SELECTED FINANCIAL DATA

	For the period: from 01.01.2022 to 31.12.2022	For the period: from 01.01.2021 to 31.12.2021	For the period: from 01.01.2022 to 30.12.2022	For the period: from 01.01.2021 to 30.12.2021
	PLN ‘000	PLN ‘000	EUR ‘000	EUR ‘000
Revenue from management	16,710	31,320	3,564	6,842
Operating profit	136,626	358,265	29,142	78,267
Profit before tax	112,941	346,823	24,090	75,767
Net profit	143,261	465,790	30,557	101,756
Net cash from operating activities	15,439	78,679	3,293	17,188
Net cash from investing activities	(4,788)	(1,858)	(1,021)	(406)
Net cash from financing activities	5,878	(94,769)	1,254	(20,703)
Net increase/(decrease) in cash and cash equivalents	16,529	(17,948)	3,526	(3,921)

	As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
	PLN ‘000	PLN ‘000	EUR ‘000	EUR ‘000
Total assets	2,225,177	2,064,233	474,462	448,805
Long-term liabilities	187,772	137,096	40,038	29,807
Short-term liabilities	121,180	118,890	25,839	25,849
Equity	1,916,225	1,808,247	408,585	393,148
Share capital	52,461	51,432	11,186	11,182
Number of shares	52,461,033	51,432,385	52,461,033	51,432,385
Weighted average number of shares	51,722,661	50,296,718	51,722,661	50,296,718
Earnings per weighted average ordinary share (PLN/EUR)	2.77	9.26	0.59	2.01
Book value per share (PLN/EUR)	36.53	35.16	7.79	7.64

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 the statement of profit or loss and other comprehensive income and statement of cash flows – 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 2022 – PLN 4.6883, from 1 January to 31 December 2021 – 4.5775.

– 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 2022 – 4.6899, and as at 31 December 2021 – 4.5994.

Capital Group
MCI CAPITAL ASI S.A.

Consolidated financial statements
for the financial year ended 31 December 2022

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 parent company is required to ensure that the consolidated 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 the MCI CAPITAL ASI S.A. Group and of it profit or loss for the financial year from 1 January to 31 December 2022.

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

Name and surname	Position	Signature
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, Aleja Komisji Edukacji Narodowej 95

Warsaw, 30 March 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 31 December 2022

	NOTES	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Gain or loss on investment certificates	1a	158,196	374,078
Revaluation of shares	1d	(134)	440
Valuation of other financial instruments	1b	(17 411)	5,736
Revenue from management	2	16,710	31,320
Cost of core activities	3	(813)	(3,896)
Profit before tax from core activities		**156,548**	**407,678**
General and administrative expenses	4	(20,396)	(50,059)
Other operating revenue		622	989
Other operating expenses		(148)	(343)
Operating profit		**136,626**	**358,265**
Finance income	5	2,226	1,157
Finance costs	5	(25,911)	(12,599)
Profit before tax		**112,941**	**346,823**
Income tax	6	30,320	118,967
Net profit from continuing operations		**143,261**	**465,790**
Net profit		**143,261**	**465,790**
Attributable to:			
- owners of the parent company		**143,261**	**465,790**
- non-controlling interests		-	-
Net profit		**143,261**	**465,790**
Net other comprehensive income		-	-
Comprehensive income		**143,261**	**465,790**
Attributable to:			
- owners of the parent company		**143,261**	**465,790**
- non-controlling interests		-	-
Earnings per share			
Basic	7	2.77	9.26
Diluted	7	2.75	9.16

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes and other explanatory information to the consolidated financial statements on pages 7 to 69.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	NOTES	As at 31.12.2022 PLN '000	As at 31.12.2021 – restated data PLN '000
Non-current assets			
Property, plant and equipment		368	418
Right-of-use assets	17	2,991	3,377
Intangible assets		24	50
Investment certificates	8a	2,148,788	2,008,606
Investments in other entities	8b	5,911	1,007
Trade and other receivables	9	47	11
Deferred tax assets	6	18,603	540
		2,176,732	**2,014,009**
Current assets			
Trade and other receivables	9	8,705	28,324
Corporate income tax receivable		1,869	226
Other financial assets		372	704
Cash and cash equivalents	10	37,499	20,970
		48,445	**50,224**
Assets		**2,225,177**	**2,064,233**
Equity			
Share capital	11	52,461	51,432
Supplementary capital	11	1,721,705	1,292,616
Other components of equity	11	(32,201)	(32,614)
Retained earnings		174,260	496,813
Equity attributable to shareholders of the parent company		**1,916,225**	**1,808,247**
Total equity		**1,916,225**	**1,808,247**
Long-term liabilities			
Liabilities on account of bonds	14	83,857	110,169
Lease liabilities	17	3,183	3,507
Loans and bank credits	15	90,004	-
Deferred tax liability	6	-	10,613
Provisions	18	10,728	12,807
		187,772	**137,096**
Short-term liabilities			
Trade and other payables	13	2,342	3,280
Lease liabilities	17	399	-
Income tax liabilities		-	-
Liabilities on account of bonds	14	115,850	16,595
Loans and bank credits	15	-	29,736
Promissory notes payable	16	-	66,106
Other financial instruments	1c	-	2,281
Provisions	18	2,589	892
		121,180	**118,890**
Total liabilities		**308,952**	**255,986**
Total equity and liabilities		**2,225,177**	**2,064,233**

The consolidated statement of financial position should be read in conjunction with the notes and other explanatory information to the consolidated financial statements on pages 7 to 69.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from 1 January to 31 December 2022

PLN '000	Share capital [Note 11]	Supplementary capital [Note 11]	Other components of equity – restated data* [Note 11]	Retained earnings (accumulated losses) – restated data* [Note 25]	Treasury shares	Equity attributable to shareholders of the parent company	Total equity
As at 01.01.2022	**51,432**	**1,292,616**	**(32,614)**	**496,813**	**-**	**1,808,247**	**1,808,247**
Share capital increase	1,029	-	-	-	-	**1,029**	**1,029**
Dividend payout	-	-	-	(36,723)	-	**(36 723)**	**(36 723)**
Profit distribution	-	429,089	-	(429,089)	-	**-**	**-**
Share-based incentive schemes	-	-	413	-	-	**413**	**413**
Profit (loss)	-	-	-	*143,261*	-	***143,261***	***143,261***
Other comprehensive income	-	-	-	-	-	**-**	**-**
Comprehensive income	-	-	-	143,261	-	**143,261**	**143,261**
Increase (decrease) in equity	1,029	429,089	413	(322,551)	-	107,980	107,980
As at 31.12.2022	**52,461**	**1,721,705**	**(32,201)**	**174,260**	**-**	**1,916,225**	**1,916,225**
As at 01.01.2021	**49,954**	**1,213,793**	**19,905**	**82,666**	**(10,446)**	**1,355,872**	**1,355,872**
Dividend payout	-	-	-	(27 773)	-	**(27,773)**	**(27,773)**
Profit distribution	-	62,142	-	(62,142)	-	**-**	**-**
Share-based incentive schemes	-	-	24,492	-	-	**24,492**	**24,492**
Accounting for the merger of MCI Capital ASI and PEM	1,478	16,681	(77,011)	38,272	10,446	**(10,134)**	**(10,134)**
Profit (loss)	-	-	-	*465,790*	-	***465,790***	***465,790***
Other comprehensive income	-	-	-	-	-	**-**	**-**
Comprehensive income	-	-	-	465,790	-	**465,790**	**465,790**
Increase (decrease) in equity	1,478	78,823	(52,519)	414,147	10,446	**452,375**	**452,375**
As at 31.12.2021	**51,432**	**1,292,616**	**(32,614)**	**496,813**	**-**	**1,808,247**	**1,808,247**

*Restated financial data – the Group adjusted the accounting for the merger of PEM SA and MCI CAPITAL ASI SA as at 21 June 2021 by reclassifying the amount of PLN 38,272 thousand from "Other components of equity" to "Profit (loss) brought forward"

The consolidated statement of changes in equity should be read in conjunction with the notes and other explanatory information to the consolidated financial statements on pages 7 to 69.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from 1 January to 31 December 2022

	NOTES	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Cash flows from operating activities			
Profit before tax for the reporting period		**112,941**	**346,823**
Adjustments made to reconcile profit (loss)		**(95,680)**	**(349,201)**
Depreciation of property, plant and equipment	4	*618*	*1,243*
Revaluation of shares, investment certificates and derivatives	1	*(140,651)*	*(380,254)*
Finance income and costs		*25,442*	*12,358*
Share-based incentive scheme	20	*413*	*24,492*
Other adjustments		*235*	*-*
Change in provisions		*(382)*	*(3,348)*
Change in trade and other receivables	10	*19,583*	*6,341*
Change in trade and other payables		*(938)*	*(10,033)*
Cash flows from operating activities		**17,261**	**(2,378)**
Expenditure on the acquisition of investment certificates		(23,298)	(1,517)
Proceeds from redemption of investment certificates		41,168	84,080
Payment of guarantees		(19,692)	-
Income tax paid		-	(1,506)
Net cash from operating activities		**15,439**	**78,679**
Cash flows from investing activities			
Proceeds from sale of non-current assets		9	39
Proceeds from repayment of loans advanced (principal amount)		358	617
Proceeds from repayment of loans advanced (interest)		42	11
Proceeds from loans advanced		-	(668)
Expenditure on purchase of shares	8b	(5,038)	(1,430)
Expenditure on purchase of non-current assets		(159)	(427)
Net cash from investing activities		**(4,788)**	**(1,858)**
Cash flows from financing activities			
Proceeds from share capital increase		1,029	-
Expenditure on the acquisition of shares in PEM S.A.	10	-	(10,134)
Proceeds from credits and loans		90,004	1,000
Repayment of credits and loans	15	(29,736)	(11,414)
Repayment of interest on credits and loans	15	(3,247)	(1,038)
Payment of lease liabilities		(63)	(851)
Repayment of interest on leases		(86)	(47)
Issue of bonds	14	76,201	14,559
Issue of promissory notes	16	-	54,500
Redemption of promissory notes	16	(66,005)	(16,615)
Interest paid on promissory notes		(925)	(930)
Redemption of bonds	14	(8,350)	(76,650)
Interest paid on bonds	14	(16,221)	(19,376)
Dividend payout	25	(36,723)	(27 773)
Net cash from financing activities		**5,878**	**(94,769)**
Increase (decrease) in cash and cash equivalents before effects of exchange rate changes		**16,529**	**(17,948)**
Effects of changes in exchange rates for cash and cash equivalents		-	-
Net change in cash and cash equivalents		**16,529**	**(17,948)**
Opening balance of cash and cash equivalents	10	20,970	38,918
Closing balance of cash and cash equivalents	10	**37,499**	**20,970**

The consolidated statement of cash flows should be read in conjunction with the notes and other explanatory information to the consolidated financial statements on pages 7 to 69.

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

1. Overview

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, 6th 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 has its registered office at ul. Rondo Daszyńskiego 1 in Warsaw.
Legal form of the company: joint-stock company
Country of incorporation: Poland
Address of the Company's registered office: ul. Rondo Daszyńskiego 1 in Warsaw
Principal place of business: ul. Rondo Daszyńskiego 1 in Warsaw

The duration of the Company is indefinite.

MCI Capital Alternatywna Spółka Inwestycyjna S.A. is the Parent Company of the MCI Capital Alternatywna Spółka Inwestycyjna S.A. Capital Group (the "MCI Group" or "Group").

Name of reporting entity or other means of identification: MCI Capital Alternatywna Spółka Inwestycyjna S.A. Group
Name of the ultimate reporting entity: MCI Management Sp. z o.o.

<u>Description of nature of entity's operations and principal activities</u>

The MCI Capital Alternatywna Spółka Inwestycyjna S.A. Group operates in two areas:

- asset management for private equity, venture capital funds.
- private equity / venture capital investment business, investing its assets through investment funds with diversified investment strategies. As at the date hereof, the Group's investments are mainly focused on the MCI.PrivateVentures FIZ fund with the separated subfunds: MCI.EuroVentures 1.0. and MCI.TechVentures 1.0. The second fund in the Group's structures is Internet Ventures FIZ w likwidacji [in liquidation], which is seeking to liquidate its assets and wind up. 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) to investments in small technology start-ups (Helix Ventures FIZ w likwidacji [in liquidation] – the fund was liquidated on 31 October 2022 and Internet Ventures FIZ w likwidacji [in liquidation]. The liquidation of Internet Ventures FIZ commenced on 1 July 2021). Investments in portfolio companies are made for a period of several years, during which the managing entities actively support the growth of the companies and supervise the implementation of their business strategy, and then look for opportunities to sell these assets. The most significant assets held by the MCI Group include investment certificates.

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.

On 21 June 2021, the merger of MCI and Private Equity Managers S.A. ("PEM") was entered into the register. The merger was effected through the acquisition of PEM by MCI. The merger of the companies was preceded by MCI obtaining a decision from the PFSA on the lack of grounds to object to the direct acquisition of shares in MCI Capital TFI S.A. by the Company. The decision was issued on 11 June 2021.

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

2. Composition of the MCI Capital Alternatywna Spółka Inwestycyjna S.A. Capital Group as at 31 December 2022

Parent company:

- **MCI Capital Alternatywna Spółka Inwestycyjna S.A.**

Consolidated subsidiaries:

- **MCI Capital TFI S.A.**

  The Investment Fund Company managing investment funds, having its registered office in Poland and being a direct subsidiary of MCI (MCI holds 100% of shares in the company)

- **PEM Asset Management Sp. z o.o. (hereinafter: PEM AM)**

  Until 9 December 2019, the company managing the funds: MCI.PrivateVentures FIZ, MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation] (fund liquidated on 4 January 2023), Helix Ventures Partners FIZ w likwidacji [in liquidation] (fund liquidated on 31 October 2022), Internet Ventures FIZ w likwidacji [in liquidation] under the management agreement concluded with MCI Capital Towarzystwo Funduszy Inwestycyjnych S.A. From 10 December 2019, the management of the funds returned to MCI Capital Towarzystwo Funduszy Inwestycyjnych S.A. PEM AM is a direct subsidiary of MCI (MCI holds 100% of shares in PEM AM).

Non-consolidated subsidiaries:

On 14 July 2021, MCI Capital ASI S.A. acquired 100 shares of MCI Investments Sp. z o.o. This company is entered in the Register of Entrepreneurs of the National Court Register under KRS entry number: 0000820812; the place of business is the company's registered office in Warsaw (at Rondo Ignacego Daszyńskiego 1). MCI, as the sole shareholder, holds 100% of the shares in the company. The company had no operations in 2022, but was established with the intention of carrying out investment activities.

The company is not consolidated due to the exemption defined in para. 32 of IFRS 10, availed by MCI Capital ASI as an investment company (i.e. the company is classified as an investment entity).

MCI also indirectly held shares in Helix Venture Asset Management Sp. z o.o. w likwidacji [in liquidation] (100% of shares were held by PEM Asset Management Sp. z o.o.), which was not consolidated due to its immateriality. The company was removed from the register of entrepreneurs on 6 April 2022.

Non-consolidated companies are measured at fair value through profit or loss.

Non-consolidated funds:

- **MCI.TechVentures 1.0 subfund**
- **MCI.EuroVentures 1.0 subfund**
- **MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation]** (fund liquidated on 4 January 2023)
- **Internet Ventures FIZ w likwidacji [in liquidation]**
- **Helix Ventures Partners FIZ w likwidacji [in liquidation]** (fund liquidated on 31 October 2022)
- **MCI Partners FIZ [in liquidation]** (fund liquidated on 30 September 2022)

On 27 April 2021, a resolution was passed to dissolve PEM Seed Capital Private Equity Managers Spółka Akcyjna Spółka Komandytowa ("PSC"), a subsidiary of the parent company. As a result, the parent company ceased to consolidate the PSC as of that date.

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 June 2021, the merger of MCI with PEM was entered into the register. MCI was the acquirer and PEM 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. With the merger of the companies, MCI took control of the fund manager, i.e. MCI Capital TFI S.A. Consequently, a consolidation obligation arose following the merger. The merger was accounted for using the pooling of interests method as a business combination of entities under common control of MCI Management Sp. z o.o. From the date of the merger until 31 December 2022, the Company had consolidated subsidiaries and therefore prepared consolidated financial statements as at 31 December 2022. The consolidation obligation does not apply to investments made through funds, as these are considered investments of the investment entity (MCI).

Composition of the parent company's Management Board:

As at 31 December 2022 and as at the date of these financial statements, the composition of the parent company's Management Board was as follows:

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

3. Basis for preparation of the financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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.

Certain Group entities maintain their accounting records in accordance with the accounting policies prescribed by the Accounting Act of 29 September 1994 (Journal of Laws 2021, item 217) and the regulations issued thereunder ("Polish Accounting Standards"). The consolidated financial statements contain adjustments not included in the accounting records of the Group's entities made to bring the financial statements of those entities into conformity with IFRS.

4. Date of authorisation of the consolidated financial statements

The consolidated financial statements were prepared and authorised for issue by the Company's Management Board on 30 March 2023.

5. Going concern assumption

These consolidated financial statements of the Group have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future, i.e. for at least 12 months after the balance sheet date of 31 December 2022. At the date of authorisation of these consolidated financial statements, the parent company's Management Board does not identify any facts and circumstances that would indicate a threat to the Group's ability to continue as a going concern in the period of at least 12 months after the balance sheet date as a result of any deliberate or compulsory discontinuation or material curtailment of its current operations, with the exception of negative working capital (i.e. the excess of short-term liabilities over current assets), which will be covered mainly by proceeds from the redemption of investment certificates held by the Group and income from the management of investment funds. The Group 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 Group and the Group does not identify any threat to its ability to continue as a going concern on this account.

The parent company's Management Board notes the continuing uncertainty regarding the effects of the armed conflict in Ukraine. The parent company's Management Board does not identify a threat to the Group's ability to continue as a going concern as well as the current liquidity of the Group companies as a result of the war in Ukraine and the sanctions imposed on Russia, as described in detail in ***Note 31 "Significant events in 2022"***.

6. Functional currency and presentation currency

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

7. Key judgements and estimates

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

All judgements, assumptions and estimates which have been made for the purposes of these consolidated 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 consolidated 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.

