AAW X Limited Liability Company

Financial statements for the period
01.01.2018 – 31.12.2018

The introduction and additional explanatory information form an integral part of the financial statements and should be analyzed along with all its elements, in particular the statement of comprehensive income and financial position (balance sheet).

Financial statements as of 31.12.2018

Approval of the financial statement

These financial statements have been prepared in accordance with International Financial Reporting Standards and presented in the following order:

In these financial statements, some immaterial data may be omitted, even if a given standard (IFRS) describes it as the minimum scope of disclosure. Company may however provide information, which is not required if it could lead to a better understanding by the user of the financial statements of the impact of particular transactions on an entity's assets and financial results..

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Wojciech Marcińczyk
President of the Management Board

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Ewa Ogryczak
Member of the Management Board

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Krzysztof Konopiński
Member of the Management Board

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Person responsible for maintaining book of records
PKF BPO Consult Sp. z o.o. sp.k.
Anna Stankiewicz

Warsaw, 26 April 2019

Introduction

1. Corporate information

a) The company operates under the name AAW X Limited Liability Company (hereinafter: „Company") with its registered office in Warsaw at Plac Europejski 1. National Economy Register: 367305809, Tax Identification Number: 113-294-23-43,

b) Company registered at the Warsaw Regional Court, entry no. KRS (NCR) 0000678248 on 17.05.2017.

c) The principal activities of the Company comprise:
- holding company,
- financial activity,
- consulting.

d) The Company has an unlimited period of operation.

e) During the reporting period, Management Board consisted of:

- Wojciech Marcińczyk – President of the Management Board
- Ewa Ogryczak – Member of the Management Board
- Krzysztof Konopiński – Member of the Management Board

Until the day of preparation of these financial statements, the Management Board remained unchanged.

2. Financial statements

a) These financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the Council of International Accounting Standards approved by the European Union, pursuant to the IFRS Regulation (European Commission 1606/2002), hereinafter referred to as "EU IFRS".

EU IFRS include standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for use in the EU.

b) The accounting principles described below have been applied continuously to all periods presented.

c) The profit and loss account is prepared with classification of expenses by function. The cash flow statement is prepared using the indirect method.

d) In connection with the Company's prevailing business, the following have been presented under operating activity:

a. Interest revenue
b. Dividends received

e) The accounting period of the Company in the financial statements lasts from 1 January 2018 to 31 December 2018. Comparative data cover the period from 1 January 2017 to 31 December 2017.

f) The Company's financial statements for the financial year ended 31 December 2018 have been prepared with the going concern principle, i.e. assuming that the Company will have sufficient financial resources to enable both financing of the Company's further business as well as covering losses that it may incur next accounting period.

g) The annual financial statements have been prepared assuming that the Company will continue as a going concern in the period of 12 months after the balance sheet date, i.e. 31.12.2018. As of the day of preparation these financial statements, the Management Board of the Company is not aware of any existing facts and circumstances that would indicate a threat to the ability to continue as a going concern in the period of 12 months after the balance sheet date as a result of deliberate or compulsory abandonment or significant limitation of its current activity.

h) Until the date of preparation of these financial statements, no events occurred that were not but should have been included in the accounting books for the reporting period. At the same time, there are no significant events regarding previous years in these financial statements.

i) Financial data are rounded to full PLN.

3. Compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission, hereinafter referred to as "EU IFRS".

EU IFRS include standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for use in the EU.

The standards and amendments to standards approved for use in the EU are listed below and applicable to reporting periods beginning on or after 1 January 2018:

a) IFRS 9 *Financial Instruments* (of 12 November 2009 together with subsequent amendments to IFRS 9 and IFRS 7 of 16 December 2011) – effective for reporting periods beginning on or after 1 January 2018

The new standard replaces the guidance included in IAS 39 *Financial Instruments*: *Recognition and Measurement*, concerning classification and measurement of financial assets. The standard eliminates the categories existing in IAS 39 of *held to maturity*, *available for sale* and *loans and receivables*. On initial recognition financial assets will be classified in one of the following categories:

- financial assets at amortized cost; or

- financial assets at fair value.

Financial assets are measured at amortized cost if the following two conditions are met: the assets are held as part of a business model whose purpose is to keep the assets in order to generate cash flows under a contract; and, the relevant contract terms provide for cash flows at certain dates which consist solely of capital and interest on the outstanding capital.

Profits and losses on the valuation of financial assets at fair value are recognized in the profit (loss) of the current period, except for a situation when the investment in a financial instrument is not held for trading. IFRS 9 offers an opportunity to measure such financial instruments, upon their initial recognition, at fair value through other comprehensive income. The above decision is irreversible. Such choice may be made for each instrument separately. Amounts recognized in other comprehensive income may not subsequently be reclassified to profit and loss account.

IFRS 9 introduces a new impairment model, i.e. the expected credit losses model. Another important requirement under IFRS 9 relates to the duty to disclose in other comprehensive income the effects of changes in own credit risk under financial liabilities at fair value through profit or loss.

The standard allows simplifications when estimating future losses in relation to short-term trade receivables that do not include a financial element (sales or leasing receivables). In these cases, it is possible to deviate from the analysis of credit risk, and only to estimate the impairment losses in view of the entire period of operation of this instrument.

In the previous year, there were no financial instruments in the company, therefore the entity does not present differences in presentation according to IAS 39 and IFRS 9.

b) IFRS 15 *Revenue from Contracts with Customers* – effective for reporting periods beginning on or after 1 January 2018

IFRS 15 establishes a comprehensive framework for determining how and when to recognize revenue and requires significant disclosures from companies using IFRS. The standard introduces a uniform model of five steps, based on principles, which is to be used with respect to all contracts with customers for the purposes of recognizing revenue.

These steps include: identification of contracts with clients, identification of contractual obligations to perform services, determination of the transaction price, allocation of transaction price to contractual obligations to provide benefits, recognition of revenue when the entity fulfills its obligations.

Due to the company's activities, the regulations described in the above-mentioned standard do not apply to the company.

c) Explanations regarding IFRS 15 Revenue from contracts with customers - effective for reporting periods beginning on or after January 1, 2018,

The changes clarify in what way:
(1) identify the obligation to provide benefits,
(2) determine if in a given contract the unit acts as a principal or agent,
(3) determine the method of recognizing revenues from licenses granted (once or settling in time)

These changes introduce 2 additional exemptions to reduce costs and complexity for individuals when implementing the standard.

Due to the company's activities, the regulations described in the above-mentioned standard do not apply to the company.

d) Amendments to IFRS 4 Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts - effective for annual periods beginning on or after 1 January 2018.

The amendments are designed to remove the effects of accounting mismatch from the profit and loss accounts of issuers of insurance contracts. In line with the above amendments, the following solutions are admissible:
- application of IFRS 9 *Financial Instruments* together with recognition in comprehensive income, rather than P&L, the volatility that could arise when IFRS 9 *Financial Instruments* is applied instead of IAS 39 *Financial Instruments* for all issuers of insurance contracts ("overlay approach"),
- temporary (available until 2021) exemption from the application of IFRS 9 *Financial Instruments* for companies whose activities are predominantly connected with insurance and application in such period of IAS 39 *Financial Instruments* ("deferral approach").

e) Amendments to IFRS (2014-2016) - amendments resulting from annual (2014-2016) improvements cycle – effective for annual periods beginning on or after 1 January 2017 /after 1 January 2018
- Amendment to IAS 1 *First-Time Adoption of International Financial Reporting Standards*

The amendment deletes short-term exemptions provided in par. E3-E7 of IFRS 1, as they related to past reporting periods and have served their intended purpose. The above exemptions enabled first-time adopters of IFRS to apply the same disclosures as the disclosures used by other entities applying them for a long time with respect to:
i. disclosure of certain comparative information concerning financial instruments, required as a result of introduction of amended IFRS 7
ii. Presentation of comparative information for the disclosures required by IAS 19, about the sensitivity of the defined benefit obligation to actuarial assumptions
iii. Retrospective application of the investment entities requirements of IFRS 10, IFRS 12 and IAS 27.

