



Polski Fundusz Rozwoju



Consolidated Annual Report of the PFR Corporate Group

for 2023

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Dear Readers, Entrepreneurs, Local Government Officials, Employees and Stakeholders of the Polish Development Fund,

We are pleased to present to you the Consolidated Annual Report of the Corporate Group of the Polish Development Fund (PFR Corporate Group) and the Standalone Annual Report of PFR S.A. for 2023.

The year 2023 was hard for the economy. Gone was the economic euphoria resulting from the post-Covid rebound, and the war in Ukraine has moved into a phase of positional battle of attrition requiring enormous resources. The visible switch of the Russian economy to war-time mode of operation and the regularly repeated threats by Kremlin politicians mean that the public space has begun to consider the possibility of Putin's aggression against countries in our region, including Poland, as a realistic scenario.

This, of course, has implications for the Polish economy and the activities of the PFR Corporate Group in 2023. The programs we are implementing to support companies affected by the pandemic-caused economic downturn have moved into the repayment and settlement phase. Meanwhile, the challenges to the economy were combined with the need to provide financial and technical resources for the modernization of Polish Army.

At this point, it is worth highlighting PFR's activities in this area: the achievement of the next stage of investment in the barracks for the Territorial Defense Forces in Limanowa, recruitment to the DIANA NATO accelerator looking for technological solutions for dual (military and civilian) use, and the launch of the IDA program in cooperation with the Ministry of National Defence with a similar objective, but aimed at Polish business entities. In addition, an alternative investment company (ASI) managed by PFR Ventures has invested,

in agreement with the state administration, in the NATO Innovation Fund.

This stream of PFR's activities also includes the TechHub program, launched in 2023. Its aim is to seek out Polish innovative companies from six industries that boast specific technological achievements. PFR can support this type of companies with an investment of up to PLN 50 million. This program has no direct military objective. However, it is difficult to ignore in the current situation the military potential of technologies such as drones, semiconductors or artificial intelligence.

The year 2023 in the PFR Corporate Group was also characterized by the continuation of activities started in the previous years. This is because the strategic goals of the Polish economy, the implementation of which we support, do not change. Our priorities therefore continue to include energy transition, infrastructure investment, digitalization, development of competitiveness and social capital building.

The war across our eastern border highlights even more strongly the need for a rapid energy transition towards renewable energy sources. In addition, the need to accelerate change in this area is necessitated by successive high temperature records. The year 2023 was globally the warmest in the history of meteorological observations.

We are developing the Green Hub program, under which we co-funded four investments in 2023. Three of them support the construction of new RES power plants, while the fourth enables the start of the construction of an installation terminal for offshore

wind farms at the Baltic Hub port in Gdansk. This latest investment is a milestone for the Polish RES sector. In this way, we gain the opportunity to build wind farms in the Baltic Sea and contribute to the creation of Polish renewable energy value chain.

The transition to a low-carbon economy is also linked to new reporting obligations introduced by the European Union, with the entry into force of the CSRD directive on 5 January 2023. It imposes new reporting requirements and standards on Polish companies. That is why PFR conducts regular educational activities devoted to this subject addressed to Polish entrepreneurs. One of these was a training course entitled "ESG reporting in practice". A wide range of external experts were involved in its preparation, and the tool itself was made available for free on the new educational platform called "PFR Knowledge Zone", where all the educational courses currently offered by PFR are available. There are more than a dozen of them at the moment, and the range is growing all the time. In 2023, around 150 thousand people participated in these training courses.

Noteworthy, the entities covered by the above-mentioned obligations include the PFR Corporate Group itself. We are therefore pleased to announce that this report presents in more detail the impact of the PFR Corporate Group on environmental, social and corporate governance issues in terms of the Global Reporting Initiative guidelines and in the context of supporting the UN Sustainable Development Goals.

The PFR Corporate Group also implements an Employee Capital Plans program, which is used to build the pension capital of Poles. Here, too, there was a continuation with a new element. This was

default opt-in, i.e. the automatic resubscription of persons who had opted out of the program when it started. The automatic resubscription was offered at the beginning of 2023. As a result, the number of pension savers in ECP increased by 718 thousand, and already exceeds 3.5 million people in total.

The economic situation of our country compared to other EU countries is good: inflation growth has slowed down, investment levels are rising, employment rates remain high - and all this despite the real threat of war. We strive to ensure that the PFR Corporate Group is a smoothly functioning mechanism that allows the Polish economy to face the next challenges more effectively. In this context, we can proudly report that the cumulative value of investments in all PFR Corporate Group projects exceeded PLN 12 billion at the end of 2023.

This amount also proves that an efficient System of Development Institutions is needed for our country. Similar institutions operate in most of the world's most developed countries - including France, Germany, Italy, Brazil, South Korea and Japan. The dynamic development of knowledge and technology, and the scale of the challenges facing humanity, mean that the needs of our economy are also constantly changing. In such conditions, a "special task force" that can respond quickly and has the necessary resources to do so is essential. We trust that this is how the Development Institutions System, of which the PFR Corporate Group is a key part, has operated in 2023 and in recent years.

We sincerely thank all our Stakeholders for their cooperation and encourage you to read the report!

Respectfully,
Management Board of PFR S.A.

Management Board Report on the Activity of PFR S.A. and the PFR Corporate Group in 2023

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Description of the PFR Corporate Group

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1. BUSINESS PROFILE AND KEY PERFORMANCE RATIOS

The Polski Fundusz Rozwoju S.A. (Polish Development Fund) Group (the "PFR Corporate Group" or "PFR CG") is a group of financial and advisory companies that works for businesses, local governments and private individuals, and invests in the country's sustainable social and economic development. The Group consists of the following entities:

- Polski Fundusz Rozwoju S.A. ("PFR" or the "Company"),
- PFR Towarzystwo Funduszy Inwestycyjnych S.A. ("PFR TFI" or the "Management Company"),
- PFR Ventures sp. z o.o. ("PFR Ventures"),
- PFR Nieruchomości S.A. ("PFR Nieruchomości" or "PFRN"),

- PFR Portal PPK sp. z o.o. ("PFR Portal PPK"),
- PFR Operacje sp. z o.o. ("PFR Operacje" or "PFR O"),
- PFR Ventures Innovation Fund Alternatywna Spółka Inwestycyjna S.K.A.,
- PFR Ventures Inwestycje Bezpośrednie Alternatywna Spółka Inwestycyjna S.K.A.

The priorities of the PFR Corporate Group's are: infrastructural investments, innovations, entrepreneurial development, exports and foreign expansion of Polish businesses, support for local governments, implementation of the Employee Capital Plan program and management of foreign investments.



PLN 12+ billion

value of PFR investments
in all projects



PLN 1.3 billion

PFR's cumulative
net profit since 2016



over PLN
2.6 billion

invested in housing construction
in 54 locations
across Poland



PLN 74 billion

value of support paid out
under PFR Financial Shields



over 396
thousand

number of companies that
received subsidies under the
Financial Shield for MSMEs



3.4 million

the number of participants
in Employee Capital Plans
(ECPs)



240 thousand

the number of users of
startup.pfr.pl



over PLN
4 billion

allocated to 75 VC/PE funds
financing a total of 800
companies



over
20 thousand

the number of participants
in workshops at the Central
House of Technology

2023

Most important events in PFR

January

13 JANUARY 2023

The Polish Development Fund, Polskie Koleje Linowe (Polish Cable Railways) and the Polish Ski Association signed an agreement for continuation of the “Polish SKI Master” program. The cooperation will continue for 4 years and will include preparations for the Olympic Games in 2026. The value of the support provided by PFR and PKL will be PLN 8 million.

17 JANUARY 2023



The “ECP Benefits Academy” contest started. Its objective was to present the operating rules for the program and encourage the participants to save in ECPs, especially those who are subject to the ECP auto-subscription requirement. The total pool of prizes was over PLN 1 million.

17 JANUARY 2023

The PFR NFOŚiGW (National Fund for Environmental Protection and Water Management) FIZAN investment funds, set up by the PFR and PFR TFI team, was selected as a beneficiary of the program: “Industry for transformation: increasing the capacity of projects for production of zero- and low-emission solutions” under the National Recovery Plan.

February

16 FEBRUARY 2023



At the beginning of February 2023, the first recruitments to the program of European Funds for a Modern Economy 2021-2027 (FENG). PFR prepared a free-of-charge online course for business people devoted to the program.

March

8 MARCH 2023

A fund managed by PFR subscribed for bonds of the nominal value of PLN 100 million issued by the main shareholder of Cognor Holding S.A. (PS Holdco sp. z o.o.) to finance further business development of the Cognor Group.

8 MARCH 2023



PFR entered into a loan agreement for PLN 87 million with Cerrad, a Polish company. The funds will be earmarked to finance the co-generation installation and modernize the production line.

13-17 MARCH 2023

Another InfoWeek of the PFR Group took place. This time, experts from various of the Group’s companies presented rules for granting support to companies within the SMART path of the FENG program. The event lasted all week – each day, there were online meetings devoted to different issues.



2023

Most important events in PFR



April

28 APRIL 2023

Results of the recruitment to the Fourth Urban Technology Exchange were announced. Owing to subsidies in the amount of PLN 50 thousand each, seventeen townships were given the opportunity of free-of-charge testing of selected IT solutions.

12 APRIL 2023



PFR, jointly with the National Clearing House, prepared a cycle of online meetings under the title "Digital Starter Kit for Enterprises", to build knowledge about the most important aspects of conducting business online.

May

9 MAY 2023

PFR launched the 6th edition of the "School of Pioneers" program to look for starting-up entrepreneurs with ideas for innovative products or services which would help achieve the UN Sustainable Development Goals. The best projects could win a subsidy and acquire an investor.

18 MAY 2023



The "Tech Hub" program was launched, involving financial support to innovative companies. Six sectors were selected for support and rules of the program were presented. Tech Hub makes it possible to invest in a company or a technological project an amount of over PLN 50 million.

June

13 JUNE 2023

A PFR-managed fund entered into an agreement to grant a loan of up to PLN 128 million to Finance PV 4 sp. z o.o., a company belonging to the Grenevia Group, to develop a portfolio of 26 photovoltaic farms with a total capacity of 43 MWp.

18 JUNE 2023

An agreement and a foundation act was signed for the construction of a barracks for the Territorial Defense Forces in Limanowa for the needs of sub-units of the 11th Lesser Poland Brigade of Territorial Defense.

30 JUNE 2023

S&P Global Rating affirmed PFR's A rating in local currency and A- in foreign currency, with a stable outlook. It is a rating equal to the sovereign rating of Poland.



2023

Most important events in PFR



July

4 JULY 2023

A PFR-managed fund entered into a loan agreement with PAD RES, a leading Polish developer in the sector of clean energy sources, for the amount of PLN 240 million. The funds will be used to construct two photovoltaic farms with the total capacity of 117 MW, which will be built in northern Poland.

August

23 AUGUST 2023

PFR launched Knowledge Zone training platform on which educational materials dispersed till then were collected. At the beginning, 16 training courses were made available.

September

4 SEPTEMBER 2023



During the PFR Green Investments Forum conference, the company's representatives and its partners summed up the actions taken so far under the PFR Green Hub strategy.

15 SEPTEMBER 2023



The recruitment process for the DIANA NATO accelerator performed by PFR was completed. The program is searching for technological solutions which could be used both by the military and by civilian companies. Polish innovators submitted the highest number of applications to the program from among all the countries of the European Union.



2023

Most important events in PFR



October

3 OCTOBER 2023

A PFR-managed fund signed an agreement for a loan with Istrana Sp. z o.o. The financing will be used for the construction of an installation terminal for offshore wind farms.



November

6 NOVEMBER 2023

PFR finished the recruitment of applications to the pilot edition of the IDA (Innovative Dual-use Tech Accelerator) program. 49 Polish companies applied, presenting their ideas for raising the security level of the critical infrastructure in the area of the Baltic Sea.

27 NOVEMBER 2023



PFR ended the 6th edition of the "School of Pioneers" program aiming to support the development of start-up entrepreneurs with ideas for innovative products or services. The best team turned out to be Jidoka, which developed a platform allowing small and medium-sized companies to perform process automation and introduce AI solutions faster.

28 NOVEMBER 2023

There was a virtual hackathon "Hack the Climate". During the event, programming teams worked on responses to climate challenges posed by Bieruń, Rzeszów and Sulejówek in Poland and Setesdal and Stavanger in Norway.

December

21 DECEMBER 2023

A PFR-managed fund subscribed for bonds worth PLN 400 million issued by Cyfrowy Polsat S.A. in order to support investments in projects in the area of production, transport and storage of hydrogen, hydrogen power or hydrogen-powered vehicles.

21 DECEMBER 2023

PFR joined a group of investors financing the construction of ADN2 building (formerly known as Andersia Silver) – a 115-meter high class A office building rising in the center of Poznań. It is planned to be put to use in July 2025.

22 DECEMBER 2023

A PFR-managed fund signed a loan agreement with Qair Poland S.A. (through an intermediary, QPV Zimnodól sp. z o.o.) to finance the construction of a 36 MWp photovoltaic farm in Zimnodól, Małopolska voivodship.



2023

Most important events in the PFR Corporate Group

January

20 JANUARY 2023

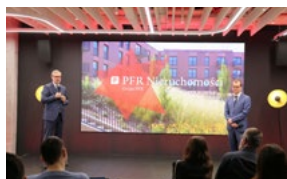
The PFR Foundation started a cycle of workshops “Digital Entrepreneurship” for youth from secondary-level schools. During the workshops acquired knowledge about running business activity online and e-commerce.

February

14 FEBRUARY 2023

PFR Nieruchomości signed an agreement for a design of two buildings to be put up in Elbląg, which will offer 150 apartments for rent.

16 FEBRUARY 2023



PFR Nieruchomości announced rules of financial support for residents of housing estates built under the arm’s length part of the government residential housing program. In spite of high inflation, the rent and deposit rates were frozen until the end of 2025.

March

7 MARCH 2023

Another edition of the “Education of Tomorrow” competition was launched by the PFR Foundation. The aim of this edition was to shape entrepreneurial attitudes among students, teachers and parents.

28 MARCH 2023

The fourth edition of the “SelfRELIANT” program started, addressed to youth from foster care who are becoming independent. The program participants acquire knowledge on moving on the job market and a big part of the classes are taught by volunteers from the PFR Corporate Group.



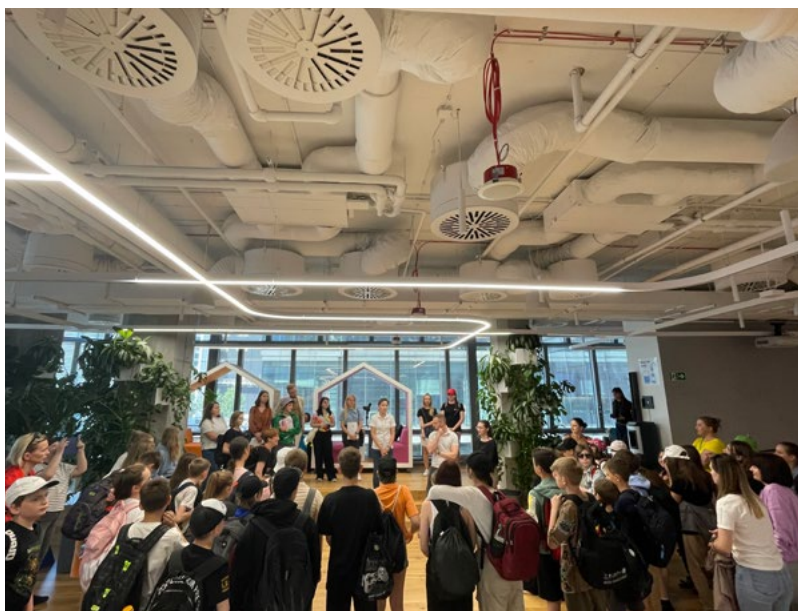
2023

Most important events in the PFR Corporate Group

21 APRIL 2023



The PFR Foundation launched the "Summer ActivACTION" program, in which it supported with subsidies related to summer vacation of children from small towns and villages. One hundred local projects were financed for 20 thousand children for a total amount of PLN 500 thousand.



1 JUNE 2023

Children's Day was held for refugees from Ukraine at the Central House of Technology (CDT). The major attraction was an outdoor game which involved looking for Warsaw neon lights.

April

27 APRIL 2023

Auto-subscription to the ECP ended. As a result, the number of the program participants increased by 718 thousand people.

27 APRIL 2023

Elemental Holding repurchased a 32% stake in Recat GmbH from the Foreign Expansion Fund FIZ managed by PFR TFI to become the owner of a 100% stake of the German company. In this way, the investment support from PFR TFI to the project ended.

28 APRIL 2023

PFR Ventures was given consent to performing the activity of an Alternative Investment Company Manager.

May

29 MAY 2023



The PFR Foundation, together with Google for Education, launched the project "Innovations at School. Space 4 STEAM at the CDT". The program instructed the participants how to use new devices and innovative technologies to create valuable educational content for Polish schools.

June

12 JUNE 2023

PFR Nieruchomości started to present the offer of acquiring the ownership of apartments to lessees residing in fourteen housing estates built under the arm's length part of the Apartment Plus program. The first to receive the offer were residents of a housing estate in Gdynia.

14-15 JUNE 2023

The PFR Foundation organized among employees a collection of bicycles, which after being repaired and maintained were given to residents of care facilities in Włodawa. The event was also an opportunity for organizing an employee voluntary campaign for children residing in the center.

27 JUNE 2023

PFR Ventures, with other institutional and private investors, invested in the *early stage fund* Inovo VC. The total amount of financing was EUR 105 million.



2023

Most important events in the PFR Corporate Group

7 JULY 2023

The Sejm adopted the Central Pension Information Act, which made it possible for PFR Portal PPK to continue preparatory and analytical work aiming to perform the tasks entrusted by the Act.

2 AUGUST 2023

PFR Ventures invested about EUR 5 million in TiLT Capital Fund 1. It has been the fifth investment under the PFR Green Hub FoF program. The fund invests in innovative European companies which may accelerate the energy transition in the region.

11 AUGUST 2023



PFR Nieruchomości started in Lublin the construction of a housing estate with 388 apartments for rent. The housing estate is being built in the post-industrial area near the railway station in Lublin.

July

10 JULY 2023



NATO announced the establishment of an investment fund which will focus on potentially dual-use technologies. Countries allied with NATO became the investors. On behalf of Poland, investment of EUR 42 million (approx. PLN 190 million) was made by an ASI managed by PFR Ventures, in agreement with the Polish Prime Minister's Office (KPRM) and the Ministry of Defense (MON). The only ASI's investor is PFR.

August

31 AUGUST 2023



President Andrzej Duda signed the Central Pension Information Act, or a collection of solutions making it possible to have access, among others, to the balance of pension savings. The construction of a platform, its maintenance and development was entrusted to PFR Portal PPK. The Act defines the principles of the operation of the CIE, the rules of access to retirement information and terms and conditions of using electronic services provided through the CIE.

September

12 SEPTEMBER 2023

PFR Ventures started managing the first ASI in the PFR Corporate Group – ASI Inwestycje Bezpośrednie (Alternative Investment Company for Direct Investments).

19 SEPTEMBER 2023



The PFR Foundation summed up the 3rd edition of the subsidy program "Summer ActivACTION" in which over 20 thousand people participated. The total amount of the subsidies granted for summer vacation of children and youth from small towns and villages was PLN 500 thousand.

