



FON SE
ANNUAL REPORT

**FOR THE PERIOD SINCE 01 JULY 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



FON SE GENERAL INFORMATION

Business name: FON SE

Registry code: 14617916

LEI code: 259400WB3K1M8CZO6N24

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

Telephone: +48-796-118-929

E-mail address: biuro@fon-sa.pl

Website: www.fon-sa.pl

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

Auditor: Number RT OÜ, Eve Leppik, Nr: 230

Members of the Supervisory Board:

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

Members of the Management Board:

- Damian Patrowicz



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

SELECTED FINANCIAL DATA	in thous. EUR	
	Twelve months ended on 30/06/2021	Eighteen months ended on 30/06/2020
Revenue from interest from continued operations	167	651
Revenue from the sale of products, goods and materials from discontinued operations	0	82
Operating profit (loss) from continued operations	150	537
Operating profit (loss) from discontinued operations	0	24
Profit (loss) before taxation from continued operations	116	-3 165
Profit (loss) before taxation from discontinued operations	0	24
Net profit (loss)	116	-3 141
Net cash flows from operating activities	950	-6 149
Net cash flow from investing activities	242	531
Net cash flow from financing activities	-1 193	5 579
Change in cash and cash equivalents	-1	-39
Total assets	10 287	11 462
Long-term liabilities	3 928	5 241
Short-term liabilities	330	255
Equity	6 029	5 966
Share capital	28 875	7 700
Weighted average number of shares (in pcs.)	52 500 000	36 183 729
Profit (loss) per share (EUR)	0,002	-0,09
Book value per share (EUR)	0,11	0,11



II. LETTER OF THE MANAGEMENT BOARD

Dear Sirs,

On behalf of the Management Board of FON SE, I am pleased to present to you the Annual Report for the financial year lasting from July 1, 2020 to June 30, 2021, containing a summary of the most important information about the activities and events in the Company that took place in the previous financial year.

In the reporting period, the Company continued its activities in the field of financial services.

The presented financial statements show a net profit, the Company's standing is stable and there is no risk of loss of liquidity or going concern. In the next financial year, the Company will continue its activities in the field of financial services by granting non-consumer cash loans.

The Management Board of the Company would also like to thank all Shareholders, Contractors and Co-operators, wishing them further, mutually beneficial 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

In the reporting period, the main activity of the Company was financial activity, including granting loans. The company, implementing its business profile in the field of granting loans, has concluded agreements with Polish and Estonian entities.

GENERAL (MACROECONOMIC) DEVELOPMENT

The company conducts financial activities, in particular, related to granting cash loans to natural persons and business entities, most often from the micro and small enterprises sector. In the opinion of the Management Board of the Company, activity in this area is developing especially on the Polish market. A small entrepreneur has to meet the difficult requirements of the bank, rarely achieved, above all, by young entities without creditworthiness. Most novice traders also have no collateral and don't have a long credit history. Entrepreneurs who do not receive bank financing are looking for alternative forms of financing.

FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The main types of risk resulted from Company's financial instruments include: interest rate risk, liquidity risk, credit risk and risk related to the financial collateral. The Management Board is responsible for establishing risk management principles in the Company and for supervising its following. 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 SHARE CAPITAL

Since 27/05/1999 FON SE shares have been listed on the Warsaw Stock Exchange.

As of June 30, 2020 FON SE held 52 500 000 non-par value shares with a book value of EUR 0,1467 each and the price per share on the WSE was PLN 0,174 (EUR 0,04).

As of June 30, 2021 FON SE held 52 500 000 non-par value shares with a book value of EUR 0,55 each, and the price per share on the WSE was PLN 0,31 (EUR 0,07).

Changes in the share capital in reporting period:

- As at 30/06/2020, the share capital of the Company amounted to EUR 7 700 000 and was divided into 52 500 000 shares without par value with a book value of EUR 0,1467 per share.
- Since July 15, 2020, the share capital of the Company amounted to EUR 7 700 000 and consisted of 42 749 250 series A shares without par value with a book value of EUR 0,1467 entitling to 100% dividend per share and 9 750 750 series B shares



without par value with a book value of EUR 0,1467, entitling to 50% of dividend per share.

- Since November 10, 2021, the share capital of the Company amounted to EUR 7 700 000 and consisted of 44 174 250 series A shares without par value with a book value of EUR 0,1467 entitling to 100% dividend per share and 8 325 750 series B shares without par value with a book value of EUR 0,1467 entitling to 50% of dividend per share.
- Since February 11, 2021, the share capital amounts to EUR 28 875 000 and is divided into 52 500 000 shares without par value with a book value of EUR 0,55 each.

