



FINANCIAL STATEMENT OF
INVESTMENT FRIENDS CAPITAL SE
FOR THE YEAR ENDED 30/06/2021

/in thous. EUR/



INVESTMENT FRIENDS CAPITAL SE

ANNUAL REPORT

**FOR THE PERIOD SINCE 01 JUNE 2020 TILL 30 JUNE 2021
AND FOR THE YEAR ENDED ON 30 JUNE 2021**

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

Tallinn, 8/10/2021



INVESTMENT FRIENDS CAPITAL SE GENERAL INFORMATION

Business name: INVESTMENT FRIENDS CAPITAL SE

Registry code: 14618005

LEI code: 259400IJV1V3TF45QC25

Address: Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145

Telephone: +48-796-118-929

E-mail address: biuro@ifcapital.pl

Website: www.ifcapital.pl

Reporting period: 01/07/2020 - 30/06/2021

Auditor: Number RT OÜ, Eve Leppik, license no: 230

Members of the Supervisory Board:

- Wojciech Hetkowski
- Jacek Koralewski
- Małgorzata Patrowicz
- Martyna Patrowicz

Members of the Management Board:

- Damian Patrowicz



TABLE OF CONTENTS

I. SELECTED FINANCIAL DATA.....	4
II. LETTER OF MANAGEMENT BOARD.....	5
III. REPORT OF THE MANAGEMENT BOARD ON THE COMPANY'S ACTIVITY.....	6
IV. CORPORATE GOVERNANCE REPORT.....	13
V. FINANCIAL STATEMENTS.....	23
1. Balance sheet.....	23
2. Statement of profit or loss.....	24
3. Statement of comprehensive income.....	24
4. Statement of changes equity.....	25
5. Cash flow statement.....	26
6. Notes to the financial statement.....	27
VI. STATEMENT OF COMPLIANCE.....	49



I. SELECTED FINANCIAL DATA CONTAINING BASIC ITEM OF THE FINANCIAL STATEMENT

	In thous. EUR	
	Twelve months ended on 30/06/2021	Eighteen months ended on 30/06/2020
Revenues from the interest	152	309
Profit (loss) from operating activities	138	281
Profit (loss) before taxes	138	-130
Net profit (loss)	138	-130
Net cash flows from operating activities	-51	-345
Net cash flow from investing activities	0	339
Change in cash and cash equivalents	-15	-6
Total assets	4 744	4 620
Short-term liabilities	4	6
Equity	4 740	4 614
Share capital	500	2 102
Number of shares (in pcs.)	5 005 324	15 015 972
Profit (loss) per share (in EUR)	0,03	-0,01
Book value per share (in EUR)	0,95	0,31



II. LETTER OF THE MANAGEMENT BOARD

Dear Sirs,

On behalf of the Management Board of Investment Friends Capital SE, I am pleased to present you the Annual Report for the period since July 1, 2020 to June 30, 2021.

This period was for the Company a period of continuation of activities in the area of financial service activities, i.e. lending activities, which constitute the main part of the revenues generated by the Company. In the opinion of the Management Board, the Company's situation is stable and there is no risk of loss of liquidity and going concern. According to the Management Board's intentions, the activities of the Company in the new financial year will continue to focus on financial service activities, in particular granting loans to business entities.

On behalf of the Management Board, I hope that consistent pursuit of the assumed economic goals and cost reduction will allow us to achieve positive financial results that will meet the expectations of our Shareholders. I would also like to thank all Shareholders for the trust they have placed in the Company, Contractors and Co-operators, wishing them further, mutually fruitful cooperation.

*Yours faithfully;
Damian Patrowicz
Member of the Management Board*



III. REPORT OF THE MANAGEMENT BOARD ON THE COMPANY'S ACTIVITY

THE MAIN FIELDS OF ACTIVITY

The main business activity of the Company is financial activity, including lending activities. The Company conduct homogeneous activity based on providing other financial services. The Company realizing its basic profile activities related to lending services concluded agreements with Polish and Estonian business entities.

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

GENERAL (MACROECONOMIC) DEVELOPMENT

The Company undertakes financial activities especially related to granting cash loans for persons and business entities, mostly related parties. In the Management Board's opinion, activity in this field is developmental, especially on Polish market. Truly, most of banks offer loan products for entrepreneurs from small and medium-size entities sector. However, these entrepreneurs meet huge problem with obtaining them in practice. Banks estimates a high risk for granting credits for small and medium-size companies. An entrepreneur must fulfill difficult requirements of a bank, primarily, almost unavailable for young entities, borrowing capacity. Most of beginning entrepreneurs have no collaterals and have not got a long history in a bank. Bank procedures are often very complicated and amending during the term of an agreement, i.e. interest level. Entrepreneurs who have not obtained financing from a bank, usually reach companies which provide lending services and declare high flexibility in terms of procedures tailored to needs of a particular customer and their capacity as far as collaterals are concerned. The Company notices development potential in the field of providing financial services for this kind of entities and intends consequently continue its business activity in this segment.

FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from financial instruments of the Company are: interest rate risk, liquidity risk, credit risk, risk related to financial collaterals. The Management Board is responsible for establishing of risk management in the Company as well as for supervision of their respect compliance. The purpose of the company's risk management policies is to identify and analyze the risks to which the company is exposed, by setting appropriate restrictions and controls, as well as by monitoring the risks and limits adjusted accordingly.



THE STRUCTURE OF THE SHARE CAPITAL

Since May 28, 2007 shares of Investment Friends Capital SE are listed on Warsaw Stock Exchange. As at the balance-sheet date 30/06//2021 Investment Friends Capital SE holds 5.005.324 issued shares without par value with book value EUR 0,10 per each share. Shares are freely transferable, and have not got any statutory restrictions. As at 30/06/2021 the price per share was PLN 3,54 (EUR 0,78). While at 30/06/2020 the price was PLN 1,86 (EUR 0,41).

Currently, all shares of the Company in the amount of 5.005.324 are dematerialised bearer shares, listed on regulated market of Warsaw Stock Exchange.

Share capital of the Company.

➤ Since 30/11/2018 to 10/12/2020 the share capital of the Company amounted to: EUR 2.102.236 and was divided into 15.015.972 bearer shares without par value.

➤ Since 11/12/2020 to 8/04/2021 the share capital of the Company amounted to: EUR 10.511.180 and was divided into 105.111.804 bearer shares without par value.

➤ Since 9/04/2021 to 28/06/2021 the share capital of the Company amounted to: EUR 10.511.180 and was divided into 5.005.324 bearer shares without par value.

➤ Since 29/06/2021 the share capital of the Company amounts to: EUR 500.532 and was divided into 5.005.324 bearer shares without par value.

INFORMATION OF THE COMPANY AND SHAREHOLDERS

As at the balance sheet date 30/06/2021 the Company Investment Friends Capital SE has no subsidiaries and it does not create its own capital group. As at the balance sheet date 30/06/2020 the Company had no subsidiaries as well.

According to the best knowledge of the Management Board the direct shareholder is Patro Invest OÜ headquartered in Tallinn that owns 69,69% contribution in the share capital and 69,69% votes at the general Meeting of Shareholders of the Company as at 30/06/2021

As at 30/06/2021 the Company did not own any capital investments in the form of shares and stock of other entities.

As at the balance sheet date 30/06/2021 according to the Management Board's best knowledge, the structure of direct and indirect shareholders holding at least 5% of the total number of votes at the General Meeting was as follows:



Structure of direct shareholding as at 30/06/2021

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	3 488 016	69,69	3 488 016	69,69
X	Total	5 005 324	100,00	5 005 324	100,00

Structure of indirect shareholding as at 30/06/2021

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	3 488 016	69,69	3 488 016	69,69

* **Damian Patrowicz owns 100% of Patro Invest OU**

According to the information presented in the 2019/2020 year, the structure of direct and indirect shareholders holding at least 5% of the total number of votes at the General Meeting was as follows:

Structure of direct shareholding as at 30/06/2020

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	10 339 380	68,86%	10 339 380	68,86%
X	Total	15 015 972	100,00%	15 015 972	100,00%

Structure of indirect shareholding as at 30/06/2020

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	10 339 380	68,86%	10 339 380	68,86%

* **Damian Patrowicz owns 100% of Patro Invest OU**

TOTAL NUMBER OF ALL SHARES (STOCKS) OF THE COMPANY AND SHARES IN RELATED ENTITIES OF THE COMPANY OWNED BY THE MANAGING AND SUPERVISING PERSONS OF THE COMPANY:

- **Members of the Management Board**

As at the balance sheet date 30/06/2021 and as at the date of submitting the periodical report, the Chairman of the Management Board Mr. Damian Patrowicz owns indirectly shares of the Company. According to the best knowledge of the Management Board Mr. Damian Patrowicz owns indirectly via his subsidiary Patro Invest OÜ, 3 488 016 shares of Investment Friends Capital SE, constituting 69,69% of the share capital of the Company and granting 3 488 016 votes constituting 69,69% of votes at the General Meeting of the Company

- **Members of the Supervisory Board**

According to the knowledge of the Management Board of Investment Friends Capital SE, Members of the Supervisory Board do not own directly and indirectly shares of the Company as at the balance-sheet date and as at the date of submitting of the periodical report.



In accordance with the provisions of point 5.3. The Company's Articles of Association, members of the Company's Management Board are appointed and dismissed by the Supervisory Board, which also decides on the remuneration of members of the Management Board. Members of the Supervisory Board are elected by the company's general meeting of shareholders.

RESOLUTIONS AND RULES FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

In accordance with point 4.9.1 of the Company's Articles of Association, amendment of the Company's Articles is included in the General Meeting of Shareholders' competencies.

