



Quarterly Report

BLACK PEARL S.A.

for the period
1 July 2021 – 30 September 2021

Warsaw, 15th November 2021



Warsaw, 15th November 2021

Dear Sir or Madam,

Management Board of BLACK PEARL S.A. hereby presents the Quarterly Report for the third quarter of 2021, presenting the financial results and the most important facts regarding the activities of the Issuer and the Issuer's Related Companies in the 3rd quarter of 2021.

The third quarter of 2021 was a period of intense work related mainly to the implementation by BLACK PEARL S.A. development strategy aimed at dynamic strengthening of the business activity in the area of unconventional investment based on the acquisition of enterprises, and thus an increase in the value of the Company's assets.

I am convinced that the activities carried out in the third quarter of 2021 and in subsequent periods will be reflected in the Company's financial results, and thus will contribute to the satisfaction of shareholders.

Yours faithfully,
Arkadiusz Trela
President of the Management Board

Table of Contents

1.	Basic information about the Company	4
1.1.	Company Information:	4
1.2.	Management Board	4
1.3.	Supervisory Board	4
1.4.	Shareholding structure.....	4
2.	Information on companies related to the Issuer, indicating entities subject to consolidation	5
2.1.	List of companies related to the Issuer	5
2.2.	Brief description of companies related to the Issuer	5
3.	Selected financial data	6
4.	Separate financial data for the first quarter of 2021	8
4.1.	Balance sheet.....	8
4.2.	Profit and Loss.....	11
4.3.	Cash Flow Statement	12
4.4.	Statement of changes in equity capital	14
5.	Management Board's report on activities in the third quarter of 2021	15
5.1.	Management Board's comment on significant factors and events that influenced the results in the third quarter of 2021	15
5.1.1.	Significant financial information	15
5.1.2.	Significant information on changes in the Company's governing bodies	15
5.1.3.	Significant information on the implementation of the provisions of contracts and resolutions	15
5.2.	Brief description of significant achievements of the Issuer and companies related to the Issuer in the third quarter of 2021.....	15
5.3.	Description of the status of implementation of the activities and investments of the Issuer and related companies and the schedule of their implementation, about which the Issuer informed in the information document	16
5.4.	The position of the Management Board regarding the possibility of meeting the published forecasts of financial results for a given year in the light of the results presented in this quarterly report.....	16
5.5.	Initiatives aimed at introducing innovative solutions in the enterprise	16
6.	Information on the number of people employed by the Issuer, converted into full time jobs	16
7.	Information on the principles adopted when drawing up the report, including information on changes in the applied accounting principles (policy).....	16
8.	Statement of the Management Board	18

1. Basic information about the Company

1.1. Company Information:

Company:	BLACK PEARL S.A.
Legal form:	joint-stock company
Country:	Poland
City:	Warsaw
Address:	15/504 Stomińskiego street, 00-195 Warsaw
Phone:	+48 22 415 41 46
www:	www.blackpearlcapital.pl
E-mail:	biuro@blackpearlcapital.pl
KRS registration number:	0000343453
REGON statistical number:	142121110
NIP tax number:	7010211009

1.2. Management Board

As at the date of publication of the report, the Issuer's Management Board is composed of:

- Arkadiusz Trela – President of the Management Board
- Jacek Jakubowski – Proxy

1.3. Supervisory Board

As at the date of publication of the report, the Supervisory Board of the Issuer is composed of:

1. Dominik Poszywata – Member of Supervisory Board
2. Mirosław Szczepański – Member of Supervisory Board
3. Adam Strużyk - Member of Supervisory Board
4. Marek Roguski – Member of Supervisory Board
5. Jan Lupa – Member of Supervisory Board
6. Marek Majcher – Member of Supervisory Board

1.4. Shareholding structure

The share capital structure as at the date of this report is as follows:

No	Series of shares	Number of shares (units)	Share in the capital (percentage)	Share in votes (percentage)
1.	D	403 380	14,65	14,65
2.	E	1 300 000	47,21	47,21
3.	F	750 000	27,24	27,24
4.	G	300 000	10,90	10,90
Total:		2 753 380	100	100

The shareholding structure as at the date of this report, with an indication of shareholders holding at least 5% votes at the General Meeting is as follows:

