

20 21

Annual Report



MiddleCap



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CEO's Foreword

Michal Kviečinský
CEO & Partner

The two pandemic years of 2020 and 2021 were a very challenging period for most business, after which everybody had looked forward to a return to business stability and normality. Yet the Russian Ukraine war early in 2022 had a major impact on Europe, it's people and business.

For MiddleCap Group, the year 2021 was successful, yet challenging. We have generated group EBITDA of 11M euro and a significant revenue increase in our private equity companies. The Covid pandemic had a significant impact on FOKUS, our optical retail chain, which resulted in business model adaptations.

Real Estate

After long-term planning, our real estate division made a strategic entry into the German market with GSG - a strong joint venture partner. Three projects at three locations were acquired in Berlin, two of which in the vibrant Kreuzberg district, famous for its unique atmosphere of culture and art. Our sustainability and tech team will source the finest architects, and together we will create a new environment and stimulating areas for work and pleasure.

The REBF awards (Real Estate & Building Future-

proof) acknowledged our prestigious Southworks project (London) as the "the smartest building 2021", and in early 2022 it was certified BREEAM Outstanding (the highest BREEAM certification). This is recognition that the building is both intelligent and sustainable, which shows our ESG focus. Our newly-developed ESG criteria and strategy are an integral part of the whole Group.

For us, ESG is far more than just one part of our activities. ESG provides the framework designed to be embedded into our organizational strategy that considers the needs and ways in which to generate value for all stakeholders. ESG is an inherent part of what we do, both internally and externally. A valuable social example of our activities in the ESG area is the MiddleCap Help foundation's support for children's homes across Slovakia and the Czech Republic.

Private equity

Our SYTIQ construction company has gained the trust of leading developers, and increased revenue by 3M euro to 26.3M euro. Following through on this success, we plan almost double-digit growth and 30M euro revenue in 2022.

Whilst SYTIQ had a successful year, our other private



equity investment FOKUS went through very difficult times. The pandemic and related lock-downs had negative impact on the performance of both Slovak and Czech branches.

Advisory

Our Czech Republic advisory division had its most successful year to date, closing three transactions, while the Slovak team closed one real estate transaction in Poland – so these four made this year the most active in terms of completed transactions.

MiddleCap Group is a stable partner even in these

unpredictable times of pandemic and war. While 2022 will certainly be a challenging year, I embrace this challenge as an opportunity to develop and strengthen our team through developing new skills and competencies. I would like to thank the team, my co-shareholders, colleagues, and business partners – their collective support is an essential part of who we are.

Michal Kviečinský

CEO & Partner MiddleCap Group





01

MiddleCap Group

MiddleCap Group has four divisions. Our main focus is on providing Advisory services, Real Estate development, investing in Private Equity and Venture Capital.

The MiddleCap Group

is a Luxembourg-based private holding that operates in the United Kingdom, Germany, Slovakia, and the Czech Republic.

We provide full range of advisory services in M&A, restructuring, acquisitions and corporate finance.

As a mid-size real estate developer, we focus on smart and sustainable office buildings and residential developments in the United Kingdom, Germany, and Slovakia.

In each country we attract the best talents from the sector, which enables us to deliver the best quality service and develop extraordinary buildings.

MiddleCap Group also invests in private equity. Headline investments include an eyewear chain in the Czech Republic and Slovakia, and the establishment

of construction and electro installation technology companies that mainly provide services on the Slovak and Czech markets.

The Group is interested in venture capital investments, and already has four start-ups in its portfolio.

MiddleCap Group's main pillars are sustainability and technology, which are considered at each step of the company and across all divisions. We recognise the crucial role of ESG and its implementation at each company, development and advisory services, and we are on the path to decarbonising our activities within the whole group and its processes.

**Revenue
increase
in 2021** **25M EURO**



Revenue by division in €M	2020	2021
Advisory	3	1
Real Estate	1	3
Private Equity	65	88
Private Equity - Fokus	25	30
Private Equity - Sytiq	24	27
Private Equity - Voltatech	16	31
Venture Capital	0	0
Others	1	2
Total	70	94

Headcount	2020	2021
Slovakia		
Advisory	11	22
Real estate	5	10
Private Equity	334	339
Private Equity - Voltatech	74	70
Private Equity - Fokus	205	208
Private Equity - Sytiq	55	61
Slovakia Total	350	371
Czech Republic		
Advisory	5	3
Private Equity	236	232
Private Equity - Fokus	236	232
Venture Capital	1	2
Czech Republic Total	242	237
United Kingdom		
Real Estate	4	4
United Kingdom Total	4	4
Germany		
Real Estate	1	2
Germany Total	1	2
Luxembourg		
OH	1	1
Luxembourg Total	1	1
All countries total	597	615





02

Significant Events

Milestones in 2021

02

Značky Morava and Silverton Advisory

MiddleCap acted as an exclusive sell-side advisor to the owner of company Značky Morava, a.s. and Silverton s.r.o., in the field of road safety, during the sale of the company to Czech investor CIDEM Invest a.s.

February

04

WOLOSKA 24 Advisory

MiddleCap provided transaction consultancy to ZFP Investments for a real estate transaction. ZFP Investments acquired the Woloska 24 office building in Warsaw, Poland.

April

05

“World smartest building” Real Estate

Southworks won the competition at the 2021 Real Estate & Building Future-proof Awards and has been named the world’s smartest building thanks to its use of data to create the best possible user environment.

May

05

Silnice Morava Advisory

MiddleCap acted as an exclusive sell-side advisor to the owner of SILNICE MORAVA s.r.o. in the field of road construction and stone mining during the sale to Czech strategic investor IMOS Brno, a.s.

May

05

May

Southworks **Real Estate**

Southworks office development on Rushworth Street, London has reached practical completion and has two floors under offer.

06

June

Ritterstrasse **Real Estate**

Acquisition of a new office development on Ritterstrasse, located in a vibrant district of Kreuzberg, Berlin.

06

June

Moritzstrasse **Real Estate**

Acquisition of our new mixed-use project on Moritzstrasse, located in a vibrant district of Kreuzberg, Berlin.

06

June

Rathenowerstrasse **Real Estate**

Acquisition of a new mix-used project on Rathenowerstrasse, located in a quiet district of Moabit.

07

July

Krnovská škrobárna and Krnovský Lihovar **Advisory**

MiddleCap acted as a main advisor to cresco&finance a.s. group in sale of 100% shares in Krnovská škrobárna, spol. s r.o. and Krnovský lihovar, spol. s r.o. The company from the Reticulum Holding, a.s. group becomes the new owner of MJM agro, a.s. of Czech businessman Zdenek Šoustal.





03

Real Estate

MiddleCap Real Estate division operates in Germany, the United Kingdom, and Slovakia. We actively seek new business opportunities in Central Europe and the UK. Our long-term strategy is to maintain and stabilise assets which are part of our portfolio. While in the process of buying and developing our projects, we consider the sustainability and technology of each site. We also focus on the building's character, which means using handcrafted features and materials which support well-being and create a welcoming atmosphere of the building.



Tomáš Jurdák
Partner Real Estate
& Head of Division

"Developers, architects, builders, consultants and everyone involved in a real estate project needs to constantly assess the opportunities for improving its environmental credentials. There are limitations – the planning system couldn't and shouldn't be sidestepped – but we keep pushing ourselves and our buildings harder."

