

Carbon Equity B.V.
Amsterdam

Report on the financial statements
2023

Table of contents

	Page
Accountants report	
Scope of engagement	3
General	4
Fiscal position	5
Financial statements	
Balance sheet as at 31 December 2023	6
Income statement for the year 2023	7
Notes to the financial statements	8
Notes to the balance sheet	11
Notes to the income statement	16
Other notes	18
Independent auditor's report	19
Appendices	
1. Management report Carbon Equity B.V. 2023	20

Carbon Equity B.V.

Carbon Equity B.V.
To the attention of the board of directors
Geldersekade 101 F
1011 EM Amsterdam

Utrecht, 26 June 2024

Dear Directors,

Scope of engagement

The opinion is included in other notes. It concerns the Independent auditor's statement.

General

Management report Carbon Equity B.V.

For the management report of of Carbon Equity B.V. we refer to appendix 1 which is part of these financial statements.

Fiscal position

Calculation taxable amount

	<u>2023</u> EUR
Total of result before tax	-1.967.254
Partially deductible amounts	4.265
	<u>-1.962.989</u>
Investment agreements	-10.445
Taxable amount	<u><u>-1.973.434</u></u>

Loss compensation

Year	Compensable loss	Available for compensation at the end of the financial year
	<u>EUR</u>	<u>EUR</u>
2020	2.658	2.658
2021	218.280	218.280
2022	705.436	705.436
2023	1.973.434	1.973.434
	<u><u>2.899.808</u></u>	<u><u>2.899.808</u></u>

At December 31, 2023, the amount of losses to be carried forward is EUR 2.899.808. The losses can be carried forward unlimitedly with the future profits.

The losses to be settled have not been valued due to the uncertainty of future taxable profits.

Balance sheet as at 31 December 2023*(After proposal distribution of result)*

		<u>31-12-2023</u>	<u>31-12-2022</u>
		EUR	EUR
Fixed assets			
Property, plant and equipment	1	36.862	-
Current assets			
Receivables	2	499.107	124.482
Cash and cash equivalents	3	6.348.893	2.254.507
		<u>6.884.862</u>	<u>2.378.989</u>
Equity	4		
Share capital paid called up		512	365
Share premium		9.124.596	3.124.868
Other reserve		<u>-2.893.354</u>	<u>-926.100</u>
		6.231.754	2.199.133
Provisions			
Other provisions	5	15.000	-
Current liabilities, accruals and deferred income	6		
		638.108	179.856
		<u>6.884.862</u>	<u>2.378.989</u>

Income statement for the year 2023

		<u>2023</u>	<u>2022</u>
		EUR	EUR
Net turnover	7	1.208.305	787.406
Expenses of employee benefits	8	1.288.329	394.676
Depreciation of property, plant and equipment	9	441	289
Housing expenses	10	85.845	59.741
Sales & marketing expenses	11	197.794	77.390
Office expenses	12	85.241	162.867
General expenses	13	1.384.818	741.727
Fund expenses	14	133.091	56.271
Total of sum of expenses		3.175.559	1.492.961
Total of result before tax		-1.967.254	-705.555
Income tax expense		-	-33.141
Total of result after tax		-1.967.254	-738.696

Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Carbon Equity B.V. is Geldersekaade 101 F, 1011 EM in Amsterdam, Nederland. Carbon Equity B.V. is registered at the Chamber of Commerce under number 77772784.

General notes

The most important activities of the entity

The activities of Carbon Equity B.V. consist mainly of offering direct access to individual investment funds and making (intermediate) investments in companies and organisations that aim to have a positive impact on the climate as well as acting as manager of investment funds.

Disclosures about estimates, judgements, assumptions and uncertainties

In applying the principles and policies for drawing up the financial statements, the Management Board of Carbon Equity B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Accounting principles

Property, plant and equipment

Tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

Impairment of property, plant and equipment

The company assesses at each balance sheet date whether there are indications that a fixed asset may be impaired. If such indications are present, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount for the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount; the recoverable amount is the higher of its net realisable value and its value in use. An impairment loss is recognised directly as an expense in the income statement with a simultaneous reduction in the carrying amount of the asset concerned.

Receivables

Receivables are valued at the fair value of the consideration to be received, including transaction costs if material. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Share premium

The share premium originates from overpayments on the face value of the shares.

Provisions

Provisions are formed for legally enforceable or constructive obligations that exist at the balance sheet date, where it is probable that an outflow of resources will be required and the amount of which can be reliably estimated.

Provisions are measured at the best estimate of the amounts necessary to settle the obligations as at the balance sheet date.

Current liabilities

Current liabilities are recognized at amortized cost or nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net revenue includes revenue from third-party commissioned services net of discounts. Set up fee is recognized when the first capital call has been completed with the investor. Management fees are recognised annually over the period to which they relate.

