets – investment</u></b>				
Cash and cash equivalents	6.1	7,579	22,745	17,795
<b>Financial assets measured at fair value through profit or loss</b>		<b>1,075,674</b>	<b>497,828</b>	<b>158,256</b>
<i>Shares classified as debt financial assets</i>	6.2	16,619	2,596	-
<i>Loans granted</i>	6.3	722,535	191,317	14,572
<i>Equity participations</i>	6.4	336,520	303,915	143,684
<b>Trade receivables and other receivables</b>		<b>55,011</b>	<b>3,789</b>	-
<i>Trade receivables</i>	6.5	6	6	-
<i>Other receivables</i>	6.5	55,005	3,783	-
<b>Total investment assets</b>		<b>1,138,264</b>	<b>524,362</b>	<b>176,051</b>
<b>Total assets</b>		<b>1,138,342</b>	<b>524,440</b>	<b>176,129</b>
<b><u>EQUITY – non-investment</u></b>				
Equity		78	78	78
<i>Registered capital</i>	6.9	100	100	100
<i>Previous years retained earnings</i>		-22	-22	-22
<b>Total non-investment equity</b>		<b>78</b>	<b>78</b>	<b>78</b>
<b><u>LIABILITIES – investment</u></b>				
<b>Financial liabilities measured at fair value through profit or loss</b>		<b>29,207</b>	<b>1,341</b>	-
<i>Borrowings</i>	6.6	29,207	1,341	-
<b>Liabilities (except for net assets attributable to holders of investment shares)</b>		<b>191,484</b>	<b>24,728</b>	<b>17,708</b>
<i>Trade payables and other liabilities</i>	6.7	5,807	2,846	578
<i>Liabilities from subscription of investment shares</i>	6.8	185,375	21,880	17,130
<i>Deferred tax</i>	7.5	-	2	-
<i>Income tax liability</i>	7.5	302	-	-
<b>Net assets attributable to holders of investment</b>	6.9	<b>917,573</b>	<b>498,293</b>	<b>158,343</b>
<b>Total investment liabilities</b>		<b>1,138,264</b>	<b>524,362</b>	<b>176,051</b>
<b>Total liabilities</b>		<b>1,138,342</b>	<b>524,440</b>	<b>176,129</b>

r2p invest SICAV, a.s.  
(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

r2p invest SICAV, a.s.

Statement of Changes in Net Assets Attributable to Holders of  
Investment Shares and Founder's Shares (Equity)

financial year ending on 31 March 2022

thousands of CZK		Jan/2021 – Mar / 2022		Jan – Dec / 2020	
	Note	Investment component	Non-investment component	Investment component	Non-investment component
<b>Equity as of 1 January</b>		-	78	-	78
Losses from profit/loss after tax	-	-	-	-	-
<b>Equity as of 31 December</b>		-	78	-	78
<b>Net assets attributable to holders of investment shares as of 1 January</b>		<b>498,293</b>	-	<b>158,343</b>	-
<i>Income from shares</i>	6.9	293,572	-	277,330	-
<i>Redemption of investment shares</i>	6.9	-	-	-	-
<b>Increase in net assets from share</b>		<b>293,572</b>	-	<b>277,330</b>	-
Revaluation of net assets attributable to holders of investment shares		-297	-	-	-
Increase in net assets attributable to holders of investment shares		126,005	-	62,620	-
<b>Net assets attributable to holders of investment shares as of 31 March (31 December)</b>		<b>917,573</b>	-	<b>498,293</b>	-

r2p invest SICAV, a.s.  
(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

r2p invest SICAV, a.s.

Profit or Loss and Other Comprehensive Income Statement  
for the financial year ending on 31 March 2022

thousands of CZK	Note	Jan/2021 - Mar/2022	Jan 2020 - Dec/2020
<b><u>Profit and Loss Statement</u></b>			
<b>Income</b>			
Net changes in fair value of financial instruments through profit or loss	7.1	152,140	69,975
Income from charges and commission	7.2	2,290	1,574
<b>Total net profit</b>		<b>154,430</b>	<b>71,549</b>
<b>Costs</b>			
Payments to depository	7.3	-908	-726
Management and administration	7.3	5,890	2,082
Costs of charges and commission	7.3	15,381	4,567
Costs of audit	7.3	-282	-236
Other administrative costs	7.3	-579	-417
<b>Total administrative costs</b>		<b>-23,040</b>	<b>-8,028</b>
<b>Profit/loss before distribution to holders of investment shares</b>		<b>131,390</b>	<b>63,521</b>
Payments to holders of investment shares	7.4	-5,085	-899
<b>Profit (loss) before tax</b>		<b>126,305</b>	<b>62,622</b>
Income tax	7.5	-300	-2
<b>Profit (loss) from profit/loss after tax</b>		<b>126,005</b>	<b>62,620</b>
<b><u>Other comprehensive income</u></b>			
<i>Items not transferred into profit or loss</i>		-	-
Changes from revaluation of capital financial assets measured through other comprehensive income			
Tax on profit from components of other comprehensive income		-	-
Other comprehensive income after tax		-	-
<b>Increase in net assets attributable to holders of investment shares</b>		<b>126,005</b>	<b>62,620</b>
<b>Profit attributable to holders of founder's shares after tax</b>		<b>-</b>	<b>-</b>

Profit/loss for the reporting period achieved exclusively through investment activities

r2p invest SICAV, a.s.  
(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

r2p invest SICAV, a.s.  
Statement of Cash Flows  
financial year ending on 31 March 2022

thousands of CZK	Note	Jan/2021 - Mar/2022	Jan 2020 - Dec/2020
<b>Cash flow from operating activities</b>			
Expenses on acquisition of equity participations	6.4	-	-2,000
Expenses on acquisition of non-traded shares	6.2	-12,766	-6,336
Dividend revenue	6.4	-	16,007
Expenses on loans granting	6.3	-363,205	-273,921
Installments of loans granted	6.3	53,199	90,358
Paid interest from loans granted	6.3	29,924	8,473
Paid operating costs	6.7	-20,939	-6,266
Income from business relations	6.5	4	-
<b>Net cash flow from operating activities</b>		<b>-313,783</b>	<b>-173,685</b>
<b>Cas flow from financial activities</b>			
Income from subscription of investment shares	6.9	279,397	180,176
Distribution to holders of investment shares including appropriate withholding tax	6.9	-4,231	-406
Income from loans payable	6.6	42,768	31,957
Installments of loans payable	6.6	-15,445	-30,592
Interest paid	6.6	-1,587	-67
<b>Net cash flow from financial activities</b>		<b>300,902</b>	<b>181,068</b>
<b>Net (decrease)/increase of cash</b>		<b>-12,881</b>	<b>7,383</b>
Cash available at the beginning of the financial year	6.1	22,823	17,873
Foreign exchange revaluation		-2,285	-2,433
<b>Cash available at the end of the financial year</b>	<b>6.1</b>	<b>7,657</b>	<b>22,823</b>

The following annex forms an integral part of this Financial Statements

## Annex to the Financial Statements

### 1. General Information

r2p invest SICAV, a.s. (hereinafter referred to as the "Fund") is an open investment fund of qualified investors registered in the list of investment funds on 29 June 2018 pursuant to Act No. 240/2013 Coll., on Management Companies and Investment Funds (hereinafter referred to as the "AMCIF") in the Czech Republic. The Fund is registered in the list of investment funds maintained by the Czech National Bank pursuant to Section 597 (b).

**Business name:** r2p invest SICAV, a.s.

**Registered Office:** Hvězdova 1716/2b, Nusle, 140 00 Prague 4

**Date of registration into the Commercial Register:** 25 July 2018

**Company ID No.:** 073 15 899

**Legal form:** joint-stock company

**Registered in the Commercial Register:** kept by the Municipal Court in Prague, Section B, File 23674

**Objects of the company:** the subject of the company's business is the activity of a fund of qualified investors according to Section 95 paragraph (1) (a) of Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended.

**Reporting Period:** from 1 January 2021 to 31 March 2022

**The company's bodies as of 31 March 2022:** Statutory body – Board of Directors

**Director:** AVANT investiční společnost, a.s., Company ID No.: 275 90 241

Hvězdova 1716/2b, Nusle, 140 00 Prague 4

Membership established on: 25 July 2018

**In the performance of duties, represented by:** JUDr. Petr Krátký  
authorized representative

### Supervisory Board

**Chair of Supervisory Board:** Bohuslav Kratěna

Membership established on: 30 July 2020

**Member of Supervisory Board:** Ing. Viktor Dokučajev

Membership established on: 25 July 2018

**Member of Supervisory Board:** Luboš Žovinec

Membership established on: 25 July 2018

**Member of Supervisory Board:** Petr Žáček

Membership established on: 25 July 2018

(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

**Changes in the Commercial Register**

**Registered office:** Rohanské nábřeží 671/15, Karlín, 140 00 Prague 4: deleted on 1 October 2021  
 Hvězdova 1716/2b, Nusle, 140 00 Prague 4 registered on 1 October 2021

**Statutory body – Board of Directors**

**Director:** AVANT investiční společnost, a.s., Company ID No.: 275 90 241

In the performance of duties, represented by	Mgr. Ing. Ondřej Pieran authorized proxy	deleted on 11 February 2021
	Mgr. Robert Robek authorized proxy	deleted on 11 February 2021
	Ing. Pavel Makovec authorized proxy	deleted on 11 February 2021
	JUDr. Petr Krátký authorized proxy	deleted on 11 February 2021
In the performance of duties, represented by:	JUDr. Petr Krátký authorized representative	registered on 11 February 2021

**Director:** AVANT investiční společnost, a.s., Company ID No.: 275 90 241

Rohanské nábřeží 671/15, Karlín, 140 00 Prague 4:	deleted on 3 September 2021
Hvězdova 1716/2b, Nusle, 140 00 Prague 4	registered on 3 September 2021

**Owners of the Fund as of 31 March 2022**

The subscribed share capital consists of 100,000 founder's registered shares, which make up the subscribed share capital in the amount of CZK 100,000.

The owner of the Fund is Luboš Žovinec, who owns 100,000 founder's shares.

**Data on the investment company being the Fund's manager and administrator in the Reporting Period**

In the Reporting Period, the responsibilities of the Fund's manager and administrator were performed by the following company:

**AVANT investment company, a.s.** (hereinafter also referred to as the "Investment Company", "Manager" or "Management")

Hvězdova 1716/2b, 140 00 Prague 4

Company ID No.: 275 90 241

(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

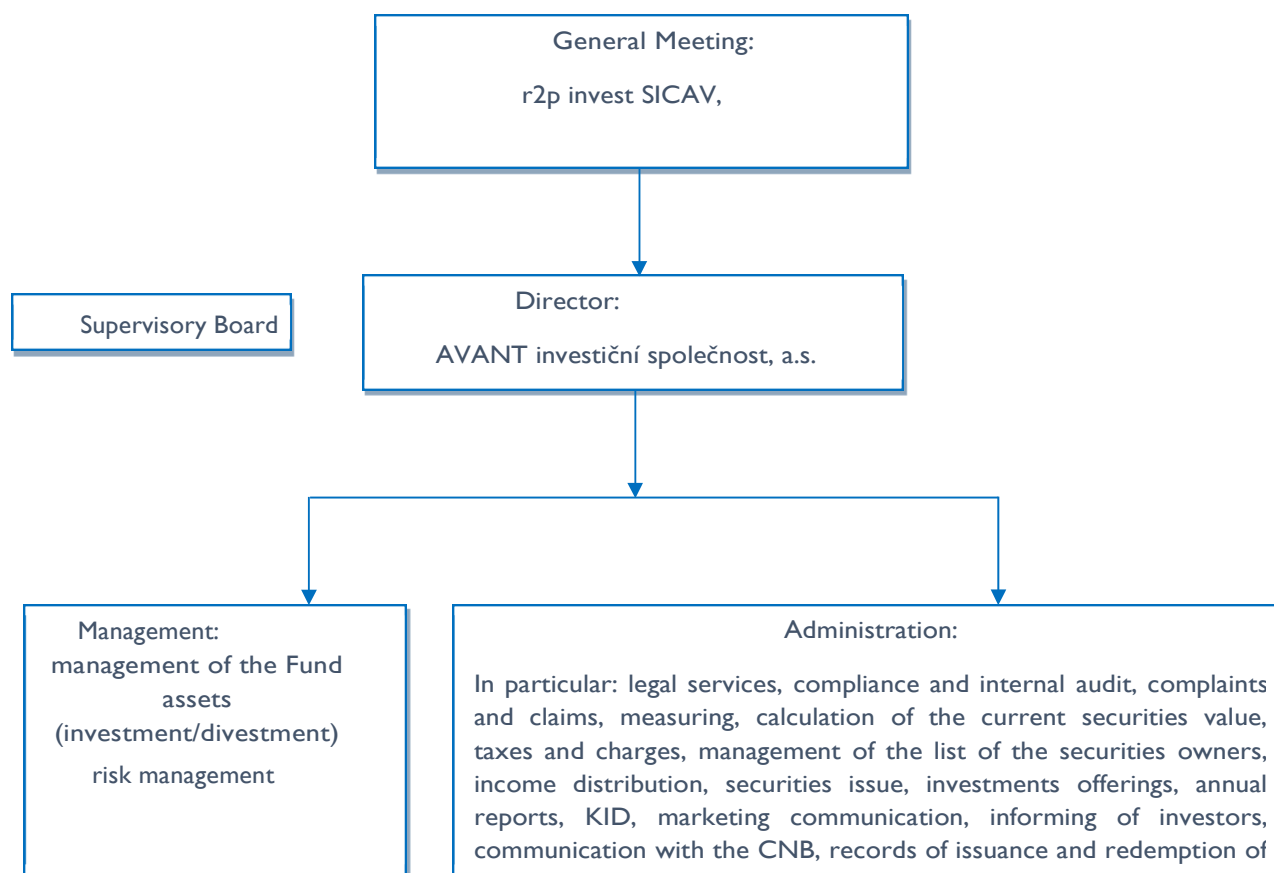
**Data on the company being the Fund's depository**

In the Reporting Period, the responsibilities of the Fund's depository were performed by the following company:

**UniCredit Bank Czech Republic and Slovakia, a.s.**  
 Želetavská 1525/1, 140 92 Prague 4 – Michle  
 Company ID No.: 649 48 242

**Organizational structure**

The fund, as an externally managed investment fund, is fully managed by the investment company performing all the Fund's activities through its employees. The organizational structure of the management can be therefore described as follows:



\* according to the executive service agreement of 16 December 2021, the Fund operates at its registered office.

## 2. Basis for Preparation of Financial Statements

These financial statements for the period beginning on 1 January 2021 and ending on 31 March 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter referred to as the "IFRS").

Based on the statutes approved by the Fund's general meeting of 16 December 2021, the reporting period was changed from a calendar year to a financial year. A financial year means the period from 1 April to 31 March. According to Section 19 of the AA, the balance sheet date means 31 March.

Considering the different length of the reporting period, the results of the current and previous accounting periods are not fully comparable.

An overview of the significant accounting policies applied is indicated in Note 3.

The preparation of financial statements in accordance with IFRS requires application of certain significant accounting estimates. It also requires the Investment Company to exercise its judgment while applying the Fund's accounting policies. Areas involving a higher degree of judgment or complexity and areas where assumptions and estimates are material to the financial statements are indicated in Note 4.

