



Carpathia Capital

ANNUAL REPORT
01/01/2021
31/12/2021

DRAWN UP UNDER ARTICLE 112¹ OF THE ASF (FINANCIAL SUPERVISORY AUTHORITY) REGULATION NO. 1/2006 and the Ordinance of the Minister of Finance on current and periodic information published by issuers of securities

For the financial year

2021

Date of the report

April 2022

Name of the company

Carpathia Capital S.A.

Web

www.carpathiacapital.eu

Registered office

Abpa A. Baraniaka 6, 61-131 Poznań

Telephone/Fax number

+48 61 851 86 77

Unique Tax Reference Number

7811897074

Trade Register number

302762319

Regulated market on which the issued securities are traded

AeRO Market, administered by the Bucharest Stock Exchange
NewConnect Market administrated by the Warsaw Stock Exchange

Registered share capital

2 101 381,50 PLN

1.000.000 series A shares with a nominal value of PLN 0,50
1.003.666 series B shares with a nominal value of PLN 0,50
275.000 series B2 shares with a nominal value of PLN 0,50
795.991 series C shares with a nominal value of PLN 0,50
711.439 series D shares with a nominal value of PLN 0,50
116.667 series B3 shares with a nominal value of PLN 0,50
300,000 series B3 shares with a nominal value of PLN 0,50
150,000 series E shares with nominal value of PLN 0,50

The main characteristics of the securities issued by the trading company

CRPC (AeRO), CRC (NewConnect)

LETTER FROM THE CEO

Dear Shareholders

The past reporting period was a consistent continuation of the Company's investment policy, despite the demanding macroeconomic environment and increased volatility of financial asset prices. Nearly PLN 2.7 million of net profit, payment of the highest dividend in the history of the Company in 2021 (for 2020) in the amount of PLN 0.12, carrying out several disinvestments in Poland and Romania while realizing high rates of return, investments in promising companies from the sectors the so-called new economy, constitute a year of intensive work for the benefit of the Company's shareholders.



The achieved financial results confirm our belief in the correctness of the chosen strategy, under which the Company intends to manage an investment portfolio focused on small and medium-sized companies from the Polish and, to a lesser extent, the Romanian stock market. Carpathia's specialization is to remain the equity crowdfunding segment, within which the INC group has developed high competences. Investments carried out in the past several months in rapidly growing, good-quality entities build the belief in the management team that in the coming quarters it will be possible to conduct further profitable exits from investments, effectively building the company's value.

Meeting the expectations signaled by the shareholders, the Management Board continues the process aimed at enabling investors who have shares listed on the AeRO market in Bucharest to list their shares on the NewConnect market in Poland. In 2021, the consultation process with Polish and Romanian law firms and Romanian investment companies was completed. In the coming quarters, it is planned to prepare a voluntary purchase of shares listed on AeRO in the form of conversion into new issue shares, redemption of old shares and introduction of new issue shares to the NewConnect market. For technical and formal reasons, a direct dual listing is not possible. It should be noted, however, that the purchase of shares listed on AERO and the issue of new shares will be a multi-stage and long-term process, in particular due to the decisions of courts and a foreign authority (FSA) necessary at several stages of the process. Pursuant to the decision of the Management Board, the investment activity is currently focused on the Polish market. However, it should be emphasized that the Romanian market remains one of the most promising in Europe. The development of entrepreneurship and the growing demand for capital should translate into the condition of the local capital market in the long term. We are still closely monitoring the situation on the Bucharest trading floor. We remain convinced that the competences and know-how built over several years of presence on the local market will allow us to take advantage of the opportunities that arise. At this point, it is worth paying attention to the closing in 2021 of a long-term investment in the shares of Bitnet Systems, which is one of the first investments in Carpathia's portfolio. In June last year, the last Bitnet shares held on the Romanian market were sold. As a result, over six years, a profit on investment of PLN 4.2 million was generated and a rate of return exceeding + 450% was achieved.

In 2021, the conducted investment activities focused primarily on the Polish market. Investments were made in companies at an early stage of development, but which at the same time provide a relatively short prospect of exiting the investment (funds are usually committed within a few quarters to the stock exchange debut). In the investment process, a lot of attention was paid to the appropriate sector diversification of the portfolio. Our portfolio has been enriched with computer game producers, e-commerce companies, companies from the biotechnology industry, IT solution providers for companies, companies from the dynamically growing photovoltaic industry and digital service providers in the SaaS model. The average value of the investment was approximately PLN 250,000. PLN. In addition to new investments, last year also completed several long-term positions, which allowed to generate high rates of return.

In terms of the achieved financial results, in the opinion of the Management Board, 2021 was a satisfactory year. The ability to adapt to the changing environment made it possible to generate a net profit of PLN 2.7 million. Thus, the earnings per share amounted to PLN 0.53, and the equity value per share increased to PLN 3.71. It is worth emphasizing that the past year was the sixth year in which CC recorded a positive financial result. Successful divestments are reflected in the value of net cash flows from investing activities, which in the twelve months of 2021 exceeded PLN 2.15 million, increasing the Company's cash resources and its potential in the context of future investments.

Stable financial results mean that the Management Board of Carpathia Capital may continue the chosen dividend policy. Taking into account the current financial situation as well as planned cash flows related to, inter alia, new ones investments, the Management Board intends to recommend to the General Meeting of Shareholders again the payment of dividends for 2021.

The first months of this year are marked by continued economic uncertainty and market volatility. To a large extent, due to the outbreak of the war in Ukraine, the impact of which on the global macroeconomic situation, including the prospects for economic growth and inflation growth, will be significant.

We are convinced that the implemented strategy is right and will allow us to maintain relative resistance to the current tensions and, in the long term, to generate above-average rates of return for investors. At the same time, therefore, we will carefully monitor the current market situation, looking for opportunities to engage cash surpluses.

We believe that the chosen direction of the Company's development will allow us to continue to effectively manage the built investment portfolio. In the coming years, we will continue to work on long-term growth of the company's value, making further investments on the Polish and Romanian markets. We will make every effort to ensure that Carpathia Capital develops dynamically, creating long-term value for shareholders.

Sincerely Yours,



Paweł Śliwiński,
CEO of Carpathia Capital

SELECTED FINANCIAL DATA

Selected Financials	As of 31.12.2021	As of 31.12.2020	As of 31.12.2021	As of 31.12.2020
	PLN (th.)		EUR(th.)	
Equity capital	15 579 PLN	13 851 PLN	3 387	3 002
Share capital	2 101 PLN	2 101 PLN	457	455
Liabilities and provisions for liabilities	1 594 PLN	956 PLN	347	208
Long-term liabilities	209 PLN	0 PLN	45	0
Current liabilities	240 PLN	133 PLN	52	29
Total assets	17 513 PLN	15 418 PLN	3 808	3 341
Long-term receivables	0 PLN	0 PLN	0	0
short-term receivables	238 PLN	54 PLN	52	12
Cash and other cash assets	1 292 PLN	1 027 PLN	281	223

Selected financial data	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
	PLN (th.)		EUR (th.)	
Net revenues from the sale of products, goods and materials	0 PLN	0 PLN	0	0
Profit (loss) on sales	0 PLN	0 PLN	0	0
Depreciation	0 PLN	0 PLN	0	0
Profit (loss) from operations	2 685 PLN	5 278 PLN	589	1 188
profit (loss) Gross	2 677 PLN	5 278 PLN	587	1 188
Net profit (loss)	2 233 PLN	4 100 PLN	490	923
Net cash flow from operating activities	-1 431 PLN	-849 PLN	-314	-191
Net cash flow from investing activities	2 154 PLN	-769 PLN	472	-173
Net cash flow from financing activities	- 451 PLN	-237 PLN	-99	-53
Total net cash flow	272 PLN	-1 855 PLN	60	-417
Number of shares (in items)	4 202 763	4 202 763	-	-
Profit (loss) per ordinary share	0,53 PLN	0,98 PLN	0,12	0,22
Book value per share	3,71 PLN	3,30 PLN	0,81	0,74

Exchange rates calculation	2021	2020
Euro exchange rate on balance sheet day (31.12)	4,5994	4,6148
Average euro exchange rate from 01/01 to 31/12	4,5607	4,4392

SELECTED FINANCIAL DATA OF THE ISSUER'S SUBSIDIARIES

The Issuer does not have subsidiaries not covered by consolidation.

FINANCIAL STATEMENT

STATEMENT OF OPERATIONS RESULTS

<i>continued operations</i>	Notes	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Revenue from sales of products and services		0	0	0
- from related parties		0	0	0
Cost of products, goods and materials sold, including	1	0	0	0
- to related parties		0	0	0
Selling and distribution expenses	1	0	0	0
Profit on sales		0	0	0
Other operating revenues	2	4	25	0
Other operating expenses	3	8	10	15
Gain (loss) on investments	4	3 708	6 446	1 025
- profit/loss on sales of securities		1 830	2 023	1 043
- interest and dividend		177	68	117
- revaluation of investment portfolio		1 681	3 905	-631
- other profits		20	450	496
Administrative expenses	1	1 019	1 183	489
Operating profit		2 685	5 278	521
Financial expenses	5	8	0	56
- for related parties		0	0	0
Share of profits of associates		0	0	0
Profit before tax		2 677	5 278	465
Income tax	6	444	1 178	61
Net profit for the operating period		2 233	4 100	404

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Net profit for the operating period	2 233	4 100	404
Other comprehensive income:	0	0	0
- valuation of financial assets available for sale	0	0	0
Total comprehensive income	2 233	4 100	404

STATEMENT OF FINANCIAL SITUATION

Assets

	Notes	31.12.2021	31.12.2020	31.12.2019
A. Non-current assets		430	554	349
Intangible assets		0	0	0
- goodwill		0	0	0
Tangible fixed assets	7	242	0	0
Non-current financial assets	8	0	378	123
Deferred tax assets	9	188	176	226
Long-term receivables		0	0	0
- from related parties		0	0	0
- from other entities		0	0	0
Other long-term assets		0	0	0
B. Current assets		17 083	14 864	9 818
Inventories		0	0	0
Receivables from related parties	10	30	30	252
Receivables from other entities	10	208	24	72
- income tax receivables		30	0	0
Financial assets in related parties	11	271	178	308
Financial assets in other entities	11	15 280	13 601	6 300
Cash and other monetary assets	11	1 292	1 027	2 882

Other short-term assets	12	2	4	4
Total assets		17 513	15 418	10 167

Liabilities

	Noty	31.12.2021	31.12.2020	31.12.2019
A. EQUITY		15 579	13 851	10 073
Share capital	13	2 101	2 101	2 101
Treasury shares (negative value)		-255	-255	-255
Supplementary capital	14	10 800	7 205	7 123
Revaluation reserve		0	0	0
Other reserve capitals	15	700	700	700
Profits (losses) from previous years		0	0	0
Net profit (loss)		2 233	4 100	404
B. PROVISIONS		1 145	823	56
Provision for deferred income tax	16	1 145	823	56
Other provisions		0	0	0
C. Long-term liabilities	17	209	0	0
Loans and borrowings		0	0	0
Financial leasing liabilities		209	0	0
D. Short-term liabilities	18	240	133	32
Loans and borrowings		0	0	0
Trade payables		7	0	1
Tax, customs, insurance and other liabilities		16	22	7
- income tax liabilities		0	13	0
Liabilities related to wages and salaries		0	1	0
Financial leasing liabilities		33	0	0
Other liabilities		184	110	24
- in relation to related entities		0	0	0
E. Accruals	19	340	611	6
TOTAL LIABILITIES		17 513	15 418	10 167

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

	Share capital	Treasury shares	Supplementary capital		Other capitals	Profits from previous years	Result of current period	Total Equity
			Share premium account	Other				
Balance as at 01.01.2021	2 101	-255	5 957	1 248	700	4 100	-	13 851
Changes in accounting policies	-	-	-	-	-	-	-	-
Balance as at 01.01.2021 after changes	2 101	-255	5 957	1 248	700	4 100	-	13 851
Changes in equity since 01.01.2021 till 31.12.2021								
Issue of shares	-	-	-	-	-	-	-	-
Share buyback program	-	-	-	-	-	-	-	-
Transfer of financial result to equity	-	-	-	3 595	-	-3 595	-	-
Payment of the dividend	-	-	-	-	-	-505	-	-505
Total comprehensive income	-	-	-	-	-	-	2 233	2 233
Balance as at 31.12.2021	2 101	-255	5 957	4 843	700	-	2 233	15 579

	Share capital	Treasury shares	Supplementary capital		Other capitals	Profits from previous years	Result of current period	Total Equity
			Share premium account	Other				
Balance as at 01.01.2020	2 101	-255	5 957	1 166	700	404	-	10 073
Changes in accounting policies	-	-	-	-	-	-	-	-
Balance as at 01.01.2020 after changes	2 101	-255	5 957	1 166	700	404	-	10 073
Changes in equity since 01.01.2020 till 31.12.2020								
Issue of shares	-	-	-	-	-	-	-	-
Share buyback program	-	-	-	-	-	-	-	-
Transfer of financial result to equity	-	-	-	82	-	-82	-	-
Payment of the dividend	-	-	-	-	-	-322	-	-322
Total comprehensive income	-	-	-	-	-	-	4 100	4 100
Balance as at 31.12.2020	2 101	-255	5 957	1 248	700	-	4 100	13 851

	Share capital	Treasury shares	Supplementary capital		Other capitals	Profits from previous years	Result of current period	Total Equity
			Share premium account	Other				
Balance as at 01.01.2019	2 101	-255	6 061	1 105	700	384	-	10 096
Changes in accounting policies	-	-	-	-	-	-	-	-
Balance as at 01.01.2019 after changes	2 101	-255	6 061	1 105	700	384	-	10 096
Changes in equity since 01.01.2019 till 31.12.2019								
Issue of shares	-	-	-104	-	-	-	-	-104
Share buyback program	-	-	-	-	-	-	-	-
Transfer of financial result to equity	-	-	-	61	-	-61	-	-
Payment of the dividend	-	-	-	-	-	-323	-	-323
Total comprehensive income	-	-	-	-	-	-	404	404
Balance as at 31.12.2019	2 101	-255	5 957	1 166	700	-	404	10 073

STATEMENT OF CASH FLOWS

Statement of cash flows

	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Profit (loss) before tax	2 677	5 278	465
II. Total adjustments	-3 957	-5 799	-1 019
III. Changes in working capital	28	6	-31
IV. Income tax paid	-179	-334	-165
V. Net cash flows from operating activities	-1 431	-849	-750
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
I. Inflows	6 995	6 085	4 659
1. Inflows from sale of intangible assets	0	0	0
2. Inflows from sale of tangible fixed assets	0	0	0
3. Inflows from sale of investment properties	0	0	0
4. Net inflows from sale of subsidiaries	0	173	0
5. Inflows from repayment of borrowings granted	300	418	275
6. Inflows from sale of other financial assets	6 568	5 463	3 616
7. Inflows from sale of bonds	0	0	720
8. Inflows from interest received	0	28	48
9. Inflows from dividends received	127	3	0
II. Outflows	4 841	6 854	3 422
1. Outflows for acquisition of intangible assets	0	0	0
2. Outflows for acquisition of tangible fixed assets	0	0	0
3. Outflows for acquisition of investment properties	0	0	0
4. Net outflows for acquisition of subsidiaries	0	50	0
5. Outflows for loans granted	0	533	310
6. Outflows for acquisition of other financial assets	4 841	6 271	3 112
III. Net cash flows from investment activities	2 154	-769	1 237
C. CASH FLOWS FROM FINANCIAL ACTIVITIES			
I. Inflows	0	0	94
1. Net inflows from issuance of shares	0	0	0

2. Inflows from loans and borrowings	0	0	0
3. Inflows from issuance of debt securities	0	0	0
4. Other inflows from financial activities	0	0	94
II. Outflows	451	237	537
1. Outflows for acquisition of own shares	0	0	0
2. Redemption of debt securities	0	0	0
3. Repayment of loans and borrowings	0	0	0
4. Payment of liabilities arising from financial leases	0	0	0
5. Outflows for interest paid	0	0	0
6. Outflows for dividends paid	451	237	322
7. Other outflows for financial activities	0	0	215
III. Net cash flows from financial activities	-451	-237	-443
Balance sheet change in cash	272	-1 855	44
Cash opening balance	1 027	2 882	2 821
- change in cash due to exchange differences	-7	7	17
Cash closing balance	1 292	1 027	2 882

ADDITIONAL INFORMATIONS

I. ABOUT CARPATHIA CAPITAL S.A.

CARPATHIA CAPITAL Alternatywna Spółka Inwestycyjna S.A. is an investment joint-stock company. CARPATHIA CAPITAL S.A. concentrates its core activities on acquiring shares of the both public and private companies in order to dispose them.

The issuer is an investment entity within the meaning of IFRS 10 §27.

An investment entity is an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Registered office

CARPATHIA CAPITAL Alternatywna Spółka Inwestycyjna S.A.
Abpa A. Baraniaka 6 Street
61-131 Poznań

Registration court

District Court Poznań - Nowe Miasto i Wilda, VIII Business Registry Division in Poznań
KRS number 0000511985
The company has been established for an unlimited period of time.

National Business Registry Number: 302762319
Tax Identification Number: 781-189-70-74

Management Board

Composition of the Management Board at the date of the report:

Paweł Śliwiński	– President of the Management Board
Sebastian Huczek	– Vice-president of the Management Board
Wojciech Iwaniuk	– Member of Management Board

On April 1, 2021, Mr. Andrzej Szurek resigned from the position of a Member of the Management Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A. with immediate effect.

At the same time, the Management Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A. (hereinafter: the Company, the Issuer) informs that on April 1, 2021, by the decision of the Supervisory Board, the Company appointed Mr. Wojciech Iwaniec to act as a Member of the Management Board of the Company from April 1, 2021. The term of office of Mr. Wojciech Iwaniec is a joint term with other Members of the Management Board. The term of office of the Management Board ends on 27 July 2024.

Supervisory Board

Composition of the Supervisory Board at the date of the report:

Justyna Światowiec-Szczepańska	– Member of the Supervisory Board
Piotr Orłowski	– Member of the Supervisory Board
Łukasz Puślecki	– Member of the Supervisory Board
Rafał Śliwiński	– Member of the Supervisory Board

On April 4, 2022, Mr. Kamil Gemra resigned from the position of a Member of the Supervisory Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A.

Parent Company

INC S.A. is the parent company of CARPATHIA CAPITAL Alternatywna Spółka Inwestycyjna S.A.

