

VII Ventures SPC
(A Cayman Islands segregated portfolio company
with limited liability)

Report of the directors and audited financial
statements
For the year ended 31 December 2022

VII VENTURES SPC

Financial statements For the year ended 31 December 2022

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Financial statements For the year ended 31 December 2022

Fund's information report

Directors of the Fund	Dr. Lina Mustafa Noorulddin Abzakh Hani Ali Abdulatif Abdulhadi Shady Rafik Hajjar
Registered Office	Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road, George Town Grand Cayman KY1-9008 Cayman Islands
Investment Advisor	VII Ventures Ltd Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road, George Town Grand Cayman KY1-9008 Cayman Islands
Administrator	Keypoint Consulting W.L.L., Bahrain 24 th Floor, NBB Tower Government Avenue P.O.Box 11718 Manama Kingdom of Bahrain
Auditor	PricewaterhouseCoopers 18 Forum Lane Camana Bay Grand Cayman Cayman Islands
Legal Advisers	Walkers (Dubai) LLP Level 14, Burj Daman DIFC, PO Box 506513 Dubai, United Arab Emirates

VII VENTURES SPC

Report of the Directors for the year ended 31 December 2022

The Directors submit their report together with the audited financial statements of VII Ventures SPC (the “Fund” or “Company”) for the year ended 31 December 2022. The Fund issued VII Ventures Fund 1SP (the “Fund 1 SP”) and VII Ventures Fund 2 SP (the “Fund 2 SP”) each as a separate Segregated Portfolio and is regulated by the Cayman Islands Monetary Authority. These financial statements relate to VII Ventures Fund I SP, VII Ventures Fund 2 SP and VII Ventures SPC Company, as defined above, as three separate and individual reporting entities, each a "Reporting Entity". References to the "Fund" or "Company" hereinafter may also be taken to refer to each individual Reporting Entity if the context so requires.

Principal activity

The overall objective of the Fund in respect of each ‘Segregated Portfolio’ will be to achieve appreciation of the assets of such Segregated Portfolio and/or provide income/dividend distribution to the Shareholders of each Segregated Portfolio. Each Segregated Portfolio will have its own investment objectives and strategies, set out in the applicable Supplement.

The Fund 1 SP’s principal activity is to identify investment opportunities and support early and late-stage start-up enterprises that are finding new and innovative technologies to serve the energy sector, digital finance and sustainable living.

The Fund 2 SP’s principal activity is to identify investment opportunities and support late stage start-up enterprises that are finding new and innovative technologies to serve the deep technology, fintech and sustainable living sectors.

Results and appropriations

The results of the Fund, Fund 1 SP and Fund 2 SP for the year ended 31 December 2022 are set out in the accompanying financial statements. The total net income of Fund, Fund 1 SP and Fund 2 SP for the year ended 31 December 2022 amounted to US\$ 6,010 (2021: US\$ 3,493,606).

Going concern

The Board has assessed the Fund’s financial position as at 31 December 2022 and the factors that may impact its performance in the forthcoming year. The Fund’s going concern assessment is as follows:

a. Although the Fund has current liabilities of US\$759,338 (2021: US\$371,256) exceeding its current assets of \$338,984 (2021:197,461) as at 31 December 2022 and negative cash outflow from operating activities amounting to US\$2,519,317 (2021: US\$17,129,705) during the year then ended, for the purpose of the Fund’s going concern assessment, management has considered the letter of support received from its majority shareholder Lamar Holdings on 06 June 2023 who has confirmed that they will provide financial support to maintain the Fund as a going concern for a period of at least twelve months from the date of approval of these Financial Statements.

b. As at 31 December 2022, the total current liability of US\$759,338 consists of 8% which is attributable to external parties and the remaining balance (i.e. 92%) of the total current liabilities are due to related parties (note 7 and note 9).

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Report of the Directors for the year ended 31 December 2022 (continued)

Going concern (continued)

c. Total assets as at 31 December 2022 for the Fund, include level 1 securities of US\$1,757,755 (2021: US\$3,168,445) held at fair value which are readily available for sale allowing the Fund to easily cover its current liabilities of \$759,338.

d. Furthermore, the total revenue earned by the Fund for the year ended 31 December 2022 exceeds the Funds expenses resulting in total comprehensive income of US\$6,010.

Considering the above assessment, the Board is of the opinion that it is appropriate to prepare these Financial Statements on a going concern basis.

Directors

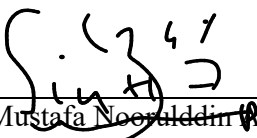
The Directors who served during the year ended 31 December 2022 and until the date of signing this report were:

Dr. Lina Mustafa Noorulddin Abzakh
Hani Ali Abdulatif Abdulhadi
Shady Rafik Hajjar

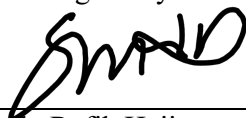
Auditor

PricewaterhouseCoopers have expressed their willingness to be reappointed as auditors for the Fund for the year ending 31 December 2023.

Approved by the Fund's Directors on 27 June 2023 and signed by:



Dr. Lina Mustafa Noorulddin Abzakh
Director



Shady Rafik Hajjar
Director



Independent auditor's report

To the Board of Directors of VII Ventures SPC (the “Company”)

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of VII Ventures SPC Company (comprising the non-segregated assets and liabilities of the Company) and each of VII Ventures Fund 1 SP and VII Ventures Fund 2 SP (each a segregated portfolio of the Company) (the portfolios, including VII Ventures SPC Company, hereinafter each the “Portfolio”) as at 31 December 2022, and each of their financial performance and each of their cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Each Portfolio's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of participating shares for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Portfolio in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



Independent auditor's report (continued)

To the Board of Directors of VII Ventures SPC

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists



Independent auditor's report (continued)

To the Board of Directors of VII Ventures SPC

related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Portfolio to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other matter

This report, including the opinion, has been prepared for and only for VII Ventures SPC in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

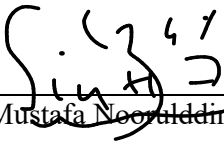
27 June 2023

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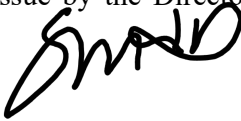
Statement of financial position As at 31 December 2022

As at 31 December 2022				
	Notes	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
Assets				
Cash and cash equivalents	5	4,119	898	333,967
Prepayments and other receivables	6	1,011,363	1,094	2,064
Financial assets at fair value through profit and loss (“FVTPL”)	4	6,064,715	10,471,401	7,775,492
Total assets		<u>7,080,197</u>	<u>10,473,393</u>	<u>8,111,523</u>
Liabilities				
Accrued expenses and other payables	7	211,193	384,718	163,427
Carried interest payable	10	176,001	499,923	198,981
Borrowings	3c	-	-	850,000
Management shares*	8	1	-	-
Total liabilities (excluding net assets attributable to holders of Participating Shares)		<u>387,195</u>	<u>884,641</u>	<u>1,212,408</u>
Net assets attributable to holders of the participating shares*		<u>6,693,002</u>	<u>9,588,752</u>	<u>6,899,115</u>

The financial statements were authorised for issue by the Directors on 27 June 2023. The financial statements are signed on its behalf by:



Dr. Lina Mustafa Nooraldin
Director



Shady Rafik Hajjar
Director

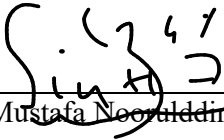
* VII Ventures SPC Company management shares are classified as equity and participating shares as liability. Fund 1 SP and Fund 2 SP have only participating shares which are classified as equity (refer to note 2.11).

