



**SEMI-ANNUAL REPORT OF
INVESTMENT FRIENDS SE
INCLUDING THE FINANCIAL STATEMENT
AND
THE REPORT ON THE ACTIVITY OF THE ISSUER
FOR 6 MONTHS
ENDED ON DECEMBER 31, 2021**

TALLINN 22.02.2022

Investment Friends SE

Harju maakond, Tallinn, Kesklinna linnaosa, Tornimäe tn 5, 10145, Estonia

Registry code: 14617862

Email: info@ifsa.pl

INVESTMENT FRIENDS SE GENERAL INFORMATION

Name of the Company: **INVESTMENT FRIENDS SE**

Registry code: 14617862

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

E-mail: info@ifsa.pl

Website: www.ifsa.pl

Reporting period: 01/07/2021 – 31/12/2021

Supervisory Board:

Wojciech Hetkowski

Jacek Koralewski

Małgorzata Patrowicz

Anna Kajkowska

Management Board:

Agnieszka Gujgo

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I. SELECTED FINANCIAL DATA

| | In thous. EURO | |
|---|------------------------------------|------------------------------------|
| | Six months ended on December 31 | Six months ended on December 31 |
| | 2021 | 2020 |
| Revenues from the sale of products, goods and materials | 45 | 45 |
| Profit (loss) from operating activities | 39 | 35 |
| Pre-tax profit (loss) | 39 | 35 |
| Net cash flow from operating activities | -31 | 15 |
| Change in cash and cash equivalents | 5 | 21 |
| Total assets * | 2 649 | 2 629 |
| Short-term liabilities* | 43 | 49 |
| Share capital * | 8 100 | 900 |
| Weighted average diluted number of shares (in pcs.) | 81 000 000 | 9 000 000 |
| Book value per share (EURO)* | 0,03 | 0,28 |

* For the balance items market with asterisk the data presented in the second column cover the data as at 30.06.2021

II. GENERAL INFORMATION ABOUT THE ISSUER

Name of the Issuer: Investment Friends SE

Registered office: Harju maakond, Tallinn, Kesklinna linnaosa,
Tornimäe tn 5, 10145 Estonia

Object of activity according to the Estonian Classification of Activities:

Since 30/11/2018 the main area of the Company's activity according to the EMTAK classification is „Activities of financial holding companies” , EMTAK no. 64201

Registry court of the Company:

Since 01/12/2018 the Company is entered in the Registration Department of the District Court in Tartu, registry code: 14617862

Share capital of the Company:

The Company's share capital is 8 100 000 EUR (eight million hundred thousand EURO) and is divided into 81 000 000 shares (in words: eighty-one million) without nominal value.

Financial year:

On May 31, 2019 the Register of Commercial Companies applicable to the law of Estonia (Ariregister) registered the change of the financial year pursuant to Resolution no. 2 of the Extraordinary General Meeting of Shareholders of May 17, 2019.
As a result of this, the Company's financial year begins on July 1 and ends on June 30

III. REPORT ON THE COMPANY'S ACTIVITIES

The main areas of activity, product and service groups. Information concerning the existence of branches of the accounting entity registered in a foreign state.

The Company's main activity is financial activity, including lending service activity. The company conducts homogeneous activity consisting in rendering other financial services. In the reporting period, the crucial role in the structure of the revenues achieved by the Issuer have revenues related to interest and commissions on granted loans. Due to the nature of the activity, there are no sources of supply with goods and materials.

The most significant investments and actions made during the financial year and planned in the immediate future.

Due to the Company's core activities in the field of financial services in the scope of providing cash loans for business entities, the Company's most significant investments in the reporting period were related to granted loans. In the near future the Company intends to continue its lending activities, so any future investments will also be realized in this area.

Significant projects in the field of research and development and the expenditures related with them.

The Company has not realized any projects in the field of research and development, and therefore has no expenses made in this area.

General (macroeconomic) development of the activity's environment of the accounting entity and the impact of such development on its financial performance.

The Company conducts financial activity in particular related to granting cash loans to business entities, especially to those from the micro sector and small enterprises. The Company sees development potential in the scope of providing financial services to this type of entities and intends to consistently continue its economic activity in this segment.

If at the balance-sheet date the owners' equity of the accounting Entity does not comply with the requirements established by the Commercial code, the activities planned for restoration of owners' Equity shall be described in the management report.

Equity of the Company shown in the balance sheet meet the requirements specified in the Commercial Code.

If an accounting entity has acquired or taken as security its own Shares during the financial year, the following items that have been acquired or taken as security shall be provided in the Management report as transferred and not transferred:

- 1) the number of the shares and their nominal value or, in the absence of a nominal value, the accounting par value and the ratio in the share Capital.***
- 2) the amount paid for the shares and the reason of their acquisition or taking as security.***

In the reporting period, the Company has not acquired and has not acquire own shares as a collateral.

Significant events which have occurred during the period of preparation of the annual accounts and which are not presented in the annual accounts, but which have or may have a material effect on economic performance for the following financial years.

All events having influence on the financial statements and financial result presented in the report, as well as events which may have influence on results of further periods were presented in the report.

A significant factor that influenced the achieved financial result is the recoverability of receivables due to granted cash loans.

Information whether the operating activities of the accounting entity take place on a seasonal basis, or whether their business activities are cyclical.

The activity conducted by Investment Friends SE is neither cyclical nor based on seasonality.

Significant environmental and social impacts resulting from the activities of the entity.

Activity conducted by Investment Friends SE does not cause any significant environmental and social impacts.

In Investment Friends SE there are not any liabilities resulting from pensions and benefits of a similar nature for prior managers, supervisors or prior members of administrative organs and liabilities incurred in connection with these pensions.

