



**STATEMENT REGARDING  
THE IMPLEMENTATION OF CORPORATE  
GOVERNANCE POLICIES AT THE INVESTMENT FRIENDS SE  
SUPPLEMENTING  
MANAGEMENT BOARD REPORT ON THE INVESTMENT FRIENDS SE  
FOR THE PERIOD SINCE 01/07/2020 TILL 30/06/2021**

**TALLINN 8/10/2021**

## CORPORATE GOVERNANCE REPORT

Indication of the set of corporate governance rules to which Investment Friends 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.ifsapl.com](http://www.ifsapl.com), 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.

Information on the state of compliance with the recommendations by the company and principles contained in the Code of Best Practice for WSE Listed Companies 2016. During the reporting period, in the scope of Good Practices, the Company did not apply 3 recommendations: : III.R.1.,IV.R.2., VI.R.1

In the reporting period regarding Good Practices, the Company did not apply 20 specific principles: I.Z.1.6., I.Z.1.7., I.Z.1.8., I.Z.1.9. , I.Z.1.11., I.Z.1.15., I.Z.1.16., I.Z.1.17., I.Z.1.18., I.Z.1.20., I.Z.1.21.,II.Z.7., IV.Z.5., VI.Z.3., VI.Z.4

### I. Information policy and communication with investors

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

### Recommendations

**I.R.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.

*The rule is applied.*

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

*The rule does not apply to the Company.*

**Company's comment:** *As at the date of entry into force of the Code of Best Practice for WSE Listed Companies 2016, the Company does not operate in this area.*

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

*The principle is applied.*

**Company's comment :** *The company provides explanations within the limits permitted by law for all queries of shareholders and investors. The company conducts electronic communication with*

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investors. Open meetings with investors and analysts are not organized because there is no interest in this form of obtaining information about the company by investors.

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

*The principle is applied.*

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

### **Detailed rules**

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

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

*The principle is applied.*

**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,

*The principle is applied.*

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

*The principle is applied.*

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

**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,

*The principle is applied.*

**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,

*The principle is applied.*

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

*The rule is not applied.*

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

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

*The rule is not applied.*

**Company's comment :** *The company has not yet prepared and published information materials on the company's strategy and its financial results. The financial results of the company*

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and plans for operations in the next reporting period are published by the Company in periodic reports, which it publishes with relevant reports and on the company's websites.

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

*The rule is not applied.*

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

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

*The rule is not applied.*

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

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

*The principle does not apply to the company.*

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

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

*The rule is not applied.*

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

**I.Z.1.12.** the company's statement on the application of corporate governance included in the last published annual report,

*The principle is applied.*

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

*The principle is applied.*

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

**I.Z.1.14.** Materials provided to the general meeting, including assessments, reports and positions indicated in principle I.Z.10, submitted to the general meeting by the supervisory board

*The principle is applied.*

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

The principle is not applied.

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

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

The rule is not applied.

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

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

The rule is not applied.

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

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

The rule is not applied.

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

**I.Z.1.19.** 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,

The principle is applied.

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

The rule is not applied.

**Company's comment :** *In the Company's opinion, the costs of such a solution are too high. The Company does not have the necessary technical infrastructure and there is no interest in recording*

*the course of General Meetings due to the shareholding structure of the Company. At the same time, the Company's Articles of Association do not provide for broadcasting of the General Meeting.*

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

*The rule is not applied.*

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

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

*The principle does not apply to the Company*

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

## **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. (ARTICLE OF ASSOCIATION, POINT IV.V)

Management Board:

Agnieszka Gujgo – performs function of only member of the Management Board of the Company

Supervisory Board: without related entities

*Wojciech Hetkowski* Chairman of the Supervisory Board - performs a function of a Supervisory Board member in: Atlantis SE, Elkop SE, Investment Friends Capital SE, FON SE.

*Jacek Koralewski* Member of the Supervisory Board- performs the function of the President of the Management Board in: Elkop SE and function of member of the Supervisory Board in: Atlantis SE, Investment Friends Capital SE, FON SE.