No	Shareholder designation	Number of shares (units)	Share in the capital (percentage)	Share in votes (percentage)
1.	Janusz Skopowski	2 205 260	80,09 %	80,09 %
2.	OTHER SHAREHOLDERS	548 120	19,91 %	19,91 %
Total:		2 753 380	100 %	100 %

2. Information on companies related to the Issuer, indicating entities subject to consolidation

2.1. List of companies related to the Issuer

Companies related to the Issuer:

Company name	Share in capital
Eco Milan sp. z o.o.	95 %
CarbonHeat sp. z o.o.	50 %
Reeco Nieruchomości sp. z o.o.	100 %
Energa Plus sp. z o.o.	37,50 %
RED PHARMA LABORATORIES S.A.	22,50 %
Elektrownia Słoneczna Blizocin sp. z o.o.	49 %

The Issuer, analysing the significance of the financial data, made a decision, pursuant to Articles 56 and 58 of the Accounting Act, that the financial data of companies related to Black Pearl S.A. should not be consolidated. The Company does not publish a consolidated report for the third quarter of 2021.

2.2. Brief description of companies related to the Issuer

Energa Plus Sp. z o.o.

A company specializing in supplying microspheres to concerns in selected countries of the world. The microsphere is a component used in the production of special metal alloys, for which a very high level of durability and strength is required. For example, these alloys are used in the production of spacecraft.

Red Pharma Laboratories S.A.

A company pursuing goals in the field of production and sale of medical devices, pharmaceutical products, cosmetics and dietary supplements. The company is intensively expanding its distribution channels for each portfolio segment.

Eco Milan Sp. z o.o.

The company focused on the preparation, engineering, implementation and sale of large development projects in the field of residential and commercial construction.



CarbonHeat Sp. z o.o.

The company popularizes and sells heating products based on the technology of emission of infrared waves.

Elektrownia Słoneczna Blizocin Sp. z o.o.

A special purpose vehicle implementing a photovoltaic power plant project with an installed capacity of 1 MW. The company has all the necessary permits and contracts for the implementation of the project.

Medicancoin Greece Ltd.

A Greek company dedicated to the implementation of a project based on permits and licenses obtained from the Government of Greece for the cultivation of medical marijuana in a strictly defined legal regime. Currently the company is in project preparation phase covering buildings and installations necessary for the implementation of the business.

Due to the nature of the activities of MEDICANCOIN GREECE S.A. (cultivation of medical marijuana and production of medical marijuana preparations with THC, and not only with CBD) and legislative discrepancies between Greece and Poland, the Issuer reduced its ownership by selling 8,750 shares in MEDICANCOIN GREECE S.A.

The effect is to organize the legal and proprietary status in a way that allows legal trade in goods in accordance with local and international law - regulating the trade in psychoactive substances.

At the same time, the Issuer, as part of the implementation of the Company's development strategy aimed at providing the Issuer with long-term revenues, is negotiating with MEDICANCOIN GREECE S.A. the scope of cooperation between companies providing the Issuer with future revenues related to the right to distribute products containing THC manufactured by MEDICANCOIN GREECE S.A.

3. Selected financial data

Selected financial data of BLACK PEARL S.A.

BLACK PEARL S.A.	30.09.2020	30.09.2021
<i>Balance sheet sum</i>	281.178.016,01	27.234.911,99
<i>Equity capital</i>	21.955.974,27	23.824.764,95
<i>Fixed assets, including:</i>	22.693.701,00	22.843.171,94
<i>Long-term receivables</i>	0,00	0,00
<i>Current assets, including:</i>	238.484.315,01	4.391.740,05
<i>Short-term receivables</i>	2.572.396,52	3.334.027,11
<i>Long-term liabilities</i>	0,00	3.190.000,00
<i>Short-term liabilities</i>	3.458.308,56	220.147,04
<i>Net revenues from sale</i>	0,00	46.410,00
<i>Profit/loss from operating activities</i>	1.335.206,12	-741.740,83
<i>Gross profit/loss</i>	-1.882.734,07	1.650.342,79

4. Separate financial data for the first quarter of 2021

4.1. Balance sheet

Separate balance sheet of BLACK PEARL S.A. as at 30 June 2021:

