

Investment Friends Capital SE



**ANNUAL REPORT
OF INVESTMENT FRIENDS CAPITAL SE
AS AT 31 DECEMBER 2018 FOR THE YEAR ENDED ON 31 DECEMBER 2018**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Tallinn 21/08/2019



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1 Financial statements

1.1 Statement of financial position

| STATEMENT OF FINANCIAL POSITION | Note | 31 December 2018 in thousands EUR | 31 December 2017 in thousands EUR |
|---------------------------------------|------|---|---|
| Assets | | | |
| Fixed assets | | 760 | 1,660 |
| Tangible fixed assets | | 0 | 1 |
| Investment property | 2 | 342 | 353 |
| Long-term financial assets | 4 | 418 | 1,303 |
| Long-term accruals and prepayments | | 0 | 3 |
| Current assets | | 4,142 | 4,071 |
| Short-term receivables | 8 | 1 | 3 |
| Short-term financial assets | 5 | 4,115 | 3,717 |
| Cash and cash equivalents | 3 | 26 | 351 |
| Long-term assets held for sale | | | |
| Total assets | | 4,902 | 5,731 |

| | | | |
|---|-------|--------------|--------------|
| Liabilities | | | |
| Equity | | 4,894 | 5,711 |
| Share capital | 7, 10 | 2,102 | 2,157 |
| Supplementary capital from the sale of shares above the nominal value and from the reduction of the share capital | 10 | 8,818 | 8,818 |
| Revaluation reserve | 4, 11 | -1,371 | -602 |
| Capital from merger of entities | 13 | -3 | 0 |
| Other provisions | 10 | 56 | 0 |
| Exchange differences | 16 | -168 | 0 |
| Retained earnings / Unallocated financial result | | -4,540 | -4,662 |
| Long-term liabilities | | 0 | 3 |
| Deferred income tax provision | | 0 | 3 |
| Short-term liabilities | | 8 | 17 |
| Trade liabilities | 9 | 5 | 4 |
| Other liabilities | 9 | 3 | 11 |
| Other provisions | 9 | 0 | 2 |
| Total liabilities | | 4,902 | 5,731 |



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| | | | |
|---|-------|------------|------------|
| Book value | | 4,894 | 5,711 |
| Number of shares | 8, 24 | 15,015,972 | 15,015,972 |
| Book value per share (EUR) | 24 | 0.33 | 0.38 |
| Diluted number of shares | 8, 24 | 15,015,972 | 15,015,972 |
| Diluted book value per share (EUR) | 24 | 0.33 | 0.38 |

| OFF-BALANCE SHEET ITEMS, TOTAL | Note | 31 December 2017 in thousands EUR | 31 December 2018 in thousands EUR |
|---|-------------|--|--|
| 1. Contingent receivables | | 0 | 0 |
| 2. Contingent liabilities | | 0 | 0 |
| 3. Other | | 0 | 0 |
| Off-balance sheet items, total | | 0 | 0 |



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1.2 Income statement and statement of comprehensive income

| INCOME STATEMENT | Note | The period ended 31.12.2018 in thousands EUR | The period ended 31.12.2017 in thousands EUR |
|---|-------------|---|---|
| I. Revenue from sales of products, goods and materials | 21 | 203 | 230 |
| II. Cost of products, goods and materials sold | 22 | -8 | -11 |
| III. Gross profit on sales | | 195 | 219 |
| IV. General management costs | 22 | -97 | -106 |
| V. Other operating revenues | 23 | 19 | 1 |
| VI. Other operating costs | 22 | -3 | -90 |
| VII. Profit on operating activities | | 114 | 24 |
| VIII. Financial revenues | 23 | 11 | 13 |
| IX. Financial costs | 22 | -3 | -2 |
| X. Pre-tax profit | | 122 | 35 |
| XI. Income tax | | 0 | 4 |
| Rounding differences | | 0 | 1 |
| XII. Net profit | | 122 | 40 |

| | | | |
|--|--------|------------|------------|
| Net profit (loss) (in 12 months) | | 122 | 40 |
| The weighted average number of ordinary shares | 10, 24 | 15,015,972 | 15,015,972 |
| Profit (loss) per one ordinary share (in EUR) | 10, 24 | 0.01 | 0.003 |
| The weighted diluted average number of ordinary shares | 10, 24 | 15,015,972 | 15,015,972 |
| Diluted profit (loss) per one ordinary share (in EUR) | 10, 24 | 0.01 | 0.003 |

| STATEMENT OF COMPREHENSIVE INCOME | The period ended 31.12.2018 in thousands EUR | The period ended 31.12.2017 in thousands EUR |
|--|---|---|
| Net profit/loss for the period | 122 | 40 |
| Other total income, including: | -939 | 174 |
| Elements which could not be transferred to the income statement in the next periods | -3 | 0 |
| Elements which could be transferred to the income statement in the next periods | -936 | 174 |
| - settlement from revaluation capital, including: | -769 | 174 |
| - valuation of the financial assets held for sale | -769 | 174 |
| - all resulting exchange differences | -167 | 0 |
| Total revenue for the period | -817 | 214 |



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1.3 Statement of changes in equity

| STATEMENT OF CHANGES IN EQUITY | The period ended 31.12.2018 in thousands EUR | The period ended 31.12.2017 in thousands EUR |
|--|---|---|
| Opening balance of equity | 5,711 | 5,494 |
| change of applied accounting principles (policy) | 0 | 0 |
| - change of the measurement method for the investment properties | 0 | 0 |
| Opening balance of equity after reconciliation to comparable data | 5,711 | 5,494 |
| Opening balance of share capital | 2,157 | 10,785 |
| Changes in the share capital | -55 | -8,628 |
| increase (due to) | 1 | 0 |
| - exchange differences | 1 | |
| decrease (due to) | -56 | -8,628 |
| - decrease of the nominal value of shares | -56 | -8,628 |
| Closing balance of share capital | 2,102 | 2,157 |
| Opening balance of own shares | 0 | 0 |
| Closing balance of own shares | 0 | 0 |
| Opening balance of supplementary capital | 8,818 | 190 |
| Changes in supplementary capital | 0 | 8,628 |
| a) increase (due to) | 0 | 8,628 |
| reduction of the nominal value of shares | 0 | 8,628 |
| b) decrease (due to) | 0 | 0 |
| - separation to IFERIA S.A. | 0 | 0 |
| - loss coverage | 0 | 0 |
| Closing balance of supplementary capital | 8,818 | 8,818 |
| Opening balance of revaluation capital | -602 | -779 |
| Changes in revaluation capital | -769 | 177 |
| a) increase (due to) | | 177 |
| - valuation of financial assets | 0 | 177 |
| b) decrease (due to) | -769 | 0 |
| - valuation of financial assets | -769 | |
| Closing balance of capital from revaluation | -1,371 | -602 |
| Opening balance of capital from merger of entities | 0 | 0 |
| Changes in other reserve capitals | -3 | 0 |
| a) increase (due to) | 0 | 0 |
| b) decrease (due to) | -3 | 0 |
| - reduction due to merger | -3 | 0 |



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| | | |
|---|--------|--------|
| Closing balance of capital from merger of entities | -3 | 0 |
| Opening balance of other reserve capital | 0 | 0 |
| Changes in reserve capitals | 56 | 0 |
| a) increase (due to) | 56 | 0 |
| - increase due to reduction of share capital | 56 | 0 |
| Closing balance of other reserve capital | 56 | 0 |
| Opening balance of retained profit/not settled loss of previous years | -4,662 | -4,702 |
| a) increase (due to) | 122 | 40 |
| profit / loss for the period | 122 | 40 |
| b) decrease (due to) | 0 | 0 |
| - covering the loss from supplementary capital | 0 | 0 |
| Closing balance of retained profit/not settled loss of previous years | -4,540 | -4,662 |
| Exchange differences from converting gained income/loss into EUR | 134 | |
| Exchange differences from reserve capital | 17 | |
| Exchange differences from supplementary capital | -258 | |
| Exchange differences from converting share capital into EUR | -61 | |
| Closing balance of equity | 4,894 | 5,711 |
| Equity after considering the proposed distribution of profit (loss coverage) | 4,894 | 5,711 |



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1.4 Statement of cash flows

| CASH FLOWS STATEMENT | The period ended 31.12.2018 in thousands EUR | The period ended 31.12.2017 in thousands EUR |
|--|---|---|
| OPERATING ACTIVITIES | | |
| Gross profit (loss) | 122 | 35 |
| Adjustments total | -108 | -198 |
| Amortization | 0 | 1 |
| (Profits) losses from exchange differences | -3 | 2 |
| Interests and dividends | -176 | -234 |
| (Profit) loss due to investment activities | 0 | 28 |
| Change in the balance of other provisions | 0 | -2 |
| Change in the balance of other inventories | | 0 |
| Change in the balance of receivables | 2 | 3 |
| Change in the balance of liabilities | -13 | 4 |
| Change in the balance of accruals | 4 | 3 |
| Other adjustments* | 77 | 0 |
| Exchange differences | 1 | -3 |
| Gross cash flows from operating activity | 14 | -164 |
| Investment activity | | |
| Inflows from investment activities | 4854 | 5979 |
| Received repayments of the loans | 4670 | 5794 |
| Received interest | 184 | 185 |
| Expenses due to investment activity | 5187 | 5927 |
| Loans granted | 5187 | 5843 |
| Expenses for acquisition of financial assets | | 82 |
| Investments in properties and intangible assets | | 1 |
| Expenses on acquisition of tangible fixed assets | | 1 |
| Net cash flows from investment activity | -333 | 52 |
| Financial activity | | |
| Inflows | | 0 |
| Expenses due to financial activity | | |
| Net cash flows from financial activity | | 0 |
| Exchange differences | -6 | 1 |
| Net cash flows, total | -325 | -109 |
| Balance sheet change in cash | -325 | -109 |
| Opening balance of cash | 351 | 460 |
| Closing balance of cash | 26 | 351 |

* other adjustments are related to merger of the Company with Investent Friends Capital1 Polska AS using uniting of interests method



2 Introduction to the report

2.1 Basic information about the Company

Name of the Company: Investment Friends Capital SE

- On 09/02/2018 the Registry Court made a registration of the merger of the Issuer, previously operating as a public limited company under Polish law under the name of Investment Friends Capital Spółka Akcyjna (the Acquiring Company) with its registered office in Płock at Padlewskiego Street 18C, Poland, entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division, under the number 0000267789, NIP 8133186031, REGON 691529550 with Investment Friends Capital 1 Polska Akciowospolečnost headquartered in Ostrava, address: Poděbradova 2738/16, Moravská Ostrava, 702 00 Ostrava, the Czech Republic entered to the commercial register kept by the District Court in Ostrava, section B under the number 10980, identification number 06503179 (the Acquired Company).
- As a result of registration of aforementioned merger by the District Court for the Capital City of Warsaw in Warsaw, the Issuer has changed its legal form to the European Company and has operated as Investment Friends Capital SE headquartered in Płock at Padlewskiego Street 18C, Poland, entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division, under the number 0000716972, REGON 369464707, NIP 8133186031 till 30/11/2018.
- On 30/11/2018 the commercial register appropriate for the Estonian law (Ariregister) registered the transfer of the Issuer's registered office to Estonia. Since 30/11/2018 the Company is being entered in Tartu County Court Registration Department, registry code: 14618005.

Address:

- until 30/11/2018 - Płock 09-402, ul. Padlewskiego 18C
- since 01/12/2018 - Narva mnt 5, 10117 Tallinn, Estonia
- since 05/06/2019 - Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145 Estonia.

VAT identification number:

- 8133186031 (not effective as at 31.12.2018)

Business activity according to 'Polish Business Classification (PKD)':

- Applicable in the reporting period pkd - 6619 Z. Other activities auxiliary to financial services, except insurance and pension funding.
- From 30.11.2018 activity with name „Activities of holding companies”, EMTAK No 64201 was registered in Estonia.



Duration of the Company:

- Duration of the Company is indefinite.

Registry court of the Company:

- Till 30/11/2018 the Company had been entered to the Register of Entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division, under the number 0000716972.
- Since 01/12/2018 the Company has been entered in Tartu County Court Registration Department, registry code: 14618005.

Share capital of the Company:

- Till 09/02/2018 the share capital of the Company was: PLN9.009.583,20 (say: nine million nine thousand five hundred eighty-three zlotys 20/100) and it was divided into 15.015.972 (fifteen million fifteen thousand nine hundred seventy-two) shares of the nominal value PLN 0,60 (sixty grosz) each.
- Since 09/02/2018 the share capital is 2.102.236,08 EURO (say: two million one hundred two thousand thirty-six EURO 08/100) and it is divided into 15.015.972 (fifteen million fifteen thousand nine hundred seventy-two) shares of the nominal value 0,14 EURO (say: fourteen euro cents) each.

Financial year:

- The financial year for the reporting period has started on 1 January 2018 and ended on 31 December 2018.