3. PRESENTATION PRINCIPLES

Principles of preparation of the financial statements

The financial statements of the CARPATHIA CAPITAL Alternatywna Spółka Inwestycyjna S.A. have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS).

This financial statements has been prepared in accordance with accounting standards used and issued in EU at the date of this financial statements.

The financial statements were prepared for the period from 01.01.2021 to 31.12.2021. Comparative data for the period from 01.01.2020 to 31.12.2020 and 01.01.2019 to 31.12.2019 are presented.

This financial statements has been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of this financial statements for publication, there were no circumstances that would indicate a threat to the Company's ability to continue as a going concern.

4. IMPACT OF APPLICATION OF NEW ACCOUNTING STANDARDS AND CHANGES IN ACCOUNTING POLICY

Published Standards and Interpretations that have been issued and are effective for annual periods beginning on or after January 1, 2021.

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and approved for use in the EU enter into force for the first time in the Company's 2021 financial statements:

- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leasing" - Reform of the Reference Interest Rate - Stage 2 approved in the EU on January 13, 2021 (effective for annual periods beginning on or after January 1, 2021),

- Amendments to IFRS 16 "Leases" - rent reliefs in connection with Covid-19 after June 30, 2021, approved in the EU on August 30, 2021 (effective from April 1, 2021 for financial years beginning on or after 1 January 2021 at the latest).
- Amendments to IFRS 4 "Insurance Contracts" entitled "Extension of the temporary exemption from IFRS 9 application" approved in the EU on December 16, 2020 (the expiry date of the temporary exemption from IFRS 9 was extended from January 1, 2021 to annual periods beginning on January 1, 2023 and later). The above-mentioned changes to the existing standards did not have a significant impact on the Company's financial statements for 2021.

New standards and interpretations effective after the balance sheet date

When approving these financial statements, the Company omitted the following changes to the existing standards, which were issued by the IASB and approved for use in the EU, and which are effective at a later date:

- Amendments to IAS 16 "Tangible fixed assets" - revenues earned before acceptance of the fixed asset for use, approved in the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022 or later),
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts - Contract Fulfillment Cost approved in the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022),
- Amendments to IFRS 3 "Business combinations" - changes to references to conceptual assumptions together with amendments to IFRS 3 endorsed by the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022),
- IFRS 17 "Insurance Contracts" with subsequent amendments to IFRS 17 endorsed by the EU on November 19, 2021 (effective for annual periods beginning on or after January 1, 2023),
- Amendments to various standards "Improvements to IFRS (2018-2020 cycle)" - changes made as part of the procedure of introducing annual improvements to IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) aimed mainly at resolving inconsistencies and clarifying the vocabulary - approved in the EU on June 28, 2021 (the amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after January 1, 2022. The amendments to IFRS 16 concern only an illustrative example, and therefore no date is provided for entry into force.).

New standards and interpretations pending approval for use in the European Union

The IFRS as approved by the EU do not currently differ significantly from the regulations issued by the International Accounting Standards Board (IASB), except for the following new standards and amendments to standards, which as at December 31, 2021 have not yet been approved for use -validation in the EU (the following effective dates refer to the full version of the standards):

- IFRS 14 "Deferred balances from regulated activities" (effective for annual periods beginning on or after January 1, 2016) - the European Commission decided not to start the process of approving this interim standard for application in the EU until the final version of IFRS 14 is issued,
- Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities as short-term or long-term (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosures on the accounting policy applied (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates (effective for annual periods beginning on or after January 1, 2023),

- Amendments to IAS 12 "Income taxes" - Deferred tax relating to assets and liabilities from a single transaction (effective for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and its associate or joint venture and financial statements "and IAS 28" Investments in associates and joint ventures "- Sale or contribution of assets between an investor and its associate or joint venture and subsequent amendments (the effective date of the amendments was postponed until the completion of research on the equity method) ,
- Amendments to IFRS 17 "Insurance Contracts" - application of IFRS 17 and IFRS 9 for the first time - comparative data (effective for annual periods beginning on or after January 1, 2023 or later).

In the opinion of the Company, the above new standards and changes to the existing standards would not have a significant impact on the financial statements, if they had been applied by the Company as at the balance sheet date.

5. FINANCIAL STATEMENTS ADJUSTMENTS

There were no objections in opinions of entities authorized to audit financial statements for the period for which financial statements are presented. No adjustments were made in the financial statements for the period for which financial statements is presented.

6. CURRENCY IN WHICH FINANCIAL STATEMENTS HAS BEEN PREPARED AND THE SIZE OF THE UNITS THAT WERE USED FOR THE PRESENTATION OF AMOUNTS IN THE FINANCIAL STATEMENTS

This financial statements have been presented in the Polish zloty ("PLN") which is the reporting currency and the functional currency of the Company and all figures are in PLN thousand.

7. ACCOUNTING POLICIES

Goodwill

Goodwill in the financial statements is not amortized but it is tested for impairment.

Intangible assets

Expenditure on purchased computer software and other intangible assets are capitalized and depreciated on a straight-line basis over the period of expected economic utility.

In the event of impairment of assets classified as intangible assets, a write-down is made. Intangible assets are presented as of the balance sheet date according to the purchase price reduced by accumulated amortization accrued to the balance sheet date and decreased by possible write-downs.

Tangible fixed assets

Fixed assets include those assets whose expected period of use is longer than one year and which are intended for the purposes of the Company's operations or transferred for use to other entities on the basis of a rental agreement or other agreements of a similar nature. Fixed assets under lease are classified as

non-current assets when substantially all the risks and rewards of ownership of the asset are transferred to the Company.

Fixed assets are valued at purchase price, production cost and decreased by depreciation and write-offs due to permanent loss of value. Fixed assets are depreciated in the period corresponding to their estimated useful life. Fixed assets with a purchase price of up to PLN 10,000 PLN are depreciated once. The exception is computer hardware, depreciated based on its estimated useful life.

Borrowing costs directly related to the acquisition or production of assets that require a longer period to be fit for use or resale are capitalized as part of the cost of acquiring a qualifying asset until the asset is put into use.

Tangible right-of-use assets are measured at the present value of the asset's remaining serviceable use (lease payments) discounted using the contract's incremental borrowing rate at the date of first application.

Depreciation is calculated for all fixed assets, except land and fixed assets under construction, using the straight-line method, using the following annual depreciation rates:

- Means of transport 20%;
- computer hardware 30%;
- Remaining from 18% to 100%.

Non-current assets held for sale

Fixed assets (and groups of net assets held for sale) classified as held for sale are measured at the lower of the two values: their carrying amount or fair value less costs to sell. The Company classifies an asset (or group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through its continued use.

Financial assets

Financial assets are recognized according to the transaction date.

Financial assets, on the day they are acquired or created, are classified into the following categories:

- financial assets measured at amortized cost,
- financial assets at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income.

A financial asset is classified in the 'Financial Assets Measured at Amortized Cost' category if both of the following conditions are met:

- it is maintained in accordance with a business model whose objective is to hold financial assets to collect contractual cash flows,
- the terms of its contract give rise to timely cash flows that are merely payments of principal and interest on the principal amount outstanding.

"Financial assets measured at amortized cost", excluding trade receivables that do not have a significant financing component, are initially recognized at fair value plus directly attributable transaction costs. Trade receivables that do not have a significant financing component are initially measured at fair value (transaction price) Subsequent valuation is carried out at amortized cost, using the effective interest rate method, less impairment losses.

Interest on financial assets classified as "Financial assets measured at amortized cost", calculated using the effective interest method, is recognized in profit or loss for the current period in financial income.

The category "Financial assets measured at amortized cost" includes:

- cash and cash equivalents,

- trade receivables,
- other receivables and
- other financial assets measured at amortized cost (including, inter alia, corporate bonds).

A financial asset at fair value through profit or loss is an asset or a financial liability that is held for trading.

At the end of the reporting period, the company assesses the need for write-downs updating the value of financial assets.

When preparing separate financial statements, an entity recognizes investments in subsidiaries, joint ventures and associates at cost.

Determining the fair value of financial assets

The Company classifies the fair value measurement using the fair value hierarchy reflecting the significance of individual input data affecting the measurement. The fair value hierarchy is as follows:

- quoted (unadjusted) prices in active markets for identical assets or liabilities (level 1),
- Input data other than quotes in the Level 1 range that can be identified or observed for the asset or liability, directly (i.e. in the form of prices) or indirectly (i.e. based on calculations based on prices) (level 2).
- inputs for the asset or liability that are not based on observable market data (ie unobservable data) (level 3).

The fair value of equity instruments listed on an active market is measured at market value; an active market is a market where homogeneous positions are traded, prices are publicly announced, and buyers and sellers can be found there at any time. The fair value of shares is determined on the basis of stock exchange quotations. If the market for a given financial asset and unlisted securities is not active, the Company determines the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, making maximum use of market information and as little reliance on information from the Company as possible.

Classification and valuation of shares and interests in other entities

According to the decision of the Management Board of CARPATHIA CAPITAL ALTERNATYWNA SPÓŁKA INWESTYCYJNA S.A. shares and stocks purchased or acquired by the Company in preparation for a stock exchange debut (stocks and shares of portfolio companies) are classified as financial assets at fair value through profit or loss. The value of stocks and shares in other entities is determined in accordance with the above-mentioned principles of "Determining the fair value of financial assets".

Shares classified as financial assets at fair value through profit or loss are measured as at the balance sheet date at fair value, reflecting the effects of the valuation on the financial result.

Investment properties

Real estate which is the source of rental income and / or value appreciation over time is treated as investment property. Investment properties are valued as at the balance sheet date at their fair value. Profits and losses resulting from changes in the fair value of investment properties are recognized in the profit and loss account in the period in which they arise.

The company may decide to appraise investment real estate according to the purchase price or production cost.

Trade receivables other receivables

They are initially recognized at fair value increased by directly attributable transaction costs. The measurement at a later date is carried out at amortized cost, using the effective interest rate method, less impairment losses.

Impaired or overdue receivables are covered with individual write-offs reflecting the management board's assessment of the possibility of their recovery. Write-downs of receivables increase other operating costs. Expected credit losses are not measured on a collective basis. At each reporting date, the Company measures the allowance for expected credit losses in an amount equal to the expected credit losses over the life of the instrument.

Inventories

Inventories are measured at actual purchase prices less any impairment losses. The outflow is determined on the basis of the FIFO method.

Cash and cash equivalents

Cash is shown at nominal value. Cash in foreign currencies is converted as at the balance sheet date at the closing rate as at the balance sheet date.

Prepaid expenses

Prepayments and accruals are made in relation to the incurred costs relating to future reporting periods that meet the definition of assets according to IFRS. Write-offs of active prepayments and accruals are made according to the passage of time. The time and method of settlement is justified by the nature of the settled costs.

Equity

Equity capitals, except for treasury shares, are generally measured at their nominal value. Treasury shares are valued at purchase price.

Provisions

The provision is created when:

- the enterprise has a present obligation (legal or constructive) as a result of past events,
- it is probable that the fulfillment of the obligation will result in an outflow of resources embodying economic benefits and
- the amount of this obligation can be reliably estimated.

If the above conditions are not met, no provision is made.

Liabilities

Liabilities include all trade payables and all other payables. Liabilities expressed in foreign currencies are converted as at the balance sheet date into the Polish currency using the average exchange rate announced on that day for a given foreign currency by the National Bank of Poland.

As at the acquisition date, the Company measures financial liabilities at fair value, ie most often according to the fair value of the amount received. The company includes transaction costs in the initial value of all financial liabilities. The measurement at a later date is carried out at amortized cost, using the effective interest rate method, except for financial liabilities at fair value through profit or loss. Liabilities are disclosed in the amount due.

Accruals

Accruals are made in the amount of liabilities in the current reporting period.

The company refrains from estimating accrued expenses for employee benefits due to the small number of employees and the granting of benefits due to them in a given accounting period.

Current and deferred income tax

The obligatory burden on the financial result consists of the current tax and deferred tax.

The current tax burden is calculated on the basis of the taxable income (tax base) for a given financial year.

Deferred tax is calculated using the balance sheet method based on temporary differences between the value of assets and liabilities shown in the statement and their tax value.

Due to temporary differences, provisions and assets for deferred income tax are created.

The value of deferred tax assets is analyzed in order to determine whether the projected future tax profit will be sufficient for their realization. Otherwise, a write-off is made. Deferred tax assets and liabilities are calculated based on the tax rates that will apply when the asset is realized or the liability becomes due. Deferred tax is recognized in the statement of business results, except when it relates to items recognized directly in equity, when deferred tax is also recognized in equity.

Revenues

An entity applies IFRS 15 to all contracts with customers, except:

- (a) leasing contracts within the scope of IAS 16, 'Leases';
- (b) insurance contracts within the scope of IFRS 4, Insurance Contracts;
- (c) financial instruments and other rights or contractual obligations within the scope of IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates" and joint ventures"; and
- (d) non-monetary exchanges between entities engaged in the same type of activity to facilitate sales to customers or potential customers

Revenues from sales are recognized in the amount of the transaction price when the services promised in the contract are transferred to the customer, which takes place when the customer obtains control over these components.

The Company applies the principles of IFRS 15 with regard to individual contracts (or performance obligations).

Customer contract identification requirements

A contract with a customer meets its definition when all of the following criteria are met:

the parties to the contract have concluded a contract and are obliged to perform their obligations;

The company is able to identify each party's rights with respect to the goods or services to be transferred;

The company is able to identify the terms of payment for the goods or services to be transferred;

the agreement has commercial substance and it is probable that the Company will receive remuneration to which it will be entitled in exchange for goods or services to be provided to the client.

Identification of performance obligations

At the time of concluding the contract, the Company assesses the goods or services promised in the contract with the customer and identifies as a performance obligation each promise to provide the customer with a separately identifiable good or service.

Determining the transaction price

In order to determine the transaction price, the Company takes into account the terms of the contract and its customary commercial practices. The transaction price is the amount of remuneration that - as expected by the Company - will be due to it in return for the delivery of the promised goods or services to the customer. The fee stipulated in a contract with a customer may be fixed amounts, variable amounts, or both.

To estimate the variable remuneration, the Company decided to use the most probable value method for contracts with one value threshold and the expected value method for contracts with more value thresholds from which the customer is granted a discount.

Allocation of the transaction price to individual performance obligations

The Company assigns a transaction price to each performance obligation (or to a separate good or service) in an amount that reflects the amount of remuneration that, as expected by the Company, is due to it in return for the provision of the promised goods or services to the customer.

Recognition of revenue when performance obligations are met

The Company recognizes revenue when the performance obligation is met (or during the fulfillment) by transferring the promised good or service (ie an asset) to the customer (the customer obtains control over this asset). Revenue is recognized as amounts equal to the transaction price that has been allocated to the performance obligation.

The company transfers control of a good or service over time and therefore satisfies its performance obligation and recognizes revenue over time if one of the following conditions is met:

- the client simultaneously receives and benefits from the service as it is performed;
- as a result of the performance, an asset is created or improved, and control over this asset - as it arises or improves - is exercised by the customer;
- as a result of the performance of the service, no component with an alternative use for the Company is created, and the Company is entitled to an enforceable right to payment for the service provided so far.

Costs are deemed to be reasonable reductions in economic benefits in the reporting period, of a reliably determined value, in the form of a decrease in the value of assets or an increase in liabilities and provisions, which will reduce equity or increase its deficit, other than by withdrawing funds by shareholders or owners.

Investment income is income due from financial operations. In the Company, investment income includes interest earned on bank deposits, dividends, and the result on the sale of financial assets and their revaluation. In the case of dividend income, the recognition in the statement of results of operations takes place when the shareholders' right to receive payment is established.

Other operating income and costs are costs and revenues related to the sale of tangible fixed assets, establishing and releasing provisions and not directly related to the basic activity, but having an impact on the financial result.

Financial costs are the costs of financial operations incurred. Financial costs include interest on credits and loans.

Impairment

At each balance sheet date, the Company reviews the net value of assets in order to determine whether there are any premises indicating a possible impairment. If there are such indications, the recoverable amount of a given asset is estimated (ie net selling price or value in use, whichever is higher) in order to determine a potential impairment loss.

8. PROVISIONS

The provision is created when:

- the enterprise has a present obligation (legal or constructive) as a result of past events,
- it is probable that the fulfillment of the obligation will result in an outflow of resources embodying economic benefits and
- the amount of this obligation can be reliably estimated.

If the above conditions are not met, no provision is made.

Impairment

At each balance sheet date, the Company reviews the net value of assets in order to determine whether there are any premises indicating a possible impairment. If there are such indications, the recoverable amount of a given asset is estimated (ie net selling price or value in use, whichever is higher) in order to determine a potential impairment loss.

Depreciation of fixed assets and amortization of intangible assets

Depreciation is calculated for all fixed assets and intangible assets, except land and fixed assets under construction, using the straight-line method, using the following annual depreciation rates:

- Means of transport 20%;
- computer hardware 30%;
- Remaining from 18% to 100%.

9. OPERATIONAL SEGMENTS

The Issuer does not present information about operating segments required by IFRS 8, because the type of the Company's operations is focused only on direct private equity / venture capital investment activities. The company's operations are conducted in Poland, so the geographical breakdown was also abandoned.

10. EVENTS AFTERWARD THE STATEMENT DATE

The Management Board of the Company monitors the development of the situation related to the remaining risk factors and their impact on the Company's operations on an ongoing basis. Management recognizes three main areas of risk for the financial markets in Poland that have occurred after the balance sheet date: the dynamic increase in the incidence of a new variant of the coronavirus, the outbreak of the war in Ukraine and rising inflation.

The above-mentioned factors contribute to the increased risk aversion of investors, which in turn contributes to the flow of capital from developing economies to developed economies. These events do not result in adjustments to the financial statements for 2021, but for events after the balance sheet date that require additional disclosure.

The specificity of the business allows you to work remotely, and therefore employees perform their duties at home, having safe access to all resources necessary to perform their tasks. Significant contracts concluded by the Company are concluded by placing an electronic signature on a document. Daily communication within the teams takes place via the Microsoft Teams communicator and phone calls using business phones. The premises at the Company's headquarters are regularly cleaned and disinfected, employees have access to gloves and disinfecting liquids. In addition, outsiders are not admitted to the premises at present, courier parcels are accepted in an isolated place.

Due to the fact that the ongoing pandemic, the outbreak of war and the rise in inflation have a significant impact on the levels of valuation of instruments in financial markets, they have an impact on the company's results. However, the focus on the segment of new technologies (whose revenues have often even increased in the recent period) allows to maintain a relatively low correlation with major equity indices, and a prudent investment policy assuming a significant share of deposits and bonds in assets additionally secures financial results. Moreover, the Management Board identifies the current situation as an opportunity to undertake long-term investments in equities, which may bring above-average rates of return in the medium and long-term investment horizon.