Valuation of 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 opinion of the parent company's Management Board, the 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 8a "*Investment certificates*"**.

Revenue from asset management

The asset management fee is determined based on the net asset value of the funds managed by the Group. The valuation of the funds' net assets is based on an estimate of the fair value of the investments made by the funds in shares in portfolio companies. The assumptions and valuation models used have a significant impact on the estimation of this value.

Carry fee

The carry fee is payable to the investment managers of the funds' portfolio companies. It is calculated based on the parameters of the actual offer to buy the company in question (partial or full exit) and may not exceed 5% of the net profit made on the investment in question, calculated as the difference between the proceeds from the sale of the shares and the expenditure incurred on the investment in question, plus 10%, i.e. the expected return on the investment (hurdle rate) per annum in the period from the time the relevant expenditure was incurred until the proceeds from the sale of the investment (shares) are received.

In the case of the funds' investment in eSky, the carry fee is calculated based on the co-investment model resulting directly from the provisions of the agreements with the managing partners.

The variable fee provision is updated quarterly based on the quarterly revaluation to fair value of the respective investment in the portfolio company.

Measurement of payments made in the form of the Company's treasury shares

Equity-settled share-based payment transaction are measured by the Company by reference to the fair value of the equity instruments granted. The Company determines the fair value of the equity instruments granted as at the valuation date. The entity determines fair value based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted.

The fair value measurement of the scheme is performed taking into account the vesting period, at the time of vesting.

The Group uses the Black-Scholes equation to value the entitlements.

The Group has assumed dividend payments, in accordance with the Company's dividend policy for 2021-2023 adopted by the parent company's Management Board on 26 October 2020, over the life of the entitlements granted in the form of MCI shares.

The Group determines the risk-free interest rate as the yield earned on currently available zero-coupon government bonds and fixed-rate government bonds and their yields in the period to maturity.

The Group estimates the expected volatility in accordance with paragraph B25 of Annex B of IFRS 2. To this end, the Group considers the following factors:

- implied volatility from traded share options on the entity's shares, or other traded instruments of the entity that include option features (such as convertible debt), if any;
- the historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option;

- the length of time an entity's shares have been publicly traded. A newly listed entity might have a high historical volatility, compared with similar entities that have been listed longer.
- the tendency of volatility to revert to its mean, i.e. its long-term average level, and other factors indicating that expected future volatility might differ from past volatility;
- appropriate and regular intervals for price observations. The price observations should be consistent from period to period. Also, the price observations should be expressed in the same currency as the exercise price.

For additional information, see ***Note 20 "Share-based incentive schemes"***.

Deferred tax assets/ liabilities

Deferred tax assets are recognised in the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, which will result in amounts that are deductible in determining taxable profit and tax loss of future periods, calculated subject to the prudence principle. Deferred tax assets are calculated using the tax rates applicable in the year when the tax obligation arises. 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.

The Group recognises a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

a) the Group is able to control the timing of the reversal of the temporary difference; and

b) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognises deferred tax liabilities for the valuation of the investment certificates of MCI.EuroVentures 1.0. separated within the MCI.PrivateVentures FIZ fund only up to the level of expected redemptions of the subfund's investment certificates in the foreseeable future, i.e. covering the period of 3 years from the balance sheet date. The reversal of the liability in 2021 resulted from the parent company's assumption of control over MCI Capital TFI S.A., i.e. the investment fund company managing the MCI.EuroVentures 1.0. subfund separated within the MCI.PrivateVentures FIZ fund, as a result of entering the merger of MCI and PEM into the National Court Register on 21 June 2021 and thus fulfilling the condition for not recognising a deferred tax liability as defined in Section 39 of IAS 12 "Income Taxes". For the remaining investment certificates, condition (b) described above is not met and the Group recognises a deferred tax liability on this account.

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 provided Polish tax inspection authorities with grounds to challenge certain legal arrangements made by taxpayers, including restructuring or reorganisation of corporate groups.

The Group 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.

Whenever there is uncertainty as to whether and to what extent a tax authority would accept a tax settlement, the Group discloses such settlement taking into consideration the assessed uncertainty.

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 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 Group invests funds in order to obtain returns from the increase in the value of investments (investment certificates). The primary activity of the Group is to invest funds to closed-end investment funds and thus obtain a return on the capital invested. The parent 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 of the parent company 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 Group makes its investments. The fair value is the best reflection of the value of assets held by the Group.

The parent company prepares the consolidated financial statements taking into account the assumptions described in Section 2 of the notes.

8. Accounting policy

Standards and interpretations that have been endorsed by the European Union

Published Standards and Interpretations that have been issued but are not yet effective and have not been applied early:

- 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 and IFRS Practice Statement 2: Disclosure of accounting policies, were issued by the International Accounting Standards Board on 12 February 2021 and are effective for annual periods beginning on or after 1 January 2023.
- Amendment to IAS 8: Definition of accounting estimates, was issued by the International Accounting Standards Board on 12 February 2021 and is effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction were issued on 7 May 2021 and are effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 17: Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative information (published on 9 December 2021) – effective for annual periods beginning on or after 1 January 2023.

Standards and interpretations not yet endorsed by the European Union

These consolidated financial statements do not take into account the standards and interpretations listed below, which are pending endorsement by the European Union.

- IFRS 14: Regulatory Deferral Accounts − pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until its final version is published; not endorsed by the EU by the date of authorisation of these financial statements for issue; 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) − work leading to endorsement of the amendments was deferred by the EU for an indefinite period − effective date was deferred by the IASB for an indefinite period;
- Amendments to IAS 1: Classification of Liabilities as Current or non-current, were issued by the IASB on 23 January 2020. On 15 July 2020 the IASB published an amendment that provides entities with operating relief by postponing the effective date of the amendments to the Standard by one year for annual reporting periods beginning on or after 1 January 2023.
- Amendment to IFRS 16 Leases: Lease obligations in sale and leaseback transactions (issued on 22 September 2022) – not yet endorsed by the EU by the date of authorisation of these financial statements – effective for annual periods beginning on or after 1 January 2024.

New or amended standards and interpretations which were applied for the first time in 2022 did not have a material effect on these consolidated financial statements.

Investment entity

The parent 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. As at 31 December 2022, the subsidiaries providing services related to the investment activities of the investment entity are MCI Capital TFI S.A. and PEM Asset Management Sp. z o.o. and are therefore consolidated by MCI.

Revenue from management

Revenue from the performance of agreements, in accordance with IFRS 15, is recognised when control of the goods or services is transferred to the customer, at the transaction price. Management income includes fixed and variable management fees for the management of investment funds, based on the net asset value of the funds. Management income is not recognised when there is significant uncertainty about the possibility of obtaining future economic benefits.

To determine the transaction price, the Group considers the terms of the agreement/articles of association, other documents giving rise to revenue recognition and its customary business practices. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in an agreement with a customer may include fixed amounts, variable amounts, or both.

If the consideration promised in an agreement/articles of association includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

Depending on whether certain criteria are met, revenue related to separate performances is recognised either:

- over the period in which the services are provided by the Group, or
- on a one-off basis at a point in time when control of goods or services is transferred to the customer.

Revenue from management fees are recognized in accordance with the first option, i.e. recognised over the periods in which the management services were provided.

Costs of core activities and general and administrative expenses

Costs of core activities and general and administrative expenses relating to the financial year are recognised in the accounting records in the period to which they relate.

Costs of core activities are those costs that are directly related to the revenue of the year. They are incurred in connection with the generation of revenue by the Group from its core business. Costs of core activities include, among others:

- costs of distributors incurred upon the sale of investment certificates,
- funds' cost in excess of the limit covered by the Investment Fund Company in accordance with the provisions of the funds' articles of association,
- costs relating to ancillary activities in connection with the Investment Fund Company's record of fund participants.

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

- salaries and employee benefits, as well as social security costs (this applies to persons employed at the MCI Group under an employment contract, mandate contracts or contracts for a specific work), as well as the salary costs of persons cooperating with the MCI Group companies who are not employed under an employment contract, mandate contracts or contracts for a specific work),
- costs of third-party services include costs of advisory and legal services, accounting costs, marketing expenses, costs of auditing services, IT service costs, etc,
- depreciation of property, plant and equipment, amortisation of intangible assets and depreciation of right-of-use assets,
- consumption of materials and energy,
- taxes and charges,
- other expenses.

Share-based payments

Equity compensation benefits include benefits in such forms as shares, share options and other equity instruments issued by the parent company, that meet the IFRS 2 criteria of an equity-settled scheme. The fair value measurement of the scheme is performed taking into account the vesting period, at the time of vesting and is recognised as a remuneration expense in the income statement and in equity under Other components of equity.

Carry fee

The Carry fee is calculated on the basis of parameters from the actual offer to sell a given investment in a portfolio company (partial or full exit) and may not exceed 5% of the net profit made on a given investment, calculated as the difference between the proceeds from the sale of an investment in a portfolio company (sale price) and other investment income earned during the life of the investment and the expenditure incurred on a given investment and related to a given portfolio company, plus 10%, i.e. the expected return on the investment (hurdle rate) per annum in the period from the time the relevant expenditure was incurred until the proceeds from the sale of the investment (shares) are received by the fund in accordance with the agreement entered into with the manager of the relevant portfolio company investment and the Group's compensation policy. In the case of the funds' investment in eSky, the carry fee is calculated based on the co-investment model resulting directly from the provisions of the agreements with the managing partners. The Carry Fee is paid by the subsidiaries of MCI Capital ASI S.A., namely MCI Capital TFI S.A. and PEM Asset Management Sp. z o.o. to the investment managers.

Fundraising fee

The fundraising fee is related to:

- raising debt financing to finance the investments,
- placing of the issue of investment certificates of funds managed by the MCI Group.

Provisions are recognised for the aforementioned fees in the month following the month in which one of the aforementioned events occurred.

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
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
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.

The Group recognises a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

a) the Group is able to control the timing of the reversal of the temporary difference; and
b) it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group 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: investment certificates, other financial instruments, investments in other entities.

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 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:

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

Impairment of financial assets

At each reporting date, the Group assesses whether credit risk of a given financial instrument measured at amortised cost has increased significantly since initial recognition. When making the assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

In the case of trade receivables, the Group always measures an impairment loss on the expected credit losses at an amount equal to full lifetime expected credit losses.

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 Group. 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.

Trade and other receivables

Receivables are assets controlled by the Group that have a reliably determined value and arise from past events that will result in future inflows of economic benefits to the Group.

In the financial statements, receivables are broken down into long-term receivables (in non-current assets) and short-term receivables (in current assets).

Trade payables and other liabilities

Long-term liabilities

Long-term liabilities are liabilities which are payable within more than 12 months from the balance sheet date. Liabilities denominated in foreign currencies are translated at the balance sheet date into the Polish currency using the mid exchange rate quoted for the foreign currency by the National Bank of Poland for that date. Long-term liabilities are measured at the amount payable.

Short-term liabilities

Short-term liabilities comprise all trade payables and all or part of other liabilities falling due within 12 months of the balance sheet date. Short-term liabilities are measured at the amount payable.

Leases

Under IFRS 16, a contract is a lease or contains a lease component if it transfers the right to control the use of the identified asset for a given period for consideration.

The right-of-use is conveyed where the lessee has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use in the period.

If the definition of lease is satisfied, the lessee recognises a right-of-use asset and a lease liability, initially measured at the present value of the lease payments to be made over the lease term, except for short-term leases (up to 12 months) and leases in respect of which the underlying asset has a low value.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. In accordance with IFRS 16, the Group right-of-use assets and lease liabilities recognises in the statement of financial position for all leases, except where IFRS 16 provides for exemptions from recognition.

For leases commencing, the Group recognises right-of-use assets and lease liabilities in the following manner:

- the lease liabilities are measured at the present value of the lease payments remaining to be made, discounted at the incremental borrowing rate of the agreement,
- the value of the right-of-use asset for individual leases (separately for each lease) is determined at cost.

The cost of a right-of-use asset comprises:

a) the amount of the lease liability initially measured;
b) any lease payments made at or prior to commencement, less any lease incentives received;
c) any initial direct costs incurred by the Group; and
d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable by the Group under residual value guarantees;
d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

The initial measurement of both assets and liabilities is significantly affected by the determination of the lease term. According to the definition of the lease period set out in IFRS 16, this period includes the non-cancellable period and periods resulting from the extension or termination options, if there is reasonable certainty that the Group will extend the contract or will not use the termination option.

In addition, the Group makes other subjective assessments when making estimates and assumptions that affect the measurement of lease liabilities and right-of-use assets as regards:

a) determination of incremental borrowing rates used in discounting future cash flows – for the leases recognised by the Group, the rate used to discount future cash flows is 4.32%;
b) indication of the useful lives of right-of-use assets
c) structure of fixed and variable payments in the contract.

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.

Trade and other payables are measured at amortised cost using the effective interest rate method.

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 Group 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 Group anticipates that the costs for which provisions have been recognised will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate asset, 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.

Guarantees granted

On initial recognition, the guarantee is measured at fair value, i.e. the amount of consideration received determined on an arm's length basis. As at each balance sheet date, the Group assesses whether the guarantee liability measured in accordance with expected credit losses (according to IFRS 9) is greater than the fair value, i.e. the amount of consideration received determined on an arm's length basis. Where such a surplus exists, the Group recognises it as a provision in the balance sheet. Revenue from guarantees granted is recognised progressively over the period for which the guarantee is granted.

Consolidation

Subsidiaries

Subsidiaries are all investees controlled by the parent company. In accordance with IFRS 10, the company controls an investee if and only if the company has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the company's returns.

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.

Other subsidiaries are consolidated by the Company using the full method. The scope of consolidation includes all entities of the MCI Capital Group (except for the investment funds and the non-consolidated entities listed in Section 2 of the Notes which are also subsidiaries) listed in the notes containing significant accounting policies and other explanatory information, Section 2 on page 8.

Basis of consolidation

The consolidated financial statements include the financial data of MCI Capital ASI S.A. and the financial data of consolidated subsidiaries as at 31 December 2022. As indicated in Section 2 of the Notes, some subsidiaries are not consolidated due to the fact that the parent company is an investment entity within the meaning of IFRS 10. The financial statements of subsidiaries are prepared as at the same reporting date as those of the parent company and in accordance with the same accounting policies in all material respects.

Any significant balances and transactions of significant value between Group companies, including unrealised gains from intra-Group transactions, are fully eliminated. Unrealised losses are also eliminated unless they provide evidence of an impairment that should be recognised in the consolidated financial statements.

The funds are not consolidated in accordance with par. 31 and 32 of IFRS 10.

Accounting for transactions under common control at book value

Business combinations under common control are excluded from regulation by IFRS standards. In this situation, in accordance with the recommendation in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", in the absence of specific regulations under the IFRSs, MCI Capital ASI S.A. adopted the accounting policy generally applied to all business combination transactions under common control, involving the recognition of such transactions at book value. The Group also makes a full adjustment to the comparative figures in such situations.

The acquirer recognises the assets and liabilities of the acquiree at their present book value, adjusted only to bring the accounting policies of the acquiree into line. Goodwill and negative goodwill are not recognised.

The difference, if any, between the carrying amount of the net assets acquired and the fair value of the consideration is recognised in the Group's equity.

Functional currency. Presentation of items disclosed in the financial statements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January to 31 December 2022

1. Gains and losses on financial assets measured at fair value through profit or loss

The item of gains and losses from investments includes revaluation of financial assets and realised net gain or loss on sale of financial assets:

- investment certificates of closed-end investment funds ("FIZ") held by MCI and PEM AM,
- shares in companies,
- other financial instruments.

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Gain or loss on investment certificates	158,196	374,078
Revaluation of other financial instruments	(17,411)	5,736
Revaluation of shares	(134)	440
	140,651	**380,254**

1a. Gain or loss on investment certificates

Unrealised gain or loss on revaluation of investment certificates

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: From 01.01.2021 to 31.12.2021 PLN '000
Investment certificates of MCI.EuroVentures 1.0.*	280,009	311,360
Investment certificates of MCI.TechVentures 1.0.**	(120,143)	55,950
Investment certificates of Internet Ventures FIZ w likwidacji [in liquidation]	(1,660)	938
Investment certificates of MCI.Partners FIZ w likwidacji [in liquidation]	-	1,438
Value of preferred distribution of funds from Internet Ventures FIZ w likwidacji [in liquidation]***	-	(1,493)
Value of preferred distribution from Helix Ventures Partners FIZ fund w likwidacji [in liquidation]***	-	(1,069)
Revaluation of investment certificates (unrealised gain or loss)	**158,206**	**367,124**

*The gain from revaluation of investment certificates of MCI.EuroVentures 1.0, a Subfund separated within MCI.PrivateVentures FIZ, in 2022 resulted mainly from changes the subfund's net assets on account of a profit on operations in the amount of PLN 281.5 million following the generation of unrealised gains on valuation of investments in the amount of PLN 295.6 million (primarily due to the revaluation of investments in eSky in the amount of PLN 276.0 million and Netrisk (Topco Zártköruen Muködo Részvénytársaság) in the amount of PLN 49.4 million, offset by a loss on revaluation of investments in IAI in the amount of PLN 51.1 million and Pigu in the amount of PLN 34.4 million). As at 31 December 2022, the Group's share in the subfund's NAV was 99.49%.

**The loss from revaluation of investment certificates of MCI.TechVentures 1.0, a Subfund separated within MCI.PrivateVentures FIZ, in 2022 resulted mainly from changes the subfund's net assets on account of a loss on operations in the amount of PLN 291.4 million following the unrealised loss on valuation of investments in the amount of PLN 265.6 million (primarily due to a loss on revaluation of investments in Morele Group Sp. z o.o. in the amount of PLN 154.8 million, Gett in the amount of PLN 73.4 million and Travelata.ru in the amount of PLN 31.2 million) and the realisation of a loss on disposal of investments in the amount of PLN 24.5 million. As at 31 December 2022, the Group's share in the subfund's NAV was 48.48%.

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).