THE STRUCTURE OF THE COMPANY AND SHAREHOLDERS

As at the balance sheet date 30/06/2021 the Company FON SE has no subsidiaries and it does not create its own capital group.

According to the best knowledge of the Management Board the direct shareholder is Patro Invest OÜ that owns 35,66% contribution in the share capital and 35,66% votes at the general Meeting of Shareholders of the Company as at 30/06/2021

As at the balance sheet date 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:

Direct shareholding structure as at 30/06/2021

No.	Direct shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Patro Invest OÜ	18 720 750	35,66	18 720 750	35,66
X	Total	52 500 000	100,00	52 500 000	100,00

Indirect shareholding structure as at 30/06/2021

No.	Indirect shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Damian Patrowicz	18 720 750	35,66	18 720 750	35,66

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

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

Direct shareholding structure as at 30/06/2020

No.	Direct shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Patro Invest OÜ	18 130 520	34,53	18 130 520	34,53
X	Total	52 500 000	100,00	52 500 000	100,00



Indirect shareholding structure as at 30/06/2020

No.	Indirect shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Damian Patrowicz	18 130 520	34,53	18 130 520	34,53

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

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

As at the balance date 30/06/2021 and as at the date of publication of this periodical report, the Member of the Management Board Mr. Damian Patrowicz owns indirectly the Company's shares. Mr. Damian Patrowicz owns indirectly, via Patro Invest OÜ 18 720 750 shares of FON SE, constituting 35,66% of the share capital of the Company and entitling to 18 720 750 votes what constitute 35,66% of the votes at the General Meeting of the Company.

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

Members of the Supervisory Board as at the balance date and as at the date of publication of the periodical report do not own directly and indirectly shares of the Company.

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, 2020.

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 FON 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 revalue the Company's financial assets. The issuer decided to decrease in the value of IFEA Sp. z o.o. by the amount of EUR 3 380 thous.

Registration of amendments to the Articles of Association.

On July 15, 2020, the Commercial Companies Register (Arregister) registered amendments to the Company's Articles of Association pursuant to the Extraordinary General Meeting of Shareholders of June 23, 2020. The court registered the creation of series B shares, and then the conversion of series A shares into series B shares in the amount of 9 750 750. Therefore, from that moment on, FON SE held 42 749 250 series A shares and 9 750 750 series B shares.



Registration of amendments to the Articles of Association.

On November 10, 2020, the Commercial Companies Register (Ariregister) registered the amendments to the Company's Articles of Association pursuant to the Extraordinary General Meeting of Shareholders of October 8, 2020. The court registered the conversion of 1 425 000 series B shares to series A shares and the amendments to the Company's Articles of Association.

Statement of the National Depository for Securities S.A. on the conditional registration of shares.

On December 7, 2020 FON SE was informed about the issuance of the Statement by the National Depository for Securities S.A. No. 1303/2020 of December 7, 2020 on the conditional registration of up to 1 425 000 ordinary registered shares of FON SE under the ISIN code EE3100005166.

Registration of amendments to the Articles of Association.

On February 11, 2021, the Commercial Companies Register (Ariregister) registered the amendments to the Company's Articles of Association resulting from the resolutions adopted at the Ordinary General Meeting of Shareholders on January 12, 2021. The court registered the increase in the share capital of FON SE by way of a bonus issue, increasing the share capital by EUR 21 175 000 from EUR 7 700 000 to EUR 28 875 000. Moreover, the court also registered the conversion of 8 325 750 series B shares to series A shares.

List of the significant events after the balance sheet date 30/06/2021

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

On July 29, 2021, in connection with the end of the term of office of the Management Board, the Supervisory Board of the Company adopted a resolution on the new 3-year term of office of Mr. Damian Patrowicz starting on July 4, 2021 and ending on July 29, 2024, establishing that the Management Board will consist of one member of the Management Board

Selected indicators of FON SE:

Indicator	30/06/2021	30/06/2020
Assets (in thous. EUR)	10 287	11 462
Return on assets (ROA)	1,13%	-27,40%
Equity (in thous. EUR)	6 029	5 966
Return on equity (ROE)	1,92%	-52,65%
Net profitability	70%	-429%
Debt ratio	41,39%	47,95%
Net profit (in thous. EUR)	116	-3 141



Shares	30/06/2021	30/06/2020
Price per share (EUR)	0,07	0,04
Profit per share (EUR)	0,002	0,00
Indicator price-to-earnings (PE)	31,68	-0,67
Book value per share (EUR)	0,11	0,11
Indicator price-to-book-value (P/BV)	0,61	0,35
Current liquidity ratio	2,38	10,53
Market cap (in EUR thous.)	3 675	2 100

Return on Assets = Net Profit / Total Assets

Return on equity = net profit / equity

Net profitability = net profit (loss) / sales revenues

Debt ratio = liabilities / total assets

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 FON 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.fon-sa.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.