The main financial ratios concerning the financial year and the preceding financial year, and the methods for calculating the ratios.

| RATIO | Six months ended on December 31, 2021 unaudited in thous. EUR | Six months ended on December 31, 2020 unaudited in thous. EUR |
|--------|---|---|
| EBITDA | 39 | 35 |
| ROA | 1,47 | 1,35 |
| ROE | 1,49 | 1,36 |

ROA – return on assets, net profit of the Company to value of the assets (net profit/value of assets*100)

ROE – return on equity, net profit of the Company to equity (net profit/equity*100)

EBITDA- earnings before interest, taxes, depreciation and amortization of intangible fixed assets (EBIT+ amortization)

If at the balance sheet date, the owners' equity of the accounting entity does not comply with the requirements established by the Commercial Code, the activities planned for restoration of owners' equity shall be described in the management report.

The above-mentioned situation did not exist in the presented period in the company Investment Friends SE.

If an accounting entity has acquired or taken as collateral its own shares during the financial year, the following items that have been acquired or taken as security shall be provided in the management report as transferred and not transferred.

During the presented period Investment Friends SE did not acquire or takeover own shares.

The structure of the share capital, including the securities, trading in which on the regulated securities market of Contracting States is not permitted and, where possible, also data on the different classes of shares, the rights and obligations related to each class of security and their percentage in the share capital of the company

As at December 31, 2021, the share capital of the Company amounted to EUR 8 100 000 and is divided into 81 000 000 shares with a book value of EUR 0,10 of series A and B shares without par value.

As at December 31, 2020, the share capital of the Company amounted to EUR 8 100 000 (eight million one hundred thousand EUR) and was divided into 9 000 000 series A and B shares without par value.

In accordance with the Company's Articles of Association, each series A share entitles the shareholder to receive 100% of the paid dividend per share in accordance with the resolution of the general meeting. Each B series share gives 1 (one) vote at the general meeting. Each series B share entitles the shareholder to receive 50% of the paid dividend per share in accordance with the resolution of the general meeting. Both the shareholders of series A shares and series B shares have the right to participate in the general meeting of the Company's shareholders and vote on all matters. Both the shareholders of series A shares and series B shares also participate on an equal basis in the distribution of assets remaining after the dissolution of the Company and have equal rights under the provisions of law and the Company's Articles of Association.

As at December 31, 2021, on the main market of the Stock Exchange S.A. 8 500 000 shares of Investment Friends SE were listed in Warsaw.

All restrictions, as provided by the articles of association, on the transfer of securities, including restrictions on ownership in securities or the need to obtain agreement from the company or other owners of securities.

There are no restrictions in Investment Friends SE on transfer of securities and the need to obtain consent of the company or other shareholders.

All restrictions on transfer of securities known to the company as provided by contracts between the company and its shareholders, or contracts between the shareholders.

The company is not aware of any restrictions on the transferability of securities resulting from contracts between the company and its shareholders, or contracts between shareholders.

Significant share package pursuant to the provisions of § 9 the Securities Market Act.

**Shareholding structure as at 19/11/2021 on the date of publication
of the Report for IQ of the financial year**

| No. | Shareholder | Number of shares | % of shares | Number of votes | % of votes |
|-----|---|------------------|-------------|-----------------|------------|
| 1 | PATRO INVEST OÜ (indirectly Damian Patrowicz) | 6.077.015 | 67,52 | 6.077.015 | 67,52 |
| x | total | 9 000 000 | 100 | 9 000 000 | 100 |

Shareholding structure as at the date of publication of the semi-annual report

| No. | Shareholder | Number of shares | % of shares | Number of votes | % of votes |
|-----|---|------------------|-------------|-----------------|------------|
| 1 | PATRO INVEST OÜ (directly Damian Patrowicz) | 53.506.344 | 66,06 | 53.506.344 | 66,06 |
| x | total | 81 000 000 | 100 | 81 000 000 | 100 |

Owners of shares granting specific powers of audit/control, and description of their powers.

The Company did not issue shares granting specific powers to its Shareholders.

An auditing system, in case a holding scheme for employees exists where the employees do not directly perform their powers of audit.

Employees of the Company do not own any shares granting audit powers.

All 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.

Do not occur in Investment Friends SE

Provisions and rules for amendment of the articles of association of the company established by legislation.

Shareholders vote on the amendment to the Articles of Association, if the amendments are included in the agenda of the general meeting, electronically before or during the meeting. The

electronic voting procedure is determined by the company's management board. In the announcement of convening the general meeting it should be specified whether the electronic voting is possible and the determined by the Management Board way of casting votes. A shareholder who has voted electronically is considered to be present at the general meeting and the number of votes from the shares represented is considered in the quorum, if the applicable legal acts do not state otherwise.

Authorization of the members of the management board of the company, including the authorization to issue and repurchase shares.

Members of the Management Board are obliged to act within applicable provisions of law and authorisations granted by the General Meeting and Supervisory Board.

Agreements between the Company and its management board or employees which provide compensations on the case of a takeover provided in chapter 19 of the Securities Market Act.

Investment Friends SE during reporting period has not concluded Agreements which provide compensations on the case of a takeover provided in chapter 19 of the Securities Market Act.

Authorization of the members of the management board of the company, including the authorization to issue and repurchase shares.

Members of the Management Board are obliged to act within applicable provisions of law and authorisations granted by the General Meeting and Supervisory Board.

Agreements between the Company and its management board or employees which provide compensations on the case of a takeover provided in chapter 19 of the Securities Market Act.

Investment Friends SE during reporting period has not concluded Agreements which provide compensations on the case of a takeover provided in chapter 19 of the Securities Market Act.

