

Annual report 2019



Annual report content



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Key economic indicators

13,0

CZK billion

UNLEVERAGED ASSETS
UNDER MANAGEMENT

19

NUMBER OF
BUILDINGS
IN PORTFOLIO

90+

NUMBER
OF TENANTS

15

PEOPLE IN
REDSIDE TEAM

7

FUND'S
PORTFOLIOS

62

GWh

ANNUAL ELECTRICITY
PRODUCTION





| 01



Report of the Board of Directors

Report of the Board of Directors on the REDSIDE business activities

Dear Shareholders, Investors and Business Partners,

An other year is successfully over and we are pleased to say that it was again successful for our investment company. REDSIDE is a transparent and stable investment company managing an ever-expanding portfolio of alternative investment funds. In terms of numbers, 2019 was a year confirming the growing trend, as we managed not only to report historically highest revenues and realized profits, but also to continue to increase assets under the management of our managed funds of qualified investors, which testifies growing investor confidence in our work.

We managed to build on previous, from a macroeconomic point of view, favorable periods and take advantage of the fact that qualified investor funds continue to be very popular with both Czech and foreign investors. This is evidenced by the fact that the volume of assets in these fund structures reached a record CZK 189 billion in 2019, which were spread through 260 investment funds of qualified investors. We were pleased that REDSIDE accounts for almost 4% of this volume, according to a report by the Association for the Capital Markets, of which we have been an active member since 2015. We were thus able to maintain the dynamic growth of all key financial indicators, but at the same time we achieved a significant shift in the scope and quality of services for our investors, including building a functional distribution network within Czech and foreign securities dealers and financial intermediaries. Thanks to this, the number of our direct investors was close to one thousand. Nevertheless, we still place great emphasis on an individual client approach. The trust of our clients allows us to enter into ever larger and more interesting projects, which is reflected primarily in the growing dynamics of our largest private equity investment funds NOVA Green Energy and NOVA Real Estate. We are proud that Nova Green Energy also contributes to the sustainable development of energy in the Czech Republic, Slovakia and also in Hungary. The fund directly owns energy sources that produce green electricity and heat. We try to do it smartly and, in addition to valuing our clients' investments, also reduce the negative impact of energy on the environment.

During our seven-year existence, we have been steadily increasing the assets under our management, with the volume of unleveraged managed assets in our five open-end funds reaching almost CZK 14 billion in the first quarter of 2020, thanks to 15 of our colleagues forming a compact team of professionals, taking care of a total of 7 fund portfolios within 5 investment funds of qualified investors investing in a wide range of assets from real estate, energy, receivables to publicly traded securities.

We are proud that in our green fund we managed to produce more than 62 GWh of electricity and save 75 thousand tons of CO₂ emissions. We are no less proud of the quality of our portfolio of more than 90 tenants within the NOVA Real Estate fund, which consists mainly of multinational corporations from many areas of services, industry and trade. All this while maintaining an attractive annual appreciation of 6.26% for NOVA Green Energy and 7.39% for NOVA Real Estate. Our modest goal is to continue to offer investments in real estate and energy funds as a long-term, conservative and transparent investment, meeting all compliance criteria, especially for professional investors, including foreign banks, insurance companies and other financial institutions.



The potential of the capital market itself, focusing on the investment fund segment, also continues to be attractive. Although in the Czech Republic continues to be the dominant component of savings the current account, which accounts for more than 50% of Czech households' savings, recent developments show that investment funds are the fastest growing component of this segment, which continues to increase investment potential through Czech qualified investor funds, and thus the potential of the REDSIDE group itself.

However, we fully perceive that for the further development of REDSIDE's activities and the growth of its funds, in addition to quality portfolio management, it is no less important to improve all functions within the management and control system, i.e. especially the complex, legal, technical and personnel structure needed for smooth operation, service of the investor base and managed funds and fulfillment of all legal and regulatory obligations related to the subject of business of REDSIDE. As part of its control activities, a comprehensive control by the Czech National Bank was carried out practically throughout the second half of 2019, focusing on the functionality and integrity of the management and control systems in the performance of the management and administration of our investment fund portfolio.

Business activities

The main focus of our work during 2019 thus continued to be management and administration of investment funds of qualified investors, of which at the end of the year we managed a total of five, all of which are open-ended, either open-ended mutual funds (1) or SICAV (4) with individual sub-funds. We thus continue to adhere to the original idea of collective investment to create and manage large, transparent funds that will be attractive both to Czech individual investors and to foreign institutional clients. In total, at the end of 2019 we managed 7 fund portfolios with total fund assets ("AUM") of CZK 7,235 million, which is a year-on-year increase of more than 16%.

Further development of business activities

We will continue to provide administration and management services, whereas we provide and will continue to provide administration services only to funds which we manage at the same time. We assume that the range of managed funds will expand, since we intensively develop ideas and strategies leading to new investment products, resp. to fund portfolios. In sales and marketing activities, we will focus our product offer primarily on institutional investors and private clients of our business partners and intermediaries. The main principle in fulfilling the goals of the REDSIDE strategy is to respect ethical values and to comply with all legal and regulatory obligations associated with the company's business.

In December 2019, a new coronavirus (SARS-CoV-2) was detected in Wu-chan, China. By the end of February 2020, local transmission of the disease took place in several countries, including Europe. After the balance sheet date of 31 December 2019, many business and economic activities were disrupted due to the global spread of coronavirus causing the respiratory disease COVID-19. Due to the restriction of economic activity around the world, there was also a slowdown in financial markets and thus a potential impact on the performance of funds managed by REDSIDE investiční společnost, a.s. The company considers the outbreak of a global coronavirus pandemic as a post-balance sheet event, which does not lead to amending the financial statements. The extent of the global recession and economic downturn cannot yet be well estimated, as various constraints are constantly changing and prolonging their duration.

Among other, economic policy seeks to respond to negative developments. Representatives of European countries declared a determination to coordinate steps to mitigate the negative effects of coronavirus infection on the economy. The International Monetary Fund announced the activation of up to USD 1 trillion. It is clear that not only governments but also supranational institutions prepare to provide the necessary support. In addition to fiscal support, central banks also

contribute to the rescue. It is aimed to prevent the liquidity crisis that arises in similarly tense situations. At the same time, it creates space for fiscal policy support. It is also likely that in this extraordinary situation, banks will allow companies to defer interest and principal payments.

However, due to the fact that the coronavirus situation is unstable and very dynamically evolving worldwide, it is not possible to estimate the potential impact on the company and the funds it manages.

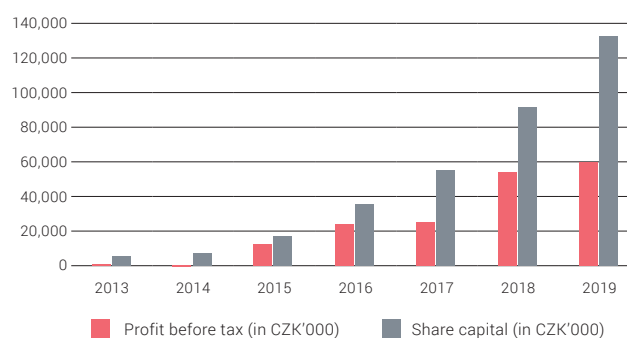
The overall financial position of the Company and the state of its assets

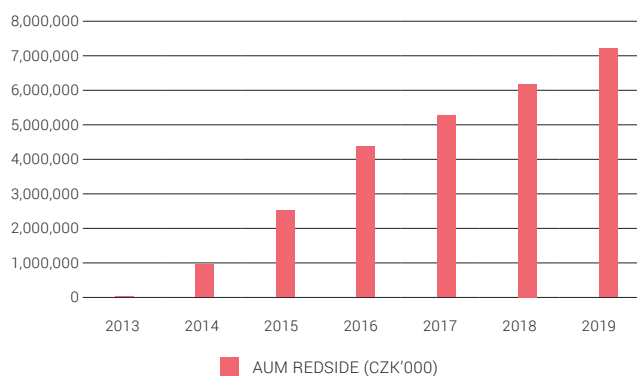
The Company ended 2019 with a profit of CZK 46,693 thousand and revenues of CZK 116,273 thousand, which represents an increase of 20% compared to 2018. Revenues were realized almost exclusively from the administration and management of investment funds of qualified investors.

With the development of the distribution network, the costs of fees and commissions grew the most year-on-year, reaching more than CZK 15,000 thousand. Also staff costs, which make up the largest share of administrative costs, increased by 10%. Other administrative expenses remained practically unchanged on an annual basis, but this is to some extent distorted by the fact that in 2019, fees and commissions were separated from administrative expenses. In general, the growth of administrative costs reflected higher costs for the asset management and compliance processes themselves, but also the growth of our investors' core, which generates, besides high costs of ensuring distribution, an increasing number of transactions, client and legislative requirements, which puts further pressure on increasing personnel and technical capacity.

Equity amounted to CZK 128 million at the end of the year, which is significantly above the CNB's capital requirements. The company's assets exceed CZK 150 million and consist mainly of investments within the funds we manage and cash in bank accounts.

Specific and detailed information on the management of REDSIDE investiční společnost, a.s. is provided in the annual financial statements for 2019.





Other significant events in 2019 and changes realized after the date of preparation of the financial statements

During 2019, consultation with the Czech National Bank regarding the application for a license to operate as a securities dealer under the name REDSIDE INVESTMENTS continued with the intention to ensure a better distribution system for our investment funds within the framework of closer cooperation with Czech investment intermediaries. At the date of release of this annual report, no decision on the licence has been made by the Czech National Bank.

On 8 August 2019, a dividend was paid to the shareholders RVR Czech, s.r.o. and Arca Capital Finance Group, a.s. in the total gross value of CZK 6,631,632.

Prague, 30 April 2020

There were also changes in the Company's internal control system, when Jan Pivoda was replaced with effect from 15 April 2019 by Izabela Zařková. Internal audit was continuously entrusted to the company Complex, s.r.o., ensuring independent and objective internal control of the Company's activities. With effect from 9 April 2020, commercial manager Michal Zachar was appointed as a member of the Board of Directors following a prior consent of the Czech National Bank. In this position, he replaced Juraj Dvořák, who became the chairman of the Company's Supervisory Board.

Expected development in 2020

In 2020, we expect further development of the investment strategy of the funds under our management, especially in the field of real estate, with a focus on logistics and industrial areas, and in the field of renewable energy sources, especially biogas plants, photovoltaic projects in Hungary or biomass heating plants in Slovakia with the aim of increasing the NAV of the NOVA Green Energy fund above EUR 100 million.

Not only with regard to the strong competitive environment in the field of investments, we remain fully committed to focus on building the company's reputation in the minds of our current and potential clients in Czechia and abroad.



Rudolf Vřešťál

Chairman of the Board of Directors
REDSIDE investiční společnost, a.s.



Ing. Karel Křhovský

Member of the Board of Directors
REDSIDE investiční společnost, a.s.



Company Profile

REDSIDE investiční společnost, a.s.

