



**ATLANTIS SE**

**MANAGEMENT BOARD'S REPORT  
ON ACTIVITY OF THE COMPANY IN 2018**

**Tallinn, 22/07/2019**



A comment of the Management Board to the separate financial statements for 2018.

## **Letter of the Management Board to Shareholders**

### **Ladies and Gentleman, Dear Shareholders!**

Hereby, I present report on activity of ATLANTIS SE in 2018, as an introduction to submitted Financial statements and report on activity of ATLANTIS SE in 2018. Year 2018 was the next year filled with activities aiming at achieving goals which were posed for the Management Board and which were at the same time expectations of the Shareholders participating in the General Meetings. Fulfilling of all procedures under which the Company has changed its legal form from public limited company to European Company (SE), resulted inter alia with registration of change of the registered seat of the Company from Poland to Estonia on January 2, 2019. I sincerely hope that all changes made by Management Board will bring stabilisation for the Company as a consequence.

All measures taken in the previous years and their effects allows to have confidence that 2018 is the next year in which the decision on amendment of strategy of the Company's development brought tangible results reflected positively in the financial result.

I would like to reassure you that the aim of the Management Board was to identify majority of the risks and costs related to them possible to occur as a result of undertaken activity.

However, regardless on obvious challenges facing by the Company, i.e. economic development and gaining satisfactory for Shareholders profit from activity, the intention of the Management Board is to make conducted activity of the Company stable, compliant with applicable law principles and corporate standards.

The Management Board presents also enclosed opinion of a certified auditor issued to the financial statements for 2018.

Yours sincerely,

Damian Patrowicz  
Chairman of the Management Board

Tallinn, 22/07/2019

Publication: 22/07/2019



A comment of the Management Board to the separate financial statements for 2018.

### 1.1. General information of the Issuer

Name of the Issuer:	<b>ATLANTIS SE (previously ATLANTIS S.A.)</b>
Seat:	Narva mnt 5, 10117 Tallinn Estonia
Ariregister no.:	14633855
Share capital paid:	2.750.000,00 EUR

Atlantis S.A. registered in the District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register, KRS no: 0000033281, NIP 522 -000-07-43, Regon 012246565. On 19/04/2018 as a result of merger of Atlantis Spółka Akcyjna with Atlantis 1 Polska Akciová společnost headquartered in Ostrava, the Company Atlantis changed its legal form to European Company (SE), registered in the District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register, KRS no: 0000728463, NIP 522 -000-07-43, Regon 012246565. Registered office: ul. Padlewskiego 18 lok. C 09-400 Płock.

On 02.01.2019 the commercial register appropriate for the Estonian law (Ariregister), pursuant to provisions of the transfer proposal of 24.04.2018, registered the transfer of the registered office of the Issuer to Estonia, under no: 14633855.

The business activity of the Company according to classification adopted by the Warsaw Stock Exchange is a sector of construction, production and retail-service activities.

The business activities of the Company is:

According to the list of classification of business activities in Poland PKD, the basic business activity of the Company is - other financial service activities, except insurance and pension funding not elsewhere classified (PKD 64.99.Z).

#### **Governing bodies of the Company:**

##### **Supervisory Board:**

- Wojciech Hetkowski
- Małgorzata Patrowicz
- Damian Patrowicz performed function till 15/01/2019
- Jacek Koralewski
- Martyna Patrowicz

##### **Management Board:**

Damian Patrowicz – Chairman of the Management Board since 16/01/2019 - still

Anna Kajkowska – Chairman of the Management Board since 01/01/2018 to 11/01/2019



## **1.2. Statement of the Management Board regarding choice of an entity entitled to audit financial statements**

On June 17, 2019 the Extraordinary General Meeting of Shareholders made a choice of an entity entitled to perform audit of the financial statements of the Company for 2018 and 2019. The EGM 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 Management Board of ATLANTIS SE confirms that the entity entitled to audit of the financial statements performing audit of annual financial statements was chosen in compliance with law regulations and that this entity and its auditors performing audit of these financial statements meet requirements to issue impartial and independent opinion, in accordance with applicable provisions and regulations.

## **1.3. Statement of the Management Board on reliability of preparation of financial statements.**

The Management Board of ATLANTIS SE declares that according to his best knowledge, this annual financial statements and comparable data were prepared in compliance with applicable accounting principles and that it reflects in true, fair and clear manner the property and financial situation of ATLANTIS SE and its financial result as well as the fact that the annual report of the Management Board includes true overview of development, achievements and situation of ATLANTIS SE, including description of basic threats and risks.

## **1.4. Important events, including investments having significant influence on activity of ATLANTIS SE which occurred in 2018.**

- The Management Board of ATLANTIS SE hereby informed that as at of 19/02/2018 the Company sold all shares of IQ Partners S.A. headquartered in Warsaw (KRS no 0000290409) held by the Issuer i.e. 4.427.000 of shares for PLN 0,38 per share, for a total price of PLN 1.682.260,00. The Issuer informs that the sale of IQ Partners S.A. shares took place as part of a block transaction concluded on the regulated market of the Warsaw Stock Exchange. The Management Board informed that 4.427.000 sold shares of the IQ Partners constituted 19,80% of the share capital of IQ Partners S.A. and entitled to cast 4.427.000 votes at the General Meeting of IQ Partners S.A. representing 19,80% of the total number of votes at the General Meeting of IQ Partners S.A. The Issuer informed also that the Chairman of the Management Board of the Issuer and Member of the Issuer's Supervisory Board perform functions of the Supervisory Board of IQ PARTNERS S.A. This information was publicly reported because of aforementioned personal links and the fact that disposed block of shares of IQ PARTNERS S.A. was a qualifying holding.
- The Management Board hereby informed that on 19/04/2018 the merger of the Issuer previously operating as a public limited company under Polish law under the name ATLANTIS SPÓŁKA AKCYJNA with the company ATLANTIS1 Polska Akciová společnost was registered. The acquiring company ATLANTIS S.A. operates in the high-value loans industry, while ATLANTIS 1 Polska Akciová společnost operates in the industry of production, trade and other services in accordance with the subject of activity disclosed in the relevant register. ATLANTIS1 Polska Akciová společnost is a special-purpose entity, registered on 10/10/2017. 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 the European Company and currently operates under the name ATLANTIS SE 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 0000728463, NIP number was not assigned yet.

The merger took place on the terms specified in the Merger Plan of 30/11/2017 made available free of charge to the public on the websites of the merging companies under the addresses ATLANTIS S.A. - <http://www.atlantis-sa.pl> and ATLANTIS1 Polska Akciová společnost - <http://atlantise.eu> and also via the current report of ATLANTIS S.A. ESPI No. 42/2017 on 30/11/2017. The merger took place by the way of takeover by ATLANTIS S.A. the company ATLANTIS1 Polska Akciová společnost, in accordance with the provisions of Article 2 para. 1 in connection with article 17 par. 2 letters a and 18 of the EC Council Regulation No. 2157/2001 of 8/10/2001 on the Statute for a SE European company of 8/10/2001 Journal No. U.L. Nr. 294, p. 1. The merger was approved by the General Meeting



of the Issuer on 3/01/2018 with Resolution No. 9, published to the public in the current report ESPI No. 1/2018 on 3/01/2018. The Management Board of the Issuer informed that its share capital was converted into EURO and it is: EUR 2.750.000, 00 (in words: two million seven hundred fifty thousand EURO 00/100) and it is divided into 25.000.000 (twenty-five million) bearer shares of series A with nominal value 0,11 EURO (in words: eleven EURO cents). The Issuer informed that along with registration of the merger of entities, there were also registered amendments of Articles of Association resulting from resolutions of the Extraordinary General Meeting of 3 January 2018. The Issuer explained also that with regard to change of the legal form to European Company (SE) there was no changes in the governing bodies of the Issuer and rights resulting from shares held by shareholders excluding nominal value of shares (expressed in EURO), and the Company continues its operation as European Company (SE).