All-important agreements to which the company is a party and which enter into force, are amended or terminated in the case where, as a result of a takeover bid pursuant to the provisions of chapter 19 of the securities market act, another person gains the qualifying holding in the company, and the effect of such agreements unless, due to the nature thereof, their disclosure would result in significant damage to the company.

This kind of agreements do not occur in the Company.

Indication of significant proceedings pending in a court, arbitration body or public administration authority regarding liabilities or receivables of an Issuer or its subsidiary, indicating: the subject of the proceedings, the value of the dispute, the date of initiation of proceedings, parties to proceedings and issuer's position, the value of which exceeds 10% of the Issuer's equity.

In the reporting period Investment Friends SE has not been a party of any proceeding or proceedings pending in a court, arbitration body or public administration authority the value of which exceeds 10% of the Issuer's equity.

Information on capital ties of the company with other entities and Description of the main domestic and foreign investments, including capital investments made out of the group of related Entities as well as description of their financing.

As at the balance sheet date 31/12/2021 the Company Investment Friends SE does not have subsidiaries and it does not create its own capital group.

As at 31/12/2021 the Company does not have any capital investment in the form of shares and stocks of other entities.

Information about transactions concluded by the company or its Subsidiary with related entities on other than market terms, specifying their values and information describing character of these transactions.

In the period covered by this report, the Company has not concluded significant transactions with related entities on other than market conditions. All-important transactions, including those with related entities are indicated in the Note of the Financial Statement of the Company for the period since July 1, 2021 to December 31, 2021.

Information on taken and terminated agreements regarding credits and loans in the financial year, specifying at least their value, Interest rate level, currency and maturity term.

In the presented period the Company did not have any taken and terminated credits.

Information on loans granted in the financial year, specifying Especially loans granted to the entities related with the company, Their value, type and interest rate level, currency and maturity term.

The loans granted by the Company was described in notes to Financial Statement of the Company for the period since July 1, 2021 to December 31, 2021.

Information on granted and received warranties and guaranties, specifying especially guaranties and warranties granted to the entities related to the Company.

In the reporting period the Company have not granted or received any warranties and guaranties.

In case of issuance of securities in the period covered by this report - description of usage of revenues from issuance of securities by the Company till the moment of preparation of the report on activity.

The company, in accordance with Resolution No. 3 of the Annual Meeting of Shareholders of December 3, 2021. issued series A and B shares increasing the Company's share capital. The Bonus Issue of 72 000 000 new shares for the Company's shareholders increased the number of shares from 9 000 000 to 81,000,000. As a result of the bonus issue, 68 000 000 series A shares and 4 000 000 series B shares were issued. the share capital of the Company through the Bonus Issue was made at the cost of supplementary capital in the amount of EUR 7 200 000 based on the balance sheet as at 30/06/2021 included in the annual report for 2020/2021. The moment of establishing the rights for the bonus issue is set for December 15, 2021 at 5:00 p.m. Central European Time (CET).

Explanation of differences between financial results disclosed in the report and previously published forecasts for the particular year.

The company did not publish any forecasts of financial results.

Assessment and its justification, regarding management of funds, specifying ability to discharge from taken obligation and Indication of possible threats and action which the issue undertook or intends to undertake in order to prevent those threat.

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 the main activity of the Company is lending activity, proper and at due time realizations of liabilities resulting from concluded loan agreements by the Borrowers towards the Company have the significant influence on results and maintaining liquidity of the Company.

Assessment of possibility of realization of investment intentions, including capital investments, in comparison with owned Instruments considering possible changes in the structure of financing of this activity.

The Company conducts mostly financial service activity, granting non-consumer cash loans for business entities. The current lending operating is financed from own funds of the Company. Further activities in the field of granting loans and possible investments, the Company intends to realize mainly from own funds.

Result from operating for the financial year, specifying level of Influence of these factors or atypical events on obtained result.

According to assessment of the Management Board, except for events indicated in presented Report of the Company for the period since July 1, 2021 to December 31, 2021, there were not any other, especially atypical factors and events which could significantly influence the assessment and change of the property and financial situation of the Company as well as possibility to realize its obligations. A material influence on the Company's result have revenues due to lending service activities

Characteristic of external and internal factors significant for Development of the enterprise of the company and description of Perspectives for development of the company's activity, at least to The end of the financial year following the year covered by the Financial statements included in the annual report, specifying Elements of market strategy worked out by the company.

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

- general market prosperity on lending market and level of interest rates,
- Proper realization by the Borrowers liabilities resulting from concluded credit agreement, as well as the process of their realization and eviction of terminated loans.

- 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.

Changes in the basic rules of the company's enterprise management and its capital group.

In the reporting period there were no significant changes in the basic rules of the Company's enterprise management.

Any agreements concluded between the company and managing Persons, providing compensation in case of their resignation or Dismissing from held function without any important reason or When their dismissing happens due to merger of the company via takeover.

The Company has not concluded this kind of agreements with managing persons.

The value of remuneration, rewards or benefits, including those Resulting from motivational or bonus programs, based on the Company capital, including programs based on privileged bonds, Convertible bonds, warrants (in cash, in kind or in any other form) That are paid out, due or potentially due, for each supervising And managing person, irrespective of the fact that they were Qualified as costs or resulted from the profit distribution. In Case of a company which is a controlling entity or a major Investor, a partner of a co-subsiary or consequently an entity being a part of a joint contractual arrangement.

The Company has not concluded this kind of agreements with abovementioned persons and has not paid out this kind of remunerations, awards or benefits.

Information on average employment with division into specialization.

The company did not hire any employees in the reporting period lasting since July 1 2021 to December 1, 2021.

Indication of total number and nominal value 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 date of publication of the periodical report the Chairman of the Management Board Mrs. Agnieszka Gujgo does not own indirectly or directly shares of the Company.