****The financial instrument (a mechanism for preferred distribution of funds held in investments made by Helix Ventures Partners FIZ w likwidacji [in liquidation] (the fund was liquidated on 31 October 2022) and Internet Ventures FIZ w likwidacji [in liquidation]) is measured by the Group. The Group has priority over the other participant in the return/payment of funds. Depending on the relationship between the valuation of the funds' investment certificates held by the Group and the valuation of the preferred distribution rights of the funds invested in each of the funds indicated, the Group recognises a gain (when the value of the preferred distribution rights exceeds the valuation of the funds' investment certificates held by the Group) or a loss (in the opposite situation).

Realised net gain or loss on redemption of investment certificates

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Investment certificates of Helix Ventures Partners FIZ w likwidacji [in liquidation]*	100	1,067
Investment certificates of MCI.TechVentures 1.0.***	(7,615)	5,530
Investment certificates of Internet Ventures FIZ w likwidacji [in liquidation]**	10,133	555
Investment certificates of MCI.Partners FIZ w likwidacji [in liquidation]****	890	(198)
Value of preferred distribution of funds from Internet Ventures FIZ w likwidacji [in liquidation]**	(3,518)	-
Realised net gain or loss on redemption of investment certificates	**(10)**	**6,954**

*On 28 October 2022, the Group redeemed all investment certificates of the subfund Helix Ventures Partners FIZ w likwidacji [in liquidation]. The fund was liquidated on 31 October 2022.

**In June 2022, the Group partially redeemed the investment certificates of the fund Internet Ventures FIZ w likwidacji [in liquidation]. 78,462,588 of the fund's investment certificates held by the Group were redeemed. Following the redemption, the Group still holds 72,863,523 investment certificates of the fund. In connection with the above transaction, the Company also realised a financial instrument.

***On 14 September 2022, 75,668 investment certificates of the MCI.TechVentures 1.0. subfund were redeemed, while in August and December 2022, 132,854 investment certificates of the MCI.TechVentures 1.0. subfund were purchased from the MCI.CreditVentures 2.0 FIZ fund w likwidacji [in liquidation]. As at 31 December 2022, the Group held 1,294,790 investment certificates of the MCI.TechVentures 1.0 subfund.

****The Group redeemed 1,044 investment certificates of the MCI.Partners FIZ fund w likwidacji [in liquidation] on 22 June 2022 and 15 certificates on 30 September 2022. As at 31 December 2022, the Group does not hold investment certificates of MCI.Partners FIZ w likwidacji [in liquidation]. The fund was liquidated on 30 September 2022.

For information on the valuation of the above items, see ***Note 8a "Investment certificates"***.

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Gain or loss on investment certificates	158,196	374,078
	158,196	**374,078**

1b. Revaluation of other financial instruments

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund*	(17,411)	5,736
	(17 411)	**5,736**

*The cost from the revaluation of the issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund for 2022 versus the income for 2021 is due to the subfund generating a negative return in 2022 (it was -40%) compared to the positive return generated in the comparative period (it was 22%). Under the guarantee agreement signed, the Company guarantees a certain rate of return on the investment in the MCI.TechVentures 1.0. subfund per annum. In 2021, due to the positive return generated by the subfund, the Company's liability under the guarantee decreased and therefore the Company recognised income therefrom (reduction of the negative valuation of the Company's guarantee/liability).

1c. Carrying amount of other financial instruments

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund*	-	(2,281)
	-	**(2,281)**

*Since 28 June 2019, MCI 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 liability on account of the return rate guarantee for investment in MCI.TechVentures 1.0. subfund as at 31 December 2021 in the amount of PLN 2,281 thousand (the Group's liabilities) was based on the expected valuation in accordance with the guaranteed rate of return set forth in the agreement. In 2022, the guarantee was realised in the amount of PLN 19,692 thousand in connection with the redemption of series S2 investment certificates of the MCI.TechVentures 1.0 subfund.

1d. Revaluation of shares

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
PEM Seed Capital Private Equity Managers Spółka Akcyjna Spółka Komandytowa	-	445
Helix Venture Asset Management Sp. z o.o. w likwidacji [in liquidation]	-	(5)
MCI Investments Sp. z o.o.	(129)	-
Simbio Holdings Limited	(5)	-
	(134)	**440**

On 27 April 2021, the shareholders of PEM Seed Capital Private Equity Managers Spółka Akcyjna Spółka Komandytowa ("PSC") resolved to dissolve the partnership agreement.

2. Revenue from management

The Group's revenue comprises primarily:

- Fixed fee – this fee accrues on the day following the date of valuation of the net assets of the relevant fund as a percentage of the net asset value of the relevant fund on the valuation date and is accrued for each day of the year. The fixed fee is charged on a quarterly basis. In the case of MCI.EuroVentures 1.0 and MCI.TechVentures 1.0, subfunds separated within MCI.PrivateVentures FIZ, and the fund MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation], the fixed fee is accrued on the net asset value at the end of the previous quarter (or the most recent valuation). The fund Helix Ventures Partners FIZ w likwidacji [in liquidation] was in liquidation during 2022 (liquidation ended on 31 October 2022) and therefore no management fee was charged in the period. The fund Internet Ventures FIZ w likwidacji [in liquidation] was in liquidation during 2022 and therefore no management fee was charged in the period either. Charging of the fixed management fee for the MCI.TechVentures 1.0 subfund in accordance with the resolution of the Management Board of MCI Capital TFI S.A. of 2 September 2022 was suspended in its entirety starting from the accounting period beginning on 1 July 2022 (until the Management Board of MCI Capital TFI S.A. adopts a resolution to resume its charging in whole or in part).
- Variable fee – a fee which depends on the increase in the value of the net assets of a given fund per investment certificate above a specified value. Variable fee accrues on each valuation date (if there is a basis for calculating

variable fees). The thresholds above which the variable fee is accrued are set out separately in the articles of association of the funds for each series of investment certificates.

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Fixed fee for the management of funds:		
MCI.TechVentures 1.0 subfund*	5,936	17,316
MCI.EuroVentures 1.0 subfund*	10,521	10,406
MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation]	252	1,098
Internet Ventures FIZ w likwidacji	-	(3)
MCI Partners FIZ w likwidacji [in liquidation]	1	3
	16,710	**28,820**
Variable fee for the management of funds:		
MCI.EuroVentures 1.0 subfund	-	2,500
	-	**2,500**
Total revenue from management	**16,710**	**31,320**

The fixed management fee is correlated to the value of the funds' assets under management, while the variable fee is closely linked to the investment performance of the individual funds.

*The decrease in the fixed management fee for the MCI.TechVentures 1.0 subfund in 2022 versus the comparative period is due to the negative return generated (it was 40%) compared to the positive return generated in the comparative period (it was 22%).

The value of net assets under management

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
MCI.TechVentures 1.0 subfund*	406,282	722,314
MCI.EuroVentures 1.0. subfund**	1,956,794	1,675,800
MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation]***	8,896	256,969
Internet Ventures FIZ w likwidacji [in liquidation]****	29,248	40,786
Helix Ventures Partners FIZ w likwidacji [in liquidation]*****	-	37
MCI.Partners FIZ w likwidacji [in liquidation]******	-	11,234
	2,401,220	**2,707,140**

Based on reporting valuations of the funds/subfunds (31.12.2022 and 31.12.2021)

*The decrease in the subfund's net assets resulted from a decline in the value of the subfund's investments primarily due to the revaluation (negative) of the shares held in Morele Group Sp. z o.o. in the amount of PLN 154.8 million, Gett in the amount of PLN 73.4 million and Travelata.ru in the amount of PLN 31.2 million
**The increase in the subfund's net assets resulted from an increase in the value of the subfund's investments primarily due to the revaluation of investments in eSky in the amount of PLN 276.0 million and Netrisk (Topco Zártköruen Muködo Részvénytársaság) in the amount of PLN 49.4 million, offset by a decrease in the value of investments in IAI in the amount of PLN 51.1 million and Pigu in the amount of PLN 34.4 million

***The decrease in net asset value was mainly due to the redemption of the fund's investment certificates in the amount of PLN 253.6 million in connection with the liquidation of the fund, which was completed on 4 January 2023.

****The decrease in net asset value was mainly due to the redemption of the fund's investment certificates in the amount of PLN 30.4 million in connection with the ongoing liquidation of the fund.

*****The decrease in net asset value was due to the redemption of the fund's investment certificates in connection with the liquidation of the fund, which was completed on 31 October 2022.

******The decrease in net asset value was due to the redemption of the fund's investment certificates in connection with the liquidation of the fund, which was completed on 30 September 2022.

3. Cost of core activities

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	**For the period: from 01.01.2021 to 31.12.2021 PLN '000**
Distribution fees incurred upon the sale of investment certificates*	(551)	(2,977)
Funds' cost in excess of the limit covered by the Investment Fund Company	(83)	(601)
Costs of auxiliary activities related to the maintenance of fund members' records	(155)	(178)
Other expenses	(24)	(140)
	(813)	**(3,896)**

*The significant decrease in costs of distribution fees incurred upon the sale of investment certificates in 2022 relative to the corresponding period is mainly due to the significantly lower accrual of distribution fees by the distributors of the investment certificates of the MCI.TechVentures 1.0. subfund - the return rate of the MCI.TechVentures 1.0. subfund in the period of the first and second quarters of 2022 was negative (it amounted to respectively -21.1% and -24.8%), whereas in the fourth quarter of 2022 it would have been negative after taking into account any management fee accrual (before taking into account the management fee accrual it was 0.1%), so that these fees, in accordance with the provisions of the subfund's articles of association, did not accrue to external participants (i.e. outside the MCI Group). In contrast, the return rate of the MCI.TechVentures 1.0. subfund in the period of the third quarter of 2022 achieved a positive value (1.6%) and, as a result, a distributor fee was charged on all series of certificates, including those held by external participants (according to the distribution agreements, the maximum values of the distributor fees amount to approx. 50-60% of the fixed management fee income earned on the series of certificates historically marketed by the distributors, with this value also depending on the actual services performed by the distributors for their clients). At the same time, in 2021 the subfund's return rate was positive (amounting to 22%), which translated into distributors charging distribution fees in the period in the total amount of PLN 3 million.

4. General and administrative expenses

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	**For the period: from 01.01.2021 to 31.12.2021 PLN '000**
Depreciation of fixed assets and amortization of intangible assets,	(618)	(1,243)
Raw materials and consumables used	(109)	(49)
Third-party services	(7,510)	(6,177)
Taxes and charges	(527)	(456)
Remuneration*	(9,750)	(16,650)
Management options scheme**	(413)	(24,492)
Social security and other benefits	(871)	(609)
Other expenses	(598)	(383)
	(20,396)	**(50,059)**

*The decrease in remuneration costs is mainly due to a decrease in Carry Fee variable remuneration costs - income from the reversal of Carry Fee provisions of PLN 1.6 million in 2022 versus a cost of PLN 4.5 million in 2021.

**Decrease in remuneration costs for the management options scheme me due to the recognition in the previous year of costs for the incentive scheme for the President of the Company's Management Board in the amount of PLN 24,492 thousand (the programme related to 2021). In the current period, the cost of an incentive scheme for the Chairman of the Company's Supervisory Board was recognised.

5. Finance income and costs

Finance income

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Interest income, including:	1,082	19
Interest on short-term bank deposits	*910*	-
Interest on loans	*167*	*19*
Cash pool interest	*5*	-
Fee and commission income – guarantees and pledges*	1,128	1,103
Other finance income	16	35
	2,226	**1,157**

**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 in investments. 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 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Interest expense, including from:	(25,544)	(12,460)
Promissory notes issued	*(824)*	*(853)*
*Bank credits**	*(3,070)*	*(771)*
Loans received	*(177)*	*(829)*
*Bonds issued ***	*(21,312)*	*(9,960)*
Lease liabilities	*(149)*	*(47)*
Interest on past-due public charges	*(12)*	-
commission on a credit	(305)	(40)
Other	(62)	(99)
	(25,911)	**(12,599)**

*An increase in interest expense on bank credit facilities as a result of an increase in the balance of liabilities in respect of credit facilities (an increase from PLN 30 million at 31 December 2021 to PLN 90 million at 31 December 2022) and an increase in interest rates.

**An increase in interest expense on bonds issued as a result of an increase in the balance of bonds payable (an increase from PLN 127 million as at 31 December 2021 to PLN 200 million as at 31 December 2022 due to the issue of series T2 bonds with a nominal value of PLN 80.6 million by MCI Capital ASI S.A.) and an increase in interest rates.

6. Income tax

Income tax recognised in the statement of comprehensive income

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Income tax – current portion	1,643	(2,201)
Income tax – deferred portion	28,677	121,168
	30,320	**118,967**

Reconciliation of income tax

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Profit before tax	**112,941**	**346,823**
Corporate income tax at the statutory tax rate (19%)	(21,459)	(65,896)
Effect of permanent differences between profit before tax and taxable income, including:	(1,556)	(5,208)
Non-taxable income	**3**	**1,011**
- revaluation of shares and certificates	-	967
- *other*	3	44
Non-tax-deductible expenses	**(1,558)**	**(6,219)**
- revaluation of shares and certificates	-	(882)
- costs of debt financing	(275)	-
- costs of outsourcing fund management	(797)	-
- interest expense on promissory notes	(177)	-
- interest accrued on bonds	(60)	(589)
- valuation of share-based incentive scheme	(79)	(4,653)
- *other*	(171)	(95)
Other	**53,455**	**190,071**
- reversal of deferred tax on unused tax losses	-	(65)
- unrecognised deferred tax on tax losses	-	(168)
- unrecognised deferred tax on the valuation of investment certificates of MCI.EuroVentures 1.0 (valuation in 2022/2021).	53,202	59,158
- reversal of deferred tax on the valuation of investment certificates of MCI.EuroVentures 1.0 (valuation as at 31.12.2020)	-	137,035
- accrual of deferred tax on the valuation of investment certificates of MCI Partners FIZ acquired from PSC	-	(5,889)
- *other*	131	-
	30,320	**118,967**
Effective tax rate	**(26.84%)**	**(32.32%)**

Tax losses

Incurred in (year)	Loss amount PLN '000	Amount utilised PLN '000	Amount to be utilised PLN '000	To be utilised until Until
2015	9,128	5,677	3,451	31.08.2023
1H2016	2,890	1,445	1,445	31.12.2024
January – September 2021	1,103	-	1,103	31.12.2026

September – December 2022	7,723	-	7,723	31.08.2024
	20,845	**7,122**	**13,723**	

Deferred income tax

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Deferred tax assets:		
To be realised after 12 months	16,014	1,740
To be realised within 12 months	2,665	3,906
	18,679	**5,646**
Deferred tax liabilities:		
To be settled after 12 months	1	12,838
To be settled within 12 months	75	2,881
	76	**15,719**

Deferred tax assets

	Deductible tax losses PLN '000	Carry fee provision and liability PLN '000	Other* PLN '000	Total PLN '000
As at 1 January 2021*	**3,989**	**2,813**	**7,225**	**14,027**
Effect on profit/loss	(2,849)	(224)	(5,308)	(8,381)
Effect on equity	-	-	-	-
As at 31 December 2021	**1,140**	**2,589**	**1,917**	**5,646**
Effect on profit/loss	1,467	264	11,302	13,033
Effect on equity	-	-	-	-
As at 31 December 2022	**2,607**	**2,853**	**13,219**	**18,679**

**Restated data*

**The item mainly relates to temporary differences on the valuation of investment certificates of the MCI.TechVentures 1.0. subfund separated within the MCI.PrivateVentures FIZ fund (PLN 10,863 thousand), temporary differences on the valuation of investment certificates of Internet Ventures FIZ w likwidacji [in liquidation] (PLN 494 thousand) and the valuation of bonds (PLN 1,872 thousand) as at 31 December 2022..

Deferred tax liabilities

	Valuation of investment certificates* PLN '000	Deferred management income PLN '000	Other PLN '000	Total PLN '000
As at 1 January 2021*	**139,433**	**3,847**	**1,986**	**145,266**
Effect on profit/loss	(124,460)	(3,847)	(1,240)	(129,547)
Effect on equity	-	-	-	-
As at 31 December 2021	**14,973**	**-**	**746**	**15,719**
Effect on profit/loss	(14,973)	-	(670)	(15,643)
Effect on equity	-	-	-	-
As at 31 December 2022	**-**	**-**	**76**	**76**

**Restated data*

** The item relates to the difference on valuation of investment certificates. The reversal of the liability in 2021 results from MCI Capital ASI S.A.'s assumption of control over MCI Capital TFI S.A., i.e. the investment fund company managing the MCI.EuroVentures 1.0. subfund separated within the MCI.PrivateVentures FIZ fund, as a result of entering the merger of MCI Capital ASI S.A. and PEM S.A. into the National Court Register on 21 June 2021 and thus fulfilling the condition for not recognising a deferred tax liability as defined in Section 39 of IAS 12 "Income Taxes".

Deferred tax assets, net

As at 31 December 2022	**18,603**
As at 31 December 2021	**540**

Deferred tax liabilities, net

As at 31 December 2022	**-**
As at 31 December 2021	**10,613**

Under the agreement of 16 June 2021 and the annex to this agreement of 3 August 2021 concluded between MCI Capital Alternatywna Spółka Inwestycyjna Spółka Akcyjna and MCI Capital Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna, a Tax Group operating under the name MCI ASI PGK was established. The agreement was registered by the Head of the First Mazovian Tax Office in Warsaw by a decision issued on 31 August 2021.

In accordance with the provisions of the agreement on the establishment of the Tax Group, MCI Capital ASI S.A. is the parent company and thus represents the Group, while MCI Capital TFI S.A. is the subsidiary.

The agreement to establish the Tax Group was concluded for a period of three consecutive fiscal years, i.e. from 1 September 2021 to 31 August 2024, and thus covers the following fiscal years:

1) the first year, i.e. the period from 1 September 2021 to 31 August 2022;
2) the second year, i.e. the period from 1 September 2022 to 31 August 2023;
3) the third year, i.e. the period from 1 September 2023 to 31 August 2024.

The companies forming MCI ASI PGK may decide to extend the period of operation of the tax group by concluding a new agreement and registering it with the competent head of the tax office.