The Fund's investment objective is to consistently achieve a stable absolute appreciation of the funds invested by Investors. The Fund mainly invests in shares, stocks or other participations in Czech or foreign capital trading companies (collectively referred to as "Trading Companies"), and in the provision of credits, loans, additional contributions besides the registered capital or other similar performance to Trading Companies. The Fund provides credits, loans or other similar performance to Trading Companies for the purpose of buying and selling of secured or unsecured claims by Trading Companies (as buyers). The income from the Fund's investments is therefore mainly constituted of the income from profit shares of Trading Companies and from interest on loans or other similar performances granted to Trading Companies. The Fund's strategy therefore includes diversification of risks based on investing in various assets not linked to the Fund in terms of its assets or personnel.

The structure and arrangement of the financial statements, in which information on the Fund's financial position and performance is presented, is based on the fact that the Fund is an investment fund of qualified investors, an issuer of investment share subjected to regulation by the Czech National Bank (hereinafter referred to as the "CNB") and is governed by certain requirements of Act No. 240/2013 Coll., on Management Companies and Investment Fund. Since the AMCIF requires the Fund to distinguish between assets and liabilities attributable to holders of founder's shares (non-investment component of the Fund) and assets and liabilities attributable to holders of investment shares with the right to redemption (investment component of the Fund), the Statement of Financial Position is accordingly divided into investment and non-investment component.

The financial statements were prepared with the assumption that the company will continue as a going concern indefinitely. As of the date of their approval, there are no indications that the Fund would not be able to continue as a going concern for the foreseeable future. This belief of the Board of Directors is based on a wide range of information relating to current and future circumstances, including forecasts relating to profitability, cash flows and capital resources. The financial statements, with the exception of the Statement of Cash Flows, are prepared using the accrual basis of accounting.

In accordance with Section 118 (3) of Act No. 256/2004 Coll., on Capital Market Business, the financial statements are subject to a mandatory audit.

### 2.1. Application of the IFRS in Preparation of Financial Statements

In accordance with Section 22 (2) and Section 23a (2) of Act No. 563/1991 Coll., on Accounting, the Fund decided to apply the IFRS in preparation of its financial statements. This decision on application of the international financial reporting standards in the reporting period from January 1, 2021 to March 31, 2022, as well as in all the subsequent accounting periods was adopted by the General Meeting in accordance with Section 19a, (8) of Act No. 563/1991 Coll. on 8 August 2022. Pursuant to Section 23a), (2), the management of the accounting entity decided that the Fund is generally obliged to consolidate (being a medium or large group according to Section 1 (c) of the AA), which led the management of the accounting entity to the decision on application of the IFRS.



In accordance with Section 19a)(8) of the AA - since the Fund prepares consolidated financial statements according to the IFRS (see point 1) - the Fund's supreme body (the General Meeting) decided on application of the IFRS in preparation of the specific financial statement as of the above-mentioned balance sheet date (31 March 2022). Furthermore, the Fund decided to use exception 10.31 from the IFRS:

The Fund represents one of the forms of indirect capital investment, where investors invest their free cash into a professionally managed Fund in order to achieve profit based on risks diversification. At the same time, individual investors themselves do not decide on specific investments of the Fund.

The fund is not authorized to engage in activities other than investment and, as part of its investment policy, it is committed to invest only in assets capable of generating either long-term income or profit from sales.

Being open-end, the Fund allows investors to enter and/or to leave it on ongoing basis, with the proviso that the Fund is obliged to repurchase the investment shares issued thereby. This is why the Fund is not willing to hold its investments for an unlimited period, but only for a period corresponding to the investors' interest to stay in the Fund and/or for a period until - given the investment and risk profile of the Fund - a more suitable investment asset is found within the framework of the investment activity. The structure of investments reflects the Fund's investment strategy, the Fund's risk profile and the current market situation in general.

Besides that, the Fund is managed through exit strategies for termination of its individual investments in order to maximize the investors' profit from the performed and terminated investments within the time horizon specified in the Fund's statute.

Exit Strategy for Trading Shares:

Business shares in target companies are acquired for the purpose of their medium and long-term holding and exclusively in order to gain capital appreciation or obtaining dividends. If a decision is made to terminate an investment, i.e. to carry out the exit strategy, the held trading shares are offered for sale of the entire held position to suitable specific private interested parties selected according to the field of business of the target company. The transaction takes place through engagement of an M&A of the transaction advisor. Public offering through initial subscription of the target companies' shares on public markets is not allowed.

With regard to the above and in accordance with IFRS 10, the Fund is considered an investment entity and therefore does not consolidate all the listed equity participations, but reports them in fair values. For this reason, the content of the consolidated financial statements compiled in accordance with international financial reporting standards coincides with the content of the separate financial statements, and the Fund therefore compiles only one financial statements.

## 2.2. Fund as an Investment Entity

According to the IFRS 10, the Fund is an investment entity and measures its investments in subsidiaries as financial assets measured at fair value through profit or loss. None of the Fund's subsidiaries provide services related to the Fund's investment activities.

The Fund features the following key characteristics of an investment entity within the meaning of the IFRS 10.27:

- collects funds from several Investors and carries out joint investment of the collected funds for the benefit of the Investors, and manages these assets further on;
- according to the Fund's statute, the investment objective thereof is a permanent appreciation of funds and assets invested by Investors, with the proviso that the Fund's investment returns are mainly obtained from dividends and interest;
- the portfolio of financial assets is managed and the performance is evaluated based on real values.

The Fund features the following other typical characteristics of an investment entity within the meaning of the IFRS 10.28:

- more than one investment;

(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

- more than one Investors;
- Investors unrelated to the Fund; and
- equity participations in form of a share on the registered capital.

The above characteristics were met during the whole reporting period.

### ***Exist Strategies for Trading Interests and Private Companies Shares***

Trading interests and private companies shares are held for a medium to long term in accordance with the Fund's investment strategy. They are acquired in order to gain capital appreciation or to obtain dividends. The Fund carries out a partial or total exit from the investment into equity participations after having found in the market a counterparty submitting an offer that ensures to the Fund's Investors required return on the investment in the medium to long term.

Where the external economic environment does not provide possibility to sell an equity participation at a profit and if further holding of the separate equity participations appears economically nonprofitable, the Fund may initiate an exit from the investment by its sale at the market price or, as the owner, the Fund may decide on liquidation of a specific equity participation.

If a decision is made to terminate an investment, i.e. to carry out the exit strategy, the held equity participations are offered for sale of the entire or partial held position to suitable specific private interested parties selected according to the field of business of the target company.

### **2.3. Declaration of Conformity with Accounting Policies**

The Fund's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and their interpretations (SIC and IFRIC), (collectively only "IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

### **2.4. Impact of IFRS Amendments and Interpretations to the Fund's Financial Statements**

#### **2.4.1. New and amended IFRS accounting rules that have been issued but are not yet effective and have not been used by the Fund**

**When compiling these financial statements, the Fund considered the following amendments to IFRS, which are effective from 1 January 2021 and which did not have a significant impact on the results and information presented in this financial statements compared to the previous annual financial statements for 2020:**

- Amendment to IFRS 16 Leases – Rent Reliefs due to Covid-19 with effect from 1 June 2020. In 2021, an extension to the reliefs granted after this date was adopted. The Fund is not in a significant position as a lessee, therefore the amendment does not have a major impact on the financial statements of 2020 and 2021.
- In August 2020, an amendment to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases called Interest Rate Benchmark Reform – Phase 2 was issued, constituting the second response of the IASB to the expected changes that the reform of IBOR rates should cause to financial reporting (effective for annual financial statements from 1 January 2021 and later). The amendment regulates the procedures of how to respond in the financial statements to changes in the amount of contractual cash flows of financial instruments and in hedge accounting due to the changes in IBOR rates. The amendment has no significant impact on these financial statements, nor is it expected to have an impact on the financial statements in the upcoming reporting period.
- On 15 December 2020, the European Commission adopted amendments to IFRS 4 Insurance Contracts – Extension of the temporary exemption in IFRS 4 from applying IFRS 9 for use in the European Union. This extension has no significant impact on these financial statements, nor is it expected to have an impact on the financial statements in the upcoming reporting period.

**New and amended IFRS adopted for use in the EU that are not bindingly effective for the year ending on 31 March 2022, but may be applied earlier:**

**- *The IFRS 17 Insurance Contracts (issued in May 2017) including amendments to the IFRS 17 (issued in June 2020, valid from 1 January 2023)***

IFRS 17 Insurance Contracts is to replace IFRS 4 Insurance Contracts. The standard establishes a comprehensive methodology applicable to all insurance contracts and reinsurance contracts as well as investment contracts with elements of voluntary participation. The amendment to IFRS 17 addresses concerns and problems related to implementation of the standard.

Impact on the accounting unit:

The Fund has no insurance contracts in place, therefore the amendment to the standard has no effect on the financial statements.

- In May 2020, an amendment to IFRS 3 Business Combinations (effective for annual financial statements beginning on or after 1 January 2022) was issued, which only updates the provision with relevant references to the new Conceptual Framework. This is a formal amendment with no impact on the Fund's financial statements.

- In May 2020, amendment to IAS 16 Property, Plant and Equipment – Revenue before intended use (effective for annual financial statements beginning on or after 1 January 2022) was issued, which prohibits accounting entities from reducing acquisition costs by revenue from the sale of products generated during test phase of the property, i.e. before being ready for the intended use). Such revenues and related costs are newly to be recognized in the economic result. The Fund has no assets included in the category of Property, Plant and Equipment and therefore expects no impact of this amendment.

- In May 2020, an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Costs necessary to perform a contract (effective for annual financial statements beginning on or after 1 January 2022) was issued, which clarifies the costs that the accounting entity should include in the calculation of costs necessary to perform a when assessing whether a contract is unprofitable. The Fund does not expect a major impact of the amendment on the financial statements.

- In January 2020, an amendment to IAS 1 Preparation and Presentation of Financial Statements named Classification of Liabilities as Current or Non-current (effective for annual financial statements beginning on or after 1 January 2022 with retrospective effect) was issued, which provides a more general approach to the classification of liabilities with respect to contractual arrangements valid as of the balance sheet date. The amendment will only affect presentation of liabilities in the Statement of Financial Position, not their amount or the moment of their recognition; the same goes for the information about liabilities in the financial statements. The amendment clarifies that a liability must be presented as a short-term or long-term one with respect to the rights and obligations effective at the balance sheet date and must not be influenced by the accounting entity's expectations regarding its settlement (implementation or realization). The Fund will assess the amendment and the changes resulting thereof; however, it does not expect any major impact thereof on the financial statements.

- In July 2020, an amendment to IAS 1 Preparation and Preparation and Presentation of Financial Statements named Classification of Liabilities as Current or Non-current (effective for annual financial statements beginning on or after 1 January 2023) was issued, which postpones the effective date of the amendment from the original date of 1 January 2022 to 1 January 2023 and later.

**- *Amendments resulting from the Annual Improvements to IFRS Standards 2018–2020 (issued in May 2020, effective from 01 January 2022)***

- Amendment to IAS 41 Agriculture

The aim of the amendment is to resolve the discrepancy between the requirements for fair value measurement according to IAS 41 and the requirements for fair value measurement according to IFRS 13 Fair Value Measurement.

(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

- Amendment to IFRS 1 First-time Adoption of IFRS

If a subsidiary/joint venture/associate adopts IFRS later than its parent company, it can apply the exemptions under IFRS 1 to value its assets and liabilities at the value reported in the parent's consolidated financial statements if the relevant conditions are met. The amendment to this standard also enables application of this exception to cumulative exchange rate differences.

- Amendment to IFRS 9 Financial Instruments

The amendment to IFRS 9 clarifies which charges are included in the application of the 10% test when assessing whether to derecognize a financial liability. The 10% test means a test of whether, in the case where a new credit agreement is concluded between the debtor and the creditor, there is a significant change in conditions that would lead to derecognition of the financial liability and to reporting of a new financial liability.

- Amendment of IFRS 16 Leases

The amendment refers to cancellation of the illustrative example of a technical improvement compensation in order to avoid confusion regarding the accounting of lease incentives.

Impact on the accounting unit:

The Fund does not expect a major impact of the amendment on the financial statements.

- ***Amendments to IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies (issued in February 2021, effective from 1 January 2023)***

The amendment replaces the term "material accounting policies" with the term "material information about accounting policies" and requires that accounting entities disclose material information instead of material accounting policies.

Impact on the accounting unit:

The Fund does not expect a major impact of the amendment on the financial statements.

- ***Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (issued in February 2021, effective from January 1, 2023)***

The amendment introduces a definition of "accounting estimates" and comprises other amendments to IAS 8 that clarify how to distinguish changes in accounting policies from changes in estimates. This distinction is important because changes in accounting policies are generally applied retrospectively, while changes in estimates are recognized in the accounting period in which the change occurs.

Impact on the accounting unit:

The Fund does not expect a major impact of the amendment on the financial statements.

- ***Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued in May 2021, effective from January 1, 2023)***

The purpose of the amendment is to clarify how deferred tax is to be accounted for on initial recognition of transactions that result in the same taxable and deductible temporary differences.

Impact on the accounting unit:

The Fund does not expect a major impact of the amendment on the financial statements.

**Standards and interpretations issued by the International Accounting Standards Board (IASB) though still not adopted by the EU**

As of the date of approval of the financial statements, the following standards, amendments to existing standards and new interpretations have not been approved for use in the EU and therefore cannot be applied by entities preparing their financial statements according to IFRS as adopted by the EU:

- IFRS 14 Regulatory Deferral Accounts (issued in January 2014) – the EU decided to never approve this standard as it is temporary
- Amendment to IAS 1 standard Classification of Liabilities as Current or Non-current (issued in January 2020, including the amendment of July 2020)
- Amendment to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 Comparative Information (issued in December 2021)

These standards had no impact on the Fund's financial statements in the reporting period.

### **3. Overview of Significant Accounting Policies**

#### **3.1 Foreign Currency Conversion**

##### **3.1.1 Functional and Presentation Currency**

The Fund's investors are mainly from the Czech Republic. The primary activity of the Fund is investing in participations in capital trading companies and providing of loans. The Fund aims at providing Investors with higher proceeds compared to other products available in the Czech Republic. The income from the Fund's investments will be provided by income from interest on granted loans, by income from dividends and from capital appreciation due to monetizing of the investments.

The performance of the Fund is assessed and reported to Investors in Czech crowns. The investment company considers the Czech crown to be the currency that most faithfully expresses economic effects of the transactions, events and conditions that have taken place. The financial statements are presented in Czech crowns - the functional and presentation currency of the Fund.

##### **3.1.2 Transactions and Balances**

Transactions in foreign currencies are converted into the functional currency using the exchange rates valid on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted into the functional currency using the exchange rate valid on the date of the Statement of Financial Position.

Exchange-rate gains and losses from conversion are included in the Profit or Loss and Other Comprehensive Income Statement.

Exchange rate gains and losses related to financial assets that are measured at fair value through profit or loss are reported in the Income Statement under the item "Net changes in fair value of financial instruments through profit or loss".