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 some specific principles of Code of Best Practise for WSE Listed Companies because some of the rules do not apply to Company.

The rules applicable in the Company in the financial year 2020/2021 are shown below with a description:

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.

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.*

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 – performs the function of the single 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 Secretary 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 date 30/06/2021 and as at the date of publication of this periodical report, the Member of the Management Board Mr. Damian Patrowicz owns indirectly the Company's



shares. Mr. Damian Patrowicz owns indirectly, via his subsidiary Patro Invest OÜ 18 720 750 shares of FON SE, constituting 35,66% of the share capital of the Company and entitling to 18 720 750 votes what constitute 35,66% of the votes at the General Meeting of the Company as at 30/06/2021.

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

According to the knowledge of the Management Board of FON SE, Members of the Supervisory Board as at the balance date and as at the date of publication of the periodical report do not own directly and indirectly shares of the Company.

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.

In the financial year 2020/2021, two General Meetings of Shareholders of FON SE were held, and the adopted resolutions were then submitted to court for registration:

On 8/10/2021 there was present only one shareholder of FON SE - Patro Invest OU. During this meeting, the resolution that was voted on was about the conversion of 1 425 000 series B shares into series A shares.



On 12/01/2021 there was also present only one shareholder of FON SE - Patro Invest OU. During this meeting, the most important resolutions that were voted on: approving of the Annual Report of the Company for the financial year 2019/2020, increasing the share capital of the Company through bonus issue and conversion of 8 325 750 B-shares into A-shares. As a result of bonus issue the share capital was increased from 7 700 000 EUR by 21 175 000 EUR to 28 875 000 EUR. As a result of conversion of 8 325 750 B-shares into A-shares there were no more B-shares.

According to the best knowledge of the Management Board the direct shareholder is Patro Invest OÜ headquartered in Tallinn that owns 35,66% contribution in the share capital and 35,66% votes at the general Meeting of Shareholders of the Company as at 30/06/2021

Direct shareholding structure as at 30/06/2021

No.	Direct shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Patro Invest OÜ	18 720 750	35,66	18 720 750	35,66
X	Total	52 500 000	100,00	52 500 000	100,00

Indirect shareholding structure as at 30/06/2021

No.	Indirect shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Damian Patrowicz	18 720 750	35,66	18 720 750	35,66

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

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

Direct shareholding structure as at 30/06/2020

No.	Direct shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Patro Invest OÜ	18 130 520	34,53	18 130 520	34,53
X	Total	52 500 000	100,00	52 500 000	100,00

Indirect shareholding structure as at 30/06/2020

No.	Indirect shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Damian Patrowicz	18 130 520	34,53	18 130 520	34,53

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

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.

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.

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.



VI. FINANCIAL STATEMENTS

1. Statement of financial position

STATEMENT OF FINANCIAL POSITION	Notes	30/06/2021 (thous. EUR)	30/06/2020 (thous. EUR)
Assets			
Fixed assets		9 501	8 776
Long-term financial assets	2	9 501	8 776
Current assets		786	2 686
Short-term financial assets	2	783	2 670
Short-term receivables		3	15
Cash and cash equivalents		0	1
Total assets		10 287	11 462

Equity and liabilities			
Equity		6 029	5 966
Share capital	3	28 875	7 700
Share premium		1 247	22 422
Other reserve		3 805	3 805
Exchange differences		-603	-550
Retained earnings		-27 295	-27 411
Long-term liabilities		3 928	5 241
Other long-term liabilities	4	3 928	5 241
Short-term liabilities		330	255
Credits and loans	4	322	245
Trade liabilities		2	3
Other liabilities		3	3
Other provisions		3	4
Total equity and liabilities		10 287	11 462

Book value of equity		6 029	5 966
Number of shares		52 500 000	52 500 000
Book value per one share (in EUR)		0,11	0,11

Notes on pages 26-46 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 (thous. EUR)	Period 01/01/2019 - 30/06/2020 (thous. EUR)
CONTINUED OPERATIONS			
Revenue from interest, sale of lands, products, goods and materials	5	167	651
Cost of products, goods and materials sold and interest received loans	6	0	-103
Gross profit on sales		167	548
General and administrative expenses	6	-20	-65
Other operating revenues	5	5	57
Other operating costs		-2	-3
Profit on operating activities		150	537
Financial revenues		0	1
Financial costs	6	-34	-3 703
Profit (loss) before income tax		116	-3 165
Profit (loss) for the period from continued operations		116	-3 165
DISCONTINUED OPERATIONS			
Revenue from sales of products, goods and materials		0	82
Cost of products, goods and materials sold		0	-26
Gross profit on sales		0	56
General and administrative expenses		0	-12
Other operating revenues		0	-1
Other operating costs		0	-21
Profit on operating activities		0	24
Profit (loss) before income tax		0	24
Profit (loss) for the period from discontinued operations		0	24
Profit (loss) totally from continued and discontinued operations		116	-3 141
Net profit (loss) from continued and discontinued operations		116	-3 141
Weighted average number of ordinary shares		52 500 000	36 183 729
Profit (loss) on continued and discontinued operations per share (in EUR)		0,002	-0,09

Notes on pages 26-46 are an integral part of the financial statements.



3. Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME	Period 01/07/2020 - 30/06/2021 (thous. EUR)	Period 01/01/2019 - 30/06/2020 (thous. EUR)
Profit (loss) for the period	116	-3 141
Other comprehensive income, including:	-53	-217
- differences from conversion into EUR	-53	-217
Total comprehensive income(loss) for the period	63	-3 358

Notes on pages 26-46 are an integral part of the financial statements.

4. Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	Period 01/07/2020 - 30/06/2021 (thous. EUR)	Period 01/01/2019 - 30/06/2020 (thous. EUR)
Opening balance of equity	5 966	9 324
Opening balance of share capital	7 700	7 700
increase due to bonuse issue	21 175	0
Closing balance of share capital	28 875	7 700
Opening balance of share premium	22 422	22 422
decrease due to bonus issue	-21 175	0
Closing balance of share premium	1 247	22 422
Opening balance of revaluation capital	0	-11 664
increase due to transfer to unsettled result	0	11 664
Closing balance of revaluation capital	0	0
Opening balance of capital from merger of entities	0	3 869
decrease due to transfer to unsettled result	0	-3 865
Closing balance of capital from merger of entities	0	0
Opening balance of other reserve	3 805	3 805
Closing balance of other reserve	3 805	3 805
Opening balance of Retained earnings	-27 411	-16 471
increase due to profit for the period	116	3 865
decrease (due to):	0	-14 805
- loss for period	0	-3 141
- transfer of capital from merger of entities	0	-11 664
Closing balance of retained earnings	-27 295	-27 411
Opening balance of exchange differences	-550	-333
Changes in exchange differences	-53	-217
Closing balance of exchange differences	-603	-550
Closing balance of equity	6 029	5 966

Notes on pages 26-46 are an integral part of the financial statements.



5. Cash flow statement

CASH FLOW STATEMENT (indirect method)	Period 01/07/2020 - 30/06/2021 (thous. EUR)	Period 01/01/2019 - 30/06/2020 (thous. EUR)
OPERATING ACTIVITIES		
Net profit (loss)	116	-3 141
Adjustments:		
Interest and dividends	-90	-418
(Profit) loss on investing activities	0	3 486
Loans granted	-55	-9 858
Received loans repayments	969	3 680
Change in inventory	0	104
Change in receivables and other accruals	11	1
Change in liabilities	-1	-3
Net cash flow (outflow) from operating activities	950	-6 149
INVESTING ACTIVITIES		
Inflows from investing activities	242	784
Sale of intangible assets and tangible fixed assets	0	784
Sale of financial assets	242	0
Outflows from investing activities	0	-253
Expenses for the acquisition of financial assets	0	-253
Net cash flow (outflow) from investing activities	242	531
FINANCING ACTIVITIES		
Inflows	0	6 261
Credits and loans	0	6 261
Outflows from investing activities	-1 193	-682
Repayments of credits and loans	-1 149	-644
Interest	-44	-38
Net cash flow (outflow) from financing activities	-1 193	5 579
Total net cash flows (outflows)	-1	-39
Change in cash balances	-1	-39
Opening balance of cash	1	40
Closing balance of cash	0	1

Notes on pages 26-46 are an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

EXPLANATORY NOTES 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 are 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.

Interest-bearing credits and loans

Upon initial recognition, bank loans and borrowings are recognized at purchase price corresponding to the fair value of cash received, less costs related to obtaining the loan or credit facility. The Company does not activate borrowing costs



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 12 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 Company presents risk factors in accordance to the Company's best knowledge and will, in the scope of known threats for the date of drawing up the Financial Statements. In the future hard to predict new risk can appear, and the risk rang of the Company's financial activity can change. The order of presented risks does not reflect its importance.

➤ *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.



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

30/06/2021 in EUR thous.	Maturity Dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Cash and cash equivalents	0	0	0	0	0
Other receivables	3	3	0	0	0
Loans granted	10 284	783	84	2 233	7 184
Total	10 287	786	84	2 233	7 184

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

30/06/2020 in EUR thous.	Maturity Dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Cash and cash equivalents	1	1	0	0	0
Other receivables	15	15	0	0	0
Loans granted	11 446	2 425	694	2 267	5 815
Total	11 462	2 441	694	2 267	5 815

Entities to which Company 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.

