

Limited Partnership

**AIF “ALTUM KAPITĀLA FONDS”**

Reg. No 40203252367

Annual report

for the period 31 July 2020 - 31 December 2020

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## Corporate information

Name of the company	AIF "Altum kapitāla fonds" (hereinafter – <b>the Fund</b> )
Type of company	Alternative investment fund
Legal status of the company	Limited partnership
Address	Dome Square 4, Rīga, LV-1050
Registration number, place and date of registration	40203252367, Rīga, 31 July 2020
Management company	AS "Attīstības finanšu institūcija Altum" (hereinafter – <b>Manager</b> ), registered with the Financial and Capital Market Commission on May 26, 2020
Address	Dome Square 4, Rīga, LV-1050
Registration number	50103744891
Key personnel (hereinafter - <b>GP</b> )	Mikus Janvars      Investment Director Atis Zvidriņš      Investment Director Armands Ločmelis   Investment Director
Board Members	Reinis Bērziņš      Chairman of the Board Jēkabs Krieviņš      Board Member Inese Zīle            Board Member Aleksandrs Bimbirulis Board Member
Custodian Bank	AS Swedbank, 40003074764, Balasta dambis 15, Rīga, LV-1048
Reporting period	31 July 2020 – 31 December 2020
Auditors	PricewaterhouseCoopers SIA License No 5 Kr. Valdemāra iela 21-21 Rīga, LV-1010 Latvia  Responsible Certified Auditor: Ilandra Lejiņa  Certificate No 168

## **Alternative Investment Fund Manager's Report**

The Fund's objective is to finance large companies that use the Covid-19 crisis as an opportunity to develop their operations, strengthen positions as well as to enter new markets, while diversifying their funding sources. The Fund invests in Latvia-registered large companies, which (together with the group) meet at least one of the following criteria: 1) 250 employees or 2) turnover of 50 mln. EUR and balance sheet of 43 mln. EUR. The Fund may invest in companies using several instruments: 1) Standalone equity investments or equity together with another private investor; 2) mezzanine or other types of loans with or without conversion, 3) bonds listed on a regulated market or First North. Companies can utilize Fund's financing for capital expenditure and working capital increase.

The Fund's establishment process was started in April 2020, when the Government at an extraordinary meeting decided to set up an investment fund to support large companies in rapid response to Covid-19 becoming a global pandemic and causing sharp economic downturn from mid-March. On May 26, 2020, JSC Development Finance Institution Altum ("Altum") was registered with the Financial Capital and Market Commission as an alternative investment fund manager. The Fund's Limited Partnership Agreement was signed on July 23, 2020. The Fund was registered on 31 July 2020 with a committed capital of 45.6 mln. EUR. The first closing of the Fund took place on September 3, 2020, when the Fund reached the committed capital of 71.2 mln. EUR.

The Fund's committed capital was fully subscribed on September 16, 2020, reaching 100.0 mln. EUR, of which the majority (51.1 mln. EUR or 51.1%) were private investors and 48.9 mln. EUR consists of public funding invested by Altum. Limited partners are investment management companies that invested on behalf of the investment plans of the state funded pension scheme, as well as an open pension fund that invested assets of pension system 3rd pillar.

As an additional quality component to the internal control system in accordance with the Limited Partnership Agreement, it was decided to attract the custodian service provider Swedbank AS, with which a custodian agreement was signed on October 1, 2020. The Investment Committee was established to evaluate and make decisions on the Fund's investments, also the Regulations of the Investment Committee were approved. Altum utilizes the best practices of the private equity and venture capital industry in managing the Fund's operations. The Investment Committee includes independent industry expert, reporting to the Fund's investors is prepared in accordance with Invest Europe reporting guidelines and investment valuation is based on valuation guidelines approved by IPEV Board.

