

## SELECTED FINANCIAL DATA

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*
	PLN '000	PLN '000	EUR '000	EUR '000
Gain on investments	167,251	155,603	37,381	36,172
Operating profit	163,669	151,004	36,581	35,103
Profit before tax	155,664	142,647	34,791	33,160
Net profit	126,683	113,388	28,314	26,358
Net cash from operating activities	14,577	138,393	3,258	32,171
Net cash from investing activities	(88)	326	(20)	76
Net cash from financing activities	850	(137,873)	190	(32,050)
Net increase/(decrease) in cash and cash equivalents	15,339	846	3,428	197
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.12.2020</b>	<b>31.12.2019*</b>	<b>31.12.2020</b>	<b>31.12.2019*</b>
	<b>PLN '000</b>	<b>PLN '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Total assets	1,695,352	1,526,958	367,373	358,567
Long-term liabilities	229,464	183,229	49,723	43,027
Short-term liabilities	78,477	72,555	17,006	17,038
Equity	1,387,411	1,271,174	300,644	298,503
Share capital	49,954	52,954	10,825	12,435
Number of shares	49,953,560	52,953,560	49,953,560	52,953,560
Weighted average number of shares	49,121,889	51,680,944	49,121,889	51,680,944
Earnings/(loss) per weighted average ordinary share (PLN/EUR)	2.58	2.23	0.56	0.52
Book value per share (PLN/EUR)	27.77	24.01	6.02	5.64

\* Restated data

The figures presented above are complementary to the financial statements prepared in accordance with EU IFRSs and have been converted to EUR according to the following principles:

- individual items of assets and liabilities as at the balance sheet date – at the mid exchange rate for the last balance sheet date, quoted by the National Bank of Poland; respectively as at 31 December 2020 – 4.6148, and as at 31 December 2019 – 4.2585;
- individual items of the statement of profit or loss and other comprehensive income and statement of cash flows for the period from 1 January to 31 December of a given year – at the mid exchange rate calculated as the arithmetic mean of the exchange rates quoted by the National Bank of Poland on the last day of the month in a given period; respectively for the period from 1 January to 31 December 2020 – PLN 4.4742, from 1 January to 31 December 2019 – 4.3018.

MCI Capital Alternatywna Spółka Inwestycyjna S.A.

Financial statements  
for the financial year ended 31 December 2020

For the shareholders of MCI Capital Alternatywna Spółka Inwestycyjna S.A.

In accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, item 757, as amended), the Management Board of the entity is required to ensure that the financial statements are prepared in accordance with the applicable accounting principles to give a true, fair and clear view of the assets and financial position of MCI Capital Alternatywna Spółka Inwestycyjna S.A. for the financial year ended 31 December 2020 and of its profit or loss for the financial year then ended.

These financial statements were authorised for issue by the Company's Management Board.

Name and surname	Position	Signature
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**Tomasz Czechowicz**

President of the Management Board

**Ewa Ogryczak**

Vice President of the Management Board

Accounting records maintained by:  
Ground Frost Outsourcing Sp. z o.o.  
02-777 Warsaw, al. Komisji Edukacji Narodowej 95

**Warsaw, 30 April 2021**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the financial year ended 31 December 2020**

	<b>NOTES</b>	<b>For the period: from 01.01.2020 to 31.12.2020</b>	<b>For the period: from 01.01.2019 to 31.12.2019*</b>
		<b>PLN '000</b>	<b>PLN '000</b>
Revaluation of shares	<b>1a</b>	2,136	(5,458)
Gain or loss on investment certificates	<b>1b</b>	169,195	165,097
Revaluation of other financial instruments	<b>1c</b>	(4,080)	(4,036)
<b>Gain on investments</b>		<b>167,251</b>	<b>155,603</b>
Operating expenses	<b>2</b>	(4,940)	(4,715)
Other operating revenue	<b>3</b>	1,409	238
Other operating expenses	<b>3</b>	(51)	(122)
<b>Operating profit</b>		<b>163,669</b>	<b>151,004</b>
Finance income	<b>4</b>	727	3,146
Finance costs	<b>4</b>	(8,732)	(11,503)
<b>Profit before tax</b>		<b>155,664</b>	<b>142,647</b>
Income tax	<b>5</b>	(28,981)	(29,259)
<b>Net profit</b>		<b>126,683</b>	<b>113,388</b>
Net other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>126,683</b>	<b>113,388</b>
<b>Earnings per share</b>			
Basic	<b>6</b>	2.58	2.19
Diluted	<b>6</b>	2.58	2.19

\*Restated data

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements and other explanatory information on pages 7 to 70.

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2020**

		As at 31.12.2020 PLN '000	As at 31.12.2019* PLN '000
	<b>NOTES</b>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		221	335
Right-of-use assets		816	199
Investment certificates	<b>7</b>	1,662,022	1,511,044
Investments in associates	<b>8</b>	6,404	3,715
Investments in other entities		7	7
Long-term receivables	<b>9c</b>	-	454
Lease receivables	<b>9b</b>	-	817
		<b>1,669,470</b>	<b>1,516,571</b>
<b>Current assets</b>			
Short-term receivables	<b>9a</b>	1,474	1,158
Income tax receivables		710	23
Lease receivables	<b>9b</b>	-	1,090
Other financial instruments	<b>19</b>	243	-
Cash and cash equivalents	<b>10</b>	23,455	8,116
		<b>25,882</b>	<b>10,387</b>
<b>Total assets</b>		<b>1,695,352</b>	<b>1,526,958</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<b>12</b>	49,954	52,954
Supplementary capital	<b>12</b>	1,252,173	1,165,944
Other capital reserves		44,460	44,460
Retained earnings, including:		51,270	37,975
<i>Profit (loss) brought forward</i>		(75,413)	(75,413)
<i>Net profit</i>		126,683	113,388
Treasury shares	<b>12</b>	(10,446)	(30,159)
		<b>1,387,411</b>	<b>1,271,174</b>
<b>Long-term liabilities</b>			
Liabilities on account of bonds	<b>14</b>	96,255	77,421
Deferred tax liability	<b>5</b>	133,209	104,592
Lease liabilities	<b>16</b>	-	956
Other liabilities	<b>15</b>	-	260
		<b>229,464</b>	<b>183,229</b>
<b>Short-term liabilities</b>			
Trade and other payables	<b>15</b>	678	783
Lease liabilities	<b>16</b>	852	1,192
Liabilities on account of bonds	<b>14</b>	49,112	24,881
Promissory notes payable	<b>17</b>	19,168	41,000
Other financial instruments	<b>1d</b>	8,116	4,036
Provisions	<b>18</b>	551	663
		<b>78,477</b>	<b>72,555</b>
<b>Total equity and liabilities</b>		<b>1,695,352</b>	<b>1,526,958</b>

\*Restated data

The statement of financial position should be read in conjunction with the notes to the financial statements and other explanatory information on pages 7 to 70.

**STATEMENT OF CHANGES IN EQUITY**  
**for the period from 1 January to 31 December 2020**

PLN '000	Share capital	Supplementary capital			Other capital reserves		Retained earnings		Treasury shares	Total equity	
		Issue of shares as part of conversion of convertible bonds	Issue of shares – implementation of the management stock option plan	Issue of shares at a premium	Supplementary capital from retained earnings	Management stock option plan and other share-based payments	Measurement of the equity component of bonds	Profit (loss) brought forward			Net profit
<b>As at 01.01.2020</b>	<b>52,954</b>	<b>28,175</b>	<b>2,792</b>	<b>106,481</b>	<b>1,028,496</b>	<b>39,065</b>	<b>5,395</b>	<b>(75,413)</b>	<b>113,388</b>	<b>(30,159)</b>	<b>1,271,174</b>
Transfer of profit for 2019	-	-	-	-	113,388	-	-	-	(113,388)	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(10,446)	(10,446)
Cancellation of treasury shares	(3,000)	-	-	-	(27,159)	-	-	-	-	30,159	-
Comprehensive income, including:	-	-	-	-	-	-	-	-	126,683	-	126,683
<i>Net profit</i>	-	-	-	-	-	-	-	-	126,683	-	126,683
<b>As at 31.12.2020</b>	<b>49,954</b>	<b>28,175</b>	<b>2,792</b>	<b>106,481</b>	<b>1,114,725</b>	<b>39,065</b>	<b>5,395</b>	<b>(75,413)</b>	<b>126,683</b>	<b>(10,446)</b>	<b>1,387,411</b>
<b>As at 01.01.2019*</b>	<b>52,920</b>	<b>28,175</b>	<b>2,792</b>	<b>106,481</b>	<b>853,965</b>	<b>39,065</b>	<b>5,395</b>	<b>(38,426)</b>	<b>137,544</b>	<b>-</b>	<b>1,187,911</b>
Transfer of profit for 2018	-	-	-	-	174,531	-	-	(36,987)	(137,544)	-	-
Share-based remuneration	34	-	-	-	-	-	-	-	-	-	34
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(30,159)	(30,159)
Comprehensive income, including:	-	-	-	-	-	-	-	-	113,388	-	113,388
<i>Net profit</i>	-	-	-	-	-	-	-	-	113,388	-	113,388
<b>As at 31.12.2019*</b>	<b>52,954</b>	<b>28,175</b>	<b>2,792</b>	<b>106,481</b>	<b>1,028,496</b>	<b>39,065</b>	<b>5,395</b>	<b>(75,413)</b>	<b>113,388</b>	<b>(30,159)</b>	<b>1,271,174</b>

\*Restated data

The statement of changes in equity should be read in conjunction with the notes to the financial statements and other explanatory information on pages 7 to 70.

**STATEMENT OF CASH FLOWS**  
**for the period from 1 January to 31 December 2020**

		For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019* PLN '000
<b>Cash flows from operating activities</b>	<b>NOTES</b>		
<b>Net profit for the reporting period</b>		<b>126,683</b>	<b>113,388</b>
Adjustments for:			
Depreciation of property, plant and equipment		1,155	286
Revaluation of shares, certificates and other financial instruments	1	(162,153)	(155,603)
Finance income and costs	4	8,647	11,421
Other adjustments		(61)	240
Change in provisions	18	(112)	422
Change in trade and other receivables		138	1,960
Change in trade and other payables		(365)	(936)
Lease inflows		147	1,093
Expenditure on the acquisition of shares		(553)	-
Expenditure on the acquisition of investment certificates	7	(1,975)	(604)
Proceeds from redemption of investment certificates		15,095	138,934
Income tax paid		(1,051)	(1,467)
Tax expense	5	28,981	29,259
<b>Net cash from operating activities</b>		<b>14,576</b>	<b>138,393</b>
<b>Cash flows from investing activities</b>			
Expenditure on loan advanced		(238)	-
Expenditure on the acquisition of promissory notes		-	(11,300)
Proceeds from the sale of non-current assets		-	284
Proceeds from promissory notes		-	11,342
Other cash provided by / used in investing activities		150	-
<b>Net cash from investing activities</b>		<b>(88)</b>	<b>326</b>
<b>Cash flows from financing activities</b>			
Expenditure on purchase of treasury shares	12	(10,446)	(30,159)
Implementation of the option plan		-	34
Issue of bonds	14	62,011	-
Issue of promissory notes	17	78,500	80,000
Redemption of promissory notes	17	(64,057)	(100,000)
Interest paid on promissory notes		(2,108)	(867)
Redemption of bonds	14	(57,000)	(75,150)
Interest paid on bonds		(4,757)	(10,418)
Repayment of leases		(1,207)	(1,162)
interest paid on leases		(85)	(151)
<b>Net cash from financing activities</b>		<b>851</b>	<b>(137,873)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>15,339</b>	<b>846</b>
Opening balance of cash and cash equivalents		8,116	7,270
<b>Closing balance of cash and cash equivalents</b>		<b>23,455</b>	<b>8,116</b>

\*Restated data

The statement of cash flows should be read in conjunction with the notes to the financial statements and other explanatory information on pages 7 to 70.



**NOTES TO THE FINANCIAL STATEMENTS, CONTAINING SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION**

**1. General information**

Pursuant to a decision issued by the District Court for the city of Wrocław-Fabryczna of 21 July 1999, MCI Capital Alternatywna Spółka Inwestycyjna S.A. (hereinafter referred to as “MCI Capital ASI S.A.”, the “Company” or “MCI”) was entered into the Commercial Register, entry No RHB 8752. Pursuant to a decision issued by the District Court for Wrocław-Fabryczna in Wrocław, 6<sup>th</sup> Commercial Division of the National Court Register, of 28 March 2001, the Company was entered into the National Court Register, entry No 0000004542. The Company was assigned:

- REGON (Statistical ID No): 932038308,
- NIP (Tax ID No): 899-22-96-521,

The company is registered in Poland.

The Company has its registered office in Warsaw, at Plac Europejski 1.

The duration of the Company is indefinite.

MCI is engaged in direct private equity / venture capital investment activities, investing its assets through 4 investment funds with diversified investment strategies. The funds invest the funds entrusted in investment assets in accordance with their investment strategy. From large buyout and growth investments (MCI.EuroVentures 1.0. and MCI.TechVentures 1.0. subfunds separated within MCI.PrivateVentures FIZ) to investments in small technology start-ups (Helix Ventures FIZ and Internet Ventures FIZ). In 2019 and previous years, the Company also invested its assets in debt instruments through the MCI.CreditVentures 2.0 FIZ fund, however, at the end of 2019, the Company redeemed all investment certificates held in this fund. Investments in portfolio companies are made for a period of several years, during which the managing entity actively supports the growth of the companies and supervises the implementation of their business strategy, and then looks for opportunities to sell these assets. The most significant assets held by MCI include investment certificates and shares in an associate (Private Equity Managers S.A.).

On 14 July 2020, the Polish Financial Supervision Authority issued an administrative decision on granting MCI, as an alternative investment company (“ASI”) manager, the permit to operate as an internal manager of an ASI (“ZASI”). As a consequence of operating as a licensed ZASI (alternative investment company manager), MCI is subject to comprehensive supervision from the PFSA with respect to its investing activities in line with the rules applicable to investment fund companies.

The ultimate parent company is MCI Management Sp. z o.o.

**Composition of the Company’s Management Board:**

As at 31 December 2020, the Company’s Management Board was composed of:

Tomasz Czechowicz	- President of the Management Board
Ewa Ogryczak	- Vice President of the Management Board

On 7 February 2020, Mr Paweł Kapica tendered his resignation from the Company’s Management Board.

As at the date of these financial statements, the composition of the Company’s Management Board was as follows:

Tomasz Czechowicz	- President of the Management Board
Ewa Ogryczak	- Vice President of the Management Board

**2. Basis for preparation of the financial statements**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (“EU IFRSs”). As at the date of authorisation of these financial statements for issue, given the ongoing process of implementing IFRSs in the European Union, the IFRSs applicable to these financial statements did not differ from the EU IFRSs.

### **3. Information concerning the preparation of the consolidated financial statements**

The Company meets the criteria for being classified as an investment entity, as set out in paragraph 27 of IFRS 10 *Consolidated financial statements* ("IFRS 10"). On 21 February 2020, the merger of MCI with MCI Fund Management Sp. z o.o. was entered into the register. MCI was the acquirer and MCI Fund Management Sp. z o.o. was the acquiree. Until the date of the merger, the Company did not prepare consolidated financial statements as a consequence of benefiting from the exemption defined in par. 32 of IFRS 10, under which an investment entity does not consolidate subsidiaries, except for subsidiaries that are not investment entities themselves and whose principal activity is to provide services that relate to the investment entity's investment activities. Following the merger, the obligation to consolidate also did not arise, as the Company had no subsidiaries from the date of the merger until 31 December 2020. The Company recognises all shares and certificates at fair value through profit or loss pursuant to paragraph 18 of IAS 28 and paragraph 10 of IAS 27.

These financial statements of MCI Capital ASI S.A. are the only financial statements prepared by MCI Capital ASI S.A.

### **4. Date of authorisation of the financial statements for the current financial year**

These financial statements were prepared and authorised for issue by the Company's Management Board on 30 April 2021.

### **5. Date of authorisation of the financial statements for the previous financial year**

The financial statements for the previous financial year were authorised by the Company's Management Board on 22 April 2020 and by the General Meeting of Shareholders on 30 June 2020.

### **6. Going concern assumption**

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. for at least 12 months after the balance sheet date of 31 December 2020. At the date of approving these financial statements, the Company's Management Board was aware of no facts or circumstances that would indicate a threat to the Company's continuing as a going concern in the 12 months after the balance sheet date, as a result of any planned or forced discontinuation or material downsizing of its existing operations, except for negative working capital (i.e. excess of short-term liabilities over current assets), which will be covered mainly by proceeds from redemption of investment certificates held by the Company. The Company finances its operations by, among other means, issuing bonds and other debt instruments, therefore the value of short-term liabilities exceeds the value of current assets, which is a natural situation for the Company and the Company does not identify any threat to its ability to continue as a going concern on this account.

The Company's Management Board notes the continuing uncertainty regarding the effects of the current COVID-19 coronavirus pandemic. The Company's Management Board does not identify any threat to the Company's going concern or current liquidity on this account. For a detailed assessment of the impact of COVID-19 on the Company, see **Note 32 "Material events in 2020"**.

### **7. Functional currency and presentation currency**

Items of the financial statements relating to the Company are measured and presented using the primary currency of the economic environment in which the Company operates (the "functional currency"), which is the Polish zloty. Figures in the financial statements are presented in thousands of Polish zloty, unless stated otherwise.

### **8. Judgements and estimates**

The preparation of the condensed financial statements requires the Management Board of the Company to make judgements, estimates and assumptions that affect the adopted accounting policies and amounts reported in the condensed financial statements. Actual values may differ from these estimates.

All judgements, assumptions and estimates which have been made for the purposes of these financial statements are presented in the required disclosures relating to individual items of these financial statements and in the supplementary notes to the financial statements which constitute an integral part of the financial statements. Estimates and judgements are verified on an on-going basis. They are based on past experience, including expectations as to future events which seem justified in a given situation and new information.

Below are the key assumptions concerning the future and other basic reasons for uncertainty of estimates as at the balance sheet date.

#### **Investment certificates**

Investment certificates are measured at fair value on the basis of official and reporting valuations, based on the funds' net asset value. In the Company's opinion, measurement of investment certificates at the net asset value ("NAV") is the best reflection of the fair value of these investments.

For key information about the investment certificates, see **Note 7 "Investment certificates"**.

#### **Judgement used in the assessment of exercise of control or influence over other entities**

As at 31 December 2020, the Company holds shares in Private Equity Managers S.A. In view of its shareholding in the company (12.43% as at 31 December 2020) and the associated absence of power over that company, the Company considers that not all the conditions for recognising that it exercises control over the company as defined in IFRS 10 are met and identifies it as an associate, as a result of exercising significant influence over it. The Company measures the associate at fair value through profit or loss using the exemption from the equity method in accordance with paragraph 18 of IAS 28. For key information on the investment in Private Equity Managers S.A., see **Note 8 "Investments in associates"**.

#### **Deferred tax assets**

The Company recognises deferred tax assets if it is assumed that taxable profit will be generated in the future against which the asset can be utilised. If taxable profit deteriorates in the future, this assumption may prove invalid.

The Company carefully evaluates the nature and extent of the evidence supporting the conclusion that it is probable that future taxable profit will be sufficient to allow for the deduction of unused tax losses, unused tax credits or other deductible temporary differences.

When assessing whether it is probable that future taxable profit will be achieved (probability above 50%), the Company takes into account all available evidence, including supporting evidence that it is probable or not.

Deferred tax assets are deducted from deferred tax liabilities in the balance sheet.

#### **Uncertainty related to tax settlements**

Regulations on value added tax, corporate income tax, and social security contributions are subject to frequent amendments, with a resulting lack of appropriate points of reference, conflicting interpretations, and scarcity of established precedents to follow. Furthermore, the applicable tax laws lack clarity, which leads to differences in opinions and their diverse interpretations, both between various public authorities and between public authorities and businesses.

Tax settlements and other regulated areas of activity (e.g. customs or foreign exchange control) are subject to inspection by administrative bodies, which are authorised to impose high penalties and fines, and any additional tax liabilities arising from such inspections must be paid with high interest. Consequently, the tax risk in Poland is higher than in countries with more mature tax systems.

The amounts presented and disclosed in the financial statements may therefore change in the future as a result of a final decision by a tax inspection authority.

On 15 July 2016, the Tax Legislation was amended to reflect the provisions of the General Anti-Abuse Rule ("GAAR"). GAAR is intended to prevent creation and use of abusive arrangements to avoid paying taxes in Poland. Under GAAR, tax avoidance is an arrangement the main purpose of which is to obtain a tax advantage which is contrary to the substance and purpose of the tax legislation. In accordance with GAAR, no tax advantage can be obtained through an arrangement which is abusive. Any arrangements involving:

- i separation of operations without a sufficient rationale,
- ii engaging intermediaries where no business or economic rationale exists,
- iii any offsetting elements,
- iv any arrangements that operate in a similar way, may be viewed as an indication of the existence of an abusive arrangement subject to GAAR. The new regulations will require much more judgement to be exercised when assessing the tax consequences of particular transactions.

The GAAR clause should be applied with respect to arrangements made after its effective date as well as arrangements that were made before its effective date but benefits of the tax advantage obtained through the

arrangement continued or still continue after that date. Implementation of the above regulations will provide Polish tax inspection authorities with grounds to challenge certain legal arrangements made by taxpayers, including restructuring or reorganisation of corporate groups.

The Company recognises and measures current and deferred tax assets and liabilities in compliance with the requirements of IAS 12 Income Taxes, based on taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into consideration the assessed uncertainty related to tax settlements.

When there is uncertainty as to whether and to what extent the tax authorities will accept individual tax settlements of transactions, the Company recognises these settlements taking into account the uncertainty assessment.

### **Investment entity**

In accordance with the criteria set out in paragraph 27 of IFRS 10, an entity meets the definition of an investment entity if:

- it obtains funds from one or more investors for the purpose of providing that/those investor(s) with investment management services;
- it commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- it measures and evaluates the performance of substantially all of its investments on a fair value basis.

The main goal of MCI in purchasing the funds' investment certificates was to earn benefits by investing in financial assets and earning profit from an increase in the value of net assets of the funds. The company invests funds in order to obtain returns from the increase in the value of investments (investment certificates). The primary activity of the Company is to invest funds to four closed-end investment funds and thus obtain a return on the capital invested. The company, as a public company, has many investors for whom the most important issue is the return on the invested capital over the long term. The Management Board analyses and evaluates the Company's performance through the prism of the increase in the fair value of assets being held, which are investment certificates of closed-end investment funds, through which the Company makes its investments. The fair value is the best reflection of the value of assets held by the Company.

The Company does not prepare consolidated financial statements as it has no subsidiaries that are not investment entities themselves and whose principal activity is to provide services that relate to the investment entity's investment activities. MCI is also an investor within the meaning of paragraph 18 of IAS 28. More broadly, this issue is addressed in section **Information concerning the preparation of the consolidated financial statements** above.