#### **3.2 Financial Assets**

##### **3.2.1 Classification**

Prior to the classification of its financial assets, the Fund analyzes individual components of assets, in particular, the securities held and determines whether it is a debt financial asset or an equity instrument. A capital instrument is a contract evidencing the residual share in the assets of an accounting entity after deducting all its liabilities. If the Fund holds investment shares or share certificates and has the right to redeem these securities at its request, the investment shares or share certificates represent a contractual right to receive cash or other financial asset and therefore usually constitute a debt financial asset.

A financial asset is held for trading if:

- it was acquired primarily for the purpose of its sale in the near future; or
- upon initial recognition, it is a part of the portfolio of identified financial instruments that the Fund jointly manages and currently intends to use for achieving of short-term profit; or
- it is a derivative (except for derivatives that are a financial guarantee or are intended as an effective hedging instrument).

The Fund classifies its investments according to the business model governing management of these financial assets and according to the characteristics of the contractual cash flows arising from the financial assets in question. The portfolio of financial assets is managed and the performance is evaluated based on real values. The Fund focuses primarily on fair value information and uses it to evaluate performance of assets and to make decisions. Contractual cash flows from loans provided by the Fund consist only of a principal and interest, even though these financial instruments are not classified as held for the purpose of collecting contractual cash flows or as securities held for the purpose of collecting cash flows and intended for sale. Collection of contractual cash flows is secondary to achieving of the objectives of the Fund's business model.

The Fund's policies require the Investment Company to evaluate information about these financial assets based on the fair value and other related financial information.

The Fund has decided to classify capital financial assets into subsidiaries and associates as measured at fair value through profit or loss. The Fund classifies other non-trading capital financial assets as measured at fair value through other comprehensive income. Held for trading financial assets are always classified as assets measured at fair value through profit or loss. The reason for using alternatives to the valuation of financial assets in the other comprehensive income is the decision of the accounting unit on the basis of individual instruments during the initial recognition.

### **3.2.2 Financial Assets Valued at Fair Value Through Profit or Loss**

#### ***Recognition, derecognition and valuation***

Regular purchases and sales of investments are accounted for on the transaction closing date – the date when the asset is delivered to the Fund. Financial assets and financial liabilities reported at fair value through profit or loss are initially recognized at fair value. Transaction costs are charged directly to expenses in the Profit or Loss and Other Comprehensive Income Statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or when the Fund has transferred all the substantial risks and benefits of ownership.

After initial recognition, all these financial assets are valued at fair value. Profits and losses resulting from changes in fair value are reported in the Profit or Loss and Other Comprehensive Income Statement in the line item "Net changes in fair value of financial instruments through profit or loss" in the accounting period where they occurred.

Income from dividends from financial assets reported at fair value through profit or loss is accounted for in the Profit or Loss and Other Comprehensive Income Statement under the item "Net changes in fair value of financial instruments through profit or loss" as soon as the Fund gains entitlement thereto.

### **3.2.3 Transfers Between Levels of the Fair Value Hierarchy**

All transfers of financial instruments between individual levels of the fair value hierarchy are assumed to have occurred at the beginning of the reporting period. There were no such transfers during the reporting period in question.



### 3.3 Financial Liabilities Measured at Fair Value through Profit or Loss

Financial liabilities classified upon initial recognition as at fair value through profit or loss are classified into this category if the following criteria are met:

- the classification eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measurement of assets or liabilities or from recognition of the resulting profits or losses if on a different basis; or
- a group of financial assets, financial liabilities or combination thereof is managed and its performance is evaluated on the basis of fair values, in accordance with a documented risk management strategy or investment strategy; or
- the financial instrument contains an embedded derivative, if this embedded derivative does not significantly modify the cash flows or it is clear that it cannot be recognized separately.

Financial liabilities classified upon initial recognition as at fair value through profit or loss are recorded at fair value in the Statement of Financial Position. Changes in the net fair values are reported under the item "Net changes in fair value of financial instruments through profit or loss". Interest costs from financial liabilities measured at fair value through profit or loss are also reported under the item "Net changes in fair value of financial instruments through profit or loss" using the effective interest rate method.

### 3.4 Derivatives

A derivative is a financial instrument that meets the following conditions:

- its fair value changes depending on changes in the interest rate, security price, commodity price, exchange rate, price index, credit assessment (rating) or index, or depending on another variable (the so-called underlying asset);
- compared to other types of contracts, in which a similar response to changes in market conditions is based, requires little or no initial investment;
- will be settled in the future, while the time for negotiating of the transaction until its settlement is longer than in case of a spot settlement.

Financial derivatives are classified by the Fund as held for trading and are reported at their fair value with revaluation through profit or loss.

Derivatives are reported at fair value in the Statement of Financial Position. The positive value of derivatives is reported under the item "Financial assets measured at fair value through profit or loss", while the negative value of derivatives is reported under the item "Financial liabilities measured at fair value through profit or loss". The change in fair value is reported under the item "Net changes in fair value of financial instruments through profit or loss".

### 3.5 Offsetting Financial Instruments

Financial assets and liabilities are set off against each other and the net amount is reported in the balance sheet if there is a legally enforceable right to set off the cleared amounts and if there is an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously. A legally enforceable claim must not be conditional on future events and must be enforceable in the ordinary course of business, as well as in the event of failure, insolvency or bankruptcy of the company or of the counterparty.

As of the date of the financial statements, the accounting entity does not record any financial assets or liabilities that are subject of a framework agreement on mutual netting and hedging.

### **3.6 Cash and Cash Equivalents**

Cash and cash equivalents include deposits in current accounts with banks and other short-term investments in an active market with maturities of three months or less and in overdrafts. Bank account overdrafts are reported in the Statement of Financial Position under short-term liabilities.

### **3.7 Equity**

Financial instruments issued by the Fund are listed as equity only to the extent that they do not meet the definition of a financial liability. The Fund issues only founder's shares as the registered capital.

Founder shares of the Fund are issued as no-par value registered shares in certificated form. The shares are denominated in Czech crowns.

### **3.8 Investment Shares**

The Fund issues 5 classes of investment shares, which are redeemable at their holder's request and are denominated in Czech crowns and euros. These investment shares are classified as financial liabilities, as they meet the conditions of a financial liability according to IAS 32 (11). At the same time, investment shares are not subordinated to the founder's shares issued by the Fund (in the event of the Fund winding-up, the claims of the founder's shares holders will be satisfied as the last ones), and at the same time, the individual classes of shares differ in allocation of the Fund capital. Considering the above, investment shares do not meet the conditions for exemption from the classification of financial liabilities according to IAS 32.16A-16D. Investment shares are redeemed based on a redemption request.

Investment shares are classified as a financial liability and recognized as "Net assets attributable to holders of investment shares" in the Statement of Financial Position. In accordance with the AMCIF, the value of the item "Net assets attributable to holders of investment shares" represents the Fund capital.

Investment shares are reported in the amount paid for the redemption thereof, which is due on the balance sheet date, if the holder exercises their right to return the investment share back to the Fund.

Investment shares are issued and redeemed based on the holder's right to settlement at the fair value of the Fund's net assets attributable to the investment shares. The value of the Fund's net assets per investment share is calculated in accordance with the allocation mechanism set in the Fund's statute. In accordance with the provisions of the Fund's statute, investment positions are revalued on monthly basis in order to determine the net asset value per share for subscription and redemption.

Accepted subscriptions for which investment shares have not been yet issued are recognized and measured at their acquisition price, which is adjusted by an estimated amount representing the profit/loss attributable to the holder of the investment shares not yet issued.

### **3.9 Interest Income from Financial Assets Measured at Fair Value through Profit or Loss**

Interest income from financial assets measured at fair value through profit or loss are recognized in the item "Net changes in fair value of financial instruments through profit or loss".

### **3.10 Dividend Income**

Dividend income is recognized on the date on which the right to receive payment arises.



### **3.11 Transaction Costs**

Transaction costs are those incurred to acquire a financial asset or liability measured at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and traders. Transaction costs, if incurred, are immediately recognized as an expense in profit or loss.

### **3.12 Payments to Holders of Investment Shares**

Proposed distribution to holders of investment shares recognized as financial liabilities are reported in the Profit or Loss and Other Comprehensive Income Statement if they are duly approved and no longer attributable to the Fund. This usually occurs when the proposed payments are approved by the Investment Company. Payments are reported in the Profit or Loss and Other Comprehensive Income Statement under the item "Payments to holders of investment shares".

### **3.13 Increase/Decrease in Net Assets Attributable to Holders of Investment Shares After Tax**

After-tax profit (loss) of the period under review that relates to investment shares increases (decreases) the value of the net assets attributable to holders of investment shares.

### **3.14 Tax**

Income tax consists of payable and deferred tax.

#### ***Tax payable***

Tax non-deductible expense is added and revenues that are not subject to income tax are deducted from the current accounting period pre-tax profit, which is further adjusted by tax allowance and appropriate tax offsets. The income tax rate for 2020, 2021 and 2022 was 5 %, considering the Fund's status of so-called basic investment fund within the meaning of Section 17b of Act No. 586/1992 Coll., on Income Taxes, as amended.

#### ***Deferred tax***

Deferred tax is implied by the use of the balance sheet liability method, in which the accounting and tax values of individual assets and liabilities are identified and the deferred tax is calculated from differences thereof using the appropriate tax rate. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that an achievement of taxable profits is probable, against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are determined using the tax rates approved in the accounting period before the balance sheet date, applied at the time of exercisability of the deferred tax asset or settlement of the deferred tax liability.

### **3.15 Statement of Cash Flows**

The Statement of Cash Flows was compiled using the direct method.

As the main business activity of the Fund consists in investment – buying and selling of shares, stocks or other participations capital trading companies, and in the provision of credits, loans, additional contributions besides the registered capital or other similar performance to trading Companies, which the Fund can invest in, the cash flows related to these activities are reported in the Statement of Cash Flows as cash flows from operating activities. In its Statement of Cash Flows, the Fund does not present any part of the total cash flow as cash flow from investing activities.

Cash flows from financing activities include cash receipts and payments resulting from investment share operations, loans payable and other sources of financing of the Fund's activities.

#### 4. Significant Accounting Estimates and Judgments

The management makes estimates and assumptions about the future. The resulting accounting estimates rarely equal the appropriate actual results. The estimates and assumptions featuring material risk of causing material adjustments to the carrying amount of assets and liabilities are set out below.

##### Impact of the Military Conflict between Russia and Ukraine

As to the military attack of Russian Federation in Ukraine, the Fund determined the main risks threatening thereto and, at the same time, evaluated in terms of the identified risks whether the assumption of uninterrupted existence of the accounting entity is not at risk.

The main risks associated with the occupation of Ukraine in particular consist in:

- reduction in the value of assets held in Russia
- large fluctuations in the financial markets
- increased inflation
- subsequent overall decline in economic activity and therefrom resulting severe recession.

The most significant effect the Russian attack on Ukraine might have had on the Fund were the participations held in Russia and the loans granted thereto. After the attack, the Fund therefore reassessed the risks related to the yield from these assets and, as the risk grew to the extent as not to be sufficiently balanced by the expected above-average returns according to the manager, decided to exit these investments in Russia. These assets constituted over a half of the value of the Fund's assets in January 2022. The Fund managed to sell the assets in question at book value or higher value and thus avoided a loss from their sale. In order to further diversify geographical risk, the Fund bought new equity participations at the territory of the Czech Republic, Slovakia and India. Considering the facts mentioned above, the war in Ukraine does not represent a threat to the Fund's assumption of uninterrupted existence of the accounting entity.

#### 4.1 Estimate of Fair Value

Fair value is the price that would be received for sale of an asset or paid for transfer of a liability in an orderly transaction between market participants at the measurement date. Fair-valued financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities held for trading) are based on the quoted market prices at the end of the trading day as at the reporting date. The Fund uses the last trading market price for financial assets where it falls within the bid-ask spread. If the last trading price does not fall within the bid-ask spread, the Management determines the point within the bid-ask spread that best represents the fair value.

If the fair value significantly fluctuates after the end of the trading day (in the Czech Republic, until midnight at the end of the year), the valuation methods are used to determine the fair value. A significant event means any event that occurs after announcement of the last market price of a security, after closure of the stock or foreign exchange market, but before the Fund performs measurement, which materially affects integrity of the closing quotations of any security, instrument or currency and prevents them from being regarded as "readily available" market quotations.

The fair value of financial assets and liabilities that are not traded in an active market (such as non exchange traded derivatives) is determined through valuation techniques. The fund uses different techniques and based on market conditions existing at each date of closure of accounts. Valuation techniques used include application of comparable recent common transactions between market participants, references to other instruments being essentially identical, analyses of discounted cash flows, option pricing models and other techniques of valuation commonly used by market participants, while maximizing market and entity-specific inputs.

The hierarchy of fair values has the following levels:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities available to the entity at the measurement date;
- **Level 2** inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for an asset or a liability; and
- **Level 3** inputs are unobservable inputs to an asset or a liability.

The level in the fair value hierarchy at which a fair value measurement is classified is determined based on the lowest level inputs that are significant to the fair value measurement. For this purpose, the significance of the input is assessed based on the significance for determination of the total fair value. If a fair value measurement uses observable inputs requiring significant adjustments based on unobservable inputs, the measurement in question is considered a Level 3 measurement. Assessing the significance of a particular input to the full fair value measurement requires judgment regarding the factors specific for the asset or liability in question.

Determining of what constitutes “observability” requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, open and provided by independent sources actively participating in the relevant market.

See Note 10 for more information on fair value.

## 5. First-time Adoption of IFRS

These financial statements for the financial year ending on 31 March 2022 are the first prepared by the Fund in accordance with IFRS. In the previous periods, including the financial statements prepared for the year ending on December 31, 2020, the Fund prepared financial statements in accordance with the Czech accounting regulations (hereinafter referred to as “CZ GAAP”).

The accounting policies set out in Note 3 were used in the preparation of the financial statements for the financial year ending on 31 March 2022, in the preparation of the data for the comparative period presented in these financial statements for the financial year ending on 31 December 2020 and in the preparation of the initial Statement of Financial Position under IFRS as of 1 January 2020, the date of the Fund's transition to IFRS.

When compiling these financial statements, the Fund applied the following mandatory exceptions to the retrospective application of other IFRS standards:

- a) **Exception of Estimates.** According to IFRS as of 1 January 2020 and 31 December 2020, estimates should be consistent with estimates made on the same dates according to CZ GAAP, unless there is evidence that these estimates were determined erroneously or that the basis used to calculate the estimates was inconsistent with IFRS.
- b) **Exemption of derecognition of financial assets and liabilities.** Financial assets and liabilities derecognized before the transition to IFRS are not re-recognised under IFRS. The management has decided not to apply the derecognition criteria according to IFRS 9 (IAS 39) from an earlier date and applies the requirements of IFRS 9 prospectively from the date of transition to IFRS.
- c) **Exception of hedge accounting.** The fund does not apply hedge accounting.
- d) **Non-controlling interests.** The Fund does not prepare consolidated financial statements, which is why this exception is not relevant thereto.
- e) **Government loans.** The Fund does not hold government loans.
- f) **Classification and valuation of financial assets.** The Fund applies the requirements of IFRS 9 for classification and valuation of financial assets prospectively from the date of transition to IFRS.
- g) **Embedded derivatives.** The fund applies the requirements of IFRS 9 for embedded derivatives prospectively from the date of transition to IFRS.
- h) **Adjustments to financial assets.** The methodology for calculation of adjustments according to IFRS 9 is applied retrospectively. The Fund does not use the ECL formula.