In accordance with point 4.5 Of the Articles of Association, the General Meeting is able to adopt valid resolutions, if at the General Meeting there is more than half of all votes represented in company shares, if the applicable legal acts do not provide for a higher majority of votes.

If an enough number of shareholders does not participate in General Meeting, in order to ensure a majority of votes, in accordance with point 4.5, the Management Board of the Company within three weeks, but not earlier than after seven days, convenes a new general meeting with the same agenda. In this way, the General Meeting is competent to adopt resolutions regardless of the number of votes represented. Resolutions of the general meeting are adopted, when more than a half of all represented at the General Meeting votes are for the resolution, and if there is no other requirement arising from applicable legal acts.

CHARACTERISTIC OF EXTERNAL AND INTERNAL FACTORS

Considering the specific of the activity, i.e., financial service activities in the field of granting non-consumer cash loans, results are currently and will be significantly influenced by:

- general market prosperity on lending market and level of interest rates,
- proper realization by the Borrowers of their obligations resulting from concluded loan agreements, as well as course of execution process and vindication of loans terminated, if such agreements occur,
- efficiency of administrative and legal procedures,
- opportunity to gain possible borrowers,
- economic situation and investing circumstances in Poland, Estonia and the region,
- access to external financing sources,
- cooperation with other financial entities.

INFORMATION ON AVERAGE EMPLOYMENT

The company has not employed any employees in the financial year lasting since July 1, 2020 to June 30, 2021 and since January 1, 2019 to June 30, 2021.

INFORMATION REGARDING AN AGREEMENT AND AN ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS OF THE COMPANY.

The governing body entitled to choose a certified auditor, according to the Company's Article of Association is the General Meeting of Shareholders.



On 20/02/2020 the General Meeting of Shareholders made a selection of an entity authorized to carry out an audit of financial statement of Investment Friends Capital SE prepared as at 30/06/2021.

An entity selected by the General Meeting is Number RT OÜ.

Remuneration for the Auditor will be paid according to the Agreement concluded between the Company and Number RT OÜ which was established on market conditions.

OTHER SIGNIFICANT INFORMATION

➤ DESCRIPTION OF FACTORS AND EVENTS, IN PARTICULAR ATYPICAL ONES, HAVING SIGNIFICANT INFLUENCE ON THE ACHIEVED FINANCIAL RESULTS.

Revaluation of the Company's assets.

On the previous annual report for the financial year lasting since 01/01/2019 until 30/06/2020 the Management Board made a decision to reevaluate the Company's financial assets. The issuer decided to decrease in the value of IFEA Sp. z o.o. by the amount of EUR 397 thous.

Conclusion of the Annex to the Loan Agreement of 1/10/2020.

The Management Board concluded an Annex to the Cash Loan Agreement with Patro Invest OU as the Borrower, about which he announced this loan in the current report of 1 October 2020. Under the concluded Annex of 18/11/2020 to the Loan Agreement of 1/10/2020 the parties changed the period for which the loan was granted indicating the new date of its return as at 31/12/2023 and increased the amount of the loan from PLN 11 800 000 (EUR 2 611 thous.) to PLN 12 000 000 (EUR 2 655 thous.). The other terms of the Loan Agreement remained unchanged.

Registration of amendments to the Articles of Association.

According to the Estonian law the Ariregister (Commercial Companies Register) registered the changes to the Articles of Association of the Company resulting from the resolutions adopted at the Ordinary General Meeting of Shareholders on 30/11/2020. On 11/12/2020, bonus issue was registered in such a way that the share capital increased by 8 408 944 from EUR 2 102 236 to EUR 10 511 180. The share capital increased at the cost of supplementary capital in the amount of EUR 8 408 944. The share split operation was also registered in such a way that the number of shares increased from 15 015 972 to 105 111 804 by changing the book value per share from EUR 0,7 to EUR 0,1 without changing the share capital.

Registration of amendments to the Articles of Association.:

On 9/04/2021, the re-split operation was registered in such a way that the number of shares decreased from 105 111 804 to 5 005 324 by changing the book value per share from EUR 0,1 to EUR 2,1 without changing the share capital.



Resolution of the Supervisory Board on appointing the Management Board for the next term of office.

The Management Board informed that on June 18, 2021 the Supervisory Board of the Company adopted a resolution on the new term of office of Mr.Damian Patrowicz until 18/06/2024.

Registration of amendments to the Articles of Association.

On 29/06/2021, a reduction of the share capital by EUR 10 010 648 was registered from EUR 10 511 180 to EUR 500 532 by reducing the nominal value of one share from EUR 2,1 to EUR 0,1. The number of shares has not changed.

On 1 September 2021, a debt acquisition agreement was signed between Patro Administracja spółka z ograniczoną odpowiedzialnością and Patro Invest OÜ for a loan agreements concluded on 16 June 2021 in the amount of PLN 50 thousand. (EUR 11 thousand) and on October 1, 2020 in the amount of PLN 4 183 thousand. (EUR 926 thousand), which became effective retrospectively on 30 June 2021.

Selected indicators of Investment Friends Capital SE:

Indicators	30/06/2021	30/06/2020
Assets (in thous. EUR)	4 744	4 620
Return on Assets (ROA)	2,91%	-2,80%
Equity (in thous. EUR)	4 740	4 614
Return on equity (ROE)	2,91%	-2,80%
Net profitability	90%	-42%
Debt ratio	0,08%	0,12%
Net profit (in thous. EUR)	138	-130

Shares	30/06/2021	30/06/2020
Price per share (EUR)	0,79	0,14
Earnings per share (EUR)	0,03	-0,01
Price-to-profit ratio (P/E)	27,7	-16
Book value per share (EUR)	0,95	0,31
Price-to-book value (P/BV) ratio	0,81	0,45
Current liquidity ratio	102	553
Market capitalization (in thous. EUR)	3 954	2 102

Return on Assets = Net Profit / Total Assets

Return on equity = net profit / equity



FINANCIAL STATEMENT OF
INVESTMENT FRIENDS CAPITAL SE
FOR THE YEAR ENDED 30/06/2021

/in thous. EUR/

Net profitability = net profit (loss) / sales revenues

Debt ratio = liabilities / total assets

Earnings per share = net profit / number of shares

Current liquidity ratio = current assets / short-term liabilities

Price-to-earnings (P/E) ratio = market cap / net profit

Price-per-share = market cap / number of shares

Book value per one share = total equity / number of shares

Price-to-book value (P/BV) ratio = market cap / book value

Market capitalization = price per share * number of shares



IV. CORPORATE GOVERNANCE REPORT

Indication of the set of corporate governance rules to which Investment Friends Capital SE is subject and places where the text of the set of rules is publicly available.

The Company's statement regarding the compliance with the Best Practice for WSE Listed Companies 2016 and Corporate Governance Principles is available on the Company's website www.ifcapital.pl, in the "Regulations" section, the "Good practices" tab on corporate governance. At the same time, the Company explains that in the reporting period it did not apply any good corporate governance practices other than those listed below, including those that go beyond the legal requirements.

Indication of the extent to which the Company departed from the Corporate Governance Principles along with an indication of these principles and the reasons for the withdrawal.

In the reporting period regarding Good Practices, the Company did not apply some specific principles of Code of Best Practise for WSE Listed Companies because some of the rules do not apply to Company.

During the reporting period, in the scope of Good Practices, the Company did not apply 3 recommendations: III.R.1., IV.R.2., VI.R.1.

Information on the state of compliance with the recommendations by the company and principles contained in the Code of Best Practice for WSE Listed Companies 2016.

I. Information policy and communication with investors

A listed company ensures proper communication with investors and analysts, conducting a transparent and effective information policy. For this purpose, it provides easy and non-discriminatory access to the information disclosed using a variety of communication tools.

Recommendations

I. R.1 In a situation where the company becomes aware of the dissemination of false information in the media, which is affect its assessment, and immediately after becoming aware of it, it publishes a message on its website containing a position on this information - unless, in the company's opinion, the nature of the information and its circumstances publications give grounds to consider adopting another solution as more appropriate.

Company's comment : In the reporting period, the Company did not conduct any activities in this area.

I.R.3. The Company should enable investors and analysts to ask questions and obtain - taking into account the prohibitions arising from applicable law - explanations on topics of interest to these people. This recommendation may be implemented in the form of open meetings with investors and analysts or in another form provided by the Company.



Company's comment : *The Company provides explanations within the limits permitted by law for all queries of shareholders and investors. The Company conducts electronic communication with investors. Open meetings with investors and analysts are not organized because there is no interest in this form of obtaining information about the Company by investors.*

I.R.4. The Company should endeavour, including taking all necessary steps in advance to prepare a periodic report, to enable investors to become familiar with its financial results as soon as possible after the end of the reporting period.