- Members of the Supervisory Board

According to the knowledge of the Management Board of Investment Friends SE Member of the Supervisory Board Mr. Damian Patrowicz as at the balance sheet date and as at the date of publication of the periodical report holds indirectly via his subsidiary Patro Invest OÜ 53 506 344 shares of the Company Investment Friends SE constituting 66,06% of the share capital of the Company and entitling to cast 53.09% votes at the General Meeting of the Company.

Information on agreements that the Company is aware of and as a result of which there could occur changes in proportions of owned shares by the current shareholders.

The Company is not aware of any agreement of this kind.

Information on system of control of employee shares scheme.

The Company does not introduce employee shares scheme.

Information on any liabilities resulting from pensions and benefits Of similar character for people who were managers, performed supervising functions, or were members of administrative organs, and on commitments made in connection with these pensions specifying the value for each organ; if relevant information were presented in the financial statement - this obligation is deemed to be fulfilled by indication of its position in the financial statement.

This kind of obligation does not exist in the Company.

Information on own shares.

In the period covered by this report the Company did not have own shares.

Information on branches of the Company.

The Company has not any branches.

Information on financial instruments in terms of:

A) prices' change, credit, significant interruptions of cash flows and loosing of financial liquidity, to which the entity is exposed

B) applied by the entity goals and methods of financial risk management, along with securing methods of significant kinds of planned transactions for which hedging accountancy is applied.

The Company has no formalized system of financial risk managements. Decisions on application of securing instruments for planned transactions are made based on current analyse of the Company's situation and its environment.

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. The statutory auditor was not appointed for the audit of presented financial statement.

Functional and reporting currency.

The functional currency of the Company is Polish zloty (PLN) and reporting (presentational) currency of the Company is EUR. The financial statements are presented in EUR thousand. The financial statements are prepared with assumption that the Company will going concern in the foreseeable future.

IV. FINANCIAL STATEMENT

1. STATEMENT OF FINANCIAL POSITION

(in thous. EUR)

| STATEMENT OF FINANCIAL POSITION | 31/12/2021 (in thous. EUR) | 30/06/2021 (in thous. EUR) |
|--|---------------------------------------|---------------------------------------|
| Assets | | |
| Fixed assets | 1 735 | 1 735 |
| Long-term financial assets | 1 735 | 1 735 |
| Current assets | 914 | 894 |
| Short-term financial assets | 0 | 0 |
| Short-term financial assets | 909 | 858 |
| Cash and cash equivalents | 5 | 36 |
| Assets total | 2 649 | 2 629 |

| | | |
|--|--------------|--------------|
| Liabilities | | |
| Equity | 2 606 | 2 580 |
| Share capital | 8 100 | 900 |
| Exchange differences due to conversion into EURO | -159 | -146 |
| Supplementary capital | 301 | 7 501 |
| Other reserve capital | 206 | 206 |
| Retained earnings / Undistributed profit | -5 842 | -5 881 |
| II. Long-term liabilities | 0 | 0 |
| III. Short-term liabilities | 43 | 49 |
| Trade liabilities | 0 | 1 |
| Other reserves | 43 | 48 |
| Liabilities total | 2 649 | 2 629 |

| | | |
|---|------------|-----------|
| Book value | 2 606 | 2 580 |
| Number of shares | 81 000 000 | 9 000 000 |
| Book value per share (in EURO) | 0,03 | 0,29 |
| Diluted number of shares | 81 000 000 | 9 000 000 |
| Diluted book value per share (in EURO) | 0,03 | 0,29 |

2. INCOME STATEMENT

(in thous. EUR)

| INCOME STATEMENT | Period ended on 31/12/2021 (in thous. EUR) | Period ended on 31/12/2020 (in thous. EUR) |
|---|--|--|
| Net revenues from sales of products, goods and materials | 45 | 45 |
| Cost of products, goods and materials sold | 0 | 0 |
| Gross profit (loss) on sales (I-II) | 45 | 45 |
| Selling costs | 0 | 0 |
| General and administrative expenses | 6 | 10 |
| Other operating revenues | 0 | 0 |
| Other operating costs | 0 | 0 |
| Profit (loss) on operating activities | 39 | 35 |
| Financial revenues | 0 | 0 |
| Financial costs | 0 | 0 |
| Pre-tax profit | 39 | 35 |
| Income tax | 0 | 0 |
| Net profit (loss) from continues operations | 39 | 35 |
| | | |
| Net profit (loss) | 39 | 35 |
| Weighted average number of ordinary shares | 81 000 000,00 | 9 000 000,00 |
| Profit (loss) per ordinary share (in EUR) | 0,00 | 0,00 |
| Diluted weighted average number of ordinary shares | 81 000 000,00 | 9 000 000,00 |
| Diluted profit (loss) per ordinary share (in EUR) | 0,00 | 0,00 |

3. STATEMENT OF COMPREHENSIVE INCOME

(in thous. EUR)

| STATEMENT OF COMPREHENSIVE INCOME | Period ended on 31/12/2021 (in thous. EUR) | Period ended on 31/12/2020 (in thous. EUR) |
|--|--|--|
| Net profit/loss for the period | 39 | 35 |
| Other comprehensive income, including: | -13 | -17 |
| Components that will not be transferred to the profit and loss account in later periods | | |
| -settlement of mergers of the entities | 0 | 0 |
| | 0 | 0 |
| Components that may be transferred to the profit and loss account in later periods | | |
| - settlement of capital from revaluation, including | -13 | -17 |
| | 0 | 0 |
| - valuation of available-for-sale financial assets | 0 | 0 |

Investment Friends SE

Harju maakond, Tallinn, Kesklinna
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Registry code: 14617862
Email: info@ifsa.pl

| | | |
|--|-----------|-----------|
| - exchange differences due to conversion into EURO | -13 | -17 |
| Comprehensive income for the period | 26 | 18 |