Supervisory Board:

In the reporting period, composition of the Issuer's Supervisory Board was as following:

- Wojciech Hetkowski - Chairman of the Supervisory Board
- Jacek Koralewski - Vice-Chairman of the Supervisory Board
- Małgorzata Patrowicz - Secretary of the Supervisory Board
- Mariusz Patrowicz - Member of the Supervisory Board
- Martyna Patrowicz - Member of the Supervisory Board

As at 11 January 2019, the written resignation letter from held function in the Supervisory Board was submitted by Mr Mariusz Patrowicz.

Management Board:

In the reporting period, the composition of the Management Board was as following:

- Robert Ogrodnik - Chairman of the Management Board till 30/05/2018
- Damian Patrowicz - Chairman of the Management Board since 04/06/2018



2.2 The principles applied for preparation of the financial statements

The Management Board of the Company makes public the report of Investment Friends Capital SE for the year 2018. The report includes especially the following elements:

- financial statements including:
 - statement of financial position
 - income statement and statement of comprehensive income for the period since 01/01/2018 to 31/12/2018, since 01/01/2017 to 31/12/2017,
 - statement of changes in equity for the period from 01/01/2018 to 31/12/2018, since 01/01/2017 to 31/12/2017,
 - statement of cash flows for the period since 01/01/2018 to 31/12/2018, since 01/01/2017 to 31/12/2017,
 - Additional information and other information as specified in the regulations.

2.3 Accounting principles applied for preparation of the financial statements

In presented financial statements the same accounting principles were followed as the one described in the latest annual financial statements as at 31 December 2017, excluding accounting principles resulting from application of IFRS 9 and IFRS 15 presented below.

Pursuant to resolution of the Extraordinary General Meeting of Shareholders of 4 February 2014, starting from 1 January 2014 the Company has changed the accounting principles which have been used so far, and has passed to International Financial Reporting Standards as approved by the European Union (IFRS EU). In the previous years, the Company had applied accounting principles resulting from the Accounting Act of 29 September 1994.

The first, full annual financial statements compliant with IFRS EU were prepared for the year ended on 31 December 2014 taking into account the requirements of IFRS 1 'First-time Adoption of IFRS'. In accordance with IFRS 1, the date of transition is 1 January 2013, which is the date of preparation of the opening balance.

Because of lack of such requirements, this financial statements were not subjected into audit or an overview of a certified auditor.

Functional and reporting currency

This financial report was prepared in EUR. The functional currency of the Company is Polish zloty (PLN) and reporting (presentational) currency of the Company is EUR. The financial statements are presented in EUR thousand. The financial statements are prepared with assumption that the Company will going concern in the foreseeable future.



Changes of applied accounting principles

The financial statements included in this report were prepared using the same accounting principles which were used for preparation of the annual financial statements prepared as at 31 December 2017 excluding accounting and valuation principles resulting from application of IFRS 9 and IFRS 15 presented below.

Influence of the new and changed standards and interpretations

The International Accounting Standards Board approved the new standards to be used since 1 January 2018.

- IFRS 9 „Financial instruments” which has replaced IAS 39 ‘Financial Instruments: Recognition and Measurement’,
- IFRS 15 ‘Revenues from Contracts with Customers’ and amendments to IFRS 15 explaining some requirements of the standard which has replaced standards of IAS 11 and 18 and interpretations: IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

Influence of application of aforementioned standards on accounting policy of the Company and on the financial statements

IFRS 9 Financial Statements

The Company has not implemented earlier introduction of IFRS 9 and has applied the requirements of IFRS 9 retrospectively for the periods starting after January 1, 2018. Pursuant to allowed by this standard possibility, the Company has not adjusted the comparative data. Implementation of IFRS 9 influenced the accounting policy in the field of recognition, classification and valuation of financial assets, assessment of liabilities.

Published and approved by EU standards, which have not entered into force yet

In this report, the Company has not implemented standards, amendments of standards and interpretations which were published and approved by the EU but have not entered into force yet. The Company does not envisage any significant influence of such standards on the Company’s financial statements.

Selected elements of the accounting policy

Valuation of assets and financial liabilities

Since January 1, 2018 the Company has qualified financial assets into the following categories:

- measured at amortised cost,
- measured at fair value through comprehensive income,
- measured at fair value through financial result.

Classification is made upon initial recognition of assets. Classification of debt financial assets depends on the business model of financial assets management as well as on contractual cash flow characteristics (test SPPI- Solely Payment of Principal and Interest) for each element of financial assets.



Into the category of assets measured at amortised cost the Company classifies trade receivables, loans granted which passed the SPPI test on, other receivables and cash and cash equivalents.

Financial assets measured at amortised cost are valued in the amount of amortised cost using effective interest rate, taking into account write-offs due to impairment loss. Trade receivables with maturity period up to 12 months from its origination date are not discounted and are measured at nominal value.

In case of financial assets purchased or emerged, impaired at the moment of initial recognition, these assets are measured at amortised cost using effective interest rate adjusted for credit risk.

Into the category of assets measured at **fair value through other comprehensive income** are classified:

1. element of debt financial assets if there are fulfilled the following conditions:

- it is kept in business model which aim is to receive contractual cash flows due to owned financial assets as well as due to sales of financial assets, and
- contractual conditions give the right to receive, in specified dates, cash flows constituting only on capital and interest on capital (it means it passed the SPPI test on).

2. Equity instrument for which there was made an irreversible classification to this category at the moment of initial recognition. The option of the fair value through comprehensive income is not possible for instruments dedicated to trading.

Profits and losses, either from valuation or realization, emerged from these assets are recognized in other comprehensive income, excluding income from received dividends.

To the category of **assets measured at fair value through financial result** the Company classifies loans granted which did not pass the contractual cash flows test.

Profits and losses on **financial assets measured at fair value through financial result are recognized in the financial result from the period in which they emerged (including income due to interest and dividends).**

Since January 1, 2018 the Company classifies financial liabilities to the following categories:

- measured at amortised cost,
- measured at fair value through financial result,
- securing financial instruments.

To the group of liabilities measured at amortised cost are classified liabilities other than those measured at fair value through financial result (i.a. trade liabilities, credits and loans), except for:

- financial liabilities arising in case of transfer of financial assets which are not classified to derecognition,
- agreements on financial guarantees which are measured at higher amount from the following:
 - value of the write-off for expected credit losses settled according to IFRS 9
 - value initially recognized (i.e. at fair value increased by costs of transaction that may be directly assigned to the financial liabilities component), reduced by accumulated amount of income recognized according to provisions of IFRS 15 Revenue from contracts with customers.



To liabilities measured at fair value through financial result are classified liabilities due to derivatives which are not assigned for hedge accounting purposes.

Impairment of financial assets

IFRS 9 introduces a new approach to estimation of losses with regard to financial assets measured at amortised cost. This approach is based on designation of expected losses, independently on the fact whether there were any premises to do it or not.

The Company applies the following models of determining impairment write-offs:

- general model (basic),
- simplified model.

In the general model, the Company monitors changes of credit risk's level related to the particular component of the financial assets.

In the simplified model the Company does not monitors changes of credit risk's level during the instrument's lifetime, estimates expected credit loss within the maturity date of the instrument.

To estimate expected credit loss the Company uses:

- in the general model - levels of probability of insolvency,
- in the simplified model – historical levels of repayment of receivables from contractors.

As insolvency event, the Company recognizes lack of obligation's fulfilment by a contractor after 90 days since maturity date of a receivable.

The Company takes into account informations regarding future in applied parameters of model for estimating expected loss, by adjustment of basic indexes of insolvency probability (for receivables) or by calculation of parameters of insolvency probability on the basis of current market quotes (for other financial assets).

The Company applies the simplified model of calculation of impairment write-offs for trade receivables. The general model is applied for other types of financial assets, including debt financial assets measured at fair value through other comprehensive income.

Impairment losses for debt financial instruments measured at amortised cost (at the moment of initial recognition and calculated for every next day ending financial period) are recognized in other operating costs. Profits (reversal of the write-off) due to reduction of value of expected impairment loss are recognized in other operating revenues.

For purchased and emerged financial assets impaired due to credit risk at the moment of initial recognition, favourable changes of expected credit losses are recognized as impairment profit in other operating revenues.

Losses due to impairment of debt financial instruments measured at fair value through other comprehensive income are recognized in other operating costs in correspondence with other comprehensive income. Profits (reversal of a write-off) due to reduction of value of expected credit loss are recognized in other operating revenues.



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Below chart summarizes influence of IFRS 9 on change of classification and measurement of financial instruments of the Company as at January 1, 2018. Numbers are given in thousands EUR.

| | Classification acc. to IAS 39 | Classification acc. to IFRS 9 | Balance sheet value acc. to IAS 39 | Balance sheet value acc. to IFRS 9 |
|-----------------------------|--------------------------------------|---|---|---|
| Financial assets | | | December 31, 2017 | January 1, 2018 |
| Financial assets | Held for sale | Fair value through comprehensive income | 1 222 | 1 222 |
| Loans granted | Loans and receivables | Amortised cost | 3 717 | 3 717 |
| Trade and other receivables | Loans and receivables | Amortised cost | 3 | 3 |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 351 | 351 |



3 Additional information to the financial statements

(additional explanatory notes)

3.1 Note 1 Information on material changes of estimated values

Changes in provisions and write-offs in year 2018 (in thousands EUR)

| Title | The sum of write-offs as at 01/01/2018 | Established | Dissolved | The sum of write-offs as at 31/12/2018 |
|---|--|-------------|-----------|--|
| Provision due to deferred income tax | -3 | -12 | 15 | 0 |
| Assets due to deferred income tax | -3 | -97 | 100 | 0 |
| Revaluation write-off of financial assets | -607 | -769 | 2 | -1,374 |
| Revaluation write-off of loans granted | -8 | 0 | 0 | -8 |
| Revaluation write-off of supplies | 0 | 0 | 0 | 0 |

3.2 Note 2 Investment properties

Investment Property (in thousands EUR)

| INVESTMENT PROPERTIES | 31/12/2018 | 31/12/2017 |
|--|------------|------------|
| Gross value at the beginning of the period | 353 | 0 |
| - acquisition by the way of purchase | 0 | 381 |
| - transfer from property, plant and equipment | 0 | 0 |
| - valuation of real estates | 0 | -28 |
| - sale | 0 | 0 |
| Gross value at the end of the period | 353 | 353 |
| Accumulated amortization and impairment write-offs at the beginning of the period | 0 | 0 |
| - amortization for the period | -1 | 0 |
| - transfer from property, plant and equipment | 0 | 0 |
| Accumulated amortization and impairment write-offs at the end of the period | -1 | 0 |



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| | | |
|---|------------|------------|
| Net value at the beginning of the period | 353 | 0 |
| exchange differences | -10 | |
| Net value at the end of the period | 342 | 353 |

The real estate localized in Poznań.

On 05/05/2017 under notarial deed concluded between Investment Friends SE and Investment Friends Capital SE, the Company became the owner of the real estate that is a dwelling no 229 in a multiapartment building at Stanisława Wyspiańskiego Street 26B in Poznań along with a parking spot linked.

The amounts recognized as a result of renting of the investment properties are as following:

- Revenues from lease of the investment properties: EUR 22.5 thousand
- Direct costs related to the properties' maintenance: EUR 4 thousand

On 11/10/2018 the Issuer concluded with the company Patro Inwestycje Sp. z o.o. headquartered in Płock the Fiduciary agreement. Subject of the Agreement is on-going management and administration of the Issuer's real estates and carrying out of procedure consisting on searching for purchasers and sale of the Company's real estate.

Under the concluded Agreement, the Issuer made a transfer onto the Trustee the rights of the Company to the real estate.

3.3 Note 3 Cash and cash equivalents

Cash and cash equivalents in bank are interest-bearing at a variable rates, the level of which depend on the interest on oneday bank deposits. Short-term deposits are made for various periods, from 1 day to one month, dependently on current need of the Company for cash and they are interest-bearing according to established for them interest rates.

Fair value of cash and cash equivalents (in thousands EUR)

| | 31/12/2018 | 31/12/2017 |
|--|-------------------|-------------------|
| Bank deposits (current accounts) and short-term deposits | 26 | 351 |
| Cash on hand | 0 | 0 |
| Other cash | 0 | 0 |
| Cash disclosed in the balance sheet | 26 | 351 |



3.4 Note 4 Long-term financial assets

Long-term financial assets (in thousands EUR)

| LONG-TERM FINANCIAL ASSETS | 31/12/2018 | 31/12/2017 |
|---|-------------------|-------------------|
| a) in related entities | 0 | 81 |
| - stocks/shares | 0 | 81 |
| b) in other entities | 418 | 1,222 |
| - stocks/shares of domestic companies, non-listed | 418 | 1,222 |
| Long-term financial assets, total | 418 | 1,303 |

As at 31/12/2017 the Company owned 2 shares of Investment Friends Capital1 a.s. headquartered in Ostrava, constituting 100% of contribution in the share capital of Investment Friends Capital1 a.s. On 09/02/2018 there was the merger of Investment Friends Capital S.A. and Investment Friends Capital1 a.s. registered. As a result of aforementioned, Investment Friends Capital has obtained legal form of european company. Settlement of the merger was recognized by the uniting of interest method.