Latvia's economy in the reporting period has been affected by the spread of Covid-19 to a lesser extent if compared to most European Union economies. The impact on the Fund's target companies has varied depending on the industry, company's business profile, and differed over time. Some companies faced relatively short-term supply chain disruptions, which contributed to the need for working capital. For some companies which focused on the local market of trade of consumer goods or technology sector, the results even exceeded previous years, creating the need for additional growth financing. The interest for the Fund's financing expressed by management and owners of companies was high with most of the interest expressed in relation to growth financing.

During the reporting period, the paid in capital from the Fund investors amounted to 282 thousand EUR or 0.28% of the committed capital, which was directed to cover the Fund's establishment expenses (75 thousand EUR) and the Fund's operational expenses (207 thousand EUR). At the same time, as the Fund's actual operational expenses amounted to 304 thousand. EUR, accrued expenses and accrued liabilities were incurred, and at the end of the reporting period the Fund's net asset value was -97 thousand EUR or -0.10% of the committed capital, which is planned to be covered from the next drawdown. Fund losses 379 thousand EUR were forecasted and are planned to be covered in the coming years from the positive result of the Fund's investment activities.

### **Investment pipeline overview**

Taking into account that the Fund investment strategy stipulates financing a limited number or large Latvia-registered companies, as well as the approved investment period according to Fund's objectives is shorter than 1.5 years (3-4 times shorter than typical private equity and venture capital industry practice), most of the effort since the Fund's establishment has been targeted at deal sourcing, pre-selection and analysis of target companies. Based on publicly available information, 242 companies or groups of companies that qualified for the Fund's formal eligibility criteria were identified. Out of total number of companies qualified for the Fund, 196 companies (81% of the total number of qualified companies) were directly contacted until the end of the reporting period. In addition, a direct communication was addressed to all the target companies on the establishment of the Fund. A conference was organized, where the target companies and other stakeholders were informed about the Fund's objectives and financing capabilities.

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## Alternative Investment Fund Manager's Report (cont'd)

### Investment pipeline overview (cont'd)

During the reporting period, the Fund's deal flow pipeline was regularly updated, where potential target companies were classified depending on the stage of negotiations and the status of the planned activities. Thus, at the end of the reporting period, a total of 25 potential companies in the Fund's funnel from several industries like manufacturing, wholesale and retail trade, wood processing, transport, information technology and other sectors were in the stage of transaction negotiations or initial negotiations. For three of these projects Investment memorandums were approved in the Investment Committee and due diligence and transaction documentation phases was started.

### Events after the reporting date

After the end of the reporting period, the European Commission approved the extension of the Fund's Investment Period, initially until September 30, 2021, then until December 31, 2021. The relevant changes were also approved in the regulations of the Cabinet of Ministers, which entered into force on February 10, 2021. The signing of amendments to the Limited Partnership Agreement is planned.

On February 12, 2021, the Fund made its first investment, acquiring 2.9 mln. EUR JSC "Elko Grupa" 5-year bonds with maturity on February 12, 2026 and coupon rate 6.0%. The bonds were issued in the total amount of 20.0 mln. EUR, which the company will utilize to increase working capital and ensure liquidity buffer, to strengthen its position in the Central and Eastern Europe markets, as well as diversify markets.

After the end of the reporting period, there were no significant events that would affect the financial position of the Fund as at December 31, 2020.



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Limited partnership's  
AIF "Altum kapitāla fonds"  
General partner  
JSC Development Finance  
Institution Altum,  
represented by its Chairman  
of the Management Board  
**Reinis Bērziņš**



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**Mikus Janvars**  
AIF "Altum kapitāla fonds"  
Investment Director



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**Atis Zvidriņš**  
AIF "Altum kapitāla fonds"  
Investment Director



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**Armands Ločmelis**  
AIF "Altum kapitāla fonds"  
Investment Director

26 February 2021

## Statement of Management responsibility

The Board of the Fund Manager is responsible for the preparation of financial statements that give a true and fair view of the financial position of the Fund as at 31 December 2020, and of its financial performance and cash flows for the period then ended in accordance with the existing legislation.