- The Management Board of ATLANTIS SE headquartered in Płock with regard to the current report no 13/2018 of 02/03/2018, hereby informed that on 03/09/2018 the Company received cash funds due to earlier repayment of loans given by the Company, which are mentioned in the aforementioned current report. The Issuer informed that the Company Kopanina Administracja Spółka z ograniczoną odpowiedzialnością headquartered in Poznań, KRS no 0000599979 made an earlier repayment of the entire amount of the loan of 02/03/2018 and interest due to the Issuer. The Issuer informed that as the date of the loan's repayment there are personal and capital links between the Issuer and Kopanina Administracja Sp. z o.o. in Poznań, KRS no 0000599979. The Issuer explained that the only shareholder of Kopania Administracja is IFEA Sp. z o.o. headquartered in Płock, in which the Issuer is a shareholder owning shares representing 43,30% of the share capital. The Issuer informed that the Chairman of the Management Board of IFEA Sp. z o.o. in Płock is Małgorzata Patrowicz who also performs function of the Supervisory Board's Member of the Issuer. What is more, the Issuer informed that the Company Kopanina Administracja Spółka z ograniczoną odpowiedzialnością Spółka komandytowa headquartered in Poznań, KRS no 0000456170, made an earlier partial repayment of the loan of 02/03/2018 in the amount of PLN 9.000.000,00. Remained for repayment amount is PLN 1.000.000,00 along with interest due. The Issuer informed that as the date of the partial repayment of the loan, there were personal and capital links between the Issuer and Kopanina Administracja Spółka z ograniczoną odpowiedzialnością Spółka komandytowa headquartered in Poznań, KRS 0000456170. The General Partner of Kopanina Administracja Sp. z o.o. Sp. K. (KRS no 0000456170) is Kopania Administracja Sp. z o.o. (KRS no 0000599979), and the Limited Partner is IFEA Sp. z o.o. with whom the Issuer is linked as described in this report.
- The Management Board of ATLANTIS SE headquartered in Płock with regard to the current report no 51/2017 and 52/2017 of 29/12/2017 and the current report no 12/2018 of 02/03/2018, hereby informed that on 03/09/2018 the Company made an earlier redemption of issued by the Company bonds of series A of the nominal value of PLN 10.000.000,00 and a part of bonds of series B of the nominal value of PLN 8.000.000,00. The Issuer informed that remained to redemption part of the bonds series B is of the nominal value of PLN 2.000.000,00. Along with earlier redemption of all bonds of series A and a part of bonds series B, the Issuer made repayment of interest due to Bondholders as at 30/09/2018. At the same time, the Issuer informed that with regard to the earlier redemption of bonds of series A, these bonds were redeemed in full, while bonds of series B were redeemed by the Issuer in the part subjected into redemption. What is more, the Issuer informed that with regard to earlier redemption of bonds of series A issued by the Company, the Bondholder released established by the Issuer securities, i.e. the blank promissory note issued by the Company was returned and there was made a statement of withdrawal of the right to use of physically separated 1/3 part of the real estate belonging to the Issuer, located in Płock, for which the District Court, VI Mortgage Registers Department maintains land and mortgage register no KW PL1P/00092836/5. Funds for redemption of bonds of the Issuer derive from received by the Issuer earlier repayment of the loans that was reported by the Issuer in the current report no 37/2018 of 03/09/2018.
- The Management Board of ATLANTIS SE headquartered in Płock with regard to the current report no 13/2018 of 02/03/2018 and 37/2018 of 03/09/2018 hereby informed that on 04/09/2018 the Company received cash funds due to earlier repayment of a given by the Company loan that was reported in the aforementioned current reports. The Issuer informed that on 04/09/2018 the company Kopanina Administracja Spółka z ograniczoną odpowiedzialnością Spółka komandytowa headquartered in Poznań KRS no 0000456170, made an earlier partial repayment of the loan of 02/03/2018 in the amount of PLN 1.000.000,00 along with interest due, so that the loan agreement was settled in full. The Issuer informed that as at the date of entire repayment of the loan, there are personal and capital links between the Issuer and Kopanina Administracja Spółka z ograniczoną odpowiedzialnością Spółka komandytowa in Poznaniu KRS no 0000456170. The General Partner of Kopanina Administracja Sp. z o.o. Sp. K. (KRS no 0000456170) is Kopania Administracja Sp. z o.o. (KRS no 0000599979), and the Limited Partner is IFEA Sp. z o.o. in which the Issuer is holds shares representing 43,30% of the share capital. The Issuer informed that the Chairman of the Management Board of IFEA Sp. z o.o. in Płock is Małgorzata Patrowicz who is also a Member of the Supervisory Board of the Issuer.
- The Management Board of ATLANTIS SE headquartered in Płock with regard to the current report no 52/2017 of 29/12/2018 and 12/2018 of 02/03/2018 and the current report no 38/2018 of 03/09/2018, hereby informed



that on 04/09/2018 the Company made an earlier redemption of the remained part of bonds issued by the Company of series B of the nominal value of PLN 2.000.000,00. Along with earlier redemption of series B the Issuer made repayment of remained part of interest due to Bondholders as at 04/09/2018. All issued bonds of series B was repurchased by the Issuer. At the same time, the Issuer informed that with regard to the earlier redemption of bonds of series B, these bonds were redeemed in full. What is more, the Issuer informed that with regard to earlier redemption of bonds of series B issued by the Company, the Bondholder released established by the Issuer securities, i.e. the blank promissory note issued by the Company was returned and there was made a statement of withdrawal of the right to use of physically separated 1/3 part of the real estate belonging to the Issuer, located in Płock, for which the District Court, VI Mortgage Registers Department maintains land and mortgage register no KW PL1P/00092836/5. Funds for redemption of bonds of the Issuer derive from received by the Issuer earlier repayment of the loans that was reported by the Issuer in the current report no 37/2018 of 03/09/2018 and 39/2018 of 04/09/2018.

- The Management Board of ATLANTIS SE headquartered in Płock with regard to the current report no 19/2018 of 24/04/2018 regarding Plan of transfer of registered office of the Company to Estonia and with regard to Resolutions of the Ordinary General Meeting of the Company on 04/07/2018 published in the current report no 28/2018 of 18/06/2018 and 35/2018 of 04/07/2018, hereby informed that on 28/09/2018 the Management Board of the Company received the Order of the District Court for the capital city of Warsaw of 13/09/2018 issued under request of the Issuer, constituting a certificate under art. 8 par. 8 of Council consisting of a statement pursuant to art. 8 par. 8 of Commission Regulation (EC) 2157/2001 of 8 October 2001 on European Company Statute (SE) (Official Journal UE.L No 294 page 1) confirming fulfilling of acts and legal actions which shall be fulfilled before transferring of a registered office to another country within European Union. The Issuer informed that issuance of this statement by Polish court allowed the Company to undertake registration procedures in Estonia aiming at registration of the Company in Estonian commercial companies register (Arieregister). Along with registration of the Company by Estonian court equivalent to Polish Commercial Companies Register KRS (Arieregister), the main seat of the Company will be transferred to Estonia. Therefore, the Issuer informed that in the nearest future, the Company will submit a request for registration of the Company in Estonia. The Issuer informed also that in accordance with a schedule of transfer of the Company's registered office that was an attachment to the Transfer Plan, submission of a request for registration of the Company in Estonian commercial companies register is the last step necessary to transfer the seat of the Company to Estonia.
- The Management Board of ATLANTIS SE headquartered in Płock, informed that on 14/12/2018 the Company concluded as a Borrower a cash loan agreement with ELKOP S.A. in Płock (KRS no 0000176582) as a Lender. The subject of the Loan Agreement of 14/12/2018 is a cash loan in the amount of PLN 36.900.000,00. The Parties agreed that the loan will be repaid until 29/12/2018. The interest on the loan amount has been set at WIBOR 6M + 2.00 percentage points on a yearly basis. The interest will be paid at once at the end of the loan's term. The loan repayment by the Issuer was secured by issuing to the lender its own promissory note with a declaration. In addition, additional security was established in the form of transfer of the land property owned by the Issuer and COTEX OFFICE CENTER office building with a total area of 10.319,55 m<sup>2</sup> located in Płock. The transfer of property to the lender constituted the security for the claims of the lender up to the amount of PLN 37.000.000,00. The agreement of transfer of ownership provided that in the event of failure of the Issuer to meet the loan repayment dates and interest under the Loan Agreement of 14/12/2018 the lender will be entitled to satisfy by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. The Issuer informed that taken on 14/12/2018 loan will be intended to development of activities of the Issuer in the field of giving cash loans. The Issuer informed that on 14/12/2018 the Management Board obtained a consent of the Supervisory Board to take a loan and give a security in the form of transfer of ownership of the real estate. What is more, the Issuer informed that the Ordinary General Meeting of 18/06/2018 with resolution no 17 gave a consent to make a transfer of ownership of the real estate. The full text of resolutions adopted by the Ordinary General Meeting of 18/06/2018 was reported by the Issuer in the current report no 28/2018 of 18/06/2018. The Issuer informed also that there are capital and personal links between the Issuer and a Lender. The Chairman of the Management Board of the Lender is also a Supervisory Board's Member of the Issuer. Moreover, 4 members of the Supervisory Board of the Issuer are perform also function in the Supervisory Board of the Lender. The Issuer informed that the main shareholder of the Issuer, the Company Patro Invest OÜ in Estonia, holding shares of the Issuer that represent 60,14% of the share capital and total number of votes at the General Meeting of the Issuer, is also the main shareholder of the Lender holding 36,10% of the share capital and total number of votes at the General Meeting of the Borrower.
- The Management Board of ATLANTIS SE headquartered in Płock, informed that on 14/12/2018 the Company concluded as a Lender a cash loan agreement with IFEA Sp. z o.o. in Płock (KRS no 0000512607) as a Borrower. The subject of the Loan agreement of 14/12/2018 is a cash loan in the amount of PLN 35.000.000,00. The subject of the Loan Agreement of 14/12/2018 is a cash loan in the amount of PLN 36.900.000,00. The Parties agreed that the loan will be repaid until 29/12/2018. The interest on the loan amount has been set at WIBOR 6M + 3.00 percentage points on a yearly basis. The interest shall be settled in



monthly periods. The interest will be paid at once at the end of the loan's term. The agreement was concluded on condition that securities stipulated in the agreement are established properly. The loan repayment was secured by the Borrower by issuing the own promissory note with a declaration for the Issuer. What is more, in order to secure term repayment of the loan, the Borrower's obligations were secured by a warranty of Patro Invest OÜ headquartered in Tallinn. The Issuer informed that the Guarantor - Patro Invest OÜ headquartered in Tallinn is the main shareholder of the Issuer holding shares that represent 60,14% of the share capital and total number of votes at the General Meeting of the Issuer. The Chairman of the Management Board of the Guarantor - Patro Invest OÜ is also a member of the Supervisory Board of the Issuer. With regard to proper establishment of securities on 14/12/2018, the Issuer paid out the loan amount that was done at the date of conclusion of the Loan Agreement. The Issuer informed that on 14/12/2018 the Company obtained a consent of the Supervisory Board of the Company to give a loan. What is more, the Issuer informed that there are capital and personal links between the Issuer and the Borrower. Chairman of the Management Board of the Borrower performs also function in the Supervisory Board of the Issuer, moreover the Issuer is a shareholder of the Borrower holding 43,30% of the share capital and total number of votes at the Meeting of Shareholders.