Wages

The benefits payable to personnel are recorded in the income statement on the basis of the employment conditions.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Income tax expense

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Notes to the balance sheet

Fixed assets

1 Property, plant and equipment

	<u>31-12-2023</u> EUR	<u>31-12-2022</u> EUR
Other fixed assets	<u>36.862</u>	<u>-</u>
 <i>Property, plant and equipment</i>		
		<u>Other fixed assets</u> EUR
Book value as at 1 January 2023		<u>-</u>
Movements		
Additions		37.303
Depreciation		-441
Balance movements		<u>36.862</u>
Balance as at 31 December 2023		
Cost or manufacturing price		37.303
Accumulated depreciation		-441
Book value as at 31 December 2023		<u>36.862</u>

The depreciation rate is 20%.

Current assets

2 Receivables

Trade receivables

	<u>31-12-2023</u> EUR	<u>31-12-2022</u> EUR
Trade receivables	<u>343.121</u>	<u>1.797</u>

Receivables relate to funds under management. No provision is deemed necessary.

Other receivables, prepayments and accrued income

	<u>31-12-2023</u>	<u>31-12-2022</u>
	EUR	EUR
Guarantee deposit	8.160	-
Amounts to be received	-	31.778
Amounts to be invoiced	147.826	72.862
Amounts receivable	-	18.045
	<u>155.986</u>	<u>122.685</u>

3 Cash and cash equivalents

	<u>31-12-2023</u>	<u>31-12-2022</u>
	EUR	EUR
Cash in transit	-	14.141
Bank accounts	6.348.893	2.240.366
	<u>6.348.893</u>	<u>2.254.507</u>

Disclosure of cash and cash equivalents

The cash and cash equivalents are freely available to the company.

Equity and liabilities

4 Equity

Movements in equity were as follows:

	Share capi- tal paid cal- led up	Share pre- mium	Other reser- ve	Total
	EUR	EUR	EUR	EUR
Balance as at 1 January 2023	365	3.124.868	-926.100	2.199.133
Appropriation of result	-	-	-1.967.254	-1.967.254
Addition in financial year	-	5.999.728	-	5.999.728
Issued share capital	147	-	-	147
Balance as at 31 December 2023	<u>512</u>	<u>9.124.596</u>	<u>-2.893.354</u>	<u>6.231.754</u>

Statement of the proposed appropriation of the result

The management of the company proposes to appropriate the result as follows:

The loss for the period 2023 in the amount of EUR 1.967.254 will be fully deducted from the other reserves.

Disclosure of share capital paid called up

The share capital of the company consists of 49.577 shares of EUR 0,01 each nominal, 9.024 preferential shares of EUR 0,0001 each and 3 shares X of EUR 5 each.

Disclosure of share premium

In 2023 the shareholders deposited a share premium of EUR 5.999.728.

Disclosure of result after tax for the year

In anticipation of adoption by the shareholders, the negative result has been deducted from the other reserves.

Provisions

	<u>31-12-2023</u> EUR	<u>31-12-2022</u> EUR
5 Other provisions		
Other provisions	<u>15.000</u>	-

The provision was formed to settle the contract digital onboarding of investors. The provision amounts to EUR 15.000 at the end of the financial year (2022: EUR 0).

Carbon Equity B.V.

	<u>2023</u>	<u>2022</u>
	EUR	EUR
<i>Other provisions</i>		
Balance as at 1 January	-	-
Allocation chargeable to result of other provision	15.000	-
Balance as at 31 December	15.000	-

6 Current liabilities, accruals and deferred income

	<u>31-12-2023</u>	<u>31-12-2022</u>
	EUR	EUR
Trade payables	92.244	42.652
Payables relating to taxes and social security contributions	104.793	18.317
Other liabilities and accrued expenses	441.071	118.887
	638.108	179.856

Payables relating to taxes and social security contributions

	<u>31-12-2023</u>	<u>31-12-2022</u>
	EUR	EUR
Value added tax	39.100	-
Wage tax	65.693	18.317
	104.793	18.317

Other liabilities and accrued expenses

	<u>31-12-2023</u>	<u>31-12-2022</u>
	EUR	EUR
Current account shareholders	1.979	1.979
Net wages	3.477	-
Accountancy and administration costs	20.000	15.488
Instalment invoiced in advance	344.363	-
Amounts to be paid	9.615	82.890
Holiday allowance	61.637	18.530
	441.071	118.887

*Carbon Equity B.V.**Current account shareholders*

	<u>31-12-2023</u>	<u>31-12-2022</u>
	EUR	EUR
Current account Wolfert Invest B.V.	723	723
Current account Wayfarer B.V.	1.256	1.256
	<u>1.979</u>	<u>1.979</u>

There is no interest calculated for the current-accounts.

Contingent assets and liabilities**Disclosure of off-balance sheet commitments**

A rental commitment was made in 2023 for the property at Geldersekade 101 in Amsterdam. This is a three-year agreement that started on 1 January 2024. The annual commitment amounts to EUR 98.418.,60.