➤ **Liquidity risk**

Liquidity risk management process bases on monitoring estimated cash-flows, and adjusting final maturity of assets and liabilities, analysing working capital and maintaining an access to different sources of funding. The aim of the Company is to maintain the balance between funding continuity and flexibility, through using sources of funding such as loan, overdraft facility, financial leasing agreement.

The maturity dates of liabilities as at 30/06/2021

30/06/2021 in thous. EUR	Maturity dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Credits and loans	4 250	322	0	0	3 928
Trade liabilities	2	2	0	0	0
Other liabilities	3	3	0	0	0
Other provisions	3	3	0	0	0
Total	4 258	330	0	0	3 928

The maturity dates of liabilities as at 30/06/2020

30/06/2020 in thous. EUR	Maturity dates				
	Total	< 1 year	1-2 years	2-3 years	Above 3 years
Credits and loans	5 486	245	0	0	5 241
Trade liabilities	3	3	0	0	0
Other liabilities	3	3	0	0	0
Other provisions	4	4	0	0	0
Total	5 496	255	0	0	5 241



➤ ***Risk of shares price's fluctuations and limited liquidity***

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

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

There are interpretations indicating the possibility of emerging risks consisting in the negative impact of links between members of the Company's bodies on their decisions. This applies to the impact of these links on the Company's Supervisory Board regarding the day-to-day supervision of the Company's operations. While assessing the likelihood of such a risk, one should take into account the fact that the supervisory bodies are subject to the control of another body - the General Meeting, and in the interest of the members of the Supervisory Board it is to perform their duties in a reliable and lawful manner. Otherwise members of the Supervisory Board are exposed to responsibility from Ordinary General Meeting or criminal responsibility from the title of acting against.

➤ ***Risk related to the shareholder structure***

As at the balance sheet date (30/06/2021), 35,66% of the share capital and 35,66% of votes at the Company's General Meeting owned directly Patro Invest OU, as a result of which the above-mentioned Shareholder has a significant influence on the adopted resolutions at the General Meeting of the Company's Shareholder.

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

The situation and the economic situation in Poland and Estonia have a significant impact on the financial results achieved by all entities including the Company, because the success of development of companies investing in financial instruments and conducting financial services activities largely depends on the conditions of running a business. In case of realization the transfer the seat of the Company Estonia, risk in the above scope will applies to the new registered office in Republic of Estonia.

➤ ***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 an entity and its improvement as a result of a decrease in a given receivable or an increase in this receivable.

➤ ***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 Inwestycje Sp. z o.o.	2,5%	Fixed
Natural person	10%	Fixed
Natural person	10%	Fixed
Elkop SE	1% + WIB1M	Variable
Elkop SE	4,5% + WIB1M	Variable

The Company has one significant interest-bearing liabilities:

	Interest rate	Fixed/Variable interest rate
Atlantis SE	0,5% + WIB1M	Variable

The Company's income and operating cash flows are dependent of changes in market interest rates, because some of the contracts are concluded at variable interest rates. If the variable interest rate as at 30.06.2021 had been higher/lower 1 % point, the Company's profit for the financial year would have increased/decreased by EUR 47 thous./EUR 54 thous. thousand (30.06.2020: EUR 41 thous./EUR 40 thous.), assuming all other variables remained constant.

➤ ***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 aim at eliminating personal contacts and limit meetings as much as possible, which should enable the Company to operate without distractions. The Company, after analysing 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 the 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 investor confidence and to ensure the future development of economic activity.

The Company manages its capital in order to maintain the ability to continue the activity, considering 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.

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 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, and the ratio of loans, borrowings and other sources of financing / EBITDA at the level of 2.0.



	30/06/2021 (thous.EUR)	30/06/2020 (thous.EUR)
Equity	6 029	5 966
Net asset value	6 029	5 966
Balance sheet total	10 287	11 462
Equity ratio*	0,59	0,52
Net profit (loss)	116	-3 141
EBITDA**	116	-3 141
Credits, loans and other sources of financing	4 258	5 496
Free cash and short-term investments***	783	2 671
Indicator: Credits, loans and other sources of financing - Free cash and short-term investments/EBITDA =(4258-783/116)=	29,96	-0,89