2023

Most important events in the PFR Corporate Group

October

2 OCTOBER 2023

As part of the "Vision of a Future" project, the PFR Foundation invited youth from all over Poland to participate in a competition for a video clip promoting Polish culture.

10 OCTOBER 2023

PFR Ventures started managing the second ASI in the PFR Corporate Group – ASI Innovation Fund.

17 OCTOBER 2023

The fifth edition of the "Active Volunteerism" campaign for employees ended. In the course of the campaign, employees collected kilometers which cycling or running, which were then converted into support for social organizations. 315 employees of the PFR Corporate Group participated in the campaign, raising together an amount of nearly PLN 100 thousand.

November

December

6 DECEMBER 2023

Foreign Expansion Fund 2 FIZ AN, managed by PFR TFI, entered into an investment agreement with Enprom, one of the biggest Polish companies from the sector of power construction. Under the agreement, the Fund will grant debt financing in the amount of PLN 3.1 million to intensify development in the German market.

8 DECEMBER 2023

As part of the "Get Ready, Volunteers" program, volunteers from the PFR TFI team visited a primary school in Wyczołki, near Warsaw, where they installed new educational fixtures on the playground.

16 DECEMBER 2023

Volunteers from the PFR Corporate Group took part in the "Noble Gift" campaign for the sixth time, delivering Christmas gifts to five families. The campaign was joined by employees of the PFR Foundation, PFR, PFR TFI, PFR Ventures, PFR Nieruchomości, PFR Mieszkania and PFR Operacje.



4. VALUES AND ETHICAL STANDARDS

PFR was established and operates pursuant to the Commercial Company Code Act of 15 September 2000 (“CCC”) in the form of a joint stock company. In addition, certain aspects of PFR’s business are subject to the Act of 4 July 2019 on the Development Institutions System (“Act on the Development Institutions System”). PFR’s mission, vision and values also influence how PFR fills the space that the legislature created for it. They largely determine how it conducts its business, define what type of organization the PFR Corporate Group is supposed to be and they underlie the key decisions made by the PFR Corporate Group. All of these elements are reflected in the PFR Corporate Group’s Code of Conduct that lays down the principles and approach taken towards business ethics, which is applicable

to the employees in all of the companies belonging to the PFR Corporate Group.

The Compliance Management Committee of the PFR Corporate Group, as part of its work, updated the wording of the Code of Conduct in 2023. Notwithstanding the measures to promulgate an ethical and transparent mindset, the team of compliance experts also ran continuous efforts to enhance employee awareness of both the requirements stipulated by internal regulations and the prevailing standards in PFR. Examples of these measures include the regular training for all employees and newly-hired persons to mitigate the likelihood of any irregularities occurring in the course of performing professional duties, and the ongoing advisory services and monitoring compliance of the measures taken by PFR.

PFR’s values

Partnership and cooperation

In our work, we treat others as we would like to be treated ourselves. We respect and appreciate the work of others and we listen to their needs. While working together, we share our experience and information, making trust the foundation for the development of the Polish society and the Polish economy.

Responsibility

We analyze and understand the reality that surrounds us, we are able to combine our own assignments with the objectives of the team and the company in order to achieve the intended results, and in all our activities we seek to achieve benefits for Poland. We learn from our successes and failures and take the necessary risks. We pursue what we have declared in a consistent manner.

Professionalism

We consistently strive to achieve our objectives and we provide our customers with the highest quality products and services. We are always prepared and we always complete all our assignments.

Development

We create new ideas, services and solutions, thus supporting the development of the Polish economy and the Polish society. We follow the latest trends while thinking and acting outside the box. We cross borders to achieve amazing new results.





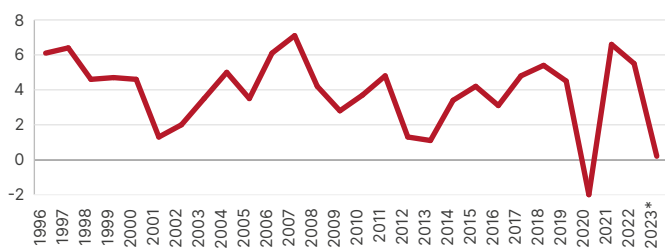


External environment

1. MACROECONOMIC ENVIRONMENT

According to preliminary estimates of Statistics Poland, the Gross Domestic Product of Poland increased in 2023 in real terms by 0.2% versus 5.5% growth in 2022 (graph 1).

Graph 1. Poland's GDP growth rate

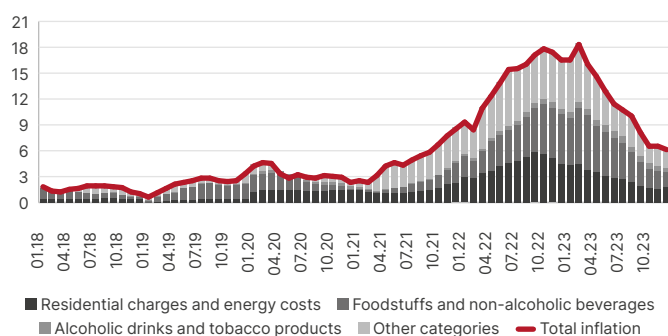


Source: Statistics Poland / * – preliminary estimates

A slight growth in 2023 is expected in all the economies of the European Union – according to the forecasts of the European Commission from January 2024. The GDP growth in the EU and in the Euro zone was 0.5% of the GDP.

Prices in 2023 were on average 11.4% higher than one year before (compared to the 14.4% growth in 2022). The price growth began to halt in February 2023 – from +18.4% y/y in February to +6.2% y/y at the end of December. Therefore the inflation remained positive and it was driven mainly by growing prices in the following categories: residential charges and energy costs (i.e. the charges for waste removal, sewage services, electricity, etc.), foodstuffs and non-alcoholic beverages as well as alcoholic drinks and tobacco products (graph 2).

Graph 2. Impact of individual product categories on the inflation rate (% , y/y)



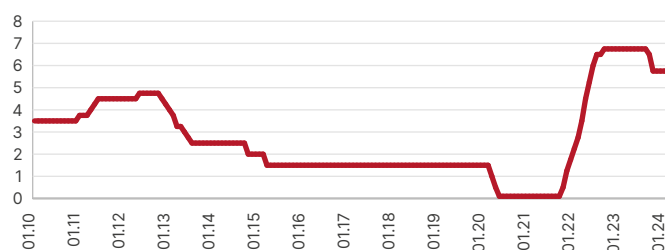
Source: Macrobond

Slowing down the inflation growth was a global trend, observed especially in developed economies. The Harmonized Index of Consumer Prices (HICP) in the European Union was +6.4% y/y in 2023 (vs. +9.2% y/y at the end of 2022), while in the Euro zone it was +5.4% y/y (+8.4% y/y in 2022). In the United States, inflation dropped from +6.3% y/y in January 2023 to +3.3% y/y in December.

According to the data of the Labor Force Survey (LFS), the number of people working at the end of Q4 2023 was 0.2% higher than one year earlier and totaled 16,890 thousand people. The unemployment rate, according to the LFS, increased up to 3.1% at the end of Q4 of last year, compared to 2.9% in the corresponding period of 2022. The average gross monthly salary in the company sector in 2023 was PLN 7444.39, i.e. it rose by 11.9% per annum.

NBP's interest rates were decreased twice in 2023 – in September and October. In response to growing prices and the resulting impact on the economy, the Monetary Policy Council decreased interest rates to 5.75%, from 6.75% in September 2022. The interest rates have remained at 5.75% since October 2023. The most up-to-date statements (as at the date of writing this chapter) by President of the NBP Adam Glapiński suggest there is a limited possibility of reducing interest rates in 2024 (graph 3).

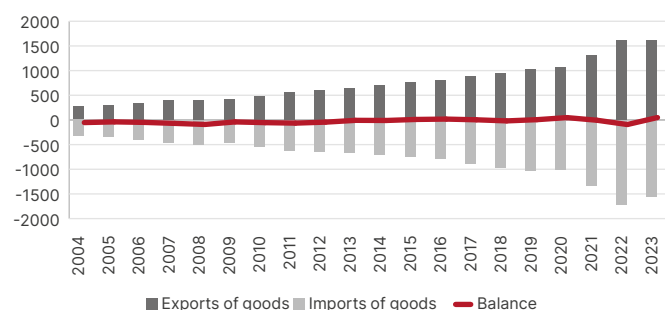
Graph 3. NBP reference rate (%)



Source: National Bank of Poland

Preliminary data for 2023 indicate that the exports of goods amounted to PLN 1,604 billion while imports totaled PLN 1,555 billion. Exports went down 0.9% while imports fell 9.1% compared to 2022. It is worth pointing out that only exports denominated in PLN decreased – those in EUR were 1.4% higher than in 2022, while in USD, the growth was 3.8% y/y (graph 4).

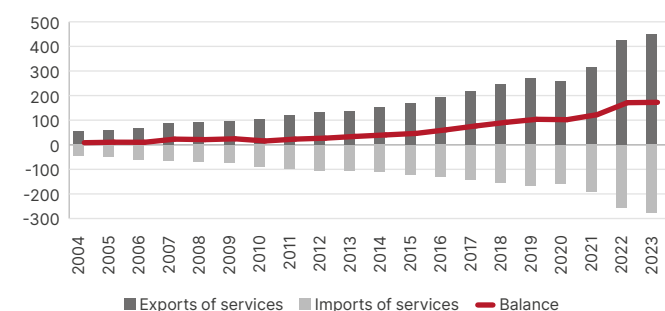
Graph 4. Foreign trade turnover of goods in Poland (PLN billion)



Source: Statistics Poland (preliminary 2023 data)

Poland's services trade reached record levels. After twelve months of 2023, exports were PLN 450 billion and were 5.7% higher than in 2022, while imports stood at PLN 278 billion and were 8.9% higher than in 2022 (graph 5).

Graph 5. Foreign trade turnover of services in Poland (PLN billion)

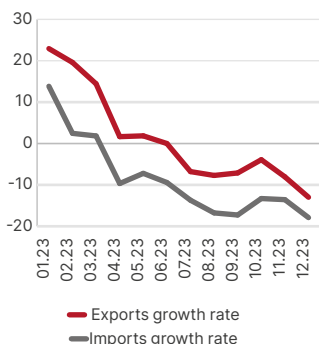


Source: National Bank of Poland (preliminary 2023 data)

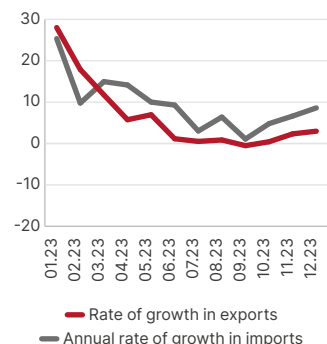


For goods trade, negative growth rate of exports of goods continued from July 2023. The growth rate of imports of goods was negative from April 2023. With respect to service turnover, only in one month, in September, exports were lower than the year before. The growth rate of imports of services in each month of last year was positive (graphs 6 and 7).

Graph 6. Growth rate in sales of products, by month in 2023 (% , y/y)



Graph 7. Growth rate in sales of services, by month in 2023 (% , y/y)



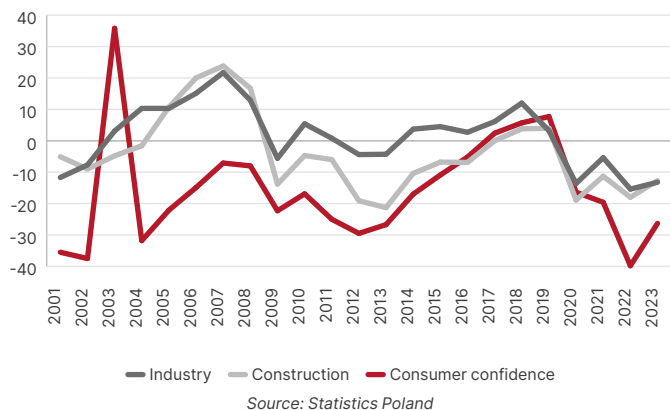
Source: National Bank of Poland (preliminary data)

In 2023 the net financial result of non-financial companies was 9.1% lower than in the corresponding period a year earlier.

According to estimates concerning the performance of the state budget in 2023, budgetary proceeds totaled PLN 574,121.5 million while expenditures totaled PLN 659,687.1 million. The budget was therefore negative and totaled PLN 85,565.6 million.

The continuing uncertainty caused by the war in Ukraine, as well as still high prices, kept the results of consumer confidence surveys below the level indicating a positive economic situation. Results of surveys of the economic situation in the processing and construction sectors improved but as in consumer surveys continued to indicate a negative situation (graph 8).

Graph 8. Average annual value of the general economic sentiment indicator in the processing and construction sectors, in the context of the consumer confidence index

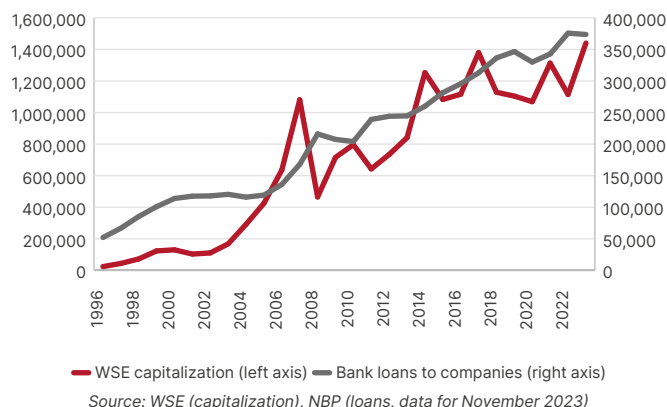


Source: Statistics Poland

2. INDUSTRY CONTEXT

The capitalization of the Warsaw Stock Exchange increased by 29.3% versus 2022 at the end of 2023. Thus, it increased to the highest level in history. Bank loans to companies slightly shrank by 0.5% y/y (graph 9).

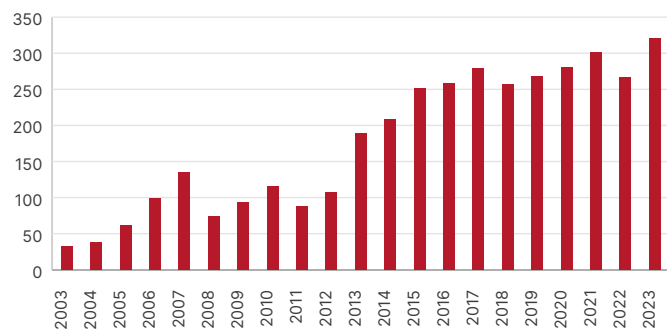
Graph 9. Stock market capitalization and outstanding bank loans to non-financial enterprises (PLN million)



Source: WSE (capitalization), NBP (loans, data for November 2023)

At the end of 2023, the net asset value in investment funds was PLN 320.2 billion versus PLN 266.3 billion one year earlier (+20.2%). Similarly to the capitalization of the stock exchange, it was the highest value of assets in history (graph 10).

Graph 10. Value of assets in investment funds (PLN billion)

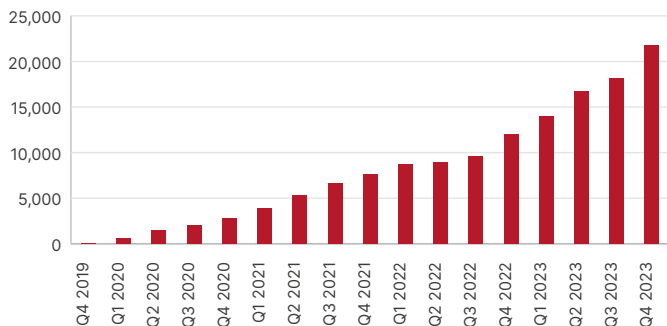


Source: Chamber of Fund and Asset Management

According to the data published by the Polish Financial Supervision Authority, the value of assets managed by Investment Fund Management Companies (TFI) at the end of 2023 totaled PLN 427.8 billion, or 17% more than at the end of 2022.

Last year was another year of dynamic growth of target date funds in Employee Capital Plans (ECPs). At the end of 2023, the net asset value of target date funds was PLN 21.8 billion versus PLN 12.0 billion at the end of 2022 (growth of +81.6%) and against PLN 7.7 billion at the end of 2021 (graph 11).

Graph 11. Net asset value of target date funds (PLN million)



Source: Polish Financial Supervision Authority

The net asset value of open-ended pension funds (OFEs) rose at the end of December 2023 vs. the end of 2022 by 33.1% to PLN 208.1 billion (graph 12).

Graph 12. Net asset value of open-end pension funds (PLN billion)



Source: Polish Financial Supervision Authority

3. REGULATORY ENVIRONMENT

For PFR and its activities, especially important laws include the Commercial Company Code Act of 15 September 2000 and the Act of 4 July 2019 on the System of Development Institutions, which regulate the Company's nature, role and activity. PFR is a commercial code joint stock company. The provisions of the Act on the Development Institutions System define, among others, the role of PFR as a leading institution in the integrated system of Poland's development institutions – the Polish Development Fund Group ("PFR Group"), which pursues coordinated actions to support Polish businesses and the development of the Polish economy.

PFR Financial Shield

The state of the epidemiological threat linked to the SARS-CoV-2 virus, introduced in Poland by force of Regulation of the Health Minister of 13 March 2020, followed by the state of epidemic established by force of Regulation of the Health Minister of 20 March 2020, as well as the measures undertaken to prevent the effects of the epidemic, triggered major amendments to the law, with a direct impact on PFR's activities.

The legislation to counter the COVID-19 pandemic, including in particular the amendments to the Act on the Development Institutions System, created a legal framework enabling PFR to prevent or mitigate the repercussions of crisis situations within the meaning of Article 3(1) of the Crisis Management Act of 26 April 2007 (Journal of Laws of 2021 Item 1856 and of 2021 Item 159), including the effects of the spread of COVID-19. As a result, the Council of Ministers was able to entrust to PFR the execution of government programs to provide financial support to businesses in connection with consequences of the COVID-19 pandemic.

Pursuant to Article 21a(1) of the amended Act on the Development Institutions System, the Council of Ministers approved the following government programs to support businesses in connection with the effects of the COVID-19 pandemic:

- "The Polish Development Fund's financial shield for small and medium enterprises" ("**Financial Shield for SMEs**"),
- "The Polish Development Fund's financial shield for large companies" ("**Financial Shield for Large Companies**"),
- "The Polish Development Fund Financial Shield 2.0 for Micro, Small and Medium Enterprises" ("**Financial Shield for MSMEs 2.0**"),
- "The Support Program for Polskie Linie Lotnicze LOT S.A." ("**PLL LOT Support Program**"),

(hereinafter jointly referred to as the "**Programs**" or "**PFR Financial Shield**"),

entrusting PFR with the implementation of the Programs.

In 2023, the Company performed tasks following from the execution of the PFR Financial Shield. They involved settlement of remissions of the subsidies granted under the Financial Shield for SMEs and the Financial Shield for MSMEs 2.0. To this purpose, beneficiaries had to submit a relevant application, and the Company analyzed grounds for remission of subsidies and recovery of receivables.