As of 1 January 2022, there have been changes to the tax legislation due to which the income requirement of a minimum of 2% share of income has been abolished and the tax income generated by the tax group will be able to be reduced by the tax loss incurred in the period before the formation of the group. These changes are effective for the Group as of 1 September 2022.

In the first tax year, the Tax Group was required to achieve a tax return ratio of at least 2% for each of its tax years, calculated as a share of income, while losses generated by companies prior to the formation of the Tax Group according to regulations applicable before 1 January 2022 could not be accounted for in the period of existence of the Tax Group.

In addition, the Tax Group was not allowed to benefit from tax exemptions and to enter into transactions with related parties that are not members of the Tax Group on non-arm's length terms. The companies forming the Tax Group are jointly and severally liable for its corporate income tax liabilities due for the term of the agreement.

On 15 July 2016, the Tax Legislation was amended to reflect the provisions of the General Anti-Abuse Rule ("GAAR"). The purpose of GAAR is to prevent the establishment and use of artificial schemes set up to avoid payment of taxes in Poland. GAAR defines tax avoidance as an arrangement the main purpose of which is to obtain a tax advantage that is contrary to the objectives 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.

7. Earnings (loss) per share

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Profit attributable to shareholders of the Company	143,261	465,790
Weighted average number of ordinary shares (in thousands)	51,723	50,297
Basic earnings per share (PLN per share)	**2.77**	**9.26**

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	For the period: from 01.01.2021 to 31.12.2021 PLN '000
Profit attributable to shareholders	143,261	465,790
Profit applied in the determination of diluted earnings per share	143,261	465,790
Weighted average number of ordinary shares (in thousands)	51,723	50,297
Adjustments, of which:	322	535
management options scheme ('000)	*322*	*535*
Weighted average number of ordinary shares for the purposes of diluted earnings per share (in thousands)	52,045	50,832
Diluted earnings per share (PLN per share)	**2.75**	**9.16**

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

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Investment certificates	2,148,788	2,008,606
Shares	5,911	1,007
	2,154,699	**2,009,613**

8a. Investment certificates

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Investment certificates of MCI.EuroVentures 1.0.	1,946,867	1,666,858
Investment certificates of MCI.TechVentures 1.0.	196,965	313,218
Investment certificates of Internet Ventures FIZ w likwidacji [in liquidation]	4,955	13,740
Investment certificates of MCI.Partners FIZ w likwidacji [in liquidation]	-	11,235
Value of preferred distribution of funds from Internet Ventures FIZ w likwidacji [in liquidation]*	-	3,518
Value of preferred distribution from Helix Ventures Partners FIZ fund w likwidacji [in liquidation]*	-	37
	2,148,788	**2,008,606**

*The financial instrument (a mechanism for preferred distribution of funds held in investments made by the fund Internet Ventures FIZ w likwidacji [in liquidation]) is measured by the Group. Historically, the financial instrument (a mechanism for preferred distribution of funds held in investments made by Helix Ventures Partners FIZ w likwidacji [in liquidation]) was also measured by the Company; however, due to the completion of the liquidation of this fund on 31 October 2022, the measurement of this instrument was also discontinued.

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.

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 2022:

Fund	% held	NAV attributable as at 31.12.2022 to MCI	NAV attributable as at 31.12.2022	NAV attributable as at 31.12.2021	Change in NAV
MCI.TechVentures 1.0.	48.48%	196,965	406,282	722,314	(316,032)
MCI.EuroVentures 1.0.	99.49%	1,946,867	1,956,794	1,675,800	280,994
Total assets of FIZ		**2,143,832**	**2,363,076**	**2,398,114**	**(35,038)**

Fund	(a) New issues	(b) Redemptions	(c) Income distribution	(d) Result of operations	Total (a+b+c+d)
MCI.TechVentures 1.0.	-	(24,654)	-	(291,378)	(316,032)
MCI.EuroVentures 1.0.	-	(479)	-	281,473	280,994
Total assets of FIZ	**-**	**(25,133)**	**-**	**(9,905)**	**(35,038)**

Investment certificates of MCI.TechVentures 1.0. and MCI.EuroVentures 1.0	2,143,832
Investment certificates of a fund in the course of liquidation, i.e. Internet Ventures FIZ w likwidacji [in liquidation]*	4,955
Investments in investment certificates presented in the statement of financial position of MCI	**2,148,788**

*The valuation of the investment certificates held by the MCI Group in the fund Internet Ventures FIZ w likwidacji [in liquidation] reflects the value of projected future cash inflows from the fund to the MCI Group until the completion of the liquidation of the fund in accordance with the principles of distribution of funds invested by the MCI Group and the other participant in the fund, i.e. PFR Ventures Sp. z o.o., which are defined in the articles of association of the fund and 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 2021:

Fund	% held	NAV attributable as at 31.12.2021 to MCI	NAV attributable as at 31.12.2021	NAV attributable as at 31.12.2020	Change in NAV
MCI.TechVentures 1.0.	43.36%	313,218	722,314	647,327	74,987
MCI.EuroVentures 1.0.	99.47%	1,666,858	1,675,800	1,365,097	310,703
MCI.Partners FIZ	100.00%	11,235	11,235	30,512	(19,277)
Internet Ventures FIZ w likwidacji	33.69%	13,740	40,786	43,352	(2,566)
Helix Ventures Partners FIZ w likwidacji [in liquidation]	99.67%	37	37	1,107	(1,070)
Total assets of FIZ		**2,005,088**	**2,450,172**	**2,087,395**	**362,777**

Fund	(a) New issues	(b) Redemptions	(c) Income distribution	(d) Result of operations	Total (a+b+c+d)
MCI.TechVentures 1.0.	-	(67,703)	-	142,690	74,987
MCI.EuroVentures 1.0.	-	(2,576)	-	313,279	310,703
MCI.Partners FIZ	-	(21,003)	-	1,726	(19,277)
Internet Ventures FIZ w likwidacji	2,444	(8,427)	-	3,417	(2,566)
Helix Ventures Partners FIZ w likwidacji [in liquidation]	-	(1,070)	-	-	(1,070)
Total assets of FIZ	**2,444**	**(100,779)**	**-**	**461,112**	**362,777**

Investment certificates:	2,005,088
Adjustment of value of investment certificates of Helix Ventures Partners FIZ w likwidacji [in liquidation] in accordance with the agreement with the other participant in the Fund*	(37)
Value of preferred distribution of funds from Internet Ventures FIZ w likwidacji [in liquidation]	3,518
Value of preferred distribution from Helix Ventures Partners FIZ fund w likwidacji [in liquidation]	37
Investments in investment certificates presented in the statement of financial position of MCI	**2,008,606**

*MCI Capital is a party to an agreement regulating the distribution of funds invested in Helix Ventures Partners FIZ w likwidacji [in liquidation] fund, which determine the priority of return. The Group has already recovered most of the funds invested in the fund and as at 31 December 2021, the Company has a priority of return / distribution of funds in the amount of PLN 37 thousand, as described in detail in ***Note 1c "Carrying amount of other financial instruments".*** Therefore, the Group decided to adjust the valuation of investment certificates issued by Helix Ventures Partners FIZ w likwidacji [in liquidation] and to recognise the valuation of the instrument on account of priority of return / distribution of funds in the amount of PLN 37 thousand as at 31 December 2021 (the remaining amount due to the Company guaranteed under the agreement with PFR Ventures Sp. z o.o.).

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 2022 concerning Investment Funds whose investment certificates are held by MCI (based on reporting valuations of the funds):

	MCI.EuroVentures 1.0 subfund		MCI.TechVentures 1.0 subfund		Total	Total
Item	31.12.2022 100.00% PLN '000	MCI share 99.49% PLN '000	31.12.2022 100.00% PLN '000	MCI share 48.48% PLN '000	31.12.2022 100.00% PLN '000	MCI share PLN '000
NAV structure:	1,956,794	1,946,867	406,282	196,964	**2,363,076**	**2,143,831**
- Public companies	11,095	11,039	98,075	47,546	109,170	58,585
- Non-public companies	1,891,060	1,881,467	231,636	112,296	2,122,696	1,993,763
- Cash, including deposits	82,602	82,183	2,492	1,208	85,094	83,391
- Other assets	779	775	78,719	38,163	79,498	38,938
- Liabilities	28,742	28,596	4,640	2,249	33,382	30,845
Net investment income	9,583	9,534	(1,262)	(612)	**8,321**	**8,922**
Realised and unrealised gains / losses	271,890	270,511	(290,116)	(140,647)	**(18,226)**	**129,864**
Results of operations for the period	281,473	280,045	(291,378)	(141,259)	**(9,905)**	**138,786**

In addition to the investment funds mentioned above, as at 31 December 2022 the Group held investment certificates of an investment fund that was in the process of liquidation, i.e. Internet Ventures FIZ w likwidacji [in liquidation]. Due to the investment fund not preparing official and reporting valuations while it is in liquidation, the Group does not present the data of this investment fund in the above statement.

Below is presented condensed financial information as at 31 December 2021 concerning Investment Funds whose investment certificates are held by MCI (based on reporting valuations of the funds):

	Internet Ventures FIZ w likwidacji [in liquidation]		Helix Ventures Partners FIZ w likwidacji [in liquidation]		MCI.Partners FIZ		MCI.EuroVentures 1.0 subfund		MCI.TechVentures 1.0 subfund		Total	Total
	31.12.2021	MCI share	31.12.2021	MCI share	31.12.2021	MCI share	31.12.2021	MCI share	31.12.2021	Share MCI	31.12.2021	MCI share
Item	100.00%	33.69%	100.00%	99.67%	100.00%	100.00%	100.00%	99.47%	100.00%	43.36%	100.00%	
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
NAV structure:	40,786	13,740	37	37	11,235	11,235	1,675,800	1,666,858	722,314	313,218	**2,450,172**	**2,005,088**
- Public companies	-	-	-	-	-	-	-	-	114,024	49,445	114,024	49,445
- Non-public companies	38,686	13,033	-	-	11,692	11,692	1,576,352	1,567,941	583,915	253,205	2,210,645	1,845,871
- Cash, including deposits	4,415	1,487	55	55	172	172	126,941	126,264	26,301	11,405	157,884	139,383
- Other assets	168	57	56	56	7	7	29,225	29,069	891	386	30,347	29,575
- Liabilities	2,484	837	74	74	636	636	56,718	56,415	2,817	1,222	62,729	59,184
Net investment income	(17)	(6)	-	-	1,788	1,788	(1,967)	(1,957)	(14,031)	(6,084)	**(14,227)**	**(6,259)**
Realised and unrealised gains / losses	3,434	1,157	-	-	(63)	(63)	315,246	313,564	156,721	67,959	**475,339**	**382,618**
Results of operations for the period	3,417	1,151	-	-	1,726	1,726	313,279	311,607	142,690	61,875	**461,112**	**376,359**

8b. Shares

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
MCI Investments Sp. z o.o.*	871	1,000
MCI Management Sp. z o.o.	7	7
Simbio Holdings Limited**	5,033	-
	5,911	**1,007**

*The company had no operations in 2022 and until the date of these statements, but was established with the intention of carrying out investment activities.

The company is not consolidated due to the exemption defined in para. 32 of IFRS 10, availed by MCI Capital ASI S.A. as an investment company.

**In September 2022, the Gett Group was restructured, whereby MCI Capital ASI S.A. entered into the rights and obligations arising from the shareholding instruments of Simbio Holdings Limited and DooBoo Holding Limited as a result of the following transactions:

(1) Assignment by the subfund MCI.TechVentures 1.0. separated within the fund MCI.PrivateVentures FIZ to the Company of claims from super senior and pre-IPO loans, which were subsequently converted into 3,623,112 preference shares and 227,153 ordinary shares of Simbio Holdings Limited - as part of the agreement concluded between the Company and the subfund MCI.TechVentures 1.0, the Company undertook to return all befits from the shares to the subfund.

(2) Sale by the subfund MCI.TechVentures 1.0. separated within the fund MCI.PrivateVentures FIZ to the Company of 3,350,776 shares of B-SPS DooBoo Holding Limited - under the agreement concluded between the Company and the subfund MCI.TechVentures 1.0. All shares of B-SPS DooBoo Holding Limited were sold by the Company at the end of 2022. The Company has agreed to return any benefits derived from these shares to the subfund.

(3) Sale by the subfund MCI.TechVentures 1.0. separated within the fund MCI.PrivateVentures FIZ to the Company of call options for additional shares in Simbio Holdings Limited.

The total valuation of the above equity instruments (indicated in (1) and (3) above) and the Company's liabilities to the MCI.TechVentures 1.0. subfund on this account amounted to PLN 52.4 million as at 31 December 2022. Due to the agreements concluded between the Company and the MCI.TechVentures 1.0. subfund, which result in the return of benefits from the equity instruments to the subfund, the Group offset the assets against the corresponding liabilities - the value of the assets less the corresponding liabilities amounted to PLN 0 and was therefore not reported in the balance sheet as at 31 December 2022.

(4) Acquisition by the parent company of 1,000,000 new shares in Simbio Holding Limited for a total of USD 1 million within a new round of financing (PLN 5,033 thousand) - under an agreement concluded between the Company and the MCI.TechVentures 1.0. subfund, the Company undertook to return to the MCI.TechVentures 1.0. subfund all benefits from the said shares less the cost of their acquisition determined in accordance with the agreement, i.e. PLN 5,033 thousand (USD 1 million converted at the exchange rate prevailing on the date of acquisition of the shares) plus WIBOR 3M plus a margin per annum, subject to the Company receiving a surplus from these shares over this value.

In July 2022, the parent company acquired the benefits derived from 592,185 Papaya shares in connection with the agreement concluded in March 2022 by the MCI.TechVentures 1.0 subfund, as a result of which the subfund executed an exit from its investment in Azimo. At the same time, under the agreement concluded between the Company and the MCI.TechVentures 1.0. subfund, the Company undertook to return all benefits derived from the Papaya shares to the MCI.TechVentures 1.0. subfund. The total valuation of the benefits from the Papaya shares and the liability to return these benefits to the MCI.TechVentures 1.0 subfund as at 31 December 2022 amounted to PLN 26.2 million. Due to the agreement concluded between the Company and the MCI.TechVentures 1.0. subfund, which result in the return of benefits from the equity instruments to the subfund, the Group offset the assets against the corresponding liabilities - the value of the assets less the corresponding liabilities amounted to PLN 0 and was therefore not reported in the balance sheet as at 31 December 2022.

9. Trade and other receivables

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Management fees receivable of which:	6,881	26,346
- variable fee	-	*22,743*
- fixed fee	*6,881*	*3,603*
Other receivables from related parties	434	317
Other trade receivables	241	543
Tax receivables/receivables from the state budget	721	688
Prepayments and accrued income	436	391
Other receivables	39	50
	8,752	**28,335**
Including:		
Long-term portion:	47	11
Short-term portion:	8,705	28,324
	8,752	**28,335**

10. Cash and cash equivalents

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Cash at banks	37,499	20,970
	37,499	**20,970**
Cash and cash equivalents as reported in the consolidated statement of cash flows	**37,499**	**20,970**
Change in trade and other receivables in the balance sheet	19,583	6,341
Adjustment related to the settlement of the incentive scheme	-	-
Change in trade and other receivables as reported in the consolidated statement of cash flows	**19,583**	**6,341**
Expenditure on the acquisition of shares in PEM S.A.*	-	(10,134)
Expenditure on the acquisition of shares in PEM S.A. as reported in the consolidated statement of cash flows	**-**	**(10,134)**

*A tender offer to buy back PEM shares was made in January 2021. Under the tender offer, MCI purchased 574,202 shares in PEM representing approximately 16.8% of the total number of shares in PEM.

The balance of cash and cash equivalents of PLN 37,499 thousand as at the balance sheet date (PLN 20,970 thousand as at 31 December 2021) comprised funds held in a bank account and overnight bank deposits.

11. Equity

Share capital

	As at 31.12.2022	As at 31.12.2021
Share capital issued and paid (PLN '000)	52,461	51,432
Number of shares	52,461,033	51,432,385
Nominal value per share (PLN)	1.00	1.00
Nominal value of all shares (PLN '000)	**52,461**	**51,432**

Supplementary capital

PLN '000	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	Measurement of the equity component of bonds	Distribution of profit	Total supplementary capital
As at 01.01.2022	**28,175**	**2,792**	**139,330**	**381**	**1,121,938**	**1,292,616**
Transfer of profit (loss)	-	-	-	-	429,089	**429,089**
As at 31.12.2022	**28,175**	**2,792**	**139,330**	**381**	**1,551,027**	**1,721,705**
As at 01.01.2021*	**28,175**	**2,792**	**122,649**	**381**	**1,059,796**	**1,213,793**
Transfer of profit (loss)	-	-	-	-	62,142	**62,142**
Accounting for the merger of MCI Capital ASI and PEM	**-**	**-**	16,681	-	-	**16,681**
As at 31.12.2021	**28,175**	**2,792**	**139,330**	**381**	**1,121,938**	**1,292,616**

**Restated data*

Other components of equity

PLN '000	Management options scheme	Measurement of the equity component of bonds	Accounting for the merger of MCI Capital ASI S.A. and PEM S.A. – restated data	Settlement of sale of treasury shares	Total other components of equity
As at 01.01.2022	**73,346**	**5,395**	**(111,167)**	**(188)**	**(32,614)**
Share-based incentive schemes**	413	-	-	-	413
As at 31.12.2022	**73,759**	**5,395**	**(111,167)**	**(188)**	**(32,201)**
As at 01.01.2021*	**48,854**	**5,395**	**(34,156)**	**(188)**	**19,905**
Share-based incentive schemes**	24,492	-	-	-	24,492
Accounting for the merger of MCI Capital ASI and PEM	**-**	**-**	**(77,011)**	**-**	**(77,011)**
As at 31.12.2021	**73,346**	**5,395**	**(111,167)**	**(188)**	**(32,614)**

*Restated financial data – the Group will adjust the accounting for the merger of PEM SA and MCI CAPITAL ASI SA as at 21 June 2021 by reclassifying the amount of PLN 38,272 thousand from "Other components of equity" to "Profit (loss) brought forward"

For a detailed description of the share-based incentive scheme, see ***Note 20 "Share-based incentive schemes"*.

