

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)



FON SE

SHORTENED FINANCIAL STATEMENTS OF FON SE

FOR THE 6-MONTH PERIOD

ENDED ON 31 DECEMBER 2021

PREPARED IN COMPLIANCE WITH

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Tallinn, 22/02/2022

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

TABLE OF CONTENTS

I.GENERAL INFORMATION	3
II.STATEMENT OF FINANCIAL POSITION	4
III. PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME.....	5
IV. STATEMENT OF CHANGES IN EQUITY.....	6
V. STATEMENT OF CASH FLOWS.....	7
VI. EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.....	8
VII. REPORT OF THE MANAGEMENT BOARD.....	19
VIII. STATEMENT OF THE MANAGEMENT BOARD.....	28
IX. SELECTED FINANCIAL DATA.....	29

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

I. GENERAL INFORMATION

Name of the Company: **FON SE**

Beginning of the financial year: 1.07.2021

End of financial year: 30.06.2022

Registry code: 14617916

LEI code: 259400WB3K1M8CZO6N24

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

Telephone: +48-796-118-929

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

Website: www.fon-sa.pl

Principal business activity: As of 31/12/2021, the business registered in Estonia is "Activities of financial holding companies".

Members of the Supervisory Board:

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

Member of the Management Board:

- Damian Patrowicz

The duration of the Company is indefinite.

The financial statements of FON SE for the period from 01/07/2020 to 31/12/2020 are prepared in accordance with the International Financial Reporting Standards, which have been approved by the European Union and related interpretations announced in the form of regulations of the European Commission.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

II. STATEMENT OF FINANCIAL POSITION *(in thous. EUR)*

STATEMENT OF FINANCIAL POSITION	As of 31/12/2021 <i>(in thous. EUR)</i> unaudited	As of 30/06/2021 <i>(in thous. EUR)</i> audited
A s s e t s		
Fixed assets	8 916	9 417
Long-term financial assets	8 916	9 417
Current assets	150	870
Short-term receivables	2	3
Short-term financial assets	148	867
Cash and cash equivalents	0	0
Total assets	9 066	10 287
L i a b i l i t i e s		
Equity	6 049	6 029
Share capital	28 875	28 875
Exchange differences due to conversion into EUR	-665	-603
Supplementary capital	1 247	1 247
Other reserve capitals	3 805	3 805
Retained earnings / Unsettled financial result	-27 213	-27 295
Long-term liabilities	3 014	3 928
Other long-term liabilities	3 014	3 928
Short-term liabilities	3	330
Credits and loans	0	322
Trade liabilities	1	2
Other liabilities	2	3
Other reserves	0	3
Total liabilities	9 066	10 287
Book value	6 049	6 029
Number of shares at the end of the period	52 500 000	52 500 000
Book value per one share (in EUR)	0,12	0,11

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

III. PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME *(in thous. EUR)*

PROFIT AND LOSS ACCOUNT	01.07.2021- 31.12.2021 <i>(in thous. EUR)</i> unaudited	01.07.2020- 31.12.2020 <i>(in thous. EUR)</i> unaudited
Revenue from interest, from the sale of products, goods and materials	120	86
Costs of products, goods and materials sold	0	0
Gross profit on sales	120	86
General and administrative expenses	4	11
Other operating revenue	0	0
Other operating costs	11	0
Profit (loss) from operating activity	105	75
Financial revenue	0	0
Financial cost	23	18
Profit before tax	82	57
Net income	82	57
Number of shares at the end of the period	52 500 000	52 500 000
Net profit per one ordinary share (in EUR)	0,002	0,001

STATEMENT OF COMPREHENSIVE INCOME	01.07.2021- 31.12.2021 <i>(in thous. EUR)</i> unaudited	01.07.2020- 31.12.2020 <i>(in thous. EUR)</i> unaudited
Net profit for the period	82	57
Other comprehensive income, including:	-62	209
Components that can be transferred at a later time	-62	209
- differences from conversion to EURO	-62	209
Total income for the period	20	266

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

IV. STATEMENT OF CHANGES IN EQUITY (*in thous. EUR*)

STATEMENT OF CHANGES IN EQUITY	01.07.2021- 31.12.2021 (<i>in thous. EUR</i>) unaudited	01.07.2020- 31.12.2020 (<i>in thous. EUR</i>) unaudited
Equity at the beginning of the period	6 029	5 966
Share capital at the beginning of the period	28 875	7 700
Share capital at the end of the period	28 875	7 700
Supplementary capital at the beginning of the period	1 247	22 422
Supplementary capital at the end of the period	1 247	22 422
Other reserve capital at the beginning of the period	3 805	3 805
Other reserve capital at the end of the period	3 805	3 805
Retained earnings / Unrealized losses from previous years at the beginning of the period	-27 295	-27 411
increase (due to)	82	57
profit/loss for the period	82	57
Retained earnings / Unrealized losses from previous years at the end of the period	-27 213	-27 354
Exchange differences at the beginning of the period	-603	-550
Changes of exchange differences	-62	209
increases	0	209
decreases	62	0
Exchange differences at the end of the period	-665	-341
Equity at the end of the period	6 049	6 232