On April 4, Mr. Kamil Gemra resigned from the position of a Member of the Supervisory Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A.

II. NOTES TO THE FINANCIAL STATEMENT

Note no. 1

EXPENSES BY TYPE	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) Depreciation of property, plant and equipment and amortization of intangible assets	0	0	0
b) Materials and energy	2	1	1
c) External services	106	121	79
d) Taxes and charges	55	18	71
e) Wages and salaries	792	1 001	314
f) Social security costs	64	42	24
g) Other expenses by type	0	0	0
Expenses by type	1 019	1 183	489
Changes in inventories, products and accruals	0	0	0
Cost of production for internal purposes (negative value)	0	0	0
Selling and distribution expenses (negative value)	0	0	0
Administrative expenses (negative value)	-1 019	-1 183	-489
Cost of products sold	0	0	0

Note no 2

OTHER OPERATING EXPENSES	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) release of provisions	0	0	0
b) others, including:	4	25	0

- compensation received, costs of legal representation	4	0	0
- liabilities towards ZUS covered by the subsidy	0	25	0
Other operating revenues, total	4	25	0

Note no 3

OTHER OPERATIONAL COSTS	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) created provisions	0	0	0
b) other, including:	8	10	15
- written receivables	0	10	0
- donation	8	0	0
- re-invoiced costs	0	0	15
Other operating expenses, total	8	10	15

Note No 4

FINANCE INCOME FROM DIVIDENDS AND SHARE IN PROFIT	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) from related parties	0	0	0
b) from other entities	127	3	1
Total finance income from dividends and share of profit	127	3	1

INTERESTS INCOME	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) on loans granted	50	65	11
- to related parties	17	12	3
- to other entities	33	49	8
b) other interest income	0	0	106
- from related parties	0	0	0
- from other entities (bank interest, interest on receivables)	0	0	106
Total interest income	50	65	117

OTHER INVESTMENTS INCOME	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) foreign exchange gains	20	127	23
- realized	20	84	0
- unrealized	0	43	23
b) reversed provisions	0	0	0
c) other, including:	0	323	473
- fair value of received shares	0	323	473

Total other investment income	20	450	496
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Note no 5

FINANCIAL COSTS OF INTERESTS	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) from credits and loans	0	0	0
b) other interest	0	0	0
Total interest expense	0	0	0

OTHER FINANCIAL COSTS	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
a) negative exchange rate differences	8	0	56
- realized	0	0	15
- unrealized	8	0	41
b) reserves created	0	0	0
c) others	0	0	0
Other financial expenses, total	8	0	56

Note no 6

CURRENT INCOME TAX	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
1. Profit before tax	2 677	5 278	465
2. Differences between profit (loss) before tax and income tax base (by title)	-2 092	-3 383	478
- expenses that are not deductible	357	634	6
- statistical revenues	0	0	97
- revenues that do not constitute income tax revenues	178	63	69
- statistical costs	598	6	204
- unrealized exchange differences	-8	43	-17
- revaluation of investments	1 681	3 905	-631
3. Deducted losses from previous years	0	0	0
4. Income tax base	585	1 895	943
5. Income tax at the 19% rate	111	360	179
6. Tax increases, omissions, exemptions, deductions and reductions	0	0	0
7. Income tax expense reported in the tax return for the period, including:	135	360	179
- reported in the income statement, including:	111	360	179
- flat-rate tax paid on dividends received	24	0	0
- relating to items that decreased or increased equity	0	0	0

- relating to items that decreased or increased goodwill or negative goodwill	0	0	0
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DEFERRED INCOME TAX, RECOGNIZED IN THE PROFIT AND LOSS STATEMENT	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
- change from originating and reversing of temporary differences	309	818	-118
- change due to change in tax rate	0	0	0
- change due to previously unrecognized tax loss, tax credit or temporary difference of previous period	0	0	0
- change due to write off of deferred tax assets or lack of use of the deferred income tax reserve	0	0	0
- other components of deferred tax	0	0	0
Deferred income tax, total	309	818	-118

TOTAL DEFERRED TAX AMOUNT	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
- included in equity	0	0	0
- included in goodwill or negative goodwill	0	0	0

Note no 7

TANGIBLE ASSETS	31.12.2021	31.12.2020	31.12.2019
a) fixed assets, including:			
- land (including the right of perpetual usufruct ground)	242	0	0
- buildings, premises and civil engineering structures	0	0	0
- technical devices and machines	242	0	0
- means of transport	0	0	0
- other fixed assets	0	0	0
b) fixed assets in progress	0	0	0
c) advances for fixed assets in progress	0	0	0
Tangible Assets, total	242	0	0

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	31.12.2021	31.12.2020	31.12.2019
a) own	0	0	0
b) used on the basis of a lease, tenancy or other contract, including leasing contracts, including:	242	0	0
- lease of the seat	242	0	0
Securities, shares and other long-term financial assets, total	242	0	0
BALANCE SHEET ASSETS FOR THE RIGHT OF USE	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019

Real estate (company seat)		242	0	0
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CHANGES IN FIXED ASSETS (BY TYPE GROUPS) IN THE PERIOD 01.01.2021-31.12.2021

	land (including the right of perpetual usufruct ground)	buildings, premises and civil engineering structures	technical devices and machines	means of transport	other fixed assets	Fixed assets, total
a) gross value of fixed assets at the beginning of the period	0	0	0	0	0	0
b) increases (due to):	0	242	0	0	0	242
- acquisition (also by contribution and leasing)	0	242	0	0	0	242
- receipt of fixed assets under construction	0	0	0	0	0	0
c) reductions (due to):	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- contribution	0	0	0	0	0	0
d) gross value of fixed assets at the end of the period	0	242	0	0	0	242
e) redemption at the beginning of the period	0	0	0	0	0	0
f) redemption for the period (due to):	0	0	0	0	0	0
increase (depreciation)	0	0	0	0	0	0
reduction-sale	0	0	0	0	0	0
reduction-aport	0	0	0	0	0	0
g) accumulated depreciation (depreciation) at the end of the period	0	0	0	0	0	0
h) impairment losses at the beginning of the period	0	0	0	0	0	0
-increase	0	0	0	0	0	0
-reduction	0	0	0	0	0	0
i) write-offs for permanent diminution in value at the end of the period	0	0	0	0	0	0
j) net worth of fixed assets at the end of the period	0	242	0	0	0	242

Note no 8

LONGTERM FINANCIAL ASSET	31.12.2021	31.12.2020	31.12.2019
a) in subsidiaries	0	0	0
b) in co-dependent entities	0	0	0
c) in affiliates	0	0	0
d) in a significant investor	0	0	0

e) in a related entity	0	378	123
- shares or stocks	0	0	123
- debt securities	0	0	0
- other securities (by type)	0	0	0
- loans granted	0	378	0
- other long-term financial assets (by type)	0	0	0
f) in the parent	0	0	0
g) in other units	0	0	0
Long-term financial assets, total	0	378	123

CHANGE IN LONG-TERM FINANCIAL ASSETS (BY TYPE GROUPS)	31.12.2021	31.12.2020	31.12.2019
a) at the beginning of the period	378	123	123
b) increases (due to)	11	428	0
acquisition of shares in subsidiaries	0	50	0
granting loans to related entities	0	370	0
accruing interest on loans in related entities	11	8	0
c) decreases (due to)	389	173	0
sale of shares in subsidiaries	0	173	0
repayment of loans	300	0	0
change of presentation (transfer to short-term investments)	89	0	0
d) balance at the end of the period	0	378	123

SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	31.12.2021	31.12.2020	31.12.2019
a) in the Polish currency	0	378	123
b) in foreign currencies (by currency and after conversion into PLN)	0	0	0
Securities, shares and other long-term financial assets, total	0	378	123

SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS (BY SALABILITY)	31.12.2021	31.12.2020	31.12.2019
A. With unlimited marketability, listed on exchanges (carrying amount)	0	0	0
B. With unlimited marketability, traded on over-the-counter markets (carrying amount)	0	0	0
C. Z nieograniczoną zbywalnością, nienotowane na rynku regulowanym (wartość bilansowa)	0	378	123
a) stocks and shares (carrying amount):	0	0	123
-value at the beginning of the period	0	0	123

- value at cost	0	0	123
b) bonds (carrying amount):	0	0	0
- value-updating adjustments	0	0	0
- value at the beginning of the period	0	0	0
- value at the end of the period	0	0	0
c) other - by type groups (carrying amount):	0	0	0
c1) loans	0	378	0
- value-updating adjustments	0	8	0
- value at the beginning of the period	0	0	0
- value at the end of the period	0	370	0
D. Restricted marketability (Carrying Value)	0	0	0
Value at cost, in total	0	370	123
Value at the beginning of the period, in total	0	0	123
Total revaluation adjustments	0	8	0
Balance sheet value, total	0	378	123

Note no. 9

CHANGES IN STATE OF ASSETS ON DEFERRED INCOME TAX	31.12.2021	31.12.2020	31.12.2019
1. Deferred tax assets at the beginning of the period, including:	176	226	96
a) charged to financial result	176	226	96
b) charged to equity	0	0	0
c) charged to goodwill or negative goodwill	0	0	0
2. Increases	64	115	131
a) charged to the financial result of the period in connection with negative temporary differences (due to)	64	115	131
- revaluation write-down on the value of the investment	64	0	123
- exchange rate differences from valuation	0	0	7
- creating provisions for costs	0	115	1
- leasing	0	0	0
b) charged to the financial result of the period in connection with tax loss (due to)	0	0	0
c) charged to equity in connection with negative temporary differences (due to)	0	0	0
d) charged to equity in connection with tax loss (due to)	0	0	0
e) charged to goodwill or negative goodwill due to negative temporary differences (due to)	0	0	0
3. Decreases	52	165	1

a) charged to the financial result of the period in connection with negative temporary differences	52	165	1
- write-down on investment value	0	158	0
- balance sheet provisions - reduction of write-downs of receivables	0	0	0
- use of provisions for costs	52	0	1
- financial leasing	0	0	0
- cash valuation	0	7	0
b) charged to the financial result of the period in connection with tax loss (as a result of)	0	0	0
c) charged to equity in connection with negative temporary differences (as a result of)	0	0	0
d) charged to equity in connection with tax loss (due to)	0	0	0
e) charged to goodwill or negative goodwill due to negative temporary differences (due to)	0	0	0
4. Total deferred tax assets at the end of the period, including:	188	176	226
a) charged to the financial result	188	176	226
b) charged to equity	0	0	0
c) charged to goodwill or negative goodwill	0	0	0

Nota nr 10

CURRENT RECEIVABLES	31.12.2021	31.12.2020	31.12.2019
a) from related parties	30	30	252
- trade receivables, with a repayment period:	0	0	0
- up to 12 months	0	0	0
- over 12 months	0	0	0
- other	30	30	252
- under litigation	0	0	0
b) from other entities	208	24	72
- trade receivables, with a repayment period:	0	0	0
- up to 12 months	0	0	0
- over 12 months	0	0	0
- related to taxes, subsidies, customs, social and health insurance and other benefits	49	24	42
- other	159	0	30
- including: from the sale of financial assets	159	0	0
- other	0	0	0
Total net current receivables	238	54	324
c) impairment of receivables	0	0	0

Total gross current receivables	238	54	324
SHORT-TERM RECEIVABLES FROM RELATED ENTITIES	31.12.2021	31.12.2020	31.12.2019
a) for deliveries and services, including:	0	0	0
b) other, including:	30	30	252
- from a related entity	30	30	0
- from the parent	0	0	252
c) pursued in court, including:	0	0	0
Short-term receivables from net related parties, total	30	30	252
d) write-offs reevaluating receivables from related parties	0	0	0
Short-term receivables from related gross related entities, total	30	30	252

CURRENT RECEIVABLES (CURRENCY STRUCTURE)	31.12.2021	31.12.2020	31.12.2019
a) in Polish currency	238	54	324
b) in foreign currencies (according to currencies and translated to PLN)	0	0	0
Total gross current receivables	238	54	324

Note no 11

CURRENT FINANCIAL ASSETS	31.12.2021	31.12.2020	31.12.2019
a) in subsidiaries	0	0	0
- assets held for trading	0	0	0
- debt securities	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
b) in jointly controlled entities	0	0	0
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- financial assets held to maturity	0	0	0
c) in associates	0	0	0
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
d) in significant investor	0	0	0

- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- financial assets held to maturity	0	0	0
- loans granted	0	0	0
e) in a related entity	173	82	10
- assets held for trading			
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- loans granted	173	82	10
f) in the parent company	98	96	298
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- financial assets held to maturity	0	0	0
- loans granted	98	96	298
- financial assets available for sale	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
g) in other entities	15 280	13 601	6 300
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	15 278	13 285	5 037
- debt securities	0	314	1 134
- loans granted	2	2	129
- financial assets available for sale	0	0	0
h) cash and other monetary assets	1 292	1 027	2 882
- cash in hand and at bank	1 292	1 027	2 882
- other cash equivalents	0	0	0
- other monetary assets	0	0	0
Total current financial assets	16 843	14 806	9 490

SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	31.12.2021	31.12.2020	31.12.2019
a) in polish currency	16 575	13 592	5 999
b) in foreign currencies (according to currencies and translated to PLN)	268	1 214	3 491

b1. Unit/currency in thous. RON	288	1 281	3 896
After conversion to thous.PLN	268	1 214	3 491
Other currencies in thous. PLN	0	0	0
Total securities, shares and sother short-term financial assets	16 843	14 806	9 490

SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (BY TRANSFERABILITY)	31.12.2021	31.12.2020	31.12.2019
A. With unlimited transferability, listed on the stock exchange (book value)	10 939	9 735	3 156
a) shares (book value):	10 939	9 735	3 156
- market value	10 939	9 735	3 156
- purchase cost value	5 355	5 725	4 179
b) bonds (book value):	0	0	0
- market value	0	0	0
- purchase cost value	0	0	0
c) other – by type (book value):	0	0	0
- market value	0	0	0
- purchase cost value	0	0	0
B. With unlimited transferability listed on OTC markets (book value)	0	0	0
a) shares (book value):	0	0	0
- market value	0	0	0
- purchase cost value	0	0	0
b) bonds (book value):	0	0	0
- market value	0	0	0
- purchase cost value	0	0	0
c) other – by type (book value):	0	0	0
- market value	0	0	0
- purchase cost value	0	0	0
C. With unlimited transferability listed on OTC markets (book value)	5 904	5 071	6 334
a) shares (book value):	4 339	3 550	1 881
- market value	4 339	3 550	1 881
- purchase cost value	3 884	3 825	1 881
b) bonds (book value):	0	314	1 134
- value at amortized cost	1 306	314	1 134
- purchase cost value	951	951	951

c) Loans granted:	273	179	437
- value at amortized cost	273	179	437
- purchase cost value	243	173	430
d) cash in hand and at bank	1 292	1 027	2 882
- fair value	1 292	1 027	2 882
- purchase cost value	1 290	1 021	2 921
D. With limited transferability (book value)	0	0	0
a) shares (book value):	0	0	0
- market value	0	0	0
- purchase cost value	0	0	0
b) bonds (book value):	0	0	0
- fair value	0	0	0
- purchase cost value	0	0	0
c) others	0	0	0
- fair value	0	0	0
- purchase cost value	0	0	0
Total purchase cost value	11 725	11 420	10 362
Total value at beginning of period	14 806	9 490	9 024
Valuation adjustments, total	5 118	3 386	-872
Total book value	16 843	14 806	9 490

CASH AND OTHER MONETARY ASSETS (CURRENCY STRUCTURE)	31.12.2021	31.12.2020	31.12.2019
a) in Polish currency	1 122	749	414
b) in foreign currencies (by currency and after conversion into PLN)	170	279	2 468
b1. unit / currency in thous. RON	183	294	2 750
after conversion in thous. PLN	170	279	2 468
other currencies in thous. PLN	0	0	0
Cash and cash equivalents together	1 292	1 027	2 882

Changes in the fair value of financial assets and liabilities.

The balance sheet value of financial assets and liabilities with their fair value is compared as follows (the statement includes all financial assets and liabilities, regardless of whether they are recognized at amortized cost or at fair value in the financial statements):

Type of the financial instrument	31.12.201	31.12.2020	31.12.2019
----------------------------------	-----------	------------	------------

	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value
Assets:	17 081	16 990	15 237	15 237	9 937	9 937
Loans	273	273	557	557	437	437
Trade and other receivables	239	239	54	54	324	324
Derivative financial instruments	0	0	0	0	0	0
Debt securities	0	0	314	314	1 134	1 134
Shares of listed companies	10 939	10 939	9 735	9 735	3 156	3 156
Shares of unlisted companies	4 339	4 247	3 550	3 550	1 881	1 881
Other shares consolidated at INC S.A. capital group level	0	0	0	0	123	123
Investment fund units	0	0	0	0	0	0
Other classes of other financial assets	0	0	0	0	0	0
Cash and cash equivalents	1 292	1 292	1 027	1 027	2 882	2 882
Liabilities:	449	449	133	133	32	32
Loans in a credit account	0	0	0	0	0	0
Overdraft facilities	0	0	0	0	0	0
Loans	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Financial leasing	242	242	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0
Trade and other liabilities	207	207	133	133	32	32

Transfers between levels of fair value of financial instruments

The table below presents financial assets and liabilities recognized in the separate financial statements at fair value, classified to a specific level in the fair value hierarchy:

Type of financial instrument	Level 1	Level 2	Level 3	Total Fair Value
As of 31.12.2021				
Assets:				
Shares of listed companies	10 939	0	0	10 939
Shares of unlisted companies	0	0	4 247	4 247
Units of investment funds	0	0	0	0
Derivative trading instruments	0	0	0	0
Derivatives	0	0	0	0
Other classes of other financial assets	0	0	0	0

Total assets	10 939	0	4 247	15 186
Liabilities:				
Derivative trading instruments	0	0	0	0
Hedging derivatives	0	0	0	0
Total liabilities	0	0	0	0
Net Fair Value	10 939	0	4 247	15 186

Type of financial instrument	Level 1	Level 2	Level 3	Total Fair Value
As of 31.12.2020				
Assets:				
Shares of listed companies	9 735	0	0	9 735
Shares of unlisted companies	0	0	3 550	3 550
Units of investment funds	0	0	0	0
Derivative trading instruments	0	0	0	0
Derivatives	0	0	0	0
Other classes of other financial assets	0	0	0	0
Total assets	9 735	0	3 550	13 285
Liabilities:				
Derivative trading instruments	0	0	0	0
Hedging derivatives	0	0	0	0
Debt securities valued at fair value	0	0	0	0
Loans valued at fair value	0	0	0	0
Total liabilities	0	0	0	0
Net Fair Value	9 735	0	3 550	13 285

Type of financial instrument	Level 1	Level 2	Level 3	Total Fair Value
Stan na 31.12.2019				
Assets:				
Shares of listed companies	3 156	0	0	3 156
Shares of unlisted companies	0	0	1 881	1 881
Units of investment funds	0	0	0	0
Derivative trading instruments	0	0	0	0
Derivatives	0	0	0	0

Other classes of other financial assets	0	0	0	0
Total assets	3 156	0	1 881	5 037
Liabilities:				
Derivative trading instruments	0	0	0	0
Hedging derivatives	0	0	0	0
Debt securities valued at fair value	0	0	0	0
Loans valued at fair value	0	0	0	0
Total liabilities	0	0	0	0
Net Fair Value	3 156	0	1 881	5 037

Assumptions used for the valuation of financial assets assigned to the 3rd level.

