

SELECTED FINANCIAL DATA

	For the period: from 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022	For the period: from 01.01.2023 to 30.12.2023	For the period: from 01.01.2022 to 30.12.2022
	PLN '000	PLN '000	EUR '000	EUR '000
Revenue from management	22,165	16,710	4,895	3,564
Operating profit	194,973	136,626	43,056	29,142
Profit before tax	165,894	112,941	36,634	24,090
Net profit	164,900	143,261	36,415	30,557
Net cash from operating activities	61,008	15,439	13,472	3,293
Net cash from investing activities	(16,008)	(4,788)	(3,535)	(1,021)
Net cash from financing activities	(66,348)	5,878	(14,652)	1,254
Net increase/(decrease) in cash and cash equivalents	(21,348)	16,529	(4,714)	3,526
	As at	As at	As at	As at
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	PLN '000	PLN '000	EUR '000	EUR '000
Total assets	2,368,172	2,225,177	544,658	474,462
Long-term liabilities	262,984	187,772	60,484	40,038
Short-term liabilities	23,734	121,180	5,459	25,839
Equity	2,081,454	1,916,225	478,715	408,585
Share capital	52,461	52,461	12,066	11,186
Number of shares	52,461,033	52,461,033	52,461,033	52,461,033
Weighted average number of shares	52,461,033	51,722,661	52,461,033	51,722,661
Earnings per weighted average ordinary share (PLN/EUR)	3.14	2.77	0.72	0.59
Book value per share (PLN/EUR)	39.68	36.53	9.13	7.79

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 2023 – PLN 4.5284, from 1 January to 31 December 2022 – 4.6883.
- 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 2023 – 4.3480, and as at 31 December 2022 – 4.6899.



Capital Group
MCI CAPITAL ASI S.A.

Consolidated financial statements
for the financial year ended 31 December 2023

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

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 its profit or loss for the financial year from 1 January to 31 December 2023.

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, 25 March 2024

CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION..... 3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 4

CONSOLIDATED STATEMENT OF CASH FLOWS..... 5

NOTES TO THE FINANCIAL STATEMENTS, CONTAINING SIGNIFICANT ACCOUNTING POLICIES AND
OTHER EXPLANATORY INFORMATION 6

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 31 December 2023

	NOTES	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Other gains (losses) on investments		29	-
Gain or loss on investment certificates	1a	209,451	158,196
Revaluation of shares	1c	(16)	(134)
Valuation of other financial instruments	1b	-	(17,411)
Revenue from management	2	22,165	16,710
Cost of core activities	3	(433)	(813)
Profit before tax from core activities		231,196	156,548
General and administrative expenses	4	(37,157)	(20,396)
Other operating income		1,234	622
Other operating expenses		(300)	(148)
Operating profit		194,973	136,626
Finance income	5	3,234	2,226
Finance costs	5	(32,313)	(25,911)
Profit before tax		165,894	112,941
Income tax	6	(994)	30,320
Net profit from continuing operations		164,900	143,261
Net profit		164,900	143,261
Attributable to:			
- owners of the parent company		164,900	143,261
- non-controlling interests		-	-
Net profit		164,900	143,261
Net other comprehensive income		-	-
Comprehensive income		164,900	143,261
Attributable to:			
- owners of the parent company		164,900	143,261
- non-controlling interests		-	-
Earnings per share			
Basic	7	3.14	2.77
Diluted	7	3.14	2.75

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 6 to 63.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

		As at 31.12.2023 PLN '000	As at 31.12.2022 PLN '000
	NOTES		
Non-current assets			
Property, plant and equipment		306	368
Right-of-use assets	16	2,605	2,991
Intangible assets		19	24
Investment certificates	8a	2,289,789	2,148,788
Investments in other entities	8b	855	5,911
Trade and other receivables	9	11	47
Deferred tax assets	6	22,384	18,603
		2,315,969	2,176,732
Current assets			
Trade and other receivables	9	14,898	8,705
Corporate income tax receivable		785	1,869
Other financial assets	10	20,369	372
Cash and cash equivalents	10	16,151	37,499
		52,203	48,445
Assets		2,368,172	2,225,177
Equity			
Share capital	11	52,461	52,461
Supplementary capital	11	1,864,966	1,721,705
Other components of equity	11	(31,872)	(32,201)
Retained earnings		195,899	174,260
Equity attributable to shareholders of the parent company		2,081,454	1,916,225
Total equity		2,081,454	1,916,225
Long-term liabilities			
Liabilities on account of bonds	14	162,805	83,857
Lease liabilities	16	2,566	3,183
Loans and bank credits	15	74,540	90,004
Provisions	17	23,073	10,728
		262,984	187,772
Short-term liabilities			
Trade and other payables	13	3,218	2,342
Lease liabilities	16	386	399
Liabilities on account of bonds	14	16,248	115,850
Provisions	17	3,882	2,589
		23,734	121,180
Total liabilities		286,718	308,952
Total equity and liabilities		2,368,172	2,225,177

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 6 to 63.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period from 1 January to 31 December 2023

PLN '000	Share capital [Note 11]	Supplementary capital [Note 11]	Other components of equity [Note 11]	Retained earnings (accumulated losses) [Note 24]	Equity attributable to shareholders of the parent company	Total equity
As at 01.01.2023	52,461	1,721,705	(32,201)	174,260	1,916,225	1,916,225
Profit distribution	-	143,261	-	(143,261)	-	-
Share-based incentive schemes	-	-	329	-	329	329
<i>Profit (loss)</i>	-	-	-	164,900	164,900	164,900
<i>Other comprehensive income</i>	-	-	-	-	-	-
Comprehensive income	-	-	-	164,900	164,900	164,900
Increase (decrease) in equity	-	143,261	329	21,639	165,229	165,229
As at 31.12.2023	52,461	1,864,966	(31,872)	195,899	2,081,454	2,081,454
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
<i>Profit (loss)</i>	-	-	-	143,261	143,261	143,261
<i>Other comprehensive income</i>	-	-	-	-	-	-
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

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 6 to 63.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from 1 January to 31 December 2023

	NOTES	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Cash flows from operating activities			
Profit before tax for the reporting period		165,894	112,941
Adjustments made to reconcile profit (loss)		(172,480)	(95,680)
<i>Depreciation of property, plant and equipment</i>	4	560	618
<i>Revaluation of shares, investment certificates and derivatives</i>	1	(210,234)	(140,651)
<i>Finance income and costs</i>		27,866	25,442
<i>Share-based incentive scheme</i>	19	329	413
<i>Other adjustments</i>		(12)	235
<i>Change in provisions</i>		13,638	(382)
<i>Change in trade and other receivables</i>		(5,503)	19,583
<i>Change in trade and other payables</i>		876	(938)
Cash flows from operating activities		(6,586)	17,261
Expenditure on the acquisition of investment certificates		-	(23,298)
Proceeds from redemption of investment certificates		71,285	41,168
Payment of guarantees		-	(19,692)
Income tax paid		(3,691)	-
Net cash from operating activities		61,008	15,439
Cash flows from investing activities			
Proceeds from sale of non-current assets		-	9
Proceeds from repayment of loans advanced (principal amount)		-	358
Proceeds from repayment of loans advanced (interest)		1,100	42
Proceeds from disposal of shares		5,840	-
Expenditure on purchase of shares	8b	(2,839)	(5,038)
Expenditure on the establishment of deposits		(20,000)	-
Expenditure on purchase of non-current assets		(109)	(159)
Net cash from investing activities		(16,008)	(4,788)
Cash flows from financing activities			
Proceeds from share capital increase		-	1,029
Proceeds from credits and loans		-	90,004
Repayment of credits and loans	15	(15,464)	(29,736)
Repayment of interest on credits and loans	15	(9,703)	(3,247)
Payment of lease liabilities		(370)	(63)
Repayment of interest on leases		(140)	(86)
Issue of bonds	14	594	76,201
Issue of promissory notes		82,500	-
Redemption of promissory notes		(82,500)	(66,005)
Interest paid on promissory notes		(209)	(925)
Redemption of bonds	14	(20,000)	(8,350)
Interest paid on bonds	14	(21,056)	(16,221)
Dividend payout	24	-	(36,723)
Net cash from financing activities		(66,348)	5,878
Increase (decrease) in cash and cash equivalents before effects of exchange rate changes		(21,348)	16,529
Effects of changes in exchange rates for cash and cash equivalents		-	-
Net change in cash and cash equivalents		(21,348)	16,529
Opening balance of cash and cash equivalents	10	37,499	20,970
Closing balance of cash and cash equivalents	10	16,151	37,499

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 6 to 63.

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 Wrocław-Fabryczna, 6th Commercial Registry Division, 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 Ignacego Daszyńskiego 1 in Warsaw, Poland.
Legal form of the company: joint-stock company
Country of incorporation: Poland
Address of the Company's registered office: ul. Rondo Ignacego Daszyńskiego 1 in Warsaw
Principal place of business: ul. Rondo Ignacego 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.

Description of nature of entity's operations and principal activities

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

- asset management for private equity, venture capital funds.
- private equity investment activities, 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 other funds in the Group's structures are Internet Ventures FIZ w likwidacji [in liquidation] (the fund is in the process of liquidating its assets and winding up; the liquidation of Internet Ventures FIZ commenced on 1 July 2021) and MCI Digital and Climatech Fund V S.C.A. SICAV-RAIF (fund established in 2023; the fund did not make investments in 2023). The funds invest the funds entrusted in investment assets in accordance with their investment strategies in buyout and growth investments (MCI.EuroVentures 1.0. and MCI.TechVentures 1.0. sub-funds). 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.

2. Composition of the MCI Capital Alternatywna Spółka Inwestycyjna S.A. Capital Group as at 31 December 2023

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. w likwidacji [in liquidation]** (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). On 1 August 2023, the liquidation of the company was opened.

- **MCI Digital and Climatech GP S.à r.l.**

Company incorporated on 28 April 2023 in Luxembourg. On 8 May 2023, the Company was registered in the Registre de commerce et des sociétés under number: B277115, the place of business is the registered office of the Company located in Luxembourg (94 rue du Grünwald). Company managing the fund MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF. A direct subsidiary of MCI (MCI holds 100% of shares in the company).

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 2023, 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).