Notes to the income statement

7 Net turnover

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Turnover managementfee	704.483	294.746
Turnover setupfee	503.822	492.660
	<u>1.208.305</u>	<u>787.406</u>

8 Expenses of employee benefits

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Wages and salaries	1.019.068	294.342
Social security charges	186.726	44.430
Other expenses of employee benefits	82.535	55.904
	<u>1.288.329</u>	<u>394.676</u>

Other expenses of employee benefits

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Recruitment cost	48.601	30.335
Traveling expenses	3.243	2.325
Parties and gifts employees	-	1.783
Canteen expenses	16.097	4.834
Training and courses	-	1.236
Catering outside the office	65	10.121
Congresses and seminars	-	3.282
Other personnel costs	14.529	1.988
	<u>82.535</u>	<u>55.904</u>

9 Depreciation of property, plant and equipment

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Depreciation of property, plant and equipment	441	289
	<u>441</u>	<u>289</u>

10 Housing expenses

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Rental expenses	85.845	59.741
	<u>85.845</u>	<u>59.741</u>

11 Sales & marketing expenses

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Sales & marketing expenses	197.794	77.390

12 Office expenses

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Inventory and supplies	-	2.674
Automation expenses	46.681	28.156
Software development	38.460	131.272
Other office expenses	100	765
	85.241	162.867

13 General expenses

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Founder expenses	348.480	316.871
Contractor expenses	417.285	-
Travelling and team event expenses	108.583	5.039
Accountancy costs	55.041	30.543
Company Fundraise expenses	160.269	-
Consultancy expenses	89.596	117.284
Notarial expenses	6.359	29.719
Legal expenses	94.716	158.109
Cash differences	97	-
Turnover tax from countries within the EU	39.100	-
Write off VAT	-	-776
Other general expenses	52.003	61.777
Insurance premium	12.216	1.567
Selling expenses	1.073	21.594
	1.384.818	741.727

14 Fund expenses

	<u>2023</u>	<u>2022</u>
	EUR	EUR
CDD expenses	60.418	21.969
AFM expenses	25.094	11.605
Fund administration	47.579	22.697
	133.091	56.271

Other notes**Average number of employees**

	<u>2023</u>	<u>2022</u>
Average number of employees over the period working in the Netherlands	16,62	7,00
Total of average number of employees over the period	<u>16,62</u>	<u>7,00</u>

Subsequent events


Disclosure of subsequent events


The company had no significant events or transactions that would require recognition or disclosure in the financial statement for the period after 2023.

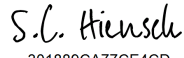
Amsterdam, 26 June 2024

Carbon Equity B.V.

Executive board:

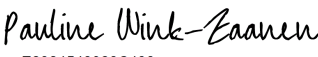
DocuSigned by:

 82218C33CBF84D3...
 Wolfert Invest B.V.
 Represented by:
 L.E. Koole

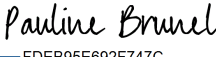
DocuSigned by:

 72EDEDE3F81A4F8...
 Wayfarer B.V.
 Represented by:
 J.L. van den Ende

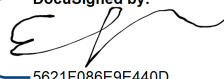
DocuSigned by:

 301889CA77CE4CD...
 S.C. Hiensch

Amsterdam,

Supervisory board:

DocuSigned by:

 E2924543928C438...
 P.A. Wink-Zwaanen

DocuSigned by:

 FDEB95E692F747C...
 P.J.M. Brunel

DocuSigned by:

 5621F086E9E440D...
 E.L.M. Hilhorst

Independent auditor's report

The auditor's report is attached immediately after the management report.

1. Management report Carbon Equity B.V. 2023

Management report Carbon Equity B.V.

Foreword

2023 was a good year for Carbon Equity in which we achieved many key milestones. Assets under management more than doubled growing from EUR 78mn at the end of 2022 to EUR 168mn by the end of 2023 (+115% yoy growth). On the back of the strong growth of the number of investors and assets invested through the Carbon Equity platform, Blackfin Capital Partners, along with existing shareholders, decided to invest EUR 6mn in the management company (Carbon Equity B.V.) to support our growth and international ambitions. Through the fund investments Carbon Equity investors indirectly powered over one hundred breakthrough climate technology companies across Europe and the US.

A further critical milestone was achieved with Carbon Equity being awarded the AIFMD fund management license. This license is a critical step in building trust with the market as a regulated fund manager and in being able to ultimately democratize access to impact private equity funds, in line with our mission. Carbon Equity continued to strengthen its brand through exposure in top tier media outlets and continued to strengthen its team by attracting and retaining top talent.

Looking ahead, Carbon Equity is in a strong position to continue its growth story. Despite rising geographical turmoil, economic challenges and amidst much uncertainty we believe demand for our investment products will remain high – exactly because they offer a future-proof and highly diversified exposure to much-needed innovation aimed at mitigating climate change.

In 2024 we will seek to further expand our reach and brand trust in the Dutch market focusing on high-net-worth investors including family offices, successful entrepreneurs and private equity investors. Leveraging early wins in markets such as Belgium and Germany we will seek to expand internationally – in which we will prioritise Germany as a key focus market next to the Netherlands. Carbon Equity will further expand her product offering adding a climate infrastructure fund of funds to our product suite that offers investors the ability to diversify across asset classes and different types of risk, while addressing the next stage in the climate finance stack. As we expand we will constantly look to further strengthen our internal processes, our commitment to building robust and impactful investment funds and to delivering an excellent investor experience.

