

HALF-YEAR REPORT
ON ACTIVITIES OF INVESTMENT FRIENDS SE
for the period
01/01/2019 - 30/06/2019

Tallinn, 22/11/2019

Investment Friends S.E.
Harju maakond, Tallinn, Kesklinna linnaosa,
Tornimäe tn 5, 10145
registry code 14617862
email: info@ifsa.pl

1. Basic information about the Company.

Name of the Company: Investment Friends SE

- On 26/02/2018 the Registry Court registered the merger of the Issuer previously operating as a joint-stock company under Polish law under the name Investment Friends Spółka Akcyjna (Acquiring Company) with its 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 Department under KRS number 0000143579, NIP 8291635137, REGON 730353650, with the Company Investment Friends 1 Polska Akciovéspolečnost with its registered office in Ostrava : 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 10979, identification number 06502873. (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 and until 30/11/2018 operated as Investment Friends SE with headquarters 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 the number KRS 0000720290, NIP 8291635137, REGON 730353650.
- On 30/11/2018 the register of commercial companies (Ariregister) applicable to the law of Estonia registered the transfer of the Issuer's registered office to Estonia. Since 30/11/2018 the Company is entered into the Registration Department of the District Court in Tartu, register code 14617862.

Address:

- till 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.

Tax identification number:

- The Company is not registered as a VAT taxpayer after transferring its seat to Estonia. The Company has a tax identification number: 14617862.

Business activity according to the Estonian Business Classification:

- Since 30/11/2018, the main area of the Company's operations according to the EMTAK classification is "Activities of financial holding companies", EMTAK no. 64201.

Duration of the Company:

- Duration of the Company is indefinite.

Registry court of the Company:

- Since 01/12/2018 the Company is entered in the Registration Department of the District Court in Tartu, registry code 14617862.

Share capital of the Company:

- The Company's share capital is EUR 3.240.000,00 (three million two hundred and forty thousand EURO 00/100) and is divided into 9.000.000 shares (in words: nine million) without nominal value of EUR 0.36 (in words: thirty-six cents) each.

Financial year:

- On 31/05/2019 the Register of Commercial Companies (Ariregister) applicable to the law of Estonia registered the change in the financial year pursuant to Resolution No. 2 of the Extraordinary General Meeting of Shareholders of 17/05/2019. As a result of this, the Company's financial year begins on July 1 and ends on June 30.

Bodies of the Company

The composition of the Supervisory Board

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

1.	Damian Patrowicz	Chairman of the Supervisory Board	Appointment on 27/04/2017 for the next term Resignation 25/04/2018 Appointment 30/05/2018 Resignation 11/01/2019
2.	Małgorzata Patrowicz	Secretary of the Supervisory Board	Appointment on 27/04/2017 for the next term



			Resignation 25/04/2018
			Appointment 30/05/2018
3.	Anna Kajkowska	Member of the Supervisory Board	Appointment on 27/04/2017 for the next term
4.	Jacek Koralewski	Member of the Supervisory Board	Appointment on 27/04/2017 for the next term
5.	Wojciech Hetkowski	Member of the Supervisory Board	Appointment on 27/04/2017 for the next term

Management Board:

In the reporting period, the composition of the Issuer's Management Board was as follows:

Agnieszka Gujgo - Chairman of the Management Board

Audit Committee:

On 20/10/2017 the Company's Supervisory Board decided to appoint an Audit Committee in the following composition:

Wojciech Hetkowski – Chairman of the Audit Committee

Małgorzata Patrowicz – Member of the Audit Committee

Anna Kajkowska – Member of the Audit Committee

The Audit Committee in the above composition met the independence criteria and other requirements specified in art. 128 section 1 and art. 129 section 1, 3, 5, and 6 of the Act on Statutory Auditors, i.e. at least one member of the Audit Committee had knowledge and skills in accounting or auditing financial statements; at least one member of the Audit Committee had knowledge and skills in the field of the Company's industry, and the majority of members of the Audit Committee, including its Chairman, were independent of the Company.

On 08/04/2019 via the current report No. 12/2019, the Issuer informed that the Supervisory Board adopted a resolution on the dissolution of the Audit Committee and dismissal of its members as at 08/04/2019.

2. Basis for preparation of the financial statements

STATEMENT OF COMPLIANCE

The financial statements cover the period since January 1 to June 30, 2019 and the comparable period since January 1 to June 30, 2018, and have been prepared using accounting principles in accordance with International Financial Reporting Standards as adopted by the European Union. The report has been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

FUNCTIONAL AND REPORTING CURRENCY

The financial statements have been prepared in EURO. The functional currency of the Company is the Polish zloty (PLN) while the reporting (presentation) currency of the Company is EURO. The financial statements are presented in thousands of EURO. The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

ACCOUNTING PRINCIPLES APPLIED FOR PREPARATION OF THIS FINANCIAL STATEMENT

Pursuant to Resolution No. 22 of the Ordinary General Meeting of the Company of May 30, 2018 regarding: changes in the method of preparing financial statements the Ordinary General Meeting of the Company decided that the Company's financial statements starting from the report for 2018 will be prepared in accordance with International Financial Reporting Standards .

The condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

3. Statement of the Management Board on reliability of preparation of the financial statements.

The Management Board of Investment Friends SE declares that, to the best of its knowledge, the annual financial statements for the first half of 2019 and comparable data have been prepared in accordance with the applicable accounting principles, and that they reflect in a true, reliable and clear manner the property and financial situation of Investment Friends SE and its result financial statement and the fact that the half-year report on the Issuer's operations provides a true picture of the development and achievements and situation of Investment Friends SE, including a description of the basic threats and risks.