The fair value of financial assets is determined based on stock exchange quotations. If the market for a given financial asset and unlisted securities is not active, the Company determines the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, making maximum use of market information and as little reliance on information from the Company as possible. The Company has adopted the principle that if the valuation does not show a significant difference in value, the shares and stocks classified to level 3 will be valued at the acquisition value less the revaluation write-off.

The company made a valuation of financial assets assigned to the 3rd level. As the valuation did not show a significant difference in value, the shares were left at the acquisition value less the impairment loss.

The nature and extent of the risks arising from financial instruments

The risk arising from financial instruments is the risk of loss due to changes in the prices of equity instruments, resulting from open positions in financial instruments (including shares, rights to shares, subscription rights), open positions in futures contracts and other open positions resulting from non-standard transactions approved by the Management Board.

The Issuer has identified the following risks and ways to minimize potential losses related to their occurrence.

The risk of a downturn in the capital market

The Issuer's financial result is influenced by the situation on the capital market, in particular by the quotation of shares on the regulated market or NewConnect. During the boom period, the largest number of non-public offers and public offers on the market are carried out. In the period of a bear market, firstly, it is more difficult to introduce new companies to stock-exchange trading, and secondly, the investment risk related to the shaping of the prices of shares that will be included in the Issuer's investment portfolio increases. Declines in share prices of portfolio companies may have a significant negative impact on the Issuer's financial results.

The Issuer aims to reduce the risk of financial losses by building a highly diversified investment portfolio in terms of the number of shares and stocks in portfolio companies and other financial instruments purchased, and by introducing limits on individual equity instruments and their total value.

The risk related to the expected high volatility of the financial result

Investors must be aware that future financial results will be largely affected by the Issuer's investment decisions related to the purchase of financial instruments, including shares of companies prepared for trading on the regulated market or the NewConnect market. Due to the high impact of the Issuer's capital investments on its financial result, it will be subject to greater fluctuations compared to companies operating in other industries.

The Issuer aims to reduce the risk by building a diversified investment portfolio, both in terms of the number of portfolio companies and industry diversification. The Issuer's capital investments in companies from the SME sector are each time preceded by a thorough financial analysis and legal analysis in order to minimize the risk of incorrect investment.

The risk related to the liquidity of the investment portfolio

The issuer acquires stocks or shares of non-public companies, which, until their introduction to an organized trading system, means their limited liquidity and the risk of not being able to quickly sell the shares held by the Issuer.

This risk is mitigated with the introduction of shares of portfolio companies to trading in an organized trading system. The Issuer assumes that exit transactions from its investment will usually be made by selling a block of shares to a professional investor or other capital investment fund, by selling shares on the market or in a secondary offer.

The risk related to no increase in the value of portfolio companies

The main source of profits for the VC / PE fund is the increase in the value of portfolio companies. The Issuer tries to acquire the assets of companies run by competent and experienced managers who, with capital support, will dynamically develop the portfolio company, strengthen its market position and, as a result, increase the value of the Issuer's investments. However, there is a risk that a satisfactory increase in the value of the portfolio companies will not be achieved in individual cases.

The risk related to the lack of an increase in the value of portfolio companies is limited by the Issuer by looking for companies operating in niche and / or growth markets or having an innovation concept on a selected market. The Issuer also reduces this risk by diversifying projects.

Risk related to investments made in portfolio companies

The issuer indicates that in the case of occurrence of unfavorable events in portfolio companies (bankruptcy, liquidation, cessation of activity) may be forced to make revaluation write-offs of investments made in these companies. The issuer makes investments in companies by purchasing shares / stocks and granting loans to companies for the development of their activities. In the event of reaching the above-mentioned situation in companies whose shares the Issuer purchased or granted loans to (purchased bonds), this may have a negative impact on the Issuer's financial result.

The Issuer tries to limit this risk by granting loans, if possible, secured in kind (mortgage, transfer of title for security) or with revenues (assignments of receivables), and by monitoring the situation of these companies on an ongoing basis.

Currency risk

As a rule, the issuer generates revenues and incurs its liabilities in the Polish currency, trying to minimize the currency risk. The company is exposed to currency risk which causes uncertainty as to the value of future cash flows. Part of the Company's liabilities in the amount of PLN 212 thousand PLN (resulting from the long-term rental agreement) is related to the euro exchange rate, therefore the weakening of the Polish zloty will have an impact on the amount of the financial liability under the long-term rental agreement. A change in the EUR exchange rate by PLN 0.10 causes an increase in the liability by PLN 0.5 thousand. zloty.

Risk exposure

The risk exposure of listed financial instruments held for trading, expressed at market value as at December 31, 2021, amounted to PLN 10,939 thousand. PLN, and as at December 31, 2020 it was PLN 9 735 thousand. zloty.

A 10% decrease or increase in the WIG stock exchange index and the NCIndex stock exchange index would cause a change in the consolidated financial result by approx. PLN 886.6 thousand. zloty.

Note no 12

Short-term Accruals	31.12.2021	31.12.2020	31.12.2019
a) Active accruals, including:	2	4	3
- Subscription	2	4	3
b) Other accruals	0	0	1
Short-term accruals, total:	2	4	4

Note no 13

Equity capital (Structure) as of 31.12.2021

Share series	Share type	Type of preference	Restrictions on shares	Number of shares	Series/issue nominal value (PLN)	Coverage of capital (payment manner)	Date of registration	Right to dividend (since)
A	registered	2 voices per share	none	1 000 000	500 000	cash	26.06.2014	26.06.2014
B	bearer	none	none	1 003 666	501 833	cash	29.01.2015	29.01.2015
B2	bearer	none	none	275 000	137 500	cash	14.05.2015	14.05.2015
C	bearer	none	none	795 991	397 995,50	cash	14.05.2015	14.05.2015

D	bearer	none	none	711 439	355 719,50	cash	30.07.2015	30.07.2015	
B3	bearer	none	none	116 667	58 333,50	cash	18.10.2016	01.01.2016	
E	bearer	none	none	300 000	150 000,00	cash	30.10.2018	01.01.2018	
Total number of shares		4 202 763							
Total share capital		PLN 2 101 381,50							
Share nominal value = PLN 0,50									

OWNERSHIP STRUCTURE OF SHARE CAPITAL AT SIGNING OF FINANCIAL STATEMENT	No of shares	Share of equity	Share of voting rights	Equity (ths of PLN)
INC S.A.	1 219 851	29,02%	42,67%	610
Others	2 982 912	70,98%	57,33%	1 491
Total	4 202 763	100,000%	100,000%	2 101

Note no 14

Disclosed reserve	31.12.2021	31.12.2020	31.12.2019
a) from the sale of shares above their nominal value after decreasing costs of issue and covering the losses from previous years	5 957	5 957	5 957
b) statutory reserve	0	0	0
b) created in accordance with the statute / agreement	0	0	0
d) from additional payments of shareholders/partners	0	0	0
e) other (by type)	4 843	1 248	1 166
- divided result of previous years	4 843	1 248	1 166
Total reserve capital	10 800	7 205	7 123

Note no 15

Reserve Capital	31.12.2021	31.12.2020	31.12.2019
a) created statutorily	0	0	0
b) created in accordance with the statute / contract	0	0	0
c) other (by type)	700	700	700
- share buyback program	700	700	700
Reserve capital, total:	700	700	700

Note no 16

CHANGES IN RESERVES FOR DEFERRED INCOME TAX	31.12.2021	31.12.2020	31.12.2019
1. Deferred tax liability at the beginning of the period, including:	823	56	43
a) charged to financial result	823	56	43
b) charged to equity	0	0	0
c) charged to goodwill or negative goodwill	0	0	0

2. Increases	324	767	13
a) charged to the financial result of the period due to positive temporary differences (due to)	324	767	13
- investment valuation	316	762	0
- loans and bonds valuation	8	3	13
- other	0	2	0
b) charged to equity in connection with positive temporary differences (due to)	0	0	0
- investment valuation	0	0	0
c) charged to goodwill or negative goodwill due to positive temporary differences (as a result of)	0	0	0
3. Decreases	2	0	0
a) charged to the financial result of the period in connection with positive temporary differences (due to)	0	0	0
- investment valuation	0	0	0
- loans and bonds valuation	0	0	0
- other	2	0	0
b) charged to equity in connection with positive temporary differences (due to)	0	0	0
- investment valuation	0	0	0
c) charged to goodwill or negative goodwill due to positive temporary differences	0	0	0
4. Balance of deferred tax assets at end of period, total	1 145	823	56
a) charged to financial result	1 145	823	56
b) charged to equity	0	0	0
c) charged to goodwill or negative goodwill	0	0	0

Note no 17

Long-term liabilities	31.12.2021	31.12.2020	31.12.2019
a) to subsidiaries	0	0	0
b) to jointly controlled entities	0	0	0
c) to associates	0	0	0
d) to a significant investor	0	0	0
e) to the parent company	209	0	0
- loans and borrowings	0	0	0
- due to the issue of debt securities	0	0	0
- other financial liabilities, including:	209	0	0
- financial leasing contracts	209	0	0
- other (by type)	0	0	0

f) to other entities	0	0	0
Long-term liabilities, total	209	0	0

LONG-TERM LIABILITIES (CURRENCY STRUCTURE)	31.12.2021	31.12.2020	31.12.2019
a) in Polish currency	209	0	0
b) in foreign currencies (according to currencies and translated to PLN)	0	0	0
Total current liabilities	209	0	0

Note no 18

Current Liabilities	31.12.2021	31.12.2020	31.12.2019
a) to subsidiaries	0	0	0
b) to jointly controlled entities	0	0	0
c) to associates	0	0	0
d) to a significant investor	0	0	0
e) to the parent company	34	0	0
f) to other entities	206	133	32
- loans and borrowings, including:	0	0	0
- long-term in the repayment period	0	0	0
- due to issue of debt securities	0	0	0
- due to dividends	162	109	24
-purchase of financial assets	22	1	0
- other financial liabilities, including:	0	0	0
- due to deliveries and services, with maturity period:	6	0	1
- up to 12 months	6	0	1
- over 12 months	0	0	0
- advances received for deliveries	0	0	0
- bills of exchange liabilities	0	0	0
- due to taxes, customs, insurance and other benefits	16	22	7
- due to remuneration	0	1	0
- other (by type)	0	0	0
g) special funds (by title)	0	0	0
- Social Fund	0	0	0
Short-term liabilities, total	240	133	32

CURRENT LIABILITIES (CURRENCY STRUCTURE)	31.12.2021	31.12.2020	31.12.2019
a) in Polish currency	240	133	32
b) in foreign currencies (according to currencies and translated to PLN)	0	0	0
Total current liabilities	240	133	32

SHORT-TERM LIABILITIES - WITH THE REQUIREMENT PERIOD FROM THE BALANCE SHEET DATE	31.12.2021	31.12.2020	31.12.2019
a) up to 1 month	206	133	32
b) over 1 month to 3 months	5	0	0
c) over 3 months to 6 months	9	0	0
d) over 6 months to 1 year	16	0	0
e) over 1 year	0	0	0
Short-term liabilities, total	236	133	32

Note no 19

OTHER ACCRUALS AND PAYMENTS	31.12.2021	31.12.2020	31.12.2019
a) accrued expenses	340	611	6
- non-current (by title)	0	0	0
- current (by title)	340	611	6
- provision for costs	340	611	6
Total other prepayments and accruals	340	611	6

Note no 20

CASH FLOWS FROM OPERATING ACTIVITIES	01.01.2021 31.12.2021	01.01.2020 31.12.2020	01.01.2019 31.12.2019
I. Profit before tax	2 677	5 278	465
II. Adjustments to reconcile profit before tax to net cash flows:	-3 957	-5 799	-1 019
1. Depreciation and amortization	0	0	0
2. Net foreign exchange differences	9	-86	33
3. Interest and share of profit (dividends)	-177	-68	-117
4. Gain (loss) on investment activity	-3 511	-6 251	-885
5. Changes in provisions	0	0	0
6. Changes in prepayments and accruals	-278	606	-3
7. Other adjustments	0	0	-47
III. Changes in working capital	28	6	-31

IV. Income tax paid	-179	-334	-165
V. Net cash flows from operating activities	-1 431	-849	-750

Note no 21

The nature and extent of risk arising from financial instruments

The risk arising from financial instruments is the risk of loss due to changes in prices of equity instruments, resulting from open positions in financial instruments (including shares, rights to shares, pre-emptive rights), open positions in futures and other open positions resulting from non-standard transactions accepted by the Management Board.

The Issuer identified risks and ways to minimize possible losses related to their occurrence is described in the Report of the Management Board on operations in the "Description of risk factors to which the Issuer is exposed" section.

Additional explanations

1. There were no and there are no contingent liabilities and liabilities secured on the Company's assets.
2. Transactions with related entities

Transactions with the parent entity INC S.A.	Receivables (PLN)	Liabilities (PLN)
Agreement for the lease of premises		242

Transactions with a related entity INC Private Equity S.A.	Receivables (PLN)	Liabilities (PLN)
Loan repayment	300 000,00	

Transactions with parenting companyL INC S.A.	Revenue (PLN)	Costs (PLN)
Premises lease agreement (company seat)		12 000,00

3. There are no agreements concluded with contractors in which the Company did not meet the terms of the contract.
4. The amount of interest rates for purchased debt securities and loans granted.

Covered Bonds	Interest	Comments
Moto44 S.A.	7,00%	
Remedis S.A.	4,50%	
The Yachting Club	0,00%	Convertible Bonds

Granted Loans	Interest	Comments
INC S.A.	4,00%	
INC Private Equity ASI S.A. (70 000,00 zł)	4,00%	
INC Private Equity ASI S.A. (370 000,00 zł)	3,50%	

MANAGEMENT BOARD REPORT ON THE OPERATIONS

BASIC INFORMATION

Carpathia Capital is an alternative investment company whose activity is focused on the purchase and sale of financial assets. Pursuant to the investment strategy adopted, the main subject of investment activity are shares of companies at an early stage of development, carrying out issues on the private market with a view to their subsequent introduction to trading. In geographical terms, the area of ongoing investments remains Central and Eastern Europe with an emphasis on the Polish and Romanian market.

Kapitał zakładowy Spółki wynosi 2 101 381,50 (dwa miliony sto jeden tysięcy trzysta osiemdziesiąt jeden złotych i pięćdziesiąt groszy) co odpowiada 4 202 763 (cztery miliony dwieście dwa tysiące siedemset sześćdziesiąt trzy) akcjom:

- a) 1.000.000 (jeden milion) akcji imiennych serii A uprzywilejowanych co do głosu w ten sposób, że na każdą akcję przypadają dwa głosy, o wartości nominalnej po 0,50 zł (pięćdziesiąt groszy) każda, opłaconych gotówką.
- b) 1.003.666 (jeden milion trzy tysiące sześćset sześćdziesiąt sześć) akcji zwykłych na okaziciela serii B, o wartości nominalnej po 0,50 zł (pięćdziesiąt groszy) każda, opłaconych gotówką.
- c) 275.000 (dwieście siedemdziesiąt pięć tysięcy) akcji zwykłych na okaziciela serii B2, o wartości nominalnej po 0,50 zł (pięćdziesiąt groszy) każda, opłaconych gotówką.

- d) 116.667 (sto szesnaście tysięcy sześćset sześćdziesiąt siedem) akcji zwykłych na okaziciela serii B3 o wartości nominalnej 0,50 zł (pięćdziesiąt groszy) każda, opłaconych gotówką.
- e) 795.991 (siedemset dziewięćdziesiąt pięć tysięcy dziewięćset dziewięćdziesiąt jeden) akcji zwykłych na okaziciela serii C, o wartości nominalnej po 0,50 zł (pięćdziesiąt groszy) każda, opłaconych gotówką.
- f) 711.439 (siedemset jedenaście tysięcy czterysta trzydzieści dziewięć) akcji zwykłych na okaziciela serii D o wartości nominalnej 0,50 zł (pięćdziesiąt groszy) każda, opłaconych gotówką.
- g) 300.000 (trzysta tysięcy) akcji zwykłych na okaziciela serii E o wartości nominalnej 0,50 zł (pięćdziesiąt groszy) każda, opłaconych gotówką.

Kapitał zakładowy został w całości opłacony gotówką.

Information about Management Board and Supervisory Board

The Management Board was appointed on the day of establishing Carpathia Capital Spółka Akcyjna with its registered office in Poznań (Notarial Deed of 04.04.2014, Repertory A number 2533/2014). Members of the Management Board were appointed for a joint term of office which lasts 5 years. After the General Meeting approving the financial statements for 2018, the Management Board Members' mandates were extended for a further five years, i.e. until July 27, 2024.

Composition of the Management Board, as of 31th December 2021:

– Paweł Śliwiński	– President of Management Board
– Sebastian Huczak	– Vice-President of Management Board
– Wojciech Iwaniuk	– Member of the Board

On April 1, 2021, Mr. Andrzej Szurek resigned from the position of a Member of the Management Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A. with immediate effect.

At the same time, the Management Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A. (hereinafter: the Company, the Issuer) informs that on April 1, 2021, by the decision of the Supervisory Board, the Company appointed Mr. Wojciech Iwaniuk to act as a Member of the Management Board of the Company from April 1, 2021. The term of office of Mr. Wojciech Iwaniuk is a joint term with other Members of the Management Board. The term of office of the Management Board ends on 27 July 2024.