2022 Outlook

- **BREEAM Outstanding certification for Southworks**
- **Acquisition of a headlease and planning consent for Seal House**

2021

in summary

- **Southworks reached practical completion**
 - **Southworks awarded “Smartest building in 2021”**
 - **Entered German market by acquiring 3 projects in Berlin**
 - **Appointment of architects for our Berlin projects**
 - **“EIA” submission for our project in Ružinov**
-
- **Defining a way to decarbonise our future developments**
 - **Southworks leasing process**
 - **Seal House preparation of the project with Eric Parry Architects**
 - **Looking for new investment opportunities in London and Berlin**

London

Seal House

MiddleCap has signed a 50/50 joint venture agreement with PPF to bring forward the office development of Seal House on the north bank of the River Thames. The agreement represents a significant vote of confidence in the long-term resilience of London's commercial real estate market by two prominent European real estate investors.

MiddleCap purchased Seal House in October 2019. The City of London Corporation granted consent for proposals to redevelop Seal House, an 11-storey 1970s office building, in March 2019 as part of its strategy to regenerate the City's riverside. The designs were proposed by Eric Parry Architects and provide over 131,000sq ft of office space, 10,040sq ft retail & restaurants, more than 260 cycle spaces, basement showers, external terraces, ground floor retail spaces, and a public viewing gallery with a dedicated lift.







London

Southworks

Developed by MiddleCap and designed by SPPARC, Southworks is a seven-storey, 70,000sq ft scheme located on Rushworth Street in Southwark, close to Borough Market.

The building was named “the smartest building in the world” at the Real Estate & Building Futureproof awards, as it brings together technological and natural features to form a landmark post-pandemic, future-proofed office. Sustainability and wellbeing factors were prioritised throughout design and construction to create an optimum space for companies, employees, and the environment.

Southworks became the first UK building to achieve the Smart Building Certification Platinum certificate, only the second globally, and has also been certified as BREEAM Outstanding.

The new building features a number of technologically innovative measures, which combined with high-quality architecture and design elements create a responsive and productive environment that enhances users’ safety and wellbeing.

Smart features

Embedded with Internet of Things (IoT) technology developed by Dutch proptech company bGrid, Southworks features a central sensor platform functioning as the building’s ‘brain’, with the sensors plugged into the HVAC system and lighting controls. The system also measures other environmental variables such as internal and external air quality, density, occupancy, and noise levels.

The use of smart sensors and IoT-based technologies helps to ensure air, water, and electricity resources are delivered cleanly and efficiently throughout the building, reducing energy use and maximising environmental performance.

The office building is also equipped with the global tenant engagement platform OfficeApp’s smartphone app, which provides the building’s tenants with seamless access to a variety of services and amenities, including on-demand desk and room booking, F&B ordering, community engagement, issues reporting, and communications. It enables touchless building access, live occupancy, environmental and air quality information, and contactless temperature and lighting controls.



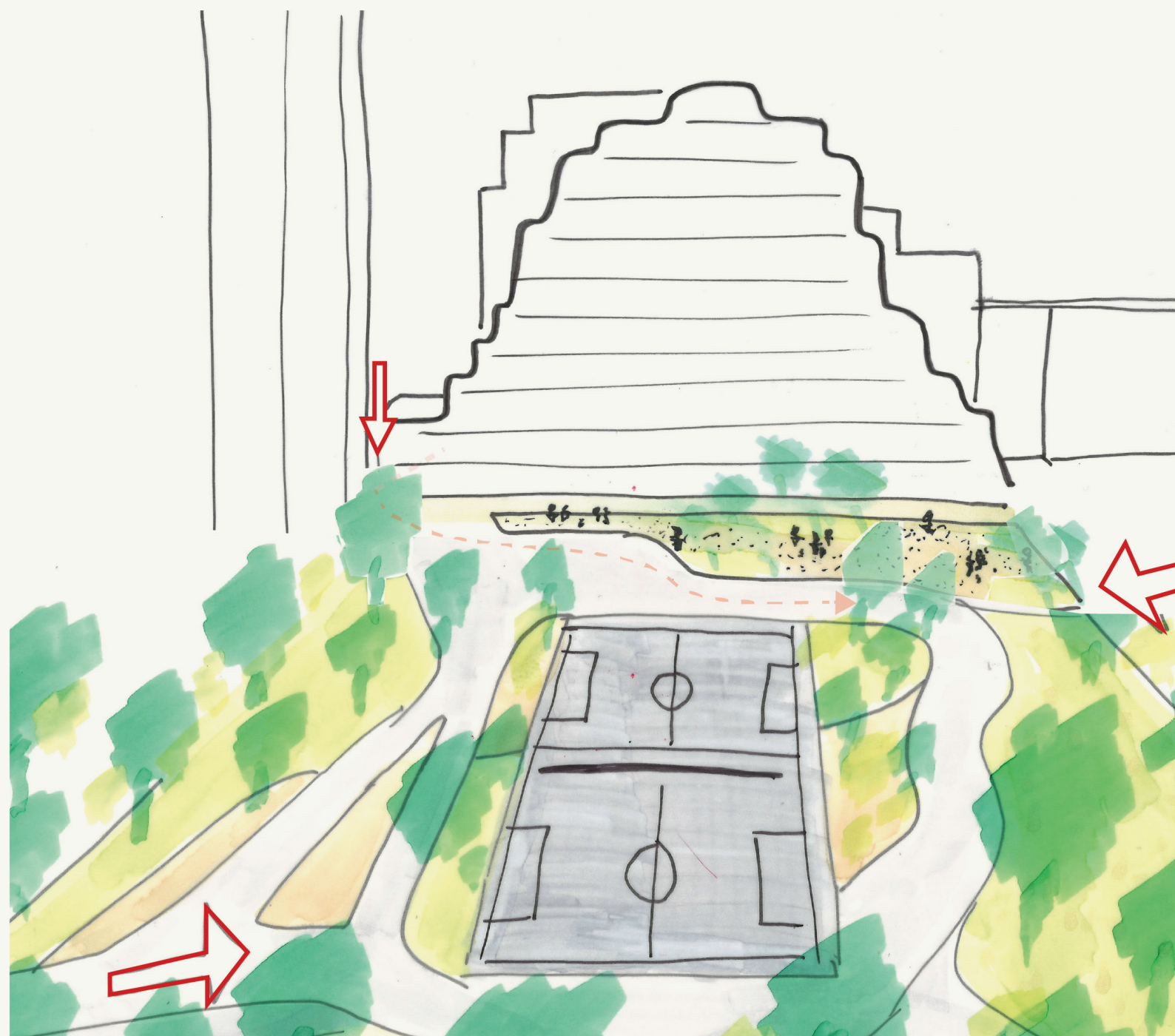
Berlin

Moritzstrasse

Our project on Moritzstrasse will be a new mixed-use social hub for this hitherto undiscovered city corner, with direct connection to Berlin's popular Alexandersplatz. The scheme is being designed by internationally-renowned Eike Becker Architekten. The practice works at the interface between architecture and urban planning, using innovative materials and technology. Like us, the talented team believes in delivering real estate's social responsibilities in bold new ways.