Company's comment : *The Company makes its best effort in order to publicize periodical reports in possibly shortest time after the end of a reporting period.*

Detailed rules (the Company followed next rules)

I.Z.1. The Company operates a corporate website and publishes on it, in a legible form and in a separate place, in addition to information required by law:

I.Z.1.1. Basic corporate documents, in particular the Company's articles of association,

I.Z.1.2. The composition of the management board and supervisory board of the Company and the professional CVs of the members of these bodies

I.Z.1.3. Division of tasks and responsibilities among Members of the Management Board, prepared in accordance with principle II.Z.1,

I.Z.1.4. The current shareholding structure, indicating shareholders holding at least 5% of the total number of votes in the company - based on information provided to the company by shareholders in accordance with applicable regulations,

I.Z.1.5. Current and periodic reports as well as issue prospectuses and information memoranda with annexes, published by the Company within at least the last 5 years,

Company's comment : *The Company's Management Board is one-man and in accordance with the Articles of Association is responsible for all areas of the Company's operations.*

I.Z.1.8. statements of selected financial data of the company for the last 5 years of activity, in a format enabling processing of these data by their recipients,

Company's comment : *The Company discloses in the form of periodic reports information on the Company's financial results and selected financial data. This information is also available on the Company's website.*

I.Z.1.11. information about the content of the company's rule regarding changing the entity authorized to audit financial statements, or about the lack of such a rule

Company's comment : *The Company complied with the rules of changing the entity authorized to audit financial statements resulting from generally applicable regulations.*

I.Z.1.13. information on the state of adopting of the recommendations and principles contained in this document by the company, consistent with the information which the company should provide in this respect on the basis of relevant provisions



Company's comment : *The Company publishes on an ongoing basis information on the adopting of the principles and recommendations contained in the Good Practices of Stock Exchange Listed Companies through the EBI system.*

I.Z.1.19. Shareholder's questions addressed to management board pursuant to art. 428 § 1 or § 6 of the Commercial Companies Code with management board's answers to asked questions, or a detailed indication of the reasons for not providing the answer, in accordance with the rule IV.Z.13,

Company's comment: *Despite the fact that the Company is subject to the Estonian Commercial Code, it also applies art. 428 § 1 or § 6 of the Commercial Companies Code to which Polish commercial companies are subject.*

II. Management Board and Supervisory Board

A listed company is managed by the Management Board, its Members act in the interest of the company and are responsible for its activities. The Management Board includes, in particular, leadership in the company, commitment to setting its strategic goals and their implementation, as well as ensuring the company efficiency and security. The company is supervised by an effective and competent Supervisory Board. Members of the Supervisory Board act in the interest of the Company and are guided by the independence of their own opinions and judgements. The Supervisory Board in particular issues opinions on the Company's strategy and verifies the work of the management board in achieving strategic goals and monitors the results achieved by the Company.

Members of the Management Board are appointed by the Members of the Supervisory Board and Members of the Supervisory Board are elected by the company's general meeting of shareholders. The Management Board Member may be dismissed by the Supervisory Board, and Supervisory Board Members may be dismissed by the general meeting of shareholders. The Member of the Management Board of the Company is not authorized to issue and repurchase shares.

Management Board:

- Damian Patrowicz – the only member of the Management Board of the Company

Supervisory Board:

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

TOTAL NUMBER OF ALL SHARES (STOCKS) OF THE COMPANY AND SHARES IN RELATED ENTITIES OF THE COMPANY OWNED BY THE MANAGING AND SUPERVISING PERSONS OF THE COMPANY

- **Members of the Management Board**

As at the balance sheet date 30/06/2021 and as at the date of submitting the periodical report, the Chairman of the Management Board Mr. Damian Patrowicz owns indirectly shares of the



Company. Mr. Damian Patrowicz owns indirectly via his subsidiary Patro Invest OÜ, 3 488 016 shares of Investment Friends Capital SE, constituting 69,69% of the share capital of the Company and granting 3 488 016 votes constituting 69,69% of votes at the General Meeting of the Company.

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

According to the knowledge of the Management Board of Investment Friends Capital SE, Members of the Supervisory Board do not own directly and indirectly shares of the Company as at the balance-sheet date and as at the date of submitting of the periodical report.

II.R.1 In order to achieve the highest standards in the scope of the company's management and supervisory board performance duties and fulfilling them in an effective manner, persons representing high qualifications and experience are appointed to the management board and the supervisory board.

II.Z.2 The presence of members of the company's management board on the management or supervisory boards of companies outside the company's group requires the consent of the supervisory board.

II.Z.5. A supervisory board member provides other members of the board and the company's management board with declaration of compliance with the independence criteria specified in principle II.Z.4.

II.Z.6. The supervisory board assesses whether there are any relationships or circumstances that may affect the fulfillment of the independence criteria by a given board member. The assessment of compliance with the independence criteria by members of the supervisory board is presented by the board in accordance with principle II.Z.10.2.

II.Z.9. In order to allow the supervisory board to realize its tasks, the management board of the company access to information about the Company's matters

II.Z.10. Apart from activities resulting from provisions of the law, once a year the supervisory boards prepared and present to the general meeting:

II.Z.10.1 assessment of the Company's situation with reference to assessment of the internal control systems, risk management; this assessment involves also all important mechanisms of control, especially those regarding financial reporting and operating activity.

II.Z.10.2. report on the supervisory board's activity includes at least information about: - composition of the supervisory board and its committees, - meeting by members of the supervisory board the criteria of independence, - amount of the supervisory board's meetings and its committees in the reporting period, - self-assessment of the supervisory board's activity;

II.Z.10.3. assessment of the manner in which the Company complies with information obligations regarding the application of corporate governance principles set out in the Stock



Exchange Regulations and provisions regarding current and periodic information provided by issuers of securities;

Company's comment : The Supervisory Board of the Company, since the entry into force of the Best Practices of WSE Listed Companies 2016, will prepare additional information on this matter.

II.Z.11. Supervisory Board considers and assesses issues which are going to be subject of the general meeting resolutions.

III. Internal systems and functions

A listed Company maintains effective systems: internal control, risk management and supervision of compliance with the law appropriate to the size of the company and the type and scale of operations.

III.Z.1. The Company's Management Board is responsible for the implementation and maintenance of effective internal control, risk management.

Company's comment : The Company uses internal systems appropriate to the size of the Company and the type and scale of its operations.

III.Z.5. The Supervisory Board monitors the effectiveness of the systems and functions referred to in principle III.Z.1, based, inter alia, on reports periodically provided to it directly by persons responsible for these functions and the Company's Management Board, as well as an annual assessment of the effectiveness of these systems and functions, in accordance with principle II.Z.10.1.

Company's comment : The Supervisory Board has ongoing control over all areas of the Company's operations.

IV. General meeting and relations with shareholders

The Management Board of a listed company and its Supervisory Board should encourage shareholders to engage in the affairs of the Company, which is primarily expressed by active participation in the general meeting. The general meeting should meet with respect for the rights of shareholders and strive to ensure that the adopted resolutions do not violate the legitimate interests of individual groups of shareholders. Shareholders participating in the general meeting exercise their rights in a manner that does not violate decency.

A resolution on amendment of the articles of association shall be adopted if at least two-thirds of the votes represented at a general meeting are in favour according to § 300 Commercial Code.

During the financial year 2020/2021 there were two General Meetings of Shareholders of Investment Friends Capital SE:

On 30/11/2021 there was present only one shareholder of Investment Friends Capital SE - Patro Invest OU. During this meeting, the most important resolutions that were voted on were the bonus issue and share split (change of the book value of shares without changing the share capital). According to the Estonian law the Ariregister (Commercial Companies Register) registered the changes to the Articles of Association of the Company resulting from the resolutions adopted at the Ordinary General Meeting of Shareholders on 30/11/2020. On 11/12/2020, bonus issue was



registered in such a way that the share capital increased by 8 408 944 from EUR 2 102 236 to EUR 10 511 180. The share capital increased at the cost of supplementary capital in the amount of EUR 8 408 944. The share split operation was also registered in such a way that the number of shares increased from 15 015 972 to 105 111 804 by changing the book value per share from EUR 0,7 to EUR 0,1 without changing the share capital.

On 20/03/2021 there was also present only one shareholder of Investment Friends Capital SE - Patro Invest OU. During this meeting, the most important resolutions that were voted on were the resplit of shares (change of the book value of shares without changing the share capital) and decrease of share capital. On 9/04/2021, the re-split operation was registered in such a way that the number of shares decreased from 105 111 804 to 5 005 324 by changing the book value per share from EUR 0,1 to EUR 2,1 without changing the share capital. On 29/06/2021, a reduction of the share capital by EUR 10 010 648 was registered from EUR 10 511 180 to EUR 500 532 by reducing the nominal value of one share from EUR 2,1 to EUR 0,1. The number of shares did not change.

The direct shareholder is Patro Invest OÜ headquartered in Tallinn that owns 69,69% contribution in the share capital and 69,69% votes at the general Meeting of Shareholders of the Company as at 30/06/2021

Structure of direct shareholding as at 30/06/2021

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	3 488 016	69,69	3 488 016	69,69
X	Total	5 005 324	100,00	5 005 324	100,00

Structure of indirect shareholding as at 30/06/2021

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	3 488 016	69,69	3 488 016	69,69

* Damian Patrowicz owns 100% of Patro Invest OU

According to the information presented in the 2019/2020 year, the structure of direct and indirect shareholders holding at least 5% of the total number of votes at the General Meeting was as follows:

Structure of direct shareholding as at 30/06/2020

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	10 339 380	68,86%	10 339 380	68,86%
X	Total	15 015 972	100,00%	15 015 972	100,00%

Structure of indirect shareholding as at 30/06/2020

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	10 339 380	68,86%	10 339 380	68,86%

* Damian Patrowicz owns 100% of Patro Invest OU



IV.Z.4. If the management board receives information about the convening of the general meeting by a shareholder, the management board shall immediately perform the activities which it is obliged to perform in connection with the organization and conduct of the general meeting.

V.Z.5.Regulations of the general meeting as well as the manner of conducting the meeting and adopting resolutions may not obstruct the participation of shareholders in the general meeting and the exercise of their rights. Changes in the rules of the general meeting should apply at the earliest from the next general meeting.

IV.Z.6. The Company makes every effort to ensure that the cancellation of the general meeting, changing the date or ordering a break in the meeting do not prevent or restrict shareholders from exercising their right to participate in the general meeting.