Overview

Revenue and results

Over 2023, Carbon Equity raised EUR 90mn in investor commitments from 314 investors, ending the year with EUR 168mn in commitments under management. Total invested capital at the end year amounted to EUR 37mn, with a total value of EUR 34mn.

Total management fees and setup fees allocated to 2023 amounted to EUR 1.2mn, the management fees of EUR 705k were in line with the budget, the setup fee was significantly lower than budget due to the final close of Climate Tech Portfolio Fund II carrying over to 2024. Overall revenue growth was 50% over the year, with a 139% growth in recurring revenues (management fees). Carbon Equity ended the year with an annual recurring revenue rate of EUR 959k.

With total expenses at EUR 3mn in 2023, Carbon Equity realized a net operating loss of EUR 2mn over 2023, which was financed with the existing cash balance of previous equity financing and raising a new equity financing round of EUR 6mn.

Over 2023, Carbon Equity invested in growing the organisation and expanded its investing, operating and investor relations teams from 13.9 to 29.2 FTE.

Company developments over 2023

Funds under management in 2023

In Q1 2023 Carbon Equity executed a final close of its first portfolio fund, the Decarbonization Fund I, and the Access to Climate Tech Fund I. Carbon Equity launched two new funds in 2023. In January, Carbon Equity Climate Feeder IV, a feeder fund investing in ArcTern Ventures Fund III. In March, Climate Tech Portfolio Fund II was launched, the successor to the Decarbonization Fund, with a similar strategy.

Fund name (legal name) (registered seat)	Description	Vintage	Number of investments EOY
Carbon Equity Built Environment Fund (Access to Climate VC Feeder I) (Amsterdam)	A direct feeder fund in 2150 UTSF I, an Urban Tech Sustainability Fund domiciled in Luxembourg	2021	Fully allocated (feeder fund)

Carbon Equity Decarbonization Fund I (Amsterdam)	A diversified fund of funds investing in North American and European climate technology PE and VC funds.	2022	Fully allocated, investments made into 9 funds
Carbon Equity Agrifood Technology Fund (Climate Feeder II) (Amsterdam)	A direct feeder fund in Astanor Ventures Fund II, an AgriFood venture capital fund domiciled in Luxembourg	2022	Fully allocated (feeder fund)
Carbon Equity Climate Tech Growth Fund (Climate Feeder III) (Amsterdam)	A direct feeder fund in Lightrock Climate Impact Fund I, a European growth equity fund domiciled in Luxembourg	2022	Fully allocated (feeder fund)
Carbon Equity Access to Climate Tech Fund I (Amsterdam)	A privately placed fund of funds. A European focused diversified portfolio of VC funds with a decarbonization focus	2022	Fully allocated, investments made into 4 funds
Carbon Equity North American Climate Tech Fund (Climate Feeder IV) (Amsterdam)	A direct feeder fund in ArcTern Ventures Fund III, an earth-tech focused venture capital fund domiciled in Canada	2023	Fully allocated (feeder fund)
Carbon Equity Climate Tech Portfolio Fund II (Amsterdam)	A diversified fund of funds investing in North American and European climate technology PE and VC funds.	2023	Allocations made to 3 funds

Regulatory

Carbon Equity received its AIFMD license to operate as a fund manager under article 2:65 Wft on 11 December 2023 from the Dutch Authority for the Financial Markets. The license allows Carbon Equity to manage fund of funds, which is the chosen fund strategy. It furthermore gives Carbon Equity the possibility to passport its funds to other EU jurisdictions under the AIFMD. Climate Tech Portfolio Fund II is the only fund which was open under this license. All other funds are AIFMD-light funds and were not

marketed by Carbon Equity after receiving the license. Climate Tech Portfolio Fund II was registered under the light regime in Belgium for marketing.

Investment by Blackfin Capital Partners and existing shareholders

Blackfin, joined by larger existing shareholders incl. [4impact.vc](https://www.4impact.vc/) made an investment of EUR 6mn into Carbon Equity B.V. which closed on 15 September 2023. Blackfin Capital Partners is a large private equity and venture capital firm based out of Paris. Their investment into Carbon Equity B.V. was made through their venture capital fund FPCI Blackfin Tech II. Blackfin and existing shareholders aim to support the further expansion and growth of the Carbon Equity fund management business in Europe. New shares were issued for this investment. The investment will be used to finance operations, hiring and international expansion.

Sustainability & climate impact of Carbon Equity B.V.

It is Carbon Equity's mission to enable individuals to use their capital to fight climate change and become co-owners of the thriving net zero economy. Carbon Equity does this by making fund-of-funds structures, in which individuals and organizations can invest starting at EUR 100,000. Each fund-of-funds invests in 7-10 climate tech venture capital and private equity funds, and in doing so, contributes to the funding of 150-200 climate tech companies.