- The Management Board of ATLANTIS SE in Płock with regard to the current report no 55/2018 of 14/12/2018 informed that on 19/12/2018 there was concluded an agreement on ownership transfer of the real estate of the Company between the Issuer and ELKOP S.A. headquartered in Płock (KRS no 0000176582), aiming at securing of claims of ELKOP S.A. resulting from the Loan agreement of 14/12/2018. The Issuer informed that there was made a transfer of ownership rights of a land property built up with a office building located in Płock. Transfer of the ownership rights to the real estate is a security for claims of the Lender - ELKOP S.A. up to the amount of PLN 35.000.000,00. The agreement of transfer of ownership provided that in the event of failure of the Issuer to meet the loan repayment dates and interest under the Loan Agreement of 14/12/2018 the lender will be entitled to satisfy by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. The Issuer informed also that there are capital and personal links between the Issuer and a Lender. The Chairman of the Management Board of the Lender is also a Supervisory Board's Member of the Issuer. Moreover, 4 members of the Supervisory Board of the Issuer are perform also function in the Supervisory Board of the Lender. The Issuer informed that the main shareholder of the Issuer, the Company Patro Invest OÜ in Estonia, holding shares of the Issuer that represent 60,14% of the share capital and total number of votes at the General Meeting of the Issuer, is also the main shareholder of the Lender holding 36,10% of the share capital and total number of votes at the General Meeting.
- The Management Board of ATLANTIS SE headquartered in Płock informed that with regard to ongoing procedure of transfer of the registered office of the Company and with regard to resolutions adopted by the Extraordinary General Meeting of Shareholders of the Company of 19/11/2018, hereby informed that on 19/12/2018 the Attorney of the Company submitted a proper documents in the Notary Office in Tallinn, in order to registry the Company in the commercial register relevant for Estonian law (Ariregister), and at the same time registration of amendments in the Company's Article of Association and the new registered seat of the Company. The Issuer, taking into account the complexity of registration procedure, at the moment of verification of submitted request, will ask the Warsaw Stock Exchange for suspension of the Issuer's quotations for the period from 3 to 5 trading days, necessary to change ISIN code of the Issuer's shares.
- The Management Board of ATLANTIS SE headquartered in Płock with regard to the current report no 56/2018 of 14/12/2018 informed that on 14/12/2018 the Issuer concluded as a Lender a cash loan agreement with IFEA Sp. z o. o. headquartered in Płock (KRS no 0000512607) as a Borrower. On 31/12/2018 the Issuer concluded an Annex to the Loan Agreement indicating a new term of the loan's repayment by the Borrower. The Parties exceeded repayment term of the loan up to 30/06/2019 remaining unchanged other conditions of the loan agreement of 14/12/2018. The subject of the Loan agreement of 14/12/2018 is a cash loan in the amount of PLN 35.000.000,00. The Parties agreed repayment date up to 29/12/2018. The interest rate as established as WIBOR 6M + 3% per year. Interest will be settled in monthly periods, repayment of the interest shall be made at once at the end of the loan's duration. The agreement was concluded on condition that securities stipulated in the agreement are established properly. The loan repayment was secured by the Borrower by issuing the own promissory note with a declaration for the Issuer. What is more, in order to secure term repayment of the loan, the Borrower's obligations were secured by a warranty of Patro Invest OÜ headquartered in Tallinn. What is more, the Issuer informed that there are capital and personal links between the Issuer and the Borrower. Chairman of the Management Board of the Borrower performs also function in the Supervisory Board of the Issuer, moreover the Issuer is a shareholder of the Borrower holding 43,30% of the share capital and total number of votes at the Meeting of Shareholders. The Issuer informed that the Guarantor - Patro Invest OÜ headquartered in Tallinn is the main shareholder of the Issuer holding shares that represent 60,14% of the share capital and total number of votes at the General Meeting of the Issuer. The Chairman of the Management Board of the Guarantor - Patro Invest OÜ headquartered in Tallinn is the main shareholder of the Issuer holding 60,14% of the share capital and total number of votes at the General Meeting of the Issuer. The Chairman of the Management Board of the Guarantor is also a member of the Issuer's Supervisory Board.



- The Management Board of ATLANTIS SE in Płock with regard to the current report no 55/2018 of 14/12/2018 informed that on 19/12/2018 there was concluded an agreement on ownership transfer of the real estate of the Company between the Issuer and ELKOP S.A. headquartered in Płock (KRS no 0000176582), aiming at securing of claims of ELKOP S.A. resulting from the Loan agreement of 14/12/2018. The Issuer informed that there was made a transfer of ownership rights of a land property built up with a office building of total area 10.319,55m<sup>2</sup> located in Płock. Transfer of the ownership rights to the real estate is a security for claims of the Lender - ELKOP S.A. up to the amount of PLN 35.000.000,00. The agreement of transfer of ownership provided that in the event of failure of the Issuer to meet the loan repayment dates and interest under the Loan Agreement of 14/12/2018 the lender will be entitled to satisfy by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. The Issuer informed also that there are capital and personal links between the Issuer and a Lender. The Chairman of the Management Board of the Lender is also a Supervisory Board's Member of the Issuer. Moreover, 4 members of the Supervisory Board of the Issuer are perform also function in the Supervisory Board of the Lender. The Issuer informed that the main shareholder of the Issuer, the Company Patro Invest OÜ in Estonia, holding shares of the Issuer that represent 60,14% of the share capital and total number of votes at the General Meeting of the Issuer, is also the main shareholder of the Lender holding 36,10% of the share capital and total number of votes at the General Meeting.
- The Management Board of ATLANTIS SE in Płock with regard to the current reports no 55/2018 of 14/12/2018 and 58/2018 regarding conclusion of a loan agreement with ELKOP S.A. in Płock (KRS no 0000176582) as a Lender and conclusion of an agreement on ownership transfer of the real estate of 19/12/2018, informed that despite of expiry of repayment term established as at 29/12/2018, the Issuer has not made a term repayment of the debt resulting from the Loan agreement of 14/12/2018. The Issuer informed that failure in term repayment of the loan was neither a result of poor financial condition of the Company nor lack of financial liquidity of the Issuer. The Management Board of ATLANTIS SE explained that financial situation of the Company is good, what is confirmed in published periodical reports of the Company, and the Issuer maintains necessary level of liquidity. The Issuer explained also that the Company established securities of the Borrower's claims prescribed in the loan agreement of 14/12/2019 by transferring of ownership of belonging to the Company land property built up with a office building of total area 10.319,55m<sup>2</sup> located in Płock, that was reported in the current report no 58/2018 of 19/12/2018. The Issuer informed that it was decided to use assets of the Company which are securities of repayment of claims resulting from the loan agreement of 14/12/2018, to satisfy all claims of the Borrower entirely. The Issuer informed also that on 31/12/2018 the Company received a statement of ELKOP S.A. regarding taking of the ownership of properties transferred to ELKOP S.A. as securities of claims of this Company resulting from the Loan agreement of 14/12/2018. Under the agreement of ownership's transfer of 19/12/2018 ELKOP S.A. was entitled to take ownership rights of the properties of the Company, in case of the Issuer's failure in fulfilling its obligations resulting from the loan agreements in determined terms. As a result of submitted by ELKOP S.A. headquartered in Płock statement of 31/12/2018 regarding taking ownership rights of the property, all claims of ELKOP S.A. resulting from the Loan agreement of 14/12/2018 and final transfer of the ownership rights to the real estate to ELKOP S.A. were satisfied in full. The Issuer informed also that there are capital and personal links between the Issuer and a Lender. The Chairman of the Management Board of the Lender is also a Supervisory Board's Member of the Issuer. Moreover, 4 members of the Supervisory Board of the Issuer are perform also function in the Supervisory Board of the Lender. The Issuer informed that the main shareholder of the Issuer, the Company Patro Invest OÜ in Estonia, holding shares of the Issuer that represent 60,14% of the share capital and total number of votes at the General Meeting of the Issuer, is also the main shareholder of the Lender holding 36,10% of the share capital and total number of votes at the General Meeting.

**1.5. Other important events which had a significant influence on activities of ATLANTIS SE and which occurred in 2018, obtained profits and incurred losses, and description of development prospects of the Company in the nearest financial year, as well as description of risk and threats factors with indication at which level ATLANTIS SE is exposed to them.**

**Description of risks and threat factors with indication of level at which the Issuer is exposed to them.**

There are interpretations indicating possibility of risks occurrence based on negative influence of links between members of the Issuer's governing bodies on their decisions. This regards in particular influence of these links on Supervisory Board of the Issuer in the field of conducting of current supervisory on activity of the Company. While estimating of probability of occurrence of such a risk there should be considered the fact that supervisory bodies are subjected into control of another organ - General Meeting, and it is in the interest of Supervisory Board's Members to fulfil their duties in fair and legal way. Otherwise, members of the Supervisory Board are subjected into criminal liability due to acting against the Company's interest.



The risk of exchange rate fluctuations and limited liquidity.

The immanent feature of stock exchange trading are fluctuations in stock prices and short-term fluctuations in turnover. This may result in the possible sale or purchase of a larger block of Issuer's shares being associated with the need to accept a much different price than the reference price. It is also not possible to exclude temporary significant liquidity restrictions, which may prevent or significantly hinder the sale or purchase of Issuer's shares.

Risk of instability of the Polish legal system

Frequent revisions, incoherence and lack of uniform interpretation of law, in particular tax law, carry significant risks related to the legal environment in which the Issuer operates. Future amendments to the law may have a direct or indirect impact on the Issuer's operations and the financial results it achieves.

Risk related to suspension of trading of shares including in the Issuer's portfolio.

Taking into account content of the Issuer's portfolio that includes mostly shares of public companies listed on the WSE, in case of suspension of trading of these shares, there is a risk of significant decrease in the value of the Company's portfolio.

Risk of variability of ability to repay debts by a borrower.