*Małgorzata Patrowicz* Member of the Supervisory Board - perform a function of the Liquidator Patro Invest Sp. z o.o in liquidation and the President of the management Board of Patro

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Inwestycje Sp. z o.o. in addition, she is member of the Supervisory Board in: Atlantis SE, Elkop SE, FON SE, Investment Friends Capital SE. Mrs. Małgorzata Patrowicz is also member of the Management Board of Patro Administracja Sp. z o.o.

*Anna Kajkowska* Member of the Supervisory Board- performs the function of the President of the Management Board in: Elkop SE.

#### Members of the Supervisory Board and Management Board

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

#### **Recommendations**

**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.

*The principle is applied.*

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

*The principle is applied.*

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

**II.R.3.** Performing a function on the company's management board is the main area of professional activity of a management board member. Additional professional activity of a management board member can not lead to such involvement of time and effort, as to negatively affect the proper performance of the function in the company. In particular, a management board member should not be a member of bodies of the other entities, if the time spent on performing functions in other entities precludes him from reliably performing his duties in the company.

*The principle is applied.*

**II.R.4.** Supervisory board members should be able to devote the necessary amount of time to perform their duties.

*The principle is applied.*

**II.R.5.** In case of resignation or inability to perform activities by a supervisory board member, the company shall immediately take appropriate actions of complementation or changes of the supervisory board.

*The principle is applied.*

**II.R.6.** The supervisory board, being aware of the expiry of the term of office of members of the management board and their plans for further performance of their functions on the management board, acts in advance to ensure the effective functioning of the company's management board.

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The principle is applied.

**II.R.7.** The Company provide the possibility of using professional, independent advisory services, which in the opinion of the board, are necessary for the supervisory board to supervise the company effectively. While selecting an entity providing advisory services, the supervisory board considers the company's financial situation.

The principle is applied according to the company's report published in 2016

### **The detailed rules**

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

The principle is applied.

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

**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.

The principle is applied.

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

The principle is applied.

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

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

The principle is applied.

**Company's comment :** *The decision on the election of Members of the Supervisory Board falls within the competence of the General Meeting.*

**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.

The principle is applied.



**II.Z.6.** The supervisory board assesses whether there are any relationships or circumstances that may affect the fulfilment 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.

*The principle is applied.*

**II.Z.7.** As regards the tasks and functioning of the committees operating in the Supervisory Board, the provisions of Annex I to the Recommendation of the European Commission, referred to in principle II.Z.4. If the function of the audit committee is performed by the supervisory board, the above principles shall apply accordingly.

*The principle is not applied.*

**Company's comment :** *Currently, there is no Audit Committee in the Company. On April 8, 2019 the Supervisory Board adopted the resolution on dissolution of the Audit Committee.*

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

*The principle does not apply to the Company.*

**Company's comment :** *Currently, there is no Audit Committee in the Company. On April 8, 2019 the Supervisory Board adopted the resolution on dissolution of the Audit Committee.*

**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

*The principle is applied.*

**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, compliance and functions of the internal audit; this assessment involves also all-important mechanisms of control, especially those regarding financial reporting and operating activity.

*The principle is applied.*

**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.

*The principle is applied.*

**II.Z.10.3** assessment of the manner in which the Company complies with information obligations regarding the application of corporate governance principles set out in the Stock Exchange Regulations and provisions regarding current and periodic information provided by issuers of securities.

*The principle is applied.*

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

The principle is applied.

**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.

The principle is applied.

### **III. Internal systems and functions**

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

#### **Recommendations**

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

The principle is not applied.

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

#### **Detailed rules**

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

The principle is applied.

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

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

The principle is applied.

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

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

The principle is applied.

**Company's comment :** *There is no Audit Committee in the Company.*

**III.Z.4.** At least once a year, the person responsible for internal audit (in the event of such a function being separated in the company) and the Management Board present to the

Supervisory Board their own assessment of the effective functioning of the systems and functions referred to in rule III.Z.1, together with an appropriate report.

The principle is applied.

