



The Statement of Management Board regarding the compliance with the Corporate Governance Principles at Investment Friends Capital SE

Legal basis:

Until 30/11/2018 the Company was subject to legal regulations under § 91 para. 5 point 4) of the Regulation of the Minister of Finance on current and periodic information published by the issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state as amended.

The register of commercial companies (Ariregister) applicable to the law of Estonia registered the transfer of the Issuer's registered office to Estonia on 30/11/2018. The Company is entered into the Registration Department of the District Court in Tartu, register code 14618005 since 30/11/2018. The Company after changing its seat being obliged pursuant to (i) art. 2 of Directive 2004/109/EC of the European Parliament and of the Council of 15 /12/2004 (in accordance with the amendments to Directive 2013/50/EU of the European Parliament and of the Council of 22/10/2013) and (ii) § 1844 para. 1 of the Estonian Securities Market Act, the Company announced via report No. 2/2019 on 24/01/2019 that it was choosing a Contracting State as the Home State of the Republic of Estonia. Accordingly, the Republic of Poland is a host Contracting State.

The statement is attached to the individual annual report of Investment Friends Capital SE for 2018.

I 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.

In the reporting period since 01/01/2018 until 31/12/2018 the Issuer applied new rules issued by the organizer of the trading by Resolution No. 26/1413/2015 of 13/10/2015. - "Best Practice for WSE Listed Companies 2016" (DPSN 2016). This document is available on the WSE website (<http://www.gpw.pl>) in the section devoted to issues of corporate governance of listed companies.

The Issuer'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 Issuer 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.

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

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.

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.

In the reporting period regarding Good Practices, the Company did not apply 20 specific principles:

I.Z.1.6., I.Z.1.7., I.Z.1.8., I.Z.1.9. , I.Z.1.15., I.Z.1.16., I.Z.1.17., I.Z.1.18., I.Z.1.20., I.Z.1.21., II.Z.3., II.Z.4., II.Z.8., II.Z.10.3., II.Z.10.4., III.Z.3., III.Z.4., IV.Z.2., IV.Z.3., VI.Z.4.

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.2. If a company carries out sponsorship, charity or other similar activities, it publishes information on its policy in this annual activity report.

The rule does not apply to the Company.

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.

The principle was applied

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.

The principle was applied

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

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:

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

The principle was applied

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.1.6. calendar of corporate events resulting in the acquisition or restriction of rights on the part of a shareholder, calendar of publication of financial reports and other events significant from the investors' point of view - within a time limit enabling investors to make investment decisions,

The principle was not applied

Company's comment : *The Company makes public in the form of current reports, which are also available on the Company's website, information on all corporate events in good time. In the Company's opinion, information in the form of a calendar is unnecessary.*

I.Z.1.7. information materials published by the company on the company's strategy and its financial results,

The principle was not applied

Company's comment : *The company has not yet prepared and published information materials on the company's strategy and its financial results. The financial results of the company and plans for operations in the next reporting period are published by the Issuer in periodic reports, which it publishes with relevant reports and on the company's websites.*

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,

The principle was applied

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.1.9. information on the planned dividend and dividend paid by the company in the last 5 financial years, including data on the dividend day, payment dates and the amount of dividends - in total and per share,

The principle was not applied

Company's comment : *The company makes public in the form of current reports information on resolutions adopted by the General Meeting. These reports are also available on the Issuer's website. The decision regarding dividend payment belongs to the General Meeting.*

I.Z.1.10. financial forecasts - if the company has decided to publish them - published over a period of at least the last 5 years, together with information on the degree of their implementation,

The rule does not apply to the company.

Company's comment : *The company has not yet prepared financial forecasts and is not planning to prepare these forecasts in the near future.*

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,

The principle was applied

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,

The principle was applied

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.1.15. information containing a description of the company's diversity policy in relation to the company's authorities and its key managers; the description should take into account elements of diversity policy such as gender, education, age, professional experience, as well as indicate the objectives of the diversity policy applied and the manner of its implementation in a given reporting period; if the company has not developed and does not implement a diversity policy, it shall publish on its website an explanation of such a decision,

The principle was not applied

Company's comment : *Key personnel decisions with respect to the Company's authorities and its key managers are made by the General Meeting and the Supervisory Board. As a criterion for the selection of members of individual bodies, the company is guided by the qualifications of the candidate to perform specific functions. Information on the data of persons sitting on the Company's governing bodies is published in the relevant current reports informing about the selection of bodies and on the Company's website.*

I.Z.1.16. information on the planned broadcast of the general meeting - no later than 7 days before the date of the General Meeting,

The principle was not applied

Company's comment : *The Company recognizes that the costs of broadcasting the General Meeting are too high. At the same time, the Management Board indicates that the Company's shareholder structure causes a lack of interest in the General Meeting. At the same time, the Company's Articles of Association do not provide for transmission of the meeting.*

I.Z.1.17. justifications for draft resolutions of the general meeting regarding matters and decisions that are significant or that may raise doubts for shareholders - within a time limit enabling the participants of the general meeting to become acquainted with them and to adopt a resolution with due consideration,

The principle was not applied

Company's comment : *The company publishes draft resolutions of General Meetings in accordance with applicable law. In cases where justification of the content of a draft or resolution is required, it is forwarded together with draft resolutions presented to the General Meeting.*

I.Z.1.18. information on the reasons for cancelling the general meeting, changing the date or agenda, as well as information about a break in the general meeting and the reasons for ordering a break,

The principle was not applied

Company's comment : *The decision regarding the cancellation of General Meetings is, in principle, taken by the shareholders or the Management Board, in such a situation the Company publishes the relevant current report.*

I.Z.1.20. recording the general meeting in audio or video form,

The principle was not applied

Company's comment : *In the Company's opinion, the costs of such a solution are too high. The Company does not have the necessary technical infrastructure and there is no interest in recording the course of General Meetings due to the shareholding structure of the Company. At the same time, the Company's Articles of Association do not provide for broadcasting of the General Meeting.*

I.Z.1.21. contact details for persons responsible in the company for communication with investors, indicating the name and surname, e-mail address or telephone number.