Considering a number of factors influencing financial situation of a borrower that could have negative impact on their ability to repay obligations, including obligations resulting from a loan agreement concluded with ALTALNTIS SE, there is a risk of variability of ability to repay debts by a borrower.

Risk of variability of income obtained by the Company due to interest on granted loans.

Because of the economic risks into which are subjected entities using financing in the form of cash loans granted by ATLANTIS SE, there is a risk related to variability of income obtained by the Company due to interest on granted loans.

### **Risk management objectives and principles**

The main aim of financial instruments which are used by the Company is obtaining of funds for the Company's activities.

The main financial instruments which are used by the Company are trade receivables and payables, which occurs directly in the course of its business activities. The Company does not conclude transactions on derivatives. The main types of risks resulting from financial instruments of the Company include: interest rate risk, liquidity risk, credit risk and risk related to financial securities. The Management Board is responsible for establishment of risk management in the Company and supervision of its observance. The principles of risk management aim at identification and analysis of risks the Company is exposed to, setting out proper limits and control, as well as monitoring of the risks and compliance with the limits.

### **Interest rate risk.**

Exposure on the interest rate risk concerns primarily long-term financial liabilities, mainly credits and loans interest-bearing in accordance with changeable interest rates. The Company obtains funds on the operation financing mainly in the form of loans with fixed interest rates. Moreover, the Company locates additional funds in short-term deposits with changeable interest rate. All investments of these kinds have maturity term up to 1 year. The Company have not used applied securities of interest rates, deciding that interest rate risk is not relevant.

### **Risk related to financial securities.**

Granting cash loans, the Company is provided with securities of their repayment. These are securities in the form of entries in the real estate's mortgage, transfer of ownership, promissory notes and promissory notes' declarations,



statements pursuant to art. 777 of the Civil Procedure Code. The Company is still increasing level of financial securities, recognized as off-balance sheet liabilities.

### **Credit risk**

Credit risk refers to the risk of financial loss in case of a borrower or the other part of the contract defaults on its contractual obligations. Credit risk is connected mainly with receivables. Exposure of the Company on credit risk derives mainly from individual features of every customer. The Company continuously monitors its receivables. Because of the fact that over the last few months the Company have been reduced construction and assembly activities, the level of credit risk was significantly decreased. The Company prepares write-offs due to impairment which corresponds to estimated value of incurred losses on trade receivables, other receivables and investments. The aim of applied by the Company credit policy is maintenance of high and safe level of financial liquidity, timely regulation of payables toward suppliers and minimisation of costs related to bank payables handling. Minimisation of use of bank credits and financial costs connected to them is also obtained via proper policy of payables and receivables management toward suppliers and recipients. The aim of this policy is to agree such timeframes of payments which allow the Company to use trade credit and meet prescribed payment deadlines, at the same time.

### **Liquidity risk**

The process of liquidity risk management is based on monitoring of anticipated cash flows, and then matching maturities of assets and liabilities, analysis of working capital and maintenance of access to various kinds of financial sources. The Company's aim is to maintain a balance between continuity and flexibility of financing by use of financing sources such as: loan, bank credit, financial lease agreements.

### **The risk of exchange rate fluctuations and limited liquidity.**

The immanent feature of stock exchange trading are fluctuations in stock prices and short-term fluctuations in turnover. This may result in the possible sale or purchase of a larger block of Issuer's shares being associated with the need to accept a much different price than the reference price. It is also not possible to exclude temporary significant liquidity restrictions, which may prevent or significantly hinder the sale or purchase of Issuer's shares.

### **Risk connected with dependence of the Issuer on suppliers**

There is a risk of impact of entities connected with the Issuer by loan agreements on the Issuer's results. Failure in timely payment of receivables due to concluded agreements - repayments of interest instalments and interest-capital instalments have influence on ongoing liquidity. Loan agreements in this case, should be recognized as constant dependence on recipients.

### **Risk of competition growth**

The Issuer, as every business entity included in its portfolio, operates on competitive markets. There are operating entities with many-year traditions as well as there still arises new companies. Large competition causes that obtained margins can have declining tendency, what may have negative influence on profitability of companies consisting of the Issuer's portfolio and then, as a consequence also on their valuation and necessity of making revaluation write-offs on the Issuer's assets.

### **Systematic (market) risk**

This risk regards to the factors which have influence on people or companies but they are independent on them, i.e. can not be controlled (even partially) by any single entity. It is connected with natural forces and results from economic conditions of a particular and global market. The sources of systematic risks may be e.g.: changes of interest rates, changes of inflation, amendments on tax law or changes of economic and political situation.



### **Specific risk**

It is related to future events that can be partially controlled or predicted. As sources of specific risk there can be mentioned: management of the Company, competition, resources availability, liquidity, bankruptcy of the companies, level of leverage or operating leverage.

### **Business risk**

It is connected with possible reduction of sale, growing competition, it means possibility of gaining worse than expected financial result or incurring unexpected losses with assumption that the entire property of the Company will be financed only with its own capital.

### **Financial risk**

Occurs in case of partial covering of the Company's property with external capital (liabilities) and it is connected with a particular dependency of the Company on their creditors. Then there occurs a problem of term repayment of liabilities and a need to synchronize time of cash inflows with outflows, intensifying with increasing of debt. Then there is also arising dependence of possibility to continue and development of the Company's activity on creditor's willingness to grant and refinance loans.

### **Insolvency risk**

i.e. losing of liquidity, it means ability to term repayment of obligations by the Company. It manifests in lack of synchronization of cash inflows and outflows as well as maturity dates of payments for creditors. The risk of losing of liquidity, meaning also ability to gain credits and loans occurs also not only in case of losses' incurrence. It may also arise in the companies obtaining big profits, in case when there is imbalance between dates of cash inflows and necessary expenses for covering of liabilities (e.g. as a result of excessive engagement in new investments without previous securing of reliable sources of its financing).

### **Commercial risk (solvency)**

Risk resulting directly from conducted business activity. It consists of:

- a) liquidity risk - necessity to synchronize maturity dates of assets and liabilities,
- b) credit risk - related to failure of Contractors in fulfilling their liabilities toward the Company.

### **Risk of the Managers' decisions**

#### **1. Current**

- covering time horizon up to 1 year.
- aim at obtaining the best results with current activity profile and possibly unchanged capital resources of the Company.
- regards mainly recurrent matters and problems (e.g. refinancing of short-term credits and their repayment, i.e. credit policy).

#### **2. Strategic**

- based mainly on making investment decisions, resulting with long-term financial effects and research works which are often expensive. There are links between current and strategic decisions. Only their synchronization make it possible to obtain optimal economic effects. Making financial decision by the Managers consists of constant choosing among existing possibilities using criteria which simplified the most convenient choice in particular conditions. It requires inter alia using proper economic tools, especially: analysis of financial situation of the Company, allowing estimation of compliance of economic operations' course with regard to previous assumptions



as well as consisting of starting point to making future decisions; financial planning that should be a tool of conscious, programmed in advance, managing of cash processes; external conditions of financial decisions.

Acknowledgement of external conditions which are going to accompany of the Company's future operation is extremely important while making strategic decisions. It allows full use of chances for increase effectiveness in case of occurrence more favourable external conditions and taking necessary actions in order to avoid or reduce losses which may occur in case of these conditions worsen.

Particular attention should be given to:

- economic prosperity,
- inflation,
- national fiscal and monetary policy,
- exchange rate policy.

Economic prosperity - in the period of economic recovery and development of prosperity, most of the companies can expect a significant increase on sale and profit. It justify, and even make it necessary to conduct more expansive financial policy of the Company based inter alia on bolder usage of credits for turnover purposes and investments. However, at the moment of occurrence of signs of peak economy growth, if there are expected or if occur any symptoms of fall in demand, then a need occurs to apply more careful financial policy which takes into account a possibility of decreasing of income and profit. Then arises the need to postpone for more favourable periods, the new developing investments and taking actions preventing from freezing funds in surplus stocks of products and goods. Also, financial capacity of recipients who purchase with deferred payment term should be deeply analysed. It is also necessary to carefully enter into short-term credits, if there is lack of reasonable certainty of its refinancing. Prosperity fluctuations have unequal influence on various economic branch. They are not so tangible in the Companies dealing with sale of products and goods of daily usage. While, on companies which are specialized in production and sale of durable consumer goods and investments, these fluctuations have more significant influence. In order to reduce risks which can be caused by the next breakdown of business cycle, the long-term financial strategy shall include possibility of maintenance of financial liquidity.

**Inflation** – causes erosion of purchasing power of money reflecting in increasing of prices' general level. High level of inflation gives rise to many significant problems, and especially influences on a relevant level of nominal interest on loans and credits, threats to real depreciation of the Company's equity, its receivables and financial resources. The condition of making proper financial decisions, especially in case of high inflation, is having sufficiently reasonable prognosis of future changes of general level of prices, within several nearest months at least.

**Fiscal policy** - have critical influence on financial situation of the Company, mainly via tax system which usually takes over a significant part of income obtained by a business entity. Therefore, while making financial decisions, familiarity of tax system and tendency of changes in this field have important meaning.

**Monetary policy** – its main aim is to regulate money supply in the way making it possible to stabilize its purchasing power, but allowing at the same time to support development of the country, or at least not causing inhibit of economic prosperity. From the Company's point of view, the most important meaning have got decisions of the central bank which consist of the basis to determine interest rate on credits.

#### **Risk related to ownership of financial instruments of non-public market.**

In the Issuer's portfolio are included financial instruments of non-public market characterized which are not allowed to trading on regulated markets, i.e. exchange. These instruments include inter alia: shares of non-public companies, bonds issued by such companies, convertible bonds. Investment in non-public market is based on conclusion of transactions on financial instruments between the issuer and investors or between investors only. Location of funds in non-public issuance is connected with possibility to gain higher rate of return in comparison with portfolios of companies listed on WSE, with simultaneous taking of higher risk. Instruments f non-public market in comparison with exchange instruments are characterized with low liquidity and low availability especially for individual investors. Such instruments have usually limited, countable number of investors who can really influence on operating activities of the company by inter alia recapitalization of the company, possibility of financial restructuring, branch consolidation.