BLACK PEARL SA

00-195 Warsaw, 15/504 Słomińskiego street

Item	Name of the item	as at 30.09.2021	as at 30.09.2020
A	FIXED ASSETS	22.843.171,94	22.693.701,00
I	Intangible assets	20.000,00	0,00
1	Costs of completed development works	0,00	0,00
2	Goodwill	0,00	0,00
3	Other intangible assets	20.000,00	0,00
4	Advance payments against intangible assets	0,00	0,00
II	Tangible fixed assets	0,00	0,00
1	Tangible assets	0,00	0,00
a)	Land(including perpetual usufruct right to the land)	0,00	0,00
b)	Buildings, premises and civil engineering structures	0,00	0,00
c)	Technical equipment and machinery	0,00	0,00
d)	Means of transport	0,00	0,00
e)	Other tangible assets	0,00	0,00
2	Tangible assets under construction	0,00	0,00
3	Advance payments against tangible assets under construction	0,00	0,00
III	Long-term receivables	0,00	0,00
1	From affiliates	0,00	0,00
2	From other companies where the company holds interest	0,00	0,00
3	From other companies	0,00	0,00
IV	Long-term investments	25.055.271,94	22.693.701,00
1	Real properties	0,00	0,00
2	Intangible assets	14.000.000,00	14 000 000,00
3	Long-term financial assets	8.823.171,94	8.693.701,00
a)	In affiliates	0,00	8.301.641,00
-(1)	Stocks or shares	0,00	8.301.641,00
-(2)	Other securities	0,00	0,00
-(3)	Granted loans	0,00	0,00
-(4)	Other long-term financial assets	0,00	0,00
b)	In other companies where the company holds interest	8.823.171,94	392.060,00
-(1)	Stocks or shares	8.823.171,94	392.060,00
-(2)	Other securities	0,00	0,00
-(3)	Granted loans	0,00	0,00
-(4)	Other long-term financial assets	0,00	0,00
c)	In other companies	0,00	0,00
-(1)	Stocks or shares	0,00	0,00
-(2)	Other securities	0,00	0,00
-(3)	Granted loans	0,00	0,00
-(4)	Other long-term financial assets	0,00	0,00
4	Other long-term investments	0,00	0,00
V	Long-term prepayments	0,00	0,00
1	Deferred income tax assets	0,00	0,00
2	Other prepayments	0,00	0,00
B	CURRENT ASSETS	4.391.740,05	258.484.315,01
I	Inventories	0,00	0,00
1	Materials	0,00	0,00
2	Half-finished products and products in progress	0,00	0,00
3	Finished products	0,00	0,00
4	Goods	0,00	0,00
5	Advance payments against deliveries	0,00	0,00
II	Short-term receivables	3.334.027,11	2.572.396,52



1	Receivables from affiliates	2.314.140,00	0,00
a)	Trade receivables with maturity:	0,00	0,00
-(1)	-up to 12 months	0,00	0,00
-(2)	-over 12 months	0,00	0,00
b)	Other	2.314.140,00	0,00
2	Receivables from other companies where the Company holds interest	0,00	0,00
a)	Trade receivables with maturity:	0,00	0,00
-(1)	-up to 12 months	0,00	0,00
-(2)	-over 12 months	0,00	0,00
b)	Other	0,00	0,00
3	Receivables from other companies	1.019.887,11	2.572.396,52
a)	Trade receivables with maturity:	9.538,24	262.718,24
-(1)	Up to 12 months	9.538,24	262.718,24
-(2)	Over 12 months	0,00	0,00
b)	Taxes, donations, customs, social and health insurance and other public law receivables	85,00	34.707,28
c)	Other	1.010.263,87	2.274.971,00
d)	Litigation	0,00	0,00
III	Short-term investments	979.716,94	255.911.918,49
1	Short-term financial assets	1.599.822,84	255.911.918,49
a)	In affiliates	0,00	0,00
b)	In other companies	569.541,95	0,00
-(1)	stocks or shares	0,00	0,00
-(2)	other securities	0,00	0,00
-(3)	loans granted	569.541,95	0,00
-(4)	other short-term financial assets	0,00	0,00
c)	Cash and other monetary assets	1.030.280,89	255.911.918,49
-(1)	- cash on hand and in banks	1.030.280,89	530.385,31
-(2)	-other cash	0,00	0,00
-(3)	Other monetary assets	0,00	255.381.533,18
2	Other short-term investments	-620.105,90	40.000,00
IV	Short-term prepayments	77.996,00	0,00
C	Payments due to share capital	0,00	0,00
D	Equity shares	0,00	0,00
Total ASSETS:		27.234.911,99	281.178.016,01