National Recovery and Resilience Plan

Pursuant to the Act of 7 October 2022 on Amending Certain Acts to Simplify Administrative Procedures for Citizens and Businesses (Journal of Laws of 2022, item 2185), provisions were added to the Act on the Development Institutions System and the Act of 6 December 2006 on the Principles of Development Policy to enable PFR to perform the task of making payouts under the development plan – the National Recovery and Resilience Plan ("**KPO**"). The Company has a strategic role in the implementation of the KPO, since it enters into investment project financing agreements with the various ministries and executes orders for payments of funds to carry out investments in compliance with the development plan. In order to finance the KPO, pursuant to Article 16a(1) of the Act on the Development Institutions System, PFR may issue bonds on the domestic and foreign markets and use funds from reimbursements or repayments of the subsidies granted under the PFR Financial Shield and other income generated from the management of these funds.

In 2023, the Company entered into three agreements with institutions responsible for carrying our investments and continued tasks relating to the KPO by performing received commissions and transferring funds to institutions responsible for carrying our investments, supporting institutions or final recipients of the support.

The total amount of disbursements made under the KPO, reduced by the refunds of funds made by recipients of the support, was PLN 5,065,107,181 at the end of December 2023.

Shield for the Borderland

On 7 June 2023, the Company executed an agreement with the State Treasury to perform the program "**Shield for the Borderland**" – financial support for businesses and other entities from the areas of parts of Podlattia and Lublin voivodeships operating next to the border with Belarus in connection with the ban referred to in Article 12a(1) of the National Border Protection Act of 12 October 1990 ("**Shield for the Borderland**").

The aim of the program was to counteract adverse economical consequences of introducing the state of emergency and temporary ban on staying in parts of areas of Podlattia and Lublin voivodeships, which was in force from September 2021 to June 2022. Those measures involved significant restrictions of business activity by entities conducting activity especially in tourism and catering sectors.

The entity responsible for the performance of the Shield for the Borderland program was the Ministry of Economic Development and Technology, which made substantial decisions about the shape of the program, conditions for granting support and the schedule for the duration of the program.

The role of PFR was to make disbursements of compensations due to entitled entities from the State Treasury based on a decision



issued by a competent province governor (voivod). The program continued between 24 March and 23 July 2023.

4. DRIVERS OF THE PFR CORPORATE GROUP'S FINANCIAL RESULTS IN 2024

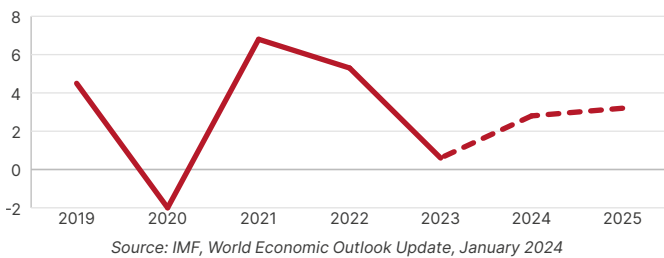
The key factors which may have a significant impact on the operation and performance of the PFR Corporate Group in 2024 may include uncertainty resulting from war in Ukraine, high inflation and deteriorating economic prospects in the largest global economies.

A high volatility of the main economic parameters may make it necessary to adjust the strategy and current operating plans during the course of the year, which may cause a significant and unpredictable impact on the financial results.

Below, there are current forecasts for selected key macroeconomic variables for Poland, i.e. GDP and inflation, as well as the expected interest rate level.

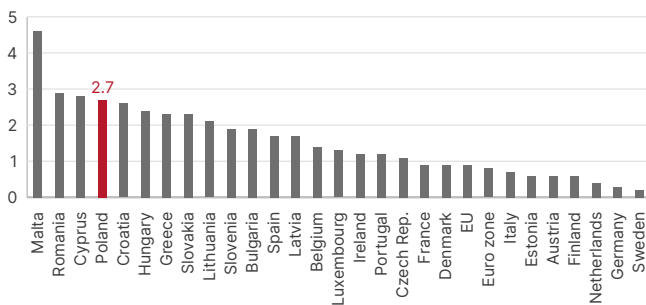
The IMF's latest GDP forecast projects GDP growth of 2.8% in 2024, accelerating to 3.2% in 2025 (graph 13).

Graph 13. Poland's GDP growth rate forecast (% , y/y)

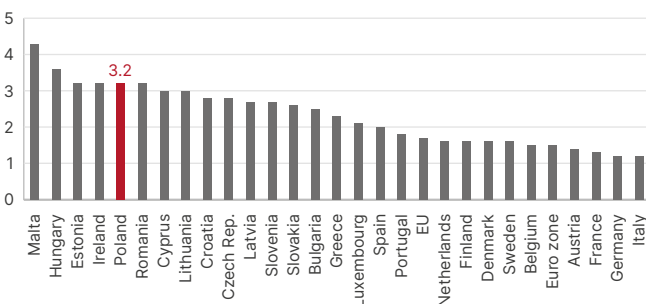


Similarly, the European Commission's latest GDP forecast for Poland projects GDP growth of approx. 2.7% in 2024 and accelerating growth in 2025 (graphs 14 and 15).

Graph 14. GDP forecast for 2024 (%)

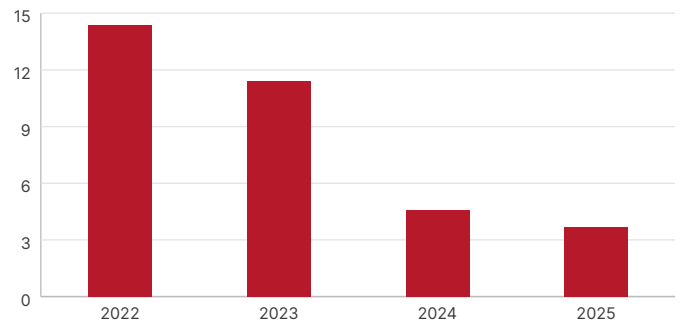


Graph 15. GDP forecast for 2025 (%)



Inflation forecasts published by the National Bank of Poland (NBP) predict the CPI inflation slowing down to +4.6% in 2024 and going down to +3.7% in 2025 (graph 16).

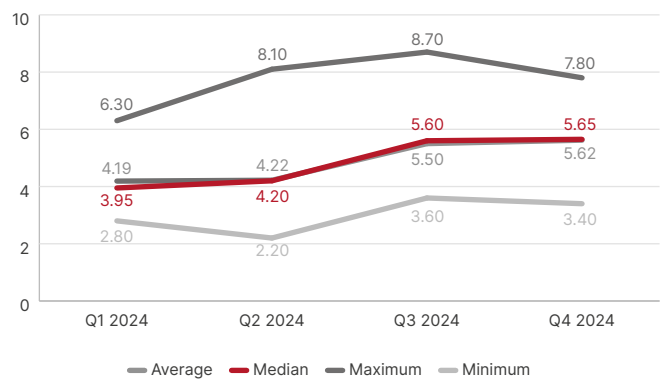
Graph 16. CPI Consumer Price Index (% , y/y)



Source: NBP, Inflation and economic growth projection of the National Bank of Poland based on the NECMOD model, November 2023

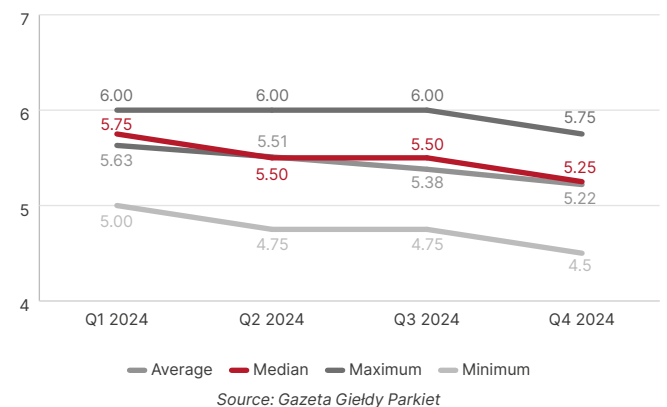
The analysts' consensus compiled by the Parkiet newspaper indicates a possibly steeper inflation path this year, with the median forecast rates of: 3.95%, 4.20%, 5.60% and 5.65% in the successive quarters of 2024 respectively (graph 17).

Graph 17. CPI forecasts (% , y/y, quarterly average) - economic consensus (36 teams)



The median forecast interest rates indicate that by the end of the year they will be reduced twice: to 5.25% at the end of 2024 (graph 18).

Graph 18. NBP reference rate (% , end of period) - economic consensus (36 teams)





 **Bank Gospodarstwa Krajowego**
0.13% of shares

 **State Treasury**
99.87% of shares


 **PFR**
Polski Fundusz Rozwoju

 **PFR TFI**
100.0% of shares

 **PFR Ventures**
100.0% stake

 **PFR Nieruchomości**
100.0% of shares

 **PFR Portal PPK**
100.0% stake

 **PFR Operacje**
100.0% stake

PFR Ventures Innovation Fund ASI S.K.A.
100.0% of shares

PFR Ventures Inwestycje Bezpośrednie ASI S.K.A.
100.0% of shares



Structure of the PFR Corporate Group

[2-1] [2-2] [2-6]

1. INFORMATION ABOUT THE PARENT COMPANY – PFR

Polski Fundusz Rozwoju S.A. is a Polish development institution established as a joint stock company, with the State Treasury as the majority shareholder. It was established on 28 December 2012 by the State Treasury represented by the Minister of State Treasury and operated under the name of Polskie Inwestycje Rozwojowe S.A. (Polish Development Investments) until 13 April 2016.

The purpose of PFR is to conduct economic activity in its own name and for its own account, in accordance with best commercial practices, while endeavoring to generate a market return on invested capital in the long-term. The Company places the greatest emphasis on: infrastructural investments, innovations, entrepreneurial development, exports and foreign expansion of Polish businesses, supporting local governments, execution of the Employee Capital Plan program and management of foreign investments.

PFR's mission is *“Investments for Poland. Together, we develop practical solutions for joint successes and a safe future”*. The Company also responds challenges posed by crisis situations, such as the COVID-19 pandemic and the war in Ukraine, by launching measures aiming to maintain a stable growth of the economy.

PFR's main office is located in the Cedet office building, at ul. Krucza 50 in Warsaw.

The Company pursues its goals through the specialist centers of competence operating within the PFR Corporate Group:






- PFR TFI – capital investments, foreign expansion, ECP management;
- PFR Ventures – investments in the form of a fund of funds;
- PFR Nieruchomości – residential investments;
- PFR Portal PPK – operation of Employee Capital Plans (ECP);
- PFR Operacje – IT and cybersecurity services for the PFR Corporate Group;
- PFR Ventures Innovation Fund ASI S.K.A.;
- PFR Ventures Inwestycje Bezpośrednie ASI S.K.A.

In addition, PFR is involved in accelerating digitalization of the Polish economy through the company Operator Chmury Krajowej Sp. z o.o. (**“National Cloud Operator”, “NCO” or “National Cloud”**) in which PFR holds a 50% equity stake. PFR pursues its goals in respect of the development of analytical activity for Poland's capital market through an associate, Polska Agencja Ratingowa S.A. (Polish Rating Agency) (**“PAR”**).

The PFR Foundation (**“Foundation”**) in which the Company is the founder is also part of the PFR Corporate Group's ecosystem. Activities to make positive changes in the PFR Corporate Group's social environment are conducted through the Foundation.

Under the Act on the Development Institutions System, PFR creates an integrated system of development institutions referred to as the PFR Group. It operates on the basis of a consistent strategy that is compliant with the Council of Ministers' economic policy.

Composition of the PFR Group

	INVESTMENTS	BANKING	INDUSTRIAL DEVELOPMENT
Development Institution	 Polski Fundusz Rozwoju	 BGK BANK GOSPODARSTWA KRAJOWEGO	 arp AGENCJA RATINGOWA S.A.
Areas of operation	<ul style="list-style-type: none"> ■ Non-public assets ■ Public assets ■ Funds' Fund Formula ■ Residential investments 	<ul style="list-style-type: none"> ■ Financing development of companies and local government units ■ Guarantees and sureties ■ Public finance / flows of European funds ■ Financing transport infrastructure 	<ul style="list-style-type: none"> ■ Special Economic Zones and Polish Investment Zone ■ Debt and equity financing ■ Development restructuring and corporate governance ■ Innovations
	EXPORT INSURANCE	EXPORTS, INVESTMENTS, PROMOTION	ENTREPRENEURIAL DEVELOPMENT
Development Institution	 Grupa PFR	 Grupa PFR	 Grupa PFR
Areas of operation	<ul style="list-style-type: none"> ■ Insurance of receivables ■ Investment insurance ■ Contractual guarantees ■ Bank loan security 	<ul style="list-style-type: none"> ■ Export ■ Investments ■ Promotion ■ Partnership ■ Polish Investment Zone 	<ul style="list-style-type: none"> ■ Innovations ■ Startups ■ Internationalization ■ Competence development ■ Infrastructure

The PFR Group comprises the following institutions and their subsidiaries:

- Polski Fundusz Rozwoju (Polish Development Fund),
- Agencja Rozwoju Przemysłu S.A. ("**ARP**") (Industrial Development Agency),
- Bank Gospodarstwa Krajowego ("**BGK**") (National Development Bank),
- Korporacja Ubezpieczeń Kredytów Eksportowych S.A. ("**KUKE**") (Export Credits Insurance Corporation),
- Polska Agencja Inwestycji i Handlu ("**PAIH**") (Polish Investment and Trade Agency),
- Polska Agencja Rozwoju Przedsiębiorczości ("**PARP**") (Polish Agency for Enterprise Development).

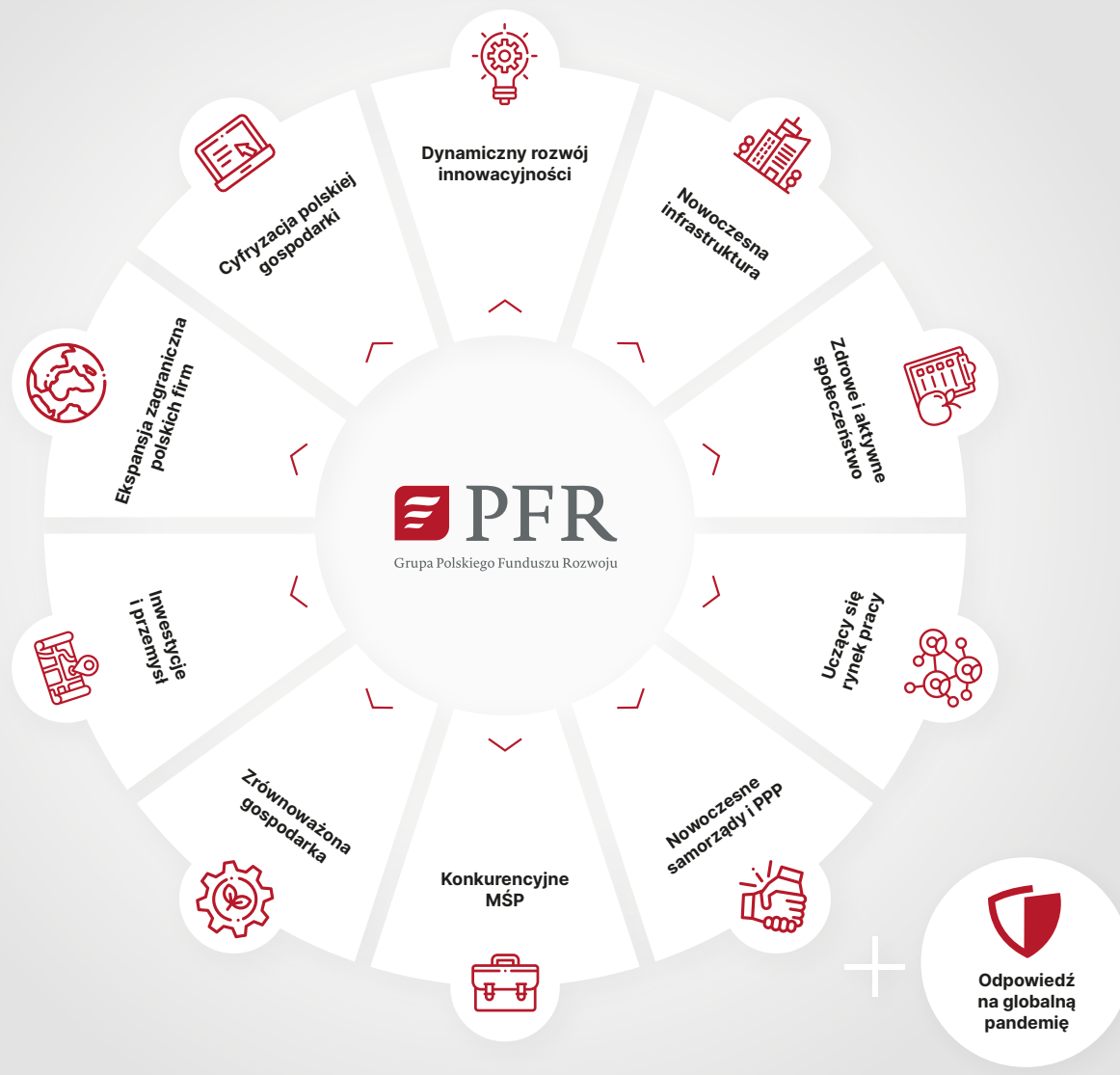
and their subsidiaries.

According to its shared strategy the PFR Group focuses on the six most important areas of business. A leading institution has been designated in each one of them. PFR plays this role in investments; BGK does so in banking; KUKE does so in export insurance; PAIH does so in foreign trade; ARP does so in industry; and PARP does so in entrepreneurial development. The Act on the Development Institutions System facilitates tightening cooperation, better coordination of activities and regular sharing of information and knowledge among the PFR Group's institutions.

The PFR Group is overseen by the Group's Supervisory Board. It constitutes a platform for coordinating collaboration between the six development institutions. Its members are the presidents of the aforementioned institutions and its chairman is the President of the Management Board of PFR.

Development institutions in Poland perform a joint strategy adopted by the PFR Group Board in May 2020. The PFR Group's Strategy for 2020-2025 ("**PFR Group Strategy**") identifies ten fundamental strategic directions of the activity and one special direction, which is a response to the economic crisis caused by the COVID-19 pandemic. Within each direction, the document identifies strategic ini-

Strategic directions of the PFR Group's activity



Involvement of the PFR Group in strategic initiatives indicated in the PFR Corporate Group Strategy

The PFR Corporate Group is involved in the implementation of 26 out of 53 strategic initiatives.