#### **Liquidity risk**

It is based on impossibility of sale, within short period of time, of non-public instruments on the prices reflecting their



real value. There is also probability of impossibility of sale these values in particular time. This risk is connected with difficult availability of non-public instruments and limited amount of investors.

### **Bankruptcy and insolvency risk**

There is a possibility of investment in shares of the companies which can announce bankruptcy as a result of changes of circumstances and improper decisions of the management board. With regard to small businesses of non-public market which are usually focused on realization of one investment, the risk is higher than in case of big companies listed on exchange. In this situation there is a risk of losing of the whole amount or a part of invested funds.

### **1.6. Important achievements in the field of research and technological development.**

The Company does not make such researches.

### **1.7. Current and predicted financial situation.**

As of December 31, 2018, the Company discontinued its activity in the scope of real estate lease, recording a loss from discontinued and continued operations in the amount of EUR 2.921 thousand and a loss from continuing operations resulting from inter alia the revaluation of shares in IFEA Sp. z o.o. to fair value.

### **1.8. Information regarding basic products, goods or services with indication of value and amount as well as contribution of particular products, goods and services (if significant), or their groups in total sale, and changes in this area in a particular financial year.**

The Company ATLANTIS SE in 2018 has gained profits from, inter alia, interest on granted cash loans and from renting of a real estate localized in Płock at Al. Marsz. J. Piłsudskiego Street no. 35.

### **1.9. Information on outlets, with division into domestic and foreign and changes in sources of supply of materials for production, specifying dependency on one or several clients or suppliers and if the share of one client or supplier reaches at least 10% of income from sales total - name of a supplier or a client, his share in sale or purchases and his formal relationship with the Company.**

#### **Information regarding leading customers.**

In the period from 01.01.2018 to 31.12.2018 the Company has gained profits over 10% of total income, due to transactions with single external customer:

- Client no. 1 – 23,14% of total income
- Client no. 2 – 23,14% of total income
- Client no. 3 – 18,96% of total income
- Client no. 3 – 10,73% of total income

### **1.10. Summary and explanation of differences between data disclosed in the annual report and previously published financial forecast for a particular year.**

The Company did not publish forecast of financial results.

### **1.11. Description of factors and events, especially a typical ones having significant influence on obtained financial results.**

On 19/12/2018 between the Issuer and ELKOP S.A. in Płock, an agreement on the transfer of the Company's real estate was concluded to secure claims of ELKOP S.A. under the Loan Agreement of 14/12/2018. The Issuer has transferred to ELKOP S.A. ownership title to land and an office building located on these properties with a total area of 10.319,55 square meter located in Płock. The transfer of real estate is a security for claims of the lender ELKOP S.A. up to PLN 37.000.000,00. The transfer of ownership agreement provides that if the Issuer fails to meet the loan repayment dates and interest under the Loan Agreement dated 14/12/2018 then the lender will be entitled to satisfy



by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. Despite the expiry date determined on 29/12/2018 the Issuer did not make timely repayment of the debt resulting from the Loan Agreement of 14/12/2018. The Issuer announces that it has decided to allocate the assets of the Company, such as real estate securing the repayment of obligations under the loan agreement of 14/12/2019 to satisfy all claims from the lender, exhausting them in full. On 31/12/2018 the Issuer received a statement by ELKOP S.A. regarding the takeover of ownership of real property transferred to ELKOP S.A. to secure the claims of this Company under the Loan Agreement of 14/12/2018. Pursuant to the transfer agreement of 19/12/2018 ELKOP S.A. was entitled to take over the ownership of the Company's real estate in case the Issuer fail to meet its obligations under the contracted loans at the agreed dates. As a result of the statement on the acquisition of ownership of the property submitted by ELKOP in Plock on 31/12/2018 has been met to claim ELKOP S.A. under the Loan Agreement of 14/12/2018 and the definitive transfer of ownership of the property to ELKOP S.A.

A significant factor having influence on obtained financial result is valuation of portfolio of investments in securities by Atlantis SE. These investments was made in order to gain economic advantage, however, because of dynamic changes of share prices the valuation can be lower than expected value. An impact on financial results has also contribution in non-public company IFEA Sp. z o. o., the value of which is subjected into revaluation write-offs. The Management Board analyses on ongoing basis with regard to publicly available market data, the necessity of revaluation of investments or necessity to recognize possible revaluation write-offs, acting in accordance with prudence principle in valuation of assets.

The next important factor having influence on obtained financial results is fulfilment of provisions included in the Loan agreement of 14/12/2018 with IFEA Sp. z o. o. headquartered in Plock. Value of the loan granted is PLN thousand 38 083. The interest rate is WIBOR 6M + 3%. Repayment date of the loan was established by the Parties as at 29/12/2018. On 31/12/2018 the Issuer concluded an Annex to the Loan agreement determining the new repayment date of the loan by the Borrower. The Parties exceeded repayment term of the loan to 30/06/2019, remaining at the same time other conditions of the Loan agreement of 14/12/2018 unchanged. The Issuer concluded Annex no.2 amending the repayment term of the loan along with interest due, determining the new repayment date as at 31/12/2019.

**1.12. Explanation regarding seasonality and cyclicity of the Issuer's operating in presented period.**

Aforementioned factors have not occurred in the Company.

**1.13. Information regarding income and results falling on particular branch segments.**

As at the balance date, the Company distinguishes the following operating segments:

- financial activities
- lease
- Other including unallocated revenues and costs

In the current period, there was discontinued activity in the field of lease. Mentioned discontinuation is described in detail in note no. 33. The Management Board does not identify operating segments in the Company.

***Geographical information.***

***Below, there are presented incomes from external customers with division into operating areas and information on fixed assets with specification of their localization:***

***for 2018***

<b>GEORAPHICAL AREA FOR FINANCIAL ACTIVITIES in EUR thousand</b>	<b>REVENUES FROM EXTERNAL CUSTOMERS</b>	<b>TANGIBLE FIXED ASSETS</b>
PLOCK	83	0
Total for financial activities	83	0
<b>GEOGRAPHICAL AREA FOR OTHER ACTIVITIES in EUR thousand</b>	<b>REVENUES FROM EXTERNAL CUSTOMERS</b>	<b>TANGIBLE FIXED ASSETS</b>
PLOCK	57	0
Total for other activities	57	0



for 2017

GEORAPHICAL AREA FOR FINANCIAL ACTIVITIES in EUR thousand	REVENUES FROM EXTERNAL CUSTOMERS	TANGIBLE FIXED ASSETS
PŁOCK	85	0
Total for financial activities	85	0

#### Information on leading customers.

In the period from 01/01/2018 to 31/12/2018 the Company has gained profits due to transaction with single external customer over 10% of the Company's total income:

- Client no. 1 – 23,14% of total income
- Client no. 2 – 23,14% of total income
- Client no. 3 – 18,96% of total income
- Client no. 3 – 10,73% of total income

In the period from 01/01/2017 to 31/12/2017 the Company has gained profits due to transaction with single external customer over 10% of the Company's total income:

- Client no 1 – 27,28% of total income
- Client no 2 – 21,44% of total income
- Client no 3 – 10,22% of total income
- Client no 3 – 10,06% of total income

#### Financial results of discontinued operations are as follows:

On 19/12/2018 between the Issuer and ELKOP S.A. in Plock, an agreement on the transfer of the Company's real estate was concluded to secure claims of ELKOP S.A. under the Loan Agreement of 14/12/2018. The Issuer has transferred to ELKOP S.A. ownership title to land and an office building located on these properties with a total area of 10.319,55 square meter located in Plock. The transfer of real estate is a security for claims of the lender ELKOP S.A. up to PLN 37.000.000,00. The transfer of ownership agreement provides that if the Issuer fails to meet the loan repayment dates and interest under the Loan Agreement dated 14/12/2018 then the lender will be entitled to satisfy by selling or taking over the property in accordance with the value of PLN 37.000.000,00 determined by the parties. Despite the expiry determined on 29/12/2018 the Issuer did not make timely repayment of the debt resulting from the Loan Agreement of 14/12/2018. The Issuer announces that it has decided to allocate the assets of the Company, such as real estate securing the repayment of obligations under the loan agreement of 14/12/2019 to satisfy all claims from the lender, exhausting them in full. On 31/12/2018 the Issuer received a statement by ELKOP S.A. regarding the takeover of ownership of real property transferred to ELKOP S.A. to secure the claims of this Company under the Loan Agreement of 14/12/2018. Pursuant to the transfer agreement of 19/12/2018 ELKOP S.A. was entitled to take over the ownership of the Company's real estate in case the Issuer fail to meet its obligations under the contracted loans at the agreed dates. As a result of the statement on the acquisition of ownership of the property submitted by ELKOP in Plock on 31/12/2018 has been met to claim ELKOP S.A. under the Loan Agreement of 14/12/2018 and final transfer of ownership of the property to ELKOP S.A.

In EUR thousand	01.01 -31.12.2018	01.01 -31.12.2017
Income on sale of products, goods and materials	466	291
Other operating income	6	1 047
Total costs of operation	-358	-269
Other operating costs	-325	0
<b>Pre-tax profit (loss)</b>	<b>-211</b>	<b>1 069</b>



Profit/loss on divestiture	-2 727	0
<b>Net result related to discontinued activities</b>	<b>-2 938</b>	<b>1 069</b>

**1.14. Events which occurred after the date of preparing the financial statements, not included in the report but which may have significant influence on further financial results of the Issuer.**

As at the date of publication of this report, the Management Board has not knowledge of other events which may affect further financial results and which are not included in the report.