Stocks and shares of the other entities (in thousands EUR)

| | Name of an entity with specification of a legal form | Value of stocks / shares according to the purchase price | Balance sheet value of shares | Percentage of owned share capital |
|---|---|---|--------------------------------------|--|
| 1 | IFEA SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ | 7 575 | 1 796 | 5,24 |
| 2 | IFERIA SPÓŁKA AKCYJNA | 57 | 3 | 1,47 |

As at 31/12/2018 the Company owns 1515 stocks of IFEA Sp. z o. o. of the nominal value PLN 5 000,00 per share, i.e. total acquisition value of shares PLN 7 575 thousand.

As at 30/11/2018 the stocks of IFEA Sp. z o. o. are revaluated by the total amount of PLN (-) 5 779 thousand. Within 11 months of 2018 there was made revaluation of shares amounted to PLN (-) 3 253 thousand. The latest valuation was made as at 30/11/2018. Revaluation of aforementioned asset was made by revaluation capital.

As at 31/12/2018 the Company owns also long-term shares (2.873.564 shares) of IFERIA S.A. of the nominal value PLN 0,02 constituting 1,47% of total number of votes and 1,47% of the share capital of IFERIA S.A.



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Within year 2018 there was made revaluation of shares amounted to PLN (-) 55 thousand. The valuation was made as at 31/12/2018. Revaluation of aforementioned asset was made by revaluation capital.

3.5 Note 5 Short-term investments

Short-term investments (in thousands EUR)

| | 31/12/2018 | 31/12/2017 |
|--------------------------------------|--------------|--------------|
| SHORT-TERM INVESTMENTS | | |
| 1) In related parties | 3,726 | 3,287 |
| a) loans granted | 3,726 | 3,287 |
| - value adjustments (+/-) | 28 | 16 |
| - value according to purchase prices | 3,698 | 3,271 |
| b) borrowed shares | 0 | 0 |
| c) other securities | 0 | 0 |
| 2) In other parties | 389 | 430 |
| a) loans granted | 389 | 430 |
| - value adjustments (+/-) | -5 | -3 |
| - value according to purchase prices | 394 | 433 |
| Total balance sheet value | 4,115 | 3,717 |

Short-term loans granted in thousands PLN

| Name of the entity (the Company) | Headquarters | The value of loan according to agreement | | The value of loan to repay | | Interest | Repayment date | Collateral |
|-------------------------------------|--------------|--|----------|----------------------------|----------|---------------|----------------|--|
| | | in thous. PLN | currency | in thous. PLN | currency | | | |
| Natural person* | - | 60 | PLN | 60 | PLN | 12% | 31/03/2016 | a notarial deed of submission to execution, blank promissory note, mortgage on real estate |
| Natural person | - | 150 | PLN | 33 | PLN | WIBOR 3M + 9% | 30/06/2018 | A notarial deed of voluntary submission to enforcement, a promissory note, |



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| | | | | | | | | |
|----------------------------|-------|-------|-----|-------|-----|--------------|------------|---|
| | | | | | | | | mortgages |
| Natural person | - | 1 671 | PLN | 1 613 | PLN | 9,9% | 23/04/2016 | blank promissory note, a notarial deed of submission to execution, mortgage |
| Office Center sp. z o.o. | Płock | 380 | PLN | 384 | PLN | WIBOR 3M +5% | 30/12/2018 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 4 000 | PLN | 4 015 | PLN | 6,9% | 31/12/2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 1 100 | PLN | 1 104 | PLN | 4,5% | 31/12/2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 5 000 | PLN | 5 020 | PLN | WIBOR 3M +3% | 31/12/2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 4 000 | PLN | 3 778 | PLN | WIBOR 3M +3% | 31/12/2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 400 | PLN | 401 | PLN | WIBOR 3M +3% | 31/12/2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 270 | PLN | 271 | PLN | WIBOR 3M +3% | 30.09.2019 | blank promissory note |
| Damf Księgowość sp. z o.o. | Płock | 556 | PLN | 557 | PLN | 5,7% | 31/08/2019 | blank promissory note |

*As at 30/11/2018, the Company made a revaluation write-off for the unpaid loan amounting to PLN 33.000,00.



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Short-term loans granted in thousands EUR (exchange rate 4.3014) as at 31/12/2018

| Name of the entity (the Company) | Headquarters | The value of loan according to agreement in thous. EUR | | The value of loan to repay in thous. EUR | | Interest | Repayment date | Collateral |
|-------------------------------------|--------------|--|----------|--|----------|---------------|----------------|--|
| | | currency | currency | currency | currency | | | |
| Natural person* | - | 14 | EUR | 14 | EUR | 12% | 31.03.2016 | a notarial deed of submission to execution, blank promissory note, mortgage on real estate |
| Natural person | - | 35 | EUR | 8 | EUR | WIBOR 3M + 9% | 30.06.2018 | A notarial deed of voluntary submission to enforcement, a promissory note, mortgages |
| Natural person | - | 388 | EUR | 375 | EUR | 9,90% | 23.04.2016 | blank promissory note, a notarial deed of submission to execution, mortgage |
| Office Center sp. z o.o. | Płock | 88 | EUR | 89 | EUR | WIBOR 3M +5% | 30.12.2018 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 930 | EUR | 933 | EUR | 6,90% | 31.12.2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 256 | EUR | 257 | EUR | 4,50% | 31.12.2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 1162 | EUR | 1167 | EUR | WIBOR 3M +3% | 31.12.2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 930 | EUR | 878 | EUR | WIBOR 3M +3% | 31.12.2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 93 | EUR | 93 | EUR | WIBOR 3M +3% | 31.12.2019 | blank promissory note |
| Patro Invest sp. z o.o. | Płock | 63 | EUR | 63 | EUR | WIBOR 3M +3% | 30.09.2019 | blank promissory note |
| Damf Księgowość sp. z o.o. | Płock | 129 | EUR | 129 | EUR | 5,70% | 31.08.2019 | blank promissory note |



3.6 Note 6 Operations during discontinuation

In the period covered by the report, the above event did not occur. The Issuer focused mainly on financial services - granting loans.

3.7 Note 7 Shareholder structure

Structure of direct shareholding as at 31/12/2018

| No. | Shareholder | Number of shares | % ownership | Number of votes | % votes |
|-----|--------------------|-------------------|---------------|-------------------|---------------|
| 1. | Patro Invest OÜ | 9 199 605 | 61,27 | 9 199 605 | 61,27 |
| 2. | Other shareholders | 5 816 367 | 38,73 | 5 816 367 | 38,73 |
| X | Total | 15 015 972 | 100,00 | 15 015 972 | 100,00 |

Structure of indirect shareholding as at 31/12/2018

| No. | Shareholder | Number of shares | % ownership | Number of votes | % votes |
|-----|----------------------|------------------|-------------|-----------------|---------|
| 1. | Mr. Damian Patrowicz | 9 199 605 | 61,27 | 9 199 605 | 61,27 |

To the best knowledge of the Management Board, in the absence of other shareholder notifications about a change in the Issuer's shares as at 31/12/2018, the structure of direct and indirect shareholding holding at least 5% of the total number of votes at the General Meeting has not changed compared to the status as at the date of publication of the last periodical report.

3.8 Note 8 Short-term receivables

Short-term receivables (in thousands EUR)

| | 31/12/2018 | 31/12/2017 |
|--|------------|------------|
| Trade receivables | 1 | 0 |
| Public-law receivables (except for income tax) | 0 | 2 |
| Receivables from employees | 0 | 0 |
| Other receivables | 0 | 1 |
| Net receivables | 1 | 3 |
| Write-down of receivables | 0 | 0 |
| Total gross receivables | 1 | 3 |



3.9 Note 9 Liabilities for deliveries and services and other liabilities

Liabilities for deliveries and services and other liabilities (in thousands EUR)

| | 31/12/2018 | 31/12/2017 |
|---|------------|------------|
| Short-term liabilities: | | |
| Liabilities to related parties | 3 | 1 |
| Liabilities to other parties | 5 | 14 |
| - for deliveries and services | 2 | 3 |
| - for taxes, duties, insurance and other benefits | 3 | 6 |
| - due to remuneration | 0 | 3 |
| - other | 0 | 2 |
| Short-term provisions | 0 | 2 |
| Revenue of future periods | 0 | 0 |
| Total short-term liabilities | 8 | 17 |

Liabilities for deliveries and services are interest-free and usually settled within 30-60 days. Other liabilities are interest-free, with an average 1 month payment period.

3.10 Note 10 Share capital

Share capital

| Series | Type of shares | Number of shares | The value of the series according to the nominal value of the shares |
|--------------|----------------|------------------|--|
| SERIES A | Bearer shares | 15 015 972 | 2.102.236,08 EURO |
| TOTAL | | 15 015 972 | 2.102.236,08 EURO |

Together with the registration of the merge on 09/02/2018 there were registered the changes in the share capital of the Company by the Registry Court. The share capital of the Company was expressed in EURO currency and as at 31/12/2018 is: EUR 2.102.236,08 and is divided into 15.015.972 bearer shares with a nominal value of EUR 0,14. Capital conversion result is shown in the other provisions section in amount of 241 thousands PLN = 56 thousands EUR.



3.11 Note 11 Revaluation reserve

Revaluation capital (in thousands EUR)

| | 31/11/2018 | 31/12/2017 |
|--|---------------|-------------|
| REVALUATION RESERVE | | |
| State at the beginning of the year | -602 | -779 |
| Profit/loss due to changes in the fair value of financial assets | -769 | 177 |
| Total revaluation reserve | -1,371 | -602 |

Revaluation reserve for financial assets available for sale includes the valuation of held shares IFEA sp. z o.o. and IFERIA sp. Z o.o. This item records the revaluation of financial assets at fair value through comprehensive income to fair value. The presented capital is not subdivided.

3.12 Note 12 Profit/loss per one share

Share capital

| | 12 months ended on 31/12/2018 | 12 months ended on 31/12/2017 |
|--|-------------------------------------|-------------------------------------|
| Net profit/loss thousands EUR) | 122 | 40 |
| The weighted average number of ordinary shares accepted to calculate earnings per one ordinary share | 15,015,972 | 15,015,972 |
| Weighted average number of ordinary shares accepted for the calculation of diluted profit per one ordinary share | 15,015,972 | 15,015,972 |
| Basic profit/loss per one share from the basic profit for the period (in EUR) | 0.01 | 0.003 |
| Diluted profit/loss per one share from the basic profit for the period (in EUR) | 0.01 | 0.003 |

3.13 Note 13 Mergers of business entities and acquisition of minority shares

On 09/02/2018 the merger of the Issuer previously operating as a joint-stock company under the Polish law under the name INVESTMENT FRIENDS CAPITAL SPÓŁKA AKCYJNA with registered office in Płock at Padlewskiego Street 18C, Poland, entered into the Register of Entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division under KRS



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number 0000267789, NIP 8133186031, REGON 691529550 with INVESTMENT FRIENDS CAPITAL 1 Polska Akciová Společnost with its registered office in Ostrava address: Poděbradova 2738/16, Moravská Ostrava, 702 00 Ostrava, Czech Republic entered in the commercial register kept by the District Court in Ostrava, section B under number 10980, identification number 06503179 (Acquired company).

As a result of registration by the District Court for the Capital City of Warsaw in Warsaw of the above merger, the Issuer adopted the legal form of the European Company INVESTMENT FRIENDS CAPITAL SE with its registered office in Płock at Padlewskiego Street 18C, Poland, entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for the capital city of Warsaw in Warsaw, 14th Commercial Division, under KRS number 0000716972, REGON 369464707, NIP 8133186031.

The merger took place on the terms specified in the Merger Plan of 30/11/2017 made available to the public on the websites of the merging companies. The merger took place through the acquisition of INVESTMENT FRIENDS CAPITAL1 Polska Akciová Společnost by INVESTMENT FRIENDS CAPITAL SE in accordance with the provisions of Article 2 para. 1 in connection with article 17 par. 2 letter a) and 18 of the Council Regulation (EC) No 2157/2001 of 8/10/2001 on the Statute for a European Company (SE) of 8/10/2001 (Official Journal No. 294, p. 1).

Settlement of the merger in the Company's financial statements

Pursuant to the above-described merger, the shareholders of the parent company Investment Friends Capital SE had control over the company that was merged and did not lose control as a result of executed operations. As a result of the above, it was possible to settle the merger using the method of a uniting of interests in the books of Investment Friends Capital SE.

The general principle of applying the method of uniting of interests is to sum up particular items of respective assets and liabilities as well as revenues and costs of the merged companies as at the merger date, after adjusting their values to uniform valuation methods and making mutual exclusions. The Company carried out the settlement of merger by the uniting of interests method in the following way:

Included in the books of Investment Friends Capital SE assets and liabilities according to the value resulting from the books of the acquired company Investment Friends1 Polska AS, after having been brought to comparability.

- Intercompany receivables and liabilities, revenues and costs of business transactions effected in a given financial year were excluded, including shares held in the acquired company.
- The share capital of the acquired company was excluded. The difference between the total of acquired assets and liabilities was shown as a separate capital of the company.
- The costs incurred in connection with the merger have been included in the financial costs. Transformation of the comparative period.