## **9. Accounting policy**

Accounting policies applied in these financial statements are the same as those applied by the Company in the financial statements as at and for the year ended 31 December 2019, except for changes resulting from the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2020, described in **Note 35 "Significant accounting policies"**

## **10. Restatement of financial data relating to previous years**

On 30 September 2019, the Company decided to merge with its subsidiary, MCI Fund Management Sp. z o.o., and adopted a merger plan. MCI Capital ASI S.A. acted as the acquirer (the Acquirer), and MCI Fund Management Sp. z o.o. acted as the acquiree (the Acquiree). On 28 November 2019, the General Shareholders Meeting of the Acquiree approved the plan to merge the Acquirer with the Acquiree, as agreed by both companies. The merger was entered in the National Court Register on 21 February 2020.

Following the merger, the company changed the presentation of comparative figures, as disclosed in **Note 29 "Business combination"**.

### **Presentation change in the financial statements**

The Company has made a presentation adjustment to other financial instruments relating to the preferred distribution of funds from Internet Ventures and Helix Ventures. In previous periods, the Company separated these instruments and presented them in separate lines of the statement of financial position and the gain or loss on measurement in a separate line of the statement of profit or loss and other comprehensive income. The Company has decided to make an adjustment and present the underlying instrument (investment certificates) together with

an embedded derivative (preferred distribution of funds). As a result of the presentation change, the Company has reclassified these items in the comparative figures for 2019, as shown in the table below:

	<b>As at 31.12.2019 before adjustment PLN '000</b>	<b>adjustment  PLN '000</b>	<b>As at 31.12.2019 after adjustment PLN '000</b>
<b>Non-current assets</b>			
Investment certificates	1,508,608	2,436	1,511,044
Other financial instruments	2,436	(2,436)	-
	<b>For the period: from 01.01.2019 to 31.12.2019 before adjustment PLN '000</b>	<b>adjustment  PLN '000</b>	<b>For the period: from 01.01.2019 to 31.12.2019 after adjustment PLN '000</b>
<b>Gain on investing activities</b>			
Gain or loss on investment certificates	162,861	2,436	165,297
Revaluation of other financial instruments	(1,800)	(2,436)	(4,236)

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period from 1 January to 31 December 2020**

**1. Gain on investments**

The item of gains and losses from changes in fair value includes revaluation of financial assets:

- shares in the associate,
- investment certificates of closed-end investment funds ("FIZ") held by MCI,
- other financial instruments.

**1a. Revaluation of shares**

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019* PLN '000
<b>Revaluation of associates</b>		
Private Equity Managers S.A.	2,136	(5,458)
	<b>2,136</b>	<b>(5,458)</b>
<b>Revaluation of shares, total</b>	<b>2,136</b>	<b>(5,458)</b>

\*Restated data

For information on the measurement of the associate, see **Note 8 "Investments in associates"**.

**1b. Gain or loss on investment certificates**

**Unrealised gain or loss on revaluation of investment certificates**

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019* PLN '000
Investment certificates of Internet Ventures FIZ**	(2,775)	(3,068)
Investment certificates of MCI.EuroVentures 1.0.***	182,139	203,480
Investment certificates of MCI.TechVentures 1.0.****	(19,551)	(58,381)
Value of preferred distribution of funds from Internet Ventures FIZ	2,775	2,236
Value of preferred distribution of funds from Helix Ventures Partners FIZ	907	-
<b>Revaluation of investment certificates (unrealised gain or loss)</b>	<b>163,495</b>	<b>144,267</b>

\* Restated data

\*\*The loss from revaluation of investment certificates of Internet Ventures FIZ in 2020 resulted mainly from changes the fund's net assets on account of a loss on operations in the amount of PLN 6.3 million, due to the generation of an unrealised loss on valuation of investments in the amount of PLN 6.3 million and a loss on net investments in the amount of PLN 2.2 million offset in part by the realisation of a gain on disposal of investments in the amount of PLN 2.2 million. As at 31 December 2020, the Company's share in the fund's NAV was 44.87%.

\*\*\*The gain from revaluation of investment certificates of MCI.EuroVentures 1.0, a Subfund separated within MCI.PrivateVentures FIZ, in 2020 resulted mainly from changes the fund's net assets on account of a profit on operations in the amount of PLN 183.6 million. As at 31 December 2020, the Company's share in the subfund's NAV was 99.3%.

\*\*\*\*The loss from revaluation of investment certificates of MCI.TechVentures 1.0., a Subfund separated within MCI.PrivateVentures FIZ, in 2020 resulted mainly from changes the fund's net assets on account of realised loss on disposal of investments in the amount of PLN 113.9 million and a loss on net investments in the amount of PLN 15.3 million offset in part by the generation of unrealised gains on valuation of investments in the amount of PLN 88.8 million. As at 31 December 2020, the Company's share in the subfund's NAV was 43.4%.

The unrealised net gain or loss is determined as the difference between the valuation of certificates held as at the balance sheet date and the valuation of certificates held as at the previous balance sheet date (revaluation), taking into account changes in the number of certificates held (redemption, acquisition of new issues).

**Realised net gain or loss on redemption of investment certificates**

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*
	PLN '000	PLN '000
Investment certificates of MCI.CreditVentures FIZ 2.0	-	1,809
Investment certificates of MCI.EuroVentures 1.0.	366	-
Investment certificates of MCI.TechVentures 1.0.	-	19,009
Investment certificates of Helix Ventures Partners FIZ	236	-
<b>Realised net gain or loss on redemption of investment certificates</b>	<b>602</b>	<b>20,818</b>

**Other revenue**

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*
	PLN '000	PLN '000
Investment certificates of MCI.TechVentures 1.0.**	5,083	-
Investment certificates of MCI.EuroVentures 1.0.	15	12
<b>Total revenue from carried interest</b>	<b>5,098</b>	<b>12</b>

\* Restated data

\*\*Includes revenue from carried interest received from MCI Capital TFI S.A. – the manager of MCI.EuroVentures 1.0. and MCI.TechVentures 1.0., subfunds separated within MCI.PrivateVentures FIZ. The carried interest was due to MCI as a result of its significant exposure to both subfunds

<b>Gain or loss on investment certificates</b>	<b>169,195</b>	<b>165,097</b>
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For information on the valuation of the above items, see **Note 7 “Investment certificates”**.

**1c. Revaluation of other financial instruments**

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019
	PLN '000	PLN '000
Issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund	(4,080)	(4,036)
	<b>(4,080)</b>	<b>(4,036)</b>

**1d. Carrying amount of other financial instruments**

	As at 31.12.2020	As at 31.12.2019
	PLN '000	PLN '000
Issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund	(8,116)	(4,036)
	<b>(8,116)</b>	<b>(4,036)</b>

Since 28 June 2019, the Company has guaranteed participants of the MCI. TechVentures 1.0 subfund separated within MCI.PrivateVentures Closed-end Investment Fund, the 5% rate of return on investment in series S2 investment certificates. The valuation of the return rate guarantee for investment in MCI.TechVentures 1.0. subfund as at 31 December 2020 in the amount of PLN 8,116 thousand was based on the expected valuation in accordance with the guaranteed rate of return set forth in the agreement. The guarantee will be exercised upon redemption or resale of series S2 investment certificates issued by the MCI.TechVentures 1.0. subfund by current participants.

**2. Operating expenses**



	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*
	PLN '000	PLN '000
Depreciation of property, plant and equipment and right-of-use assets	(1,155)	(286)
Raw materials and consumables used	(26)	(46)
Third-party services**	(1,968)	(1,953)
Taxes and charges	(111)	(344)
Remuneration	(1,408)	(1,765)
Employee benefits	(24)	(29)
Social security	(86)	(80)
Other expenses	(162)	(212)
	<b>(4,940)</b>	<b>(4,715)</b>

\* Restated data

\*\*Costs of third-party services include mainly costs of legal advisory, audit and accounting services.

### 3. Other operating income and expenses

#### Other operating income

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*
	PLN '000	PLN '000
Sublease income**	1,017	-
Other operating income	392	238
	<b>1,409</b>	<b>238</b>

\* Restated data

\*\*The recognition of sublease income in 2020 results from the signing of annexes amending the terms of the sublease of office space. Following these amendments, leases were reclassified from finance leases to operating leases, resulting in the recognition in 2020 of sublease income, representing income from sublease agreements.

#### Other operating expenses

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019
	PLN '000	PLN '000
Other operating expenses	(51)	(122)
	<b>(51)</b>	<b>(122)</b>



#### 4. Finance income and costs

##### Finance income

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*
	PLN '000	PLN '000
Interest income calculated using the effective interest rate method, including:	10	60
<i>Interest on short-term bank deposits</i>	5	18
<i>Interest on loans</i>	5	-
<i>Interest on promissory notes</i>	-	42
Fee and commission income – guarantees**	689	3,021
Other finance income	28	65
	<b>727</b>	<b>3,146</b>

\* Restated data

\*\*MCI Capital ASI S.A. provides services related to investments which consist in financial support to entities in which an investment in the form of a warranty and guarantee was made to maximise returns from investments. The decrease in commission income from guarantees results primarily from: (1) expiry of the financial guarantee for liabilities under bonds issued by MCI Venture Projects Sp. z o.o. VI SKA, following their redemption on 13 March 2020, (2) expiry of the warranty granted to MCI.PrivateVentures FIZ for liabilities from the revolving facility granted by Alior Bank S.A. in connection with shortening the availability of the revolving facility to 14 February 2020, (3) expiry of warranty for liabilities under bonds issued by AAW X Sp. z o.o., following their redemption on 24 August 2020. This activity does not constitute a separate significant activity or a separate significant source of income for the investment entity.

##### Finance costs

	For the period: from 01.01.2020 to 31.12.2020	For the period: from 01.01.2019 to 31.12.2019*
	PLN '000	PLN '000
Interest expense on:		
Promissory notes issued	(2,486)	(1,868)
Bonds issued **	(6,161)	(9,440)
Interest paid to the state budget or other interest	-	(1)
Lease liabilities	(85)	(151)
Other	-	(43)
	<b>(8,732)</b>	<b>(11,503)</b>

\* Restated data

\*\*The decrease in interest expense on bonds issued is attributable to the decrease in the average debt balance relative to 2019, following the redemption of Series M and Series K bonds in 2019 and the early redemption of Series P bonds and the redemption at maturity of Series O bonds in the first half of 2020, partially offset by the issue of Series R and Series S bonds in August 2020.

## 5. Income tax

### Income tax recognised in the statement of comprehensive income

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019* PLN '000
Income tax – current portion	(364)	(5,343)
Income tax – deferred portion	(28,617)	(23,916)
	<b>(28,981)</b>	<b>(29,259)</b>

\* Restated data

### Reconciliation of income tax

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019* PLN '000
<b>Profit before tax</b>	<b>155,664</b>	<b>142,647</b>
Corporate income tax at the statutory tax rate (19%)	(29,576)	(27,103)
Effect of permanent differences between profit before tax and taxable income, including:	595	(2,156)
<b>Non-taxable income</b>	<b>730</b>	<b>-</b>
- revaluation of shares and certificates	701	-
- other	29	-
<b>Non-tax-deductible expenses</b>	<b>(135)</b>	<b>(1,895)</b>
- revaluation of shares and certificates	(291)	(1,037)
- costs of debt financing	-	(420)
- other	156	(438)
<b>Other</b>	<b>-</b>	<b>(261)</b>
- reversal of deferred tax on unused tax losses	-	(911)
- loss on capital gains of MCI Capital ASI S.A.	-	651
	<b>(28,981)</b>	<b>(29,259)</b>
<b>Effective tax rate</b>	<b>18.6%</b>	<b>20.5%</b>

\* Restated data

### Tax losses

Incurring in (year)	Loss amount PLN '000	Amount utilised PLN '000	Amount to be utilised PLN '000	To be utilised until Until
2014	3,528	1,764	1,764	31.12.2021
2015	9,128	-	8,015	31.12.2022
1H2016*	2,890	-	2,890	31.12.2023
2020 (loss from other sources)	896	-	896	31.12.2024
	<b>16,442</b>	<b>1,764</b>	<b>13,565</b>	

\*Before establishment of the Tax Group on 1 July 2016

As at 31 December 2020, the Company carried deferred tax assets created on half of the tax losses generated in 2014 due to the operation of a tax group between 1 July 2016 and 30 June 2019, during which the 5-year period to utilise the Company's historical tax losses was frozen.

**Deferred income tax**

	As at 31.12.2020 PLN '000	As at 31.12.2019* PLN '000
<b>Deferred tax assets:</b>		
To be realised after 12 months	2,242	2,407
To be realised within 12 months	5,495	3,657
	<b>7,737</b>	<b>6,064</b>
<b>Deferred tax liabilities:</b>		
To be settled after 12 months	139,434	109,756
To be settled within 12 months	1,512	900
	<b>140,946</b>	<b>110,656</b>

\* Restated data

In the statement of financial position, the Company offsets deferred tax assets and liabilities by presenting them in a single item.

**Deferred tax assets**

	Deductible tax losses PLN '000	Other assets* PLN '000	Total PLN '000
<b>As at 1 January 2019</b>	<b>5,224</b>	<b>2,549</b>	<b>7,773</b>
Effect on profit/loss	(2,817)	1,108	(1,709)
Effect on equity	-	-	-
<b>As at 31 December 2019</b>	<b>2,407</b>	<b>3,657</b>	<b>6,064</b>
Effect on profit/loss	170	1,503	1,673
Effect on equity	-	-	-
<b>As at 31 December 2020</b>	<b>2,577</b>	<b>5,160</b>	<b>7,737</b>

\*The item mainly relates to temporary differences on the valuation of investment certificates of Helix Ventures Partners FIZ (PLN 1,862 thousand), temporary differences on the valuation of investment certificates of Internet Ventures FIZ (PLN 825 thousand) and temporary differences on the valuation of the liability due to the guarantee of the rate of return on investment in the sub-fund MCI.TechVentures 1.0. (PLN 1,542 thousand).

**Deferred tax liabilities**

	Revaluation of shares in companies PLN '000	Other liabilities** PLN '000	Total PLN '000
<b>As at 1 January 2019*</b>	<b>1</b>	<b>84,896</b>	<b>84,897</b>
Effect on profit/loss	-	25,759	25,759
Effect on equity	-	-	-
<b>As at 31 December 2019*</b>	<b>1</b>	<b>110,655</b>	<b>110,656</b>
Effect on profit/loss	-	30,290	30,290
Effect on equity	-	-	-
<b>As at 31 December 2020</b>	<b>1</b>	<b>140,945</b>	<b>140,946</b>

\* Restated data

\*\* The item relates mainly to the difference on valuation of investment certificates (PLN 139,434 thousand)

**Deferred tax liabilities**

<b>As at 31 December 2020</b>	<b>(133,209)</b>
<b>As at 31 December 2019*</b>	<b>(104,592)</b>

\* Restated data

**6. Earnings per share**

**Basic/diluted earnings per share**

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019 PLN '000
Profit attributable to shareholders of the Company	126,683	113,388
Profit applied in the determination of diluted earnings per share	126,683	113,388
Weighted average number of ordinary shares (in thousands)	49,122	51,680
Adjustments for:		
remuneration scheme based on issue of shares (in thousands)	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share (in thousands)	49,122	51,680
<b>Basic/diluted earnings per share (PLN per share)</b>	<b>2.58</b>	<b>2.19</b>

**7. Investment certificates**

	As at 31.12.2020 PLN '000	As at 31.12.2019* PLN '000
Investment certificates of Internet Ventures FIZ	19,452	20,251
Investment certificates of MCI.EuroVentures 1.0.	1,355,498	1,187,852
Investment certificates of MCI.TechVentures 1.0.	280,954	300,505
Value of preferred distribution of funds from Internet Ventures FIZ**	5,011	2,236
Value of preferred distribution from Helix Ventures Partners FIZ fund**	1,107	200
	<b>1,662,022</b>	<b>1,511,044</b>

\* Restated data

\*\*The financial instrument (a mechanism for preferred distribution of funds held in investments made by the Helix Ventures Partners FIZ and Internet Ventures FIZ funds) is measured by the Company. Following a significant decline in the net asset value of Internet Ventures FIZ, in 2019 and 2020, the Company recognised an increase in the value of preferred distribution from this fund in the amount to which the Company has priority over the other participant in the return/payment of funds. On the other hand, due to the change in the net asset value of the Helix Ventures Partners FIZ in the second half of 2020 as a result of the distribution of funds from the fund to individual fund participants, the Company recognised a change in the value of the preferred distribution of funds from this fund to the net asset value of the fund as at 31 December 2020 – in accordance with the fund distribution mechanism of Helix Ventures Partners FIZ, the Company is due the entire remaining net asset value of the fund as at 31 December 2020.

**Valuation of investment certificates**

Investment certificates are valued on a quarterly basis, based on the fair value measurement of investments in portfolio companies and other investments held by the funds. Revaluation of certificates to their fair value from quarterly valuations is recognised in profit or loss of MCI at the end of each quarter.

In previous periods (before the merger of MCI with MCI Fund Management Sp. z o.o.) valuation of certificates held by MCI indirectly through MCI Fund Management Sp. z o.o. was presented under "Investments in subsidiaries" and recognised as valuation of shares in MCI Fund Management Sp. z o.o. They were measured at fair value based on the adjusted net asset value as at the balance sheet date.

Following the merger of MCI and MCI Fund Management Sp. z o.o., comparative figures in the balance sheet were restated. As a result, the valuation of investment certificates held historically by MCI Fund Management Sp. z o.o. also changed – they are currently reported under "Investment certificates".

For details of the merger and changes to the comparative figures, see **Note 29 "Business combination"**.  
**Reconciliation of investment certificates held by MCI and assets value of subsidiaries and investment certificates presented in the statement of financial position of MCI as at 31 December 2020:**

Fund	% held	NAV attributable as at 31.12.2020 to MCI	NAV attributable as at 31.12.2020	NAV attributable as at 31.12.2019	Change in NAV
MCI.TechVentures 1.0.	43.40%	280,954	647,327	687,639	(40,312)
MCI.EuroVentures 1.0.	99.30%	1,355,498	1,365,097	1,198,426	166,671
Internet Ventures FIZ	44.87%	19,452	43,352	45,734	(2,382)
Helix Ventures Partners FIZ	99.67%	1,103	1,107	11,178	(10,071)
<b>Total assets of FIZ</b>		<b>1,657,007</b>	<b>2,056,882</b>	<b>1,942,976</b>	<b>113,906</b>

Fund	(a) New issues	(b) Redemptions	(c) Income distribution	(d) Result of operations	Total (a+b+c+d)
MCI.TechVentures 1.0.	-	-	-	(40,312)	(40,312)
MCI.EuroVentures 1.0.	-	(16,899)	-	183,570	166,671
Internet Ventures FIZ	3,951	-	-	(6,333)	(2,382)
Helix Ventures Partners FIZ	-	(7,174)	(3,609)	712	(10,071)
<b>Total assets of FIZ</b>	<b>3,951</b>	<b>(24,073)</b>	<b>(3,609)</b>	<b>137,637</b>	<b>113,906</b>

Investment certificates:	1,657,007
Adjustment of value of investment certificates of Helix Ventures Partners FIZ in accordance with the agreement with the other participant in the Fund*	(1,103)
Value of preferred distribution of funds from Internet Ventures FIZ	5,011
Value of preferred distribution of funds from Helix Ventures Partners FIZ	1,107
<b>Investments in investment certificates presented in the statement of financial position of MCI</b>	<b>1,662,022</b>

\*MCI Capital is a party to an agreement regulating the distribution of funds invested in Helix Ventures Partners FIZ fund, which determine the priority of return. The Company has already recovered most of the funds invested in the fund and as at 31 December 2020, the Company has a priority of return / distribution of funds in the amount of PLN 1,107 thousand, as described in detail in **Note 1d "Carrying amount of other financial instruments"**. Therefore, the Company decided to adjust the valuation of investment certificates issued by Helix Ventures Partners FIZ and to recognise the valuation of the instrument on account of priority of return / distribution of funds in the amount of PLN 1,107 thousand as at 31 December 2020 (the remaining amount due to the Company guaranteed under the agreement with PFR Ventures Sp. z o.o.).

**Reconciliation of investment certificates held by MCI and assets value of subsidiaries and investment certificates presented in the statement of financial position of MCI as at 31 December 2019:**

Fund	% held	NAV attributable as at 31.12.2019 to the MCI Group	NAV attributable as at 31.12.2019	NAV attributable as at 31.12.2018	Change in NAV
MCI.TechVentures 1.0.	43.70%	300,505	687,639	817,522	(129,883)
MCI.EuroVentures 1.0.	99.12%	1,187,852	1,198,426	1,022,451	175,975
Internet Ventures FIZ	44.39%	20,251	45,734	52,530	(6,796)
Helix Ventures Partners FIZ	45.28%	5,061	11,177	10,279	899
<b>Total assets of FIZ</b>		<b>1,513,669</b>	<b>1,942,976</b>	<b>1,902,782</b>	<b>40,195</b>

Fund	(a) New issues	(b) Redemptions	(c) Income distribution	(d) Result of operations	Total (a+b+c+d)
MCI.TechVentures 1.0.	40,000	(88,079)	-	(81,804)	(129,883)
MCI.EuroVentures 1.0.	-	(30,414)	-	206,389	175,975
Internet Ventures FIZ	-	-	-	(6,796)	(6,796)
Helix Ventures Partners FIZ	-	-	-	899	899
<b>Total assets of FIZ</b>	<b>40,000</b>	<b>(118,493)</b>	<b>0</b>	<b>118,688</b>	<b>40,195</b>

Investment certificates:	1,513,669
Adjustment of value of investment certificates of Helix Ventures Partners FIZ in accordance with the agreement with the other participant in the Fund	(5,061)
Value of preferred distribution of funds from Internet Ventures FIZ	2,236
Value of preferred distribution of funds from Helix Ventures Partners FIZ	200
<b>Investments in investment certificates presented in the statement of financial position of MCI</b>	<b>1,511,044</b>

## 8. Investments in associates

	As at 31.12.2020 PLN '000	As at 31.12.2019 PLN '000
Private Equity Managers S.A.	6,404	3,715
	<b>6,404</b>	<b>3,715</b>

### Measurement of shares the associate

	As at 31.12.2020	As at 31.12.2019
Number of shares in Private Equity Managers S.A. held by MCI Capital ASI S.A.	425,483	379,043
Share price (PLN/share)	15.05	9.80
<b>Value of investments</b>	<b>6,404</b>	<b>3,715</b>

As at 31 December 2020 and 31 December 2019, the Company held directly 12.43% and 11.07%, respectively, of shares in Private Equity Managers S.A. ("PEM"). PEM is the parent company of the Private Equity Managers S.A. Capital Group, which focuses on managing assets of MCI funds (*private equity, venture capital and mezzanine debt*). It is treated as an associate in view of the Company's shareholding in PEM and personal links.