- Amendments to IAS 28 Investments in Associates and Joint Ventures

The proposed amendment clarifies that the option for a venture capital organization or other qualifying entity (such as a mutual fund, unit trust or similar entity) to measure investments in associates and joint ventures at fair value through profit or loss (rather than by applying the equity method of accounting) is made on an investment-by-investment basis upon initial recognition of each investment. A similar clarification is proposed for the election available for an entity that is not an investment entity and that has an associate or joint venture that is an investment entity; to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method.

f) Amendments to IFRS 2 Share-Based Payments – effective for annual periods beginning on or after 1 January 2018
The amendments clarify the method for recognizing certain types of payments in the form of shares. The amendments introduce requirements regarding the recognition of:
(i) payments in the form of shares settled in cash, including a condition of achieving by the entity of specified business results,
(ii) payments in the form of shares settled after deduction of tax,
(iii) changes of share-based payments settled in cash into ones settled in equity instruments.

g) Amendments to IAS 40 Investment Properties – effective for annual periods beginning on or after 1 January 2018
The amendments are designed to provide guidance on transfers to, or from, investment properties. The amendment relates to paragraph 57 which provides that a transfer to and from an investment property occurs only when there is an evident change in use. A list of evidence in paragraph 57(a)-(d) was designated as a non-exhaustive list of examples whereas the current list is an exhaustive one.

h) IFRIC 22 Foreign Currency Transactions - effective for annual periods beginning on or after 1 January 2018
The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency before the entity recognizes the related asset, expense or income.

The adoption of the above amendments to the standards did not have a material impact on the financial position, results of operations and the scope of information presented in these financial statements.

New standards and interpretations that have been published but have not yet entered into force

The Company did not use the option of early adoption of standards and amendments to standards approved by the European Union, which are effective for reporting periods beginning on or after 1 January 2019.:

a) IFRS 16 *Leasing* - effective for reporting periods beginning on or after January 1, 2019
FRS 16 replaces the existing leasing solutions covered by IAS 17, IFRIC 4, SKI 15 and SKI 27. IFRS introduces one model of leasing recognition for the lessee requiring recognition of assets and liabilities, unless the lease term is 12 months or less or the asset is low value. The approach from the lessor remains essentially unchanged compared to the solutions from IAS 17 - the classification of leasing as operational or financial is still required.

IFRS 16, in contrast to the currently used separate recognition in the financial statements of operating leases and finance leases, introduces a uniform accounting model for all leases, in which the lessee recognizes in the statement of financial position an asset for the right to use the leased asset and liability due to leasing. The asset component of the right to use, in the case of the cost model, is subject to depreciation and impairment write-offs. Depreciation of asset components due to the right of use, which will be presented in operating costs and interest on leasing liabilities, which will be presented as financial costs, will replace lease fees, which are currently presented in operating costs.

Due to the type of business, MSSF 16 will not apply.

b) Amendments to *IFRS 9 Financial Instruments* - Contracts with Down Payment Features with Negative Compensation - effective for reporting periods beginning on or after 1 January 2019.

The amendment clarifies that financial instruments that include the possibility of early repayment (prepayment) that may result in negative compensation may be measured at amortized cost or at fair value through other comprehensive income, depending on the business model of the entity in the scope of managing financial assets.

c) *IFRIC 23 Uncertainty of tax rulings regarding income tax* - effective for reporting periods beginning on or after January 1, 2019
The interpretation explains how to reflect uncertainty in the financial statements related to the recognition of income tax. The interpretation applies when the recognition of a given transaction or circumstances in tax law is unclear or when the entity is not sure whether the tax authorities will accept the entity's approach or its interpretation of tax law.

d) Amendments to IAS 19 *Employee benefits* - effective for reporting periods beginning on or after January 1, 2019

This change requires that in the case of changes, limitations or settlement of a defined benefit plan, the entity:

i. accepted the current assumptions in order to determine the costs of current employment and the present value of the liability for certain benefits relating to the remaining period,
ii. recognized as a result, as "past service costs" or "gains or losses" on account of the program settlement, amounts resulting from the measurement of the current value of defined benefit obligation, before and after the change, with current assumptions and fair value of program assets as at the date of change , including the change of the unrecognized surplus..”

e) Amendments to IAS 28 Investments in Associates and Joint Ventures - Long-term shares in associates and joint ventures (published on October 12, 2017, effective for reporting periods beginning on or after January 1, 2019)
The purpose of the change is to indicate how to measure long-term shares in affiliates or joint ventures. Paragraph 14A is added to clarify that an entity applies IFRS 9, including impairment requirements, to long-term shares in an associate or joint venture that form part of its net investment in an associate or joint venture, but for which the equity method is not used. Paragraph 41 is deleted because the Council considered that it repeated the requirements contained in IFRS 9 and introduced confusion in accounting for long-term shares.

f) Amendments to IFRS (2015-2017) - changes in the procedure of introducing annual amendments to IFRS - effective for reporting periods beginning on or after January 1, 2019

I. Amendment to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements clarifies the following:
   a) the entity reassess the share of the joint operation that meets the definition of the enterprise when it controls it.
   b) the entity does not re-evaluate the share in the joint operation that meets the definition of the enterprise if the change in the share in the joint operation gives rise to joint control or its maintenance.

II. Amendment to IAS 12 Income tax specifies that the tax consequences of dividend payments are recognized in the same manner as other transactions.

III. Amendment to IAS 23 Borrowing Costs specifies that an entity treats as part of external financing of a general nature any financing related to the generation of an asset when the asset is ready for use or sale.

Standards and interpretations adopted by the IASB that have not yet been approved by the EU for use

a) IFRS 14: Activities regulated by prices; deferred balances – effective for reporting periods beginning on or after 1 January 2017.
This standard has been published as part of a larger project on regulated prices, devoted to comparability of financial statements of entities operating in areas where prices are regulated by specific regulatory or supervisory authorities (depending on jurisdiction, such areas often include distribution of electricity and heat, sales energy and gas, telecommunications services, etc.).
IFRS 14 does not refer more broadly to accounting principles for regulated activity, but only defines the principles of presenting items constituting revenues or costs eligible for recognition as a result of applicable regulations in the field of price regulation, and which in the light of other IFRSs do not meet the terms of recognition. as assets or liabilities.
The application of IFRS 14 is permitted when the entity conducts activities subject to price regulations and in the financial statements prepared in accordance with the previously applied accounting principles, the amounts eligible for recognition as "deferred balances".

According to published IFRS 14, such items should instead be presented in a separate item of the statement of financial position (balance sheet) respectively in assets and liabilities. These items are not classified as current and non-current and are not defined as assets or liabilities. Therefore, "deferred items" disclosed under assets are defined as "debit balances of deferred items", while those that are reported under liabilities - as "credit balances of deferred items".
In the statement of profit or loss and other comprehensive income, entities should report net changes in "deferred items" respectively in the section of other comprehensive income and in the profit or loss section (or in the separate income statement).
This standard, as a transitional standard, according to the decision of the European Commission, will not be subject to an adoption.

b) IFRS 17 *Insurance Contracts* - effective for reporting periods beginning on or after 1 January 2021
IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 introduces uniform rules for the recognition and measurement of insurance and reinsurance contracts at their present value. IFRS 17 requires that insurance contracts are recognized based on current estimates and assumptions that reflect expected future cash flows and uncertainties associated with them. Revenue from the insurance contract (contractual margin) is recognized along with the provision of the service covered by the insurance contract for the period covered by the insurance.
Changes in estimates of future cash flows between balance sheet dates are recognized in the income statement or as an adjustment to the expected contractual margin depending on the nature of the change and the reasons for occurrence. An entity has the choice how to recognize some changes in the discount rate: in the income statement or in the statement of comprehensive income for a given period.
Earlier application of IFRS 17 is possible subject to the implementation of IFRS 9 and IFRS 15.

c) Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures:* Sale or Asset Transactions Between an Investor and Its Associate or Joint Venture - Deferment of Indefinite Use
The changes concern the sale or transfer of assets between the investor and its affiliate or joint venture, and explain that the recognition of profit or loss in transactions involving an associate or joint venture depends on whether the assets sold or contributed constitute a business.

d) Amendments to IFRS 3 *Business combinations*: definition of a business - effective for reporting periods beginning on or after 1 January 2020.
As a result of the amendment to IFRS 3, the definition of "venture" has been modified. The currently introduced definition has been narrowed down and is likely to result in more acquisitions as a purchase of assets.

e) Changes in references to the *Conceptual Framework* contained in IFRS - applicable to reporting periods beginning on or after 1 January 2020.

f) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting principles (policy), changes in estimates and correcting errors: a definition of materiality - effective for reporting periods beginning on or after 1 January 2020.
A new definition of the term "materiality" has been published. The changes clarify the definition of materiality and increase the consistency between standards, but are not expected to have a significant impact on the preparation of financial statements.