Due to the fact that Investment Friends Capital1 Polska AS was established on October 2, 2017, the balance sheet and profit and loss account for the previous reporting period as a result of the merger of Investment Friends Capital SE and Investment Friends Capital1 Polska AS is not presented.



3.14 Note 14 Description of significant achievements or failures of the Issuer in the period covered by the report, including a list of the most important events

In the period of year 2018, the Issuer noted:

- net revenues from the sale of products in the amount of EUR 203 thousand,
- financial income in the amount of EUR 11 thousand,
- general administrative expenses EUR 97 thousand,
- gross profit on sales in the amount of EUR 195 thousand,
- operating profit in the amount of EUR 114 thousand,
- net profit of EUR 122 thousand.

In the reporting period, the Issuer obtained revenues mainly from its financial service activity, i.e. interest on loans granted, rental of real estate and interest on funds deposited on bank accounts and deposits.

List of the most important events in the reporting period:

➤ Merger of the Issuer

On 09/02/2018 in the current report No. 8/2018, the Issuer announced that the registration of the merger of the Issuer previously operating as a joint-stock company under Polish law INVESTMENT FRIENDS CAPITAL SPÓŁKA AKCYJNA based in Płock, at Padlewskiego Street 18C, Poland, entered into the Register of Entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division under KRS number 0000267789, NIP 8133186031, REGON 691529550 with INVESTMENT FRIENDS CAPITAL 1 Polska Akciová společnost with its registered office in Ostrava address: Poděbradova 2738/16, Moravská Ostrava, 702 00 Ostrava, Czech Republic entered in the commercial register kept by the District Court in Ostrava, section B under number 10980, identification number 06503179 (Hereinafter: Acquired Company) was made on 9/02/2018.

As a result of registration by the District Court for the Capital City of Warsaw in Warsaw of the above merger, the Issuer has adopted the legal form of the European Company and currently operates under the name INVESTMENT FRIENDS CAPITAL SE with its registered office in Płock at Padlewskiego Street 18C, Poland, entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division under KRS number 0000716972, REGON 691529550, NIP 8133186031.

The Management Board of the Issuer informed that presently the share capital of the Company is expressed in EURO and amounts to: EUR 2.102.236,08 (in words: two million one hundred and two thousand two hundred and thirty-six EURO 08/100) and is divided into 15.015.972 (fifteen million fifteen thousand, nine hundred and seventy-two) shares with a nominal value of EUR 0,14 (say: fourteen euro cents) that is 15.015.972 (fifteen million, fifteen thousand, nine hundred and seventy-two) series A bearer shares with a nominal value of EUR 0,14 (say: fourteen euro cents).



The Issuer indicated that along with the registration of the merger, changes to the Company's Statutes were registered, resulting from the resolutions of the Extraordinary General Meeting of Shareholders of 3/01/2018.

The Issuer also explained that due to the adoption of the legal form of the European Company there were no changes in the composition of the Issuer's bodies, there were no changes in the rights of shareholders from the Company's shares except for the change in the nominal value of shares (expression in EURO), and the Company continues its legal existence and activities in the form of a European Company.

➤ ***Revaluation of the Company's financial assets***

On 21/03/2018 in report no. 17/2018, the Issuer informed that in connection with the work carried out by the Company's Management Board on the interim report for the financial year 2017, the publication of which was scheduled for 23/03/2018, the Issuer's Management Board made the decision on 21/03/2018 to make on 31/12/2017 as at the balance sheet date the revaluation of the Company's financial assets.

The shares of IFEA Sp. z o.o. based in Plock were updated increasing the value by PLN 1.376 thousand. As at the balance sheet date 31/12/2018 and as at the date of publication of this report, the Issuer holds 1.515 shares of IFEA Sp. z o.o., which constitutes 5.24% of the share capital and entitles to 1.515 votes constituting 5.24% of the total number of votes of IFEA Sp. z o.o.

The Issuer on 21/03/2018 made the decision to make on 31/12/2017 the value revaluation in the Issuer's financial assets due to a change in the value of shares of IFEA Sp. z o.o. The update increasing the value for the fourth quarter of 2017 amounted to PLN 1.376 thousand.

The previously presented value of 1.515 shares of IFEA Sp. z o.o. in the Issuer's financial statements for the III quarter of 2017 amounts to PLN 3.673.000 and the value of shares of IFEA Sp. z o.o. after making an adjustment increasing value as at 31/12/2017 amounts to PLN 5.049.000.

The Issuer informs that after including the update increasing the value of the above shares as at the balance sheet date, the total accumulated value of the previously made write-offs due to periodic valuations of this asset by the revaluation capital from the date of acquisition has decreased and amounts to PLN 2.526.000. The basis for making write-downs was the financial analysis of the Issuer's Management Board based on received financial data of IFEA Sp. z o.o. and IFERIA Sp. z o.o.

➤ ***Resolution of the National Depository for Securities regarding the change in the nominal value of the Issuer's shares***

On 04/04/2018 in current report No. 19/2018, the Issuer informed that the company received the Resolution of the Management Board of the National Depository for Securities No. 206/2018 of 04/04/2018 regarding the change of the nominal value of the Issuer's shares.

Based on §2 par. 1 and 4 of the Regulations of the National Depository for Securities after the transformation of Investment Friends Capital SE into a European company and related conversion of share capital and the nominal value of the company's shares into euro without changing the number of its shares, the Management Board of the National Depository for Securities, after considering the company's application, decided to change on 06/04/2018 in the depository system the nominal value of shares of the Investment Friends Capital



SE marked with the code PLHRMAN00039 from the amount of 0,60 PLN (sixty grosz) to the amount of 0,14 EUR (fourteen euro cents) each.

➤ ***Repayment of liabilities by the Borrower***

On 19/04/2018 the Issuer informed in current report no. 21/2018 that it had knowledge of the inflow of funds on the Company's bank account of the total amount of PLN 8.800.000,00 due to the repayment of the Borrower's obligations - Patro Invest Sp. z o.o. due to loan agreements. The payment received by the Issuer was qualified for the repayment of the following loans granted to Patro Invest Sp. z o.o.:

- the amount of PLN 1.960.000,00 for the repayment of the loan principal in accordance with the agreement of 6/07/2017 the conclusion of which the Issuer informed about in the current report no. 34/2017 of 06.07.2017.

- the amount of PLN 6.840.000,00 for the repayment of the loan principal in accordance with the agreement of 25/08/2017 the conclusion of which the Issuer informed about in the current report no. 42/2017 of 25.08.2017.

In the view of qualifying the above payments, the principal of the loan granted in accordance with the agreement of 06/07/2017 was fully repaid, and from the agreement of 25/08/2017 the Borrower was left to repay PLN 160.000,00. The Issuer indicated that in accordance with the terms of the above-mentioned loan agreements, the Borrower was entitled to early repayment of loans.

➤ ***Conclusion of a loan agreement***

• On 24/04/2018 in current report no. 22/2018 the Issuer informed that as a Lender, it entered into a cash loan agreement with FON Zarządzanie Nieruchomościami Sp. z o.o. based in Płock (KRS 0000594728).

Pursuant to the agreement of 24/04/2018 the Issuer gave the Borrower a short-term loan in the amount of PLN 10.000.000,00 for the period up to 31/05/2018. The loan is interest-bearing at 9% per annum. Interest repayment in accordance with the provisions of the Agreement should take place once in the repayment period of the loan principal on 31/05/2018. The parties also agreed that the Borrower has the right to return the loan in whole or in part. In such a case, the Borrower will be obliged to pay interest for the period of actual use of the loan, i.e. for the period from the day the loan is issued by the Lender to the date of its actual return by the Borrower.

The Borrower secured the repayment of the loan together with interest and other claims of the Issuer that may arise under the contract by issuing the Issuer a blank promissory note together with a promissory note declaration. In addition, the Issuer is entitled to request at any time additional security in the form of a contractual mortgage on real estate in Poznań.

The Issuer also announced that there are personal ties between the Issuer and the Borrower. The member of the Issuer's Supervisory Board Mrs. Małgorzata Patrowicz is the Chairman of Damf Invest S.A. - a significant shareholder of FON Zarządzanie Nieruchomościami Sp. z o.o. and a Member of the Issuer's Supervisory Board Mr. Damian Patrowicz is the parent entity of the above-mentioned significant shareholder of the Borrower.

• On 24/04/2018 the Borrower - FON Zarządzanie Nieruchomościami Sp. z o.o. based in Płock (KRS 0000594728) repaid the above loan in the amount of PLN 10.000.000,00, ie the entire loan principal. The



Issuer indicates that in accordance with the terms of the loan agreement concluded, the Borrower was entitled to early repayment of the loan in part or in whole. In the view of the above, the Borrower will be required to pay interest for the period of actual use of the loan, i.e. for a period of one day. (current report No. 23/2018)

➤ ***Resignation of Members of the Supervisory Board***

In current report no. 24/2018 the Issuer informed that on 25/04/2018 to the headquarters of the company were received the statements made by Mr. Damian Patrowicz - Deputy Chairman of the Supervisory Board, Mrs. Małgorzata Patrowicz - Secretary of the Supervisory Board, Mrs. Martyna Patrowicz - Member of the Supervisory Board informing about the resignation from the position of the Members of the Investment Friends Capital SE Supervisory Board with effect on 25/04/2018.

At the same time Mrs. Martyna Patrowicz resigned from the position of a Member of the Issuer's Audit Committee with effect on 25/04/2018.

➤ ***Revaluation of the value of the Company's financial assets***

On 28/05/2018 in current report No. 29/2018 it was informed that in connection with the work carried out by the Company's Management Board on the interim report for the first quarter of 2018, the publication of which was scheduled for 30/05/2018, the Issuer's Management Board on 28/05/2018 made the decision to make on 31/03/2018 as at the balance sheet date the revaluation of the value of the Company's financial assets. As at the balance sheet date 31/03/2018 and as at the date of publication of this report the Issuer holds 1.515 shares of IFEA Sp. z o.o. which constitutes 5.24% of the share capital and entitles to 1.515 votes constituting 5.24% of the total number of votes of IFEA Sp. z o.o.

On 28/05/2018 the Issuer made the decision to make on 31/03/2018 the value revaluation in the Issuer's financial assets due to a change in the value of shares of IFEA Sp. z o.o. reducing their value by PLN 313 thousand. The previously presented value of 1.515 shares of IFEA Sp. z o.o. in the Issuer's annual financial report for the fiscal year 2017 amounted to PLN 5.049 thousand and the value of shares of IFEA Sp. z o.o. after making an adjustment decreasing the value as at 31/03/2018 is PLN 4.736 thousand.

The Issuer informed that after taking into account the update reducing the value of the above shares as at the balance sheet date on 31/03/2018 the total accumulating value of the previously made write-downs due to periodic valuations of this asset by the revaluation capital from the date of acquisition has increased and amounts to PLN 2.839 thousand.

The basis for making write-downs was the financial analysis of the Issuer's Management Board based on the received financial data of IFEA Sp. z o.o.

➤ ***Appointing the Company's Supervisory Board***

On 30/05/2018 in current report no. 32/2018 the Issuer's Management informed that the Ordinary General Meeting of 30/05/2018 as a result of the expiration of the term of office of the current composition of the Company's Supervisory Board, appointed to perform the function in the Supervisory Board of the Company for the next term:

- Mr. Mariusz Patrowicz
- Mrs. Małgorzata Patrowicz



- Mrs. Martyna Patrowicz
- Mr. Jacek Koralewski
- Mr. Wojciech Hetkowski

➤ ***Appointment of the Management Board of Investment Friends Capital SE***

On 04/06/2018 the Company in its current report no. 35/2018 announced that the Supervisory Board of the Company at its meeting on 4/06/2018 adopted the Resolution with effect from 04/06/2018 on appointing Mr. Damian Patrowicz as the Chairman of the Company.

➤ ***Establishment of the Audit Committee***

The Issuer's Management Board announced via current report no. 37/2018 on 14/06/2018 that the Supervisory Board of Investment Friends Capital SE decided to establish the Audit Committee on 14/06/2018 in the following composition:

Mr. Wojciech Hetkowski - Chairman of the Audit Committee
Mr. Jacek Koralewski - Member of the Audit Committee
Mrs. Martyna Patrowicz - Member of the Audit Committee

➤ ***Conclusion of a loan agreement***

The Issuer's Management Board announced via current report no. 41/2018 on 26/06/2018 that on 26/06/2018 the Issuer as the Lender entered into a Money Loan Agreement with Patro Invest Sp. z o.o. based in Płock (KRS 0000657016, NIP: 7743232326, Regon: 366271379) as the Borrower.

Under the Agreement of 26/06/2018 the Issuer granted the Borrower a loan in the amount of PLN 1.100.000,00 (one million one hundred thousand zlotys) for the period up to 30/09/2018. The loan is interest-bearing at a fixed interest rate of 4.5% per annum. The parties agreed that interest on the granted loan will be payable monthly to the tenth day of each month for the preceding month, while the last interest payment will be paid together with the return of the principal of the loan granted to the Issuer by 30/09/2018. The parties to the loan agreement agreed that the Borrower is entitled to an early return of all or part of the principal of the loan granted.