Company's comment : *The Company indicates, however, that decisions regarding the announcement of a break in the General Meeting are made only by shareholders and the Chairman of the General Meeting.*

IV.Z.9. The Company strives to make the draft resolutions of the general meeting justify if it makes it easier for the shareholders to pass the resolution with due consideration. If the matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or chairman of the general meeting asks for justification of the proposed resolution. In important matters or likely to raise doubts of shareholders, the company will provide a justification, unless it otherwise provides shareholders with information that will ensure that the resolution is taken with due consideration.

Company's comment: *The Management Board will seek publication of key business reasons for the draft resolutions of the General Meetings.*

IV.Z.10 The exercise of shareholders' rights and the manner in which they exercise their rights may not lead to hindering the proper functioning of the company's bodies.

IV.Z.11. The members of the management board and the supervisory board participate in the general meeting in the composition allowing for substantive answers to questions asked during the general meeting.

Company's comment : *The members of the Company's governing bodies make efforts to participate in the General Meeting, however, due to the fact that the General Meetings of the Company are held repeatedly upon request or within the deadlines set by the shareholders, it is difficult to ensure the participation of the members of the bodies in the General Meeting.*

IV.Z.12. The Management Board should present to the participants of an ordinary general meeting the financial results of the company and other significant information included in the financial statements being subjected into approval by the general meeting.



IV.Z.13. In case of notification by a shareholder a request for information about the company, not later than within 30 days, the Management Board is obliged to answer the request of a shareholder or inform them about refusal of providing such an information.

IV.Z.14. Resolutions of the general meeting should ensure that the necessary time intervals are determined between decisions causing specific corporate events and the dates on which the rights of shareholders resulting from such corporate events

The Company's comment : However, the Company indicates, that decisions regarding the content of resolutions of the General Meeting are taken only by shareholders

IV.Z.15. The resolution of the general meeting regarding the issue of shares with pre-emptive rights should specify the issue price or the mechanism for determining it, or oblige the body authorized to set it before the pre-emptive right day, within the time enabling the investment decision to be taken

The Company's comment : However, the Company indicates, that decisions regarding the content of resolutions of the General Meeting are taken only by shareholders.

IV.Z.18. The resolution of the general meeting on the split of the nominal value of shares should not set a new nominal value of shares at a level lower than 0.50 PLN, which could result in a very low unit market value of shares, which could threaten the correctness and credibility of the quotation of a company listed on the stock exchange

V. Conflict of interests and transactions with related entities

For the purposes of this chapter, the definition of a related party set out in international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards is adopted. The company should have transparent procedures for preventing conflicts of interest and entering into transactions with related entities in the conditions of a possible conflict of interest. Procedures should provide ways to identify, disclose and manage such situations.

Recommendations

V.R.1. A member of the management board or supervisory board should avoid taking the professional or beyond professional activity which could lead to incurring of a conflict of interest or negatively influence his/her reputation as a member of the company's governing body, and in case of incurring of the interest's conflict, he/she shall disclose it.

The principle was applied.

Detailed rules

V.Z.1. Any shareholder should be privileged in relation to other shareholders in the scope of transactions concluded by the company with shareholders or their related entities.



Company's comment : *The Management Board indicates that due to the shareholding structure and the Company's profile, transactions with the Company's leading shareholder are and may be concluded, which does not mean that its position in this area is privileged.*

V.Z.2. Member of the Management Board or of the Supervisory Board informs accordingly the Management Board or the Supervisory Board about occurred conflict of interests or about the possibility of its arising and does not participate in voting on a resolution on a matter, in which a conflict of interest may arise in relation to it.

Company's comment : *During the voting of some resolutions, a member of the Management Board or Supervisory Board is informed that he may withdraw from voting in the event of a conflict of interest.*

V.Z.3. Member of the Management Board or of the Supervisory Board can not take advantages, which could affect his impartiality and objectivity in making decisions or cast a negative impact on the assessment of the independence of his opinions and judgements.

Company's comment : *A member of the Supervisory Board or a Member of the Management Board at the time of their election undertakes to be impartial and objective in their actions*

V.Z.4. If a member of the Management Board or the Supervisory Board recognize that a decision of the Management Board or of the Supervisory Board, respectively, is contrary to the interests of the Company, the member can request that its position on this matter be included in the protocol.

V.Z.5. Before concluding significant agreement by the Company with a shareholder holding at least 5% of the total number of votes in the company or with related entity, the Management Board asks the Supervisory Board for consent for the transaction. Before giving the consent, the Supervisory Board assesses the impact of the transaction on the company's interest. The above obligation does not apply to typical transactions and those concluded on market terms as part of the company's operating activities with entities that are part of the company's capital group. In the case when the decisions on concluding significant agreement with related entities is made by the General Meeting, before making the decision, the company shall provide all shareholders with access to information necessary to assess the impact of this transaction on the company's interest.

V.Z.6. The Company specifies in its internal regulations the criteria and circumstances, in which a conflict of interests in the company can occur, as well the principles of procedure in the face of conflict of interests or the possibility of this occurrence. The Company's internal regulations include, inter alia, ways of preventing, identifying and resolving conflict of interest, as well as the rules for excluding a member of the Management Board or the Supervisory Board from participating in the consideration of an issue covered or threatened by a conflict of interest.

VI. Remuneration

The company has a remuneration policy at least for members of the company's governing bodies and key managers.



Company's comment: *Due to the size of the Company, organizational structure and scope of activity in the Company, the "remuneration policy" document has not been prepared. Remuneration for individual members of the Company's bodies, including tasks assigned for execution and evaluation of their implementation, determines the Supervisory Board for the Management Board, and for the Supervisory Board Members - Meeting of the Company's Shareholders.*

DESCRIPTION OF THE MAIN FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF THE PREPARATION OF THE FINANCIAL STATEMENTS

Due to the simplified structure and relatively limited number of financial risks, the Company's Management Board has not developed and introduced a written procedure of the internal control system and risk management in the scope of preparing financial statements, however the Company with the utmost diligence approaches the issue of financial reporting.

The Management Board of the Company is responsible for the internal control system in the Company and its effectiveness in terms of the correctness of preparing financial statements and periodical reports. Financial statements and periodic reports are prepared based on financial data from the financial and accounting system, where they are recorded in accordance with the principles of the adopted accounting policy in accordance with the Accounting Act. The control of the correctness of preparation of periodic financial statements takes place thanks to annual financial audits carried out by independent auditors.

In the reporting period, the financial report was prepared by a professional entity – the auditing office of the „Galex” auditor providing accounting services for the Company on the basis of an outsourcing agreement.

By using the services of a specialized office, the Management Board was provided with ongoing external consultancy in the area of consulting any problems related to the correctness of drawing up mandatory financial statements, including quarterly, semi-annual and annual financial statements and tax issues.

RESTRICTIONS AND AGREEMENTS RELATING TO VOTING RIGHTS, AND WHETHER PREFERRED SHARES HAVE VOTING RIGHTS, INCLUDING THE RESTRICTION OF VOTING RIGHTS BY A CERTAIN PERCENTAGE OF THE HOLDING OR A CERTAIN NUMBER OF VOTES, THE TERMS SET FOR THE USE OF THE VOTING RIGHTS OR SYSTEMS IN WHICH THE MONETARY RIGHTS RELATED TO THE SECURITIES AND OWNERSHIP OF THE SECURITIES HAVE BEEN SEPARATED FROM EACH OTHER IN COOPERATION WITH THE COMPANY

Such restrictions do not apply to the Company's shares.

INDICATION OF ALL RESTRICTIONS REGARDING THE TRANSFER OF OWNERSHIP OF THE COMPANY'S SECURITIES

There are no such restrictions.



V. FINANCIAL STATEMENTS

1. Balance sheet

BALANCE SHEET	Notes	30/06/2021 (in thous. EUR)	30/06/2020 (in thous. EUR)
Assets			
Fixed assets		4 337	1 300
Long-term financial assets	2	4 337	1 300
Current assets		407	3 320
Short-term financial assets	2	402	3 299
Short-term accruals		0	1
Cash and cash equivalents	3	5	20
Total assets		4 744	4 620
Equity			
Share capital	4	500	2 102
Share premium		10 420	8 818
Other reserves		56	56
Exchange differences		-330	-318
Retained earnings		-5 906	-6 044
Total equity		4 740	4 614
Liabilities			
Short-term liabilities		4	6
Trade liabilities		1	2
Other provisions		3	4
Total liabilities		4	6
Total liabilities and equity		4 744	4 620
Book value of equity		4 740	4 614
Number of shares	5	5 005 324	15 015 972
Book value per one share (in EUR)	5	0,95	0,31

Notes on pages 27-48 are an integral part of the financial statements.



2. Statement of profit or loss

STATEMENT OF PROFIT OR LOSS	Notes	Period 01.07.2020 - 30.06.2021 (in thous. EUR)	Period 01/01/2019 – 30/06/2020 (in thous. EUR)
Revenue from interest	6	152	309
Gross profit (loss) on sales		152	309
General management costs	7	-16	-25
Other operating income		2	1
Other operating costs		0	-4
Profit (loss) on operating activities		138	281
Financial income		0	3
Financial costs		0	-414
Profit (loss) before income tax		138	-130
Profit (loss) for the period		138	-130
Number of ordinary shares		5 005 324	15 015 972
Profit (loss) per one ordinary share (in EUR)		0,03	-0,01

Notes on pages 27-48 are an integral part of the financial statements.

3. Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME	Period 01/07/2020 – 30/06/2021 (in thous. EUR)	Period 01/01/2019 – 30/06/2020 (in thous. EUR)
Profit (loss) for the period	138	-130
Other comprehensive income (loss), including:	-12	-150
Exchange differences	-12	-150
Total comprehensive income (loss) for the period	126	-280
Basic earnings per share (in EUR)	0,03	-0,02
Diluted earnings per share (in EUR)	0,03	-0,02

Notes on pages 27-48 are an integral part of the financial statements.



4. Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	30/06/2021 (in thous. EUR)	30/06/2020 (in thous. EUR)
Opening balance of equity	4 614	4 894
Opening balance of share capital	2 102	2 102
changes in share capital	-1 602	0
a) increases due to bonus issue	8 409	0
b) decreases (due to) decrease of the nominal value of shares	-10 011	0
Closing balance of share capital	500	2 102
Opening balance of share premium	8 818	8 818
Changes in share premium	1 602	0
a) increases due to decrease of the book value of shares	10 011	0
b) decreases due to share capital increase	-8 409	0
Closing balance of share premium	10 420	8 818
Opening balance of revaluation capital	0	-1 371
changes of revaluation capital	0	1 371
a) increases due to transfer to unsettled result	0	1 371
Closing balance of revaluation capital	0	0
Opening balance of capital from merger of entities	0	-3
changes in capital from mergers of companies	0	3
a) increases due to transfer to unsettled result	0	3
Closing balance of capital from merger of entities	0	0
Opening balance of other reserves	56	56
Closing balance of other reserves	56	56
Opening balance of Retained earnings	-6 044	-4 540
changes of Retained earnings	138	-1 504
Increase / decrease due to profit/loss for the period	138	-130
Decrease (due to)	0	-1 374
a) transfer of revaluation capital	0	-1 371
b) transfer of capital from a merger of entities	0	-3
Closing balance of Retained earnings	-5 906	-6 044
Opening balance of exchange differences	-318	-168
Changes of exchange differences	-12	-150
Closing balance of exchange differences	-330	-318
Closing balance of equity	4 740	4 614

Notes on pages 27-48 are an integral part of the financial statements.



5. Cash flow statement

CASH FLOW STATEMENT (indirect method)	Notes	Period 01/07/2020 – 30/06/2021 (in thous. EUR)	Period 01/01/2019 – 30/06/2020 (in thous. EUR)
Operating activities			
Net profit (loss)		138	-130
Adjustments:			
Interest and share in profit (dividends)		66	-137
(Profit) loss on investing activities		0	414
Granted loans	8	-4 853	-3 584
Repayments received	8	4 599	3 094
Changes in liabilities		-1	-2
Net cash flows (outflow) from operating activities		-51	-345
Investing activities			
Inflows from investing activities		0	339
Sale of real estate investments and intangible assets		0	338
Sale of financial assets		0	1
Net cash flows (outflows) from investing activities		0	339
Exchange differences		36	0
Net cash flows (outflows) total		-15	-6
Change in cash balances		-15	-6
Cash balance at the beginning of the period		20	26
Cash balance at the end of the period		5	20

Notes on pages 27-48 are an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

EXPLANATORY NOTE TO THE SEPARATE FINANCIAL STATEMENT OF FINANCIAL SITUATION

Note 1 The principles applied for preparation of the financial statements

The basis for the preparation of the financial statements

Investment Friends Capital SE financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

The statements have been prepared on the assumption that the Company will continue as going concern in the foreseeable future. As at the date of the financial statements, there are no circumstances that would indicate a threat to the continued business activity of the Company.

The Company applies superior principles of valuation based on the historical purchase, purchase or production price, except for some financial assets which, in accordance with IFRS, were measured at fair value.

The original financial statements of the Company has been prepared is English. In case of the conflict with Polish or Estonian, the English version shall prevail.

Functional and reporting currency

The functional currency of the Company is Polish zloty (PLN) and reporting (presentational) currency of the Company is euro (EUR). The financial statements are presented in EUR thousand.

Balance sheet items are calculated according to the exchange rate announced by the European Central Bank as at the balance sheet day.

Items in the statement of profit or loss and in the cash flow statement are converted at the exchange rate being the arithmetic average exchange rates announced by the European Central Bank.

Changes in the applied accounting principles

When preparing these financial statements, the Company did not change any previously applied accounting principles in relation to the previous periods.

New standards and interpretations

The Company will apply new standards, amendments to standards and interpretations of IFRS published by the International Accounting Standards Board, but not effective as at the reporting date, according to their effective date and in the scope regarding to the Company's operation.



The Company is constantly monitoring the changes to new standards and interpretations of existing standards. The Company intends to analyze the impact of the changes to new standards and apply the amended standards once they have been adopted by the European Union. Currently, no additional new standards or their amendments have been adopted that would become effective in the future.

Valuation of financial assets and liabilities

The Company classifies its financial assets to the following categories:

- measured at amortized cost,
- measured at fair value through other comprehensive income,
- measured at fair value through profit or loss,

The classification is made upon the initial recognition of the assets. The classification of debt financial assets depends on the financial asset management business model and the contractual cash flow characteristics (SPPI-Solely Payment of Principal and Interest test) for the financial asset.

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

Financial assets are measured at amortized cost using the effective interest rate method, taking into account impairment. Trade receivables with a maturity of less than 12 months from the date of their origination are not discounted and are measured at their nominal value.

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

Profits and losses on a financial asset classified as measured at fair value through profit or loss are recognized in profit or loss in the period in which they arise (including interest and dividend income).

The Company classifies its financial liabilities into the following categories:

- measured at amortized cost,
- measured at fair value through profit or loss,
- hedging financial instruments.

Liabilities at amortized cost include liabilities other than liabilities at fair value through profit or loss (e.g. for supplies and services, loans and credits), except for:

- financial liabilities that arise in the event of a transfer of financial assets that does not qualify for derecognition,
- financial guarantee contracts that are valued at the higher of:
 - the amount of the allowance for expected credit losses determined in accordance with IFRS 9
 - the amount initially recognized (i.e. the fair value plus transaction costs that can be directly

attributed to the financial liability component) less about the cumulative amount of income recognized in accordance with the principles of IFRS 15 Revenue from Contracts with Customers. Liabilities due to derivative instruments not designated for the purposes of hedge accounting are classified as liabilities at fair value through profit or loss.



Impairment of financial assets

In accordance with IFRS 9, financial assets measured at amortized cost. This approach is based on the determination of expected losses, regardless of whether the indications occurred or not. The Company uses the following models for determining impairment losses:

- general (basic) model,
- simplified model.

In the general model, the Company monitors changes in the level of credit risk associated with a given financial asset.

In the simplified model, the Company does not monitor changes in the credit risk level over the life of the instrument, it estimates the expected credit loss until the maturity date of the instrument. For the purpose of estimating the expected credit loss, the Company uses:

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

The Company considers that the event of insolvency is the contractor's failure to meet its obligations after 90 days from the due date.

The Company takes into account future information in the parameters of the expected loss estimation model by adjusting default probability coefficients (for receivables) or by calculating the default probability parameters based on current market quotes (for other financial assets).

The Company uses a simplified model for calculating impairment losses on trade receivables. The general model is applied to other types of financial assets, including debt financial assets measured at fair value through other comprehensive income.

Impairment losses for debt financial instruments measured at amortized cost (at the initial recognition date and calculated for each subsequent day ending the reporting period) are recognized in other operating expenses. Profits (reversal of write-offs) from the reduction of the expected value of impairment are recognized in financial revenues.

For purchased and created financial assets that are impaired due to credit risk, at the moment of initial recognition, favorable changes in expected credit losses are recognized as an impairment gain in other operating income.

Impairment losses for debt financial instruments measured at fair value through other comprehensive income are recognized in other operating expenses in correspondence with other comprehensive income. Gains (reversal of write-offs) on the reduction of the expected credit loss value are recognized in other operating income.

Professional judgment

If a given transaction is not regulated by any standard or interpretation, the Management Board, guided by a subjective judgment, determines and applies accounting policies that will ensure that the financial statements will contain correct and reliable information and will:

- correctly, clearly and fairly present the property and financial situation of the Company, the results of its activities and cash flows,
- reflect the economic content of the transaction,



- objective,
- prepared in accordance with the principle of prudent valuation,
- complete in all material respects.

When valuating the loans, the debtor's solvency is taken into account. We take into account the risk of non-repayment. If there is no risk of repayment, we value the loans at their nominal value. There are conducted proper analysis.

The Management Board makes decisions taking into account all the potential consequences of its decisions. Hence, the decision-making process is based on multi-stage analyzes of, inter alia, borrowers' collaterals.

Uncertainty of estimates

When applying the accounting principles in force in the Company, the Management Board is obliged to make estimates, judgments and assumptions regarding the amounts of valuation of individual assets and liabilities. The estimates and related assumptions are based on historical experience and other factors considered relevant. The actual results may differ from the adopted estimated values. The preparation of the financial statements requires the Management Board of the Company to make estimates, as much of the information contained in the financial statements cannot be measured precisely. The Management Board verifies the adopted estimates based on changes in the factors taken into account when making them, new information or past experiences. Therefore, the estimates made as at June 30, 2021 may be changed in the future.

In the report for 2020/2021, the Management Board assesses that there are no other significant areas with regard to which there is a risk related to uncertainty of estimates.

Trade and other receivables

Trade receivables with maturities usually from 30 to 90 days are recognized at the amounts initially invoiced, less allowances for bad debts. The write-downs of bad debts are estimated when the recovery of the full amount is no longer probable. The amounts of created write-downs updating the value of receivables are referred respectively to other operating costs or to financial costs - depending on the type of receivable to which the write-off relates.