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Statement of financial position (continued) As at 31 December 2021

As at 31 December 2021				
	Notes	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
Assets				
Cash and cash equivalents	5	4,175	101,284	92,002
Prepayments and other receivables	6	362,330	1,091	1,091
Financial assets at fair value through profit and loss (“FVTPL”)	4	7,668,124	9,367,138	4,501,495
Total assets		<u>8,034,629</u>	<u>9,469,513</u>	<u>4,594,588</u>
Liabilities				
Accrued expenses and other payables	7	41,544	296,075	33,637
Carried interest payable	10	480,814	425,888	-
Borrowings	3c	-	-	650,643
Management shares*	8	1	-	-
Total liabilities (excluding net assets attributable to holders of Participating Shares)		<u>522,359</u>	<u>721,963</u>	<u>684,280</u>
Net assets attributable to holders of the participating shares*		<u>7,512,270</u>	<u>8,747,550</u>	<u>3,910,308</u>

The financial statements were authorised for issue by the Directors on 27 June 2023. The financial statements are signed on its behalf by:



Dr. Lina Mustafa Nooraldin Abzakh
Director



Shady Rafik Hajjar
Director

* VII Ventures SPC Company management shares are classified as equity and participating shares as liability. Fund 1 SP and Fund 2 SP have only participating shares which are classified as equity (refer to note 2.11).

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Statement of comprehensive income For the year ended 31 December 2022

	Notes	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
Income				
Net changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	3	(1,353,394)	559,203	1,311,652
Other Income		-	-	768
Total (loss) / income		<u>(1,353,394)</u>	<u>559,203</u>	<u>1,312,420</u>
Expenses				
Administrator Fee Expense		(17,400)	(19,700)	(19,400)
Investment Advisory Expense	9	(125,843)	(149,959)	(97,221)
Carried Interest Reversal / (Expense)	9	304,813	(74,035)	(198,981)
Audit Fee Expense		(15,967)	(15,967)	(15,967)
Bank Charges		(56)	(386)	(735)
Commission Expenses		-	-	(5,005)
Professional Expenses		(10,438)	(2,045)	(1,779)
Interest Expense		-	-	(26,955)
Other Expense		(968)	(969)	(17,256)
Total operating expenses		<u>134,141</u>	<u>(263,061)</u>	<u>(383,299)</u>
Net operating (loss) / profit		<u>(1,219,253)</u>	<u>296,142</u>	<u>929,121</u>
Other comprehensive income for the year		-	-	-
Total comprehensive (loss) / income for the year		<u>(1,219,253)</u>	<u>296,142</u>	<u>929,121</u>

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Statement of comprehensive income (continued)

For the period starting from 21 August 2020 (date of incorporation) to 31 December 2021

		VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
	Notes			
Income				
Net changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)	3	2,454,109	2,353,122	(57,859)
Total income / (loss)		<u>2,454,109</u>	<u>2,353,122</u>	<u>(57,859)</u>
Expenses				
Administrator Fee Expense		(12,000)	(22,500)	(8,250)
Investment Advisory Expense	9	(25,294)	(128,580)	(11,297)
Carried Interest Expense	9	(480,814)	(425,888)	-
Audit Fee Expense		(12,000)	(12,000)	(12,000)
Bank Charges		(260)	(11,033)	(805)
Commission Expenses		-	-	(34,153)
Launching Expenses		-	(17,666)	-
Professional Expenses		(335)	(31,905)	(332)
Interest Expense		-	-	(1,741)
Other Expense		(151)	-	(6,762)
Total operating expenses		<u>(530,854)</u>	<u>(649,572)</u>	<u>(75,340)</u>
Net operating profit/(loss)		<u>1,923,255</u>	<u>1,703,550</u>	<u>(133,199)</u>
Other comprehensive income for the period		-	-	-
Total comprehensive income/(loss) for the period		<u>1,923,255</u>	<u>1,703,550</u>	<u>(133,199)</u>

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Statement of changes in net assets attributable to holders of participating shares

For the year ended 31 December 2022

	Notes	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
Net assets attributable to holders of Participating Shares at the beginning of the year		7,512,270	8,747,550	3,910,308
Capital transactions				
Participating Shares issued	8	900,000	545,060	2,059,686
Participating Shares redeemed	8	<u>(500,015)</u>	<u>-</u>	<u>-</u>
Net increase from capital transactions		<u>7,912,255</u>	<u>9,292,610</u>	<u>5,969,994</u>
Total comprehensive (loss) / income for the year		<u>(1,219,253)</u>	<u>296,142</u>	<u>929,121</u>
Net assets attributable to holders of Participating Shares at the end of the year	8	<u><u>6,693,002</u></u>	<u><u>9,588,752</u></u>	<u><u>6,899,115</u></u>

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Statement of changes in net assets attributable to holders of participating shares (continued)

For the period starting from 21 August 2020 (date of incorporation) to 31 December 2021

	Notes	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
Net assets attributable to holders of Participating Shares at the beginning of the period		-	-	-
Capital transactions				
Participating Shares issued	8	<u>5,589,015</u>	<u>7,044,000</u>	<u>4,043,507</u>
Net increase from capital transactions		<u>5,589,015</u>	<u>7,044,000</u>	<u>4,043,507</u>
Total comprehensive income/(loss) for the period		<u>1,923,255</u>	<u>1,703,550</u>	<u>(133,199)</u>
Net assets attributable to holders of Participating Shares at the end of the period	8	<u>7,512,270</u>	<u>8,747,550</u>	<u>3,910,308</u>

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Statement of cash flows

For the year ended 31 December 2022

	Notes	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
Cash flows from operating activities				
Net operating (loss) / profit		(1,219,253)	296,142	929,121
<i>Adjustments for:</i>				
Net change in fair value of financial assets at fair value through profit or loss	3	1,353,394	(559,203)	(1,311,652)
Carried interest expense / reversal	10	(304,813)	74,035	198,981
Operating cash outflow before changes in working capital		(170,672)	(189,026)	(183,550)
Sale /(Purchase) of financial assets at fair value through profit and loss	4	250,015	(545,060)	(1,962,345)
Increase in prepayments and other receivables	6	(649,033)	(3)	(973)
Increase in other payables	7	169,649	88,643	129,790
Net cash used in operating activities		(229,369)	(456,420)	(1,833,528)
Cash flow from financing activities				
Proceeds from issuance of participating shares*	8	900,000	545,060	2,059,686
Redemption paid for participating shares		(500,015)	-	-
Proceeds from borrowings		-	-	199,357
Net cash (used in) / generated / from financing activities		399,985	545,060	2,259,043
Net (decrease) / increase in cash and cash equivalents		(56)	(100,386)	241,965
Cash and cash equivalents at beginning of the year		4,175	101,284	92,002
Cash and cash equivalents at end of the year	5	4,119	898	333,967

* The proceeds from issuance of participating shares have been used to acquire the financial assets.