Tallinn, 22/11/2019

Agnieszka Gujgo

Chairman of the Management Board

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4. Selected financial data containing basic items of the annual financial statements (also converted into euro).

	Six months ended on 30/06/2019	Six months ended on 30/06/2018
	EURO	EURO
Revenues from the sale of products, goods and materials	50	93
Profit (loss) from operating activity	-164	-15
Profit (loss) before tax	128	-13
Net profit (loss)	132	-13
Net cash flow from operating activities	-417	27
Net cash flow from investing activities	427	2
Net cash flow from financial activities	16	0
Change in cash and cash equivalents	10	29
Total assets *	2600	2 448
Long-term liabilities *	47	2
Short-term liabilities *	2	99
Equity *	2551	2 347
Share capital *	3240	3 098
Weighted average diluted number of	9 000 000	10 010 959

shares (in pcs.)		
Profit (loss) per share (EUR)	0,01	0
Book value per one share (EUR) *	0,28	0,23

Selected financial data presented in the financial statement were converted into EURO in the following way:

- Balance sheet items are converted according to the average exchange rate announced by the National Bank of Poland:
 - on June 28, 2019 1 EUR = 4,2520
 - on December 21, 2018 1 EUR = 4,300
 - on June 29, 2018 1EUR = 4,3616
- Items of the income statement and cash flow statement as at 30/06/2018 and as at 30/06/2019 are converted according to the exchange rate being an arithmetic average of average exchange rates announced by the National Bank of Poland effective on the last day of each month in the reporting period:
 - in the period since January 1, 2019 till June 30, 2019 1 EUR = 4,2880
 - in the period since January 1, 2018 till June 30, 2018 1 EUR = 4,2395

5.List of the most important events during the reporting period.

- on January 2, 2019 in the current report no. 2/2019, the Issuer made public the decision on the selection of the Home State.

Investment Friends SE disclosed as obliged in accordance with (i) article 2 of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (as amended by Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013) and (ii) § 1844 (1) of Estonian Securities Market Act that made a choice of Contracting State as the home Contracting State - Republic of Estonia. Consequently, the Republic of Poland is the host Contracting State.

Investment Friends SE was registered in the Estonian Commercial Register on 30th of November in 2018 under registration code 14617862 with official address at Harju county, Tallinn, City Centre district, Narva Road 5, 10117, Estonia.

- on February 1, 2019 via current report no. 4/2019, the Issuer published information on the repayment of part of the loan capital by the Borrower.

The Management Board of Investment Friends SE headquartered in Tallinn, referring to the current report no 67/2017 dated on October 26th, 2017 and the current report no 43/2018

dated on October 5th, 2018, hereby informed that on February 1st, 2019 the Borrower i.e. Patro Invest Limited Liability Company made an early partial repayment of the loan principal in the amount of 300.000,00 PLN (three hundred thousand zlotys).

The Issuer informed that in accordance with the loan agreement, the Borrower was allowed to make an early repayment of the whole or the part of the loan principal. The deadline for the repayment of the loan is established on October 25th, 2019.

- on March 8, 2019 via current report no. 6/2019 the Issuer published a announcement convening the Extraordinary General Meeting of Shareholders.

The Management Board of Investment Friends SE announced the convening of an Extraordinary General Meeting on 5/04/2019 with the following agenda:

- Approval of the audit company to audit the Company's financial statements for 2018, 2019 and to evaluate the Company's annual reports for 2018, 2019.

- on March 15, 2019 via current report No. 7/2019, the Issuer published information on the signing of an annex to the loan agreement.

The Management Board of Investment Friends SE concluded an Annex to the loan agreement of 26/10/2017 with Patro Invest Sp. z o. o. The loan agreement was reported by the Issuer in the ESPI current report no. 67/2017 on October 26th, 2017. Under the Annex concluded on March 15th, 2019 the amount of the loan was increased by PLN 400.000,00 (four hundred thousand zlotys). Additional amount of the loan was paid to the bank account of Patro Invest Sp. z o. o. at the date of the annex signing, i.e. March 15th, 2019. Therefore, the total amount of the loan that have been paid to Patro Invest Sp. z o. o. is PLN 2.600.000,00 (two million six hundred thousand zlotys).

The interest rate on the loan was set at 5,2% per annum. The interest will be paid together with the refund of the loan amount. The repayment of the loan was secured by the borrower by issuing a blank promissory note with a declaration to the Issuer. The contract has not been concluded subject to a condition or time limit. The Issuer is entitled to demand the return of the entire loan amount immediately in the event of a poor financial status of the Borrower.

The Issuer also informed that between the Issuer and the company PATRO INVEST Sp. z o.o. there are personal and capital ties. The Chairman of the Management Board of PATRO INVEST Sp. z o.o. at the same time he is a member of the Issuer's Supervisory Board.

- on April 1, 2019 via the current report no. 7/2019, the Issuer published information on a significant contract.

The Management Board of Investment Friends SE informed that the security that the Issuer was entitled to and that was contracted in the Guarantee Agreement of the loan given to the Borrower TOP MARKA S.A., was completed.

Conclusion of the Guarantee Agreement was reported by the Issuer in the current report no. 17/2018 dated on 18/04/2018. On April 18, 2018 the Issuer concluded with FON SE (previously FON S.A.) the Guarantee Agreement of the remaining part of the claims the Issuer was allowed to

due to the Agreement of the loan of 07.11.2014 concluded with TOP MARKA S.A. in the amount of up to PLN 590.000,00 (five hundred ninety thousand zlotys), in case of the Issuer do not satisfy its claims from TOP MARKA S.A. resulting from the Loan Agreement of 07.11.2014.