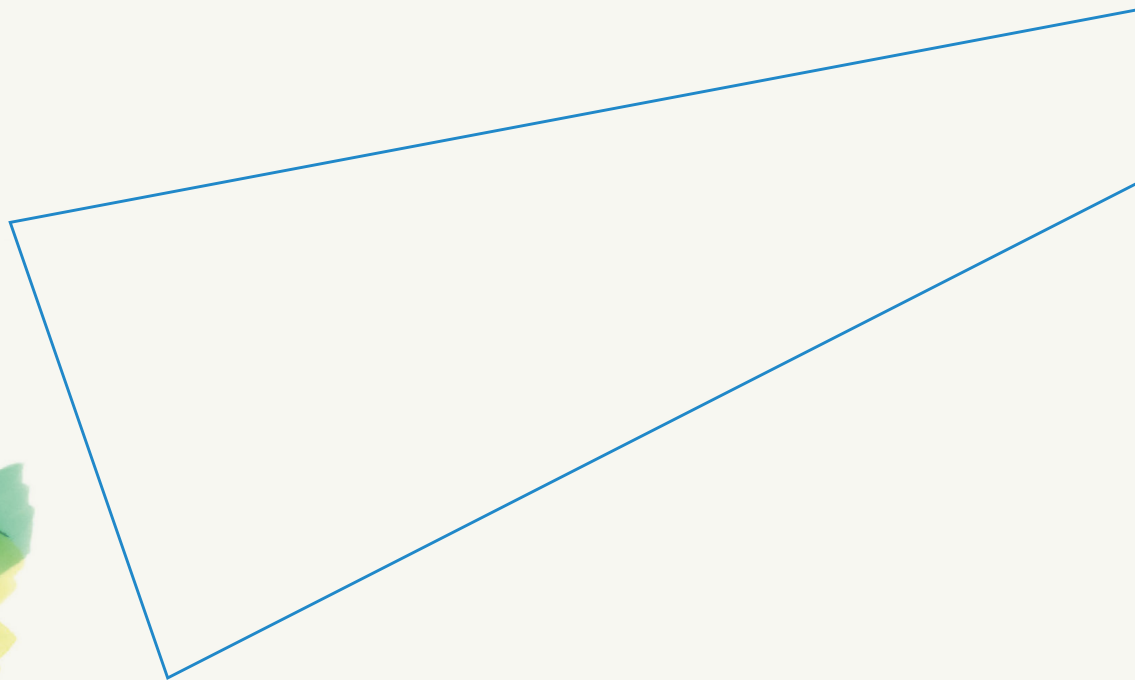
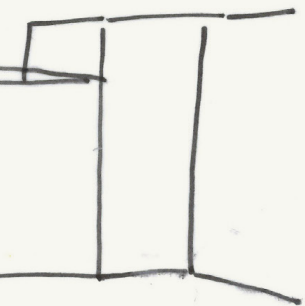




Berlin

Ritterstrasse

We all know the perils of climate change increase where the earth is sealed by man-made materials. Where stone and asphalt store heat, preventing the city from cooling down at night. Where plants cannot grow, meaning more harmful CO2. Worse still, heavy rain regularly overloads the Berlin sewage system, polluting the River Spree. Such challenges can only be solved through pioneering urban thinking. We will bring new life to the location, full of greenery. Our plans include a courtyard connecting to the street, a new public space, and infrastructure for the community.



Berlin

Rathenowerstrasse

Rathenowerstrasse is our latest mixed-used scheme. This ambitious project comprises residential, office, and retail spaces in a sustainable building that will be entirely solar powered by a chain of connected photovoltaic panels. We're setting the targets high: net zero carbon, DGNB Platinum and Smart Building Platinum.







Bratislava

Project in Ružinov

Designed by the acclaimed practice Jakub Cigler Architekti, our project will help revive Ružinov, Slovakia's largest residential district. The scheme's scope includes creating a brand new Papánko-vo plaza, green public space and modern amenities, from shops to coffee houses and restaurants. A place that's both new and fitting for its neighbourhood, serving all Ružinov citizens and its visitors.

We are exploring ways to reduce embodied carbon and enhance long-term sustainability, while creating high-quality public space. Our project will revitalise the 1980's department store and transform the site into a thriving and green residential neighbourhood.



Delivered projects



Gorkého4 Offices



**Spilka
Offices**



**Steinerka
Business
Centre**





04

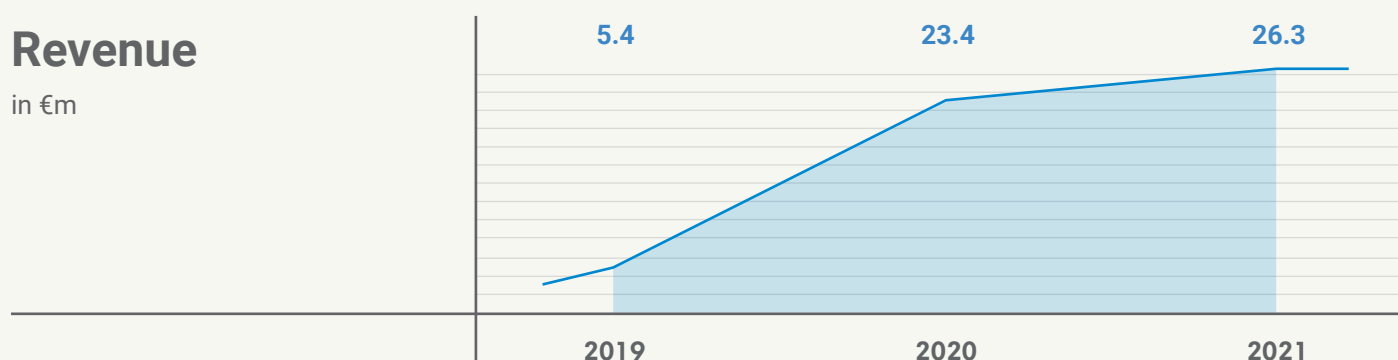
Private Equity

SYTIQ

SYTIQ a.s. was founded in 2019 as a mutual project by a group of seasoned professionals from the construction industry and MiddleCap as a financial investor. The project has attracted numerous experts in building construction and oil & gas line construction to join the board of SYTIQ. The company quickly gained respect on the Slovak and Czech markets, and became a trusted partner for key real estate developers and the main construction companies in the region. MiddleCap aims to support the company to become a trustworthy partner for private as well as public (infrastructure) projects in Slovakia and neighbouring countries. With MiddleCap Group heavily supporting its own real estate development projects, SYTIQ is a good fit in the MiddleCap vertical integration strategy.