Paweł Śliwiński – President of the Management Board

- a) position or functions at the issuer, and term of office expiry date

President of the Management Board, term of office expiry date: April 4th, 2024

- b) description of qualifications and professional experience

Paweł Śliwiński, Ph.D. in Economics, graduate of Poznan University of Economics, Faculty of International Business; Professor of International Finance at Department of International Finance at Poznan University of Economics. Further studies at Tilburg University, University of Antwerp. Certified investment advisor (license no. 111) and broker in securities (license no. 1094). President of the Management Board of INC S.A. listed on the Main Market of Warsaw Stock. Experience in the capital market field since 1993.

- c) information about activities performed by the person outside the issuer where such activities are significant for the issuer

Member of the management or supervisory bodies of the following legal entities:

INC S.A.	– CEO/President of the Management Board,
Brokerage House INC S.A.	– CEO/President of the Management Board,
INC East&West Sp. z o.o.	– CEO/President of the Management Board,
Capital Market Development Foundation	– CEO/President of the Management Board,
INC Wierzytelności S.A.	– Member of the Supervisory Board

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

INC S.A.	– CEO/President of the Management Board	– present
INC East&West Sp. z o.o.	– President of the Management Board	– present
Brokerage House INC S.A.	– CEO/President of the Management Board	– present
Carpathia Capital S.A.	– CEO/President of the Management Board	– present
INC Wierzytelności S.A.	– Member of the Supervisory Board	– present
Capital Market Development Foundation	– CEO/President of the Management Board	– present
Nationale Nederlanden TUnŻ S.A.	– Vice-president of the Supervisory Board	– present
Nationale Nederlanden TU S.A.	– Member of the Supervisory Board	– present

FZ GROUP S.A.	– Member of the Supervisory Board	– present
INC Brokerage House Sp. z o.o.	– CEO/President of the Management Board	– 2014 – 2015
Efix Brokerage House S.A.	– Member of the Supervisory Board	– 2013 – 2015
INVESTcon Fund Sp. z o.o.	– CEO/President of the Management Board	– 2010 – 2015

- e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five years,

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

Member of the management of supervisory bodies of the following legal entities:

INC S.A.	– CEO/President of the Management Board,
INC East&West Sp. z o.o.	– CEO/President of the Management Board,
Brokerage House INC S.A.	– CEO/President of the Management Board,
Capital Market Development Foundation	– CEO/President of the Management Board,
INC Wierzytelności S.A.	– Member of the Supervisory Board.

- h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

However, Paweł Śliwiński is a CEO/President of the Management of the Board of INC S.A. with headquarters in Poznań, Poland. INC S.A. holds 1 015 891 shares (1 000 000 series A preferred shares; giving 2 votes per share) of Carpathia Capital S.A., which accounts for 26,03% share in the capital and 41,12% share in the total number of votes.

Simultaneously Paweł Śliwiński holds 1 737 999 shares of INC S.A., which accounts for 20,83% share in the share capital and 32,90% share in the total number of votes.

Sebastian Huczek – Vice-president of the Management Board

- a) position or functions at the issuer, and term of office expiry date

Vice-president of the Management Board, term of office expiry date: April 27th, 2024

- a) Description of qualifications and professional experience

Graduated from the Faculty of Law at University of Adam Mickiewicz. Since 2000, he has been working at INC S.A. where he works as a vice president. He was a lecturer at the College of Banking in Poznan and the University of Economics in Poznan on post-graduate studies in the field of local government finances and capital market. Lecturer at courses for candidates for members of Supervisory Boards of State Treasury companies. In 2005, he was appointed by the Prime Minister as a member of the Regional Adjudicating Committee in cases concerning violation of the public finance discipline at the Regional Accounting Chamber in Poznan.

He has Advisor Certificate in the Alternative Trading System.

Member of the Council of Authorized Advisers at the Warsaw Stock Exchange S.A.

- b) Information about activities performer by the person outside the issuer where such activities are significant for the Carpathia Capital S.A.

Member of the management of supervisory bodies of the following legal entities:

- INC S.A. - Vice-President of the Management Board,
- INC S.A. Brokerage - Vice-President of the Management Board

- c) Information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

- | | | |
|----------------------------|--|-----------|
| - INC S.A. | - Vice-President of the Management Board | - Present |
| - INC S.A. Brokerage | - Vice-President of the Management Board | - Present |
| - Unipad Sp. z o.o. | - member of the Supervisory Board | - Present |
| - Brand NewCare Sp. z o.o. | - member of the Supervisory Board | - Present |
| - E-Concerty Sp. z o.o. | - member of the Supervisory Board | - Present |

- d) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- e) Details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- f) Information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers. Member of the management of supervisory bodies of the following legal entities:

- INC S.A. with headquarters in Poznan, Poland – Vice-President of the Management Board
- INC S.A. Brokerage – Vice-President of the Management Board,

- g) Percent of shares held in the Company

Indicated person does not own shares in the Company

Wojciech Iwaniuk – Member of Management Board

- a) position or functions at the issuer, and term of office expiry date

Wojciech Iwaniuk – Member of the Management Board, term of the Management Board expires 27th July 2024

- b) Information about activities performer by the person outside the issuer where such activities are significant for the Carpathia Capital S.A.

He studied political science at the University of Warsaw. Since 2007, he has been associated with the capital market. Initially as a journalist for Gazeta Prawna, Rzeczpospolita and Gazeta Gieldy Parkiet. Since 2010, he has been managing the work of the investor relations agency InnerValue, which specializes in creating a communication strategy on the capital market and strategic consulting for innovative companies. He collaborated with several dozen companies from the Warsaw Stock Exchange. In the past, he was responsible for communication strategy, incl. such companies as CD Projekt Red or Energa. Twice awarded with the Golden Clip for the campaign of communication of the initial offer of shares of LiveChat Software S.A. and the SPO Selvita S.A. communication campaign.

- c) Information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner:

- InnerValue Sp. z o.o.	- President of the Board	- Present
- INC S.A.	- member of the Management Board	- Present
- INC PE ASI S.A.	- President of the Board	- Present
- Skinwallet S.A.	- member of the Supervisory Board	- Present
- Play2Chill S.A.	- member of the Supervisory Board	- Present
- Klabater S.A.	- Deputy Chairman of the Supervisory Board	2018-2020

- d) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- e) Details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- f) Information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers. Member of the management of supervisory bodies of the following legal entities:

The Management Board appointed proxy

- Piotr Zygmanski – Proxy

Piotr Zygmanski – Proxy

- a) The power of attorney

Joint proxy

- b) Description of qualifications and professional experience

Education:

Graduated from the University of Economics in Poznan with the title of doctor of economic sciences in the discipline of finance.

Certificates:

- Alternative Trading System Advisor Certificate No. 47/2012
- Securities Broker License No. 2964
- The Chartered Financial Analyst (CFA) Certificate No. 168225

Work Experience:

- | | | |
|----------------------|--|-----------|
| - INC S.A. | – Head of the Capital Markets Department | – present |
| - INC S.A. Brokerage | – Proxy and Chief Compliance Officer | – present |
| - Remedis S.A. | – Member of the Supervisory Board | – present |

- c) Information about activities performed by the person outside the issuer where such activities are significant for the Carpathia Capital S.A.

Indicated person is employed in the following entities:

- | | |
|----------------------|--|
| - INC S.A | – Head of the Capital Markets Department |
| - INC S.A. Brokerage | – Proxy and Chief Compliance Officer |

d) Information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

- Remedis S.A.	– Member of the Supervisory Board	– present
- INC S.A. Brokerage	– Proxy	– present

e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five years

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

f) Details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

g) Information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

The composition of the Supervisory Board at the date of the report:

- Łukasz Puślecki	– Member of the Supervisory Board
- Piotr Orłowski	– Member of the Supervisory Board
- Justyna Światowiec-Szczepańska	– Member of the Supervisory Board
- Rafał Piotr Śliwiński	– Member of the Supervisory Board

On April 4, 2022, Mr. Kamil Gemra resigned from the position of a Member of the Supervisory Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A.

Rafał Piotr Śliwiński – Member of the Supervisory Board

a) position or functions at the issuer, and term of office expiry date

Member of the Supervisory Board, term of office expiry date: April 4th, 2024

b) description of qualifications and professional experience

Associate Professor at the University of Economics in Poznan. He specializes in topics related to internationalization and the international competitiveness of enterprises, enterprise strategies in international business, the expansion of Polish companies on international markets and competitiveness policy.

- c) information about activities performed by the person outside the issuer where such activities are significant for the issuer

Indicated person does not perform activities outside the issuers which are significant for the issuer.

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

2012 – present	Fuondation Wygraj Przyszłość, Vice President of the Management Board
2012 – present	Wintec Sp. z o.o., CEO/President of the Management Board, Partner
2008 – present	Flashgate Sp. z o.o., CEO/President of the Management Board, Partner

- e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

- h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

Justyna Świątowiec-Szczepańska – Member of the Supervisory Board

- a) position or functions at the issuer, and term of office expiry date

Member of the Supervisory Board, term of office expiry date: April 4th, 2024

- b) description of qualifications and professional experience

Associate Professor at the University of Economics in Poznan in the Department of Strategic Management, Post-doctoral academic degree in economic sciences in the discipline of management sciences, a graduate of the Faculty of Economics at the Cracow University of Economics, majoring in International Economic Relations. She made an international practice under the auspices of the Association for

International Practical Training in MELEX USA Inc. in the United States of America. She acted as a consultant for Polish companies, she conducted training for employees of marketing and commercial departments, among others in marketing or sales or art. She specializes in the issues of strategic management, strategic business cooperation, strategic business risk and corporate strategies. She is the author of more than 100 scientific papers, including three monographs. She is the author of papers presented at international conferences. She is an active member of international scientific societies: Strategic Management Society (SMS), Academy of International Business (AIB), Industrial Marketing and Purchasing Group (IMP) and Polish Economic Association (PTE). Until 2007 she was employed at the Cracow University of Economics in the Department of Trade and Market Institutions. She participated in more than a dozen research projects funded by the KBN, and later NCN and NCBiR.

- c) information about activities performed by the person outside the issuer where such activities are significant for the issuer

Indicated person does not perform activities outside the issuers which are significant for the issuer.

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

Within the last three years indicated person has been an independent a Member of Supervisory Board in a commercial law companies INC Rating Limited Liability Company.

- e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Indicated person was not a member managing or supervisory bodies in entities which were in bankrupt, compulsory administrated or liquidated.

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

- h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

Piotr Orłowski – Member of Management Board

- a) position or functions at the issuer, and term of office expiry date

The members of the supervisory board were appointed on common term of office, which lasts for five years. The mandates of the members of the supervisory board expire on the date of the general shareholders meeting which approves the financial report for year 2018.

b) description of qualifications and professional experience

Graduated from the Faculty of Law and Administration at University of Adam Mickiewicz in Poznan. Scholar of the Stefan Batory Foundation at University of Oxford. Solicitor and partner in Orłowski Matwijcio Kancelaria Radców Prawnych Sp.p Sp.p.

c) information about activities performer by the person outside the issuer where such activities are significant for the Carpathia Capital S.A.

Indicated person does not perform activities outside the issuers which are significant for the Carpathia Capital S.A.

d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

Orłowski Matwijcio Kancelaria Radców Prawnych Sp.p.	– Partner (present)
Kino Polska TV SA	– Member of Supervisory Board (present)
Stopklatka SA	– Member of Supervisory Board (present)
Remedis SA	– Member of Supervisory Board (present)
American Bikes Garage Maciej Wegner i Wspólnicy Sp. k.	– General partner (present)
PBO Anioła SA in declared bankruptcy and liquidation	– Former of Supervisory Board

e) information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Piotr Orłowski had been a member of Supervisory Board in PBO Anioła S.A. in declared bankruptcy and liquidation after the company announced liquidation.

g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the Carpathia Capital S.A..

h) percent of shares held in the Company

Indicated person does not own shares in the Carpathia Capital S.A.

Łukasz Puślecki - Member of the Supervisory Board

- a) name, surname, position or functions at the issuer, and term of office expiry date

Łukasz Puślecki - Member of the Supervisory Board, the term of office of the members of the Supervisory Board expires on 04/04/2019, the mandate expires after holding the General Meeting approving the financial statements for 2018.

- b) description of qualifications and professional experience

Doctor of Economics, employee of the Department of International Management at the Faculty of International Economics at the University of Economics in Poznań. Chairman of the board of the branch of the Academy of International Business (AIB) for Central and Eastern Europe (AIB-CEE), managing partner for the development of the International Business Center of the Special Purpose Vehicle of the University of Economics in Poznań Sp. z.o.o., and director of the joint international business and management diploma program (Joint MSc in International Business and Management) from Nottingham Trent University, Nottingham Business School (UK). Expert of the Institute of Knowledge and Innovation in Warsaw. Mr. Puślecki specializes in topics related to the technological cooperation of countries and enterprises, international competitiveness and innovativeness of companies in international business.

Professional qualifications:

14.06.2016 – currently	Grant Manager of National Science Center (NCN) No. DEC-2015/19 / D / HS4 / 00414, title: Analysis of the alliances of open innovation and strategic partnerships in the sector biopharmaceutical in Poland and Central and Eastern Europe, Faculty of International Economics, University of Economics in Poznań
20.02.2009	Doctor of Economics, Faculty of International Economics, Poznań University of Economics, dissertation title: Impact of technological cooperation of economically developed countries on their international competitiveness
4.04.2008 - currently	Expert at the Institute of Knowledge and Innovation Institute, Warsaw
1.10.2004 to 30.09.2008	Full-time doctoral studies, Faculty of Management, Department of International Economic Relations, University of Economics in Poznań
1.10.2004 to 30.06.2005	Postgraduate pedagogical studies, University of Humanities and Management Millennium in Gniezno
1.04.2003 to 15.07.2003	Foreign studies - Europa University Viadrina, Frankfurt / Oder (Germany), major: Internationale Betriebwirtschaftslehre (IBWL)

1.02.2002 to 30.03.2003	Foreign studies - Vienna University of Economics and Business (WU Wien), direction: Handelswissenschaft (SOWI 1986)
22.09.1999 to 19.12.2003	Master's studies full-time, International Trade, Faculty of Management, University of Economics in Poznan, Master of Economics - 19/12/2003

Current professional experience

1.04.2018-30.09.2018	Visiting Professor, University of Regensburg, Chair of Leadership and Organization, (Niemcy)
1.09.2015 - obecnie	Partner Zarządzający ds. Rozwoju, Centrum Biznesu Międzynarodowego, Spółka Celowa Uniwersytetu Ekonomicznego w Poznaniu Sp. z o.o
1.07.2013 - obecnie	Prezes Zarządu Filii Academy of International Business (AIB) na Europę Środkowo-Wschodnią (AIB-CEE Chapter)
18.09.2017-30.09.2017	Visiting Professor, University of Ljubljana (Słowenia)
7.06.2017-12.06.2017	Visiting Professor, University of Nottingham Ningbo China (UNNC), (Chiny)
13.06.2017-18.06.2017	Visitng Professor, Shanghai University of International Business and Economics (SUIBE), (Chiny)
14.05.2016-22.05.2016	Visiting Professor, ISCTE Business School, University Institute of Lisbon, (Portugal)
27.02.2015-7.03.2015	Visiting Professor, Nottingham Trent University (NTU), Nottingham Business School (NBS), (Great Britain)
1.10.2013-30.06.2015	Lecturer at the University of Adama Mickiewicza in Poznań, Faculty of Political Science and Journalism, classes in English on the International Relations specialization
20.07.2013-27.07.2013	Visiting Professor, Nottingham Trent University (NTU), Nottingham Business School (NBS), (Great Britain)
5.05.2013-10.05.2013	Visiting Professor, ISCTE Business School, University Institute of Lisbon, (Portugal)
22.09.2011 – currently	Member of the Council of the Faculty of International Economics (WGM) at the University of Economics in Poznan
1.04.2011 – currently	Director - UEP-NTU of the Joint Diploma Program in International Business and Management (JMSCIBM) - Joint MSc in International Business and Management Program - University of Economics in Poznań, Nottingham Trent University (NTU), Nottingham Business School (NBS) (United Kingdom)
1.04.2010 - currently	Adjunct, Department of International Management, University of Economics in Poznan
1.04.2009-30.03.2010	Assistant, Department of International Trade, University of Economics in Poznan
1.10.2006-30.06.2008	Member of the Management Council (WZ) of the University of Economics in Poznań

4.08.2005-31.01.2013

Marshal Office of the Wielkopolska, Department of Education and Science, Inspector - Position on international cooperation with partner regions in the field of education and science and universities operating in the voivodship

- c) information about activities performed by the person outside the issuer where such activities are significant for the Carpathia Capital S.A.

Indicated person does not perform activities outside the issuers which are significant for the Issuer.

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

Current:

Brokerage House INC S.A. - Member of Supervisory Board

- e) information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five years

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Not applicable

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the Carpathia Capital S.A. and is not a partner in a competitive civil law partnership or a member of a body of a joint-stock company or a member of the body of any competitive legal entity.

- h) information on whether the person is listed in the register of insolvent debtors, kept pursuant to the Act of August 20, 1997 on the National Court Register;

The indicated person is not entered in the register of insolvent debtors.

Information about remuneration of the Management Board:

Remuneration paid in 2021 to the Members of the Issuer's Management Board (in PLN):

Name and Surname	Remuneration
Śliwiński Paweł	72 000,00

Sebastian Huczak	58 800,00
Wojciech Iwaniuk	4 500,00

For 2021, a bonus was calculated for the Management Board in the amount of PLN 297,499.35. The Supervisory Board of the Company will decide on the method of payment and distribution of the bonus to individual Members of the Management Board.

COMMENTARY ON THE CURRENT AND PROJECTED FINANCIAL POSITION

PLN'000	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Equity	15 579	13 850	10 073	10 096
Cash and equivalents	1 292	1 027	2 882	2 821
Financial assets in other companies	15 280	13 601	6 300	6 203
Long-term Liabilities	209	0	0	0
Short-term Liabilities	240	133	32	37

In 2021, the Company recorded a profit on investment in the amount of PLN 3,708 thousand. PLN, operating profit in the amount of 2 685 thousand. PLN, net profit in the amount of PLN 2 233 thousand. PLN and recognized administrative costs in the amount of PLN 1 019 thousand. zloty.