1. General company data

| | |
|-----------------------------|---|
| Name: | REDSIDE investiční společnost, a.s. |
| Registered office: | Prague 1 - Nové Město, V Celnici 1031/4, postal code 110 00 |
| Company identification No.: | 242 44 601 |
| LEI: | 315700AT346N3I3RWE49 |
| Registered capital: | CZK 8,400,000; fully paid |
| Share capital: | CZK 128,017 thousand |
| License to operate: | 29 April 2013 |
| Internet website: | www.redsidefunds.com |

The composition of shareholders with a qualifying holding in the share capital as at 31 December 2019 was as follows:

- RVR Czech, s.r.o., with registered office at Prague 1, V Celnici 1031/4, postal code 110 00, company ID: 243 00 136 represented by the sole shareholder and statutory representative Mr. Rudolf Vřešťál
- A direct share of 90.48 %

A description of all personnel connections during the relevant period is part of Appendix no. 1 of this Annual Report.

Auditor of the Company

PricewaterhouseCoopers Audit, s.r.o, with its registered office at Hvězdova 1734 / 2c, Nusle, 140 00 Prague 4, Czech Republic, ID: 40765521, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 3637, and in the Chamber of Auditors of the Czech Republic under the license number 021.

Establishment of the Company and licensed activities

REDSIDE investiční společnost, a.s. was created on 29 June 2012 by registration in the Commercial Register, while the Company was granted authorization to operate as an investment company within the meaning of the relevant provisions of the Collective Investment Act by the Czech National Bank on 26 April 2013 and became legally effective on 29 April 2013. The Company is authorized to exceed the decisive limit.

Authorized activities pursuant to Act No. 240/2013 Coll., investment companies and investment funds (hereinafter „the Act“) as of 31 December 2019:

- Management and administration of investment funds or foreign investment funds (i.e. activity under § 11/1 /a of the Act):
 - qualified investors' funds (with the exception of qualified venture capital funds and qualified funds for social entrepreneurship)
 - foreign investment funds comparable to a qualified investors' funds (with the exception of foreign investment funds comparable to those of qualified venture capital funds and qualified funds for social entrepreneurship)

Statutory bodies of Investment Company as at 31 December 2019

The composition of the Company's Board of Directors as at 31 December 2019 was as follows:

| | | |
|----------------|------------------------------------|-----|
| Rudolf Vřešťál | Chairman of the Board of Directors | CFO |
| Karel Krhovský | Member of the Board of Directors | CEO |
| Juraj Dvořák | Member of the Board of Directors | CSO |

Rudolf Vřešťál

Rudolf established in 2002 the company ASB Group and managed it successfully for almost 12 years. This company through its offices in the Czech Republic, Slovakia, Poland and Hungary provides comprehensive advisory services in the areas of corporate governance, accounting, financial reporting and transaction advisory, especially to foreign institutional investors in the CEE region. Rudolf has decided to capitalize on the experience gained in managing foreign investments by establishing the investment company REDSIDE, where he is primarily responsible for the set-up and management of investment products, portfolio management and financing of acquisitions.

Juraj Dvořák

Member of the Board of Directors of Arca Investments and CSO of REDSIDE investiční společnost. Member of the Supervisory Board of Wiener Privatbank AG, partner of DELUVIS SR and DELUVIS CZ with a focus on building a sales network in Slovakia and abroad. He has many years of experience from financial institutions spreading from commercial banks to private equity sector.

Ing. Karel Krhovský

Karel Krhovský is currently the CEO and Member of the Board of Directors of REDSIDE, where he is directly responsible for managing investment funds for qualified investors. Karel started as a project manager in REDSIDE in 2013 and directly participated in the establishment of the Company and obtaining a license from the ČNB. Subsequently he underwent various risk and portfolio management positions within REDSIDE to be able to obtain approval from the Czech National Bank for the performance of the position of an executive officer and member of the Board of Directors in 2017. Prior to joining REDSIDE, Karel worked as a valuation consultant at ASB Appraisal, a company specializing in business valuation. He is a graduate of the University of Economics in Prague, specializing in business and asset valuations and a participant in the prestigious CFA program (Chartered Financial Analyst).

The composition of the Company's Supervisory Board as at 31 December 2019 was as follows:

| | |
|------------------|-----------------------------------|
| Petra Rychnovská | Chairman of the Supervisory Board |
| Petr Studnička | Member of the Supervisory Board |
| Šárka Burgetová | Member of the Supervisory Board |

Petra Rychnovská

Petra is a co-founder, Partner and an executive of the Czech payroll team in ASB Group. As a Partner, she is in charge of strategic planning and business development for the entire Group. She is a successful entrepreneur who has more than 17 years of experience in consulting a wide range of clients from different industries. She provides advice to local and international companies on international expansion, investment opportunities and payroll issues. She also has extensive experience in advising real estate clients. Petra actively cooperates with the Association for Foreign Investment (AFI), where she holds the position of Vice Chairman of the Steering Committee and also with the Association for Real Estate Market Development (ARTN).

Ing. Petr Studnička

Petr is Managing Partner of ASB Group and is responsible for corporate strategy, development of new services and business development of ASB Group offices in the Czech Republic, Poland, Hungary and Slovakia. For more than 15 years, Petr has been providing consultancy in the areas of mergers and acquisitions, transactions, structuring of investments and corporate services. He provides comprehensive advisory to international investors on entering the Czech market. Petr works closely with the Czech Private Equity & Venture Capital Association, with the international association INAA Group (International Association of Independent Accounting firms), and as an expert in finance and accounting, he works as a mentor in the AI Startup Incubator project.

Ing. Šárka Burgetová

Šárka Burgetová is a graduate of the University of Economics in Prague, majoring in Finance and Accounting. During her studies, she spent a one-year stay in Germany and the USA, also she gained an experience in TPA Audit as a member of the audit team. After graduating she joined audit department of international company KPMG. In KPMG, she worked on positions from audit assistant to audit

supervisor, where she was in charge of audit teams during financial audits in commercial and industrial businesses. After 5 years in KPMG, she moved as a Reporting and Controlling manager to one of the leading communication agencies in the Czech Republic, McCANN-ERICKSON PRAGUE, which is a part of the McCANN Worldgroup. After 7 years she accepted an offer for a Managing Director from 6K spol. s r.o., which is engaged in the development and sale of accounting software and providing accounting outsourcing. After 6K changed its owner, Šárka decided to continue working with the original owners and took up a new position in Redside, where she is involved in the financial management of both the investment company and all investment funds managed by the Company. During her practice, Šárka also completed ACCA (The Association of Chartered Certified Accountants), which is a globally recognized qualification in financial management, management and accounting.

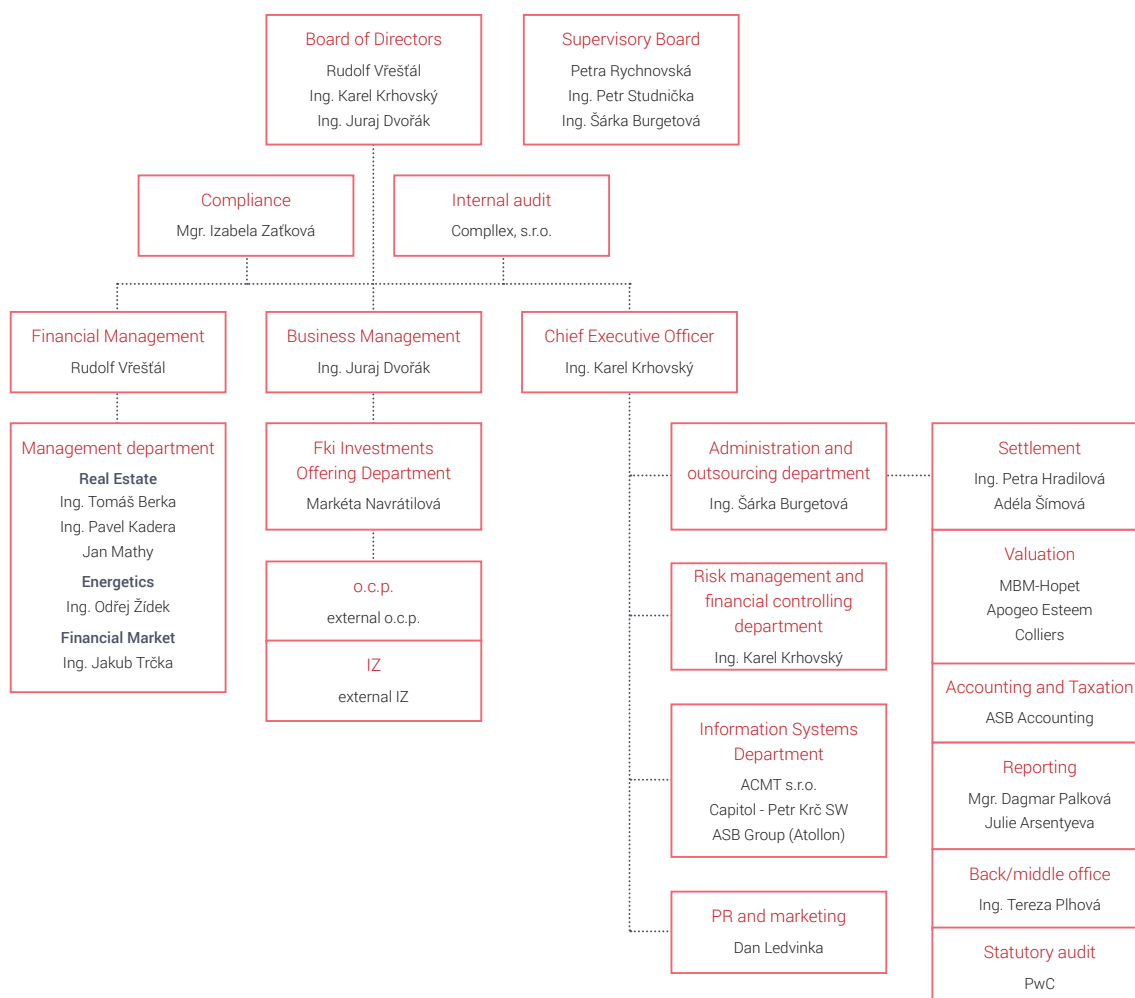
Portfolio managers

- Jakub Trčka (performed his function since 1 January 2019 to 31 November 2019)
- Tomáš Berka (performed his function continuously since 1 January 2018)
- Pavel Kadera (performed his function continuously since 1 January 2018)
- Ondřej Židek (performed his function continuously since 1 January 2018)
- Jan Mathy (performed his function continuously since 1 January 2018)

Internal audit and compliance

Complex, s.r.o. Internal auditor
Izabela Začková Compliance officer

Organizational chart of the Company as at 31.12.2019



The staffing of individual positions and outsourced processes is ensured in accordance with the requirements of the law.