Half-yearly financial report and report of Management Board
of FON SE
for the period 01.07.2021 - 31.12.2021 (in thous. EUR)

V. STATEMENT OF CASH FLOW (in thous. EUR)

STATEMENT OF CASH FLOW	01.07.2021- 31.12.2021 (in thous. EUR) unaudited	01.07.2020- 31.12.2020 (in thous. EUR) unaudited
OPERATING ACTIVITIES		
Gross profit	82	355
Total adjustments	1 105	-234
Loans granted	0	-56
Received loans repayments	1 070	178
Interest and share in profits (dividends)	27	-358
(Profit) loss on investing activities	0	-1
Change in reserves	-3	0
Change in receivables and active accruals	1	2
Change in liabilities	-1	4
Change in the status of passive accruals	0	-3
Other adjustments	11	0
I. Net cash flows from operating activities	1 187	121
INVESTING ACTIVITIES		
Inflows from investing activities	0	243
Sale of financial assets	0	243
II. Net cash flows from investing activities	0	243
FINANCING ACTIVITIES		
I. Inflows	0	0
II. Outflows due to financing activities	1 187	340
Repayments of credits and loans	1 164	318
Interest	23	22
III. Net cash flow from financing activities	-1 187	-340
Total net cash flows (I+/-II+/-III)	0	24
Balance sheet change in cash	0	24
Cash at the beginning of the period	0	1
Cash at the end of the period	0	25

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

VI. EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SHORT-TERM FINANCIAL ASSETS

As at December 31, 2021, the Company has the following short-term loans granted:

SHORT-TERM LOANS								
(thous. PLN) as of 31/12/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Auto Kluge	Płock	110	EUR	33	EUR	10%	31.08.2015	blank promissory note, transfer of ownership, submission to enforcement
Damar Patro UÜ	Tallinn	2 200	EUR	85	EUR	2,5%	30.06.2023*	blank promissory note
Fly.pl Sp. z o.o.	Warszawa	352	EUR	30	EUR	-	15.10.2022	mortgage, blank promissory note
Total:		2 662	EUR	148	EUR			

*These loans are presented as short-term loans that are part of long-term loans.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (in thous. EUR)

SHORT-TERM LOANS								
(thous. PLN) as of 31/12/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Auto Kluge	Płock	500	PLN	152	PLN	10%	31.08.2015	blank promissory note, transfer of ownership, submission to enforcement
Fly.pl Sp. z o.o.	Warszawa	1 607	PLN	136	PLN	-	15.10.2022	mortgage, blank promissory note
Total:		2 107	PLN	288	PLN			

SHORT-TERM LOANS								
(thous. EUR) as of 31/12/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Damar Patro UÜ *	Tallinn	2200	EUR	85	EUR	2,5%	30.06.2023	blank promissory note
Total:		2200	EUR	85	EUR			

*Long-term loan - interest shown in short-term financial assets

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

As at June 30, 2021, the Company had the following short-term loans granted:

SHORT-TERM INVESTMENTS IN CREDITS AND LOANS								
FOR OTHER AND RELATED ENTITIES <i>(in thous. EUR)</i>								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Patro Inwestycje Sp.z o.o.	Płock	691	EUR	562	EUR	2,5%	31.12.2021	blank promissory note
Elkop SE	Płock	6 104	EUR	12	EUR	WIBOR1M	31.12.2024	blank promissory note
Elkop SE	Płock	4 208	EUR	134	EUR	WIBOR1M+4,5%	31.12.2024	blank promissory note, mortgage
Auto Kluge	Płock	112	EUR	36	EUR	10%	31.08.2015	blank promissory note, transfer of ownership
Fly.pl Sp. z o.o.*	Warszawa	361	EUR	66	EUR	-	15.10.2021	mortgage, blank promissory note, guarantee
Damar Patro UÜ	Tallinn	2 200	EUR	57	EUR	2,5%	30.06.2023	blank promissory note
Total:		13 676	EUR	867	EUR			

*On May 31, 2017, FON SE concluded an agreement with FLY Sp. z o.o. regarding the repayment of debt by FLY Sp. z o.o. in five parts.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