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Statement of cash flows (continued)

For the period starting from 21 August 2020 (date of incorporation) to 31 December 2021

	Notes	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$
Cash flows from operating activities				
Net operating profit/(loss)		1,923,255	1,703,550	(133,199)
<i>Adjustments for:</i>				
Net change in fair value of financial assets at fair value through profit or loss	3	(2,454,109)	(2,353,122)	57,859
Carried interest expense	10	480,814	425,888	-
Operating cash outflow before changes in working capital		(50,040)	(223,684)	(75,340)
Sale /(Purchase) of financial assets at fair value through profit and loss	4	(5,214,015)	(7,014,016)	(4,559,354)
Increase in prepayments and other receivables	6	(362,330)	(1,091)	(1,091)
Increase in other payables	7	41,544	296,075	33,637
		<u>(5,534,801)</u>	<u>(6,719,032)</u>	<u>(4,526,808)</u>
Net cash used in operating activities		<u>(5,584,841)</u>	<u>(6,942,716)</u>	<u>(4,602,148)</u>
Cash flow from financing activities				
Proceeds from issuance of participating shares*	8	5,589,016	7,044,000	4,043,507
Proceeds from borrowings		-	-	650,643
Net cash generated from financing activities		<u>5,589,016</u>	<u>7,044,000</u>	<u>4,694,150</u>
Net increase in cash and cash equivalents		4,175	101,284	92,002
Cash and cash equivalents at beginning of the period		-	-	-
Cash and cash equivalents at end of the period	5	<u>4,175</u>	<u>101,284</u>	<u>92,002</u>

* The proceeds from issuance of participating shares have been used to acquire the financial assets.

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Notes to the financial statements for the year ended 31 December 2022

1 General information

VII Ventures SPC (the “Fund” or “Company”) is a Cayman Islands exempted company incorporated pursuant to the Companies Act with limited liability on 21 August 2020 and is registered as a segregated portfolio company. The principal place of business and registered address of the Fund is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The Fund issued two segregated portfolios namely VII Ventures Fund 1 SP (the “Fund 1 SP”) and VII Ventures Fund 2 SP (the “Fund 2 SP”) and is regulated by the Cayman Islands Monetary Authority. These financial statements relate to VII Ventures Fund 1 SP, VII Ventures Fund 2 SP and VII Ventures SPC Company, as defined above, as three separate and individual reporting entities, each a “Reporting Entity”. References to the “Fund” or “Company” hereinafter may also be taken to refer to each individual Reporting Entity if the context so requires.

The dates of launching, participating shares subscription closure and commencement of operations are as follows:

	VII Ventures SPC Company*	VII Ventures Fund 1 SP	VII Ventures Fund 2 SP
Launching date	21 August 2020	24 September 2020	16 December 2020
Participating Shares date of initial subscription closure and date of commencement of operations	29 September 2021	12 January 2021	10 November 2021
Term	Unlimited	Ten years from the initial closing date with an extension of two additional one-year periods at the discretion of the Directors.	Five years from the initial closing date with an extension of two additional one-year periods at the discretion of the Directors.

* VII Ventures SPC Company throughout these financial statements refers to the non-segregated assets and liabilities and related income, expenses and cash flows of the Company.

The objectives for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by section 7(4) of the Companies Act (as amended) of the Cayman Islands (the “Companies Act”).

The overall objective of the Fund in respect of each segregated portfolio will be to achieve appreciation of the assets of such segregated portfolio and provide income distribution to the shareholders of each segregated portfolio. Each segregated portfolio will have its own investment objectives and strategies, set out in the applicable supplement. The Fund 1 SP’s principal activity is to identify investment opportunities and support early and late-stage start-up enterprises that are finding new and innovative technologies to serve the energy sector, digital finance and sustainable living. The Fund 2 SP’s principal activity is to identify investment opportunities and support late stage start-up enterprises that are finding new and innovative technologies to serve the deep technology, fintech and sustainable living sectors

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Notes to the financial statements for the year ended 31 December 2022 (continued)

1 General information (continued)

The investment activities of the Fund are managed by VII Ventures Limited (the “Investment Manager”) incorporated in the Cayman Islands and administered by Keypoint Consulting W.L.L., Bahrain (“the Administrator”).

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to entities reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the Company’s investment in Special Purpose Entities (“SPEs”) at fair value through profit or loss which is in line with the requirements of IFRS 10 as the Company meets the definition of an investment entity.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.9.

The Board has assessed the Fund’s financial position as at 31 December 2022 and the factors that may impact its performance in the forthcoming year. The Fund’s going concern assessment is as follows:

- a. Although the Fund has current liabilities of US\$759,338 (2021: US\$371,256) exceeding its current assets of \$338,984 (2021:197,461) as at 31 December 2022 and negative cash outflow from operating activities amounting to US\$2,519,317 (2021: US\$17,129,705) during the year then ended, for the purpose of the Fund’s going concern assessment, management has considered the letter of support received from its majority shareholder Lamar Holdings on 06 June 2023 who has confirmed that they will provide financial support to maintain the Fund as a going concern for a period of at least twelve months from the date of approval of these Financial Statements.
- b. As at 31 December 2022, the total current liability of US\$759,338 consists of 8% which is attributable to external parties and the remaining balance (i.e. 92%) of the total current liabilities are due to related parties (note 7 and note 9).
- c. Total assets as at 31 December 2022 for the Fund, include level 1 securities of US\$1,757,755 (2021: US\$3,168,445) held at fair value which are readily available for sale allowing the Fund to easily cover its current liabilities of \$759,338.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

d. Furthermore, the total revenue earned by the Fund for the year ended 31 December 2022 exceeds the Funds expenses resulting in total comprehensive income of US\$6,010.

Considering the above assessment, the Board is of the opinion that it is appropriate to prepare these Financial Statements on a going concern basis.

The Company's statement of financial position is not presented using a current/ non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepayments, and accruals and other payables. The following balances would generally be classified as non-current: Investments at fair value through profit or loss , other receivables and Borrowings.

2.2 New standards and amendments to existing standards effective from 1 January 2022

- (i) Standards, amendments, and interpretations that are effective for the current accounting period

The following applicable new standards, amendments to published standards and IFRS IC interpretations effective 1 January 2022 have been adopted by the Fund for the first time in these financial statements.

Annual improvements to IFRS standards 2018-2020

The following improvements were finalized in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.2 New standards and amendments to existing standards effective from 1 January 2022 (continued)

- (ii) New standards, amendments to published standards or IFRIC interpretations that are effective for the Funds' financial year beginning on or after 1 January 2023

Amendments to IAS 1, Presentation of financial statements' on Effective date classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Disclosure of accounting policies – Amendments to IAS 1 and IFRS 1 January 2023 Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Definition of accounting estimates – Amendments to IAS 8

1 January 2023

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Fund is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective. The impact of the above amendments is expected to be immaterial on the financial statements of the Fund.

There are no other applicable new standards and amendments to the published standards or IFRS IC interpretations that have been issued but are not effective for the Fund's financial year beginning on 01 January 2022 that would be expected to have a material impact on the Fund financial statements.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.3 Foreign currency translation

(a) *Functional and presentation currency*

The Fund's functional currency is the United States Dollar ("US\$") which is the currency of the primary economic environment in which the Fund operates. The performance of the Fund is measured and reported to the investors in US\$. The Board of Directors considers the US\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in US\$, which is the Fund's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

2.4 Financial instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument.

2.5 Financial assets

(i) Initial recognition and subsequent measurement

(a) *Financial assets at fair value through profit and loss*

The Fund classifies its investments as financial assets at fair value through profit or loss. An investment's performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. Financial assets are therefore classified at fair value through profit or loss ("FVTPL").

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at FVTPL are initially recognised at fair value.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(i) Initial recognition and subsequent measurement (continued)

(a) *Financial assets at fair value through profit and loss (continued)*

Subsequent to initial recognition, all financial assets at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'fair value gain on financial assets at fair value through profit and loss' in the period in which they arise.