Under the terms of the Loan Agreement, the loan was disbursed on 26/06/2018. The Borrower secured the repayment of the loan together with interest and any other claims of the Issuer that may arise under the Agreement by issuing to the Issuer blank promissory note together with a promissory note declaration.

The Issuer also announced that there are personal ties between Investment Friends Capital SE and Patro Invest Sp. z o.o. in Płock.

The Chairman of the Issuer's Management Board is the sole shareholder of Patro Invest Sp. z o.o. and the Chairman of the Borrower's Management Board performs the function of a Member of the Issuer's Supervisory Board.



➤ ***Selection of an auditor to audit and review the Issuer's financial statements***

On 29/06/2018 in the current report no. 43/2018 the Issuer's Management Board announced that at its meeting on 29/06/2018 the Supervisory Board of the Company, as an entity authorized to select an auditor to audit the Company's financial statements on the offers received, selected the entity Grupa Gumułka - Audit Spółka z ograniczoną odpowiedzialnością Sp. k. with headquarters in Katowice 40-077 at Matejki Jana Street 4 branch in Warsaw 01-031 at Jana Pawła II Street no. 61/122, KRS 0000525731; NIP 634-28-31-612; REGON 243686035 entered in the list of entities authorized to audit financial statements of the National Chamber of Statutory Auditors under no. 3975 to audit the Company's financial statements for the financial year 2018 and review the interim company's report for the period since 01/01/2018 until 30/06/2018

The Issuer informed that an agreement will be concluded with the selected entity to perform the above services. The Issuer indicated that it already used the services of Grupa Gumułka - Audit Spółka z ograniczoną odpowiedzialnością Sp. k. in the scope of review and audit of the Company's financial statements for 2017.

➤ ***Establishment of the Audit Committee***

The Issuer's Management Board informed via current report no. 44/2018 on 29/06/2018 that the Supervisory Board of Investment Friends Capital SE decided to change the composition of the Company's Audit Committee on 29/06/2018.

The Supervisory Board decided to dismiss Mrs. Martyna Patrowicz from the Audit Committee and to appoint Mrs. Małgorzata Patrowicz to the Audit Committee. The above change was made at the request of Mrs. Martyna Patrowicz due to personal reasons.

➤ ***Conclusion of loan agreements***

- The Issuer's Management Board via current report no. 48/2018 on 17/07/2018 informed that on 17/07/2018 the Issuer acting as the Lender entered into a Money Loan Agreement with Patro Invest Sp. z o.o. based in Płock (KRS 0000657016, NIP: 7743232326, Regon: 366271379) as the Borrower.

Under the Agreement of 17/07/2018 the Issuer granted the Borrower a loan in the amount of PLN 5.000.000,00 (five million zlotys) for the period up to 31/12/2018. The loan is interest-bearing at a variable interest rate equal to WIBOR, increased by 3.0% per annum. The parties agreed that interest on the granted loan will be payable monthly to the tenth day of each month for the preceding month, while the last interest payment will be paid together with the return of the capital of the loan granted to the Issuer by 31/12/2018. The parties of the loan agreement agreed that the Borrower is entitled to an early return of all or part of the principal of the loan granted.

In accordance with the terms of the Loan Agreement, the loan was disbursed on the day the Agreement was concluded. The Borrower secured the repayment of the loan together with interest and any other claims of the Issuer that may arise under the Agreement by issuing to the Issuer blank promissory note together with a promissory note declaration.

The Issuer also announced that between Investment Friends Capital SE and Patro Invest Sp. z o.o. based in Płock, there are personal ties. The Chairman of the Issuer's Management Board is the sole shareholder of Patro



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Invest Sp. z o.o., and the Chairman of the Borrower's Management Board performs the function of a Member of the Issuer's Supervisory Board.

- The Issuer's Management Board informed via current report no. 50/2018 on 06/08/2018 that the Issuer as the Lender entered into a Money Loan Agreement on 06/08/2018 with Patro Invest Sp. z o.o. in Płock (KRS 0000657016, NIP: 7743232326, Regon: 366271379) as the Borrower.

Under the Agreement of 06/08/2018 The Issuer granted the Borrower a loan in the amount of PLN 4.000.000,00 (four million zlotys) for the period up to 31/03/2019. The loan is interest-bearing at a variable interest rate equal to WIBOR, increased by 3.0% per annum. The parties agreed that interest on the granted loan will be payable monthly up to the tenth day of each month for the preceding month, while the last interest payment will be paid together with the Issuer returning the principal of the loan granted by 31/03/2019. The parties of the loan agreement agreed that the Borrower is entitled to an early return of all or part of the principal of the loan granted.

In accordance with the terms of the Loan Agreement, the loan was disbursed on the day the Agreement was concluded. The Borrower secured the repayment of the loan together with interest and any other claims of the Issuer that may arise under the Agreement by issuing to the Issuer blank promissory note together with a promissory note declaration.

The Issuer also announced that between Investment Friends Capital SE and Patro Invest Sp. z o.o. based in Płock, there are personal ties. The Chairman of the Issuer's Management Board is the sole shareholder of Patro Invest Sp. z o.o., and the Chairman of the Borrower's Management Board performs the function of a Member of the Issuer's Supervisory Board.

➤ ***Revaluation of the value of the Company's financial assets***

The Issuer informed via the current report no. 51/2018 on 22/08/2018 that as a result of works carried out by the Company's Management Board on the interim report for the first half of 2018, the publication of which was scheduled for 27/08/2018 the Issuer's Management Board made the decision on 22/08/2018 to make on 30/06/2018 as at the balance sheet date the revaluation of the value of the Company's financial assets.

As at the balance sheet date 30/06/2018 and as at the date of publication of this report the Issuer holds 1.515 shares of IFEA Sp. z o.o. which constitutes 5,24% of share capital and entitles to 1.515 votes constituting 5,24% of the total number of votes of IFEA Sp. z o.o.

The Issuer made the decision on 22/08/2018 to update the Issuer's financial assets due to the decrease in the value of shares of IFEA Sp. z o.o. by PLN 691 thousand. As a consequence of the revaluation of the value of assets described above, the revaluation capital of the Issuer in the period of 6 months of 2018 was charged a total of PLN 1.004.000.

The previously presented value of 1.515 shares of IFEA Sp. z o.o. in the Issuer's financial report as at 31/03/2018 it is PLN 4.736 thousand and the value of shares of IFEA Sp. z o.o. after adjusting the write-off as at 30/06/2018 is PLN 4.045 thousand. The total accumulating value of write-downs made due to periodic valuations of this asset by the revaluation capital from the date of acquisition is PLN 3.530.000.



The basis for making write-offs was the financial analysis of the Issuer's Management Board based on the received financial data of IFEA Sp. z o.o.

➤ ***Information on the procedure of transferring the registered office of the Company to Estonia***

On 30/08/2018 the Issuer's Management Board in reference to current report no. 16/2018 of 19/03/2018 regarding the Plan of transferring the registered office of the Company to Estonia and in reference to the Resolutions of the Ordinary General Meeting of the Company of 30/05/2018 published in the current report no. 31/2018 of 30/05/2018 informed that the Management Board received the Order of the District Court for the Capital City of Warsaw in Warsaw of 24/08/2018 issued on the Issuer's request, constituting a certificate pursuant to art. 8 sec. 8 Council Regulation (EC) 2157/2001 of 8/10/2001 on the Statute of the European Company (SE) (Official Journal No. 294, page 1) confirming the completion of acts and legal acts to be completed before the transfer the registered office to another country of the European Union.

The Issuer informed that issuing a certificate by the Polish Court allows the Company to take registration procedures in Estonia in order to enter the company into the Estonian register of commercial companies (Ariregister). Along with the registration of the Company by the Estonian equivalent of the National Court Register (Ariregister), the Company's registered office will be transferred to Estonia. (current report no. 52/2018)

➤ ***Conclusion of the loan agreement***

The Issuer informed via current report no. 57/2018 on 19/09/2018 that as a Lender entered into a Cash Loan Agreement with Patro Invest Sp. z o.o. in Płock (KRS 0000657016, NIP: 7743232326, Regon: 366271379) as the Borrower.

Under the Agreement of 19/09/2018 the Issuer granted the Borrower a loan in the amount of PLN 400.000,00 (four hundred thousand zlotys) for the period up to 31/12/2018. The loan is interest-bearing at a variable interest rate equal to WIBOR 3M, increased by 3.0% per annum. The parties agreed that interest on the granted loan will be payable monthly to the tenth day of each month for the preceding month, while the last interest payment will be paid together with the return of the capital of the loan granted to the Issuer by 31/12/2018. The parties of the loan agreement agreed that the Borrower is entitled to an early return of all or part of the capital of the loan granted.

In accordance with the terms of the Loan Agreement, the loan was disbursed on the day the Agreement was concluded. The Borrower secured the repayment of the loan together with interest and any other claims of the Issuer that may arise under the Agreement by issuing to the Issuer blank promissory note together with a promissory note declaration.

The Issuer informed that as at the date of publication of this report, the total value of liabilities of Patro Invest Sp. z o.o. in relation to the principal of the loans from the Issuer amounted to PLN 14.660.000,00. Moreover, the Issuer pointed out that between Investment Friends Capital SE and Patro Invest Sp. z o.o. in Płock, there are personal ties.



➤ ***Information on the procedure of transferring the registered office of the Company to Estonia***

On 03/10/2018 the Management Board of the Issuer informed that NASDAQ CSD, the institution that maintains the securities deposit competent for Estonia registered the Company's shares in the depository system on 03/10/2018 and allocated the ISIN number EE3100143041 for the Company's shares.

The Issuer pointed out that the effectiveness of registration of the Issuer's shares in the securities depository maintained by NASDAQ CSD depends on the registration of the transfer of the registered office of the company in the relevant register of Estonian entrepreneurs (Ariregister). The Issuer shall inform via the relevant current report about the registration of the Company in the relevant register of entrepreneurs of Estonia (Ariregister) and at the same time on the transfer of the registered office of the Company to Estonia (Current report no. 59/2018).

➤ ***Conclusion of a trusteeship agreement***

The Issuer informed on 11/10/2018, via the current report no. 60/2018 that as the Trustor concluded with PATRO INWESTYCJE Sp. z o.o. based in Płock (KRS 0000712318) as a Trustee - Trusteeship Agreement.

Subject of the Trusteeship Agreement of 11/10/2018 is the day-to-day management and administration of the Issuer's real estate as well as the procedure of searching for buyers and selling the Company's real estate.

As part of the agreement concluded on 11/10/2018 of the trusteeship agreement, the Issuer transferred to PATRO INWESTYCJE Sp. z o.o. in Płock, the Company's rights to real estate that comprise a dwelling located in Poznań, together with the related share in the common property and a parking space with a total estimated market value of PLN 1.500.000,00.

The trustee in accordance with the construction of the Trusteeship Agreement of 11/10/2018 is obliged to act on its own behalf, but for the benefit of the Issuer. According to the agreement, all the benefits that generate real estate will be transferred to the Issuer.

Trustee in accordance with the Agreement of 11/10/2018 is also obliged to carry out the procedure of selling the real estate in accordance with the provisions of the Trusteeship Agreement for amounts not lower than the estimated contractual market value of the real properties in question.

The Trusteeship Agreement provides for a remuneration of PLN 3.000,00 per month for a Trustee, which may be deducted by the Trustee from the revenues generated by the Real Property. The Issuer is entitled to any unconditional request to transfer back to the Issuer the perpetual usufruct right to the real estate that are the subject of the Trusteeship Agreement, which right has been secured by granting an irrevocable power of attorney to the Issuer to carry out the reverse transfer of the property.

Under the Agreement of 11/10/2018 the collaterals have been established for the Issuer. The agreement provides that the potential sale price of the property will be paid by the buyer directly to the Issuer's bank account. The agreement provides for the obligation to pay a contractual penalty in the amount corresponding to the estimated market value of the real estate covered by the Agreement of 11/10/2018 in the event that the



Trustee has sold the real property contrary to the conditions specified in the Agreement or without the prior written consent of the Issuer.

The Agreement was concluded for a definite period until 31/12/2020 and at its conclusion the Issuer's Management Board obtained the consent of the Supervisory Board.

The Issuer indicated that between the Issuer and PATRO INWESTYCJE Sp. z o.o. there are capital ties. A shareholder holding 99% shares of PATRO INWESTYCJE Sp. z o.o. is the dominant shareholder of the Issuer, PATRO INVEST OÜ based in Estonia.

➤ ***Revaluation of the value of the Company's financial assets***

The Issuer informed via the current report no. 62/2018 on 7/11/2018 that as a result of works carried out by the Company's Management Board on the interim report for the third quarter of 2018 the Issuer's Management Board made the decision on 7/11/2018 to make on 30/09/2018 as at the balance sheet date the revaluation of the value of the Company's financial assets.

As at the balance sheet date 30/09/2018 and as at the date of publication of this report the Issuer holds 1.515 shares of IFEA Sp. z o.o. which constitutes 5,24% of share capital and entitles to 1.515 votes constituting 5,24% of the total number of votes of IFEA Sp. z o.o.