On 1/04/2019 the Issuer received to its bank account the transfer of PLN 590.000,00 (five hundred ninety thousand zlotys) from FON SE due to repayment of the Guarantee Agreement.

- on April 1, 2019 via current report no. 9/2019, the Issuer published information on the signing of a preliminary debt assignment agreement.

On 1/04/2019 the Issuer concluded with a natural person (hereinafter "Assignee") a preliminary assignment agreement whose object is a transfer of the debts package that consists of the loan granted on 7 November 2014 to TOP MARKA S.A. headquartered in Poznań, along with owned securities. Giving aforementioned loan to TOP MARKA S.A. was reported by the Issuer in the current report no 141/2014. Deadline for repayment of the loan of 7/11/2014 expired on 31/03/2016.

Total nominal value of the debts (principal + interest) is PLN 1.343.288,55 (one million three hundred forty-three thousand two hundred eighty-eight zlotys 55/100), while the sales price was PLN 379.000,00 (three hundred seventy-nine thousand zlotys).

This agreement was concluded under a condition precedent that the Assignee makes the full payment of the sales price for the Assignor until 31/07/2019 at latest.

- on April 5, 2019 via current report No. 11/2019, the Issuer published information regarding the Extraordinary General Meeting of Shareholders of Investment Friends SE, which took place on 5/04/2019.

On 05/04/2019 at 12:00 in Płock at Padlewskiego Street 18C, 09-402 Płock, Poland, the Extraordinary General Meeting of Shareholders of Investment Friends SE was held. There was only one Shareholder Patro Invest OÜ based in Tallinn, holding 3 077 250 shares, constituting 34,19% of the share capital, therefore no resolutions on the agenda could be adopted because the minimum quorum is 50% of the share capital

- on April 8, 2019 via current report no. 12/2019, the Issuer published information for shareholders.

On 08/04/2019 the Company's Supervisory Board adopted a resolution regarding the dissolution of the Company's Audit Committee and dismissal of its members on 08/04/2019.

- on April 17, 2019 via current report No. 13/2019, the Issuer published information regarding the convening of the Extraordinary General Meeting of Shareholders of Investment Friends SE.

The agenda of the Extraordinary General Meeting provided for the adoption of a resolution regarding: Approval of the selection of an audit company by the Extraordinary General Meeting of Shareholders of the Company.

- on April 18, 2019 via current report No. 13/2019, the Issuer published information regarding the Extraordinary General Meeting of Shareholders of Investment Friends SE.

The Agenda of Extraordinary General Meeting included adopting a resolution regarding: Approval of the new Company's Article of Association by the Extraordinary General Meeting of the Company's Shareholders.

- on April 19, 2019 in the report no. 14/2019 the Issuer published information on completing on the demand of shareholder the draft of resolutions for the Extraordinary general Meeting of Shareholders convened for May 9, 2019.

On April 19, 2019 The Issuer published submitted by the Shareholder demand of completing draft of resolutions made for the Company's Extraordinary General Meeting convened for May 09, 2019, with the draft of resolutions on adding a point regarding change of the financial year and amendment of the Company's Article of Association.

- on April 23, 2019 in the current report no. 16/2019 the Issuer published information on the resolution adopted by the Supervisory Board.

The Management Board of Investment Friends SE informed that on 23/04/18 the Supervisory Board adopted resolution on changing the Company's financial year from calendar year to financial year lasting from July 1 to June 30. In accordance to the Supervisory Board's resolution, the financial year of 2018 was extended by six months. Company's financial year covers the period since January 1, 2018 to June 30, 2019.

- on April 30, 2019 with the report no. 18/2019 the Issuer published information on termination of the Agreement with the entity authorized to audit of the Company's financial statements.

The Management Board of Investment Friends SE informed that on 30/04/2019 the Agreement of auditing of the Company of 2018 was terminated. It was concluded by the Issuer with the Grupa Gumułka – Audyty Sp. z o. o. with registered Office in Katowice at Matejki Jana Street 4 Department in Warsaw, entered on the list of entities authorized to audit financial statements under number 3975, about of conclusion of which the Management Board informed in the current report number 40/2018 of 04/07/2018.

The reason for termination of the Agreement is inability of the auditor to provide services due to the change of the Issuer's registered office during the term of the Agreement.

Pursuant to applicable principles, the Issuer's financial statements audit and review have to be realized by the entities entitled to provide this type of services in accordance with Estonian law.

- on May 14, 2019 in the current report no. 21/2019 the Issuer informed about signing the annex to the Loan Agreement.

The Management Board of Investment Friends SE informed that on 14/05/2019 they signed the Annex to the Loan agreement concluded on 26/10/2017 with PATRO INVEST Sp. z o.o. in Płock, about signing which, the Company informed in the current report ESPI no. 67/2017 of October 26, 2017. By virtue of the Annex of 14/05/2019 value of the Loan was increased by PLN 250 000,00. The additional Loan amount was paid to the Patro Invest Sp. z o.o. Company's account on the date of signing the annex i.e. 14/05/2019. Due to the signing of the annex on 14/05/2019 the total value of the Loan paid to the Patro Invest Sp. z o.o. Company is PLN 3 650 000,00.

The interest rate of the Loan was set at 5,2% per year. Interests will be paid with the repayment

of the Loan amount. The Loan repayment was secured by the Borrower by issuing the blank promissory note and declaration to the Issuer. The Agreement has been not concluded with reservation of the condition or time limit. The Issuer is entitled to demand full refund of the Loan, immediately in a case of a poor financial situation of the Borrower.