The specificity of the conducted activity determines the structure of Carpathia Capital ASI S.A.'s assets. As at December 31, 2021, the largest item in the Company's assets was financial assets in other entities, with the share of 87.25% of total assets. Cash accounts for 7.38% of total assets. Equity as at December 31, 2021 amounted to PLN 15,579 thousand. PLN, while the share capital 2 101 thousand. zloty.

The total value of the shareholding part of the CC portfolio is PLN 15,278 thousand. zlotys.

Below is a list of borrowers. The total value of the loans granted is PLN 273 thousand. zlotys.

Granted loans	Rate of interests	Comments
INC S.A.	4,00%	
INC Private Equity ASI S.A.	4,00%	
INC Private Equity ASI S.A.	3,50%	

The following tables present the selected financial data of the Carpathia Capital

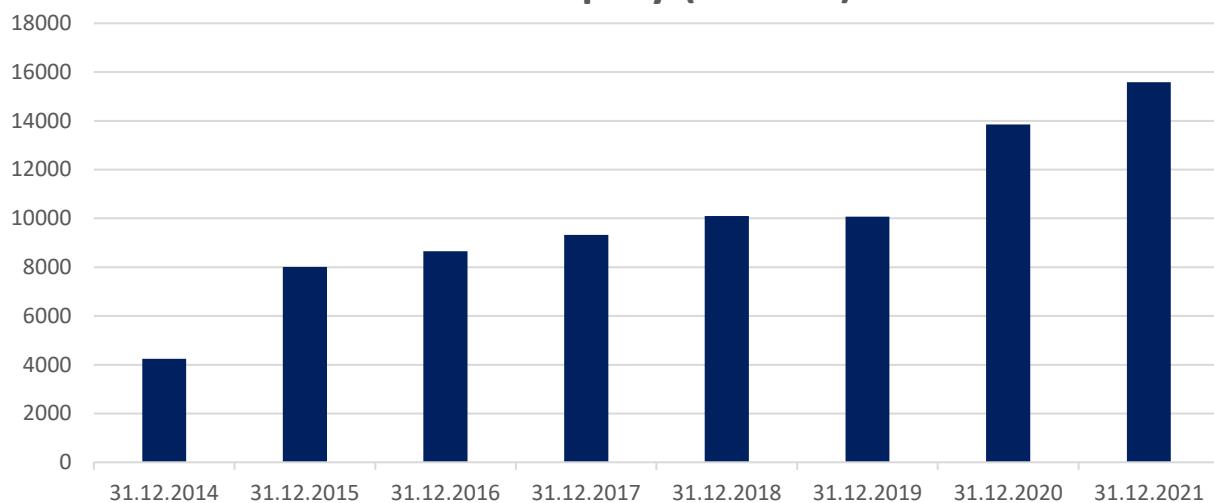
	31.12.2019	% of assets	31.12.2020	% of assets	31.12.2021	% of assets
Shares	5 037 000 PLN	52,08%	13 285 000 PLN	87,51%	15 278 000 PLN	90,71%
Debt Securities	1 263 000 PLN	11,95%	314 000 PLN	2,07%	0 PLN	0,00%
Cash and other monetary assets	3 206 000 PLN	30,37%	1 027 000 PLN	6,76%	1 292 000 PLN	7,67%
Loans granted	0 PLN	0,00%	556 000 PLN	3,66%	273 000 PLN	1,62%
Financial assets, total	9 490 000 PLN	100,0%	15 183 000 PLN	100,0%	16 843 000 PLN	100,0%
	5 037 000 PLN	52,08%	13 285 000 PLN	87,51%	15 278 000 PLN	90,71%
Shares	1 263 000 PLN	11,95%	314 000 PLN	2,07%	0 PLN	0,00%

	31.12.2019	% of assets	31.12.2020	% of assets	31.12.2021	% of assets
Assets in Poland	5 999 000 PLN	63,2%	13 969 000 PLN	92,0%	16 575 000 PLN	98,4%
Assets in Romania	3 491 000 PLN	36,7%	1 214 000 PLN	8,0%	268 000 PLN	1,6%
Financial assets, total	9 490 000 PLN	100,0 %	15 183 000 PLN	100,0 %	16 843 000 PLN	100,0 %

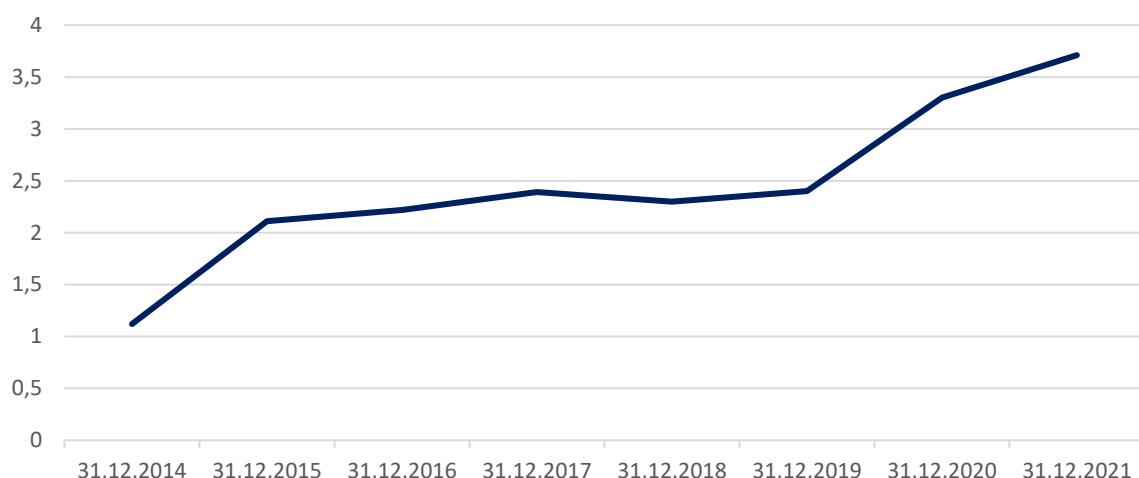
	31.12.2019	% of assets	31.12.2020	% of assets	31.12.2021	% of assets
Public Assets	3 156 000 PLN	33,26%	9 735 000 PLN	65,75%	10 939 000 PLN	64,95%
Non-public assets	6 334 000 PLN	66,74%	5 448 000 PLN	34,25%	5 904 000 PLN	35,05%
Financial assets, total	9 490 000 PLN	100,0%	15 183 000 PLN	100,0%	16 843 000 PLN	100,0%

The selected financial data have been presented in the following charts:

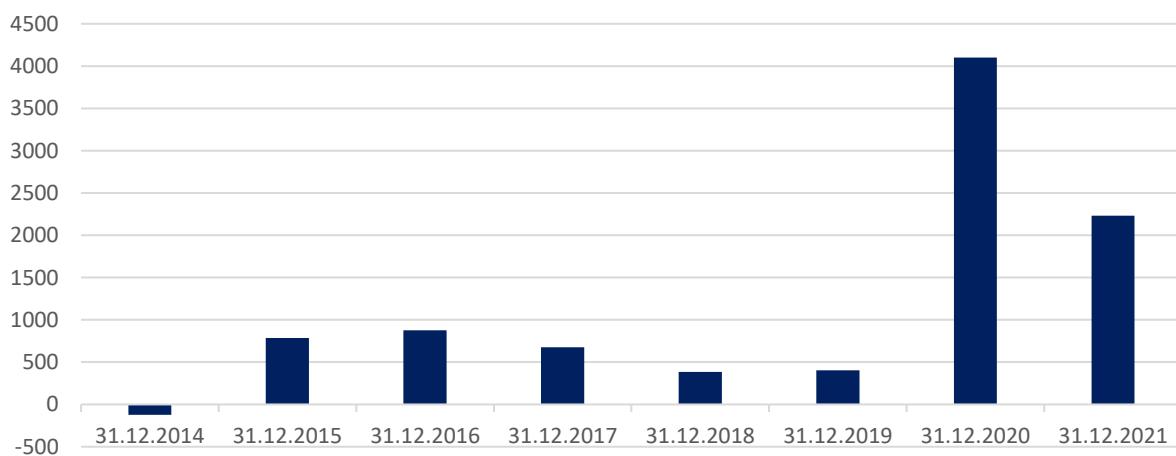
Value of Equity (th. PLN)



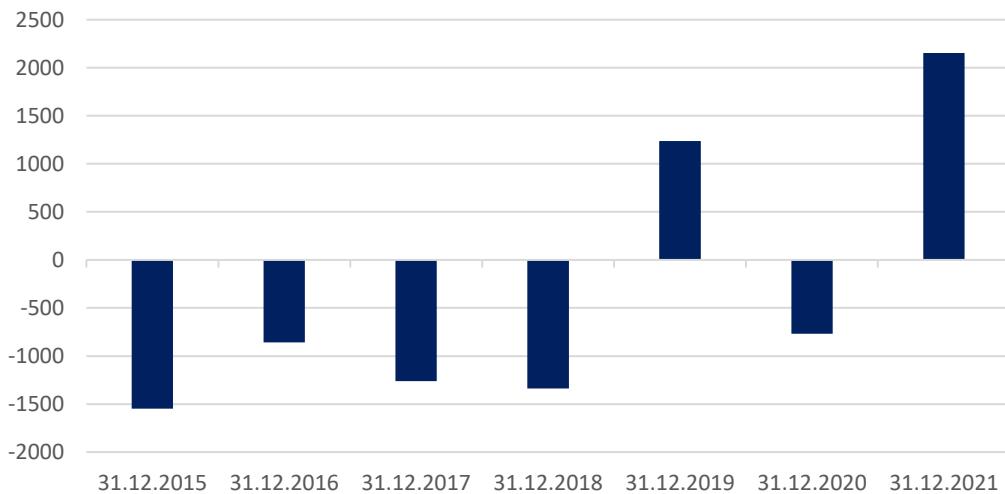
Book Value per Share (PLN)



Net Profit (th. PLN)



Investments balance (th. PLN)



The balance of investment outlays presented above is the result of the Issuer's cash flows obtained from investing activities (inflows from investing activities - investment outlays).

Carpathia Capital has long-term liabilities in the amount of PLN 209 thousand. PLN as at the balance sheet date. Short-term liabilities amount to PLN 240 thousand. PLN, of which liability due to unpaid dividends 162 thousand. zloty.

The investment goal of Carpathia Capital is to ensure long-term capital growth by investing in a portfolio of companies at an early stage of development, operating in Central and Eastern Europe, which intend to debut on the regulated market in the near term.

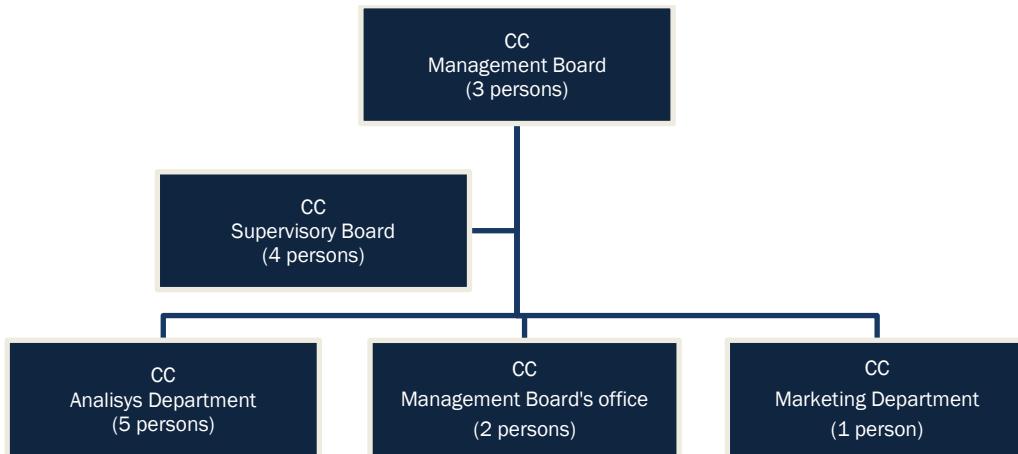
The favorable stock market situation - reflected in the increases in stock exchange indices and increased turnover - allowed for a larger scale of investment activities, which resulted in record investment activity, measured by the value of acquired and acquired shares.

Taking into account the large number of analyzed investment opportunities, we are convinced that in the coming years they will be of value for Carpathia Capital.

ORGANISATION'S STRUCTURE

	STAFF OF 31ST DECEMBER 2021	STAFF 31ST DECEMBER 2020
Total personnel, of which	15	16
Management Board	3	3
Supervisory Board	4	5
Research Department	5	5
Board Office	2	2
Marketing Department	1	1

The Company on daily basis cooperates with INC S.A Legal and Research Departments.



IMPORTANT EVENTS IN CALENDAR YEAR

- **Marketing Activities**

The company was presented during investor meetings organized by the Stock Exchange S.A. or the Investors' Zone. The President of the Management Board repeatedly in 2021 conducted an investor presentation of GK INC S.A. thus introducing the current condition of Carpathia Capital.

- **Investment Ventures**

Over the year 2021, the Company engaged 4 841 thousand. PLN as part of expenditure on new investments. Last year, the key aspect of the investment was the pre-IPO activity, where capital was invested in companies issuing shares for their subsequent introduction to exchange trading. In 2021, shares in the following companies were acquired or acquired: Stream Cards S.A., Skriware Sp. z o.o., Demolish Games S.A., Polyslash S.A., Ignibit S.A., Zeneris Projekt S.A., Hydra Games S.A., Samito S.A., Woodpecker S.A., Render Cube S.A., Escola S.A., Emplocity S.A., Kubota S.A., Signius S.A., Stars.Space S.A., Plot Twist S.A., Brave Lamb Studio S.A. and Simple Day S.A.

The Company's portfolio is built on the basis of the fundamental value of individual securities and will not be based on sector indices. Carpathia Capital aims to diversify its investment portfolio by investing in multiple sectors. The company has no specific exposure limits to any of the sectors. New investments and portfolio management will be performed in accordance with the distribution of investment risk assumed in the company's policy. The gradual process of building an investment portfolio results from the pace of market development and a careful approach to the valuation and assessment of development prospects for potential portfolio companies.

- **Dividend Payment**

The General Meeting of Shareholders of Carpathia Capital decided to pay out a dividend as part of the distribution of net profit for 2020, in the amount of PLN 0.12 per share. In total, PLN 0.5 million was allocated to the dividend. The date of establishing the right to dividend was set for July 31, and the payment date for August 31. Thus, it was the third consecutive year of dividend payment. The Management Board intends to continue to consistently implement the adopted dividend policy.

IMPORTANT EVENTS AFTER THE CALENDAR YEAR

- **Changes in the composition of the Company's Supervisory Board**

On April 4, Mr. Kamil Gemra resigned from the position of a Member of the Supervisory Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A.

- **Information on the expected actions concerning the shares listed on the AeRo market**

Management Board of Carpathia Capital ASI S.A. points out that after the completion of the consultation process with Polish and Romanian law firms and Romanian investment companies, it begins work in 2022 to enable the shareholders of Carpathia Capital ASI S.A. holding shares listed on the AeRO market in Bucharest, target listing of their shares on the NewConnect market in Poland.

ESTIMATES OF THE COMPANY'S FUTURE ACTIVITY

The business development plan of Carpathia Capital S.A. assumes that Issuer will operate as a venture capital/private equity fund mainly in the area of Poland and Romania. Investment activities will be focused on innovative small and medium-sized enterprises which fall under the category of growth companies.

Due to the value of capital available the single value of investment made by the Company will be at the between 0,2 million PLN to 2 million PLN. Furthermore the portfolio companies will raise additional capital by conducting pre-IPO offers prior to the debut on an organized market.

The aim of Carpathia Capital is to build up an investment portfolio of several Poland and other CEE entities. After making an investment Carpathia Capital will provide operational and financial support to portfolio companies. Company's investment horizon is from one to five years long with preferable divestment route through listing the portfolio company on the NewConnect market an alternative trading

system operated by Warsaw Stock Exchange and the Main Market of the Warsaw Stock Exchange or on the AeRO – the market for shares operated by Bucharest Stock Exchange and Main Market of the Bucharest Stock Exchange.

The result from investment activity is strongly influenced by many factors that are beyond the control of the Company.

The company does not impose on itself any obligatory minimum investment to be made in 2018 as its number will depend on availability of attractive investment targets as well as on current economic conditions.

DESCRIPTION OF ANY ACTIVITY INVOLVING THE COMPANY'S PURCHASING ITS OWN SHARES.

In the period from January 1, 2021 to December 31, 2021, the Company did not purchase own shares. In total, from 25 January 2016, the Company acquired 172,602 own shares with a total value of RON 258 903.00 through a package trade. The shares were purchased for redemption or their further resale.

EVALUATION OF THE COMPANY'S RISK MANAGEMENT ACTIVITY

Short operating history

The Company has a short operating history upon which investors can evaluate future performance. There can be no assurance that the Company will achieve its investment objectives or that the strategy applied by the Company will be successful. The Management Board considers that track record of the INC S.A. as the funding shareholder and experience of the managing team with capital delivered by investors provide solid base for development of the investment activity.

Market and Economic Risks

The Company and its portfolio companies may be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These factors are outside the Company's control and could adversely affect the liquidity and value of its investments and may reduce the ability of the Company to make attractive new investments.

Currency exchange rates risk

The base currency of the Company is Polish zloty (PLN) and as such, the returns to investors will be impacted by currency movements between the Polish zloty (PLN) and other currencies in which the Company holds investments. These currency movements may be advantageous or disadvantageous to Polish zloty (PLN) returns. In addition, an investor must consider its personal effective 'base' currency as any currency

movements between the Polish zloty (PLN) and the individual's base currency could result in a loss of capital invested.

Operating Deficits

The expenses of operating the Company may exceed the Company's income, thereby requiring the difference to be paid out of the Company's capital, reducing the value of the Company's investments and potential for profitability.

Risk of portfolio companies' failure

The Company will generally seek to analyze a target company's historical performance and prospects with a view toward understanding the sustainable margins, strengths and weaknesses in a company's cost structure and analyzing the quality of cash flows of the underlying investment, including capital intensity needed to sustain its asset base, requirements for growth, degrees of flexibility to reduce its cost base if volumes or prices decline, and requirements for debt amortization or other external payments. The Company will also seek to define the market in which a company competes and, in particular, to assess what the company does, including what products and services it provides and to whom; to understand threats it may face for pricing or cost structure; and to identify drivers of market growth or decline, including changes in industry structure, technology or demographics. However any investment may not perform as well as forecast, either because of changes in the economic climate, management errors or otherwise, resulting in the partial or total loss of the Company's investment.