12. Shareholding structure

Major shareholders of the parent company as at 31 December 2022

	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**
MCI Management Sp. z o.o.*	41,066,421	78.28%	41,066,421	78.28%
Other	11,394,612	21.72%	11,394,612	21.72%
	52,461,033	**100.00%**	**52,461,033**	**100.00%**

*Company controlled by Tomasz Czechowicz.

Major shareholders of the parent company as at 31 December 2021

	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**
MCI Management Sp. z o.o.*	40,037,773	77.85%	40,037,773	77.85%
Other	11,394,612	22.15%	11,394,612	22.15%
	51,432,385	**100.00%**	**51,432,385**	**100.00%**

*Company controlled by Tomasz Czechowicz.

13. Trade payables and other liabilities

	As at 31.12.2022 PLN '000	**As at 31.12.2021 PLN '000**
Trade liabilities to related entities	-	135
Other trade payables	646	651
Tax liabilities	228	305
Payroll liabilities	2	-
Social security and other charges payable	19	182
liabilities on account of Carry fee	254	820
Accruals and deferred income*	923	1,100
Other liabilities	270	87
	2,342	**3,280**
Including:		
Long-term portion:	-	-
Short-term portion:	2,342	3,280
	2,342	**3,280**

*The item mainly comprises provisions for legal costs and provisions for costs in excess of the limit.

14. Liabilities on account of bonds

	As at 31.12.2022 PLN '000	**As at 31.12.2021 PLN '000**
Amount of liability as at the issue date, at nominal value	203,046	199,059
Costs related to issue of bonds	(5,539)	(995)
Carrying amount of liability as at the issue date	**197,507**	**198,064**
Accrued interest – costs YTD	30,750	42,338
Interests paid – costs YTD	(20,200)	(36,988)

Repayment**	(8,350)	(76,650)
Carrying amount of liability as at the balance sheet date	**199,707**	**126,764**
Long-term portion:	83,857	110,169
Short-term portion:	115,850	16,595
	199,707	**126,764**

*The Group redeemed the series B bonds on maturity on 20 June 2022.

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.

Series of Bonds	Allotment date	Redemption date	Number of bonds	Interest rate	Nominal value of bonds	Interest paid for 2022	Interest paid by 31.12.2021
					PLN '000	PLN '000	PLN '000
Series R	05.08.2020	29.07.2023	79,000	WIBOR.6M + 4.0%	79,000	4,548	3,246
Series S	21.08.2020	20.08.2023	20,000	WIBOR.6M + 4.0%	20,000	1,187	852
series T1	15.11.2021	15.11.2026	150,591	WIBOR 3M + 3.5%	15,059	1,209	-
Series T2	18.02.2022	18.02.2027	806,367	WIBOR 3M + 3.5%	80,637	5,483	-
Series B*	20.12.2013	20.06.2022	8,350	WIBOR 6M + 5.0%	8,350	3,675	-
					203,046	**16,102**	**4,098**

*Bonds originally issued by Private Equity Managers S.A., acquired by MCI Capital ASI S.A. in connection with the merger. MCI Capital ASI S.A. redeemed the series B bonds on maturity on 20 June 2022.

Series S bonds issued by the Company are secured. The subject of the security is 79,960 series J investment certificates related to the subfund MCI.EuroVentures 1.0. separated within the MCI.PrivateVentures FIZ fund. Proceeds from the bond issue amounted to PLN 19,673 thousand.

Series T1 bonds issued by the Company are secured. The subject of the security is 43,656 series C investment certificates related to the subfund MCI.EuroVentures 1.0. separated within the MCI.PrivateVentures FIZ fund. Proceeds from the bond issue amounted to PLN 14,559 thousand.

Series T2 bonds issued by the Company are secured. The subject of the security is 247,098 series C investment certificates related to the subfund MCI.EuroVentures 1.0. separated within the MCI.PrivateVentures FIZ fund. Proceeds from the bond issue amounted to PLN 75,935 thousand.

Bonds of other series are not secured.

Liabilities on account of the bonds will be settled by the Group mainly from proceeds from the redemption of investment certificates and the Group's own funds or further bond issues.

15. Liabilities on account of credits and loans

As at 31 December 2022, the credit facility was a facility granted to MCI Capital ASI S.A. As at 31 December 2021, the credit facilities were facilities originally granted to PEM. As part of the Company's merger with PEM, the Company assumed the rights and obligations of PEM and thus the obligations under these facilities were assumed by the Company.

Bank credits – as at 31.12.2022

Lender	Type of financing	Repayment date	Interest rate %	Nominal value PLN '000	Interest accrued PLN '000	Total PLN '000
ING Bank Śląski S.A.	overdraft facility*	31.05.2025	WIBOR 1M + 2.5%	90,004	-	90,004*
				90,004	**-**	**90,004**
			Including:			
			Long-term portion:	90,004	-	90,004
			Short-term portion:	-	-	-
				90,004	**-**	**90,004**

*On 24 June 2022, the Company signed an overdraft facility agreement with ING Bank Śląski S.A. The Group used the facility to repay the existing term facility and overdraft facility (taken over from PEM S.A.) granted by ING Bank Śląski S.A. The total amount of available funds is PLN 173,250 thousand, including the outstanding balance of the overdraft as at 31 December 2022 of PLN 90,004 thousand.

The Group has established the following collateral for the overdraft facility:

- assignment of MCI Capital TFI S.A.'s receivables from management fees for the closed-end investment funds,

- a registered and financial pledge over the investment certificates of the MCI.EuroVentures 1.0. subfund separated within the MCI.PrivateVentures FIZ fund with a total value of the investment certificates not lower than the equivalent of 150% of the financing granted – pledge over 395,200 series A investment certificates and 107,600 series D investment certificates. The total value of the investment certificates pledged was PLN 309,111 thousand as at 31 December 2022.

- representation by the borrower on submission to enforcement in the form of a notarial deed pursuant to Article 777(1)(5) of the Code of Civil Procedure of 17 November 1964.

In addition, the Group is obliged to make an early repayment of the outstanding facility in an amount equal to the surplus of free cash (understood as 25% of the value of the redeemed investment certificates of the MCI.TechVentures 1.0 subfund separated within the MCI.PrivateVentures FIZ fund held by the Company).

In 2022, the Group paid PLN 2,492 thousand in interest on the overdraft facility.

In addition, in 2022 the Group paid PLN 578 thousand in interest on the term facility (credit facility originally granted to PEM). At the same time, the principal of the term facility in the amount of PLN 18,997 thousand was repaid.

Bank credits – as at 31.12.2021

Lender	Type of financing	Repayment date	Interest rate %	Nominal value PLN '000	Interest accrued PLN '000	Total PLN '000
ING Bank Śląski S.A.	term facility	30.12.2022	WIBOR 3M + 2.8%	18,997	-	18,997
ING Bank Śląski S.A.	overdraft facility*	30.12.2022	WIBOR 1M + 1%	-	-	-*
				18,997	**-**	**18,897**
			Including:			
			Long-term portion:	-	-	-
			Short-term portion:	18,997	-	18,997
				18,997	**-**	**18,997**

Facilities originally granted to PEM S.A. (currently the legal successor of PEM S.A. is MCI Capital ASI S.A.).

*As at 31 December 2021, the Group had an available overdraft facility of PLN 5,000 thousand. The balance of the facility used was thousand PLN 0.

In 2021, the Group paid PLN 771 thousand in interest on the term loan and overdraft facility. In the same period, there was a net repayment of the overdraft facility of PLN 4,660 thousand and the term facility of PLN 4,654 thousand.

Loans – as at 31.12.2022

As at 31 December 2022, the Group has no liabilities in respect of loans.

Loans – as at 31.12.2021

Lender	Repayment date	Interest rate (fixed) %	Nominal value PLN '000	Interest accrued PLN '000	Total PLN '000
MCI Venture Projects Sp. z o.o. IX S.K.A.**	30.06.2022	8.00%	10,739	-	10,739
			10,739	**-**	**10,739***

*The entire amount represented a short-term liability

**The borrower was PEM Asset Management Sp. z o.o.

On 23 September 2021, the loan in the total amount of PLN 1,306 thousand (principal amount of PLN 1,100 thousand and interest of PLN 206 thousand) was repaid to MCI.Partners FIZ.

On 26 February 2021, PEM AM Sp. z o.o. received a loan of PLN 1,000 thousand from MCI Venture Projects Sp. z o.o.. The loan was fully repaid on 31 December 2021.

16. Promissory notes payable

	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Amount of liability as at the promissory note payment date, at nominal value	-	66,005
Carrying amount of liability as at the payment date	**-**	**66,005**
Interest accrued	-	101
Carrying amount of liability as at the balance sheet date	**-**	**66,106**

On 18 February 2022, an agreement was signed governing the issuance of a promissory note by a Group company for PLN 500 thousand subscribed by MCI Management Sp. z o.o. at an interest rate of 6.37% per annum. On 10 March 2022, the promissory note was repaid with interest.

On 16 March 2022, the promissory note issued by the Group company and subscribed for by MCI Venture Projects Sp. z o.o IX S.K.A., with a nominal value of PLN 11.5 million, was repaid with interest.

On 17 March 2022, a promissory note dated 29 December 2021, issued by a Group company with a nominal value of PLN 45 million, was redeemed with interest.

On 24 June 2022, a promissory note dated 31 December 2021, issued by a Group company with a nominal value of PLN 9.5 million, was redeemed with interest.

17. Leases

On 26 July 2021, the Group signed a new lease agreement with "Apollo Invest" sp. z o.o. The agreement relates to the lease of office space and storage space and is concluded for a fixed term, i.e. for a period of 108 months starting from 4 October 2021. The Group's lease liabilities are secured by the lessor's ownership of the leased asset.

The carrying amounts of right-of-use asset and their changes in the reporting period are presented below:

As at 1 January 2022	**3,377**
Recognition of a new lease agreement	-
Depreciation	(386)
as at 31 December 2022	**2,991**

As at 31 December 2022, the Group has lease liabilities of PLN 3,582 thousand (PLN 3,507 thousand as at 31 December 2021). These liabilities result from the application of the IFRS 16 Leases, according to which the agreement for the lease of office space is classified as a lease.

18. Provisions

	As at 31.12.2022 PLN '000	**As at 31.12.2021 PLN '000**
Provision for carry fees*	10,728	12,807
Provision for costs of audit of financial statements	339	350
Other provisions	2,250	542
	13,317	**13,699**
Long-term portion:	10,728	12,807
Short-term portion:	2,589	892
	13,317	**13,699**

*Provision for carry fees. For details, see ***Note 4 "General and administrative expenses"***.

Specification of provisions	**Value as at 01.01.2022 PLN '000**	**Recognition of provisions PLN '000**	**Reversal of provisions** PLN '000**	**Use of provisions PLN '000**	**Value as at 31.12.2022 PLN '000**
Provision for carry fees	12,806	20,008	(21,567)	(519)	10,728
Provision for costs of audit of financial statements	351	657	-	(669)	339
Other provisions, including for employee benefits	542	4,797	(2,273)	(816)	2,250
Total provisions	**13,699**	**25,462**	**(23,840)**	**(2,004)**	**13,317**

*Reversed provisions of PLN 2,274 thousand comprise mainly provisions for bonuses and holiday entitlements.

19. Employee benefits

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

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	**For the period: from 01.01.2021 to 31.12.2021 PLN '000**
Fixed fees and remuneration	8,258	7,944
Variable fees and remuneration	1,492	8,706
Social security costs	813	584
Share options granted to members of the Management Board, Supervisory Board and employees	413	24,492
Other employee benefits	58	25
	11,034	**41,751**

For details on the decrease in remuneration costs, see ***Note 4 "General and administrative expenses"***.

Remuneration of key personnel of the parent company (separate data of MCI Capital ASI S.A.)

	For the period: from 01.01.2022 to 31.12.2022	For the period: from 01.01.2021 to 31.12.2021
	PLN '000	PLN '000
Management Board		
Short-term employee benefits	1,223	727
Long-term employee benefits	-	24,492
Lump-sum for the use of cars	24	24
	1,247	**25,243**
Supervisory Board		
Short-term employee benefits	245	185
Long-term employee benefits*	413	-
	659	**185**

*The long-term remuneration for the Supervisory Board member relates to the share-based incentive scheme.

Employment / function in the parent company

	As at 31.12.2022 Number of employees	As at 31.12.2021 Number of employees
Management Board	2	2
Supervisory Board	6	5
Operational staff	9	8
	17	**15**

Advances granted to the members of the Management Board

The parent company did not grant advances to members of the Management Board in 2022 and 2021.

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 Management Board of MCI Capital ASI S.A., Ms Ewa Ogryczak. As at the date of the agreement, the claim subject to assignment amounted to PLN 237 thousand. Interest on the loan was 10% per annum. The loan was repaid in full on 22 June 2021. Interest was accrued a rate of 7.20%, which is the maximum interest rate on loans permitted by law.

20. Share-based incentive schemes

Incentive scheme for the President of the Management Board – Mr Tomasz Czechowicz

In connection with the adoption by the Annual General Meeting of MCI Capital ASI S.A. of Resolution No 17/ZWZ/2021 on 17 June 2021 on the terms and conditions of the Incentive Scheme for Members of the Management Board of MCI Capital ASI S.A., the Supervisory Board of MCI Capital ASI S.A. resolved to adopt the Incentive Scheme for the President of the Management Board of MCI Capital ASI S.A. – Tomasz Czechowicz (the "Eligible Person") – for 2021 (the "Incentive Scheme").

In accordance with the Incentive Scheme, on the assumption that all conditions set out below are met:

- the Eligible Person will be a member of the Management Board of MCI Capital ASI S.A. throughout 2021,
- IRR of MCI Capital ASI S.A. for 2021 is 5.00% or more,
- on the date of the purchase or subscription of the shares referred to below, the Eligible Person will remain a Member of the Management Board of MCI Capital ASI S.A. ("Terms and Conditions"),

The Group uses the Black-Scholes equation to value the entitlements. MCI's share price on the valuation date was PLN 24.80/share. Risk-free interest rate: 0.9%. The assumed volatility of MCI shares: 30%. No dividend has been assumed to be paid in the period of the life of the entitlements granted in the form of MCI shares. It is assumed that MCI shares will vest on 1 June 2022. In estimating the fair value, vesting conditions other than market conditions were not taken into account and the Company's IRR for 2021 was assumed to be 15.00% or higher. The fair value of one MCI share according to the model: PLN 23.81/share.

The Group recognised an expense of PLN 24,492 thousand in 2021 for this incentive scheme.

The objectives of the Incentive Scheme were met, including the Company's IRR for 2021 exceeding 15.00%. Accordingly, as part of the implementation of the Incentive Scheme, on 27 June 2022, the Annual General Shareholders' Meeting adopted resolution No 19/ZWZ/2022 to increase the Company's share capital by way of a private placement with a waiver of the pre-emptive rights of the Company's shareholders and to amend the Company's Articles of Association. In accordance with the resolution, the share capital of the Company was increased from PLN 51,432,385 to PLN 52,461,033, i.e. by PLN 1,028,648, through the issue of 1,028,648 new series C1 bearer shares with a nominal value of PLN 1 each. The shares were subscribed for by Tomasz Czechowicz on 28 June 2022 and paid up on 11 July 2022. The increase in the Company's share capital was entered into the register on 20 September 2022.

Incentive schemes for the Chairman of the Supervisory Board – Mr Zbigniew Jagiełło

In connection with Resolution No 23/ZWZ/2022 adopted by the Annual General Meeting of the Company on 27 June 2022 on the terms and conditions of the incentive scheme for a member of the Company's Supervisory Board, the Annual General Meeting of the Company adopted an incentive scheme for Mr Zbigniew Jagiełło (hereinafter referred to as the "Beneficiary") for the period 2022-2025 (the "Incentive Scheme").

The rules of the Incentive Scheme are described in detail in the aforementioned resolution of the Annual General Meeting of the Company.

The key principles of the Incentive Scheme are described below.

The Incentive Scheme consists of four entitlements to acquire shares in the Company: the entitlement for 2022, 2023, 2024 and 2025 (the "Entitlement") - the vesting of the Entitlement for each of the years is subject to the cumulative fulfilment of the following conditions for each Entitlement: (1) the Beneficiary's service as a member of the Company's Supervisory Board for the period from 27 June 2022 to the end of the calendar year to which the Entitlement relates; and (2) absence of a Bad Leaver event at any time until the vested entitlement is exercised or Good Leaver event in the period from 27 June 2022 to the end of the calendar year to which the Entitlement relates.

Under each Entitlement, the Company will enable the Beneficiary to acquire 131,152 shares in the Company at a specified purchase price per share (the purchase price will be calculated as the product of: (1) the average share price of the Company's shares on the regulated market for the selected period in 2026 and (2) a 1-discount value, where the discount will be calculated as the average annual increase in the net asset value of the Company's Group per share in the period from 31 March 2022 to 31 December 2025 less 5% (if the discount value calculated in the above manner is a negative value, this amount is assumed to be zero)).

Good Leaver means an event as a result of which the Beneficiary ceases to be a member of the Supervisory Board of the Company for a reason other than in connection with a Bad Leaver event, including as a result of dismissal in connection with the occurrence of a Bad Leaver event. The Beneficiary will not be deemed to have ceased to be a member of the Supervisory Board of the Company if, after the expiry of the term of office of a member of the Supervisory Board of the Company, the Beneficiary is immediately (and in any event no later than within 14 days of the expiry of the term of office) reappointed as a member of the Supervisory Board of the Company.

A Bad Leaver event means the occurrence of at least one of the following events:
- the Beneficiary is sentenced by a final judgment for offences specified in the provisions of Chapters XXXIII-XXXVII of the Penal Code or in Articles 587, 590 and 591 of the Commercial Companies Code, or admits to having committed such an offence, or
- the Beneficiary will have been convicted of an intentional offence by a final judgment or will have pleaded guilty to an intentional offence or will have been sentenced to imprisonment or restriction of liberty.

The Beneficiary has the right to exercise the Entitlements for each of the years in the period from 1 January 2026 until one month after the Company publishes its consolidated financial statements for the financial year ending 31 December 2025. The Company will enable the Beneficiary to acquire the shares until 30 September 2026.