The principle was not applied

Company's comment : *The company provides on its website contact details that can be used by all interested parties. In the Company's opinion, it is not justified to extract contact details for the purpose of communication with investors.*

I.Z.2. A company whose shares are included in the WIG20 or mWIG40 stock indexes ensures that its website is also available in English, at least to the extent specified in principle I.Z.1. Companies outside the above-mentioned indices should also apply this rule, if it is justified by their shareholding structure or the nature and scope of their operations.

The principle was not applied

Company's comment : *The company does not participate in the WIG20 mWIG40 stock indices,*

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.

Recommendations

II.R.2. Persons making decisions on the selection of Members of the Company's Management Board or Supervisory Board should strive to ensure the versatility and diversity of these bodies, including in terms of gender, education, age and professional experience.

The principle was applied

Company's comment : *As a criterion for the selection of Members of the Management Board and Members of the Supervisory Board, the Company is guided by the qualifications of the person being appointed to perform the function. Information on the data of persons sitting on the Company's governing bodies is published on the Issuer's website.*

Detailed rules

II.Z.1. The internal division of responsibility for individual areas of the company's operations between Members of the Management Board should be formulated clearly and transparently and the division scheme should be available on the company's website.

The principle was applied

Company's comment : *The Company has a single Management Board responsible for all areas of the Company's operations.*

II.Z.3. At least two Members of the Supervisory Board meet the independence criteria referred to in principle II.Z.4.

The principle was not applied

Company's comment : *The decision on the election of Members of the Supervisory Board falls within the competence of the General Meeting of Shareholders. Shareholders, guided by the competences and trust in individual candidates, determine the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may or may not meet this criterion from time to time depending on the composition of the Supervisory Board. At present, the Supervisory Board does not meet the criteria of independence, because only one of the Board Members is independent, and the assessment of the resulting risks in this respect lies within the competence of the General Meeting of Shareholders.*

II.Z.4. As regards the criteria of independence of the Members of the Supervisory Board, Annex II to the European Commission Recommendation 2005/162/EC of 15/02/2005 regarding the role of non-executive or Supervisory Board Members of listed companies and the (Supervisory) Board committee applies. Notwithstanding the provisions of point 1 lit. b) of the document referred to in the previous sentence, a person who is an employee of a Company, a subsidiary or an affiliate, as well as a person associated with these entities with a contract of a similar nature, cannot be considered as meeting the criteria of independence. A relationship with a shareholder excluding the independence of a Member of the Supervisory Board within the meaning of this rule is also understood as actual and significant connections with a shareholder holding at least 5% of the total number of votes in the company.

The principle was not applied

Company's comment : *The decision on the election of Members of the Supervisory Board falls within the competence of the General Meeting of Shareholders. Shareholders, guided by the competences and trust in individual candidates, determine the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may or may not meet this criterion from time to time, depending on the composition of the Supervisory Board, and the assessment of the resulting risks lies within the competence of the General Meeting.*

II.Z.7. As regards the tasks and functioning of the committees operating in the Supervisory Board, the provisions of Annex I to the Recommendation of the European Commission referred to in principle

The principle was applied in the reporting period.

Company's comment: *There was functioning the Audit Committee in the reporting period. On 11/04/2019 in the current report no. 13/2019 the Management Board of the Company informed that the Supervisory Board of the Company adopted resolution regarding dissolution of the Audit Committee and dismissing all of its Members effective as at 11/04/2019.*

II.Z.8. The Chairman of the Audit Committee meets the independence criteria indicated in principle II.Z.4.

The rule was applied in the reporting period.

Company's comment : *The Company had an Audit Committee selected from the members of the Supervisory Board. The decision on the election of Members of the Supervisory Board falls within the competence of the General Meeting of Shareholders. Shareholders, guided by the competences and trust in individual candidates, determine the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may or may not meet this criterion from time to time depending on the composition of the Supervisory Board, and the assessment of the risks arising from this is within the competence of the General Meeting of Shareholders*

II.Z.10. In addition to the activities resulting from legal provisions, the Supervisory Board prepares and presents to the ordinary general meeting once a year:

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;

The rule was not applied in the reporting period.

Company's comment : *The Supervisory Board supervises the Company's activities in all its spheres, including the fulfillment of information obligations by the Company.*

II.Z.10.4. assessment of the rationality of the policy pursued by the company, referred to in recommendation I.R.2, or information about the lack of such policy.

The rule was not applied.

Company's comment : *The Company does not operate in this area.*

II.Z.11. The Supervisory Board reviews and issues opinions on matters to be the subject of resolutions of the general meeting.

The rule was applied.

Company's comment : *The Supervisory Board of the Company expresses an opinion on its own initiative, at the request of the Shareholders or the Management Board of the Company in important matters to be discussed or in matters provided for in the Company's Articles of Associations. The Company does not have an absolute rule to consider and give opinions on all matters to be the subject of resolutions of the General Meeting.*

III. Internal systems and functions

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

III.R.1. The Company separates in its structure units responsible for the implementation of tasks in individual systems or functions, unless the separation of organizational units is not justified due to the size or type of business conducted by the company.

The rule was not applied.

Company's comment : Separating organizational units is not justified due to the size and type of business conducted by the Company. The Company uses internal systems appropriate to the size of the Company and the type and scale of its operations.

Detailed rules

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

The rule was applied.

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.2. Subject to Rule III.Z.3, Persons responsible for risk management, internal audit and compliance report directly to the Chairman or other Member of the Management Board and have the option of reporting directly to the Supervisory Board or Audit Committee.

The rule was applied.

Company's comment : Due to the size of the Company, the adopted business model and organizational structure of the Company, a single-member Management Board is established under the direct control of the Supervisory Board.

III.Z.3. In relation to the person managing the internal audit function and other persons responsible for carrying out their tasks, the principles of independence laid down in generally recognized international standards of professional practice in internal audit apply.

The rule was not applied.

Company's comment : In the reporting period, the Company had an Audit Committee, whose composition was selected from among the Members of the Supervisory Board. The decision on the election of Members of the Supervisory Board falls within the competence of the General Meeting of Shareholders. Shareholders, guided by the competences and trust in individual candidates, determine the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may or may not meet this criterion from time to time, depending on the composition of the Supervisory Board, and the assessment of the resulting risks lies within the competence of the General Meeting.