The Board of the Fund Manager confirms that suitable accounting policies have been used and applied consistently in the preparation of the financial statements presented on pages 8 to 19 for the period from 31 July 2020 through 31 December 2020 according to Regulation No 217 of the Financial and Capital Market 'Regulations on Preparation of Annual Reports and Consolidated Annual Reports of Closed-End Alternative Investment Fund' as well as that the management has made prudent and reasonable judgments and estimates in the preparation process. The management also confirms that the financial statements have been prepared on a going concern basis.

The Board of the Fund Manager is also responsible for the maintenance of proper accounting records, taking reasonable efforts to safeguard the Company's assets and to prevent and detect fraud and other irregularities.



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Limited partnership's  
AIF "Altum kapitāla fonds" General partner  
JSC Development Finance Institution Altum,  
represented by its Chairman of the  
Management Board  
**Reinis Bērziņš**

26 February 2021

## **Custodian report**

**for the period 1 October 2020 through 31 December 2020**

See the date on the timestamp  
Nr. A08.04-03/SWBL-2506

Swedbank AS, registration No 40003074764, address: Balasta dambis 15, Rīga (hereinafter – the Custodian Bank) performs the functions of a custodian bank for the limited partnership AIF Altum kapitāla fonds (hereinafter - the Fund) managed by AS Attīstības finanšu institūcija Altum (hereinafter - the Company) in accordance with the Law on Alternative Investment Funds and their Managers of the Republic of Latvia, the Limited Partnership Agreement on the foundation of the limited partnership AIF Altum kapitāla fonds signed on 23 July 2020 (hereinafter – Limited Partnership Agreement) and the Custodian Agreement signed on 1 October 2020.

The main responsibilities of Swedbank AS under the above agreement are as follows:

- opening a current account, where to all the funds of the Fund's investors received as committed capital are transferred and from which all payments related to the Fund's transactions are made and to which the income from the Fund's assets is transferred;
- opening a securities account for the securities recorded in the Fund's transferable financial instruments accounts;
- controlling whether the Company manages the Fund in accordance with the regulatory requirements, the Limited Partnership Agreement and the Custodian Agreement;
- settling of transactions with the Fund's assets, ensuring the safekeeping of the Fund's assets in accordance with the Custodian Agreement;
- ensuring that the Fund's value is calculated in accordance with the regulatory requirements and the Limited Partnership Agreement.

The Custodian is fully liable to the investors of the Fund and the Company for losses incurred if the Custodian has intentionally or through negligence violated the law, the Custodian Agreement or negligently performed its obligations.

Given the information at the disposal of Swedbank AS and the information provided by the Company, Swedbank AS considers that:

- the Fund's assets are held in accordance with the requirements of the laws and regulations and the Custodian Agreement;
- Swedbank AS has followed the calculation of the Fund's net asset value and confirms its compliance with the regulatory requirements and the Limited Partnership Agreement;
- the Company's orders submitted during the period 1 October 2020 through 31 December 2020 regarding transactions with the Fund's assets comply with the regulatory requirements, the Limited Partnership Agreement and the Custodian Agreement.

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Reinis Rubenis  
Chairman of the Board  
Swedbank AS

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND TIME-STAMPED

## Balance sheet at 31 December 2020

<b>Assets</b>	<b>Notes</b>	<b>31.12.2020. EUR</b>
Cash	3	10 763
Accrued income and prepaid expense	4	339
<b>Total assets</b>		<b>11 102</b>
<b>Liabilities</b>		
Deferred income and accrued expense	5	54 620
Accrued liabilities	6	53 710
<b>Total liabilities</b>		<b>108 330</b>
<b>Net Assets</b>		<b>(97 228)</b>
<b>Equity</b>		
Subscribed capital shares:		281 977
Paid-in capital shares		281 977
Losses for the reporting period		(379 205)
<b>Total equity</b>		<b>(97 228)</b>
<b>Off – balance sheet items</b>		
Contingent assets	7	<b>99 718 023</b>

The accompanying notes on pages 11 through 24 form an integral part of these financial statements.