In the comparative period, MCI also 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 Digital and Climatech Fund V S.C.A., SICAV-RAIF** (fund established on 28 April 2023)
- **MCI Partners FIZ [in liquidation]** (fund liquidated on 30 September 2022)

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"). The Company has consolidated subsidiaries, i.e. the fund managers MCI Capital TFI S.A. and MCI Digital and Climatech GP S.à r.l., and has therefore prepared consolidated financial statements as at 31 December 2023. The obligation to consolidate does not apply to investments made through funds, as these are considered investments of the investment company (MCI).

Composition of the parent company's Management Board:

As at 31 December 2023 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

There were no changes in the composition of the parent company's Management Board in the reporting period.

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 2023, item 120, as amended) 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 25 March 2024.

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 2023. At the date of approving these consolidated financial statements, the Parent Company's Management Board was aware of no facts or circumstances that would indicate a threat to the Group's continuing as a going concern in the period of at least 12 months after the balance sheet date, as a result of any planned or forced discontinuation or material downsizing of its existing operations.

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 for this reason.

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, 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.

Exit/coinvestment/carry fee

The carry fee is payable to the investment managers of the funds' portfolio companies.

It is calculated in three different ways depending on the contractual provisions with the managers for investments in the funds' individual portfolio companies:

- exit fee – as a contractually agreed percentage of the current valuation of the company in question or, in the case of a partial/full exit, of the actual sale price of the company in question.
- coinvestment carry – 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 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.

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

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

Equity-settled share-based payment transactions 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 assumption also applies to the Company's share buybacks as a form of distribution of funds to investors which is an alternative to dividends.

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 assumption also applies to the Company's share buybacks as a form of distribution of funds to investors which is an alternative to dividends.

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 19 “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 above approach to the recognition of deferred tax liabilities results from the parent company's control over MCI Capital TFI S.A., i.e. the company managing the MCI.EuroVentures 1.0. subfund (the parent company holds 100% of the shares in MCI Capital TFI S.A.), and thus the condition for not recognising a deferred tax liability as defined in Section 39 of IAS 12 "Income Taxes" is met – the value of the unrecognised deferred tax liability from the valuation of the investment certificates of MCI.EuroVentures 1.0. separated within the MCI.PrivateVentures FIZ fund amounted to PLN 286 million as at 31 December 2023. 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”). The purpose of GAAR is to prevent the establishment and use of artificial schemes set up to avoid payment of 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 2024.
- Amendments to IAS 7: Statement of cash flows and IFRS 7: Financial instruments: Disclosures: Supplier finance arrangements (issued on 25 May 2023) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16 *Leases: Lease obligations in sale and leaseback transactions* (issued on 22 September 2022) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 21: Effects of changes in foreign exchange rates: Lack of Exchangeability (issued on 15 August 2023) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after 1 January 2025.
- 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 2023 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 2023, the subsidiaries providing services related to the investment activities of the investment entity are MCI Capital TFI S.A., PEM Asset Management Sp. z o.o. w likwidacji [in liquidation] and MCI Digital and Climatech GP S.à r.l., 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

Carry fee is calculated in three different ways depending on the contractual provisions with the managers for investments in the funds' individual portfolio companies:

- exit fee – as a contractually agreed percentage of the current valuation of the company in question or, in the case of a partial/full exit, of the actual sale price of the company in question.
- coinvestment carry – 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 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. 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 in subsequent periods using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

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

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 2023. 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 2023

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 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Gain or loss on investment certificates	209,451	158,196
Revaluation of other financial instruments	-	(17,411)
Revaluation of shares	(16)	(134)
	209,435	140,651

1a. Gain or loss on investment certificates

Unrealised gain or loss on revaluation of investment certificates

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: From 01.01.2022 to 31.12.2022 PLN '000
Investment certificates of MCI.EuroVentures 1.0.*	226,982	280,009
Investment certificates of MCI.TechVentures 1.0.**	(27,901)	(120,143)
Investment certificates of Internet Ventures FIZ w likwidacji [in liquidation]	305	(1,660)
Shares in MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF***	(2,806)	-
Revaluation of investment certificates (unrealised gain or loss)	196,580	158,206

*The gain from revaluation of investment certificates of MCI.EuroVentures 1.0, a Subfund separated within MCI.PrivateVentures FIZ, in 2023 resulted from changes in the subfund's net assets on account of a profit on operations in the amount of PLN 232.0 million following an increase in the valuation of the subfund's investments, i.e. the revaluation of investments in Netrisk (Topco Zártkörűen Működő Részvénytársaság) in the amount of PLN 105.9 million, MCI Capital ASI S.A. in the amount of PLN 33.9 million, eSky in the amount of PLN 18.9 million, Gett in the amount of PLN 13.5 million and IAI in the amount of PLN 12.2 million. As at 31 December 2023, the Group's share in the subfund's NAV was 99.53%.

**The loss from revaluation of investment certificates of MCI.TechVentures 1.0, a Subfund separated within MCI.PrivateVentures FIZ, in 2023 resulted mainly from changes in the subfund's net assets on account of a loss on operations in the amount of PLN 55.5 million following a decline in the valuation of the subfund's investments, i.e. a loss on revaluation of investments in MarketFinance of PLN 20.8 million, in Gett of PLN 17.3 million, in GameDesire of PLN 11.1 million, in Travelata of PLN 5.4 million and in Papaya of PLN 5.0 million, offset in part by an increase in the valuation of the subfund's investment in Answer of PLN 11.2 million. As at 31 December 2023, the Group's share in the subfund's NAV was 48.10%.

***The loss from revaluation of shares in MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF resulted from MCI Digital and Climatech GP S.à r.l. incurring the costs of managing the fund and other costs of the fund's day-to-day operations. In 2023, the fund did not make investments.

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

Realised net gain or loss on redemption of investment certificates

	For the period: from 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022
	PLN '000	PLN '000
Investment certificates of Helix Ventures Partners FIZ w likwidacji [in liquidation]	-	100
Investment certificates of MCI.TechVentures 1.0.**	(252)	(7,615)
Investment certificates of Internet Ventures FIZ w likwidacji [in liquidation]*	9,262	10,133
Investment certificates of MCI.EuroVentures FIZ***	3,861	-
Investment certificates of MCI.Partners FIZ w likwidacji [in liquidation]	-	890
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	12,871	(10)

*In December 2023, the Group partially redeemed the investment certificates of the fund Internet Ventures FIZ w likwidacji [in liquidation]. 70,451,387 of the fund's investment certificates held by the Group were redeemed. Following the redemption, the Group still holds 2,412,136 investment certificates of the fund.

**On 14 July 2023, 27,229 investment certificates of the MCI.TechVentures 1.0 subfund were automatically redeemed. Following the redemption, the Group holds 1,267,561 certificates of the subfund.

***On 31 July 2023, the Group redeemed 82,330 investment certificates of the MCI.EuroVentures FIZ subfund. Following the redemption, the Group holds 3,143,937 certificates of the subfund.

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

	For the period: from 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022
	PLN '000	PLN '000
Gain or loss on investment certificates	209,451	158,196
	209,451	158,196

1b. Revaluation of other financial instruments

	For the period: from 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022
	PLN '000	PLN '000
Issued return rate guarantee for investment in MCI.TechVentures 1.0. subfund*	-	(17,411)
	-	(17,411)

*In 2022, the entire value of the guarantee issued was settled and, consequently, the Company no longer incurred costs on account of the guarantee in 2023.

1c. Revaluation of shares

	For the period: from 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022
	PLN '000	PLN '000
MCI Investments Sp. z o.o.	(16)	(129)
Simbio Holdings Limited	-	(5)

(16)

(134)

2. Revenue from management

The Group's revenue comprises primarily:

- **Fixed fee** – fee from MCI.EuroVentures 1.0 and MCI.TechVentures 1.0, subfunds separated within MCI.PrivateVentures FIZ accrues on the day following the date of valuation of the net assets of the respective subfund (it is calculated on the net asset value at the end of the previous quarter (or the last valuation)) as a percentage of that subfund's net asset value as at the valuation date and is accrued for each day of the year (equivalent principles applied to the MCI.CreditVentures FIZ fund in liquidation, whose liquidation was completed on 4 January 2023.). The fixed fee is charged on a quarterly basis.

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).

The fund Helix Ventures Partners FIZ w likwidacji [in liquidation] was in liquidation during 2022 (liquidation ended on 31 October 2022) and no management fee was charged in the period. The fund Internet Ventures FIZ w likwidacji [in liquidation] was in liquidation in both 2022 and 2023, and no management fee was charged during these periods either.

The management fee for MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF is charged from the fund's assets in accordance with the rules set out in the fund's Product Placement Memorandum.

- **Variable fee** – a fee which depends on the increase in the value of the net assets of a given fund/subfund 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 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Fixed fee for the management of funds:		
MCI.TechVentures 1.0 subfund*	3,025	5,936
MCI.EuroVentures 1.0. subfund**	16,011	10,521
MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation]	-	252
MCI Partners FIZ w likwidacji [in liquidation]	-	1
MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF***	3,129	
	22,165	16,710
Total revenue from management	22,165	16,710

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 2023 versus the comparative period is due to the decrease in the value of assets under management being the basis for calculating the fee due to the generation of negative returns in both 2022 and 2023 (-40% and -14% respectively).

**The increase in the fixed management fee for the MCI.EuroVentures 1.0. subfund in 2023 compared to the corresponding period is due to the increase in the value of assets under management being the basis for calculating the fee due to the generation of positive returns in both 2022 and 2023 (15% and 12% respectively).

***Management fees charged by MCI Digital and Climatech GP S.à r.l..

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

The value of net assets under management

	As at 31.12.2023	As at 31.12.2022
	PLN '000	PLN '000
MCI.TechVentures 1.0 subfund*	342,845	406,282
MCI.EuroVentures 1.0. subfund**	2,134,302	1,956,794
MCI.CreditVentures 2.0 FIZ w likwidacji [in liquidation]***	-	8,896
Internet Ventures FIZ w likwidacji [in liquidation]****	469	29,248
MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF*****	32	-
	2,477,648	2,401,220

On the basis of fund/subfund reporting valuations (31 December 2023/31 December 2022), and on the basis of technical valuations for Internet Ventures FIZ w likwidacji [in liquidation] and MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF.