III.Z.4. At least once a year, the person responsible for internal audit (in the event of such a function being separated in the company) and the Management Board present to the Supervisory Board their own assessment of the effective functioning of the systems and functions referred to in rule III.Z.1, together with an appropriate report.

The rule was not applied.

Company's comment : The Company had an Audit Committee whose composition was selected from among the Members of the Supervisory Board. The Supervisory Board is elected by the General Meeting.

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. In the event that an Audit Committee operates in the Company, it monitors the effectiveness of the systems and functions referred to in principle III.Z.1, however, this does not release the Supervisory Board from making an annual assessment of the effectiveness of the functioning of these systems and functions.

The rule was applied.

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

III.Z.6. If the company has not organisationally separated the internal audit function, the audit committee (or the supervisory board, if it performs the function of an audit committee) every year assesses whether there is a need for such separation.

The rule was applied.

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.

Recommendations

IV.R.2. If it is justified due to the shareholding structure or the expectations of shareholders notified to the Company provided that the Company is able to provide the technical infrastructure necessary for the efficient conduct of the general meeting using electronic means of communication, it should enable shareholders to participate in the general meeting using such means, in particular through:

- 1) real-time broadcast of the general meeting,
- 2) two-way real-time communication in which shareholders may speak during the general meeting from a place other than the place of the general meeting,
- 3) exercising, in person or by proxy, the right to vote during the general meeting.

The rule was not applied.

Company's comment : The Company recognizes that the costs of infrastructure and transmission of the General Meeting are too high. At the same time, the Management Board indicates that the Company's shareholder structure causes a lack of interest in the General Meeting. At the same time, the Company's Articles of Association do not provide for transmission of the meeting.

IV.R.3. The Company strives to ensure that, when securities issued by the Company are traded in different countries (or in different markets) and under different legal systems, the implementation of corporate events related to the acquisition of rights on the part of a shareholder occurs on the same dates in all countries in which they are listed.

The rule does not apply to the Company.

Company's comment : The shares issued by the Company are listed only on the regulated market of Warsaw Stock Exchange.

Detailed rules

IV.Z.2. If it is justified due to the shareholding structure of the Company, the Company provides publicly available broadcast of the general meeting in real time.

The rule was not applied.

Company's comment : *The Company recognizes that the costs of broadcasting the General Meeting are too high. At the same time, the Management Board indicates that the Company's shareholder structure causes a lack of interest in the General Meeting. At the same time, the Company's Articles of Association do not provide for transmission of the meeting.*

IV.Z.3. Representatives of the media are allowed to attend general meetings.

The principle is not applied.

Company's comment : *The company indicates that there is no interest in the participation of the media in the General Meeting of the Company. In addition, in the Company's opinion, the participation of unauthorized persons may disrupt the work of the 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.

The principle was applied.

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.7. A break in the general meeting may take place only in specific situations, each time indicated in the justification of the resolution on the break order, prepared on the basis of reasons presented by the shareholder requesting the break.

The principle was applied.

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 who decide to indicate in the resolution justification in the scope of ordering a break in the meeting.*

IV.Z.8. The resolution of the general meeting regarding the ordering of breaks clearly indicates the date of resuming the meeting, while the date may not constitute a barrier for participation in resumed discussions by the majority of shareholders, including minority shareholders.

The principle was applied.

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 who decide on the date of resuming the 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.

The principle was applied.

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

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.

The principle was applied.

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.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 principle was applied.

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 principle was applied.

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

IV.Z.16. The dividend day and dividend payment dates should be set so that the period between them is not longer than 15 business days. Setting a longer period between these dates requires justification.

The principle was applied.

Company's comment: *However, the company indicate, that decisions regarding the content of resolutions of the General Meeting are made only by shareholders.*

IV.Z.17. A resolution of the general meeting regarding the payment of a conditional dividend may contain only such conditions, which eventual fulfillment will take place before the dividend date.

The principle was applied.

Company's comment: *However, the company indicates, that decisions regarding the content of resolutions of the General Meeting are made 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 .

The principle was applied.

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

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.

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.

The principle was applied.

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.*

VI. Remuneration

The company has a remuneration policy at least for members of the company's governing bodies and key managers. The remuneration policy defines in particular the form, structure and method of determining the remuneration of members of the company's governing bodies and its key managers.

Recommendations

VI.R.1. The remuneration of members of the company's governing bodies and key managers should result from the adopted remuneration policy.

The principle was not applied.

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 - General Meeting of the Company's Shareholders.*

VI.R.2. The remuneration policy should be closely related to the company's strategy, its short and long-term goals, long-term interests and results, and should include solutions to avoid discrimination on any grounds.

The principle was applied.

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.*

VI.R.3. If there is a remuneration committee in the supervisory board, the principle II.Z.7 applies to its functioning.

The principle was applied.

Company's comment : *The Supervisory Board is responsible for the remuneration committee in the company.*

Detailed rules

VI.Z.1. Incentive programs should be designed to, inter alia, make the level of remuneration of the management board members and its key managers dependent on the actual, long-term financial standing of the company and the long-term increase in shareholder value and stability of the company's operation.

The principle was not applied.

Company's comment : *The company has not adopted incentive programs.*

VI.Z.2. In order to link the remuneration of management board members and key managers to the company's long-term business and financial goals, the period between granting options or other instruments related to the company's shares under the incentive scheme and the possibility of their implementation should be at least 2 years.

The principle was not applied.

Company's comment : *The company has not adopted incentive programs.*

VI.Z.4. The company in its activity report presents a report on the remuneration policy, containing at least:

- 1) general information on the remuneration system adopted in the company,**
- 2) information on the terms and amount of remuneration of each member of the management board, broken down into fixed and variable components of remuneration, indicating key parameters for determining variable remuneration components and payment rules for severance pay and other payments for termination of employment, order or other legal relationship of a similar nature - separately for the company and each unit included in the capital group,**
- 3) information on the individual management board members and key managers entitled to outside of the financial remuneration components,**
- 4) indication of significant changes that have occurred in the remuneration policy during the last financial year, or information about their absence,**
- 5) assessment of the functioning of the remuneration policy from the point of view of achieving its objectives, in particular long-term growth of shareholder value and stability of the company's operation.**

The principle was not applied.