2. Funds under management of the Investment Company in 2019

Pursuant to the management contract or the performance contract, the Company, in accordance with Section 9 (1) of the Act, managed the following investment funds of qualified investors:

| | |
|-----------------------------|--|
| Name: | NOVA Real Estate, SICAV, a.s. |
| Sub-funds: | NOVA Real Estate – podfond 1 |
| Registered office: | V Celnici 1031/4, Nové Město, 110 00 Prague 1 |
| Company identification No.: | 043 31 869 |
| Date of business license: | 20 August 2015 |
| Depository: | UniCredit Bank Czech Republic and Slovakia, a.s. |
| Investment focus: | Real estate companies, subordinated receivables |

Commercial real estate as an investment asset class is considered to be an appropriate tool to diversify portfolio. Real estate is perceived as a resilient asset preserver providing a stable return for the investor. Premium properties are selected for acquisition to the portfolio of NOVA Real Estate - Sub-Fund 1. When assessing the value of transactions, consideration is paid in particular to the length of the lease, the location and the overall condition of the property. These aspects significantly influence the value and potential market liquidity in the future. Sub-Fund 1 primarily invests in the real estate market of the Czech Republic with possible expansion to Central European markets.

| | |
|---------------------------|--|
| Name: | NOVA Green Energy otevřený podílový fond |
| Registered office: | V Celnici 1031/4, Nové Město, 110 00 Prague 1 |
| NID: | 8080238305 |
| Date of business license: | 29 January 2013 |
| Depository: | UniCredit Bank Czech Republic and Slovakia, a.s. |
| Investment focus: | Private equity (energy / renewable energy sources) |

NOVA Green Energy is an open-ended mutual fund of qualified investors, which invests in equity investments in small and medium-sized plants (1-4 MW) producing energy from renewable energy sources in the Central and Eastern European region, mainly in the Czech Republic and Slovakia.

| | |
|---------------------------|---|
| Name: | NOVA Hotels otevřený podílový fond |
| Registered office: | V Celnici 1031/4, Nové Město, 110 00 Prague 1 |
| NID: | 8085331680 |
| Date of business license: | 18 August 2015 |
| Depository: | Česká spořitelna, a.s. |
| Investment focus: | Real estate companies / hotel complexes |

The investment objective of the Fund is a continuous appreciation of the proceeds invested by investors of the Fund, mainly through direct or indirect investments in new projects and the development of business plans, especially in the real estates and real estate companies, but not exclusively with the focus on hotel and residential projects.

| | |
|-----------------------------|---|
| Name: | ARCA OPPORTUNITY, SICAV, a.s. |
| Sub-funds: | ARCA OPPORTUNITY – podfond 1 ARCA OPPORTUNITY CEE EQUITY – podfond 2 |
| Registered office: | V Celnici 1031/4, Nové Město, 110 00 Prague 1 |
| Company identification No.: | 241 99 591 |
| Date of business license: | 19 December 2011 |
| Depository: | UniCredit Bank Czech Republic and Slovakia, a.s. |
| Investment focus: | venture capital, private equity, shares, bonds |

The objective of Sub-Fund 1 is to achieve return on the price movement of investments in shares, from dividends, interest income on fixed income financial instruments, price movement of investments in bonds, bond coupons paid and return on risky investments in

receivables. The Sub-Fund 2 focuses primarily on investment in listed companies in the CEE region, incl. Russia, whose shares are underestimated in the market and have the prospect for long-term growth. The fund only invests in the top 10-15 investment tips. Occasionally, the fund may open several short positions.

| | |
|-----------------------------|--|
| Name: | NOVA Money Market, SICAV, a.s. |
| Sub-funds: | NOVA Money Market – podfond 3 NOVA Money Market – podfond 4 |
| Registered office: | V Celnici 1031/4, Nové Město, 110 00 Prague 1 |
| Company identification No.: | 04699017 |
| Date of business license: | 20 January 2016 |
| Depository: | Česká spořitelna, a.s. |
| Investment focus: | Corporate securities, targeted loans |

The Sub-fund 1 and Sub-fund 2 continued to fulfill the investment strategy of providing loans to legal entities for a limited number of shareholders in 2019. However, in 2019 both sub-funds were unlicensed and assets were transferred to Sub-Funds 3 and 4.

Sub-Fund 3 provides targeted short-term and medium-term loans to finance projects implemented within the Arca Capital investment group, which are capable to generate sustainable cash-flow paid on a quarterly basis. Among the implemented projects there are mainly investments in private equity, portfolio of defaulted mortgages and consumer loans, participation in bridge financing and others. The Sub-Fund may also acquire other financial assets (bills of exchange, bonds, etc.) and realize opportunistic investments denominated in EUR. The investment strategy of Sub-Fund 4 is the same, except that the investments are denominated in CZK.

3. Persons in which the Investment Company had more than 10% of the voting rights

The Company holds 100% of all of shares registered in the Commercial Register of NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., with registered office at V Celnici 1031/4, Prague 1 - Nové Město, Company Identification Number: 043 31 869 with effect from 20 August 2015, NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., with its registered office at V Celnici 1031/4, Prague 1 - Nové Město, Identification Number: 046 990 17 with effect from 20 January 2016 and ARCA OPPORTUNITY, SICAV, a.s. with its registered office in V Celnici 1031/4, Prague 1 - Nové Město, Identification Number: 241 99 591 with effect from 24 May 2017, and NOVA Green Energy, SICAV, a.s., with its registered office at V Celnici 1031/4, Prague 1 – Nové Město, Identification Number: 087 89 622 with effect from 1 January 2020.

4. Changes in the Commercial Register

On 14 April 2020, there was a change in the Board of Directors, when a member of the Board of Directors, Juraj Dvořák, was replaced by a new member, Michal Zachar. At the same time, there were changes in the Supervisory Board, when the member of the Supervisory Board, Šárka Burgetová, was replaced by Juraj Dvořák, who became the Chairman of the Supervisory Board and the original Chairwoman of the Supervisory Board, Petra Rychnovská, became an ordinary member.

5. Court and arbitration disputes

During the decisive period, the Investment Company did not have any judicial or arbitration disputes.

6. Information on the average number of employees

The recalculated average number of employees in the monitored period according to the methodology of the Czech National Bank was 13.

7. Information on environmental and labour-law activities

The Investment Company fulfils all its legal obligations under labour law and environmental protection legislation.

8. Information on whether the accounting entity has an organizational unit abroad

Investment Company does not have an organizational unit abroad.

Annex

Annex No. 1: Personal interconnection

| | Company name | Position | Identification number |
|----------------------------|--|--|-----------------------|
| Rudolf Vřešťál | REDSIDE investiční společnost, a.s. | Chairman of the Board of Directors | 24244601 |
| | ASB Czech Republic, s.r.o. | Statutory Representative | 27215849 |
| | BAZ Czech, a.s. | Chairman of the Board of Directors | 28204298 |
| | RVR Czech, s.r.o. | Statutory Representative | 24300136 |
| | UnitedData a.s. | Vice Chairman of the Board of Directors | 4201094 |
| | TC VENTURES, s.r.o. | Statutory Representative | 25777581 |
| | White Express s.r.o. | Statutory Representative | 4378059 |
| | Paříkova Property, s.r.o. | Statutory Representative | 5481953 |
| | REDSIDE Investments a.s. | Chairman of the Board of Directors | 7187939 |
| | RSFA, a.s. | Chairman of the Board of Directors | 08579440 |
| | ARCA OPPORTUNITY, SICAV, a.s. | Authorized Representative of the Statutory Director | 24199591 |
| | NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. | Authorized Representative of the Statutory Director and Member of the Board of Directors | 04331869 |
| | NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s. | Authorized Representative of the Statutory Director and Member of the Board of Directors | 04699017 |
| | SWISS FUNDS, a.s. | Member of the Supervisory Board | 05421721 |
| Ing. Karel Křhovský | REDSIDE investiční společnost, a.s. | Member of the Board of Directors | 24244601 |
| | REDSIDE Investments a.s. | Member of the Board of Directors | 7187939 |
| | KJU Czech, s.r.o. | Statutory Representative | 08123853 |
| | RSFA, a.s. | Member of the Board of Directors | 08579440 |
| | ARCA OPPORTUNITY, SICAV, a.s. | Authorized Representative of the Statutory Director | 24199591 |
| | NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. | Authorized Representative of the Statutory Director and Member of the Board of Directors | 04331869 |
| | NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s. | Authorized Representative of the Statutory Director and Member of the Board of Directors | 04699017 |

| | | | |
|--------------------------|--|----------------------------------|------------|
| Ing. Juraj Dvořák | REDSIDE investiční společnost, a.s. | Member of the Board of Directors | 24244601 |
| | Arca Capital Finance Group, a.s., odštěpný závod | Member of the Board of Directors | 06093060 |
| | DELUVIS CZ s.r.o. | Statutory Representative | 4885473 |
| | Arca Capital Finance Group, a.s. | Member of the Board of Directors | 50 108 361 |
| | Arca Investments, a.s. | Member of the Board of Directors | 35 975 041 |
| | BHP Tatry, s. r. o. | Statutory Representative | 45 948 879 |
| | BLUESIDE, a. s. | Member of the Supervisory Board | 50 045 539 |
| | DAMASK Consult s. r. o. | Statutory Representative | 46 391 363 |
| | DAMASK Holding s. r. o. | Statutory Representative | 47 017 490 |
| | Deluvis Advisory, s. r. o. | Statutory Representative | 36 332 267 |
| | DELUVIS s. r. o. | Power of Attorney | 35 798 998 |
| | DIAMOND HOTELS SLOVAKIA, s.r.o. | Statutory Representative | 35 838 833 |
| | Wiener Privat Bank | Member of the Supervisory Board | |



Financial Statements



Independent auditor's report

to the shareholders of REDSIDE investiční společnost, a.s.

Opinion

We have audited the accompanying financial statements of REDSIDE investiční společnost, a.s., with its registered office at V celnici 1031/4, Nové Město, Praha 1 ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2019, the income statement and the statement of changes in equity for the year ended 31 December 2019 and notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance for the year ended 31 December 2019 in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report therein. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover 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 the other information is materially inconsistent with the financial statements or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law and regulation.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

Independent auditor's report

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Board of Directors and Supervisory Board of the Company for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board of the Company is responsible for overseeing the financial reporting process.

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above-stated requirements will always detect a material misstatement when it exists. Misstatements can 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 users taken on the basis of these financial statements.

As part of an audit in accordance with the above-stated requirements, we exercise professional judgment and maintain professional scepticism throughout the audit. 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 the override of internal controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 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 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 notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent auditor's report

We communicate with the Board of Directors and Supervisory Board regarding, 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.

24 April 2020

Price Waterhouse Coopers Audit sr.

represented by Partner

Petr Kříž

Petr Kříž

Statutory Auditor, Licence No. 1140

This report is addressed to the shareholders of REDSIDE investiční společnost, a.s.

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

Financial statements for the year ended 31 December 2019

Company name: REDSIDE investiční společnost, a.s.

Registered office: V Celnici 1031/4, Praha 1, 110 00

Company Identification No: 242 44 601

Business activity: The activity of an investment company pursuant to Act No. 240/2013 Coll., on Investment Companies and Investment Funds.

Date of preparation of the financial statements: 30 April 2020.