SHORT-TERM INVESTMENTS IN CREDITS AND LOANS								
FOR OTHER AND RELATED ENTITIES (<i>in thous. PLN</i>)								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Patro Inwestycje Sp.z o.o.	Płock	3 080	PLN	2 539	PLN	2,5%	31.12.2021	blank promissory note
Elkop SE	Płock	27 200	PLN	56	PLN	WIBOR1M	31.12.2024	blank promissory note
Elkop SE	Płock	18 752	PLN	605	PLN	WIBOR1M+4,5%	31.12.2024	blank promissory note, mortgage
Auto Kluge	Płock	500	PLN	162	PLN	10%	31.08.2015	blank promissory note, transfer of ownership
Fly.pl Sp. z o.o.*	Płock	1 607	PLN	300	PLN	-	15.10.2021	mortgage, blank promissory note, guarantee
Total:		51 139	PLN	3 662	PLN			

*On May 31, 2017, FON SE concluded an agreement with FLY Sp. z o.o. regarding the repayment of debt by FLY Sp. z o.o. in five parts.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

SHORT-TERM LOANS								
(thous. EUR) as of 30/06/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Damar Patro UÜ*	Tallinn	2200	EUR	57	EUR	2,5%	30.06.2023	blank promissory note
Total:		2200	EUR	57	EUR			

*Long-term loan - interest shown in short-term financial assets

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (in thous. EUR)

LONG-TERM FINANCIAL ASSETS

As at December 31, 2021, the Company has the following long-term loans granted:

LONG-TERM LOANS								
(thous. EUR) as of 31/12/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Elkop SE*	Płock	5 965	EUR	6 759	EUR	WIBOR1M	31.12.2024	blank promissory note
Damar Patro UÜ	Tallinn	2 200	EUR	2 200	EUR	2,5%	30.06.2023	blank promissory note
Total:		8 165	EUR	8 959	EUR			

*The loan to Elkop SE is measured at the adjusted purchase price. As at the balance sheet date, this valuation reduces the balance sheet value of receivables by EUR 43 thous.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (in thous. EUR)

LONG-TERM LOANS								
(thous. PLN) as of 31/12/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Elkop SE	Płock	27 200	PLN	30 874	PLN	WIBOR1 M	31.12.2024	blank promissory note
Total:		27 200	PLN	30 874	PLN			

LONG-TERM LOANS granted in EUR								
(thous. EUR) as of 31/12/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Damar Patro UÜ	Tallinn	2 200	EUR	2 200	EUR	2,5%	30.06.2023	blank promissory note
Total:		2 200	EUR	2 200	EUR			

The loan granted to Damar Patro UÜ was granted in EURO at the exchange rate according to the agreement: EUR 1 = PLN 4,4.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

As at June 30, 2021, the Company has the following long-term loans granted:

LONG-TERM INVESTMENTS IN CREDITS AND LOANS								
FOR RELATED ENTITIES (<i>in thous. EUR</i>)								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Elkop SE	Łódź	6 104	EUR	5 726	EUR	WIBOR1M	31.12.2024	blank promissory note
Elkop SE*	Łódź	4 208	EUR	1 518	EUR	WIBOR1M +4,5%	31.12.2024	blank promissory note, mortgage
Damar Patro UÜ	Tallinn	2 200	EUR	2 200	EUR	2,5%	30.06.2023	blank promissory note
Fly.pl Sp. z o.o.*	Łódź	361	EUR	33	EUR	-	15.10.2022	mortgage, blank promissory note, guarantee
Total:		12 873	EUR	9 477*	EUR			

*The loan to Elkop SE is measured at the adjusted purchase price. As at the balance sheet date, this valuation reduces the balance sheet value of receivables by EUR 60 thous.

LONG-TERM INVESTMENTS IN CREDITS AND LOANS								
FOR RELATED ENTITIES (<i>in thous. PLN</i>)								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Elkop SE	Łódź	27 200	PLN	25 882	PLN	WIBOR1M	31.12.2024	blank promissory note
Elkop Se	Łódź	18 752	PLN	6 858	PLN	WIBOR1M+4,5%	31.12.2024	blank promissory note, mortgage

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (in thous. EUR)

Fly.pl Sp. z o.o.*	Warszawa	1 607	PLN	150	PLN	-	15.10.2022	mortgage, blank promissory note, guarantee
Total:		47 559	PLN	32 890	PLN			

LONG-TERM LOANS granted in EUR								
(thous. EUR) as of 30/06/2021								
Name of the entity	Headquarter	The loan amount in thousand		The loan amount outstanding to be repaid in thousand		Interest	Term of repayment	Collateral
		Amount	Currency	Amount	Currency			
Damar Patro UÜ	Tallinn	2 200	EUR	2 200	EUR	2,5%	30.06.2023	blank promissory note
Total:		2 200	EUR	2 200	EUR			

Interest on loans granted to the companies Elkop SE and Damar Patro UÜ is presented in short-term financial assets in the amount of EUR 511 thous for ELKOP SE 2 000 EUR for Damar Patro UÜ. The loan granted to Damar Patro UÜ was granted in EUR at the exchange rate according to the agreement of EUR 1 = PLN 4,4.