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Limited partnership's  
AIF "Altum kapitāla fonds" General partner  
JSC Development Finance Institution Altum,  
represented by its Chairman of the  
Management Board  
**Reinis Bērziņš**

26 February 2021



**Profit or loss statement for the period 31.07.2020. - 31.12.2020.**

		31.07.2020.
		-
	Notes	31.12.2020.
		EUR
<b>Income</b>		-
<b>Total income</b>		-
<b>Expenses</b>		
Management fee		(206 977)
Custodian bank fee		(2 000)
Other Fund management expenses	8	(95 228)
Other expenses	9	(75 000)
<b>Total expenses</b>		<b>(379 205)</b>
<b>Increase / (decrease) of investment value</b>		-
<b>Losses before Corporate income tax</b>		<b>(379 205)</b>
<b>Corporate income tax</b>		-
<b>Losses for the reporting period</b>	10	<b>(379 205)</b>

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AIF "Altum kapitāla fonds" General partner  
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Management Board  
**Reinis Bērziņš**

26 February 2021

**Statement of cash flows for the period 31.07.2020. – 31.12.2020.**

	<b>31.07.2020.</b>
	–
	<b>31.12.2020.</b>
	<b>EUR</b>
<b>Cash flows to/ from operating activities</b>	
Set-up expenses	(75 000)
Investment management expenses	(196 214)
<b>Net cash flows to/ from operating activities</b>	<u>(271 214)</u>
Paid-in capital shares	281 977
<b>Net cash flows to/ from financing activities</b>	<u>281 977</u>
<b>Change in cash and cash equivalents</b>	<u>10 763</u>
Cash and cash equivalents at the beginning of the reporting period	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<u><u>10 763</u></u>

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AIF "Altum kapitāla fonds" General partner  
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Management Board  
**Reinis Bērziņš**

26 February 2021

**Statement of changes in equity for the period 31.07.2020. - 31.12.2020.**

	<b>Subscribed capital shares</b>	<b>Losses for the reporting period</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>31.07.2020.</b>	-	-	-
Paid-in capital shares	281 977	-	<b>281 977</b>
Losses for the reporting period	-	(379 205)	<b>(379 205)</b>
<b>31.12.2020.</b>	<b>281 977</b>	<b>(379 205)</b>	<b>(97 228)</b>

The accompanying notes on pages 11 through 24 form an integral part of these financial statements.



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Limited partnership's  
AIF "Altum kapitāla fonds" General partner  
JSC Development Finance Institution Altum,  
represented by its Chairman of the  
Management Board  
**Reinis Bērziņš**

26 February 2021

## Notes to the financial statements

### 1. Corporate information

AIF Altum Capital Fund (hereinafter - the Fund) was registered with the Enterprises Register on 31 July 2020 with its operations expiry date 3 September 2027 including the possibility of extending it for another year, namely, until 3 September 2028. The investment period of the Fund expires on 31 December 2021.

The Fund's aim is to render support in overcoming the impact of Covid-19 to well-managed and promising large companies (Mid-caps), which to cope with the situation are willing to adapt their current operations by transforming their business model, adapting product development, introducing new technologies, entering new export markets, thus promoting their growth.

The full amount of the Fund's subscribed capital contribution, namely, EUR 100 million, was reached on 16 September 2020, of which the majority (EUR 51.1 million or 51.1%) were contributions made by private investors and EUR 48.9 million represented the public funding invested by JSC Development Finance Institution Altum.

Partners		Committed capital EUR	%
General partner	JSC Development Finance Institution Altum	48 910 000	48.91
Limited Partners	"Swedbank Investment Management Company" AS	20 800 000	20.80
	IPAS "SEB Investment Management"	13 700 000	13.70
	Luminor Asset Management IPAS	7 300 000	7.30
	"CBL Asset Management" investment management joint stock company	7 100 000	7.10
	IPAS "INVL Asset Management"	1 100 000	1.10
	AS "SEB open pension fund"	1 090 000	1.09
<b>Total</b>		<b>100 000 000</b>	<b>100.00</b>

The Fund can make the following investments or a combination of the latter for meeting the company's financing needs up to EUR 10 million per company:

- equity investments;
- mezzanine loans;
- acquisition of corporate bonds on Nasdaq alternative First North Bond market or Baltic Regulated market.