 <p>Digitalization of the Polish economy</p> <ul style="list-style-type: none"> Operator Chmury Krajowej Polish 5G Smart City Hub Financial instruments to develop digitalization 	 <p>Dynamic development of innovativeness</p> <ul style="list-style-type: none"> "Start in Poland" Financing innovations Sector of video games Transfer of technologies 	 <p>Modern infrastructure</p> <ul style="list-style-type: none"> Transport infrastructure Energy infrastructure Housing Business centers 		
 <p>Foreign expansion of Polish companies</p> <ul style="list-style-type: none"> Support in foreign markets International Desk Product of Poland Financing foreign expansion Polish Small and Medium-sized Enterprises in foreign markets 	 <p>Investments and the industry</p> <ul style="list-style-type: none"> Polish Investment Zone Strategic industrial parks Acquiring high quality investments Promotion of the Polish economy 	 <p>Self-learning labor market</p> <ul style="list-style-type: none"> Central House of Technology Young leaders HR for the industry Ecosystem of lifelong learning Loans for students and supporting education 		
 <p>Healthy and active society</p> <ul style="list-style-type: none"> Financing health care in Poland Pension security of Poles 	 <p>Sustainable economy</p> <ul style="list-style-type: none"> PFR Green Hub Circular economy 	 <p>Modern local governments and PPP</p> <ul style="list-style-type: none"> Development of the PPP formula Programs for local government units Education for local governments 		
 <p>Competitive SMEs</p> <ul style="list-style-type: none"> SME Development Center Innovative SMEs SME Financing: De minimis guarantees SME Financing: European programs SME Development 	 <p>Response to the global pandemic</p> <table border="0"> <tr> <td> <ul style="list-style-type: none"> PFR Financial Shield for MSMEs PFR Financial Shield for large companies Insurance coverage Extension of trade turnover insurance Financing leasing of transport companies Overdraft facility Loan for salary payment Extended system of guarantees for SMEs </td> <td> <ul style="list-style-type: none"> Liquidity Guarantee Fund EU Financing for SMEs Fund for combating COVID-19 System of contributions to loan interest Subsidies for working capital Business support in the period of pandemic Information and educational campaign for entrepreneurs </td> </tr> </table>		<ul style="list-style-type: none"> PFR Financial Shield for MSMEs PFR Financial Shield for large companies Insurance coverage Extension of trade turnover insurance Financing leasing of transport companies Overdraft facility Loan for salary payment Extended system of guarantees for SMEs 	<ul style="list-style-type: none"> Liquidity Guarantee Fund EU Financing for SMEs Fund for combating COVID-19 System of contributions to loan interest Subsidies for working capital Business support in the period of pandemic Information and educational campaign for entrepreneurs
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Historical background

2012

DECEMBER 2012



Polskie Inwestycje Rozwojowe S.A. established

2016

APRIL 2016



Name changed to Polski Fundusz Rozwoju S.A.

JUNE 2016



PFR establishes PFR Ventures.

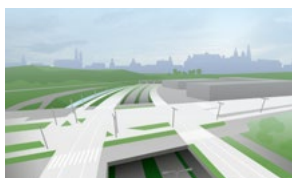
DECEMBER 2016



PFR and PZU S.A. acquire a 32.8% stake in Bank Pekao S.A. from UniCredit. PFR's share in the bank's share capital is 12.8%.

2017

FEBRUARY 2017



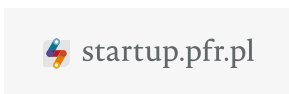
PFR-managed fund invests in the construction of Trasa Łagiewnicka in Kraków.

AUGUST 2017



PFR-managed fund invests in the steel pipe manufacturer Ferrum S.A.

SEPTEMBER 2017



Launch of the startup.pfr.pl portal.

OCTOBER 2017



PFR acquires a 100% stake in BGK TFI S.A. (at present: PFR TFI) from BGK.

NOVEMBER 2017



PFR-managed fund becomes a new investor in the WB Electronics Group, a manufacturer of military drones and communication systems.

JANUARY 2018



PFR-managed FIS FIZAN invests in Sądeckie Wodociągi and MZGKiM in Limanowa.

FEBRUARY 2018



PFR establishes the PFR Foundation.

JUNE 2018

Launch of the first edition of the PFR School of Pioneers (Szkoła Pionierów PFR) – an international educational program for technological visionaries.

JUNE 2018



PFR Ventures signs the first investment contracts with VC funds.

JULY 2018

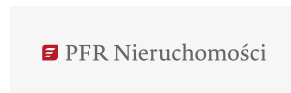
PFR FI investment fund managed by PFR acquires a nearly 100% stake in PESA S.A., Poland's largest rolling stock manufacturer.

SEPTEMBER 2018



PFR awarded the title of the Company of the Year at the Krynica Forum.

OCTOBER 2018



PFR becomes the owner of a 100% stake in BGK Nieruchomości S.A. (at present: PFR Nieruchomości).

PFR made its investments directly and/or through the investment funds included in its management portfolio.



Historical background

OCTOBER 2018



A fund managed by PFR acquires a 99.77% stake in Polskie Koleje Linowe S.A.

OCTOBER 2018



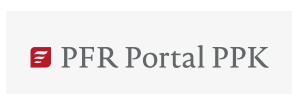
Enactment of the Act on Employee Capital Plans (ECP).

DECEMBER 2018



The city of Gdynia signs an investment agreement with PFR for the sale of a 25% stake in Przedsiębiorstwo Wodociągów i Kanalizacji

JANUARY 2019



PFR Portal PPK commences operations and the MojePPK.pl portal is launched.

MARCH 2019



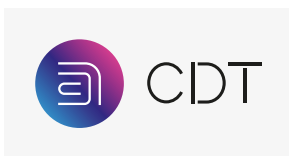
PFR becomes a shareholder in the consortium that acquired DCT Gdańsk S.A., Poland's largest container terminal.

JULY 2019



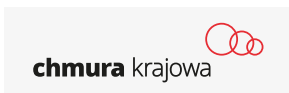
Entry into force of the Act on the Development Institutions System.

AUGUST 2019



PFR Foundation opens the Central House of Technology.

AUGUST 2019



Signing of an investment agreement under which PFR acquires a 50% stake in the National Cloud Operator.

OCTOBER 2019



An investment by a fund managed by PFR: acquisition of a 49.02% stake in the Municipal Buildings Administration Board in Wałbrzych.

DECEMBER 2019



An investment by a fund managed by PFR: acquisition of a 45% stake in the Tarnobrzeskie Wodociągi.

DECEMBER 2019



Completion of the first stage of the rollout of Employee Capital Plans in companies employing more than 250 persons.

FEBRUARY 2020



Launch of the "PFR for Cities and Towns", a program addressed to innovative local governments.

APRIL 2020



Under the government's Anti-Crisis Shield, PFR commences work on the Financial Shield for MSMEs and the Financial Shield for Large Companies.

JUNE 2020



The PFR Advisory Center in Chełm is opened.

OCTOBER 2020



Establishment of PFR Operacje, with the purpose to provide IT and security-related services to members of the PFR Corporate Group.

2020

2019

PFR made its investments directly and/or through the investment funds included in its management portfolio.

Historical background

2021

JANUARY 2021



Opening of the Financial Shield for MSMEs 2.0 call for subsidy applications for companies from 45 sectors most affected by the second wave of the pandemic.

APRIL 2021



PFR starts the process of settling and remission of subsidies granted to micro businesses and SMEs under the Financial Shield for MSMEs 1.0.

MAY 2021



PFR GreenHub FoF established – a PFR Ventures program to stimulate VC fund investments in the sector of green (pro-environmental) innovations.

MAY 2021



The first edition of the PFR Foundation's "Summer ActivACTION" grant program, which supports community organizations that arrange summer activities for children and youth.

JUNE 2021



Foundation stone-laying ceremony for the construction of Waste Thermal Treatment Plant in Olsztyn co-financed by PFR.

JUNE 2021



Launch of the construction of 221 apartments at ul. Lubańska in Zgorzelec.

JUNE 2021



PKL S.A. begins construction of a holiday facility and scenic railway over the Solina Dam.

JULY 2021



DCT Gdańsk wins the tender for a lease of an area in Gdańsk port where the new Baltic Hub 3 terminal will be built.

JULY 2021



PESA Bydgoszcz, in which PFR holds an investment stake, presents its strategy until 2025, geared towards the manufacture of zero-emission and hydrogen ready vehicles.

AUGUST 2021



Commencement of the construction of 190 apartments in Nakło nad Notecią.

SEPTEMBER 2021



PFR Ventures signs agreements with three international venture capital funds planning to invest in Polish innovative businesses.

DECEMBER 2021



Bank Ochrony Środowiska and PFR sign an agreement which paves the way for broad financing of pro-environmental investments in the heat energy sector.

PFR made its investments directly and/or through the investment funds included in its management portfolio.



Historical background

2022

MARCH 2022



PFR decided to provide 650 apartments built by PFR Nieruchomości as part of the government's housing program free of charge to refugees from Ukraine. The apartments were provided in: Kraków, Dębica and Mińsk Mazowiecki.

APRIL 2022



PFR summarized the program of Anti-COVID Financial Shields. Across all the iterations of the program, about PLN 73.2 billion of support was paid to approximately 353 thousand businesses. Remission will leave about PLN 43.8 billion in the accounts of the businesses and PLN 29.4 billion will be reimbursed to PFR.

JULY 2022



Baltic Hub, the operator of the largest container terminal complex in the Baltic Sea, in which PFR is a shareholder, signed an agreement with the contractors for the third deep water terminal T3.

JULY 2022



Polskie Koleje Linowe, whose majority shareholder is PFR, opened a tourist resort in Solina.

SEPTEMBER 2022



PFR FI granted a loan of PLN 1 billion to GAZ-SYSTEM for investment projects to increase Poland's energy security, including projects to diversify Poland's gas supply sources.

NOVEMBER 2022



PFR acquired a 45% stake in Supersnow through a capital increase. The proceeds will be used for the development of technology and expansion into international markets. Supersnow is one of the leading global manufacturers of snowmaking systems.

DECEMBER 2022



PFR and the city of Limanowa signed an agreement for the construction of a barracks for the Territorial Defense Forces.

DECEMBER 2022



A fund managed by PFR executed a subordinated loan agreement for up to PLN 90 million for the construction of the Kleczew Solar & Wind project belonging to the Lewandpol Group.

PFR made its investments directly and/or through the investment funds included in its management portfolio.

Table 1. Stake held by shareholders in the share capital and in the total number of votes at shareholder meetings as at the balance sheet date

Shareholders	Number of shares	Number of votes	Par value of shares (PLN)	Stake in the share capital Percentage (%)	
State Treasury	11,460,907,779	11,461,207,779	11,460,907,779	99.87%	99.87%
BGK	15,000,000	15,000,000	15,000,000	0.13%	0.13%
Total	11,475,907,779	11,476,907,779	11,475,907,779	100.00%	100.00%

tatives performed jointly or individually by specific development institutions. During last two years, because of the situation in Ukraine and the related economic consequences (also for Polish business people), development institutions performed a number of activities going beyond the PFR Group's strategy as well.

1.2. Shareholding structure and share capital

As at the balance sheet date, PFR's shareholders comprised:

(i) State Treasury, which held:

1. Series A shares with numbers ranging from A 1 to A 300 000 with a total nominal value of PLN 300,000.00, paid up in full,
2. Series C shares with numbers ranging from C 1 to C 1 143 062 525 with a total nominal value of PLN 1,143,062,525.00, paid up in full,
3. Series D shares with numbers ranging from D 1 to D 1 294 964 028 with a total nominal value of PLN 1,294,964,028.00, paid up in full,
4. Series E shares with numbers ranging from E 1 to E 2 499 926 000 with a total nominal value of PLN 2,499,926,000.00, paid up in full,
5. Series F shares with numbers ranging from F 1 to F 6 522 655 226 with a total nominal value of PLN 6,522,655,226.00, paid up in full,

(ii) Bank Gospodarstwa Krajowego, which held Series B shares with numbers ranging from B 1 to B 15 000 000 with a total nominal value of PLN 15,000,000.00, paid up in full, (table 1).

As of the date of drawing up this report, the above structure has not changed.

Special rights of the State Treasury

Each Series A share is preferred in that it enjoys two votes per one share. All the registered Series A shares have been subscribed for by the State Treasury.

Restrictions in exercising the voting right at the shareholder meeting

The voting right of shareholders has been restricted in that at the Shareholder Meeting no such shareholder may exercise more than 10% of the total number of votes existing in PFR as on the date of the shareholder meeting, provided that the restriction does not apply in the event of the shareholder holding rights under all Series A shares.

As at the balance sheet date, the share capital of PFR was PLN 11,475,907,779.00, and was divided into:

- 300,000 preferred registered shares of the nominal value of PLN 1 each, namely Series A shares numbered from A 1 to A 300,000,

- 15,000,000 ordinary registered shares of the nominal value of PLN 1 each, namely Series B shares numbered from B 1 to B 15 000 000,
- 1,143,062,525 ordinary registered shares of the nominal value of PLN 1 each, namely Series C shares numbered from C 1 to C 1 143 062 525,
- 1,294,964,028 ordinary registered shares with the nominal value of PLN 1 each, namely Series D shares numbered from D 1 to D 1 294 964 028,
- 2,499,926,000 ordinary registered shares of the nominal value of PLN 1 each, namely Series E shares numbered from E 1 to E 2 499 926 000.
- 6,522,655,226 ordinary registered shares of the nominal value of PLN 1 each, namely Series F shares numbered from F 1 to F 2 499 926 000.

Series A Shares were taken up and paid for by the State Treasury before PFR was registered.

Series B Shares were taken up and paid for with a cash contribution by Bank Gospodarstwa Krajowego.

Series C Shares were taken up and covered by a non-cash contribution by the State Treasury.

Series D Shares were taken up and paid for with a cash contribution by the State Treasury.

Series E Shares were taken up and covered by a non-cash contribution by the State Treasury.

Series F Shares were taken up and covered by a non-cash contribution by the State Treasury.

As at the date of drawing up this report, the share capital of PFR is PLN 11,475,907,779.00 and has been paid in full.

1.3. PFR on the capital market

The Act on the Development Institutions System makes it possible to raise PFR's share capital by contribution of treasury securities. Furthermore, PFR can extend sureties or guarantees on behalf of the State Treasury for the repayment of liabilities under loans incurred or bonds issued by PFR. In addition, pursuant to the Act on the Development Institutions System, PFR may issue bonds on the domestic market and on foreign markets to obtain funds to finance the execution of the programs. PFR's liabilities by virtue thereof are backed by a State Treasury guarantee. The latter solution was crucial to obtain funds to implement the programs that have proved to be decisive in buffering Polish businesses from the consequences of freezing the economy resulting from the COVID-19 pandemic.

In connection with the fact that PFR has been contractually commissioned to implement the Financial Shield programs, the Com-

**Table 2.** Basic parameters of PFR bonds listed on the Catalyst ATS market at yearend 2023

Bond series and ISIN code	Basic information		
	Issue size	Type and annual interest rate	Maturity date
PFR0324 (ISIN: PLPFR0000019)	PLN 16,325 million	fixed 1.375%	29 March 2024
PFR0325 (ISIN: PLPFR0000027)	PLN 18,500 million	fixed 1.625%	31 March 2025
PFR0925 (ISIN: PLPFR0000035)	PLN 15,175 million	fixed 1.625%	22 September 2025
PFR0627 (ISIN: PLPFR0000043)	PLN 10,000 million	fixed 1.750%	7 June 2027
PFR092027 (ISIN: PLPFR0000084)	PLN 900 million	fixed 1.375%	30 September 2027
PFR0330 (ISIN: PLPFR0000050)	PLN 3,250 million	fixed 2%	5 March 2030
PFR0827 (ISIN: PLPFR0000092)	PLN 5,250 million	fixed 1.375%	30 August 2027
PFR0927 (ISIN: PLPFR0000076)	PLN 2,000 million	fixed 1.5%	30 September 2027

pany was able to carry out a bond issue program with a total value of up to PLN 100 billion.

The proceeds from the issue in 2020-2021 were used to finance the programs and accordingly to support companies affected by the COVID-19 pandemic

This support helped businesses maintain liquidity and financial stability, as well as keep jobs in the period of severe economic disruption caused by COVID-19 pandemic. Entrusting to PFR the leading role in combating the negative effects of COVID-19 on the Polish economy has been combined with the introduction of legislative solutions enabling full involvement of the Company in anti-crisis activities.

The PFR bond issue program is based on Article 21aa(1) of the Act on the Development Institutions System in conjunction with Article 39p-39w of the Act of 27 October 1994 on Toll Motorways and the National Road Fund. Bonds were issued in series, whereby all the bonds issued by PFR are, by the force of the Act, covered by a State Treasury guarantee.

As at 31 December 2023, the Company recognized liability on account of the issue of bonds in the previous years for the total nominal amount of PLN 73.9 billion.

On 28 May 2020, the first bonds issued by PFR debuted on the Catalyst ATS public bond trading market. As at the end of 2023, eight series of PFR bonds were listed on the Catalyst ATS market: PFR0324, PFR0325, PFR0925, PFR0627, PFR092027, PFR0330, PFR0827 and PFR0927 (table 2).

A detailed description of the bonds issued to date is given in item "Financing of aid programs" of this report.

PFR settles all the liabilities following from the issued bonds on an ongoing basis. In 2023, the liabilities referred only to payment of interest on the bonds. The first redemption of the bonds took place on 29 March 2024. It concerned bonds PFR0324 with the nominal value of PLN 16,325 million.

In 2022, the project of the National Recovery and Resilience Plan (KPO) was launched. PFR participated in it actively by pre-financing payments from the KPO. Until funds from the European Union were received, PFR transferred some funds coming from refunds of subsidies for the performance of projects in accordance with the Approved KPO Financial Plan. After receipt of the EU funds, since 2024, PFR limited payments from the program only to the part connected with covering expenses for VAT.

PFR's investor relations activities focus primarily on maintaining transparent and regular communication with the capital market, investors and rating agencies, as well as fulfilling its disclosure obligations under applicable laws. The company's website provides current and periodic reports, information on PFR's bond prices, credit ratings and financial performance.

The total amount of disbursements made under the KPO, reduced by the refunds of funds made by recipients of the support, was PLN 5,065,107,181 at the end of December 2023.

2. INFORMATION ON THE SUBSIDIARIES

PFR TFI

2.1. PFR TFI

PFR TFI sets up investment funds and manages them. Its activities focus on four areas:

- management of closed-end investment funds, which invest in the development of the Polish economy and Polish companies,
- management of investments listed in regulated markets, included in closed-end fund portfolios, and management of closed-end fund liquidity,
- foreign capital expansion of Polish companies,
- management of a specialized open-end investment fund within the framework of Employee Capital Plans (ECPs).

PFR TFI is a team of highly qualified professionals with many years' worth of experience in the management of closed-end and open-end funds as well as saving and investment products. PFR TFI operates pursuant to a permit issued by the Polish Financial Supervision Authority (KNF), which supervises the Management Company as well as the set up and managed funds.

At the end of 2023, the Management Company managed 14 investment funds with a net asset value of over PLN 15.3 billion.

- Fundusz Ekspansji Zagranicznej FIZ AN (FEZ FIZ AN) (Foreign Expansion Fund),
- Fundusz Ekspansji Zagranicznej 2 FIZ AN (FEZ 2 FIZ AN) (Foreign Expansion Fund 2),
- Fundusz Sektora Mieszkań dla Rozwoju FIZ AN (FSMdR FIZ AN) (Housing Sector Development Fund),

Entities managing investment funds

PFR TFI

FEZ FIZ AN

FEZ 2 FIZ AN

PFR NFOŚiGW

PFR PPK SFIO

PFR

PFR FI FIZ AN

PFR FIS FIZ AN

PFR Ventures

PFR BIZNEST FIZ

PFR Fundusz Funduszy FIZ

PFR KOFFI FIZ

PFR Otwarte Innowacje FIZ

PFR NCBR CVC FIZ AN

PFR Starter FIZ

PFR Nieruchomości

FSMdR FIZ AN

FSMnW FIZ AN

- Fundusz Sektora Mieszkań na Wynajem FIZ AN (FSMnW FIZ AN) (Rental Housing Fund),
- PFR BIZNEST FIZ,
- PFR Fundusz Funduszy FIZ (Fund of Funds),
- PFR Fundusz Inwestycji Samorządowych FIZ AN (PFR FIS FIZ AN) (Local Government Investment Fund),
- PFR Fundusz Inwestycyjny FIZ AN (PFR FI FIZ AN) (Investment Fund),
- PFR KOFFI FIZ,
- PFR NFOŚiGW FIZ AN (National Fund for Environmental Protection and Water Management),
- PFR NCBR CVC FIZ AN (National Center for Research and Development),
- PFR Otwarte Innowacje FIZ (Open Innovations),
- PFR Starter FIZ,
- PFR PPK Specjalistyczny Fundusz Inwestycyjny Otwarty (PFR PPK SFIO) (PFR ECP Specialized Open-End Investment Fund) with sep-

arated sub-funds: PFR PPK 2025, PFR PPK 2030, PFR PPK 2035, PFR PPK 2040, PFR PPK 2045, PFR PPK 2050, PFR PPK 2055, PFR PPK 2060, PFR PPK 2065.