*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 (thous. EUR)	1-5 years (thous. EUR)				
Elkop SE	6	5 733	WIBOR 1M + 1%	PLN	31.12.2024	bill of exchange
Elkop SE*	56	1 535	WIBOR 1M + 4,5%	PLN	31.12.2024	bill of exchange, mortgage
Damar Patro UÜ	57	2 200	2,5%	EUR	30.06.2023	bill of exchange
FLY Sp. z o.o.**	66	33	-	PLN	15.10.2022	mortgage, bill of exchange, guarantee
Patro Inwestycje Sp.z o.o.	562	0	2,5%	PLN	31.12.2021	bill of exchange
Auto Kluge	36	0	10%	PLN	31.08.2015	bill of exchange, transfer of ownership for security
TOTAL:	783	9 501				



30.06.2020

Borrower	Allocation by remaining maturity		Interest rate	Currency	Deadline	Collaterals
	During 12 months (thous. EUR)	1-5 years (thous. EUR)				
Patro Inwestycje Sp. z o.o.	0	694	2,5%	PLN	31.12.2021	-
Elkop SE	0	5 815	WIBOR1M	PLN	31.12.2024	bill of exchange, mortgage
Damar Patro UÜ	0	2 200	2,5%	EUR	30.06.2023	bill of exchange
FLY Sp. z o.o.	0	67	-	PLN	15.10.2022	mortgage, bill of exchange, guarantee
Auto Kluge	45	0	10%	PLN	31.08.2015	bill of exchange, transfer of property, submission to enforcement
Osoba fizyczna	4	0	10%	PLN	31.12.2017	bill of exchange, pledge
Patro Invest Sp. z o.o.	1	0	WIBOR3M + 3%	PLN	30.06.2019	bill of exchange
Elkop SE*	34	0	WIBOR1M	PLN	31.12.2024	bill of exchange
Elkop SE	2 266	0	WIBOR1M+4,5%	PLN	24.04.2021*	bill of exchange, mortgage
Damar Patro UÜ	2	0	2,5%	EUR	30.06.2023*	bill of exchange
Patro Inwestycje Sp. z o.o.	39	0	2,5%	PLN	31.12.2020	-
Fly.pl Sp. z o.o.	34	0	-	PLN	15.10.2022*	mortgage, bill of exchange
Totally:	2 425	8 776				

*The Company recognizes in its short-term financial assets participation units in the BPS fund, which as at June 30, 2020 had a value of EUR 245 thous.

Note 3 Share capital

SHARE CAPITAL	30/06/2021 (thous.EUR)	30/06/2020 (thous.EUR)
Opening balance of share capital	7 700	7 700
Increase of share capital due to bonus issue	21 175	0
Closing balance of share capital	28 875	7 700



On 11/02/2021, the Commercial Companies Register (Ariregister) registered the amendments to the Articles of Association resulting from the resolutions adopted at the Ordinary General Meeting of Shareholders on 14/12/2020. 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 21 175 000. This increase was made at the cost of the supplementary capital, which decreased.

Note 4 Credits and loans

30.06.2021

Lender	During 12 months (thous. EUR)	1-5 years (thous. EUR)	Interest rate	Currency	Deadline	Collaterals
ATLANTIS SE	322	3 928	WIBOR 1M + 0,5%	PLN	31.12.2024	bill of exchange

30.06.2020

Lender	During 12 months (thous. EUR)	1-5 years (thous. EUR)	Interest rate	Currency	Deadline	Collaterals
ATLANTIS SE	245	5 241	WIBOR 1M + 0,5%	PLN	31.12.2024	bill of exchange

Note 5 Revenue

Information on revenues and results for each industry segment

In accordance with the requirements of IFRS 8, operating segments should be identified based on internal reports on those elements of the Company that are regularly verified by persons deciding about allocating resources to a given segment and assessing its financial results. The Company conducts a homogeneous activity of providing other financial services.

Geographical information

The revenue from external customers by operating area and information on non-current assets by location of these assets are presented below:



for 2020/2021 financial year

GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITY	REVENUES FROM EXTERNAL CUSTOMERS (thous.EUR)
Estonia	167
Total for financing activities	167

Information on leading customers

In the period since 01/07/2020 to 30/06/2021 the Company achieved revenue from transactions with a single customer in excess of 10% of the entity's total revenue:

- Customer no. 1 – 54,18 % of total revenues
- Customer no. 2 – 32,94 % of total revenues
- Customer no. 3 – 10,29 % of total revenues

2019/2020 financial year:

GEOGRAPHICAL AREA FOR FINANCIAL ACTIVITY	REVENUES FROM EXTERNAL CUSTOMERS (thous.EUR)
Estonia	651
Total for financing activities	651

Information about leading customers

In the period since 01/01/2019 to 30/06/2020 the Company achieved revenue from transactions with a single customer in excess of 10% of the entity's total revenue:

- Customer no. 1 – 56,74 % of total revenues
- Customer no. 2 – 23,45 % of total revenues
- Customer no. 3 – 16,46 % of total revenues