The Fund Manager is JSC Development Finance Institution Altum, registered with the Financial and Capital Market Commission as an alternative investment fund manager on 26 May 2020.

The key personnel (hereinafter - KP) takes the necessary actions in accordance with the decisions of the Investment Committee to identify and evaluate investment opportunities, make such investments in companies, control the development of investments and implement the best return on capital contributions made by the Fund's Partners according to the Investment policy.

### 2. Accounting and valuation principles

These financial statements were prepared according to the 'Alternative Investment Fund and Fund Manager Law', the law 'On Accounting' and to Regulation No 217 of the Financial and Capital Market 'Regulations on Preparation of Annual Reports and Consolidated Annual Reports of Closed-End Alternative Investment Fund'.

#### Significant Estimates and Assumptions

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events may impact the assumptions used as the basis for estimates. Such estimates and assumptions are based on most reliable information available to the management in respect of specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable.

## **Notes to the financial statements (cont'd)**

### **2. Accounting and valuation principles (cont'd)**

#### **Currency unit and revaluation of foreign currency**

All amounts in these financial statements are expressed in the Latvian official currency - euro (EUR).

Foreign currency transactions have been translated into euro applying the exchange rate valid at the beginning of the day of transaction determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

#### **Recognition and derecognition of financial assets and liabilities**

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments are not itself agreements to receive or deliver equity instruments in the future.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments are not itself agreements to receive or deliver equity instruments in the future.

Financial assets are recognised on settlement day.

A financial asset is derecognised only when the contractual rights to receive cash flows from the asset have expired, or the Fund has transferred the financial asset and substantially all the risks and rewards of the asset to the counterparty.

Financial liabilities are derecognised only when the contractual obligations are discharged, cancelled or expire.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and high-liquidity assets with an original maturity of three months or less and which are used by the Fund to settle current liabilities.

#### **Recognition and treatment of non-fixed income securities**

Non-fixed income securities are equity investments and investments in other non-fixed income securities. Equity investments are initially recorded at cost.

Subsequent to initial recognition, equity investments are recognized at cost less impairment losses.

Should any events or changes in circumstances indicate that the carrying amount of investments is no longer recoverable the respective investments in subsidiaries are reviewed for impairment. Impairment adjustments are charged to profit or loss.

#### **Valuation of loans and receivables**

Loans and receivables are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortised cost and the recoverable amount. The amount of the provision is recognised in the profit and loss account.

## Notes to the financial statements (cont'd)

### 2. Accounting and valuation principles (cont'd)

#### Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported on the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### Accrued liabilities

Accrued liabilities comprise balances known with certainty that are due to suppliers of goods and services for those received in the reporting year but for which supporting documents (invoices) were not received at the balance sheet date because of the respective purchase or contract terms or otherwise.

#### Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation and/or liability as a result of a past event and it is probable that an outflow of economic benefits will be required from the Fund to settle the obligation, and the amount of obligation can be measured reasonably.

The amount of expected provisions is based on the best possible assessment of the management at the end of the reporting year and assumption in relation to the economic benefits required to settle the current liability, taking into account the outflow of resources and their recovery probability from related sources.

#### Recognition of income and expenses

All income and expense are recognised on an accrual basis. Interest income is recognized in the profit or loss statement using the effective interest rate method.

#### Fund management costs

In accordance with the Limited Partnership Agreement, the following expenses are covered from the contributions made by the Fund's Partners:

- a. Set-up expenses,
- b. Management fee,
- c. Operational expenses (in the amount not covered by the management fee),
- d. Other costs, the coverage of which has been approved by the Partners within the framework of the Partners' consent procedure.