The Issuer did not grant any guarantees to any entities.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

TRANSACTIONS WITH RELATED ENTITIES

First half of 2021

01.07.2021 – 31.12.2021:

RELATED PARTIES TRANSACTIONS FOR THE PERIOD 01/07/2021 - 31/12/2021 (thous. EUR)	Sale of products, goods and materials to related entities	Interest costs for related entities and other financial costs	Other receivables at the end of the period from related parties (including loans)	Liabilities for supplies and services at the end of the period to related entities	Liabilities due to loans and other to related entities
ATLANTIS SE	0	42	0	0	3 014
ELKOP SE	115	0	6 759	0	0
FLY.PL SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ (presently: DAMF INWESTYCJE)	0	0	30	0	0
PATRO INVEST OU	0	0	0	0	0
PATRO INVEST SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ W LIKWIDACJI	0	0	0	0	0
PATRO INWESTYCJE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	24	0	0	0	0
DAMAR PATRO UU	28	0	2 285	0	0
Total (in thous. EUR)	167	42	9 074	0	3 014

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

2020:

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

Personal relationships between the Company's Management and Supervisory Bodies

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

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

Management Board:

- Damian Patrowicz – performs the function of the single Member of the Management Board of the Company and Patro Invest OÜ, is also Member of the Management Board in Patro Administracja Sp. z o.o., INVESTMENT FRIENDS CAPITAL SE, Atlantis SE and performs function of the Member of the Supervisory Board in: Elkop SE, is a shareholder of Patro Invest OÜ. Damian Patrowicz is a General Partner in Damar Patro UÜ and shareholder of Patro Invest Sp. z o.o. in liquidation.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

Supervisory Board:

- Wojciech Hetkowski Chairman of the Supervisory Board – performs a function of a Member of the Supervisory Board in: Atlantis SE, Elkop SE, Investment Friends SE, INVESTMENT FRIENDS CAPITAL SE.
- Jacek Koralewski Member of the Supervisory Board - performs a function of Chairman of the Management Board in: Elkop SE and Member of the Supervisory Board in: Atlantis SE, Investment Friends SE, Investment Friends Capital SE and FON SE.
- Małgorzata Patrowicz Secretary of the Supervisory Board - acts as the Liquidator of Patro Invest Sp. z o.o in liquidation and a Member of the Management Board at Patro Administracja Sp. z o.o. in addition, she is a Member of the Supervisory Board of Atlantis SE, Elkop SE, Investment Friends Capital SE, Investment Friends SE.
- Martyna Patrowicz Supervisory Board Member - serves as a Supervisory Board Member in: Atlantis SE, Elkop SE, Investment Friends Capital SE, Investment Friends SE.

Patro Invest OÜ, i.e. the largest shareholder of FON SE, is also the dominant shareholder of ELKOP SE, ATLANTIS SE, Investment Friends SE, Investment Friends Capital SE and Patro Administracja Sp. z o.o. The general partner at Damar Patro UÜ is a member of the FON SE Management Board. Shareholder of Patro Invest Sp z o.o. in liquidation is an indirect shareholder of FON SE.

VII. REPORT OF THE MANAGEMENT BOARD

MAIN AREAS OF THE ACTIVITY, PRODUCTS AND SERVICES' GROUPS.

In the reporting period, the main activity of the Company was financial activity: providing the loans. The decisive role in the structure of the Company's revenues in the reporting period were revenues related to financial activities.

The Company, implementing its business profile in the field of granting loans concluded agreements with Estonian entities. Due to the nature of the business, there are no sources of goods and materials.

GENERAL (MACROECONOMIC) DEVELOPMENT OF THE ENVIRONMENT IN WHICH THE COMPANY IS OPERATED AND THE IMPACT OF THIS DEVELOPMENT ON ITS FINANCIAL EFFICIENCY.

The Company conducts financial activities, in particular, related to granting cash loans to natural persons and business entities, most often from the micro and small enterprises sector. The company sees the development potential in the provision of financial services to this type of entities and intends to consistently continue its activities in this segment.

Half-yearly financial report and report of Management Board
of FON SE
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

INFORMATION WHETHER THE COMPANY'S OPERATING ACTIVITY IS BASED ON SEASONALITY OR IS IT CYCLICAL.

In the reporting period, the basic activity of the Company was financial service (loan), therefore there is no seasonality or cyclicity.

FINANCIAL INSTRUMENTS, POLICY AND RISK MANAGEMENT AND RISKS CONNECTED WITH THE CURRENCY EXCHANGE, INTEREST RATE AND COURSES OF SHARES, WHICH APPEARED IN THE FINANCIAL YEAR OR DURING THE PREPARATION OF THE REPORT.

The main types of risk resulted from Company's financial instruments include: interest rate risk, liquidity risk, credit risk and risk related to the financial collateral. The Management Board is responsible for establishing risk management principles in the Company and for supervising its following. The Company's risk management rules aimed at identifying and analysing the risks to which the Company is exposed, determining appropriate limits and controls, and also monitoring risk and adjusting the level of limits matched to it.