The Group uses the Black-Scholes equation to value the entitlements. MCI's share price on the valuation date was PLN 16.35/share. Risk-free interest rate: 8.1%. The assumed volatility of MCI shares: 30%. The Group has assumed dividend payments, in accordance with the Company's dividend policy for 2021-2023 adopted by the parent company's Management Board on 26 October 2020, over the life of the entitlements granted in the form of MCI shares. It is assumed that MCI shares will vest. In estimating the fair value, vesting conditions other than market conditions were not taken into account.
The Group recognised an expense of PLN 413 thousand as at 31 December 2022 for this incentive scheme.

21. Financial instruments

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

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

Investments in other entities, 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 measurement depends on the type of available inputs used in the measurement. For financial instruments 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 of these financial instruments.

The Group 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 31.12.2022		As at 31.12.2021	
	Level	Level	Level	Measurement method
Investment certificates				
Investment certificates Helix Ventures Partners FIZ w likwidacji [in liquidation]	-	-	3	Net Asset Value (NAV)
Investment certificates Internet Ventures FIZ w likwidacji	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates of MCI.TechVentures 1.0.	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates of MCI.EuroVentures 1.0.	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Value of preferred distribution of funds from Internet Ventures FIZ w likwidacji [in liquidation]	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 from Helix Ventures Partners FIZ fund w likwidacji [in liquidation]	-	-	3	According to the contractual terms (valuation of the option giving MCI a guarantee to recover the funds invested)
Shares				
Investments in other entities	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Other financial instruments				
Issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund.	-	-	3	According to the contractual terms

Investment certificates are valued based on the net asset value ("NAV") attributable to investment certificates held by the Group 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. Changes in the valuations of portfolio companies have a direct impact on changes in the valuations of NAV attributable to investment certificates held by the Group, which in turn affects the change in the value of the Group's assets. 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 w likwidacji [in liquidation] is based on contractual provisions and depends primarily on the NAV of these funds.

In the Group'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 Group companies make 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 Group companies make 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 Group companies apply a consistent approach to transfers to and from different levels of the fair value hierarchy.

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 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Non-current assets			
Investment certificates	Measured at fair value through profit or loss	2,148,788	2,008,606
Investments in other entities	Measured at fair value through profit or loss	5,911	1,007
Short-term liabilities			
Other financial instruments	Measured at fair value through profit or loss	-	2,281

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 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
Non-current assets			
Trade and other receivables	Measured at amortised cost	47	11
Current assets			
Trade and other receivables	Measured at amortised cost	8,705	28,324
Other financial assets	Measured at amortised cost	372	704
Cash	Measured at amortised cost	37,499	20,970
Long-term liabilities			
Liabilities on account of bonds	Measured at amortised cost	83,857	110,169

Credits and loans	Measured at amortised cost	90,004	-
Lease liabilities	Measured at amortised cost	3,183	3,507
Short-term liabilities			
Liabilities on account of bonds	Measured at amortised cost	115,850	16,595
Promissory notes payable	Measured at amortised cost	-	66,106
Trade and other payables	Measured at amortised cost	2,342	3,280
Lease liabilities	Measured at amortised cost	399	-
Credits and loans	Measured at amortised cost	-	29,736

The Group holds instruments that are not measured at fair value in the statement of financial position. These instruments include trade and other receivables and payables, and financial liabilities, including in respect of bonds. The Group assumes that, due to the variable interest rate or short-term nature, for the above financial instruments not measured at fair value in the statement of financial position, the fair value of these instruments approximates their carrying amount.

22. Operating segments

The Group operates in two areas: (1) in the investment segment and (2) in the asset management segment.

The investments segment concerns investments made by the Group companies (primarily the Group's parent company, MCI Capital ASI S.A.) in investment certificates of closed-end investment funds managed by MCI Capital TFI S.A., as well as investments in shares of companies and other financial instruments. Segment income relates entirely to: the result not realised on the revaluation of investment certificates, shares in companies and other financial instruments and the result realised on the sale/redemption of investment certificates, the sale of shares in companies or the realisation of other financial instruments. All of the segment's revenue is derived from transactions performed in Poland. For a breakdown of revenue by source of generation, see ***Note 1 "Gains and losses on financial assets measured at fair value through profit or loss"***.

The asset management segment refers to the area of closed-end investment fund management, which is performed entirely by MCI Capital TFI S.A. The segment's revenues relate entirely to income from fixed and variable fund management fees. All of the segment's revenue is derived from transactions performed in Poland. For a breakdown of revenue by source of generation, see ***Note 2 "Management income"***.

The breakdown of the business into the above segments is based on the criterion of product and service differentiation.

	Operating segments – transactions with external customers			
	Investing activities		Fund management	
	from 01.01.2022 to 31.12.2022	from 01.01.2021 to 31.12.2021	from 01.01.2022 to 31.12.2022	from 01.01.2021 to 31.12.2021
	PLN '000	PLN '000	PLN '000	PLN '000
Gain or loss on investment certificates	158,196	374,078	-	-
Revaluation of shares	(134)	440	-	-
Valuation of other financial instruments	(17,411)	5,736	-	-
Revenue from management	-	-	16,710	31,320
Cost of core activities	-	-	(813)	(3,896)
Profit before tax from core activities	**140,651**	**380,254**	**15,897**	**27,424**
General and administrative expenses	(7,034)	(30,847)	(13,362)	(19,212)
Other operating revenue	257	989	365	-
Other operating expenses	(147)	(291)	(1)	(52)
Operating profit	**133,727**	**350,105**	**2,899**	**8,160**
Finance income	1,317	1,156	909	1
Finance costs	(25,713)	(11,705)	(198)	(894)
Profit before tax	**109,331**	**339,556**	**3,610**	**7,267**

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

Year ended 31 December 2022	Interest income measured using the effective interest rate method	Other operating revenue	Valuation and carried interest gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
Financial assets				
Investment certificates	-	-	154,688	3,508
Investments in other entities	-	-	(134)	-
Loans	167	-	-	-
Trade and other receivables	-	-	-	-
Cash and cash equivalents	915	-	-	-
TOTAL	**1,082**	**-**	**154,554**	**3,508**

	Interest expenses measured using the effective interest rate method	Commission costs for unused credit facility	Valuation gains/(loss es)	Gains/(losses) on sale/redemption of financial instruments
Financial liabilities				
Liabilities on account of bonds	(21,312)	-	-	-
Lease liabilities	(149)	-	-	-
Promissory notes payable	(824)	-	-	-
Credits and loans	(3,247)	(305)	-	-
Trade and other payables	-	-	-	-
Other financial instruments	-	-	(17,411)	-
TOTAL	**(25,532)**	**(305)**	**(17 411)**	**-**

Year ended 31 December 2021	Interest income measured using the effective interest rate method	Other operating revenue	Valuation and carried interest gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
Financial assets				
Investment certificates	-	-	367,124	6,954
Investments in other entities	-	-	440	-
Loans	19	-	-	-
Trade and other receivables	-	211	-	-
TOTAL	**19**	**211**	**367,564**	**6,954**

	Interest expenses measured using the effective interest rate method	Other operating revenue	Valuation gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
Financial liabilities				
Liabilities on account of bonds	(9,960)	-	-	-
Lease liabilities	(47)	-	-	-
Promissory notes payable	(853)	-	-	-
Credits and loans	(1,600)	-	-	-
Trade and other payables	-	-	-	-
Other financial instruments	-	-	5,736	-
TOTAL	**(12,460)**	**-**	**5,736**	**-**

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

	For the period: from 01.01.2022 to 31.12.2022 PLN '000	**For the period: from 01.01.2021 to 31.12.2021 PLN '000**
Audit of annual financial statements	204	203
Review of semi-annual financial statements	105	62
	308	**265**

25. Dividend

Dividend for 2021

In 2021, MCI Capital ASI S.A. delivered a profit of PLN 465,813 thousand. On 27 June 2022, the Company's Annual General Meeting adopted a resolution to distribute the Company's net profit, allocating the amount of PLN 429,089 thousand to supplementary capital, while the remaining amount of net profit, i.e. PLN 36,723 thousand, for the payment of dividends to the company's shareholders. The dividend per share amounted to PLN 0.70.

Dividends recognised as distributions to owners per share	0.70
Dividends proposed or declared before financial statements authorised for issue but not recognised as a cash flow	36,723

Distribution of profit for 2022

Due to the persistently high, almost 53% discount of the market price to NAV/share (PLN 17 vs. PLN 36.5 as at the publication date) - despite dividend payments made in the last two years - the Management Board plans to recommend to the Annual General Meeting that the model of distribution of funds to MCI investors be changed and that a 2-year share buyback programme be introduced, under which the MCI Group will buy back shares **worth up to 2% of MCI's equity per year.** The programme will be implemented in 2023 and 2024.

The Group plans to carry out buybacks at a **significant premium to the market price** – under the buyback planned for 2023, the Group will buy back shares **at a 30% premium to the average market price.** The parameters of the buyback implemented in 2024 will be published in the Group's annual financial statements for 2023.

According to the information available to the Management Board of the Company, the main shareholder of the Company - MCI Management Sp. z o.o. - will participate in the buy-back in the part corresponding to its capital involvement in MCI Capital ASI S.A..

26. Contingent liabilities and assets

JTT compensation

On 2 October 2006, the parent 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 Capital 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.

On 28 October 2021, a hearing was held before the Supreme Court to hear the Company's cassation appeal against the judgment of the Court of Appeal in Wrocław of 18 September 2018. The Supreme Court, after a hearing, adjourned the pronouncement of judgment in the case to 25 November 2021.

On 25 November 2021, the Supreme Court, announced its judgment in the case, dismissing both cassation appeals and waiving the costs of the cassation proceedings between the parties.

Thus, the verdict of the Court of Appeal in Wrocław of 18 September 2018, awarding compensation to the Company from the State Treasury for the damage consisting in the loss of value of the shares of JTT Computer S.A. in Wrocław in the amount of PLN 2,190,000.00 (two million one hundred and ninety thousand Polish zlotys) with statutory interest from 8 June 2006 to the date of payment, and dismissing the claim beyond this amount, was upheld.

On 24 June 2022, the Company filed a complaint with the European Court of Human Rights in respect of the judgments awarded and the proceedings in the case as a whole. In the complaint in question, the Company pointed, among other things, to violations of the right to respect for property - the actions of the tax authorities led to the liquidation bankruptcy of JTT, of which the Company was a shareholder, causing the loss of value of its shares and a loss of many millions. The Company acted in defence of its own interests, as the Company believes it has a claim for damages against the State for the loss of value of the JTT shares. The Company, in its complaint to the European Court of Human Rights, also alleged a violation of the right to respect for property - to just compensation for actions causing damage; after years of proceedings and in spite of successive favourable judgments awarding full compensation for the loss of value of JTT shares, this was finally reduced to only 10% without justification for such action. The Company also pointed to a violation of its right to a hearing within a reasonable time - the proceedings in the case lasted 16 years, of which four years were the period between the Supreme Court overturning the judgment and the Court of Appeal deciding the case for the third and final time (a judgment that effectively deprives the Company of its right to compensation).

On 17 October 2022, the Company filed an application with the Ombudsman requesting an extraordinary appeal to the Extraordinary Court against the judgment of the Court of Appeal in Wrocław of 18 September 2018. On 8 November 2022, the Company received a letter from the Ombudsman refusing to file an extraordinary complaint.

On 9 February 2023, the European Court of Human Rights, ruling unanimously, decided to declare the complaint filed by the Company on 24 June 2022 unfounded and thus dismissed the complaint. The decision of the European Court of Human Rights is final. Thus, the Company used all possible civil means to obtain compensation from the State Treasury.

Corporate income tax – JTT compensation

On 20 June 2011, the parent 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).

On 15 February 2022, the Supreme Administrative Court announced its verdict in a case concerning the refusal to initiate overpayment proceedings. The Supreme Administrative Court indicated that the authority, as well as the court of first instance, unjustifiably refused to reopen the proceedings and therefore reversed both the judgment of the Provincial Administrative Court in Warsaw and the decision of the Director of the Tax Administration Chamber in Warsaw, ordering, as it were, the initiation of proceedings concerning the overpayment. This means that the Company can claim the entire overpayment for the reduced compensation in the new proceedings.

On 13 April 2022, the Company filed another motion to acknowledge and refund the overpayment of corporate income tax for 2011.

On 28 October 2022, as a consequence of the Supreme Administrative Court's judgment of 15 February 2022, the Company received a decision from the Head of the Second Mazovian Tax Office in Warsaw confirming an overpayment of corporate income tax for the tax year 2011 in the amount of PLN 25,341 and declining to confirm the remainder of the overpayment (i.e. PLN 5,323,551). Not agreeing with the grounds for the decision of the Head of the Second Mazovian Tax Office in Warsaw indicated in the decision, the Company filed an appeal against the aforementioned decision on 14 November 2022. The case was referred to the Director of the Tax Administration Chamber in Warsaw (the second instance authority) for consideration. On 8 February 2023, the Director of the Tax Administration Chamber in Warsaw upheld the decision of the Head of the Second Mazovian Tax Office in Warsaw. On 23 March 2023, the Company filed a complaint with the Provincial Administrative Court in Warsaw against the decision of the Director of the Tax Administration Chamber in Warsaw of 8 February 2023).

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

Administrative proceedings – Inspection of the Social Insurance Institution at MCI Capital TFI S.A. and PEM Asset Management Sp. z o.o.

In the period of the first three quarters of 2022, the Social Insurance Institution carried out inspections at PEM Asset Management Sp. z o.o. and MCI Capital TFI S.A.

The inspection covered:

- Correctness and reliability of the calculation of social security contributions and other contributions that the Company is obliged to collect, as well as reporting for social security and health insurance,

- Determining entitlement to and payment of social security benefits and making settlements in respect thereof,

- Correctness and timeliness of the processing of pension claims,

- Issuing certificates or reporting data for social security purposes,

- Correctness and accuracy of the data provided to the Social Insurance Institution in the application for standstill benefit under the Act of 2 March 2020 on special arrangements for the prevention, counteraction and combating of COVID-19, other infectious diseases and emergencies caused by them,

- Correctness and accuracy of the data provided to the Social Insurance Institution in the application for exemption from the obligation to pay contributions submitted on the basis of the Act of 2 March 2020 on special arrangements for the prevention, counteraction and combating of COVID-19, other infectious diseases and emergencies caused by them,

The inspection covered the period 2017-2020.

As part of the inspection, the Social Insurance Institution identified irregularities related to the simultaneous employment of employees at MCI Capital TFI S.A. and PEM Asset Management Sp. z o.o. In the opinion of the management boards of MCI Capital TFI S.A. and PEM Asset Management Sp. z o.o., the manner of employing personnel by both companies was justified by the scope of their activities based on the agreements to which both companies were parties and thus complied with the provisions of the applicable law. Accordingly, the management board of MCI Capital TFI S.A. filed objections to the inspection report, which, however, were not considered by the Social Insurance Institution. On 19 October 2022, MCI Capital TFI S.A. received the official decision of the Social Insurance Institution regarding the inspection. On 21 November 2022, MCI Capital TFI S.A. filed an appeal with the court against the received decision of the Social Insurance Institution. On 16 January 2023, the Regional Court in Warsaw decided to suspend the main proceedings involving MCI Capital TFI S.A., indicating that the outcome of the case will depend on the cases of the individual insured persons. In the opinion of the legal advisor of MCI Capital TFI S.A., there are strong arguments in favour of the position of MCI Capital TFI S.A., however, at the moment of drawing up these financial statements, due to the advanced stage of the proceedings, it is impossible to determine the probability of MCI Capital TFI S.A. winning the dispute.

Customs and tax inspection in respect of flat-rate corporate income tax

On 2 March 2023, MCI Capital ASI S.A., as the legal successor of MCI Fund Management Sp. z o.o., received an authorisation from the Head of the Podlaskie Customs and Tax Office in Białystok for the designated persons to carry out a customs and tax inspection regarding the lump-sum corporate income tax on the payment of amounts listed in Article 22(1) of the Corporate Income Tax Act by MCI Fund Management Sp. z o.o. for 2018 (tax on dividends).

As at the date of these statements, no inspection activities had commenced. The Company will report on the progress of this case in the following periods.

27. Warranties and guarantees

Collateral for the credit facility of the MCI.EuroVentures 1.0. subfund and the MCI.TechVentures 1.0. subfund

On 29 January 2021, the parent 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. As at 31 December 2022, the value of the pledged series C investment certificates amounted to PLN 307,991 thousand.

As of the beginning of January 2023, in accordance with the schedule set out in the term facility and revolving facility agreement, the value of the available limit was reduced from EUR 29,000,000 to EUR 9,500,000. Discussions are currently underway with the bank to increase the limit to the previous level of EUR 29,000,000.

On 29 January 2021, the parent 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 secured 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 12,000,000 concluded on 4 January 2021 with Raiffeisen Bank International AG. Both credit facilities relating to MCI.TechVentures 1.0. were closed on 4 July 2022 and the pledges on the investment certificates securing the aforementioned facilities were released on 23 August 2022.

The Group has prepared an estimate of the amount of the allowance for expected credit losses related to the pledge over investment certificates. The credit facility, which was secured by the above pledge, was not drawn down as at 31 December 2022. Accordingly, the Group has not recognised an allowance for expected credit losses in relation to the above pledge as at 31 December 2022.

Assignment of claims

On 24 June 2022 an agreement on transfer of receivables was concluded between MCI Capital TFI S.A. and ING Bank Śląski S.A pursuant to which MCI Capital TFI S.A., as assignor, secures the repayment of claims of ING Bank Śląski S.A. under the credit facility agreement dated 24 June 2022 in the form of an assignment to the bank of its claims resulting from the fund management fees due to be collected, up to the amount of the debt under the credit facility agreement, including interest, commissions and other costs, related to the credit facility agreement.

28. Events subsequent to the reporting date

Judgment of the Supreme Administrative Court (Corporate income tax – JTT compensation)

On 8 February 2023, the Director of the Tax Administration Chamber in Warsaw upheld the decision of the Head of the Second Mazovian Tax Office in Warsaw. On 23 March 2023, the Company filed a complaint with the Provincial Administrative Court in Warsaw against the decision of the Director of the Tax Administration Chamber in Warsaw of 8 February 2023.