The Company estimated the impact of IFRS 9 on the financial statements. As a result of the implementation of the new standard, the Company will present the instruments according to the new categories introduced by IFRS 9. According to the Company's estimates, the remaining (except IFRS 9) standards, interpretations and amendments to standards mentioned above will not have a material impact on the Company's financial statements.

Important estimates and assumptions

In the preparation of the financial statements, estimates are made, based on assumptions and judgments that affect the applied accounting principles and the presented values of assets, liabilities, revenues and costs. The assumptions and estimates made on their basis are based on historical experience and analysis of various factors that are considered rational, and their results form the basis for professional judgment as to the value of the items they concern. On some important issues, the Management Board relies on the opinions of independent experts...

4. Main accounting policies

a) Property, plant and equipment, intangible assets

Fixed assets and intangible assets are valued at the purchase price or production cost less depreciation or write-offs and permanent impairment losses.

The purchase price and production cost of fixed assets under construction, fixed assets and intangible assets also include the cost of servicing liabilities contracted for their financing during the construction, assembly and adaptation period.

The purchase price or production cost of a fixed asset are increased by the costs of its improvement.

Fixed assets under construction are measured at the amount of total costs directly related to their acquisition or production, less impairment losses.

Depreciation is carried out using the straight-line method. When determining the depreciation period and the annual depreciation rate, the period of economic usefulness of the fixed asset and the components of intangible assets is taken into account. The correctness of the adopted periods and depreciation rates is subject to periodic verification.

The company applies the following annual depreciation rates for individual groups of fixed assets:

• buildings, premises and objects of civil engineering	2,50 % - 10,00 %
• technical devices and machines	14,00% - 20,00 %
• means of transport	20,00 – 40,00 %
• other fixed assets	20,00 %

Annual depreciation rates for intangible assets are as follows:

• ownership rights	20 % - 50 %
• licenses	20 % - 50 %

Fixed assets under construction and land, including the right to perpetual usufruct of land, are not depreciated.

b) Leasing

Operating lease or rental

A contract in which a significant part of the risk and benefits due to ownership remains with the lessor (the financing party) is recognized as operating lease, a lease or tenancy agreement. Lease payments made as part of operating lease, tenancy or lease less any potential promotional offers obtained from the lessor (financing party), are charged to the costs using the straight-line method for the period of the lease, tenancy or lease.

c) Financial instruments

Initial recognition and measurement

Receivables due to deliveries and services and debt securities issued are recognized at the date of creation. Other financial assets (including assets at fair value through profit or loss) are recognized at the transaction date, which is the date when the Company becomes a party to a mutual liability for a given financial instrument.

At the moment of initial recognition, the Company measures receivables due to deliveries and services if they do not contain a significant element of financing (determined in accordance with IFRS 15) in their transaction price.

The Company measures other financial assets or financial liabilities at its fair value which, in the case of financial assets or financial liabilities not measured at fair value through profit or loss, is increased or decreased by transaction costs that can be directly assigned to the purchase or issue of those financial assets or liabilities financial.

Classification and subsequent measurement

Accounting policy in force from 1 January 2018

Financial assets are classified into three below categories:
- financial assets measured at amortized cost,
- financial assets measured at fair value through other comprehensive income, or
- financial assets measured at fair value through profit or loss.

Financial assets are not reclassified in the period after their initial recognition, unless it results from a change in the business model related to the management of these assets. In this case, the conversion occurs prospectively, starting from the reclassification date and the Company does not convert any previously recognized profits, losses (including profits or losses due to impairment) or interest.

A financial asset is measured at amortized cost if:
- the financial asset is maintained in accordance with the business model, which purpose is to obtain cash flows arising from the contract, and
- contractual terms relating to a financial asset cause cash flows to be made at specified times, which are only repayment of the principal and interest from the principal amount still to be repaid.

A financial asset is measured at fair value through comprehensive income if:
- the financial asset is maintained in accordance with the business model, which aims to obtain cash flows resulting from the agreement, as well as the sale of financial assets, and
- contractual terms relating to a financial asset cause cash flows to be made at specified times, which are only repayment of the principal and interest from the principal amount still to be repaid.

Other financial assets are measured at fair value through profit or loss.

However, upon initial recognition, the Company can make an irrevocable choice regarding certain investments in equity instruments that would otherwise be measured at fair value through profit or loss to recognize subsequent changes in fair value through other comprehensive income.

At the moment of initial recognition, the company may irrevocably determine a financial asset as measured at fair value through profit or loss if it eliminates or significantly reduces the inconsistency of the valuation or recognition (sometimes referred to as "accounting mismatch") which would otherwise result from the valuation assets or liabilities or recognition of related gains or losses according to different rules.

Business model

The business model is determined based on the way in which the Company manages together groups of financial assets to achieve a specific business goal. The business model does not depend on the management's intentions for a single instrument.

Therefore, the classification of instruments is made at a higher level of aggregation. In order to determine the business model, the Company takes into account, among others, the following factors:
- the principles and objectives adopted by the Company with respect to the business model and the manner of implementing these principles in practice;
- the manner in which the results of the business model and financial assets held under this business model are assessed and reported to the key management personnel of the Company;

- the types of risk that affect the results of the business model (and financial assets held under this business model), and in particular the way in which this risk is managed;
- the way in which the managers of the business are rewarded (for example, whether the remuneration is based on the fair value of the assets being managed or on the cash flows resulting from the contract);
- frequency, value and distribution at the time of sale in earlier periods, the reasons for this sale and expectations for future sales operations.

The transfer of financial assets to a third party as part of a transaction that does not result in the derecognition is not recognized as the sale of these assets.

In addition, a portfolio of financial assets that meets the definition held for trading is not maintained in order to obtain cash flows under the contract, nor is it measured at fair value through profit or loss to both obtain cash flows from the contract and the sale of financial assets.

<u>Cash flow - assessment whether the flows resulting from the contract are only repayment of principal and interest</u>

Cash flows resulting from the agreement, which are only repayment of the principal and interest on the principal outstanding, are in line with the basic loan agreement. In the basic loan agreement, the payment for the value of money in time and credit risk are the most important elements of interest. Interest may also include remuneration for other basic risks related to granting loans (eg. liquidity risk) and costs (eg. administrative costs) as well as a profit margin that is consistent with the basic loan agreement.

In order to assess whether the cash flows resulting from the contract are only repayment of the principal and interest, the Company analyzes the contractual terms related to the given instrument. An assessment requires whether a financial asset contains elements that may change throughout the life of the asset. When making this assessment, the Company takes into account:
- factors such as the currency in which the asset is denominated and the period for which the interest rate is fixed,
- changes in the interest rate of an asset resulting from changes in other parameters, and the impact of these changes on cash flow,
- possibility of early repayment and the possibility of extending the repayment period,
- conditions that limit the Company's rights to cash flows arising from specific assets.

An early repayment of a debt instrument or the presentation of a debt instrument to an issuer to be repurchased before maturity may include reasonable additional compensation for early termination of the contract where the prepayment amount largely corresponds to outstanding principal and interest payments on the principal outstanding. Extension of the contractual life of the debt instrument (i.e. the possibility of extension) when the renewal conditions lead to contractual cash flows during the extension periods only repayment of the principal and interest on the principal outstanding, may include reasonable supplementary compensation for renewal agreement.

Financial instruments – subsequent measurement

Financial assets at fair value through profit or loss	After initial recognition, these assets are measured at fair value. Gains and losses, including interest and dividends, are recognized in profit or loss. Derivatives are described in note 1a)
Financial assets at amortized cost	These assets, after initial recognition, are measured at amortized cost using the effective interest rate. The amortized cost is adjusted for impairment losses. Revenue from interest, exchange rate differences and impairment is recognized in profit or loss. All gains and losses due to ceasing to recognize an asset are recognized in profit or loss.
Debt financial instruments at fair value through other comprehensive income	These assets, after initial recognition, are measured at fair value. Interest income calculated on the basis of the effective interest rate, exchange rate differences and impairment losses, until the derecognition of this asset component is recognized in the financial result. Other gains or losses are recognized in other comprehensive income. At the moment of discontinuing the recognition of the instrument, profits and losses recognized previously in

	other comprehensive income are reclassified from equity to the financial result as an adjustment resulting from reclassification.
Equity instruments valued at fair value through other comprehensive income	These assets, after initial recognition, are measured at fair value. Dividends are recognized as revenues in profit or loss, except for dividends that clearly represent the recovery of a portion of the investment costs incurred. Other gains and losses are recognized in other comprehensive income and can never be reclassified to the profit and loss account.