The following acquisitions of shares in PEM by MCI took place in 2020 (a total of 46,440 shares in PEM representing 1.36% of the total number of shares in PEM):

- on 6 July 2020, Jarosław Dubiński, member of the Supervisory Board of MCI Capital ASI S.A., signed an agreement with MCI Capital ASI S.A. on the obligation to sell 11,788 shares in PEM. Ownership of the shares was transferred on 7 July 2020.
- on 6 July 2020, Ewa Ogryczak, Vice President of the Management Board of MCI Capital ASI S.A., signed an agreement with MCI Capital ASI S.A. on the obligation to sell 14,185 shares in PEM. Ownership of the shares was transferred on 7 July 2020.

- on 31 July 2020, Franciszek Hutten-Czapski, former member of the Supervisory Board of PEM, signed an agreement with MCI Capital ASI S.A. on the obligation to sell 20,467 shares in PEM. Ownership of the shares was transferred on 3 August 2020.

As a result of the aforementioned acquisitions of shares of PEM, the total shareholding of MCI Capital ASI S.A. in the shareholding structure of PEM reached 12.43%. At the same time, the total shareholding of MCI Capital ASI S.A. and MCI Management Sp. z o.o. and the indirect shareholding of Tomasz Czechowicz in the PEM shareholding exceeded the threshold of 50% (change in the total shareholding of MCI Capital ASI S.A. and MCI Management Sp. z o.o. and the indirect shareholding of Tomasz Czechowicz from 48.93% to 50.29%).

The Company's shares have been listed on the Warsaw Stock Exchange since 9 April 2015. Shares in Private Equity Managers S.A. were priced at PLN 15.05 per share, which was the closing price of PEM shares at the session of the Warsaw Stock Exchange on 31 December 2020, and the change of their value was taken to profit or loss. As at 31 December 2019, PEM's shares were priced at PLN 9.80 per share.

## 9. Receivables

### 9a. Short-term receivables

	As at 31.12.2020 PLN '000	As at 31.12.2019* PLN '000
Trade receivables	2	1
Receivables from related entities**	431	775
Tax receivables/receivables from the state budget	438	261
Prepayments and accrued income	112	118
Other receivables***	491	3
	1,474	1,158

\* Restated data

\*\*Receivables from related entities comprise primarily receivables from warranties and guarantees issued, receivables from sublease of space and receivables from re-invoicing of telephone and taxi costs.

\*\*\*Other receivables mainly comprise receivables from the guarantee deposit paid in connection with the lease of space in accordance with the provisions of the lease agreement (PLN 489 thousand). The increase in other receivables is attributable to the reclassification from long-term to short-term receivables.

Due to the short-term nature of the above receivables, their carrying amount is the best approximation of their fair value.

### Receivables from related entities

	As at 31.12.2020 PLN '000	As at 31.12.2019 PLN '000
MCI.Private Ventures FIZ	-	112
MCI.CreditVentures 2.0 FIZ	-	4
Private Equity Managers S.A.	314	106
MCI Capital TFI S.A.	107	27
PEM Asset Management Sp. z o.o.	-	42
AAW X Sp. z o.o.	-	92
MCI Venture Projects Sp. z o.o. VI SKA	-	361
Other	10	31
	431	775

### 9b. Lease receivables

#### Short- and long-term lease receivables from related entities

As at	As at
-------	-------

	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Private Equity Managers S.A.	-	1,558
MCI Capital TFI S.A.	-	129
PEM Asset Management Sp. z o.o.	-	129
Other	-	91
	<hr/>	<hr/>
	-	<b>1,907</b>
<i>Long-term portion:</i>	-	817
<i>Short-term portion:</i>	-	1,090

Lease receivables as at 31 December 2019 result from the implementation of the new IFRS 16 Leases. MCI is a party to agreements on sublease of office space with related entities. In the light of the new standard, sublease agreements met the criteria for classification as leases in which the Company was the lessor.

In 2020, the Company signed annexes amending the terms of the office space sublease. As a result of these changes, finance leases were reclassified to operating leases, which resulted in the reclassification of lease receivables to "Right-of-use asset" presented as fixed assets.

### **9c. Long-term receivables**

There are no long-term receivables as at 31 December 2020. Long-term receivables of PLN 454 thousand as at 31 December 2019 comprise guarantee deposit receivable that the Company paid to the lessor in connection with the lease of space in accordance with the terms of the lease. The guarantee deposit will remain on the lessor's account throughout the lease term plus three months. Due to the fact that the office lease agreement expires in 2021, the deposit receivable is reported under "Short-term receivables".

### **10. Cash and cash equivalents**

As at the balance sheet date, the balance of cash and cash equivalents in the amount of PLN 23,455 thousand comprised funds held on the bank account and bank deposits (PLN 8,116 thousand as at 31 December 2019).

### **11. Condensed financial information on MCI investment funds**

Investment certificates are measured at fair value. Measurement is based on fair value measurement of the Funds' investments and other assets and liabilities. Any change in the measurement of the aforementioned assets and liabilities is reflected in the net asset value ("NAV") of each of the Funds, which translates directly to the revaluation of investment certificates.



Below is presented condensed financial information as at 31 December 2020 concerning Investment Funds whose investment certificates are held by MCI (based on reporting valuations of the funds):

Item	Internet Ventures FIZ		Helix Ventures Partners FIZ		MCI.EuroVentures 1.0 subfund		MCI.TechVentures 1.0 subfund		Total	Total
	31.12.2020	MCI share	31.12.2020	MCI share	31.12.2020	MCI share	31.12.2020	MCI share	31.12.2020	MCI share
	100.00%	44.87%	100.00%	99.67%	100.00%	99.30%	100.00%	43.40%	100.00%	
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
NAV structure:	43,352	19,452	1,107	1,103	1,365,097	1,355,498	647,327	280,954	<b>2,056,883</b>	<b>1,657,007</b>
- Public companies	-	-	-	-	-	-	-	-	-	-
- Non-public companies	39,158	17,571	-	-	953,626	946,921	668,106	289,972	1,660,890	1,254,464
- Cash, including bank deposits	6,531	2,930	499	497	451,329	448,155	23,143	10,045	481,502	461,627
- Other assets	152	68	643	641	63,303	62,858	2,690	1,168	66,788	64,735
- Liabilities	2,489	1,117	35	35	103,161	102,436	46,612	20,231	152,297	123,819
Net investment income	(2,216)	(994)	472	470	27,349	27,157	(15,266)	(6,626)	<b>10,339</b>	<b>20,007</b>
Realised and unrealised gains / losses	(4,117)	(1,847)	240	239	156,221	155,122	(25,046)	(10,871)	<b>127,298</b>	<b>142,643</b>
Results of operations for the period	(6,333)	(2,842)	712	710	183,570	182,279	(40,312)	(17,496)	<b>137,637</b>	<b>162,651</b>

Below is presented condensed financial information as at 31 December 2019 concerning Investment Funds whose investment certificates are held by MCI (based on reporting valuations of the funds):

Item	Internet Ventures FIZ		Helix Ventures Partners FIZ		MCI.EuroVentures 1.0 subfund		MCI.TechVentures 1.0 subfund		Total	Total
	31.12.2019	MCI share	31.12.2019	MCI share	31.12.2019	MCI share	31.12.2019	MCI share	31.12.2019	MCI share
	100.00%	100.00%	100.00%	45.28%	100.00%	99.12%	100.00%	43.70%	100.00%	
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
NAV structure:	45,734	45,734	11,177	5,061	1,198,426	1,187,852	687,639	300,505	<b>2,207,635</b>	<b>1,513,669</b>
- Public companies	-	-	-	-	-	-	2,055	898	2,055	898
- Non-public companies	49,243	49,243	10,972	4,968	1,295,053	1,283,627	751,520	328,422	2,352,407	1,638,877
- Cash, including bank deposits	408	408	189	86	73,357	72,710	841	368	106,075	73,344
- Other assets	107	107	68	31	109	108	114,218	49,914	145,528	50,101
- Liabilities	4,024	4,024	51	23	170,093	168,592	180,995	79,097	398,430	249,550
Net investment income	(2,524)	(2,524)	35	16	(35,727)	(35,412)	(20,509)	(8,963)	<b>(51,506)</b>	<b>(45,531)</b>
Realised and unrealised gains / losses	(4,272)	(4,272)	864	391	242,116	239,980	(61,295)	(26,787)	<b>178,435</b>	<b>211,688</b>
Results of operations for the period	(6,796)	(6,796)	899	407	206,389	204,568	(81,804)	(35,749)	<b>126,929</b>	<b>166,158</b>

## 12. Equity

### Share capital

	As at 31.12.2020	As at 31.12.2019
Share capital issued and paid (PLN '000)	49,954	52,954
Number of shares*	49,953,560	52,953,560
Nominal value per share (PLN)	1.00	1.00
<b>Nominal value of all shares (PLN '000)</b>	<b>49,954</b>	<b>52,954</b>

\*The total number of shares at 31 December 2020 includes 945,259 repurchased treasury shares.

On 28 November 2019, the Extraordinary General Meeting of the Company resolved to reduce the Company's share capital from PLN 52,953,560.00 to PLN 49,953,560.00 through cancellation of a total of 3,000,000 bearer shares with a nominal value of PLN 1.00 each, in a book-entry form, to which the Central Securities Depository of Poland assigned ISIN code PLMCMG00012. The share capital reduction was entered in the National Court Register on 21 February 2020.

### Supplementary capital

	As at 31.12.2020	As at 31.12.2019
	PLN '000	PLN '000
<b>Opening balance</b>	<b>1,165,944</b>	<b>991,413</b>
Transfer of profit/(loss) from previous period to statutory reserve funds	113,388	174,531
Settlement of cancellation of treasury shares	(27,159)	-
<b>Closing balance</b>	<b>1,252,173</b>	<b>1,165,944</b>

### Treasury shares

	As at 31.12.2020	As at 31.12.2019
	PLN '000	PLN '000
<b>Opening balance</b>	<b>(30,159)</b>	-
Purchase of treasury shares	(10,446)	(30,159)
Cancellation of treasury shares	30,159	-
<b>Closing balance</b>	<b>(10,446)</b>	<b>(30,159)</b>

On 14 February 2020, MCI Capital ASI S.A. purchased for cancellation 945,259 treasury shares at a price of PLN 11.00 each, i.e. a total price of PLN 10,398 thousand. In addition, the Company incurred acquisition costs related to the repurchase of treasury shares in the total amount of PLN 48 thousand. The shares represent 1.89% of the share capital.

## 13. Shareholding structure

### Major shareholders of the Company as at 31 December 2020

	Ownership interest		Share in total voting rights at GM	
	Number of shares	Ownership interest	Number of voting rights at GM	Share in total voting rights at GM
Tomasz Czechowicz	412,446	0.83%	412,446	0.83%
MCI Management Sp. z o.o.*	37,570,724	75.21%	37,570,724	75.21%
Other shareholders**	11,970,390	23.96%	11,970,390	23.96%
	<b>49,953,560</b>	<b>100.00%</b>	<b>49,953,560</b>	<b>100.00%</b>

\*Company controlled by Tomasz Czechowicz.

\*\*The total number of shares held by other shareholders includes 945,259 repurchased treasury shares.

#### Major shareholders of the Company as at 31 December 2019

	Ownership interest		Share in total voting rights at GM	
	Number of shares	Ownership interest	Number of voting rights at GM	Share in total voting rights at GM
Tomasz Czechowicz	412,446	0.78%	412,446	0.78%
MCI Management Sp. z o.o.*	37,570,724	70.95%	37,570,724	70.95%
Other	14,970,390	28.27%	14,970,390	28.27%
	<b>52,953,560</b>	<b>100.00%</b>	<b>52,953,560</b>	<b>100.00%</b>

\*Company controlled by Tomasz Czechowicz.

\*\*The total number of shares held by other shareholders includes 3,000,000 repurchased treasury shares.

#### 14. Liabilities on account of bonds

	As at 31.12.2020 PLN '000	As at 31.12.2019 PLN '000
Amount of liability as at the issue date, at nominal value**	201,000	177,150
Costs related to issue of bonds	(371)	(1,237)
<b>Carrying amount of liability as at the issue date</b>	<b>200,629</b>	<b>175,913</b>
Accrued interest – costs YTD	21,335	29,209
Interests paid – costs YTD	(19,597)	(27,670)
Repayment**	(57,000)	(75,150)
<b>Carrying amount of liability as at the balance sheet date</b>	<b>145,367</b>	<b>102,302</b>
Long-term portion:	96,255	77,421
Short-term portion:	49,112	24,881
	<b>145,367</b>	<b>102,302</b>

\*The Company redeemed the series P bonds early on 2 March 2020 and redeemed the series O bonds at maturity on 19 June 2020.

\*\*The Company issued series R bonds on 5 August 2020 and series S bonds on 21 August 2020.

#### Bonds issued by MCI Capital ASI S.A.

The following table presents the value of bond liabilities, issue date, redemption date, balance of interest paid and interest rates of bonds (the table also includes information on bonds redeemed during the financial year that were not included in the Company's liabilities as at 31 December 2020).

Series of Bonds	Allotment date	Redemption date	Number of bonds	Interest rate	Nominal value of bonds	Interest paid for 2020	Interest paid by 31.12.2019
					PLN '000	PLN '000	PLN '000
Series N	29.12.2016	29.12.2021	45,000	fixed – 6.5%	45,000	2,924	8,783
Series O*	20.06.2017	19.06.2020	20,000	WIBOR.6M + 3.9%	20,000	567	2,850
Series P**	02.03.2018	02.03.2020	37,000	WIBOR.6M + 4.0%	37,000	1,265	3,208
Series R	05.08.2020	29.07.2023	79,000	WIBOR.6M + 4.0%	79,000	-	-
Series S	21.08.2020	20.08.2023	20,000	WIBOR.6M + 4.0%	20,000	-	-
					<b>201,000</b>	<b>4,756</b>	<b>14,841</b>

\*on 19 June 2020, series O bonds were redeemed at maturity

\*\*on 2 March 2020, series P bonds were redeemed early

Series S bonds issued by the Company are secured. The object of the security are investment certificates issued by MCI.EuroVentures 1.0., a subfund separated within the MCI.PrivateVentures FIZ fund. Series N and R bonds are not secured.

On 5 August 2020, series R bonds with a nominal value of PLN 79,000 thousand were issued and subscribed for by MCI EuroVentures 1.0. The bonds bear interest at 6M WIBOR + 4%. The bonds mature on 29 July 2023. The bond issue was settled by:

- set-off with promissory notes issued by MCI and subscribed for by MCI.EuroVentures 1.0. with nominal values of PLN 30,000 thousand and PLN 6,000 thousand respectively. The total value of the promissory notes as at the date of set-off amounted to PLN 36,651,940.27.

- cash transfer by MCI.EuroVentures 1.0. to the account of MCI for the remaining portion of the nominal value of the bonds issued, i.e. PLN 42,348,059.73. The received cash was used by MCI to repay the promissory note subscribed for by MCI Venture Projects Sp. z o.o. IX S.K.A. with the nominal value of PLN 40,557 thousand. The value of the promissory note repaid as at the date of set-off was PLN 42,187,397.19.

On 21 August 2020, series S bonds with a nominal value of PLN 20,000 thousand were issued and subscribed for by unrelated parties. The bonds bear interest at 6M WIBOR + 4%. The bonds mature on 29 July 2023. The bond issue was settled by transferring funds of PLN 19,703 thousand (net of issue costs) to the MCI's bank account. On 13 November 2020, the Management Board of the Warsaw Stock Exchange and the Management Board of BondSpot S.A. adopted resolutions to introduce the bonds to the alternative trading system on Catalyst.

## 15. Trade payables and other liabilities

	As at 31.12.2020 PLN '000	As at 31.12.2019* PLN '000
Trade payables	62	336
Liabilities to related entities	1	4
Tax liabilities	12	7
Social security and other charges payable	14	17
Accruals and deferred income**	458	430
Other liabilities	132	249
	<b>678</b>	<b>1,043</b>
Long-term portion:	-	260
Short-term portion:	678	783
	<b>678</b>	<b>1,043</b>

\* Restated data

\*\*This item relates mainly to settlements on account of warranties granted, collected in advance, and income for making the Company's logo and name available to the lessee for marketing purposes (unsettled deferred income).

## 16. Lease liabilities

Lease liabilities in the total amount of PLN 852 thousand as at 31 December 2020 and PLN 2,148 thousand as at 31 December 2019 result from the application of IFRS 16 Leases, according to which the agreement for the lease of office space is classified as a lease as of 1 January 2019.

## 17. Promissory notes payable

	As at 31.12.2020 PLN '000	As at 31.12.2019* PLN '000
Amount of liability as at the issue date, at nominal value	19,000	40,557
<b>Carrying amount of liability as at the issue date</b>	<b>19,000</b>	<b>40,557</b>
Accrued interest – costs YTD	168	443
<b>Carrying amount of liability as at the balance sheet date</b>	<b>19,168</b>	<b>41,000</b>

\* Restated data

On 20 January 2020, 28 February 2020 and 18 June 2020, the Company entered into agreements governing the issuance of promissory notes in the amounts of PLN 17,000 thousand, PLN 30,000 thousand and PLN 6,000 thousand respectively with MCI EuroVentures 1.0. The promissory notes issued in January and February bear interest at 4.79% per annum. The interest rate on the promissory note issued in June is 3.29% per annum.

At the same time, following the registration of the merger, MCI Capital ASI S.A. took over from MCI Fund Management Sp. z o.o. the obligation to repay the promissory note to MCI Venture Projects Sp. z o.o. IX S.K.A. with a nominal value of PLN 40,557 thousand issued on 10 October 2019. The promissory note bears interest at 4.89% per annum.

On 5 August 2020, the promissory notes subscribed for by MCI EuroVentures 1.0. with the nominal values of respectively PLN 30,000 thousand and PLN 6,000 thousand were offset and the promissory note subscribed for by MCI Venture Projects Sp. z o.o. IX S.K.A. with the nominal value of PLN 40,557 thousand was repaid. For details, see **Note 14 "Liabilities on account of bonds"**.

The promissory note with a nominal value of PLN 17,000 thousand was repaid by the Company on 24 August 2020.

In connection with the registration of the merger, the previous promissory note payable by MCI Capital ASI S.A. to MCI Fund Management Sp. z o.o. with a nominal value of PLN 60 million was set off against the amount receivable to MCI Fund Management Sp. z o.o. from MCI Capital ASI S.A. on this account.

On 7 October 2020, the Company concluded an agreement governing the issue of a promissory note with a nominal value of PLN 25,500 thousand with MCI Venture Projects Sp. z o.o. IX S.K.A. The promissory note bears interest at 3.26% per annum. The promissory note was partially repaid by the Company on 19 November 2020 in the amount of PLN 6,500 thousand.

## 18. Provisions

	As at 31.12.2020 PLN '000	As at 31.12.2019* PLN '000
Provision for bonuses and holiday entitlements	400	336
Other provisions	151	327
	551	663

\* Restated data

Specification of provisions	Value as at 01.01.2020*	Recognition of provisions	Reversal of provisions	Use of provisions	Value as at 31.12.2020
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Provision for bonuses and holiday entitlements	336	391	(66)	(261)	400
Other provisions**	327	497	(53)	(620)	151
	663	888	(119)	(881)	551

\* Restated data

\*\* Other provisions comprise mainly provisions for audit and preparation of financial statements.

## 19. Employee benefits

The statement of comprehensive income includes the following costs of employee benefits:

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019 PLN '000
Current service cost	1,408	1,765
Social security costs	86	80
Share-based payments and option schemes	-	-
Other employee benefits	24	29
	<b>1,518</b>	<b>1,874</b>

## Remuneration of key personnel

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019 PLN '000
<b>Management Board</b>		
Short-term employee benefits	431	663
Share-based payments	-	-
Lump-sum for the use of cars	24	24
	<b>455</b>	<b>687</b>
<b>Supervisory Board</b>		
Short-term employee benefits	162	234
	<b>162</b>	<b>234</b>

## Employment / function

	As at 31.12.2020 Number of employees	As at 31.12.2019 Number of employees
Management Board	2	3
Supervisory Board	5	5
Operational staff	9	8
	<b>16</b>	<b>16</b>

## Advances granted to the members of the Management Board

The Company did not grant advances to members of the Management Board in 2020 and 2019.

## Agreement on transfer of monetary claims from members of the Management Board

On 29 July 2020, the Company entered into an agreement with ImmoPartners Sp. z o.o. for the transfer of the monetary claim arising from the loan agreement concluded on 5 June 2014, together with subsequent annexes, between ImmoPartners Sp. z o.o. and the Vice President of the Company's Management Board, Ms Ewa Ogryczak. As at the date of the agreement, the claim subject to assignment amounted to PLN 237 thousand. The loan has a repayment date of 31 August 2021 and bears interest at 10% per annum. Interest was accrued as at 31 December 2020 at a rate of 7.20%, which is the maximum interest rate on loans permitted by law. As at 31 December 2020, the balance of the loan, including accrued interest, amounts to PLN 243 thousand.

The Company did not grant loans to members of the Management Board in 2019.

## 20. Financial assets and liabilities measured at fair value

The following financial assets and liabilities are carried by the Company at fair value:

### Financial assets designated at fair value through profit or loss upon initial recognition

Investments in shares of subsidiaries, associates and other entities which do not run investing activities, as well as investment certificates of investment funds and other financial instruments are recognised at fair value upon initial recognition with changes in fair value taken to profit or loss.

The method of shares measurement depends on the type of available inputs used in the measurement. For entities whose shares are not listed on an active market, fair value is determined using valuation techniques commonly applied by market participants, not based on inputs from an active market, but providing the most accurate reflection of the fair value.

The Company classifies the principles of fair value measurement using the hierarchy below which reflects the importance of inputs used in the measurement:

- **Level 1** – financial assets/liabilities measured directly based on prices quoted on an active market.
- **Level 2** – financial assets/liabilities measured using valuation techniques based on inputs from an active market or market observations.
- **Level 3** – financial assets/ liabilities measured using techniques commonly applied by market participants, not based on inputs from an active market.