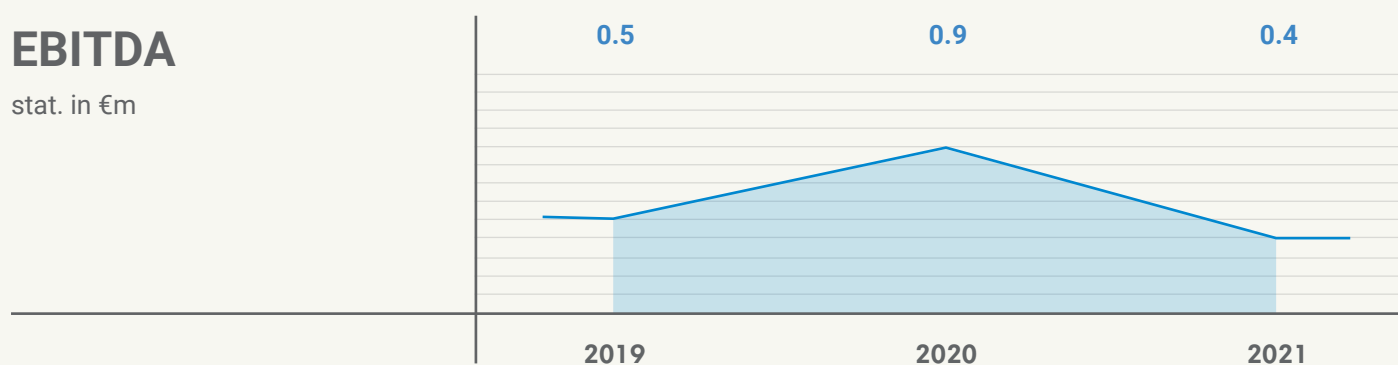
Revenue

in €m

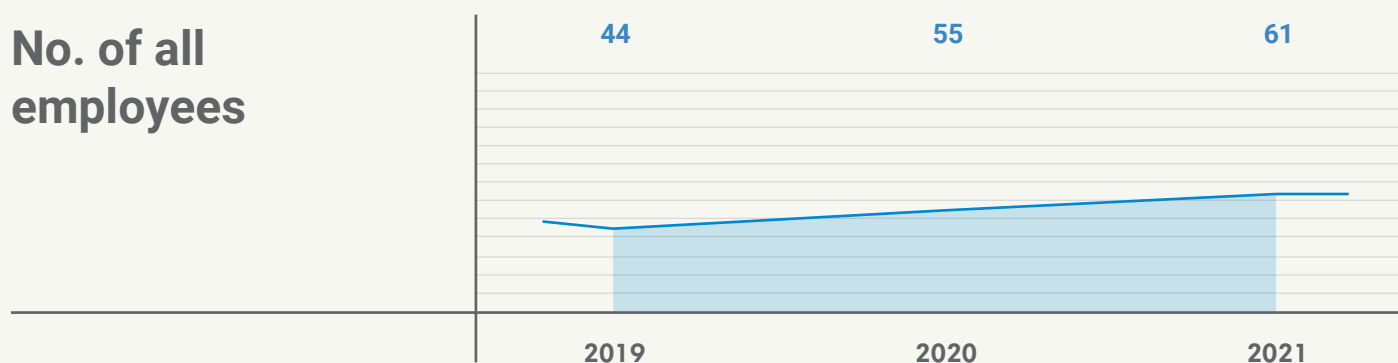


EBITDA

stat. in €m



No. of all employees





**Expected
revenue
in 2022**

30M EURO

**Revenue
increase
in 2021**

12.3 %





Revenue increase

Slovakia 3M Euro
Czech Republic 2M Euro



FOKUS

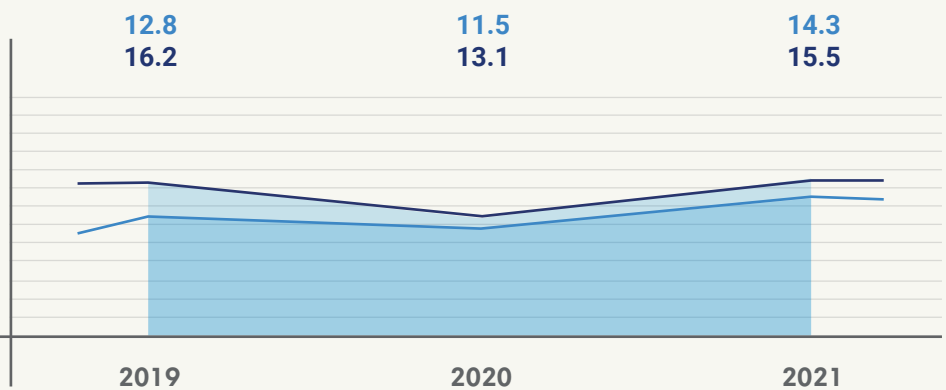
Prior to being acquired by MiddleCap, FOKUS consisted of two independent eye wear retail companies ranking number one in Slovakia and number two in the Czech Republic. Both retailers derived from a state owned company established in the 1950s, and has operated a traditional eye wear retail chain with 86 stores in the Czech Republic and 74 stores in Slovakia since then.

FOKUS is a retailer offering an anti-cyclic product with solid organic growth prospects driven by the aging population and rising personal income. As such, it fits well to our investment strategy. By aspiring to be the number one player in Slovakia and one of the top players in the Czech Republic, MiddleCap created an extraordinary platform for the consolidation of the highly fragmented Czech-Slovak market, as well as an opportune basis for further CEE expansion. With more than 160 stores, FOKUS is a major eye wear retailer in CEE. MiddleCap's ambition is to drive business change with a focus on innovations in order to create a modern and prosperous group that provides first-class eyewear services. Being a succession story, we believe that catalysed by a modern management approach and leveraging highly skilled professional staff and a traditional brand, FOKUS is a great candidate for transformation into a number one eyewear retailer in CEE that delivers exceptional service to customers and creates value for stakeholders.