THE MOST IMPORTANT INVESTMENTS MADE DURING THE FINANCIAL YEAR AND PLANNED FOR THE NEAREST FUTURE.

Due to the Company's basic activity in the field of financial services in the field of granting cash loans to business entities, the most important investments of the Company in the reporting period concerned granted loans. In the near future, the Company intends to continue its main lending activities, therefore the Management Board believes that future significant investments will also be implemented in this area.

SIGNIFICANT RESEARCH AND DEVELOPMENT PROJECTS AND RELATED TO THEM FINANCIAL EXPENDITURES IN THE FINANCIAL YEAR AND NEXT YEARS.

Due to the specifics of the Company's main activity i.e. financial services, the Company does not conduct research and development projects.

CAPITAL SHARE STRUCTURE INCLUDING THE SECURITIES THAT ARE NOT APPROVED TO TRADING ON THE REGULAR MARKET OF THE CONTRACTING COUNTRIES AND IF POSSIBLE, DATA OF VARIOUS CLASSES OF INSTRUMENTS, RIGHTS AND OBLIGATIONS CONNECTED WITH EVERY CLASS OF SECURITIES AND ITS PERCENTAGE SHARE IN SHARE CAPITAL OF THE COMPANY

From May 27, 1999 FON SE shares are listed on the Warsaw Stock Exchange.

From February 11, 2021, the share capital of the Company amounts to EUR 28 875 thous. and consists of 52 500 000 series A shares without par value with a book value of EUR 0,55 entitling to 100% dividend per share. Number of shares admitted to trading on the Warsaw Stock Exchange as of the report publication date: 52 500 000.

The shares are freely transferable and have no statutory restrictions.

Half-yearly financial report and report of Management Board
of FON SE
for the period 01.07.2021 - 31.12.2021 (in thous. EUR)

ANY RESTRICTIONS APPLIED BY THE COMPANY'S STATUE ON THE TRANSFERABILITY OF SECURITIES, ALSO INCLUDING LIMITATIONS ON THE OWNERSHIP OF SECURITIES OR THE NECESSITY OF OBTAINING THE COMPANY OR OTHER OWNERS OF THE SECURITIES CONSENT.

The Company's Articles of Association do not impose any restrictions on the transferability of securities limitation on the ownership of securities or the necessity to obtain the consent of the Company or other owners of securities.

SIGNIFICANT SHARE PACKAGES IN ACCORDANCE WITH THE PROVISIONS OF § 185 THE SECURITIES MARKET ACT

To the best knowledge of the Management Board, as at February 22, 2022, the structure of direct and indirect shareholders holding at least 5% of the total number of votes at the General Meeting was as follows:

Direct shareholding structure as of 22/02/2022:

No	Direct shareholder	No. of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	19 456 270	37,06	19 456 270	37,06
X	Totally	52 500 000	100,00	52 500 000	100,00

Indirect shareholding structure as of 22/02/2022:

No	Indirect shareholder	No. of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	19 456 270	37,06	19 456 270	37,06
2.	Damian Patrowicz	19 456 270	37,06	19 456 270	37,06

***Damian Patrowicz owns 100% of the shares of Patro Invest OU**

To the best knowledge of the Management Board, as at the balance sheet date, i.e. December 31, 2021, the structure of shareholders directly and indirectly holding at least 5% of the total number of votes at the General Meeting was as follows:

Direct shareholding structure as of 31/12/2021:

No	Direct shareholder	No. of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	19 371 270	36,90	19 371 270	36,90
X	Totally	52 500 000	100,00	52 500 000	100,00

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

Indirect shareholding structure as of 31/12/2021:

No	Indirect shareholder	No. of shares	% shares	Number of votes	% votes
1.	Patro Invest OÜ	19 371 270	36,90	19 371 270	36,90
2.	Damian Patrowicz	19 371 270	36,90	19 371 270	36,90

*Damian Patrowicz owns 100% of the shares of Patro Invest OU

ALL LIMITATIONS AND AGREEMENTS RELATED TO THE RIGHT TO VOTE AND IF THE PREFERENCE SHARES GIVE THE RIGHT TO VOTE, INCLUDING RESTRICTIONS OF VOTING RIGHTS IN A CERTAIN SCOPE OF OWNERSHIP OR SPECIFIC NUMBER OF VOTES, CONDITIONS INDICATED TO EXERCISE OF VOTING RIGHTS OR A SYSTEM IN WHICH FINANCIAL RIGHTS CONNECTED WITH SECURITIES AND THEIR OWNERSHIP ARE SEPARATED WITH ANY AGREEMENT WITH THE COMPANY.

In accordance with the provisions of point 2.3 of the Company's Articles of Association, the Company holds one type of share.