*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 subfund's investments in MarketFinance in the amount of PLN 20.8 million, in Gett in the amount of PLN 17.3 million, in GameDesire in the amount of PLN 11.1 million, in Travelata in the amount of PLN 5.4 million and in Papaya in the amount of PLN 5.0 million, offset in part by an increase in the valuation of the subfund's investment in Answear in the amount of PLN 11.2 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 the subfund's investments in Netrisk (Broker Lux Topco S.à r.l.) in the amount of PLN 105.9 million, MCI Capital ASI S.A. in the amount of PLN 33.9 million, eSky in the amount of PLN 18.9 million, Gett in the amount of PLN 13.5 million and IAI in the amount of PLN 12.2 million.

***The decrease in net asset value was due to the liquidation of the fund 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 33.54 million in connection with the ongoing liquidation of the fund.

*****The fund commenced operations on 28 April 2023 (fund registration).

3. Cost of core activities

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Distribution fees incurred upon the sale of investment certificates*	(111)	(551)
Funds' cost in excess of the limit covered by the Investment Fund Company	(108)	(83)
Costs of auxiliary activities related to the maintenance of fund members' records	(151)	(155)
Other expenses	(63)	(24)
	(433)	(813)

*The decrease in costs of distribution fees incurred upon the sale of investment certificates in 2023 relative to the corresponding period is due to the fact that distributors of investment certificates of the MCI.TechVentures 1.0. subfund did not charge distribution fees - the rate of return of the MCI.TechVentures 1.0. subfund was negative in each quarter of 2023, so that these fees, in accordance with the provisions of the subfund's articles of association, did not accrue to third-party participants (i.e. non-MCI Group members).

4. General and administrative expenses

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Depreciation of fixed assets and amortization of intangible assets,	(560)	(618)
Material and energy consumption	(130)	(109)
Third-party services*	(9,007)	(7,510)
Taxes and charges	(506)	(527)
Salaries and wages**	(12,428)	(11,391)
Exit/ coinvestment/ carry fee***	(12,409)	1,641
Management options scheme	(329)	(413)
Social security and other benefits	(936)	(871)
Other expenses	(852)	(598)
	(37,157)	(20,396)

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

**The increase in wage and salary costs is due to salary increases and the hiring of new employees in the Group.

***The increase in variable exit/ coinvestment/ carry fee costs is primarily due to a significant increase in the valuation of the investments in eSky, Netrisk and IAI.

5. Finance income and costs

Finance income

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Interest income, including:	1,754	1,082
<i>Interest on short-term bank deposits</i>	1,746	910
<i>Interest on loans</i>	8	167
<i>Cash pool interest</i>	-	5
Foreign exchange gains	185	-
Fee and commission income – guarantees and pledges*	1,295	1,128
Other finance income	-	16
	3,234	2,226

*MCI Capital ASI S.A. provides services related to investments which consist in financial support to entities in which an investment in the form of a warranty and guarantee was made to maximise returns from investments. 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 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Interest expense, including from:	(31,593)	(25,544)
<i>Bonds issued</i>	(19,810)	(21,312)
<i>Bank credits*</i>	(9,703)	(3,070)
<i>Past due liabilities to the state budget**</i>	(1,731)	(12)
<i>Promissory notes issued</i>	(209)	(824)

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

Lease liabilities	(140)	(149)
Loans received	-	(177)
commission on a credit	(719)	(305)
Other	(1)	(62)
	(32,313)	(25,911)

*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 in average credit utilisation from PLN 39 million in 2022 to PLN 107 million in 2023).

Other finance costs of PLN 1,731 thousand represent default interest on the lump-sum corporate income tax arrears on the dividend paid out by MCI Fund Management Sp. z o.o. For details, see **Note 25. "Contingent liabilities and assets".

6. Income tax

Income tax recognised in the statement of comprehensive income

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Income tax – current portion	(4,775)	1,643
Income tax – deferred portion	3,781	28,677
	(994)	30,320

Reconciliation of income tax

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Profit before tax	165,894	112,941
Corporate income tax at the statutory tax rate (19%)	(31,520)	(21,459)
Effect of permanent differences between profit before tax and taxable income, including:	(1,534)	(1,556)
Non-taxable income	(95)	3
- other	(95)	3
Non-tax-deductible expenses	(1,439)	(1,558)
- revaluation of shares and certificates	(536)	-
- costs of debt financing	-	(275)
- costs of outsourcing fund management	-	(797)
- interest expense on promissory notes	-	(177)
- interest accrued on bonds	-	(60)
- valuation of share-based incentive scheme	(62)	(79)
- interest and commission expense on credit	(390)	-
- interest expense on past-due public charges	(329)	-
- other	(122)	(171)
Other	32,060	53,455
- reversal of deferred tax on unused tax losses	(951)	-
- unrecognised deferred tax on the valuation of investment certificates of MCI.EuroVentures 1.0.	36,780	53,202
- flat-rate tax on dividends from MCI Fund Management Sp. z o.o.	(3,691)	-
- other	(78)	131

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

	(994)	30,320
Effective tax rate	(0.60%)	(26.84%)

Tax losses

Incurring in (year)	Loss amount PLN '000	Amount utilised PLN '000	Amount to be utilised PLN '000	To be utilised until Until
1H2016	2,890	1,445	1,445	31.08.2024
January – August 2021	1,103	929	174	31.12.2026
	3,993	2,374	1,619	

Deferred income tax

	As at 31.12.2023 PLN '000	As at 31.12.2022 PLN '000
Deferred tax assets:		
To be realised after 12 months	21,795	16,014
To be realised within 12 months	910	2,665
	22,705	18,679
Deferred tax liabilities:		
To be settled after 12 months	-	1
To be settled within 12 months	321	75
	321	76

Deferred tax assets

	Deductible tax losses PLN '000	Exit/ coinvestment/ carry fee provision and liability PLN '000	Other*	Total PLN '000
As at 1 January 2022	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
Effect on profit/loss	(2,574)	2,453	4,147	4,026
Effect on equity	-	-	-	-
As at 31 December 2023	33	5,306	17,366	22,705

*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 15,906 thousand), and the valuation of bonds (PLN 1,459 thousand) as at 31 December 2023.

Deferred tax liabilities

	Valuation of investment certificates PLN '000	Deferred management income PLN '000	Other PLN '000	Total PLN '000
As at 1 January 2022	14,973	-	746	15,719
Effect on profit/loss	(14,973)	-	(670)	(15,643)
Effect on equity	-	-	-	-
As at 31 December 2022	-	-	76	76
Effect on profit/loss	33	166	46	245
Effect on equity	-	-	-	-
As at 31 December 2023	33	166	122	321

Deferred tax assets, net

As at 31 December 2023	22,384
As at 31 December 2022	18,603

Deferred tax liabilities, net

As at 31 December 2023	-
As at 31 December 2022	-

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 may 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%, 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.

The minimum tax took effect on 1 January 2024. This tax applies to companies which are Corporate Income Tax (CIT) payers and Tax Groups which, in a given fiscal year, incurred a loss from a source of income other than capital gains, or for which the share of income from the above source in income from the same source was 2% or less. For the duration of the Tax Group (September 2023 to August 2024), this provision will not apply to the Group's tax settlements.

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.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

The GAAR clause should be applied with respect to transactions carried out after its entry into force, and to transactions carried out before the entry into force of the GAAR clause, for which benefits were or are still achievable after the effective date of the clause. 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 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022
	PLN '000	PLN '000
Profit attributable to shareholders of the Company	164,900	143,261
Weighted average number of ordinary shares (in thousands)	52,461	51,723
Basic earnings per share (PLN per share)	3.14	2.77

	For the period: from 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022
	PLN '000	PLN '000
Profit attributable to shareholders	164,900	143,261
Profit applied in the determination of diluted earnings per share	164,900	143,261
Weighted average number of ordinary shares (in thousands)	52,461	51,723
Adjustments, of which:	76	322
<i>management options scheme ('000)</i>	76	322
Weighted average number of ordinary shares for the purposes of diluted earnings per share (in thousands)	52,537	52,045
Diluted earnings per share (PLN per share)	3.14	2.75

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

	As at 31.12.2023	As at 31.12.2022
	PLN '000	PLN '000
Investment certificates	2,289,789	2,148,788
Shares	855	5,911
	2,290,644	2,154,699

8a. Investment certificates

	As at 31.12.2023	As at 31.12.2022
	PLN '000	PLN '000
Investment certificates of MCI.EuroVentures 1.0.	2,124,366	1,946,867
Investment certificates of MCI.TechVentures 1.0.	164,922	196,965
Investment certificates of Internet Ventures FIZ w likwidacji [in liquidation]	469	4,955
Shares in MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF*	32	-
	2,289,789	2,148,788

*On 28 April 2023, the MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF was established in Luxembourg; MCI Capital ASI S.A. holds 99.99% of shares in this entity (0.01% of shares are held by the management company MCI

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

Digital and Climatech GP S.à r.l.). The contribution to the fund's initial capital amounted to EUR 30,000. In addition, in the second half of 2023, MCI Capital ASI S.A. made an additional capital contribution of PLN 2.7 million.

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 2023:

Fund	% held	NAV attributable as at 31.12.2023		NAV as at 31.12.2022	Change in NAV
		to MCI	NAV as at 31.12.2023		
MCI.TechVentures 1.0.	48.10%	164,922	342,845	406,282	(63,437)
MCI.EuroVentures 1.0.	99.53%	2,124,366	2,134,302	1,956,794	177,508
Total assets of FIZ		2,289,288	2,477,147	2,363,076	114,071

Fund	(a)	(b)	(c)	(d)	Total (a+b+c+d)
	New issues	Redemptions	Income distribution	Result of operations	
MCI.TechVentures 1.0.	-	(7,946)	-	(55,491)	(63,437)
MCI.EuroVentures 1.0.	-	(54,480)	-	231,988	177,508
Total assets of FIZ	-	(62,426)	-	176,497	114,071

Investment certificates of MCI.TechVentures 1.0. and MCI.EuroVentures 1.0	2,289,288
Investment certificates of a fund in the course of liquidation, i.e. Internet Ventures FIZ w likwidacji [in liquidation]*	469
Shares in MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF	32
Investments in investment certificates presented in the statement of financial position of MCI	2,289,789

*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. In accordance with these principles, the entire net asset value of the fund as at 31 December 2023 is payable to MCI Capital ASI S.A.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

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 as at 31.12.2022	NAV 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.