An impairment loss on trade receivables is calculated on the basis of expected credit losses over the life of the financial instrument. The Company estimates the expected credit losses related to trade receivables using an individual approach. The Company regularly reviews the methodology and assumptions used to estimate expected credit losses to reduce any differences between the estimates and actual data on credit losses. Changes in impairment losses are recognized in the profit and loss account and classified as other operating expenses or financial expenses, depending on the type of receivable to which the impairment loss relates. The Company creates write-offs updating the value of accrued doubtful interest at the moment of their charging. Interest income is recognized in the period to which it relates using the effective interest rate method.



Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short-term deposits with an original maturity not exceeding three months.

Cash flow statement: preparation principles:

The Company prepares the cash flow statement using the indirect method whereby profit or loss is adjusted for the effects of non-cash transactions, for active and passive accruals related to past or future cash inflows or payments from operating activities, and for income and expense items related to cash flows from investing activities or financial.

Share premium

The differences between the fair value of the payment received and the nominal value of shares are recognized in the share premium. In the event of buyout of shares, the amount paid for the shares is charged to equity and is disclosed in the balance sheet under equity.

The costs of issuing shares, incurred when establishing a joint-stock company or increasing the share capital, reduce the entity's supplementary capital to the amount of the excess of the issue value over the par value of the shares, and the remaining part is classified as financial costs.

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of shares during the period, while also taking into account the number of shares that can be issued with a potentially dilutive effect.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue amount can be reliably measured. The following criteria are used to determine revenue:

Sale of goods and products

Revenues are recognized when the significant risks and rewards of ownership of goods and products have been transferred to the buyer and when the amount of revenues can be reliably estimated.

Interest

Interest income is recognized successively as it increases.



Income tax

Tax charges include current taxation with corporate income tax. The current tax liabilities are determined on the basis of the currently applicable tax regulations and the determined taxable income.

Income tax in Estonia

According to the Income Tax Act entered into force in Estonia at 1 January 2000, it is not the company's profits that are taxed but net dividends paid. Income tax is paid on dividends, fringe benefits, gifts, donations, costs of reception of guests, non-business payments and transfer price adjustments. The effective income tax rate is 20/80 (2020: 20/80) on net dividends paid out. Starting from 2019, it is possible to apply a more favorable tax rate on dividend payments (14/86). The more favorable tax rate can be applied to a dividend distribution that amounts to up to three preceding years' average dividend distribution that has been taxed at 20/80 rate. In calculating the average dividend payment for the three preceding financial years, 2018 is first year to be considered.

The Company is subject to the Estonian tax system since 30/11/2018.

Contingent assets and liabilities

The Company doesn't have any contingent assets.

A contingent liability is:

- a possible obligation that may arise as a result of past events, the fulfillment of which will be confirmed only at the time of occurrence or non-occurrence of one or more future events beyond the control of the Company,
- a present obligation, which arises as a result of past events, but is not recognized in the financial statements, because the amount of the obligation cannot be reliably determined or it is not probable that it will be necessary to spend funds in order to meet the obligation.

In the opinion of the Company's Management Board, potential contingent liabilities described in Note 13 do not require additional disclosure.

Related entities

For the purposes of the financial statements, related entities include: significant shareholders, subsidiaries, associates and jointly controlled companies, members of the Management Boards and



Supervisory Boards of the Group companies, their immediate families and entities controlled by them.

SIGNIFICANT FACTORS OF RISKS.

The main types of risk arising from the Company's financial instruments include interest rate risk, liquidity risk, credit risk and risk related to financial securities. The Management Board is responsible for establishing of the risk management rules and supervising of its respecting. 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.

➤ *Liquidity risk*

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

➤ *Credit risk*

(a) Credit risk assessment - credit risk represents a potential loss that could arise if a Company's counterparty in a transaction is unable to meet its contractual obligations and provide cash flows. Credit risk is mainly related to loans granted by the Company, cash and cash equivalents, deposits, trade receivables.

The scope of the Company's credit risk is most affected by the specific circumstances of each customer. At the same time, the Company's management also follows the general circumstances such as the legal status of the client (private or public company), the geographical location of the client, the field of operation, the state of the economy and future economic forecasts. To reduce the credit risk, customers' payment discipline and their ability to meet their commitments are monitored daily.

(b) Credit quality of financial assets - the Company uses a simplified approach to measure expected credit losses under IFRS 9, applying lifetime expected credit losses to all trade receivables and contract assets. Historical loss rates are adjusted to include both current and future information about the macroeconomic factors, which may have impact on the ability of customers to pay the receivables. Based on the principles described above the impact of impairment losses on the cash and cash equivalents 30 June 2021 was immaterial.



The maturity dates of the assets as at 30/06/2021

30/06/2021	Maturity dates				
In thous.EUR	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Cash and cash equivalent	5	5	0	0	0
Loans granted	4 739	402	3 400	926	11
Total	4 744	407	3 400	926	11

The maturity dates of the assets as at 30/06/2020

30/06/2020	Maturity dates				
In thous.EUR	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Cash and cash equivalent	20	20	0	0	0
Loans granted	4 600	3 300	0	1 300	0
Total	4 620	3 319	0	1 300	0

Entities to which the Issuer provides financing are related entities, therefore there is no particular type of control. Related entities received loans to invest in the capital market or grant further loans.

➤ ***Risk related to the shareholding structure***

As at the date of the report (30/06/2021) 69,96% share capital and 69,96% votes at the Company's General Meeting belong directly to Patro Invest OÜ, as a result of which the above Shareholder has a significant impact on the resolutions adopted at the Company's General Meeting

➤ ***Risk related to the economic situation in Poland***

The economic situation in Poland has a significant impact on the financial results achieved by all entities operating in these countries, including the Company, because the success of the development of companies investing in financial instruments and conducting financial service activities largely depends, inter alia, on the conditions of conducting business activity;

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

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



➤ ***Risk related to ties between members of the Company's bodies***

There are interpretations indicating the possibility of risk arising from the negative impact of links between members of the Company's bodies on their decisions. This applies in particular to the impact of these ties on the Company's Supervisory Board in the scope of ongoing supervision over the Company's operations. When assessing the likelihood of such risk, it should be considered that the supervisory bodies are subject to the control of another body - the General Meeting, and it is in the interest of the members of the Supervisory Board to perform their duties in a reliable and lawful manner.

➤ ***Currency risk***

There is a currency risk in connection with the loans granted in PLN. The risk related to the possibility of fluctuations in the exchange rate of one currency in relation to another may lead to both deterioration of the financial situation of the entity and its improvement as a result of a decrease in a given receivable or an increase in this receivable. Financial assets and liabilities nominated in euros and polish zloty did not carry considerable risk.

➤ ***Interest rate risk***

At the balance sheet date, the interest rate structure of the Company's interest-bearing financial instruments were as follows:

	Interest rate	Fixed/Variable interest rate
Damar Patro UU	2,5%	Fixed
Patro Invest OU	2,7%	Fixed
Natural person	10%	Fixed
Natural person	10%	Fixed

The Company has no significant interest-bearing liabilities; The Company's income and operating cash flows are substantially independent of changes in market interest rates, because contracts are concluded at fixed interest rates.

➤ ***Risk related to the impact of the SARS-CoV-2 coronavirus epidemic on the Company's operations***

Due to the type of business, the Company is moderately exposed to the negative consequences of the SARS-CoV-2 coronavirus epidemic causing the COVID19 disease. The Management Board of the Company is not able to predict the full consequences and scale of the decrease in revenues from core activities, however, the Company expects that the current situation may have a negative impact on the Company's results. The Company also informs that it implements protective procedures aimed at limiting the possibility of infection by the Company's contractors, in particular, the Company aims to eliminate personal contacts and limit meetings as much as possible, which should enable the Company to operate smoothly. The Company, after analyzing the current situation related to the SARS-CoV-2 coronavirus epidemic, causing the COVID-19 disease, and its potential impact on the Company's operations - indicates that as at the date of



publication of the report, the Company did not notice the impact of the above-mentioned situation on the Company's activity.

ASSESSMENT

As at the day of preparation of the periodical report, the Management Board according to their best knowledge, does not recognize any threat in terms of fulfilling his obligations and financial liquidity. The Company systematically settles its liabilities and have not any credits or loans taken and other significant burdens. The Company dedicates owned funds for conducted lending activity and intends to develop this activity gradually. Possible surpluses are located on temporal deposits in safe banks. Because of the fact that the main activity of the Company is lending activity, the significant influence on results and maintaining liquidity of the Company, have the proper and prompt realization of obligations by the Borrowers toward the Company which result from concluded loan agreements.

CHARACTERISTIC OF EXTERNAL AND INTERNAL FACTORS

Taking into account the specific of the activity, i.e. financial service activities in the field of granting non-consumer cash loans significant influence on results currently have and will have the following internal and external factors:

- general market prosperity on lending market and level of interest rates,
- proper realization by the Borrowers of their obligations resulting from concluded loan agreements, as well as course of execution process and vindication of loans terminated, if such agreements occurs,
- efficiency of procedures and administrative and legal in which a possible participant or a part can be the Company,
- opportunity to gain possible borrowers,
- economic situation and investing circumstances in Poland, Estonia and the region,
- access to external financing sources,
- cooperation with other financial entities.