By the end of 2023, Carbon Equity B.V. has invested EUR 45mn in climate tech, which was used to contribute to the viability of 6 climate funds that closed during the year and the existing portfolio of funds. Next to that, 48 climate tech companies were funded by our funds in 2023. Of these companies, 42 have the potential to contribute substantially to achieving the Paris Agreement and getting to net zero GHG emissions.

Impact KPIs we track:

- KPI 1: # investors (split by <100k, 100-500k and 500k+ tickets)
- KPI 2: EUR Assets Under Management ('AUM')
- KPI 3: # of fund portfolio companies with meaningful GHG impact potential
- KPI 4: % of fund portfolio companies with meaningful GHG impact potential

Carbon Equity B.V. itself has an ESG policy in place which sets out how it manages ESG topics in its own organisation.

For HY1 2023, the key priorities were:

- Responsible product design: making products with a positive contribution to society is the core mission of Carbon Equity. As such we dedicated ourselves to

designing the best investment product, expanding both on how we select funds and create portfolios.

- Legal & Regulatory: In 2022, Carbon Equity decided to apply for the AIFM licence, necessitating alignment with many legal and regulatory requirements. Carbon Equity spent a lot of resources in 2023 on implementing all necessary requirements.
- Governance: In line with the AIFM licence, but also because a proper management of Carbon Equity's products is paramount to us, we invested in developing the governance framework of Carbon Equity.
- Data privacy & security: Our customer's trust is paramount to us, so we've invested strongly to ensure all our data is secure.

For HY2 2023, these were:

- Diversity, Equity & Inclusion: Carbon Equity is committed to hiring a diverse team and providing an inclusive working environment. To ensure this, we are developing a DEI policy which was not finalised at the end of 2023.
- Team and working environment: Carbon Equity increased its attention to developing the company's culture, which included a reiteration of our company's mission and vision, and values. In addition, we will increase our efforts to maintain our high performance working culture, including improving our performance management approach.
- GHG emissions: Carbon Equity intends to renew its efforts to manage its own carbon footprint in the second half of 2023 and into 2024. To do so, we will set up the right structure to measure and monitor the GHG footprint of the organisation and define top initiatives to manage our footprint. This was not finalised at the end of 2023.

Privacy

Carbon Equity takes privacy seriously and adheres to legal obligations under the General Data Protection Regulation (GDPR) and its privacy policy. In agreements with data processors, Carbon Equity ensures that the relevant protections are included. Carbon Equity is committed to protecting user privacy by complying with GDPR requirements through its privacy policy, data handling practices, user consent procedures, and security controls over personal data.

Privacy Policy Compliance: Carbon Equity has a detailed privacy policy outlining how it collects, uses, maintains and discloses personal information from users of its website and services. This policy governs Carbon Equity's data practices and has been published on the website of Carbon Equity.

Types of Data Collected: As per its privacy policy, Carbon Equity may collect personal

identification information like names, email addresses, and phone numbers from users who voluntarily provide it. It also collects non-personal browsing data and system logs for operational purposes.

User Consent and Rights: Carbon Equity requires user consent to process personal data, such as through accepting the privacy policy when signing up. Users have rights over their data, including accessing, correcting or deleting it, and can contact Carbon Equity if they have any requests relating to their personal data. Generally, Carbon Equity processes personal information on the basis of consent or for the performance of a contract.

Data Security Measures: Carbon Equity employs technical and organizational measures to ensure data security and prevent unauthorized access or breaches. In summary, Carbon Equity is committed to protecting user privacy by complying with GDPR requirements through its detailed privacy policy, data handling practices, user consent procedures, and security controls over personal data.

Remuneration paid by Carbon Equity B.V.

The remuneration policy set by Carbon Equity aims to attract and retain high-performing employees, offer competitive packages, promote sustainable results, and align the remuneration of its staff with the long-term performance of the funds managed. Carbon Equity offers staff members participation in an option plan, which includes a fixed set of options for each function and is therefore not considered variable remuneration. The remuneration of risk and compliance management is determined based on their independently set personal objectives, independent of business performance.

Carbon Equity does not pay variable remuneration, nor do any employees, contractors or directors receive carried interest.

The below table sets out the total remuneration for the financial year paid by Carbon Equity B.V. and the number of employees receiving this. This amount includes directors and contractors who work for Carbon Equity on a fixed basis and who are covered by the Remuneration Policy. The third line in the table sets out the aggregate amount of remuneration paid to senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.

Employees	30
Total remuneration over 2023	EUR 1,471,729.03
Aggregate amount of remuneration paid to senior management*	EUR 814,731.96

**Includes senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF (= Leadership team members)*

Risk overview

Carbon Equity uses a risk management framework for the fund which was reviewed thoroughly at the end of 2023, to ensure that new risks were identified and managed. The risk management framework allows Carbon Equity to ensure that the risks being taken are in view, in line with the risk appetite and monitored. In 2023 Carbon Equity worked on improving the risk management process by reviewing the identified risks, reestablishing the risk appetite and improving the monitoring of risks.