No optional exemptions were used in first-time adoption of IFRS by the Fund.

This note explains the main adjustments made by the Fund during the transition from CZ GAAP to IFRS as of 1 January 2020 and for the year ending on 31 December 2020 compared to its originally published financial statements for the year ending on 31 December 2019 and 2020.

#### Reconciliation of Net Assets Attributable to Holders of Investment and Founder's Shares (Equity)

Based on the rights and obligations associated with holding of investment shares, the Fund classified its investment shares as a financial liability reported as "Net assets attributable to holders of investment shares" in accordance with IFRS. Under CZ GAAP, the Fund's issued investment shares were recognized as equity. For this reason, equity was reclassified from an investment activity to a financial liability.

	31 December 2020		1 January 2020	
thousands of CZK	Investment component	Non-investment component	Investment component	Non-investment component
<b>Equity recognized according to CZ</b>	<b>498,293</b>	<b>78</b>	<b>158,343</b>	<b>78</b>
Registered capital	-	100	-	100
Capital funds	404,718	-	127,388	-
Latent revaluation	86,786	-	32,897	-
Previous years retained earnings or uncovered losses	-1,942	-22	-710	-22
Profit or loss for the reporting period	8,731	-	-1,232	-
<b>Effects of changes in accounting procedures:</b>				
<b>Reclassification of equity through net assets attributable to holders of investment shares</b>	<b>-498,293</b>	<b>-</b>	<b>-158,343</b>	<b>-</b>
Capital funds	-404,718	-	-127,388	-
Latent revaluation	-86,786	-	-32,897	-
Previous years retained earnings or uncovered losses	1,942	-	710	-
Profit or loss for the reporting period	-8,731	-	1,232	-
<b>Equity according to IFRS</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>78</b>
<b>Net assets attributable to holders of investment shares according to IFRS</b>	<b>498,293</b>	<b>-</b>	<b>158,343</b>	<b>-</b>

#### Reconciliation of profit (loss) after taxation and the total economic result for the year 2020

thousands of CZK	2020
<b>Profit or loss after tax for the reporting period according to CZ GAAP</b>	<b>8,731</b>
Reclassification of latent revaluation for the year 2020 from equity to profit (loss), of that:	54,788
Reclassification of profit share distribution for the year 2020 from equity to profit (loss)	-899
<b>Profit (loss) after tax according to IFRS</b>	<b>62,620</b>
<b>Total comprehensive income according to IFRS</b>	<b>-</b>

The profit or loss after 2020 tax for the accounting period according to CZ GAAP differs significantly from the profit (loss) after tax according to IFRS, since the revaluation of equity participation was recognized under separate equity items according to CZ GAAP. According to IFRS, these transactions are reported under the item "Net changes in fair value of financial instruments through profit or loss" of the Profit or Loss and Other Comprehensive Income Statement.

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## 6. Comments to the Statement of Financial Position

### 6.1 Cash and Cash Equivalents

thousands of CZK	31 March 2022	31 December 2020	1 January 2020
Current account balances – investment c.	7,579	22,745	17,795
Current account balances – non-investment	78	78	78
<b>Total cash and cash equivalents</b>	<b>7,657</b>	<b>22,823</b>	<b>17,873</b>

Cash on current accounts are funds in banks payable on demand.

The Fund holds its funds with 2 banks, namely Československá obchodní banka, a.s. and UniCredit Bank Czech Republic and Slovakia, a.s., LTD-rated A1 as of 31 March 2022 according to Moody's.

### 6.2 Shares

thousands of CZK	31 March 2022	31 December 2020	1 January 2020
Shares classified as debt financial assets	16,619	2,596	-
<b>Total shares</b>	<b>16,619</b>	<b>2,596</b>	<b>-</b>

Shares classified as debt financial assets are investment shares with the right to redemption, measured at the end of the accounting period according to the value announced by the Fund administrator.

As of 31 March 2022, the Fund registers in its assets investment shares of NemoMix Fund SICAV a.s. in the total amount of CZK 16,619 thousand.

The table below indicates evolution in the value of shares:

thousands of CZK	Fair value through profit or loss	Fair value through other comprehensive
Fair value as of 1 January 2020	-	-
Acquisition	2,553	-
Revaluation gain/loss	43	-
Delisting due to sale	-	-
Fair value as of 31 December 2020	2,596	-
Acquisition	13,076	-
Revaluation gain/loss	947	-
Delisting due to sale	-	-
<b>Fair value as of 31 March 2022</b>	<b>16,619</b>	<b>-</b>

In the period under review, the Fund did not receive any dividends and did not realize any derecognitions related to shares measured at fair value through other comprehensive income.

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### 6.3 Loans Granted

Receivables from granted loans are formed of the principal and accrued interest on the principal.

thousands of CZK	31 March 2022	31 December 2020	1 January 2020
payable within 3 months	6,988	-	-
payable in 3 months to 1 year	101,078	-	-
pavable within 5 months	614,469	127,182	14,572
payable after 5 years	-	64,135	-
Total loans granted	722,535	191,317	14,572
<i>of that principal</i>	796,499	188,185	14,277
<i>of that interest</i>	9,440	3,132	295
Revaluation to fair value	-83,404	-	-
<b>Total fair value</b>	<b>722,535</b>	<b>191,317</b>	<b>14,572</b>

As of 31 March 2022, the Fund records foreign currency loans with a nominal value of EUR 27,433 thousand (CZK 668,958 thousand), of which:

EUR 27,198 thousand (CZK 663,219 thousand) account for the principal and EUR 235 thousand (CZK 5,739 thousand) for unpaid interest. As of 31 March 2022, the revaluation of EUR loans amounted to CZK -78,347 thousand. As of 31 March 2022, the Fund registered loans in domestic currency with a nominal value of CZK 136,981 thousand, of which CZK 133,280 thousand accounts for the principal and CZK 3,701 thousand for unpaid interest. As of 31 March 2022, the revaluation of domestic loans amounted to CZK -5,057 thousand.

During the reporting period, the following monetary and non-monetary withdrawals and granted loan installments were made:

thousands of CZK	Fair value as of 1 January 2021	Withdrawals - monetary	Withdrawals - non-monetary	Accrued interest	Installments - monetary incl. interest	Installments - non-monetary incl. interest	Change in fair value	Fair value as of 31 March 2022
Loans granted to related parties - subsidiaries	191,317	363,205	584,361	41,921	-83,123	-667,796	-20,932	408,953
Loans granted - other	-	-	391,821	107	-	-	-78,346	313,582
<b>TOTAL</b>	<b>191,317</b>	<b>363,205</b>	<b>976,182</b>	<b>42,028</b>	<b>-83,123</b>	<b>-667,796</b>	<b>-99,278</b>	<b>805,938</b>

#### 6.4 Equity participations

The Fund classifies its investments in subsidiaries as financial assets at fair value through profit or loss. After initial recognition, financial assets at fair value through profit or loss are measured at fair value. Profits and losses resulting from changes in fair value are reported in the Profit or Loss and Other Comprehensive Income Statement in the line item "Net changes in fair value of financial instruments through profit or loss" in the accounting period where they occurred.

31 March 2022				Investments in thousands of CZK		
Company	Company ID No.:	Country of operation	Share	Acquisition value	Fair value	Revaluation
R2P LA&CS, a.s .	9469397	CZ	100 %	2,000	-	- 2,000
r2p Invest Pte. Ltd	201824206H	SG	60 %	1,685	14,902	13,217
TA MERI Group a.s.	05305292	CZ	100 %	1,800	478	- -1,322
TA MERI Finance, pvt. LTD.	HE 397049	CY	70 %	37,037	66,974	29,937
M.B.A. Finance s.r.o.	27407209	CZ	100 %	80,000	96,421	16,421
M.B.A. Finance s.r.o.	36754404	SK	100 %	90,000	105,409	15,409
M.B.A. Consulting India Private Limited	117987	IN	75,63 %	10,000	52,336	42,336
<b>Total</b>				<b>222,522</b>	<b>336,520</b>	<b>113,998</b>

31 December 2020				Investments in thousands of CZK		
Company	Company ID No.:	Country of operation	Share	Acquisition value	Fair value	Revaluation
OOO MKK "Vyruchai Dengi"	1113256019469	RU	95 %	98,788	149,201	50,413
OOO MKK "FAIRDIP Finance"	1147746975200	RU	90 %	12,000	16,337	4,337
R2P LA&CS	09469397	CZ	100 %	2,000	0	-2,000
OOO "M.B.A. Finance"	1097746177693	RU	100 %	100,000	130,318	30,318
r2p Invest Pte. Ltd	201824206H	SG	60 %	1,685	8,059	6,374
TA MERI Group a.s.	05305292	CZ	100 %	1,800	0	-1,800
<b>Total</b>				<b>216,273</b>	<b>303,915</b>	<b>87,642</b>

1 January 2020				Investments in thousands of CZK		
Company	Company ID No.:	Country of operation	Share	Acquisition value	Fair value	Revaluation
OOO MKK "Vyruchai Dengi"	1113256019469	RU	95 %	98,788	128,085	29,297
OOO MKK "FAIRDIP Finance"	1147746975200	RU	90 %	12,000	15,599	3,599
<b>Total</b>				<b>110,788</b>	<b>143,684</b>	<b>32,896</b>

In the accounting period under review, the Fund performed sales of OOO MKK "Vyruchai Dengi", OOO MKK "FAIRDIP Finance" and OOO "M.B.A. Finance" in their fair value amounting at CZK 346,592 thousand.



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In the accounting period under review, the Fund performed the following acquisitions:

- purchase of 70% share in the registered capital of TA MERI FINANCE PVT. LTD.
- purchase of 100% share in the registered capital of M.B.A. Finance s.r.o.
- purchase of 100% share in the registered capital of M.B.A. Financie s.r.o.
- purchase of 49% share in the registered capital of M.B.A. Consulting India Private Limited
- purchase of a stock option for the purchase of 26.63% share in M.B.A. Consulting India Private Limited

The Fund's management came to the conclusion that by concluding the agreement with and by paying the purchase price to the holder of the option for purchase of the 26.63% share in the registered capital of M.B.A. Consulting India Private Limited, the transaction meets the criteria of an investment into a subsidiary, since the Fund controls the investee, has effective power over the investee through the right to exercise the call option, and is exposed to legitimate variable returns through its involvement, associated with the possibility of using them to influence its returns from involvement in the company.

In the accounting period under review, dividends in the total amount of CZK 50,762 thousand were paid to the Fund (2020: CZK 16,065 thousand).

The table below indicates evolution in financial investments broken down into monetary and non-monetary transactions.

thousands of CZK	Fair value as of 1 January 2021	Inflows – cash	Inflows – non-cash	Prescribed dividend	Change in fair value	Outflows – cash	Outflows – non-cash	Fair value as of 31 March 2022
OOO MKK "Vyruchai Dengi"	149,201	-	-	50,762	-22,727	-	-177,236	-
OOO MKK "FAIRDIP Finance"	16,337	-	-	-	44,626	-	-60,963	-
R2P LA&CS	-	-	-	-	-	-	-	-
OOO "M.B.A. Finance"	130,318	-	-	-	28,509	-	-158,827	-
r2p Invest Pte. Ltd	8,059	-	-	-	6,843	-	-	14,902
TA MERI Group a.s.	-	-	-	-	478	-	-	478
TA MERI Finance, pvt. LTD.	-	-	37,038	-	29,936	-	-	66,974
M.B.A. Finance s.r.o.	-	-	80,000	-	16,421	-	-	96,421
M.B.A. Financie s.r.o.	-	-	90,000	-	15,409	-	-	105,409
M.B.A. Consulting India Private Limited	-	-	10,000	-	42,336	-	-	52,336
<b>TOTAL</b>	<b>303,915</b>	<b>-</b>	<b>217,038</b>	<b>50,762</b>	<b>161,831</b>	<b>-</b>	<b>-397,026</b>	<b>336,520</b>

#### 6.5 Trade Receivables and Other Receivables

thousands of CZK	31 March 2022	31 December 2020	1 January 2020
Trade receivables	6	6	-
Other receivables	55,005	3,783	-
<b>Total</b>	<b>55,011</b>	<b>3,789</b>	<b>-</b>



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Trade receivables as of 31 March 2022 comprise receivables from commissions associated with investments in investment shares (2020: customers CZK 6 thousand).

Other receivables as of 31 March 2022 comprise receivables from the outstanding purchase of investment shares in the amount of CZK 3,472 thousand (2020: CZK 3,783 thousand) and a receivable from the sale of the share in M.B.A. Finance Ltd. in the amount of CZK 51,533 thousand, which was concluded in March 2022. This claim is payable by 31 March 2024.

## 6.6 Borrowings

Liabilities from accepted loans are formed of the principal and interest accrued on the principal.

thousands of CZK	31 March 2022	31 December 2020	1 January 2020
payable on demand	-	1,341	-
payable in 3 months to 1 year	25,193	-	-
payable within 5 months	4,014	-	-
Total loans granted	29,207	1,341	-
<i>of that principal</i>	28,385	1,340	-
<i>of that interest</i>	822	1	-
Revaluation to fair value	-	-	-
<b>Total fair value</b>	<b>29,207</b>	<b>1,341</b>	<b>-</b>

As of 31 March 2022, the Fund registered borrowings in foreign currency amounting at EUR 1,033 thousand (CZK 25,193 thousand), of which EUR 1,000 thousand (CZK 24,385 thousand) accounts for the principal and EUR 33 thousand (CZK 808 thousand) for unpaid interest. As of 31 March 2022, the Fund registered borrowings in domestic currency amounting at CZK 4,014 thousand, of which CZK 4,000 thousand accounts for the principal and CZK 14 thousand for unpaid interest.

During the reporting period, the following monetary and non-monetary withdrawals and granted loan installments were made:

thousands of CZK	Fair value as of 1 January 2021	Withdrawals - monetary	Withdrawals - non-monetary	Accrued interest	Installments – monetary incl. interest	Installments – non-monetary incl. interest	Change in fair value	Fair value as of 31 March 2022
Loans payable from related parties	1,341	17,433	2	335	-15,778	-2	683	4,014
Loans payable - other creditors	-	25,335	-	2,028	-1,254	-	-916	25,193
<b>TOTAL</b>	<b>1,341</b>	<b>42,768</b>	<b>2</b>	<b>2,363</b>	<b>-17,032</b>	<b>-2</b>	<b>-233</b>	<b>29,207</b>

## 6.7 Trade and other payables

thousands of CZK	31 March 2022	31 December 2020	1 January 2020
Suppliers	484	493	364
Outstanding contingent liabilities	3,959	1,947	214
Payables to shareholders	1,346	493	-
Other payables	18	7	-
<b>Total</b>	<b>5,807</b>	<b>2,846</b>	<b>578</b>

Payables to shareholders as of 31 March 2022 comprise payables due to distribution of income from dividend shares amounting at CZK 1,346 thousand (2020: CZK 493 thousand).

Other payables as of 31 March 2022 indicate liability to pay the purchase price of a share in the amount of CZK 18 thousand, and Other payables as of 31 December 20 indicate liability due to overpayment of the investment shares subscription in the amount of CZK 7 thousand.