PROVISIONS AND RULES OF ELECTION, APPOINTMENT, RESIGNATION AND DISMISSAL OF THE COMPANY'S MANAGEMENT BOARD MEMBERS ESTABLISHED BY LAW.

In accordance with the provisions of point 5.3. The Company's Articles of Association, members of the Company's Management Board are appointed and dismissed by the Supervisory Board, which also decides on the remuneration of members of the Management Board.

RESOLUTIONS AND RULES OF MAKING AN ALTERATION IN THE ARTICLE OF ASSOCIATION SETTLED BY LAW.

In accordance with point 4.9.1 of the Company's Articles of Association, amendment of the Company's Articles is included in the General Meeting of Shareholders' competencies.

In accordance with point 4.5 Of the Articles of Association, the General Meeting is able to adopt valid resolutions, if at the General Meeting there is more than half of all votes represented in company shares, if the applicable legal acts do not provide for a higher majority of votes.

If an enough number of shareholders does not participate in General Meeting, in order to ensure a majority of votes, in accordance with point 4.5, the Management Board of the Company within three weeks, but not earlier than after seven days, convenes a new general meeting with the same agenda. In this way, the General Meeting is competent to adopt resolutions regardless of the number of votes represented. Resolutions of the general meeting are adopted, when more than a half of all represented at the General Meeting votes are for the resolution, and if there is no other requirement arising from applicable legal acts.

AUTHORIZING MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY, INCLUDING AUTHORIZING TO ISSUING AND BUYING BACK SHARES.

During the reporting period the Management Board was not authorized to issue or repurchase shares.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

DESCRIPTION OF THE BASIC ECONOMIC AND FINANCIAL DATA REVEALED IN THE ANNUAL FINANCIAL STATEMENT AND DESCRIPTION OF THE FACTORS AND THE MOST IMPORTANT UNTYPICAL EVENTS HAVING SIGNIFICANT INFLUENCE ON THE ACTIVITY OF THE COMPANY AND ACHIEVED PROFITS OR LOSSES IN THE FINANCIAL YEAR.

The Company in the reporting period recorded:

- Revenue from interest, the sale of lands, product in the amount 120 thous. EUR.
- Gross profit in amount of 120 thous. EUR.
- Profit from operating activity in the amount 105 thous. EUR.
- Net profit in the amount 82 thous. EUR.
- Financial costs in the amount of 23 thous. EUR.
- General administrative costs in the reporting period in the amount of 4 thous. EUR.

In the reporting period, the Company obtained income mainly from interest on loan activities.

INDICATION OF PENDING PROCEEDINGS IN THE COURT, COMPETENT AUTHORITY FOR ARBITRATION PROCEEDINGS OR PUBLIC ADMINISTRATION AUTHORITY

In the reporting period, the Company has not initiated and has not become a party of any new, important judicial or administrative proceedings.

The Company indicates below the most important pending court and administrative proceedings:

- Administrative procedure conducted by Polish Financial Supervision Authority against FON SE regarding imposition the financial fine on FON SE based on article 97(1) point 2 of July 29, 2005 on Public Offering and terms of launching to organized trading venue and on public companies, towards breaching article no. 69 (1) point 1 with relation to the article no. 87 (5) point. 1 of an act of Offer in relation to purchase on January 1, 2012 shares of public Company Zakłady Mięsne Herman S.A. (current Investment Friends Capital SE with registered office in Płock). After getting above- mentioned decision on 14/06/2017, the Company applied for reconsideration and repealing the decision in its entirety. As at 29/05/2018 Polish Financial Supervision Authority decided of repealing in its entirety and again imposed a lower fine in the amount of PLN 90 thousand (=EUR 20 thous.) . Due to the re-imposition of the penalty, the Company on 03/07/2018 filed the complaint for the Polish Financial Supervision Authority's decision to the Provincial Administrative Court. On 08/01/2019 Provincial Administrative Court passed a judgement, which dismiss the Company's complaint and as a result on 29/03/2019 the Company appealed against sentence to Supreme Administrative Court. The case is proceeding.
- A case from the Company's application for confirmation of the acquisition of an inheritance from the Company's debtor.

Half-yearly financial report and report of Management Board
of FON SE
for the period 01.07.2021 - 31.12.2021 (in thous. EUR)

INFORMATION ON TRANSACTIONS CONCLUDED BY THE COMPANY OR A SUBSIDIARY OF THE COMPANY WITH RELATED ENTITIES OTHER THAN MARKET CONDITIONS, WITH THEIR AMOUNTS AND INFORMATION DEFINING THE NATURE OF THESE TRANSACTIONS.

In the period covered by this report, the Company did not conclude any significant transactions with related entities on terms other than market terms. Transactions significant in the opinion of the Management Board, including with related entities, are described in point VI of this Financial Statement.