**Company's comment :** *Because of adopted model of activity of the Company, there is established single-person Management Board who is undertaken to direct control of the Supervisory Board.*

**III.Z.5.** The Supervisory Board monitors the effectiveness of the systems and functions referred to in principle III.Z.1, based, inter alia, on reports periodically provided to it directly by persons responsible for these functions and the Company's Management Board, as well as an annual assessment of the effectiveness of these systems and functions, in accordance with principle II.Z.10.1. In the event that an Audit Committee operates in the Company, it monitors the effectiveness of the systems and functions referred to in principle III.Z.1, however, this does not release the Supervisory Board from making an annual assessment of the effectiveness of the functioning of these systems and functions.

The principle is applied.

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

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

The principle is applied.

**Company's comment :** *The Supervisory Board has ongoing control over all areas of the Company's operations. Due to the adopted business model of the Company, a single-member Management Board is established under the direct control of the Supervisory Board.*

## **I. General meeting and relations with shareholders**

**The Management Board of a listed company and its Supervisory Board should encourage shareholders to engage in the affairs of the Company, which is primarily expressed by active participation in the general meeting.**

**The general meeting should meet with respect for the rights of shareholders and strive to ensure that the adopted resolutions do not violate the legitimate interests of individual groups of shareholders.**

**Shareholders participating in the general meeting exercise their rights in a manner that does not violate decency.**

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

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

On 04/12/2020 there was present only one shareholder of Investment Friends SE - Patro Invest OU. During this meeting, the most important resolutions that were voted on were the bonus issue and share split (change of the book value of shares ). According to the Estonian law the Ariregister (Commercial Companies Register) registered the changes to the Articles of Association of the Company resulting from the resolutions adopted at the Ordinary General Meeting of Shareholders on 28/12/2020. Bonus issue was registered in such a way that the

share capital increased by 4 860 000 from EUR 3 240 000 to EUR 8 100 000. The share capital increased at the cost of supplementary capital in the amount.

On 20/03/2021 there was also present only one shareholder of Investment Friends SE - Patro Invest OU. During this meeting, the most important resolutions that were voted on were the resplit of shares (change of the book value of shares without changing the share capital) and decrease of share capital.

On 29/6/2021 registered, with the Commercial Companies Register (Ariregister) the amendments to the Articles of Association of the Company resulting from the resolutions adopted at the Extraordinary General Meeting of Shareholders on 20/03/21.

As a result of this, the current wording of point 2.1 of the Company's Articles of Association is as follows:

"The minimum amount of the Company's share capital is 900 000 \_nine hundred thousand\_ euros and the maximum amount of the share capital is 3 600 000 \_three million six hundred thousand\_ euros."

Share capital Investment Friends SE is 900 000 EUR

The current number of shares issued by the Issuer is 9 000 000.

According to the best knowledge of the Management Board, the direct shareholder as at 30/06/2021 is Patro Invest OÜ which holds 53.09% of the share capital and votes at the General Meeting of Shareholders of the Company, and Damar Patro UÜ with its which holds 16,66% share in the share capital and votes at the General Meeting of Shareholders of the Company.

#### Structure of direct shareholding as at 30/06/2021

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	4 777 950	53,09	4 777 950	53,09
2.	Damar Patro UÜ	1 499 600	16,66	1 499 600	16,66
X	Total	6 277 550	<b>100,00</b>	6 277 550	<b>100,00</b>

#### Structure of indirect shareholding as at 30/06/2021

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	6 277 550	69,67	6 277 550	69,67

**\* Damian Patrowicz owns 100% of Patro Invest OU and Damar Patro UÜ**

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

#### Structure of direct shareholding as at 30/06/2020

No.	Direct shareholders	Number of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	3 077 250	34,19	3 077 250	34,19
X	Total	<b>3 077 250</b>	<b>100,00</b>	<b>3 077 250</b>	<b>100,00</b>

### Structure of indirect shareholding as at 30/06/2020

No.	Indirect shareholders	Number of shares	% shares	Number of votes	% votes
1.	Damian Patrowicz	3 077 250	68,86%	3 077 250	34,19

\* **Damian Patrowicz owns 100% of Patro Invest O**

#### Recommendations

**IV.R.1.** The company should strive to hold an ordinary general meeting as soon as possible after publication annual report, setting this date considering the relevant legal provisions.