- on May 23, 2019 in the current report no. 25/2019 the Issuer informed about signing the annex to the Loan Agreement.

The Management Board of Investment Friends SE informed that on 23/05/2019 they signed an annex to Loan Agreement concluded on 26/10/2017 with z PATRO INVEST Sp. z o.o. in Płock, about signing of which, the Company informed in the current report ESPI no. 67/2017 of October 26, 2017. By virtue of the Annex of 23/05/2019 value of the Loan was increased by PLN 250 000,00. The additional Loan amount was paid to Patro Invest Sp. z o.o. Company's account on the date of signing of the annex i.e. 23/05/2019. Due to the signing of the annex on 23.05.2019 the total value of the Loan paid to the Patro Invest Sp. z o.o. is PLN 3 900 000,00.

The interest rate of the Loan was set as 5,2 % per year. Interests will be paid with the refund of the Loan amount. The Loan repayment was secured by the Borrower by issuing the blank promissory note and declaration to the Issuer. The Agreement has not been concluded with reservation of any condition or time limit. The Issuer is entitled to demand full refund of the Loan, immediately in a case of a poor financial situation of the Borrower.

The Issuer also informed that between the Issuer and PATRO INVEST Sp. z o.o. Company there are personal and capital connections. The Chairman of the Management Board of PATRO INVEST Sp. z o.o. at the same time fulfils the function in the Supervisory Board of the Issuer.

- on May 31, 2019 in the current report no. 28/2019 the Issuer informed about registration of the change of the financial year.

The Management Board of Investment Friends SE with registered Office in Tallinn, informed that on 31/05/2019 relevant for Estonian law Commercial Register (Ariregister) registered the change of the financial year in accordance to the Resolution no. 2 of Extraordinary General Meeting of Shareholders of 17/05/2019 (continued after the break announced on 09/05/2019) In relation to this, the Company's financial year begins on July 1 and ends on June 30.

At the same time, with the registration of change of the Company's financial year, relevant to the Estonian Law Register registered the amendment of the Article of Association.

- on June 5, 2019 in the current report no. 29/2019 the Issuer published information on the change of the company's address.

The Management Board of Investment Friends SE with registered office in Tallinn informed, that on 05/06/2019 relevant to the law of Estonia registered the transfer of the registered office of the Issuer to Estonia. Therefore, the Issuer indicated that the current headquarter of the Company is: Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145.

The website address and e-mail address remain unchanged: info@ifsa.pl, <http://ifsa.pl/>

Moreover, the Issuer informed that the registered office address is an address for service i.e.: Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145.

- on June 7, 2019 in the current report no. 30/2019 the Issuer published information regarding Extraordinary General Meeting, which took place on June 7, 2019.

On June 7, 2019 at 10:00 in Płock at Padlewskiego 18C Street, 09-402 Płock, Poland, the Extraordinary General Meeting of Shareholders of Investment Friends SE was held. Only one Shareholder Patro Invest OÜ with registered office in Tallinn was present, holding 3.077.250 shares, constituting 34,19% share in the share capital, therefore any resolutions on the agenda could be adopted because the minimum quorum is 50% of the share capital. In connection with this, the Management Board announced that in the nearest future, the General Meeting of Shareholders would be convened. It could be held regardless of the number of shares represented at it.

- on June 15, 2019 in the current report no. 31/2019 the Issuer published an announcement on convening the Extraordinary General Meeting of Shareholders

The Management Board of Investment Friends SE announced the convening of an Extraordinary General Meeting on 08/07/2019 with the following agenda:

-Endorsement of the audit Company to audit the Company's financial statements for the year and to assess Company's annual reports for the year ...

- Setting the last day of the period started on January 1, 2018 for which the company will prepare its financial statements.

- Determining the standard of financial reporting in which the company will prepare financial statements.

- on June 17, 2019 in the current report no. 32/2019 the Issuer informed about payoff the part of the capital by the borrower

The Management Board of Investment Friends SE with registered office in Tallinn with reference to the current report no. 67/2017 of October 26 2017 informed, that on 17/06/2019 the Borrower Patro Invest Sp. z o.o. made a premature repayment of part of the loan capital in the amount of PLN 1 200 000,00(on million two hundred thousand zlotys).

The Issuer informed that in accordance with the provisions of the Loan Agreement, the Borrower was entitled to premature repayment of all or a part of the capital of the loan granted. The loan repayment date was set for October 25, 2019.

- on June 17, 2019 in the current report no. 33/2019 the Issuer informed about concluding a loan Agreement.

The Management Board of Investment SE informed, that on 17/06/2019, it granted Patro Invest OÜ the register no. 14381342, Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145 loan in amount of PLN 1 400 000,00.

The Loan Agreement of 17/06/2019 was concluded until 30/06/2020.

The interest rate on the loan was set at 5.00% per year the interest will be paid together with the refund of the loan amount. The repayment of the loan was secured by the borrower by issuing a

blank promissory note with a declaration to the Issuer. The Agreement has not been concluded with restriction of a condition or a time limit. The Issuer is entitled to demand the full return of the loan amount immediately when the financial standing of the Borrower is weakened.

- on June 18, 2019 in the current report no. 34/2019 the Issuer informed about the earlier repayment of the loan by the borrower

The Management Board of Investment Friends SE with registered office in Tallinn in connection with the current report no. 67/2017 of October 26, 2017 informed, that on 18/06/2019 the Borrower Patro Invest Sp. z o.o. repaid the loan granted by the Issuer.

The Company Patro Invest Sp. z o.o. repaid the capital of the loan in the amount of PLN 2 650 000,00.