#### **6.8 Payables due to Subscription of Investment Shares**

Payables to shareholders indicate the funds received from investors based on a contract for the subscription of investment shares. The liability will be settled by issuing of shares and listing of the investor into the register of shareholders.

As of 31 March 2022, the Fund registered subscriptions of investment shares in the amount of CZK 185,375 thousand (as of 31 December 2020: CZK 21,880 thousand and as of 1 January 2020: CZK 17,130 thousand).

#### **6.9 Founder's and Investment Shares**

The registered capital consists of 100,000 no-par value founder's shares in form of securities to order, i.e. registered shares, which in particular grants their owners:

- the right to a share in the Fund's profit from other assets, i.e. from management of the Fund's of assets that are not part of assets from investment activities (dividend), approved by the Fund's general meeting for distribution;
- the preferential right to subscription of new founder's shares of the Fund when the subscribed capital of the Fund is increased, unless the Fund's general meeting decides to exclude or limit the preferential right to subscribe new founder's shares;
- the right to participate in the Fund's general meetings and to vote at general meetings (unless the law provides otherwise), to request and receive an explanation of matters relating to the Fund, and the right to make proposals and counter-proposals at the Fund's general meetings;
- in case of a qualified shareholder according to Section 365 of the BCA - the right to request the Fund's statutory body to convene an extraordinary general meeting of the Fund to discuss proposed matters;
- the right to a share in any surplus from other assets in the event of liquidation, i.e. from the the Fund's management of assets that are not part of the assets from investment activities, in the event of the Fund winding-up;
- in the case of an order to enforce a ruling by selling the founder's shares of the Fund or in the case of a warrant of execution to sell the founder's shares of the Fund - the right to exercise the Shareholder's pre-emption right to the founder's shares of another Shareholder subject to the conditions of Section 283 (2) of the AMCIF;
- the Shareholder's pre-emption right to the founder's shares of another Shareholder subject to the conditions of Section 160 of the AMCIF;
- the right to free provision of the current version of this Statute and of the latest annual report.

Investment shares of the Fund are not accepted for trading on the regulated market. All shares issued by the Fund are considered redeemable investment shares.

The owners of investment shares are in particular granted:

- the right to be informed about the current value of the Investment Share;
- the right to redeem, buy or sell Investment Shares for the account of the Fund, subject to the conditions set by the Articles of Association and the Statute;
- the right to a share in the profit from management of the Fund's assets associated to the investment activity (dividend) approved by the general meeting for distribution under the conditions set by the Articles of Association and the Statute;
- the right to participate in the Fund's general meeting;

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- the right to vote at the general meeting, subject to the conditions established by law and the Articles of Association;
- the right to request and receive explanation of matters relating to the Fund at the Fund's general meeting;
- the right to exercise the right of pre-emption to the Investment Shares of another shareholder in the case of an order to enforce a ruling by selling Investment Shares or in the case of a warrant of execution to sell the Investment Shares, subject to the conditions of Section 283 (1) of the AMCIF;
- the right to demand exchange of a collective Investment Share;
- the right to a share in any surplus from the the Fund's management of assets created by investment activities, in the event of the Fund winding-up;
- the right to free provision of the current version of the Statute and of the latest annual report.

In course of the financial year ending on 31 March 2022 and on 31 December 2020, the number of shares issued, redeemed and outstanding was as follows:

pieces	Jan/2021 - Mar/2022			
Share class	1 January	Issued shares	Redeemed shares	31 March
CZK Preference investment shares	147,569,791	204,532,094	-	352,101,885
EUR preference investment shares	-	299,816	-	299,816
Performance investment shares	189,692,501	-	-	189,692,501
CZK dividend investment shares	25,801,014	44,320,061	-	70,121,075
EUR dividend investment shares	-	-	-	-
Founder's shares	100,000	-	-	100,000
<b>Total as of 31 December</b>	<b>363,163,306</b>	<b>249,151,971</b>	<b>-</b>	<b>612,315,277</b>

pieces	Jan - Dec/2020			
Share class	1 January	Issued shares	Redeemed shares	31 December
CZK Preference investment shares	13,131,020	134,438,771	-	147,569,791
EUR preference investment shares	-	-	-	-
Performance investment shares	111,950,586	77,741,915	-	189,692,501
CZK dividend investment shares	-	25,801,014	-	25,801,014
EUR dividend investment shares	-	-	-	-
Founder's shares	100,000	-	-	100,000
<b>Total as of 31 December</b>	<b>125,181,606</b>	<b>237,981,700</b>	<b>-</b>	<b>363,163,306</b>

The tables below summarize the share value per share in the specific share categories.

in CZK		
Class	31 March 2022	31 December 2020
CZK Preference investment shares	1.2309	1.1967
EUR preference investment shares	1.0616	1.0375
Performance investment shares	2.1234	1.5653
CZK dividend investment shares	1.0492	1.0366
EUR dividend investment shares	-	-

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## 7. Comments to the Profit or Loss and Other Comprehensive Income Statement

### 7.1 Net changes in fair value of financial instruments through profit or loss

thousands of CZK	Jan/2021 - Mar/2022	Jan - Dec/2020
<b>Changes from revaluation of financial instruments</b>	<b>495</b>	<b>42,607</b>
Shares classified as debt financial assets	947	43
Loans Granted	-99,278	-9,687
Equity participations and dividends	100,527	54,688
Loans payable	233	25
Other financial instruments	-1,934	-2,462
<b>Dividend income, of which:</b>	<b>50,762</b>	<b>16,065</b>
from equity participations	50,762	16,065
<b>Interest received, of which:</b>	<b>42,028</b>	<b>11,372</b>
Loans Granted	42,028	11,372
<b>Interest paid, of which:</b>	<b>-2,363</b>	<b>-69</b>
Loans payable	-2,363	-69
<b>Profit/loss from derecognition of financial</b>	<b>61,218</b>	<b>-</b>
Equity participations	61,304	-
Loans Granted	-86	-
<b>Total</b>	<b>152,140</b>	<b>69,975</b>

### 7.2 Income from charges and commission

Income from charges and commission indicate proceeds from the investors' entry fees amounting at CZK 2,281 thousand (2020: CZK 1,574 thousand) and commission for investment in shares amounting at CZK 9 thousand.

### 7.3 Administrative costs and operating costs

thousands of CZK	Jan/2021 - Mar/2022	Jan - Dec/2020
Services of depository	-908	-726
Remuneration for management and administration	5,890	2,082
Costs of charges and commission	15,381	4,567
Costs of audit	-282	-236
Legal and notarial services	-30	-18
Advisory and consulting services	-38	-5
Other administrative costs	-511	-394
<b>Total</b>	<b>-23,040</b>	<b>-8,028</b>

Other administrative costs indicate in particular the cost of expert opinions amounting at CZK 299 thousand (2020: CZK 218 thousand), custody of securities in the amount of CZK 127 thousand (2020: CZK 0 thousand), translations in the amount of CZK 68 thousand (2020: CZK 138 thousand) and other minor costs in the amount of CZK 17 thousand (2020: CZK 38 thousand).

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#### 7.4 Payments to Holders of Investment Shares

Based on the Decision of a single member of the Fund's Board of Directors, the holders of Dividend Investment Shares are paid regular advances for a profit share since 2019, thus with periodicity of a calendar quarter. The payment of the above-mentioned advances is conditional on the economic situation of the Fund, in particular on the reasonable assumption that the Dividend Investment Shares will achieve an appreciation in the calendar year in the amount of the minimum expected return associated to the shares according to the effective statute of the Fund, or on other conditions for distribution of a profit share by stipulated by Law.

thousands of CZK	Jan/2021 - Mar/2022	Jan - Dec/2020
Distribution to holders of CZK dividend investment shares	-5,085	-899
<b>Total</b>	<b>-5,085</b>	<b>-899</b>

Whereas this is a payment of investment shares recognized as a liability, or "Net assets attributable to holders of investment shares with redemption right", the payment is recognized as an expense in the Comprehensive Income Statement.

#### 7.5 Income tax

*Income tax comprises the following items:*

thousands of CZK	Jan/2021 - Mar/2022	Jan - Dec/2020
Tax payable (5% rate)	-302	-
Deferred tax (5% rate) recognized in the Profit and Loss Account	2	-2
<b>Total tax expense</b>	<b>-300</b>	<b>-2</b>

##### *Tax payable*

At the end of the accounting period under review, the Fund shows a reserve constituted for corporate income tax in the amount of CZK 302 thousand. The Fund did not pay income tax advances in course of the reporting period, and at the end of the period, showed a liability to the tax authority for the income tax in the amount of CZK 302 thousand.

thousands of CZK	31 March 2022	31 December 2020
Profit (loss) before tax	126,305	62,622
Attributable items	-512,507	385
Deductibles	-624,669	-69,954
Tax base before deduction of tax loss	14,143	-6,947
Deduction of tax losses of past years	-8,108	-
Tax base	6,035	-
<b>5% income tax - Czech chargeable tax</b>	<b>302</b>	<b>-</b>
<b>Total tax</b>	<b>302</b>	<b>-</b>

The table below indicates the effective tax rate for 2020 and 2021:

thousands of CZK	31 March 2022	31 December 2020
Profit (loss) before tax	126,305	62,622
Tax for the reporting period	300	2
<b>Total tax</b>	<b>0.24 %</b>	<b>0.00 %</b>

### ***Deferred tax***

The Fund showed no deferred tax at the end of the reporting period.  
In 2020, the Fund reported a deferred tax liability of CZK 2 thousand.

## **8. Related Party Transactions**

Persons are considered related if one of them has the ability to control the other person or exercise significant influence over the other person in making financial or operational decisions.

### ***(a) Management and administration fees***

The Fund is managed by the Investment Company. The Investment Company receives remuneration as set in the Executive Service Agreement. Total management fees for 2021 amounting at CZK 5,890 thousand (2020: CZK 2,082 thousand) were fully recognized in the Profit or Loss and Other Comprehensive Income Statement.

### ***(b) Loans from controlled persons or persons under significant influence and related interest expense***

Loans received from controlled persons or persons under significant influence and the resulting interest expense are considered transactions between related parties. In course of the reporting period, the Fund reported loans from controlled persons or persons under significant influence.

The amount of loans received from related parties as of 31 March 2022 amounted at CZK 4,014 thousand (as of 31 December 2020: CZK 1,341 thousand). The reported interest expense resulting from these loans amounted at CZK 335 thousand in 2021 (in 2020: CZK 69 thousand).

### ***(c) Loans to controlled persons or persons under significant influence and related interest income***

Loans granted to controlled persons or persons under significant influence and the resulting interest income are considered transactions between related parties. In course of the reporting period, the Fund reported no loans to controlled persons or persons under significant influence. The Fund only carried out loans to controlled persons, so-called subsidiaries, during the reporting period.

The amount of loans granted to subsidiaries as of 31 March 2022 amounted at CZK 408,953 thousand (as of 31 December 2020: CZK 191,317 thousand). The reported interest income resulting from these loans amounted at CZK 41,921 thousand in 2021 (in 2020: CZK 11,372 thousand).

### ***(d) Acquisitions of equity participations***

In 2021, the Fund acquired equity securities from related parties worth CZK 10,000 thousand (2020: CZK 1,685 thousand), whose fair value as of 31 March 2022 was CZK 52,336 thousand (2020: CZK 6,374 thousand).

In 2021, the Fund realized contributions besides the registered capital in the amount of CZK 37,020 thousand.

## 9. Risk Management

The Fund's activity is exposed to various financial risks, in particular:

- market risk (including fair value interest rate risk, cash flow interest rate risk, foreign exchange risk and price risk),
- credit risk,
- and liquidity risk.

The Fund is also exposed to various operational risks, such as a custody risk. Custody risk is the risk of loss of securities held in custody due to insolvency or negligence of the custodian. Although there is an appropriate legal framework eliminating the risk of loss of value of securities held by the custodian, the Fund's ability to transfer securities may be temporarily reduced in the event of the custodian's failure.

The Fund's strategy of risk management seeks to maximize returns derived from the level of risk to which the Fund is exposed and to minimize possible adverse effects on the Fund's financial performance.

The aforementioned and other risks described below are managed by the Investment Company according to the rules established by the Fund's statute and approved by the board of directors. The statute defines principles of general risk management, and determines written rules regarding various specific areas, such as interest rate risk, credit risk, foreign exchange risk, use of derivative and non-derivative financial instruments and investing of excess liquidity.

Part of the internal management and control system of the Investment Company as manager of the Fund, or the Fund itself, is the risk management strategy implemented through the risk management department, which is independent of portfolio management. Using this strategy, the manager evaluates, measures, limits and reports individual risks. The key risk mitigation tool consists in the system of limits for individual risk exposures set forth in the Fund's statute. Before carrying out a transaction, the Fund manager prepares an analysis of the transaction economic expediency. The Investment Company takes investment decisions with the prior opinion of the investment committee. The Fund manager evaluates the risks before and after the transaction (ex-ante and ex-post), conducts portfolio stress testing and monitors operational risk events. The risks to which the Fund's assets are exposed due to the manager's activities while implementing the investment strategy and managing positions arising from these activities are described in the Fund's statute. During the reporting period, there were no fundamental changes in the existence of financial risks, in their management or in definition of investment limits in the Fund's statute.

Using the leverage and borrowings, the Fund may increase the Fund's exposure to these risks, thus increasing the potential and achievable returns thereof. The Investment Company manages the exposures simultaneously. The Fund has in place specific limits for management of the total potential exposure of these tools. These limits for instance set the borrowings up to a maximum amount of 200 % of the net assets attributable to holders of investment shares with the redemption option. The maturity of such loans must not exceed 30 years. The Fund may also grant credits or loans. The maturity of such credits or loans granted by the Fund must not exceed a period of 20 years. A preferred condition for granting of a loan or credit from the Fund's assets is an adequate security such as lien, promissory note, guarantor's declaration, etc.). If a credit or loan is granted to a person in which the Fund has a stake enabling it to exercise control over this person, the Fund does not need to require this person to secure the credit or loan in question in view of the existing mutual relationship between the controlling and controlled person enabling the Fund to exercise decisive influence on the management of the trading company in question and its control.

The Fund uses different methods to measure and manage the different types of risks to which it is exposed; these methods are described below.