If the said costs of the Fund exceed the amount of the Management fee and if together with the Management fee they do not exceed 2% p.a. of the commitment to Fund during the investment period or the total contributed amount after the end of the investment period, the General Partner covers them from the Fund's assets and the relevant fact is disclosed in the Fund's quarterly reports.

The said costs of the Fund are financed from the capital contributions made by the Partners in proportion to the amount of the registered contributions of each Partner.

## Notes to the financial statements (cont'd)

### 2. Accounting and valuation principles (cont'd)

#### Fund management costs (cont'd)

The management fee is specified in the Limited Partnership Agreement. In the period from the first closing date to the end of the investment period, the management fee is 0.65% p.a. of the total subscribed contributions at the relevant contribution request date. In the period after the end of the investment period until the termination of the Fund's operations, the management fee is 0.60% p.a. of the total committed capital.

As the Fund is managed by a registered manager, in accordance with Article 57(11) of the Law on Alternative Investment Funds and their Managers, the annual report of the Fund does not include information on the remuneration of AIFM officials and employees.

The Fund's expenses include a payment to the FCMC, the amount of which is specified in FCMC Regulation No 192.

#### Risk management

The Fund is exposed to credit risk, market risk and liquidity risk. Risk management is performed by the Fund manager.

##### *Credit risk*

The Fund is exposed to credit risk in relation to its loans issued to its related companies and cash and cash equivalents. Credit risk is assessed by the Fund during the acquisition of properties by means of technical, legal and corporate due diligence.

##### *Market risk*

Market risk - the possibility of incurring losses from changes in market conditions that affect a category of assets or the market as a whole. Market risk includes interest rate risk, price risk and currency risk. Market risk is assessed by performing an appropriate analysis of market and financial instruments.

##### *Currency risk*

The Fund is not exposed to significant currency risk as majority of income and expense are in euros and in the reporting period the Fund did not hold assets and liabilities denominated in foreign currencies.

##### *Interest rate risk*

Interest rate risk - the risk that the value of the Fund's assets and interest income may change as market interest rates change, affecting the Fund's performance. The value of debt securities can change depending on changes in interest rates: if interest rates rise, the prices of these securities fall, and vice versa. The Fund Manager monitors interest rate trends and decides on the maturity structure of the portfolio based on forecasts of future interest rate developments.

##### *Liquidity risk*

Liquidity is the ability of the Fund to provide for or satisfy the expected (daily) or extraordinary (critical) need for cash flows to finance asset acquisitions and to discharge financial liabilities in due time. It is understood to be the ability to convert assets into cash with minimum losses or borrow money at reasonable cost.

The Fund timely submits requests for contributions to the limited partners in order to ensure the ability to make investments in accordance with the concluded agreements and management fees in accordance with the concluded Limited Partnership Agreement.

## Notes to the financial statements (cont'd)

### 3. Accounting and valuation principles (cont'd)

The following table summarises the maturity profile of the assets and liabilities as at 31 December 2020.

	<b>On demand and within 1 month</b>	<b>1 - 3 months</b>	<b>3 – 6 months</b>	<b>Total</b>
<b>Assets</b>				
Cash	10 763	-	-	10 763
Accrued income and prepaid expense	-	339	-	339
<b>Total assets</b>	<b>10 763</b>	<b>339</b>	<b>-</b>	<b>11 102</b>
<b>Liabilities</b>				
Deferred income and accrued expense	36 958	4 356	13 306	54 620
Accrued liabilities	-	53 710	-	53 710
<b>Total Liabilities</b>	<b>36 958</b>	<b>58 066</b>	<b>13 306</b>	<b>108 330</b>
<b>Net assets</b>	<b>(26 195)</b>	<b>(57 727)</b>	<b>(13 306)</b>	<b>(97 228)</b>

### 4. Cash

	<b>31.12.2020 EUR</b>
Demand deposits with AS Swedbank	10 763
<b>Total</b>	<b>10 763</b>