Company's comment : *The Company publishes information on the remuneration of the Members of the Company's Bodies in accordance with the applicable International Accounting Standards.*

III DESCRIPTION OF THE MAIN FEATURES USED IN THE ENTERPRISE OF THE ISSUER CONTROL SYSTEMS AND RISK MANAGEMENT WITH REGARD TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Due to the simplified structure and relatively limited number of financial risks, the Issuer'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 Issuer 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 audit of the correctness of the preparation of periodic financial statements is carried out thanks to the annual financial audits carried out by independent auditors and the interim review of financial statements for each half-year.

In relation to appointment the Supervisory Board for the new term of office on 30/05/2018 The Supervisory Board decided to appoint, from its composition, an Audit Committee composed of three people: Wojciech Hetkowski – Chairman, Pan Jacek Koralewski – Member, Martyna Patrowicz – Member. On 29/06/2018 Martyna Patrowicz was dismissed from the Audit Committee composition, and Małgorzata Patrowicz was appointed to it.

During the reporting period the Audit Committee was monitoring the audit of auditors' financial statements and includes an audit of the manner of preparing the Management Board's Report on the Company's operations and preparation of relevant resolutions presented to the Ordinary General Meeting of Shareholders.

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

IV INDICATION OF SHAREHOLDERS CONSIDERING DIRECTLY OR INDIRECTLY PACKAGES OF SHARES WITH THE INDICATION OF THE NUMBER OF SHARES HELDED BY THOSE ENTITIES THEIR PERCENTAGE IN THEEQUITY CAPITAL, THE NUMBER OF TOSE AND THEIR PERCENTAGE IN THE GENERAL NUMBER OF VOTES AT THE GENERAL MEETING

According to the knowledge of the Management Board, as at 12/11/2018 i.e. the date of publication of the periodical report for the 3rd quarter of 2018 the direct or indirect shareholding structure and the list of shareholders holding at least 5% of the total number of voted at the Issuer's General Meeting were as follows:

The structure of direct shareholding

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

The structure of indirect shareholding

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	9 199 605	61,27	9 199 605	61,27

Damian Patrowicz holds indirectly Issuer's shares through subsidiary Patro Invest OÜ, which is parent entity to the Issuer.

According to the knowledge of Management Board as at the balance sheet date 31/12/2018 and as at the date of publication the annual financial statement for 2018, Compared to the structure presented above, there were no changes in the indirect and direct structure of shareholding at least 5% of total number of votes at the General.

V INDICATION OF SHAREHOLDERS OF ANY SECURITIES WHICH GIVE SPECIAL CONTROL RIGHTS WITH THE DESCRIPTION OF THESE POWERS

As at the balance sheet date, there are no shares in the Issuer's share structure giving special control rights.

The structure of the Issuer's shares.

As at 31/12/2017 – the structure of the Issuer's shares was as follows:

Type and series of shares	Amount
Common bearer shares	15 015 972

Now, each Issuer's shares amounting to 15.015.972 are dematerialised bearer shares, quoted to the regulated market of Warsaw Stock Exchange GPW.

Description of the events having influence on the share capital and Issuer's shares structure in 2018.

➤ On 09/02/2018 District Court for the Capital City of Warsaw in Warsaw registered the merging of the Issuer previously being the joint-stock company of the Polish law under the name INVESTMENT FRIENDS CAPITAL SPÓŁKA AKCYJNA with registered office in Płock at Padlewskiego Street 18C, Poland, entered into the Register of Entrepreneurs of National Court Register kept by District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division under KRS number 0000267789, NIP 8133186031, REGON 691529550 with INVESTMENT FRIENDS CAPITAL 1 Polska Akciová společnost with registered office in Ostrava address: Poděbradova 2738/16, Moravská Ostrava, 702 00 Ostrava, Republic of Czech entered in the commercial register kept by the District Court in Ostrava, section B under number 10980, identification number 06503179. (Acquired company).

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

➤ Since the day of adopted by the Issuer legal form of the European Company to 30/11/2018 Company's share capital was expressed in EURO and amounting to 2.102.236,08 EURO and is divided into 15.015.972 bearer share series A with a nominal value of 0,14 EURO each.

➤ Since 30/11/2018 after the registration of changing the Article of Association and changing the registered office for Estonia, share capital was expressed in EURO and it is amounting to 2.102.236,08 EURO and is divided into 15.015.972 bearer share without the nominal value.

VI INDICATION ANY RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS, SUCH AS LIMITATION OF VOTING RIGHTS BY THE SHAREHOLDERS OF SPECIFIC PARTS OR NUMBER OF VOTES, TIME LIMITS ON THE EXERCISE OF VOTING RIGHTS OR RECORDINGS UNDER WHICH THE EQUITY RIGHTS RELATED TO SECURITIES ARE SEPARATED FROM HOLDING SECURITIES.

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

VII INDICATION OF ALL RESTRICTIONS REGARDING THE TRANSFER OF THE PROPERTY RIGHTS OF THE ISSUER'S SECURITIES

Issuer's Articles of Association does not envisage any restrictions regarding the transfer of the property rights of securities issued by the Company.

VIII DESCRIPTION OF RULES CONCERNING THE APPOINTMENT AND DISMISSAL OF MANAGING PERSONS AND THEIR POWERS, PARTICULARLY THE RIGHT TO TAKE THE DECISION ON ISSUES OR THE BUY OF SHARES

The Management Board of the Company in 2018 was one-man. According to the Articles of Association of the Company, which was in force in to 30/11/2018, the Chairman of the Management Board, other members and number of members of the Board are appointed and determined by the Management Board. The term of office of the Management Board lasts three years, and its powers are specified in the Company's Articles of Association.

According to the Article of Association, the Management Board exercises of all right in the scope of managing the Company, except those reserved by law or Article of Association off other Company's bodies.

The mode of operation of the Management Board, and matters that can be entrusted to its members, are determined in detail in the Regulations of the Management Board. The Regulations of the Management Board are adopted by the Management Board and approved by the Supervisory Board.