LIABILITIES			
Item	Name of the item	as at 30.09.2021	as at 30.09.2020
A	Equity capital	23.824.764,95	21.955.974,27
I	Share capital	27.533.800,00	27.533.800,00
II	Reserve capital, including:	3.021.917,45	3 021 917,45
-(1)	Surplus of sale value (share price) over share per value	0,00	0,00
III	Revaluation capital, including:	0,00	0,00
-(1)	Revaluation of goodwill	0,00	0,00
IV	Other reserve capitals, including:	4 499 700,00	4 499 700,00
-(1)	Created in compliance with the company's share capital	0,00	0,00
-(2)	Equity shares	0,00	0,00
V	Profit (loss) from previous years	-12.880.995,29	-11.216.709,11
VI	Net profit (loss)	1.650.342,79	-1.882.734,07
VII	Write-down from net profit during the financial year (negative value)	0,00	0,00
B	Liabilities and provisions for liabilities	3.410.147,04	259.222.041,74
I	Provisions fo liabilities	0,00	382 200,00
1	Provision for deferred income tax	0,00	0,00
2	Provision for pension and similar benefits	0,00	0,00
-(1)	Long-term	0,00	0,00
-(2)	Short-term	0,00	0,00



3	Other provisions	0,00	382 200,00
-(1)	Long-term	0,00	0,00
-(2)	Short-term	0,00	382.200,00
II	Long-term liabilities	3.190.000,00	0,00
1	To affiliates	3.190.000,00	0,00
2	To other companies where the Company holds interest	0,00	0,00
3	To other companies	0,00	0,00
a)	Credits and loans	0,00	0,00
b)	Issue of debt securities	0,00	0,00
c)	Other financial liabilities	0,00	0,00
d)	Promissory notes	0,00	0,00
e)	Other	0,00	0,00
III	Short-term liabilities	220.147,04	3.458.308,56
1	Liabilities to affiliates	23.580,00	0,00
a)	Trade liabilities with maturity:	0,00	0,00
-(1)	-up to 12 months	0,00	0,00
-(2)	-over 12 months	0,00	0,00
b)	Other	23.580,00	0,00
2	Liabilities to other companies where the Company holds interest	0,00	3.458.308,56
a)	Trade liabilities with maturity:	0,00	0,00
-(1)	Up to 12 months	0,00	0,00
-(2)	Over 12 months	0,00	0,00
b)	other	0,00	0,00
3	Liabilities to other companies	196.567,04	3.458.308,56
a)	Credit and loans	0,01	0,00
b)	Issue of debt securities	0,00	0,00
c)	Other financial liabilities	0,00	0,00
d)	Trade liabilities with maturity:	171.842,37	256.169,07
-(1)	- up to 12 months	171.842,37	256.169,07
-(2)	- over 12 months	0,00	0,00
e)	Advance payments against deliveries and services	0,00	3.190.000,00
f)	Promissory notes	0,00	0,00
g)	Taxes, customs, social and health insurance and other public law payments	3.716,17	3.477,08
h)	Payroll	14.387,70	2.041,62
i)	Other	6.620,79	6.620,79
4	Special funds	0,00	0,00
IV	Accruals	0,00	255.381.533,18
1	Negative goodwill	0,00	0,00
2	Other accruals	0,00	255.381.533,18
-(1)	Long-term	0,00	0,00
-(2)	Short-term	0,00	255.381.533,18
Total LIABILITIES		27.234.911,99	281.178.016,01

4.2. Profit and Loss

Separate Profit and Loss of BLACK PEARL S.A. for the period of 01.04.2021 – 30.06.2021:

<i>Rachunek zysków i strat - wariant porównawczy</i>	Q3 2021	period	Q3 2020	period
	from	01.01.2021 to	from	01.01.2020 do
	01.07.2021 to	30.09.2021	01.07.2020 to	30.09.2020
	30.09.2021		30.06.2020	
A. NET REVENUES FROM SALE AND EQUIVALENT, INCLUDING:	12.600,00	46.410,00	0,00	0,00
- from affiliates	0,00	0,00	0,00	0,00
I. Net revenues from sale of products	12.600,00	37.800,00	0,00	0,00
II. Change in products (increase- positive value, decrease – negative value)	0,00	0,00	0,00	0,00
III. Cost of manufacturing products for company's own needs	0,00	0,00	0,00	0,00
IV. Net revenues from sale of goods and material	0,00	8.610,00	0,00	0,00
B. Costs of operating activities	62.067,69	154.476,28	352.746,79	370.590,56
I. Amortization	0,00	0,00	0,00	0,00
II. Consumption of materials and energy	4.205,98	9.404,15	0,00	0,00
III. Outsourcing	35.407,19	80.241,09	218.737,31	229.954,68
IV Taxes and fees, including:	30,00	10.030,00	1.305,00	1.305,00
-excise duty	0,00	0,00	0,00	0,00
V. Payroll	20.400,00	36.969,10	17.600,00	23.100,00
VI. Social insurance and other payments, including	2.027,52	5.317,95	3.604,48	4.730,88
VII Other generic costs	0,00	3.953,02	111.500,00	111.500,00
VIII. Sold goods and materials	0,00	8.560,97	0,00	0,00
C. Profit(loss) from sale (A-B)	-49.470,69	-108.066,28	-352.746,79	-370.590,56
D. Other operating revenues	0,17	0,81	1.260.611,69	2.318.772,69
I. Profit from sale of nonfinancial assets	0,00	0,00	0,00	0,00
II. dotations	0,00	0,00	0,00	0,00
III. Revaluation of non-financial assets	0,00	0,00	0,00	0,00
IV. Other operating revenues	0,17	0,81	1.260.611,69	2.318.772,69
E. Other operating expenses	0,50	633.675,36	157.666.230,78	612.976,01
I. Loss from sale of non-financial tangible assets	0,00	0,00	0,00	0,00
II. Revaluation of non-financial assets	0,00	0,00	157.053.254,77	0,00
III. Other operating expences	0,50	633.675,36	612.976,01	612.976,01
F. Profit (loss) from operating activities (C+D-E)	--49.471,02	-741.740,83	-156.758.365,88	1.040.317,23
G Financial revenues	403.685,00	2.393.736,99	142.060,00	142.060,00
I. Dividend and profit shares, including:	0,00	0,00	0,00	0,00
- from affiliates, including:	0,00	0,00	0,00	0,00
II. Interest, including:	0,00	0,00	0,00	0,00
- from affiliates	0,00	0,00	0,00	0,00
III. Profit from sale of financial assets	313.685,00	313.685,00	0,00	0,00
IV. Revaluation of financial assets	0,00	0,00	0,00	0,00
V. other	90.000,00	2.080.051,99	142.060,00	142.060,00
756 Other financial income	0,00	0,00	0,00	0,00
H. Financial expenses	0,00	1.653,37	3.360.000,00	3.360.000,19
I. Interest including:	0,00	1.653,37	0,00	0,19
II. loss on the sale of financial assets, including:	0,00	0,00	0,00	0,00
III. Revaluation of financial assets	0,00	0,00	0,00	0,00
IV. Other	0,00	0,00	0,00	0,00
I. Gross profit (loss) (F+G-H)	354.213,98	1.650.342,79	-159 976 305,88	158.083.571,81
J. Income tax	0,00	0,00	0,00	0,00
K. Other compulsory profit reduction (loss increase) (loss increase)	0,00	0,00	0,00	0,00
L. Net profit (loss) I-J-K	354.213,98	1.650.342,79	-159 976 305,88	158 093 571,81

4.3. Cash Flow Statement

Separate Cash Flow Statement – BLACK PEARL S.A.