Return on financial assets measured at fair value is recognised in the statement of comprehensive income when the Fund's right to receive payments is established.

(b) *Financial assets measured at amortised cost and the effective interest method*

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment losses:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ii) Reclassification of financial assets

The financial assets are required to be reclassified if the objective of the Fund's business model for managing those financial assets changes. Such changes are expected to be very infrequent. If the Fund reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. Any previously recognised gains, losses or interest are not required to be restated

If the Fund reclassifies a financial asset so that it is measured at fair value, its fair value is determined at the reclassification date. Any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in the statement of comprehensive income.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(ii) Reclassification of financial assets (continued)

If the Fund reclassifies a financial asset so that it is measured at amortised cost, its fair value at the reclassification date becomes its new carrying amount. The reclassification day is the first day of the first reporting year following the change in business model that results in an entity reclassifying financial assets.

(iii) Measurement of expected credit losses

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In particular, IFRS 9 requires the loss allowance for a financial instrument to be measured at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset (stage 2 and stage 3 allowance). On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to the 12 month ECL (stage 1 allowance).

IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables. The carrying amount of the financial asset is reduced by the ECL directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income. If, in a subsequent period, the amount of the ECL decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) Derecognition of financial assets

The Fund derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(iv) Derecognition of financial assets (continued)

recognised its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognize the financial asset and also recognised a borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income.

2.6 Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by the Fund are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

All the financial liabilities are initially measured at fair value, plus transaction costs, and subsequently measured at amortised cost. The Fund does not have any financial liabilities classified as FVTPL.

(iv) Derecognition of financial liabilities

The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability recognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

2.7 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.8 Carried interest

Carried interest is calculated based on the Investment advisor's hypothetical share of profits, taking into account any cash already distributed from the Fund and the amount of divestment proceeds receivable or to be received on disposal (indicated by the fair value of the investments at the period-end date), as estimated by the Investment Advisor. The total carried interest eventually distributed to the Investment advisor over the life of the Fund might be significantly different from the carried interest reported at the reporting date.

2.9 Critical accounting estimates and judgments

The Administrator of the Fund makes estimates and assumptions based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

- **Measurement of fair value of financial instruments:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of a financial instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and recognize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognised transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks with original maturities of less than three months and those that are subject to an insignificant risk of changes in fair value and are used by the Fund in the management of short-term commitments.

2.11 Management and Participating Shares

The Fund classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund issues two types of shares that do not have identical rights and are classified as Management and Participating Shares.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.11 Management and Participating Shares (continued)

The Management Shares confer on the holder the right to receive notice of, and to attend and vote at any general meeting of the Fund. However, they do not entitle the holder to participate in the Fund's profits and losses. In the event of winding up or dissolution of the Fund, the entitlement of the holders of management shares shall be determined in accordance with the Articles of Association. VII Ventures SPC company holds management shares which are classified as equity under the provisions of IAS32 paragraph 16.

The Participating Shares are non-redeemable and do not confer on their holders the right to receive notice of, or to attend and vote at, a general meeting of the Fund, except on a variation of class rights. The holders of participating shares are entitled to participate, to the exclusion of the holder of the management shares, in the profits and losses of the Fund and to receive any dividends which may be declared by the Fund and, upon the winding up of the Fund, the full amount of the assets of the Fund available for distribution other than the paid-in capital in respect of the management shares. The Directors may issue participating shares in Class or Series with such designations or classifications as the Directors may determine (and the Directors may rename or re-designate any issued Class or Series of participating share) without the consent of or a notice to existing investors. VII Ventures SPC holds participating shares which are classified as liability while Fund 1 SP and Fund 2 SP hold participating shares that are classified as equity in accordance with IAS 32 paragraph 16.

2.12 Return on financial assets measured at fair value through profit and loss

Return on financial assets measured at fair value through profit and loss is recognised in the statement of comprehensive income on the date on which the right to receive payment is established.

2.13 Prepayments and other receivables

Prepayments and other receivables include prepaid expenses that are classified within current assets and are stated at their nominal value unless the effect of discounting is material, in which case trade receivables are measured at amortised cost using the effective interest method.

2.14 Dividend distributions

The Directors have the power to determine the amount and frequency of dividends or other distributions on shares, and on each share class, in issue and recognize payment of any dividends or other distributions out of the funds of the Fund lawfully available.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.15 Net asset value per participating share

The net asset value per participating share will be calculated on the relevant dealing day as per the terms of placement memorandum. The price at which participating shares are issued is calculated by reference to the net asset value per participating share at the close of business on the relevant dealing day. Proposed distributions to holders of participating shares are recognised in the statement of comprehensive income when they are appropriately recognised and no longer at the discretion of the Fund. This typically occurs when proposed distribution is ratified at the Annual General Meeting.

2.16 Taxes

The Fund is domiciled in the Cayman Islands. Under current laws of the Cayman Islands, there is no income, estate, transfer, sales or other taxes payable by the Fund or withholding taxes applicable to distributions by the Fund or to the payment of equity attributable to the holder of redeemable participating units upon redemption of units. As a result, no provision for income taxes has been made in the accounts.

2.17 Investment entity

The Fund has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- The Fund has raised funds from a select group of investors to make investments in and holding equity and debt instruments of privately held internet, mobile, innovative and disruptive technology and related technology companies with significant operations in the United States of America.
- The Fund's business purpose is investing for capital appreciation, capital return and investment income.
- The Fund has multiple investments.
- The investments are measured and evaluated on a fair value basis.

As a result, all of the Fund's investments are carried at fair value through profit or loss and are not consolidated.

3 Financial risk management

Investors will be required to bear the financial risks of an investment in the shares for an extended period of time. There will be no public market for the shares, and there is no obligation on the part of any person to register the shares under any securities laws. Investing in the Fund involves a high degree of risk. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are able and willing to withstand the total loss of their investment.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

(a) *Market risk*

i) *Price risk*

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Fund's investments and financial instruments are susceptible to market price risk arising from uncertainties about future values of those instruments. The sensitivity analysis due to changes in fair value of underlying investments is discussed further in Note 4.

ii) *Currency risk*

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Fund's functional currency of USD. Currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities. VII Ventures SPC and VII Ventures Fund 2 SP has no currency risk as all the exposures are in USD, however, VII Ventures Fund 1 SP has exposure in the following currencies other than USD:

	Non- Monetary Assets US\$	Net Exposure US\$
31 December 2022		
VII Ventures Fund 1 SP		
INR	5,032,280	5,032,280
CHF	111,436	111,436
	<u>5,143,716</u>	<u>5,143,716</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(a) Market risk (continued)

ii) Currency risk (continued)

	Non- Monetary Assets US\$	Net Exposure US\$
31 December 2021		
VII Ventures Fund 1 SP		
INR	5,523,465	5,523,465
CHF	111,436	111,436
EUR	45,889	45,889
	<u>5,680,790</u>	<u>5,680,790</u>

Sensitivity Analysis

At 31 December 2022, had the US\$ strengthened by 5% in relation to above currencies with all other variables held constant, net assets attributable to holders of participating shares of Fund 1 SP would have decreased by the amounts shown below:

	31 December 2022 US\$
VII Ventures Fund 1 SP	
Changes in net assets	257,186
	31 December 2021 US\$
VII Ventures Fund 1 SP	
Changes in net assets	284,040

A 5% weakening of the US\$ against the above currencies would have resulted in an equal but opposite effect on the above financial statement amounts to the amounts shown above, on the basis that all other variables remain constant.