Complaint to the European Court of Human Rights (JTT compensation – lead case)

On 9 February 2023, the European Court of Human Rights, ruling unanimously, decided to declare the complaint filed by the Company on 24 June 2022 unfounded and thus dismissed the complaint. The decision of the European Court of Human Rights is final. Thus, the Company used all possible civil means to obtain compensation from the State Treasury. For a detailed description of the case, see ***Note 26 "Contingent assets and liabilities"***.

Customs and tax inspection in respect of flat-rate corporate income tax

On 2 March 2023, MCI Capital ASI S.A., as the legal successor of MCI Fund Management Sp. z o.o., received an authorisation from the Head of the Podlaskie Customs and Tax Office in Białystok for the designated persons to carry out a customs and tax inspection regarding the lump-sum corporate income tax on the payment of amounts listed in Article 22(1) of the Corporate Income Tax Act by MCI Fund Management Sp. z o.o. for 2018 (tax on dividends).

As at the date of these statements, no inspection activities had commenced. The Company will report on the progress of this case in the following periods.

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

For additional information on the alternative investment company, see the separate financial statements as at 31 December 2022.

30. Information on related-party transactions

Entities of the Capital Group

The composition of the MCI Capital Alternatywna Spółka Inwestycyjna S.A. Group as at 31 December 2022 is set out in the notes containing significant accounting policies and other explanatory information, Section 2, page 8.

Information on related-party transactions as at 31 December 2022 and for the period from 1 January to 31 December 2022

	Parent company of the Group*	Other**	Total
Investments:			
Investment certificates	-	2,148,788	**2,148,788**
Investments in other entities	7	871	**1,007**
Receivables:			
Trade and other receivables	-	7,316	**7,316**
Liabilities:			
Liabilities on account of bonds	-	84,668	**84,668**
Income and expenses:			
Revaluation of shares	-	(129)	**(129)**
Revaluation of investment certificates	-	154,688	**154,688**
Net gain or loss on redemption of investment certificates	-	3,508	**3,508**
Revaluation of derivative financial instruments	-	(17 411)	**(17,411)**
Revenue from management	-	16,710	**16,710**
Income from sublease of office space	2	23	**25**
Finance income on warranties granted	-	1,128	**1,128**
Other finance income	-	108	**108**
Finance costs	(2)	(10,118)	**(10,120)**

*MCI Management Sp. z o.o.

Other related parties include all investment funds, portfolio companies under the funds, MCI Investments Sp. z o.o., as well as transactions with members of the management board. For information on remuneration of the parent company's management board, see ***Note 19 "Employee benefits"*.

In addition to related-party transactions listed above, the Group also has off-balance sheet liabilities in the form of guarantees and warranties issued, described in detail in ***Note 27 "Warranties and guarantees"***.

The balances of receivables and payables outstanding as at the balance sheet date are not secured (except for the bond security described in ***Note 14 "Liabilities on account of bonds")***. The Group plans to account for settlements through cash flow realisation.

Related-party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Information on related-party transactions as at 31 December 2021 and for the period from 1 January to 31 December 2021

	Parent company of the Group*	Other**	Total
Investments:			
Investment certificates	-	2,008,606	**2,008,606**
Investments in other entities	7	1,000	**1,007**
Receivables:			
Trade and other receivables	-	26,663	**26,663**
Liabilities:			
Trade and other payables	-	135	**135**
Promissory notes payable	-	66,106	**66,106**
Other financial instruments	-	2,281	**2,281**
Liabilities on account of loans	-	10,739	**10,739**
Liabilities on account of bonds	-	92,122	**92,122**
Income and expenses:			
Revaluation of shares	-	440	**440**
Revaluation of investment certificates	-	367,124	**367,124**
Net gain or loss on redemption of investment certificates	-	6,954	**6,954**
Revaluation of derivative financial instruments	-	5,736	**5,736**
Revenue from management	-	31,320	**31,320**
Income from sublease of office space	2	29	**32**
Finance income	-	1,150	**1,150**
Finance costs	-	(6,839)	**(6,839)**

*MCI Management Sp. z o.o.

Other related parties include all investment funds, portfolio companies under the funds, PEM Seed Capital and MCI Investments Sp. z o.o., as well as transactions with members of the management board. For information on remuneration of the parent company's management board, see ***Note 19 "Employee benefits"*.

In addition to related-party transactions listed above, the Group also has off-balance sheet liabilities in the form of guarantees and warranties issued, described in detail in ***Note 27 "Warranties and guarantees"***.

The balances of receivables and payables outstanding as at the balance sheet date are not secured (except for the bond security described in ***Note 14 "Liabilities on account of bonds")***. The Group plans to account for settlements through cash flow realisation.

Related-party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Information on transactions between non-consolidated entities (controlled by MCI Capital ASI S.A.) and the main shareholder and MCI Capital ASI S.A.

The following are transactions between MCI Capital ASI S.A. and the main shareholder of MCI Capital ASI S.A., i.e. MCI Management Sp. z o.o. and the investment funds managed by MCI Capital TFI S.A. as well as the portfolio companies of these funds, all of which are controlled by MCI Capital ASI S.A. (as at 31 December 2022 and 31 December 2021).

These transactions relate to intercompany financing as part of the intercompany liquidity placement policy.

The financing is granted on arm's length terms in accordance with the investment restrictions of the investment funds managed by MCI Capital TFI S.A., including the 20% limit on exposure to the assets of a single entity and in the interest of the participants of these funds.

Issuer	Creditor / Bondholder	Type of instrument	Maturity date	Cost (nominal amount) PLN '000	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
MCI Management Sp. z o.o.	MCI.EuroVentures 1.0 subfund (MCI.EV)	bonds – series H	23.06.2023	38,000	45,537	42,386
MCI Management Sp. z o.o.	MCI.EuroVentures 1.0 subfund (MCI.EV)	bonds – series G	19.12.2022	32,000	-	37,028
MCI Management Sp. z o.o.	MCI.EuroVentures 1.0 subfund (MCI.EV)*	promissory note	24.02.2023	17,843	18,891	17,758
MCI Management Sp. z o.o.	MCI.CreditVentures 2.0 FIZ (MCI.CV) fund	bonds – series F	23.09.2022	26,000	-	30,599
MCI Management Sp. z o.o.	MCI.CreditVentures 2.0 FIZ (MCI.CV) fund	bonds – series D	21.09.2022	40,000	-	19,806
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	bonds – series E	21.06.2023	60,000	78,166	73,695
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	promissory note	21.06.2023	21,000	21,508	-
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	promissory note	23.06.2023	32,000	32,758	-
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	promissory note	30.06.2023	41,741	41,750	-
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	loan	25.07.2023	1,000	1,038	-
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	loan	30.06.2023	24,300	24,361	-
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company**	promissory note	31.12.2022	34,000	-	39,990
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company**	promissory note	26.03.2023	3,000	-	3,088
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company**	promissory note	30.03.2023	4,000	-	4,116
			Total	**374,884**	**264,009**	**268,465**

Issuer	Creditor / Bondholder	Type of instrument	Maturity date	Cost (nominal amount) PLN '000	As at 31.12.2022 PLN '000	As at 31.12.2021 PLN '000
MCI Capital ASI S.A.	MCI.EuroVentures 1.0 subfund (MCI.EV)	bonds – series R	29.07.2023	79,000	84,668	80,413
MCI Capital ASI S.A.	MCI.EV subfund indirectly through a portfolio company**	promissory note	31.12.2022	9,500	-	9,500
MCI Capital ASI S.A.	MCI.CreditVentures 2.0 FIZ (MCI.CV) fund	promissory note	29.06.2022	45,000	-	45,013
MCI Capital ASI S.A.	MCI.EV subfund indirectly through a portfolio company	promissory note	07.10.2022	11,505	-	11,593
			Total	**145,005**	**84,668**	**146,519**
			Total	**519,889**	**348,677**	**414,984**

*Funding repaid after the balance sheet date

**Funding repaid before maturity.

31. Significant events in 2022

Impact of the war in Ukraine on the investments of the Funds whose investment certificates are held by the MCI Group (MCI Funds)

On 24 February 2022, Russia's invasion of Ukraine began, significantly impacting global financial markets and the reality of doing business in the Central and Eastern European ('CEE') region. Some of the effects of these events include a significant weakening of the currencies of the CEE region, including Poland, an increase in interest rates, an increase in commodity and energy prices and a decline in stock market prices.

The **MCI.EuroVentures 1.0.** subfund separated within MCI.PrivateVentures FIZ (MCI.EV), where the MCI Group holds 99.5% of investment certificates (as at 31 December 2022), has no investments in Russia or Ukraine, therefore in terms of valuation, apart from temporary drops in valuations (resulting from declines in the valuations of comparable companies), no real impact of the war on the situation of the portfolio companies of this subfund is observed.

For the **MCI.TechVentures 1.0.** subfund separated within MCI.PrivateVentures FIZ (MCI.TV), where the MCI Group together with MCI.EV holds 48.5% of the investment certificates, 91% of the net asset value of this subfund is not directly linked to Russia. Only Travelata is a company with direct exposure to the Russian market.

The management boards of MCI Capital ASI S.A. and MCI Capital TFI S.A. continuously monitor the impact of the political and economic situation in Ukraine and Russia on the operations of the funds/subfunds and the MCI Group companies. With the above in mind, appropriate impairment losses were recognised on selected investments in 2022 based on the best knowledge of the Management Board of MCI Capital TFI S.A., reflecting the impact of the current market situation on the fair value of individual investments.

It should be emphasised that the Management Boards of MCI Capital ASI S.A. and MCI Capital TFI S.A. assume that, apart from a temporary drop in valuations resulting from an overall market repricing, the part of the MCI Funds' assets that is not linked to the Russian or Ukrainian market will not be significantly affected by the hostilities in the medium/longer term.

Issue of series T2 public bonds

In February 2022, the parent company issued series T2 bonds (806,367 series T2 5-year bearer bonds with a nominal value of PLN 100.00 each, with a total nominal value of PLN 80.6 million). The acceptance of subscriptions for the bonds closed on 16 February 2022. The bonds were allotted on 17 February 2022. The bonds pay an interest coupon of WIBOR3M + a margin of 3.5 p.p. per annum. The bonds are secured by a registered pledge established over the investment certificates of the MCI.EuroVentures 1.0. subfund separated within the MCI.PrivateVentures Closed Investment Fund in the amount of 150% of the issue value. The bonds were introduced to trading on Catalyst on 8 March 2022.

Judgment of the Supreme Administrative Court (Corporate income tax – JTT compensation)

On 15 February 2022, the Supreme Administrative Court announced its verdict in a case concerning the refusal to initiate overpayment proceedings. The Supreme Administrative Court indicated that the authority, as well as the court of first instance, unjustifiably refused to reopen the proceedings and therefore reversed both the judgment of the Provincial Administrative Court in Warsaw and the decision of the Director of the Tax Administration Chamber in Warsaw, ordering, as it were, the initiation of proceedings concerning the overpayment. In the current situation, the parent company can claim the entire overpayment for the reduced compensation in new proceedings. On 13 April 2022, the Company filed a motion to acknowledge and refund the overpayment of corporate income tax for 2011.

On 28 October 2022, as a consequence of the Supreme Administrative Court's judgment of 15 February 2022, the Company received a decision from the Head of the Second Mazovian Tax Office in Warsaw confirming an overpayment of corporate income tax for the tax year 2011 in the amount of PLN 25,341 and declining to confirm the remainder of the overpayment (i.e. PLN 5,323,551). Not agreeing with the grounds for the decision of the Head of the Second Mazovian Tax Office in Warsaw indicated in the decision, the Company filed an appeal against the aforementioned decision on 14 November 2022. The case was referred to the Director of the Tax Administration Chamber in Warsaw (the second instance authority) for consideration. On 8 February 2023, the Director of the Tax Administration Chamber in Warsaw upheld the decision of the Head of the Second Mazovian Tax Office in Warsaw.

On 23 March 2023, the Company filed a complaint with the Provincial Administrative Court in Warsaw against the decision of the Director of the Tax Administration Chamber in Warsaw of 8 February 2023).

Complaint to the European Court of Human Rights (JTT compensation – lead case)

On 24 June 2022, the parent company filed a complaint with the European Court of Human Rights. On 9 February 2023, the European Court of Human Rights, ruling unanimously, decided to declare the complaint filed by the Company on 24 June 2022 unfounded and thus dismissed the complaint. The decision of the European Court of Human Rights is final. Thus, the Company used all possible civil means to obtain compensation from the State Treasury. For a detailed description of the case, see ***Note 26 "Contingent assets and liabilities"***.

Authorisation of the financial statements and distribution of the parent company's profit for 2021

On 27 June 2022, the Annual Shareholders' Meeting authorised the parent company's financial statements for 2021 and the Directors' Report on the activities in 2021. At the same time, the Annual General Meeting resolved that the net profit for 2021, amounting to PLN 465,812,160.25, will be allocated as follows: PLN 429,089,437.15 to the Company's supplementary capital and PLN 36,722,723.10 for the payment of dividends to the Company's shareholders, which corresponds to PLN 0.70 per share of the Company, assuming that the number of shares on the dividend record date will increase to 52,461,033 shares (the condition is fulfilled). The dividend record date was 26 September 2022. The dividend was paid on 7 October 2022.

Resolution on increasing the share capital of the parent company

On 27 June 2022, the Annual General Shareholders' Meeting resolved to increase the parent company's share capital by way of a private placement with a waiver of the pre-emptive rights of the Company's shareholders. The increase was from PLN 51,432,385 to PLN 52,461,033, i.e. by PLN 1,028,648, through the issue of 1,028,648 new series C1 bearer shares with a nominal value of PLN 1 each. The Company's share capital increase was entered into the register on 20 September 2022.

Appointment of a member of the Company's Supervisory Board

On 27 June 2022, the Annual General Meeting of Shareholders resolved to appoint Mr Zbigniew Jagiełło to serve as a member of the Company's Supervisory Board. Mr Zbigniew Jagiełło was elected Chairman of the Company's Supervisory Board.

Securing bank financing

On 24 June 2022, the parent company entered into a credit facility agreement with ING Bank Śląski S.A., under which the Bank granted an overdraft facility in the total amount of PLN 173.25 million. The overdraft limit granted was used by the Company primarily to repay existing facilities contracted with ING Bank Śląski S.A. (taken over from PEM S.A. as a result of the merger). The remainder of the limit granted can be used to finance current working capital. The interest rate on the facility is set at WIBOR 1M plus a margin of 2.5% per annum and the commitment fee is 0.5% per annum.

The financing granted to MCI under the Agreement is secured by:

- financial and registered pledge on the investment certificates of the fund MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty managed by MCI Capital TFI S.A. with its registered office in Warsaw ("MCI TFI"), related to the subfund MCI.EuroVentures 1.0. up to 150% of the financing value,
- assignment of MCI TFI's receivables from management fees for the investment funds MCI.PrivateVentures FIZ, MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation] and MCI.Partners FIZ w likwidacji [in liquidation] to the Bank
- MCI ASI's representation on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure.

In addition, the Company is obliged to make an early repayment of the outstanding facility in an amount equal to the surplus of free cash (understood as 25% of the value of the redeemed investment certificates of the MCI.TechVentures 1.0 subfund separated within the MCI.PrivateVentures FIZ fund held by the Company).

Discontinuance of prosecution proceedings

On 29 June 2022, the Warsaw Regional Prosecutor's Office announced that the investigation, registered under reference PO III Ds. 149.2019, was discontinued by a decision of the prosecutor of the Warsaw Regional Prosecutor's Office of 22 June 2022. The investigation concerned the purchase of certificates of the MCI.TechVentures 1.0. subfund, separated within MCI.PrivateVentures FIZ, by investors. The parent company was not a party to these proceedings.

Authorisation of the financial statements and distribution of MCI TFI's profit for 2021.

On 30 June 2022, MCI TFI's Annual General Meeting adopted a resolution to distribute the Company's net profit for 2021 in the amount of PLN 10,317 thousand, allocating the amount of PLN 1,389 thousand to supplementary capital, while the remaining amount of net profit, i.e. PLN 8,928 thousand, for the payment of dividends to the company's shareholders.

Authorisation of the financial statements and coverage of loss of PEM Asset Management for 2021

Authorisation of the financial statements and distribution of PEM Asset Management Sp. z o.o.'s profit for 2021 – At the meeting held on 25 July 2022, the Annual General Shareholders' Meeting of PEM Asset Management Sp. z o.o. resolved to transfer the amount of PLN 12,400 thousand from the supplementary capital for the payment of dividends.

Suspension of collection by MCI Capital TFI S.A. of fixed fees for management of the MCI.TechVentures 1.0. subfund separated within MCI.PrivateVentures FIZ

On 2 September 2022, the Management Board of MCI Capital TFI S.A. resolved to suspend the company's collection of fixed fees for managing the MCI.TechVentures 1.0. subfund separated within MCI.PrivateVentures FIZ. Collection of the management fee was suspended in its entirety starting from the accounting period beginning on 1 July 2022 until the Management Board of the company adopts a resolution to resume its charging in whole or in part. Suspension of collection of the fee does not suspend its accrual.

Distributions to investors from the MCI.TechVentures 1.0. subfund separated within the MCI.PrivateVentures FIZ

On 14 September 2022, a partial redemption of the investment certificates of the MCI.TechVentures 1.0. subfund separated within MCI.PrivateVentures FIZ was executed, whereby 75,668 investment certificates held by the Group companies with a total value upon redemption of PLN 11,793 thousand were redeemed. Proceeds from the redemption of the investment certificates were received by the Group companies on 29 September 2022.

Termination of the agreement to act as depositary for an alternative investment company

On 30 September 2022, the agreement for the performance of functions a depositary of an alternative investment company signed on 12 March 2020 by the Company with Q Securities S.A. with its registered office in Warsaw was terminated. The agreement was terminated by the Company on six months' notice, so the last day for Q Securities S.A., with its registered office in Warsaw, to act as depositary of an alternative investment company to the Company will be 30 March 2023. The reason for the termination of the Agreement was the Company's decision to change the entity that will perform the function of the Company's depositary, in connection with the optimisation of the Company's operational processes. NWAI Dom Maklerski S.A. will be the new depositary for the Company.