Revenue

in €m

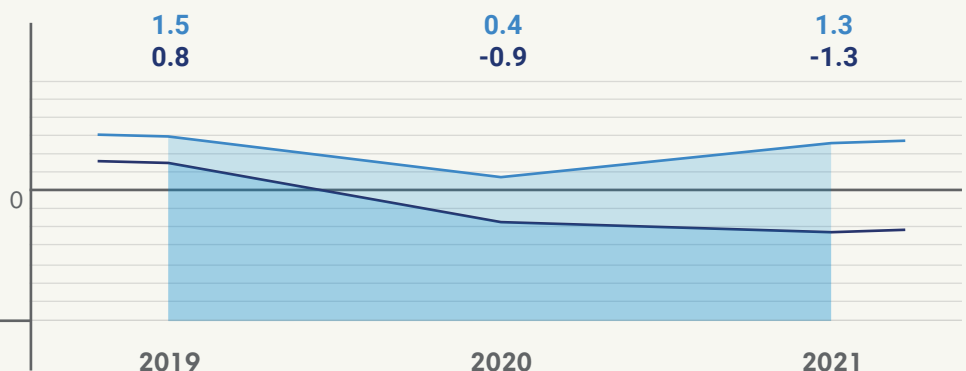
Slovakia
Czech Republic



EBITDA

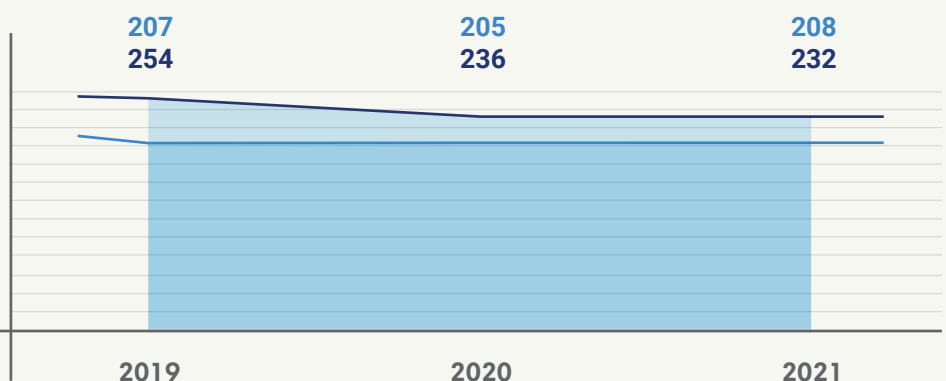
stat. in €m

Slovakia
Czech Republic



No. of all employees

Slovakia
Czech Republic



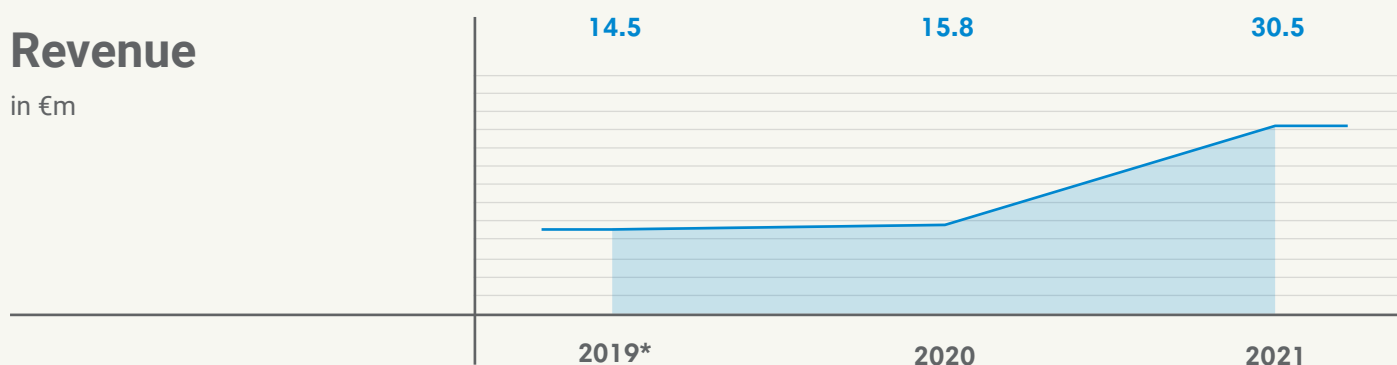
VOLTATECH

VOLTATECH is among the top players in Slovakia in high-voltage and low-voltage installations. Its main activity is comprehensive services in power engineering from design, through electrical installations, switchboards production, subsequent inspections and servicing of electrical equipment of high and low voltage and weak current devices. The company participates in major projects such as tunnel constructions and large scale residential projects. All of these services are carried out by its own employees.

MiddleCap Group acquired VOLTATECH in January 2020. VOLTATECH is one of the market leaders in electrical and intelligent installations, predominately focused on sophisticated design solutions. Considering the Group's strong real estate orientation, the project acquisition of VOLTATECH provides a robust precondition for the solid vertical integration and fit into the Group's business operation.

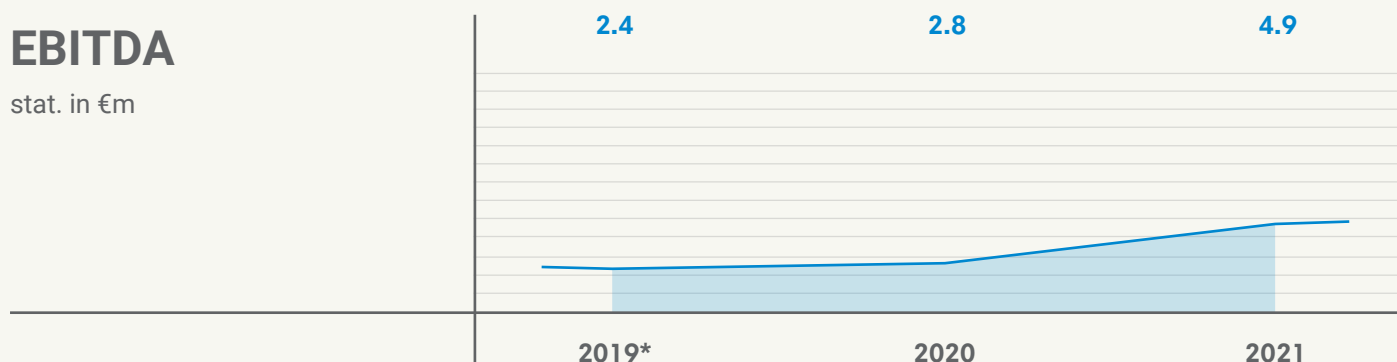
Revenue

in €m

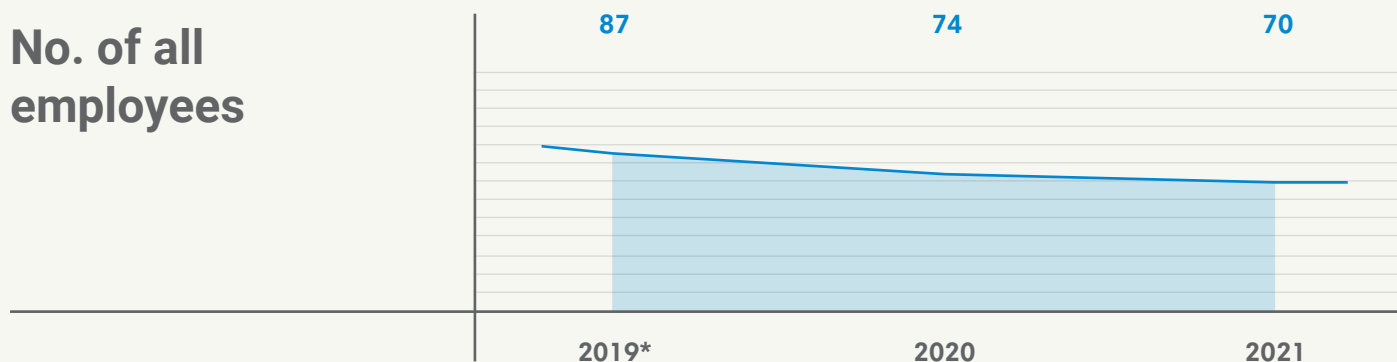


EBITDA

stat. in €m



No. of all employees



*2019 not part of the Group



Revenue
increase **204%**
in 2021





Martin Proksa
Head of Private Equity

"We do not see FOKUS as a retail chain just for fashionable glasses. We bring know-how and expertise to the segment, and see eyewear as something that can significantly increase users' quality of life."

2022 Outlook

- **New C-level management**
- **Release of our first private label – OKKO**

2021

in summary

- **Stabilisation of the company after the change of management**
- **Alignment of vision and mission across the company**
- **Focus on customer experience**
- **Focus on data-based decision-making**
- **Cost efficiency**
- **Management of stock status and focus on active stock management**
- **Launch of lens edging process optimization project**
- **Launch of new website version**
- **Improvement of internal and external communications**
- **Filling key management positions**

- **Launch of new e-shop**
- **Offer the best quality product in eyewear - NIKON to our customers**
- **New office for our headquarter in Prague**
- **Relocation of lens edger to Slovakia**





05

Advisory

As a proven provider of Advisory services in Mergers & Acquisitions, Real Estate Advisory, Financing, Restructuring and Valuation, we consider ourselves a boutique advisory firm with a successful track record and an experienced Slovak and Czech team. Our client-first and tailored approach enables clients to extract maximum value from every transaction – so whether they're investing in assets regularly or as a once-in-a-lifetime opportunity, clients return to us because they trust our approach and values.

2021

in summary

In 2021 companies strived to get back on track, and those that saw out Covid-19 had a huge challenge in returning to normal. Under these circumstances, our Advisory division performed with flying colours, closing one of the most successful years in terms of transaction volume and value. We established ourselves on the Polish advisory market with a second transaction where we advised the buyer of Woloska 24, Warsaw office building. Our Czech office closed three transactions in the country, and successfully extended our focus to the construction and food processing sectors.