(iii) Interest risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial instruments and future cash flows. The Fund is exposed to interest rate risk in respect of its cash and cash equivalents and borrowings.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(a) *Market risk* (continued)

(iii) Interest rate risk (continued)

Sensitivity Analysis

As at 31 December 2022, if interest rates had increased/decreased by 5.82% (2021: 1.56%), with all other variables held constant, the effect would have been an increase/decrease in net assets by the amounts shown below. The Investment Manager believes that the sensitivity rate of 5.82% is reasonable in the context of the current USD base rate.

Category	31 December 2022			
	VII	VII	VII	Total
	Ventures	Ventures	Ventures	
	SPC	Fund 1 SP	Fund 2 SP	
Company	Fund 1 SP	Fund 2 SP		
	US\$	US\$	US\$	US\$
Changes in net assets;				
Cash and cash equivalents	240	52	19,438	19,730
Borrowings	-	-	49,473	49,473
	<u>240</u>	<u>52</u>	<u>68,910</u>	<u>69,202</u>

Category	31 December 2021			
	VII	VII	VII	Total
	Ventures	Ventures	Ventures	
	SPC	Fund 1 SP	Fund 2 SP	
Company	Fund 1 SP	Fund 2 SP		
	US\$	US\$	US\$	US\$
Changes in net assets;				
Cash and cash equivalents	65	1,580	1,435	3,080
Borrowings	-	-	10,149	10,149
	<u>65</u>	<u>1,580</u>	<u>11,584</u>	<u>13,230</u>

(b) *Credit risk*

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's credit risk is mainly attributable to the amounts placed with banks. The Fund's cash is placed with a reputable bank. The exposure to credit risk is monitored on an on-going basis. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(b) Credit risk (continued)

Category	31 December 2022			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
	Cash and cash equivalents	4,119	898	333,967
Other receivables	1,001,879	-	969	1,002,848
	<u>1,005,998</u>	<u>898</u>	<u>334,936</u>	<u>1,341,832</u>

Category	31 December 2021			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
	Cash and cash equivalents	4,175	101,284	92,002
Other receivables	352,848	-	-	352,848
	<u>357,023</u>	<u>101,284</u>	<u>92,002</u>	<u>550,309</u>

As at 31 December 2022, the financial assets held by the Fund are neither past due nor impaired. The carrying value of these financials assets is considered a reasonable approximation of fair value due to their short-term nature.

The Fund is having cash balances deposited in International Investment Bank S.A amounting to US\$ 5,017 and in EFG Bank AG Zurich amounting to US\$ 333,967 as at 31 December 2022 with the credit ratings of BBB and A1 respectively. The other receivable balances are unrated. The management has assessed the impact of expected credit loss on the exposures classified under the amortised cost business model, and it is immaterial to the financial statements as a whole.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations as they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations when they fall due.

The Fund is not exposed to the settlement risk from cash redemptions of issued shares because the shared issued are non-redeemable in nature. The majority of the underlying assets indirectly held through SPVs are in investments that are not actively traded on a stock exchange.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(c) Liquidity risk (continued)

The table below summarizes the maturity profile of the Fund's assets and liabilities based on the contractual arrangements or on expected maturity where contractual maturity is not relevant. The contractual maturities of financial assets and liabilities have been determined on the basis of the remaining period to maturity at the statement of financial position date. This table shows the IFRS 9 categories of financial assets included in the statement of financial position and the headings under which they are included:

	Due on demand	Within 3- 12 months	More than 12 months	Total
	US\$	US\$	US\$	US\$
31 December 2022				
VII Ventures SPC Company				
<i>Financial assets</i>				
Cash and cash equivalents	4,119	-	-	4,119
Other receivables	-	1,879	1,000,000	1,001,879
Financial assets measured at fair value through profit and loss			<u>6,064,715</u>	<u>6,064,715</u>
	<u>4,119</u>	<u>1,879</u>	<u>7,064,715</u>	<u>7,070,713</u>
<i>Financial Liabilities</i>				
Accrued expenses and other payables	-	211,193	-	211,193
Carried interest payable	-	-	176,001	176,001
Management shares	-	-	1	1
Net assets attributable to holders of the participating shares	<u>-</u>	<u>-</u>	<u>6,693,002</u>	<u>6,693,002</u>
	<u>-</u>	<u>211,193</u>	<u>6,869,004</u>	<u>7,080,197</u>
	Due on demand	Within 3- 12 months	More than 12 months	Total
	US\$	US\$	US\$	US\$
31 December 2022				
VII Ventures Fund 1 SP				
<i>Financial assets</i>				
Cash and cash equivalents	898	-	-	898
Financial assets measured at fair value through profit and loss	<u>-</u>	<u>-</u>	<u>10,471,401</u>	<u>10,471,401</u>
	<u>898</u>	<u>-</u>	<u>10,471,401</u>	<u>10,472,299</u>
<i>Financial Liabilities</i>				
Accrued expenses and other payables	-	384,718	-	384,718
Carried interest payable	-	-	499,923	499,923
Net assets attributable to holders of the participating shares	<u>-</u>	<u>-</u>	<u>9,588,752</u>	<u>9,588,752</u>
	<u>-</u>	<u>384,718</u>	<u>10,088,675</u>	<u>10,473,393</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(c) Liquidity risk (continued)

	Due on demand US\$	Within 3- 12 months US\$	More than 12 months US\$	Total US\$
31 December 2022				
VII Ventures Fund 2 SP				
<i>Financial assets</i>				
Cash and cash equivalents	333,967	-	-	333,967
Other receivables	-	970	-	970
Financial assets measured at fair value through profit and loss	-	-	7,775,492	7,775,492
	<u>333,967</u>	<u>970</u>	<u>7,775,492</u>	<u>8,110,429</u>
<i>Financial Liabilities</i>				
Accrued expenses and other payables	-	163,427	-	163,427
Carried interest payable	-	-	198,981	198,981
Borrowings*	-	-	850,000	850,000
Net assets attributable to holders of the participating shares	-	-	6,899,115	6,899,115
	<u>-</u>	<u>163,427</u>	<u>7,948,096</u>	<u>8,111,523</u>
	Due on demand US\$	Within 3- 12 months US\$	More than 12 months US\$	Total US\$
31 December 2021				
VII Ventures SPC Company				
<i>Financial assets</i>				
Cash and cash equivalents	4,175	-	-	4,175
Other receivables	-	2,848	350,000	352,848
Financial assets measured at fair value through profit and loss	-	-	7,668,124	7,668,124
	<u>4,175</u>	<u>2,848</u>	<u>8,018,124</u>	<u>8,025,147</u>
<i>Financial Liabilities</i>				
Accrued expenses and other payables	-	41,544	-	41,544
Carried interest payable	-	-	480,814	480,814
Management shares	-	-	1	1
Net assets attributable to holders of the participating shares	-	-	7,512,270	7,512,270
	<u>-</u>	<u>41,544</u>	<u>7,993,085</u>	<u>8,034,629</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(c) Liquidity risk (continued)