The table below presents a classification to the relevant hierarchy level:

	As at 31.12.2020		As at 31.12.2019	
	Level	Measurement method	Level	Measurement method
<b>Investments in associates</b>				
Private Equity Managers S.A.	1	Price quoted on an active market (WSE)	1	Price quoted on an active market (WSE)
<b>Investment certificates</b>				
Investment certificates Helix Ventures Partners FIZ	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates MCI.Credit Ventures 2.0 FIZ	-	-	-	-
Investment certificates Internet Ventures FIZ	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates MCI.TechVentures 1.0.	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates MCI.EuroVentures 1.0.	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Value of preferred distribution of funds from Internet Ventures FIZ	3	According to the contractual terms (valuation of the option giving MCI a guarantee to recover the funds invested)	3	According to the contractual terms (valuation of the option giving MCI a guarantee to recover the funds invested)
Value of preferred distribution of funds from Helix Ventures Partners FIZ	3	According to the contractual terms (valuation of the option giving MCI a guarantee to recover the funds invested)	3	According to the contractual terms (valuation of the option giving MCI a guarantee to recover the funds invested)
<b>Other financial instruments</b>				
Issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund.	3	According to the contractual terms	3	According to the contractual terms

Investment certificates are valued based on the net asset value (“NAV”) attributable to investment certificates held by the Company as at the balance sheet date. The funds’ NAV per given series of investment certificates as at the balance sheet date is estimated by MCI Capital TFI S.A. – the investment fund company managing these funds – this estimate is based on valuations of the funds’ investments in portfolio companies, valuations of other

investments and liabilities of these funds. Portfolio companies of investment funds are measured using different measurement methods, depending on the stage of development of the company, the nature of the business and the industry in which the company operates (comparative methods, invested funds, recent comparable transactions, market prices). The adopted measurement methods are the best reflection of the fair value of individual companies. The valuations of the NAV of the funds per series of investment certificates are confirmed each time by the depositary, which is an entity independent from the investment fund company managing these funds, and upon preparation of the annual and semi-annual financial statements by the funds; they are verified by an independent auditor as part of the audit or review, respectively, of these financial statements of the funds.

The valuation of preferred distribution of funds from Internet Ventures FIZ and Helix Ventures Partners FIZ and the valuation of the return rate guarantee granted for the investment in the subfund MCI.TechVentures 1.0. is based on contractual provisions and depends primarily on the NAV of these funds.

In the Company's opinion, measurement of investment certificates at the net asset value of the funds attributable to those investment certificates and valuation of other financial instruments in accordance with contractual provisions are the best reflection of the fair value of those investments.

The Company makes transfers between levels of the fair value hierarchy when the change of conditions results in fulfilment of non-fulfilment of the criteria for classification to a particular level. The Company makes transfers between levels of the fair value hierarchy in the interim period in which the event giving rise to the change of conditions occurred. The Company applies a consistent approach to transfers to and from different levels of the fair value hierarchy. In 2019 and 2020 there were no transfers between fair value hierarchy levels in the Company.

**Measurement of financial instruments measured at fair value in the statement of financial position**

Type of financial instrument	Method of measurement of the financial instrument	As at	As at
		31.12.2020	31.12.2019*
		PLN '000	PLN '000
<b>Non-current assets</b>			
Investment certificates	Measured at fair value through profit or loss	1,662,022	1,511,044
Investments in associates	Measured at fair value through profit or loss	6,404	3,715
Investments in other entities	Measured at fair value through profit or loss	7	7
<b>Long-term liabilities</b>			
Other financial instruments	Measured at fair value through profit or loss	8,116	4,036

\*Restated data

These assets were measured at fair value through profit or loss as designated for measurement through profit or loss.



**Measurement of financial instruments not measured at fair value in the statement of financial position**

Type of financial instrument	Method of measurement of the financial instrument	As at	As at
		31.12.2020	31.12.2019*
		PLN '000	PLN '000
<b>Non-current assets</b>			
Trade and other receivables	Measured at amortised cost	-	454
Lease receivables	Measured at amortised cost	-	817
<b>Current assets</b>			
Trade and other receivables	Measured at amortised cost	1,474	1,158
Lease receivables	Measured at amortised cost	-	1,090
<b>Long-term liabilities</b>			
Liabilities on account of bonds	Measured at amortised cost	96,255	77,421
Other liabilities	Measured at amortised cost	-	260
Lease liabilities	Measured at amortised cost	-	956
<b>Short-term liabilities</b>			
Liabilities on account of bonds	Measured at amortised cost	49,112	24,881
Promissory notes payable	Measured at amortised cost	19,168	41,000
Trade and other payables	Measured at amortised cost	678	783
Lease liabilities	Measured at amortised cost	852	1,192

\*Restated data

The Company assumes that for the above financial instruments, not measured at fair value in the statement of financial position, their fair value approximates their carrying amount. This category mainly includes liabilities on account of bonds bearing interest at variable rates based on the WIBOR interest rate. The Company analyses the market situation in terms of margins and credit risk on an ongoing basis and has not identified any significant differences in this respect from the issue date as at the reporting date.

**21. Items of income, expenses, gains and losses accounted for in the statement of comprehensive income, by categories of financial instruments:**

<b>Year ended 31 December 2020</b>	Interest income measured using the effective interest rate method	Reversal/(recognition) of impairment losses	Valuation and carried interest gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
<i>Financial assets</i>				
Investment certificates	-	(830)	168,593	1,432
Investments in associates	-	-	2,136	-
Long-term and short-term receivables	-	4	-	-
Loans	5	-	-	-
Cash and cash equivalents	5	-	-	-
<b>TOTAL</b>	<b>10</b>	<b>(826)</b>	<b>170,729</b>	<b>1,432</b>

	Interest expenses measured using the effective interest rate method	Reversal/(recognition) of impairment losses	Valuation gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
<i>Financial liabilities</i>				
Liabilities on account of bonds	(6,161)	-	-	-
Lease liabilities	(85)	-	-	-
Promissory notes payable	(2,486)	-	-	-
Other financial instruments	(4,080)	-	-	-
<b>TOTAL</b>	<b>(12,812)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Year ended 31 December 2019</b>	Interest income measured using the effective interest rate method	Reversal/(recognition) of impairment losses	Valuation gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
<i>Financial assets</i>				
Investment certificates	-	-	144,279	20,818
Investments in associates	-	-	(5,458)	-
Long-term and short-term receivables	-	1	-	-
Promissory notes	42	-	-	-
Cash and cash equivalents	18	-	-	-
<b>TOTAL</b>	<b>60</b>	<b>1</b>	<b>138,821</b>	<b>20,818</b>

	Interest expenses measured using the effective interest rate method	Reversal/(recognition) of impairment losses	Valuation gains/(losses)	Gains/(losses) on sale/redemption of financial instruments	Other
<i>Financial liabilities</i>					
Liabilities on account of bonds	(9,440)	-	-	-	36
Promissory notes payable	(1,868)	-	-	-	-
Lease liabilities	(151)	-	-	-	-
Other financial instruments	-	-	(4,036)	-	-
<b>TOTAL</b>	<b>(11,459)</b>	<b>-</b>	<b>(4,036)</b>	<b>-</b>	<b>36</b>

## 22. Dividend

In 2019, the Company made a profit of PLN 113,388 thousand. On 30 June 2020, the Annual General Meeting of the Company resolved to allocate the entire profit to the Company's supplementary capital, thus the Annual General Meeting of the Company did not adopt a resolution on the distribution of dividends.

## 23. Share-based incentive schemes

### Share-based incentive schemes

The Company did not resolve to adopt Share-based Incentive Schemes for Members of the Management Board and Key Management Personnel for 2020. There was no share-based incentive scheme in place at the Company during the period covered by the financial statements and at the balance sheet date.

## 24. Remuneration of the entity authorised to audit financial statements (gross)

	For the period: from 01.01.2020 to 31.12.2020 PLN '000	For the period: from 01.01.2019 to 31.12.2019 PLN '000
Audit of annual financial statements	219	219
Review of semi-annual financial statements	109	109
	<b>328</b>	<b>328</b>

## 25. Contingent liabilities and assets

### JTT compensation

On 2 October 2006, the Company brought action in the Regional Court in Wrocław against the State Treasury for the payment of PLN 38.5 million on account of losses incurred and profit lost by the Company as shareholder of JTT Computer S.A. as a result of unlawful practices of tax authorities. Following a final judgment of the Court of Appeals in Wrocław dated 31 March 2011, the Compensation received a compensation of PLN 46.6 million (including interest). The State Treasury appealed against the judgment of the Court of Appeals in Wrocław to the Supreme Court and requested cassation. On 26 April 2012, the Supreme Court dismissed the judgment in favour of the Company and referred the case back for re-examination by the Court of Appeals in Wrocław. On 17 January 2013, the Court of Appeals in Wrocław upheld the contested judgment, awarding compensation for JTT to the Company once again.

The State Treasury filed a cassation appeal with the Supreme Court against the judgement of the Court of Appeals in Wrocław dated 17 January 2013. As a result of the cassation appeal, on 26 March 2014, the Supreme Court reversed the judgement of the Court of Appeals in Wrocław dated 17 January 2013 and thus referred the case back for re-examination by the Court of Appeals in Wrocław.

In July 2014, the first hearing was held before the Court of Appeals in Wrocław, during which evidence from additional witness examination was accepted. In March 2015, another hearing was held before the Court of Appeals in Wrocław, and more witnesses were examined.

The Court took evidence from personal sources and subsequently submitted an inquiry to an expert team asking whether and when they could prepare a supplementary written opinion from an expert examination. The experts expressed their readiness to prepare a supplementary opinion. In January 2017, the Court sent a reminder letter to the experts to submit their opinion. On 6 March 2017, the experts submitted a supplementary opinion, upholding their findings. A letter with a position on the expert opinion was filed, and the State Treasury raised objections against the opinion.

On 18 September 2018, the Court of Appeal in Wrocław issued a decision, in which it amended the decision appealed against and decided to order payment by the State Treasury for MCI Capital ASI S.A. (MCI) of the amount of PLN 2.2 million with interest, dismissing the remaining portion of MCI's claims. In its oral grounds for the judgment, the Court of First Instance stated that the amount of damage suffered by MCI was determined on the basis of judicial discretion.

The execution of the above judgment of the Court of Appeal in Wrocław resulted in the outflow of cash from the Company in the amount of PLN 42.8 million.

In May 2019, the Company received a written statement of reasons for the judgment. On 19 July 2019, the Company filed a cassation appeal with the Supreme Court against the judgment of the Court of Appeals in Wrocław.

On 17 January 2020, in a closed session, the Supreme Court accepted the cassation appeal for consideration. Acceptance by the Supreme Court of a cassation appeal means that the cassation appeal meets all formal conditions - in particular, the Supreme Court has verified that the condition of including a properly formulated request for acceptance of the cassation appeal for examination by the Supreme Court has been met, and further that the request contained a proper and convincing justification.

As at the date of these financial statements, the Company awaits consideration of the cassation appeal by the Supreme Court.

As at the balance sheet date, no receivables or provisions were recognised on this account.

#### **Corporate income tax – JTT compensation**

On 20 June 2011, the Company requested the Minister of Finance to issue a tax ruling concerning the income tax on compensation for the impairment of JTT Computer S.A. shares held by the Company, received from the State Treasury. According to the Company, the compensation received from the State Treasury does not constitute taxable income. In a private-letter ruling passed on 14 September 2011, the tax authority stated that the Company's position was incorrect, and therefore the Company filed a complaint against the ruling with the Provincial Administrative Court in Warsaw. In a judgment dated 12 November 2012, the Provincial Administrative Court in Warsaw ruled that the appeal had no merit. In January 2013, the Company filed a cassation appeal against the Provincial Administrative Court judgment to the Supreme Administrative Court.

On 9 April 2015, the Supreme Administrative Court passed a judgment dismissing the cassation appeal. The judgment is final. Upon the receipt of a written statement of reason for the Supreme Administrative Court's judgment, the Company decided to file a complaint with the Constitutional Court concerning the unconstitutionality of the taxation imposed on compensation from the State Treasury. The constitutional complaint was filed on 3 November 2015. On 26 April 2016, the Constitutional Court refused to proceed with the constitutional complaint. This means that all remedies against the practices of the State Treasury offered by national procedural rules have been exhausted.

In the opinion of the Management Board, compensation received from the State Treasury is not a financial increment and therefore does not meet the definition of income under the Corporate Income Tax Act and should therefore not be treated as a taxable revenue. In addition, it should be noted that the State Treasury reduced the compensation paid to the Company for the value of the tax paid by the Company, whereas the damage suffered should, in the opinion of the Company's Management Board, be remedied entirely.

As a result, the Company decided to file a correction of the CIT return in order to claim a refund of the tax paid on the compensation received.

On 30 December 2016, the Company applied to the Head of the First Mazovian Tax Office in Warsaw for a declaration of corporate income tax overpayment for tax year 2011. In a correction of its CIT-8 tax return for 2011, the Company reported an overpayment of PLN 5.3 million.

On 13 April 2017, the Company received a notice from the Head of the First Mazovian Tax Office in Warsaw stating that the case of declaration of corporate income tax overpayment for tax year 2011 was referred to the Second Mazovian Tax Office in Warsaw.

On 8 June 2017, the Company received a decision refusing to declare the overpayment from the Second Mazovian Tax Office in Warsaw. On 22 June 2017, the Company appealed against the decision to the appeal body, the Director of the Tax Administration Chamber in Warsaw. On 13 September 2017, the Company received a decision from the appeal body, which upheld the decision of the body of first instance, i.e. the Head of the Second Mazovian Tax Office in Warsaw. On 13 October 2017, the Company filed a complaint against the decision of the Director of the Tax Administration Chamber in Warsaw dated 13 September 2017 with the Provincial Administrative Court in Warsaw.

On 27 September 2018, the Provincial Administrative Court in Warsaw examined the complaint against the decision of the Director of the Tax Administration Chamber in Warsaw, upholding the decision of the Head of the Second Mazovian Tax Office in Warsaw of 7 June 2017, refusing to acknowledge the overpayment of corporate income tax for 2011 in the amount of PLN 5.3 million. The Company filed another request for acknowledgement of overpayment on 18 February 2019, taking into account the judgment of the Court of Appeal of 18 September 2018 and filed a correction of the Company's corporate income tax return for 2011. On 18 February 2019, the Company filed a correction of the Company's corporate income tax return for 2011 with a motion to acknowledge an overpayment of corporate income tax for the aforementioned period.

On 26 April 2019, the Company received the decision of the Head of the Second Mazovian Tax Office in Warsaw refusing to initiate proceedings to declare the overpayment pursuant to the motion dated 18 February 2019. According to the Authority, the tax liability for 2011 became time-barred as of 31 December 2017. On 6 May 2019, the Company lodged a complaint against the decision refusing to initiate proceedings because, in the Company's opinion, filing a complaint to the administrative court against the decision refusing to declare the overpayment results in the suspension of the statute of limitations period and, as a consequence, the tax liability for 2011 had not become time-barred. On 13 May 2019, the Head of the Second Mazovian Tax Office sent his position on the complaint to the Director of the Tax Administration Chamber in Warsaw. On 22 July 2019, the Director of the Tax Chamber in Warsaw upheld the contested decision concerning the proceedings. On 28 August 2019, the Company filed a complaint against the decision of the Director of the Tax Administration Chamber in Warsaw with the Provincial Administrative Court in Warsaw. In October 2019, the Company received a copy of the response of the Director of the Tax Administration Chamber in Warsaw dated 24 September 2019 addressed to the Provincial Administrative Court in Warsaw to the complaint filed by the Company. On 25 February 2020, the Provincial Administrative Court in Warsaw dismissed the complaint against the decision of the Director of the Tax Administration Chamber in the second case concerning overpayments, arguing that the tax liability was time-barred. On 10 July 2020, the Company received the judgment of the Provincial Administrative Court in Warsaw dated 25 February 2020, together with a written statement of reasons. On 10 August 2020, the Company filed a cassation appeal against the Provincial Administrative Court judgement to the Supreme Administrative Court. The proceedings concern the erroneous, in the Company's opinion, decisions of tax authorities, where the authorities express the opinion that the statute of limitations period in the case concerning overpayment was not interrupted. Therefore, the matter of a return of the overpayment on account of the correction of CIT for 2011 may be revisited only after a successful resolution of this matter (i.e. a decision in which the Supreme Administrative Court or another authority decides that the statute of limitations period has been interrupted).

As at the date of these financial statements, the Company awaits consideration of the cassation appeal by the Supreme Administrative Court.

As at the balance sheet date, no receivables or provisions were recognised on this account.

## **26. Warranties and guarantees**

### **Warranties granted to MCI.PrivateVentures FIZ**

#### **- warranty of 11 September 2014 – MCI.EuroVentures 1.0 subfund**

On 11 September 2014, MCI Capital ASI S.A. granted a warranty, subsequently amended by Annex No 1 to the warranty of 31 July 2015 and Annex No 2 to the warranty of 8 November 2017 for liabilities under the facility granted by Alior Bank S.A. under the revolving credit facility agreement of 11 September 2014, with subsequent annexes of 1 October 2014; 29 July 2015; 7 January 2016; 2 November 2016, 8 September 2017; 6 October 2017

and 8 November 2017, in the amount of PLN 30 million, for MCI.PrivateVentures FIZ with the separated subfund MCI.EuroVentures 1.0. The Company signed a statement on the establishment of an enforcement title pursuant to Article 777 § 1(5) of the Civil Code up to the maximum amount of PLN 30 million. The Bank is entitled to issue an enforceability clause to the deed by 6 November 2023. On 13 February 2020, Annex 8 to the facility agreement was signed, shortening the availability of the revolving facility to 14 February 2020, therefore the warranty granted by MCI Capital ASI S.A. expired on 14 February 2020.

#### **- Collateral for the credit facility of the MCI.EuroVentures 1.0. subfund**

On 22 March 2016, MCI Capital ASI S.A. provided collateral for the credit facility granted by Alior Bank S.A. to the MCI.EuroVentures 1.0. subfund for the liability under the Revolving Credit Facility Agreement in the amount of PLN 30 million, described in the section above. In order to secure the claims, the Company established a registered pledge for the bank over 180,639 shares in Private Equity Managers S.A. On 13 February 2020, Annex 8 to the facility agreement was signed, shortening the availability of the revolving facility to 14 February 2020, therefore the registered pledge expired on 14 February 2020.

#### **Financial guarantee for liabilities under bonds issued by MCI Venture Projects Sp. z o.o. VI SKA**

On 10 March 2016, the Company granted a financial guarantee in connection with the issue of bonds by MCI Venture Projects Spółka z o.o. VI Spółka komandytowo-akcyjna. The guarantee was granted pursuant to Czech law. The guarantee secures the following obligations of the Issuer:

- to pay the nominal value and interest on the Bonds;
- due to unjust enrichment towards a given holder of the Bonds caused by the invalidity or annulment of the Bonds;
- for sanctions caused by improper or late payment of Bonds.

In connection with the additional issue of the Bonds on 11 October 2016, the total nominal value of the Bonds is CZK 699 million (about PLN 110.7 million at the CZK/PLN exchange rate of 11 October 2016, i.e. 0.1583). The value of interest on the Bonds results from the terms of issue of the Bonds. The interest is accrued on the basis of a variable interest rate, depending on the value of the 6M PRIBOR reference rate and increased by a margin of 3.8% per annum. The guarantee secures the above-mentioned liabilities up to an amount not higher than 130% of the total nominal value of the Bonds issued, arising up to 8 April 2021. The maximum value of the above liabilities to be repaid by the Company under the Guarantee (after the issue of 11 October 2016) will not exceed CZK 908.7 million (about PLN 143.8 million assuming that CZK 1 is the equivalent to PLN 0.1583).

The guarantee was granted until the day on which the obligations covered by the Guarantee are fully met, but no longer than until 8 April 2022.

For the financial guarantee granted, the Company charges a fee of 1% per annum on the value of the collateral, which is approximately PLN 1.4 million per year.

On 27 January 2020, MCI Venture Projects Sp. z o.o. VI SKA announced its intention to redeem early the bonds covered by the guarantee. The bonds were redeemed on 13 March 2020. Consequently, the financial guarantee granted by MCI Capital ASI S.A. has also expired.

#### **Financial guarantees for liabilities under bonds issued by AAW X Sp. z o.o.**

On 16 March 2018, the Company granted a financial guarantee to AAW X Sp. z o.o. in connection with issuance of bonds in the Czech market. The guarantee was granted pursuant to Czech law. The guarantee constitutes a collateral for amount of up to 130% of the nominal value of issues bonds, i.e. up to CZK 222.3 million (approx. PLN 35.2 million). The warranty was established until the date of settlement of liabilities of AAW X Sp. z o.o. under the issued bonds, not later, however, than until 29 March 2024. On 17 July 2020, AAW X Sp. z o.o. announced its intention to redeem early the bonds covered by the guarantee. The bonds were repaid on 24 August 2020. Consequently, the financial guarantee granted by MCI Capital ASI S.A. has also expired.



### **Warranties granted to Private Equity Managers S.A.**

On 21 November 2018, in connection with the granting of additional financing to Private Equity Managers S.A. by ING Bank Śląski S.A. in the amount of PLN 15 million, the Company granted a civil-law warranty of up to PLN 18 million and made a representation on submission to enforcement in the form of a notarial deed pursuant to Article 867 § 1(5) of the Code of Civil Procedure of 17 November 1964 (Journal of Laws of 2014, item 101) up to PLN 18 million and until 31 December 2025.

### **Warranty granted to Frisco S.A.**

On 23 August 2019, the Company granted a warranty covering the credit facility contracted on 21 August 2019 by Frisco S.A. with mBank S.A., including interest and other payable costs of obtaining the credit facility, under an overdraft facility agreement. The warranty was granted for up to PLN 7.5 million and for the period until 30 November 2020. In addition, on 6 September 2019 the Company submitted a declaration of submission to enforcement under Article 777 § 1(5) of the Code of Civil Procedure, for up to PLN 11.25 million, valid until 30 November 2021.

On 12 December 2019, the Company granted a warranty covering the new credit facility contracted on 11 December 2019 by Frisco S.A. with mBank S.A., including interest and other payable costs of obtaining the credit facility, under a facility agreement. The warranty was granted for up to PLN 1.0 million and for the period until 1 July 2021. In addition, on 19 December 2019 the Company submitted a declaration of submission to enforcement under Article 777 § 1(5) of the Code of Civil Procedure, for up to PLN 1.5 million, valid until 1 July 2022. Following the performance on 25 June 2020 of agreements on the sale of shares in Frisco S.A. by MCI.TechVentures 1.0. and Helix Ventures Partners Fundusz Inwestycyjny Zamknięty, the warranty granted in favour of Frisco S.A. expired.

As at the date of publication of these financial statements, the only valid warranty is the one issued to Private Equity Managers S.A. to secure the financing granted to Private Equity Managers by ING Bank Śląski S.A. in the amount of PLN 15 million and pledges established over investment certificates of MCI.EuroVentures 1.0. and TechVentures 1.0. to secure credit facilities granted to MCI.PrivateVentures FIZ with separated subfunds MCI.EuroVentures 1.0. and TechVentures 1.0., as referred to in **Note 33 "Material events subsequent to the balance sheet date"**.

## **27. Lease agreements**

As at the balance sheet date, the Company is a party to the office space lease agreement with WS Tower Sp. z o.o., classified as a lease agreement under IFRS 16.

At the same time, the Company is a party to sublease agreements for office space with related entities and, as of 10 August 2020, with a third party, Verbis.pl Sp. z o.o.