In particular, the Management Board's competences include the issue of bonds by the Company, other than convertible bonds and bonds with pre-emptive rights. In the case of one-person Board, the Chairman of the Board makes individually a declaration of intent on behalf of the Company. If the Management Board consist of many members, two members are required to cooperate to make a declaration of intent in a scope of the Company's property rights and obligations, and to sign documents on behalf of the Company. For purchase, sale, burden or other disposal of the Company's property by the Management Board exceeding the equivalent of EUR 150.000,00 the consent of the Supervisory Board expressed in the form of resolution is required.

Incurring liabilities, granting loans, guarantees, warranties by the Company exceeding equivalent of EUR1 150.000,00 requires the consent expressed in the form of resolution by the Supervisory Board. Resolutions on the issue or redemption of shares are adopted by the General Meeting of Shareholders.

According to the Articles of Association of the Company, which is in force since 30/11/2018. The Management Board is an executive organ of the Company, that represents the Company and manages its activity. The Company's Management Board organizes the company's accounting. Company's Management Board have to comply with the lawful recommendations of Supervisory Board. The Management Board presents the summary of economic situation and activity of the Company to the Supervisory Board at least once per four months. The Management Board consist of 1 to 4 members, which are elected for three year. Term of office of the management Board's member can be extended. Members of Management Board are appointed and dismissed by the Supervisory Board. The Supervisory Board decides also about members' remuneration. Each member of the Company's Management Board can represent the Company independently in all legal actions, unless a resolution of the Supervisory Board states otherwise. In a case, when the Company's Management Board consists of more than 2 members, the Supervisory Board, by its resolution, appoints the Chairman of the Board. The Management Board have a quorum if more than half of the Board members attend them. Management Board resolutions are adopted by a simple majority of votes. Each member of the Management Board has one vote. In a case of even distribution of votes, the vote of Chairman of the Management Board is decisive.

Pursuant to the provisions of the Article of Association, the Management Board has to get the consent of the Supervisory Board for

- Purchase, sale by the Company of any asset, whose value exceeds EUR 100 000 per one or many related transactions

- Granting consent for any transaction of value exceeding EUR 100 000 per one or more related transactions
 - Borrowing or granting loans or other types of debt obligation by the Company or incurring liabilities by the Company, whose value exceeds EUR 100 000 per one or many related transactions.
- According to the Company's Articles of Association, increasing and decreasing the Company's share capital are included in competences of the General Meeting.

IX DESCRIPTION OF THE RULES FOR CHANGING THE ARTICLES OF ASSOCIATION OR CONTRACTS OF THE ISSUER'S COMPANY

According to the Articles of Association of the Company, an amendment to the Company's articles of association may be made only by way of resolution of the General Meeting of Shareholders, Pursuant to point 4.4.1 of Articles of Association „changes to the Articles of Association” is included in competence of the General Meeting.

X THE MODE OF ACTING OF THE GENERAL MEETING AND ITS PRINCIPAL POWERS AND DESCRIPTION OF SHAREHOLDERS 'RIGHTS AND METHOD OF EXERCISE, IN PARTICULAR THE RULES ARISING FROM THE RULES OF THE GENERAL MEETING, IF THESE TERMS HAVE BEEN ADOPTED, HOWEVER INFORMATION IN THIS FIELD DOES NOT APPLY FROM THE LAW

During the reporting period the General Meeting operated on the provisions of the Commercial Companies Code, the Articles of Association of the Company, which was in force in 2018.

The General Meeting of Shareholders adopts resolutions on matters specified in the Code of Commercial Companies and the Statute.

In the period since 09/02/2018 to do 30/11/2018 the Article of Association envisaged the following regulations in the scope of the General Meeting.

GENERAL MEETING

§24 The General Meeting can deliberate as ordinary or extraordinary

§25 The General Meetings can take place in the registered office described in Articles of Association.

§26 1. An ordinary General Meeting is convened by the Management Board in the period of 6 months after every financial year. The Supervisory Board conveys the General Meeting, if the Management Board does not convey it in the proper term.

2. Extraordinary General Meeting is called by 1) Management Board 2) Extraordinary General Meeting is called by the Company's Management Board on its own initiative or on the written request of the Supervisory Board or on the written request of shareholders represented by at least 1/20 (one-twentieth) share capital, request of which has to include point of agenda;

3) Calling an Extraordinary General Meeting should come after two weeks from the date of submitting an application.

4) The Supervisory Board calls General Meeting if the Management Board does not convey it during prescribed term.

5) Agenda is setting by the caller of the General Meeting.

6) Shareholder or shareholders can submit an application to one or some extra points be included to the agenda of General Meetings. Procedure and terms, which are applied to those applications, are set by the domestic law of Member State in which the registered office is placed.

§27 1. General Meeting is able pass a resolution independently to the number of shares represented at the General Meeting, unless the Code of Commercial Partnerships and Companies provides otherwise.

2. At the General Meeting each stock gives the right to one vote.

3. Resolution are passed with the absolute majority of the given votes. General Meetings' resolutions are passed with the majority of $\frac{3}{4}$ votes in cases of 1) Amendment of the articles, 2) Issuing the convertible bonds and pre-emptive bonds to purchases of shares 3) Share redemption 4) Decreasing of share capital 5) Business disposal or its organised part. 6) Dissolution of the company, 7) Merging the Company with other Company,

§28 Resolution are passed with the absolute majority of the given votes, unless the Article of Association or the act provides otherwise, this majority is required in the following cases: 1) Examination and accepting the Management Report, balance or profit and loss account for the previous accounting year; 2) Adopting resolutions about dividing profits and covering losses; 3) Granting a discharge of fulfilling the duties to the Company's authorities

§29 Business profile of the Company can be changed without the duty to purchase of the shareholders' shares, who do not approve it, if the resolution about changing the business profile is passed with the $\frac{2}{3}$ (two-thirds) majority of votes and with presence of the shareholders at least half of the share capital.

§30 Voting at the General Meeting is open ballot. Secret ballot is organized in a case of elections or application on dismissing the authorities or Company's liquidators, or on burden them with responsibility, and in case of private affairs.

§31 1. The General Meeting is opened by the Chairman of Supervised Board or the person indicated by the Chairman, but then the Chairman of the Meeting must be chosen from among people entitled to vote.