	Due on demand US\$	Within 3- 12 months US\$	More than 12 months US\$	Total US\$
31 December 2021				
VII Ventures Fund 1 SP				
<i>Financial assets</i>				
Cash and cash equivalents	101,284	-	-	101,284
Financial assets measured at fair value through profit and loss	-	-	9,367,138	9,367,138
	<u>101,284</u>	<u>-</u>	<u>9,367,138</u>	<u>9,468,422</u>
<i>Financial Liabilities</i>				
Accrued expenses and other payables	-	296,075	-	296,075
Carried interest payable	-	-	425,888	425,888
Net assets attributable to holders of the participating shares	-	-	8,747,550	8,747,550
	<u>-</u>	<u>296,075</u>	<u>9,173,438</u>	<u>9,469,513</u>
	Due on demand US\$	Within 3- 12 months US\$	More than 12 months US\$	Total US\$
31 December 2021				
VII Ventures Fund 2 SP				
<i>Financial assets</i>				
Cash and cash equivalents	92,002	-	-	92,002
Financial assets measured at fair value through profit and loss	-	-	4,501,495	4,501,495
	<u>92,002</u>	<u>-</u>	<u>4,501,495</u>	<u>4,593,497</u>
<i>Financial Liabilities</i>				
Accrued expenses and other payables	-	33,637	-	33,637
Borrowings*	-	-	650,643	650,643
Net assets attributable to holders of the participating shares	-	-	3,910,308	3,910,308
	<u>-</u>	<u>33,637</u>	<u>4,560,951</u>	<u>4,594,588</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(c) Liquidity risk (continued)

- * Fund 2 SP has obtained borrowing during the year / period for the purpose of financing investments. The interest on borrowing is agreed at 1.25% minimum margin above the bank's re-financing rate. The interest rate is from time to time fixed by the lender. The interest rate as at 31 December 2022 is approximately 5.82% (2021: 1.56%). It is for an indefinite contractual term which is subject to renewal each year.

The Fund is subject to concentration risk since majority of the shareholdings of the Fund is held by one party, Lamar Holdings Limited, therefore the risk of default of Lamar Holdings may have significant impact on the Fund.

(d) Capital risk management.

Management and Participating Shares, when issued, will be fully paid. The Participating Shares do not confer on their holders the right to receive notice of, or to attend and vote at, a general meeting of the Fund, except on a variation of class rights as described below. The holders of participating shares are entitled to participate, to the exclusion of the holder of the management shares, in the profits and losses of the Fund and to receive any dividends which may be declared by the Fund and, upon the winding up of the Fund, the full amount of the assets of the Fund available for distribution other than the paid-in capital in respect of the management shares.

(e) Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is recognised in its entirety should be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(e) Fair value estimation (continued)

For instruments for which there is no active market, the Fund uses an internally developed net assets value model, which is based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unquoted equity instruments for which markets were or have been inactive during the reporting year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1	Fair value		Total
	US\$	Level 2	Level 3	US\$
		US\$	US\$	
31 December 2022				
VII Ventures SPC Company				
Financial assets measured at fair value through profit and loss	-	-	6,064,715	6,064,715
Total assets measured at fair value	<u>-</u>	<u>-</u>	<u>6,064,715</u>	<u>6,064,715</u>

	Level 1	Fair value		Total
	US\$	Level 2	Level 3	US\$
		US\$	US\$	
31 December 2022				
VII Ventures Fund 1 SP				
Financial assets measured at fair value through profit and loss	-	-	10,471,401	10,471,401
Total assets measured at fair value	<u>-</u>	<u>-</u>	<u>10,471,401</u>	<u>10,471,401</u>

VII Ventures Fund 2 SP				
Financial assets measured at fair value through profit and loss	1,757,755	-	6,017,737	7,775,492
Total assets measured at fair value	<u>1,757,755</u>	<u>-</u>	<u>6,017,737</u>	<u>7,775,492</u>

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Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(e) Fair value estimation (continued)

	Fair value			Total US\$
	Level 1 US\$	Level 2 US\$	Level 3 US\$	
31 December 2021				
VII Ventures SPC Company				
Financial assets measured at fair value through profit and loss	-	-	7,668,124	7,668,124
Total assets measured at fair value	-	-	7,668,124	7,668,124
VII Ventures Fund 1 SP				
Financial assets measured at fair value through profit and loss	-	-	9,367,138	9,367,138
Total assets measured at fair value	-	-	9,367,138	9,367,138
VII Ventures Fund 2 SP				
Financial assets measured at fair value through profit and loss	3,168,445	-	1,333,050	4,501,495
Total assets measured at fair value	3,168,445	-	1,333,050	4,501,495

The level 1 assets are the investments in the quoted equity securities which are traded in an active market. The fair valuation is based on the latest market value at the reporting date.

The Fund invests in the shares of private companies, mainly start-ups, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. Transactions in the shares of such private companies do not occur on a regular basis. The valuation of the unquoted investments of shares of private companies into which the Fund invests is performed on each reporting date by the Investment Manager. Investments in those private companies are valued based on the recent rounds / series of capital issued by those private companies. Such valuations are adjusted, when necessary, to reflect the effect of the time that has passed since the calculation date, liquidity risk, limitations on redemptions and other factors. The Fund classifies the fair value of such investments as Level 3. There were no transfers between levels for the year ended 31 December 2022. The following table shows a reconciliation of all the movements in the fair value of financial instruments recognised within Level 3 between the beginning and the end of the reporting period:

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(e) Fair value estimation (continued)

	31 December 2022			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Opening balance	7,668,124	9,367,138	1,333,050	18,368,312
Purchase of Level 3 financial instruments measured at fair value through profit and loss	250,000	545,060	1,600,115	2,395,175
Redemption of Level 3 financial instruments measured at fair value through profit and loss	(500,015)	-	-	(500,015)
Net change in fair value of Level 3 financial instruments recognised in the statement of comprehensive income	(1,353,394)	559,203	3,084,571	2,290,380
Closing balance of Level 3 financial instruments	<u>6,064,715</u>	<u>10,471,401</u>	<u>6,017,736</u>	<u>22,553,852</u>
	31 December 2021			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Opening balance	-	-	-	-
Purchase of Level 3 financial instruments measured at fair value through profit and loss	5,214,015	7,014,016	1,333,050	13,561,081
Redemption of Level 3 financial instruments measured at fair value through profit and loss	-	-	-	-
Net change in fair value of Level 3 financial instruments recognised in the statement of comprehensive income	2,454,109	2,353,122	-	4,807,231
Profits received	-	-	-	-
Closing balance of Level 3 financial instruments	<u>7,668,124</u>	<u>9,367,138</u>	<u>1,333,050</u>	<u>18,368,312</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(f) Fair value gain/(loss) recognised in the statement of the comprehensive income

	For the year ended 31 December 2022			
	VII	VII	VII	Total
	Ventures	Ventures	Ventures	
	SPC	Fund 1 SP	Fund 2 SP	
Company	Fund 1 SP	Fund 2 SP		
	US\$	US\$	US\$	US\$
Unrealised gain/(loss) on financial assets measured at fair value through profit and loss	(1,347,608)	559,203	1,311,652	523,247
Realised gain on financial assets measured at fair value through profit and loss	(5,786)	-	-	(5,786)
	<u>(1,353,394)</u>	<u>559,203</u>	<u>1,311,652</u>	<u>517,461</u>

	For the period starting from 21 August 2020 to 31 December 2021			
	VII	VII	VII	Total
	Ventures	Ventures	Ventures	
	SPC	Fund 1 SP	Fund 2 SP	
Company	Fund 1 SP	Fund 2 SP		
	US\$	US\$	US\$	US\$
Unrealised gain/(loss) on financial assets measured at fair value through profit and loss	2,454,109	2,353,122	(57,859)	4,749,372
Realised gain on financial assets measured at fair value through profit and loss	-	-	-	-
	<u>2,454,109</u>	<u>2,353,122</u>	<u>(57,859)</u>	<u>4,749,372</u>