*The principle is applied.*

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

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

*The principle is not applied.*

**Company's comment :** *Because of the Company's shareholding structure, high costs and no interest by the shareholders, this recommendation is not applied by the Company.*

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

*The principle does not apply to the Company.*

**Company's comment :** *Securities issued by the Company are listed only on the regulated market of WSE (GPW S.A.) in Warsaw.*

#### Detailed rules

**IV.Z.1.** The Company set out a place and term of the general meeting in the way to make it possible to participate in the meeting by as many shareholders as possible.

*The principle is applied.*

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

*The principle is not applied.*

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

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

*The principle is applied.*

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#### Investment Friends SE

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**Company's comment :** *The company indicates that there is no interest in the participation of the media in the General Meeting of the Company. In addition, the Company's Article of Association and the General Meeting Regulations do not prescribe transmission of the meeting.*

**IV.Z.4.** If the management board receives information about the convening of the general meeting pursuant to art. 399 § 2 - 4 of the Commercial Companies Code , 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. The rule also applies when a general meeting is convened on the basis of an authorization issued by the registry court in accordance with art. 400 § 3 of the Commercial Companies Code.

*The principle is applied.*

**IV.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.

*The principle is not applied.*

**Company's comment :** *The Management Board indicates that there is not applied a regulation of a general meeting, therefore there is no limitations imposed on the shareholders' rights.*

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

*The principle is applied.*

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

*The principle is applied.*

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

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

*The principle is applied.*

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

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

*The principle is applied.*

**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.

*The principle is applied.*

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

*The principle is applied.*

**Company's comment** : *The members of the company's governing bodies make efforts to participate in the General Meeting, however, since 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.

*The principle is applied.*

**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, if the management board decide such a decision pursuant to art. 428 § 2 or § 3 of the Commercial Companies Code.

*The principle is applied.*

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

*The principle is applied.*

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

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

*The principle is applied.*

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

**IV.Z.16.** The dividend day and dividend payment dates should be set so that the period between them is no longer than 15 business days. Setting a longer period between these dates requires justification.

*The principle is applied.*

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

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

*The principle is applied.*

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

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

*The principle is applied.*

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

## **II. Conflict of interests and transactions with related entities**

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

### **Recommendations**

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

*The principle is applied.*

### **Detailed rules**

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

*The principle is applied.*

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

**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.

*The principle is applied.*



**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.

*The principle is applied.*

**V.Z.4.** If a member of the Management Board or the Supervisory Board recognize that a decision, accordingly of the Management or of the Supervisory Board, conflicts with the company's interests, the member can request placing its position on the subject in the protocol.

*The principle is applied.*

**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.

*The principle is applied.*

**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.

*The principle is applied.*

### **III. Remuneration**

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

#### **Recommendation**

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

*The principle is not applied.*

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

*Management Board, and for the Supervisory Board Members - General Meeting of the Company's Shareholders.*

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

*The principle is applied.*

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

*The principle is applied.*

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

**VI.R.4.** The level of remuneration of members of the Management Board and the Supervisory Board and key managers should be enough to acquire, retain and motivate people with the competencies necessary for the proper management and supervision of the company. The remuneration should be adequate to the scope of tasks entrusted to individual persons and consider the fulfilment of additional functions, such as work in supervisory board committees.

*The principle is applied.*

#### **Detailed rules**

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

*The principle does not apply to the Company.*

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

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

*The principle does not apply to the Company.*

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

**VI.Z.3.** Remuneration of members of the supervisory board should not depend on options and other derivative instruments, or any other variable components, and should not depend on the company's performance.

*The principle is not applied*

**Company's comment :** *The Company does not hire employees.*

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

1. general information on the remuneration system adopted in the company,

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

*The principle is not applied.*

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

### **Description of the main features used in the enterprise of the company control systems and risk management with regard to the process of preparing 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 audit of the correctness of the preparation of periodic financial statements is carried out thanks to the annual financial audits carried out by independent auditors.

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

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.

### **Indication any restrictions on the exercise of voting rights, such as limitation of voting rights by the shareholders of specific parts or number of votes, time limits on the exercise of voting rights or recordings under which the equity rights related to securities are separated from holding securities.**

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

### **Indication of all restrictions regarding the transfer of the property rights of the company's securities**

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

Signature  
Chairman of the Management Board of the -Company

Agnieszka Gujgo