- The Management Board of TLANTIS SE headquartered in Tallinn informed that on 02/01/2019 the commercial register relevant for the Estonian law (Ariregister) registered the transfer of registered office of the Issuer to Estonia, pursuant to provisions of the Transfer Plan of 24/04/2018 published in the current report no 19/2018 of 24/04/2018, 35/2018 of 04/07/2018, 36/2018 of 17/07/2018 and 41/2018 of 28/09/2018 and resolutions of the Extraordinary General Meeting of 19/11/2018 published in the current report 48/2018 of 19/11/2018/ Therefore, the Issuer informed that the current seat of the Company is Tallinn, Estonia. The Company's address is: Narva mnt 5, 10117, Tallinn, Estonia. The Company's website and e-mail address remained unchanged: [biuro@atlantis-sa.pl](mailto:biuro@atlantis-sa.pl), <http://www.atlantis-sa.pl/> Therefore, the Issuer informed also that service address of the Company is its seat address, i.e.: Narva mnt 5, 10117, Tallinn, Estonia. At the same time, along with registration of change of the registered office of the Company, the register relevant for the Estonian law registered also amendments on the Company's Article of Association.
- The Management Board of Atlantis SE headquartered in Tallinn informed that on 03/01/2019 the Management Board of the Warsaw Stock Exchange S.A. upon request of the Issuer adopted resolution no. 1/2019 of 03/01/2019 regarding suspension of trading of the Issuer's shares until 9/01/2019 inclusive, in order to carry out all necessary registration procedures concerning change of the ISIN code of the Company's shares registered in KDPW.
- The Management Board of Atlantis SE headquartered in Tallinn hereby informed that on 11/01/2019, the Chairman of the Management Board - Mrs Anna Kajkowska, due to personal reasons, submitted written resignation letter from her function in the Management Board of the Company effective as at the end of 11/01/2019.
- The Issuer ATLANTIS SE headquartered in Tallinn „Company”, informs that on January 15, 2019 the Company received written resignation letter of Mr Damian Patrowicz from the function of the Supervisory Board Member as at 15 January 2019. The reason of the resignation was not indicated.
- ATLANTIS SE headquartered in Tallinn, hereby informs that on January 16, 2019 the Supervisory Board of the Company passed a resolution concerning appointment of Mr Damian Patrowicz to the function of the President of the Company's Management Board for 3-year term. The Issuer presented the brief biographic note of Mr Damian Patrowicz.

Damian Patrowicz holds a university degree in law. He graduated at the Faculty of Law and Administration of the University of Warsaw. Since 2008 he has been associated with the public capital market. Damian Patrowicz was a member of supervisory authorities of companies listed on Warsaw Stock Exchange and NewConnect in Poland. Currently, he is the Chairman of the Management Board of European Companies: FON SE and Investment Friends Capital SE as well as the General Partner of the following companies: Nova Gielda UÜ and Damar Patro UÜ and the Member of the Management Board of Patro Invest OÜ. Damian Patrowicz is also the Member of Supervisory Board of: ELKOP S.A., Damf Inwestycje S.A., Iferia S.A. and a Vice-President of Stowarzyszenie Inwestorów Gieldowych (Association of Stock Market Investors). The companies in which Damian Patrowicz sits on the supervisory or management authorities are under constant supervision of the Polish Financial Supervision Authority or the Estonian Finantsinspektsioon. Damian Patrowicz is actively involved in financial market and has an extensive experience in the field of commercial real estates and granting of large-value loans. Damian Patrowicz is not listed in the Insolvent Debtor Register maintained pursuant to the Act on Polish National Court Register.

- The Management Board of ATLANTIS SE headquartered in Tallinn, hereby informed that concerning the fact that registration of the registered office of the Company was made as at 02/01/2019, the Company will publish annual report for 2018 in accordance with accounting principles which have been applied for the Company in 2018, i.e. in accordance with International Accounting Standards and International Financial Reporting Standard (IAS/IFRS) and on the basis of accounting recordings made pursuant to Polish law.



- The Management Board of ATLANTIS S.E. headquartered in Tallinn, Estonia, hereby informs that in connection with works being carried out on the financial report for 2018 that is going to be published on 30 April 2019, the Management Board of the Issuer on 5 March 2019 decided to make a revaluation of the Company's financial assets. Revaluation in the amount of PLN 5.770 thousand includes the following asset: – stocks of IFEA Sp. z o. o. headquartered in Płock. The Issuer informs that as of 31 December 2018 and at the date of publishing of this report, the Company holds 12.529 stocks of IFEA Sp. z o. o., that consist of 43,33% of the share capital and grants 12.529 votes, consisting of 43,33% of the total number of votes of IFEA Sp. z o. o. The Issuer decided to revalue of the Issuer's assets due to change of the value of stocks of IFEA Sp. z o. o. about the value PLN 5.770 thousand. As the result of described above revaluation the Issuer's capital from revaluation is charged with the amount of PLN 5.770 thousand. The value of 12.529 stocks of IFEA Sp. z o. o. presented in the financial report as of 30 September 2018 was PLN 18.685 thousand. The value of these stocks after revaluation as at 31 December 2018 is PLN 12.915 thousand. The basis for revaluation were conducted by the Management Board of the Issuer analysis and tests including those based on obtained financial data.
  
- The Management Board of ATLANTIS SE headquartered in Tallinn, hereby informs that on 29.03.2019 the Agreement on audit of the financial statements for 2018 and 2019 and reviewing financial statements for the first half of 2018 and the first half 2019 was terminated. Aforementioned agreement was concluded by the Issuer with the Audit Company INTERFIN Sp. z o. o. headquartered in Cracow at Radzikowskiego 27/03, entered in the list of entities qualified to audit financial statements under no. 529 and established in 1990 and then registered in the National Court Register in the District Court in Kraków-Śródmieście, XI Commercial Department under no. 0000145852. Terminated Agreement with the Auditor was concluded for a period of 2 years and it was the first agreement concluded for audit of financial statements of the Issuer with the Audit Company INTERFIN Sp.z o. o. headquartered in Cracow. Under the Agreement the Auditor reviewed the first half-year financial statement of 2018 issuing a relevant report that was published by the Company along with the half-year report of 2018.  
The election of the audit company was reported by the Issuer in the current report no. 34/2018 dated on 02.07.2018. The reason for termination of the Agreement is inability to provide services by the auditor which results from change of the Issuer's headquarter during the term of the Agreement.  
Pursuant to applicable law and the Polish Financial Supervision Authority's opinion, the audit and the review of the Issuer's financial statements shall be conducted by the entities qualified to provide these services in accordance with the law of Estonia. Termination of the Agreement is a result of both parties' decision.  
The Audit Company INTERFIN Sp. z o. o. headquartered in Cracow, under the Agreement, reviewed the half-year financial statements of the Issuer and it has raised no objection concerning this revision.  
In accordance with the Article of Association of the Company, the company body entitled to choose the audit company is currently the General Meeting. The Issuer informs that the agenda of the General Meeting convened on 19 April 2019 includes the matter of the Company's auditor change.  
The Issuer attaches to this report the statement of the Audit Company addressed to the Polish Financial Supervision Authority, that explains the reasons for the Agreement termination.
  
- The Management Board of ATLANTIS SE headquartered in Tallinn, registry code: 14633855, hereby informs that on 19/04/2019 there was held the Extraordinary General Meeting of Shareholders of the Company. There was one Shareholder present at the Meeting – Patro Invest OÜ headquartered in Tallinn, registry code: 14381342 represented by Member of the Management Board Mr Damian Patrowicz \_personal identification code: 39008050063\_ holding 15.282.712 shares of the Company which represents 61,13% of votes at the General Meeting. The agenda of the Extraordinary General Meeting of Shareholders includes the following resolutions:
  1. Election of the Chair and the Recorder of the Meeting. The Chair of the EGM was elected Damian Patrowicz and the Recorder was elected Malgorzata Patrowicz.
  2. Approval of the audit firm for the performance of the audit of the Company's financial statements for the year 2018, 2019 and for the evaluation of the Company's annual reports for the year 2018, 2019. Since no audit firm candidates were presented to the extraordinary general meeting, the Chair of the meeting proposed to consider this agenda item as informative one and not to carry out voting. The resolution was not adopted.
  3. Adoption of a resolution regarding the change in the financial year and related changes in the Company Statute.  
The Chair of the meeting explained that purpose of the change in the financial year and related changes in the Company Statute is the extension of the 2018 financial year for six months.  
In connection with that the Chair of the meeting proposed to amend section 7.1 of the Company's Statute and to approve it in the new wording as follows: „7.1. The Company's financial year is 01.07. – 30.06.“; and approve the new redaction of the Company's Statute with the abovementioned amendments. The resolution was adopted.
  
- The Management Board of ATLANTIS SE with its registered office in Tallinn informs that on 26/04/2019 the register of commercial companies (Ariregister) relevant to the law of Estonia registered the change in 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 begins on July 1 and ends on June 30. At the same time, along with the registration of the change in the financial year of the Company, the relevant register of the law of Estonia registered changes to the Articles of Association of the Company.