## **28. Operating segments**

No separate operating or geographical segments are separated within the Company.

## **29. Business combination**

On 30 September 2019, the Company decided to merge with its subsidiary, MCI Fund Management Sp. z o.o., and adopted a merger plan. MCI Capital ASI S.A. acted as the acquirer (the Acquirer), and MCI Fund Management Sp. z o.o. acted as the acquiree (the Acquiree). On 28 November 2019, the General Shareholders Meeting of the Acquiree approved the plan to merge the Acquirer with the Acquiree, as agreed by both companies. The merger was entered in the National Court Register on 21 February 2020.

The primary objective of the merger of the Acquirer and the Acquiree was to rearrange and streamline the structure of the Company's Capital Group.

The merger was effected through the transfer of all assets of the Acquiree to the Acquirer. The merger was effected using a simplified method, without a share capital increase. The merger was accounted for using the pooling of interest method.

Following the merger, the company changed the presentation of comparative figures:

<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 01.01.2019 – 31.12.2019</b>	<b>MCI Capital ASI S.A. – reported data*</b>	<b>MCI Fund Management Sp. z o.o.</b>	<b>eliminations</b>	<b>MCI Capital ASI S.A. – restated data</b>
	<b>PLN '000</b>	<b>PLN '000</b>	<b>PLN '000</b>	<b>PLN '000</b>
Revaluation of shares	131,095	-	(136,553)	(5,458)
Gain or loss on investment certificates	977	164,120	-	165,097
Revaluation of other financial instruments	(4,036)	-	-	(4,036)
<b>Gains (losses) on investments</b>	<b>128,036</b>	<b>164,120</b>	<b>(136,553)</b>	<b>155,603</b>
Operating expenses	(4,577)	(140)	2	(4,715)
Other operating revenue	240	-	(2)	238
Other operating expenses	(122)	-	-	(122)
<b>Operating profit (loss)</b>	<b>123,577</b>	<b>163,980</b>	<b>(136,553)</b>	<b>151,004</b>
Finance income	2,893	2,188	(1,935)	3,146
Finance costs	(11,570)	(1,868)	1,935	(11,503)
<b>Profit (loss) before tax</b>	<b>114,900</b>	<b>164,300</b>	<b>(136,553)</b>	<b>142,647</b>
Income tax	(1,512)	(27,747)	-	(29,259)
<b>Net profit (loss)</b>	<b>113,388</b>	<b>136,553</b>	<b>(136,553)</b>	<b>113,388</b>
Net other comprehensive income	-	-	-	-
<b>Other comprehensive income</b>	<b>113,388</b>	<b>136,553</b>	<b>(136,553)</b>	<b>113,388</b>
<b>Earnings (loss) per share</b>				
Basic	2.19	2.64	(2.64)	2.19
Diluted	2.19	2.64	(2.64)	2.19
<b>STATEMENT OF FINANCIAL POSITION as at 31 December 2019</b>	<b>MCI Capital ASI S.A. – reported data</b>	<b>MCI Fund Management Sp. z o.o.</b>	<b>eliminations</b>	<b>MCI Capital ASI S.A. – restated data</b>
	<b>PLN '000</b>	<b>PLN '000</b>	<b>PLN '000</b>	<b>PLN '000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	335	-	-	335
Right-of-use assets	195	-	4	199
Investment certificates	22,687	1,488,357	-	1,511,044
Investments in subsidiaries	1,400,585	-	(1,400,585)	-
Investments in associates	3,715	-	-	3,715
Investments in other entities	7	-	-	7
Long-term receivables	454	-	-	454
Lease receivables	819	-	(2)	817
Deferred tax assets	5,370	98	(5,468)	-
	<b>1,434,167</b>	<b>1,488,455</b>	<b>(1,406,051)</b>	<b>1,516,571</b>
<b>Current assets</b>				
Trade and other receivables	1,039	121	(2)	1,158
Income tax receivables	-	23	-	23
Lease receivables	1,092	-	(2)	1,090
Promissory note receivables	-	61,549	(61,549)	-
Cash and cash equivalents	6,501	1,615	-	8,116
	<b>8,632</b>	<b>63,308</b>	<b>(61,553)</b>	<b>10,387</b>
<b>Total assets</b>	<b>1,442,799</b>	<b>1,551,763</b>	<b>(1,467,604)</b>	<b>1,526,958</b>



**EQUITY AND LIABILITIES**

**Equity**

Share capital	52,954	1,400	(1,400)	52,954
Supplementary capital	1,165,944	1,287,480	(1,287,480)	1,165,944
Other capital reserves	44,460	-	-	44,460
Profit (loss) brought forward	(75,413)	(24,848)	24,848	(75,413)
Net profit	113,388	136,553	(136,553)	113,388
Treasury shares	(30,159)	-	-	(30,159)
	<b>1,271,174</b>	<b>1,400,585</b>	<b>(1,400,585)</b>	<b>1,271,174</b>

**Long-term liabilities**

Liabilities on account of bonds	77,421	-	-	77,421
Deferred tax liabilities	-	110,060	(5,468)	104,592
Lease liabilities	956	-	-	956
Other liabilities	260	-	-	260
	<b>78,637</b>	<b>110,060</b>	<b>(5,468)</b>	<b>183,229</b>

**Short-term liabilities**

Trade and other payables	737	48	(2)	783
Lease liabilities	1,192	-	-	1,192
Liabilities on account of bonds	24,881	-	-	24,881
Promissory notes payable	61,549	41,000	(61,549)	41,000
Other financial instruments	4,036	-	-	4,036
Provisions	593	70	-	663
	<b>92,988</b>	<b>41,118</b>	<b>(61,551)</b>	<b>72,555</b>

<b>Total equity and liabilities</b>	<b>1,442,799</b>	<b>1,551,763</b>	<b>(1,467,604)</b>	<b>1,526,958</b>
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\* Restated data

### 30. Alternative Investment Company

On 14 July 2020, the Polish Financial Supervision Authority issued an administrative decision on granting MCI, as an alternative investment company ("ASI") manager, the permit to operate as an internal manager of an ASI.

Legislation introducing the institution of an alternative investment company (ASI) and an alternative investment company manager (ZASI) into the national legal framework entered into force in June 2016.

MCI applied to the PFSA for a permit to operate as an ASI manager ("ZASI") within the statutory deadline, i.e. in June 2017. During the three-year-long proceedings, the supervisor verified the credibility and financial condition of MCI, as well as the fulfillment by MCI of technical and organizational conditions for the proper operation of the company as a regulated entity.

Pursuant to the provisions of the Act on Investment Funds, the PFSA refuses to issue a permit for the ZASI to operate if, among other things:

- 1) the application or the supporting documents do not comply in substance with the legal provisions or with the facts;
- 2) the company, members of its governing bodies or other individuals having a significant influence on the company's operations may act in breach of the principles of fair trading or in a manner that does not protect investors' interests in an appropriate manner, and where the members of the company's governing bodies do not meet the requirements set out by law in relation to their knowledge, experience, education and criminal record;
- 3) the influence of a person holding, directly or indirectly, shares in the company in a number conferring the right to at least 10% of the total number of votes at the general meeting or 10% of the share capital could

be detrimental to the prudent and stable management of the company, compliance with the principles of fair trading or due protection of the interests of investors in that company;

The PFSA's decision is a confirmation of the positive assessment of MCI's compliance with the above requirements.

As a consequence of operating as a licensed ZASI (alternative investment company manager), MCI is subject to comprehensive supervision from the PFSA with respect to its investing activities in line with the rules applicable to investment fund companies.

Since the date of granting the permit, MCI has been required to comply with a number of legal provisions governing the operation of ZASI, including but not limited to:

- Act of 27 May 2014 on investment funds and management of alternative investment funds (Journal of Laws of 2020, item 95, as amended);
- Regulation of the Minister of Development and Finance of 12 December 2016 on the scope of information to be disclosed in the financial statements of alternative investment companies (Journal of Laws of 2016, item 2051);
- Regulation of the Minister of Finance of 6 March 2018 on periodic reports and information on operations and financial position of managers of Alternative Investment Companies submitted by these entities to the Polish Financial Supervision Authority (Journal of Laws of 2018, item 552);
- Regulation of the Minister of Finance of 30 August 2016 on the detailed requirements applicable to the remuneration policy of the manager of an Alternative Investment Company (Journal of Laws of 2016, item 1475);
- Regulation of the Minister of Development and Finance of 9 December 2016 on supplementing the disclosure obligations of alternative investment fund managers (Journal of Laws of 2016, item 2097);
- Regulation of the Minister of Finance of 1 July 2016 on the types of variable costs by which total costs are reduced when calculating the level of equity of the manager of an Alternative Investment Company (Journal of Laws of 2016, item 1014);
- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (AIFM Directive) (OJ L 174, 1.7.2011, p. 1);
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 and Commission Delegated Regulation (EU) No 694/2014 of 17 December 2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council;
- Commission Implementing Regulation (EU) No 448/2013 of 15 May 2013.

In order to implement the above requirements, MCI has taken the following steps:

- it has implemented and started to apply the internal mechanisms described in detail in the law, in particular concerning the investment management process, compliance, internal audit, risk management and management of conflicts of interest. In practice, the internal organisation of a licensed alternative investment company manager (ZASI) is identical to that of an investment fund company (TFI) and investment funds themselves.
- on 12 March 2020, it entered into an agreement with Q Securities S.A. for the performance of functions of a depositary for the ASI. The Depositary performs the duties set out in the Act on Investment Funds and Management of Alternative Investment Funds, in particular those consisting in safekeeping assets and keeping a record of the assets of an investment fund or an alternative investment company, as well as ensuring proper monitoring of cash flows of these entities.
- on 2 April 2020 the Extraordinary Shareholders' Meeting of the Company adopted a resolution to amend the Company's Articles of Association in order to adapt their wording to the Company's operations as an internal manager of an alternative investment company. Amendments to the Company's Articles of Association were recorded by the District Court for the Capital City of Warsaw in Warsaw, 12<sup>th</sup> Commercial Division of the National Court Register on 24 April 2020. Detailed wording of the amendments to the Company's Articles of Association is contained in the minutes of the Extraordinary General Shareholders Meeting of the Company available on the website [mci.pl](http://mci.pl) (for details, see current reports RB 20/2020 and RB 25/2020).
- on 31 August 2020, the Extraordinary Shareholders' Meeting of the Company adopted a resolution to amend the Company's Articles of Association in order to change the Company's business name to MCI Capital Alternatywna Spółka Inwestycyjna Spółka Akcyjna (abbreviated name: MCI Capital ASI S.A.) and adopted a resolution on adopting a remuneration policy for the Members of the Company's Supervisory Board. Detailed wording of the amendments to the Company's Articles of Association and the remuneration policy for the Members of the Company's Supervisory Board is contained in the minutes of the meeting of the Extraordinary Shareholders'

Meeting of the Company available on the website [mci.pl](http://mci.pl) (for details, see current reports RB 38/2020, RB 39/2020 and RB 40/2020).

With respect to the requirement to disclose additional information in the financial statements of an ASI and the requirement to provide the Polish Financial Supervision Authority with periodic reports and information on the activities and financial position of ASI managers, the Company has taken the following measures:

- in view of obtaining, as an alternative investment company (“ASI”) manager, a permit from the Polish Financial Supervision Authority to operate as an internal manager of an ASI (“ZASI”), on 14 July 2020, the Company held, for the first time, the status of an internal manager of an ASI as at the balance sheet date, i.e. 31 December 2020. Therefore, in these financial statements the Company has disclosed for the first time the information required by:
  - Regulation of the Minister of Development and Finance of 12 December 2016 on the scope of information to be disclosed in the financial statements of alternative investment companies;
  - Article 45(3b) and (3c) of the Accounting Act (Journal of Laws 2019, item 351, as amended),
  - § 70(1)(11) and § 70(4) of Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, item 757).
- a monthly report on the Company's operations, financial position and profit or loss – the first report submitted for July.
- a quarterly report on the Company's operations – the first report submitted for the third quarter of 2020.
- Information required by Regulation of the Minister of Development and Finance of 9 December 2016 on supplementing the disclosure obligations of alternative investment fund managers – submitted for 2020.

### **31. Additional information on the alternative investment company – Information on the structure of assets of the alternative investment company and other disclosures**

#### **31a. Schedule of investments of the alternative investment company**

The Company does not present comparative figures for the previous reporting period due to the fact that it did not hold the status of an alternative investment company manager in the comparative period – the Company, as an alternative investment company (“ASI”) manager, obtained the permit from the Polish Financial Supervision Authority to operate as an internal manager of an ASI on 14 July 2020.

#### **General table**

	As at 31.12.2020 PLN '000	As at 31.12.2020 PLN '000	As at 31.12.2020 PLN '000
Investment components	value based on the purchase price	value based on the valuation as at the balance sheet date	percentage share in total assets
Investment certificates	936,180	1,662,022	98.03%
Shares	14,728	6,404	0.38%
Shares in limited liability companies	1	7	0.00%

**Investment certificates**

Investment components	Market type	Name of the market	Name and type of the fund	Quantity	Currency in which the investment was acquired	Value based on the purchase price in the currency of acquisition 31.12.2020 PLN '000	Value based on the purchase price 31.12.2020 PLN '000	Value based on the valuation in the currency of acquisition 31.12.2020 PLN '000	Value based on the valuation 31.12.2020 PLN '000	Percentage share in total assets
Investment certificates	not listed	not applicable	MCI.EuroVentures 1.0 subfund separated within the MCI.PrivateVentures Closed-End Investment Fund	3,262,267	PLN	634,261	634,261	1,355,498	1,355,498	<b>79.95%</b>
Investment certificates	not listed	not applicable	MCI.TechVentures 1.0 subfund separated within the MCI.PrivateVentures Closed-End Investment Fund	1,352,181	PLN	268,330	268,330	280,955	280,955	<b>16.57%</b>
Investment certificates	not listed	not applicable	Internet Ventures Closed-end Investment Fund	231,376,098	PLN	23,791	23,791	19,452	19,452	<b>1.15%</b>
Investment certificates	not listed	not applicable	Helix Ventures Partners FIZ	183,963,785	PLN	9,798	9,798	-	-	<b>0.00%</b>
Investment certificates	not listed	not applicable	Preferred distribution of funds from Helix Ventures Partners FIZ	1	PLN	-	-	1,107	1,107	<b>0.07%</b>
Investment certificates	not listed	not applicable	Preferred distribution of funds from Internet Ventures FIZ	1	PLN	-	-	5,011	5,011	<b>0.30%</b>

**Shares**

Investment components	Market type	Name of the market	Quantity	Country of the registered office of the issuer	Currency of the acquisition	Value based on the purchase price 31.12.2020 PLN '000	Value based on the valuation in the currency of acquisition 31.12.2020 PLN '000	Valuation 31.12.2020 PLN '000	Percentage share in total assets
Shares in Private Equity Managers S.A.	regulated market	Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange)	425,483	Poland	PLN	14,728	6,404	6,404	<b>0.38%</b>

**Shares in limited liability companies**

Investment components	Company name	Registered office of the company	Country of the registered office of the company	Quantity	Currency of the acquisition	Value based on the purchase price 31.12.2020 PLN '000	Value based on the valuation in the currency of acquisition 31.12.2020 PLN '000	Valuation 31.12.2020 PLN '000	Percentage share in total assets
Shares in MCI Management sp. z o.o.	MCI Management sp. z o.o.	Poland	Poland	1.00	PLN	1.02	7.23	7.23	0.00%

**31b. Information on the structure of assets of the alternative investment company**

**Alternative investment company's assets related to the investment strategy pursued**

	As at 31.12.2020 PLN '000
Investment certificates of MCI.EuroVentures 1.0 subfund separated within the MCI.PrivateVentures FIZ	1,355,498
Investment certificates of MCI.TechVentures 1.0 subfund separated within the MCI.PrivateVentures FIZ	280,955
Investment certificates of Internet Ventures FIZ	19,452
Value of preferred distribution of funds from Internet Ventures FIZ	5,011
Value of preferred distribution of funds from Helix Ventures Partners FIZ	1,107
Shares in Private Equity Managers S.A.	6,404
Shares in MCI Management sp. z o.o.	7
	<b>1,668,433</b>

**Alternative investment company's assets not related to the investment strategy/strategies pursued**

	As at 31.12.2020 PLN '000
<b>Liquid assets held in connection with the risk of claims against the internal manager of the alternative investment company for non-performance or improper performance of its obligations:</b>	
Cash and cash equivalents	23,455
Trade and other receivables	1,474
Income tax receivables	710
	<b>25,639</b>
<b>Other assets</b>	
Fixed assets	1,037
Prepayments and accrued income	-
Treasury shares	10,446
Other	243
<b>Total</b>	<b>11,726</b>
<b>Total assets of the alternative investment company*</b>	<b>1,705,798</b>

\*Including treasury shares

**31c. Information on assets of the alternative investment company during the financial year, having an effect on the net asset value**

	As at 31.12.2020 PLN '000
Value of assets held as part of the implementation of the investment strategy	1,668,433
Value of assets disposed of as part of the implementation of the investment strategy (in 2020)	14,493
Realised gain or loss on transactions / agreements made / entered into as part of the implementation of the investment strategy (in 2020), including:	602
<i>Realised gain</i>	602
<i>Realised loss</i>	-
Gain or loss on revaluation of assets acquired as part of the implementation of the investment strategy (in 2020)	166,765
	<b>1,856,293</b>

Total profit or loss achieved by the alternative investment company as part of the implementation of the investment strategy (in 2020)	167,367
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**31d. Information on operating costs of the alternative investment company**

As at  
31.12.2020  
PLN '000

**Costs related to the implementation of the investment strategy (in 2020)**

**Costs related to the management of the alternative investment company's investment portfolio, in the case of an internal manager of the alternative investment company:**

Costs of remuneration of persons participating in the investment decision-making process	447
Costs of remuneration of persons participating in the risk management process	142
Costs associated with the delegation of management of the alternative investment company's investment portfolio or part thereof, broken down into:	
- fixed costs	-
- variable costs	-
	589

**Costs related to the management of the alternative investment company's investment portfolio, in case the alternative investment company is a limited partnership or a limited joint-stock partnership:**

Costs of fixed fee for the general partner of an alternative investment company,	-
Costs of success fee for the general partner of an alternative investment company,	-
Costs of additional fees for the general partner of an alternative investment company,	-
	-

**Costs of depositary fees:**

- fixed costs	303
- variable costs	-
	303

**Other costs related to the implementation of the investment strategy**

Total	892
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**Costs not related to the implementation of the investment strategy/strategies**

Costs of third party services	1,631
Costs of remuneration and overheads	929
Costs of depreciation and amortisation	1,155
Other expenses	299
	4,013

**31e. Special property and non-property rights attached to the rights of participation of the alternative investment company, in so far as there is a differentiation of the rights of participation of the alternative investment company and limitations of the rights attached to those participation rights**

Not applicable

**31f. Information on financial instruments, other than participation rights, issued by the alternative investment company**

No	Type of financial instrument	Description of the instrument's main features	Legal basis of the issue	Risks
1.	Series N bonds (nominal value: PLN 45,000 thousand)	Fixed coupon bonds; unsecured; fixed interest rate: 6.50%; issue date: 29.12.2016; redemption date: 29.12.2021	(i) Article 33(2) of the Act on Bonds; (ii) resolution of the management board of MCI Capital ASI S.A. No 1 of 28 December 2016 on the issue of series N bonds	Credit risk - risk of debtor's default Interest rate risk – risk of an increase in market interest rates above the fixed interest rate of the bonds
2.	Series R bonds (nominal value: PLN 79,000 thousand)	Floating-coupon bonds; unsecured; interest rate: WIBOR.6M + 4%; issue date: 05.08.2020; redemption date: 29.07.2023	(i) Article 33(2) of the Act on Bonds; (ii) resolution of the management board of MCI Capital ASI S.A. No 1 of 4 August 2020 on the issue of series R bonds	Credit risk - risk of debtor's default Interest rate risk – risk of a decrease in market interest rates
3.	Series S bonds (nominal value: PLN 20,000 thousand)	Floating-coupon bonds; secured; interest rate: WIBOR.6M + 4%; issue date: 21.08.2020; redemption date: 20.08.2023	(i) Article 33(1) of the Act on Bonds; (ii) resolution of the management board of MCI Capital ASI S.A. No 1 of 19 August 2020 on the issue of series S bonds	Credit risk - risk of debtor's default Interest rate risk – risk of a decrease in market interest rates

**31g. Special property and non-property rights not attached to the rights of participation of the alternative investment company, in so far as such rights have been granted**

Not applicable

**31 h. Number and type of participation rights of the alternative investment company and net asset value per type of participation right of the alternative investment company**

Type of participation right of the alternative investment company	Number of participation rights of the alternative investment company of the given type	NAV of the alternative investment company*	NAV per a given type of participation rights of the alternative investment company
Shares in MCI Capital ASI S.A.	49,953,560	PLN 1,397,857 thousand	27.98

\*excluding treasury shares

**31i. A detailed description of the method for determining the net asset value per participation right of the alternative investment company in accordance with the internal documents of the alternative investment company**

The number of participation rights of the alternative investment company is equal to the number of all issued shares of MCI Capital ASI S.A. at the end of the reporting period. The net asset value per participation right (NAV per share) is determined by dividing the net asset value excluding treasury shares at the end of the reporting period by the number of participation rights (shares) at the end of the reporting period.

**31j. A description of significant changes to the information contained in the information for clients of the alternative investment fund which took place during the financial year**

There were no changes to the information contained in the information for the client of the alternative investment fund in 2020.



**31k. Information concerning the situation at the end of the period covered by the annual report and the operations during the period covered by the annual report of a non-listed company over which the alternative investment company has acquired control**

In 2020, the Company did not acquire control of a non-listed company. The Company also had no control over any non-listed company as at the balance sheet date.

**31l. Number of employees of the entity that manages the alternative investment company**

The number of employees of the entity that manages the alternative investment company is disclosed in Note 19 "Employee benefits".

**31 m. Total amount of remuneration paid by the entity that manages the alternative investment company to its employees, including separately the total amount of remuneration paid to persons referred to in Articles 47a(1) and 70j(1) of the Act of 27 May 2004 on investment funds and management of alternative investment funds**

	<b>For the period: from 14.07.2020 to 31.12.2020 PLN '000</b>
Total amount of remuneration paid to employees by the entity that manages the alternative investment company	506
Total amount of remuneration paid to persons referred to in Articles 47a(1) and 70j(1) of the Act of 27 May 2004 on investment funds and management of alternative investment funds	205
	<hr/> 711

**31n. Amount of carried interest paid from the funds of the alternative investment company**

In the period from 14 July 2020 (the date on which MCI, as an alternative investment company ("ASI") manager, obtained the permit from the Polish Financial Supervision Authority to operate as an internal manager of an ASI) until the balance sheet date, no carried interest was paid from the funds of the alternative investment company.