OTHER OPERATING INCOME	Period 01/07/2020 - 30/06/2021 (thous.EUR)	Period 01/01/2019 - 30/06/2020 (thous.EUR)
a) profit on disposal of non-financial fixed assets	0	50
b) write off of liabilities	5	7
Other operating income, total	5	57



Note 6 Costs and expenditures

COST BY TYPE	Period 01/07/2020 - 30/06/2021 (thous.EUR)	Period 01/01/2019 - 30/06/2020 (thous.EUR)
a) external services	-20	-60
b) taxes and salaries	0	-1
Total general and administrative expenses	-20	-65
Total cost of manufacturing products for the entity's own needs	0	-103

OTHER FINANCIAL COSTS	Period 01/07/2020 - 30/06/2021 (thous.EUR)	Period 01/01/2019 - 30/06/2020 (thous.EUR)
a) cost of updating the financial investments	0	-2
b) other including:	0	-3 653
- write offs of shares	0	-3 515
- loan surety	0	-136
- other	0	-2
c) cost of interest	-34	-48
Total other financial costs	-34	-3 703

Note 7 Shareholding structure

As at 30/06/2021, the structure of shareholders directly and indirectly holding at least 5% of the total number of votes at the General Meeting was as follows:

Direct shareholding structure as at 30/06/2021

No.	Direct shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Patro Invest OÜ	18 720 750	35,66	18 720 750	35,66
X	Total	52 500 000	100,00	52 500 000	100,00

Indirect shareholding structure as at 30/06/2021

No.	Indirect shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Damian Patrowicz	18 720 750	35,66	18 720 750	35,66

* Damian Patrowicz owns 100% of Patro Invest OÜ



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

Direct shareholding structure as at 30/06/2020

No.	Direct shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Patro Invest OÜ	18 130 520	34,53	18 130 520	34,53
X	Total	52 500 000	100,00	52 500 000	100,00

Indirect shareholding structure as at 30/06/2020

No.	Indirect shareholders	Number of shares	% of shares	Number of votes	% of votes
1.	Damian Patrowicz	18 130 520	34,53	18 130 520	34,53

* Damian Patrowicz owns 100% of Patro Invest OÜ

Note 8 Transactions with related entities

In the period covered by the report, the Company did not conclude transactions with related entities on other terms than market terms.

Relations between members of Company's bodies

Between managing and supervising bodies of the Company, there are following organizational relations:

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

Entities related by personal ties in the composition of a Supervisory Board and due to the dominant direct and indirect shareholder: INVESTMENT FRIENDS CAPITAL SE, Atlantis SE, Elkop S.A., Investment Friends SE, Patro Invest Sp. z o.o. w likwidacji, Patro Invest OÜ, Damar Patro UÜ.

Management Board:

- Damian Patrowicz – performs the function of the single Member of the Management Board of the Company and Patro Invest OÜ, is also Member of the Management Board in Patro Inwestycje Sp. z o.o., Patro Administracja Sp. z o.o., INVESTMENT FRIENDS CAPITAL SE, Atlantis SE and performs 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 Member of the Supervisory Board in: Atlantis SE, Elkop SE, Investment Friends SE, INVESTMENT FRIENDS CAPITAL SE.
- Jacek Koralewski Member of the Supervisory Board - performs a function of Chairman of the Management Board in: Elkop SE and Member of the Supervisory Board in: Atlantis SE, Investment Friends SE, FON SE.
- Małgorzata Patrowicz Secretary of the supervisory board - performs a function of liquidator of Patro Invest Sp. z o.o in liquidation and Chairman of the Management Board in Patro Inwestycje Sp. z o.o. In addition, performs a function of a Member of the Supervisory Board in: Atlantis SE, Elkop SE, INVESTMENT FRIENDS CAPITAL SE, Investment Friends SE.
- Martyna Patrowicz Member of the Supervisory Board – performs a function of the Member of a Supervisory Board in: Atlantis SE, Elkop SE, INVESTMENT FRIENDS CAPITAL SE

Loans granted to related entities are described in note 2. Loans granted to entities other than natural persons are granted to related entities: Patro Invest OÜ - the parent company of FON SE and Damar Patro UÜ. Member of the Management Board of Patro Invest OU is also a Member of the Management Board of FON SE. General partner Damar Patro UÜ is a member of the Management Board of FON SE. The parent company FON SE is also the parent company ELKOP SE and Patro Inwestycje Sp. z o.o.