The Issuer made the decision on 7/11/2018 to update in the third quarter of 2018 the Issuer's financial assets due to the decrease in the value of shares of IFEA Sp. z o.o. by PLN 1.784 thousand. As a consequence of the revaluation described above, the revaluation capital in the Issuer's interim report for the third quarter of 2018 was charged PLN 1.784 thousand.

The previously presented value of 1.515 shares of IFEA Sp. z o.o. in the Issuer's financial report as at 30/06/2018 it is PLN 4.045 thousand and the value of shares of IFEA Sp. z o.o. after adjusting the write-off as at 30/09/2018 is PLN 2.261 thousand. The total accumulating value of write-downs made due to periodic valuations of this asset by the revaluation capital from the date of acquisition is PLN 5.314.000.

The basis for making write-offs was the financial analysis of the Issuer's Management Board based on the received financial data of IFEA Sp. z o.o.

➤ ***Conclusion of annexes to cash loan agreements.***

On 09/11/2018 in reference to current report no. 57/2017 of 25/10/2017, no. 60/2017 of 08/11/2017 and no. 63/2017 of 14/11/2017 the Issuer informed that as the Lender, it concluded Annex no. 3 to the Cash Loan Agreement with Patro Invest Sp. z o.o. in Płock (KRS 0000657016, NIP: 7743232326, Regon: 366271379) as a Borrower extending the period of the Loan Agreement concluded until 31/12/2019.

The Issuer indicated that the remaining conditions of the Loan Agreement of 25/10/2017 remained unchanged.

The principal amount of the loan granted is PLN 4.000.000,00 (four million zlotys) and the loan bears interest at a fixed interest rate of 5.7% per annum. The parties agreed that interest on the granted loan will be payable monthly to the tenth day of each month for the preceding month and the principal amount of the loan will be



returned to the Issuer in accordance with the provisions of Annex no. 3 until 31/12/2019. The parties of the Loan Agreement agreed that the Borrower is entitled to an early return of all or part of the principal of the loan granted. The Borrower secured the repayment of the loan together with interest and any other claims of the Issuer that may arise under the Agreement by issuing to the Issuer a blank promissory note along with a promissory note declaration.

In addition, in reference to the current report no. 41/2018 of 26/06/2018 the Issuer informed that on 9/11/2018 as the Lender entered into Annex no. 1 to the Cash Loan Agreement dated 26/06/2018 with Patro Invest Sp. z o.o. in Płock (KRS 0000657016, NIP: 7743232326, Regon: 366271379) as a Borrower extending the period of the Loan Agreement concluded until 31/12/2019. The Issuer indicated that the other terms of the Loan Agreement of 26/06/2018 remained unchanged.

The principal of the loan granted is PLN 1.100.000,00 (one million one hundred thousand zlotys) with the repayment period in accordance with the concluded Annex no. 1 until 31/12/2019. The loan is interest-bearing at a fixed interest rate of 4.5% per annum. The parties agreed that interest on the granted loan will be payable monthly up to the tenth day of each month for the preceding month. The parties of the loan agreement agreed that the Borrower is entitled to an early return of all or part of the principal of the loan granted. The Borrower secured the repayment of the loan together with interest and any other claims of the Issuer that may arise under the Agreement by issuing to the Issuer a blank promissory note along with a promissory note declaration (Current report no. 63/2018).

➤ ***Registration of the statutory transfer of the registered office of the Company to Estonia. Registration of changes in the Articles of Association of the Company. Submission of an application for suspension of trading in Issuer's shares.***

The Issuer informed via current report No. 69/2018 of 30/11/2018 that on 30/11/2018 a register of commercial companies (Ariregister) relevant to the law of Estonia registered the transfer of the registered office of the Issuer to Estonia in accordance with the provisions of the Transfer Plan of 19/03/2018 published via the current report no. 16/2018 of 19/03/2017 and Resolutions of the Ordinary General Meeting of Shareholders of 30/05/2018 published via the current report no. 31/2018 of 30/05/2018 and Resolutions of the Extraordinary General Meeting of 19/11/2018 published via the current report no. 66/2018 of 16/11/2018.

In the view of the above, the Issuer indicated that the current registered office of the Company and the address for delivery is Tallinn, Estonia. Narva mnt 5, 10117, Tallinn, Estonia. The address of the website and e-mail remain unchanged: e-mail: biuro@ifcapital.pl, <http://ifcapital.pl/>

At the same time, along with the registration of the change in the registered office of the Company, the relevant register of the law of Estonia registered changes to the Articles of Association of the Company. In addition, the Issuer informed that it has submitted to the Management Board of the Warsaw Stock Exchange an application for immediate suspension of trading in the Company's shares at least until 07/12/2018 to carry out the necessary registration procedures for changing the ISIN code of the company's shares registered in the National Depository for Securities (KDPW).



➤ ***Resolution of the Management Board of the Warsaw Stock Exchange regarding the suspension of trading in the Company's shares on the Issuer's request***

The Management Board of the Company informed via the current report no. 70/2018 on 30/11/2018 that at the request of the Issuer, the Management Board of the Warsaw Stock Exchange took resolution no. 1207/2018 on 30/11/2018 regarding the suspension on the WSE Main List of trading of shares of Investment Friends Capital SE in the period since 3/12/2018 until 7/12/2018 (inclusive).

Important events after the balance sheet date:

➤ ***Resignation from performing functions in the Issuer's Supervisory Board***

The Management Board of the Company informed via the current report no. 1/2019 on 11/01/2019 that Mr. Mariusz Patowicz resigned from the position in the Supervisory Board of the Company with effect on 11/01/2019.

➤ ***Information regarding the selection of Home State***

Due to the fact that Investment Friends Capital SE was registered in the Estonian Commercial Register on 30/11/2018 under the registration number: 14618005 with the official address Harju county, Tallinn, City Center district, Narva Road 5, 10117, Estonia and being obligated in accordance with (i) art. 2 of Directive 2004/109/EC of the European Parliament and of the Council of 15/12/2004 (in line with the amendments to Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013) and (ii) § 1844 para. 1 Estonian Securities Act the Company announced via the report no. 2/2019 on 21/01/2019 that it selects a Contracting State as the Home State of Estonia. As a result of this the Republic of Poland is a Contracting Host State.

➤ ***Obtaining a license for trading in cryptocurrencies***

The Management Board of the company informed via the current report no. 9/2019 on 18/03/2019 that the Company obtained licenses on 18/03/2019 to conduct financial activities, including providing services related to trading of virtual currency which are considered to be legal tenders. The licences were issued by Estonian Financial Intelligence Unit and are registered under the following numbers: FRK000676 and FVR000775. As a result of this above, the Management Board of the Company is considering starting operations in the area covered by licenses.

➤ ***The dissolution of the Audit Committee***

The Management Board of the Company informed via the current report no. 13/2019 on 11/04/2019 that the Supervisory Board of the Company adopted resolutions on 11/04/2019 regarding the dissolution of the Company's Audit Committee and the dismissal of its members as of 11/04/2019.

➤ ***Registration of the change of the financial year of the Company and amendments to the Articles of Association***

On 29/04/2019 the register of commercial companies (Ariregister) competent for the law of Estonia, registered the change of the financial year in accordance with Resolution no. 3 of the Extraordinary General Meeting of Shareholders of 19/04/2019. As a result of this, the financial year of the Company starts on July 1 and ends on June 30. At the same time, along with the registration of the change of the financial year of the Company, the relevant register of the law of Estonia registered changes to the Articles of Association of the Company (Current report no. 17/2019 of 29/04/2019).



➤ ***Termination of the Agreement with an entity authorized to audit the Company's financial statements***

The Management Board of the Company informed via the current report no. 19/2019 on 30/04/2019 that the Agreement for conducting the Company audit for 2018 was terminated. This terminated agreement was concluded by the Issuer with Grupa Gumułka - Audyt Spółka z ograniczoną odpowiedzialnością Sp. K. with its registered office in Katowice at Matejki Jana Street 4 branch in Warsaw (01-031) at Route Street 65 inscribed on the list of entities authorized to audit financial statements under no. 3975, about the conclusion of which the Management Board informed in Current Report No. 43/2018 of 29/06/2018.

The reason for terminating the Agreement is the inability to provide services by the auditor in connection with the change of the Issuer's country of residence during the term of the Agreement. Pursuant to applicable provisions, the Issuer's reports and review must be carried out by entities authorized to provide such services in accordance with the law of Estonia.

➤ ***Suspension of trading of the Company's shares***

On 07/05/2019 via the current report no. 20/2019 the Management Board of the Company informed that the Company received the Resolution No. 389/2019 of the Management Board of the Warsaw Stock Exchange of May 7, 2019 regarding suspension of trading of Investment Friends Capital SE shares on the WSE Main Market till the end of the day following the day when the Company will publicize the annual report for the financial year 2018.

➤ ***Information on change of the Issuer's seat***

The Management Board of the Company, on 0/06/2019 via the current report no. 23/2019 informed that the commercial register relevant for the law of Estonia (Ariregister) has registered change of the Issuer's address.

Therefore, the Issuer informs that the new address of the Company's seat is: Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145. The Company's website and e-mail address remain unchanged: <http://ifcapital.pl/>, biuro@ifcapital.pl

➤ ***Choice of the certified auditor***

On 17/06/2019 via the current report no 24/2019, the Issuer publicize the Protocol of the Extraordinary General Meeting of Shareholders that was held on 17/06/2019.

The Extraordinary General Meeting, inter alia, pursuant to provisions of the Company's Article of Association chose and approved the audit company that will audit the Company's financial statements for 2018 and 2019 and will evaluate the Company's annual financial statements for 2018 and 2019.

It was decided to choose Hansa Audit Osühing based in Pärnu mnt. 377, 10919, Tallinn, company code 10616667, as an auditing company that will audit the Company's financial statements for 2018 and 2019 and will evaluate the Company's annual financial statements for 2018 and 2019. The remuneration for the auditor will be paid in accordance with the contract concluded between INVESTMENT FRIENDS CAPITAL SE and Hansa Audit Osühing on market terms.

➤ ***Revaluation of the Company's financial assets value***

As at 31.12.2018 Company holds 1515 shares of IFEA Sp. z o.o., with a nominal value of PLN 5 000,00 per one share, i.e. for the total value of shares purchase price PLN 7 575 thousand.

As at 31.12.2018 the shares of IFEA sp. z o.o. are revaluated to a total value of (-) PLN 1.796 thousand. In the year 2018 was made a revaluation of shares value for the total amount of (-) PLN 3 253 thousand. The last valuation was on the day 30.11.2018, as a result of which revaluation write-offs amounting to (-) PLN 466 thousand was made. Revaluating of the above-mentioned assets were made by revaluation capital.



As at 31.12.2018 Company holds 2.873.564 shares of IFERIA Sp. z o.o., with a nominal value of PLN 0.02 per one share, i.e. for the total value of shares purchase price PLN 57 thousand.

As at 31.12.2018 the stocks of IFERIA sp. z o.o. are revaluated to a total value of (-) PLN 3 thousand. In the year 2018 was made a revaluation of shares value for the total amount of (-) PLN 55 thousand. The last valuation was on the day 31.12.2018, as a result of which revaluation write-offs amounting to (-) PLN 55 thousand was made. Revaluating of the above-mentioned assets was made by revaluation capital.

At 19th of February Company has sold all stocks of IFERIA sp. z o.o by the price of 3 thousand PLN.

3.15 Note 15 Description of the factors and events, in particular those atypical ones, which have significant influence on achieved financial results

In the reporting period atypical factors or events, which have significant influence on achieved financial results have not occurred. All crucial events, including merging process and getting by the Issuer European Article of association was pointed out at point 3.17 of this period report.

3.16 Note 16 Other important information

➤ Clarification of seasonality or periodicity of the company's activity

The main, present activity of the Company is financial service activity (lending activity) due to this, there is not seasonality or periodicity.

➤ Information about revaluation write-offs of the reserved value to possible to achieve net value and reversed write-offs

In the period covered by the report, the above event did not occur.

➤ Information about the impairment loss of financial assets, property, plant and equipment, intangible assets or other assets and reversing those write-offs

Not applicable.

➤ Information about reserves and deferred tax assets

The company does not have estimated (for the balance sheet day) deferred tax assets, as it is regulated by Income Tax Act in Estonia.

➤ Information on important purchase transactions or selling property, plant and equipment

In the period covered by the report above-mentioned events did not occur.



➤ ***Information on important liabilities for purchasing property, plant and equipment***

In the period covered by the report above-mentioned events did not occur.

➤ ***Indication an important judicial proceedings applying to liabilities or Issuer's or it's subsidiary liability, with indication subject of the proceeding, amount in controversy, date of initiation of a proceedings, parties to the proceedings and position of Issuer***

In 2018 there were not any new, important judicial or administrative proceedings. Relative to the information presented for 2018 - the Company did not initiate or was not a party in a new, important judicial proceedings or administrative proceedings during the period covered in the report.

➤ ***Indication corrections of errors from the previous period***

In the period covered by the report, the event did not occur.