(g) Geographical concentration of the financial assets at fair value through profit or loss

	VII	VII	VII	Total
	Ventures	Ventures	Ventures	
	SPC	Fund 1 SP	Fund 2 SP	
	Company	Fund 1 SP	Fund 2 SP	
	US\$	US\$	US\$	US\$
31 December 2022				
United States of America	5,814,715	5,127,685	7,775,492	18,717,892
Europe	250,000	111,436	-	361,436
Asia	-	5,232,280	-	5,232,280
	<u>6,064,715</u>	<u>10,471,401</u>	<u>7,775,492</u>	<u>24,311,608</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

(g) *Geographical concentration of the financial assets at fair value through profit or loss*
(continued)

	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
31 December 2021				
United States of America	7,668,124	3,686,348	4,501,495	15,855,967
Europe	-	157,325	-	157,325
India	-	5,523,465	-	5,523,465
	<u>7,668,124</u>	<u>9,367,138</u>	<u>4,501,495</u>	<u>21,536,757</u>

VII Ventures SPC Company's largest investment accounted for approximately 29% (2021:45%), and the second largest and third largest investments accounted for 25% (2021:20%) and 23% (2021:13%) of the total investments under FVTPL. Fund 1 SP's largest investment accounted for approximately 48% (2021:59%), and the second largest and third largest investments accounted for 30% (2021:21%) and 10% (2021:11%) of the total investments under FVTPL. Fund 2 SP's largest investment accounted for approximately 33% (2021:56%) and the second largest and third largest investments accounted for 17% (2021:9%) and 11% (2021:8%) of the total investments under FVTPL. The above referenced investments are primarily in Investment Services (VII Ventures SPC Company), and Fintech (Fund 1 SP and Fund 2 SP). There is no other significant concentration of the investments.

4 Financial assets at fair value through profit or loss

	2022 US\$	2021 US\$
VII Ventures SPC Company		
Opening Balance	7,668,124	-
Acquisition during the year	250,000	5,214,015
Disposal during the year	(500,015)	-
Net change in fair value of financial assets at fair value through profit or loss	<u>(1,353,394)</u>	<u>2,454,109</u>
Total	<u>6,064,715</u>	<u>7,668,124</u>

The original cost of investments held at 31 December 2022 was USD 4,964,000 (2021: USD 5,214,015).

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Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Financial assets at fair value through profit or loss (continued)

	2022 US\$	2021 US\$
VII Ventures Fund 1 SP		
Opening Balance	9,367,138	-
Acquisition during the year	545,060	7,014,016
Net change in fair value of financial assets at fair value through profit or loss	<u>559,203</u>	<u>2,353,122</u>
Total	<u>10,471,401</u>	<u>9,367,138</u>

The original cost of investments held at 31 December 2022 was USD 7,559,076 (2021: USD 7,014,016).

	2022 US\$	2021 US\$
VII Ventures Fund 2 SP		
Opening Balance	4,501,495	-
Acquisition during the year	1,962,345	4,559,354
Net change in fair value of financial assets at fair value through profit or loss	<u>1,311,652</u>	<u>(57,859)</u>
Total	<u>7,775,492</u>	<u>4,501,495</u>

The original cost of investments held at 31 December 2022 was USD 6,521,699 (2021: USD 4,559,354).

Sensitivity Analysis for the financial assets:

The table below summarises the sensitivity of the Fund's Net Assets to movement in the fair value of the underlying assets as at 31 December 2022. The analysis is based on the assumptions that fair value would be increased by 15% or decreased by 15% with all other variables held constant.

	Reasonable possible change (%) 2022	Impact US\$
VII Ventures SPC Company		
Increase / Decrease in fair value of underlying assets	<u>15%</u>	<u>909,707</u>
VII Ventures Fund 1 SP		
Increase / Decrease in fair value of underlying assets	<u>15%</u>	<u>1,570,710</u>
II Ventures Fund 2 SP		
Increase / Decrease in fair value of underlying assets	<u>15%</u>	<u>1,166,324</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Financial assets at fair value through profit or loss (continued)

Sensitivity Analysis for the financial assets: (continued)

	Reasonable possible change (%) 2021	Impact US\$
VII Ventures SPC Company		
Increase / Decrease in fair value of underlying assets	15%	1,150,219
VII Ventures Fund 1 SP		
Increase / Decrease in fair value of underlying assets	15%	1,405,071
II Ventures Fund 2 SP		
Increase / Decrease in fair value of underlying assets	15%	675,224

Valuation Technique of the financial assets:

The following table shows an analysis of the financial assets recorded at fair value, which are valued based on the latest market price for quoted investments; or recent rounds / series of capital issued by the private companies; or net asset value of underlying investments. Such valuations are adjusted, when necessary, to reflect the effect of the time that has passed since the calculation date, liquidity risk, limitations on redemptions and other factors:

	31 December 2022			
Category	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Recent Transaction	2,250,000	9,471,401	6,017,737	17,639,138
Listed Security	-	-	1,757,755	1,757,755
Net Asset Value – As at 31 December 2022	<u>3,814,715</u>	<u>1,000,000</u>	<u>-</u>	<u>4,814,715</u>
	<u>6,064,715</u>	<u>10,471,401</u>	<u>7,775,492</u>	<u>24,311,608</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Financial assets at fair value through profit or loss (continued)

Valuation Technique of the financial assets: (continued)

Category	31 December 2021			Total US\$
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	
Recent Transaction	2,000,000	8,367,138	1,333,050	11,700,188
Listed Security			3,168,445	3,168,445
Net Asset Value – As at 31 December 2021	<u>5,668,124</u>	<u>1,000,000</u>	<u>-</u>	<u>6,668,124</u>
	<u>7,668,124</u>	<u>9,367,138</u>	<u>4,501,495</u>	<u>21,536,757</u>

5 Cash and cash equivalents

For the year ended 31 December 2022, the cash and cash equivalents comprise of the following amounts held with International Investment Bank S.A and EFG Bank AG Zurich.

Cash at bank	31 December 2022			Total US\$
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	
	<u>4,119</u>	<u>898</u>	<u>333,967</u>	<u>338,984</u>

Cash at bank	31 December 2021			Total US\$
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	
	<u>4,175</u>	<u>101,284</u>	<u>92,002</u>	<u>197,461</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Prepayments and other receivables

	31 December 2022			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Prepaid expenses	9,484	1,094	1,094	11,672
Other receivables	1,001,879	-	970	1,002,849
	<u>1,011,363</u>	<u>1,094</u>	<u>2,064</u>	<u>1,014,521</u>

	31 December 2021			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Prepaid expenses	9,482	1,091	1,091	11,664
Other receivables	352,848	-	-	352,848
	<u>362,330</u>	<u>1,091</u>	<u>1,091</u>	<u>364,512</u>

Other receivables include a loan amounting to US\$ 1,000,000 out of which USD 650,000 is given to Project SAM during 2021 and US\$ 350,000 during 2022 and it will be due for repayment when the concept of Project SAM will be commercialized which the management believes to happen within a year.