Financial assets – before 1 January 2018

Until 1 January 2018 the Company did not hold any financial asset.

The application of the new standard did not change the category of financial assets and liabilities of the Company presented in this report, and also did not change their valuation as at 1 January 2018.

Financial liabilities - classification, valuation after initial recognition, profits and losses.

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss.

Financial liabilities are classified as measured at fair value through profit or loss if they are available for trading, they are derivative instruments or they are designated as derivatives at the initial recognition.

Financial liabilities at fair value through profit or loss are measured, after initial recognition at fair value, and gains and losses, including interest costs, are recognized in profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest rate. Interest expense and exchange rate differences are recognized in profit or loss. All profits and losses related to the derecognition refer to the financial result.

Until 1 January 2018 the Company did not hold any financial liability.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights expire to receive cash flows from the asset or from the moment when the rights to receive cash flows from financial assets are transferred in a transaction that transfers substantially all significant risks and benefits arising from their ownership or when the Company transfers an asset but retains all risk and all benefits and at the same time does not retain control over the asset.

If the Company, as a result of a transaction, transfers an asset, but retains substantially all the risks and benefits associated with holding a financial asset, the Company does derecognize this financial asset.

Financial liabilities

The Company removes a financial liability (or part of a financial liability) from the statement of financial position if and only if the liability ceased to exist - that is, when the obligation specified in the contract has been fulfilled, canceled or expired.

The Company also removes financial liabilities from the financial statements if the contractual terms and cash flows related to these liabilities have been significantly modified and when these liabilities expired as a result of their exchange for other liabilities with substantially different conditions.

Offsetting

The company offsets the financial asset and financial liability in the statement of financial position in a net amount only when the company has a valid legal right to offset the recognized amounts and intends to settle on a net basis, or simultaneously realize an asset and perform the liability.

The application of the new standard did not change the category of financial assets and liabilities of the Company presented in this report, and also did not change their valuation as at 1 January 2018.

Fair value

The fair value of an asset or liability is the recoverable price when the asset is sold or payable for the transfer of the liability (exit price) in a transaction carried out on normal terms between market participants on the valuation date. Unless there are indications that a financial instrument was not acquired at the fair value, it is considered that the fair value as at the initial recognition is the purchase price of the instrument or, in the case of financial liabilities, the selling price of the instrument.

At the end of the reporting period, the fair value of financial instruments for which there is an active market is determined on the basis of the most representative price from this market as of the valuation date.

IFRS 9 replaced the impairment model in accordance with IAS 39, which was based on the concept of "incurred loss" with a new model based on the concept of "expected credit loss". The consequence of this change is the requirement to calculate impairment losses based on expected credit losses, taking into account forecasts and expected future economic conditions in the context of risk assessment.

IFRS 9 introduces a new impairment model based on expected credit losses, which relates to debt instruments valued at amortized cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and granted financial guarantees.

Expected credit losses are losses resulting from all possible events of default within the entire expected lifetime of the financial instrument.

An impairment loss will include expected losses either in the 12-month period or throughout the term of the contract.

At each reporting date, the Company measures an impairment loss on expected credit losses for a financial instrument in the amount equal to expected credit losses over the entire life period if the credit risk related to a given financial instrument has increased significantly since the initial recognition.

If, as at the reporting date, the credit risk related to the financial instrument has not increased significantly since the initial recognition, the entity measures the write-off for expected credit losses due to this financial instrument in an amount equal to 12-month expected credit losses.

In accordance with IFRS 9, financial assets are classified according to the following categories:

- Basket 1 - exposures without impairment for which a 12-month expected credit loss is estimated;

- Basket 2 - exposures for which a significant increase in risk has been identified since the initial recognition, but for which no impairment was identified as at the reporting date. For such exposures, the expected loss is determined based on the probability of insolvency throughout the entire loan period;

- Basket 3 - exposures with identified impairment.

To identify a significant increase in credit risk, the Company uses the following quality criteria:

- Delays in repayment over 30 days, unless the Company has rational and documentable information that is available without excessive costs or efforts and which indicate that the credit risk has not increased significantly since the initial recognition, even though the contractual payments are out of date more than 30 days;

- Providing forbearance, i.e. extending the repayment period or spreading the amount due in installments, except for cases where extension of the repayment period or spreading the amount due into installments is part of the liquidity management policy and pertains to transactions with related entities, and the Company has full control over this;

- Events associated with increased risk, so-called "soft evidence" of impairment, identified as part of the analysis of the history of cooperation with the contractor;

The Company recognizes a write-off for expected credit losses in the amount equal to the expected credit losses over the entire lifetime for trade receivables, cash and cash equivalents and other financial assets. In the financial year ending on 31 December 2018, the Company estimated the write-off for expected credit losses. The conducted estimate indicated an insignificant value of the write-off for expected credit losses, therefore the Company resigned from its creation.

Impairment of financial assets

At the end of each reporting period, an assessment is made as to whether there is objective evidence that a financial asset or a group of financial assets has lost value. Significant objective premises (evidence) include primarily: serious financial problems of the debtor, legal proceedings against the debtor, disappearance of an active market for a given financial instrument, significant adverse change in the economic, legal or market environment of the issuer of the financial instrument, significant or a prolonged decline in the fair value of the equity instrument below cost level.

d) Loans and receivables

Loans and receivables are measured at amortized cost using the effective interest rate method.

e) Monetary assets

Cash assets include assets in the form of domestic means of payment and foreign currencies. Cash assets also include accrued interest on financial assets. Financial assets payable or due within 3 months from the date of their receipt, issue, purchase or creation (deposits) are classified as cash for the purposes of the cash flow statement.

f) Equity

Equity of the Company consists of:

- share capital (specified in the company's articles of association and entered in the National Court Register)
- retained earnings, consisting of:
  - undistributed profit or uncovered loss from previous years,
  - supplementary capital created in accordance with the Act by the Commercial Code,
  - supplementary capital created and used in accordance with the articles of association,
  - profit or loss of the current financial period.

g) Provision for liabilities

Provisions are established when the Company is under a present obligation (legal or constructive) resulting from past events and it is probable that fulfillment of this obligation will result in the necessity of outflow of resources embodying economic benefits and a reliable estimate of the amount of this obligation.

h) Liabilities

Liabilities constitute the current obligation of the Company resulting from past events, the fulfillment of which, as expected, will result in an outflow from the entity of resources embodying economic benefits.

Liabilities include:
- liabilities due to loans, borrowings and financial leasing,
- trade liabilities,
- liabilities due to purchase / construction of fixed assets and intangible assets,
- other financial and non-financial liabilities.

Liabilities are measured at amortized cost.

Short-term trade liabilities are recognized in the statement of financial position in the amount due. The book value of these liabilities approximates the value of their amortized cost determined using the effective interest rate.

Liabilities not classified as financial liabilities are valued at the amount due.

i) Accruals

Accruals are made in the amount of probable liabilities falling into the current reporting period, resulting in particular from services provided to the entity by the counterparties of the entity, when the amount of liability can be estimated reliably.

Accrued costs described above are presented in the balance sheet under liabilities due to deliveries and services.

j) Income tax. Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the separate financial statements and the corresponding tax base used to calculate the taxable income, as well as on unsettled tax losses and unused tax reliefs. Deferred tax liabilities are generally recognized for all positive temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available to offset those temporary differences. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than the business combination) of other assets and liabilities in a transaction that does not affect taxable or accounting profit. A deferred tax liability is recognized on positive temporary differences resulting from investments in subsidiaries and associates and interests in joint ventures, unless the Company is able to control the reversal of the temporary difference and it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred income tax assets resulting from negative temporary differences related to such investments and shares are recognized only to the extent that it is probable that there will be sufficient taxable profits on the basis of which tax benefits due to temporary differences can be used and that it is expected that temporary differences will be reversed in the foreseeable future.