**32. Significant events in 2020**

**Estimated impact of the coronavirus pandemic on the financial standing of MCI**

It should be noted that in connection with the COVID-19 coronavirus epidemic and uncertainty as to its effects, there is a risk of a decrease in the valuation of investment certificates of the funds held by MCI, primarily as a result of a decrease in the valuation of portfolio companies. The epidemic brought a downturn particularly in the travel industry (which had a negative impact on the valuations of companies such as Travelata) and the passenger transport industry (with a negative impact on the valuation of Gett). In the perspective of the next 3-6 quarters we expect the turmoil on capital markets and in the real economy to continue. The pandemic leads to reduced activity in M&A, Private Equity and IPO transactions, while accelerating the digital transition and disruption and reaching a turning point for e-commerce and digital services in CEE. As a result, this may lead to a decrease in the volume of new financing, stagnation on the market and a possible extension of the funds' exit processes, however, MCI expects that the funds will not be significantly affected by the coronavirus in terms of new investments and portfolio management process. Apart from companies from the tourism sector, companies of the funds are in a good position to capture and capitalise on changes in the economic environment, but the possible effects and economic perturbations that will result from an ongoing pandemic remain unclear. This is demonstrated by companies such as Morele/Pigu, AGAN and Answear who have significantly improved their performance during the pandemic. Therefore, in the long term (more than 1 year) MCI expects a positive or neutral impact of the pandemic on the funds' investments. For more detailed information on the impact of the pandemic on the funds in which MCI invests, see the annual separate financial statements of MCI.TechVentures 1.0., the subfund separated within MCI.PrivateVentures Closed-End Investment Fund, for the period from 1 January 2020 to 31 December 2020 and the annual separate financial statements of the

subfund MCI.EuroVentures 1.0., the subfund separated within MCI.PrivateVentures Closed-End Investment Fund, for the period from 1 January 2020 to 31 December 2020.

The Company's Management Board monitors the potential quantitative and qualitative impact of the epidemic on the Company's financial position and future financial performance on an ongoing basis, and takes all possible mitigating measures to alleviate the negative impact on the Company's operations. To date, the coronavirus pandemic has not created a direct threat to the Company's business continuity, and the Company's operations continue without major obstacles.

#### **Cassation appeal against the judgment of the Court of Appeal in Wrocław of 18 September 2018 (concerns the JTT compensation case)**

On 19 July 2019, the Company filed a cassation appeal with the Supreme Court against the judgement of the Court of Appeals in Wrocław of 18 September 2018 in which it amended the decision appealed against and decided to order payment by the State Treasury for MCI Capital ASI S.A. (MCI) of the amount of PLN 2.2 million with interest, dismissing the remaining portion of MCI's claims. The execution of the above judgment of the Court of Appeal in Wrocław resulted in the outflow of cash from the Company in the amount of PLN 42.8 million.

On 17 January 2020, in a closed session, the Supreme Court accepted for consideration a cassation appeal against the judgement of the Court of Appeal in Wrocław of 18 September 2018, partially dismissing the Company's claim, i.e. as to the amount of PLN 26,631,829.00 plus statutory interest.

Acceptance by the Supreme Court of a cassation appeal means that the cassation appeal meets all formal conditions - in particular, the Supreme Court has verified that the condition of including a properly formulated request for acceptance of the cassation appeal for examination by the Supreme Court has been met, and further that the request contained a proper and convincing justification. For details of these proceedings, see Note 23 to the condensed interim financial statements "Contingent assets and liabilities".

As at the date of these financial statements, the Company awaits consideration of the cassation appeal by the Supreme Court.

#### **Resolution on the admission and introduction of ordinary shares to stock-exchange trading on the WSE Main Market**

On 30 January 2020, the Management Board of the WSE passed a resolution to admit and introduce to stock-exchange trading on the WSE Main Market 33,482 Series A1 ordinary bearer shares in MCI Capital ASI S.A. as of 4 February 2020 (shares from the implementation of the share-based incentive scheme established for Tomasz Czechowicz). An entry in the National Court Register regarding these shares was made on 17 September 2019 (for details, see current report RB 8/2020).

#### **Resignation and appointment of Management Board member**

On 7 February 2020, the Company received resignation of the Board Member, Mr Paweł Kapica, from the Company's Management Board. Mr Paweł Kapica did not indicate the cause of his resignation.

In connection with the expiring term of office of the Vice President of the Management Board, Ewa Ogryczak, the Company's Supervisory Board, in its resolution of 9 June 2020, removed the Vice President of the Management Board, Ewa Ogryczak, from the Company's Management Board and then appointed Ewa Ogryczak to the Company's Management Board for the next three-year term of office, as the Vice President of the Management Board.

#### **Purchase of treasury shares**

On 14 February 2020, MCI Capital ASI S.A. purchased 945,259 treasury shares for cancellation at a price of PLN 11.00 each, i.e. a total price of PLN 10.4 million. The shares represent 1.89% of the share capital and 1.89% of the total number of votes at the General Meeting of the Company. The reason and purpose of the Company's purchase of treasury shares is the implementation of a buy-back program of PLN 50 million, approved by the Company's EGM. Until the publication of this report, these shares have not been cancelled.

#### **Cancellation of treasury shares and reduction of share capital**

On 21 February 2020, the District Court for the Capital City of Warsaw in Warsaw, 12<sup>th</sup> Commercial Division of the National Court Register, entered a reduction of the Company's share capital from PLN 52,953,560.00 to

PLN 49,953,560.00, i.e. by PLN 3,000,000.00 in the register of entrepreneurs of the National Court Register kept for MCI Capital ASI S.A.

#### **Entry of the merger of MCI Capital ASI S.A. and MCI Fund Management Sp. z o.o. in the register**

On 21 February 2020, the District Court for the Capital City of Warsaw in Warsaw, 12<sup>th</sup> Commercial Division of the National Court Register, entered information on the merger of MCI Capital ASI S.A. with its subsidiary, MCI Fund Management Spółka z ograniczoną odpowiedzialnością in the register of entrepreneurs of the National Court Register kept for MCI Capital ASI S.A.

Pursuant to Article 493 § 2 of the Commercial Companies Code, a merger of companies is effected on the date on which the merger is entered in the Register of Entrepreneurs of the National Court Register kept for the Company.

Pursuant to Article 494 § 1 of the Commercial Companies Code, MCI Capital ASI S.A., as the acquirer, assumed all the rights and obligations of MCI Fund Management Sp. z o.o., i.e. the acquiree, as of the merger date.

The merger was effected pursuant to Article 492 § 1(1) of the Commercial Companies Code by transferring all the assets of the acquiree to the Company without increasing the Company's share capital.

#### **Judgment of the Provincial Administrative Court in Warsaw (concerns proceedings for recovery of corporate income tax – JTT compensation)**

On 25 February 2020, the Provincial Administrative Court in Warsaw dismissed the complaint against the decision of the Director of the Tax Administration Chamber in the second case concerning overpayments, arguing that the tax liability was time-barred. On 10 July 2020, the Company received the judgment of the Provincial Administrative Court in Warsaw dated 25 February 2020, together with a written statement of reasons. On 10 August 2020, the Company filed a cassation appeal against the Provincial Administrative Court judgement to the Supreme Administrative Court. As at the date of these financial statements, the Company awaits consideration of the cassation appeal by the Supreme Administrative Court.

#### **Redemption of series P bonds**

On 2 March 2020, the Company redeemed early 37,000 series "P" bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 37,000,000. The bonds were listed on the Catalyst market operated by BondSpot S.A. and the Warsaw Stock Exchange S.A.

#### **Expiry of warranties and guarantees granted by MCI Capital ASI S.A.**

Expiry of warranties and guarantees granted by the Company:

- warranty of 11 September 2014 for MCI.EuroVentures 1.0 subfund – following the early termination of availability of a revolving credit facility in Alior Bank S.A. on 14 February 2020; the warranty granted by the Company in the amount of PLN 30 million and the registered pledge established by the Company over 180,639 shares in Private Equity Managers S.A. expired on that date.
- Financial guarantee for liabilities under bonds issued by MCI Venture Projects Sp. z o.o. VI SKA (portfolio company of MCI.EuroVentures 1.0. subfund) – following the early redemption of bonds, the warranty granted by the Company up to a maximum amount of CZK 908.7 million expired on 13 March 2020.
- Warranty granted to Frisco S.A. – following the performance on 25 June 2020 of agreements on the sale of shares in Frisco S.A. by MCI.TechVentures 1.0. and Helix Ventures Partners Fundusz Inwestycyjny Zamknięty, the warranty granted in favour of Frisco S.A. expired.
- Financial guarantee for liabilities under bonds issued by AAW X Sp. z o.o. (portfolio company of MCI.techVentures 1.0. and MCI.EuroVentures 1.0. subfunds) – following the early redemption of bonds, the warranty granted by the Company up to a maximum amount of CZK 222.3 million expired on 24 August 2020.

#### **Conclusion of agreement with the depositary for the alternative investment company**

On 12 March 2020, the Company entered into an agreement with Q Securities S.A. for the performance of functions of a depositary for the alternative investment company. The Depositary performs the duties set out in the Act on Investment Funds and Management of Alternative Investment Funds, in particular those consisting in safekeeping assets and keeping a record of the assets of an investment fund or an alternative investment company, as well as ensuring proper monitoring of cash flows of these entities.

### **Extraordinary General Shareholders' Meeting of the Company**

- on 2 April 2020 the Extraordinary Shareholders' Meeting of the Company adopted a resolution to amend the Company's Articles of Association in order to adapt their wording to the Company's operations as an internal manager of an alternative investment company. Amendments to the Company's Articles of Association were recorded by the District Court for the Capital City of Warsaw in Warsaw, 12<sup>th</sup> Commercial Division of the National Court Register on 24 April 2020. Detailed wording of the amendments to the Company's Articles of Association is contained in the minutes of the Extraordinary General Shareholders Meeting of the Company available on the website mci.pl (for details, see current reports RB 20/2020 and RB 25/2020).

### **Redemption of series O bonds**

On 19 June 2020, the Company, according to the schedule, redeemed 20,000 series "O" bonds with nominal value of PLN 1,000 each and total nominal value of PLN 20,000,000. The bonds were listed on the Catalyst market operated by BondSpot S.A. and the Warsaw Stock Exchange S.A.

### **Authorisation of the financial statements and distribution of the Company's profit for 2019.**

On 30 June 2020, the Annual Shareholders' Meeting authorised the Company's financial statements for 2019 and the Directors' Report on the Company's activities in 2019. At the same time, the Annual Shareholders' Meeting resolved that the net profit for 2019 in the amount of PLN 113,390,249.69 be allocated in full to the Company's supplementary capital.

### **Resignation and appointment of Supervisory Board members**

On 30 June 2020, the Annual Shareholders' Meeting of MCI Capital ASI S.A. adopted the following resolutions:

- resolution to remove Mr Jarosław Dubiński from the position of Member of the Supervisory Board due to expiry of his term of office.
- resolution to remove Mr Mariusz Grendowicz from the position of Member of the Supervisory Board due to expiry of his term of office.
- resolution to remove Mr Grzegorz Warzocha from the position of Member of the Supervisory Board due to expiry of his term of office.
- resolution to remove Mr Andrzej Jacaszek from the position of Member of the Supervisory Board due to expiry of his term of office.
- resolution to remove Mr Piotr Czapski from the position of Member of the Supervisory Board due to the expiry of his term of office and the statement received by the Company on 29 June 2020 that he would not seek election for another term.
- resolution to appoint Mr Jarosław Dubiński as Member of the Supervisory Board for a three-year term of office with effect from 1 July 2020 (including that day)
- resolution to appoint Mr Mariusz Grendowicz as Member of the Supervisory Board for a three-year term of office with effect from 1 July 2020 (including that day)
- resolution to appoint Mr Grzegorz Warzocha as Member of the Supervisory Board for a three-year term of office with effect from 1 July 2020 (including that day)
- resolution to appoint Mr Marcin Kasiński as Member of the Supervisory Board for a three-year term of office with effect from 1 July 2020 (including that day)
- resolution to appoint Mr Andrzej Jacaszek as Member of the Supervisory Board for a three-year term of office with effect from 1 July 2020 (including that day)

### **Acquisition of shares in Private Equity Managers S.A.**

The following acquisitions of shares in PEM by MCI took place in July 2020 (a total of 46,440 shares in PEM representing 1.36% of the total number of shares in PEM):

- on 6 July 2020, Mr Jarosław Dubiński, member of the Supervisory Board of MCI Capital ASI S.A., signed an agreement with MCI Capital ASI S.A. on the obligation to sell 11,788 shares in PEM. Ownership of the shares was transferred on 7 July 2020.

- on 6 July 2020, Ms Ewa Ogryczak, Vice President of the Management Board of MCI Capital ASI S.A., signed an agreement with MCI Capital ASI S.A. on the obligation to sell 14,185 shares in PEM. Ownership of the shares was transferred on 7 July 2020.

- on 31 July 2020, Mr Franciszek Hutten-Czapski, former member of the Supervisory Board of PEM, signed an agreement with MCI Capital ASI S.A. on the obligation to sell 20,467 shares in PEM. Ownership of the shares was transferred on 3 August 2020.

As a result of the aforementioned acquisitions of shares of PEM, the total shareholding of MCI Capital ASI S.A. in the shareholding structure of PEM reached 12.43%. At the same time, the total shareholding of MCI Capital ASI S.A. and MCI Management Sp. z o.o. and the indirect shareholding of Tomasz Czechowicz in the PEM shareholding exceeded the threshold of 50% (change in the total shareholding of MCI Capital ASI S.A. and MCI Management Sp. z o.o. and the indirect shareholding of Tomasz Czechowicz from 48.93% to 50.29%).

### **Granting a permit to operate as an internal manager of an alternative investment company**

On 14 July 2020, the Polish Financial Supervision Authority issued an administrative decision on granting MCI, as an alternative investment company ("ASI") manager, the permit to operate as an internal manager of an ASI. MCI applied to the PFSA for a permit to operate as an ASI manager ("ZASI") in June 2017. During the three-year-long proceedings, the supervisor verified the credibility and financial condition of MCI, as well as the fulfillment by MCI of technical and organizational conditions for the proper operation of the company as a regulated entity. As a consequence of operating as a licensed ZASI (alternative investment company manager), MCI is subject to comprehensive supervision from the PFSA with respect to its investing activities in line with the rules applicable to investment fund companies. In connection with obtaining the permit, MCI implemented internal mechanisms described in detail in the law, in particular concerning the investment management process, compliance, internal audit, risk management and governance, and management of conflicts of interest. In addition, MCI has entered into an agreement with the depositary (Q Securities S.A. – an entity performing the duties set out in the Act on Investment Funds and Management of Alternative Investment Funds, in particular those consisting in safekeeping assets and keeping a record of the assets of an investment fund or an alternative investment company, as well as ensuring proper monitoring of cash flows of these entities) and adjusted the wording of the Articles of Association of MCI to the Company's operations as an internal manager of an alternative investment company. In addition, since the granting of the permit, MCI is required to maintain the capital requirement specified in the Act on investment funds and management of alternative investment funds.

### **Issue of series R bonds**

On 5 August 2020, bonds with a nominal value of PLN 79,000 thousand were issued and subscribed for by MCI.EuroVentures 1.0. The bonds bear interest at 6M WIBOR + 4%. The bonds mature on 29 July 2023. The bond issue was settled by:

- set-off with promissory notes issued by MCI and subscribed for by MCI.EuroVentures 1.0. with nominal values of PLN 30,000 thousand and PLN 6,000 thousand respectively. The total value of the promissory notes as at the date of set-off amounted to PLN 36,651,940.27.

- cash transfer by MCI.EuroVentures 1.0. to the account of MCI for the remaining portion of the nominal value of the bonds issued, i.e. PLN 42,348,059.73. The received cash was used by MCI to repay the promissory note subscribed for by MCI Venture Projects Sp. z o.o. IX S.K.A. with the nominal value of PLN 40,557 thousand. The value of the promissory note repaid as at the date of set-off was PLN 42,187,397.19.

### **Issue of series S bonds**

On 20 August 2020, bonds with a nominal value of PLN 20,000 thousand were issued and subscribed for by QUERCUS Parasolowy SFIO, a subfund of QUERCUS Ochrony Kapitału (PLN 14,000 thousand) and QUERCUS Multistrategy FIZ (PLN 6,000 thousand) represented by Quercus TFI S.A. The bonds bear interest at 6M WIBOR + 4% plus an additional annual bonus of 0.5%. The bonds mature on 20 August 2023.

### **Extraordinary General Shareholders' Meeting of the Company**

On 6 October 2020, the Extraordinary Shareholders' Meeting of the Company adopted a resolution to authorise the Company to purchase, against consideration, up to 4,500,000 treasury shares of the Company, with a nominal value of PLN 1.00 each ("Shares"), for cancellation. The Company may only purchase Shares that are fully paid up. It was resolved that the Company's supplementary capital of up to PLN 50,000,000 be used to compensate shareholders for the acquisition of the Shares, with the above amount being the amount which, pursuant to Article 348 § 1 of the Commercial Companies Code, may be allocated for distribution to shareholders.



### **Invitation to tender for the sale of the Company's shares and non-execution of the invitation**

On 7 October 2020, the Management Board of MCI Capital ASI S.A., acting pursuant to the authorisation granted by the Extraordinary Shareholders' Meeting of the Company of 6 October 2020 on authorising the Company to purchase treasury shares and to use the supplementary capital, announced an Invitation to tender for the sale of shares in MCI Capital ASI S.A. The purchase concerned no more than 1,700,000 (in words: one million seven hundred thousand) shares in the Company. The price determined by the Company's Management Board in the exercise of the above authorisation was set at PLN 15.00 (fifteen zloty) per share. According to the Company's current report No 51/2020 dated 26 October 2020, the invitation to tender for the sale of the Company's shares has not been executed.

### **Adoption of the dividend policy for 2021–2023**

On 26 October 2020, the Company's dividend policy for 2021-2023 (the "Policy") was adopted by resolution of the Management Board. The provisions of the Policy will be effective from 2021 in connection with the Company's authorised financial statements for 2020. In accordance with the Policy, the Management Board of the Company will recommend to the general shareholders' meeting of the Company that an amount equivalent to between 1% and 2% of the Company's equity, as reported in the Company's most recent audited annual financial statements before the dividend payment date, be allocated to dividends.

### **Preparations for the merger of MCI Capital Alternatywna Spółka Inwestycyjna S.A. and Private Equity Managers S.A.**

On 30 October 2020, the Management Board of the Company adopted a resolution to take preparatory steps in order to effect the merger of the Company and Private Equity Managers S.A. ("PEM") ("Merger").

Pursuant to the aforementioned resolution of the Company's Management Board, it was resolved to take all necessary preparatory measures aimed at effecting the Merger in accordance with the procedure set forth in Article 492 §1(1) of the Commercial Companies Code, i.e. the Merger is to be effected by transferring all of the assets of PEM (as the acquiree) to the Company (as the acquirer) in exchange for shares in the Company, which the Company will deliver to the shareholders of PEM (the so-called merger by acquisition).

### **Merger of MCI Capital Alternatywna Spółka Inwestycyjna S.A. and Private Equity Managers S.A.**

MCI and PEM commenced merger activities in the third quarter of 2020.

The aim of the process launched is to complete the merger of the companies in the first half of 2021. The merger will be effected through the acquisition of PEM by MCI. Two alternative options have been prepared for existing PEM shareholders to participate in the process: (1) participation in a tender offer for the sale of shares in PEM or (2) participation in the merger of the companies through the exchange of existing shares in PEM for shares in MCI based on the exchange ratio established by the management boards of the Companies and verified by the auditor.

#### **Alternative No 1 – Tender offer for the sale of shares in PEM**

On 20 November 2020, the Company's Management Board notified the Polish Financial Supervision Authority of its intention to announce a tender offer for the sale of shares in PEM pursuant to Article 74(1) of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to the organised trading system and public companies, jointly by the Company, MCI Management spółka z ograniczoną odpowiedzialnością and Mr Tomasz Czechowicz in connection with the tenderers' plans to reach a total of 100% of the total number of votes in PEM.

The tender offer was announced on 20 November 2020. The acceptance of subscriptions for the sale of shares in PEM under the tender offer started on 10 December 2020 and ended on 20 January 2021.

The original price announced by MCI in the tender offer for shares in PEM was PLN 15. On 18 January 2021, MCI announced an increase of the tender offer price to PLN 17.65. The new price was set based on the

published estimated earnings of the PEM Group for 2020, which indicated that the book value of 1 share in PEM at 31 December 2020 was PLN 17.65.

Under the tender offer, MCI purchased approximately 16.8% of the shares in PEM.

#### **Alternative No 2 – Conversion of shares in PEM into shares in MCI**

The merger of the companies will be effected pursuant to Article 492 § 1(1) of the Act of 15 September 2000, Commercial Companies Code, by transferring all assets of PEM (the acquiree) to MCI (the acquirer) in exchange for shares in MCI, to be delivered to the shareholders of PEM.

For the purpose of effecting the merger, MCI adopted a merger plan (for information on the adoption of the merger plan, see current report RB 55/2020) and had it audited by the auditor.

Under the merger, the shareholders of PEM will be issued shares in MCI in accordance with the exchange ratio set by the Management Boards of both Companies and confirmed by the auditor.

The exchange ratio was originally determined based on the average share price of PEM and the Company from the period of 6 months preceding the date of publication of current report RB 52/2020 concerning the planned merger of the companies (i.e. 30 October 2020) and amounted to 91:100, which meant that in the process of merging the Company with PEM, a PEM shareholder could receive 91 shares in MCI in exchange for 100 shares in PEM.

On 18 January 2021, the Management Boards of MCI and PEM decided to change the share exchange ratio. This update of the share exchange ratio was based on the published estimated financial results of the PEM Group for 2020, which indicated that the book value of 1 share in PEM at 31 December 2020 was PLN 17.65. The updated share exchange ratio is 1:1.

Following the change of the share exchange ratio, MCI and PEM adopted a new wording of the merger plan on 26 February 2021. The updated merger plan was re-audited by the auditor. On 4 March 2021, the auditor issued an audit opinion on the updated merger plan.

For details on the update of the merger plan, see **Note 33 “Material events subsequent to the balance sheet date”**, section “Update of the merger plan of the Company with Private Equity Managers S.A. and change of the share exchange ratio”.

The following exits from investments and entries into new investments took place in 2020:

#### **Exit of the MCI.EuroVentures 1.0. subfund from the investment in Netrisk**

On 8 January 2020, MCI.PrivateVentures FIZ with the separated subfund MCI.EuroVentures 1.0 (the "Seller") entered into an agreement with Broker Bidco Acquisitions Korlátolt Felelősségű Társaság with its registered office in Budapest ("Buyer"), to sell 75.57% of shares in Netrisk.hu Első Online Biztosítási Alkusz Zrt. with its registered office in Budapest, respectively: (the “Sale Agreement”) (the “Shares”) (“Netrisk”).