- The Management Board of Atlantis SE headquartered in Tallinn informs that on 07/05/2019 the Company received the Resolution No. 386/2019 of the Management Board of the Warsaw Stock Exchange of May 7, 2019 regarding the indefinite suspension of trading of ATLANTIS SE shares on the WSE Main Market. The content of this resolution is attached to this report. The reason for the suspension of trading is the assessment of the Management Board of the Warsaw Stock Exchange regarding the lack of legality of the change in the financial year by the Issuer. The decision of the WSE is contrary to the position of the Ministry of Finance in Estonia, Ariregister – Estonian Registry Court \_Registry Department of Tartu County Court\_ which registered the above change as well as the content of an independent legal opinion of the International Law Office prepared at the request of the Warsaw Stock Exchange. The content of this legal report is also attached to this report by the Issuer.  
The Management Board of the Issuer also informs that the date referred to in the resolution of the Warsaw Stock Exchange is impossible to meet because the current financial year in the Company is the fiscal year starting on January 1, 2018 and ending on June 30, 2019.  
Bearing in mind the security and interest of the Company's Shareholders, the Management Board will take all steps to resume the trading on the Issuer's shares as soon as possible.
- On June 17, 2019 the EGM decided to approve the audit company chosen to perform audit of the financial statements of the Company for 2018 and 2019 and valuation of the Company's annual report for 2018 and 2019.

It was decided to choose Hansa Audit osaühing 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 ATLANTIS SE and Hansa Audit osaühing on market terms.

- On 21/06/2019 the Issuer concluded, as a Lender, with the Company IFEA Sp. z o. o. headquartered in Płock (KRS no. 0000512607) as a Borrower, the Annex no. 2 to the cash loan agreement of 14/12/2018, conclusion of which was reported by the Issuer in the current report No. 56/2018 of 14/12/2018 and No. 61/2018 of 31/12/2018.

Under the Annex of 21/06/2019 the Parties amended the content of the loan agreement of 14/12/2018 and the Annex of 31/12/2018 by exceeding the repayment date of the loan from 30/06/2019 to 31/12/2019.

#### **b. In case of issuance of securities in the period covered in this report - description of use of inflows from issuance by the Issuer**

Within presented period the Management Board of the Issuer has not issued securities.

#### **c. Information regarding paid out (or declared) dividend total and per share with division into ordinary and preference shares.**

The Company did not pay out and did not declare payment of the dividend

#### **d. Information regarding changes of contingent liabilities or contingent assets which have occurred since the end of the last financial year.**

##### **Contingent liabilities and assets**

As at 31.12.2017 and as at 31.12.2018 the Company disclosed contingent assets due to:

- Surety agreement of 12/01/2017 on the basis of which the company PATRO INVEST Sp. z o. o. undertaken, in case of failure in repayment by DAMF INVEST S.A. a contractual penalty resulting from participation of DAMF INVEST S.A in repurchasing of own shares program adopted by the Extraordinary General Meeting of 31/10/2014 in the resolution no. 6, to pay equivalent of the contractual penalty due to the Issuer, specified in § 3 par. 17 point b of aforementioned resolution of EGM of 30/10/2014. The warranty of PATRO INVEST Sp. z o. o. was given to the maximum amount of PLN 65.000.000,00.



On 19/01/2019, the contract as a result of which the above assets were established expired.

As at 31/12/2018 the value of contingent liabilities is PLN 3 481 thousand. They result from the proceeding in which ATLANTIS SE is an „auxiliary” debtor. Atlantis SE, in case of failure in satisfying the creditor from property of the main debtor and after exhausting the legal dispute of the I and II instance as well as a cassation appeal, will be obliged to satisfy the creditor. The condition of satisfying the Creditor from the property of ATLANTIS SE is obtaining an enforcement order and an instrument permitting enforcement toward the main debtor, what has not happened as at the date of publication of this report, and obtaining it in the future is also unlikely because of liquidation of the company Carpri Sp. z o. o. and its removal from the Register (KRS).

As at 31/12/2018 and as at 31/12/2017, contingent liabilities do not exist.

**e. Statement of the Management Board regarding possibility of realization of previously published financial forecast for a particular year, in comparison with results presented in the quarterly report against anticipated result.**

ATLANTIS SE has not published financial forecast.

**f. List of shareholders holding directly or indirectly via subsidiaries at least 5% of the general number of votes at the General Meeting of the Issuer as at the date of publication of the quarterly report specifying number of held shares, percentage contribution in the share capital, number of votes represented by the shares and their percentage contribution in total number of votes at the general meeting and indication of changes in the ownership structure of qualifying holdings of the Issuer within the period since the date of publication of the previous quarterly report.**

Direct ownership as at 31/12/2017

No.	SHAREHOLDER	NO. OF SHARES	% OF SHARES	NO.OF VOTES	% OF VOTES	DATE
1	Patro Invest Sp. z o.o.	14 166 040	56,66%	14 166 040	56,66%	31.12.2017
2	Others	10 833 960	43,34%	10 833 960	43,34%	31.12.2017
	<b>Total</b>	<b>25 000 000</b>	<b>100%</b>	<b>25 000 000</b>	<b>100%</b>	-

Indirect ownership as at 31/12/2017

No.	SHAREHOLDER	NO. OF SHARES	% OF SHARES	NO.OF VOTES	% OF VOTES	DATE
1	Damf Invest Sp. z o.o.	14 166 040	56,66%	14 166 040	56,66%	31.12.2017
2.	Damian Patrowicz	14 166 040	56,66%	14 166 040	56,66%	31.12.2017



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<b>Total</b>	<b>25 000 000</b>	<b>100%</b>	<b>25 000 000</b>	<b>100%</b>	<b>-</b>
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Balance as at 31/12/2018

Direct ownership

No.	SHAREHOLDER	NO. OF SHARES	% OF SHARES	NO.OF VOTES	% OF VOTES	DATE
1	Patro Invest OU	15 035 832	60,14%	15 035 832	60,14%	11.12.2018
2	Others	9 964 168	39,86%	9 964 168	39,86%	11.12.2018
<b>Total</b>		<b>25 000 000</b>	<b>100%</b>	<b>25 000 000</b>	<b>100%</b>	<b>-</b>

**g. Specification of the Issuer's shares ownership or right to the shares (options) of managing and supervising people of the Issuer as at the date of the report's publication along with specification of changes in the shares' ownership in the period since the date of publication of the previous quarterly report separately for each person.**

Managing people:

Damian Patrowicz-(Chairman of the Management Board since 16/01/2019) - as at 31/12/2018 holds indirectly via Patro Invest OU, 15 035 832 shares, representing 60,14% of the share capital and votes at GM.

As at 15/06/2019 Mr Damian Patrowicz holds indirectly, via Patro Invest OU 15 035 832 of shares, representing 60,14% of the share capital and votes at the GM.

As at 31/12/2017 Mr Damian Patrowicz held indirectly, via Damf Invest S.A. holding 100% of shares of Patro Invest Sp. z o. o., the Issuer's shares in the amount of 14 166 040 shares representing 56,66% of the share capital and votes at the GM. As at 26/03/2018 Mr Damian Patrowicz holds indirectly, via Damf Invest S.A., holds 14.666.592 shares representing 58,67% of the share capital and votes at the GM.

Anna Kajkowska- (Chairman of the Management Board until 11/01/2019) has not held and does not held the Issuer's shares.

Supervising persons:

1. Wojciech Hetkowski
2. Małgorzata Patrowicz
3. Jacek Koralewski
4. Damian Patrowicz
5. Martyna Patrowicz

Have not held and do not held the Issuer's shares.



**h. Indication of significant proceedings pending before a court, arbitration body or public administration authority indicating information concerning proceeding regarding liabilities or receivables of an Issuer the value of which constitutes at least 10% of the Issuer's equity, indicating: the subject of the proceedings, the value of the dispute, the date of initiation of proceedings, parties to proceedings and issuer's position, two or more proceedings regarding liabilities and receivables which total value is respectively, at least 10% of the Issuer's equity with indication of the total value of these proceedings along with the Issuer's statement in this matter and, for the most valuable proceedings - with indication of their subjects, value of the dispute, the date of initiation of proceeding and the parties of the proceeding.**

There are no proceedings in the Company, regarding liabilities or receivables of the Issuer the value of which is at least 10% of the Issuer's equity.

**i. Information on entering by the issuer into one or more transactions with related parties, if they are significant separately or altogether and if they were concluded on other than market conditions, along with disclosure of their value and information about the other party of the transaction, information about connections between the Issuer and the other party of the transaction, information about the transaction's subject, relevant terms of the transaction, especially financial conditions as well as indication of specific conditions established by the parties of the transaction which are characteristic for an agreement and are different than widely applicable for this kind of agreements, other information regarding these transactions if they are essential for understanding the property and financial condition and financial result of the issuer, any changes of transaction with related parties which could have significant influence on property and financial situation and financial result of the issuer.**

In 2018 ATLANTIS SE has not entered into transactions with related parties on other than market conditions. The transactions are described in the financial statements.

**j. Information on the issuer or their subsidiary warranting a credit or loan or giving guarantee – jointly to one entity or a unit dependent on it, if total value of the warranties or guarantees is significant, including: name of the company for which these warranties or guarantees were granted, total amount of credits or loans which were wholly or partially warranted or guaranteed, period the warranties or guarantees were granted for, 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, the nature of links existing between the Issuer and the entity that incurred the credit or loan.**

In 2018 ATLANTIS SE nor has given warranty of credits, neither granted guarantees. Informations regarding granted loans are included in the points above.

**k. Other information that in the Issuer's opinion is significant for the assessment of its HR, property, financial situation, financial result and the changes thereof and information relevant for the assessment of the Issuer's capability to pay its liabilities.**

- The Management Board of ATLANTIS SE headquartered in Tallinn, Estonia, registry code: 14633855, on 08/04/2019 on the basis of adopted Resolution of the Supervisory Board regarding dissolution of the Audit Committee of the Company and recalling of its Members as at 08/04/2019, informed about dissolution of the Audit Committee in the Company. There was the Audit Committee held by the Supervisory Board in the Company. On 20/10/2017 the Supervisory Board decided to make changes in the composition of the Audit Committee which objectives were realized by the entire Supervisory Board. By the resolution no 01/20/10/2017 the Supervisory Board appointed from its members the Audit Committee consisting of 3 members, i.e.: Wojciech Hetkowski - the Chairman, Jacek Koralewski - Member, Małgorzata Patrowicz - Member. In the Supervisory Board's opinion, the Audit Committee in selected composition meet requirements prescribed in art. 128 par. 1 and art. 129 par. 1, 3, 5 and 6 of the Act on Certified Auditors. Decision regarding choice of the Supervisory Board's Members is a power of the General Meeting of Shareholders. Shareholders, considering competences and confidence for particular candidates, appoint members of the Supervisory Board. The Company, dependently on the decision of the General Meeting, may temporarily fulfil



or not, this criteria, dependently on selected composition of the SB, and valuation of risks connected to it, is a competence of the GMS.