The value of deferred tax assets is analyzed as at each balance sheet date, and if the expected future taxable profits are not sufficient to realize an asset or a part of it, a write-off is made. Deferred tax is calculated using tax rates that will apply when the asset is realized or the liability becomes due. The measurement of deferred tax liability and deferred tax assets reflects tax effects that will occur according to the manner of realization or settlement of carrying amounts of assets and liabilities as at the balance sheet date, respectively.

k) Revenues

Sales revenue include:

- profits and losses on the valuation and disposal of financial assets
- dividends received
- interest

In addition, the revenues of the reporting period that affect the profit or loss of the period are:

other operating income, indirectly related to the business, including:
- dissolution of unused provisions previously created for other operating expenses,
- profit on disposal of property, plant and equipment and intangible assets.

financial income, mainly related to the financing of the Company's operations, including:
- foreign exchange gains

l) Costs

Costs include a probable decrease in economic benefits in the reporting period, with a reliably determined value, in the form of a decrease in the value of assets or an increase in the value of liabilities and provisions that will lead to a decrease in equity or increase its shortage in other ways than the withdrawal of funds by owners.

Costs are recognized in profit or loss on the basis of a direct relationship between the incurred costs and the achievement of specific revenues, i.e. using the matching principle, through the accruals account for active and passive costs. In addition, we include the operating costs of core operations:

- costs and losses on financial investments,
- costs from the valuation and implementation of trade derivatives and costs related to the realization and valuation at fair value of hedging derivatives in the ineffective part,
- write-downs for impairment of financial assets at amortized cost or at fair value through profit or loss, loans and interests in subsidiaries and joint ventures.

In addition, the costs of the reporting period affecting the profit or loss of the period are:

other operating costs, indirectly related to the operations carried out, including in particular:
- created provisions for litigations, penalties and damages and other costs indirectly related to operating activities,
- donations made,
- loss on disposal of property, plant and equipment and intangible assets,

financial costs related to external financing of the Company's operations, including in particular:
- interest on a bank loan in the current account,
- interest on short-term and long-term loans, loans and other sources of financing
- foreign exchange loss

m) Change in accounting policy

Not applicable.

Statement of financial position

	Note	31.12.2018	31.12.2017
ASSETS			
Fixed assets			
Tangible fixed assets		0	0
Intangible assets		0	0
Shares and investment certificates	1	74 400 000	0
Investment in joint-ventures		0	0
Deferred tax assets	20	336 375	5 197
Financial assets available for sale		0	0
Financial assets measured at fair value		0	0
Bond issue costs		0	410 417
Trade and other receivables		0	0
TOTAL FIXED ASSETS		**74 736 375**	**415 614**
Current assets			
Inventory		0	0
Bills of exchange and other receivables	2c	69 817 811	0
Financial assets available for sale		0	0
Financial assets measured at fair value		0	0
Derivative financial instruments		0	0
Cash and cash equivalent	2f, 22	26 859 012	3 144
TOTAL CURRENT ASSETS		**96 676 823**	**3 144**
TOTAL ASSETS		**171 413 198**	**418 758**

Statement of financial position (continued)

	Note	31.12.2018	31.12.2017
EQUITY AND LIABILITIES			
Equity			
Share capital	8	25 000	25 000
Revaluation reserve from measurement of financial instruments		0	0
Actuarial gains/losses on post-employment benefits		0	0
Retained earnings	9 /10	8 388 824	(33 073)
Other capital		0	0
TOTAL EQUITY		**8 413 824**	**(8 073)**
LIABILITIES			
Non-current liabilities			
Trade and other payables		0	0
Bond liabilities	12 / 13 / 14	26 244 701	0
Derivative financial instruments		0	0
Loans	12 / 13 / 14	74 251 939	
Employee benefits liabilities		0	0
Provisions for other liabilities and charges	11 / 21	21 000	0
Current liabilities			
Liabilities related to purchase of shares and other liabilities		5 967	426 831
Bond liabilities	12 / 13 / 14	1 927 009	0
Current tax liabilities		0	0
Bills of exchange	15	60 103 990	0
Derivative financial instruments		0	0
Loans	12 / 13 / 14	241 123	0
Employee benefits liabilities		0	0
Provisions for other liabilities and charges	15	203 645	0
TOTAL LIABILITIES		**162 999 374**	**426 831**
TOTAL EQUITY AND LIABILITIES		**171 413 198**	**418 758**

Statement of profit or loss

	Note	from 01.01.2018 to 31.12.2018	from 17.05.2017 to 31.12.2017
		PLN	**PLN**
Sales revenues		0	0
Dividends received		0	0
Interest revenue		0	0
Profit on sales		**0**	**0**
Cost of sale			0
Administrative expenses		(59 109)	(38 270)
Other operating income		0	0
Other operating costs		0	0
Loss on operating activity		**(59 109)**	**(38 270)**
Financial revenues		10 034 953	0
Financial costs		(1 885 125)	0
Profit/loss before taxation		**8 090 719**	**(38 270)**
Income tax	14	(331 178)	(5 197)
Net profit/loss		**8 421 897**	**(33 073)**
Earnings per share for the annual period (in PLN per share)			
– basic		16 844	(331)
– diluted		16 844	(331)

Statement of comprehensive income

	Note	from 01.01.2018 to 31.12.2018	from 17.05.2017 to 31.12.2017
Net profit		**8 421 897**	**(33 073)**
Total other comprehensive income that will be reclassified to profit or loss when certain conditions are met		**0**	**0**
Other comprehensive income that will not be reclassified to profit or loss:		0	0
Total other comprehensive income that will not be reclassified to profit or loss:		**0**	**0**
Other comprehensive income for the financial period, net		**0**	**0**
TOTAL COMPREHENSIVE INCOME		**8 421 897**	**(33 073)**

Statement of cash flows

	Note	from 01.01.2018 to 31.12.2018	from 17.05.2017 to 31.12.2017
Operating cash flow			
Net profit		8 421 897	(33 073)
Adjustments:		**(8 842 206)**	**11 217**
Income tax settled in profit or loss		(331 178)	(5 197)
Interest and share in profits (dividends)		(9 840 000)	0
Interest and change in liabilities due to bonds		1 186 319	0
(Gain) / Loss on foreign exchange		16 590	0
Gains / losses on remuneration for collateral		179 834	0
Valuation of bills of exchange at adjusted purchase price		(13 819)	0
Interest on borrowed shares of ATM		93 061	0
Change in provisions		(71 768)	0
Other adjustments		63 158	0
Changes in working capital:			0
Receivables due to deliveries and services and other receivables		(1)	0
Liabilities for deliveries and services and other liabilities		3 132	16 414
Change of accruals		(127 534)	0
Net cash flow from operating activities		**(420 309)**	**(21 856)**
Cash flow from investing activities			
Loans granted and bills of exchange		(9 700 000)	0
Dividends received		9 840 000	0
Remuneration on collateral		207 764	0
Net cash flow from investing activities		**347 764**	**0**
Cash flows from financing activities			
Receipts / expenses due to changes in equity		0	25 000
Interest paid		(678 248)	0
Issuance of debt securities		27 563 659	0
Other inflows / outflows		(183 953)	0
Net cash flow from financing activities		**26 701 458**	**25 000**
Total net cash flow		**26 628 913**	**3 144**
Profit / (loss) on foreign exchange differences on the valuation of cash and cash equivalents		226 955	0
Change in cash and cash equivalents		26 855 868	3 144
Cash and cash equivalents at the beginning of the period		3 144	0
Cash and cash equivalents at the end of the period	**2f / 22**	**26 859 012**	**3 144**

Statement of changes in equity

	Note	Share Capital	Retained Earnings	Other Capital	Total Equity
As of 01.01.2018		**25 000**	**(33 073)**	**0**	**(8 073)**
Dividend from profit for the previous period		0	0	0	0
Issue of shares		0	0	0	25 000
The contribution of the general partner		0	0	0	0
Net profit		0	8 421 897	0	8 421 897
Other comprehensive income		0	0	0	0
As of 31.12.2018		**25 000**	**8 388 824**	**0**	**8 413 824**

Additional information and explanations

1. Investments and long-term receivables – characteristics of financial instruments

1(a). Financial assets measured at fair value through profit or loss

In 2018, the Company borrowed in four tranches 4 800 000 ATM SA shares from a related company AAW III Sp. z o.o. for a total amount of PLN 55 200 000 (the value of the shares at the time of borrowing). Until 31/12/2018, the increase in the share valuation amounted to PLN 19 200 000. The total value of long-term investments amounted to PLN 74 400 000 as at the balance sheet date. The valuation of ATM SA shares was made based on the valuation of the EV fund as at 31/12/2018.