The Management Company directly managed the following funds as a whole: FEZ FIZ AN, FEZ 2 FIZ AN, PFR NFOŚiGW FIZ AN and PFR PPK SFIO. In the case of other closed-end investment funds, PFR TFI on its own manages their liquidity and the public assets part of their portfolio, while the management of the rest of their investment portfolio has been entrusted to other PFR Corporate Group companies:

- Polski Fundusz Rozwoju S.A. – PFR FI FIZ AN, PFR FIS FIZ AN,
- PFR Ventures – PFR BIZNEST FIZ, PFR Fundusz Funduszy FIZ (Fund of Funds), PFR KOFFI FIZ, PFR Otwarte Innowacje FIZ (Open Innovations), PFR NCBR CVC FIZ AN, PFR Starter FIZ,

- PFR Nieruchomości S.A. – FSMdR FIZ AN (Housing Sector Development Fund), FSMnW FIZ AN (Rental Housing Fund).

Pursuant to the Act on Investment Funds and Management of Alternative Investment Funds, PFR TFI is liable for actions of the entities providing fund management and is obligated to exercise oversight of their operations. The rules and procedures of management companies in the management of investment funds are determined by the investment strategies adopted for each fund. The Management Company fulfills these duties by the way of, among others, meetings of investment committees, in which it verifies and provides opinions on investment applications made by the managers; it has the right of effective veto. In 2023, 610 investment committees meetings took place, including 523 for externally managed funds and 87 for directly managed funds and investments. Operation of the entities outsourced for fund management is also verified and assessed by PFR TFI's internal control system units. All the funds are covered by the risk management system described in the "PFR TFI Risk Management Policy".

As an active participant of the financial market and a member of the Chamber of Fund and Asset Managers (IZFiA), PFR TFI engages into development of the investment fund sector in Poland and self-regulation initiatives for the sector. The Management Company was among the initiators of the implementation of the Best Reporting Practices. The primary objective of this project is to improve access of retail investors to investment product information. Each of the five Best Reporting Practices (publication of portfolio composition, sales balance data, fees applicable to all units, presentation of fund portfolio structure and the rates of return for the fund's benchmark) addresses a different area and is designed to increase fund transparency. The sub-funds of PFR PPK SFIO meet the requirements of all the Best Reporting Practices.

Organizational structure

PFR TFI, in compliance with the law, ensures an adequate organizational structure, including allocation of key functions among the individual management board members and allocation of powers between the individual units. As at 31 December 2023, the Management Board of the Management Company consisted of:

- Ewa Małyszko, President of the Management Board,
- Tomasz Bartmiński, Management Board Member, Chief Risk Officer.
- Piotr Kuba, Management Board Member, Chief Investment Officer,
- Tomasz Orlik, Management Board Member, Chief Operations Officer.

Risk management

To comply with the Corporate Governance Principles for Supervised Institutions, PFR TFI adopted the Risk Management Strategy for 2021-2023, which defines the risk tolerance levels. At PFR TFI, risk management is conducted on an on-going basis, with participation of all the organizational units. The Risk Management and Quantitative Analysis Office is responsible for coordinating the activities. At PFR TFI, the risk management process proceeds in the following stages: identification, measurement, estimation, monitoring, and application of mechanisms to mitigate the identified, measured or estimated risk level. Furthermore, the Management Company manages risk at the level of each fund, in particular by defining the fund's risk profile, setting risk limits, as well as conducting in-depth analysis of market and legal conditions when making investment decisions for each individual fund. In 2023, PFR TFI included analysis of sustainability (ESG) risks in the risk management system, i.e. their potential negative impact on investment returns, for all new investments of the funds. The analysis is conducted on the basis

of data provided by issuers or fund managers using a proprietary universal tool, which makes it possible to fulfill the duties of a financial institution following from ESG regulations with regard to assessment of sustainable development in the investment process. For funds for which sustainable development risk is defined as material, PFR TFI carried out an analysis of the exposure of the portfolio to ESG factors in 2023.

Sustainable development

Since 2021, financial institutions are obligated to follow Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation, SFDR), which is designed to ensure greater transparency of the financial market participants. In the following year, two important ESG regulations came into force: Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021, amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers, and the Regulation of the Minister of Finance, amending the Regulation on the manner, procedure and conditions of operation of investment fund management companies. In 2023, PFR TFI maintained the previously declared "Strategy of integrating sustainability risks in the investment decision-making process at PFR TFI," according to which while conducting fundamental analysis for an investment, sustainable development risks are taken into consideration and classified similarly to other investment risks. The Management Company continued fulfillment of duties following from the above regulations. To analyze sustainable development risks in the performed investment processes, the PFR TFI team developed from scratch a proprietary analytical tool, which was expanded in 2023 and adjusted to the special nature of the funds and the risks and special features of various investment groups.

In 2023, Regulatory Technical Standards (RTS) came into force as a delegated act to the SFDR. Pursuant to Article 4(1), obligated entities may decide whether to consider principal adverse impacts of investment decisions on sustainability factors (Principal Adverse Impacts, PAIs) or not. PFR TFI decided not to consider PAIs. This follows from the market practice – at present, most financial institutions acts in a similar way primarily because of the lack of access to data making it possible to fulfill the duties specified in the RTS. The Management Company plans to consider PAIs in the future provided that it is able to obtain necessary data. PFR TFI is monitoring the situation with regard to the accessibility of the data and development of legal regulations.

One of key initiatives in the ESG area in 2023 was the preparation of the "Agreement on the sustainable development and ESG areas" within the PFR Corporate Group. PFR TFI took an active part in the preparation of the document, which made it possible to define the framework of cooperation in the ESG area among the Group's companies and work out a common approach to understanding definitions and concepts. The agreement was prepared based on the Accounting Act, the Non-Financial Reporting Directive (NFRD) and Corporate Sustainability Reporting Directive (CSRD), which has been applicable to PFR since January 2024, replacing the NFRD which had been in force till then as well as other sustainability regulations. The agreement also takes into account legal conditions specific for each company.

ESG regulations deal with new areas, in which market practices still continue to evolve. The Management Company's experts participated actively in meetings of the IZFiA working group. The aim of the team is, among other things, to exchange knowledge and best prac-



tices in the field of sustainable finance, as well as to monitor planned legislative changes in non-financial data reporting at European level and to disseminate information about these changes to the market participants. Furthermore, PFR TFI took part in public consultation about the application of the SFDR regulations introduced by the European Commission and surveys carried out by market institutions and academic centers aimed to identify challenges faced by financial institutions in connection with the performance of duties following ESG regulations.

PFR Ventures

2.2. PFR Ventures

PFR Ventures manages the funds of funds dedicated to venture capital (VC) and private equity (PE). It is the largest entity of this type in Central and Eastern Europe. The funds are used to increase the financing of innovations in the sector of small and medium enterprises (start-ups), as well as provide capital to mature companies. Investments are carried out by teams managing VC and PE funds. The funds held by PFR Ventures come from the European Funds for a Modern Economy 2021-2027, the Smart Development Operational Program 2014-2020, the Innovative Economy Operational Program 2007-2013, the Swiss-Polish Cooperation Program, the Ministry of Economy and the Polish Development Fund. In total, PFR Ventures manages assets of over PLN 5 billion. As at the end of 2023, PFR Ventures had 76 VC and PE funds in its portfolio. Most of them remain active and continue to seek new investment targets. So far, they have supported over 800 companies. The remaining funds are at the exit stage. The average cash-on-cash ratio (total cash earned on the total cash invested) for exits from 142 out of 212 companies in the PFR KFK portfolio is 1.6x. The ratio for top ten exits ranges from 6.9x to 27x. PFR Ventures manages eight investment programs.

Each one of them activates a different market segment: co-investments, business angels or fund creation for corporations (Corporate Venture Capital). The PFR Green Hub FoF program has been in operation since 2021, with the aim of stimulating energy transition investments in Poland and providing financing to the so-called positive impact businesses. The first four contracts under this program were signed at the end of 2022. In 2023, the Alternative Investment Companies (ASI) managed by PFR Ventures, in agreement with the Polish Prime Minister's Office (KPRM) and the Ministry of Defense (MON), invested in the NATO Innovation Fund. The only ASI's investor is PFR. The portfolios of funds supported by PFR Ventures contain companies such as: Audioteka, Booksy, Brand24, Frisco.pl, Infermedica, iTaxi and Oshee. PFR Ventures funds financed the development of 6 out of 10 largest start-ups in Poland.

As at 31 December 2023, the members of the PFR Ventures Management Board are:

- Maciej Ćwikiewicz – President of the Management Board,
- Aleksander Mokrzycki – Vice-President of the Management Board.

New ASI

In 2023, an important change occurred in the activity of PFR Ventures. Until then, the company was a manager on behalf of PFR TFI, whereas all the programs operated as closed-end investment funds. It is in those that EU funds (PO IR) and PFR funds were invested. In 2023, the Polish Financial Supervision Authority allowed PFR Ventures to perform the activity of an Alternative Investment Company Manager (ZASI). As at 31 December 2023, PFR Ventures managed two Alternative Investment Companies and by the report publication date, the number grew to eight.

A detailed list of programs, funds and sources of their financing can be found in [Table 3](#).

PFR Ventures Funds

EARLY STAGE

 PFR Starter
PFR Ventures

BUSINESS ANGEL

 PFR Biznest
PFR Ventures

GROWTH & EXPANSION

 PFR OI
PFR Ventures

EARLY STAGE

 PFR KOFFI
PFR Ventures

CORPORATE VENTURE CAPITAL

 PFR NCBR CVC
PFR Ventures

IMPACT & CLEAN TECH

 PFR Green Hub
PFR Ventures

PRIVATE EQUITY

 PFR PE
PFR Ventures

VC HUB

 PFR VC Hub
PFR Ventures

NATO INNOVATION FUND



**Table 3.** List of ASI funds managed by PFR Ventures

Name of the program	Name of the fund	ID number of the fund	Source of financing
PFR Starter	PFR Starter FIZ	RFI 1437	Smart Growth Operational Program
	PFR Ventures Starter 2.0 ASI SKA	PLASI000510	European Funds for a Modern Economy
PFR Biznest	PFR Biznest FIZ	RFI 1451	Smart Growth Operational Program
	PFR Ventures Biznest 2.0 ASI SKA	PLASI000507	European Funds for a Modern Economy
PFR Otwarte Innowacje (Open Innovations)	PFR Otwarte Innowacje FIZ (Open Innovations)	RFI 1449	Smart Growth Operational Program
	PFR Ventures Otwarte Innowacje 2.0 ASI SKA	PLASI000511	European Funds for a Modern Economy
PFR KOFFI	PFR KOFFI FIZ	RFI 1452	Smart Growth Operational Program
	PFR Ventures Koffi 2.0 ASI SKA	PLASI000509	European Funds for a Modern Economy
PFR NCBR CVC	PFR NCBR CVC FIZ AN	RFI 1502	Smart Growth Operational Program (including funds from the National Center for Research and Development under same EU perspective)
PFR CVC	PFR Ventures CVC 2.0 ASI SKA	PLASI000510	European Funds for a Modern Economy
PFR PE			
PFR Green Hub	PFR Fundusz Funduszy FIZ (Fund of Funds)	RFI 1597	Polski Fundusz Rozwoju (Polish Development Fund)
PFR VC Hub			
Innovation Fund	PFR Ventures Innovation Fund ASI SKA	PLASI000493	Polish Development Fund (in coordination with the Prime Minister's Office and the Ministry of Defense)
Direct investments	PFR Ventures Inwestycje Bezpośrednie (Direct Investments) ASI SKA	PLASI000486	Receivables within the ARP Venture portfolio which were contributed by PFR to the company as contribution-in-kind

PFR Nieruchomości

2.3. PFR Nieruchomości

PFR Nieruchomości is a Polish joint-stock company which is a member of the PFR Corporate Group: it is responsible for investments of the Rental Housing Fund, the Closed-End Investment Fund of Non-Public Assets and the Housing Sector Development Fund. The Company is the leader of the institutional rental market in Poland.

As at 31 December 2023, the Management Board of the company consisted of:

- Wojciech Caruk – President of the Management Board,
- Anna Błaszczuk-Jabłonowska – Management Board Member.

PFR Nieruchomości (formerly BGK Nieruchomości S.A.) was set up in 2013, and it became a member of the PFR Corporate Group in October 2017.

The Rental Housing Fund and the Housing Sector Development Fund hold over 8 thousand apartments, used or under construction, in over 46 locations all across Poland. The projects include both investments in the largest agglomerations: in Warsaw, Kraków, Wrocław, Gdańsk-Sopot-Gdynia (Tri-City) and Łódź, as well as in medium-sized cities, such as Toruń, Radom, Wałbrzych and Świdnik. In 2023, 422 apartments were put into use.

While managing investment portfolios, PFR Nieruchomości performs supervision activities with regard to the operation of the portfolio companies, including FSMdR (Housing Sector Development Fund) – PFR Mieszkania S.A.

PFR Mieszkania S.A. was established in 2020, and since 1 October 2022, it has conducted activity in the area of provision of operating services for portfolio companies of the Rental Housing Fund (FSMnW) and the Housing Sector Development Fund (FSMdR): coordination of land property management, coordination of marketing activities, property management and coordination and supervision of lease management, as well as warranty management and project monitor services and project phase consultant services.

PFR Portal PPK

2.4. PFR Portal PPK

PFR Portal PPK is a company responsible for collecting and reporting information on Employee Capital Plans pursuant to Article 77 of the Act of 4 October 2018 on Employee Capital Plans (consolidated version: Journal of Laws of 2023 Item 46, as amended) (the "ECP Act"). The primary objectives and tasks of PFR Portal PPK include: promotion of the private retirement savings program for employees working in Poland and operating a web portal dedicated to the Employee Capital Plan program. In order to achieve a market rate of return on the invested capital, the company intends to conduct additional business activities not provided for by the above act.

As at 31 December 2023, the company's Management Board consisted of:

- Robert Zapotoczny – President of the Management Board.

In 2023, for the first time since the beginning of the ECP operation, the so called automatic resubscription scheme was carried out, or the



International conference entitled “Society, Economy and Finance in the Face of Market Volatility and Demographics” organized by PFR Portal PPK in April 2024.

statutory requirement imposed on employers to re-enroll to the program those employees who have opted-out from saving in the ECP.

Information and educational activity

The mojeppk.pl online portal is the only official source of information about Employee Capital Plans. The website features various materials, such as: guides, publications on legal issues and HR and payroll regulations, answers to frequently asked questions, forms of documents, legislative acts as well as podcasts, videos, calculators of savings, taxes and management costs and offerings of financial institutions. Materials on ECPs are published not only in Polish, but also in: English, Ukrainian, Belarusian and Vietnamese. The portal also provides ECP participants with information about the value of their funds balance in the ECP account.

Logging into the MojePPK website, which allows for viewing a program participant account is possible with the use of a Trusted Profile. The website address is <https://rachunek.mojeppk.pl/>.

Training and information activities

PFR Portal PPK's educational and information activities involve organization of training for employers and employees on the rollout and operation of the ECP program. PFR Portal PPK's representatives also take part in conferences and other such events, during which they present participants with the terms and conditions, as well as the working principles of the ECPs.

Editorial and legal activities

PFR Portal PPK's key tasks also include the clarification of the Employee Capital Plans and publication of helpful guides addressed to employers and employees, in particular, in the ECP rollout process and its operation. PFR Portal PPK prepares opinions on the

application of provisions the ECP Act, in consultation with the relevant institutions, including the Office of the Polish Financial Supervision Authority and the Ministry of Economic Development and Technology.

Central Pension Information

On 7 July 2023, the Sejm of the Republic of Poland adopted the Central Pension Information Act (“CIE Act”), which came into force on 5 October 2023. Pursuant to Article 3(1) of the CIE Act, tasks of PFR Portal PPK include to ensure the operation of the CIE, including the construction, maintenance and development of the CIE system as well as taking information, education and promotional activities. In 2023, PFR Portal PPK performed preparatory and analytical work aiming to complete the tasks entrusted by the CIE Act.

In the last quarter of 2023, within the CIE project, PFR Portal PPK conducted preliminary market consultations aiming to do market research for developers of information solutions for the system.

PFR Operacje

2.5. PFR Operacje

PFR Operacje Sp. z o.o. was established in October 2020 to increase the maturity of IT and security areas within the PFR Corporate Group, to optimize procurement in these areas, and to increase the transparency of the accountability for maintaining and developing IT applications and systems.

Russia's attack on Ukraine changed the situation in the area of cybersecurity and business continuity. The number of cyberattacks and



other aggressive acts in the area significantly increased. Therefore in 2023, a particular emphasis was placed on building operational resilience by expanding business continuity and cybersecurity management programs. This took into account the risk appetite and tolerance for disruption in the delivery of products or services to internal and external stakeholders.

These initiatives ensure coordination of the management of risk assessments, risk monitoring and inspections in the following areas:

- security (digital and physical),

- information security and privacy,
- continuity of business processes,
- development of systems and applications,
- compliance,
- Reliability.

As at 31 December 2023, the company's Management Board consisted of:

- Radosław Hoc – Management Board Member.

Information on other subordinated entities



we know the cloud

Operator Chmury Krajowej

Operator Chmury Krajowej (National Cloud Operator) is a technology company established at the initiative of PKO Bank Polski S.A. and Polski Fundusz Rozwoju (Polish Development Fund) in 2018. Since then, it has become the most specialized provider of cloud computing services on the Polish market. It operates on a multicloud model and offers its own products and services through the National Cloud Platform, as well as solutions from its strategic partners - global public cloud providers: Google and Microsoft. This gives customers the freedom to choose between available cloud solution options. The team of the National Cloud Operator is composed of highly qualified specialists and cloud engineers, both men and women, who help companies and institutions to optimize IT processes and costs, cutting down

project execution time and increasing efficiency. OChK (the National Cloud Operator) provides IT architecture migration and transformation services. It advises on the selection of advanced data analytics, artificial intelligence, machine learning solutions that are optimal for a given industry and stage of development. It supports organizations in building their individual path to the cloud and the process of knowledge transfer necessary for effective use of cloud solutions.

As at 31 December 2023, the company's Management Board consisted of the following persons:

- Michał Potoczek – President of the Management Board,
- Marcin Dzienniak – Vice President of the Management Board,
- Paweł Ławecki – Vice President of the Management Board,
- Krystian Najbert – Vice President of the Management Board.



Corporate governance

[2-9] [2-10] [2-11] [2-12] [2-13]

1. CORPORATE GOVERNANCE PRINCIPLES

PFR is a commercial law company with 99.87% of its shares held by the State Treasury. It attaches great importance to transparency of its operations and decision-making processes, which are carried out in accordance with generally applicable laws and best market practices.