CAPITAL MANAGEMENT

The policy of the Management Board is to maintain a solid capital base in order to maintain the trust of investors and to ensure the future development of economic activity. The company manages its capital in order to maintain the ability to continue operations, taking into account the implementation of planned investments, so that it can generate returns for shareholders. In line with market practice, the Company monitors capital, among others, on the basis of the equity ratio and the ratio of credits, loans and other sources of financing / EBITDA. The equity ratio is calculated as the ratio of the net asset value (equity less intangible assets) to the balance sheet total. The debt/EBITDA ratio is calculated as the ratio of liabilities due to loans, borrowings and finance leases minus free cash and short-term investments with maturity up to 1 year to EBITDA (net profit after adding depreciation). In order to maintain financial liquidity and creditworthiness



**FINANCIAL STATEMENT OF
INVESTMENT FRIENDS CAPITAL SE
FOR THE YEAR ENDED 30/06/2021**

/in thous. EUR/

allowing for obtaining external financing at a reasonable level of costs, the Company assumes maintaining the equity ratio at a level not lower than 0.5, while the ratio of loans, borrowings and other sources of financing / EBITDA at a level of up to 2.0

	30/06/2021 (in thous.EUR)	30/06/2020 (in thous.EUR)
Equity	4 740	4 614
Net asset value	4 740	4 614
Total assets	4 744	4 620
Equity ratio*	0,99	0,99
Net profit (loss)	138	-130
EBITDA**	138	-130
Credits, loans and other sources of financing	4	6
Free cash and short term investments*	407	3 319
Indicator: Loans, borrowings and other sources of financing / EBITDA	0,03	-0,05

*Equity ratio = equity / assets

**EBITDA = Net income + taxes + interest expenses + depreciation and amortization

***Free cash and short term investment = short term investments + cash



Note 2 Financial assets

30.06.2021

Borrower	Allocation by remaining maturity		Interest rate	Currency	Deadline	Collaterals
	During 12 months (in thous EUR)	1-5 years (in thous EUR)				
Natural person*	5	0	10%	PLN	31.03.2016	Notarial deed on voluntary submission to enforcement, blank promissory note, mortgage on real estate
Natural person	341	0	10%	PLN	23.04.2016	Notarial deed on voluntary submission to enforcement, blank promissory note, mortgage
Damar Patro UŹ	56	3 400	2,5%	EUR	30.06.2023	Blank promissory note
Patro Administracja Sp. z o.o.	0	926	2,7%	PLN	31.12.2023	Blank promissory note
Patro Administracja Sp. z o.o.	0	11	2,7%	PLN	indefinitely	Blank promissory note
Total	402	4 337				

*The Company made a write-down on a loan granted to a natural person for the amount of 7 thous. EUR (33 thous. PLN).

On 1 September 2021, a debt acquisition agreement was signed between Patro Administracja spółka z ograniczoną odpowiedzialnością and Patro Invest OŹ for a loan agreements concluded on 16 June 2021 in the amount of PLN 50 thousand. (EUR 11 thousand) and on October 1, 2020 in the amount of PLN 4 183 thousand. (EUR 926 thousand), which became effective retrospectively on 30 June 2021.

Receivables from loans and interest from related entities are presented in note 9.



FINANCIAL STATEMENT OF
INVESTMENT FRIENDS CAPITAL SE
FOR THE YEAR ENDED 30/06/2021

/in thous. EUR/

30.06.2020

Borrower	Allocation by remaining maturity		Interest rate	Currency	Deadline	Collateral
	During 12 months (in thous EUR)	1-5 years (in thous EUR)				
Damar Patro UÜ	0	1 300	2,5%	EUR	30.06.2023	Blank promissory note
Natural person	13	0	10%	PLN	31.03.2016	Notarial deed on voluntary submission to enforcement, blank promissory note, mortgage on real estate
Natural person	3	0	10%	PLN	30.06.2018	Notarial deed on voluntary submission to enforcement, blank promissory note, mortgage
Natural person	354	0	10%	PLN	23.04.2016	Notarial deed on voluntary submission to enforcement, blank promissory note, mortgage
Patro Invest sp. z o.o. w likwidacji	656	0	WIBOR 3M +3%	PLN	31.12.2021	blank promissory note
Patro Invest sp. z o.o. w likwidacji	1 197	0	5,7%	PLN	31.12.2021	blank promissory note
Patro Invest sp. z o.o. w likwidacji	957	0	WIBOR 3M +3%	PLN	31.12.2021	blank promissory note
Patro Invest sp. z o.o. w likwidacji	4	0	4,5%	PLN	31.12.2019	blank promissory note
Patro Invest sp. z o.o. w likwidacji	2	0	WIBOR 3M +3%	PLN	31.12.2019	blank promissory note
Patro Invest sp. z o.o. w	1	0	WIBOR 3M +3%	PLN	31.12.2019	blank promissory



**FINANCIAL STATEMENT OF
INVESTMENT FRIENDS CAPITAL SE
FOR THE YEAR ENDED 30/06/2021**

/in thous. EUR/

likwidacji						note
Patro Invest OÜ	110	0	2,5%	PLN	31.12.2021	blank promissory note
Damar Patro UÜ	2	0	2,5%	EUR	30.06.2023	Blank promissory note
Total	3 299	1 300				

Note 3 Cash and cash equivalents

Cash and cash equivalents	30/06/2021 (in thous.EUR)	30/06/2020 (in thous.EUR)
Bank deposits (current accounts)	5	20
Total	5	20

Note 4 Share capital and shareholding structure

On 11/12/2020, the Commercial Companies Register (Ariregister), competent for the law of Estonia, registered the amendments to the Articles of Association of the Company resulting from the resolutions adopted at the Ordinary General Meeting of Shareholders on 30/11/2020. The share capital of the Company was increased by way of a bonus issue of shares by increasing the book value of the shares held by the Shareholders by EUR 8 408 944. This increase was made at the cost of the supplementary capital, which decreased.

On 29/06/2021, the Commercial Companies Register (Ariregister), competent for Estonian law, registered the amendments to the Articles of Association of the Company pursuant to Resolution No. 2 of the Extraordinary General Meeting of Shareholders of March 20, 2021. The share capital was decreased by reducing the book value of 5 005 324 Company shares from EUR 2,10 to EUR 0,10. The number of shares has not changed and the Company's shares have not been redeemed. The amount from the reduction of the share capital was paid to the Company's supplementary capital.

Share capital as at 30/06/2021	Type of shares	Number of shares	Share capital
	Bearer shares	5 005 324	500 532 euro
TOTAL		5 005 324	500 532 euro



As at 30/06/2021, the share capital amounts to: EUR 500 532 and is divided into 5 005 324 ordinary registered shares without par value with a book value of EUR 0,10.

To the best knowledge of the Management Board, as at the date of publication of the report on 3/09/2021, the shareholding structure was as follows

Structure of direct shareholding as at 9/09/2021

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	3 509 411	70,11	3 509 411	70,11
X	Total	5 005 324	100,00	5 005 324	100,00

Structure of indirect shareholding as at 3/09/2021

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz*	3 509 411	70,11	3 509 411	70,11

* **Damian Patrowicz owns 100% of Patro Invest OU**

To the best knowledge of the Management Board, as at the balance sheet date, i.e. 30/06/2021 the structure of direct and indirect shareholders holding at least 5% of the total number of votes at the General Meeting was as follows:

Structure of direct shareholding as at 30/06/2021

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	3 488 016	69,69	3 488 016	69,69
X	Total	5 005 324	100,00	5 005 324	100,00

Structure of indirect shareholding as at 30/06/2021

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz*	3 488 016	69,69	3 488 016	69,69

* **Damian Patrowicz owns 100% of Patro Invest OU**

To the best knowledge of the Management Board, as at the balance sheet date, i.e. 30/06/2020. the structure of direct and indirect shareholders holding at least 5% of the total number of votes at the General Meeting was as follows:

Structure of direct shareholding as at 30/06/2020

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	10 339 380	68,86%	10 339 380	68,86%
X	Total	15 015 972	100,00%	15 015 972	100,00%



Structure of indirect shareholding as at 30/06/2020

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	10 339 380	68,86%	10 339 380	68,86%

* Damian Patrowicz owns 100% of Patro Invest OU

Note 5 Book value per share

	As at 30/06/2021	As at 30/06/2020
Book value (in thous.EUR)	4 740	4 614
Number of shares (pcs)	5 005 324	15 015 972
Book value per one share (in EUR)	0,95	0,31
Basic earnings per share (in EUR)	0,03	-0,06
Diluted earnings per share (in EUR)	0,03	-0,06

**EXPLANATORY NOTES FOR
PROFIT AND LOSS ACCOUNT**

Note 6 Net revenues from the interest

NET REVENUES FROM THE INTEREST:	01/07/2020 – 30/06/2021 (in thous.EUR)	01/01/2019 – 30/06/2020 (in thous.EUR)
Interest income from operating activities (interest on loans granted)	152	309
Total net revenues from the interest	152	309
- including: from related entities	116	251

Sales to related entities are described in the note 9.

PROFIT (LOSS) PER SHARE	30/06/2021	30.06.2020
Net profit (loss) (in thous.EUR)	138	-130
Number of shares (pcs)	5 005 324	15 015 972
Profit (loss) per ordinary share (in EUR) according to the formula: net profit divided by the number of ordinary shares	0,03	-0,01



Revenues from external clients are presented below, divided into operating areas and information on fixed assets divided into location of these assets.