Liquidity Risk

Company is exposed to liquidity risk. Liquidity risk may result from the lack of an active market, the reduced number of market participants, or the reduced capacity of market participants to make a transaction. Issuer with principal investment strategies that involve investments in securities of companies with smaller market capitalizations have the greatest exposure to liquidity risk. Exposure to liquidity risk may be heightened for these companies that are not widely traded, and that may be subject to purchase and sale restrictions. Such risks will include an increased risk of substantially smaller size and lower trading volume of securities for such smaller companies (as compared to equities in larger companies), which may result in a potential lack of liquidity and increased price volatility. The investment team will adopt flexible exit strategies on the markets which cannot be considered liquid due to insufficient number of transactions.

Frontier Market Risks

Investment in securities issued by an entity domiciled in Romania will be exposed to a higher level of risk than in cases of developed markets. In particular each of the risks discussed above under the following headings will be specifically relevant to any such investments and may have a greater likelihood of impacting the Company: political and/or regulatory risk, currency risk, accounting, auditing and financial reporting standards and exchange rates risk.

Development of the AeRO market

Because AeRO market is a newly created alternative market there are several risks factors related to its further development. There is no certainty that the AeRO market will attract companies interested in going public and new investors. Lack of new issuers and investor may lead to the lack of possibilities for investment and divestment for the Issuer. Dynamic development of the AeRO market may lead to tightening of admission and trading regulations and indirectly

to decline in investor's and potential issuer's interest.

Exposure to risk

The risk exposure of listed financial instruments held for trading, expressed at market value on December 31, 2021 amounted to 15 280 thousand PLN.

A 10% decrease or increase in the WIG stock index, the NCIndex stock index and the AeRO market index would result in a change in the financial result by approximately 1,528,000. PLN.

INVESTMENT POLICY OF ALTERNATIVE INVESTMENT COMPANY

The Company's investment objective is to achieve long-term capital growth through investing in a diversified portfolio of financial instruments issued by SMEs operating in CEE, mainly listed and to be listed on NewConnect Alternative Trading System, the Main Market of Warsaw Stock Exchange and Catalyst Bond Market of the Warsaw Stock Exchange, the AeRO Market of the Bucharest Stock Exchange or the Main Market of the Bucharest Stock Exchange,

The Company's strategy is based on the following pillars:

- **Outstanding opportunity**

The Management Board believes that lack of patient capital for SMEs in CEE, where the demand for capital from SMEs is high and supply is substantially limited, provides an investment opportunity.

- **Unique portfolio**

The Company portfolio will represent a diversified mix of early-stage and early-growth companies with professional management teams and compelling prospects for development. The returns on capital deployed will not be the only economic benefit. We aim to support the development of knowledge-based economy by championing growth of SMEs in CEE.

- **Founders**

INC S.A., a public company listed on the Main Market of the Warsaw Stock Exchange, is the founding shareholder of Carpathia Capital INC S.A. Group has the reputation of an adviser and investor for fast growing companies in Poland. During its advisory activity, it raised capital of PLN 432 million for projects for the main market and PLN 210 million as an Authorized Adviser on NewConnect, thus introducing several dozen companies to the market.

CHARACTERISTICS OF INVESTMENT ACTIVITY

Funds available for investments	Approx. RON 1 292 000 PLN (1 200 000 RON)
Investment limit for one company	From 150 000 RON to 1 000 000 RON
Company stage of development	Various (start-up, growth, mature)
Industry preferences	No assumed industry preferences
Investment horizon	One to five years
Preferred investment exit route	Listing of shares on the AeRO or the NewConnect market or other viable segment of the capital market

ADDITIONAL INFORMATION

Markets of Company's listing

The securities issued by the Company are listed on the AeRO market (identification code: XCAN), which is operated by the Romanian Stock Exchange. In 2019, E series shares were also introduced for trading, for which NewConnect is the quotation market (identification code: XNCO), an alternative trading platform operated by the Warsaw Stock Exchange.

Dividend policy's description

In 2017, the Company adopted a dividend policy according to which the dividend rate calculated on equity will not be less than the NBP lombard rate (currently: 5.00%). In the absence of dividend payment in a given calendar year, the Company intends to pay a dividend twice higher than originally assumed in the following year.

In addition, the Management Board of Carpathia Capital SA, bearing in mind the interests of shareholders and the financial situation of the Company, wanting to continue the adopted dividend policy, intends to recommend to the General Meeting of Shareholders the payment of dividends for 2021. The final value of the recommended dividend depends on the results of the audit of the financial statements for 2021 and on resolutions of the General Meeting of Shareholders.

Branches owned by the Company, information on the number and nominal value of shares issued by the parent and held by branches

Company does not have any branches

Bonds issued and / or other debt securities, a description of the actions that the company undertakes to fulfill its obligations towards the securities holders

Company did not issue any bonds or other debt securities

Description of the merger or reorganization of the company, its branches or controlled companies, during the financial year

The company has not take over any other company during financial year of 2021

Description of acquired and / or disposed assets

In 2021, Carpathia Capital focused on the continuation of acquiring assets for the investment portfolio. The capital expenditure incurred covered shares and stocks (with a total value of PLN 4,841 thousand) of the following entities:

- Stream Cards S.A. (producer of solutions in the form of games for streaming e-sports events),
- Skriware Sp. z o.o. (producer of educational packages in the field of technical education),

- Demolish Games S.A. (producer of computer games),
- Polyslash S.A. (producer of computer games),
- Ignibit S.A. (producer of computer games),
- Zeneris Projekty S.A. (service provider in the field of photovoltaic and hydropower installations)
- Hydra Games S.A. (producer of computer games),
- Samito S.A. (creator of technological solutions for e-commerce)
- Woodpecker S.A., (producer of the Woodpecker application, available in the SaaS model)
- Render Cube S.A. (producer of computer games)
- Escola S.A. (software house, specializing in creating mobile applications)
- Emplocity S.A. (the use of artificial intelligence and automation in business)
- Kubota S.A. (company operating in the field of e-commerce)
- Signius S.A. (digital enterprise solutions)
- Stars.Space S.A. (a company specializing in influencer marketing monetization)
- Plot Twist S.A. (producer of computer games)
- Brave Lamb Studio S.A. (producer of computer games)
- Simple Day S.A. (a company specializing in the segment of dietary supplements and e-commerce)

Taking advantage of the good economic conditions, the investment in the shares of Pozbud S.A., Madmind Studio S.A., United Label S.A., Skinwallet S.A., Drago Entertainment S.A., Legimi S.A. was completed. The involvement in the shares of Bitnet Systems S.A. was also significantly reduced. In addition, several investments initiated by purchase on the stock exchange were completed, including: Fondul Proprietatea S.A., PKO BP S.A., Małkowski-Martech S.A., Enea S.A., PKP Cargo S.A.

STATEMENT OF THE MANAGEMENT BOARD

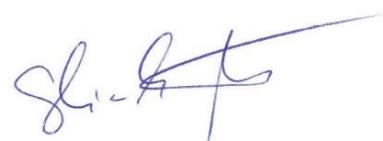
Declaration of the management board of Carpathia Capital S.A. on the reliability of the preparation of the financial statements for the period from 01/01/2021 to 31/12/2021.

Management Board of Carpathia Capital S.A. declares that, to the best of his knowledge, the annual financial statements for the period from 01/01/2021 to 31/12/2021 and comparable data have been prepared in accordance with the provisions applicable to the Company, and that the data contained in the financial statements reflect in a true, reliable and clear property and financial situation of the Company and its financial result, and that the report on the Company's operations provides a true picture of the Company's situation, including a description of the basic threats and risks associated with the business.

Declaration of the management board of Carpathia Capital S.A. regarding the entity authorized to audit financial statements.

Management Board of Carpathia Capital S.A. declares that the entity authorized to audit financial statements, which audits the Company's annual financial statements for the period from 01/01/2021 to 31/12/2021, has been selected in accordance with legal regulations, and that the entity this and certified auditors who audited this report met the conditions for expressing an impartial and independent opinion on the audit, in accordance with the relevant provisions of national law.

Signatures of Representation



Paweł Śliwiński,
CEO of Carpathia Capital

AUDITOR'S REPORT

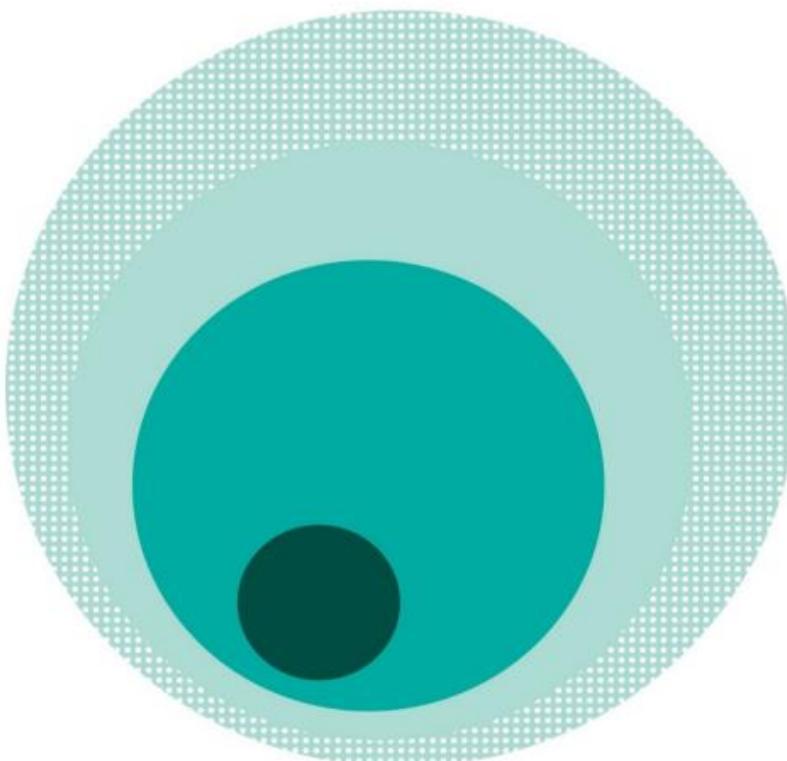


CARPATHIA CAPITAL ALTERNATYWNA SPÓŁKA INWESTYCYJNA S.A.

INDEPENDENT STATUTORY AUDITOR'S REPORT
ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENT
AS OF 31/12/2021

(UNAUTHORISED TRANSLATION FROM THE POLISH LANGUAGE)

29/04/2022



An independent member of UHY international

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INDEPENDENT STATUTORY AUDITOR'S REPORT

To the General Meeting and Supervisory Board of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A.

Report on audit of the annual financial statements

Opinion

We have audited the annual financial statements of Carpathia Capital Alternatywna Spółka Inwestycyjna S.A. ('Company'), which comprise statement of financial position as at December 31, 2021, profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies ('financial statements').

In our opinion, the financial statements:

1. give a true and fair view of the financial position of the Company as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with required applicable rules of the International Financial Reporting Standards adopted by the European Union (IFRSs) and the adopted accounting policies,
2. is in respect of the form and content in accordance with legal regulations governing the Company and the Company's Statute,
3. have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act dated September 29, 1994 ("the Accounting Act" – i.e. Journal of Laws of 2021, item 217 as amended).

Basis for opinion

We conducted our audit in accordance with the National Auditing Standards in the version of International Auditing Standards adopted by Resolution No. 3430/52a/2019 of the National Council of Statutory Auditors of March 21, 2019 on national auditing standards and other documents as amended ("NAS") as well as and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision ("Act on Statutory Auditors" – Journal of Laws of 2020, item 1415, as amended). Our responsibilities under those standards are further described in the '*Auditor's responsibility for the audit of the financial statement*' section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants (including International Standards of Independence) of the Code of Ethics for Professional Accountants (the 'IESBA Code') adopted by

resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of March 25, 2019 on the principles of professional ethics of statutory auditors as amended, and with other ethical requirements that are relevant to our audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These include the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon and have summarised our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Financial assets at fair value through financial result	<p>The matter was identified as a key factor for the audit of the financial statements due to the significant value of financial assets in other entities — stocks and shares (PLN 15.3 million representing 87,2% of the value of total assets as of 31/12/2021).</p> <p>Shares are classified by the Company as financial assets at fair value through financial result. The fair value of shares quoted in an active market (PLN 10.9 million as of 31/12/2021) is determined at market value, i.e. based on the stock exchange quotation as at the balance sheet date. The listed shares held by the Company are traded on the regulated market of the</p> <p>Our procedures for the identified key audit matter included, but were not limited to:</p> <ul style="list-style-type: none"> - Analysis of the accounting policy for the valuation of shares; - Verification of the existence of assets by reconciling the balances to the documents confirming the acquisition of shares (reports from the brokerage house and acquisition agreements); - Verification of the correctness of the Company's share valuation based on stock exchange quotations as at the balance sheet date; - Verification of income and expenses from updating the investment portfolio and from the sale of

Warsaw Stock Exchange (GPW), the alternative market NewConnect and the Romanian alternative market AeRO. Shares not quoted on active markets (PLN 4.3 million as of 31/12/2021) are measured at fair value determined by other methods described in the Company's accounting policy.

Reference to disclosures in the financial statements

Details of the accounting policy applied by the Company with respect to financial assets are disclosed in point 7 of the additional notes and explanations. Information on financial assets in other entities is presented in note 11.

securities;

- Discussions with the Board and key personnel regarding the non-valuation of unlisted shares in an active market;
- To obtain representations from the Company's management as to the completeness and correctness of the data and material assumptions provided to us.

We further assessed the adequacy and completeness of the disclosures related to this matter in the financial statements.

Responsibility of the Company's Management and members Supervisory Board for the financial statement

The Company's Management is responsible for the preparation the financial statements that give a true and fair view of the separate financial position and the financial performance in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union, the adopted accounting policies, other applicable laws, as well as the Company's Statute, and is also responsible for such internal control as determined is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the Audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

The scope of the audit does not include assurance as to the future profitability of the Company nor effectiveness of conducting business matters now and in the future by the Company's Management.

As part of an audit in accordance with NAS, we exercise professional judgment and maintain professional scepticism throughout the audit and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate to the Company's Supervisory Board on, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Company's Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Company's Supervisory Board, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the report on Company's operations

The other information comprises Company Activity Report as at December 31, 2021 ('Report on Company's operations'), together with the corporate governance statement (jointly the "Other information").

Responsibility of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for preparing the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Company Activity Report along with separate elements meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the financial statements does not include the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Other Information was prepared in accordance with relevant laws and that it is consistent with the information contained in the financial statements. Moreover, we are required to issue an opinion on whether the Company has included the required information in its corporate governance statement.

Opinion on the Company Activity Report

Based on the work performed during our audit, in our opinion, the Company Activity Report:

- has been prepared in accordance with the article 49 of the Accounting Act;
- is consistent with the information contained in the financial statements.

Moreover, based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Company Activity Report.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement the Company has included the information specified in regulations referred to in Art. 61 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws of 2019, item 623, as amended). Moreover we concluded that information included in the corporate governance statement is compliant with applicable provisions and information included in the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is Hanna Staroń.

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no in the register: 13772

acting on behalf of UHY ECA Audit Spółka z ograniczoną odpowiedzialnością Sp. k. of Warsaw, Poland, entered into the list of audit firms under entry No. 3115 on behalf of which the key auditor has audited the financial statements.

This document is a foreign language version of the original Independent Auditor's Report issued in Polish version and only the original version is binding. This document has been prepared for information purposes and could be used only for company's internal purposes. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Poznań, 29/04/2022

ARTICLES OF ASSOCIATION OF THE COMPANY

ARTICLES OF ASSOCIATION OF CARPATHIA CAPITAL SPÓŁKA AKCYJNA WITH REGISTERED OFFICE IN POZNAŃ

GENERAL PROVISIONS

§ 1.

1. The business name of the Company shall be: CARPATHIA CAPITAL Spółka Akcyjna.
2. The Company may use the abbreviated name: CARPATHIA CAPITAL S.A.
3. The Company's registered office is in Poznań.
4. The Company shall run its business in the Republic of Poland and abroad.
5. The Company may create divisions, branches, and offices in the Republic of Poland and abroad.
6. The Company is formed for an indefinite period of time.
7. The Company is founded by the Company under the business name of: INC S.A. with its registered office in Poznań.

OBJECTS OF THE COMPANY

§ 2.

The Company's objects are as follows:

- 1) Business and management consultancy activities – PKD 70.22.Z,
- 2) Activities of head office and holding companies, excluding financial holding companies – PKD 70.10.Z,
- 3) Activities of holding companies – PKD 64.20.Z,
- 4) Trusts, funds and similar financial entities – PKD 64.30.Z,
- 5) Other credit granting – PKD 64.92.Z,
- 6) Other financial service activities, except insurance and pension funding not elsewhere classified – PKD 64.99.Z,
- 7) Buying and selling of own real estate – PKD 68.10.Z,
- 8) Renting and operating of own or leased real estate – PKD 68.20.Z.

SHARE CAPITAL AND SHARES

§ 3.

1. The share capital of the Company amounts to PLN 1,951,381.50 and is divided into:

- a) 1,000,000 (one million) of series A registered preference shares with one share carrying two votes, with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.
 - b) 1,003,666 (one million three thousand six hundred and sixty six) of series B ordinary bearer shares with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.
 - c) 275,000 (two hundred five hundred) of series B2 ordinary bearer shares with a nominal per share value of PLN 0.50 (50/100 zlotys), paid up in cash.
 - d) 116,667 (one hundred sixteen thousand six hundred sixty-seven zlotys) of series B3 ordinary bearer shares with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.
 - e) 795,991 (seven hundred ninety five thousand nine hundred ninety one) of series C ordinary bearer shares with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.
 - f) 711,439 (seven hundred eleven thousand four hundred thirty nine) of series D ordinary bearer shares with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.
 - g) 300.000 (three hundred) of series E ordinary bearer shares with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.
2. A series registered shares are preference shares in terms of voting rights; each share carries two votes.
 3. A series registered shares may be converted into bearer shares, however not earlier than after 01-01-2016 (the first of January twenty sixteen). If they are converted to bearer shares, they lose their preference. Conversion of registered shares to bearer shares must be approved by the Supervisory Board, and the shareholder demanding conversion of registered shares to bearer shares shall pay the Company the amount being the difference between the issue price at which he had taken up A series shares and

- the issue price of another series if such has been issued by the Company.
4. The Company may increase share capital through issue of new shares (registered or bearer shares) issued for cash or non-cash contributions or through increase of nominal value of all the previously issued shares. On terms stipulated in the Code of Commercial Companies, the share capital may be increased from the Company's funds. Shares issued for cash contribution should be paid up in full before the share capital increase is registered.
 5. Shares may be redeemed with the shareholder's consent, through acquisition thereof by the Company (voluntary redemption).
 6. The Company may issue convertible bonds or bonds with a priority right.