The Issuer informed that in accordance with the provisions of the Loan Agreement, the Borrower was entitled to early repayment of all or a part of the capital of the loan granted. The loan repayment date was set for October 25, 2019.

The Issuer informed that between the Issuer and the company PATRO INVEST Sp. z o.o. there are personal and capital connections. President of the Board PATRO INVEST Sp. z o.o. at the same time is a member of the Issuer's Supervisory Board.

- on June 18, 2019 in the current report no. 35/2019 the Issuer informed about signed the annex to the Loan Agreement.

The Management Board of Investment Friends SE in connection with the current report no. 33/2019 of 17/06/2019 informed, that on 18/06/2019 it signed an annex to the Loan Agreement concluded on 17/06/2019 with Patro Invest OÜ register no. 14381342, Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145.

By virtue of the annex of 18/06/2019 the loan amount was increased by PLN 2 650 000.00 (two million, six hundred and fifty thousand zlotys). The additional loan amount was paid into the account of Patro Invest OÜ on the day of signing the annex, i.e. on 18/06/2019. Due to the signing of the annex on 18/06/2019, the total amount of the loan paid to Patro Invest OÜ is PLN 4,050,000.00 (four million and fifty thousand zlotys). The interest rate on the loan was set at 5.00% per year. Interest will be paid together with repayment of the Loan amount. Repayment of the Loan was secured by the Borrower by issuing a blank promissory note with a declaration to the Issuer. The Agreement has not been concluded with restriction of a condition or a time limit. The Issuer is entitled to demand the full return of the loan amount immediately when the financial standing of the Borrower is weakened.

- on June 25, 2019 in the current report no. 36/2019 the Issuer informed about signing an Agreement of cession of receivables.

The Management Board of Investment Friends SE hereinafter „Cessor” informed that in reference to the current report no. 9/2019 of 01/04/2019 of 25/06/2019 concluded with the natural person hereinafter „Cessionary” a definitive assignment agreement, subject of which is transferring for the Cessionary the debt package consisting of a loan granted to the Company Top Marka S.A. with registered office in Poznań on November 7, 2014 with the collateral, the granting of which the Issuer informed in current report no. 141/2014. The Loan repayment of November 7, 2014 date was March 31, 2016.

The total nominal value of the debt (capital + interest) is PLN 1 343 288,55 (one million three hundred forty-three thousand two hundred eighty-eight zlotys 55/100), and the sale price was PLN 376 915,50 (three hundred seventy-six thousand nine hundred and fifteen zlotys 50/ 100)

- on June 27, 2019 in the current report no. 37/2019 the Issuer informed about the receipt of a notification of the concluding of a Debt assumption Agreement.

The Management Board of Investment Friends SE informed, that on 27/06/2019 the Company received a notification from Elkop SE with registered office in Płock, informing that on 27/06/2019 Elkop SE concluded with FON Zarządzanie Nieruchomościami Sp. z o.o. with registered office in Płock an agreement on the assumption of the Company's FON Zarządzanie Nieruchomościami debt for Investment Friends SE with registered office in Tallinn, Estonia, resulting from a cash loan granted on 24/04/2018 in the amount of PLN 6.957.600,00, whose debt as at 27/06/2019 is total of: PLN 6.736.416,63.

At the same time, the Issuer has informed that it has not yet consented to the above-mentioned assumption of debt and therefore responsibility to the Issuer in virtue of the Loan Agreement of 24/04/2018 burden jointly and severally FON Zarządzanie Nieruchomościami with registered office in Płock and Elkop SE with registered office in Płock. The Issuer indicates that all collateral granted to the Company in virtue of the loan agreement of 24.04.2018 remain valid.

6. Significant events which occurred during preparation of the half-year financial statements and which are not included in it, but have or may have significant influence on financial effectiveness in the following years.

The Issuer presents below the list of significant events which have occurred after the balance sheet date:

- on July 8, 2019 in the current report no. 39/2019 the Issuer published protocol of the Extraordinary General Meeting.

The Management Board Investment Friends SE informed, that on 08/07/2019 there was an Extraordinary General Meeting of Company's Shareholders.

One shareholder was present at the General Meeting - Patro Invest OÜ with registered office in Tallinn, holding 3.077.250 shares constituting 34,19% of votes at the General Meeting.

The agenda of the Extraordinary General Meeting included resolutions on:

1. Election of the chairman of the meeting and the minutes secretary.
2. Endorsement of the audit company selected to audit the company's financial statements for 2018, 2019 and the assessment of the Company's annual reports for 2018, 2019.

It was decided to choose a Company Hansa Audit osaühing with registered office in Pärnu mnt. 377, 10919, Tallinn, company registration number 10616667, as an auditing company, that will audit the Company's financial statements for 2018 and 2019 and will assess the annual statements for 2018 and 2019. The auditor's remuneration will be paid in accordance with the agreement concluded between INVESTMENT FRIENDS SE and Hansa Audit osaühing on market conditions.

3. Determining the last day of the reporting period started on January 1, 2018, for which the company will prepare its financial statements.

4. Determining the financial reporting standard in which the company will prepare financial

statements.

The financial statements will be prepared in accordance with IFRS International Financial Reporting Standards.

- on September 18, 2019 in the current report no. 40/2019 the Issuer published an information regarding signing the Annex to the Loan Agreement.

The Management Board of Investment Friends SE headquartered in Tallinn, with regard to the current report no. 33/2019 of 17/06.2019 and the current report no. 35/2019 of 18/06/2019, informed that on 18/09/2019 the Issuer concluded an Annex to the loan agreement of 17/06/2019 with Patro Invest OÜ.