For the 2020/2021 financial year

GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITIES	REVENUE FROM EXTERNAL CUSTOMERS (in thous.EUR)
Estonia	152
Total	152

For the 2019/2020 financial year

GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITIES	REVENUE FROM EXTERNAL CUSTOMERS (in thous.EUR)
Estonia	309
Financial activity in total	309

Information on leading customers:

For the year 2020/2021:

In the period 01/07/2020-30/06/2021 the Company achieved revenue from transactions with a single client over 10% of the total revenue of the entity:

- Client no. 1 – 40,50 % of total revenues
- Client no. 2 – 35,96 % of total revenues
- Client no. 3 – 22,66 % of total revenues

For the year 2019/2020:

In the period 01/01/2019 – 30/06/2020 the Company achieved revenue from transactions with a single client over 10% of the total revenue of the entity:

- Client no. 1 – 68,64 % of total revenues
- Client no. 2 – 17,86 % of total revenues



Note 7 Costs by type

COSTS BY TYPE	01/07/2020 – 30/06/2021 (in thous.EUR)	01/01/2019 - 30/06/2020 (in thous.EUR)
Consumption of materials and energy	0	-1
External services	-15	-21
Change in balance of products and accruals and deferred income	-1	-3
General and administrative costs	-16	-25

Note 8 EXPLANATORY NOTE TO THE CASH FLOW STATEMENT

In the financial year 2020/2021, the Company granted two loans to Patro Invest OÜ and concluded annexes to the loan agreement with Damar Patro UÜ. The total amount of loans granted in the financial year is EUR 4 853 thous (2019/2020: EUR 3 584 thous.). The loan principal was also repaid by natural persons and by Patro Invest OÜ. The total amount of principal repayments received is EUR 4 599 thous (2019/2020: 3 094 thous.). The received interest on granting the loan in 2020/2021 amounted to EUR 66 thous (2019/2020: EUR 172 thous.)

Note 9 Relationships in the Company

There are organizational links between members of the Company's management and supervisory bodies:

Parent company: Patro Invest OÜ in Tallinn (directly), Mr. Damian Patrowicz (indirectly by Patro Invest OÜ).

Entities related through personal ties in the composition of Supervisory Boards and due to the dominant direct and indirect shareholder: FON SE, Atlantis SE, Elkop SE, Investment Friends SE, Patro Invest Sp. z o.o., Patro Invest OÜ.

Management Board:

- Damian Patrowicz – performs since 04/06/2018 function of only member of the Management Board of the Company and Patro Invest OÜ, also a member of the Management Board of Patro Inwestycje Sp. z o.o., Patro Administracja Sp. z o.o., FON SE, Atlantis SE and perform a function of the member of the Supervisory Board in: Elkop S.A., Investment Friends SE, is a shareholder of Patro Invest OÜ. Mr. Damian is a general partner in Damar Patro UÜ and shareholder of Patro Invest Sp. z o.o. in liquidation.



Supervisory Board:

- Wojciech Hetkowski Chairman of the Supervisory Board - performs a function of a Supervisory Board member in: Atlantis SE, Elkop SE, Investment Friends SE, FON SE,
- Jacek Koralewski Member of the Supervisory Board- performs the function of the President of the Management Board in: Elkop SE and function of member of the Supervisory Board in: Atlantis SE, Investment Friends SE, FON SE.
- Małgorzata Patrowicz Member of the Supervisory Board - perform a function of the Liquidator Patro Invest Sp. z o.o in liquidation and the President of the management Board of Patro Inwestycje Sp. z o.o. in addition, she is member of the Supervisory Board in: Atlantis SE, Elkop SE, FON SE, Investment Friends SE. Mrs. Małgorzata Patrowicz is also member of the Management Board of Patro Administracja Sp. z o.o.
- Martyna Patrowicz Member of the Supervisory Board - performs a function of a Supervisory Board Member in: Atlantis SE, Elkop SE, FON SE.

Transactions with related entities:

Loans granted to entities other than natural persons are granted to related entity. Patro Invest OÜ – parent’s company of Investment Friends Capital SE. The member of the Management Board of Patro Invest OU is also a member of the Management Board of Investment Friends Capital SE. General partner Damar Patro UÜ is member of the Management Board of Investment Friends Capital SE. Shareholder Patro Invest Sp. z o.o. in liquidation is indirectly the shareholder of Investment Friends Capital SE. Parent Company of Investment Friends Capital SE is also partent Company of ELKOP SE and Patro Inwestycje Sp. z o.o.

BALANCES AND TRANSACTIONS WITH RELATED PARTIES FOR THE PERIOD 01/07/2020 – 30/06/2021 (in thous. EUR)	Interest income	Loans granted	Repayments of loans granted	Receivables from loans and interest at the end of the period
Patro Invest OÜ	35	2 753	1 962	0
Patro Administracja sp.z o.o.	0	0	0	937
Damar Patro UÜ	55	2 100	0	3 456
Patro Invest Sp. z o.o. w likwidacji	26	0	2 619	0
Total	116	4 853	4 581	4 393

Information about long and short term loans is in note 2.

On September 1, 2021, as a result of the debt acquisition agreement concluded by Patro Administracja sp.z o.o. from Patro Invest OU for the amount of EUR 936 580, the new debtor of Investment Friends Capital SE as at June 30, 2021 was Patro Administracja sp.z o.o.



FINANCIAL STATEMENT OF
INVESTMENT FRIENDS CAPITAL SE
FOR THE YEAR ENDED 30/06/2021

/in thous. EUR/

BALANCES AND TRANSACTIONS WITH RELATED ENTITIES FOR THE PERIOD 01/01/2019 – 30/06/2020 (in thous. EUR)	Interest income	Sale of investment property	Sale of financial assets	Purchases	Receivables from loans and interest at the end of the period	Liabilities at the end of the period
Patro Invest OÜ	33	0	0	0	110	0
Damar Patro UÜ	1	0	0	0	1 302	0
Damf Księgowość	1	0	0	0	0	0
Office Center	1	0	0	0	0	0
Patro Invest sp z o.o w likwidacji	212	0	0	0	2 817	0
Patro Inwestycje sp z o.o.	3	338	0	3	0	1
Elkop SE	0	0	0	1	0	0
Mr. Mariusz Patrowicz	0	0	1	0	0	0
Total	251	338	1	4	4 229	1

The Company did not issue any guarantees.

Information about long and short term loans is in note 2.

Note 10 Remuneration of Management Board and Supervisory Board

Remuneration of supervising and managing persons	01/07/2020 - 30/06/2021 (in thous.EUR)	01/01/2019 - 30/06/2020 (in thous.EUR)
Supervising persons - members of the Supervisory Board	0	1
Managing persons	0	11

The company did not employ any employees in the financial year since July 1, 2020 to June 30, 2021.



Note 11 Information about financial instruments.

Financial assets

30/06/2021

Classes of financial instruments (in thous.EUR)	Fair value through total income	Fair value through financial results	Amortised cost	Total
Total financial assets	0	0	4 744	4 744
Granted loans	0	0	4 739	4 739
Cash and cash equivalents	0	0	5	5

30/06/2020

Classes of financial instruments (in thous.EUR)	Fair value through total income	Fair value through financial results	Amortised cost	Total
Total financial assets	0	0	4 620	4 620
Granted loans	0	0	4 600	4 600
Cash and cash equivalents	0	0	20	20

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

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

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

Level 3: methods of valuation, in which entrance data have pivotal influence on estimated fair value are not based on observable market data

Available-for-sale equity investments that are not listed in an active market, the fair value of which cannot be reliably measured, and derivative instruments related to them and accounted for through the transfer of such not listed equity investments, are measured at cost less impairment at the end of each reporting period.

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

Note 12 Events after the balance sheet date.

There were no significant events after June 30, 2021.



Note 13 Contingent assets and liabilities.

Pending court cases :

1. Legal case against the Borrowers - natural person (spouses).

In the opinion of Management Board it will not involve any additional costs.

2. Legal case upon request of the Company against the Borrower - natural person.

In the opinion of Management Board it will not involve any additional costs.

A Tax authorities have the right to review the Company tax records for up to 5 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have not performed any tax audits at the Company during 2018-2020.

Note 14 Profit and loss Account – comparison of 01/07/2020 - 30/06/2021 with 01/07/2019 - 30/06/2020

PROFIT AND LOSS ACCOUNT	01/07/2020- 30/06/2021 (in thous. EUR)	01/07/2019- 30/06/2020 (in thous. EUR)
Revenue from interests	152	286
Cost of products goods and materials sold	0	3
Gross profit (loss) on operating activities	152	289
General management costs	-16	-20
Other operating income	2	1
Other operating costs	0	-3
Profit (loss) on operating activities	138	267
Financial income	0	1
Financial costs	0	-401
Profit (loss) before taxes	138	-133
Net profit (loss)	138	-133
Net profit (loss) (for 12 months)	138	-133
Number of ordinary shares	5 005 324	15 015 972
Profit (loss) per one ordinary share (in EUR)	0,03	-0,01



VI. Statement of compliance

Management Board of the Company declares that to the best of their knowledge, these financial statements and comparable data have been prepared in accordance with the accounting principles applicable to the Company and that they reflect truthfully, fairly and clearly the property and financial situation of the Company and its financial result.

The Management Board also declares that the report of the Company's activities contains a true picture of the development, achievements and situation of the Company, including a description of the basic threats and risks.

These financial statements have been prepared using the accounting principles, in accordance with the International Financial Reporting Standards. This report covers the period from July 1, 2020 to June 30, 2021 and the comparable period from January 1, 2019 to June 30, 2020.

The Management Board declares that the entity authorized to audit the financial statements, which audited the financial statements, was selected in accordance with the provisions of the law, and that the entity and the statutory auditors who carried out the audit met the requirements for an impartial and independent opinion on the audited annual financial statements, in accordance with the applicable regulations and professional standards.

The auditor was selected by the General Meeting of Shareholders on February 20, 2020. The EGMoS made the selection with a view to guaranteeing full independence and objectivity of the selection itself, as well as the performance of tasks by the statutory auditor.

It was decided to select the company Number RT OÜ based in Tallinn as the auditing company that will audit the Company's financial statements for 2019/2020 and 2020/2021, as well as assess the annual reports for 2019/2020 and 2020/2021. The remuneration for the auditor will be payable in accordance with the contract concluded between INVESTMENT FRIENDS CAPITAL SE and Number RT OÜ on market terms.

Tallinn, October 8, 2021

Damian Patrowicz
Full name

Member of the Management Board
position/function

.....
signature