➤ ***Information about changes in economic situation and in conditions of conducting a business, which have pivotal influence on fair value of financial assets and financial liabilities of the Company***

In the period covered by the report, the event did not occur.

➤ ***Information about non-payment of a credit or loan, or breaching important decisions of credit or loan agreement, in reference to which any remedial actions were not taken until the end of the reporting period***

In the period covered by the report, the event did not occur.

➤ ***Information on the Issuer's or its subsidiary's warranting a credit or a loan - jointly to one entity or its subsidiary, if total value of existing warranties or guarantees is significant, specifying:***

- a) name of the company for which these warranties or guarantees were granted,***
- b) total amount of credits or loans which were wholly or partially warranted or guaranteed,***
- c) period the warranties or guarantees were granted for,***
- d) financial terms and conditions under which the warranties or guarantees were granted, including specification of the issuer's or subsidiary's remuneration for granting such warranties or guarantees***
- e) the nature of links existing between the Issuer and the entity that incurred the credit or loan.***

There are no any received and unpaid loans or credits in the Company. The Issuer did not grant collateral or guarantees.



➤ ***Information about changes at a way of defining fair value of valuated financial instruments***

In the period covered by the report, change a way of defining fair value of valuated financial instrument did not occur.

➤ ***Information regarding changes in financial assets classification due to a change of the aim or exploitation those assets***

In the period covered by the report, changes in financial assets classification did not occur.

➤ ***Information regarding issuing, purchasing and repayment of non-equity and capital securities***

In the period covered by the report, the event did not occur.

➤ ***Information on paid (or declared) dividend, total and per one stock, divided into common and preferred stock***

In the period covered by the report, the event did not occur.

➤ ***Indication of the events, which occurred after the day of drawing up shortened financial statement, not covered by the report with possible influence on future Issuer's financial results***

According to Management Board assessment, any others important events, which were not, but should be included in account books of reference period, did not occur after the day of drawing up the financial statement.

➤ ***Information regarding issuing, purchasing and repayment of debt and capital securities***

In the period covered by the report, the event did not occur.

➤ ***Information on contingent liabilities changes or contingent assets, which have occurred since the end of the last financial year***

In the period covered by the report, the event did not occur.

➤ ***Information about exchange differences***

| | |
|---|------|
| Exchange differences from supplementary capital | -255 |
| Exchange differences from retained earnings | 134 |
| Exchange differences from | -64 |
| Exchange differences from reserve capital | 17 |
| Total | -168 |



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3.17 Note 17 Information about concluding one or many transactions by the Issuer or its subsidiary with related entities, if the transactions are important and transactions were concluded on others terms than on the market ones

In the period covered by the report the Issuer did not conclude transactions with related entities on other terms than market terms. Issuer provides information about the transactions with related entities below.

Transactions with related entities (in thousands EUR)

| TRANSACTIONS WITH RELATED ENTITIES FOR THE PERIOD ENDED AT 31/12/2018 | Sale products, goods and materials to related entities | Purchases from related parties | Receivables from loans and interests from related entities. | Liabilities for deliveries and services and other liabilities for the end of the period to related entities |
|--|---|---------------------------------------|--|--|
| PATRO INVEST SP. Z O.O. | 127 | 0 | 3509 | 0 |
| ATLANTIS SE | 0 | 7 | 0 | 0 |
| ELKOP S.A. | 0 | 2 | 0 | 0 |
| FON SE | 0 | 4 | 0 | 1 |
| Damf Księgowość sp. z o.o. | 6 | 0 | 130 | 0 |
| Refus sp. z o.o. | 1 | 0 | 0 | 0 |
| Office Center sp. z o.o. | 5 | 0 | 88 | 0 |
| FON Zarządzanie Nieruchomościami sp. z o.o | 0 | 0 | 0 | 0 |

| Transactions with related entities for the period ended at 31/12/2017 | Sale products, goods and materials to related entities. | Purchases from related entities. | Receivables from loans and interests from related entities. | Liabilities for deliveries and services and other liabilities for the end of the period to related entities |
|--|--|---|--|--|
| PATRO INVEST SP. Z O.O. | 79 | 0 | 3118 | 0 |
| DAMF INVEST S.A. | 42 | 0 | 0 | 0 |
| ATLANTIS S.A. | 0 | 8 | 0 | 0 |
| ELKOP S.A. | 0 | 8 | 0 | 0 |
| FON S.A. | 1 | 2 | 0 | 0 |
| RESBUD S.E. | 0 | 0 | 0 | 0 |
| Investment Friends S.E. | 1 | 0 | 0 | 0 |
| Turystyka i Biura Podróży Zarządzanie sp. z o.o | 0 | 0 | 0 | 0 |
| Damf Inwestycje S.A. | 0 | 0 | 0 | 0 |
| Refus sp. z o.o. w likwidacji | 8 | 0 | 133 | 0 |
| Office Center sp. z o.o. | 2 | 0 | 36 | 0 |



3.18 Note 18 Personal costs

The company employed on average 0,9 person employed under an employment contract during the period to a day 31.12.2017. The annual average employment during the period to 31/12/2018 amounted to 0,8 person of the employment contract.

Management Board and Supervisory Board salaries

| Management board and supervisory board employees' salaries | 12 months ended at December 31, 2018 | 12 months ended at December 30, 2017 |
|--|--------------------------------------|--------------------------------------|
| Members of Supervisory Board | 1 | 26 |
| Management Board | 11 | 3 |

3.19 Note 19 Information about financial instruments

Financial assets (in thousands EUR)

| Types of Financial Instruments | Fair value through total income | Fair value through financial result | Amortised cost | Total |
|--|---------------------------------|-------------------------------------|----------------|--------------|
| Total financial assets | 418 | 0 | 4,142 | 4,560 |
| Stocks and shares – balance value | 418 | 0 | 0 | 418 |
| -Value of valuation placed in profit and loss account | 0 | 0 | 0 | 0 |
| - Value of valuation placed in revaluation reserve | -1,374 | 0 | 0 | -1,374 |
| -Purchase price value | 1,774 | 0 | 0 | 1,774 |
| -Exchange differences | 18 | 0 | 0 | 18 |
| Debt securities | 0 | 0 | 0 | 0 |
| Granted loans | 0 | 0 | 4,115 | 4,115 |
| Receivables from deliveries and services and other receivables | 0 | 0 | 1 | 1 |
| Cash and cash equivalents | 0 | 0 | 26 | 26 |
| Others financial assets | 0 | 0 | 0 | 0 |

The Company uses the following hierarchy for revealing information about financial instruments evaluated in fair value – divided for the ways of valuation:

Level 1: prices listed on the active market (uncorrected) for identical assets or liabilities.



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Level 2: methods of valuation, in which every data have pivotal influence on estimated fair value are observable, directly or indirectly, by market data;

Level 3: methods of valuation, in which entrance data have pivotal influence on estimated fair value are not based on observable market data. Capital investments available for sale and not listed on active market, which fair value is not possible to reliable measure at and derivatives instruments connected with those and settle with transmission those not listed capital investments are valued at a cost reduced by loss of value at the end of the reporting period.

Table presented below shows financial instruments evaluated at fair value for balance sheet day

| | 31/12/2018 | Level 1 | Level 2 | Level 3 |
|---|-------------------------|---------|---------|---------|
| Stocks listed on the GPW and NC | | | | |
| Shares/stocks not listed | 418 | 0 | 0 | 418 |
| Financial assets valued at fair value | 418 | 0 | 0 | 418 |
| Financial liabilities valued at fair value | | | | |
| | 31/12/2017 (audited) | Level 1 | Level 2 | Level 3 |
| Stocks listed on the GPW and NC | | | | |
| Shares/stocks not listed | 1,303 | 0 | 0 | 1,303 |
| Financial assets valued at fair value | 1,303 | 0 | 0 | 1,303 |
| Financial liabilities valued at fair value | | | | |

In the reporting period instruments valuation transfers between levels of the hierarchy did not occur.

Defining fair value from the level 3 with valuation of financial assets

| | Stocks not listed on the Stock Exchange | Others | Total |
|-----------------------------------|---|--------|--------------|
| Opening balance 01/01/2017 | 1,041 | 0 | 1,041 |
| Sum of profit and losses | 177 | 0 | 177 |
| - in the financial result | | | 0 |
| - in others comprehensive incomes | 177 | | 177 |
| Not listed Long-term stocks | 0 | 0 | 0 |
| Purchase/taking up shares | 2 | 0 | 2 |
| Share issue | 0 | 0 | 0 |
| Sale/settlements | -2 | 0 | -2 |
| Transfer from level 3 | 0 | 0 | 0 |
| Closing balance 31/12/2017 | 1,218 | 0 | 1,218 |



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| | Stocks not listed on the Stock Exchange | Others | Total |
|-----------------------------------|---|----------|--------------|
| Opening balance 01/01/2018 | 1,218 | 0 | 1,218 |
| Sum of profit and losses | -769 | 0 | -769 |
| - in the financial result | | | 0 |
| - in others comprehensive incomes | -769 | | -769 |
| Exchange differences | -31 | | -31 |
| Purchase/taking up shares | 0 | 0 | 0 |
| Share issue | 0 | 0 | 0 |
| Sale/settlements | 0 | 0 | 0 |
| Transfer from level 3 | 0 | 0 | 0 |
| Closing balance 31/12/2018 | 418 | 0 | 418 |

At the end of the December 2018 the Company had financial instruments classified on 3th fair value hierarchy fair involves shares in the company IFEA Sp. z o. o. and stocks IFERIA S.A

Description of the method of valuation assets at fair value through comprehensive income included in 3th level of the fair value hierarchy

IFEA Sp. z o.o. - To the best knowledge of the Management Board at 31/12/2018 and at the date of drawing up the Financial Statement, the Company evaluated owned investment in shares IFEA Sp. z o. o. at fair value. Shares value of IFEA sp. z o. o. has changed in relation to the 30/09/2018 date by PLN 466 thousand.

Presumptions of valuation the value of the investment in the 2018 are result of evaluation of owned stocks in relation to IFEA Sp. z o. o. equity capital at the date 31/12/2018 and proportionally included write-off at 31/12/2018. Total revaluation of owned IFEA sp. z o. o. shares amounted to EUR -756 thousand.

At the date of drawing up the Financial Statement, the Company evaluated owned investment in stocks of IFERIA S.A. at fair value. Within year 2018 there was made revaluation of stocks amounted to EUR 13 thousand. The valuation was made as at 31/12/2018.

Aims and terms of financial risk management and managing capital

Aims and terms of financial risk management are described in the annual Financial Statement for 2017, published at 23/03/2018. With reference to aims and risk management terms during the reference period described in financial Statement for 2017, any changes did not occur.



3.20 Note 20 Another information, which can have significant influence on assessment of financial situation and Issuer's financial result

In the Management Board's opinion, as at the date of preparation of this interim report, the financial situation of the Company is stable. The Issuer has not got any significant liabilities, and applied policy of costs rationalization reduces occurrence of events which could impair financial liquidity of the Company. According to the Issuer, apart from the events indicated in point 3.17 of this report, there have not occurred any other events or factors which could significantly influence an assessment and change of the property and financial situation of the Company and its possibility to fulfill its obligations. Significant impact on the results of the Issuer has revaluation of owned stocks of IFEA Sp. z o. o. included in the financial assets of the Company, and liquidity of these instruments which make it possible to be disposed with keeping of satisfactory price level. Because of the fact that the leading business of the Company is financial services (lending), the significant factor that influence the financial results is also the proper fulfillment of contractual liabilities by the Borrowers.

Selected ratios of Investment Friends Capital SE:

| Ratios | 31.12.2018 | 31.12.2017 |
|--------------------------------------|-------------------|-------------------|
| Total assets (thousand EUR) | 4,902 | 5,731 |
| Return on assets (ROA) | 2,50% | 0,69% |
| Equity (thousand PLN) | 4,894 | 5,711 |
| Return on equity (ROE) | 2,50% | 0,69% |
| Net profitability | 60% | 17% |
| Debt ratio | 0,16% | 0,30% |
| Net profit (thousand EUR) | 122 | 40 |
| Shares (31/12/2018) | 31.12.2018 | 31.12.2017 |
| Closing price of the share (EUR) | 0,13 | 0,16 |
| Earnings per share (EUR) | 0,008 | 0,003 |
| Price-to-earnings (PE) ratio | 15 | 62 |
| Book value of the share (EUR) | 0,3 | 0,4 |
| Price-to-book ratio (P/BV) | 0,39 | 0,43 |
| Current liquidity ratio | 518 | 239 |
| Market capitalisation (thousand EUR) | 1 885 | 2 445 |

Return on assets = net profit / total assets

Return on equity = net profit/ equity

Net profitability = net profit / revenue from sales

Debt ratio = liabilities / total assets

Earnings per share = net profit/ number of shares

Current liquidity ratio = current assets/current liabilities

Price-to-earnings (PE) ratio = closing price of the share / earnings per share



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Book value of the share = equity / number of shares

Price-to-book ratio = closing price of the share / book value of the share

Market capitalisation = close price*number of shares

3.21 Note 21 Information regarding operating segment

In accordance with the requirements operating segments should be identified based on reports on those elements of the Company that are regularly verified by persons deciding on the allocation of resources to a given segment and assessing its financial results. The Company conducts a homogeneous activity consisting on providing other financial services. The Management Board did not identify operating segments in the Company.