BALANCES AND TRANSACTIONS FOR THE PERIOD 01/07/2020 - 30/06/2021 (thous.EUR)	Sale of interest	Costs of the interests and other financial costs.	Loan granted	Loan repayments (capital)	Other receivables for the end of the period (including loans)	Liabilities for loans and other liabilities
ATLANTIS SE	0	34	0	0	0	4 250
ELKOP SE	92	0	0	727	7 390	0
PATRO INVEST OU	1	0	55	55	0	0
PATRO INWESTYCJE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	19	0	0	176	562	0
DAMAR PATRO UU	55	0	0	0	2 257	0
Total (in EUR thous.)	167	34	55	958	10 209	4 250



Balances and TRANSACTIONS FOR THE PERIOD 01/01/2019 - 30/06/2020 (thous.EUR)	Sale of interest	Costs of the interests and other financial costs.	Loan granted	Loan repayments (capital)	Other receivables for the end of the period (including loans)	Liabilities for loans and other liabilities
ATLANTIS SE	0	48	0	0	0	5 486
ELKOP SE	370	0	6 261	2 741	8 151	0
FON ZARZĄDZANIE NIERUCHOMOŚCIAMI SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ W LIKWIDACJI	153	0	0	67	0	0
PATRO INVEST OU	4	0	357	426	0	0
PATRO INVEST SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ W LIKWIDACJI	2	0	142	256	0	0
PATRO INWESTYCJE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	107	0	870	122	745	0
DAMAR PATRO UU	2	0	2 200	0	2 202	0
Total (in EUR thous.)	638	48	9 830	3 612	11 098	5 486

The Company didn't issue any letter of guarantees to the others in the both reporting period.

Note 9 Remuneration of Management Board and Supervisory Board

The Company's managing and supervising persons did not receive any advance payments for remuneration, guarantees and sureties in the reporting period and in the previous financial year.

Note 10 Financial instruments

Information on financial instruments

30/06/2021

Types of financial instruments (thous.EUR)	Fair value through total income	Fair value through profit or loss	Amortised cost	Total
Total financial assets	0	0	10 287	10 287
Loans granted	0	0	10 284	10 284
Receivable from deliveries and services and other receivables	0	0	3	3



On July 16, 2020, the Company sold 7 788,162 BPS FIO Conservative Units for the amount of PLN 1 092 834 (EUR 242 852), i.e. PLN 140,32 (EUR 31,2) per share. The value of participation units as at June 30, 2020 was PLN 1 091 199 (EUR 242 488), i.e. PLN 140,11 (EUR 31,14) per share. Accordingly, the Company achieved income in the amount of PLN 1 635,51 (EUR 363,45) from the sale of BPS FIO Conservative Units.

30/06/2020

Types of financial instruments (thous.EUR)	Fair value through total income	Fair value through profit or loss	Amortised cost	Total
Total financial assets	0	241	11 217	11 458
Loans granted	0	0	11 201	11 201
Receivable from deliveries and services and other receivables	0	0	15	15
Cash and cash equivalents	0	0	1	1
Other financial assets	0	241	0	241

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 11 Events after the balance sheet date.

There are no significant events after June 30,2021.

Note 12 Contingent assets and liabilities.

Pending courtcases:

➤ *Administrative procedure conducted by Polish Financial Supervision Authority against FON SE regarding imposition the financial fine on FON SE based on article 97(1)*



point 2 of July 29, 2005 on Public Offering and terms of launching to organized trading venue and on public companies, towards breaching article no. 69 (1) point 1 with relation to the article no. 87 (5) point. 1 of an act of Offer in relation to purchase on January 1, 2012 shares of public Company Zakłady Mięsne Herman S.A. (current Investment Friends Capital SE with registered office in Plock).

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

➤ *A case from the Company's application for confirmation of the acquisition of an inheritance from the Company's debtor.*

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 2018-2021.

Note 13 Profit and loss Account – comparison of 01/07/2020 - 30/06/2021 with 01/01/2019 - 30/06/2020

PROFIT AND LOSS ACCOUNT	01/07/2020- 30/06/2021 (in thous. EUR)	01/01/2019- 30/06/2020 (in thous. EUR)
Revenue from interests and from sales of products, goods and materials	167	733
Cost of products goods and materials sold	0	-129
Gross profit (loss) on operating activities	167	604
General management costs	-20	-77
Other operating income	5	56
Other operating costs	-2	-24
Profit (loss) on operating activities	150	561
Financial income	0	1
Financial costs	-34	-3 703
Profit (loss) before taxes	116	-3 141
Net profit (loss)	116	-3 141
Net profit (loss) (for 12 months)	116	-3 141
Number of ordinary shares	52 500 000	52 500 000
Profit (loss) per one ordinary share (in EUR)	0,002	-0,06



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 on 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 law, and that the entity and the statutory auditors who carried out the audit met the conditions for expressing 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 March 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 FON SE and Number RT OÜ on market terms.

Tallinn, 8/10/2021

Damian Patrowicz	Member of the MB	
First name and last name	Position
		Signature