BALANCE SHEET

As at 31 December 2019

| In thousands of CZK | Note | 31. 12. 2019 | 31. 12. 2018 |
|---|------|----------------|----------------|
| ASSETS | | | |
| 3 Receivables from banks - repayable on demand | 5 | 18,357 | 55,720 |
| 6 Shares, share certificates and other equity interests | 6 | 69,872 | 0 |
| 8 Equity investments with controlling influence | 7 | 4,114 | 4,014 |
| 9 Intangible fixed assets | 9 | 50 | 104 |
| 10 Tangible fixed assets | 9 | 1,008 | 1,204 |
| 11 Other assets | 6 | 32,497 | 13,114 |
| 13 Prepaid expenses and accrued income | | 24,668 | 33,403 |
| Total assets | | 150,566 | 107,559 |
| LIABILITIES | | | |
| 4 Other liabilities | 10 | 6,630 | 6,861 |
| 5 Accrued expenses and deferred income | | 3,122 | 914 |
| 6 Provisions | 12 | 12,796 | 11,828 |
| of which: a) taxes | | 3,696 | 5,740 |
| b) others | | 9,100 | 6,088 |
| 8 Share capital – fully paid | 13 | 8,400 | 8,400 |
| 14 Retained earnings from previous periods | | 72,925 | 38,920 |
| 15 Profit for the accounting period | | 46,693 | 40,636 |
| Total liabilities | | 150,566 | 107,559 |

| In thousands of CZK | Note | 31. 12. 2019 | 31. 12. 2018 |
|---------------------------------------|------|------------------|------------------|
| OFF-BALANCE SHEET ITEMS | | | |
| Off-balance sheet assets | | | |
| 15 Assets under management | | 7,235,302 | 6,218,231 |
| Total off-balance sheet assets | | 7,235,302 | 6,218,231 |

Total assets of the individual funds under the Company management are as follows:

| In thousands of CZK | 31. 12. 2019 | 31. 12. 2018 |
|--|------------------|------------------|
| Arca Opportunity – podfond 1 | 510,589 | 763,671 |
| Arca Opportunity CEE EQUITY – podfond 2 | 27,258 | 26,171 |
| Nova Green Energy | 1,678,050 | 1,380,071 |
| Nova Hotels | 981,604 | 924,891 |
| Nova Real Estate – podfond 1 | 3,347,396 | 2,521,777 |
| Nova Money Market – podfond 1 (before audit) | 0 | 9,308 |
| Nova Money Market – podfond 2 (before audit) | 0 | 20,973 |
| Nova Money Market – podfond 3 (before audit) | 140,463 | 131,457 |
| Nova Money Market – podfond 4 (before audit) | 549,942 | 439,912 |
| Total | 7,235,302 | 6,218,231 |

The accompanying notes are an integral part of these financial statements.

INCOME STATEMENT

For period from 1 January 2019 till 31 December 2019

| In thousands of CZK | Note | 2019 | 2018 |
|--|------|---------------|---------------|
| 1 Interest income and similar income | | 101 | 0 |
| 3 Income from shares and equity interests - other | | 750 | 0 |
| 4 Fee and commission income | 14 | 116,273 | 96,561 |
| 5 Fee and commission expenses | | -15,452 | -79 |
| 6 Gain or loss from financial operations | | 2,774 | 0 |
| 8 Other operating expenses | | -122 | -116 |
| 9 Administrative expenses | 15 | -42,424 | -40,367 |
| of which: a) personnel expenses | | -22,106 | -19,912 |
| of which: aa) wages and salaries | | -17,114 | -15,577 |
| ab) social and health insurance | | -4,992 | -4,335 |
| b) other administrative expenses | | -20,318 | -20,455 |
| of which: ba) rent | | -8,021 | -6,150 |
| bb) accounting | | -4,767 | -4,743 |
| bc) custody | | -1,857 | -771 |
| 11 Depreciation/amortization, creation and use of provisions and allowances for tangible and intangible fixed assets | | -425 | -348 |
| 12 Release of provisions and reserves for receivables, securities and guarantees, income from receivables previously written off | | 42 | 60 |
| 13 Write-offs, additions and utilisation of allowances and provisions for loans and guarantees | | 0 | -116 |
| 17 Additions to and utilisation of other provisions | | -3,012 | -4,088 |
| 19 Profit before tax | | 58,505 | 51,507 |
| 23 Income tax | 15 | -11,812 | -10,871 |
| 24 Profit for the accounting period | | 46,693 | 40,636 |

STATEMENT OF CHANGES IN EQUITY

For period from 1 January 2019 till 31 December 2019

| In thousands of CZK | Share capital | Retained earnings | Accumulated losses | Profit | Total |
|---------------------------------------|---------------|-------------------|--------------------|---------------|----------------|
| Balance as at 1 January 2018 | 8,400 | 27,303 | -1,691 | 18,911 | 52,923 |
| Profit transfer | 0 | 13,308 | 0 | -13,308 | 0 |
| Profit for the accounting period | 0 | 0 | 0 | 40,636 | 40,636 |
| Dividends paid | 0 | 0 | 0 | -5,603 | -5,603 |
| Balance as at 31 December 2018 | 8,400 | 40,611 | -1,691 | 40,636 | 87,956 |
| Profit transfer | 0 | 32,313 | 1,691 | -34,004 | 0 |
| Profit for the accounting period | 0 | 0 | 0 | 46,693 | 46,693 |
| Dividends paid | 0 | 0 | 0 | -6,632 | -6,632 |
| Balance as at 31 December 2019 | 8,400 | 72,924 | 0 | 46,693 | 128,017 |

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

REDSIDE investiční společnost, a.s. (hereinafter „Investment Company“) was registered as at 29.6.2012 under file No. B 18362 in the Commercial Register maintained by the Municipal Court in Prague.

On 13.5.2013, REDSIDE, a.s. changed its name to REDSIDE investiční společnost, a.s., on the basis of a licence to perform activities of an investment company based on Act No 240/2013 Coll., on Investment Companies and Investment Funds (hereinafter referred to as the „Act“), carried out pursuant to the licence of the Czech National Bank under No. 2013/5063/570 dated 26.4.2013, which came into force on 29.4.2013.

The Investment Company's business activity is the management of funds and their administration.

Funds, which are managed by the Investment Company as at 31.12.2019:

- 1) NOVA Green Energy, otevřený podílový fond REDSIDE investiční společnost, a.s.
- 2) ARCA OPPORTUNITY, SICAV, a.s.
- 3) NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.
- 4) NOVA Hotels, otevřený podílový fond REDSIDE investiční společnost, a.s.
- 5) NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s.

The Depositaries of the above-mentioned investment funds, which were managed by the Investment Company as at 31.12.2019, are UniCredit Bank Czech Republic and Slovakia, a.s. and Česká spořitelna, a.s. (hereinafter „Depositary“).

Shareholders of the investment company as at 31.12.2019 and 31.12.2018

| Shareholder | Business share | Number of shares owned |
|---|-------------------|--|
| RVR Czech, s.r.o., Prague 1 - Nové Město, V Celnici 1031/4, Postcode 110 00 Identification No.: 243 00 136 | 90.48 % of shares | 76 pcs of ordinary registered shares in paper form with a nominal value of CZK 100,000, in total CZK 7,600,000 |
| Arca Capital Finance Group, a.s. SK - Bratislava, Plynárenská 7/A, Postcode 821 09 Identification No.: 50 108 361 Registered: 22.12.2015 | 9.52 % of shares | 8 pcs ordinary registered shares in paper form with a nominal value of CZK 100,000, in total CZK 800,000 |

The Investment Company's registered share capital amounts to CZK 8,400,000 and is fully paid.

Statutory bodies at the balance sheet date

BOARD OF DIRECTORS

| | | |
|---------------------|----------|---------------------|
| Rudolf Vřešťál | Chairman | from 29 June 2012 |
| Ing. Juraj Dvořák | | from 31 July 2014 |
| Ing. Karel Krhovský | | from 1 January 2018 |

SUPERVISORY BOARD

| | | |
|----------------------|----------|---------------------|
| Petra Rychnovská | Chairman | from 29 June 2012 |
| Ing. Petr Studnička | | from 10 June 2014 |
| Ing. Šárka Burgetová | | from 1 January 2018 |

Company representation

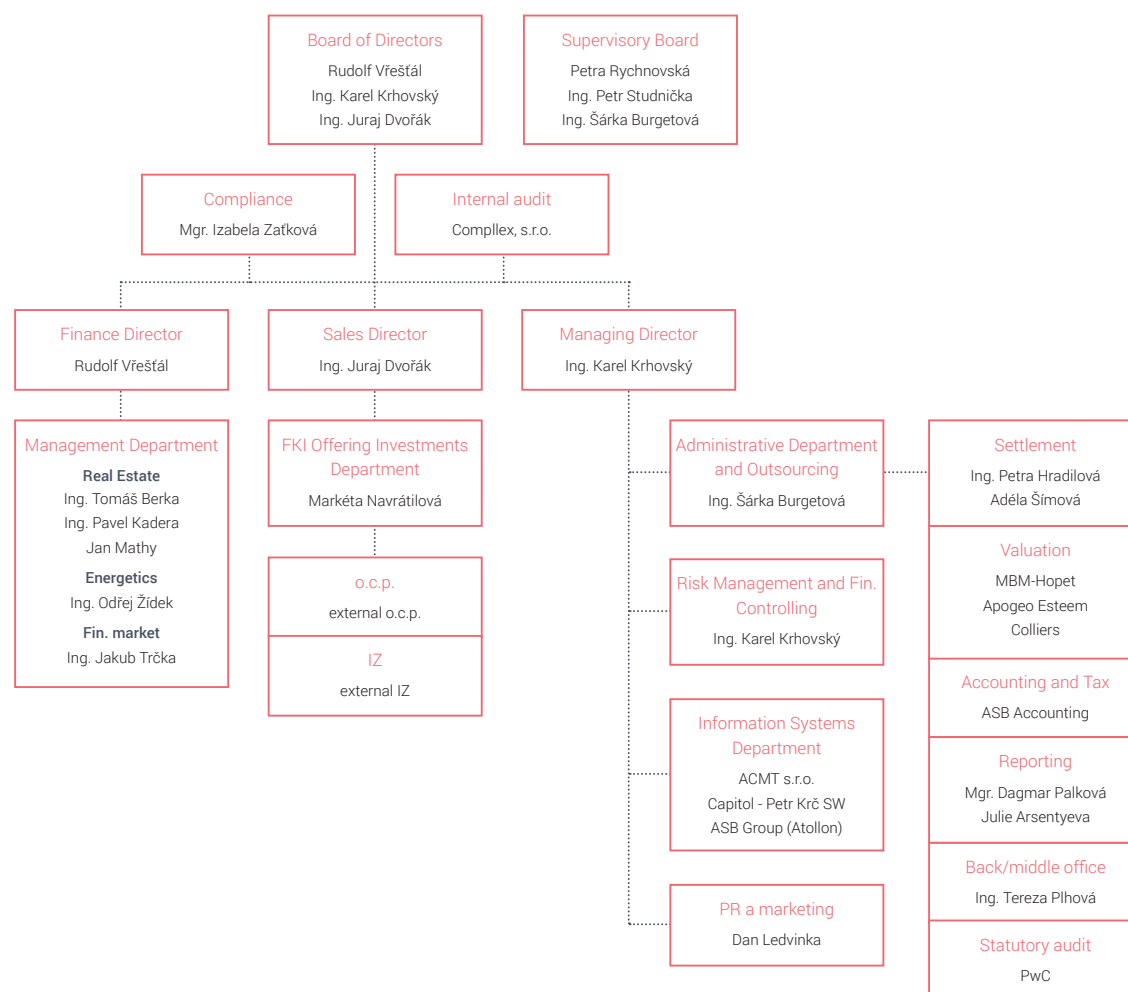
The Board of Directors represents the Investment Company. A quorum for the Board of Directors is the Chairman and at least one member of the Board of Directors.

Changes in the commercial register

No changes were recorded in the Commercial Register in 2019.