WOLOSKA 24

ZFP Investments bought a 100% stake in Dahlia W24, which owns the Warsaw office complex. While this was the first cooperation with ZFP Investments for Middle-Cap, it wasn't the first transaction on the Polish real estate market. In 2020 our advisory team was on the buyer side of the D48 office building in Poland. The Woloska 24 administrative complex is the highest category Grade A. It was built in 2016 by the developer Ghelamco, and its leasable area is 23,500 sqm. The office building has a high sustainability standard and top BREEAM certification. Woloska 24's tenants include Nest Bank, Arval Group, Hyundai, and Teleperformance.

ZNAČKY MORAVA and Silverton

Cidem Invest, belonging to Cidem Holding, bought Značky Morava and Silverton for almost a billion Czech crowns. We were the leading advisor for the buyer CIDEM Holding. By acquiring 100% of the shares of Značky Morava and Silverton, CIDEM Holding has significantly strengthened

its construction industry, as both companies have been active in transport construction in the Czech Republic for over 20 years. Their latest technologies, approaches, and extensive experience enables them to contribute to the construction of safe highways and roads in the Czech Republic and Slovakia.

Silnice Morava

Our Czech team acted as the main advisor to IMOS BRNO in the acquisition of 100% share of Silnice Morava, s.r.o. The seller was cresco&finance, a regional holding company engaged in asset management, acquisitions, real estate transactions, and financing. The buyer is the universal construction company IMOS Brno, which will expand its reach within the Czech Republic and complement existing activities into a complete vertical form of general contractor for transport constructions. Silnice Morava has been active in the construction, maintenance, and reconstruction of roads for over 20 years. The company was founded in 1996 in Krnov in the Moravian-Silesian region, since which time it has had many satisfied customers and laid thousands of kilometres of roads.



Krnov Starch Factory and Krnov Distillery

The sale of 100% shares in Krnovská škrobárna, spol. s r.o. (Ltd.) and Krnovský lihovar, spol. s r.o. (Ltd.) from the cresco & financie a.s. Group. The new owner is a company of the Reticulum Holding, a.s., Group or MJM agro, a.s. (JSC). The companies being sold remain in Czech hands and are among the most successful companies in

the Moravian-Silesian region. Krnov Starch Factory comprises three divisions (starch factory, mill, and silo) with interconnected production and technology. Both companies show long-term stable economic results in the aggregate amount of around 200 million Czech crowns, and even the global coronavirus pandemic did not fundamentally affect their business.



Marcel Chrapek
Head of Advisory SK

"Providing advisory services for ZFP Investments in Poland during Covid-19 was not easy for us. There were difficulties travelling and many restrictions we had to follow while working on the transaction. But we kept things smooth, and successfully closed the transaction thanks to our know-how and professional team."

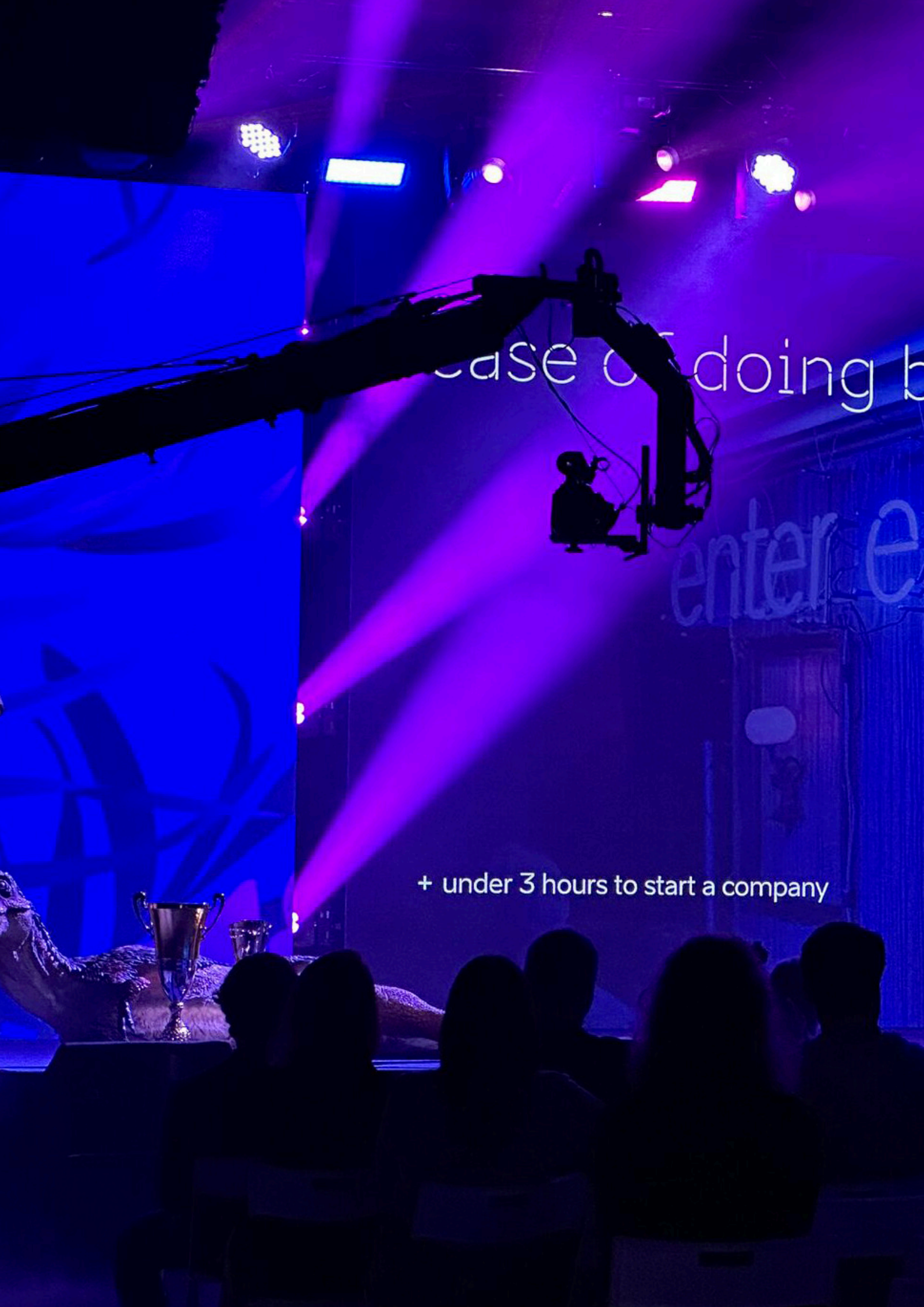
2022 Outlook



Sabina Matzenauerová **Head of Advisory CZ**

"2021 was a record year in terms of volume of closed transactions. In the second half of the year 2021, transaction activity increased, which was driven, among other things, by the sale of companies facing structural problems caused by the pandemic."

- **Finalisation of two transactions:
one buy side advisory for an office building
in Bratislava, Slovakia**
- **Focus on real estate transactions**
- **Active pitching for further potential mandates**
- **Provide education to our team – new skill-strengthening
workshops**



ease of doing b

enter e

+ under 3 hours to start a company

06

business

—estor



98% of companies
established online

99,6% of companies
transacting online
don't have a physical presence

**Venture
Capital**

Cross Network Intelligence

Top-notch network inventory product "CROSS" provides the single point of truth for many telco operators across the globe already.