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.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

Below is presented condensed financial information as at 31 December 2023 concerning Investment Funds whose investment certificates are held by MCI (based on reporting valuations of the funds):

Item	MCI.EuroVentures 1.0 subfund		MCI.TechVentures 1.0 subfund		Total	Total
	31.12.2023	MCI share	31.12.2023	MCI share	31.12.2023	MCI share
	100.00%	99.53%	100.00%	48.10%	100.00%	
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
NAV structure:	2,134,302	2,124,366	342,845	164,922	2,477,147	2,289,288
- <i>Public companies</i>	116,814	116,270	109,258	52,557	226,072	168,827
- <i>Non-public companies</i>	2,152,874	2,142,852	183,225	88,138	2,336,099	2,230,990
- <i>Cash, including deposits</i>	52,509	52,265	1,414	680	53,923	52,945
- <i>Other assets</i>	238	237	56,302	27,083	56,540	27,320
- <i>Liabilities</i>	188,133	187,257	7,354	3,538	195,487	190,795
Net investment income	(47,931)	(47,708)	(2,836)	(1,364)	(50,767)	(49,072)
Realised and unrealised gains / losses	279,919	278,616	(52,655)	(25,329)	227,264	253,287
Results of operations for the period	231,988	230,908	(55,491)	(26,693)	176,497	204,215

In addition to the investment funds mentioned above, as at 31 December 2023 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] and shares in the newly established fund MCI Digital MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF. Due to Internet Ventures FIZ w likwidacji [in liquidation] 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. Due to the immaterial value of the shares held in MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF, the Company does not present the data of this fund in the above statement.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

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):

Item	MCI.EuroVentures 1.0 subfund		MCI.TechVentures 1.0 subfund		Total	Total
	31.12.2022	MCI share	31.12.2022	MCI share	31.12.2022	MCI share
	100.00%	99.49%	100.00%	48.48%	100.00%	
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
NAV structure:	1,956,794	1,946,867	406,282	196,964	2,363,076	2,143,831
- <i>Public companies</i>	11,095	11,039	98,075	47,546	109,170	58,585
- <i>Non-public companies</i>	1,891,060	1,881,467	231,636	112,296	2,122,696	1,993,763
- <i>Cash, including deposits</i>	82,602	82,183	2,492	1,208	85,094	83,391
- <i>Other assets</i>	779	775	78,719	38,163	79,498	38,938
- <i>Liabilities</i>	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 Company 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 Company does not present the data of this investment fund in the above statement.

8b. Shares

	As at 31.12.2023 PLN '000	As at 31.12.2022 PLN '000
MCI Investments Sp. z o.o.**	855	871
MCI Management Sp. z o.o.*	-	7
Simbio Holdings Limited***	-	5,033
	855	5,911

*17 July 2023, MCI Capital ASI S.A. sold 1 share in the share capital of MCI Management Sp. z o.o. to the MCI.EuroVentures 1.0. subfund for PLN 36 thousand.

**The company had no operations in 2023 and 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 S.A. (the company is treated as an investment company).

***On 29 September 2023, MCI Capital ASI S.A. sold all shares in Simbio Holdings Limited held by MCI Capital ASI S.A. to MCI.EuroVentures 1.0., a subfund separated within the MCI.PrivateVentures FIZ fund, i.e. 13,425,460 preference shares and 227,153 ordinary shares.

The shares sold have historically been subscribed for by MCI Capital ASI S.A. in the transactions described below:

- (1) 3,623,112 preference shares and 227,153 ordinary shares in Simbio Holdings Limited arising from the conversion of receivables from super senior and pre-IPO loans, shares, acquired by MCI Capital ASI S.A. in September 2022, as a result of their assignment by MCI.TechVentures 1.0., a subfund separated within the MCI.PrivateVentures FIZ fund,
- (2) 1,000,000 preference shares acquired by MCI Capital ASI S.A. in September 2022 for a total of USD 1 million in a new round of financing (PLN 5,033 thousand),
- (3) 8,802,348 preference shares acquired by MCI Capital ASI S.A. in May 2023 as part of the exercise of the call option for additional shares in Simbio Holdings Limited resulting from the historic agreement concluded as part of the Gett restructuring (these shares were issued on 17 July 2023 – the purchase price of the shares amounted to PLN 37.2 million).

The total consideration for the sale of the shares indicated in (1) above will be determined in the future and will be equal to the sum of the value of any economic benefits and benefits received by the MCI.EuroVentures 1.0 subfund from these shares and the proceeds from their sale or other termination of the investment in these shares. At the same time, MCI Capital ASI S.A. undertook to pay a consideration in the same amount to the subfund MCI.TechVentures 1.0. As a result, the Company has netted 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 2023.

The total sale price of the shares indicated in (2) above amounted to PLN 5.5 million and was paid by the subfund MCI.EuroVentures 1.0. in October 2023.

At the same time, the subfund MCI.EuroVentures 1.0. undertook that in the event of selling these shares to a third party, it would make an additional payment to MCI Capital ASI S.A. in an amount equal to the selling price of these shares to the third party less the cost of their acquisition by MCI Capital ASI S.A. 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 shares by MCI Capital ASI S.A.) plus WIBOR 3M plus a margin per annum (calculated from the date of acquisition of shares by MCI Capital ASI S.A.). MCI Capital ASI S.A., on the other hand, undertook to pay a consideration in the same amount to the subfund MCI.TechVentures 1.0. As a result, the Company has netted 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 2023.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

The total sale price of the shares indicated in (3) above amounted to PLN 37.2 million and was paid by the subfund MCI.EuroVentures 1.0. in October 2023.

At the same time, the MCI.EuroVentures 1.0., a subfund separated within the MCI.PrivateVentures FIZ fund, undertook that in the event of the sale of these shares to a third party, it would pay an additional consideration to MCI Capital ASI S.A. in an amount equal to the difference between the selling price and the purchase price of these shares, but not higher than PLN 8 million - according to the valuation of the shares indicated in (3), the value of the additional consideration was PLN 8 million as at 31 December 2023. MCI Capital ASI S.A., on the other hand, undertook to pay a consideration in the same amount to the subfund MCI.TechVentures 1.0. As a result, the Company has netted 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 2023.

In July 2022, MCI Capital ASI S.A. acquired the benefits derived from 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 2023 amounted to PLN 21.1 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 Company netted 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 2023.

9. Trade and other receivables

	As at 31.12.2023	As at 31.12.2022
	PLN '000	PLN '000
Management fees receivable of which:	11,082	6,881
- <i>variable fee</i>	-	-
- <i>fixed fee</i>	11,082	6,881
Other receivables from related parties	1,786	434
Other trade receivables	906	241
Tax receivables/receivables from the state budget	677	721
Accruals and deferred income	433	436
Other receivables	25	39
	14,909	8,752
Including:		
Long-term portion:	11	47
Short-term portion:	14,898	8,705
	14,909	8,752

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

10. Cash and cash equivalents

	As at 31.12.2023	As at 31.12.2022
	PLN '000	PLN '000
Cash at banks	16,151	37,499
	16,151	37,499
Cash and cash equivalents as reported in the consolidated statement of cash flows	16,151	37,499

The balance of cash and cash equivalents of PLN 16,151 thousand as at the balance sheet date (PLN 37,499 thousand as at 31 December 2022) comprised funds held in a bank account and overnight bank deposits and bank deposits with a maturity of less than three months. As at 31 December 2023, the Company also held term deposits

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

with a maturity of more than three months presented as other financial assets in the amount of PLN 20,000 thousand.

11. Equity

Share capital

	As at 31.12.2023	As at 31.12.2022
Share capital issued and paid (PLN '000)	52,461	52,461
Number of shares	52,461,033	52,461,033
Nominal value per share (PLN)	1.00	1.00
Nominal value of all shares (PLN '000)	52,461	52,461

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 01.01.2023	28,175	2,792	139,330	381	1,551,027	1,721,705
Transfer of profit (loss)	-	-	-	-	143,261	143,261
As at 31.12.2023	28,175	2,792	139,330	381	1,694,288	1,864,966
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

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.	Settlement of sale of treasury shares	Total other components of equity
As at 01.01.2023	73,759	5,395	(111,167)	(188)	(32,201)
Share-based incentive schemes*	329	-	-	-	329
As at 31.12.2023	74,088	5,395	(111,167)	(188)	(31,872)
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)

*For a detailed description of the share-based incentive scheme, see **Note 19 “Share-based incentive schemes”**.

12. Shareholding structure

Major shareholders of the parent company as at 31 December 2023

	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.*	39,841,859	75.95%	39,841,859	75.95%
Other shareholders**	12,619,174	24.05%	12,619,174	24.05%
	52,461,033	100.00%	52,461,033	100.00%

*Company controlled by Tomasz Czechowicz.

**Including 2,464,201 shares held by the subfund MCI.EuroVentures 1.0. separated within the MCI.PrivateVentures FIZ fund (share in the share capital and number of votes at the GM: 4.70%).

Major shareholders of the parent company as at 31 December 2022

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

	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.

13. Trade payables and other liabilities

	As at 31.12.2023 PLN '000	As at 31.12.2022 PLN '000
Trade liabilities to related entities	-	-
Other trade payables	939	646
Tax liabilities	176	228
Payroll liabilities	58	2
Social security and other charges payable	111	19
liabilities on account of exit/ coinvestment/ carry fee	197	254
Accruals and deferred income*	1,574	923
Other liabilities	163	270
	3,218	2,342
Including:		
Long-term portion:	-	-
Short-term portion:	3,218	2,342
	3,218	2,342

*The item mainly comprises provisions for legal costs and provisions for distribution fees incurred upon the sale of investment certificates.

14. Liabilities on account of bonds

	As at 31.12.2023 PLN '000	As at 31.12.2022 PLN '000
Amount of liability as at the issue date, at nominal value	195,292	203,046
Costs related to issue of bonds	(5,214)	(5,539)
Carrying amount of liability as at the issue date	190,078	197,507
Accrued interest – costs YTD	46,558	30,750
Interests paid – costs YTD	(37,582)	(20,200)
Repayment**	(20,000)	(8,350)
Carrying amount of liability as at the balance sheet date	179,053	199,707
Long-term portion:	162,805	83,857
Short-term portion:	16,248	115,850
	179,053	199,707

*The Group redeemed the series S bonds on maturity on 21 August 2023.