Under provisions of the Annex of 18/09/2019 the amount of the loan was increased by PLN 70.000,00 _seventy thousand zlotys_. Additional amount of the loan was paid to the bank account of Patro Invest OÜ at the date of the annex signing, i.e. 18/09/2019. Therefore, the total amount of the loan that have been paid to Patro Invest OÜ is PLN 4.120.000,00 _four million one hundred twenty thousand zlotys_. Established interest rate for the loan is 5,0% per year. Interest shall be paid along with repayment of the loan amount. Repayment of the loan is secured by the Borrower by issuance of a blank promissory note and a promissory note declaration for the Issuer. The agreement has no reservations concerning any conditions or deadlines. The Issuer is entitled to demand repayment of the total amount of the loan in case of unstable financial situation of the Borrower.

- on November 4, 2019 the Issuer published the annual report - annual statements for 2018 along with the Auditor's opinion.

7. Indication of proceedings pending in court, competent authority for arbitration proceedings or public administration authority.

In the period covered by the following report, the Company did not initiate or was not a party to any new significant court or a public administration authority proceeding.

The Issuer indicates below the most important pending court and administrative proceedings:

On January 16, 2018 in the current report no. 4/2018 The Management Board of Investment Friends SE formerly Investment Friends S.A. published the Issuer's position in relation to the announcement of the Polish Financial Supervision Authority about the imposition of a fine on the Issuer.

The Management Board of Investment Friends SE with registered office in Płock informed, that on 16/01/2018 on the basis of an announcement from 379 meeting of the Commission published by the Polish Financial Supervision Authority, became aware of the imposition of a financial penalty in the amount of PLN 400.000,00 on the Company, due to the ascertainment by the PFSA the improper fulfilling of the information duties specified in art. 56 section 1 of the Act on public offering by the Company.

In the content of the announcement from the meeting of the Polish Financial Supervision Authority of 16/01/2018 the Commission stated, that the Company publicizing confidential information: about the intended legal and organizational CR 19/2014, approval of the intended organizational and legal changes by the Supervisory Board CR 20/2014, conclusion of the transaction as a result of negotiations undertaken on April 4, 2014 CR 42/2014, 43/2014 and about planned purchase of own shares CR 62/2014 the Company entered into a breach of its information obligations specified in art. 56 section 1 of the Act on public offering. In addition, the Polish Financial Supervision Authority accused the Company of not fulfilling the obligation to provide information on the revaluation of the acquired shares of FLY.PL S.A. on 30/09/2014.

The Issuer's Management Board disagrees with the Commission's decision.

The Issuer's Management Board first of all indicates that the Company should not be the addressee of the Decision in relation to the legally-valid division of the Company, about which the Issuer informed in the current report no. 5/2016 of 30/03/2016. The division of the Issuer was made pursuant to art. 529 § 1 point 4 of the Code of Commercial Companies by separating and transferring all the Issuer's assets to the Acquiring Company IFERIA S.A. excluding the Company's assets indicated in Annex 11 to the Division Plan of 15/05/2016. In connection with the scope of division, all rights and obligations of an administrative nature pursuant to art. 531 § 1 of the Code of Commercial Companies and Partnerships have also been transferred to the Acquiring Company.

The Issuer based on its knowledge, although it should not be the addressee of the decision of 16/01/2018, indicated that it does not agree with the assessment of the Polish Financial Supervision Authority in the scope of the way of fulfilling information duties by the Issuer to the extent questioned by the Commission. The Issuer indicated that all information required based on applicable regulations has been provided by the Issuer correctly and timely in a way that ensures equal access to full information by all market participants.

The Issuer informed that it intends to take steps provided by law to challenge the decision of the Polish Financial Supervision Authority.

- On October 3, 2019 the Polish Supervision Authority published an information regarding issuance of the final decision repealing entirely the decision of the Polish Financial Supervision Authority of January 16, 2018 imposing on Investment Friends S.A. headquartered in Płock (currently Investment Friends SE headquartered in Estonia, hereinafter: „Investment”) the financial penalty in the amount of PLN 400 000 due to infringement of art. 56 para.1 subpara. 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Official Journal of 2013, item 1382, hereinafter: „Act on Offering”) and imposing on Investment the financial penalty in the amount of PLN 200 000 and partially terminating the proceeding.

Determined in the final decision financial penalty was imposed for failure in fulfilling of the informative obligation prescribed in art. 56 para.1 subpara. 1 of the Act on Offering, consisting of communication to the Authority, the company operating the regulated market as well as to the public, a confidential information regarding revaluation of shares of FLY.PL S.A. in September 2014. While partial termination of the proceeding regards to the financial penalty imposed for

improper performance of informative obligations resulting from art. 56 para. 1 subpara. 1 of the Act on Offering, consisting of implementation and execution of the development strategy in March 2014 and a redemption of own shares in July 2014.

While reconsidering the matter, the Authority recognized that objections presented by Investment in its request for reconsideration of the matter are unjustifiable and confirmed circumstances of infringement of the Act on Offering. While partial termination of the proceeding was caused by formal reasons.

8. Indication of factors and events, in particular atypical ones, having significant influence on condensed financial statement.

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

9. The description of the organization of the Issuer's capital group, with indicating the entities being a subject of consolidation.

The Company Investment Friends SE does not have subsidiaries and does not form a capital group within the meaning of accounting regulations.

10. Description of changes in organization of the Issuer's capital group, including as a result of mergers entities, gaining or losing control over subsidiaries and long-term investments, as well as the division, restructuring or discontinuation of the activity and indication of the entity being a subject of consolidation, and in a case of the Issuer being parent entity, which on the basis of the applicable regulations is not required or may not prepare consolidated financial statements – also an indication of the reason and legal basis for the lack of consolidation.