4. STATEMENT OF CHANGES IN EQUITY

| STATEMENT OF CHANGES IN EQUITY | Period ended on 31/12/2021 (in thous. EUR) | Period ended on 31/12/2020 (in thous. EUR) |
|---|--|--|
| Equity at the beginning of the period (OB) | 2 580 | 2 524 |
| a) changes to the adopted accounting (policy) principles | 0 | 0 |
| - changing the principles of investment property valuation | 0 | 0 |
| b) Corrections of fundamental errors | 0 | 0 |
| Opening balance (OB) of equity after reconciliation to comparable data | 2 580 | 2 524 |
| Opening balance of share capital | 900 | 3 240 |
| Changes of share capital | 7 200 | 4 860 |
| a) increases (due to) | 7 200 | 4 860 |
| - issue of shares | 7 200 | 4 860 |
| b) decreases (due to) | 0 | 0 |
| - decrease of nominal value of shares | 0 | 0 |
| - exchange differences | 0 | 0 |
| Closing balance of share capital | 8 100 | 8 100 |
| Opening balance of called up share capital | 0 | 0 |
| 2.1. Changes of called up share capital | 0 | 0 |
| a) increases (due to) | 0 | 0 |
| b) decreases (due to) | 0 | 0 |
| Closing balance of called up share capital | 0 | 0 |
| Opening balance of own stocks (shares) | 0 | 0 |
| 3.1. Changes of own stocks (shares) | 0 | 0 |
| a) increases (due to) | 0 | 0 |
| - redemption of own shares | 0 | 0 |
| b) decreases (due to) | 0 | 0 |
| Closing balance of own stocks (shares) | 0 | 0 |
| Opening balance of supplementary capital | 7 501 | 5 161 |
| Changes of supplementary capital | -7 200 | -4 860 |
| a) increases (due to) | 0 | 0 |
| - issue of shares above their nominal value | 0 | 0 |
| - from profit distribution (statutory) | 0 | 0 |
| - profit distribution (above the statutory minimum value) | 0 | 0 |

| | | |
|--|---------------|---------------|
| - agio from the J, K series issue | 0 | 0 |
| - reduction of the nominal value of shares | 0 | 0 |
| b) decreases (due to) | 7 200 | 4 860 |
| - reduction of the nominal value of shares | 0 | 0 |
| - division of the Company | 0 | 0 |
| - increase of the share capital | 7 200 | 4 860 |
| Closing balance of supplementary capital | 301 | 301 |
| Opening balance of revaluation capital | 0 | 0 |
| Changes of revaluation capital | 0 | 0 |
| a) increases (due to) | 0 | 0 |
| - valuation of financial assets | 0 | 0 |
| b) decreases (due to) | 0 | 0 |
| - valuation of financial assets | 0 | 0 |
| - transfer to unsettled result | 0 | 0 |
| Closing balance of revaluation capital | 0 | 0 |
| Opening balance of capital from merger of entities | 0 | 0 |
| a) increases (due to) | 0 | 0 |
| - merger of entities | 0 | 0 |
| b) decreases (due to) | 0 | 0 |
| - transfer to unsettled result | 0 | 0 |
| Closing balance of capital from merger of entities | 0 | 0 |
| Opening balance of other reserve capital | 206 | 206 |
| Changes of other reserve capital | 0 | 0 |
| increases (due to) | 0 | 0 |
| - increase of share capital | 0 | 0 |
| decreases (due to) | 0 | 0 |
| - decrease of share capital | 0 | 0 |
| Closing balance of other reserve capital | 206 | 206 |
| Opening balance of retained profit/not settled loss of previous years | -5 881 | -5 948 |
| increases | 39 | 35 |
| a) profit/loss for the period | 39 | 35 |
| b) changes of the rules of investment property valuation | 0 | 0 |
| c) transfer of revaluation capital | 0 | 0 |
| d) transfer of capital from mergers of entities | 0 | 0 |
| decreases | 0 | 0 |
| a) coverage of losses from supplementary capital | 0 | 0 |
| Closing balance of retained profit/not settled loss of previous years | -5 842 | -5 913 |
| Opening balance of exchange differences | -146 | -135 |
| Changes of exchange differences | -13 | -17 |
| increases | 0 | 0 |

| | | |
|--|--------------|--------------|
| decreases | 13 | 17 |
| Closing balance of exchange differences | -159 | -152 |
| Closing balance of equity (CB) | 2 606 | 2 542 |

5. CASH-FLOW STATEMENT

(in thous. EUR)

| CASH-FLOW STATEMENT | Period ended on 31/12/2021 (in thous. EUR) | Period ended on 31/12/2020 (in thous. EUR) |
|---|--|--|
| Operating activities | | |
| I. Gross profit (loss) | 39 | 35 |
| II. Adjustments total | -70 | -40 |
| Depreciation | 0 | 0 |
| (Profit) losses from exchange differences | 0 | 0 |
| Interests and dividends | -45 | -37 |
| (Profit) loss due to investment activities | 0 | 0 |
| Granted loans | -21 | -14 |
| Repayments received | 0 | 14 |
| Interests received | 0 | 0 |
| Change in the balance of reserves | -4 | 0 |
| Change in inventories | 0 | 0 |
| Change in receivables and prepaid expenses | 0 | 0 |
| Change in the balance of liabilities | 0 | 0 |
| Change in the balance of accruals | 0 | -3 |
| Other adjustments | 0 | 0 |
| Exchange differences | 0 | 0 |
| I. Net cash flows from operating activity | -31 | -5 |
| Investment activity | | |
| I. Inflows from investment activities | 0 | 0 |
| Sale of intangible assets and tangible fixed assets | 0 | 0 |
| Investment in real estate | 0 | 0 |
| Sale of financial assets | 0 | 0 |
| Sale of short-term securities | 0 | 0 |
| Other inflows | 0 | 0 |
| II. Expenses due to investment activity | 0 | 0 |
| Purchase of intangible assets and tangible fixed assets | 0 | 0 |