Organizational structure of the investment company

The organizational chart of the Investment Company designating individual positions as at 31.12.2019 is as follows:



Personnel occupation of individual positions and outsourced processes is ensured in accordance with the requirements of the Act.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements comprising of the balance sheet, income statement, statement of changes in equity and accompanying notes were prepared on the basis of Act No. 563/1991 Coll., On Accounting, as amended, and Decree No. 501/2002 Coll., as amended and Czech Accounting Standards for Financial Institutions.

The financial statements were prepared on accrual basis of accounting and historical cost, except for selected financial instruments measured at fair value.

The financial statements are based on the going concern assumption since there is no fact that would restrict it or prevent it from continuing its activities in the foreseeable future.

These financial statements are not consolidated. All figures are in thousands of CZK unless otherwise stated.

3. SIGNIFICANT ACCOUNTING METHODS

The financial statements were prepared in accordance with the following important accounting policies:

(a) The date of transaction recognition

Depending on the type of transaction, investments are recognized on the date of purchase or sale of foreign currency or securities, the payment date, the trade or settlement date of a transactions with securities, foreign exchange, options or other derivatives, the date of issue or acceptance of the guarantee or the loan commitment, the day of taking over the values into custody.

Financial assets and liabilities are recognized when the Investment Company becomes a contractual party of the transaction, thus at the trade date.

The Investment Company shall derecognize a financial asset or part thereof in the balance sheet if it loses control of the contractual rights to that financial asset or part thereof. The Investment Company will lose that control if it exercises the rights to the benefits defined by the contract, these rights cease to exist or it waives these rights.

If the financial liability or part thereof ceases to exist (e.g. by fulfilling or cancelling the obligation defined in the contract or if the obligation defined in the contract expires), the accounting entity will no longer recognize the financial liability or part thereof in the balance sheet. The difference between the carrying amount of the financial liability, or part thereof, that has ceased to exist or has been transferred to another entity and the amount of the relevant debt repaid is charged to the expense or income.

Fair value

Fair value used for the measurement of securities is determined as the market price announced at the measurement date, provided that the accounting entity demonstrates that the security can be sold at the market price.

In the case of publicly traded debt and equity securities, the fair values are equal to the prices observed in the OECD public market, provided the liquidity requirements of the securities are met.

If it is not possible to determine the fair value as the market price (for example, an accounting entity cannot demonstrate that the security can be sold at the market price), the fair value is determined as the adjusted value of the security.

The adjusted value of the security may be equal to:

- The ownership share on the equity of a public limited company, in the case of shares,
- The ownership share on the equity of a mutual fund, in the case of fund units,
- The present value of the future cash flows arising from the security, in the case of debt securities.

(b) Equity interests with controlling and significant influence**Equity interests with controlling influence**

Equity interests with controlling influence mean interests in a subsidiary in which the Company, de facto or legally, directly or indirectly exercises controlling influence over its management or operations.

Controlling influence is the ability of the Company to manage the financial and operational policies of another company, thereby benefiting from its activities.

The Company exercises controlling influence whenever it meets at least one of the following conditions:

- a) It is a majority shareholder, or
- b) It has a majority of voting rights on the basis of an agreement entered into with another shareholder or shareholders, or
- c) It may enforce the appointment, election or dismissal of a majority of persons who are a statutory body or a member thereof or a majority of the persons who are members of the supervisory body of the legal entity of which it is a shareholder.

Equity interests with significant influence

Equity interests with significant influence mean interests in an affiliate company that is not a subsidiary and in which the Company exercises significant influence.

Significant influence is the ability of the Company to participate in the financial and operational policies of another company, but without the ability to exercise controlling influence.

The Company exercises significant influence when it has a direct or indirect share of at least 20% of the registered capital or voting rights in another company, and if it does not exercise controlling influence in that company or does not clearly demonstrate that it is not capable of exercising the significant influence. Under a share of less than 20%, no significant influence is assumed unless it factually exists.

Valuation of equity interests

Equity interests with controlling and significant influence are measured at acquisition cost, which includes costs associated with the acquisition (e.g. expert opinions, legal services).

(c) Receivables

Receivables initially incurred by the accounting entity are recognized at their nominal value less allowances. Bad debts are written off when they become statute-barred, respectively at the end of the administrative proceedings.

Acquired receivables are recognized at cost, including direct transaction costs (e.g. expert opinions, legal costs).

Trade receivables

Trade receivables are reviewed based on recoverability. On this basis, the Investment Company determines impairment loss for individual receivables. If the Investment Company does not directly write-off a portion of the receivable corresponding to the impairment loss, it forms an allowance for this part of the receivable. Allowances are recognized in „Depreciation/amortization, creation and use of provisions and allowances for receivables and guarantees“ item in the income statement “.

The tax-deductible part of the total allowances for loss on receivables for the accounting period is calculated according to the Act No. 593/1992 Coll., On Provisions for Determining the Income Tax Base, as amended.

Write-offs of bad debts are included under „Write-offs, creation and use of allowances and provisions for receivables and guarantees“ in the income statement. In the case of a write-off of a receivable for which an allowance has been set aside in full, the same amount is written-off in the same line item of the income statement. Revenues from previously written-off receivables are recognised in the income statement in the item „Release of provisions and reserves for receivables, securities and guarantees, income from receivables previously written off“.

(d) Provisions

Provision represents probable fulfilment of an obligation, with uncertain timing and amount. The provision is charged to the expenses at the best estimate of the resource outflow necessary to settle the existing obligation.

A provision is created if the following criteria are met:

- a) There is an obligation (legal or constructive) to fulfil as a result of past events,
- b) It is probable or certain that the fulfilment will occur and that it will require an outflow of resources representing economic benefits; where „probable“ means a probability of more than 50%,
- c) The amount of such fulfilment can be reliably estimated.

(e) Foreign currency translation

Transactions denominated in foreign currency are recognised in local currency, translated at the exchange rate announced by the Czech National Bank on the date of the transaction or on the date of the accounting event.

Assets and liabilities denominated in foreign currency are translated to the domestic currency at the rate announced by the Czech National Bank as at the balance sheet date. The resulting profit or loss on the translation of assets and liabilities denominated in foreign currency is recognized in the income statement as „Gain or loss on financial operations“.

(f) Value added tax

The Investment Company is a registered Value Added Tax (“VAT”) payer.

(g) Taxation**Current tax**

The tax base for income tax is calculated from the profit before tax for the current period by adding non-deductible expenses, deducting tax free income and adjusting for tax rebates and possible credits.

Deferred tax

Deferred tax is based on all temporary differences between the carrying amount and the tax value of assets and liabilities using the full liability method. A deferred tax asset is recognized only at the amount which is probable to be realised against taxable profits in subsequent accounting periods.

For the calculation of deferred tax, the enacted tax rate is used for the period in which the Company expects to realize it.

(h) Related parties

A related party is a person or entity that is related to the entity that prepares the financial statements.

- a) The party
 - (i) controls or jointly controls the Investment Company;
 - (ii) has significant influence in the Investment Company; or
 - (iii) is a member of the key management of the Investment Company.
- b) the party is an affiliate company of the Investment Company.
- c) the party is a joint venture in which the Investment Company is a joint venture
- d) the party is a member of the key management of the Investment Company
- e) the party is a close member of the family of an individual defined under a) or d)
- f) The party is an accounting entity that is controlled, jointly controlled or it is under a direct or indirect significant influence of any individual under d) or e) or such an individual has significant voting rights in that party, directly or indirectly; or
- g) The party is a post-employment benefit plan for employees of the accounting entity that is related to the Investment Company.

Related party transactions mean the transfer of resources, services or obligations between the Investment Company and the related party,

(i) Cash and cash equivalent

Cash consists exclusively of current accounts with banks. The Investment Company does not have any cash equivalents.

(j) Interest income and expense

Interest income and expense are recognized by the Investment Company on the basis of interest on bank balances and provided loans.

(k) Fee and commission income

Fees and commissions are recognized on an accrual basis at the date of provision of the service. Fees and commissions for the negotiation of a transaction for a third party or a share in that negotiation are recognized when the transaction to which they relate is completed. Asset management, administration fees and advisory fees are recognized on an accrual basis based on contracts on provision of these services.

(l) Tangible and intangible fixed assets

Tangible fixed assets comprise fixed assets with an estimated useful life longer than one year and an acquisition cost greater than CZK 40 thousand.

Tangible fixed assets are initially recognised at cost, which includes all costs related to its acquisition. Internally generated fixed assets are capitalised at cost. Costs for technical improvements of tangible fixed assets over CZK 40 thousand increase the asset's acquisition cost. Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

Equipment with a useful life longer than one year is included in tangible fixed assets if its value exceeds CZK 40 thousand.

Impairment provisions reflect a temporary impairment of an asset.

Interest on loans and borrowings received for the acquisition of tangible fixed assets is expended and does not increase the acquisition cost of the asset.

Acquisition cost of tangible and intangible fixed assets, with the exception of land and assets under construction, is amortized applying the straight-line method over their estimated useful lives as follows:

| Asset type | Depreciation method | Number of years |
|------------|--------------------------------------|-----------------|
| | straight-line, accelerated, annuity) | |
| Equipment | Straight-line | 2-8 years |
| Software | Straight-line | 3 years |

(m) Personnel expenses and pension insurance

Personnel expenses are part of the administrative expenses and include remuneration of members of the Board of Directors and the Supervisory Board.

The Investment Company currently does not provide any pension insurance for its employees.

(n) Items from a different accounting period and changes in accounting methods

Items from a different accounting period than that for which they are attributable for accounting purposes and changes in accounting methods are recognized as income or expense in the income statement of the current period, except for correction of fundamental errors in the income and expenses of previous periods that are recognized in the item „Retained earnings from previous periods“ in the Investment Company's balance sheet.

(o) Subsequent events

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

In the case that significant events occurred between the balance sheet date and the date of preparation of the financial statements, which take into account the conditions that took place after the balance sheet date, the effects of those events are disclosed in the Notes to the Financial Statements, but they are not themselves recognized in the financial statements.

4. CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies in the current accounting period.

5. RECEIVABLES FROM BANKS

| In thousands of CZK | 31. 12. 2019 | 31. 12. 2018 |
|---|---------------|---------------|
| Current bank accounts | 18,357 | 55,720 |
| Net carrying value of receivables from banks | 18,357 | 55,720 |

6. OTHER ASSETS

Receivables from funds

| In thousands of CZK | 31. 12. 2019 | 31. 12. 2018 |
|---|--------------|---------------|
| Receivables from the funds – management fee | 5,457 | 12,579 |
| Receivables from the funds – loans | 74 | 266 |
| Total receivables from funds | 5,531 | 12,845 |
| Allowance | -1,064 | -1,106 |
| Net carrying value of receivables from funds | 4,467 | 11,739 |

As at 31.12.2019, the Investment Company recognized an allowance for receivables from the Virtus Fund of CZK 1,064 thousand.

The Virtus fund is not administered by the Investment Company as at 31.12.2019.

Other receivables

| In thousands of CZK | 31. 12. 2019 | 31. 12. 2018 |
|--|---------------|--------------|
| Advances and prepayments | 938 | 1,110 |
| Receivables from shareholders* | 26,087 | 0 |
| Deferred tax asset | 0 | 104 |
| Other receivables | 989 | 161 |
| Net carrying value of other receivables | 28,014 | 1,375 |

*The entire amount consists of a loan to a related party RVR.