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### 9.1. Risk Exposure and Concentration in Thousands of CZK

As part of the composition of its assets, the Fund is particularly exposed to the following risks and their concentration:

Exposure type	Risk type	Counterparty	Value	Concentration
Current	credit risk	UniCredit Bank	5,656	0.50 %
Current	credit risk	Československá obchodní banka	2,000	0.18 %
Current				0.00 %
<b>Current accounts</b>		<b>Total</b>	<b>7,657</b>	<b>0.67 %</b>
Shares	market risk	r2p Invest Pte. Ltd share	14,902	1.31 %
Shares	market risk	TA MERI Group, a.s. share	478	0.04 %
Shares	market risk	TA MERI FINANCE PVT. LTD. share	66,974	5.88 %
Shares	market risk	M.B.A. Consulting India Private Limited share	52,336	4.60 %
Shares	market risk	M.B.A. Finance s.r.o.	96,421	8.47 %
Shares	market risk	M.B.A. Finance s.r.o.	105,409	9.26 %
				0.00 %
<b>Shares</b>		<b>Total</b>	<b>336,520</b>	<b>29.56 %</b>
Loans	credit, interest risk	R2P Invest Pte. LTD. credit	102,899	9.04 %
Loans	credit, interest risk	M.B.A. Finance credit	107,323	9.43 %
Loans	credit, interest risk	R2P INVEST PTE.LTD. credit	35,073	3.08 %
Loans	credit, interest risk	r2p LA&CS. a.s. credit	54,744	4.81 %
Loans	credit, interest risk	TA MERI FINANCE PTV. LTD. credit	47,164	4.14 %
Loans	credit, interest risk	Granted EU 1 long-term credit	174,130	15.30 %
Loans	credit, interest risk	Granted 3Z 1 long-term credit	201,202	17.67 %
Loans	credit, interest risk	Realized securities - CZK	16,619	1.46 %
Loans	credit, interest risk			0.00 %
<b>Loans</b>		<b>Total</b>	<b>739,154</b>	<b>64.93 %</b>
Trade and other receivables	credit risk	Other receivables	55,011	4.83 %
Other:				0.00 %
<b>Cumulative total</b>			<b>1,138,341</b>	<b>100.00 %</b>

The Fund pools individual assets according to the type of investment (e.g. current accounts, shares, debentures, business shares, granted loans, real estate, trade receivables and others) into risk groups that are characterized by certain risks, the concentration of which the Fund calculates as a share of the sum of the book value of all assets belonging to the given group in the total amount of the Fund's assets.

### 9.2. Identified Main Risks according to the Statute and/or the Portfolio of the Fund's Assets

#### 9.2.1. Market risk (the Fund exposure to the risk: medium)

Market risk due to effect of changes in the market development on the prices and values of the Fund owned assets, changes in market conditions causing changes in the value or valuation of the Fund owned certain assets or investment instruments. The Fund may suffer significant economic losses in its trading and investment activities as a result of fluctuations in financial markets and increased volatility.



### Vulnerability analysis

thousands of CZK	Value * parameter	Loss	Equity/ČAI
business share price risk	336,520 * 15 %	3,773	0
real estate price risk	0 * 15 %	0	0
securities price risk	0 * 15 %	0	0
credit interest rate risk	739,154 * 1 %	17,001	0

The vulnerability analysis indicates potential effect of a change in market conditions on the values of managed assets and the impact on profit and loss accounts and the value of equity.

The value (of the asset) indicates exposure subject to market risk and shows the degree of quantitative impact.

The parameter is an estimate of the potential annual change in the market and indicates the degree of potential qualitative impact.

value \* parameter = market risk potential impact

business share price risk – the parameter is expressed in % and indicates downward revaluation

real estate price risk – the parameter is expressed in % and indicates downward revaluation

securities price risk – the parameter is expressed in % and indicates downward revaluation

credit interest rate risk – the parameter is expressed in % and indicates effect of an upward shift of the interest rate curve

#### 9.2.2. Liquidity risk (the Fund exposure to the risk: low)

The risk of insufficient liquidity of assets consisting in lack of guarantee of the timely and adequate monetization of a sufficient amount of assets intended for sale. If prompt conversion of assets owned by the Fund or Real Estate Companies or other companies, whose shares form part of the Fund's assets, into cash is needed, a certain transaction may be burdened with additional transaction costs or it may not be carried out within the required deadline, or only at the cost of realizing a loss due to forced sale of assets. The risk is reduced by diversification of individual investments within the investment method defined by the Statute and by determination of the minimum balance of funds in the Fund's assets.

Remaining maturity of the Fund's non-derivative financial liabilities (in thousands of CZK):

thousands of CZK	Up to 1 year	In 1 to 5 years	Over 5 years	Total
Liabilities to banks	0	29,207	0	29,207
Liabilities to non-banks	302	0	0	302
Debts evidenced by certificates	0	0	0	0
Other liabilities	191,181	0	0	191,181
<b>Total as of 31 March</b>	<b>191,483</b>	<b>29,207</b>	<b>0</b>	<b>220,690</b>

The Fund can meet its obligations arising from liabilities towards unrelated entities and fulfill these obligations according to the relevant contracts. For these purposes, the Fund aims at maintaining sufficient volume of cash and cash equivalents and at managing the maturity of liabilities concurrently with the maturity of receivables. The minimum amount of liquidity that the Fund must maintain in its bank accounts is enshrined in the Fund's Statute.

### 9.2.3. Credit risk (the Fund exposure to the risk: medium)

The risk of loss incurred to the Fund in the event that a counterparty is unable to meet its obligations, including to pay its debts, to repay requisites of the assets it has issued and/or to comply with contracts (to provide services or other performance) to which it has committed.

The Fund's credit risk mainly arises:

- from credits and loans granted by the Fund;
- from receivables assigned to the Fund;
- from trade receivables;
- from funds deposited with banks.

The credit risk from credits and loans granted by the Fund and from receivables assigned to the Fund is reduced by screening of debtors as part of analysis of the transaction economic expediency performed by the risk management department of the Investment Company as the Fund manager and by accounting for the external rating of debtors determined by the Czech Credit Bureau, a.s.

The information that the Investment Company as the Fund manager uses to manage credit risks may be inaccurate and incomplete. Even though the Investment Company evaluates the Fund's credit exposures considered important from a credit risk perspective, the risk of the borrower's bankruptcy may arise anyway as a result of events or circumstances difficult to predict and detect (such as fraud). The Investment Company may also fail in obtaining information needed to evaluate the credit and business risk of a counterparty.

The amount in principal of loans granted to one borrower (to one collective investment fund) or the bonds issued by a single issuer should not exceed 95 % of the value of the Fund's assets.

The book value of financial assets measured at fair value through profit or loss represents the best estimate of the Fund's maximum exposure to credit risk.

#### Credit risk – quality of the portfolio in thousands of CZK

thousands of CZK	Loans	Receivables	Current accounts	Other	Total
Standard	739,154	55,011	7,657	0	801,821
Overdue:	0	0	0	0	0
Re-negotiated	0	0	0	0	0
Loss-making	0	0	0	0	0
<b>Total as of 31 December</b>	<b>739,154</b>	<b>55,011</b>	<b>7,657</b>	<b>0</b>	<b>801,821</b>

The status of the Fund's trade receivables is continuously monitored and assessed against their maturity.

Funds in bank accounts are deposited with the bank, which is a regulated banking entity supervised by the CNB. The risk of losing funds is therefore low.

#### 9.2.4. Risk of failure of a company in which the Fund participates (the Fund exposure to the risk: medium)

The risk associated with the threat of failure of a company in which the Fund has a stake due to the fact that such a company may be affected by entrepreneurial risk. As a result of this risk, the market price of the share in the relevant company may drop or depreciate completely (including in the event of its bankruptcy), or selling of the share in such a company may become impossible.

#### 9.2.5. Foreign exchange risk (the Fund exposure to the risk: medium)

The foreign exchange risk consists in the fact that the value of an investment may be affected by a change in the exchange rate. The Fund may hold investments in currencies other than its reference currency and their value may therefore rise or fall as a result of changes in exchange rates. Unfavorable developments in exchange rates may result in a loss of capital.

The foreign exchange risk is associated with foreign currency transactions and foreign currency balances associated therewith. The functional currency of the Fund is CZK, which is why any transaction denominated in another currency is recalculated, as well as the balances of receivables and liabilities arising from the transaction. As a consequence, exchange rate differences emerge that have an impact on the overall economic result (exchange rate gain/loss).

The table below indicates the Fund's financial assets as of 31 March 2022, broken down according to the currency, in which their balances are primarily recorded:

thousands of CZK	in CZK	in EUR	in USD	in RUB	Total
Receivables from banks	5,881	55		1,721	7,657
Receivables from non-banks	153,600	585,554	0	0	739,154
Debt securities	0	0	0	0	0
Shares, share certificates and other	0	0	0	0	0
Shares in affiliated undertakings	0	0	0	0	0
Participating interests	336,520	0	0	0	336,520
Other assets	55,011		0	0	55,011
<b>Total as of 31 March</b>	<b>551,011</b>	<b>585,609</b>	<b>0</b>	<b>1,721</b>	<b>1,138,341</b>

The table below indicates the Fund's financial liabilities as of 31 March 2022, broken down according to the currency, in which their balances are primarily recorded:

thousands of CZK	in CZK	in EUR	in USD	in RUB	Total
Liabilities to banks	0	0	0	0	0
Liabilities to non-banks	4,014	25,193	0	0	29,207
Debts evidenced by certificates	0	0	0	0	0
Other liabilities	191,483	0	0	0	191,483
<b>Total as of 31 March</b>	<b>195,497</b>	<b>25,193</b>	<b>0</b>	<b>0</b>	<b>220,690</b>

The Fund's exposure to the foreign exchange risk is significant. The Fund's management analyzes its currency position and assesses the development of the CZK/EUR and other currency pairs exchange rates on ongoing basis. This correlates with the analysis of sensitivity of the economic result to changes in exchange rates.

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(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

The table below summarizes sensitivity of the Fund's cash and non-cash assets and liabilities to changes in exchange rates as of 31 March. The analysis is based on the assumptions that the relevant exchange rate increases/decreases by the percentage shown in the table while all other variables remain constant. The assumption represents the management's best estimate of a reasonable shift in exchange rates given their historical volatility.

thousands of CZK	Exchange rate CZK/currency	Change in exchange rate (+)	Exchange- rate gain (+) loss (-)	Change in exchange rate (-)	Exchange- rate gain (+) loss (-)
CZK/EUR	24,385	2 %	-11,208	-2 %	-11,208
CZK/USD	21,963	2 %	0	-2 %	0
CZK/RUB	N/A	2 %	0	-2 %	0
<b>Total as of 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### **9.2.6. Interest rate risk (the Fund exposure to the risk: medium)**

The fund is exposed to the interest rate risk. The interest rate risk consists in the fluctuation of the net interest income and the value of the financial asset as a result of changing market interest rates. The Fund is exposed to the effects of fluctuations in the prevailing level of market interest rates on the fair value of financial assets and cash flows.

#### **9.2.7. Concentration risk (the Fund exposure to the risk: medium)**

Concentration of positions may expose the Fund to losses, even if economic and market conditions in the given industry or sector are generally favorable.

#### **9.2.8. Risk of the Fund's selected asset structure (the Fund exposure to the risk: medium)**

The risk of the Fund's selected asset structure consists in the fact that, despite the maximum effort to safely manage and diversify the Fund's assets, the asset structure selected by the Manager may lead to a greater loss or a smaller increase in the value of the Fund's assets compared to other investment vehicles with comparable investment objectives. At the same time, especially at the beginning of the Fund's existence, the Fund's individual assets may represent a significant share in its total assets, and thus an adverse development in the price of an individual asset can significantly impact development of the investment value.

#### **9.2.9. Loan refinancing risk (the Fund exposure to the risk: low)**

The risks associated with refinancing of existing loans received by the Fund or Real Estate Companies or other companies whose shares form a part of the Fund's assets consists in the risk faced by the Fund or the relevant company of not being able to refinance its debts with further financing (whether in the form of a loan, or otherwise) or to perform the refinancing at conditions equal to or better than the existing ones, or to perform the refinancing by selling assets.

#### **9.2.10. Excessive leverage risk (the Fund exposure to the risk: low)**

The risk of excessive employment of leverage is the risk associated with the use of foreign capital in order to achieve the Fund's investment goals and consists in the increased impact of development in the market prices of the assets owned by the Fund on the value of the Investment Shares; the risk potentially makes it possible to achieve a greater profit as well as a greater loss. The risk is mitigated by determining the maximum value of the leverage applicable by the Fund in the Fund's statute.

**9.2.11. Risks associated with incorrect assessment of value of assets (the Fund exposure to the risk: low)**

The risk is associated with an incorrect assessment of the Fund's assets value by an expert where, as a result of such a wrong assessment of the assets owned by the Fund, the value of the Fund's assets may decrease upon sale of such assets value. The Fund mitigates this risk by using certified appraisers to assess the value of its assets.

**9.2.12. Risk of other legal defects (the Fund exposure to the risk: low)**

The risk of other legal defects consists in the fact that the value of the Fund's assets may decrease as a result of legal defects of the assets acquired by the Fund or by the Real Estate Companies whose shares form a part of the Fund's property, including due to the existence of a third party's lien, easement, lease or pre-emption right. The Fund mitigates the risk by carrying out legal due diligence of the intended investment before each acquisition of assets.

**9.2.13. Operational risk (the Fund exposure to the risk: low)**

The operational risk may result in a loss due to deficiencies in or failure of internal procedures or human factor, or due to external events and to the risk of loss of assets entrusted to custody or other safekeeping caused mainly by insolvency and/or negligent or intentional actions of the person who has the Fund's assets or Investment Shares in custody or other safekeeping.

The Fund faces many operational risks, including the risk arising from dependence on information technology and telecommunications infrastructure. The Fund is dependent on financial, accounting and other data processing systems that are complex and sophisticated, and the operation of which may be adversely affected by various circumstances, such as hardware or software malfunctions, physical destruction of important IT systems, attacks by computer hackers, computer viruses, terrorist attacks etc. As a result, the Fund may suffer significant financial losses, become unable to pay debts to clients or face regulatory interventions and reputational damage. The Group is potentially exposed to the operational risk due to an error in the execution, confirmation or settlement of transactions. A similar risk may arise from transactions that have not been properly recognized or accounted for; regulatory requirements in this area have intensified and are expected to do so further on.

The Fund may suffer losses as a result of a misconduct of an employee of the Investment Company as the Fund's manager or a member of the Fund's governing bodies. The Fund's business is exposed to the risk of non-compliance with established principles and rules and the risk of misconduct, negligence or fraud by employees of the Investment Company or members of the Fund's governing bodies. Such actions may result in legal sanctions, serious reputational damage or financial damages. It is not always possible to prevent misconduct, and the measures taken by the Fund and the Investment Company to prevent and detect such activities may not always be effective.

**9.2.14. Risk of potential conflicts of interest (the Fund exposure to the risk: low)**

Potential conflict of interest between the holders of the Fund's investment shares and the Fund promoters. The Fund does not exclude changes in its strategy in the future, where any of the promoters starts taking actions (mergers, transactions, acquisitions, profit distribution, sale of assets, etc.) with regard to their own benefit rather than the benefit of the Fund. Such changes might negatively affect the Fund's financial and economic position, its business activities and the value of investment shares. AVANT IS has procedures in place intended to identify and manage conflicts of interest, thereby minimizing the potential risk.

**9.2.15. Risk of no history (the Fund exposure to the risk: medium)**

The Fund was established recently and therefore has no business history. The Fund has been established for the purpose of carrying out the activities of qualified investors in accordance with Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended, which comprises

collection of cash or money-valuable things from several qualified investors by issuing Investment Shares and joint investing of the collected funds or money-valuable things based on a specific investment strategy for the benefit of these qualified investors, and the management of these assets. The Fund's investment objective is to consistently achieve a stable absolute appreciation of the funds invested by investors at significantly reduced volatility and market declines. The Fund mainly invests in equity participations in real estate companies and grants credits and loans. The Fund's returns on investments are primarily obtained through appreciation of investments in equity participations, dividend revenues and interest. The Fund also buys and sells secured claims through companies in which the Fund owns equity participation. The Fund's strategy comprises risk diversification based on investing in investment securities (shares and bonds) and securities issued by investment funds, both tradable and non-tradable on public regulated markets.