Risk appetite for the biggest risks faced by the fund

The risk strategy of Carbon Equity is founded on two guiding principles:

- Exposure to risk is only acceptable if risk taking is (financially) rewarded in terms of financial return or impact, and within the risk appetite
- If taking a risk is unrewarded, the risk strategy should be focused on the reduction (mitigate, avoid or transfer) of the risk as much as possible

Fund manager risk appetite

The risk appetite of the fund manager is low. The fund manager has as its primary task to act in the best interest of the investors. As a result the risk appetite for non-financial and financial risk related to the fund manager's organisation is low. For strategic risks, the risk appetite can be higher.

Managed funds risk appetite

The risk appetite of the funds managed by Carbon Equity is in line with the risk/return goal and objective of the fund as communicated to investors. In general, the investment risk level of the fund should be considered to be high-risk.

Given the important role of sustainability for Carbon Equity, the risk appetite regarding sustainability, including greenwashing risks, is low. For other strategic risks, such as those relating to the concentration risk, the risk appetite is higher.

Governance

The Chief Legal & Risk Officer is responsible for risk management within the organization, and reports on this to the Management Board. The CLRO works closely with the risk takers such as the investment team and the sales team, to ensure that risks being taken are in line with the risk appetite and appropriately monitored.

A risk opinion is included in the investment proposal for each underlying fund, which is signed off by the CLRO. The CLRO has a non-voting role in the Investment Committee, and can give solicited and unsolicited advice and recommendations during these meetings.

Risk appetite for the main risks faced by Carbon Equity

The risk appetite for most risks faced by Carbon Equity is high for strategic risks and low for other risks, such as operational, IT and legal risks. The risk appetite for new and existing risks is reviewed regularly as part of the annual risk review process. The risks which would be the most impactful if they manifested, and can therefore be considered the most important risks, are funding risk, key person risk, reputation risk, market risk, competitor risk.

Risk paragraph**Funding risk**

Carbon Equity has an ambitious growth strategy following out of the vision to become an internationally leading fund management platform for private investors. This business strategy requires upfront investment in building the organisation required to realise and support this growth path. Following from this chosen strategy, Carbon Equity is subject to the risk that it will not be able to attract sufficient external funding from new or existing shareholders to fund its further development. This can be affected by external factors such as market developments and interest rates, or internal factors such as company development. The risk appetite for this is high. If this manifested, it would mean that Carbon Equity would have to increase its cash management efforts which may affect its ability to attract new investors. Mitigants for this is active monitoring of cash balance and company liquidity, timely discussion with shareholders and engagement with possible investors. Furthermore, Carbon Equity has an institutional set of shareholders that support this strategy.

Key person risk

The risk that people leave the company who are essential contributors to the success of the company, and who are difficult to replace due to a specific skill set, network or knowledge. The risk appetite for this is low. This would impact the success of Carbon Equity in various ways depending on the person of the key leaver, but the primary impacts would be expected in gaining access to investment funds and commercial success. Carbon Equity mitigates the risk of a key person leaving, by seeking to keep employees engaged and happy, having an employee stock option program with options that vest over time. During the hiring process, mission alignment is a factor in decisionmaking, and it is expected that hiring aligned employees will ensure better engagement.

Reputation risk

The risk that Carbon Equity's reputation is damaged in some way, damaging the trust of current and potential customers as well as the media's trust and potentially supervisory trust. The risk appetite for this is low. This can occur through a greenwashing scandal, an IT hack or other events. This would primarily affect Carbon Equity's ability to find new clients as well as getting media exposure. Carbon Equity mitigated this by performing its due diligence on funds to the best of its ability, being transparent towards investors on what can be expected from Carbon Equity and the investments and ensuring that employees act ethically.

Market risk

The risk that the VC/PE market develops in such a way that underlying funds in which Carbon Equity funds have invested, are not able to exit their investments, reducing and/or delaying returns for the Carbon Equity funds and therefore negatively impacting the track record of Carbon Equity as fund manager. Carbon Equity's risk appetite for this is high, as the market in which it operates is cyclical and subject to periodic downturns. Mitigation opportunities are limited given the chosen sector, but Carbon Equity's fund selection process is focussed on selecting the best funds in terms of climate impact and returns.

In 2023, Carbon Equity noticed that the market had turned more into a 'buyers market'. Both funds and underlying companies are taking longer to raise capital. So far, Carbon Equity has remained able to find sufficient attractive climate VC/PE funds, so while this risk possibly manifested to some extent to the wider market, there was no measurable impact on Carbon Equity as a business. A further increase of interest rates or an economic recession could make 2024 more challenging in this regard. Fortunately, there are no indicators at present that this will be the case.

Competitor risk

The risk that a new or established competitor sets up funds with a similar strategy to those managed by Carbon Equity, reducing investor interest for the Carbon Equity funds and potentially reducing Carbon Equity's access to the best underlying funds. Carbon Equity's risk appetite for this is low, as it seeks to stay one step ahead of the competition in offering a great investment product through its digital platform. This could negatively impact the returns as well as climate impact made by the funds. The main way this is mitigated is by monitoring the market and keeping ahead of developments by competitors.