Our networks of the future (TELCO and beyond) are becoming more "cloud native", "virtualized", and flexible, more scalable, and more sophisticated. They are being designed to deliver far greater operational efficiency to network operators. However, they only deliver these benefits when supported by powerful OSS/BSS solutions.

That's why CROSS Network Intelligence is essential for unlocking value following an operator's investment in modernizing their networks.

Providing its product and services to clients like T-Mobile, NEXERA, Global Connect, Benestra, PRE, O2, CEZ, AFR-IX Telecom, BNET, TET and much more - Cross Network Intelligence is a driver for quality assurance and the development of key assets of global players.







Insight Art

Insight Art is revolutionising the art world with next-generation x-ray imaging technology, previously only available at the cutting-edge of particle physics research. Our mission is to safeguard the world's artistic heritage with state-of-the-art tools designed to assist art restoration experts and reveal forgeries.

Based in Prague, InsightArt was launched in 2018 and is a subsidiary of ADVACAM— a NASA-certified supplier and developer of patented WidePIX single-photon processing detectors that grew from Medipix chip research at CERN.

InsightART's 2D and 3D RToo x-ray scanners are equipped with customized WidePIX detectors fitted with smart pixels that measure the wavelength of individual photons. This advanced technology enables us to capture a previously unseen level of detail with far less noise, sharper contrast, and much wider dynamic range than traditional x-ray imaging techniques.

InsightArt is the only company on the international art authentication market today using scanners with single-photon processing detectors. No competitor can match the level of quality and information that we provide.

Our interdisciplinary team of scientists and art restorers are experts at scanning and analysing a wide range of fine art objects. This includes not only two-dimensional paintings but also three-dimensional objects such as sculptures and statuary, furniture and archaeological artefacts, using custom-built robotic arms developed by our sister company, Radalytica.

InsightArt's game-changing technology and expertise give you unmatched insights into the essence of your artwork. We provide art collectors, auction houses, and museums with a powerful new front-line defence to mitigate the risk of forgery and safeguard investments. For art restorers and researchers, InsightArt brings a high-tech tool kit to assist you with the preservation and restoration of artefacts by providing an unprecedented level of information about the inner composition of fine art objects. Thanks to the extreme sensitivity of our patented scanners and our expertise in providing superior-quality outputs and analysis, we are confident that InsightArt is the future of art authentication.

The Greenest Company

The environment has a huge impact on us. Where we spend time directly affects our ability to concentrate, our error rate, headaches, and sickness rates. And because we spend 90% of our time under a roof, buildings have the biggest impact on us.

We often don't realize how much it affects us. The environment is very difficult to measure, and to understand all the contexts would need a psychologist, architect, sociologist, economist, and anthropologist. Therefore, most of us do not monitor the quality of the environment, and don't know how it affects our productivity, happiness, or health.

That's why we founded The Greenest Company. To further explore the impact of the environment on us and to design products and services that will improve it - like our Greenest Dashboard, Green Walls, and Space Monitor Sensor System.







Disraptors (ex Start-up World Cup & Summit)

We produce a diverse fleet of content, the Disraptors Summit with the European Startup Championship Finale is our flagship. Our podcasts, local startup competitions, hackathons, and no pitch meetups are other prime vessels.

Disraptors Summit is the major event in the tech & start-up territory. It takes place in the beating heart of Europe, in Prague, Czech Republic. Apart from the clash of the



regional startup champs, the summit hosts titans of the business world.

The European Startup Champion League finals are held here, and the winner continues to the Startup World Cup global finals in Silicon Valley. Previous editions have featured such luminaries as Steve Wozniak, co-founder of Apple and computer engineering legend, Esther Wojcicki, journalist and education innovator, Kyle Corbitt of Y

Combinator, Tosca Musk, CEO of the streaming service Passionflix and sister of Elon Musk, Tom Cwik of NASA, Martin Tolar developing a cure for Alzheimer's disease, Marvin Liao of the 500 Startups incubator, Vince Steckler, CEO of Czech AVAST, Dave Evans of Stanford, and many more.

Nahmias

Self-taught designer Doni Nahmias moved from the small coastal town of Summerland to L.A. in pursuit of his design aspirations. Launching his label Nahmias in 2018, Doni found himself in the throes of creation with the challenge of bringing a vision to life. The studious brand imparts a great importance to detail, silhouette, and textiles, as well as refining the transformational processes at play. The use of luxury materials such as silk and Italian denim in crafting contemporary staples is an act of subtle elevation that a first glance might be overlooked. The brand's West Coast-inspired aesthetic, however, is decidedly eye-catching: silk shirts, graphic t-shirts, distressed jackets, and jeans lush with hip hop and rock n' roll vibes look at home in the street-inspired fashion landscape, while silk lounge pants and Swarovski crystal-embellished t-shirts propose an easy-going vision of new luxe.









07

Consolidated Financial Statements



INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
MiddleCap Group S.A.
32-36 boulevard d'Avranches
L-1160 Luxembourg

Opinion

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income for the year then ended, and related notes, are derived from the audited consolidated financial statements of MiddleCap Group S.A. (the "Group") for the year ended 31 December 2021. We expressed a qualified audit opinion on those consolidated financial statements in our report dated 22 March 2023.

In our opinion, the summary consolidated financial statements (from pages 64 to 65) are consistent, in all material respects, with the audited consolidated financial statements, on the basis described on page 66 under 'Basis of preparation'. However, the summary consolidated financial statements are misstated to the equivalent extent as the audited consolidated financial statements of the Group for the year ended 31 December 2021.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

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The audited consolidated financial statements and our report thereon

We expressed a qualified audit opinion on the audited consolidated financial statements in our report dated 22 March 2023. The basis for our qualified audit opinion was that we did not observe the counting of the physical inventories as at 31 December 2021 in the subsidiaries FOKUS optik a.s. and FOKUS očná optika a.s. due to the fact that we were appointed as auditors after the year-end. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at the end of the year in those two subsidiaries. Since inventories affect the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the loss for the year reported in the consolidated statement of profit and loss and other comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows. The inventories of those two subsidiaries are carried in the consolidated statement of financial position as at 31 December 2021 at a net value of EUR 5.1 million.

The Board of Directors' responsibility for the summary consolidated financial statements

The Board of Directors is responsible for the preparation of the summary consolidated financial statements on the basis described on page 66 under 'Basis of preparation'.