Shares, share certificates and other equity interests

As at 31.12.2019, the Investment Company held:

- Investment shares of the NOVA Real Estate – podfond 1, 27 896 372 pcs in the total amount of CZK 31,459 ths.
- Share certificates of the NOVA Green Energy, otevřený podílový fond REDSIDE investiční společnost, a. s., 13 445 873 pcs in the total amount of CZK 17,477 ths.
- Investment shares of the ARCA OPPORTUNITY – podfond 1, 13 037 pcs in the total amount CZK 20,936 ths.

7. Equity investments with significant and controlling influence

Equity investments with controlling influence

In thousands of CZK

As at 31 December 2019

| Company name | Business activity | Registered capital (ths. CZK) | Share in the equity | Share of voting rights | Carrying amount (ths. CZK) |
|--|--------------------------|----------------------------------|---------------------|------------------------|-------------------------------|
| NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. | Qualified investors fund | 2,000 | 100 % | 100 % | 2,000 |
| Nova Money Market, investiční fond s proměnným základním kapitálem, a.s. | Qualified investors fund | 2,000 | 100 % | 100 % | 2,000 |
| ARCA OPPORTUNITY, SICAV, a.s. | Qualified investors fund | 10 | 100 % | 100 % | 14 |
| NOVA Green Energy, SICAV, a.s. | Qualified investors fund | 100 | 100 % | 100 % | 100 |
| Carrying amount | | 4,110 | | | 4,114 |

In thousands of CZK

As at 31 December 2018

| Company name | Business activity | Registered capital (ths. CZK) | Share in the equity | Share of voting rights | Carrying amount (ths. CZK) |
|--|--------------------------|----------------------------------|---------------------|------------------------|-------------------------------|
| NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. | Qualified investors fund | 2,000 | 100 % | 100 % | 2,000 |
| Nova Money Market, investiční fond s proměnným základním kapitálem, a.s. | Qualified investors fund | 2,000 | 100 % | 100 % | 2,000 |
| ARCA OPPORTUNITY, SICAV, a.s. | Qualified investors fund | 10 | 100 % | 100 % | 14 |
| Carrying amount | | 4,010 | | | 4,114 |

All above listed companies have their registered office at V Celnici 1031/4, 110 00 Prague 1.

8. Related party transactions

| In thousands of CZK | 2019 | 2018 |
|--|---------|--------|
| Assets | | |
| Other assets | 31,457 | 12,712 |
| Prepaid expenses and accrued income | 24,503 | 33,252 |
| Income | | |
| Fee and commission income from managed funds | 116,273 | 96,561 |
| Expense | | |
| Administrative expenses – other | 4,767 | 4,743 |

9. Tangible and intangible fixed assets

Intangible fixed assets

Acquisition cost

| In thousands of CZK | Opening balance | Additions | Disposals | Transfers | Closing balance |
|---------------------|-----------------|-----------|-----------|-----------|-----------------|
| Software | 714 | 0 | 0 | 0 | 714 |
| Total 2019 | 714 | 0 | 0 | 0 | 714 |
| Software | 714 | 0 | 0 | 0 | 714 |
| Total 2018 | 714 | 0 | 0 | 0 | 714 |

Accumulated amortization and impairment

| In thousands of CZK | Opening balance | Additions | Disposals | Transfers | Closing balance | Accumulated depreciation | Carrying value |
|---------------------|-----------------|------------|-----------|-----------|-----------------|--------------------------|----------------|
| Software | -610 | -54 | 0 | 0 | -664 | 0 | 50 |
| Total 2019 | -610 | -54 | 0 | 0 | -664 | 0 | 50 |
| Software | -556 | -54 | 0 | 0 | -610 | 0 | 104 |
| Total 2018 | -556 | -54 | 0 | 0 | -610 | 0 | 104 |

Operating tangible fixed assets

Acquisition cost

| In thousands of CZK | Opening balance | Additions | Disposals | Transfers | Closing balance |
|---|-----------------|------------|-----------|-----------|-----------------|
| Non-depreciable operating tangible fixed assets – Paintings | 78 | 0 | 0 | 0 | 78 |
| Depreciable operating tangible fixed assets – Equipment | 1,758 | 170 | 0 | 0 | 1,928 |
| Acquisition of operating tangible fixed assets | 0 | 5 | 0 | 0 | 5 |
| Total 2019 | 1,836 | 175 | 0 | 0 | 2,011 |
| Non-depreciable operating tangible fixed assets – Paintings | 78 | 0 | 0 | 0 | 78 |
| Depreciable operating tangible fixed assets – Equipment | 1,381 | 377 | 0 | 0 | 1,758 |
| Total 2018 | 1,459 | 377 | 0 | 0 | 1,836 |

Accumulated amortisation and impairment

| In thousands of CZK | Opening balance | Additions | Disposals | Transfers | Closing balance | Accumulated depreciation | Carrying value |
|---|-----------------|-------------|-----------|-----------|-----------------|--------------------------|----------------|
| Non-depreciable operating tangible fixed assets – Paintings | 0 | 0 | 0 | 0 | 0 | 0 | 78 |
| Depreciable operating tangible fixed assets - Equipment | -632 | -371 | 0 | 0 | -1,003 | 0 | 925 |
| Total 2019 | -632 | -371 | 0 | 0 | -1,003 | 0 | 1,003 |
| Non-depreciable operating tangible fixed assets – Paintings | 0 | 0 | 0 | 0 | 0 | 0 | 78 |
| Depreciable operating tangible fixed assets - Equipment | -338 | -294 | 0 | 0 | -632 | 0 | 1,126 |
| Total 2018 | -338 | -294 | 0 | 0 | -632 | 0 | 1,204 |

Non-operating tangible fixed assets

The Investment Company did not hold such assets in the reporting period.

Depreciation/amortization of tangible and intangible fixed assets

| In thousands of CZK | 31. 12. 2019 | 31. 12. 2018 |
|---|--------------|--------------|
| Depreciation of tangible fixed assets | 371 | 294 |
| Amortization of intangible fixed assets | 54 | 54 |
| Total depreciation/amortization | 425 | 348 |

10. OTHER LIABILITIES

| In thousands of CZK | 31. 12. 2019 | 31. 12. 2018 |
|--|--------------|--------------|
| Trade payables and other creditors | 2,730 | 1,078 |
| Liabilities to employees | 818 | 2,367 |
| Social security and health insurance costs | 362 | 638 |
| State – tax liabilities | 186 | 681 |
| Estimated payables | 2,508 | 2,097 |
| Deferred tax liability | 26 | 0 |
| Total other liabilities | 6,630 | 6,861 |

11. Provisions

Income tax provision

| In thousands of CZK | 2019 | 2018 |
|--|---------------|---------------|
| As at 1 January | 10,640 | 4,832 |
| Additions to provision in the amount of expected tax | 11,711 | 10,640 |
| Utilisation of tax provision | -10,640 | -4,832 |
| As at 31 December | 11,711 | 10,640 |

The provision for income tax created in 2019 was netted off with advances for income tax of CZK 8,015 ths., i.e. CZK 3,696 ths. (2018: CZK 5,740 - provision CZK 10,640 ths. minus advances paid in the amount of CZK 4,900 ths.).

Other provisions - bonuses

| In thousands of CZK | 2019 | 2018 |
|--------------------------|--------------|--------------|
| As at 1 January | 6,088 | 2,000 |
| Additions to provision | 9,100 | 6,088 |
| Utilisation of provision | -6,088 | -2,000 |
| As at 31 December | 9,100 | 6,088 |

12. Equity and profit distribution

Registered capital

The registered capital in the amount of CZK 8,400 ths. was on 31.12.2019 and 2018 fully paid. The Company did not acquire its own shares during the reference period.

Profit distribution

Net profit of CZK 46,693 ths. for the year 2019 is proposed to be transferred to retained earnings.

13. Fee and commission income

| In thousands of CZK | 2019 | 2018 |
|--|----------------|---------------|
| Asset management fees | 92,565 | 68,375 |
| Performance and other fees for fund administration | 23,708 | 28,186 |
| Total fee and commission income | 116,273 | 96,561 |

14. Administrative expenses

| In thousands of CZK | 2019 | 2018 |
|--|---------------|---------------|
| Personnel expenses | 22,106 | 19,912 |
| Cost of legal and tax advice | 270 | 193 |
| Statutory auditor fees (statutory audit of financial statements) | 206 | 162 |
| Cost of accounting services | 4,767 | 4,642 |
| Rent incl. services | 8,021 | 6,150 |
| Custody | 1,857 | 771 |
| Other administrative expenses | 5,197 | 8,537 |
| Total administrative expenses | 42,424 | 40,367 |

Personnel expenses analysis:

Personnel expenses

| In thousands of CZK | 2019 | 2018 |
|--|---------------|---------------|
| Wages and bonuses of members of the Board of Directors | 5,317 | 4,822 |
| Other wages, personnel costs and employee bonuses | 11,797 | 10,755 |
| Social costs and health insurance | 4,992 | 4,335 |
| Total personnel expenses | 22,106 | 19,912 |

No remuneration was paid to the members of the Supervisory Board in 2018 and 2019. Remuneration of the members of the Board of Directors consists of variable and fixed component while the variable component is linked to the profits of the Company.

Staff statistics

| In thousands of CZK | 2019 | 2018 |
|---|------|------|
| Average number of employees | 13 | 12 |
| Number of members of the Board of Directors | 3 | 3 |
| Number of members of the Supervisory Board | 3 | 3 |

15. Income Tax

The tax expense includes:

| In thousands of CZK | 2019 | 2018 |
|--------------------------------------|---------------|---------------|
| Current tax expense | 11,682 | 11,186 |
| Deferred tax credit (-)/ expense (+) | 130 | -315 |
| Total tax expense | 11,812 | 10,871 |

Current tax was calculated as follows:

| In thousands of CZK | 2019 | 2018 |
|---------------------------------------|---------------|---------------|
| Profit before tax | 58,505 | 51,507 |
| Tax non-deductible expenses | 10,587 | 6,963 |
| Amounts decreasing tax base | -7,489 | -2,439 |
| Deduction of gifts granted | 0 | -28 |
| Tax base | 61,603 | 56,003 |
| Current income tax rate of 19% | 11,705 | 10,640 |

16. Financial risks

(a) Strategy of using financial instruments

The Investment Company is exposed to market risks arising from open positions of transactions with interest rate instruments that are sensitive to changes in financial market conditions. Until now, the Investment Company has deposited its funds to current accounts with banks.

Taking into account maturity of its current and expected liabilities in the near future and amount of currently available resources, the Investment Company did not choose other forms of investment in order to control the volatility of cash flows needed to close market positions.