In 2017, the Company did not make any investments and did not have any long-term receivables.

In connection with the planned issue of bonds on the Czech market, the Company incurred or planned to incur the issue costs of PLN 412,417. These costs were related to legal advice provided by the law office in the scope of drawing up the prospectus and conducting the issue of bonds on the Czech market. These costs are settled during the debt financing period. In this amount, the Company disclosed an asset due to the costs of issue of bonds as at 31 December 2017.

2. Short-term investments – characteristics of financial instruments

2(a).Financial assets measured at amortized cost – bills of exchange

In 2018, the Company purchased bills of exchange of related entities for a total of PLN 69,800,000.00 (nominal value). The value of bills of exchange as at the balance sheet date was PLN 69 817 810, including:
- MCI Venture Projects Sp. z o.o. VI S.K.A. Bill of exchange dated 17/12/2018 for a nominal value of PLN 9,800,000.00, the value as of the balance sheet day PLN 9 817 810, the amount of PLN 17 810 was recognized in financial revenues. The redemption date of the bill of exchange was set on 17/06/2019, the interest rate was set at the market level, the interest rate was 4.79%, the rate is fixed,
- MCI Fund Management Sp. z o.o. Bill of exchange of 31/12/2018 for a nominal amount of PLN 25,000,000.00, valuation as at the balance sheet date PLN 25,000,000.00. The redemption date of the bill of exchange was set on 10/04/2019, the interest rate was set at the market level, the interest rate was 5.05%, the rate is fixed.,
- MCI Fund Management Sp. z o.o. Bill of exchange of 31 December 2018, for a nominal value of PLN 35,000,000.00, value as of the balance sheet date PLN 35,000,000.00. The redemption date of the promissory note was set on 10/04/2019, the interest rate was set at the market level, the interest rate was 5.05%, the rate is fixed.

The purchased bills of exchange were presented in the statement of financial position under the item "Bills of exchange and other receivables".
Bills of exchange by maturity:

Maturity	Nominal	Interest as at the reporting date	Estimated interest as at repayment date
Short-term	69 800 000 PLN	17 810 PLN	1 064 204 PLN

2(b). Financial instruments - hierarchy of fair value disclosures (IFRS 13 p. 27B(a))

For the purposes of financial reporting, fair value measurements are categorized according to three levels depending on the extent to which the batch data for fair value measurements are observable and on the importance of batch data for fair value measurement as a whole. These levels are shaped as follows:

Level 1: batch data are quoted prices (unadjusted) from active markets for identical assets or liabilities to which the entity has access on the day of valuation.
Level 2: batch data are data other than quoted prices included in Level 1, which are observable for an asset or liability element, directly or indirectly.
By 30 June 2018, the Company valued ATM S.A. shares at level 2 fair value, considering that the market value of these shares does not reflect its fair value. Valuation of ATM S.A. was made on the basis of the last significant transaction at the balance sheet date using the fair value measurement of ATM's "fair value 2" in accordance with the provisions of IFRS 13, assessing the ATM stock market on WSE as inactive. Starting from the valuation as at 30/06/2018, the price of one ATM share accepted for valuation, provided by the EV fund, has changed due to the occurrence of comparative transactions.
Level 3: Batch data are unobservable data for the valuation of an asset or liability.

2(c).Bank deposits and cash on hand

The company has funds in Polish zloty at bank accounts in the amount of 216 871 PLN on accounts in Alior Bank and in mBank.
The company has PLN 710 672 in bank accounts in Millenium Bank and Ceska Sporitelna bank, this amount is expressed in zlotys of CZK 4 247 888, valued according to the exchange rate published by the National Bank of Poland as at 31/12/2018: 0.1673 PLN / CZK.
The company also holds a deposit in Millenium bank for the amount of PLN 25 931 500, the amount equal to value of CZK 155,000,000, expressed in PLN, according to the exchange rate published by the National Bank of Poland as at 31/12/2018: PLN 0.1673 / CZK.

3. Impairment of financial assets

There was no objective evidence of impairment of financial asset.

4. Information on interest due on debt financial instruments, loans granted and own receivables

The company calculated interest on bills of exchange (receivables) in the amount of PLN 17 810.

5. Financial assets measured at fair value through profit or loss

The company has financial assets at fair value - 4 800 000 ATM SA shares. The valuation of ATM SA shares was based on the valuation prepared by the EV fund as at 31 December 2018.

By 30 June 2018, the Company valued ATM S.A. shares at level 2 of fair value, considering that the market value of these shares does not reflect its fair value. Valuation of ATM S.A. was made on the basis of the last significant transaction quotation before the balance sheet date using the fair value measurement of ATM's share at "fair value 2" in accordance with the provisions of IFRS 13, assessing the ATM stock market on WSE as inactive.

Starting from the valuation as at 30/06/2018, the price of one ATM share accepted for valuation, provided by the EV fund, has changed due to the occurrence of comparative transactions. Information on the valuation is provided in note 1a.

The shares held are exposed to the risk of short-term changes in value regardless of the financial prospects of the Company in connection with the general macroeconomic and political and social situation, which are reflected in the valuation of shares.

Currently, the share is valued at level 3.

All financial instruments disclosed in the Company as at the balance sheet date:

	Carrying amount	Fair value
Assets valued at amortized cost	96 676 822	0
Financial assets at fair value through profit or loss (ATM shares)	74 400 000	74 400 000
Financial liability at amortized cost	162 768 761	0

Impact of the valuation of individual financial instruments on the statement of profit and loss and the statement of comprehensive income:

	Profit/(loss) on operating activity	Other comprehensive income
Assets valued at amortized cost	17 810	0
Financial assets at fair value through profit or loss (ATM shares)	19 200 000	0
Financial liability at amortized cost	(19 805 123)	0
Total	(587 313)	0

Information on risks at the level of individual financial instruments:

- Credit risk (bills of exchange, receivables) - this is the risk of financial loss for the Company, arises mainly from the operations of the Company, which results in: receivables from customers and investments in debt securities - bills of exchange;
- Market risk (shares, ATM S.A. shares loan) - it is a risk that changes in market prices - share prices - will affect the Company's income or the value of its financial instruments. The goal of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing rates of return.

Interest rate risk (bonds) - this is the risk that a variable interest rate will affect the Company's income.

6. Impairment losses on receivables

The company did not make write-downs on trade receivables. There were no evidence for this.

7. Prepayments

Not applicable

8. Share capital

The share capital of the Company as at 31/12/2018 consisted of 500 shares with a nominal value of PLN 50 each.

Shareholder structure is as below:

Shareholders	Votes held	Value of shares held	% of votes held
MCI.Privateventures FIZ MCI.EuroVentures 1.0.	220	11 000	44%
MCI.Privateventures FIZ MCI.TechVentures 1.0.	280	14 000	56%
	500	**25 000**	**100%**

9. Reserve and supplementary capitals – changes during the financial year

There were no changes during the financial year.

10. Net profit

In the financial year, the company generated a net financial result: profit PLN 8 421 897.

The company's management plans to divide the profit for 2018 in the following way: in part PLN 33 073 to cover losses from previous years, and in the remaining part to be allocated at supplementary capital.

11. Provisions for liabilities

In 2018 the Company bound a provision of PLN 21 000 for the costs of issuing Czech bonds. In 2017, the Company recognized a provision for costs of bond issue in the amount of PLN 410 417 and provisions for the audit of the financial statements in the amount of PLN 12 300, preparation of the financial statements in the amount of PLN 1 230.

12. Long-term liabilities

Long-term liabilities	31.12.2018 PLN
Loans - nominal value plus a long-term portion of interest on 4 ATM-based loans (a total of 4 800 000 shares) from AAW III Sp. z o.o.	74 251 939
Bond liabilities (Czech bonds nominal value plus long-term interest)	26 244 701
Provision for liabilities and charges	3 688 425
Total	**104 185 065**

13. Long-term liabilities – structure by maturity

The company has liabilities due to the return of shares of ATM SA, which are subject to 4 loans from AAW III Sp. z o.o. The return of all shares will take place no later than on 30 September 2023. A detailed description of loans disclosed as long-term and short-term liabilities together with a description of the time structure by maturity is presented in Note 14.