The rules of operation of the PFR are set out in corporate documents; adoption and observance of these documents ensures that the Company is managed properly and in accordance with applicable laws.

The Company carries out its business in accordance with its Articles of Association.

In order to ensure proper operation of the Company's governing bodies, bylaws were adopted defining the organization and the manner of performance of particular activities by those bodies, i.e. Regulations of the Management Board of Polski Fundusz Rozwoju S.A. and Regulations of the Supervisory Board of Polski Fundusz Rozwoju S.A. as well as Regulations of the Shareholder Meeting of Polski Fundusz Rozwoju S.A.

The entity keeping the register of the Company's shareholders is Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Oddział – Biuro Maklerskie w Warszawie with its registered office in Warsaw.

The Company has adopted numerous internal regulations governing employee conduct in accordance with the rules adopted and observed by the Company. Such regulations include in particular: the Conflict of Interest Prevention and Management Policy, the Gifts and Anti-Corruption Policy, the Best Practice for Social Media, the Policy to Counteract Undesirable Behavior or the PFR Corporate Group's Code of Conduct.

2. AUDIT FIRM AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

The Supervisory Board of PFR selected PKF Consult sp. z o.o. sp.k. in Warsaw to audit the Company's financial statements and the consolidated financial statements of the PFR Corporate Group for 2021 and 2022, with an option to extend the binding agreement for the next two financial years (2023 and 2024). In 2023, the PFR Supervisory Board decided to take the option. PKF Consult sp. z o.o. sp.k. also audits financial statements of other companies of the PFR Corporate Group.

3. SHAREHOLDER MEETING

The powers and the course of PFR's Shareholder Meetings are set out in detail by the PFR Articles of Association and the Standing Regulations of the Shareholder Meeting.

Resolutions may be adopted even if the Shareholder Meeting has not been convened formally if the entire share capital is represented and no person in attendance objects to holding the Shareholder Meeting or placing any specific matters on the agenda.

The Shareholder Meeting is valid if at least 50% plus one share are represented, subject to the mandatory provisions of the law. All matters submitted to a Shareholder Meeting on the motion of the

Management Board should first be presented to the Supervisory Board for opinion.

Resolutions of the Shareholder Meeting must be adopted with a qualified majority of 2/3 (two thirds) of votes cast, unless the law or the articles of association provide for a more strict requirements for adopting a resolution.

A Shareholder Meeting resolution is required in matters specifically identified by the provisions of law, in particular the Commercial Company Code or the Articles of Association. Powers of the Shareholder Meeting include, in addition to the matters specifically identified by the provisions of law, especially the Commercial Company Code:

1. reviewing and approving the activity report and the financial statements for the previous financial year,
2. adopting a resolution on distribution of profit or coverage of loss,
3. reviewing and approving Supervisory Board activity reports,
4. granting a discharge to members of the Supervisory Board and Management Board on the performance of their duties,
5. specifying the dividend record date and the dividend payment date;
6. selling or leasing an enterprise or an organized part thereof and establishing a limited right in rem thereon,
7. amending the Articles of Association,
8. increasing or decreasing the share capital,
9. issuing bonds, convertible bonds or bonds with a pre-emptive right to shares and issuing subscription warrants,
10. retiring shares and defining the terms and conditions of the retirement,
11. selecting an entity to keep the register of shareholders,
12. merger, demerger or liquidation,
13. forming and merging with a European company,
14. establishing and liquidating special-purpose funds,
15. appointing and dismissing Supervisory Board members,
16. adopting rules of compensation for Supervisory Board members,
17. adopting rules of compensation and setting compensation amounts for Management Board members, including the President of the Management Board,
18. giving consent to a disposal of non-current assets within the meaning of the Accounting Act, in the cases and on the terms set forth in the PFR Articles of Association,



19. giving consent to a purchase of non-current assets within the meaning of the Accounting Act, with the value exceeding: (a) PLN 100 million or (b) 5% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements,
20. giving consent to a subscription for or purchase of shares in another company with a value exceeding: (a) PLN 100 million, or (b) 10% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements,
21. giving consent to a disposal of shares in another company with a value exceeding: (a) PLN 100 million, or (b) 10% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements,
22. giving consent for the total net cost of remuneration of advisors to the Supervisory Board exceeding PLN 500 thousand for the financial year,
23. a purchase and sale of real properties, perpetual usufruct rights or interests in real properties do not require a resolution of the Shareholder Meeting, subject to items 18-19 above.

Information on Shareholder Meetings held and the implementation of Shareholder Meeting resolutions and recommendations of the entity authorized to exercise the rights attaching to the shares held by the State Treasury

In 2023, seven PFR Shareholder Meetings were held. PFR implemented the resolutions adopted by the Shareholder Meeting in 2023.

4. SUPERVISORY BOARD

The PFR Supervisory Board operates on the basis of the PFR Articles of Association and detailed rules of procedure of the Supervisory Board – Regulations of the PFR Supervisory Board. They also define the procedure and scope of powers of the PFR Supervisory Board.

The Supervisory Board may consist of three to seven members appointed and dismissed for a joint term of office of five years by the Shareholder Meeting.

Supervisory Board Members exercise their rights and perform their duties in person. The Supervisory Board elects a Chairman, Deputy Chairman and a Secretary of the Supervisory Board from among its members in the event that the Shareholder Meeting of Shareholders does not do so in the resolution on appointment of a given Supervisory Board member. As long as the Supervisory Board consists of at least three members, the Supervisory Board is capable of taking all actions provided for by law and the Articles of Association.

There are two Committees functioning within the Supervisory Board; they consist of Supervisory Board members and perform permanent advisory and opinion-giving functions for the PFR Supervisory Board.

Audit Committee

The Audit Committee has been operating within the Supervisory Board since 16 September 2014 and performs tasks in the following areas of PFR's operations:

- financial reporting in the Company,
- annual financial planning and fulfillment of financial plans,
- audit of financial statements by a statutory auditor,
- internal control systems, risk management and internal audit systems,

- relations between PFR and its related parties within the meaning of the Accounting Act and the Commercial Company Code.

Strategy Committee

On 27 July 2017, the Supervisory Board appointed the Strategy Committee from among its members.

The tasks of the Strategy Committee include in particular issuing of opinions and making recommendations to the Supervisory Board in respect of strategic motions or applications made to the Supervisory Board and requiring its approval or opinion. Furthermore, the Strategy Committee monitors the implementation of the Company's strategy, strategic multi-year plans and the Company's operational plans, as well as its investment activities which are relevant from the viewpoint of the Committee's tasks connected with the implementation of the Company's strategy. It also performs other tasks as directed by the Supervisory Board.

The Committee is also empowered in particular to: (i) examine any other aspect of the Company's activities which are relevant for the Strategy Committee's tasks in respect of the Company's Strategy, including plans, projects, scenarios and agreements of strategic nature, (ii) request the Company's Management Board to provide all and any information, reports and explanations required for the Committee to execute its tasks and make motions to the Supervisory Board to order expert studies or opinions for the use of the Strategy Committee, in order to ensure proper performance of its functions.

Because of personal changes in its composition, on 23 March 2023, the Supervisory Board made changes to the composition of the Audit Committee and the Strategy Committee.

As at 1 January 2023, the Supervisory Board was composed of:

- Magdalena Piłat – Supervisory Board Chairwoman,
- Grzegorz Pazura – Supervisory Board Deputy Chairman,
- Kamila Majcher-Zalewska – Supervisory Board Secretary,
- Tomasz Dudek – Supervisory Board Member,
- Anna Miazek – Supervisory Board Member,
- Piotr Szwarc – Supervisory Board Member.

During the financial year, the composition of the Supervisory Board changed as follows:

1. pursuant to Resolution No. 2 on changes to the Supervisory Board's composition, adopted by the PFR Extraordinary Shareholder Meeting, on 10 February 2023, Anna Miazek was dismissed from the Supervisory Board;
2. pursuant to Resolution No. 3 on changes to the Supervisory Board's composition, adopted by the PFR Extraordinary Shareholder Meeting, on 10 February 2023, Anna Pietrzak was appointed to the Supervisory Board;
3. pursuant to Resolution No. 2 on changes to the Supervisory Board's composition, adopted by the PFR Extraordinary Shareholder Meeting, on 9 March 2023, Artur Harc was appointed to the Supervisory Board.

As at 31 December 2023, the members of the Supervisory Board were:

- Magdalena Piłat – Supervisory Board Chairwoman,
- Grzegorz Pazura – Supervisory Board Deputy Chairman,
- Kamila Majcher-Zalewska – Supervisory Board Secretary,
- Tomasz Dudek – Supervisory Board Member,
- Artur Harc – Supervisory Board Member,
- Anna Pietrzak – Supervisory Board Member,
- Piotr Szwarc – Supervisory Board Member.

5. REPORT ON THE ACTIVITY OF THE MANAGEMENT BOARD AS A CORPORATE BODY

According to the PFR Articles of Association as worded on 31 December 2023, the PFR Management Board may consist of one to five members. The Management Board may consist of: the President of the Management Board and other Management Board members as Vice-Presidents of the Management Board elected for a joint term of office; the Management Board should at all times have a President of the Management Board. After the balance sheet date, the PFR Articles of Association were amended as indicated above. According to the present wording of the PFR Articles of Association, the PFR Management Board may consist of one to five members appointed for a joint term of office. The Management Board may consist of the President of the Management Board and other Management Board members, one or some of whom may act as the Vice President(s) of the Management Board.

Appointment to a Management Board member is made after the Supervisory Board has conducted a recruitment procedure to verify and assess the qualifications of the candidates and to select the best candidate. During the procedure, the Supervisory Board makes sure, that the candidates to the Management Board in particular satisfy the conditions set forth in the Act of 16 December 2016 on the Rules for Managing State Property (consolidated text: Journal of Laws of 2024, Item 125, as amended) (“**RMSP Act**”), which have been incorporated in the PFR Articles of Association.

The Management Board’s term of office is five years.

As at 1 January 2023, the composition of the Management Board of the second term of office was as follows:

- Paweł Borys – President of the Management Board appointed by the Supervisory Board effective as of 1 May 2016 (appointed for the second term of office as of 30 June 2018),
- Bartłomiej Pawlak – Vice-President of the Management Board appointed by the Supervisory Board effective as of 16 October 2017 (appointed for the second term of office as of 30 June 2018),
- Tomasz Fill – Vice-President of the Management Board appointed by the Supervisory Board effective as of 30 June 2018,
- Bartosz Marczuk – Vice-President of the Management Board appointed by the Supervisory Board effective as of 19 November 2018.

The composition of the Management Board did not change during the financial year. On 31 December 2023, the second term of office of the PFR Management Board ended, while the mandates of the Management Board Members of the second term of office will expire on the date of approving the financial statements for 2023 at the latest.

On 4 December 2023, the PFR Supervisory Board announced qualification procedure for the position of the President of the Management Board of PFR for the third term of office. The procedure ended on 29 December 2023 unresolved.

Internal allocation of duties and functions discharged by Management Board Members

The PFR Management Board operates on the basis of the PFR Articles of Association and the Regulations of the Management Board of PFR.

The Management Board runs PFR’s affairs and represents PFR before third parties. The Management Board is authorized to run all of PFR’s affairs not restricted for the powers of the Shareholder Meeting or the Supervisory Board.

The Management Board is obliged to prepare annual activity plans, annual financial plans and PFR’s long-term development strategy.

The Management Board is also required to submit quarterly reports to the Supervisory Board containing, in particular, information on:

1. resolutions adopted by the Management Board and their subject matter,
2. the situation of the Company, including its assets, as well as important circumstances affecting the Company’s affairs, particularly in the areas of operations, investments and personnel,
3. progress in the implementation of the directions set for the development of the Company’s activities, with the indication of any deviations from the previously set directions, providing at the same time justification for the deviations,
4. transactions and other events or circumstances that have or may have material effect on the Company’s financial position, including its profitability and liquidity,
5. changes in the information previously provided to the Supervisory Board, if such changes materially affect or may affect the Company’s situation.

The reports referred to above may be submitted by the Management Board to the Supervisory Board more frequently than once per quarter.

Fulfillment of the obligations referred to in items 2-5 above also includes information held by the Management Board regarding subsidiaries and related companies.

The Management Board is also obliged to prepare and submit to the Shareholder Meeting, along with the Management Board Report on the Company’s activity for the previous financial year, the following documents with opinions issued by the Supervisory Board: an annual report on representation expenses, expenses on legal services, marketing services, public relations and social communication services and management services as well as reports on the application of the best practices referred to in Article 7(3)(2) of the Act on the Rules for Managing State Property.



As of 1 January 2023, the Company had in place the allocation of powers among its Management Board members, which was approved by the PFR Supervisory Board on 4 August 2022. During the financial year 2023, this allocation changed as a result of amendments to the Regulations of the PFR Management Board, which were approved by the PFR Supervisory Board on 23 March 2023.

Management Board meetings held and resolutions adopted

In the financial year 2023, the PFR Management Board held 54 meetings, during which it adopted 790 resolutions, including 47 by circulation, using means of direct remote communication. The Management Board meetings were recorded in the form of minutes, which are kept at the PFR head office.

Supervisory Board Meetings

In the financial year 2023, the PFR Supervisory Board held ten meetings, during which it adopted 86 resolutions, including 33 resolutions using means of direct remote communication. The Supervisory Board meetings were recorded in the form of minutes, which are kept at the PFR head office.

6. COMMERCIAL PROXY

In the financial year 2023, PFR had three commercial proxies. On 12 October 2021, joint proxy to act with a management board member was granted to Anna Wawrzyńczak-Palyniczak – legal counsel, Director of the Legal Department and to Mariusz Jaszczyk – Managing Director of the Finance Division. On 4 January 2023, joint proxy to act with a management board member was granted to Piotr Bogus – Managing Director of the Investment Division.

7. DESCRIPTION OF SIGNIFICANT PENDING LITIGATION

As at 31 December 2023, no court litigation was pending with the participation of PFR that might significantly affect the Compa-

ny's activity and generate a significant potential risk of a material adverse effect on PFR's financial situation, prospects, operating performance or ability to fulfill obligations.

At the same time, it should be noted that there are claims raised against PFR in respect of the execution of the government programs: "The Polish Development Fund's financial shield for small and medium enterprises", "The Polish Development Fund's Financial Shield 2.0 for micro, small and medium enterprises" and "The Polish Development Fund's financial shield for large companies" ("**Programs**"), whereby as at 31 December 2023, the value of pecuniary claims pursued in court is approximately PLN 9.5 million. These claims have no individual impact on the Company's operations and financial position. This is due to the existence, among other things, of the rules-based mechanism by which the Treasury covers the costs incurred by PFR in implementing the programs.

8. MANAGEMENT BOARD REPORT ON THE APPLICATION OF BEST PRACTICES

Pursuant to Article 7 Section 3 Item 2 of the RMSP Act of 16 December 2016, the Prime Minister may define certain best practices, in particular in the area of corporate governance, corporate social responsibility and sponsorship activities, addressed to companies in which the State Treasury holds an equity stake. In accordance with the PFR Articles of Association, the Management Board is required to prepare and present to the PFR Shareholder Meeting a report on the application of such practices.

As at the date of this report, no such best practices have been defined by the Prime Minister.



Paweł Borys

President of the
PFR Management Board

He is a graduate of the Faculty of Finance and Banking of the Warsaw School of Economics, specializing in international financial markets.

He started his work in 2000 as chief economist at the Erste Bank Group in Poland. He dealt with macroeconomic forecasts for the Polish economy and analyses of financial markets.

Since 2001, he has been the head of the Analysis Department, a fund manager, and then the Director of the Investments Department for investment funds at the Deutsche Bank Group – Deutsche Asset Management and at DWS – the second largest asset management company in the world. He managed pension programs for leading Polish financial institutions such as the National Bank of Poland and the Warsaw Stock Exchange. He has twice been awarded for the best investment fund performance on the Polish market.

From August 2005 to April 2010, he co-founded a Polish company specializing in private equity and venture capital investments, and he was as Vice-President of the investment and advisory company AKJ Capital S.A. and President of the Management Board of AKJ Investment TFI. From May 2010 to April 2016, he was the Managing Director at PKO Bank Polski S.A., responsible for economic analysis, strategy and development of the group and investor relations. He participated in the drawing up and implementation of two development strategies

of PKO BP S.A., as a result of which he significantly strengthened its position as the leader of the banking market in Poland. He conducted, among others, a successful restructuring of Kredobank in Ukraine, implementation of the strategic alliance between the American payment company EVO Payments International and eService S.A., acquisition and integration of Nordea Bank Polska S.A., implementation of a new model of insurance sales in PKO BP S.A.

President of the PFR Management Board since May 2016. The President of the PFR Management Board implemented the reform of the system of Polish development institutions within the framework of the PFR Group and the program of Employee Capital Plans. He was responsible for the preparation and implementation of anti-crisis measures preventing the effects of the COVID-19 pandemic, including the PFR Financial Shield program.

Since 2016, he has been the Supervisory Board Chairman of Bank Gospodarstwa Krajowego. Since 2018, the Chairman of the Academic Board of the Polish Economic Institute.

He has extensive contacts with international investors and financial institutions and extensive corporate experience gained while working on 18 supervisory boards of companies in Poland and abroad, including three banks, an insurance company and TFI.

As at 31 December 2023, the scope of the President's activity included directing the activities of the Management Board and PFR's ongoing operations, including oversight over:

- operation of the strategy and organization area,
 - organization of management and work of the management board office,
 - performance of analyses,
 - execution of strategies,
 - human resources management,
 - legal support, excluding exercise of corporate governance over the companies in which PFR holds shares,
 - ensuring compliance,
 - risk management,
 - execution of innovation development programs,
 - security,
 - internal audit in the administrative area,
 - ensuring protection of personal data,
 - the implementation by PFR of the programs and tasks entrusted to the Company under the relevant agreements,
 - operation of the investment division,
 - operation of the investment area,
- and also:
- participation in PFR's investment processes in accordance with the PFR Strategy and the Procedure for making investment decisions,
 - origination of investment projects,
 - execution of infrastructural investments,
 - execution of equity and debt investments,
 - management of the investment portfolio,
 - oversight of legal support extended to investments.



Bartłomiej Pawlak
Vice President of the
PFR Management Board

He is a graduate of the University of Warsaw, Executive Studies in Finance at Ernst & Young Academy of Business and Warsaw School of Economics, Advanced Management Program at IESE Business School and Advanced Investment Program Stanford/QHA. Scholarship holder of the Herbert Hoover Institute and the Woodrow Wilson Center for Scholars.

Before accepting the function in PFR, he was a management board member at BGK Nieruchomości. The founder and president of BOŚ Eko Profit S.A., he has a long-term experience in managing financial and investment institutions. Previously, he also worked for the PKO BP S.A. Group, where he was responsible for restructuring and creating a new operational management model, and for PGNiG S.A., where he implemented a strategy in the area of trade consolidation and foreign upstream. He also initiated the process of building an LNG terminal.

He was also a manager in international consulting companies (Arthur Andersen and Ernst & Young), where he was responsible, among others, for services for Polish entrepreneurs.