§ 4.

1. By 31-03-2017 (the thirty first of March twenty seventeen), the Management Board shall be authorised to increase the Company's share capital by up to PLN 375,000.00 (three hundred seventy five thousand zlotys) (authorised capital).
2. Within the authorised capital, the Management Board shall be authorised to further increase the Company's share capital through further issues of shares, in private or public offering.
3. The Management Board may issue shares only in return for contributions in cash.
4. The issue price for shares in authorised capital must not be lower than arithmetic mean weighted with the volume of the price of shares in public trading for the period of 6 (six) months preceding the resolution to issue shares within the authorised capital, however never lower than the highest issue prices of shares in any private or public offering preceding the resolution to issue shares within the authorised capital. If the Company's shares are not publicly traded, the issue price must not be lower than the highest issue prices of shares in any private or public offering preceding the resolution to issue shares within the authorised capital, and in the lack of other issues of shares – than the nominal value.
5. Resolution of the Management Board to issue shares within the authorised capital

shall require a prior resolution of the Supervisory Board to approve this issue and the issue price of shares.

6. Upon consent of the Supervisory Board, the Management Board may exclude entirely or partly the subscription right for each increase of the share capital within the authorised capital.

§ 5.

2. The Shareholder – a Company under the business name of: INC S.A. with registered office in Poznań ("Authorised Shareholder"), as long as it holds at least one share in the Company, shall be authorised to personally appoint and dismiss more than half of the members of the Supervisory Board, that is in particular:
 - b. 2 (two) members of the Supervisory Board in a Supervisory Board consisting of three members,
 - c. 3 (three) members of the Supervisory Board in a Supervisory Board consisting of four or five members, and to appoint the Chairperson of the Supervisory Board from among the appointed members of the Supervisory Board.
2. Appointment or dismissal of a member of the Supervisory Board as well as appointment of its Chairperson shall be made in writing with a signature confirmed by a notary. The right to dismiss a member of the Supervisory Board shall only apply to a member of the Supervisory Board previously appointed in the manner indicated above.
3. Members can be appointed or dismissed any number of times during one term of office.
4. If in a given term of office there are no persons appointed by the Authorised Shareholder in the number defined in item 1 of this section, this term of office of the Supervisory Board shall end on the date when the Authorised Shareholder exercises their right.
5. The Shareholder – a Company under the business name of: INC S.A. with registered office in Poznań ("Authorised Shareholder"), as long as it holds at least one share in the Company, shall also be authorised to personally appoint and dismiss the President of the Management Board. The manner of appointment and dismissal shall be subject to the above provisions.

THE COMPANY'S CORPORATE BODIES

§ 6.

The Company's corporate bodies shall include:

- the Management Board,
- the Supervisory Board,
- the General Meeting of Shareholders.

A. The Management Board

§ 7.

1. The Company's Management Board shall be composed of one to three members.
2. Members of the Management Board shall be appointed and dismissed by the Supervisory Board, subject to section 5.5 hereof. Appointing the Management Board, the Supervisory Board shall determine the number and functions of the members.
3. In relations with members of the Management Board, including conclusion of agreements, the Company shall be represented by the Chairperson of the Supervisory Board or another member of the Supervisory Board indicated by the Supervisory Board.
4. The Management Board's term of office shall be 5 (five) years. In the case of a Management Board comprising more than one member, the members shall share the term of office.
5. The mandates of the Management Board members shall expire on the day of the General Meeting of Shareholders approving the Management Board's report on the Company's operations and financial statement for the last year in their term of office.
6. Members of the Management Board may be re-elected for further terms.

§ 8.

1. The Management Board manages the Company's affairs and represents the Company.
2. Works of the Management Board shall be managed by the President of the Management Board
3. Working arrangements of the Company's Management Board and remuneration policy applicable to members of the Management Board are defined in the By-laws adopted by the Supervisory Board.

§ 9.

Each member of the Management Board shall be authorised for sole representation of the Company.

§ 10.

Members of the Management Board may not, without the consent of the Supervisory Board deal in competitive businesses or participate in a competitive company as a partner in a civil partnership, partnership or as a member of authorities of a capital company, or participate in any another competitive legal entity as a member of its authorities. This non-competition clause shall apply also to holding shares in a competitive capital company if the member of the Management Board holds at least 10% of shares in such a company or the right to appoint at least one member of the Management Board.

B. Supervisory Board

§ 11.

1. The task of the Supervisory Board is to supervise the business of the joint-stock company on an on-going basis.
2. The Supervisory Board operates pursuant to the Code of Commercial Companies and the Articles of Association which stipulate in particular its composition and competences, and pursuant to the By-Laws adopted by the General Meeting of Shareholders, stipulating the organisation and manner of operation of the Supervisory Board.
3. The Supervisory Board shall be composed of 3 (three) to 5 (five) members appointed by the General Meeting of Shareholders, subject to section 5.1 of the Articles of Association.
4. The Supervisory Board's term of office shall be 5 (five) years
5. Members of the Supervisory Board shall be appointed for the common term of office.
6. The mandates of the Supervisory Board members expire on the day of the General Meeting approving financial statements of the last financial year covered by the Supervisory Board's term of office and in other circumstances defined in the Code of Commercial Companies.
7. Members of the Supervisory Board may be re-elected for further terms.

§ 12.

1. Members of the Supervisory Board shall execute their rights and carry out their duties in person and jointly.
2. Remuneration of the Supervisory Board members for a given year shall be determined by the General Meeting of Shareholders.

§ 13.

1. The Supervisory Board shall exercise permanent supervision over the company operations in all aspects of its activity. First and foremost, each member of the Supervisory Board should bear in mind the interests of the Company.
2. Competences of the Supervisory Board include:
 - consenting to acquisition or sale of real property, perpetual usufruct rights or interest in real property by the Company;
 - appointing an auditor to review the Company's financial statements; when choosing the auditor, the Supervisory Board should take into account any circumstances limiting his/her impartiality in performance of the tasks; the auditor should be replaced at least every 5 (five) years, and replacement of the auditor shall be understood also as replacement of the person performing the audit; moreover, over a longer period, the Company should not use the services of the same auditing entity;
 - appointment and dismissal of the Company's Management Board;
 - concluding agreements with members of the Management Board;
 - representing the Company in disputes with members of the Management Board;
 - determination of remuneration for the Management Board members;
 - suspension, for valid reasons, individual or all members of the Company's Management Board;
 - delegating members of the Supervisory Board to perform duties of the Management Board members on a temporary basis, where a member of the Management Board is unable to perform his/her duties;
 - approving by-laws of the Company's Management Board;

- requesting the Company's Management Board to convene the General Meeting of Shareholders;
- convening the Annual General Meeting of Shareholders where it is not convened by the Management Board within the prescribed period;
- convening the Extraordinary General Meeting of Shareholders if they deem it advisable.

§ 14.

1. Meeting of the Supervisory Board shall be convened as appropriate but at least 3 (three) times a year.
2. Meetings of the Supervisory Board shall be held at the Company's registered office, unless other venue is specified in the notice convening the meeting.
3. A Supervisory Board meeting may be held without a formal notice referred to above if all Supervisory Board members give their consent thereto and none of them objects to the meeting agenda.
4. Meetings are presided over by the Chairperson of the Supervisory Board or, in his/her absence, by the Deputy Chairperson. Where both the Chairperson and Deputy Chairperson are absent, the Chairperson shall be elected by the Supervisory Board.
5. The Supervisory Board shall be capable of making resolutions if at least half of the members are present and all the members have been invited. Resolutions shall be passed by an absolute majority of votes, unless the Company's Articles or the By-Laws of the Supervisory Board stipulate otherwise.
6. The Supervisory Board may adopt resolutions in writing or using means of direct telecommunication. The resolution shall be valid if all Supervisory Board members have been notified about the contents of the draft resolution and were able to vote on it.
7. Members of the Supervisory Board may participate in the process of adopting resolutions by casting their votes in writing through the agency of another member of the Supervisory Board.

C. General Meeting of Shareholders

§ 15.

1. A General Meeting of Shareholders may be either Annual or Extraordinary.
2. Extraordinary General Meeting shall be convened by the Company's Management Board of its own initiative or upon a request of shareholders representing at least 1/20 (one twentieth) of the share capital. Extraordinary General Meeting may also be convened by the Supervisory Board or shareholders representing at least 1/2 (one-second) of the share capital or at least 1/2 (half) of all the votes in the Company.
3. Extraordinary General Meeting of Shareholders shall be convened within 2 (two) weeks after the said request is submitted.

§ 16.

Meetings shall be held at the Company's registered office or in another location within the territory of the Republic of Poland indicated by the Management Board.

§ 17.

Each bearer share carries one vote at the General Meeting of Shareholders. A series registered shares carry two votes at the General Meeting of Shareholders.

§ 18.

1. Resolutions of the General Meeting of Shareholders shall be passed by a ordinary majority of votes cast, unless provisions of the Code of Commercial Companies or the Articles of Association stipulate otherwise.
2. In the case referred to in Art. 397 of the Code of Commercial Companies, a resolution to dissolve the Company requires the majority of 3/4 (three-quarters) of votes cast.
3. Voting shall be an open ballot. A secret ballot shall be ordered upon request of at least one attendants entitled to vote.

§ 19.

1. The General Meeting of Shareholders shall be opened by the Chairperson of the Supervisory Board, in the event of his/her absence, by another member of the Supervisory Board, after which the Chairperson shall be elected from among the persons entitled to vote. If these persons are absent, the General Meeting of Shareholders shall be opened by the President of the Management Board or a person appointed by the Management Board.

2. The General Meeting shall adopt its own rules specifying in detail its procedure.

§ 20.

1. The General Meeting of Shareholders shall take decisions on the following matters:
 - examination and approval of the Management Board's report on the Company's operations and the financial statements for the previous financial year;
 - adoption of a resolution on the distribution of profit or offset of losses
 - granting a vote of acceptance to members of corporate bodies confirming the discharge of their duties,
 - all decisions in respect of claims for repairing damage suffered through the formation of the Company or exercise of management or supervision,
 - disposal or lease of the enterprise and establishment of a right of use thereon,
 - issue of convertible bonds or bonds with priority right, and issue of subscription warrants referred to in Article 453 § 2 of the Code of Commercial Companies, as well as decrease or redemption of the share capital,
 - dissolution of the Company,
 - adoption of the by-laws of the General Meeting of Shareholders ,
 - appointment and dismissal of members of the Supervisory Board and determination of their remuneration,
 - adoption of the by-laws of the Supervisory Board,
 - examination and resolution of requests submitted by the Supervisory Board or the Management Board,
 - other matters stipulated in the Code of Commercial Companies or in these Articles.
2. Purchase or sale of real property, perpetual usufruct rights or interest in real property shall not require a resolution of the General Meeting of Shareholders.

THE COMPANY'S ACCOUNTS

§ 21.

The Company's financial year shall be a calendar year.

§ 22.

The Company shall create:

- share capital;
- supplementary capital;
- other funds or capital permitted or required by the law.

§ 23.

1. At least eight per cent of profit for the financial year shall be transferred to supplementary capital.
2. Write-off for supplementary capital can be omitted when the capital reaches the value of 1/3 (one-third) of share capital.
3. The General Meeting of Shareholders shall decide on allocation of the supplementary capital; however, that part of the supplementary capital which equals 1/3 (one-third) of the share capital may be used only to cover balance sheet losses.

§ 24.

The profit left after obligatory write-offs shall be allocated to:

- offset of losses from previous years,

- dividend for shareholders, in the amount determined every year by the General Meeting of Shareholders,
- other purposes determined by resolutions of the General Meeting of Shareholders.

§ 25.

1. Payment of dividend shall be made in times determined by the General Meeting of Shareholders .
2. The General Meeting of Shareholders shall define the date as of which the list of shareholders entitled to receive a dividend for a given financial year is determined.
3. The Management Board may make advance payments towards the divided to the extent defined in the Code of Commercial Companies.

FINAL PROVISIONS

§ 26.

The Company shall place its announcements in the Court and Commercial Gazette published by the Ministry of Justice.

CORPORATE GOVERNANCE PRINCIPLES

Carpathia Capital became a public company listed on the AeRO Market administered by the Bucharest Stock Exchange on 25th February 2015.

The intention of the Management Board is to gradually implement all recommendations set out in Corporate Governance Principles for the companies admitted to trading on the AeRO – BVB Market for Equities.

Substantial part of the principles of the principles has been adopted since 25th February 2015

Board of Directors Responsibilities		
	Section A – mandatory provision	Section B – fulfilment model
A	The role of the Board of Directors (Board) must be clearly defined and based on articles of association of the Company, in the internal regulations and/or other similar documents.	The role and duties of the Management Board are defined in the incorporation paper of the Company. In a year under review, the Company has been managed by President of The Management Board (CEO).
A.1.	The Company should have an internal regulation of the Board which includes terms of reference for the Board and the key management functions of the Company. The conflict of interests at the Board level should also be presented in the Board's regulation.	The Company is managed by a CEO, not by a Board of members. All interests of the CEO can be found in the chapter Company Management from the Annual Report and on the Company's website.
A.2.	A Board member's other professional commitments, including executive and non-executive Board positions in companies (excluding the Company's subsidiaries) and non-profit institutions, should be disclosed to the Board before appointment and during his/her mandate.	Both in the Annual Report in the chapter on Company Management and on the company's website can be found the information about all interests of the CEO.
A.3.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly shares representing not less than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Both in the Annual Report in the chapter of Company Management and on the company's website can be found the information about all interests of the CEO.
A.4.	The annual report should inform on whether an evaluation of the Board has taken place under the leadership of the chairman. It should also include the number of the Board.	Principle is partially applied. Evaluation of the Board and the Company's performance will be done before Annual Shareholders Meeting.
A.5.	The procedure regarding the cooperation with the Authorized Consultant for the period in which this cooperation is imposed	The procedure regarding the cooperation include all the elements required by Authorized Consultant.

	by the Bucharest Stock Exchange will contain at least following:	
A.5.1.	The contact person with the Authorized Consultant:	The procedure regarding the cooperation include all the elements required by Authorized Consultant.
A.5.2.	Frequent meetings with the Authorized Consultant (which will be at least once a month or whenever events or new information involves transmitting current reports), so still Authorized Consultant can be consulted:	The procedure regarding the cooperation include all the elements required by Authorized Consultant.
A.5.3.	The obligation to inform the Authorized Consultant with all reports and any information that reasonably require to fulfill his responsibilities:	The procedure regarding the cooperation include all the elements required by Authorized Consultant.
A.5.4.	The obligation to inform Bucharest Stock Exchange regarding any dysfunctions in cooperation with Authorized Consultant or changing of the Authorized Consultant.	The procedure regarding the cooperation include all the elements required by Authorized Consultant.

Section B – Internal Control System

B.1.	The Board should adopt a policy ensuring that any transaction of the Company with any of its subsidiaries that is equal to or more than 5% of the net assets of the Company as stated in the latest financial report should be approved by the Board.	The Company has no subsidiaries. During 2020 the Company has not signed contracts or transactions with subsidiaries.
B.2.	The internal audit should be carried out by a separate structural division (internal audit department) within the Company or through retaining an independent third-party entity which should report to the Board, while within the Company, it should report directly to the CEO.	The Company does not have a separate structural internal audit division. The internal audit is conducted by the CEO.

Section C – Fair rewards and motivation

C.1.	The Company should publish in its annual report a remuneration report including the total revenues for the Board members and the CEO for the past financial year and the total value of any bonus payments or other variable compensations and also the key assumptions and guidelines for calculating the above revenues.	The Company is managed by a Board of members.
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Section D – Building value through Investors Relations

D.1.	In addition to information required by legal provisions, the corporate website should have a dedicated Investors Relation section, both in Romanian and English, with	The principle is partially applied. The corporate website have dedicated Investors Relation section in Polish and English. All relevant
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	all relevant information of interest for investors, including:	information and reports are made both in Polish and English.
D.1.1.	Principal corporate regulations, in particular the articles of association and internal regulations of its governing bodies	Principal corporate regulations can be found on the website.
D.1.2.	Professional CVs of the members of its governing bodies	CVs of the members of governing bodies are published on the website.
D.1.3.	Current reports and also periodic reports	All reports in Polish and English can be found on the website after they are published on the Bucharest Stock Exchange.
D.1.4.	Information related to general meetings of shareholders: agenda and the materials sustaining the agenda of the meeting: the resolutions and general meetings	Information about the General Meeting of Shareholders will be available on the website.
D.1.5.	Information on corporate events, such as payment of the dividends or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles as such operations	Information will be available on the website when necessary.
D.1.6.	Other extraordinary information that should to be provided: the break down/change/start of cooperation with an Authorized Adviser (AA): the signing/renewal/termination of agreement with a Market Maker.	Information will be available on the website when necessary.
D.1.7.	The Company should have an investors relations function (IR) and will include on the IR section of the company's website the name and contact data of a person who should be able to provide knowledgeable information on request.	The Company does not have an separate investors relations function. Investors can obtain all the necessary information by contacting with the Company's office. The contact data is provided on the Company's website.
D.2.	A company should have adopted a dividend policy of the company, as a set of directions related to the distribution of net profit that the company declares to follow. The dividend policy principles should be published on the corporate website.	Information are published on the website and in the Annual Report.
D.3.	A company should have adopted a policy with respect to forecasts, whether it would be distributed or not. Forecast means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called, assumptions). The policy should provide for the frequency, the period envisaged and content of forecasts. Forecasts, if	The policy has been published on the website. The company does not publish forecasts.

	published, may only be part of annual, half-yearly or quarterly reports. The forecast policy should be published on the corporate website.	
D.4.	A company should set the date and place of a general meeting so as to enable the participation of the highest possible number of shareholders.	The company will organize the General Meeting of Shareholders at the company's headquarters, during working days.
D.5.	The financial reports should include information in both Romanian and English as regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators.	The principle is partially applied. All Company's financial reports are published in Polish and English.
D.6	The company should organize at least one meeting/conference call with analysts and investors each year. The information presented on these occasions should be published in the IR section of the website of the company at the time of the meeting/conference call.	The Company has organized two meetings with analyst/investors in 2018 in Poland and aims to organize investors' meeting in USA and Romania.



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