INFORMATION ABOUT LOANS GRANTED IN A GIVEN FINANCIAL YEAR, WITH SPECIAL CONSIDERATIONS OF LOANS GRANTED TO THE COMPANY'S AFFILIATED ENTITIES, WITH THEIR AMOUNT, TYPE AND AMOUNT OF THE INTEREST RATE, CURRENCY AND DUE DATE.

The loans granted by the Company are described in point VI Loans with related entities. The Company has a liability under a loan received from Atlantis SE with its registered office in Tallinn on December 31, 2021. As at the balance sheet date, the amount of the liability with interest is PLN 13 855 thousand.

ASSESSMENT AND ITS JUSTIFICATION, REGARDING MANAGEMENT OF FUNDS, SPECIFYING ABILITY TO DISCHARGE FROM TAKEN OBLIGATIONS, AND INDICATION OF POSSIBLE THREATS AND ACTIONS WHICH THE COMPANY UNDERTOOK OR INTENDS TO UNDERTAKE IN ORDER TO PREVENT THOSE THREATS.

In the reporting period for the year from 01/07/2021 until December 31, 2021 there were no events significant in the opinion of the Management Board that could significantly affect the assessment and change of the Company's financial assets and the ability to meet the Company's obligations.

ASSESSMENT OF POSSIBILITY OF REALIZATION OF INVESTMENT INTENTIONS, INCLUDING CAPITAL INVESTMENTS, IN COMPARISON WITH OWNED INSTRUMENTS TAKING INTO ACCOUNT POSSIBLE CHANGES IN THE STRUCTURE OF FINANCING OF THIS ACTIVITY.

The Company mainly conducts service activities, granting non-consumer cash loans to business entities. The current lending activity is financed from the Company's own funds. The Company intends to carry out further activities in the area of granting loans and possible investments mainly from its own funds.

ASSESSMENT OF FACTORS AND ATYPICAL EVENTS HAVING INFLUENCE ON RESULT FROM OPERATING FOR THE FINANCIAL YEAR, SPECIFYING LEVEL OF INFLUENCE OF THESE FACTORS OR ATYPICAL EVENTS ON OBTAINED RESULT.

In accordance with the assessment and the best knowledge of the Management Board, in the reporting period from 01/07/2021 to 31/12/2021 there were no unusual factors and events that could have a significant impact on the assessment and financial position of the Company and the ability to meet its obligations .

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

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.

Taking into account the Company's leading activity, including financial service activities in the field of granting non-consumer cash loans in the Company's opinion, significant influence on development and results, currently have and will have the following internal and external factors:

- general market prosperity on lending market and level of interest rates,
- proper realization by the Borrowers of their obligations resulting from concluded loan agreements, as well as course of execution process and vindication of loans terminated, if such agreements occurs,
- efficiency of procedures and administrative and legal proceedings in which a possible participant or a part can be the Company,
- opportunity to gain possible borrowers,
- market prosperity on capital markets,
- economic situation and investing circumstances in Poland, Estonia and the region,
- access to external financing sources,
- cooperation with other financial entities,

In the next financial year, the Management Board intends to continue and develop the Company activity in the field of financial service activity, focusing mainly on granting cash loans for the business entities.

ANY AGREEMENTS BETWEEN THE COMPANY AND ITS MANAGEMENT BOARD WHICH PROVIDE COMPENSATIONS IN THE CASE OF RESIGNATION OR THEIR EXPELLING FROM HELD FUNCTION WITHOUT AN IMPORTANT REASON OR IF THEIR DISMISSAL OR EXPELLING HAPPEN DUE TO MERGER OF TAKEOVER OF THE COMPANY.

The Company has not concluded any agreements with the managing staff.

INFORMATION ON AN AVERAGE EMPLOYMENT.

In the reporting period, the Company did not employ any people.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

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 balance date 31/12/2021 and as at the date of publication of this periodical report, the Member of the Management Board Mr. Damian Patrowicz owns indirectly the Company's shares. According to the best knowledge of the Management Board, Mr. Damian Patrowicz owns indirectly, via his subsidiary Patro Invest OÜ 19 456 270 shares of FON SE, constituting 37,06% of the share capital of the Company and entitling to 19 456 270 votes what constitute 37,06% of the votes at the General Meeting of the Company as at the date of publication of this periodical report.

- **Member of the Supervisory Boards**

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

INFORMATION ON FINANCIAL INSTRUMENTS IN TERMS OF:

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

2) 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 on the basis of current analyse of the Company's situation and its environment.

INFORMATION ON THE CONTRACT AND THE ENTITY AUTHORIZED TO AUDIT THE COMPANY'S FINANCIAL STATEMENTS..