The company has bond liabilities related to Czech bonds in the nominal value of CZK 171,000,000. A detailed description of the bonds presented as long-term and short-term liabilities together with the description of the time structure by maturity has been presented in Note 14.

14. Long-term financial liabilities – characteristics of financial instruments

On 29 March 2018, the company issued bonds in the Czech currency on the foreign market. The buyers of bonds are both foreign natural and legal persons. The issue was made on the following conditions:

- Nominal value of the bonds: 171 000 000 CZK
- Interest rate: 6M PRIBOR + 3,8%
- Funds received from the issues of bonds: 166 749 300 CZK
- Costs related to the issue of bonds: 1 111 367 PLN / 6 642 958 CZK

The maturity date (repayment date) of the bonds falls on 29 March 2023. An additional guarantee for the repayment of the bonds was granted by MCI Capital S.A.

The liability for bonds as at 31 December 2018 is in the total amount of PLN 28 171 710 and is presented in the balance sheet:
- in the amount of PLN 26 244 701.34 as a long-term liability
- in the amount of 1 927 008.60 as a short-term liability and refer to payment of interest within 12 months from the balance sheet date
Interest is accrued and payable on a semi-annual basis.

The company has liabilities due to the return of shares of ATM SA, which are subject to 4 loans from AAW III Sp. z o.o. The nominal value of loans as at the borrowing date amounted to PLN 55 200 000. The value of loans as at the balance sheet date (excluding accrued interest) amounted to PLN 74 400 000 due to the valuation of ATM SA shares made based on the valuation of the EV fund as at 31/12/2018. The loans bear interest of 0.25% per annum. The basis for calculating daily interest is the valuation of shares at PLN 11.50, this amount results from agreements between companies. The liability amount as at 31/12/2018 due to interest is PLN 93 061.

The return of all shares will take place no later than on 30 September 2023.

Liabilities due to loans as at 31 December 2018 in the total amount of PLN 74 493 062 and presented in the balance sheet:
- in the amount of PLN 74 251 939 as a long-term liability
- in the amount of 241 123 as a short-term liability and refer to payment of interest within 12 months from the balance sheet date.
Interest is accrued and payable on a quarterly basis.

15. Short-term liabilities and provisions for liabilities

Liabilities and provisions	31.12.2018 PLN
Trade liabilities	5 968
Bond liabilities (interest part)	1 927 009
Bills of exchange, including:	60 103 990
- MCI Venture Project VI SKA (nominal value 100 000 PLN, fixed interest 4,81%, maturity 02.03.2019)	*103 177*
- MCI.CreditVentures 2.0 FIZ (nominal value 35 000 000 PLN, fixed interest 5,05%, maturity 10.04.2019)	*35 000 000*
- MCI PV FIZ (nominal value 25 000 000 PLN, fixed interest 5,05%, maturity 10.04.2019)	*25 000 000*
Provision for remuneration for providing collateral:	203 645
- for MCI Capital SA	*94 760*
- for AAW III Sp. z o.o.	*78 264*
- for MCI PV FIZ	*30 621*
Loans – interest on 4 ATM share-based loans (total 4 800 000 shares) from AAW III Sp. z o.o.	241 123
Total	**62 481 735**

As at 31 December 2017, the Company had trade payables in the amount of PLN 2,778, loans and borrowings in the amount of PLN 49 and public and legal liabilities in the amount of PLN 57.

16. Financial revenues

In 2018, the Company recognized financial revenues from bills of exchange in the amount of PLN 17 810 and disclosed remuneration for the provision of collateral in the amount of PLN 177 144.

In 2017, the Company did not generate financial revenues

17. Dividends received

In 2018, the Company received a dividend from ATM SA in the amount PLN 9 840 000.
There was no dividend in 2017.

18. Financial costs

In 2018, the Company incurred financial costs in the total amount of PLN 1 885 125, including:
- interest on loans received - PLN 93 061,
- paid interest on bonds issued - PLN 678 248,
- valuation of Czech bonds - PLN 508 072,
- interest on bills of exchange - PLN 3 990,
- other interest – PLN 65,
- costs of issue of bonds – PLN 201 370,
- cost of collateral of bonds – PLN 356 977,
- costs of maintenance of broker account – PLN 16 875,
- foreign exchange differences – PLN 16 590,
- other financial liability – PLN 9 877.

In 2017, the Company did not incur any financial costs.

19. Income tax

The company receives revenues only from capital gains, all costs are related to revenues from capital gains.

	Gross profit	**8 090 719**
Revenues exempt from taxation	dividend	9 840 000
Revenues that are non-taxable in the current year	Valuation of share of ATM	19 200 000
	Foreign exchange differences	115 046
	Interest on bills of exchange	17 810
	Accrued provision for remuneration for collateral provided	-30 621
Costs not recognized as tax deductible costs in the current year	Valuation of loan of ATM shares	19 200 000
	Valuation of Czech bonds	508 072
	Foreign exchange differences	342 000
	Accrued provision for remuneration for collateral received	173 024

	Valuation of loan of ATM shares	93 061
	Valuation of bills of exchange	3 990
	Bond issue costs	201 370
	Taxable profit/loss	**(529 999)**

20. Deferred tax assets

Specification	Temporary difference	Asset
Tax loss for 2017	21 116	4 012
Tax loss for 2018	529 999	100 700
Provision for costs of issue	201 370	38 260
Valuation of investment	19 293 061	3 665 682
Valuation of bills of exchange	3 990	758
Valuation of bonds	508 072	96 534
Foreign exchange differences	342 000	64 980
Provision for remuneration for collateral received	173 024	32 874
Total deferred tax asset as of 31/12/2018	**21 072 632**	**4 003 800**

In 2017, the Company recognized deferred tax asset in the amount of PLN 5 197.

21. Deferred tax liability

Specification	Temporary difference	Asset
Valuation of ATM loan	19 200 000	3 648 000
Foreign exchange differences	115 046	21 859
Valuation of bills of exchange	17 810	3 384
Provision for remuneration for collateral granted	30 621	-5 818
Total deffered tax liability as of 31/12/2108	**19 302 235**	**3 667 425**

In 2017, the Company did not recognize deferred tax liability.

22. Structure of cash flows

	31.12.2018
Cash on hand	0
Cash in bank	927 512
Other cash assets	25 931 500
	26 859 012
Short-term financial assets classified for the purpose of the cash flow statement to cash	0

Total cash for the purposes of the cash flow statement	**26 859 012**
including limited use	0

23. Subsequent events

Did not occur

24. Employment

The Company did not hire employees

25. Remuneration of Management Board

The Management Board is not entitled to remuneration.

26. Transaction with persons in the Management Board

Did not occur.

27. Transaction with related parties

The company concluded transactions as below:

DATE	Transaction	Purchase price	Repayment amount	Receivable	Liability	Sale
01.01.2018-31.12.2018	MCI Venture Project VI SKA-purchase of bill of exchange. 17.12.2018	9 800 000	0	9 800 000 + interest	0	0
01.01.2018-31.12.2018	MCI FUND Management Sp. z o.o.-purchase of bill of exchange 31.12.2018	25 000 000	0	25 000 000	0	0
01.01.2018-31.12.2018	MCI FUND Management Sp. z o.o.-purchase of bill of exchange 31.12.2018	35 000 000	0	35 000 000	0	0
01.01.2018-31.12.2018	AAWX, issue of bill of exchange 02.03.2018	0	0	0	100 000 + interest	100 000
01.01.2018-31.12.2018	MCI.CreditVentures 2.0 FIZ, issue of bill of exchange 31.12.2018	0	0	0	35 000 000	35 000 000
01.01.2018-31.12.2018	MCI PV FIZ, issue of bill of exchange 31.12.2018	0	0	0	25 000 000	25 000 000
01.01.2018-31.12.2018	Loans received in the form of 4 800 000 shares of ATM including interest and valuation of shares	55 200 000	0	0	74 493 062	0
01.01.2018-31.12.2018	Remuneration for MCI CAPITAL S.A. for providing collateral – agreement of 28.09.2018	183 953	0	0	0	0

01.01.2018-31.12.2018	Remuneration from MCI.PrivateVentures FIZ for providing collateral – agreement of 28.09.2018	0	0	0	0	207 764
01.01.2018-31.12.2018	AAW III Sp. z o.o. – reinvoice	400	0	0	400	0
01.01.2018-31.12.2018	MCI CAPITAL S.A. – sublease of office	2 952	0	0	246	0

28. Goals and principles of financial risk management

The company uses financial instruments, which mainly include: own and external bills of exchange, loans, bonds, cash and short-term deposits.