2. The General Meeting sets own Statute.

§32 Shareholders take part in The General Meeting personally or through their written appointed representatives.

§33 1. General Meeting's Competencies except for those indicated in the act, are the matters in scope of: 1) Directions of the Company's development and programmes of its activity, determining at the request of the Management Board. 2) Examination and approving of Management Board's report, balance and profit and loss account for the previous accounting year. 3) Adopting resolutions about dividing profits and covering losses and making special purpose 4) Granting a discharge of fulfilling the duties to the Supervisory and Management Board; 5) Elections and dismissing members of the Supervisory Board; 6) Increasing or decreasing of the share capital; 7) Amendments of the Company's Articles; 8) Company's dissolving or liquidation ; 9) Examination and settling of the applications presented by the Supervisory Board; 10) Enacting the Supervisory Board's Statute; 11) Setting the date of the right to dividend and the date of payment of the dividend; 12) Transactions of the purchase, disposal or burden the Company's assets at least over $\frac{1}{3}$ value of the equity from the previous accounting year; 13) Disposal or lease of the enterprise and set usufruct on it pledge; 14) Issuing bonds convertible for stocks and pre-emptive bonds.

2. Moreover other issues determined in the following Article of Association and law principles are necessary to enact by the General Meeting.

Since 30/11/2018 in relations to the registration of the transfer the Company's seat to Estonia, and amendment the article, following regulations are obtaining:

IV. GENERAL MEETING

4.1. Ordinary General Meeting is called at least once in the year, in the period of 6 months since finishing the Company's accounting year. Conveying the General Meeting must be at least 3 weeks before the General Meeting.

4.2. Extraordinary General Meeting has to be conveyed by the Management Board in a way consistent with obtaining law acts. Conveying the Extraordinary General Meeting has to be at least 3 weeks before the Extraordinary General Meeting.

4.3. The General Meeting Announcement has to contain the agenda and other information required by the obtaining law acts.

4.4. The General Meeting can take place in the Company's registered office or in any place in the European Union area, primarily in Płock (Poland) and in Warsaw (Poland), indicated in the Management Board's General Meeting announcement.

4.5. The General Meeting is able to adopt important resolutions, if the half of total votes represented by the Company's shares is represented at the General Meeting, unless the obtaining law acts provides higher majority of votes.

4.5.1. If at the General Meeting is not attend enough number of the shareholders to provide majority of the total votes with accordance to the point 4.5 The Management Board during 3 weeks, but not earlier than after 7 day, calls new General Meeting in accordance to the same agenda. The General Meeting called in this way is competent to adopting resolutions, regardless of the number of votes represented at the General Meeting. 4.6. The General Meeting's resolutions are adopted if the half of total votes represented at the Meeting voted in favour of the resolution, unless the obtaining law acts provide otherwise.

4.7. Shareholder can vote on drew up resolution projects regarding points in General Meeting agenda electronically before the Meeting or during the Meeting. Electronic voting procedure is determined by the Management Board. Possibility to organize electronic voting and determined by the Management Board's way to vote should be contain in the General Meeting Announcement.

Shareholder, who voted via electronic road, is considered to be present at the General Meeting, and number of its votes from represented shares is incorporated into quorum, unless the obtaining law acts provide otherwise.

4.8. General Meeting's Competencies involve 4.8.1. Amendment of the articles; 4.8.2. decreasing and increasing share capital; 4.8.3. Issuing convertible bond;

4.8.4. Choosing and dismissing Supervisory Board's members; 4.8.5. Choosing auditor (-s)4.8.6. Accepting the annual financial Statements and dividing profit; 4.8.7. Adopting resolution on resolution, merging, dividing and/or transition of the Company; 4.8.8. Giving approval for transactions with member of the Supervisory Board and determining terms of this transaction, deciding about entering to legal dispute with the member of Supervisory Board and indication of the entitled to represent Company, person in this legal dispute; 4.8.9. deciding about other issues involved in General Meeting competitions, in accordance with obtaining legal acts.

XI THE PERSONAL COMPOSITION OF THE COMPANY AUTHORITIES AND THE CHANGES WHICH HAPPENED WITHIN THE LAST FINANCIAL YEAR AND THE DESCRIPTION OF THE BODIES MANAGING, SUPERVISING OR ADMINISTERING THE ISSUER AND THEIR COMMITTEES

• *Composition of the Supervisory Board*

The description of the Issuer's Management and Supervisory bodies results directly from the Company's Articles of Association and legal provisions.

In the reporting period ended at 30/05/2018 the composition of the Issuer's Supervisory Board was as follows:

- Wojciech Hetkowski - Chairman of the Supervisory Board
- Jacek Koralewski - Vice-chairman of the Supervisory Board
- Małgorzata Patrowicz - Secretary of the Supervisory Board

- Damian Patrowicz - Member of the Supervisory Board
- Martyna Patrowicz - Member of the Supervisory Board

On 30/05/2018 the Ordinary General Meeting established Supervisory Board for the new tenure as follows:

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

On January 11, 2019 written resignation from filling a role in Supervisory Board was rendered by Mariusz Patrowicz.

In the period since 09/02/2018 to 30/11/2018 Article of Association envisaged the following regulations in the scope of Supervisory Board.

Supervisory Board

§18 1. Supervisory Board is composed of five to nine members. The Supervisory Board's tenure is common and lasts three years. Number of members is determined by the General Meeting via resolution.

2. Supervisory Board's members are elected and dismissed by the General Meeting.

3. Supervisory Board's member can be called once, or more than once.

4. Supervisory Board's members fulfil their duties personally.

§19 1. The supervisory Board choose from its composition, Chairman, Vice-chairman and Secretary of the Supervisory Board.

2. Chairman of the Supervisory Board or other person entitled by the chairman, calls the Supervisory Board's sittings and chairs it. Chairman of the outgoing Supervisory Board calls and opens the first session of the new Supervisory Board and chairs it till the moment of election new Chairman.

§20 Chairman of the Supervisory Board have to call the Session on demand of Management Board or member of the Supervisory Board. Chairman of the Supervisory Board conveys a session in 2 weeks since the date of receiving the request.

§21 1. For validity of Supervisory Board's resolution, it is required to invite each member of the Supervisory Board for the sitting and presence at the sitting at least half of the total number of members.