ITEM	30.06.2020	30.06.2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		
I. Net profit (loss)	-159.976.305,88	1.650.342,79
II. Adjustments total	- 160.389.806,79	- 958.476,43
1. Depreciation	-	-
2. Profit (loss) due to exchange rate differences	-	-
3. Interest and share in profits (dividends)	-	-
4. Profit (loss) on investment activities	-3.360.000,00	-313.685,00
5. Change in reserves	-	-
6. Change in inventories	-	8.560,97
7. Change in receivables	-	- 749.533,72
8. Change in short-term liabilities, except for loans and credits	-	- 4.723,60
9. Change in the status of accruals	-	-12.841,50
10. Other adjustments	-157.029.806,79	113.746,12
III. net cash flows from operating activities (I±II)	413.500,91	691.866,36
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
I. Inflows	699.500,00	-
1. Sale of intangible assets and tangible fixed assets	-	-
2. Sale of real estate investments and intangible assets investments	-	-
3. From financial assets, including:	-	-
a) in related entities	-	-
b) in other entities	-	-
4. Other investment incomes	699.500,00	-
II. Expenses	250.000,00	1.772.615,00
1. Purchase of intangible assets and tangible fixed assets	-	-
2. Investments in real estate and intangible assets	-	-
3. For financial assets, including:	-	-
a) in related entities	-	-
b) in other entities	-	-
- acquisition of financial assets	-	690.615,00
- long-term loans granted	-	200.000,00
4. Other investment expenses	250.000,00	882.000,00
III. Net cash flows from investing activities (I-II)	449.500,00	-1.772.615,00
C. CASH FLOWS FROM FINANCIAL ACTIVITIES	483.000,00	1.953.545,00
I. Inflows	90 000,00	1.987.045,00
1. Net income from the delivery of shares and other equity instruments, and equity contributions	-	-
2. Credits and loans	90 000,00	129.400,00
3. Issue of debt securities	-	-
4. Other financial inflows	-	1.857.645,00
II. Expenses	483.000,00	33.500,00
1. Purchase of own shares	-	-
2. Dividends and other payments to shareholders	-	-
3. Profit distribution expenses other than payments to shareholders	-	-
4. Repayment of credits and loans	483.000,00	13.500,00
5. Redemption of debt securities	-	-
6. Z tytułu innych zobowiązań finansowych	-	-
7. Payment of liabilities under financial lease agreements	-	-
8. Interest	-	-
9. Other financial expenses	-	20.000,00



III. Net Cash flows from financial activities (I-II)	483.000,00	1.953.545,00
D. TOTAL NET CASH FLOWS (A.III±B.III±C.III)	380.000,91	872.796,36
E. Balance sheet change in cash, including	-	552.193,47
- change in cash due to exchange rate differences	-	-
F. CASH FLOW OPENING BALANCE	123.384,40	157.484,53
G. CASH FLOW CLOSING BALANCE (F±D), INCLUDING	503.385,31	1.030.280,89
- with restricted disposal	-	-

4.4. Statement of changes in equity capital

Separate statement of changes in equity capital - BLACK PEARL S.A.

Item	30.09.2020	30.09.2021
I. Equity capital opening balance	23 838 708,34	22.174.422,16
I.a. Equity capital opening balance, after adjustments	23 838 708,34	22.174.422,16
1. Share capital opening balance	27 533 800,00	27 533 800,00
1.2. Share capital closing balance	27 533 800,00	27 533 800,00
2. Opening balance of called up share capital	-	-
3. Opening balance of own shares	3 021 917,45	3 021 917,45
4. Opening balance of reserve capital	-	-
4.1. Changes on other reserve capitals opening balance	-	-
a) increase (in respect of)	-	-
b) decrease (in respect of)	-	-
4.2. Other reserve capitals closing balance	3 021 917,45	3 021 917,45
5. Opening balance of revaluation reserve	-	-
5.1. Changes in revaluation reserve	-	-
6. Opening balance of the other reserve capitals	4.499.700,00	4.499.700,00
6.2. Closing balance of the other reserve capitals	4.499.700,00	4.499.700,00
7. Opening balance of previous years' profit	-	-
7.1. opening balance of previous years' profit	-	-
7.2. opening balance of previous years' profit after adjustments	-	-
7.4. Closing balance of previous years' profit	-	-
8. Net result	-1.882.734,07	1.650.342,79
II. Closing balance of equity	21.955.974,27	23.824.764,95
III. Equity including proposed profit distribution	-	-

IMPORTANT NOTE:

The decrease in assets is the result of a change in the presentation of the MCAN COIN digital currency belonging to BLACK PEARL SA in the accounting books, and the exclusion of all units of this currency from tangible, intangible and legal assets due to the lack of clear legal regulations regarding its balancing and presenting in the balance sheet, enabling simple accounting of the tax effects related to the acquisition of companies with its use and the fact of its sale for fiat currencies, about which the Issuer informed on March 30th, 2021 in a relevant announcement: „The Issuer's Management Board decided to derecognise all economic events of the digital currency from the balance sheet assets, the presentation of the digital currency takes place on off-balance sheet accounts. The purpose of such action is to obtain transparency of the economic effects related to the trading and functional use of the MCAN COIN digital currency.