- ATLANTIS SE 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.  
ATLANTIS SE was registered in the Estonian Commercial Register on January 2<sup>nd</sup>, 2019 under registration code 14633855 with official address at Harju county, Tallinn, City Centre district, Narva Road 5, 10117, Estonia.

**1.11. Amendments on basic principles of managing of the Issuer’s business.**

In 2018 there was no amendments on basic principles of managing of the Issuer’s business.

**1.12. Any agreements concluded between the Issuer and managing people, prescribing compensation in case of their resignation or dismissal from held function without important reason or if their removal or dismissal is made because of merging of the Issuer by acquisition.**

In 2018 such agreements were not concluded by ATLANTIS SE.

**1.13. The value of remuneration, rewards or benefits, including those resulting from motivational or bonus programs, based on the Company capital, including programs based on privileged bonds, convertible bonds, warrants (in cash, in kind or in any other form) that are paid out, due or potentially due, for each supervising and managing person, irrespective of the fact that they were qualified as costs or resulted from the profit distribution. In case of an issuer who is a controlling entity or a major investor - separate information about value of the remuneration and rewards received due to held function in the government bodies of subsidiaries, if relevant information were presented in the financial statements - this obligation is deemed to be fulfilled by indication of its position in the financial statements.**

Managing and Supervising people have not received any benefits apart from remuneration.

**Remuneration paid out for the Management and Supervisory Board in 2018.**

**Remuneration in PLN and EUR thousand.**

Chairman of the Management Board	2018	2017
Remuneration of the Chairman of the Management Board Mrs Anna Kajkowska due to employment contract and preformed function in gross value	163 thousand PLN = 38 thousand EUR	162 thousand PLN = 38 thousand EUR

  

Supervisory Board	2018	2017
Remuneration of the Supervisory Board due to performed function in gross value	27 thousand PLN= 6 thousand EUR	66 thousand PLN = 16 thousand EUR

The Issuer’s managing and supervising people have not received advances, loans, guarantees and warranties.

**Supervisory Board 01-01-2018– 31-12-2018**

1	Hetkowski Wojciech	10 000,00 zł	2 344 EUR
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A comment of the Management Board to the separate financial statements for 2018.

2	Koralewski Jacek	1 600,00 zł	375 EUR
3	Patrowicz Damian	7 087,91 zł	1661 EUR
4	Patrowicz Małgorzata	7 087,91 zł	1661 EUR
5	Patrowicz Martyna	1 134,07 zł	266 EUR

#### **Supervisory Board 01-01-2017– 31-12-2017**

1	Hetkowski Wojciech	20 000,00 zł	4 712 EUR
2	Koralewski Jacek	3 200,00 zł	754 EUR
3	Patrowicz Damian	20 000,00 zł	4 712 EUR
4	Patrowicz Małgorzata	20 000,00 zł	4 712 EUR
5	Patrowicz Marianna	2 314,04 zł	545 EUR
6	Patrowicz Martyna	886,96 zł	209 EUR

**a. Information on agreements known to the Issuer (including those concluded after the balance sheet date), pursuant to which there may be a change in the proportions of shares held by current shareholders and bondholders.**

As at the date of preparation of this financial statements, the Issuer has not knowledge about agreements which may cause a change in the proportions of shares held by current shareholders.

**b. Information about controlling system of employees shares programs.**

In 2018 the Company has not introduced a program of employees shares and at the same time has not introduced their control system.

**c. Information regarding agreements concluded with an auditor.**

On 17/06/2019 the Extraordinary General Meeting of Shareholders decided to choose Hansa Audit osaühing 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 ATLANTIS SE and Hansa Audit osaühing on market terms.

**d. Characteristics of external and internal factors which are significant for development of the Issuer's business and description of development perspectives of the Issuer at least up to the end of the financial year that follow the year for which the financial statements included in the annual report, were prepared, specifying elements of the market strategies set by the Issuer.**

These factors are described in point 1.5 of this report.

**e. Information on any liabilities resulting from pensions and benefits of similar character for people who were managers, performed supervising functions, or were members of administrative organs, and on commitments made in connection with these pensions specifying the value for each organ; if relevant information were presented in the financial statement - this obligation is deemed to be fulfilled by indication of its position in the financial statements.**



Obligations of this kind do not occur in the Company.

- f. Information on financial instruments in the area of risks: prices' change, credit, significant interruptions of cash flows and loosing of financial liquidity, to which the entity is exposed, applied by the entity goals and methods of financial risk management, along with securing methods of significant kinds of planned transactions for which hedging accountancy is applied.**

The Company has no formalized system of financial risk managements. Decisions on application of securing instruments for planned transactions are made on the basis of current analyse of the Company's situation and its environment.

#### **1.22 Information on own shares**

In the reporting period the Company has not had own shares.

#### **1.23. Information on the Company's branches.**

The Company has not got branches.

#### **1.24. Information on financial instruments regarding:**

- a) risks: change of prices, credit, significant interruptions of cash flow and loss of financial liquidity, on which the entity is exposed,**
- b) Applied by the entity goals and methods of financial risk management, jointly with methods of securing of significant kinds of planned transactions for which there is hedge accounting applied.**

The Company has not applied formalized system of financial risk management. Decisions on adoption of securing instruments for planned transactions are made on the basis of ongoing analyse of the Company's situation and prevailing circumstances.

#### **1.25. Statement of the managing body along with opinion of an organ supervising the Issuer regarding reservations expressed by an entity authorised to perform audit of financial statements in the report on review or refusal to issue a report on review of half-year financial statements, and in case when condensed half-year financial statement was subjected into audit by an entity authorised to audit financial statements - to issued by authorised entity a qualified opinion, an adverse opinion or refusal to issue an opinion on half-year condensed financial statements, including in particular:**

- a) specification of influence in quantitative and qualitative terms, a subject of reservation or refusal to issue a report on review, and in case of the situation when condensed half-year financial statement was subjected into audit by an entity authorised to audit financial statements - a subject of a reservation, an adverse opinion or refusal to issue an opinion, on a half-year financial statement, including influence on results and other financial data, with presentation relevance criteria for each case,**
- b) presentation of undertaken or planned by the Issuer actions regarding occurred situation.**

Such a situation has not occurred in the Company.

#### **1.26. Opinion of Supervisory Board regarding report on the Issuer's activities and financial statements concerning their compliance with recordings of accounts, documents and actual situation.**

Opinion of the Supervisory Board of ATLANTIS SE headquartered in Tallinn, regarding the report on the Issuer's activities and financial statements concerning their compliance with recordings of accounts, documents and actual situation (prepared under requirements of § 70 par. 1 subpar. 14 of Regulation of the Minister of Finance of 29 March 2018 on current and periodical reporting by issuers of securities, as well as the conditions for the recognition as the equivalent of the information required by the legal regulations of countries that are not member states) the Management Board of ATLANTIS SE, in addition to the statement included in the Management Board's report of ATLANTIS SE on the Company's activities in the period 01.01.2018 - 31.12.2018, hereby declares that the Supervisory Board, pursuant to art. 382 § 3 of the Commercial Companies Code made an assessment of:



I. Financial statements of ATLANTIS SE for 2018 including:

1. Statement on financial situation disclosing as at 31 December 2018, on assets and on equity and liabilities the amount of EUR 12.285 thousand (say: twelve thousand two hundred and eighty-five),
2. Statement on comprehensive income disclosing as at 31 December 2018 the net total income in the amount of EUR -5.872 thousand (say: five thousand eight hundred seventy two),
3. Net loss on discontinuing and continuing activities in the amount of EUR -2.921 thousand (say: two thousand nine hundred and twenty-one),
4. Statement on changes in equity as at 31 December 2018 disclosing decrease in equity of the amount EUR -6.566 thousand (say: six thousand five hundred sixty-six),
5. Statement on cash flow disclosing as at 31 December 2018 a decrease in cash in the net amount of EUR 97 thousand (say: ninety-seven).

II. Concerning compliance with recordings of accounts, documents and actual situation : on the basis of analyse:

1. content of aforementioned statements submitted by the Management Board of the Company,
2. documents and recordings of account and information provided by the Management Board,
3. Results of additional controlling activities made in selected financial and operating areas,
4. Report on audit of the financial statements of the Issuer for the financial year 2018, prepared by the **audit company** Hansa Audit osaühing 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.
5. Taking into account the result of meetings with representatives of aforementioned audit company and the key certified auditor,
6. Information for the Audit Committee regarding progress, results and meaning of the audit for reliability of financial reporting in the Company and the role of the Committee in the process of auditing of financial statements, issued a positive assessment on aforementioned statements.

On the basis of owned knowledge about the Company and a wide range of activities undertaken in connection with preparation and auditing of aforementioned statements, the Supervisory Board assess that the report on activities of ATLANTIS SE and financial statements of the Company for financial year 2018 were prepared in accordance with applicable provisions of law and they are compliant with recordings of accounts, documents and the actual situation and includes true view of development, achievements and the Issuer's situation, and what is more do not arise any objection regarding its form, as well as information included there.

**Management Board of ATLANTIS SE**