Responsibilities of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

Luxembourg, 28 April 2023

PKF Audit & Conseil Sàrl
Cabinet de révision agréé

DocuSigned by:

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Joëlle Mounier

MiddleCap Group S.A

Consolidated statement of financial position as of 31 December 2021

in thousands of EUR	31 December 2021	31 December 2020
ASSETS		
Property, plant and equipment	19 977	21 815
Right-of-use assets	12 287	15 464
Investment property	93 056	77 015
Intangible assets and goodwill	23 621	23 262
Equity-accounted investees	10 819	7 698
Other investments	1 064	791
Non-current loans provided	33 349	15 846
Trade and other receivables	3 810	2 366
Other assets	426	449
Deferred tax assets	1 269	1 196
Total non-current assets	199 678	165 902
Inventory	5 531	5 929
Contract assets	338	1 061
Trade and other receivables	9 496	12 852
Current tax assets	215	100
Other assets	1 993	3 622
Current loans provided	5 628	97
Cash and cash equivalents	64 520	11 957
Total current assets	87 721	35 618
Total assets	287 399	201 520
EQUITY		
Share capital	180	180
Other funds and contributions	12 188	12 188
Translation reserve	554	(597)
Accumulated losses	(5 869)	(1 758)
Equity attributable to owners of the Company	7 053	10 013
Non-controlling interests	1 076	1 033
Total equity	8 129	11 046
LIABILITIES		
Loans and borrowings	225 082	129 075
Lease liabilities	9 444	11 364
Trade and other payables	1 997	1 460
Other liabilities	3 100	3 457
Provisions	2 952	178
Deferred tax liabilities	886	882
Total non-current liabilities	243 461	146 416
Loans and borrowings	7 825	11 331
Lease liabilities	4 160	4 912
Income tax payable	1 550	481
Trade and other payables	17 490	19 608
Contract liabilities	1 133	4 229
Provisions	905	507
Other liabilities	2 746	2 990
Total current liabilities	35 809	44 058
Total liabilities	279 270	190 474
Total equity and liabilities	287 399	201 520

MiddleCap Group S.A

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2021

in thousands of EUR	2021	2020
Revenue from the sale of services	64 152	44 555
Revenue from the sale of merchandise	28 326	24 025
Revenue	92 478	68 580
Other operating income	1 098	376
Total operating income	93 576	68 956
Costs of goods sold	(8 691)	(8 233)
Raw materials and energy consumption	(10 650)	(11 447)
Services	(42 248)	(25 846)
Personnel expenses	(17 652)	(14 663)
Depreciation, amortization and impairment allowances to non-current assets	(6 948)	(6 211)
Creation and use or reversal of value adjustment to trade and other receivables	(770)	(28)
Other operating expenses	(5 393)	(1 093)
Total operating expenses	(92 352)	(67 521)
Total operating profit / (loss)	1 224	1 435
Finance income	3 024	1 416
Finance costs	(9 839)	(2 808)
Net finance income / (loss)	(6 815)	(1 392)
Loss on loss of control of a subsidiary	(13)	1 513
Gain on revaluation of investment property	3 583	-
Share of (loss) / profit of equity-accounted investees, net of tax	(90)	16
Profit / (loss) before tax	(2 111)	1 572
Income tax	(1 934)	(1 170)
Profit (loss) for the period	(4 045)	402
Profit (loss) for the period attributable to:		
Owners of the Company	(4 005)	(281)
Non-controlling interests	(40)	683
Profit (loss) for the period	(4 045)	402
Foreign operations – foreign currency translation differences	1 151	(1 095)
Other comprehensive (loss) / income for the period, net of tax	1 151	(1 095)
Total comprehensive income / (loss) for the period	(2 894)	(693)
Comprehensive income / (loss) for the period attributable to:		
Owners of the Company	(2 854)	(1 376)
Non-controlling interests	(40)	683
Total comprehensive income for the period	(2 894)	(693)
Earnings before interest, tax, depreciation and amortization (EBITDA*)	11 040	9 408

Basis of preparation

The summary of consolidated financial statements (pages 63 to 64) as presented in this annual report are derived from audited consolidated financial statement of MiddleCap Group S.A. ("Consolidated financial statements"). The Consolidated financial statements were approved by the Board of Directors of the Group 22 March 2023. These consolidated financial statements are available at the registered office of MiddleCap Group S.A., 32-36 Boulevard d'Avranches, L-1160 Luxembourg.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS/EU).

The accounting policies have applied consistently in the preparation of the consolidated financial statements for the year ended 31 December 2021 and for comparative information presented in these consolidated financial statements as of 31 December 2020.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the financial investments and investment property in use which are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Basis of consolidation

In preparing the consolidated financial statements, the individual financial statements of the consolidated entities are aggregated on a line-by-line basis by adding together the like items of assets, liabilities, equity, income and expenses. Transactions, balances, income and expenses between the consolidated entities are eliminated.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as the identifiable net assets are acquired. Any goodwill that arises is tested for impairment annually. Any gain on bargain purchase is recognized in profit or loss immediately. Costs related to the acquisition (transaction costs) are expensed as incurred.

The consideration transferred does not include any amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within the equity. Otherwise, the subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

*EBITDA is not a defined performance measure in IFRS Standards. The Group's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. EBITDA is calculated by adjusting profit / (loss) for the period to exclude the impact of taxation, interest, depreciation and amortization and impairment losses/reversals related to non-current assets. Management has presented the performance measure EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to gain an understanding of the Group's financial performance.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. For information on the subsidiaries included into consolidation see below Information on the Group.

Information on the Group

The Company is a parent company as it owns a share of more than 50% of the voting rights in other entities. The list of companies in the Group as of 31 December 2021 and 31 December 2020 is as follows:

	Country	31 December 2021		31 December 2020	
		Share	Control	Share	Control
MCP Rushworth Street S.á r.l.	LUX	0.00%	direct	100%	direct
AIR VENTURES s.r.o.	CZ	55.00%	direct	55.00%	direct
MCP Partners CZ, s.r.o.	CZ	100.00%	direct	100.00%	direct
MiddleCap Advisory, s.r.o.	SK	100.00%	direct	100.00%	direct
FOKUS Optik a.s.	CZ	100.00%	direct	100.00%	direct
MiddleCap Partners CZ III, s.r.o.	CZ	100.00%	direct	100.00%	direct
MiddleCap Real Estate, s.r.o.	SK	100.00%	direct	100.00%	direct
MCP Development, s.r.o.	SK	100.00%	direct	100.00%	direct
Sytiq, a.s.	SK	70.00%	direct	70.00%	direct
MiddleCap Real Estate GmbH	DE	100.00%	direct	100.00%	direct
FOKUS očná optika, a.s.	SK	99.86%	direct	99.86%	direct
Lake Development, s.r.o.	SK	100.00%	direct	100.00%	direct
MiddelCap S.á r.l.	LUX	80.00%	direct	100.00%	direct
Nivy Development, s.r.o.	SK	100.00%	direct	100.00%	direct
Sytiq qs, a.s.	SK	70.00%	direct	100.00%	direct
MiddleCap Real Estate Ltd	UK	0.00%	direct	100.00%	direct
MCP Bermondsey Yards Ltd	UK	100.00%	direct	100.00%	direct
MCP Snowsfield Ltd	UK	100.00%	direct	100.00%	direct
VOLTATECH a.s.	SK	70.00%	direct	70.00%	direct
VOLTA Technologies a. s.	SK	100.00%	direct	100.00%	direct
CMP Leasing Limited	Isle of Man	100.00%	direct	100.00%	direct
MiddleCap Private Equity Holding S.á r.l.	LUX	100.00%	direct	-	-
MiddleCap Prinzen S.à r.l.	LUX	80.00%	indirect	-	-
MiddleCap Rathenower S.à r.l.	LUX	80.00%	indirect	-	-
MiddleCap Ritter S.à r.l.	LUX	80.00%	indirect	-	-
MiddleCap London limited.	UK	100.00%	direct	-	-
Nikkai holding limited	CY	100.00%	indirect	-	-
Fokus Optik gmbh	AT	100.00%	indirect	100.00%	indirect
MiddleCap Real Estate Lease is.r.o.	SK	85.00%	indirect	-	-
MCP VS 1 a.s.	SK	100.00%	direct	-	-
MiddleCap HELP (nadacia)	SK	100.00%	indirect	-	-
Observer Italy s.r.o.	SK	100.00%	indirect	100.00%	indirect

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