On 26/02/2018 the merger of the Issuer, previously operating as a joint-stock company under Polish law under the name INVESTMENT FRIENDS SPÓŁKA AKCYJNA with registered office in Płock at Padlewskiego 18C Street, 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 the number KRS 0000143579, NIP 8291635137, REGON 730353650, with the Company INVESTMENT FRIENDS1 Polska Akciová společnost with registered office in Ostrava address: Poděbradova 2738/16, Moravská Ostrava, 702 00 Ostrava, Republika Czeska entered in the commercial register kept by the District Court in Ostrava, section B under number 10979, identification number 06502873. Hereinafter: acquired company was registered.

As a result of registration of the merger by the District Court for the Capital City of Warsaw in Warsaw the Issuer took the legal form of a European Company and currently operates under the name INVESTMENT FRIENDS SE with its 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 number KRS 0000720290.

The merger took place on the terms specified in the Merger Plan of 30/11/2017

The merger was affected by acquisition by INVESTMENT FRIENDS S.A. the Company INVESTMENT FRIENDS 1 Polska Akciová společnost, in accordance with the provisions of Article 2 para. 1 in connection with Article 17 para. 2 letter a) and 18 of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the articles of association of the European company (SE) of 8/10/2001 (Official Journal of the EU. L No. 294, p. 1) (Next: Regulation SE).

The merger was approved by the Issuer's General Meeting on January 3, 2018 resolution no. 9, disclosed to the public in ESPI current report No. 2/2018 on January 3, 2018.

As at the balance sheet day i.e. 31/12/2018 the Company Investment Friends SE does not have subsidiaries and does not create its own capital group.

In accordance to the best Management Board's knowledge, the dominant direct shareholder is Patro Invest OÜ with registered office in Tallinn, that had 34,41% share in the share capital and 34,41% share in the votes at the Issuer's General Meeting.

11. The position of the Management Board regarding the possibility of realization previously published result forecasts for a given year in the light of the results presented in the periodic report in relation to the forecast results.

The Company did not publish the forecasts for 2019 and next years.

12. Significant blocks of shares in accordance with the provisions § 9 of the Securities Market Act.

According to the best Management Board's knowledge, as at the balance sheet date i.e. 30/06/2018 the structure of direct and indirect shareholding, holding at least 10% of total number of votes at the General Meeting is presented as follows:

Direct shareholders' structure as at 30/06/2019.

No.	Shareholder	Number of shares	% shares	Number of votes	% votes
1	PATRO INVEST OÜ	3 097 232	34,41	3 097 232	34,41
2	Other	5 902 768	65,59	5 902 768	65,59
	Total	9 000 000	100	9 000 000	100

Indirect shareholders' structure as at 30/06/2019.

No.	Shareholder	Number of shares	% shares	Number of votes	% votes
1.	Pan Damian Patrowicz	3 097 232	34,41	3 097 232	34,41

In accordance to the best knowledge of the Management Board, as at the date of publication of this periodic report i.e. 22/11/2019 the structure of direct and indirect shareholding holding at least 10% of the total number of votes at the General Meeting has not changes as compared to the balance sheet date on 30/06/2019.

13. Statement of the ownership of the Issuer's shares or rights to them by persons managing and supervising the issuer as at the date of submission of the periodic report together with an indication of changes in ownership during the period since the submission of the previous periodic report, separately for each person.

Members of the Management Board

In accordance with the knowledge of the Management Board of the Company Investment Friends SE, as at the balance sheet date 30/06/2019 and as at the date of submission the periodic report they do not have indirectly or directly Issuer's shares.

Members of the Supervisory Board

In accordance with the knowledge of the Management Board of the Company Investment Friends SE, Members of the Supervisory Board as at balance sheet date 30/06/2019 and at the date of submission the periodic report does not have Issuer's shares directly or indirectly.

14. Information on conclusion one or many transactions by the Issuer or its subsidiary with related entities, if individually or jointly they are significant and were concluded on terms other than market terms.

In the period covered by the report, the Issuer did not conclude any significant transactions with related entities, on the other terms than market terms. Significant transactions, including those with related entities were indicated in point 3.29 of interim condensed financial statements that form an integral part of the semi-annual report.

Personal and organisational relations of the Issuer

Parent entity: Patro Invest OU with registered office in Tallinn, indirectly – Damian Patrowicz.

Entities related through personal connections in the composition of Supervisory Boards and due to the dominant direct and indirect shareholder: Investment Friends Capital SE, Atlantis SE, Elkop SE.

The Management Board:

Agnieszka Gujgo fulfils the function of the President of the Management Board of Investment Friends SE, function of the President of the Board of Damf Inwestycje S.A., the Chairman of the Supervisory Board of the Company Platynowe Inwestycje S.A.

The Supervisory Board:

Małgorzata Patrowicz the Secretary of the Supervisory Board – fulfils the function of the Supervisory Board’s member of : Investment Friends SE, Investment Friends Capital SE, ELKOP SE, Damf Inwestycje S.A, FON SE. Fulfils the function of the Chairman of the Board of IFEA Sp. z.o.o, Patro Inwestycje UU, PATRO INVEST Sp. z.o.o, and the member of the Supervisory Board of IFERIA S.A.

Anna Kajkowska member of the Supervisory Board – fulfils the function of the vice-chairman of the Board of ELKOP SE

Wojciech Hetkowski - fulfils the function of the Member of the Supervisory Board of public entities: ELKOP S.A., Atlantis SE, Resbud SE, FON SE, Investment Friends Capital SE, Investment Friends SE, Damf Inwestycje S.A.