(b) Liquidity risk

Residual maturities of assets and liabilities of the Investment Company

| In thousands of CZK | Within 3 months | From 3 months to 1 year | From 1 year to 5 years | Over 5 years | Not specified | Total |
|--|--------------------|-------------------------------|------------------------------|-----------------|------------------|----------------|
| As at 31 December 2019 | | | | | | |
| Receivables from banks | 18,357 | 0 | 0 | 0 | 0 | 18,357 |
| Tangible and intangible fixed assets | 0 | 0 | 0 | 0 | 1,058 | 1,058 |
| Shares, share certificates and other shareholding interests | 0 | 69,872 | 0 | 0 | 0 | 69,872 |
| Equity investments with controlling influence | 0 | 0 | 0 | 0 | 4,114 | 4,114 |
| Other assets | 31,619 | 878 | 0 | 0 | 0 | 32,497 |
| Prepaid expenses and accrued income | 24,668 | 0 | 0 | 0 | 0 | 24,668 |
| Total | 74,644 | 70,750 | 0 | 0 | 5,172 | 150,566 |
| Other liabilities | 6,630 | 0 | 0 | 0 | 0 | 6,630 |
| Accrued expenses and deferred income | 3,122 | 0 | 0 | 0 | 0 | 3,122 |
| Provisions | 0 | 12,796 | 0 | 0 | 0 | 12,796 |
| Equity | 0 | 0 | 0 | 0 | 128,018 | 128,018 |
| Total | 9,752 | 12,796 | 0 | 0 | 128,018 | 150,566 |
| Gap | 64,892 | 57,954 | 0 | 0 | -122,846 | 0 |
| Cumulative gap | 64,892 | 122,846 | 122,846 | 122,846 | 0 | 0 |

| In thousands of CZK | Within 3 months | From 3 months to 1 year | From 1 year to 5 years | Over 5 years | Not specified | Total |
|--|--------------------|-------------------------------|------------------------------|-----------------|------------------|----------------|
| As at 31 December 2018 | | | | | | |
| Receivables from banks | 55,720 | 0 | 0 | 0 | 0 | 55,720 |
| Tangible and intangible fixed assets | 0 | 0 | 0 | 0 | 1,308 | 1,308 |
| Equity investments with controlling influence | 0 | 0 | 0 | 0 | 4,014 | 4,014 |
| Other assets | 13,114 | 0 | 0 | 0 | 0 | 13,114 |
| Prepaid expenses and accrued income | 33,403 | 0 | 0 | 0 | 0 | 33,403 |
| Total | 102,237 | 0 | 0 | 0 | 5,322 | 107,559 |
| Other liabilities | 6,861 | 0 | 0 | 0 | 0 | 6,861 |
| Accrued expenses and deferred in- come | 914 | 0 | 0 | 0 | 0 | 914 |
| Provisions | 0 | 11,828 | 0 | 0 | 0 | 11,828 |
| Equity | 0 | 0 | 0 | 0 | 87,956 | 87,956 |
| Total | 7,775 | 11,828 | 0 | 0 | 87,956 | 107,559 |
| Gap | 94,462 | -11,828 | 0 | 0 | -82,634 | 0 |
| Cumulative gap | 94,462 | 82,634 | 82,634 | 82,634 | 0 | 0 |

(c) Interest rate risk

The Investment Company recognizes in its assets interest-bearing loans provided to shareholder in the amount of CZK 26,000 ths. and an interest-bearing loan provided to third parties in the amount of EUR 34 ths. Interest rate risk is assessed as insignificant.

(d) Foreign currency risk

The Investment Company exposure to foreign currency risk is minimal. Almost 100 percent of its transactions are denominated in local currency.

17. Subsequent events

In December 2019, a new coronavirus (SARS-CoV-2) was detected in Wu-chan, China. By the end of February 2020, local transmission of the disease took place in several countries, including in Europe. After the balance sheet date, i.e. after 31 December 2019, many business and economic activities were disrupted due to the global spread of coronavirus causing the respiratory disease COVID-19. Due to the reduction of economic activity worldwide, there was also a slowdown in the financial markets and thus a potential impact on the performance of funds managed by REDSIDE investiční společnost, a.s. The Company considers the outbreak of the global coronavirus pandemic to be a subsequent event after the balance sheet date that does not result in an adjustment to the financial statements. The extent of the global recession and economic downturn cannot yet be well estimated, as the various constraints are constantly changing and their duration is prolonging.

Among others, economic policy seeks to respond to negative developments. Representatives of European countries have declared their determination to coordinate steps to mitigate the negative effects of coronavirus infection on the economy. The International Monetary Fund announced the activation of up to USD 1 trillion. It is clear that not only governments, but also supranational institutions are preparing to provide the necessary support. In addition to fiscal support, central banks also contributed to the rescue. They seek to prevent a liquidity crisis that arises in similarly tense situations. At the same time, it creates room for support from fiscal policy. It is also likely that in this extraordinary situation, banks will allow companies to defer interest and principal payments.

However, due to the fact that the coronavirus situation is unstable and is evolving very dynamically worldwide, it is not possible to estimate the potential impact on the Company and the funds it manages.

18. Approval

The financial statements were approved by the Board of Directors and were signed on its behalf.

The financial statements
were prepared on:

30 April 2020

Stamp and signature
of the statutory body:



Rudolf Vřešťál
Chairman of the Board of Directors

Person responsible
for accounting

Name and signature:



Karel Krhovský
Managing Director

phone no.: 222 500 758

Person responsible
for the financial statements

Name and signature:



Šárka Burgetová
Head of Finance

phone no.: 222 500 757



Karel Krhovský
Member of the Board of Directors



Report on Relationships

Report on relationships

Between the Controlling Party and the Controlled Party and between the Controlled Party and the Parties Controlled by the same Controlling Party pursuant to Section 82 of Act No. 90/2012 Coll., the Business Corporations Act, as amended.

I. Introductory Provisions

1. The relevant period

This report is prepared for the accounting period from 1 January 2019 to 31 December 2019 (hereinafter referred to as "the reporting period" or "reference period").

2. Company name and registered office

REDSIDE investiční společnost, a.s., with its registered office at Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, Company ID: 242 44 601, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362, (hereinafter referred to as "REDSIDE investiční společnost, a.s." or "Controlled Party").

3. Statutory Body

The statutory body of the Company at the end of the reporting period was the Board of Directors consisting of the following members:

Rudolf Vřešťál, born 22.2.1977, Prague 3, Žižkov, Prokopova 2849 / 2a, Postal Code 130 00 - Chairman of the Board of Directors.

Karel Krhovský, born 25.7.1987, No. 265, 687 64 Slavkov – Member of the Board of Directors.

Juraj Dvořák, born 10.11.1979, Bratislava, Bradáčová 6, 851 02, Slovak Republic - Member of the Board of Directors.

The company is represented by the Board of Directors, always by the Chairman of the Board of Directors together with another member of the Board of Directors.

4. Shareholders and shares

At the end of the reporting period, the shareholders were:

RVR Czech, s.r.o., with its registered office at Prague 1, V Celnici 1031/4, Postal Code 110 00, Company ID: 243 00 136, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 194393 (hereinafter referred to as "RVR Czech, s.r.o.") - a shareholder owning 76 pieces of ordinary registered shares in paper form with a nominal value of CZK 100,000.

Arca Capital Finance Group, a.s., with its registered office at Plynárenská 7 / A, Bratislava - městská část Ružinov, Postal Code 821 09, Slovak Republic, Company ID: 50 108 361, registered in the Commercial Register maintained by the District Court Bratislava I., Section Sa, Insert 6297/B - shareholder owning 8 pieces of ordinary registered shares in paper form at a nominal value of CZK 100,000.

II. Related Parties

1. Controlling Parties

RVR Czech, s.r.o., with its registered office in Prague 1, V Celnici 1031/4, Postal Code 110 00, Company ID: 243 00 136, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 194393

The legal reason for considering the relationship as the relationship between the Controlling and the Controlled Party is that RVR Czech, s.r.o. was the majority shareholder of REDSIDE investiční společnost, a.s. in the reference period, with holding of 90.48%.

Rudolf Vřešťál, born 22.2.1977, Prague 3, Žižkov, Prokopova 2849/2a, Postal Code 130 00 (hereinafter referred to as "Rudolf Vřešťál")

This relationship is considered as the relationship between the Controlling and the Controlled Party, given that Rudolf Vřešťál was the sole shareholder of RVR Czech, s.r.o. in the reporting period and through RVR Czech, s.r.o. could have an indirect influence on the Controlled Party.

2. Parties Controlled by the same Controlling Party (also referred to as „Related Parties“)

Related parties in the reporting period were:

BAZ Czech, a.s., with its registered office in Prague 1, V Celnici 1031/4, 110 00, Company ID: 282 04 298, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 13047 (hereinafter “BAZ Czech, a.s.”)

The relationship between the Controlled Party and BAZ Czech, a.s. is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period.

ASB Prague, s.r.o., the company ceased to exist as a result of the merger by merging with ASB Accounting, s.r.o. (after the merger newly ASB Czech Republic, s.r.o.) with its registered office at V Celnici 1031/4, Prague 1, Postal Code 110 00, Company ID: 272 15 849, as a Successor Company. ASB Prague, s.r.o. was deleted from the Commercial Register (hereinafter referred to as “ASB Prague”) as of the date of entry of the merger in the Commercial Register on 1 October 2019.

The relationship between the Controlled Party and ASB Prague, s.r.o. was considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that during the reference period the only shareholder of ASB Prague, s.r.o. was BAZ Czech, a.s., whereas Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Prague, s.r.o.

ASB Czech Republic, s.r.o., with its registered office at V Celnici 1031/4, Praha 1, 110 00, Company ID: 272 15 849, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 105100 (hereinafter referred to as “ASB Czech Republic”).

The relationship between the Controlled Party and ASB Czech Republic, s.r.o. was considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that during the reference period the only shareholder of ASB Czech Republic, s.r.o. was BAZ Czech, a.s., whereas Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Czech Republic.

ASB Czech SC, s.r.o., with its registered office at V Celnici 1031/4, Prague 1, Postal Code 110 00, Company ID: 242 01 235, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 188113 (hereinafter referred to as “ASB Czech SC, s.r.o.”)

The relationship between the Controlled Party and ASB Czech SC, s.r.o. is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that during the reference period the only shareholder of ASB Czech SC, s.r.o. was BAZ Czech, a.s., whereas Rudolf Vřešťál as a Controlling Party held 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Czech SC, s.r.o.

ASB HR Services Sp. z o.o., with its registered office at Złota 59, 00-120 Warsaw, Republic of Poland, KRS number: 0000414060 (hereinafter referred to as “ASB HR”).

The relationship between the Controlled Party and ASB HR is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that during the reference period the sole shareholder of ASB HR was ASB Poland Sp. z o.o., whose sole shareholder in the reference period was BAZ Czech, a.s., whereas Rudolf Vřešťál as a Controlling Party held 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB HR.

ASB Hungary Kft, with its registered office at Andrásy út 100. 3. em. 1062 Budapest, Hungary, Company ID: 26369420242 (hereinafter referred to as “ASB Hungary”).

The relationship between the Controlled Party and ASB Hungary is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that during the reference period the sole shareholder of ASB Hungary was BAZ Czech, a.s., whereas Rudolf Vřešťál as a Controlling Party held 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Hungary.

ASB Poland Sp. z o.o., with its registered office at Złota 59, Warsaw, Republic of Poland, KRS number: 0000296560 (hereinafter referred to as "ASB Poland Sp. z o.o.")

The relationship between the Controlled Party and ASB Poland Sp. z o.o. is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Poland Sp. z o.o., whose sole shareholder was BAZ Czech, a.s. in the reference period.

ASB Poland SC Sp. z o.o., with its registered office at Złota 59, Warsaw, Republic of Poland, KRS number: 0000300061 (hereinafter referred to as "ASB Poland SC Sp. z o.o.")

The relationship between the Controlled Party and ASB Poland SC Sp. z o.o. is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Poland SC Sp. z o.o., whose majority shareholder was BAZ Czech, a.s. in the reference period.