7 Accrued expenses and other payables

	31 December 2022			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Accrued expenses and other payables:				
Administrator Fee	4,250	4,750	4,750	13,750
Investment Advisory Fee	151,137	278,539	108,518	538,194
Audit Fee	13,200	13,200	13,200	39,600
Payable to Fund Manager	42,606	85,836	34,598	163,040
Other Payables	-	2,393	2,361	4,754
	<u>211,193</u>	<u>384,718</u>	<u>163,427</u>	<u>759,338</u>

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Accrued expenses and other payables (continued)

	31 December 2021			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Accrued expenses and other payables:				
Administrator Fee	4,250	19,000	4,750	28,000
Investment Advisory Fee	25,294	128,580	11,296	165,170
Audit Fee	12,000	12,000	12,000	36,000
Payable to Fund Manager	-	35,070	3,500	38,570
Other Payables	-	101,425	2,091	103,516
	<u>41,544</u>	<u>296,075</u>	<u>33,637</u>	<u>371,256</u>

8 Net assets attributable to holders of participating shares

The Fund has an authorised share capital of US\$ 50,000 divided into 100 management shares of a nominal or par value of US\$0.01 each (the “Management Shares”) and 4,999,900 Participating Shares of a nominal or par value of US\$0.01 each (the “Participating Shares”)

As at 31 December 2022, 100 Management Shares are in issue, fully paid and held by VII Ventures Ltd, a company duly incorporated under the laws of the Cayman Islands. The Management Shares confer on the holder the right to receive notice of, attend, speak and vote at any general meetings of the Fund. Holders of Management Shares shall not be entitled to any dividends and do not entitle the holders to participate in the Fund’s profits and losses. In the event of winding up or dissolution of the Fund, the entitlement of the holders of Management Shares shall be determined in accordance with the Articles of Association.

Participating Shares shall confer upon a holder no right to receive notice of, attend, speak at nor vote at general meetings of the Fund but shall confer upon the Shareholders rights in a winding-up or repayment of capital and the right to participate in the profits or assets of the Fund in accordance with the Articles of Association. Participating shares are non-redeemable at the option of the holder in accordance with the terms set out in the Private Placement Memorandum and respective supplements.

Dividends may, in the absolute discretion of the Directors and subject to the various requirements specified herein, be paid to the holders of the Participating Shares out of the reserves available for distribution.

Participating share transactions during the period were as follows:

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Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Net assets attributable to holders of participating shares (continued)

	VII Ventures SPC Company No. of shares	VII Ventures Fund 1 SP No. of shares	VII Ventures Fund 2 SP No. of shares
Opening	558,901.50	705.78	404.35*
Contribution during the year	90,000	54.51	205.96
Redemption during the year	<u>(50,001.50)</u>	<u>-</u>	<u>-</u>
Closing	<u>598,900</u>	<u>760.29</u>	<u>610.31</u>

* As per the approval of the Board of Directors, the issue price of Fund 2 SP has been changed from USD 10 per participating share to USD 10,000 per participating share, accordingly, beginning outstanding number of participating shares have been amended.

As of 31 December 2022, total capital contributed amounted to US\$ 19,681,252 (2021: US\$ 16,676,522).

9 Related party transactions

Related parties represent associate companies, the Investment Advisor, VII Ventures Limited and the key management personnel of the Fund. Pricing policies and terms of these transactions are approved by the Fund's management. The Fund's majority shareholder is Lamar Holdings, which is owned and controlled by two of the Directors of the Fund namely Dr. Lina Mustafa Noorulddin Abzakh and Hani Ali Abdulatif Abdulhadi. Furthermore, the Investment Advisor, VII Ventures Ltd is also owned and controlled by Lamar Holdings.

Subscription Fee

Any Subscription Fee of 2% of the aggregate subscription amount charged to a subscriber for Shares and received by or on behalf of the Fund will be paid by or on behalf of the Fund to the Investment Advisor.

Investment Advisory fee

The Fund will pay to the Investment Advisor an advisory fee (the "Advisory Fee") which will be equal to 2% per annum of the aggregate subscription proceeds received by or on behalf of the Fund in accordance with Investment Advisory Agreement applicable for each SP.

The Advisory Fee shall be calculated and payable annually in arrears. The Advisory Fee shall be pro-rated for portions of a Fiscal Year, where applicable.

Performance fee / Carried interest

The Fund will pay to the Investment Advisor a performance fee/carried interest, which shall be calculated and payable following the receipt of any proceeds by or on behalf of the Fund pursuant to the sale of any of its assets pursuant to an exit (the net proceeds received by or on

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Related party transactions (continued)

Performance fee / Carried interest (continued)

behalf of the Fund) in accordance with the terms of the respective Investment Advisory Agreement. The following related party transactions took place and as at 31 December 2022 and 31 December 2021 the following balances were payable to related parties, as disclosed in the Statement of comprehensive income and Statement of financial position respectively.

	For the year ended 31 December 2022			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
<i>Statement of comprehensive income</i>				
Investment Advisory Fee	125,843	149,959	97,221	373,023
Carried interest (reversal) / expense	(304,813)	74,035	198,981	(31,797)
	31 December 2022			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
<i>Statement of financial position</i>				
Investment Advisory Fee Payable	151,137	278,539	108,518	538,194
Carried interest payable	176,001	499,923	198,981	874,905
Payable to Fund Manager	42,606	85,836	34,598	163,040
Other payable	-	2,395	453	2,848
	<u>369,744</u>	<u>866,693</u>	<u>342,550</u>	<u>1,578,987</u>
	For the period starting from 21 August 2020 to 31 December 2021			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
<i>Statement of comprehensive income</i>				
Investment Advisory Fee	25,294	128,580	11,297	165,171
Carried interest expense	480,814	425,888	-	906,702

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Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Related party transactions (continued)

Performance fee / Carried interest (continued)

	31 December 2021			
	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
<i>Statement of financial position</i>				
Investment Advisory Fee Payable	25,294	128,580	11,297	165,171
Carried interest payable	480,814	425,888	-	906,702
Payable to Fund Manager	-	35,071	3,500	38,571
Other payable	-	100,000	-	100,000
	<u>506,108</u>	<u>689,539</u>	<u>14,797</u>	<u>1,210,444</u>

10 Carried interest

	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Opening as at 31 December 2021	480,814	425,888	-	906,702
Carried interest (reversal)/ expense for the year	(304,813)	74,035	198,981	(31,797)
Closing as at 31 December 2022	<u>176,001</u>	<u>499,923</u>	<u>198,981</u>	<u>874,905</u>

	VII Ventures SPC Company US\$	VII Ventures Fund 1 SP US\$	VII Ventures Fund 2 SP US\$	Total US\$
Opening as at 21 August 2020	-	-	-	-
Carried interest expense for the period	480,814	425,888	-	906,702
Closing as at 31 December 2021	<u>480,814</u>	<u>425,888</u>	<u>-</u>	<u>906,702</u>

As of 31 December 2022, total capital contributed amounted to US\$ 19,681,252 (2021: US\$ 16,676,522). Net assets attributable to holders of participating shares before carried interest amounted to US\$ 24,055,772 (2021: US\$ 21,076,830). The difference between capital contributed and net assets attributable to holders of participating shares before carried interest equates to a gain of US\$ 880,003 (2021: US\$ 2,404,069) for VII Ventures SPC Company and US\$ 2,499,614 (2021: US\$ 2,129,438) for Fund 1 SP and US\$ 994,903 (2021: US\$ Nil) for Fund 2 SP. The carried interest expense is calculated at 20% of that gain.

VII VENTURES SPC

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Contingencies and commitments

There are no contingencies and commitments as at 31 December 2022 (2021: commitments US\$ 1,395,600)

12 Events after the reporting date

There are no material events that have occurred after the reporting date up to the date of approval of these financial statements that require adjustment or disclosure in these financial statements.

13 Approval of the financial statements

The financial statements were approved by the Directors and authorised for issue on 27 June 2023.