Jacek Koralewski- fulfils a function of a Chairman of the Board of ELKOP SE, member of the Supervisory Board of entities: Atlantis SE, FON SE, Investment Friends Capital SE, Investment Friends SE, Damf Inwestycje S.A.

15. Information on granting credit or loan guarantees by the Issuer or its subsidiary or granting guarantee – together to one entity or its subsidiary, if the total value of existing sureties or guarantees is the equivalent of at least 10% of the issuer's equity.

in the reporting period, the Company did not grant loan or credit guarantee, or guarantee, which is the equivalent of at least 10% of the Issuer’s equity.

16. Other information, which in the Issuer’s opinion is significant for the assessment of its personnel, property, financial situation, financial result and other changes, as well as information that is significant for the assessment of the Issuer’s ability of fulfilling the liabilities.

In the first half of 2019, except for those indicated in point 6 of this report, the other significant events, which could have a significant influence on assessment and changes in the financial standing of the Company and the ability of fulfilling the liabilities did not occur.

17. Indication of factors, which in the Issuer’s view will have influence on achieved results in the perspective of at least next quarter.

Considering the specificity of the Issuer’s activity, i.e. mainly financial services in the field of non-consumer cash loans and renting an owned apartment, and including held by the Company shares and stocks of private and public market, in the Issuer’s opinion the following internal and external factors will have a significant impact on the Company’s development and results:

- general market conditions on the loan market and interest rates,



- correct implementation by the borrowers of liabilities arising from concluded loan agreements, and execution process and vindication of loans terminated if they occur,
- efficiency of administrative and legal procedures, in which the Issuer may be a possible participant or a party,
- the possibility of getting potential new borrowers
- stock market situation on capital markets,
- economic situation and investment climate in Poland, Estonia and the region,
- availability of external sources of financing
- cooperation with other financial entities

18. Significant factors of risks and threats.

Credit risk

Credit risk is the risk of incurring the financial loss by the Company, in the situation, when the costumer or other party to the contract do not fulfil a duty from the agreement. Credit risk relates to receivables. Exposure the Company to the credit risk is primarily a result of individual feature of each costumer. The Company continuously monitors receivables. The Company makes write-offs from impairment loss, which corresponding with estimated value of losses from receivables from deliveries and services, other receivables and investments. The aim of the credit policy is maintaining the financial liquidity ratios on the safe, high level, realization of liabilities from suppliers without delays and cost minimize connected with servicing bank liabilities. Minimization of using bank credits and connected with its financial costs are also the aim of Managing of liabilities and receivables from deliveries and costumers Policy. The aims of mentioned Policy are agreement on payment date, following the rules of realization the liabilities without the delay, using the trade credit.

Liquidity risk

The liquidity risk management process consists in monitoring projected cash flows and then adjusting the maturity of assets and liabilities, working capital analysis and maintaining access to various sources of financing. The Company's goal is to maintain a balance between continuity and flexibility of financing, by using financing sources such as loans, overdraft facilities, and financial leasing contracts.

Risk of exchange rate fluctuations and limited liquidity

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

Risk related to the Issuer's dependence on recipients

There is a risk of impact on the results achieved by the Issuer from entities related to the Issuer by the agreements on renting office space. Late payment of receivables under concluded

contracts has an impact on current financial liquidity. In this case, property lease agreements should be treated as a permanent contractual dependence on recipients.

Risk related to ties between members of the Issuer's bodies.

There are interpretations indicating the possibility of risk arising from the negative impact of links between members of the Issuer's bodies on their decisions. This applies in particular to the impact of these ties on the Issuer's Supervisory Board in the scope of ongoing supervision over the Company's operations. When assessing the likelihood of such risk, it should be considered that the supervisory bodies are subject to the control of another body - the General Meeting, and it is in the interest of the members of the Supervisory Board to perform their duties in a reliable and lawful manner. Otherwise, members of the Supervisory Board are at risk of liability before the Ordinary General Meeting of the Company consisting in not obtaining discharge from the performance of their duties or criminal liability for acting to the detriment of the Company.

Risk related to granted loan and granted guaranties

There is a risk of inability to repay the loan taken on time and, as a result, the lender must provide the collateral in the form of an entry in the company's mortgage. The company will make all efforts to limit the indicated risk, however, due to the significance and complexity of organizational and legal changes, adverse events can not be completely excluded.

Risk related to changing the registered office of the Issuer and the Company's Statute

After the transfer of the registered office to Estonia, there is a risk related to the efficient adjustment of the Issuer's operations, both in organizational and legal terms, to the applicable laws in Estonia. The above changes may temporarily affect the Issuer's organizational efficiency and there may be a risk of potential mistakes and errors in the interpretation of local law, obligations incumbent on economic entities operating in Estonia, information obligations both local and related to further listing of shares on Warsaw Stock Exchange and their proper implementation by the Issuer.

Risk related to the shareholding structure.

As at the balance sheet date 34,84% share capital and 34,84% of votes at the Issuer's General Meeting belong directly to Patro Invest OU, as a result of which the above Shareholder has a significant impact on the resolutions adopted at the Issuer's General Meeting.

Risk related to the economic situation in Poland and Estonia.

The situation and economic situation in Poland has a significant impact on the financial results achieved by all entities, including the Issuer, because the success of the development of companies investing in financial instruments and conducting financial service activities largely depends, inter alia, on the conditions of conducting business activity. In the event of a transfer of the Issuer's registered office to Estonia, the risk in the above-mentioned scope applies to the Company's new headquarters in the Republic of Estonia.

Agnieszka Gujgo
Chairman of the Management Board

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