Pursuant to the Articles of Association, the body authorized to select a statutory auditor is the General Meeting of Shareholders. The financial statements for the period 01/01/2019 - 30/06/2020 and 01/07/2020 - 30/06/2021 were audited by Number RT OÜ based in Harju maakond, Tallinn, Kristiine linnaosa, Linnu tee 21a, 11317, company registration number 10213553.

OTHER INFORMATION WHICH IN THE VIEW OF THE COMPANY ARE SIGNIFICANT FOR ASSESSMENT OF THE FINANCIAL, PERSONNEL, MATERIAL SITUATION, FINANCIAL RESULT AND CHANGES OF THEM AND INFORMATION WHICH ARE IMPORTANT FOR ASSESSING THE POSSIBILITY TO REALIZATION THE LIABILITIES BY THE COMPANY.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 *(in thous. EUR)*

In the reporting period, except those indicated in the report, there have not occurred any other events, which could significantly influence on an assessment and change of the material and financial situation of the Company and its possibility to fulfil its liabilities to the best knowledge of the Management Board. The Company maintain business concept involving cost optimization, including minimization of personnel sourced through outsourcing majority of the Company's areas.

Loans granted have a significant impact on the Company's results.

As the subject of the company's activity is financial activity, including lending activity, the correct and timely fulfilment of the Borrowers' obligations towards the Company, resulting from the concluded loan agreements, also has a significant impact on the Company's liquidity.

INDICATION OF FACTORS WHICH ON THE VIEW OF THE COMPANY WILL HAVE INFLUENCE ON ACHIEVED RESULTS IN THE PERSPECTIVE OF AT LEAST THE NEXT QUARTER.

To the knowledge of the Management Board, significant external and internal factors, which have indirect or direct influence on the development of FON SE are as follows:

- a) situation on the financial market, on loan market and interest rates, which will have influence on realization the basic business profile of the Company – granting loans.
- b) Proper fulfilling the conditions of the agreements within due time of liabilities repayment to the Company, and possible foreclosures and debt collection of (if any) undischarged loans
- c) Business cycle on capital markets having influence on financial instruments owned by the Company, its valuation and liquidity of owned securities

List of the most important events in the reporting period.

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

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

Ordinary General Meeting of Shareholders of December 14, 2021

On December 14, 2021, the Annual General Meeting of Shareholders of FON SE took place and approved the annual report for the financial year 2020/2021.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

Events after the balance sheet date

On January 27, 2022, the Warsaw Stock Exchange S.A. in Warsaw adopted a resolution on introducing 8 325 750 (eight million, three hundred and twenty-five thousand, seven hundred and fifty) series A shares of the FON SE company to exchange trading on the main market as of January 31, 2022.

Selected indicators of Investment Friends Capital SE:

RATIO	31/12/2021 (unaudited) in thous. EUR	30/06/2021 (audited) in thous. EUR
EBITDA	82	157
ROA	0,90 %	0,55 %
ROE	1,36 %	0,95 %

EBITDA - profit before interest, taxes, amortization of intangible assets (EBITDA + depreciation),

ROA - return on assets, is the ratio of the company's net profit to the value of its assets (net profit / asset value * 100),

ROE - return on equity, is the ratio of the company's net profit to its equity (net profit / equity * 100),

VIII. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of FON SE declares that, to the best of its knowledge, these financial statements and comparable data have been prepared in accordance with the financial reporting principles applicable to the Issuer and that they reflect truthfully, fairly and clearly the property and financial situation of the Issuer and its financial result.

The Management Board's report on the activities of FON SE provides a true picture of the development, achievements and situation of the Company, including a description of the main threats and risks.

These financial statements have been prepared with the application of the accounting principles in accordance with the International Financial Reporting Standards. This report covers the period from July 1, 2021 to December 31, 2021, ie the first half of the 2021/2022 financial year and the comparative period from July 1, 2020 to December 31, 2020, ie the first half of the 2020/2021 financial year.

Half-yearly financial report and report of Management Board
of **FON SE**
for the period 01.07.2021 - 31.12.2021 (*in thous. EUR*)

IX. SELECTED FINANCIAL DATA

In thous. EURO	6 months ended 31/12/2021 (unaudited)	6 months ended 31/12/2020 (audited)
Revenue from interest, from the sale of products, goods and materials	120	86
Profit from operating activity	105	75
Profit before tax	82	57
Net cash flow from operating activities	1 187	121
Net cash flow from investing activities	0	243
Net cash flows from financing activities	-1 187	-340
Change in cash and cash equivalents	0	24
Total assets*	9 066	10 287
Short-term liabilities*	319	330
Share capital*	28 875	28 875
Number of shares (in pcs.)	52 500 000	52 500 000
Book value per one ordinary share (in EURO)	0,12	0,11

*For balance sheet items marked with an asterisk, the data presented in the second column covers the status as at June 30, 2021.

Tallinn, 22/02/2022

Signature of Management Board

Damian Patrowicz Member of the Management Board

First name and last name Function