### 4. Accrued income and prepaid expense

Prepaid expense	339
<b>Total</b>	<b>339</b>

### 5. Deferred income and accrued expense

Consulting services	30 976
Legal services	14 932
Accrued audit fee	8 712
<b>Total</b>	<b>54 620</b>



## Notes to the financial statements (cont')

### 6. Accrued liabilities

	<b>31.12.2020</b>
	<b>EUR</b>
Management fees for the Q4 2020	53 710
<b>Total</b>	<b>53 710</b>

### 7. Contingent assets

Uncalled capital investment (amount of liabilities specified in the establishment documents, which is not recognized in the balance sheet item "Subscribed capital shares") (Note 11)	99 718 023
<b>Total</b>	<b>99 718 023</b>

### 8. Other Fund management expenses

	<b>31.07.2020. – 31.12.2020.</b>
	<b>EUR</b>
Fund management expenses not covered by the Management fees	26 583
Remuneration of an independent member of the Investment Committee	16 517
Investment consulting services fees	42 463
Annual audit fee	8 712
FCMC financing	900
Bank fees	53
<b>Total</b>	<b>95 228</b>

### 9. Other expenses

Set-up expenses	75 000
<b>Total</b>	<b>75 000</b>

## Notes to the financial statements (cont'd)

### 10. Losses for the reporting period

Losses are distributed to the Partners in proportion to their investment in the Fund. In case of losses, the share of the Fund Partner's investment is reduced by the calculated share of losses.

<b>Fund Partners</b>	<b>Partners' contributions</b>	<b>Losses for the reporting period</b>	<b>Fair value of capital account 31.12.2020.</b>
Swedbank pension plan 'Dynamics'	35 726.23	(47 021.43)	(11 295.20)
Swedbank investment plan '1970+'	9 507.79	(12 513.77)	(3 005.98)
Swedbank investment plan '1980+'	8 931.56	(11 755.36)	(2 823.80)
Swedbank investment plan '1990+'	5 762.30	(7 584.10)	(1 821.80)
SEB active plan	26 650.62	(35 076.47)	(8 425.85)
SEB European plan	3 457.38	(4 550.46)	(1 093.08)
SEB balanced plan	9 363.73	(12 324.17)	(2 960.44)
Pension plan 'SEB-Balanced'	1 802.19	(2 578.59)	(776.40)
Pension plan 'SEB-Active'	1 086.61	(1 554.74)	(468.13)
INVL Ekstra 47+	2 304.91	(3 033.64)	(728.73)
INVL Komforts 53+	864.34	(1 137.62)	(273.28)
CBL Active Investment Plan	18 943.03	(26 923.56)	(7 980.53)
Luminor Balanced Investment Plan	3 735.24	(5 308.87)	(1 573.63)
Luminor Active Investment Plan	15 741.40	(22 373.10)	(6 631.70)
AS Attīstības finanšu institūcija Altum	138 099.72	(185 469.24)	(47 369.52)
<b>Total</b>	<b>281 977.05</b>	<b>(379 205.12)</b>	<b>(97 228.07)</b>

### 11. Uncalled and registered capital investment

<b>Fund Partners</b>	<b>Proportion of capital investment</b>	<b>Total subscribed capital investment</b>	<b>Uncalled capital contributions</b>	<b>Registered capital investment</b>
Swedbank pension plan 'Dynamics'	12.40%	12 400 000	12 364 273.77	35 726.23
Swedbank investment plan '1970+'	3.30%	3 300 000	3 290 492.21	9 507.79
Swedbank investment plan '1980+'	3.10%	3 100 000	3 091 068.44	8 931.56
Swedbank investment plan '1990+'	2.00%	2 000 000	1 994 237.70	5 762.30
SEB active plan	9.25%	9 250 000	9 223 349.38	26 650.62
SEB European plan	1.20%	1 200 000	1 196 542.62	3 457.38
SEB balanced plan	3.25%	3 250 000	3 240 636.27	9 363.73
Pension plan 'SEB-Balanced'	0.68%	680 000	678 197.81	1 802.19
Pension plan 'SEB-Active'	0.41%	410 000	408 913.39	1 086.61
INVL Ekstra 47+	0.80%	800 000	797 695.09	2 304.91
INVL Komforts 53+	0.30%	300 000	299 135.66	864.34
CBL Active Investment Plan	7.10%	7 100 000	7 081 056.97	18 943.03
Luminor Balanced Investment Plan	1.40%	1 400 000	1 396 264.76	3 735.24
Luminor Active Investment Plan	5.90%	5 900 000	5 884 258.60	15 741.40
AS Attīstības finanšu institūcija Altum	48.91%	48 910 000	48 771 900.28	138 099.72
<b>Total</b>	<b>100.00%</b>	<b>100 000 000</b>	<b>99 718 022.95</b>	<b>281 977.05</b>