2. Sessions of the Supervisory Board are called via electronic letters sent at least 3 (three) days before the date of the session, to the mail addresses written indicated by the members of Supervisory Board or via means of direct long-distance communication means.

3. Supervisory Board resolutions are passed with absolute majority of votes cast. If the voting is still in abeyance, vote of the Board's Chairman is crucial.

4. Supervisory Board can adopt the resolutions by the written procedure or using means of remote direct communication.

§22 The Supervisory Board holds meetings according to Work Regulations of Boards, which is adopted by the General Meeting, not less than once per quarter.

§23 1. The Supervisory Board supervises constantly the activity of the Company in all areas of its activity.

2. Except for the issues indicated in the Agreement, in other provisions of the Article of Association or the General Meeting's resolutions, competencies of the Supervisory Board involve:

1) Assessment of the Company's financial Statement in a scope of consistency with financial books, documents and state of fact, and ensuring verification by chosen auditors.

2) Assessment and giving an opinion of Management Board's report and giving an opinion of the Management Board's application on dividing profit and covering losses;

3) Presenting the report of the results of the activities determined in points 1 and 2 to the General Meeting.;

4) Drawing up and submitting written report of the results the assessments of Company's situation and assessment own work as an organ.

5) Giving the permission to create branch of the Company in the country or abroad.;

6) Adopting resolutions on scope of giving the opinion of the Management Board's applications.

- 7) Giving the permission for the Management Board to purchase, disposal and any other administration a property of the Company over 150.000 EURO determined in §16 article 1 and 2 of Article of Association of the Company;
 - 8) Appointment member of the Management Board
 - 9) Delegating the member or members of Supervisory Board to temporarily doing activities of the Management Board, in a case of the exclusion or recalling the whole Management Board or when Management Board because of other reason can not work. ;
 - 10) Setting the rules and amount of remuneration for Management Board's members;
 - 11) Exclusion in the activities of the Management Board's member or all Management Board;
 - 12) Examination and acceptance of the Company's activity plans.;
 - 13) Consenting to issue bonds, other than convertible bonds, by the Management Board;
 - 14) Examination of applications and granting consent for the purchase, burden or disposal of properties;
 - 15) Expressing consent to make donations;
 - 16) Expressing permission to sell registered shares and consenting to the converting of bearer shares into registered shares;
 - 17) Choosing a certified auditor to audit the financial statements in accordance with applicable law in order to ensure due independence of the opinion;
 - 18) Expressing opinion on draft resolution of the General Meeting and materials, that will be presented to shareholders;
 - 9) Assessing if there is a conflict of interest between Member of the Supervisory Board and the Company;
 - 20) Supervision over the Company's compliance with the principles of good practice;
 - 21) Determining the uniform text of the Company's Statute after each amendment to the Statute;
 - 22) Members of the Supervisory Board do their rights and duties personally;
 - 23) The Supervisory Board appoints members of the Audit Committee in the Company and supervises it;
 - 24) The Supervisory Board accepts and approves the regulations of the Audit Committee activity;
3. The remuneration of the members of the Supervisory Board is determined by the General Meeting.

Since 30/11/2018 in relation to the registration of the transfer the Company's seat to Estonia and amendment of the articles of association, the following regulations obtains:

VI. Supervisory Board

- 6.1. The Supervisory Board plans the company's activity, organizes the management of the company and supervises the activities of the Company's Management Board.
- 6.2. The Company's Supervisory Board consists of 3 (three) to 7(seven) members, who are elected and dismissed by the General Meeting. The Supervisory Board elects a chairman from among its members. 6.3. The term of office of the supervisory board is 5 (five) years. The term of office may be extended.
- 6.4. Meetings of the Supervisory Board are held as needed, but not less frequently than once per three months. Announcement of convening a meeting should be sent at least seven (7) days before the date of the planned meeting and have to contain the agenda proposed by the chairman of the Supervisory Board.
- 6.5. The meeting of the supervisory Board has a quorum, if it is attended by more than half of the members of the Supervisory Board.
- 6.6. Supervisory Board's resolutions are adopted by a simple majority of votes. In the case of an even distribution of votes, the vote of the chairman of the supervisory board are decisive.
- 6.7. The Supervisory Board has the right to adopt the resolution without convening a meeting, if all members of the Supervisory Board agree.
Procedure of adopting resolutions is as follows:
- 6.7.1. Chairman of the Supervisory Board sends a draft resolution to all members of the Supervisory Board, setting a term, in which a member of the Supervisory Board has to submit its written position. In case of not submitting the vote for or against the resolution by the Supervisory Board's member during the prescribed period, it is deemed that is vote against the resolution.
- 6.7.2. Resolution is adopted, if the half of the Supervisory Board's members voted for adopting the resolution.
- 6.7.3. Supervisory Board's Chairman has to immediately notify the Supervisory Board's members about the voting results.
- 6.8. Supervisory Board's permission is required for the following Management Board's actions: 6.8.1. Approving the Company's budget and risk management principles;
- 6.8.2. The acquisition or disposal by the Company of any asset, whose value exceeds EUR 100 000 in one or more related with each other transactions;

- 6.8.3. Consenting to the terms of activities concluded with Management Board's members and making decisions on entering into a legal dispute with a Management Board's member and determining a person authorized to represent the Company in the dispute;
- 6.8.4. Consenting to any type of transactions, whose value exceeds EUR 100 000 in one or more related with each other transactions;
- 6.8.5. Consenting to borrowing or granting loans o any type of debt obligations by the Company or incurring obligations exceeding EUR 100 000 in one or more related transactions.
- 6.8.6. Establishing and closing foreign branches, representative offices or other types of company's entities;
- 6.8.7. The acquisition or disposal of any type of enterprise or termination of the enterprise's activity or concluding transactions, that may result in the future acquisition or disposal of enterprises or termination of the enterprise.
- 6.8.8. Creating or acquisition or merging with other enterprises or disposal subsidiaries or ceding, disposal or burden in any way of parts and subsidiaries or termination of subsidiaries' activity.