Business continuity risk

The risk exists that Carbon Equity is subject to phishing, fraud, or other such activities, which can endanger the stability of the IT infrastructure, access to essential data, or impact the company financially, creating the risk that the manager can no longer continue to manage the funds. The mitigant is having strong IT processes in place, continuous staff education and robust IT security. Carbon Equity is actively working on strengthening and future-proofing its IT infrastructure and security, in line with working towards full compliance with the Digital Operations Resilience Act.

Reputation risk

Carbon Equity has deliberately chosen a high-profile strategy for its CEO, Jacqueline van den Ende, given her qualities and success as a public persona. Carbon Equity has chosen to accept the risk that this can also have or result in a negative impact, for example if Jacqueline van den Ende makes a factual error or states opinions which are not popular. The risk is mitigated somewhat by having other senior team members develop their profile.

Operational risk

Carbon Equity is subject to operational risks. Its organization is not very complex, but as it is growing and developing, operational risks require attention to ensure they remain manageable and are adequately mitigated. Over 2023, Carbon Equity invested in mitigating its operational risk, particularly in the internal process management, fund administration and CDD domains. This required attention and resources from several senior team members. While it remains a focus point for the organisation, the expectation is that this will require less management attention in 2024.

Legal, tax and regulatory risk

Changes in the legal, tax or regulatory regime applicable to the manager, the fund, the underlying funds, the portfolio entities and/or the investors in the fund, may adversely affect the value of the participations and the return of the fund, possibly by increasing

costs, taxes or reducing investment opportunities. Furthermore, Carbon Equity, and the funds it manages, operates in a highly regulated environment which presents several challenges. Rules and regulations exist on several levels and are not always fully consistent, and there are ongoing changes at both the EU and local level. To ensure it always acts in full compliance with applicable law Carbon Equity ensures it has sufficient expertise in house as well as having advisors who can provide key information and insights. It remains a risk, however, that interpretations made by Carbon Equity or its advisors are deemed incorrect, although currently there is no indication that this is the case.

In 2023, due to regulatory constraints, Carbon Equity offered investment products with a minimum amount of EUR 100,000. Despite its commitment towards reducing this minimum amount, the strict regulations and the interplay between the Alternative Fund Investment Managers Directive and the Prospectus Regulation made it difficult to offer lower ticket products. Consequently, the 2023 goal of providing these smaller-ticket products was not achieved, which limited Carbon Equity's capacity to cater to a broader client base.

Financial key performance indicators

Carbon Equity has no debt or other liabilities beyond regular working capital items. Liquid assets (cash balance) per year-end amounted to EUR 6.3mn, before invoicing setup fee and management fees related to the final closing of Climate Tech Portfolio Fund in January 2024. This amounts to a healthy buffer towards expected net expenditures for 2024.

Key metrics for financial performance are AUM growth, investor growth, revenue growth and annual recurring revenue. All of these metrics performed in line with budget and we expect continued growth into 2024.

Cash Flows and Funding Needs

Carbon Equity invoices management fees 6 months upfront, which provides a healthy working capital position to finance operations, together with the liquidity provided by external financiers. In 2023 Carbon Equity raised capital to finance operations, but did not end up needing the fresh capital for 2023 as the net loss was financed with capital raised in 2022.

Expectations (forward looking)

In 2024, Carbon Equity expects to invest in expanding the team and setting up an office in Germany, starting with Berlin. Given the current cash balance and expected net expenditures for 2024, Carbon Equity does not expect a need to raise further external funding for the year. Our existing shareholders have however expressed their intent to continue to support the company should such needs arise in the future.

Staffing

Carbon Equity will continue to invest in its employees and expects to grow its employee base in a controlled manner if this is necessary. Over 2023 employee growth was strong and the team is working together well, in 2024 we will continue to focus on building and strengthening our team.

Factors impacting revenue and profitability

Geopolitical developments, as well as a reduced focus on climate policy and government financing, could impact our ability to raise new funds. So far, investors have shown resilience to short-term developments, given the macroeconomic and longer-term relevance of the transition to net zero.

Upcoming legislation

Carbon Equity expects that the Digital Operational Resilience Act will be impactful on it as fund manager in 2024. It has started appropriate preparations to ensure that it will become compliant with DORA and its underlying regulations by the deadline in early 2025, starting by increasing awareness within the company and performing a gap analysis. Risk management and operational compliance will be the focus over 2024, and external partners will be engaged when necessary and in a timely fashion.

Continuity paragraph

Due to the size of the equity as per 31 December 2023 and the result over 2023 there is an uncertain element of material importance based on which there could be reasonable doubt about the continuity of the activities of Carbon Equity B.V. as a whole. Management expects profitability to be realised only after 5 years. Because profitability is not expected in the near future, the recoverable losses have not been valued. The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the Management Board.

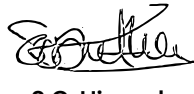
These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to

realize its assets and discharge its liabilities in the normal course of business. The equity of the Company amounts positive due to the shareholders deposited a share premium of EUR 9.124.596. The result of the year ended 31 December 2023 amounts to a loss EUR 1.967.254. The Management Board has assessed this situation and has a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future. The Management Board is of the opinion that sufficient funding will be generated in 2024 to cover the losses during the start-up phase of the Company.