#### **9.2.16. Risk from public regulation (the Fund exposure to the risk: low)**

This risk arises from public regulation of acquisitions, ownership and lease of assets owned by the Fund or the Real Estate Companies or other companies whose shares form a part of the Fund's property, in particular through introduction of or increase in taxes, deductions, fees or restrictions by competent authorities.

#### **9.2.17. Settlement risk (the Fund exposure to the risk: low)**

The settlement risk consists in potential failure of transactions involving assets of the Fund or the Real Estate Companies or other companies whose shares form a part of the Fund's property due to the inability of the counterparty to meet its obligations and to deliver the assets or pay by the agreed deadline.

#### **9.2.18. Risk of loss of assets entrusted to custody or other safekeeping (the Fund exposure to the risk: low)**

The risk of loss of entrusted assets consists in that the Fund's property being in custody is potentially at risk of loss, which may be caused by insolvency, negligence or intentional actions of the person holding the Fund's property in custody or other safekeeping.

#### **9.2.19. Risk from limited activity of the depository (the Fund exposure to the risk: low)**

The scope of the control over the Fund by the depository is contractually delimited by the depository agreement. The control activities exclude acts according to Section 73 (1) (f) of the AMCIF. The control activity is ensured directly by the investment company using its internal control mechanisms.

#### **9.2.20. Risk of the Fund cancellation (the Fund exposure to the risk: low)**

The Fund may be canceled for statutory reasons, in particular if:

- a) the average amount of the Fund's capital in the last 6 months does not reach the amount corresponding to at least EUR 1,250,000;
- b) the amount of the Fund's capital does not reach the amount corresponding to at least EUR 1,250,000 within 12 months from the date of the Fund establishment.

The CNB may decide to delete the Fund from the list of investment funds, including if the Fund does not have a depository for over three months.

Furthermore, the Fund may be canceled due to a request to delete the Fund from the list of investment funds with legal personality, dissolution of the Fund with liquidation, judicial decision, decision on conversion, etc. The Fund may also be canceled for reasons other than those stipulated by law. For instance, the Fund can be canceled for economic reasons and reasons of restructuring (especially if it faces economic problems).

**9.2.21. Risk of withdrawal of the license to operate from the Manager (the Fund exposure to the risk: low)**

The risk that the CNB withdraws the Manager's business license if a bankruptcy decision has been issued or if the insolvency petition has been rejected because the Manager's assets are insufficient to cover the costs of the insolvency proceedings.

**9.2.22. Risk of lawsuits and administrative sanctions (the Fund exposure to the risk: low)**

The Fund is not a party to lawsuits.

**9.2.23. Risks associated with financial derivatives (the Fund exposure to the risk: low)**

These are specific risks associated with individual types of the derivatives that are to be acquired to the Fund's account (basically market risks, in particular exchange rate or interest rate risks associated with the underlying asset of the derivative). In the case of financial derivatives that are not traded on European regulated markets, the Fund may be additionally exposed to the counterparty credit risk and/or settlement risk. Although the initial investment in a financial derivative may be small (or none), even a slight shift in market conditions can result in a substantial decrease or increase in the market value of the financial derivative (the so-called leverage) and in a significant disparity between payments of the contracting parties within the scope of the financial derivative.

**9.2.24. Risk associated with repo transactions (the Fund exposure to the risk: low)**

The risk associated with repo transactions consists mainly in the counterparty risk, i.e. the risk that the settlement will not take place as expected due to the counterparty not paying or not delivering the investment instruments within the specified period, or the risk that the issuer or the counterparty will not honor their commitment, or the risk associated with the unfavorable development of the underlying asset.

**9.2.25. Risk of a different tax regime (the Fund exposure to the risk: low)**

The risk of a different tax regime consists in that the net returns on the individual investors' investments may differ depending on the country of residence for tax purposes of a particular investor and in the associated application of different tax regulations and international contracts in the countries of residence for tax purposes of the Investor and the Fund;

**9.2.26. Other identified risks:**

Other identified risks include:

- Risk of unstable current value of Investment Shares due to changes in the composition or value of the Fund's assets;
- Risk of variance between the current value of Investment Shares and the liquidation value of the Investor's open position in the Fund due to additional deductions and fees applied to the redemption of the Investment Shares;
- The risk of suspending redemption of Investment Shares due to the Manager's entitlement to suspend redemption of Investment Shares under certain conditions, which may alter the current value of the Investment Shares, for which requests for the redemption are to be settled, and postpone settlement of the redemption;



- Risk related to liability to third parties, in particular the obligation to compensate a third party for damage caused by breach of a legal or contractual obligation on the part of the Fund. This risk potentially has a negative effect on the value of the Fund's assets since the compensation for damage is paid from the Fund's assets, or due to a failure by the liable person to meet their obligation to compensate the damage payable in favor of the Fund;
- Risks associated with the obligation to sell the Fund's asset(s) on account of failure to meet the conditions associated with its holding set out in the statutory law or the Fund's statute;
- The risk associated with the fact that the statutory body may at any time, with the approval of the supervisory body, decide to cancel the Fund and the Investor will therefore not hold the investment in the Fund for the entire period of its intended investment horizon;
- The risk associated with the fact that, as a result of the redemption/sale/purchase of all the Investment Shares, the Investor will not hold the investment in the Fund for the entire period of its intended investment horizon. The statute hereby expressly points out that the Fund or the Manager do not guarantee any period of time for the shareholders to remain in the Fund;
- Risk of taxation on account of the Investor being obliged to pay taxes or other mandatory payments or fees in accordance with the statutory law and customs of the Czech Republic or the state of their tax residence, or of another state relevant in the given situation, which will reduce the net return on the Investor's investment;
- The risk of fees and deductions on account of any fees and deductions enforced on the Investor resulting in the reduced net return on the Investor's investment;
- The risk of breach of contractual obligations consisting in the fact that any breach of a contractual obligation by the Investor may result in the reduced net return on the Investor's investment, or in treatment of the Investor in a way impacting the property sphere thereof. For instance, an Investor who has not provided relevant information regarding their tax residence may be subject to a special tax rate on the consideration payable thereto;
- Sustainability risk consisting of an environmental, social or governance event or situation that, if it occurs, it could have an actual or potential material adverse effect on the value of the investment. These risks are taken into account by the Fund's manager in accordance with the published policy of incorporating risks into investment decision-making.

## 10. Fair Value

The Fund's fair-valued financial assets and liabilities are not traded on an active market, and therefore their fair value is determined using valuation techniques. The Fund uses a variety of techniques and makes assumptions based on market conditions existing at the end of each financial year. Valuation techniques used for non-standardized financial instruments such as stock options, currency swaps and other non-exchange-traded derivatives include the use of comparable recent market transactions at open-market values, reference to other (essentially identical) instruments, discounted cash flow analysis, option valuation models and other valuation techniques commonly used by market participants that make the most of market inputs and rely as little as possible on entity-specific inputs.

In case of the instruments, for which no active market exists, the Fund may use valuations performed by an independent certified appraiser, that are usually based on valuation methods and techniques generally recognized as the industry standards. Valuation models are mainly used to value unlisted equity, receivables and other debt instruments that were not traded on an active market during the financial year. Some inputs to these models may not be observable in the market and are therefore estimated based on assumptions.



The valuation output is always an estimate or an approximate value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all factors relevant to the positions held by the Fund. Where appropriate, the valuations are therefore adjusted to allow for the inclusion of other factors, including the model risk, liquidity risk and counterparty risk.

The table below analyzes the Fund's assets and liabilities (by class) measured at fair value within the scope of the fair value hierarchy as of 31 March 2022.

All the published fair value valuations are recurring fair value valuations based on the methods and procedures adopted for the specific asset valued including relevant inputs as described in a separate internal opinion of the Fund Administrator drawn up in accordance with the Administrator's internal valuation methodology.

thousands of CZK	Level 1	Level 2	Level 3	Total balance
<b><u>Assets</u></b>				
<b>Financial assets measured at fair value through profit or loss</b>	-	16,619	1,059,055	1,075,674
<i>Shares classified as debt financial assets</i>	-	16,619	-	16,619
<i>Loans granted</i>	-	-	722,535	722,535
<i>Equity participations</i>	-	-	336,520	336,520
<b>Financial Assets</b>	-	16,619	1,059,055	1,075,674
<b><u>Liabilities</u></b>				
<b>Financial liabilities measured at fair value through profit or loss</b>	-	-	29,207	29,207
<i>Borrowings</i>	-	-	29,207	29,207
<b>Financial liabilities</b>	-	-	29,207	29,207

The table below analyzes the Fund's assets and liabilities (by class) measured at fair value within the scope of the fair value hierarchy as of 31 December 2020.

thousands of CZK	Level 1	Level 2	Level 3	Total balance
<b><u>Assets</u></b>				
<b>Financial assets measured at fair value through profit or loss</b>	-	2,596	495,232	497,828
<i>Shares classified as debt financial assets</i>	-	2,596	-	2,596
<i>Loans Granted</i>	-	-	191,317	191,317
<i>Equity participations</i>	-	-	303,915	303,915
<b>Financial Assets</b>	-	2,596	495,232	497,828
<b><u>Liabilities</u></b>				
<b>Financial liabilities measured at fair value through profit or loss</b>	-	-	1,341	1,341
<i>Borrowings</i>	-	-	1,341	1,341
<b>Financial liabilities</b>	-	-	1,341	1,341

The Fund's Level 3-classified investments have significant unobservable inputs as they are traded infrequently or not at all. Level 3 instruments include the Fund's equity participations and receivables from granted loans and subordinated loans. Since no observable prices are available for these securities, the Fund used a valuation technique to derive the fair value.

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Level 3 valuations are reviewed at least once a year in an independent expert opinion or through an internal assessment thereof by the Fund's administrator. The method of determination of the fair value of the Fund's other assets and liabilities and the method of determination of the real value of the Fund's investment share are set out in the implementing legislation and in the Fund's statute.

The table below indicates reconciliation of the opening and closing balances of financial instruments measured at fair value in Level 3.

The reconciliation of movements at Level 3 of the fair value hierarchy by the financial instrument classes as of 31 March 2022 is as follows:

thousands of CZK	Fair value as of 1.1.2021	Profit/loss from revaluation to economic result	Purchase/Creation	Accrued interest	Sales	Issues	Settlements	Transfer from and to Level 3	Fair value as of 31.3.2022
<b>Assets</b>									
Loans Granted	191,317	-99,278	1,339,387	42,028	-273,832	-	-477,087	-	722,535
Equity participations	303,915	111,423	217,038	-	-295,856	-	-	-	336,520
<b>Total assets</b>	<b>495,232</b>	<b>113,315</b>	<b>1,556,425</b>	<b>42,028</b>	<b>-670,858</b>	<b>-</b>	<b>-477,087</b>	<b>-</b>	<b>1,059,055</b>
<b>Liabilities</b>									
Loans payable	1,341	-233	42,768	2,363	-	-	-17,032	-	29,207
<b>Total liabilities</b>	<b>1,341</b>	<b>-233</b>	<b>42,768</b>	<b>2,363</b>	<b>-</b>	<b>-</b>	<b>-17,032</b>	<b>-</b>	<b>29,207</b>

The reconciliation of movements at Level 3 of the fair value hierarchy by the financial instrument classes as of 31 December 2020 is as follows:

thousands of CZK	Fair value as of 1.1.2020	Profit/loss from revaluation to economic result	Purchase/Creation	Accrued interest	Sales	Issues	Settlements	Transfer from and to Level 3	Fair value as of 31.12.2021
<b>Assets</b>									
Loans Granted	14,572	-9,687	273,921	11,372	-	-	-98,861	-	191,317
Equity participations	143,684	70,753	105,485	-	-	-	-16,007	-	303,915
<b>Total assets</b>	<b>158,256</b>	<b>61,066</b>	<b>379,406</b>	<b>11,372</b>	<b>-</b>	<b>-</b>	<b>-114,868</b>	<b>-</b>	<b>495,232</b>
<b>Liabilities</b>									
Loans payable	-	-25	31,957	69	-	-	-30,660	-	1,341
<b>Total liabilities</b>	<b>-</b>	<b>-25</b>	<b>31,957</b>	<b>-69</b>	<b>-</b>	<b>-</b>	<b>-30,660</b>	<b>-</b>	<b>1,341</b>

The Fund takes into account other factors of liquidity risk, credit risk and market risk and adjusts the valuation model as necessary.

There were no shifts between the Levels within the fair value hierarchy in the course of 2021 and 2020.

During the year ending on 31 March 2022, there was no alteration in the valuation techniques for Level 3 fair value measurement.

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The valuation technique and inputs used in measuring of Level 3 investments fair value as at the end of the reporting period were as follows:

thousands of CZK	Fair Value	Valuation technique	Applied inputs
<b>Assets</b>			
Loans granted (CZK)	131,923	DCF Model	Pribor, RS CZ, ARAD
Loans granted (EUR)	590,612	DCF Model	Euribor, IRS EUR, ECB Data
Equity participations	336,520	Substantive method/ DCF Model	Financial statements
<b>Liabilities</b>			
Loans payable (EUR)	25,193	DCF Model	Euribor, IRS EUR, ECB Data Warehouse
Loans payable (CZK)	4,014	DCF Model	Pribor, IRS CZ, ARAD

The Fund Administrator used the following methods and parameters for the valuation of individual equity participations and for the valuation of the credits and loans granted and payable: Equity participation in M.B.A. Finance, s.r.o., Czech Republic, and M.B.A. Financie, s.r.o., Slovak Republic were valued using the DCF method; equity participation in M.B.A. CONSULTING INDIA PVT. LTD, India was valued using the DCF method; equity participation in r2p invest pte. ltd., Singapore was valued using the DCF income method; equity participation in TA MERI Group, a.s., Czech Republic was valued using the substantive method; equity participation in TA MERI Finance, pvt. Ltd., Cyprus was valued using the DCF method; equity participation in r2p LA&CS, a.s., Czech Republic was valued using the substantive method. The average discount rate used for the loans (CZK) granted: 18.33 %; the average discount rate used for loans (EUR) granted: 11.91 %; the average discount rate used for the loans (CZK) payable: 9.74 %; the average discount rate used for the loans (CZK) payable: 16.29 %

## 11. Contingent Assets and Contingent Liabilities

The Fund's manager is not involved in any legal disputes from which any payment could result and is not aware of any other events that would lead to the creation and recognition of contingent assets or liabilities and any other conditional payments in favor of the Fund.

## 12. Significant Events after Date of Closure of Accounts

### Impact of SARS-Cov-2

As of the date of the financial statements, the Manager assessed possible impact of the SARS-CoV-2 virus, the epidemic of the disease COVID-19 caused thereby and the measures associated with the epidemic on the Fund's financial statements. Based on the information available on the date of the financial statements, the Manager came to the conclusion that these events had not affected the Fund's financial statements. The above-mentioned situation will most likely not affect the fair value of the Fund's assets and debts in the following accounting period neither.