Bonds issued by MCI Capital ASI S.A.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

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 2023	Interest paid by 31.12.2022
					PLN '000	PLN '000	PLN '000
Series T2	18.02.2022	18.02.2027	806,367	WIBOR.3M + 3.5%	80,637	8,443	5,483
series T1	15.11.2021	15.11.2026	150,591	WIBOR.3M + 3.5%	15,059	1,587	1,209
Series R	05.08.2020	29.07.2026***	79,000	WIBOR.6M + 4.0% (until 29.07.2023) WIBOR.6M + 3.5% (after 29.07.2023)	79,000	8,801	7,794
Series S*	21.08.2020	20.08.2023	20,000	WIBOR.6M + 4.0%	20,000	2,226	2,039
Series U1**	06.04.2023	31.12.2027	100	n/a	468	-	-
Series U2**	06.04.2023	31.12.2027	100	n/a	129	-	-
					195,293	21,056	16,525

**The Group redeemed the series S bonds on maturity on 21 August 2023. Proceeds from the bond issue amounted to PLN 19,673 thousand.

** On 31 March 2023, a resolution was passed to issue series U1 and U2 bonds. On 6 April 2023, the Group allotted 100 series U1 bonds for a total value of PLN 468 thousand and 100 series U2 bonds for a total value of PLN 129 thousand. The bonds mature on 31 December 2027.

***On 28 July 2023, the Group concluded an agreement with the bondholder (the MCI.PrivateVentures FIZ fund, operating on the account of the MCI.EuroVentures 1.0. subfund) to amend the terms of issue of the series R bonds, based on which the maturity date was changed to 29 July 2026, while the margin in the period after 29 July 2023 was set at 3.5%. On 3 January 2024, a partial repayment of the bonds in the amount of PLN 35 million was made.

Series T1 bonds issued by the Group 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.

Series T2 bonds issued by the Group 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.

Bonds of other series – R, U1 and U2 – 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

Bank credits – as at 31.12.2023

Lender	Type of financing	Repayment date	Interest rate	Nominal value	Interest accrued	Total
			%	PLN '000	PLN '000	PLN '000

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

ING Bank Śląski S.A. overdraft facility*	31.05.2026	WIBOR 1M + 2.5%	74,540	-	74,540
			74,540	-	74,540
		Including:			
		Long-term portion:	74,540	-	74,540
		Short-term portion:	-	-	-
			74,540	-	74,540

*As at the balance sheet date, the Group had an available overdraft facility of PLN 200 million. As at 31 December 2023, the balance of the facility drawn down was PLN 74.5 million.

On 13 July 2023, an annex to the facility agreement was concluded, as a result of which the repayment date was postponed to 31 May 2026, while the available limit was increased from PLN 173.25 million to PLN 200 million.

In 2023, the Group paid PLN 9,703 thousand in interest on the overdraft facility. In the same period, there was no repayment of the overdraft facility's principal amount of PLN 15.5 million.

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 346,089 thousand as at 31 December 2023.
- 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 Group).

The financing provided is associated with the Group's obligation to meet the covenants set out in the facility agreement. As at 31 December 2023, as at 31 December 2022 and during 2023, all contractual covenants were met.

Bank credits – as at 31.12.2022

Lender	Type of financing	Repayment date	Interest rate	Nominal value	Interest accrued	Total
			%	PLN '000	PLN '000	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, MCI Capital ASI S.A. 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 was PLN 173,250 thousand, including the outstanding balance of the overdraft as at 31 December 2022 of PLN 90,004 thousand.

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 S.A.). At the same time, the principal of the term facility in the amount of PLN 18,997 thousand was repaid.

The collateral for the overdraft facility is described in detail above (under "Bank credits - as at 31.12.2023").

Loans – as at 31.12.2022

As at 31 December 2023 and 31 December 2022, the Group had no liabilities in respect of loans.

16. 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 2023.	2,991
Recognition of a new lease agreement -	-
Amortisation and depreciation	386
as at 31 December 2023	2,605

As at 31 December 2023, the Group has lease liabilities of PLN 2,952 thousand (PLN 3,582 thousand as at 31 December 2022). 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.

17. Provisions

	As at 31.12.2023	As at 31.12.2022
	PLN '000	PLN '000
Provision for exit/ coinvestment/ carry fees	23,074	10,728
Provision for costs of audit of financial statements	546	339
Other provisions	3,335	2,250
	26,955	13,317
Long-term portion:	23,073	10,728
Short-term portion:	3,882	2,589
	26,955	13,317

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

Specification of provisions	Value as at 01.01.2023	Recognition of provisions	Reversal of provisions	Use of provisions	Value as at 31.12.2023
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Provision for exit/ coinvestment/ carry fees	10,728	18,758	(6,219)	(193)	23,074
Provision for costs of audit of financial statements	339	769	(1)	(561)	546
Other provisions, including for employee benefits	2,250	7,981	(3,556)	(3,340)	3,335
Total provisions	13,317	27,508	(9,776)	(4,094)	26,955

18. Employee benefits

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

For the period: from 01.01.2023 to 31.12.2023	For the period: from 01.01.2022 to 31.12.2022
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MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

	PLN '000	PLN '000
Fixed fees and remuneration	10,040	8,258
Variable fees and remuneration*	14,797	1,492
Social security costs	889	813
Share options granted to members of the Management Board, Supervisory Board and employees	329	413
Other employee benefits	45	58
	26,100	11,034

**The increase in variable costs of fees and remuneration is mainly due to the increase in exit/ coinvestment/ carry fee (provisions relating to exits from investments/portfolio companies).

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

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Management Board		
Short-term employee benefits	1,184	1,223
Lump-sum for the use of cars	24	24
	1,208	1,247
Supervisory Board		
Short-term employee benefits	218	245
Long-term employee benefits*	329	413
	547	659

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

Employment / function in the parent company

	As at 31.12.2023 Number of employees	As at 31.12.2022 Number of employees
Management Board	2	2
Supervisory Board	6	6
Operational staff	9	9
	17	17

Advances and loans granted to members of the Management Board

The parent company did not grant advances to members of the Management Board in 2023 and 2022.

19. Share-based incentive schemes

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 329 thousand as at 31 December 2023 for this incentive scheme. In 2022, the cost of this incentive scheme amounted to PLN 413 thousand.

20. 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.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

- **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 31.12.2023		As at 31.12.2022	
	Level	Level	Level	Measurement method
Investment certificates				
Investment certificates Internet Ventures FIZ w likwidacji [in liquidation]	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)
Shares in MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF	3	Net Asset Value (NAV)	-	-
Shares				
Investments in other entities	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)

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. MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF’s NAV per given series of investment certificates as at the balance sheet date is estimated by MCI Digital and Climatech GP S.à r.l. – the entity that manages this fund in accordance with the principles set out in the fund’s Product Placement Memorandum – this estimate is based on valuations of the fund’s assets and liabilities.

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.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

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

Type of financial instrument	Method of measurement of the financial instrument	As at	As at
		31.12.2023	31.12.2022
		PLN '000	PLN '000
Non-current assets			
Investment certificates	Measured at fair value through profit or loss	2,289,789	2,148,788
Investments in other entities	Measured at fair value through profit or loss	855	5,911
Current assets			
Other financial assets	Measured at fair value through profit or loss	20,000	-

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

Type of financial instrument	Method of measurement of the financial instrument	As at	As at
		31.12.2023	31.12.2022
		PLN '000	PLN '000
Non-current assets			
Trade and other receivables	Measured at amortised cost	11	47
Current assets			
Trade and other receivables	Measured at amortised cost	14,898	8,705
Other financial assets	Measured at amortised cost	369	372
Cash	Measured at amortised cost	16,151	37,499
Long-term liabilities			
Liabilities on account of bonds	Measured at amortised cost	162,805	83,857
Credits and loans	Measured at amortised cost	74,540	90,004
Lease liabilities	Measured at amortised cost	2,566	3,183
Short-term liabilities			
Liabilities on account of bonds	Measured at amortised cost	16,248	115,850
Promissory notes payable	Measured at amortised cost	-	-
Trade and other payables	Measured at amortised cost	3,218	2,342
Lease liabilities	Measured at amortised cost	386	399
Credits and loans	Measured at amortised cost	-	-

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.

21. 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. and MCI Digital and Climatech GP S.à r.l., 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

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

certificates, the sale of shares in companies or the realisation of other financial instruments. A portion of the segment revenue relating to the MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF managed by MCI Digital and Climatech GP S.à r.l. is derived from transactions carried out in Luxembourg. The remaining portion 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. and MCI Digital and Climatech GP S.à r.l. The segment's revenues relate entirely to income from fund management fees. A portion of the segment revenue generated by MCI Digital and Climatech GP S.à r.l. for the management of MCI Digital and Climatech Fund V S.C.A., SICAV-RAIF is derived from transactions carried out in Luxembourg. The remaining portion 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 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
	PLN '000	PLN '000	PLN '000	PLN '000
Other gains (losses) on investments	29	-	-	-
Gain or loss on investment certificates	209,451	158,196	-	-
Revaluation of shares	(16)	(134)	-	-
Valuation of other financial instruments	-	(17,411)	-	-
Revenue from management	-	-	22,165	16,710
Cost of core activities	-	-	(433)	(813)
Profit before tax from core activities	209,464	140,651	21,732	15,897
General and administrative expenses	(16,469)	(7,034)	(20,688)	(13,362)
Other operating income	1,223	257	11	365
Other operating expenses	(296)	(147)	(4)	(1)
Operating profit	193,922	133,727	1,051	2,899
Finance income	1,507	1,317	1,727	909
Finance costs	(32,313)	(25,713)	-	(198)
Profit before tax	163,116	109,331	2,778	3,610

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

Year ended 31 December 2023	Interest income measured using the effective interest rate method	Other operating income	Valuation and carried interest gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
<i>Financial assets</i>				
Investment certificates	-	-	196,580	12,871
Investments in other entities	-	-	(16)	-
Loans	8	-	-	-
Cash and cash equivalents	1,746	-	-	-
TOTAL	1,754	-	196,564	12,871

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

	Interest expenses measured using the effective interest rate method	Commission costs for unused credit facility	Valuation gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
<i>Financial liabilities</i>				
Liabilities on account of bonds	(19,810)	-	-	-
Lease liabilities	(140)	-	-	-
Promissory notes payable	(209)	-	-	-
Credits and loans	(9,703)	(719)	-	-
Trade and other payables	-	-	-	-
Other financial instruments	-	-	-	-
TOTAL	(29,862)	(719)	-	-

Year ended 31 December 2022	Interest income measured using the effective interest rate method	Other operating income	Valuation and carried interest gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
<i>Financial assets</i>				
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	Other operating income	Valuation gains/(losses)	Gains/(losses) on sale/redemption of financial instruments
<i>Financial liabilities</i>				
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)	-

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

	For the period: from 01.01.2023 to 31.12.2023 PLN '000	For the period: from 01.01.2022 to 31.12.2022 PLN '000
Audit of annual financial statements	212	204
Review of semi-annual financial statements	110	105
	322	308

24. Dividend

Distribution of profit for 2022

On 30 March 2023, the Management Board of MCI Capital ASI S.A. resolved to amend the dividend policy of the Company for 2021-2023 (as announced by MCI Capital ASI S.A. in current report No 50/2020 of 26 October 2020) so that the Management Board of MCI Capital ASI S.A. will not recommend a dividend for 2022 to the general meeting of MCI Capital ASI S.A.