As part of external financing, the Company, in the form of bills of exchange to grant financing to third parties as part of the purchase of bills of exchange or bonds, signs contracts using a fixed interest rate, and therefore is not exposed to the risk of changing the market interest rate. The company is exposed to credit risk related to the lack of timely repayment.

The company is exposed to currency risk. It has a significant liability in the Czech currency. In the opinion of the Management Board, possible exchange differences are balanced by the assets held in this currency. The company monitors the risk of the lack of funds for repayment of incurred liabilities. Currently, in the opinion of the Management Board, the credit risk concerns bills of exchange and receivables due to the provision of collateral.

The company is exposed to the risk of changes in the value of investments (ATM SA shares)

29. Going concern

There is no risk of going concern

30. Remuneration for auditor

Type of service	Remuneration
Annual statutory audit	13 000
Total	**13 000**

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k.

TRANSLATION

AAW X Sp. z o.o.

Independent Auditor's Report

Financial Year ended
31 December 2018

Independent Auditor's Report contains 5 pages
Independent Auditor's Report
on the financial statements
for the financial year ended
31 December 2018

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

INDEPENDENT AUDITOR'S AUDIT REPORT

To the Shareholders' Meeting of AAW X Sp. z o.o.

Report on audit of annual financial statements

Opinion

We have audited the accompanying financial statements of AAW X Sp. z o.o. ("the Company"), which comprise the statement of the financial position as at 31 December 2018, statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and the supplementary information and explanations including information of adopted accounting policy ("financial statements").

In our opinion, the accompanying financial statements:
- Give a true and fair view of the financial position of the Entity as at 31 December 2018 and of its financial performance and its cash flows for the year then ended 31 December 2018 in accordance with International Financial Reporting Standards and associated interpretations announced in the form of regulations of the European Commission and with the adopted accounting principles (policy),
- Comply, in all material respects, with applicable regulations and the provisions of the Entity's articles of association that apply to the Entity's financial statements.
- Have been prepared on the base of correctly conducted account books, according to Arcticle 2 of Accounting Act;

Basis of the opinion

We conducted the audit in compliance with the International Standards on Auditing as adopted as the National Standards of Auditing by the National Chamber of Certified Auditors with resolution 2041/37a/2018 dated 5 March and 2018 r. and § 1 point 1 then 7, 24, 29 to 32 and 34 of resolution number 3430/52a/2019 of National Chamber of Certified Auditors dated 21 March 2019 r ("NSA") and pursuant to the Act of 11 May 2017 on certified auditors, audit firms and public supervision ("Certified Auditors Act" - Journal of Laws of 2017, item 1089). Our responsibility under the standards is described below in the section *Scope of certified auditor's responsibility for audit of financial statements.*

We are independent of the Company as required by the Code of Ethics for professional accountants issued by the International Federation of Accountants ("IFAC Code") and adopted by resolutions of the National Chamber of Certified Auditors, and in compliance with other ethical requirements applicable to audit of financial statements in Poland. We have discharged our other ethical obligations in compliance with those requirements and the IFAC Code.

During the audit, the key certified auditor and the audit firm remained independent of the Company in compliance with the independence requirements as laid down in the Certified Auditors Act.

We believe that the audit evidence we obtained is sufficient and appropriate to constitute the basis for our opinion.

Other matters

The Company's financial statements for the year ended December 31, 2017 have been audited by a certified auditor acting on behalf of another audit firm who expressed an unqualified opinion on this financial statements on May 16, 2018.

Management's responsibility for financial statements

The Company's Management is responsible for preparation, based on properly kept books of account, of financial statements giving a true and fair view of the Company's assets, financial standing and financial result in compliance with the Accounting Act, adopted accounting principles (policy) as well as regulations applicable to the Company as well as articles of association, and also for internal audit as considered indispensable by Management and Supervisory Board for preparation of financial statements free from any material misstatements resulting from fraud or error.

Preparing the financial statements, the Company's Management is responsible for assessment of the Company's going concern, disclosure of going concern-related matters if applicable, and adoption of the going concern principle as the basis for accounting, except in situations where the Management contemplates either liquidation of the Company or discontinuance of its operations, or where no other realistic alternatives to such liquidation or discontinuance are available.

The Company's Management is obliged to ensure compliance of the financial statements with requirements laid down in the Accounting Act.

Certified auditor's responsibility for audit of the financial statements

Our purposes are to acquire reasonable certainty that the financial statements as a whole contain no material mistatements resulting from fraud and error, and to issue the audit report containing our opinion.

Reasonable certainty means a high level of certainty but does not guarantee that an audit conducted pursuant to the NSA will detect all existing material misstatements. Misstatements may result from fraud or error; they are considered material if it can be reasonably expected that whether individually or jointly, they might influence the users' business decisions made on the basis of the financial statements containing such misstatements.

The scope of the audit does not comprise assurance as to future profitability of the Company or the effectiveness and efficiency of management of its affairs by the Management at present or in the future.

During the audit compliant with the NSA, we apply professional judgment and maintain professional skepticism, as well as:

- we identify and assess the risk of material misstatement of financial statements resulting from fraud or error; we design and carry out audit procedures corresponding to those risks; and we obtain audit evidence that is sufficient and appropriate as the basis for our opinion. The risk of non-detection of a material misstatement resulting from fraud is higher compared to misstatement resulting from error, as the fraud may relate to conspiracy, forgery, intentional omissions, misrepresentation or circumvention of internal audit;
- we acquire sufficient understanding of the internal audit so as to design appropriate audit procedures in specific circumstances, but not to give opinion on efficiency of the Company's internal audit;
- we assess the adequacy of the accounting principles (policy) applied and the validity of accounting estimates and related disclosures made by the Company's Management;
- we conclude on the adequacy of application by the Company's Management of the going concern principle as the basis of accounting and, based on audit evidence gathered, on existence of any material uncertainty related to events or circumstances and capable of significantly challenging the Company's going concern. If we conclude that such material uncertainty does exist, we are required to call attention, in our certified auditor’s report, to related disclosures made in the financial statements, or to modify our opinion if such disclosures are inadequate. Our conclusions base on audit evidence as obtained until the date of preparation of our certified auditor's report; however, the Company may cease operations due to future events or circumstances;
- we assess the general presentation, structure and content of the financial statements, disclosures included, and whether the financial statements present the underlying transactions and events in a manner that guarantees their fair presentation.

Other information, including the report on operations

Other information includes the report on the Company’s operations for business year ended on 31 December 2018 (“Report on Operations”).

Scope of responsibility of the Management Board

The Company's Management is responsible for drafting the Report on Operations in compliance with applicable law.

The Company's Management is obliged to ensure compliance of the Report on Operations with requirements laid down in the Accounting Act.

Scope of responsibility of the certified auditor

Our opinion on the audit of financial statements does not cover the Report on Operations. Within the audit of financial statements, we are obliged to familiarize ourselves with the Report on Operations and, when doing so, to consider whether the Report is not materially inconsistent with the financial statements or our knowledge gained during the audit or seems materially misstated otherwise. Having found material misstatements in the Report on Operations within our work, we are obliged to include information to the effect in our audit report. It is also our duty pursuant to the Certified Auditors Act to assess whether the Report on Operations has been drafted in compliance with the law and corresponds to information contained in financial statements.

Opinion on the Report on Operations

Based on our works performed within the audit, we are of the opinion that the Report on Operations of the Company:

- has been prepared in compliance with Article 49 of the Accounting Act;
- conforms to information contained in the financial statements.

Besides, in the light of our knowledge of the Company and its environment as acquired during our audit, we hereby declare that we have found no material misstatements in the Report on Operations.

The key certified auditor in charge of the audit that resulted in this independent certified auditor's report is Maciej Kozysa.

Acting on behalf of Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością Sp. k., registered in Warsaw (00-764), Jana III Sobieskiego 104/44 entered on the list of audit firms, number 3887 on behalf of which the key statutory auditor examined the financial statements.

Signed on the Polish original
....
Maciej Kozysa
Key Certified Auditor
Registration No. 12005
General Partner Board Member

Signed on the Polish original
....
Kamil Walczuk
General Partner Board Member

Warsaw, 29 April 2019