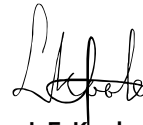
Signed on 26 June 2024, Amsterdam



J.L. van den Ende



S.C. Hiensch



L.E. Koole



Koeleman

accountants & belastingadviseurs

3579/Jun2 26, 2024

Handled by: A.S. Middellink

To: The shareholders and management board of
Carbon Equity B.V.
Geldersekade 101-F
1011 EM AMSTERDAM

▲ Koeleman Hilversum

Vreelandseweg 7
1216 CG Hilversum
T. +31 (0)35 62 44 341

▲ Koeleman Voorschoten

Koningin Wilhelminalaan 8
2252 GN Voorschoten
T. +31 (0)71 56 17 950

▲ AFM vergunning nr: 13000598

BTW nr: NL8127.49.959.B.01
KvK nr: 28099585

▲ ING bank: 67.56.65.531

IBAN: NL71 INGB 0675 6655 31
BIC: INGBNL2A

▲ accountantskoeleman.nl

welkom@accountantskoeleman.nl

INDEPENDENT AUDITOR'S REPORT

To: The shareholders and management board of Carbon Equity B.V.

Report on the audit of the financial statements 2023 included in the report on the financial statements

Our opinion

We have audited the financial statements 2023 of Carbon Equity B.V. based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Carbon Equity B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2023 with a total balance of EUR 6,884,862;
2. the income statement for the year 2023 with a loss of EUR 1,967,254; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Carbon Equity B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

Page 1 van 5

3579 Independent auditor's report dated 26 June 2024 in relation to the Report on the financial statements 2023 of Carbon Equity B.V. with a total balance amounting to EUR 6,884,862 and with a net loss of EUR 1,967,254

▲ Koeleman Amsterdam

▲ Koeleman Haarlem

▲ Koeleman Hilversum

▲ Koeleman Laren

▲ Koeleman Rijswijk

▲ Koeleman Voorschoten



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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach to fraud risks

We have evaluated the design and relevant aspects of the internal control system and in particular the fraud risk analysis, as well as, for example, the code of conduct and compliance report. We have evaluated the design and existence of internal control measures aimed at mitigating fraud risks.

We have conducted interviews with the board of the Fund Manager and the Compliance department, whether they are aware of actual, alleged or suspected fraud. This did not result in any signals of actual, alleged or suspected fraud that could lead to a material misstatement. In addition, we conducted interviews to understand the Fund Manager's fraud risk assessment and the processes for identifying and responding to fraud risks.

As part of our process for identifying risks of material misstatement of the financial statements due to fraud, we considered fraud risk factors related to fraudulent financial reporting, misappropriation of assets and bribery and corruption.

As described in the auditing standards, 'management override of controls' and the risk of fraud in revenue recognition are assumed risks of fraud. The board of the Fund Manager is inherently in a unique position to commit fraud because of the board's ability to manipulate accounting data and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We addressed this risk by evaluating whether there was evidence of bias in management's estimates that could pose a risk of material misstatement due to fraud.

Audit procedures include evaluating the design and implementation of internal controls designed to limit fraud risks (such as processing and reviewing journal entries). With regard to the risk of fraud in revenue recognition, based on our risk analysis we have concluded that this risk relates to occurrence in areas that are more complex, non-systematic or manual in nature. We did not identify any material findings in relation to the occurrence of revenues in these areas during our audit.

We included elements of unpredictability in our audit. We also took note of correspondence with supervision bodies and during the audit we remained alert to indications of signals of fraud. We also assessed the outcome of other audit procedures and considered whether there were any findings indicative of fraud or non-compliance with laws and regulations. If this was the case, we have re-evaluated our assessment of the risk of fraud and its consequences for our audit work.



Audit approach going concern

The board of has carried out its going concern assessment for at least twelve months from the date of preparation of the annual accounts and has not identified any events or circumstances that may cast significant doubt on the entity's ability to maintain its continuity (hereinafter: continuity risks).

Our work to evaluate the manager's continuity assessment includes:

- considering whether the board's continuity assessment contains all relevant information that we become aware of as a result of our audit, obtaining additional substantiation and questioning the manager about the most important assumptions and principles;
- obtaining information from the board about his knowledge of continuity risks after the period of the continuity assessment carried out by the manager.

Our audit work did not reveal any information that conflicted with the board's assumptions and assumptions about the going concern assumption.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon that consists of:

- General Information
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code
- Management report Carbon Equity B.V. 2023

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report of Carbon Equity B.V. in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.



Description of responsibilities regarding the financial statements

Responsibilities of the management board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting, unless the management board intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;



Koeleman

accountants & belastingadviseurs

- obtaining 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 investment entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager of the investment entity;
- concluding 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 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 a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Hilversum, 26 June 2024

Koeleman accountants & belastingadviseurs B.V.

Signed by:

J.S. Visch MSc RA