As at 31 December 2023, the duties of the Vice-President of the Management Board in charge of the finance and development area included supervision over:

- operation of the finance and development area,
- execution of local government investments, including participation in the Company's investment processes in accordance with the Procedure for making investment decisions for local government investments,
- the Company's financial reporting, sustainability reporting and controlling,
- preparation and verification of performance of the Company's annual and long-term plans and financial forecasts,
- issues of financing the Company's activity and issues of financing programs and tasks entrusted to the Company for execution pursuant to relevant agreements, liquidity management and management of the Company's relations with entities securing its financial services and services relating to debt securities issued by the Company, supervision of pay-outs made by the Company under the development plan referred to in Article 5(7aa) of the Act of 5 December 2006 on the Principles of Development Policy (KPO), in accordance with the agreement signed with the minister in charge of regional development, as referred to in Article 14ln(5) of the Act on the Principles of Development Policy,
- development and approval, in consultation with the minister in charge of regional development and the minister in charge of public finance, of a financial plan for the account to handle the funds intended for the financing of the development plan referred to in Article 5(7)(aa) of the Act of 5 December 2006 on the Principles of Development Policy (KPO), in accordance with the agreement signed with the minister in charge of regional development, as referred to in Article 14ln(5) of the Act on the Principles of Development Policy,
- the sustainable development area (ESG) in the Company,
- coordination of the process of the PFR Corporate Group's participation in the energy transition process (PFR Green Hub).



Tomasz Fill
Vice President of the
PFR Management Board

A graduate of the Faculty of Journalism and Political Science of the University of Warsaw. He also completed postgraduate studies in insurance at the Academy of Finance in Warsaw and the Executive MBA program at the French Institute of Management.

He worked for the largest Polish companies, including those listed on the Warsaw Stock Exchange, in the financial, energy and telecommunications sectors. He managed communication, marketing and investor relations teams. He was also responsible for strategic communication of companies in foreign markets, including the Czech Republic, Lithuania and Germany. In 2016–2017, he worked for PFR, where he was responsible for the communication and marketing and coordination of cooperation between PFR Group entities. In April 2018 he was appointed to the PFR Management Board, effective as of 30 June 2018, and re-appointed to the second term of office on 30 June 2018.

As at 31 December 2023, the duties of the Vice-President of the Management Board in charge of the communication, marketing and technology area included supervision over:

- operation of the communication, marketing and technology area,
- external and internal communication and promotion of PFR's activity and programs or tasks entrusted to PFR under the relevant agreements, in particular over the execution of information and media campaigns pertaining to Employee Capital Plans and the PFR Financial Shield program,
- maintenance and development of ITC systems,
- performance of obligations resulting from the exercise of corporate governance over the companies in which PFR holds shares,
- coordination of procurement processes and ensuring administrative and technical conditions for the operation of PFR's organizational units.



Bartosz Marczuk
Vice President of the
PFR Management Board

He graduated in Sociology at the University of Warsaw, completed doctoral studies in economics at the Institute of Labor and Social Studies and postgraduate studies in international relations at the University of Warsaw and the National Defense University of Warsaw.

He started his professional career in one of the Open-End Pension Funds and subsequently he worked for the Pension Fund Supervisory Office. Then he became a specialist journalist in Gazeta Prawna newspaper dealing with social policy, where he also headed the Work section. In his career, he was also the head of the department in Dziennik Gazeta Prawna, as well as deputy editor-in-chief of Rzeczpospolita daily and Wprost weekly. He hosted the show "Economics Report" on TV channel Telewizja Republika.

In 2015, he was appointed to the position of Undersecretary of State in the Ministry of Family, Labor and Social Policy, where he was in charge of the areas of family policy and digitalization. He successfully deployed Program 500+, Good Start Program and other programs. He also co-authored the digitalization of the application process for family benefits. During his work at the Ministry, he served as a member of the Committee for European Affairs, the Housing Council (Apartment+ program) and the team for the development of the "Immigration Policy of the Republic of Poland".

As at 31 December 2023, the duties of the Vice-President of the Management Board in charge of the development programs area included supervision over:

- work on development programs, in particular related to the rollout of Employee Capital Plans,
- deployment of the record and settlement system for Employee Capital Plans,
- operation of the record and settlement system for Employee Capital Plans,
- launch of a training system and preparation of materials on: (i) the ECP system in cooperation with PFR Portal PPK, or (ii) selected development programs deployed within the framework of development programs and tasks entrusted to PFR under the relevant agreements,
- provision of support to the information campaign on the ECP system, run by the marketing and technology division and PFR Portal PPK,
- provision of support for the operation of the call center for the purposes of: (i) the ECP system, implemented by the marketing and technology division in cooperation with PFR Portal PPK, or (ii) selected development programs deployed within the framework of development programs and tasks entrusted to PFR under the relevant agreements,
- customer support and related activities,
- operational activities and execution of tasks of PFR Portal PPK,
- implementation of the Central Pension Information system,
- operational measures regarding aid programs for companies from the sector of small and medium enterprises: Financial Shield 1.0 and 2.0.
- performance of the PFR Tech Hub program, which aims to support the development of advanced technologies.



PFR Management Board



Risk management system

The primary purpose of the risk management process is to ensure that major risks associated with the Company's operations are identified, properly measured, reported and controlled. In the context of PFR's operations under the Commercial Company Code and the Act on the Development Institutions System as well as the Company's involvement in administering the Programs, PFR is exposed to the likelihood of materialization of the risk factors described below. While exercising due care in the risk management area, PFR deploys solutions, based on the principles of proportionality and adequacy, aimed at effectively reducing to a minimum the materialization of these risks in line with the market's current best practices. The Company's risk management process has been founded on three independent complementary lines of defense. The objective and rules of operation of the risk management system include the identification, assessment and monitoring of the risks occurring in PFR's activity to ensure the correctness of the process of setting and achieving specific goals of PFR's activity as well as the implementation of a model of three lines of defense based on independent levels:

- First line – all the PFR's organizational units responsible for operating in compliance with generally applicable laws in force and PFR's internal regulations, taking preventive measures if the completion of the defined tasks assigned to an organizational unit is threatened and identifying key risks in the organizational unit. The heads of these units report directly to Management Board Members in charge of the respective areas.
- Second line – dedicated organizational units ensuring supplementary expertise about each risk. These units submit quarterly summary reports to the Management Board. The second line of defense involves, among others, the Compliance Department, which presents quarterly summary reports on compliance risk monitoring to the Audit Committee operating independently at the Supervisory Board.
- Third line – internal audit, operating independently and objectively. The aim is to create value and streamline the Company's operating activity. This involves a regular and orderly assessment of adequacy and effectiveness of the internal control system and other elements of the governance system. The line helps the Company achieve objectives and provides assurance about the effectiveness of the processes, also by consultancy. The tasks are carried out in keeping with the audit plan approved by the Audit Committee. The outcomes of various audits are presented at Management Board meetings and are reviewed by the independent Audit Committee.

All three lines of defense in PFR's risk management system properly apply controls or independently monitor compliance with established policies.

1. CREDIT RISK

Credit risk means the risk of an unexpected non-performance, partial performance or delay in the performance of an obligation (including a financial obligation) by a counterparty. In this context, it is crucial to examine and evaluate the Company's counterparties and to monitor on an ongoing basis the payment of their liabilities, especially in terms of timeliness. It is also very important to apply appropriate contractual safeguards. In the event of non-compliance with the counterparty's contractual obligations, the Company may incur a financial loss. Credit risk arises both directly within PFR, where

it concerns investment agreements signed by the Company on its own behalf, and indirectly through investment certificates, representing the portfolio of investments made by the Company for and on behalf of the funds in which PFR acts as an investor. This risk arises chiefly from debt instruments. The purpose of risk management is to maintain a stable and balanced (in terms of quality and value) receivables portfolio following from loans granted and other investments in debt financial instruments. This risk may be mitigated by ensuring appropriate structuring of transactions.

2. LIQUIDITY RISK

Liquidity risk is construed as the inability to settle financial liabilities as they mature within the framework of PFR's business operations due to improper planning of financial flows or as the inability to raise capital for growth or for the continuation of activity. The Company monitors its cash flows on an ongoing basis, prepares liquidity forecasts and keeps sufficient cash to cover anticipated operating and current expenditures and to fulfill long-term investment commitments, by maintaining adequate funds on bank deposits with a time structure matching the liability structure, with certain flexibility buffers.

3. MARKET RISK

Market risk means that changes to such indicators such as foreign exchange rates, interest rates, liquidity of capital markets will impact the Company's results or the value of the financial instruments it holds and the possibility of exiting an investment. Market risk management aims to maintain and control the Company's degree of exposure to market risk within acceptable bounds, while simultaneously making efforts to optimize the rate of return on investments. The Company manages this risk both with regard to the investment agreements executed directly by the Company and with regard to the investment agreements entered into by the Company for and behalf of the funds in which PFR acts as an investor.

Currency risk

At present, the Company has no material exposure to currency risk. The investments, both those made directly by the Company and those made indirectly by the funds in which PFR acts as an investor are denominated in Polish zloty (PLN) and the planned future cash flows are also expected to be in PLN. For projects which generate certain cash flows in foreign currencies, the Company minimizes its currency risk by structuring the transactions in question appropriately and taking into consideration the currency risk in models on which its assessments of investment projects are based.

Interest rate risk

The Company's activity, both in the case of investments made directly by the Company and those made indirectly through the funds in which PFR acts as an investor, because the latter affect the value of the investment certificates held by the Company, is inextricably associated with long-term investments, some of which are naturally exposed to interest rate risk by defining a fixed rate of return on the investment. This risk may materialize by the failure to obtain an assumed risk premium compared to the risk-free rate. The Company seeks to mitigate this risk by taking it into account in the structure of transactions or in appropriate clauses that make it possible to renegotiate investment returns if certain circumstances occur. Interest rate risk may also materialize through an increase in interest expense resulting from the floating rate loan granted by PKO BP.



Supervisory Board

Functional oversight of the internal control system exercised by the Supervisory Board's Audit Committee

Management Board

Design and implement and ensure the operation of an internal control system

Managers of organizational units

1ST LINE OF DEFENSE

Functional control and reporting its findings

2ND LINE OF DEFENSE

Expertise. Risk control which requires expertise

Audit Cell

Assessment of the internal control system

This risk is partially offset by an adequate diversification of deposits and management of the timing of deposits. In addition, if there are signals that interest rates will be raised, deposits are opened for shorter periods.

4. COMPLIANCE RISK

Compliance risk is the risk of failure to abide by the provisions of law, internal regulations, market standards or accepted standards of conduct (including ethical principles) or codes of best market practices. In order to properly manage the compliance risks linked to the Company's activities, to adapt its operations with the standards existing on the market, PFR implemented a Compliance Management System, which consists of solutions aimed at reducing the likelihood of compliance risks materializing. The unit responsible for managing and monitoring compliance risks at PFR is the Compliance Department, which is responsible, among other things, for:

- compliance risk management (regulatory compliance) with regard to compliance with laws and regulations, as well as for reviewing and updating internal procedures,
- compliance risk monitoring or vertical and horizontal functional inspections of compliance risk using Compliance Matrices and ad-hoc inspections,
- other areas such as verification of customers and business partners in the procurement and investment process (KYC) and performance of the process of verification with sanction lists; conflict of interest management in the procurement and investment process, and management of confidential information in light of MAR regulations; the Code of Conduct, preventing corruption and reporting breaches (whistleblowing).

5. OPERATIONAL RISK

This risk is construed as the risk of a loss arising from inappropriate or unreliable internal processes, people or systems, or from external events that may disrupt PFR's proper operation. This category also includes information security, business continuity and the risk of fraud.

6. INVESTMENT RISK

Investment risk is construed as the risk of failure in achieving the expected rate of return on the Company's investments within the assumed timeframe or incurring a loss related to such investments. The PFR Corporate Group monitors its investments and defines the investment exit path. As part of the investment selection process, an assessment of the risks associated with the investment is carried out, as well as a financial due diligence of the investee. Value caps are imposed on operations related to the management of the investment portfolio in aggregate and with respect to individual investments. In order to exercise effective supervision, PFR seeks to appoint a fund representative to the corporate authorities of its portfolio companies.

7. POLITICAL RISK

This risk arises predominantly from unpredictable political changes or political instability in the respective country. It may involve, without limitation, a change of the national government or changes in other high-profile government positions, government decisions affecting the legal environment for the functioning of enterprises and the economy as a whole, e.g. changes in taxes or government expenditure. In order to minimize political risk, the Company continuously monitors the government's economic development plans, changes in the government's strategy and projected or proposed amendments to the applicable legal regulations from the perspective of their impact on PFR's business. The Company, if it is guaranteed such an opportunity, actively participates in public consultations

and submits comments to the government's legislative process, particularly with respect to changes that could potentially affect PFR's operations.

8. PROJECT RISK

Risk is understood as the probability of a situation that can affect, both positively and negatively, the quality, scope, cost, schedule of a project. A typical feature of this risk is the ability to estimate the probability of its occurrence and the strength of its impact on the project. If materialized, this risk can lead to additional costs, losses, delays, and consequently to the occurrence of an event that prevents the implementation of part or all of the project. A risk can also have a positive effect, for example by reducing the duration of an initiative. The Company's project management system is fully operational, supporting the execution of projects in line with the adopted Project Management Methodology. The PFR Corporate Group monitors the execution of projects, in particular by reviewing spending vis-à-vis the adopted budget and the timeliness of actions taken within each project. PFR Corporate Group has in place a Project Committee, which monitors interdisciplinary projects implemented in the companies comprising the PFR Corporate Group.

9. STRATEGIC RISK

Caused by improper decisions regarding the development strategy of the PFR Corporate Group, inadequate or incomplete implementation of the adopted strategy or the inaction or an inappropriate reaction to changes in the Company's environment. The PFR Corporate Group reviews its market and economic environment and regularly verifies the implementation of its plans while monitoring the validity of the adopted objectives and actions called for in the strategy.

10. REPUTATION RISK

This risk is construed as the risk of an unfavorable perception of PFR's image by customers, counterparties, investors, regulators, supervisory authorities and/or the public. This risk may be a derivative of any of the other types of risk. The Company, through the activities of its various organizational units and the adopted external communication strategy, pursues a number of initiatives aimed at minimizing the materialization of this risk. As a fundamental tool to prevent this type of risk, under the first line of defense in the company, all the managers of the organizational units are obligated to perform systematic functional control.

11. LEGAL RISK

In the context of the Company's business, legal risk is identified primarily as the risk of changes in generally applicable laws or case-law, or of the absence of pertinent regulations in areas affecting the Company's operations and activities. Such changes in regulations or the absence of regulations in significant business areas may exert an unfavorable impact on the Company's operations. They may also result in the Company's inability to realign its processes in an efficient and effective manner.

An additional category of legal risk that may affect PFR's business is the risk of unfavorable decisions by courts settling disputes between the PFR Corporate Group and other entities. In order to minimize such legal risk, the Company has implemented appropriate processes for issuing opinions on contracts, regulations, internal procedures and other documents. PFR's internal Legal Department provides appropriate legal assistance, and in cases where complex transactions or projects are involved, it collaborates with experienced external legal advisers. The Company also constantly monitors changes in legal regulations and evaluates their impact on PFR's business on an ongoing basis.

Compliance management system

The Compliance Management System ensures compliance with the law, market standards and ethical business principles. The Compliance Management System is designed to enhance the security and stability of the Company. The system is founded on the so-called PFR Compliance Pillars and managed by a specialized organization unit - the Compliance Department.

1. COMPLIANCE MANAGEMENT STRATEGY

In view of the nature of PFR's business, the applicable legal regulations and the latest market standards, in 2021 the Company implemented the Compliance Management Strategy performed by the Compliance Department. The organizational structure of the department supports effective management and control of compliance risks and is suitable to the size and complexity of PFR's operations. The Compliance Department's activity involves both regulatory compliance, responsible for reviewing changes in the legal environment and managing internal legislative processes, as well as monitoring of compliance risks using Compliance Matrices and controlling it through ongoing reviews and testing. In order to ensure an adequate level of independence, the Department Head reports directly to the President of the PFR Management Board.

2. COMPLIANCE RISK MANAGEMENT

The compliance risk management process at PFR is organized as three lines of defense:

- First line of defense – management and control of compliance risks that arise in PFR's operational activities; it is performed as a functional control by the heads of organizational units and employees who carry out the tasks that may give rise to compliance risks,
- Second line of defense – dedicated organizational units ensuring supplementary expertise and support, monitoring and control of the first line, in particular to ensure compliance with the law (through the implementation of the Internal Control System and the Compliance System), information security, personal data protection and risk management at the PFR level,
- Third line of defense – activity of the internal audit cell.

The compliance risk management process consists of identification, measurement, evaluation, mitigation, monitoring, control and reporting. PFR has controls in place for compliance risks, and compliance is independently monitored through ongoing verification and testing. Findings of functional control are subject to periodical reviews performed by the Compliance Department to assess the effectiveness of monitoring the implementation of internal regulations by the organizational units and operation in compliance with the laws, internal procedures, regulatory recommendations, codes of best practices and market standards. Furthermore, as part of the compliance risk management, the Department is also responsible for areas such as verification of customers and business partners in the procurement and investment process (KYC) and performance of the process of verification with sanction lists; conflict of interest management in the procurement and investment process, and management of confidential information in light of MAR regulations; the

Code of Conduct for the PFR Corporate Group, preventing corruption and reporting breaches (whistleblowing).

3. ANTICORRUPTION SHIELD

In view of the execution by the Company of government business financial support programs, i.e. the so-called PFR Financial Shield, the Company, at the request of the President of the Management Board, has been included in the so-called Anti-corruption Shield program, i.e. a set of operational and support activities pursued by authorized entities with a view to protecting Poland's economic interests. Due to the nature, scale and value of public funds involved in the rollout of all the Financial Shield Programs, in April 2020 Company applied to the Central Anticorruption Bureau ("CBA") for all its Programs to be covered by activities aimed at reducing the risk of irregularities or fraud. In response, the CBA agreed to take actions to support PFR in the execution of the Programs. The CBA's protection covers PFR employees directly involved in the execution activities, advisors supporting the Company, as well as the individual entities that have applied for and received support. In parallel, coordinators have been appointed for cooperation both on the side of the CBA and PFR (designated employees of the Compliance Department). Based on the legal grounds provided by the CBA for personal data collection and processing, PFR created a dedicated IT resource intended to provide the CBA with the specified information. It was launched on 24 April 2020, with access to this resource having been granted to designated CBA and PFR staff. In September 2020, an agreement was also signed between the CBA and PFR regarding the provision of information. The contractual terms were extended in March 2021, October 2023 and October 2021. In 2023, the exchange of information between the CBA and PFR continued. It pertained to settlements under the PFR Financial Shield, potential claims raised by businesses, as well as the handling of companies that received a subsidy but found themselves in a bankruptcy process.

As a result of a similar request, addressed to the Internal Security Agency ("ABW"), on 17 April 2020 PFR became covered by special oversight in terms of securing its ICT systems and providing counterintelligence protection. On 27 April 2020, an agreement was entered into on the inclusion of PFR into the ARAKIS early warning system, which resulted in the implementation of the ARAKIS system in PFR on 4 May 2020 and the commencement of operational cooperation with the ABW's Computer Security Incident Response Team in the area of handling security incidents. Moreover, on 28 July 2020, a request was made to the Internal Security Agency (ABW) to include PFR in the annual ICT systems security assessment plan in 2021, which resulted in the execution of an agreement on 17 February 2021 to perform a security assessment of PFR's ICT systems in 2021. From May to June 2021, the ABW conducted a security assessment of PFR's ICT systems in accordance with this agreement. In 2023, operational cooperation with the ABW in the detection and handling of cybersecurity incidents continued.