At the same time, the Management Board of MCI Capital ASI S.A. recommended changing the model of fund distribution to investors of MCI Capital ASI S.A. and introducing the possibility for the shareholders of MCI Capital ASI S.A. to sell their shares in MCI Capital ASI S.A. to an entity from the broad MCI Group in 2023 and 2024 at a premium to the market price.

Accordingly, in May 2023, MCI.PrivateVentures Closed-End Investment Fund operating for the subfund MCI.EuroVentures 1.0. published an invitation to tender the shares in MCI Capital ASI S.A.

MCI.PrivateVentures Closed-end Investment Fund operating for the subfund MCI.EuroVentures 1.0. received jointly tenders for the sale of 1,123,780 shares in MCI Capital ASI S.A. by external investors (equivalent to 25.3 million PLN; 2.14% in the share capital of MCI Capital ASI S.A.) and for the sale of 1,340,421 shares in MCI Capital ASI S.A. by MCI Management Sp. z o.o. (equivalent to PLN 30.1 million; 2.56% in the share capital of MCI Capital ASI S.A.). Accordingly, MCI.PrivateVentures FIZ acting for the subfund MCI.EuroVentures 1.0. acquired a total of 2,464,201 shares in MCI Capital ASI S.A., representing 4.70% of the total number of shares in the Company at a unit price of PLN 22.50, i.e. for a total price of PLN 55.4 million.

Due to the high interest of investors in the purchase of shares in MCI Capital ASI S.A., MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty operating for the subfund MCI.EuroVentures 1.0. decided to fulfill all received tenders (no reduction of subscriptions).

The tender offer for the shares in MCI Capital ASI S.A. was settled on 7 June 2023.

Distribution of profit for 2023

The Company's Management Board plans to recommend the application in 2024 of the model for the distribution of funds to MCI investors that was applied last year, which involves enabling shareholders to sell shares in the Company with an aggregate value of up to 2% of MCI's equity to an MCI Group entity.

Should there be no interest in acquiring shares by an MCI Group entity or should a market situation arise that is not conducive to the implementation of this distribution model, the Management Board will recommend the payment of a dividend of up to 2% of MCI's equity.

The Management Board of MCI Capital ASI will notify Shareholders of further steps in the form of appropriate reports.

25. Contingent liabilities and assets

Corporate income tax – JTT compensation

On 2 October 2006, the Company brought action in the Regional Court in Wrocław against the State Treasury for the payment of PLN 38.5 million on account of losses incurred and profit lost by the Company as shareholder of JTT Computer S.A. as a result of unlawful practices of tax authorities.

Following a final judgement of the Court of Appeals in Wrocław dated 12 April 2011, the Company received compensation for damages caused by the State Treasury's tort in the amount of PLN 42,763,690.78 (principal amount plus interest).

On 30 March 2012, the Company filed its CIT-8 return for 2011, in which it disclosed a taxable amount of PLN 29,165,638. The tax due, according to this return, amounted to PLN 5,541,471 and was paid in full by 27 June 2011.

In the above return, the Company also included the compensation awarded to it by the State Treasury as described above.

A number of events, significant in terms of the amount of the tax liability, took place subsequently:

- on 22 June 2012, the abovementioned judgment of the Court of Appeal (in the part concerning the amount of compensation) was annulled by the Supreme Court after the cassation appeals of both parties had been examined,
- on 13 January 2013, a further Court of Appeal judgment was issued which awarded the Company PLN 28,821,828 + interest, as compensation,
- on 22 January 2013, the Company reimbursed the difference between the amounts awarded, together with interest,
- on 26 March 2014, the Supreme Court annulled the judgment of the Court of Appeal of 13 January 2013 (in the part concerning compensation), after hearing the complaint of the State Treasury represented by the Director of the Treasury Control Office,
- on 30 December 2016, the Company filed its 'first' motion for refund of the overpayment of corporate income tax for 2011,
- on 8 June 2017, the Company received a decision refusing to declare the overpayment,
- on 22 June 2017, the Company filed an appeal against the decision of 8 June 2017 with the second instance authority,
- on 13 September 2017, the Company received the decision of the second instance authority, which upheld the decision of the first instance authority,
- on 13 October 2017, the Company challenged the second instance decision on the 'first' motion for a refund of the overpayment of corporate income tax for 2011 - thus, according to the Company, the statute of limitations was suspended,
- on 18 September 2018, the Court of Appeal in Wrocław issued a judgment, which this time awarded the Company compensation of PLN 2,190,000 plus interest (in the amount of PLN 1,326,660),
- on 16 November 2018, the Company refunded the difference between the amounts awarded on 13 January 2013 and 18 September 2018,
- on 18 February 2019, following the above judgment of 18 September 2018, the Company filed a 'second' motion to declare an overpayment of corporate income tax for 2011 in view of the fact that the income tax previously paid on the original amount of compensation (PLN 42,763,690.78, including interest), together with its revision (to the amount of PLN 2,190,000 + interest), had become an overpaid tax as a result of subsequent civil court decisions,
- on 25 November 2021, the Supreme Court issued a judgment dismissing the cassation appeals of both the Company and the State Treasury against the judgment of the Court of Appeal in Wrocław of 18 September 2018, as a consequence of which the amount of compensation of PLN 2,190,000 plus interest (PLN 1,326,660) became a definite amount,
- on 13 April 2022, the Company filed a 'third' motion to declare and refund the overpayment (in the amount corresponding to the 'second' application). This action was prompted by procedural prudence, related to the final formation of the Company's income (as a result of the Supreme Court judgment) and its potential consequences related to the obligation to file a correction.
- 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 28 October 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.
- On 12 May 2023, the Company received a copy of the response of the Director of the Tax Administration Chamber in Warsaw to the aforesaid complaint filed by the Company with the Provincial Administrative Court. In his response, the Director of the Tax Administration Chamber in Warsaw upheld the position contained in the decision of 8 February 2023 and requested the Provincial Administrative Court to dismiss the complaint.
- On 21 September 2023, a hearing on the matter was held before the Provincial Administrative Court, at which the Provincial Administrative Court overturned the appealed decision of the Director of the Tax Administration Chamber in Warsaw and the preceding decision of the Head of the Second Mazovian Tax Office in Warsaw of

October 2022. The Director of the Tax Administration Chamber in Warsaw did not lodge a cassation appeal against the judgment of the Provincial Administrative Court. On 30 November 2023, the judgment was referred to the judge for an enforceability clause. The case was referred to the Head of the Second Mazovian Tax Office in Warsaw.

- The Company has received correspondence from the Second Mazovian Tax Office in Warsaw, i.e. a decision setting a deadline of 15 April 2024 for the completion of the case concerning the determination of an overpayment of CIT for 2011. The Company is currently waiting for the tax authority to complete the proceedings.

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 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 – the first hearings for individual insured were held in September 2023. Further hearings are being successively scheduled. 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 a result of the inspection, on 25 July 2023 the Office issued a decision stating the Company's tax liability in the amount of PLN 3,691 thousand. On 27 July 2023, the Company paid the tax liability plus default interest in the amount of PLN 1,731 thousand.

26. Warranties and guarantees

Collateral for the credit facility of the MCI.EuroVentures 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 million concluded on 4 January 2021 with Raiffeisen Bank International AG. On 7 April 2023, an annex was signed under which the availability of the revolving credit facility was extended until 1 March 2024. As at 31 December 2023, the value of the pledged series C investment certificates amounted to PLN 344,836 thousand.

The Group has prepared an estimate of the amount of the allowance for expected credit losses related to the pledge over investment certificates. It has not indicated the need for recognition of an allowance for expected credit losses as at 31 December 2023.

Collateral for a credit facility taken out by MCI Management Sp. z o.o.

On 26 July 2023, MCI Capital ASI S.A. concluded a financial and registered pledge agreement with Raiffeisen Bank International AG on 382,000 investment certificates issued by MCI.PrivateVentures Closed-End Investment Fund with separated subfund MCI.EuroVentures 1.0 up to the highest amount of the registered pledge collateral equal to EUR 48 million.

The Pledge Agreement secures the repayment of the liability of MCI Management Sp. z o.o. under the revolving credit facility agreement in the total amount of EUR 32 million concluded on 26 July 2023 with Raiffeisen Bank International AG. As at 31 December 2023, the value of the pledged series K investment certificates (200,000 certificates) and series M investment certificates (182,000 certificates) amounted to PLN 256,431 thousand.

The Group has prepared an estimate of the amount of the allowance for expected credit losses related to the pledge over investment certificates. It has not indicated the need for recognition of an allowance for expected credit losses as at 31 December 2023.

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.

27. Events subsequent to the reporting date

Partial redemption of series R bonds

On 3 January 2024, a partial redemption of the series R bonds from the bondholder (the MCI.PrivateVentures FIZ fund, operating for the subfund MCI.EuroVentures 1.0.) in the amount of PLN 35 million was made.

Completion of the audit of the Polish Financial Supervision Authority in MCI Capital TFI S.A.