Revenues from external costumers by operating areas and information about non-current assets broken down by the location of these assets are presented below.

For 2018

| GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITIES | Revenues from external customers | Fixed assets |
|---|---|---------------------|
| PŁOCK | 178 | 418 |
| Together for financial activities | 178 | 418 |
| GEOGRAPHICAL AREA FOR OTHER ACTIVITIES | Revenues from external customers | Fixed assets |
| POZNAŃ | 22 | 342 |
| PŁOCK | 3 | 0 |
| Together for other activities | 25 | 342 |



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For 2017

| GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITIES | Revenues from external customers | FIXED ASSETS |
|--|----------------------------------|--------------|
| PŁOCK | 220 | 1 |
| Together for financial activities | 220 | 1 |
| GEOGRAPHICAL AREA FOR OTHER ACTIVITIES | Revenues from external customers | FIXED ASSETS |
| POZNAŃ | 8 | 353 |
| PŁOCK | 2 | 0 |
| Together for other activities | 10 | 353 |

Information on main costumers

For 2018

In the period from 01/01 to 31/12/2018 the Company achieved revenues from selling services, which exceeded 10% total revenues from selling services to the following costumers: Patro Invest sp. z o.o., natural persons. Revenues with any other costumers have not exceeded 10% of the Company's total revenues from 01/01 to 31/11/2018.

2017

In the period from 01/01 to 31/12/2017 the Company achieved revenues from selling services, which exceed 10% of the Company's total revenues from selling services to following costumers: Damf Invest s.A., Patro Invest sp. z o. o. natural persons. Revenues with any other costumers have not exceed 10% of the Company's total revenues during the period from 01/01 to 31/12/2017

3.22 Note 22 Information regarding costs and expenses

Costs by type (in thousands EUR)

| COSTS BY TYPE | 2018 | 2017 |
|--|------|------|
| a) amortization and depreciation | -1 | -1 |
| b) consumption of materials and energy | -8 | -11 |
| c) external services | -94 | -46 |
| d) taxes and salaries | -2 | -14 |
| e) payroll | 0 | -38 |



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| | | |
|--|-------------|-------------|
| g) other costs by type | 0 | -7 |
| Total costs by type | -105 | -116 |
| Change in inventories, products and accruals | 0 | -1 |
| Cost of manufacturing products for the entity's own needs | 0 | 0 |
| Core business expenses | 0 | 0 |
| Selling costs | 0 | 0 |
| General and administrative expenses (a, c, d, e, g) | -97 | -106 |
| Manufacturing cost of products sold (b) | -8 | -11 |
| Value of goods and materials sold | 0 | 1 |

| OTHER OPERATING EXPENSES | 2018 | 2017 |
|---|-------------|-------------|
| a) creation of reserve | 0 | 0 |
| b) revaluation of non-financial assets | 0 | -28 |
| c) loss on disposal of non-financial fixed assets | 0 | 0 |
| d) other including: | -3 | -62 |
| - re-invoicing costs | 0 | 0 |
| - imposed penalties | 0 | -59 |
| - other | -3 | -3 |
| Total other operating expenses | -3 | -90 |

| OTHER FINANCIAL EXPENSES | 2018 | 2017 |
|---|-------------|-------------|
| a) foreign exchange losses | 0 | -2 |
| a) loss on disposal of financial assets | 0 | 0 |
| b) revaluation of shares | 0 | 0 |
| c) other including: | -3 | 0 |
| - financial operations fee | -1 | 0 |
| - merger of entities | -2 | 0 |
| Total other financial expenses | -3 | -2 |



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3.23 Note 23 Information regarding other income

| OTHER OPERATING REVENUES | 2018 | 2017 |
|---|-------------|-------------|
| a) release of reserves | 0 | 0 |
| b) gain on disposal of non-financial fixed assets | 0 | 0 |
| c) other including: | 19 | 1 |
| - revenues from re-invoices | 0 | |
| - other | 19 | 1 |
| Total other operating revenues | 19 | 1 |

| FINANCIAL INCOME | 2018 | 2017 |
|---|-------------|-------------|
| a) other interest | 9 | 13 |
| - from related parties | 0 | 0 |
| - from other parties | 9 | 13 |
| b) foreign exchange gain | 2 | 0 |
| Total financial income from interest | 11 | 13 |

**3.24 Note 24 Selected financial data including based positions from shorted financial statement
(also converted into euro)**

| SELECTED FINANCIAL DATA | In PLN thousands | | IN EURO thousands | |
|--|--|--|--|--|
| | 12 months ended at 31/12/2018 | 12 months ended at 31/12/2017 | 12 months ended at 31/12/2018 | 12 months ended at 31/12/2017 |
| Revenue from sales of products, goods and materials | 867 | 977 | 203 | 230 |
| Profit (loss) from operating activity | 486 | 101 | 114 | 24 |
| Gross profit (loss) | 524 | 150 | 122 | 35 |
| Net profit (loss) | 522 | 168 | 122 | 40 |
| Net cash flow from operating activity | 65 | -681 | 13 | -165 |



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| | | | | |
|--|------------|------------|------------|------------|
| Net cash flow from investment activity | -1420 | 227 | -333 | 52 |
| Net cash flow from financial activity | 0 | 0 | 0 | 0 |
| Change in cash and cash equivalents | 1,355 | -454 | -325 | -109 |
| Total assets | 21,086 | 23,941 | 4,902 | 5,731 |
| Short-term liabilities | 33 | 73 | 8 | 17 |
| Equity | 21,053 | 23,855 | 4,894 | 5,711 |
| Share capital | 8,768 | 9,010 | 2,102 | 2,157 |
| Weighted average diluted number of shares | 15,015,972 | 15,015,972 | 15,015,972 | 15,015,972 |
| Profit (loss) per share (in PLN/EURO) | 0,03 | 0,01 | 0,01 | 0,003 |
| Book value per share (in PLN/EURO) | 1,4 | 1,59 | 0,3 | 0,4 |

The rules for converting basic items of the financial statement into EURO

Selected financial data presented in the financial statements was converted into EUR as follows:

- Statement of Financial Position items are translated at the exchange rate announced by European Central Bank in force as at the balance sheet date.
 - As at 31/12/2018 1 EUR = 4,3014
 - As at 31/12/2017 1 EUR = 4,1770
- the items in the Profit and Loss Statement and the Cash Flow Statement are translated using the exchange rate being the arithmetic average of exchange rates from the beginning and the end of a given period announced by the European Central Bank
 - since 1/01/2018 to 31/12/2018 1 EUR = 4,2335
 - since 1/01/2017 to 31/12/2017 1 EUR = 4,2937

3.25 Note 25 Management Board's position in a case of a possibility to realization earlier published financial results forecasts for the given year, in the context of presented financial results in relation to the forecasted results.

The company did not publish forecasts for the 2018 year and the next years.

3.26 Note 26 A list of shareholding of the issuer's shares or rights to them held by persons managing and supervising of the issuer as at the date of publication of the report, along with an indication of changes in ownership in the period from the date of submission of the previous periodic report, separately for each of these persons.



- ***Members of the Management Board***

In relations to the previous reporting period, there have been changes in indirect holding of the Issuer's shares by the members of Management Boards. As at the balance sheet date 30/11/2018 and date of presenting the periodic report, chairman of the Board Mr. Damian Patrowicz holds indirectly Issuer's shares. In accordance of the best knowledge of the Management Board, Mr. Damian Patrowicz holds indirectly through related entity Patro Invest OÜ, 9.199.605 shares of Investment Friends Capital SE representing 61,27% of the Company's seed capital and entitling to give 9.199.605 votes representing 61,27% votes on general meeting of The Company.

- ***Members of the Supervisory Board***

In accordance with the knowledge of the Company Investment Friends Capital SE Management Board, members of the supervisory Board, in the balance sheet date and date of presenting the periodic report, do not hold directly or indirectly Issuer's shares.

3.27 Note 27 Main risks

Immanent feature of market trading is the shares' price fluctuations and short-term fluctuations of turnover. It might result in possible sale or purchase of the qualifying holding of the Issuer's shares will be connected with a necessity to accept significantly less favourable price than the reference price. The Issuer can not also exclude significant, temporary limitations of liquidity which may significantly hamper sales or purchase of the Issuer's shares.

- ***Liquidity risk***

Liquidity risk As any entity operating on the market, the Company is exposed to the risk of losing financial liquidity, understood as the ability to settle its obligations within the set time limit. Financing the operation using external sources (debt instruments, loans) increases the risk of losing liquidity in the future. The Company currently does not run the risk of losing liquidity. However, one can not exclude the risk of disturbance or even loss of liquidity due to missed investments and repricing capital or lack of repayment of loans granted and enforcement difficulties as well as non-compliance of obligations by contractors. The company does not exclude in the future (if necessary) financing of investments with debt instruments or target issuance of shares. The company manages its liquidity through ongoing monitoring of the level of due liabilities, cash flows and proper cash management

- ***Credit risk***

It is understood as the lack of possibility for the creditors of the Company to meet their obligations. Credit risk is related to three main areas: creditworthiness of trading partners, creditworthiness of financial institutions, i.e. banks, creditworthiness of entities in which the Company invests, grants loans. The Company monitors the amounts of receivables from contractors on an ongoing basis, thus exposing it to the risk of non-recoverability of receivables is limited. In terms of free cash, the Company uses short-term bank deposits in reliable financial institutions.

- ***Risks related to the shareholder structure***

As at the date of the report, 61,27% of the share capital and 61,27% of votes at the Issuer's General Meeting owned directly Patro Invest OÜ, as a result of which the above-mentioned Shareholder has a significant influence on the adopted resolutions at the General Meeting of the Issuer's Shareholders.



➤ ***Risk related to the economic situation in Poland and Estonia.***

The situation and the economic situation in Poland and Estonia have a significant impact on the financial results achieved by all entities operating in these countries, including the Issuer, because the success of development of companies investing in financial instruments and conducting financial services largely depends on the conditions of running a business

➤ ***Legislative risk and interpretation of legal***

In Poland, changes to the tax law regulations are frequently made, and the risk of introducing less beneficial solutions for the Issuer, which will directly or indirectly affect the conditions and effects of the Company's operations, is increased. Moreover, due to the heterogeneous practices of state administration bodies and court decisions, there is a risk of incurring additional costs if the Issuer adopts a different interpretation than the position of state administration bodies. The Issuer is trying to limit this risk through constant cooperation with a law firm and a registered auditor's office, enabling ongoing consultations regarding the interpretation of legal provisions.

➤ ***The risk of low liquidity and valuation of investments on the private market***

The Issuer holds shares in a non-public company and therefore has significantly limited liquidity. Investments in instruments of shares/stocks of non-public companies involve a limited ability to supervise the entity due to the lack of obligation to publish and disclose financial statements and information. As a consequence, there may be potential difficulties in closing investment projects or obtaining a satisfactory price when selling shares or stocks. There may also be difficulties in disposing of the possessed assets. The Issuer has shares of IFEA Sp. z o. o. which as a non-public entity are particularly exposed to loss of liquidity and value or total loss of invested capital from this investment.

➤ ***Risk related to the liquidity and volatility of the Issuer's share prices***

The share price and liquidity of trading in shares of companies listed in an organized trading system depends on buy and sell orders made by investors. It cannot be ensured that the person purchasing the Issuer's shares offered will be able to sell them at any time and at a satisfactory price. The share price may be lower than the purchase price due to many factors, including periodic changes in the Issuer's operating results, missing investment decisions of the Issuer resulting in rented or accrued capital, the number and liquidity of listed shares, inflation, regional changes or domestic economic and political factors, and situation on other world securities markets.

➤ ***Risk connected to change of the seat and article of association of the Issuer***

As a result of the resolutions adopted by the General Meeting of Shareholders, the company's registered office was changed to Tallinn in Estonia and the Company Statute changed. There is a risk related to effective adaptation of the Issuer to organizational and legal laws applicable in Estonia. These changes can temporary influence organizational effectiveness of the Issuer and risk of possible mistakes and errors in law interpretations, obligations of entities operating in Estonia, local and related to listing of the Company's shares on Warsaw Stock Exchange disclosure obligations, and their proper implementation by the Issuer can occur. The company will make every effort to limit the above-mentioned risks, however, due to the significance and complexity of organizational and legal changes, the occurrence of unfavourable phenomena can not be completely ruled out.



➤ ***Risk connected to links between members of the Issuer's corporate bodies***

There are interpretations indicating the possibility of emerging risks consisting in the negative impact of links between members of the Issuer's bodies on their decisions. This applies in particular to the impact of these links on the Issuer's Supervisory Board with regard to the day-to-day supervision of the Company's operations. While assessing the probability of such a risk, one should take into account the fact that the supervisory bodies are subject to the control of another body - the General Meeting, and in the interest of the members of the Supervisory Board it is to perform their duties in a reliable and lawful manner.

Tallinn, 21/08/2019

Damian Patrowicz – Chairman of the Management Board