| | | |
|---|------------|-----------|
| Investment in real estate | 0 | 0 |
| Expenses for the acquisition of financial assets | 0 | 0 |
| Other expenses | 0 | 0 |
| II. Net cash flows from investment activity | 0 | 0 |
| Financial activity | | |
| I. Inflows | 0 | 0 |
| Net inflows from issuing shares and other capital instruments and contributions to equity | 0 | 0 |
| Credits and loans | 0 | 0 |
| Issue of debt securities | 0 | 0 |
| Other | 0 | 0 |
| II. Expenses due to financial activity | 0 | 0 |
| Acquisition of own shares | 0 | 0 |
| Dividends and other payments for owners | 0 | 0 |
| Other than payments for owners, expenses due to profit distribution | 0 | 0 |
| Repayments of credits and loans | 0 | 0 |
| Redemption of debt securities | 0 | 0 |
| Due to other financial liabilities | 0 | 0 |
| Payment of liabilities due to financial lease agreements | 0 | 0 |
| Interest | 0 | 0 |
| Other financial expenses | 0 | 0 |
| III. Net cash flows from financial activity | 0 | 0 |
| Net cash flow, total (I+/-II+/-III) | -31 | -5 |
| Exchange differences | 0 | 0 |
| Balance sheet change in cash | -31 | -5 |
| Opening balance of cash | 36 | 6 |
| Closing balance of cash | 5 | 1 |

EXPLANATORY NOTES

Note 1. Udzielone pożyczki podmiotom powiązanym:

As at December 31, 2021, INVESTMENT FRIENDS S.E. shows loans:

Loan agreement concluded on June 17, 2019 with PATRO INVEST OU based in Tallinn. The value of the granted loan is PLN 4 120 thousand. The interest rate is 5%. The loan repayment date was originally set on 30/06/2021 while the Annex was extended until 30/06/2022. Investment Friends SE signed a debt assignment agreement on 1/09/2021. Under this agreement, the entire debt of Patro Invest OÜ towards Investment Friends SE was taken over by Patro Administracija sp.z o.o.

Loan agreement concluded on 29/12/2021 with PATRO INVEST OU based in Tallinn. The value of the granted loan is PLN 95 thousand. The interest rate is 3,5%. The deadline for repayment of the loan was set for 30/06/2022. The principal of the loan was repaid by the Borrower before the deadline on January 19 this year.

| FINANCIAL ASSETS FROM CREDITS AND LONG-TERM LOANS (in thous. EUR) | | | | | | | | |
|--|-------------|--|----------|------------------------------------|----------|-----------|-----------------------|---|
| Name of the Company | Headquarter | Amount of loan/credit according to the agreement in thous. | | Amount of loan/credit to be repaid | | Interests | Term of the repayment | Collaterals |
| | | EUR | currency | EUR | Currency | | | |
| DAMAR PATRO UU* | Tallinn | 1 720 | EUR | 1 775 | EUR | 2,5% | 30.06. 2023 | blank promissory note with bill of exchange agreement |

*Loan granted in EUR

Loan agreement concluded on June 9, 2020 with DAMAR PATRO UU based in Tallinn. The value of the loan granted is EUR 1 720 thousand. The interest rate is 2,5%. The deadline for repayment of the loan was set for June 30, 2023.

| FINANCIAL ASSETS DUE TO SHORT-TERM LOANS (in thous. EUR) | | | | | | | | |
|---|-------------|--|----------|--|----------|-----------|-----------------------|---|
| Name of the Company | Headquarter | Amount of loan/credit according to the agreement in thous. | | Amount of loan/credit to be repaid in thous. | | Interests | Term of the repayment | Collaterals |
| | | EUR | currency | EUR | Currency | | | |
| PATRO Administracija sp. z o.o | Płock | 815 | EUR | 846 | EUR | 5% | 30.06. 2022 | blank promissory note with bill of exchange agreement |

| | | | | | | | | |
|-----------------|--------|----|-----|----|-----|------|------------|---|
| PATRO INVEST OU | Tallin | 21 | EUR | 21 | EUR | 3,5% | 31.12.2022 | blank promissory note with bill of exchange agreement |
|-----------------|--------|----|-----|----|-----|------|------------|---|

| FINANCIAL ASSETS DUE TO SHORT-TERM LOANS (in thous. PLN) | | | | | | | | |
|---|-------------|--|----------|--|----------|-----------|-----------------------|---|
| Name of the Company | Headquarter | Amount of loan/credit according to the agreement in thous. | | Amount of loan/credit to be repaid in thous. | | Interests | Term of the repayment | Collaterals |
| | | zł | currency | zł | Currency | | | |
| PATRO Administracja sp.o.o. | Płock | 3 747 | PLN | 3 887 | PLN | 5% | 30.06.2022 | blank promissory note with bill of exchange agreement |
| PATRO INVEST OU | Tallin | 95 | PLN | 95 | PLN | 3,5% | 31.12.2022 | blank promissory note with bill of exchange agreement |