During 2020 and in the first quarter of 2021, the Company performed a number of activities using the MCAN COIN currency. It purchased shares and stocks of other business entities. It sold significant amounts of MCAN COIN against payment and free of charge. She granted loans and made deductions in a completely virtual zone, which may mislead the image of transactions related to fiat currencies. In order to avoid a contradictory interpretation of events not having a real relationship with the trading of central banks' sovereign currencies, in a way that disrupts the transparency of balance sheet events - the Issuer decided to separate and completely separate tax events from virtual economic events that generate tax effects only when switching to real transactions - real ones and market, subject to valuation in accordance with the applicable accounting principles.

Because of imprecise legal and tax regulations - or the lack of regulations - to not create a tax risk for the Issuer, it was decided to present the MCAN COIN digital currency resources off-balance sheet and show them this way until they are effectively used when purchasing services, goods and obtaining other real intangible and legal benefits. .

The above event will be reflected in the periodic reports, which will disclose MCAN COIN as off-balance sheet funds, which will enable their off-balance sheet valuation.”

5. Management Board's report on activities in the third quarter of 2021

5.1. Management Board's comment on significant factors and events that influenced the results in the third quarter of 2021

5.1.1. Significant financial information

In the third quarter of 2021, BLACK PEARL S.A. generated a profit of PLN 354,213.98 from financial revenues, which at the end of the third quarter of 2021 resulted in an year-to-date profit of PLN 1,650,342.79.

The balance sheet total as at September 30, 2021 was PLN 27,234,911.99, compared to equity of PLN 23,824,764.95.

5.1.2. Significant information on changes in the Company's governing bodies

In the third quarter of 2021, there were no changes in the Company's governing bodies.

5.1.3. Significant information on the implementation of the provisions of contracts and resolutions

The purchase price for 300,000 of BLACK PEARL S.A. own shares was paid by transferring 1,000,000 MCAN COIN to the Seller. Thus, the Management Board of the Company implemented the provisions of the Conditional Share Purchase Agreement for redemption and Resolution No. 23 of the Ordinary General Meeting of the Company of June 30th, 2021.

The next stage of the transaction will be the redemption of shares and their elimination from the market. After redemption of shares, an appropriate announcement will be made and the institutions supervising stock exchange trading will be notified. Ultimately, the number of shares (before the split) will be, respectively: 2,453,380 shares in place of the existing 2,753,380 BLACK PEARL S.A. shares representing 100% of the share capital and votes at the General Meeting of Shareholders. As a result, the market parity of shares owned by minority investors in BLACK PEARL S.A. will increase.

5.2. Brief description of significant achievements of the Issuer and companies related to the Issuer in the third quarter of 2021.

In the third quarter of 2021, the Issuer focused its activities primarily on the implementation by BLACK PEARL S.A. a development strategy aimed at dynamic strengthening of the sphere of unconventional investments based on the acquisition of enterprises, and thus an increase in the value of the Company's assets.

As at the end of the third quarter of 2021, the Company owned the following assets:

- Eco Milan Sp. z o.o. (95% shares)
- Carbonheat Sp. z o.o. (50% shares)
- Reeco Nieruchomości Sp. z o.o. (100% shares)
- Energa Plus Sp. z o.o. (37,5% shares)



- Red Pharma Laboratories S.A. (22,5% shares)
- Elektrownia Stoneczna Blizocin Sp. z o.o. (49% shares)

In addition, due to the nature of the activities of MEDICANCOIN GREECE S.A. (the cultivation of medical cannabis and the production of medical cannabis preparations with THC, and not only with CBD) and legislative discrepancies between Greece and Poland, the Management Board undertook negotiations for a more effective investment cooperation, which will ensure long-term revenues for the Company.

The effect is to organize the legal and proprietary status in a way that allows legal trade in goods in accordance with local and international law regulating the trade in psychoactive substances.

At the same time, the Issuer, as part of the implementation of the Company's development strategy aimed at providing the Issuer with long-term revenues, is negotiating with MEDICANCOIN GREECE S.A. regarding the scope of cooperation between companies providing the Issuer with future revenues related to the right to distribute products containing THC manufactured by MEDICANCOIN GREECE S.A.