Payment of dividend by MCI Capital ASI S.A.

On 7 October 2022, MCI Capital ASI S.A. paid a dividend of PLN 36,723 thousand from its profit for 2021.

JTT case – JTT compensation – complaint to the Ombudsman

On 17 October 2022, the Company filed an application with the Ombudsman requesting an extraordinary appeal to the Extraordinary Court against the judgment of the Court of Appeal in Wrocław of 18 September 2018. On 8 November 2022, the Company received a letter from the Ombudsman refusing to file an extraordinary complaint.

Resignation of a Supervisory Board Member

On 5 December 2022, the Company received a letter from a member of the Supervisory Board, Mr Mariusz Grendowicz, containing his representation of resignation from the Supervisory Board of the Issuer with effect from 31 December 2022.

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32. Capital management

The Group 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 Group's financial standing.

The Group monitors the level of capital on an ongoing basis, based on the carrying amount of equity. The Group calculates the ratio of equity to total financing sources. The Group's target for the ratio is not less than 0.5. As at 31 December 2022, the ratio stood at 86% (88% as at 31 December 2021).

In addition, the Group 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, credits and loan, and other financial instruments less cash and cash equivalents.

Moreover, in order to maintain or adjust the capital structure, the parent company may distribute dividends to shareholders, return capital to shareholders or issue new shares. In the years ended 31 December 2022 and 31 December 2021, apart from the adoption of the dividend policy for 2021-2023 by the parent company's Management Board, there were no changes in the capital structure management objectives, policies and processes.

The Group aims to continuously improve the ROE and NAV/S ratios. The expected level of return on equity of the Group is approximately 15%. The Group 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 buyout-type subfund (the average annual return of the subfund's series A investment certificates over the past three years is 18.4%); at the same time, it is the largest subfund managed by MCI Capital TFI S.A. with net asset value of PLN 1.9 billion, i.e. 82% of NAV of the funds it manages) and an appropriate level of indebtedness of the Group. Prior to the adoption of the dividend policy, the improvement of the NAV/S ratio was also achieved through a share buy-back program, implemented gradually by the Group using its surplus funds, which provided an alternative source of distributing funds to shareholders.

33. Risk management

Risks to which the Group is exposed:

- liquidity risk,
- investment risk
- concentration risk,
- market risk,
- credit risk,
- risk related to the environment in which the Group operates.

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

LIQUIDITY RISK

The Group 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, but from the fourth quarter of 2021 the Group also initiated issues addressed to retail customers),
- banking risk,
- 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, bonds and lending).

The primary method of raising capital by the Group are bond issues addressed to institutional customers. Until 2018, this was the Group's primary fundraising source. Since the beginning of its operations, the Group has issued bonds with a total nominal value of PLN 777 million, of which a total of PLN 582 million was redeemed by 31 December 2022.

In November 2021, the Group issued bonds (series T1) addressed to retail customers with a total value of PLN 15 million (nominal value) under a public bond issue programme of up to PLN 100 million, on the basis of a prospectus approved by the PFSA on 11 March 2021. In continuation of the issue programme, the Group issued bonds (series T2) worth PLN 81 million (nominal value) in February 2022 under the aforementioned programme.

MCI Capital ASI S.A. also has an exposure of approximately PLN 2,143,722 thousand (as at 31 December 2022) in investment certificates of MCI.PrivateVentures FIZ (“**Fund**”) with separated subfunds MCI.EuroVentures 1.0. (“**EV**”) and MCI.TechVentures 1.0. (“**TV**”). 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 Group's liquidity capabilities, apart from those resulting from raising external financing.

- **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 Group 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 direct exposure in EV certificates as at 31 December 2022 was 99.49% (share in the subfund's net asset value). As at 31 December 2022, the net asset value of the EV subfund was PLN 1,957 million, the value of cash/units/liquid assets was PLN 83 million and the value of bank deposits with a maturity of more than three months from the balance sheet date was PLN 306 million.

- **TV**: 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 Group and other participants in proportion to their share in TV. MCI Capital ASI S.A.'s direct exposure in TV certificates as at 31 December 2022 was 48.45% (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 48.45% to MCI Capital ASI S.A. 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 after the amendment to the Fund's articles of association introducing a limited life for the subfund, 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 2022, the net assets value of the TV subfund was PLN 406 million. The Surplus value published as at 31 December 2022 was PLN 0.8 million. However, according to the most up-to-date calculation made as at 28 February 2023, the Surplus amounted to PLN 0.8 million.

The Group 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).

As at 31 December 2022, the most significant components of the Group's liabilities comprised liabilities on account of bonds, credits and loans as well as other financial instruments.

As at 31 December 2022, total liabilities of the Group recognised in the balance sheet amounted to PLN 296 million (excluding deferred tax liabilities, provisions and off-balance sheet liabilities) and represented 15.4% of the Company's equity.

The Group companies do not expect any threat to their liquidity situation in the foreseeable future, i.e. at least within the next 12 months.

The table below presents the Group's financial liabilities by maturity as at 31 December 2022 and 31 December 2021, based on undiscounted contractual payments.

31 December 2022	On demand	Up to 3 months	From 3 to 12 months	From 1 year to 5 years	More than 5 years	Total
Lease liabilities	-	136	407	2,172	1,494	4,209
Liabilities on account of bonds	-	-	115,850	83,857	-	199,707
Credits and loans	230	-	-	90,004	-	90,234
Trade and other payables	-	2,073	-	-	-	2,073
Other financial liabilities	-	39	-	-	-	39
Off-balance-sheet liabilities (guarantees issued)	204,011	-	-	-	-	204,011
	204,241	2,248	116,257	176,033	1,494	500,273

During 2022, the Group repaid its liabilities on account of credits and loans, bonds, promissory notes and leases in the amount of PLN 124,633 thousand and all of them were settled in due time.

31 December 2021	On demand	Up to 3 months	From 3 to 12 months	From 1 year to 5 years	More than 5 years	Total
Lease liabilities	-	17	127	2,131	1,997	4,272
Liabilities on account of bonds	-	2,241	14,754	121,315	(147)	138,163
Credits and loans	-	428	30,684	-	-	31,112
Trade and other payables	-	1,459	1,821	-	-	3,280
Promissory notes payable	-	-	68,078	-	-	68,078
Off-balance-sheet liabilities (guarantees issued)	282,863	-	-	-	-	282,863
	282,863	**4,145**	**115,464**	**123,446**	**1,850**	**527,768**

As at 31 December 2021, the most significant components of the Group's liabilities comprised liabilities on account of bonds, liabilities under promissory notes, as well as credits and loans.

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 Group'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 Group 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 Group 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 Group ("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 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.

Risks associated with the armed conflict in Ukraine

For a description of the impact of the armed conflict in Ukraine on the Group's operations, see **Note 31 *"Material events in 2022"***.

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) 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 hose 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.

CONCENTRATION RISK

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The Group is exposed to concentration risk due to the fact that investment certificates of closed-end investment funds accounted for 97% of total assets as at 31 December 2022. For the value of investment certificates of individual closed-end investment funds held by the Group, see ***Note 8a "Investment certificates"***.

The Group invests its assets through investment funds with diversified investment strategies. As at the date hereof, the Group's investments are mainly focused on the MCI.PrivateVentures FIZ fund with the separated subfunds: MCI.EuroVentures 1.0. and MCI.TechVentures 1.0. The second fund in the Group's structures is Internet Ventures FIZ w likwidacji [in liquidation], which is seeking to liquidate its assets and wind up. 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) to investments in small technology start-ups (Helix Ventures FIZ w likwidacji [in liquidation] – the fund was liquidated on 31 October 2022 and Internet Ventures FIZ w likwidacji [in liquidation]. The liquidation of Internet Ventures FIZ commenced on 1 July 2021). Since 2015, the MCI Capital Group (the "MCI Group") has focused on the buyout strategy pursued by the MCI.EuroVentures 1.0. subfund, which is reflected in the structure of investment certificates held by MCI – the MCI.EuroVentures 1.0. subfund accounted for 91%, while the MCI.TechVentures 1.0. subfund accounted for 9% of the value of investment certificates held as at 31 December 2022..

Both main subfunds focus on Poland as a geographical area, which accounted for 81% of the MCI.EuroVentures 1.0. subfund's portfolio and 53% of the MCI.TechVentures 1.0. subfund's portfolio, respectively, as at 31 December 2022. For the MCI.TechVentures 1.0 subfund, the Russian market accounted for 9% of the portfolio as at 31 December 2022. As at 31 December 2022, the Internet Ventures FIZ fund w likwidacji [in liquidation] focused entirely on Poland.

The aforementioned geographical concentration has a direct impact on currency and market concentration – the Polish zloty and the Polish market are dominant.

The methods of minimising concentration risk by closed-end investment funds whose investment certificates are held by MCI Capital ASI S.A. are outlined in the description of investment risk in the section "Risk associated with the structure of fund investment portfolio".

MARKET RISK

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

Interest rate risk

The Group'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 Group 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 Group's financial instruments exposed to the interest rate risk, by maturity.

31 December 2022

Fixed interest rate	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loans advanced	(358)	-	-	-	-	-	(358)
Lease liabilities	-	(815)	(434)	(453)	(473)	(1,407)	(3,582)
	(358)	**(815)**	**(434)**	**(453)**	**(473)**	**(1,407)**	**(3,941)**

Variable interest rate	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash assets	25,218	-	-	-	-	-	25,218
Liabilities on account of bonds	(115,850)	(8,849)	(7,834)	(16,768)	(50,406)	-	(199,707)
Liabilities on account of credits and loans	-	-	(90,004)	-	-	-	(90,004)
	(90,632)	**(8,849)**	**(97,838)**	**(16,768)**	**(50,406)**	**-**	**(264,493)**

31 December 2021

Fixed interest rate	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Other financial assets	704	-	-	-	-	-	704
Liabilities on account of bonds	(11,709)	-	-	-	-	-	(11,709)
Liabilities on account of credits and loans	(10,739)	-	-	-	-	-	(10,739)
Lease liabilities	-	(385)	(408)	(426)	(444)	(1,844)	(3,507)
Promissory notes payable	(66,106)	-	-	-	-	-	(66,106)
	(87,850)	**(385)**	**(408)**	**(426)**	**(444)**	**(1,844)**	**(91,357)**

Variable interest rate	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Liabilities on account of bonds	(4,888)	(97,089)	(660)	(622)	(11,943)	147	(115,055)
Liabilities on account of credits and loans	(18,997)	-	-	-	-	-	(18,997)
	(23,885)	**(97,089)**	**(660)**	**(622)**	**(11,943)**	**147**	**(134,052)**

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. Other financial instruments held by the Group, not presented in the tables above, earn no interest and are therefore not exposed to the 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 Group's equity or total comprehensive income is not presented.

	Increase/decrease (percentage points)	Effect on profit or loss before tax
Year ended 31 December 2022		
PLN '000	+ 1%	PLN 877 thousand
PLN '000	- 1%	PLN (878) thousand
Year ended 31 December 2021		
PLN '000	+ 1%	PLN 1,699 thousand
PLN '000	- 1%	PLN (1,506) thousand

Interest rate index reform

On 1 January 2018 the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts (the "IBOR Reform"). The amendment of the regulation was issued in February 2021. The regulation established a new standard for the determination and application of reference rates used in the financial market. The National Working Group on Benchmark Reform (NGR) was set up in connection with the planned reform of benchmarks in Poland, involving, among other things, the introduction of a new interest rate benchmark, the input of which is information representing ON (overnight) transactions. The NGR's work aims to ensure that the development and application of the new benchmark interest rate is credible, transparent and reliable.

The Group has reviewed the impact of IBOR Reform on its various lines of business in terms of: risk management, including operational and liquidity risk.

The Group has reviewed its existing commercial and financial agreements and has not identified a risk of termination of agreements that are material to the continuation of Group's business, based on benchmarks subject to the WIBOR Reform. The Group has neither identified a risk of incurring additional costs or incurring losses or lost benefits due to the lack of adequate provisions in existing commercial and financial agreements specifying the rules for the continuation of these agreements in the event that the benchmark is not published ("fallback clauses").

The current IBOR rates and the alternative benchmarks to be adopted by the Group are significantly different. IBOR rates are forward-looking rates set for a specific period (e.g. three months) at the beginning of such period and take into account the credit spread in the interbank market. Alternative benchmarks are typically risk-free overnight rates published at the end of the day that do not include a credit spread. These differences will create additional uncertainty regarding interest payments at variable rates, however in Group's opinion will not have a material impact on liquidity management. As at 31 December 2022, the exposure to risk related to WIBOR is PLN 264,493 thousand (as at 31 December 2021 it was PLN 134,052 thousand).

Currency risk

In the period from 1 January to 31 December 2022, the Group did not conclude any material 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 Group. 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 Group's credit risk is associated. These are the following assets: long-term receivables, short-term receivables, 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 Group's financial assets is made up of receivables and investments in related entities. The Group optimises the liquidity management process by granting loans and holding short-term receivables from related parties. The Group 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 Group on an ongoing basis. With respect to cash, in order to improve current liquidity, the Group concludes bank deposit agreements with entities with high creditworthiness and deposits the funds for short periods of time. There are no significant concentrations of credit risk within the Group.

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

31 December 2022		*Long-term and short-term receivables*				
	Total	*Not past due*	*<30 days*	*30–60 days*	*61–90 days*	*> 91 days*
Gross value at risk	**10,667**	10,223	1	1	-	442
Loss allowance for expected credit losses	**-**	-	-	-	-	-

31 December 2021		*Long-term and short-term receivables*				
	Total	*Not past due*	*<30 days*	*30–60 days*	*61–90 days*	*> 91 days*
Gross value at risk	**27,956**	4,683	4	22,744	11	514
Loss allowance for expected credit losses	**(12)**	-	-	-	-	(12)

RISK RELATED TO THE ENVIRONMENT IN WHICH THE GROUP 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 Group and funds whose investment certificates are held by the Group and their portfolio companies. These developments may adversely affect the Group'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 Group's financial performance.

34. Business combinations

On 21 June 2021, the merger of MCI and Private Equity Managers S.A. ("PEM") was entered into the register. The merger was effected through the acquisition of PEM by MCI. The merger of the companies was preceded by MCI obtaining a decision from the PFSA on the lack of grounds to object to the direct acquisition of shares in MCI Capital TFI S.A. by the Company. The decision was issued on 11 June 2021.

The merger of the companies was 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, delivered to the shareholders of PEM.

As part of the Merger Plan, a share exchange ratio was established: 1 (share of the Acquirer) : 1 (share of the Acquiree), which means that PEM shareholders received 1 share in MCI in exchange for 1 share in PEM. The basis for determining the share exchange ratio was the stock market valuation of both Companies adjusted for 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.

Prior to the merger, MCI held 29.2% of PEM's shares, so that as part of the merger 70.8% of PEM's shares corresponding to 2,424,084 shares were subject to exchange for MCI shares. Due to the fact that MCI held treasury shares, part of the merger was accounted for in the form of the release of MCI treasury shares to PEM shareholders, with the remainder of the shares released to PEM shareholders coming from an increase of the share capital of MCI.

To summarise:

- 945,259 treasury shares were issued to the shareholders of the Acquiree,
- 1,478,825 new series B1 bearer shares of the Acquirer, with a nominal value of PLN 1.00 each, originating from the share capital increase, were released to the shareholders of the Acquiree, as a result of which the share capital of the Acquirer was increased from PLN 49,953 thousand to PLN 51,432, i.e. by PLN 1,478 thousand,
- MCI acquired 70.8% of the Acquiree's voting shares and, as a result of completing the aforementioned share exchange, held 100% of the Acquiree's shares as at the date of the merger.

The merger of the Companies was primarily due to the following reasons:

- Failure of the PEM Capital Group (the "PEM Group") to obtain stable external assets to manage (not originating from MCI or entities related to MCI (the "MCI Group")) for the 6-year period of its operation and the absence of viable pillars for the independent development of the PEM Group in the future
- Expectations of the Management Board of MCI that the consolidation of capital of the merging Companies (by gaining control over MCI Capital TFI S.A.) within a single strong business entity, i.e. MCI, already operating not only as an investor in various asset classes, but also managing these assets, may lead to an increase in confidence among shareholders/investors, capital providers or counterparties of the Company, as well as positively impact the stock market valuation of MCI.
- Expectations of the Management Board of MCI that, owing to the new issue of shares issued by the Acquirer in exchange for shares in the Acquiree, as well as the possibility for MCI to consolidate revenues and cash flows generated by MCI Capital TFI S.A. for managing the Funds, there will be an improvement in the financial ratios of the Acquirer, which will translate into a strengthening of its financial position, including an increase in its net profits
- Opportunities for measurable benefits in terms of: streamlining the organisational structure by simplifying it, leading to even greater transparency of the MCI Group, as well as reducing the costs associated with maintaining two listed companies.

The total purchase price of PEM SA shares amounted to PLN 28,605 thousand. The net asset value of the acquired company was PLN 55,767 thousand.

These consolidated financial statements contain comparative data for previous periods, prepared on the assumption that the MCI Group, as an entity under common control, also existed in the previous periods.

The consolidated financial statements of the PEM Group as at 31 December 2020 and as at the date preceding the entry of the merger of MCI Capital ASI S.A. and PEM S.A. into the National Court Register, i.e. 20 June 2021, included goodwill of PLN 83,969 thousand, which arose historically from the spin-off of the asset management segment from the MCI structures to the PEM Group. Goodwill arose from the spin-off of an asset management company (PEM Asset Management Sp. z o.o. - the management company since 29 October 2015/ MCI Asset Management Sp. z o.o. Sp.j. - the management company until 29 October 2015) and MCI Capital TFI S.A. Due to the return of the asset management function as of 21 June 2021 to the MCI Capital ASI S.A. Group and due to the merger of MCI Capital ASI S.A. and PEM S.A. under the common control of the main shareholder, i.e. MCI Management Sp. z o.o., the goodwill was accounted for through the equity of the MCI Capital ASI S.A. Group as at the merger date. At the same time, no additional goodwill was generated due to the merger under common control.