- ***Composition of the Management Board***

In the reporting period the composition of the Management Boards was as follows:

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

In 2018 the Management Board was composed of one member. According to the Articles of the Company that obtain in 2018, Chairman of the Board is constitute and dismissing by the Issuer's Supervisory Board. Tenure of the Management Board lasts 3 year, and its competitions are determined by the Article of the Company.

In the period since 09/02/2018 to 30/11/2018 Article of Association envisaged the following regulations in the scope of Management Board:

The Management Board

§11 1. The Company's Management Board consists of one or more members. The Management Board's term of office is common and lasts three years.

2. Chairman and other members of the Management Board are appointed, and its number are determined by the Supervisory Board.

3. The Supervisory Board is able to dismiss the Chairman, member of the Board or the entire Management Board before the end of the term of its office.

4. A member of the Management Board may be re-appointed more than once, each time for a period not exceeding three years.

§12 1. The Management Board does all the eligibilities in the scope of managing the Company, except for these conditioned by law or the Article of Association for other bodies of the Company.

2. Management Board's operation mode, and issues, that can entrusted to its members, are determined in detail in the be Statute of the Management Board. Statute of the Management Board is adopted by the Company's Management Board, is accepted by the Supervisory Board.

3. In particular, the Management Board's competence includes the issuing convertible bonds and bonds with pre-emptive rights by the Company.

§13 In the case of one-person Management Board, declarations of intent on behalf of the Company are made individually by the Chairman of the Board. If the Management Board consist of more members, declaration of intent in the scope of Company's material rights and obligations and in scope of signing documents on behalf of the Company, cooperation of two members of the Management Board is required.

§14 Agreements with Management Board's members are concluded on behalf of the Company by an entitled member of the Supervisory Board and represents the Company in disputes with members of the Management Board. The Supervisory Board may entitle, by resolution, one or more members to do such legal actions.

§15 A member of the Management Board can not, without the consent of the Supervisory Board, during its term of office in the Company, deal with competitive interests, or participate in a competitive Company as a partner of a civil law partnership, partnership or as a member of a capital company's body or participate in another competitive legal person as a member of the body.

§16 1. To purchase, sell, burden or otherwise dispose of the Company's property by the Management Board, that exceeding the equivalent of EUR 150.000,00 (one hundred and fifty thousand EURO) the consent of the Supervisory Board expressed in the form of resolution is required.

2. Incurring obligations, granting loans, guarantees, warranties by the Company exceeding equivalent of EUR 150.000,00 (one hundred and fifty thousand EURO) the consent of the Supervisory Board expressed by the resolution is required.

§17 1. The Management Board notifies the Supervisory Board at least once per three months, about conducting of the Company's affairs and the anticipated development of SE's activities.

2. In addition to the regular information referred to §17 article 1, the Management Board is obtained to immediately notifying the Supervisory Board about issues, that can have significant influence on functioning of SE.

Since 30/11/2018 in relation to the registration of the transfer the Company's seat to Estonia and amendment of the articles of association, the following regulations in the scope of the Management Board obtains:

V. Management Board

5.1. Management Board is an organ, that represents the Company and manages its activity. The Management Board organises Company's accounts. The Company's Management Board has to respect lawful recommendations from Supervisory Board. The Management Board, at least once per four months, presents to the Supervisory Board the summary regarding economic situation, and activity of the Company.

5.2. The Management Board consist of 1 (one) to 4 (four) members, which are elected for three years. Member's term of office can be extended.

5.3. Members of the Management Board are elected and dismissed by the Supervisory Board, which also decided about Management Board's members' remuneration.

5.4. Each member of the Company's Management Board can autonomously represent the Company in all legal actions, unless a resolution of the Supervisory Board states otherwise.

5.5. In a case that the Management Board consist of more than 2 (two) members, Supervisory Board, by its resolution, appoints the Chairman of the Management Board.

5.6. Sitting of the management Board have the quorum, if the half of the Management Board's members takes parts in it. Management Board's resolutions are adopted by the simple majority of votes. Each member has one vote. In a case of an even distribution of votes, the vote of Chairman of the Board is decisive.

• *Audit Committee*

As at 14/06/2018 the Issuer by the current report No 37/2018 informed that the Supervisory Board decided to appoint an Audit Committee in the following composition:

- Wojciech Hetkowski – Chairman of the Audit Committee
- Martyna Patrowicz – Member of the Audit Committee
- Jacek Koralewski - Member of the Audit Committee

On 29/06/2018 by current report No 44/2018 Issuer's Management Board informed that the Supervisory Board decided about changing the composition of the Audit. Martyna Patrowicz was dismissed, and Małgorzata Patrowicz was appointed to the composition.

On 11/04/2019 by the current report No 13/2019, the Issuer informed that the Supervisory Board adopted the resolution about disposal the Audit Committee and dismissed its members on 11/04/2019.

XII OTHER SIGNIFICANT INFORMATION ABOUT THE ISSUER

❖ *Change of the legal form of the Issuer in 2018 and change of the Company's Article of Association*

On 09/02/2018 there was merging of INVESTMENT FRIENDS CAPITAL S.A. (Acquiring Company) with INVESTMENT FRIENDS CAPITAL1 Polska Akciová společnost (Acquired Company) and as a result Issuer adopted the legal form of the European Company.

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

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

After merging, share capital was expressed in EURO currency and it is EUR 2.102.236,08 EURO and is divided into 15.015.972 bearer share series A with nominal value of EUR 0,14.

With regard to adopting the legal form of the European Company, there were no changes in the composition of Issuer's bodies, there were no changes in a scope of rights entitling to shareholders from held Company's shares, except changing the nominal value of share (expressed in EURO) and the Company continues its legal form and activity as a European Company.

➤ On 30/11/2018 applicable to Estonian law Register of commercial (Ariregister) registered the transfer of the Issuer's registered office to Estonia. Since 30.1.2018r. the Company is entered into the Registration Department of the District Court in Tartu, registered code 14618005.

Since 30/11/2018 after the registration of the amendment of the Article of Association and of transfer the seat of the Company to Estonia, share capital was expressed in EURO currency and it is: EUR 2.102.236,08 and is divided into 15.015.972 bearer shares without nominal value.

Address data:

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

Tallinn, 21/08/2019

Damian Patrowicz – Chairman of the Management Board