The sale price for the Shares included:

- a) the amount of EUR 55,293,957.00 paid by the Buyer to the Seller in exchange for 53.75% of shares in Netrisk,
- b) 23.65% of shares in Broker Topco Zártkörűen Működő Részvénytársaság with its registered office in Budapest, the ownership of which the Buyer transferred to the Seller in exchange for 21.82% of shares in Netrisk.

Following the transfer of the Shares, the Seller indirectly holds 23.65% of shares in Broker Topco Zártkörűen Működő Részvénytársaság.

Netrisk is the leading online insurance broker in Hungary.

Cash on Cash (hereinafter "CoC") realised on the transaction was 4.2x, while the IRR was 100%.

#### **Exit of the MCI.TechVentures 1.0. subfund from the investment in Geewa**

On 31 January 2020, MCI.TechVentures sold its entire shareholding in Geewa as part of the acquisition by Applovin Corporation. The sale price for the holding was PLN 28 million. Geewa is a Czech developer of PvP (player vs. player) mobile games. A key investor in the company besides MCI was the Czech fund Springtide Ventures (the VC arm of holding company KKCG), which invested in Geewa in 2014.

CoC realised on the transaction was 1.7x, while the IRR was 7.2%.

#### **Exit of the MCI.EuroVentures 1.0. subfund from the investment in Indeks**

On 22 April 2020, Alfano 13131 AS, a portfolio company of MCI.PrivateVentures FIZ with a separated subfund MCI.EuroVentures 1.0, executed a transaction to sell 3,125,000 shares in Indeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş, (hereinafter "Index") with its registered office in Istanbul.

The selling price of the shares was set at TRY 9.10 (Turkish lira = PLN 0.5982) per share, totalling TRY 28,437,500.00 or approximately PLN 17 million.

Following the disposal of the aforementioned shares in Index, Alfano 13131 AS does not hold any shares in the share capital of Index.

The total proceeds from the investment in Index amounted to PLN 126 million, of which PLN 17 million was earned in 2020, PLN 41 million in 2019 and PLN 68 million in earlier years (2013–2018).

Index is the largest IT distributor in Turkey. Index has been listed on the Istanbul Stock Exchange since 2004.

CoC realised on the MCI.EuroVentures 1.0. subfund's investment in Index amounted to 1.3x, while the IRR was 6.8%.

#### **Entry of Broker Topco Zrt. into investment in Klik**

On 18 May 2020, the Broker Topco Zrt. company, in which the subfund MCI.EuroVentures 1.0. and TA Associates hold shares, acquired Klik, a leader in online insurance sales in the Czech Republic and Slovakia. As of January 2020, TA Associates, a global private equity fund, holds a majority stake in Netrisk. The minority investor is the Polish digital investment subfund, MCI.EuroVentures 1.0.

Klik.cz was founded in 2011 and has become a leading online insurance broker in the Czech Republic. In 2018, it entered Slovakia with the Klik.sk business. It enables customers to make transparent price comparisons for property, personal and life insurance, including third-party liability insurance, all-loss insurance, homeowners insurance, travel insurance and term insurance.

#### **Performance of the agreement on the sale of shares in Frisco S.A. by MCI.TechVentures 1.0. and Helix Ventures Partners FIZ**

On 25 June 2020, the agreements on the sale of shares in Frisco S.A. concluded on 23 December 2019 were executed, i.e.

a) MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. transferred the ownership of 15,719,608 shares in Frisco S.A., representing 50.75% of the share capital of Frisco S.A. to Eurocash S.A. in exchange for PLN 116.6 million and

b) Helix Ventures Partners Closed-End Investment Fund transferred the ownership of 1,500,000 shares in Frisco S.A., representing 4.84% of the share capital of Frisco S.A. to Eurocash S.A. in exchange for PLN 11.1 million.

Following the transfer of ownership of the aforementioned shares in Frisco S.A., MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. and Helix Ventures Partners Closed-End Investment Fund do not hold any shares in the share capital of Frisco S.A.

#### **Exit of the MCI.TechVentures 1.0. subfund from the investment in Tatilbudur**

On 10 June 2020, MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. concluded an agreement to sell all shares held in Tatilbudur Seyahat Acenteliği ve Turizm Anonim Şirketi for USD 1.75 million. The transaction was settled on 10 July 2020. Prior to the sale, in the first quarter of 2020, the subfund's investment in the company's shares was fully written down due to the outbreak of COVID-19 coronavirus epidemic and a significant deterioration of the company's financial position.

#### **Exit of Internet Ventures FIZ from the investment in Prowly**



On August 27, 2020 Internet Ventures Closed-end Investment Fund entered into an agreement to sell all shares held in PROWL.Y.COM Sp. z o.o. for USD 1.6 million. The buyer was SEMrush Holdings – one of the global leaders in Marketing SaaS solutions.

**Exit of the MCI.TechVentures 1.0. subfund from the investment in Optizen Labs Sp. z o.o.**

On 28 September 2020, MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. concluded an agreement to sell all shares held in Optizen Labs Sp. z o.o.

**Exit of the MCI.TechVentures 1.0. subfund from the investment in GMZ.co Sp. z o.o.**

On 2 October 2020, MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. agreed the sale of shares in GMZ.co Sp. z o.o. with a third party

**Exit of the MCI.TechVentures 1.0. subfund from the investment in windeln.de**

In December 2020, MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. completed the sale of all shares held in windeln.de. Total proceeds to the fund from this transaction amounted to PLN 2.2 million.

**Partial exit of the MCI.TechVentures 1.0. subfund from the investment in Answer.com**

In December 2020, MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. sold part of its shareholding with a total value of PLN 34.5 million as part of the Public Offering, while retaining a shareholding of over 20%.

CoC realised on the transaction was 2.7x, while the IRR was 19.2%.

**Exit of the MCI.EuroVentures 1.0. subfund from the investment in ATM S.A.**

On 30 December 2020, MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. (the "Fund"), entered into final agreements with AMC CAPITAL IV ALBATROS S.A R.L. with its registered office in Luxembourg (hereinafter together with the Fund referred to as the "Sellers") and Terve Bidco S.A R.L. (the "Buyer") (the "Agreement"), in execution of a preliminary agreement entered into between the Sellers and Terve Bidco S.A R.L. on 17 October 2020, whereby the rights and obligations of the buyer were transferred to the Buyer on 22 December 2020.

Under the Agreements, the Fund has sold to the Buyer:

- 596,278 shares in AAW III sp. z o.o. (portfolio company of MCI.EuroVentures 1.0.; hereinafter "AAW III") and
- 606,438 registered shares in ATM S.A. ("ATM"),

for a total price of PLN 527.9 million

AAW III is the direct holder of 35,736,906 registered shares in ATM, representing 93.83% of the share capital of ATM and entitling to 35,736,906 votes at the general meeting of ATM, representing 93.83% of the total number of votes at the general meeting of ATM

The payment of the sale price under the Agreements and the transfer of ownership of the aforesaid shares to the Buyer were made on 30 December 2020.

CoC realised on the transaction was 2.8, while the IRR was 29.8%.

### **33. Material events subsequent to the balance sheet date**

#### **Conclusion of tender offer for the sale of shares in PEM**

On 20 January 2021, the tender offer for the sale of shares in PEM was concluded. Under the tender offer, MCI purchased 574,202 shares in PEM representing approximately 16.8% of the total number of shares in PEM.

**Conclusion of the registered and financial pledge agreement – collateral for the credit facility granted to MCI.PrivateVentures FIZ**

On 29 January 2021, the Company concluded a financial and registered pledge agreement with Raiffeisen Bank International AG on 511,044 investment certificates issued by MCI.PrivateVentures Closed-End Investment Fund with separated subfund MCI.EuroVentures 1.0.

The pledge agreement secures repayment of the obligation of MCI.PrivateVentures Closed-end Investment Fund acting for the subfund MCI.EuroVentures 1.0. resulting from the term credit and revolving credit facility agreement in the total amount of EUR 29,000,000 concluded on 4 January 2021 with Raiffeisen Bank International AG.

On 29 January 2021, the Company concluded a financial and registered pledge agreement with Raiffeisen Bank International AG on 382,714 investment certificates issued by MCI.PrivateVentures Closed-End Investment Fund with separated subfund MCI.TechVentures 1.0.

The pledge agreement secures repayment of the obligation of MCI.PrivateVentures Closed-end Investment Fund acting for the subfund MCI.TechVentures 1.0. resulting from the term credit and revolving credit facility agreement in the total amount of EUR 12,000,000 concluded on 4 January 2021 with Raiffeisen Bank International AG.

**Exit of Internet Ventures FIZ and MCI.CreditVentures 2.0 FIZ from the investment in mfind**

In January 2021, Internet Ventures FIZ and MCI.CreditVentures 2.0 FIZ funds completed the sale of shares in mfind IT Sp. z o.o. The total proceeds to Internet Ventures FIZ amounted to PLN 0.3 million, while the proceeds to MCI.CreditVentures 2.0 FIZ amounted to PLN 17.2 million and were mainly related to the repayment of debt financing granted by the funds.

**Update of the merger plan of the Company with Private Equity Managers S.A. and change of the share exchange ratio**

On 26 February 2021, the Company and PEM decided to amend the Merger Plan of MCI Capital ASI S.A. (the "Acquirer") with Private Equity Managers S.A. (the "Acquiree") of 30 November 2020 (the "Merger Plan") and adopted a new consolidated wording of the Merger Plan, the content of which together with the appendices is attached to current report No 5/2021.

The need to amend the Merger Plan resulted from the update of the ratio of exchanging shares in the Acquiree for shares in the Acquirer as well as from the settlement on 26 January 2021 of the tender offer for shares in the Acquiree announced by the Management Boards of the Acquirer and MCI Management Sp. z o.o. and Tomasz Czechowicz, under which the acceptance of subscriptions for the sale of shares in PEM began on 10 December 2020. The updated Merger Plan was reviewed by the auditor who filed its review opinion with the Registry Court on 4 March 2021.

**Approval by the Polish Financial Supervision Authority of the prospectus in connection with the public offering of the Company's bonds**

On 11 March 2021, the Polish Financial Supervision Authority issued a decision on the approval of the base prospectus in the form of a single document of the Company, prepared in connection with the public offering and the intention to apply for admission to trading on the regulated market of the Company's bonds issued under a public bond issue programme with an aggregate nominal value not exceeding PLN 100,000,000.

**Convening the Extraordinary Shareholders' Meeting of the Company**

On 18 March 2021, the Company's Management Board convened an Extraordinary Shareholders' Meeting of the Company for 20 April 2021, primarily to:

- present significant elements of the content of the merger plan of MCI Capital Alternatywna Spółka Inwestycyjna S.A. with Private Equity Managers S.A., the report of the management board and the opinion of the auditor as well as all significant changes in assets and liabilities that occurred between the date of preparing the merger plan and the date of adopting the resolution regarding the merger of MCI Capital Alternatywna Spółka Inwestycyjna S.A. with Private Equity Managers S.A.
- adopt a resolution on the merger of MCI Capital Alternatywna Spółka Inwestycyjna S.A. with Private Equity Managers S.A., the increase of share capital of MCI Capital Alternatywna Spółka Inwestycyjna S.A., consent to

the proposed amendments to the articles of association of MCI Capital Alternatywna Spółka Inwestycyjna S.A., use of supplementary capital and allocation of treasury shares of MCI Capital Alternatywna Spółka Inwestycyjna S.A. for the purposes of the merger.

For details on the convening of the Extraordinary Shareholders' Meeting of the Company, see current report No 11/2021.

At the same time, on 18 March 2021 and 2 April 2021 the Company filed, respectively, the first notice and the second notice of the proposed merger of Private Equity Managers Spółka Akcyjna with MCI Capital Alternatywna Spółka Inwestycyjna Spółka Akcyjna. For details, see current reports No 12/2021 and 18/2021.

### **Exit of the MCI.TechVentures 1.0. subfund and MCI.CreditVentures 2.0 FIZ from the investment in UAB PIGU**

On 25 March 2021, a transaction was concluded pursuant to which:

- all shares held by Morele Group sp. z o.o. with its registered office in Krakow ("Morele Group") in the share capital of UAB PIGU with its registered office in Vilnius ("PIGU") were transferred to MCI.PrivateVentures Closed-End Investment Fund with the subfund MCI.TechVentures 1.0. ("MCI.TV") and other entities that were previously shareholders of Morele Group (collectively: "Buyers"),
- Morele Group acquired treasury shares from the Buyers for the purpose of cancellation,
- an early redemption of 199 series MEZZ-A bonds issued by Morele Group to MCI.CreditVentures 2.0 Closed-End Investment Fund ("MCI.CV") ("Bonds") took place; in order to release itself from the obligation to pay the redemption price for the Bonds, Morele Group transferred to MCI.CV a part of shares in the share capital of PIGU.

As a result of the above steps:

- MCI.TV's share in Morele Group will increase from 51.3% to 51.6%,
- Morele Group's share in PIGU will decrease from 100% to 0%,
- MCI.TV's direct share in PIGU will increase from 0% to 46.5%,
- MCI.CV's direct share in PIGU will increase from 0% to 8.9%.

On 31 March 2021, the subfund MCI.TechVentures 1.0 and MCI.CreditVentures 2.0 FIZ ("Sellers") entered into a conditional agreement to sell shares in UAB PIGU with its registered office in Vilnius ("PIGU") to MEP SHELFSCO VIII S.À R.L. with its registered office in Luxembourg (the "Buyer") (the "Agreement"), on the basis of which, provided the conditions set forth in the Agreement are fulfilled, the Sellers will transfer ownership of all shares held by the Sellers in PIGU to the Buyer for the price equal to, respectively, EUR 31,783,067 (price for shares held by MCI.TV) and EUR 5,213,180 (price for shares held by MCI.CV).

The execution of the transaction provided for in the Agreement is subject to the fulfilment of the conditions stipulated in the Agreement, in particular to obtaining approvals of the anti-monopoly authorities or ineffective expiry of the time limit for issuing a decision by the said authorities. The deadline for the fulfilment of the aforementioned conditions was set for 30 September 2021.

The Final Price to be paid to the Sellers under the Agreement may be adjusted for the value of certain cash consideration received by the Sellers or their affiliates, as applicable, from PGU or its subsidiaries or controlled entities and interest. The Final Price will be known on the closing date of the transaction and will be made public in accordance with the procedures provided for by applicable laws.

Ownership of shares in PIGU will be transferred to the Buyer upon receipt by the Sellers of the final price for these financial instruments and upon the Buyer's payment of other amounts as specified in the Agreement.

For details, see current reports No 13/2021 and 14/2021.

### **Extraordinary Shareholders' Meeting of the Company**

On 20 April 2021, the Extraordinary Shareholders' Meeting of the Company was held, at which the resolution on the merger of the Company with PEM, increase of the share capital of MCI, consent to the proposed

amendments to the articles of association of MCI and use of supplementary capital and allocation of treasury shares in MCI for the purposes of the merger was adopted. For details, see current report No 19/2021.

### **34. Related parties**

#### **Information on related-party transactions as at 31 December 2020 and for the period from 1 January to 31 December 2020**

	Ultimate controlling entity*	Associates	Other related parties**	Total
<b>Investments:</b>				
Investments in associates	-	6,404	-	6,404
Investment certificates	-	-	1,662,022	1,662,022
Other financial instruments	-	-	6,118	6,118
<b>Receivables:</b>				
Short-term receivables	-	314	117	431
<b>Liabilities:</b>				
Trade and other payables	-	1	-	1
Other financial instruments	-	-	8,116	8,116
<b>Income and expenses:</b>				
Revaluation of shares	-	2,136	-	2,136
Income from carried interest	-	-	5,098	5,098
Revaluation of investment certificates	-	-	159,813	159,813
Net gain or loss on redemption of investment certificates	-	-	602	602
Revaluation of other financial instruments	-	-	(398)	(398)
Operating income	-	6	159	165
Operating expenses	-	(8)	-	(7)
Income from sublease of office space	2	-	1,045	1,047
Finance income	-	16	603	619
Finance costs – interest on promissory notes issued	-	-	(2,486)	(2,486)

\*The ultimate controlling entity is MCI Management Sp. z o.o.

\*\*Other related parties comprise all investment funds, funds' portfolio companies, subsidiaries of PEM, i.e. MCI Capital TFI S.A., PEM Asset Management Sp. z o.o.

In addition to related-party transactions listed above, the Company also has off-balance sheet liabilities in the form of guarantees and warranties issued, described in detail in **Note 26 "Warranties and guarantees"**.

**Information on related-party transactions as at 31 December 2019 and for the period from 1 January to 31 December 2019.\***

	Ultimate controlling entity**	Associates	Other related parties***	Total
<b>Investments:</b>				
Investments in associates	-	3,715	-	3,715
Investment certificates	-	-	1,511,044	1,511,044
<b>Receivables:</b>				
Trade and other receivables	4	106	665	775
Lease receivables	4	1,554	349	1,907
<b>Liabilities:</b>				
Trade and other payables	-	4	-	4
Promissory notes payable	-	-	41,000	41,000
Other financial instruments	-	-	4,036	4,036
<b>Income and expenses:</b>				
Revaluation of shares	-	(5,458)	-	(5,458)
Revaluation of investment certificates	-	-	142,031	142,031
Net gain or loss on redemption of investment certificates	-	-	20,818	20,818
Revaluation of other financial instruments	-	-	(1,800)	(1,800)
Operating income	5	87	205	297
Operating expenses	(1)	(13)	(3)	(17)
Lease income	2	945	210	1,157
Finance income	48	18	2,998	3,064
Finance costs	-	-	(1,868)	(1,868)

\*Profit or loss and balance sheet figures have been restated

\*\*The ultimate controlling entity is MCI Management Sp. z o.o.

\*\*\*Other related parties comprise all investment funds, funds' portfolio companies, subsidiaries of PEM, i.e. MCI Capital TFI S.A., PEM Asset Management Sp. z o.o.

In addition to related-party transactions listed above, the Company also issued warranties and guarantees to related parties, as described in detail in **Note 26 "Warranties and guarantees"**.

### **35. Significant accounting policies**

Below are presented the significant accounting policies applied in the preparation of these financial statements.

#### **Comparative data**

Comparative data presented in the financial statements were prepared using accounting policies identical to those adopted for the twelve-month period ended 31 December 2019. Amendments to IFRSs had no impact on the Company.

#### **Amendments to standards**

##### **For financial statements for financial year beginning on or after 1 January 2020**

- *Amendments to References to the Conceptual Framework in International Financial Reporting Standards* (issued on 29 March 2018) – effective for annual periods beginning on or after 1 January 2020;
- *Amendments to IFRS 3: Definitions of a business* (issued on 22 October 2018) – effective for annual periods beginning on or after 1 January 2020;
- *Amendments to IAS 1 and IAS 8: Definition of materiality* (issued on 31 October 2018) – effective for annual periods beginning on or after 1 January 2020;
- *Amendments to IFRS 9, IAS 39 and IFRS 7: Reform of interest rate benchmarks* (issued on 26 September 2019) – effective for annual periods beginning on or after 1 January 2020;

**Standards that have been published as at the balance sheet date but have not been endorsed by the EU up to the date of authorisation of these financial statements**

- IFRS 14 Regulatory Deferral Accounts (issued on 30 October 2014) – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (issued on 11 September 2014) – effective date deferred indefinitely by the IASB;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1: Presentation of Financial Statements: Classification of liabilities as short-term and long-term and Classification of liabilities as short-term and long-term – deferral of the effective date (issued on 23 January 2020 and 15 July 2020, respectively) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IFRS 3: Amendments to References to the Conceptual Framework (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 16: Property, plant and equipment: proceeds before intended use (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 37: Onerous contracts – cost of fulfilling a contract (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IFRS introduced as part of the Annual Improvements to IFRS 2018-2020 (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 8: Definitions of estimates (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023.

**Standards that have been published as at the balance sheet date and endorsed by the EU:**

- Amendment to IFRS 16 *Leases: Covid-19-related rent concessions* (issued on 28 May 2020) – effective for annual periods beginning on or after 1 June 2020; Earlier application is permitted, including for financial statements not authorised for issue on 28 May 2020;
- Amendments to IFRS 4 *Insurance Contracts* – deferral of IFRS 9 (issued on 25 June 2020) – effective for annual periods beginning on or after 1 January 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Reform of interest rate benchmarks – Phase 2* (issued on 27 August 2020) – effective for annual periods beginning on or after 1 January 2021.

New or amended standards and interpretations which were applied for the first time in 2020 did not have a material effect on the interim condensed financial statements.

**Investment entity**

The Company meets the following criteria for being classified as an investment entity, as set out in paragraph 27 of IFRS 10, i.e.:

- it obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- it commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- it measures and evaluates the performance of substantially all of its investments on a fair value basis.

MCI, as an investment entity, does not consolidate its subsidiaries, except for subsidiaries that are not investment entities themselves and whose principal activity is to provide services that relate to the investment entity's investment activities (which MCI does not have). Therefore, the Company does not prepare consolidated financial statements and the investment in the subsidiary is measured at fair value through profit or loss and recognised in the current period's profit or loss.

**Investments in associates**

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of



those

policies.

In accordance with paragraph 18 of IAS 28, if an investment in an associate or joint venture is held directly or indirectly by an entity which is a venture capital organisation, mutual fund, trust fund or a similar entity, such entity may elect to measure its investment at fair value through profit or loss in accordance with IFRS 9.

Fair value measurement of investments in associates is based on:

- for a listed company – the share price on a public market as at the balance sheet date,
- for a company not listed on a public market:
  - a) based on the fair value of net assets of the associate as at the balance sheet date, or
  - b) in the event of a representative sale of shares in a given associate in the reporting period – based on the share value determined in that sale.

### **Effects of changes in foreign exchange rates**

As at the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the mid rate quoted by the NBP for that date. Foreign exchange gains and losses are recognized directly in profit or loss, except to the extent that they arise from the measurement of assets and liabilities where changes in fair value are recognised directly in equity.

### **Operating expenses**

Operating expenses are the administrative and economic costs connected with the maintenance of the Company and ensuring of its proper functioning. General and administrative expenses include, among others:

- salaries and employee benefits, as well as social security costs (this applies to persons employed under an employment contract, mandate contracts or contracts for a specific work),
- costs of third party services,
- depreciation of fixed assets and amortization of intangible assets,
- consumption of materials and energy,
- taxes and charges,
- other expenses.

### **Employee benefits**

Amounts of short-term employee benefits, other than those on account of employment termination and equity benefits, are recognised as liabilities, net of all amounts which have already been paid, and at the same time they are recognised as expenses of the period, unless the benefit is to be recognised as a cost of assets.

Employee benefits in the form of paid absences are recognised as liabilities and costs at the moment when employees performed work if the work performed causes an increase of possible future paid absences or at the moment when they occur if there is no connection between work and increase of possible future paid absences.