5.3. Description of the status of implementation of the activities and investments of the Issuer and related companies and the schedule of their implementation, about which the Issuer informed in the information document

In the third quarter of 2021, the company did not conduct direct investment activities.

5.4. The position of the Management Board regarding the possibility of meeting the published forecasts of financial results for a given year in the light of the results presented in this quarterly report

The issuer did not publish any forecasts.

5.5. Initiatives aimed at introducing innovative solutions in the enterprise

In the period covered by the report, the Issuer did not implement innovative solutions in the Issuer's enterprise.

6. Information on the number of people employed by the Issuer, converted into full time jobs

BLACK PEARL S.A. in the third quarter of 2021, it employed 1 employee, while the related companies employed a total of 6 people converted into full-time jobs.

7. Information on the principles adopted when drawing up the report, including information on changes in the applied accounting principles (policy)

General principles of the Issuer's bookkeeping policy

INFORMATION ON CHANGES IN THE APPLIED ACCOUNTING PRINCIPLES (POLI-CIES)

The accounting principles applied by the entity are adjusted to the provisions of the Accounting Act of 29 September 1994 (Journal of Laws of 2002, No. 76, item 694, as amended).



Principles of preparing financial statements

The quarterly financial statements have been prepared on the assumption that the company will continue its business activities for the foreseeable future. There were no changes in the accounting principles in the period covered by the report. These principles were applied consistently in all the presented periods. The report was drawn up in PLN.

The applicable rules for the valuation of assets and liabilities.

The financial data presented in this report have been prepared in accordance with the accounting policy principles, the Accounting Act and national accounting standards applied by the entity.

In the field of records of intangible assets

Intangible assets are considered acquired, fit for economic use on the date of acceptance for use.

In the field of records of fixed assets

Fixed assets are recorded according to the following rules: Complete and fit for use at the time of acceptance for use, with an estimated period of use longer than one year, intended for own needs or to be put into use under a lease, lease or other agreement for similar character. Fixed assets with an initial value of up to 3,500.00 are classified as low-value fixed assets. Assets with an expected useful life longer than one year and with an initial value lower than the lower value of a low-value fixed asset are included in the cost of materials. Each fixed asset, except for low-value fixed assets, is classified according to the Classification of Fixed Assets (KŚT).

In terms of long-term investments

Receivables are measured at the amount due, in line with the prudence principle, i.e. after taking into account impairment losses. Short-term investments are valued at market value. Cash in hand and at bank is measured at its nominal value.

In terms of financial assets and financial liabilities

Receivables are measured at the amount due, in line with the prudence principle, i.e. after taking into account impairment losses. Short-term investments are valued at market value. Cash in hand and at bank is measured at its nominal value.

With regard to tangible current assets

Receivables are measured at the amount due, in line with the prudence principle, i.e. after taking into account revaluation write-offs. Short-term investments are valued at market value

In the field of records of receivables

Receivables are measured at the amount due, in line with the prudence principle, i.e. after taking into account revaluation write-offs. Cash in hand and at bank is measured at its nominal value.

In the field of cash register

Cash in hand and at bank is measured at its nominal value.

In terms of equity (funds)

Own shares (stocks) are valued according to purchase prices.

In terms of reserves

Provisions for losses and liabilities are measured at a justified, reliably estimated value.



In the field of records of liabilities

Liabilities are measured at the amount due, i.e. the principal amount of liabilities is increased by interest resulting from the interest notes received from contractors.

In the field of cost accounting

Financial liabilities which are settled in accordance with the agreement by issuing financial assets other than cash or exchanging for financial instruments, are measured at fair value.

In terms of taxation

As at the balance sheet date, assets and liabilities expressed in foreign currencies are measured at the average exchange rate established for a given currency by the National Bank of Poland on that date.

In terms of deferred income tax

As at the balance sheet date, assets and liabilities expressed in foreign currencies are measured at the average exchange rate established for a given currency by the National Bank of Poland on that date.

Cryptocurrency Valuation

The company applies the rules for the valuation of cryptocurrencies according to the exchange rate of the active market.

8. Statement of the Management Board

Management Board of BLACK PEARL S.A. declares that, to the best of its knowledge, financial information and comparable data have been prepared in accordance with the Issuer's regulations and that the quarterly report on its activities contains a true picture of the development, achievements and situation of the Company.

Arkadiusz Trela

President of the Management Board