On 3 January 2024, MCI Capital TFI S.A. received an audit report from the Polish Financial Supervision Authority (the "Audit Report"). On 17 January 2024, the Company filed objections to the Audit Report with the Authority. In response to the objections to the Audit Report, the Company received an annex to the Audit Report and the audit recommendations on 21 February 2024. The Company is currently in the process of implementing the audit recommendations (the Company has 90 days to implement the recommendations).

Completion of the audit of the Polish Financial Supervision Authority in MCI Capital ASI S.A.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

On 31 January 2024, MCI Capital ASI S.A. received an audit report from the Polish Financial Supervision Authority (the "Audit Report"). On 14 February 2024, the Company filed objections to the Audit Report - the Company is currently awaiting the Polish Financial Supervision Authority's response to the objections filed.

28. 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 2023.

29. 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 2023 is set out in the notes containing significant accounting policies and other explanatory information, Section 2, page 7.

Information on related-party transactions as at 31 December 2023 and for the period from 1 January to 31 December 2023

	Parent company of the Group*	Other**	Total
Investments:			
Investment certificates	-	855	855
Investments in other entities	-	2,289,789	2,289,789
Receivables:			
Trade and other receivables	223	12,645	12,868
Liabilities:			
Liabilities on account of bonds	-	85,654	85,654
Income and expenses:			
Revaluation of shares	-	(16)	(16)
Revaluation of investment certificates	-	196,580	196,580
Net gain or loss on redemption of investment certificates	-	12,871	12,871
Revenue from management	-	22,165	22,165
Income from sublease of office space	2	13	16
Other operating income	9	-	9
Finance income	-	1,295	1,295
Operating expenses	(1)	-	(1)
Finance costs	-	(9,998)	(9,998)
Cost of core activities	-	(168)	(168)

*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 18 "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 26 "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 2022 and for the period from 1 January to 31 December 2022

	Parent company of the Group*	Other**	Total
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MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

Investments:

Investment certificates	-	2,148,788	2,148,788
Investments in other entities	7	871	878

Receivables:

Trade and other receivables	-	7,316	7,316
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Liabilities:

Liabilities on account of bonds	-	84,668	84,668
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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 18 "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 26 "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 2023 and 31 December 2022).

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.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

Issuer	Creditor / Bondholder	Type of instrument	Maturity date	Cost (nominal amount) PLN '000	As at 31.12.2023 PLN '000	As at 31.12.2022 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
MCI Management Sp. z o.o.	MCI.EuroVentures 1.0 subfund (MCI.EV)	promissory note	24.02.2023	17,843	-	18,891
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	bonds – series E	21.06.2023	60,000	-	78,166
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.EuroVentures 1.0 subfund (MCI.EV)	bonds – series K	23.06.2026	258,000	270,448	-
MCI Management Sp. z o.o.	MCI.EV subfund indirectly through a portfolio company	promissory note	23.06.2026	21,000	21,079	-
Total				514,884	291,527	264,009
Issuer	Creditor / Bondholder	Type of instrument	Maturity date	Cost (nominal amount) PLN '000	As at 31.12.2023 PLN '000	As at 31.12.2022 PLN '000
MCI Capital ASI S.A.	MCI.EuroVentures 1.0 subfund (MCI.EV)	bonds – series R	29.07.2026	79,000	81,117	84,668
Total				79,000	81,117	84,668
Total				593,884	372,644	348,677

30. Significant events in 2023

Judgment of the Provincial 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.

On 12 May 2023, the Company received a copy of the response of the Director of the Tax Administration Chamber in Warsaw to the aforesaid complaint filed by the Company with the Provincial Administrative Court. In his response, the Director of the Tax Administration Chamber in Warsaw upheld the position contained in the decision of 8 February 2023 and requested the Provincial Administrative Court to dismiss the complaint.

On 21 September 2023, a hearing on the matter was held before the Provincial Administrative Court, at which the Provincial Administrative Court overturned the appealed decision of the Director of the Tax Administration Chamber in Warsaw and the preceding decision of the Head of the Second Mazovian Tax Office in Warsaw of October 2022. The Director of the Tax Administration Chamber in Warsaw did not lodge a cassation appeal against the judgment of the Provincial Administrative Court. On 30 November 2023, the judgment was referred to the judge for an enforceability clause. The case was referred to the Head of the Second Mazovian Tax Office in Warsaw.

The Company has received correspondence from the Second Mazovian Tax Office in Warsaw, i.e. a decision setting a deadline of 15 April 2024 for the completion of the case concerning the determination of an overpayment of CIT for 2011. The Company is currently waiting for the tax authority to complete the proceedings.

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.

Amendment to the dividend policy of MCI Capital ASI S.A.

On 30 March 2023, the Management Board of MCI Capital ASI S.A. resolved to amend the dividend policy of the Company for 2021-2023 (as announced by MCI Capital ASI S.A. in current report No 50/2020 of 26 October 2020) so that the Management Board of MCI Capital ASI S.A. will not recommend a dividend for 2022 to the general meeting of MCI Capital ASI S.A.

At the same time, MCI Capital ASI S.A. announced that the Management Board of MCI Capital ASI S.A. plans to recommend changing the model of fund distribution to investors of MCI Capital ASI S.A. and introducing the possibility for the shareholders of MCI Capital ASI S.A. to sell their shares in MCI Capital ASI S.A. to an entity from the broad MCI Group in 2023 and 2024 at a premium to the market price.

The total value of MCI Capital ASI S.A. shares covered by the option, as described above, to sell to an entity from the broad MCI Group in a given year will not be higher than 2% of the equity of MCI Capital ASI S.A. as at the end of the previous calendar year (based on data disclosed in the financial statements of MCI Capital ASI S.A.).

Acquisition of shares in MCI Capital ASI S.A. by MCI.PrivateVentures Closed-end Investment Fund operating for the subfund MCI.EuroVentures 1.0.

In June 2023, MCI.PrivateVentures Closed-end Investment Fund operating for the subfund MCI.EuroVentures 1.0., in connection with the amended dividend policy of MCI Capital ASI S.A., acquired 2,464,201 shares in MCI Capital ASI S.A., representing 4.70% of the total number of shares in the Company at a unit price of PLN 22.50, including 1,340,421 shares from MCI Management Sp. z o.o.

The valuation of the shares in MCI Capital ASI S.A. held by MCI Capital ASI S.A., a subfund separated within the MCI.PrivateVentures FIZ fund, as well as their revaluation is not subject to elimination, as this entity is not consolidated.

Appointment of a member of the Supervisory Board of MCI Capital ASI S.A.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

On 28 June 2023, the Annual General Meeting resolved to appoint Mr Jerzy Rozłucki as a member of the Company's Supervisory Board.

Increase of the available credit limit and postponement of the repayment deadline for financing granted by ING Bank Śląski S.A.

On 13 July 2023, MCI Capital ASI S.A. concluded an annex to the credit facility agreement with ING Bank, as a result of which the repayment date of the credit facility was postponed to 31 May 2026, while the available credit limit was increased to PLN 200 million.

Redemption of investment certificates of the MCI.TechVentures 1.0. and MCI.EuroVentures 1.0., subfunds separated within the MCI.PrivateVentures FIZ fund

On 14 July 2023, a proportional redemption of investment certificates of the MCI.TechVentures 1.0. subfund separated within the MCI.PrivateVentures FIZ fund took place, whereby 27,229 investment certificates of various series held by the Group were redeemed for a total of PLN 3.9 million.

On 31 July 2023, 82,330 series B investment certificates held by MCI Capital ASI S.A. in the subfund MCI.EuroVentures 1.0. separated within the fund MCI.PrivateVentures FIZ were redeemed for the total amount of PLN 53.3 million. The cash was used for partial repayment of an overdraft facility.

Completion of customs and tax inspection in respect of flat-rate corporate income tax

On 25 July 2023, as a result of an 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), the Head of the Podlaskie Customs and Tax Office in Białystok issued a decision stating the Company's tax liability in the amount of PLN 3,691 thousand. On 27 July 2023, the Company paid the tax liability plus default interest in the amount of PLN 1,731 thousand.

Conclusion of a financial and registered pledge agreement by MCI Capital ASI S.A. with Raiffeisen Bank International AG on the investment certificates

On 26 July 2023, MCI Capital ASI S.A. concluded a financial and registered pledge agreement with Raiffeisen Bank International AG on the investment certificates issued by the subfund MCI.EuroVentures 1.0. separated within the fund MCI.PrivateVentures FIZ ("Certificates") ("Pledge Agreement").

The object of the Pledge Agreement is a financial and registered pledge on 382,000 Certificates held by MCI Capital ASI S.A. with a value of PLN 231.5 million as determined on the basis of the valuation of the Fund's assets as at 31 March 2023, up to the highest amount of the registered pledge collateral equal to EUR 48 million.

The Pledge Agreement secures the repayment of the liability of MCI Management Sp. z o.o. under the term credit facility and revolving credit facility agreement in the total amount of EUR 32 million concluded on 14 July 2023 with Raiffeisen Bank International AG (the "Credit Facility Agreement"), together with interest, commissions, fees and other claims related to the Credit Facility Agreement, including a claim for reimbursement of the costs of claim satisfaction under the Credit Facility Agreement.

Redemption of series S bonds issued by MCI Capital ASI S.A.

On 21 August 2023, series S bonds issued by the Company with a nominal value of PLN 20 million were redeemed at maturity.

Audit of the Polish Financial Supervision Authority in MCI Capital TFI S.A.

In the period from 5 September to 30 November 2023, MCI Capital TFI S.A. was audited by the Polish Financial Supervision Authority - the audit covered the management of investment funds, their representation towards third parties and the technical and organisational conditions of their operations. On 3 January 2024, MCI Capital TFI S.A. received an audit report from the Polish Financial Supervision Authority (the "Audit Report"). On 17 January 2024, the Company filed objections to the Audit Report with the Authority. In response to the objections to the Audit Report, the Company received an annex to the Audit Report and the audit recommendations on 21 February 2024. The Company is currently in the process of implementing the audit recommendations (the Company has 90 days to implement the recommendations).

Resolution of the Management Board of the Warsaw Stock Exchange to suspend trading in shares of MCI Capital ASI S.A.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

On 26 September 2023, the Management Board of the Warsaw Stock Exchange ("WSE") adopted a resolution to suspend trading in the shares of MCI Capital ASI S.A. as of 29 September 2023.