As at June 30, 2021, the Company has the following loans granted to related entities:

| FINANCIAL ASSETS DUE TO LOANS (in thous. EUR) | | | | | | | | |
|---|-------------|--|----------|--|----------|-----------|-----------------------|---|
| Name of the Company | Headquarter | Amount of loan/credit according to the agreement in thous. | | Amount of loan/credit to be repaid in thous. | | Interests | Term of the repayment | Collaterals |
| | | EUR | currency | EUR | Currency | | | |
| PATRO INVEST OU | Tallinn | 925 | EUR | 839 | EUR | 5% | 30.06.2022 | blank promissory note with bill of exchange agreement |
| DAMAR PATRO UU* | Tallinn | 1 720 | EUR | 1 754 | EUR | 2,5% | 30.06.2023 | blank promissory note with bill of exchange agreement |

*loan granted in EUR

| FINANCIAL ASSETS DUE TO LOANS (in thous. PLN) | | | | | | | | |
|---|-------------|--|----------|--|----------|-----------|-----------------------|---|
| Name of the Company | Headquarter | Amount of loan/credit according to the agreement in thous. | | Amount of loan/credit to be repaid in thous. | | Interests | Term of the repayment | Collaterals |
| | | zł | Currency | zł | Currency | | | |
| PATRO INVEST OU | Tallinn | 3 760 | PLN | 3 793 | PLN | 5% | 30.06. 2021 | blank promissory note with bill of exchange agreement |

Note 2. Transactions with related entities

| TRANSACTIONS WITH RELATED ENTITIES ENDED ON 31/12/2021 | Revenues due to interests from related entities EUR | Purchases from related entities EUR | Receivables due to loans and interests from related entities EUR | Trade liabilities and other liabilities at the end of the period towards related entities EUR |
|--|---|-------------------------------------|--|---|
| Patro Invest sp. z o.o. | 2 | 0 | 2 | 0 |
| Damar Patro UU | 22 | 0 | 1 775 | 0 |
| Patro Administracja | 21 | 0 | 846 | 0 |
| Patro Invest OU | 0 | 0 | 21 | 0 |
| Total | 45 | 0 | 2 644 | 0 |

| TRANSACTIONS WITH RELATED ENTITIES ENDED ON 30/06/2021 | Revenues due to interests from related entities EUR | Purchases from related entities EUR | Receivables due to loans and interests from related entities EUR | Trade liabilities and other liabilities at the end of the period towards related entities EUR |
|--|---|-------------------------------------|--|---|
| Patro Invest sp. z o.o. | 5 | 0 | 0 | 0 |
| Damar Patro UU | 43 | 0 | 1 754 | 0 |
| Patro Invest OU | 41 | 0 | 839 | 0 |
| Total | 89 | 0 | 2 593 | 0 |

Significant events after the balance sheet date

On October 14, 2021, the Warsaw Stock Exchange S.A. in Warsaw adopted a resolution on the introduction, as of October 18, 2021, of 1 392 701 (one million three hundred and ninety-two thousand seven hundred and one) series A shares of the company INVESTMENT FRIENDS SE.

On December 3, 2021, Investment Friends SE held the annual Shareholders' Meeting, which, in accordance with the notification of the Ordinary Shareholders' Meeting of November 11, 2021, approved by the Supervisory Board, adopted resolutions included in the agenda, which was as follows:

1. Amendments to the Articles of Association and approval of the new version of the Articles of Association
2. Approval of the Company's annual report for the financial year 2020/2021
3. Increasing the share capital of the Company through a bonus issue of shares.

The shareholders adopted a resolution approving the new version of the Company's Articles of Association. They approved the financial statements for 2020/2021. They decided to transfer all profits from the financial year 2020/2021 to the Company's reserve capital. The shareholders resolved to increase the Company's share capital through the Bonus Issue by issuing 72 000 000 new shares for the Company's shareholders, as a result of which the number of the Company's shares increased from 9 000 000 to 81 000 000.

The increase of the Company's share capital through the Bonus Issue is made at the cost of the supplementary capital in the amount of EUR 7 200 000 based on the balance sheet as at 30/06/2021 included in the annual report for 2020/2021. The moment of establishing the rights for the bonus issue is set on December 15, 2021 at 5:00 p.m. Central European Time (CET) As a result of the Bonus Issue, the Shareholder's share in the Company's share capital will increase proportionally to the share in the share capital as at the date of establishing the right to participate in the bonus issue. Therefore, as a result of the bonus issue, each A series shareholder will receive 8 A series shares for each 1 A series share held by the Company's shareholder. Each shareholder holding series B shares will receive 8 series B shares for each 1 series B share held.

Following the resolution No. 3 of the General Meeting of Shareholders on increasing the share capital by way of a bonus issue, on December 3, 2021, the Company published a current report and on its website a document containing information on the number and nature of shares as well as the premises and details of share allocation (Information Document).

On December 15, 2021, the Commercial Companies Register (Ariregister), competent for Estonia's law, registered the amendments to the Company's Articles of Association resulting from the resolutions adopted by the Ordinary General Meeting of Shareholders on December 3, 2021. In connection with this, the current wording of points 2.1 and 2.4 of the Company's Articles of Association is as follows:

2.1. The minimum share capital of the company is EUR 6 000 000 (six million) and the maximum share capital is EUR 24 000 000 (twenty-four million).

2.4. The smallest number of shares in the company without par value is 60 000 000 (sixty million), the largest number of shares in the company is 240 000 000 (two hundred and forty million).

Currently, the share capital of INVESTMENT FRIENDS SE amounts to EUR 8 100 000,00 and is divided into 81 000 000 shares without par value with a book value of EUR 0,10 per share.

From January 24, 2022 to the date of publication of the financial statement, the quotations of Investment Friends SE are suspended on the Warsaw Stock Exchange, at the request of the Polish Financial Supervision Authority. The reasons for the suspension of trading remain unknown until the date of publication this financial statement.

Capital management

The Management Board's policy is to maintain a solid capital base in order to maintain investor confidence and to ensure the future development of business operations

The company manages its capital in order to maintain the ability to continue operations, including the implementation of planned investments, so that it can generate returns for shareholders.