## **Notes to the financial statements (cont'd)**

### **12. Pledge and encumbrances of the Fund's assets**

The Fund's assets are not pledged or otherwise encumbered.

### **13. Information on restrictions on disposal of assets**

There are no significant restrictions on the Fund's assets at the end of the reporting period.

### **14. Subsequent events**

As of the last day of the reporting year until the date of signing these financial statements there have been no events that could significantly affect the Fund's financial position as at 31 December 2020.



## Independent Auditor's Report

To the Partners of Limited Partnership AIF "Altum kapitāla fonds"

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### Our opinion

In our opinion, the accompanying financial statements set out on pages 8 to 19 of the accompanying annual report give a true and fair view of the financial position of Limited Partnership AIF "Altum kapitāla fonds" (the "Fund") as at 31 December 2020, and the Fund's financial performance and cash flows for the period from 31 July 2020 till 31 December 2020 in accordance with the Financial and Capital Market Commission Regulations No 217 "Regulations on Preparation of Annual Reports and Consolidated Annual Reports of Closed-End Alternative Investment Fund".

### What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 December 2020,
  - the profit or loss statement for the period from 31 July 2020 till 31 December 2020,
  - the statement of cash flows for the period from 31 July 2020 till 31 December 2020,
  - the statement of changes in equity for the period from 31 July 2020 till 31 December 2020, and
  - the notes to the financial statements which include significant accounting policies and other explanatory information.
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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

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### Reporting on Other Information Including the Report of the Alternative Investment Fund's Manager

The Alternative Investment Fund's Manager is responsible for the other information. The other information comprises:

- Information for which the Alternative Investment Fund's Manager is responsible
  - Report of the Alternative Investment Fund's Manager, as set out on pages 4 to 5 of the accompanying annual report,
  - Statement of the Responsibility of the Alternative Investment Fund's Manager, as set out on page 6 of the accompanying annual report,

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- Custodian Bank Report, as set out on page 7 of the accompanying annual report,

but does not include the financial statements and our auditor's report thereon.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Report of the Alternative Investment Fund's Manager, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Report of the Alternative Investment Fund's Manager is prepared in accordance with the requirements of the Financial and Capital Market Commission Regulations No 217 "Regulations on Preparation of Annual Reports and Consolidated Annual Reports of Closed-End Alternative Investment Fund".

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Report of the Alternative Investment Fund's Manager for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Alternative Investment Fund's Manager has been prepared in accordance with requirements of the Financial and Capital Market Commission Regulations No 217 "Regulations on Preparation of Annual Reports and Consolidated Annual Reports of Closed-End Alternative Investment Fund".

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

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### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Financial and Capital Market Commission Regulations No 217 "Regulations on Preparation of Annual Reports and Consolidated Annual Reports of Closed-End Alternative Investment Fund" and for such internal control as management 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, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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### 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 ISAs 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

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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 ISAs, we exercise professional judgment and maintain professional skepticism 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

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Certified audit company  
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A handwritten signature in blue ink, appearing to read 'I. Lejiņa', is written over a light blue circular stamp.

Ilandra Lejiņa  
Certified auditor in charge  
Certificate No.168  
Member of the Board

Riga, Latvia  
26 February 2021

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