According to the position of the WSE, the decision of the WSE Management Board results from the amendment to the law provided for in the Act of 16 August 2023 on amending certain acts in connection with ensuring the development of the financial market and investor protection on this market, coming into force on 29 September 2023.

The decision of the WSE Management Board was surprising for the MCI Group and the entire market, in particular in the context of the public announcement of the Ministry of Finance ("MF") and the Office of the Polish Financial Supervision Authority of 1 September 2023, where both institutions clearly confirmed that the provisions of law coming into force on 29 September 2023, did not apply to Alternative Investment Companies whose shares are already admitted to trading on a regulated market on the date of entry into force of the amended legal provisions.

In connection with the agreement reached by the Company (together with its majority shareholder, MCI Management Sp. z o.o.) with the WSE on the reinstatement of trading in the Company's shares, as of 6 December 2023, the WSE Management Board repealed the resolution of 26 September 2023. As a result, trading in the Company's shares was resumed as of 6 December 2023.

The agreement assumed a blockade of at least 50%. MCI shares until the date of entry into force of the amendment to the Act regulating secondary trading, participation rights of alternative investment companies (in a way that removes doubts as to the existence of restrictions on trading in MCI shares), but no longer than for a period of 12 months.

Sale of shares in Simbio Holdings Limited held by MCI Capital ASI S.A.

On 29 September 2023, MCI Capital ASI S.A. sold all shares in Simbio Holdings Limited held by MCI Capital ASI S.A. to MCI.EuroVentures 1.0., a subfund separated within the MCI.PrivateVentures FIZ fund. For details, see **Note 8 "Investments in other entities"**.

Audit of the Polish Financial Supervision Authority in MCI Capital ASI S.A.

In the period from 12 October to 20 December 2023, an audit of MCI Capital ASI S.A. was carried out by the Polish Financial Supervision Authority - the audit covers the activities of the alternative investment company and the management of the alternative investment company. On 31 January 2024, MCI Capital ASI S.A. received an audit report from the Polish Financial Supervision Authority (the "Audit Report"). On 14 February 2024, the Company filed objections to the Audit Report - the Company is currently awaiting the Polish Financial Supervision Authority's response to the objections filed.

Redemption of investment certificates of the Internet Ventures FIZ fund

On 20 December 2023, a redemption of investment certificates of the Internet Ventures FIZ fund took place, whereby 70,451,387 investment certificates of various series held by the Group were redeemed for a total amount of PLN 14.1 million.

Significant events related to the investments of funds whose investment certificates are held by the Company

Acquisition of shares in Webcon by MCI.PrivateVentures Closed-end Investment Fund operating for the subfund MCI.EuroVentures 1.0.

In November 2023, MCI.PrivateVentures Closed-End Investment Fund operating for the subfund MCI.EuroVentures 1.0., acquired a majority stake in the company for a total of PLN 163 million. Webcon is a leading Polish manufacturer of 'low code Business Process Automation' software, a solution that digitises internal processes in organisations. The company is the clear market leader in Poland, but has been significantly increasing its share of sales in foreign markets - in particular the German-speaking markets and North America - for several years.

Acquisition of shares in Focus Telecom by MCI.PrivateVentures Closed-end Investment Fund operating for the subfund MCI.EuroVentures 1.0.

In December 2023, MCI.PrivateVentures Closed-End Investment Fund operating for the subfund MCI.EuroVentures 1.0., acquired 80% of the shares in the company for a total of PLN 80 million. Focus Telecom is the largest provider of cloud-based contact centre solutions, customer experience and business communication services in Poland.

31. 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 2023, the ratio stood at 88% (86% as at 31 December 2022).

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. On 30 March 2023, the Management Board of MCI Capital ASI S.A. adopted a resolution on changing the Company's dividend policy for the years 2021-2023 recommending a change in the model of distribution of funds to investors of MCI Capital ASI S.A. and introducing, in lieu of dividend payments, the possibility for the shareholders of MCI Capital ASI S.A. to sell their shares in MCI Capital ASI S.A. to an entity from the broad MCI Group in 2023 and 2024 at a premium to the market price. Accordingly, in 2023 MCI.PrivateVentures FIZ acting for the subfund MCI.EuroVentures 1.0. acquired a total of 2,464,201 shares in MCI Capital ASI S.A., representing 4.70% of the total number of shares in the Company at a unit price of PLN 22.50, i.e. for a total price of PLN 55.4 million.

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 17.2%); at the same time, it is the largest subfund managed by MCI Capital TFI S.A. with net asset value of PLN 2.1 billion, i.e. 86% 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.

32. 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 602 million was redeemed by 31 December 2023.

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 2,289,194 thousand (as at 31 December 2023) 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 2023 was 99.53% (share in the subfund's net asset value). As at 31 December 2023, the net asset value of the EV subfund was PLN 2,134 million, the value of cash/units/liquid assets was PLN 53 million and the value of bank deposits with a maturity of more than three months from the balance sheet date was PLN 53 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 2023 was 48.08% (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 certificates and distribute the surplus calculated as indicated above to its participants, including 48.08% 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 2023, the net assets value of the TV subfund was PLN 343 million. The Surplus value published as at 31 December 2023 was PLN 0.3 million. However, according to the most up-to-date calculation made as at 29 February 2024, the Surplus amounted to PLN 0.2 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 2023, the most significant components of the Group's liabilities comprised liabilities on account of bonds, credits and loans as well as other financial instruments.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

As at 31 December 2023, total liabilities of the Group recognised in the balance sheet amounted to PLN 261 million (excluding deferred tax liabilities, provisions and off-balance sheet liabilities) and represented 12.5% 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 2023 and 31 December 2022, based on undiscounted contractual payments.

31 December 2023	On demand	Up to 3 months	From 3 to 12 months	From 1 year to 5 years	More than 5 years	Total
Lease liabilities	-	95	291	1,718	848	2,952
Liabilities on account of bonds	-	-	16,248	162,805	-	179,053
Liabilities on account of credits and loans	-	-	-	74,540	-	74,540
Corporate income tax liabilities	-	198	-	-	-	198
Trade and other payables	-	1,768	-	-	-	1,768
Other financial liabilities	-	268	-	-	-	268
Off-balance-sheet liabilities (guarantees issued)	397,842	-	-	-	-	397,842
	397,842	2,329	16,539	239,063	848	656,621

During 2023, the Group repaid its liabilities on account of credits and loans, bonds, promissory notes and leases in the amount of PLN 149,444 thousand and all of them were settled in due time.

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	-	99	300	1,776	1,407	3,582
Liabilities on account of bonds	-	-	115,850	83,857	-	199,707
Credits and loans	-	-	-	90,004	-	90,004
Trade and other payables	-	652	-	-	-	652
Other financial liabilities	-	39	-	-	-	39
Off-balance-sheet liabilities (guarantees issued)	204,011	-	-	-	-	204,011
	204,011	790	116,150	175,637	1,407	497,995

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.

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.

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 whose shares are acquired by the Funds. Funds invest the investors' (including the Company's) funds in early stage companies (*venture capital*) through growth and large buyout/expansion companies.

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 98% of total assets as at 31 December 2023. 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 other funds in the Group's structures are Internet Ventures FIZ w likwidacji [in liquidation] (the fund is in the process of liquidating its assets and winding up; the liquidation of Internet Ventures FIZ commenced on 1 July 2021) and MCI Digital and Climatech Fund V S.C.A. SICAV-RAIF (fund established in 2023; the fund did not make investments in 2023). The funds invest the funds entrusted in investment assets in accordance with their investment strategies in buyout and growth investments (MCI.EuroVentures 1.0. and MCI.TechVentures 1.0. sub-funds). 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 93%, while the MCI.TechVentures 1.0. subfund accounted for 7% of the value of investment certificates held as at 31 December 2023..

Both main subfunds focus on Poland as a geographical area, which accounted for 78% of the MCI.EuroVentures 1.0. subfund's portfolio and 59% of the MCI.TechVentures 1.0. subfund's portfolio, respectively, as at 31 December 2023. For the MCI.TechVentures 1.0 subfund, the Russian market accounted for 9% of the portfolio as at 31 December 2023. As at 31 December 2023, the Internet Ventures FIZ fund w likwidacji [in liquidation] focused entirely on Poland.

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

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 2023

<i>Fixed interest rate</i>	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loans advanced	358	-	-	-	-	-	358
Lease liabilities	-	(788)	(420)	(438)	(457)	(849)	(2,952)
	358	(788)	(420)	(438)	(457)	(849)	(2,594)

<i>Variable interest rate</i>	< 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash assets	37,300	-	-	-	-	-	37,300
Liabilities on account of bonds	(16,248)	(14,718)	(88,719)	(59,368)	-	-	(179,053)
Liabilities on account of credits and loans	-	-	-	(74,540)	-	-	(74,540)
	21,052	(14,718)	(88,719)	(133,908)	-	-	(216,293)

31 December 2022

<i>Fixed interest rate</i>	< 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)	(3,224)

<i>Variable interest rate</i>	< 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)

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

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

	(percentage points) Effect on profit or loss before tax	
Year ended 31 December 2023		
PLN '000	+1%	PLN 1,530 thousand
PLN '000	-1%	PLN (1,530) thousand
Year ended 31 December 2022		
PLN '000	+1%	PLN 877 thousand
PLN '000	-1%	PLN (878) 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 2023, the exposure to risk related to WIBOR is PLN 216,294 thousand (as at 31 December 2022 it was PLN 264,493 thousand).

Currency risk

In the period from 1 January to 31 December 2023, 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

MCI Capital ASI S.A. Capital Group
Consolidated financial statements
for the financial year ended 31 December 2023

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 2023					
	Total	<i>Long-term and short-term receivables</i>				
		<i>Not past due</i>	<i><30 days</i>	<i>30–60 days</i>	<i>61–90 days</i>	<i>> 91 days</i>
Gross value at risk	14,847	14,817	3	1	-	26
Loss allowance for expected credit losses	-	-	-	-	-	-

	31 December 2022					
	Total	<i>Long-term and short-term receivables</i>				
		<i>Not past due</i>	<i><30 days</i>	<i>30–60 days</i>	<i>61–90 days</i>	<i>> 91 days</i>
Gross value at risk	10,667	10,639	1	1	-	26
Loss allowance for expected credit losses	-	-	-	-	-	-

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.