## **Taxes**

Mandatory decrease in profit/(increase in loss) comprises current income tax and deferred income tax. Current tax expense is calculated based on the taxable profit (tax base) for a financial year. The net profit/(loss) established for tax purposes differs from the net profit/(loss) established for financial reporting purposes due to exclusion of taxable income and costs which are deductible in future years as well as items which will never be subject to taxation. Tax expenses are calculated based on the tax rates effective for a given financial year.

Deferred income tax is calculated as the tax to be paid or received in subsequent periods using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax liability is recognised for all taxable temporary differences, and deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets or liability is not recognised if the temporary difference arises from goodwill or from the initial recognition of another asset or liability in a transaction that affects neither the accounting profit or loss, nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed as at each balance sheet date and is reduced to the extent it is no longer probable that sufficient taxable profits will be generated to allow the deferred tax asset to be realised in full or in part.

Deferred tax is calculated at tax rates that are expected to apply in the period when the asset is recovered or the liability is settled.

Deferred tax assets and liabilities are recognised in the statement of profit or loss, except where they relate to items that are recognised directly in equity, in which case the related deferred tax is also recognised in equity.

In connection with the establishment of the Tax Group, during the life of the Tax Group, its members are obliged to maintain in each fiscal year the tax profitability ratio at 2% or higher (in the fiscal year commencing on 1 July 2019) and 3% or higher (in the fiscal years ended 30 June 2019), calculated as the ratio of income to revenue.

Losses generated by companies before establishing the Tax Group do not expire. For this reason, companies are entitled to settle tax losses over the next five consecutive fiscal years, with the Tax Group period not being taken into account when calculating successive tax years.

## **Financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes party to a binding agreement.

Financial instruments are classified into the following categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income; financial assets measured at fair value through profit or loss; financial liabilities measured at fair value through profit or loss and financial liabilities subsequently measured at amortised cost.

## **Financial assets**

The following financial assets are classified as measured at fair value through profit or loss: investments in associates, investment certificates and other financial instruments.

Investments in subsidiaries and associates are designated as measured at fair value through profit or loss on initial recognition in accordance with IFRS 10, IAS 28 and IAS 27. The method of measurement of shares at fair value depends on the type of available inputs used in the measurement. For entities whose shares are not listed on an active market, fair value is determined using valuation techniques commonly applied by market participants, not based on inputs from an active market, but providing the most accurate reflection of the fair value.



Financial assets other than those referred to above are classified on initial recognition depending on an entity's financial instrument management model and the characteristics of contractual cash flows from such instruments.

Depending on the business model, financial assets may be classified as:

- held for the purpose of collecting contractual cash flows,
- held for the purpose of collecting contractual cash flows or for sale,
- held for trading and other.

The business model is assessed at the initial recognition of the financial asset. The business model criterion refers to the way the Company is managing financial assets in order to generate cash flows.

The fair value of shares is determined based on the share price in an active market.

The fair value of investment certificates is determined on the basis of the funds' net asset value.

Fair value of other financial instruments is determined on the basis of a model of fair value measurement using available source information.

Changes in the fair value of these assets are recognised in profit or loss. Financial assets are disclosed under the following balance sheet items:

- investments in associates,
- investment certificates,
- other financial instruments,
- cash and cash equivalents,
- long-term receivables,
- short-term receivables

### **Finance income and costs**

Finance income and costs include interest accrued on financial assets or financial liabilities and are recognised on an accrual basis, i.e. in the financial year to which they relate.

### **Investment certificates**

Investment certificates are measured at fair value through profit or loss and recognised in profit or loss of the current period. The fair value of investment certificates is the reporting valuation of funds (or official valuation if reporting valuation is not available), i.e. the net asset value of the investment certificates ("NAV per IC") held by the Company. Valuation of investment certificates is made at the frequency specified in the fund's Statute, but not less than once every three months. It is based on an estimate of the value of the financial instruments in which the fund invests. Individual components of the fund's investments (shares, other financial instruments, debt instruments) are measured at fair value. The revaluation of investment components is made quarterly. Valuation of other assets and liabilities of funds is also carried out at fair value. Therefore, the reporting and official valuation of funds (i.e. NAV per IC) is the best reflection of the fair value of investment certificates.

### **Cash and cash equivalents**

Cash and current deposits in the statement of financial position include cash at bank and in hand as well as current deposits with an original maturity of three months or less.

### **Financial liabilities**

When a financial liability is recognised initially, the Company measures it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are disclosed under the following balance sheet items:

- credits, loans,
- bonds,

- promissory notes,
- trade and other payables.

Any gains or losses on measurement of financial liabilities are recognised in the statement of profit or loss under finance income or costs.

### **Provisions for liabilities**

The Company recognises a provision if the Company has a present obligation (legal or constructive) resulting from past events whose settlement is likely to result in an outflow of economic benefits and whose amount can be reliably estimated. If the Company anticipates that costs for which provisions have been recognised will be recovered, e.g. under an insurance agreement, any such recovery is recognised as a separate item of assets but only when it is practically certain to occur. Cost related to a given provision is recognised in profit or loss net of any recoveries. Provisions are not recognised for future operating losses.

### **Functional currency. Presentation of items disclosed in the financial statements**

Items of the financial statements relating to the Company are measured using the primary currency of the economic environment in which the Company operates (the “functional currency”), which is the Polish zloty. Figures in the financial statements are presented in thousands of Polish zloty, unless stated otherwise.

### **36. Expected effect of new standards applied for the first time in the reporting period beginning on 1 January 2021**

The Company's Management Board expects that the new standards will not have a significant impact on the Company's financial statements.

### **37. Capital management**

The Company manages capital in order to ensure that it continues as a going concern and generates the expected returns for its shareholders and other entities interested in the Company's financial standing.

The Company monitors the level of capital on an ongoing basis, based on the carrying amount of equity. The Company calculates the ratio of equity to total financing sources. The Company's target for the ratio is not less than 0.5. As at 31 December 2020, the ratio stood at 0.82 (0.88 as at 31 December 2019).

In addition, the Company monitors the ability to service its debt and calculates the debt ratio, calculated as the ratio of net debt to total assets. Net debt comprises liabilities on account of bonds, promissory notes payable and other financial instruments less cash and cash equivalents.

Moreover, in order to maintain or adjust the capital structure, the Company may distribute dividends to shareholders, return capital to shareholders or issue new shares. In the years ended 31 December 2020 and 31 December 2019, apart from the adoption of the dividend policy for 2021-2023 by the Company's Management Board, there were no changes in the capital structure management objectives, policies and processes.

The Company aims to continuously improve the ROE and NAV/S ratios. The expected level of return on equity of the Company is approximately 15%. The Company expects to improve returns by investing its funds in assets delivering higher yields – in particular by investing in the MCI.EuroVentures 1.0 subfund which is a subfund with a relatively low risk profile and high historical returns (the average annual return on series A investment certificates of the subfund over the past 3 years is 21.2%) and an appropriate level of indebtedness of the Company. The improvement of the NAV/S ratio has been also achieved through a share buy-back program, implemented gradually by the Company using its surplus funds, which to date has provided an alternative source of distributing funds to shareholders in the absence of dividend payments.

### **38. Financial risk management**

Risks to which the Company is exposed:

- liquidity risk,
- investment risk
- market risk,

- credit risk,
- risk related to the environment in which the Company operates.

The most significant risks to which the Company is exposed are presented below:

### **LIQUIDITY RISK**

The Company identifies the following sources of funds necessary to carry out its day-to-day operations and ensure an appropriate level of liquidity:

- issue of debt securities (primarily bonds for institutional investors),
- redemption of investment certificates of funds in which MCI Capital ASI S.A. is a participant,
- intercompany financing (under the intra-group liquidity policy – through issuing promissory notes and lending).

The primary method of raising capital by the Company are bond issues addressed to institutional customers. Until 2018, this was the Company's primary fundraising source. Since the beginning of its operations, the Company has issued bonds with a total nominal value of PLN 681 million, of which a total of PLN 537 million was redeemed by the end of 2020.

MCI Capital ASI S.A. also has an exposure of approximately PLN 1,636,452 thousand (as at 31 December 2020) in investment certificates of MCI.PrivateVentures FIZ (“**Fund**”) with separated subfunds MCI.EuroVentures 1.0. (“**EV**”) and MCI.TechVentures 1.0. (“**TV**”) (an indirect exposure through a subsidiary, MCI Fund Management Sp. z o.o, until 20 February 2020, and as of 21 February 2020 – a direct exposure as a result of acquisition of this company by MCI Capital ASI S.A.). The Fund's Articles of Association set out the precise rules for redeeming investment certificates related to EV and TV. **As a result, MCI Capital ASI S.A. has the power to withdraw liquid funds from EV and TV, as defined in the Fund's Articles of Association, owing to which it can predict its ability to generate liquidity at the Company level, limited only by the liquidity of the EV and TV subfunds, determined by the current market situation and the quality of management of the Fund by MCI Capital TFI S.A.** The powers resulting from the Fund's Articles of Association to redeem EV and TV investment certificates vested in MCI Capital ASI S.A. as a participant of the Fund are presented below. These powers determine, to a significant extent, the Company's liquidity capabilities, apart from those resulting from raising external financing.

- **EV:** EV: In accordance with the provisions of the Fund's Articles of Association, the Fund's investment certificates related to EV of the series held by MCI Capital ASI S.A. may be redeemed at the Company's request on each last calendar day of a given calendar quarter. The only statutory limitation that affects the value of the redemption is that the redemption must not result in EV assets falling below PLN 150,000. Therefore, the Company has the statutory possibility to withdraw from the investment in the EV subfund at a specified point in time in a manner limited only by the liquidity of this subfund. MCI Capital ASI S.A.'s exposure in EV certificates as at 31 December 2020 was 99.30% (share in the subfund's net asset value). As at 31 December 2020, the net asset value of the EV subfund was PLN 1,365 million, and the value of cash/liquid assets was PLN 451 million.
- **TV:** As a result of amendments to the Fund's Articles of Association made in December 2019 with regard to TV, the redemption of all series of investment certificates related to TV is effected on the same terms. Each time a Surplus (as defined in the Fund's Articles of Association) is generated by TV, investment certificates are automatically redeemed and proceeds from this redemption are distributed to the Company and other participants in proportion to their share in TV. MCI Capital ASI S.A.'s exposure in TV certificates as at 31 December 2020 was 43.40% (share in the subfund's net asset value). In simpler terms, once TV has generated a liquidity surplus which allows it to fully repay the subfund's debts and cover its operating costs over a period of 18 months, TV will automatically redeem investment certificates and distribute the surplus calculated as indicated above to its participants, including 43.40% to MCI Capital ASI S.A. Following the above-mentioned amendment to the Fund's Articles of Association, the TV subfund is in the process leading to the opening of liquidation, which means that for the remaining life of the subfund (set at 5 years, i.e. until 16 September 2024 with the possibility of extension by 1+1 year), TV is not making any new investments – apart from follow-up investments – and its managers focus on the most advantageous options to exit from the existing assets. The surplus liquidity obtained in this manner will be automatically distributed to the subfund's participants by means of periodic automatic redemptions of investment certificates. As at 31 December 2020, the net assets value of the TV subfund was PLN 647 million. The Surplus value published as at 31 March 2021 was PLN -52 million (negative value).

The Company manages liquidity risk by continuous monitoring of maturities of liabilities and the amount of cash held, as well as by monitoring liquidity ratios based on balance sheet items and analysis of liquid assets in relation to cash flows – by means of regular, weekly liquidity reporting (liquidity is analysed on an ongoing basis over a 2-year horizon in relation to the current pipeline of fundraising and exit projects).

The table below presents the Company's financial liabilities by maturity as at 31 December 2020 and 31 December 2019, based on undiscounted contractual payments.

<b>31 December 2020</b>	On demand	Up to 3 months	From 3 to 12 months	From 1 year to 5 years	More than 5 years	Total
Lease liabilities	-	326	544	-	-	870
Liabilities on account of bonds	-	1,991	50,094	107,453	-	159,538
Trade and other payables	-	513	162	-	-	675
Promissory notes payable	-	-	19,334	-	-	19,334
Off-balance-sheet liabilities (guarantees issued)	18,000	-	-	-	-	18,000
	<b>18,000</b>	<b>2,830</b>	<b>70,134</b>	<b>107,453</b>	<b>-</b>	<b>198,417</b>

<b>31 December 2019</b>	On demand	Up to 3 months	From 3 to 12 months	From 1 year to 5 years	More than 5 years	Total
Lease liabilities	-	320	961	979	-	2,260
Liabilities on account of bonds	-	1,080	24,567	85,993	-	111,640
Trade and other payables	-	491	292	260	-	1,043
Promissory notes payable	-	-	41,924	-	-	41,924
Off-balance sheet liabilities (pledge over shares)	3,462	-	-	-	-	3,462
Off-balance sheet liabilities (pledge over certificates)	22,281	-	-	-	-	22,281
Off-balance-sheet liabilities (guarantees issued)	269,138	-	-	-	-	269,138
	<b>294,881</b>	<b>1,891</b>	<b>67,744</b>	<b>87,232</b>	<b>-</b>	<b>451,748</b>

As at 31 December 2020, the most significant components of the Company's liabilities comprised liabilities on account of bonds and liabilities under promissory notes.

During 2020, the Company repaid its liabilities on account of bonds, promissory notes and leases in the amount of PLN 129 million and all of them were settled in due time.

As of the date of publication of these financial statements, the total value of MCI's liabilities amounts to PLN 307 million (excluding provisions), including deferred tax liability of PLN 133 million, and represents 22% of the company's equity.

Given the above, the Company does not expect any threat to its liquidity situation in the foreseeable future, i.e. at least within the next 12 months.

## **INVESTMENT RISK**

The essence of private equity investments is the possibility of obtaining higher rates of return through investments in projects characterised by higher risk level. Prior to making an investment, investment teams perform an in-depth analysis of the company's business plan; however, this does not necessarily ensure that the undertaking's development will meet the assumptions. If the business model of a given enterprise is not successful, it can have negative impact on the value of the investment, including loss. As a result, it may translate negatively into the Company's financial results through decrease in the valuation of investment

certificates held in a given fund as a result of a decrease in the value of a given portfolio investment in which the Fund has invested.

#### **Risk associated with valuation of managed companies with impact on the value of managed assets**

As a rule, the Company has no direct exposure to other commercial companies. The investments of MCI Capital ASI S.A. are made mainly by investing its assets in investment certificates of investment funds managed by MCI Capital TFI S.A. (the "Investment Fund Company"), whose value is determined by the Company based on the recently announced net asset value per investment certificate, taking into account events, if any, which occurred after the date of the announcement of the net asset value per investment certificate and affected the fair value. As a consequence, a change in the valuation of other commercial companies may affect the value of MCI Capital ASI S.A.'s assets only indirectly by affecting the valuation of net assets per investment certificate of investment funds managed by the Investment Fund Company.

In accordance with the articles of association of investment funds whose investment certificates are held by the Company ("Funds"), the Investment Fund Company at least once a quarter performs a fair value measurement of the companies included in the Funds' investment portfolios, and the value of this measurement translates into the value of assets under management and the level of fees charged by the management company/Investment Fund Company. Funds commit capital for a period 5 and 10 years. The investment portfolios of the Funds include, to a significant extent, entities whose securities are not listed on the stock exchange. Thus, the liquidity of such investments is limited and profit realised through sale — typically to industry or financial investors — of the company's shares. However, there is no certainty that the Funds will find potential buyers for their investments in the future and will be able to withdraw from them while achieving the assumed rates of return. The risk of negative economic and stock exchange situation can additionally impede the possibility of performing the withdrawal or considerably limit the achievable rate of return. At the same time, not all investment projects have to be successful. There is a risk of impairment losses on companies that perform below expectations or whose financial condition suggests that this may be the case, which in turn will lead to a decrease in the value of assets under management. As a result, these events may indirectly affect the financial performance of MCI Capital ASI S.A.

#### **Risk associated with the structure of fund investment portfolio**

Appropriate diversification, aimed at reduction of the investment risk, is crucial for portfolio creation. Investment funds whose certificates are held by MCI Capital ASI S.A. endeavour to reduce the indicated risk by lowering the level of capital exposure in one undertaking.

At the same time, according to the information provided by the Investment Fund Company, funds are consistently pursuing geographic and sectoral diversification policies. Funds acquire shares in companies operating in Poland, but also in Central and Eastern Europe (CEE), German-speaking countries (DACH), former USSR (CIS), Turkey, and Israel. Geographic diversification allows for spreading the investment risk of Funds (the decrease in profitability through the deterioration of the economic situation in one market may be minimized due to the good situation on another market) and to benefit from the increase in value of investments in emerging markets. In addition, the Funds diversify their investments by segments of the companies whose shares are acquired by the Funds. Funds invest the investors' (including the Company's) funds in early stage companies (*venture capital*) through growth and large buyout/expansion companies.

### **MARKET RISK**

The Company is exposed to market risk, which includes interest rate risk and currency risk.

#### **Interest rate risk**

The Company's exposure to market risk for changes in interest rates relates primarily to issued own securities (promissory notes and bonds) and bank deposits.

The Group does not hedge the interest rate risk using derivative financial instruments. The Company uses sensitivity analysis to measure the interest rate risk.

Management of interest rate risk focuses on minimising the impact of fluctuations in interest cash flows on financial assets and liabilities bearing variable rate interest.

The table below presents the carrying amounts of the Company's financial instruments exposed to the interest rate risk, by maturity.

**31 December 2020**

<i>Fixed interest rate</i>	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Liabilities on account of bonds	(45,013)	-	-	-	-	-	(45,013)
Lease liabilities	(852)	-	-	-	-	-	(852)
	<b>(45,865)</b>	-	-	-	-	-	<b>(45,865)</b>

<i>Variable interest rate</i>	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash assets	992	-	-	-	-	-	992
Liabilities on account of bonds	(4,099)	(4,227)	(92,028)	-	-	-	(100,354)
Promissory notes payable	(19,168)	-	-	-	-	-	(19,168)
	<b>(22,275)</b>	<b>(4,227)</b>	<b>(92,028)</b>	-	-	-	<b>(118,530)</b>

**31 December 2019**

<i>Fixed interest rate</i>	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Lease receivables	1,090	817	-	-	-	-	1,907
Liabilities on account of bonds	(2,789)	(42,214)	-	-	-	-	(45,003)
Lease liabilities	(1,192)	(956)	-	-	-	-	(2,148)
Promissory notes payable	(41,000)	-	-	-	-	-	(41,000)
	<b>(43,891)</b>	<b>(42,353)</b>	-	-	-	-	<b>(86,244)</b>

<i>Variable interest rate</i>	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash assets	6,501	-	-	-	-	-	6,501
Liabilities on account of bonds	(22,092)	(35,207)	-	-	-	-	(57,299)
	<b>(15,591)</b>	<b>(35,207)</b>	-	-	-	-	<b>(50,798)</b>

Interest on variable-rate financial instruments is updated in periods of less than one year. Interest on fixed-rate financial instruments remains unchanged until maturity. The other financial instruments of the Company that are not included in the tables above are non-interest bearing and are therefore not subject to interest rate risk.

Sensitivity to interest rate risk

The table below presents sensitivity of the Company's profit (loss) before tax (in connection with floating-rate liabilities) to reasonably possible movements in interest rates, all other factors being equal. The effect on the Company's equity or total comprehensive income is not presented.

	Increase/ decrease (percentage points)	Effect on profit or loss before tax
Year ended 31 December 2020		
PLN '000	+ 1%	(551)
PLN '000	- 1%	551
Year ended 31 December 2019		
PLN '000	+ 1%	(1,034)
PLN '000	- 1%	1,034

**Currency risk**



In the period from 1 January to 31 December 2020, the Company did not conclude any transactions which would expose it directly to currency risk. However, the Funds invest in currencies other than PLN. In view of the above, fluctuations of foreign exchange rates will have impact on the reported value of investments, which will decrease in the case of appreciation of PLN compared to foreign currencies in which individual investments are measured during the investment period. Changes in exchange rates, through decreases in valuation or value of income obtained in the case of sale of the investments, can decrease the value of the funds' assets and thus the value of investment certificates held by the Company. The Investment Fund Company, as far as possible, maintains the policy of securing foreign exchange risk through foreign currency adjustment of sources of funding in relation to the original investment currency

### **CREDIT RISK**

Credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of financial assets with which the Company's credit risk is associated. These are the following assets: long-term receivables, short-term receivables, receivables from promissory notes, loans granted, cash, other financial instruments and investments in shares and investment certificates and off-balance sheet commitments, i.e. guarantees and warranties granted. A significant part of the Company's financial assets is made up of receivables and investments in related entities. The Company optimises the liquidity management process by granting loans, holding promissory note receivables and short-term receivables from related parties. The Company monitors the balance of receivables on an ongoing basis. Credit risk associated with investments in subsidiaries and affiliates, investment certificates and other financial instruments is based on the results of companies and funds and is reflected in the valuation of these investments at fair value. At the same time, the financial performance of the companies and funds is monitored by the Company on an ongoing basis. With respect to cash, in order to improve current liquidity, the Company concludes bank deposit agreements with entities with high creditworthiness and deposits the funds for short periods of time. There is no material concentration of credit risk at the Company.

The Company applies the simplified model to calculate the allowance for trade receivables. The expected credit loss on receivables from customers is calculated on recognition of receivables in the statement of financial position and is updated as at each subsequent reporting date, depending on the number of days past due for a given amount receivable.

The Company's exposure to credit risk with respect to long-term and short-term receivables is presented in the table below:

	31 December 2020	<u>Long-term and short-term receivables</u>				
		<i>Total</i>	<i>Not past due</i>	<i>&lt;30 days</i>	<i>30–60 days</i>	<i>61–90 days</i>
Gross value at risk	<b>1,685</b>	1,151	1	2	5	526
Loss allowance for expected credit losses	<b>(211)</b>	-	-	-	-	(211)

	31 December 2019	<u>Long-term and short-term receivables</u>				
		<i>Total</i>	<i>Not past due</i>	<i>&lt;30 days</i>	<i>30–60 days</i>	<i>61–90 days</i>
Gross value at risk	<b>1,827</b>	1,547	12	-	-	268
Loss allowance for expected credit losses	<b>(215)</b>	-	-	-	-	(215)

## **RISK RELATED TO THE ENVIRONMENT IN WHICH THE COMPANY OPERATES**

### **Risk of changes in the legal, tax, regulatory and economic system**

There may be changes in the legal, tax, regulatory and economic system in the environment of the Company and funds whose investment certificates are held (directly and indirectly) by the Company and their portfolio companies. These developments may adversely affect the Company's ability to operate.

### **Risk of downturn in the area of innovative technologies**

A significant part of the funds' current investment portfolio, as well as their planned investments, is implemented in the area of innovative technologies. The economic downturn in this sector may affect the number and size of investment projects implemented by the funds, as well as their profitability, which may result in a deterioration of the Company's financial performance.