### The Impact of Continued Military Conflict between Russia and Ukraine and thereto Associated Rise in Energy Prices and Inflation

Due to the Fund's exit from all investment positions in Russia including exposure to the RUB currency, the continuing war conflict in Ukraine does not represent direct threat to the Fund's assumption of uninterrupted existence of the accounting entity. The ensuing rise in prices of energy and inflation do not pose an immediate threat to the Fund, as its investment portfolio is not significantly exposed to the energy or retail sector and the sectoral focus on the receivables and credit market enables compensation

(All the amounts are indicated in thousands of CZK, unless indicated otherwise)

of the potentially lower returns on certain equity participations through implementation of new investments in equity participations with a higher yield. The increase in the prices of energy and inflation therefore do not pose a direct threat to the Fund's assumption of uninterrupted existence of the accounting entity.

#### Approval of the Financial Statements

The financial statements were approved on 12 September 2022 and are scheduled for publishing on the same date.

  
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JUDr. Petr Krátký

authorized representative of the director  
AVANT investiční společnost, a.s.

### Annex No. 3 - Report on Relations in the Reporting Period

(provisions of Section 82 of the BCA)

#### a) Relations between persons according to Section 82 of the BCA (Section 82 (2) (a) to (c) of the BCA)

Controlled person:	r2p invest SICAV, a.s.
Company ID No.:	073 15 899
Registered office:	Hvězdova 1716/2b, Nusle, 140 00 Prague 4

#### b) The role of the controlled person in the structure of relations between related parties according to Section 82 (1) of the BCA

The controlled person is autonomous in relation to other persons according to Section 82 (1) of the BCA. The goal of the controlled person is to fulfil the investment strategy specified in the statute thereof. Within the meaning of Section 9 (1) of the AMCIF, the Fund is managed by the company AVANT IS.

#### Controlling persons

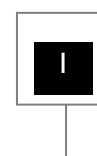
Name: **Luboš Žovinec**  
 Date of birth: 21 February 1960  
 Permanent address: Bukolská 778/5, 181 00 Prague 8  
 Control exercised: directly through 100% share in the subscribed capital of the controlled person

#### Persons controlled by the same controlling person

Name: **M.B.A. Real s.r.o.**  
 Company ID No.: 290 58 619  
 Registered office: Bukolská 778/5, Bohnice, 181 00 Prague 8  
 Control exercised: directly through 67% share in the subscribed capital of the controlled person

Name: **M.B.A. Consulting s.r.o.**  
 Company ID No.: 610 55 131  
 Registered office: Bukolská 778/5, Bohnice, 181 00 Prague 8  
 Control exercised: directly through 50% share in the subscribed capital of the controlled person

Name: **M.B.A. Finance s.r.o.**  
 Company ID No.: 274 07 209  
 Registered office: Opletalova 1603/57, Nové Město, 110 00 Prague 1  
 Control exercised: indirect beneficial owner



**c) Method and means of control**

The controlling person uses standard methods and means of control, specifically through ownership stake in the controlled person and through the general meeting thereof, thereby directly exerting decisive influence on the controlled person.

**d) Overview of actions taken during the Reporting Period on the initiative or in the interest of the persons pursuant to Section 82 (1) of the BCA (Section 82 (2) (d) of the BCA)**

Counterparty	Agreement type	Date of conclusion	Performance granted	Performance received
r2p Invest Pte. Ltd.	Annex No.2 to the Credit Agreement of 6.4.2021	24.9.2021	credit	credit
r2p Invest Pte. Ltd.	Annex No.1 to the Credit Agreement of 6.4.2021	30.8.2021	credit	credit
r2p Invest Pte.ltd.	Annex No.1 to the Credit Agreement of 23.1.2020	1.6.2021	credit	credit
r2p Invest Pte. Ltd.	Credit Agreement	6.4.2021	credit	credit
OOO MKK "M.B.A. Finance"	Annex No.5 to the Credit Agreement of 30.3.2020	30.7.2021	credit	credit
OOO MKK "M.B.A. Finance"	Credit Agreement	31.1.2022	credit	credit
OOO MKK "M.B.A. Finance"	Annex No.3 to the Credit Agreement of 30.3.2020	22.12.2021	credit	credit
OOO MKK "Vyruchai Dengi"	Loan Agreement	3.2.2022	credit	credit
OOO MKK "Vyruchai Dengi"	Netting Agreement	3.2.2022	receivable	receivable
OOO MKK "Vyruchai Dengi"	Credit Agreement No. 1	31.1.2022	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement No. 2	31.1.2022	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement	30.3.2021	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement	13.3.2021	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement No. 1	31.1.2022	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement No. 2	31.1.2022	credit	credit
OOO MKK "Fairdip Finance"	Annex No.1 to the Credit Agreement of 1.7.2020	01.11.2021.	credit	credit
OOO MKK "Fairdip Finance"	Annex No.2 to the Credit Agreement of 8.1.2020	01.11.2021.	credit	credit
OOO MKK "Fairdip Finance"	Annex No.1 to the Credit Agreement of 7.1.2021	01.11.2021.	credit	credit

OOO MKK "Fairdip Finance"	Credit Agreement	9.7.2021	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement	1.7.2021	credit	credit
M.B.A. EMPIRE LTD.	Agreement on Business Share Transfer	31.3.2022	payment	equity participation
M.B.A. EMPIRE LTD.	Annex No.1 to the Agreement on Business Share Transfer of 31.3.2022	31.3.2022	payment	equity participation and option
TA MERI Group, a.s.	Netting Agreement	28.2.2022	receivable	receivable
TA MERI Group, a.s.	Claims Assignment Agreement	28.2.2022	receivables	payment
TA MERI Group, a.s.	Claim Assignment Agreement	28.2.2022	payment	receivable
TA MERI Group, a.s.	Credit Agreement	2.2.2022	credit	credit
R2P LA&CS	Annex No.4 to the Credit Agreement of 6.8.2021	23.2.2022	credit	credit
R2P LA&CS	Annex No.3 to the Credit Agreement of 6.8.2021	2.2.2022	credit	credit
R2P LA&CS	Annex No.2 to the Credit Agreement of 6.8.2021	24.9.2021	credit	credit
R2P LA&CS	Annex No.1 to the Credit Agreement of 6.8.2021	23.9.2021	credit	credit
R2P LA&CS	Credit Agreement	6.8.2021	credit	credit
TA MERI Finance Pvt. Ltd.	Netting Agreement	22.3.2022	receivable	receivable
TA MERI Finance Pvt. Ltd.	Credit Agreement	28.2.2022	credit	credit
TA MERI Finance Pvt. Ltd.	Credit Agreement	2.2.2022	credit	credit
TA MERI Finance Pvt. Ltd.	Annex No.1 to the Credit Agreement of 5.10.2021	2.2.2022	credit	credit
TA MERI Finance Pvt. Ltd.	Credit Agreement	5.10.2021	credit	credit
TA MERI Finance Pvt. Ltd.	Agreement on Business Share Transfer	24.9.2021	payment	equity participation
SNAPCORE a.s.	Preliminary Agreement – Option	31.1.2022	written put	purchased option

**e) Overview of contracts between the controlled person and persons pursuant to Section 82 (1) of the BCA (Section 82 (2) (e) of the BCA)**

Counterparty	Agreement type	Date of conclusion	Performance granted	Performance received
OOO MKK "Vyruchai Dengi"	Credit Agreement	14. 9. 2018	credit	credit
SAD Capital LTD	Contract on Transfer of Shares of OOO MKK "Vyruchai Dengi"	20. 9. 2018	purchase price	share
OOO MKK "Vyruchai Dengi"	Credit Agreement	16. 10. 2018	credit	credit
MBA CONSULT PTE. LTD. credit	Credit Agreement	7. 12. 2018	credit	credit
SNAPCORE a.s.	Contract on Transfer of Shares of OOO MKK "FAIRDIP Finance"	20. 12. 2018	purchase price	share
OOO MKK "Fairdip Finance"	Credit Agreement No. 1	8.1.2020	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement No. 2	8.1.2020	credit	credit
r2p Invest Pte. Ltd.	Credit Agreement	23.1.2020	credit	credit
OOO MKK "M.B.A. Finance"	Credit Agreement	30.3.2020	credit	credit
SNAPCORE a.s.	Contract on Transfer of 60% Share in R2P INVEST pte. Ltd.	19. 5. 2020	purchase price	share
SNAPCORE a.s.	Netting Agreement	19. 5. 2020	Fund's shares	share
OOO MKK "Vyruchai Dengi"	Credit Agreement No. 1	1. 6. 2020	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement No. 2	1. 6. 2020	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement	18. 6. 2020	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement	1.7.2020	credit	credit
TA MERI Group, a.s.	Credit Agreement	15.9.2020	credit	credit
R2P LA&CS	Credit Agreement	18.9.2020	credit	credit
SNAPCORE a.s.	Credit Agreement	21. 9. 2020	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement	23. 9. 2020	credit	credit
r2p Invest Pte. Ltd.	Annex No.2 to the Credit Agreement of 6.4.2021	24.9.2021	credit	credit
r2p Invest Pte. Ltd.	Annex No.1 to the Credit Agreement of 6.4.2021	30.8.2021	credit	credit



r2p Invest Pte. Ltd.	Annex No.1 to the Credit Agreement of 23.1.2020	1.6.2021	credit	credit
r2p Invest Pte. Ltd.	Credit Agreement	6.4.2021	credit	credit
OOO MKK "M.B.A. Finance"	Annex No.5 to the Credit Agreement of 30.3.2020	30.7.2021	credit	credit
OOO MKK "M.B.A. Finance"	Credit Agreement	31.1.2022	credit	credit
OOO MKK "M.B.A. Finance"	Annex No.3 to the Credit Agreement of 30.3.2020	22.12.2021	credit	credit
OOO MKK "Vyruchai Dengi"	Loan Agreement	3.2.2022	credit	credit
OOO MKK "Vyruchai Dengi"	Netting Agreement	3.2.2022	receivable	receivable
OOO MKK "Vyruchai Dengi"	Credit Agreement No. 1	31.1.2022	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement No. 2	31.1.2022	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement	30.3.2021	credit	credit
OOO MKK "Vyruchai Dengi"	Credit Agreement	13.3.2021	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement No. 1	31.1.2022	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement No. 2	31.1.2022	credit	credit
OOO MKK "Fairdip Finance"	Annex No.1 to the Credit Agreement of 1.7.2020	01.11.2021.	credit	credit
OOO MKK "Fairdip Finance"	Annex No.2 to the Credit Agreement of 8.1.2020	01.11.2021.	credit	credit
OOO MKK "Fairdip Finance"	Annex No.1 to the Credit Agreement of 7.1.2021	01.11.2021.	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement	9.7.2021	credit	credit
OOO MKK "Fairdip Finance"	Credit Agreement	1.7.2021	credit	credit
M.B.A. EMPIRE LTD.	Agreement on Business Share Transfer	31.3.2022	payment	equity participation
M.B.A. EMPIRE LTD.	Annex No.1 to the Agreement on Business Share Transfer of 31.3.2022	31.3.2022	payment	equity participation and option
TA MERI Group, a.s.	Netting Agreement	28.2.2022	receivable	receivable
TA MERI Group, a.s.	Claims Assignment Agreement	28.2.2022	receivables	payment

TA MERI Group, a.s.	Claim Assignment Agreement	28.2.2022	payment	receivable
TA MERI Group, a.s.	Credit Agreement	2.2.2022	credit	credit
R2P LA&CS	Annex No.4 to the Credit Agreement of 6.8.2021	23.2.2022	credit	credit
R2P LA&CS	Annex No.3 to the Credit Agreement of 6.8.2021	2.2.2022	credit	credit
R2P LA&CS	Annex No.2 to the Credit Agreement of 6.8.2021	24.9.2021	credit	credit
R2P LA&CS	Annex No.1 to the Credit Agreement of 6.8.2021	23.9.2021	credit	credit
R2P LA&CS	Credit Agreement	6.8.2021	credit	credit
TA MERI Finance Pvt. Ltd.	Netting Agreement	22.3.2022	receivable	receivable
TA MERI Finance Pvt. Ltd.	Credit Agreement	28.2.2022	credit	credit
TA MERI Finance Pvt. Ltd.	Credit Agreement	2.2.2022	credit	credit
TA MERI Finance Pvt. Ltd.	Annex No.1 to the Credit Agreement of 5.10.2021	2.2.2022	credit	credit
TA MERI Finance Pvt. Ltd.	Credit Agreement	5.10.2021	credit	credit
TA MERI Finance Pvt. Ltd.	Agreement on Business Share Transfer	24.9.2021	payment	equity participation
SNAPCORE a.s.	Preliminary Agreement – Option	31.1.2022	written put	purchased option

**f) Assessment of whether the controlled person has suffered damage (Section 82 (2) (f) of the BCA)**

The controlled person has not suffered any damage from the relationship with the controlling person and/or the persons pursuant to Section 82 (1) of the BCA.

**g) Evaluation of the relationship between the controlled person and the controlling person and/or persons according to Section 82 (1) of the BCA (Section 82 (4) of the BCA)**

The controlled person is an investment fund within the meaning of Section 9 (1) of the AMCIF, where the investment company as a statutory body cannot be directly bound by the instructions of shareholders in terms of individual business transactions, but primarily is obliged to provide professional diligence within the meaning of the AMCIF provisions. In view of this fact, where the controlling person's right to intervene in the management of the controlled person is limited to indirect control through the exercise of the shareholder rights, no risks arise from formal existence of the controlling relationship to the controlled person. Therefore, it is impossible to define the advantages or disadvantages arising from the controlling relationship, as there is no effective influence on the behavior of the controlled person in terms of individual business transactions.

### Declaration of the statutory body

The statutory body of the Fund hereby declares that:

- the information provided in this Report on Relations has been processed based on the data originating from the own activities of the controlled person's statutory body or that the controlled person's statutory body procured these data for this purpose from public sources or from other persons; and
- the controlled person's statutory body is not aware of any facts that should be part of the Report on Relations of the controlled entity and are not indicated therein.

Report prepared by: JUDr. Petr Krátký

Position: authorized representative of the sole member of the board  
of directors of AVANT investiční společnost, a.s.

Dated: 30 June 2022

Signature:



**Annex No. 4 - Identification of the property, if its value exceeded 1 % of the Fund's assets value as of the date when the valuation used for the purposes of this Report was performed, indicating the total acquisition price and fair value as at the end of the relevant period (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (e) of the DeMDRR)**

**Identification of the property, if its value exceeded 1 % of the Fund's assets value as of the date when the valuation used for the purposes of this Report was performed, indicating the total acquisition price and fair value as at the end of the relevant period (Section 291 (1) of the AMCIF in conjunction with Section 234 (1) (j) of the AMCIF and Annex 2 (e) of the DeMDRR)**

Property identification	Acquisition value (in thousands of CZK)	Fair value as at the end of the Reporting Period (in thousands of CZK)
TA MERI FINANCE PVT.LTD. share	17	66,974
M.B.A. Consulting India Private Limited share	10,000	52,336
M.B.A. Finance s.r.o.	80,000	96,421
M.B.A. Financie s.r.o.	90,000	105,409
R2P INVEST PTE.LTD share	1,685	14,902
Loans granted to R2P INVEST PTE.LTD.	133,033	137,971
Loans granted to M.B.A. Finance	107,294	107,323
Loans granted to r2p LA&CS a.s.	52,400	49,687
Loans granted to TA MERI FINANCE PVT.LTD.	219,244	221,295
Loans granted to r2p euroasia Ltd.	284,527	206,259
Other receivable (sale of share)	51,533	51,533