ASB Slovakia, s.r.o., with its registered office in Laurinská 18, 811 01 Bratislava, Company ID: 366 65 061, registered in the Commercial Register maintained by the District Court Bratislava I, Section Sro, Insert 41924 / B (hereinafter referred to as "ASB Slovakia, s.r.o.")

The relationship between the Controlled Party and ASB Slovakia, s.r.o. is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that BAZ Czech, a.s. was a majority shareholder of ASB Slovakia, s.r.o. in the reference period, whereas Rudolf Vřešťál as a Controlling Party held 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Slovakia, s.r.o.

ASB Slovakia Tax, k.s., with its registered office in Laurinská 18, 811 01 Bratislava, Company ID: 50283596, registered in the Commercial Register maintained by the District Court Bratislava I, Insert 1608/B (hereinafter referred to as "ASB Slovakia Tax").

The relationship between the Controlled Party and ASB Slovakia Tax is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Slovakia Tax, whose general partner in the reference period was ASB Slovakia whose majority shareholder in the reference period was BAZ Czech, a.s.

ASB Tax Sp. z o.o., with its registered office at Złota 59, 00-120 Warsaw, Republic of Poland, KRS number: 0000423733 (hereinafter referred to as "ASB Tax").

The relationship between the Controlled Party and ASB Tax is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on ASB Tax, whose general partner in the reference period was ASB Poland Sp. z o.o., whose majority shareholder in the reference period was BAZ Czech, a.s.

Hunter ASB s.r.o., a dissolved company with liquidation effective as of 13 February 2019 based on the decision of the General Meeting of 13 February 2019. The company Hunter ASB s.r.o. in liquidation was deleted from the Commercial Register on 20.12. 2019 due to the completion of the company's liquidation (hereinafter referred to as "Hunter ASB").

The relationship between the Controlled Party and Hunter ASB was considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that during the reference period a shareholder of Hunter ASB was BAZ Czech, a.s. with a 50% business share, whereas Rudolf Vřešťál as a Controlling Party held 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on Hunter ASB.

Hunter ASB Sp. z o.o., with its registered office at Złota 59, 00-120 Warsaw, Republic of Poland, KRS number: 0000378002 (hereinafter referred to as "Hunter Poland")

The relationship between the Controlled Party and Hunter Poland is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party held 50% of the shares in BAZ

Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on Hunter Poland. Its shareholder with a 50% business share in the reference period was ASB Poland Sp. z o.o., whose sole shareholder in the reference period was BAZ Czech, a.s.

MXD Czech, s.r.o., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, Company ID: 035 20 005, registered in the Commercial Register maintained by the Municipal Court in Prague, section C, Insert 232923 (hereinafter referred to as "MXD").

The relationship between the Controlled Party and MXD is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party held 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on MXD. Its sole shareholder in the reference period was ASB Czech SC, s.r.o., whose sole shareholder in the reference period was BAZ Czech, a.s.

Paříkova Property, s.r.o., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, Company ID: 054 81 953, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 264411 (hereinafter referred to as "Paříkova Property")

The relationship between the Controlled Party and Paříkova Property is considered as a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that during the reference period a sole shareholder of Paříkova Property was BAZ Czech, a.s., whereas Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on Paříkova Property.

REDSIDE Investments a.s., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, Company ID: 071 87 939, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 23499 (hereinafter referred to as "REDSIDE Investments")

The relationship between the Controlled Party and REDSIDE Investments is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that the sole shareholder of REDSIDE Investments in the reference period was RVR Czech, s.r.o., and therefore, Mr. Rudolf Vřešťál through RVR Czech, s.r.o., as a sole owner of the company, could have an indirect influence on the Controlled Party.

RSFA, a.s., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, Company ID: 085 79 440, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 24759 (hereinafter referred to as „RSFA“).

The relationship between the Controlled Party and RSFA is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that the shareholder of RSFA with 45% shares in the reference period was RVR Czech, s.r.o., and therefore, Rudolf Vřešťál through RVR Czech, s.r.o., as a sole owner of the company, could have an indirect influence also on the RSFA.

Taxplan Fiscal Representation Sp. z o.o., with its registered office at Żłota 59, 00-120 Warsaw, Republic of Poland, KRS number: 0000319538 (hereinafter referred to as „Taxplan“).

The relationship between the Controlled Party and Taxplan is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on Taxplan. Its sole shareholder in the reference period was ASB Poland Sp. z o.o., whose sole shareholder was BAZ Czech, a.s. in the reference period.

TC VENTURES, s.r.o., with its registered office at Krásava 1027, 130 00 Prague 3, Company ID: 257 77 581, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 69330 (hereinafter referred to as "TC VENTURES")

The relationship between the Controlled Party and TC VENTURES, s.r.o. is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the company in the reference period.

UnitedData a.s., with its registered office at V celnici 1031/4, Nové Město, 110 00 Praha 1, Company ID: 042 01 094, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 20769 (hereinafter referred to as „United Data“).

The relationship between the Controlled Party and United Data is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party owned 50% of the shares in BAZ Czech, a.s. in the reference period and as a Controlling Party could also exercise indirect influence on United Data. Its sole shareholder in the reference period was ASB Poland Sp. z o.o. Its shareholder with 44% shares was BAZ Czech, a.s. in the reference period.

White Express s.r.o., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Praha 1, Company ID: 043 78 059, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 246673 (hereinafter referred to as “White Express”)

The relationship between the Controlled Party and White Express, s.r.o. is considered to be a relationship between the Controlled Party and a Party Controlled by the same Controlling Party, given that Rudolf Vřešťál as a Controlling Party was an executive director and also owned 100% of the company in the reference period.

After the reporting period ending on 31 December 2019, Rudolf Vřešťál became a Controlling Party of **SWISS FUNDS, a.s.**, with its registered office at Praha 1 - Nové Město, V Celnici 1031/4, 110 00, Company ID: 054 21 721, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 21887, due to the fact that RVR Czech, s.r.o. became the sole shareholder of SWISS FUNDS, a.s.

Subsidiaries of the Controlled Party

In the reference period, the Controlled Party was a shareholder of 100% of the founding shares in the following companies, in which it also performed the function of administrator and fund manager:

- NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, Company ID: 043 31 869, registered by the Municipal Court in Prague, Section B, Insert 20886;
- NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, Company ID: 046 99 017, registered by the Municipal Court in Prague, Section B, Insert 21276;
- ARCA OPPORTUNITY, SICAV, a.s., with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, Company ID: 241 99 591, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 17785.

The Controlled Party also performed the function of administrator and manager of the following funds in the reporting period:

- NOVA Hotels, otevřený podílový fond, with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1;
- NOVA Green Energy, otevřený podílový fond, with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1. In the reference period, the NOVA Green Energy open-end mutual fund was transformed into a newly emerging fund NOVA Green Energy, SICAV, a.s. with effect from 1 January 2020 according to the conversion project dated 12 December 2019 prepared by the mutual fund administrator and manager, REDSIDE investiční společnost, a.s. in the sense of § 414 et seq. Act No. 240/2013 Coll., on investment companies and investment funds, as amended.

3. Relationship between the Controlling Parties and the Controlled Party

a) Capital connection

The Controlling Party RVR Czech, s.r.o. owns 90.48% of the Controlled Party shares and Rudolf Vřešťál owns 100% of the shares in RVR Czech, s.r.o.

b) Personal connection

The Controlled Party and the Controlling Party are also connected personally, whereas Rudolf Vřešťál is Chairman of the Board of Directors in the Controlled Party and the statutory representative and the sole shareholder in RVR Czech, s.r.o.

III. Role of the Controlled Party, Methods and Means of Control

In the reporting period, the Controlled Party was the object of direct control by RVR Czech, s.r.o., whose sole shareholder was Rudolf Vřešťál. Rudolf Vřešťál also holds the position of Chairman of the Board of Directors in the Controlled Party.

The Controlled Party also performs the function of administrator and manager of investment funds described under point II (2) (ii) above.

IV. Contracts and Agreements concluded between the Controlled Party and the Controlling Parties or the Related Parties, and provided performance

In the reporting period, the following contracts were effective between the Controlling Parties and the Controlled Party or between the Controlled Party and the Related Parties:

- Agreement on authorization of other person with the performance of an individual activity, which includes the administration of the investment fund between the Controlled Party as the administrator and ASB Accounting, s.r.o. as the provider dated 1 January 2015;
- Agreement on the performance of the function of a member of the Board of Directors of ARCA OPPORTUNITY, SICAV, a.s. dated 3 November 2014, as amended, between the Controlled Party as a member of the Board of Directors and ARCA OPPORTUNITY, SICAV, a.s.;
- Agreement on the performance of the function of the Statutory Director of NOVA Real Estate, investment fund with variable share capital, as dated 20 August 2015 between the Controlled Entity as the statutory director and NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.;
- Amendment No. 1 of 29 March 2019 to the agreement on the performance of the function of the Statutory Director of NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. concluded on 20 August 2015;
- Agreement on the performance of the function of the Statutory Director of NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s. dated 20 January 2016 between the Controlled Party as the Statutory Director and NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s.;
- Amendment No. 3 of 30 January 2019 to the agreement on the performance of the function of the Statutory Director of NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s. concluded on 20 January 2016;
- Loan Agreement between the Controlled Party as a creditor and RVR Czech, s.r.o. as the debtor concluded on 27 November 2019;
- Loan agreement between the Controlled Party as a creditor and RVR Czech, s.r.o. as a debtor concluded on 29 May 2019;
- Loan agreement between the Controlled Party as a creditor and Rudolf Vřešťál as a debtor concluded on 6 March 2019.

V. Legal acts made in the reporting period that were made at the instigation of or in the interest of the Controlling Parties or the Related Parties, if such an act concerned assets exceeding 10% of the company's equity of Controlled Parties ascertained according to the latest financial statements

In the reference period, the Controlled Party did not, at the instigation or in the interest of the Controlling Parties or the Related Parties, carry out any transactions in respect of assets that exceed 10% of the Company's Controlled capital, as determined by the latest financial statements.

VI. Conclusion

1. In the reference period the Controlled Party has not been subjected to any material or financial detriment by the Controlling Parties or the Related Parties as a result of contractual relations with the Controlling Parties or the Related Parties or any other legal acts or other actions taken or received in the interest or at the instigation of the Controlling Parties or the Related Parties.

2. The advantage of including the Controlled Entity in the above-described business group is the use of activities and activities of other companies within the group. A possible disadvantage is the more demanding administrative and organizational structure of the group. After an overall assessment of the impact of the company's inclusion in the business group, the benefits prevail. The above-mentioned potential risks and disadvantages are addressed at the level of control elements of individual group entities.

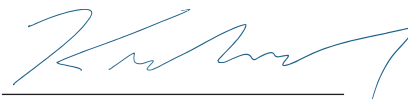
3. The Board of Directors of the Controlled Entity declares that

(i) it has prepared this Relationship Report on the basis of all information available to it on relations between the Controlling Party and the Controlled Party and between the Controlled Party and parties controlled by the same Controlling Party pursuant to Section 82 of the Commercial Corporations Act; (ii) the report is believed to be true and (iii) has not concealed any material facts known to the Board of Directors which are required by law to be included in the report.

This report was discussed and approved by the Board of Directors on 31 March 2020.



Rudolf Vřešťál
Chairman of the Board of Directors



Ing. Karel Krhovský
Member of the Board of Directors