In line with market practice, the Company monitors capital, among others, based on the equity ratio and the loans and other sources of financing / EBITDA ratio.

The equity ratio is calculated as the ratio of the net asset value (equity decreased by intangible assets) to the balance sheet total.

The debt / EBITDA ratio is calculated as the ratio of liabilities due to credits, loans and financial leasing minus free cash and short-term investments with maturity of up to 1 year to EBITDA (net profit after adding depreciation).

Description of significant risk factors and threats with specification of the extent to which the Issuer is exposed to them

Credit risk

Credit risk is the risk of incurring a financial loss by the Company when the customer or the other party to the contract for a financial instrument fails to comply with the obligations arising from the contract. Credit risk is mainly associated with receivables. The Company's exposure to credit risk is mainly due to the individual characteristics of each client. The company monitors its receivables on an ongoing basis. The Company creates impairment losses that correspond to the estimated value of losses incurred on trade and other receivables and on investments. The purpose of the Company's credit policy is to maintain financial liquidity ratios at a safe high level, timely payment of liabilities to suppliers and minimization of costs related to servicing bank liabilities. The policy of managing liabilities and receivables from suppliers and customers is also used to minimize the use of bank loans and related financial costs. Its purpose is to agree the terms of mutual payments in such a way that, while complying with the principle of timely fulfilment of own obligations, also use a trade credit

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

Currency risk

In relation with the loans granted in PLN, there is a currency risk. The risk related to the possibility of fluctuations of 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. Financial assets and liabilities denominated in EUR and PLN did not carry high risk.

Interest rate risk

As at the balance sheet date, the interest rate structure of the Company's interest-bearing financial instruments was as follows:

The company does not have significant interest-bearing liabilities;

Incomes and cash flow from operating activities of the Company are basically independent from changes in market interest rates as the contracts are concluded at fixed interest rates.

Risk of exchange rate 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 Issuer's shares will relate to a necessity to accept significantly less favourable price than the reference price. The Issuer cannot also exclude significant, temporary limitations of liquidity which may significantly hamper sales or purchase of the Issuer's shares.

Risk related to the Issuer's dependence on recipients

There is a risk of impact on the results achieved by the Issuer from entities related to the Issuer by contracts for the lease of office space. Late payment of receivables under concluded contracts has an impact on current financial liquidity. In this case, property lease agreements should be treated as a permanent contractual dependence on recipients

Risk connected to links between members of the Issuer's corporate bodies

There are interpretations indicating the possibility of emerging risks consisting in the negative impact of links between members of the Issuer's bodies on their decisions. This applies to the impact of these links on the Issuer's Supervisory Board regarding the day-to-day supervision of the Company's operations. While assessing the probability 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 the Company

Risk connected to borrowed loan and granted warranty

There is a risk of lack of possibility to punctual repayment of loan, and therefore there is necessity of collaterals realization by the moneylender i.e., an entry in the mortgage register of the Company. The Company will make any efforts to limit indicated risk, but because of relevancy and organizational and legal complexity of changes, disadvantageous situations can not be excluded.

Risk connected to change of the headquarter and article of association of the Issuer

As moving the headquarter to Estonia there is a risk related to effective adaptation of the Issuer to organizational and legal laws applicable in Estonia. These changes can temporarily influence organizational effectiveness of the Issuer and risk of possible mistakes and errors in law interpretations, obligations of entities operating in Estonia, local and related to listing of the

Investment Friends SE

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Company's shares on Warsaw Stock Exchange disclosure obligations, and their proper implementation by the Issuer can occur

Risk related to the shareholding structure

As at the date of preparing the report 66,06% of the share capital and 66,06% of votes at the Issuer's General Meeting belong directly to Patro Invest OU, as a result of which the above Shareholder has a significant impact on the resolutions adopted at the Issuer's General Meeting.

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 Issuer, because the success of development of companies investing in financial instruments and conducting financial services largely depends on the conditions of running a business. In case of realization the transfer of the seat of the Issuer to Estonia, risk in the above scope will apply to the new registered office in Republic of Estonia.

Risk resulting from influence of the coronavirus SARS-CoV-2 on the Issuer's activity

Considering the type of conducted activity, the Company is not exposed for negative consequences of the coronavirus SARS-CoV-2 epidemic that causes COVID 19.

The Issuer undertakes actions which aim at reduction the risk to employees and associates related to the spread of the COVID-19 coronavirus. At the current stage of the pandemic, the Issuer is monitoring whether it may significantly affect the financial markets. The Company monitors the situation connected with persistence of the effect of the spread of the COVID-19 and assesses the influence of the pandemic on the Issuer's activity. As at the date of publication of the report, due to the dynamic changes of conditions, the Issuer's Management Board is not able to unequivocally determine the impact of the spread of the virus on the Company's activity, financial results and development perspectives in subsequent periods. In case of significant events affecting the financial results and economic situation of the Issuer, the Management Board will inform about it in separate current reports, immediately after their occurrence.

V. The Management Board's statement on reliability of the preparation of the financial statement

The Management Board aware of its responsibility confirms that according to its best knowledge, Accounting principles applied in the preparation of the financial statements are in accordance with the International Financial Reporting Standards adopted in the European Union, the data contained in the statements are true and present a fair view of the Issuer's financial position, financial result and cash flows for the period they refer to and they assume the continuation of activity. The semi-annual report presents a true and fair view of the Issuer's assets, liabilities, financial position and loss or profit and the statement of the management board presents true and fair view of development, performance and financial condition of the Issuer and contains a description of the main risks and concerns.

Signature

Chairman of the Management Board of the Issuer

Agnieszka Gujgo