Management Board Report on the Activity of PFR S.A. and the PFR Corporate Group in 2023

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Financial result of the PFR Corporate Group

The net profit of the PFR Corporate Group for the period from 1 January to 31 December 2023 was PLN 333.3 million, which was PLN 104.2 million (or +45%) higher than last year (PLN 229.2 million). In 2023, PFR received a dividend from Bank Pekao S.A. in the amount of PLN 182.1 million (in 2022, PFR received PLN 144.5 million).

1. DISCUSSION OF SELECTED REVENUE AND COST ITEMS OF THE PFR CORPORATE GROUP

Revenue

In 2023, the PFR Corporate Group achieved sales revenue of PLN 421.0 million, PLN 16.7 million lower than PLN 437.6 million last year. The main sales revenue items in the Group, similarly to the previous year, included the fee for managing investment fund assets in the amount of PLN 224.7 million and the revenue for operating the PFR Financial Shield programs in the amount of PLN 166.1 million (*Table 1*). Decreasing

the amount of revenues resulted for the most part from a decline in the fee received for the performance of Financial Shield programs by PLN 33.9 million. The decrease in the fee from 0.2% to 0.15% of the Program's value follows from provisions of the agreement entered into by the Company with the Ministry of Economic Development.

Operating expenses

The expenses of the PFR Corporate Group in 2023 were PLN 5.3 million higher than last year. The highest growth in costs was recorded in the line item of other costs by nature (*Table 2*) with regard to marketing, as a result of the performance of a non-recurring campaign by PFR in 2023 to promote the ECP project in connection with the so called auto-subscription. Furthermore, in connection with phasing out the PFR Financial Shield program, which is currently at the stage of debt collection and service of reimbursements, the costs of third party services (financial, tax and legal services) decreased considerably.

Table 1. Revenue (PLN thousand)

PFR Corporate Group – Sales structure	1 January - 31 December 2023	1 January - 31 December 2022	2023-2022 (change)	2023-2022 (%)
Revenues from the execution of the Financial Shield government programs	166,071	200,000	-33,929	-17%
Management revenue	224,691	218,900	5,791	3%
Activities arising from the Employee Capital Plan Act	12,524	9,995	2,529	25%
Revenues from the performance of a public-private partnership agreement	0	703	-703	-100%
Revenues from the execution of the National Recovery Plan government program	5,713	2,327	3,386	146%
Other revenue	11,974	5,702	6,272	110%
Total	420,974	437,628	(16,654)	-4%

Table 2. Operating expenses (PLN thousand)

PFR Corporate Group – operating expenses	1 January - 31 December 2023	shares	1 January - 31 December 2022	shares	2023-2022 (change)	2023- 2022 (%)
Depreciation and amortization	11,351	4%	10,111	3%	1,240	12%
Consumption of materials and energy	2,595	1%	3,415	1%	-820	-24%
Third party services	60,306	20%	72,724	25%	-12,418	-17%
Taxes and charges	4,136	1%	4,319	1%	-183	-4%
Salaries	152,496	51%	151,313	52%	1,183	1%
Social insurance and other benefits	31,811	11%	31,261	11%	550	2%
Other costs by nature	33,085	11%	18,013	6%	15,073	84%
Value of goods and materials sold	751	0%	109	0%	642	590%
Total	296,531	100%	291,265	100%	5,266	2%

Statement of financial position of the PFR Corporate Group

As at 31 December 2023, the total balance sheet value of the PFR Corporate Group was PLN 92.6 billion, up 3.8 billion (or +4%) from PLN 88.9 billion last year. The increase in total assets in 2023 was driven mainly by the rise in non-current investments by the valuation of shares of Bank Pekao S.A. (PLN 2202.2 million), contributions to Investment Certificates and an increase in their value. The revaluation of the investment was presented in the revaluation reserve. Cash received as repayments of the subsidies from the Financial Shield program was earmarked for the performance of the National Recovery and Resilience Plan (KPO) program. The amount of payouts

under the KPO program was presented in the balance sheet, in the item of current receivables as settlement with the State Treasury. Because of the fact that the redemption of the first issue of bonds issued for the maintenance of the Financial Shield program happened in March 2024, the liability was presented in current liabilities in the amount of PLN 16.3 billion. Since an annex is being worked on to extend the repayment term of the loan granted by PKO Bank Polski, whose repayment is set for 30 May 2024, the loan was presented in current liabilities ([Table 3](#)).

Table 3. Balance sheet of the PFR Corporate Group (PLN thousand)

PFR Corporate Group – Balance sheet	2023	percentage (%)	2022	percentage (%)
ASSETS	92,632,861	100%	88,874,418	100%
Non-current assets	18,900,256	20%	14,913,174	17%
Intangible assets	10,134	0%	17,146	0%
Property, plant and equipment	9,061	0%	7,733	0%
Non-current receivables	4,282	0%	3,807	0%
Non-current investments	18,856,243	20%	14,630,829	16%
Non-current prepayments and accruals	20,537	0%	253,659	0%
Current assets	73,732,604	80%	73,961,244	83%
Inventory	40	0%	614	0%
Current receivables	51,219,898	55%	46,413,057	52%
Current investments	22,502,641	24%	27,541,041	31%
Current prepayments and accruals	10,025	0%	6,532	0%
EQUITY AND LIABILITIES	92,632,861	100%	88,874,418	100%
Equity	15,600,512	17%	12,323,230	14%
Liabilities and provisions for liabilities	77,032,349	83%	76,551,189	86%
Provisions for liabilities	601,984	1%	151,957	0%
Non-current liabilities	57,150,273	62%	74,941,311	84%
Current liabilities	19,194,696	21%	1,384,534	2%
Prepayments and accruals	85,396	0%	73,386	0%

Financial result of PFR

The net profit of the Company for the period from 1 January to 31 December 2023 was PLN 319.0 million, which was PLN 82.2 million (i.e. +35%) higher than last year (PLN 236.8 million).

1. DISCUSSION OF SELECTED REVENUE AND COST ITEMS OF THE OF THE COMPANY

Revenue

The Company achieved revenue of PLN 281.5 million (PLN 297.5 million in 2022), i.e. PLN 16.0 million (-5%) less than last year. The main revenue item in the Company in 2023 was the fee for the performance of the PFR Financial Shield government programs (as in previous years), which represented 59% of all the revenue. Pursuant to an agreement with the State Treasury, PFR charged, until April 2023, an annual fee for the handling of PFR Financial Shield Programs of 0.2% of the total value of the Programs (i.e. PLN 100 billion), which were PLN 200 million both in 2022 (Table 4). In 2023, it was PLN 166.1 million (0.15% of the total value of the Program from April 2023). The fee, pursuant to the agreement, will continue to decrease in the following years.

Another significant revenue category was revenue from managing part of the investment portfolios of closed-end investment funds.

In 2023, revenue on this account amounted to PLN 101.1 million, i.e. up by PLN 14.2 million (i.e. +16%) compared to the revenue achieved in 2022 (PLN 86.9 million).

Another item in revenue is the fee for handling the National Recovery and Resilience Plan (KPO) government program. For this, the Company recognized revenue of PLN 5.7 million in 2023 (PLN 2.3 million in 2022). The growth in revenue results from the provision of the service all year in 2023.

Operating expenses

In 2023, the Company's operating expenses amounted to PLN 166.6 million (PLN 145.7 million in 2022) and were higher than last year's expenses by PLN 20.9 million (i.e. +14%). The increase in costs of salaries and social security and other costs by nature was partly compensated by a decline in costs of third party services (Table 5). The higher costs of salaries with insurance and other benefits in 2023 resulted, inter alia, from the increased headcount in the Company. As at 31 December 2023, the headcount in PFR was 272 employees, compared to 263 persons at the end of 2022 (the headcount higher by 9 people). A considerable decrease in costs of third party services was connected mainly with the transition from the stage of providing aid to the stage of phasing out and debt collection for

Table 4. Revenue (PLN thousand)

PFR – Structure of revenues	1 January - 31 December 2023	1 January - 31 December 2022	2023-2022 (change)	2023-2022 (%)
Revenues from the execution of the Financial Shield government programs	166,071	200,000	-33,929	-17%
Management revenue	101,095	86,900	14,195	16%
Revenues from the execution of the National Recovery Plan government program	5,713	2,327	3,386	146%
Other revenue	8,659	8,266	393	5%
Total revenue	281,539	297,494	-15,955	-5%

Table 5. Structure of operating expenses (PLN thousand)

PFR – Structure of operating expenses	1 January - 31 December 2023	percentage (%)	1 January - 31 December 2022	percentage (%)	2023-2022 (change)	2023- 2022 (%)
Depreciation and amortization	6,844	4.1%	6,836	4.7%	8	0%
Consumption of materials and energy	1,033	0.6%	1,006	0.7%	27	3%
Third party services	46,242	27.8%	52,069	35.7%	(5,827)	-11%
Taxes and charges	705	0.4%	520	0.4%	184	35%
Salaries	68,647	41.2%	60,100	41.3%	8,547	14%
Social insurance and other benefits	13,972	8.4%	11,786	8.1%	2,186	19%
Other costs by nature	28,413	17.1%	13,249	9.1%	15,164	114%
Value of goods and materials sold	751	0.5%	109	0.1%	642	590%
Total operating expenses	166,607	100.0%	145,675	100.0%	20,931	14%



Programs within the PFR Financial Shield with regard to providing aid and paying out subsidies. It is for the same reason that in 2023, the Company incurred lower expenditures for legal consulting and legal representation than in 2022. On the other hand, costs of financial and tax consulting were phased out. In the coming years, the Company will monitor repayments of the granted subsidies and carried out debt collection activities in the event of untimely repayments. Until the process is completed, the Company will incur regular costs associated with handling Financial Shield programs, including IT costs. A considerable growth in other costs by nature is related to the campaign conducted in 2023 to promote ECP in connection with the first auto-subscription.

Material non-recurring revenue and cost items

In 2023, the Company received refund of tax on civil law transactions paid in the previous years on account of an increase to the share capital, in the amount of PLN 32.6 million. The refund was recognized as an increase in the Company's supplementary capital (the tax paid was historically presented as a decrease in supplementary capital).

In 2023, the Company also received refund of tax on civil law transactions paid in the previous years on account of an increase to the share capital, in the amount of PLN 12.5 million. The refund was rec-

ognized in the item of other financial income (the tax paid was historically presented as financial costs).

2. FULFILLMENT OF ECONOMIC AND FINANCIAL RESULTS IN 2023

The Company generated operating revenue (on core and other operations) in the amount of PLN 291.7 million. The financial plan for 2023 assumed operating revenue (on core operations and other operations) of PLN 266.2 million. Operating profit in 2023 was PLN 115.3 million and was PLN 40 million higher than planned (PLN 75.3 million). The Company's net profit for 2023 amounted to PLN 319.0 million and was PLN 180.6 million higher than the planned net profit of PLN 138.4 million. The net profit much higher than planned is connected with the achievement of a very good result on the Company's investments. A greatly higher result than in the Plan follows from two main factors: dividend paid higher than in the Plan by PLN 60.6 million (the Plan assumed payment of dividend by Bank Pekao S.A. at the level of 50% of the Bank's profit, while the actually paid dividend was 75% of the profit) and unrealized profit on redemption of Investment Certificates of FSMnW (Rental Housing Fund) (not assumed in the Plan) in the amount of PLN 70.5 million. In addition, the company achieved higher financial income than in the Plan (by PLN 31.3 million) as a combination of two factors: a higher balance of cash caused by delayed contributions to the Funds and interest rates higher than assumed.

PFR's statement of financial position

As at 31 December 2023, PFR's total balance sheet value was PLN 92,575.9 million, signifying an increase in the value of assets and equity and liabilities by PLN 3.7 billion compared to the end of 2022 (Table 6).

An increase in total assets in 2023 compared to last year resulted primarily from an increase in the value of non-current investments in connection with the valuation of shares in Bank Pekao S.A. and contributions to and a growth in the value of the Investment Certificates (up by PLN 2.9 billion, mainly on the following Funds: FSMdR (Housing Sector Development Fund), FSMnW (Rental Housing Fund) and PFR FI). The Company invested (as a sole shareholder) also in two alternative investment companies (ASI): PFR Ventures Sp. z o.o. Inwestycje Bezpośrednie ASI S.K.A. (ASI IB) and PFR Ventures sp. z o.o. Innovation Fund ASI S.K.A. (ASI IF). On 27 October 2023, ASI IF joined the NATO Innovation Fund, with its registered office in Luxembourg as a participant. In 2023, ASI IF made the first payment in the amount of EUR 4 million.

In 2020, the Company provided businesses registered in Poland with financial aid in the form of loans and subsidies. The program was launched in 2020 in order to counteract the effects of the COVID-19 pandemic and was continued in the following years. The Company continues to carry out debt collection activities, which will still take several years.

In connection with the fulfillment of conditions for redemption of up to 75% of the value of subsidies received by entrepreneurs in 2021, PFR redeemed a portion of subsidies in the amount of PLN 36.4 billion, presenting it in the balance sheet in outstanding receiv-

ables (at the end of 2023, the amount presented in the balance sheet was PLN 42.9 billion). Such a presentation of balance sheet data will be used until the full repayment of the remaining part of the subsidies.

The items classified by PFR as non-current investments include investments in Investment Certificates, subsidiaries and associates, shares in other companies (including shares in Bank Pekao S.A.) and bonds. The value of the stake held in Bank Pekao S.A. presented in the Company's balance sheet at the end-of-2023 prices was PLN 5108.3 million (in 2022 – PLN 2906.1 million), up PLN 2202.2 million from the previous year. The valuation of the shares was presented in the revaluation reserve.

In assets at the end of 2022, State Treasury bonds were presented acquired as capital injection in the Company in 2021. During 2023, the bonds were redeemed and the redemption proceeds in the amount of PLN 1.1 billion were used for contributions to Investment Certificates, subscription for the Investment Certificates and conducting the Company's investing activities.

The largest items of the Company's equity and liabilities were long-term liabilities and short-term liabilities arising from the issue of debt securities, which included bonds issued by PFR in order to raise funds for the execution of the Financial Shield program. As at the balance sheet date, the total value of these liabilities was PLN 74,549.2 million (it was PLN 74,509.3 million in 2022). All the bonds are fully guaranteed by the State Treasury. One issue PFR0324, with the nominal value of PLN 16.3 billion, was redeemed in March 2024, in accordance with the terms and conditions of the issue. Accordingly, as at the balance sheet date, it was presented in current liabilities.

**Table 6.** Balance sheet of PFR (PLN thousand)

Balance sheet	2023	percentage (%)	2022	percentage (%)
ASSETS	92,575,898	100%	88,905,266	100%
Non-current assets	19,179,138	21%	15,175,539	17%
Intangible assets	6,085	0%	10,495	0%
Property, plant and equipment	3,128	0%	3,690	0%
Non-current receivables	1,909	0%	1,583	0%
Non-current investments	19,152,382	21%	14,910,515	17%
Non-current prepayments and accruals	15,633	0%	249,255	0%
Current assets	73,396,759	79%	73,729,727	83%
Inventory	0	0%	548	0%
Current receivables	51,225,824	55%	46,404,873	52%
Current investments	22,168,169	24%	27,322,089	31%
Current prepayments and accruals	2,766	0%	2,218	0%
EQUITY AND LIABILITIES	92,575,898	100%	88,905,266	100%
Equity	15,682,068	17%	12,420,554	14%
Liabilities and provisions for liabilities	76,893,830	83%	76,484,712	86%
Provisions for liabilities	564,370	1%	113,925	0%
Non-current liabilities	57,145,071	62%	74,938,801	84%
Current liabilities	19,183,764	21%	1,430,527	2%
Prepayments and accruals	625	0%	1,459	0%

In 2021, PFR's share capital was increased by PLN 6,522,655,226, i.e. from PLN 4,953,252,553 to PLN 11,475,907,779. In 2022 and in 2023, there were no further increases to share capital.

1. UTILIZATION OF BANK LOANS DURING THE YEAR

In April 2023, the Company signed Annex 6 to the agreement with PKO BP S.A. bank, extending the availability period of the overdraft facility by another year. The maximum amount of the facility is PLN 30 million. The facility was taken out to secure the Company's ongoing business. During the year there was no need to use the facility on an ongoing basis.

On 30 May 2017, PFR signed a loan agreement with Bank PKO BP S.A. in the amount of PLN 3,132 million to finance the purchase of a stake of Bank Pekao S.A. The loan was secured with financial and registered pledges established on the shares in Bank Pekao S.A. held by the Company. On 6 December 2016, a resolution was adopted under which the Extraordinary Shareholder Meeting gave consent the aforementioned terms and conditions of the transaction. During 2023, all interest payments were made as scheduled. As of 31 December 2023, the Company's debt under the loan amounted to PLN 1,694.8 million. Because of the Annex to the agreement with PKO Bank Polski S.A. signed in May 2022, pursuant to which the loan repayment date is 30 May 2024, the Company presented the loan entirely in current liabilities. At present, the Company is in the middle of work on an annex extending the loan repayment by further 2 years, i.e. until May 2026.

2. SURETIES AND GUARANTEES GRANTED

Under the agreement of 30 August 2019, PFR extended a surety to Operator Chmury Krajowej (OChK) to secure OChK's liabilities under the Guarantee Agreement granted by PKO BP S.A. Pursuant to Annex no. 2 to the above agreement, PFR extended the surety up to the amount of USD 48 million, i.e. 50% of the guarantee amount, while the surety amount is to be reduced pro rata to the reduction of the guarantee amount.

PFR extended a surety for good performance bond and guarantees of advance payment refund issued at the request of a portfolio company (PESA) of a fund managed by PFR, in connection with contracts performed by that entity. Details are described in the Financial Statements, in the note "Events after the balance sheet date not captured in the financial statements".

3. LIST OF DONATIONS MADE AND DEBT EXEMPTIONS

In 2023, the Company made donations in favor of the PFR Foundation in the amount of PLN 7 million. The Company also received a refund of a portion of donation for a specific purpose from the Foundation in the amount of PLN 1.9 million.

In 2023, the Company did not grant any debt exemptions (this does not refer to the PFR Financial Shield program).



Current and projected financial standing of PFR and the PFR Corporate Group

The financial standing of the Company and the PFR Corporate Group is stable. In 2023, the PFR Corporate Group generated a net profit of PLN 333.3 million as compared to the net profit of 2022 amounting to PLN 229.2 million. An increase in the net result is connected mainly with realizing gain on redemption of Investment Certificates (the transactions described in the Financial Statements in the note "Non-current financial assets in other entities") and receipt of a higher dividend from Bank Pekao S.A. compared to last year.

The pre-tax profit earned by the Corporate Group amounted to PLN 375.7 million (PLN 265.9 million in 2022). The PFR Corporate Group realized operating profit of PLN 124.8 million (PLN 137.9 million in 2022). Financial income was PLN 405.3 million (PLN 295.0 million in 2022) and financial costs amounted to PLN 148.8 million (PLN 150.3 million in 2022).

As at 31 December 2023, the total balance sheet value of the PFR Corporate Group was PLN 92,632.9 million, compared to PLN 88,874.4 million as at 31 December 2022. As at 31 December 2023, equity was PLN 15,600.5 million (vs. PLN 12,323.2 million as at 31 December 2022) and non-current investments were at PLN 18,856.2 million (PLN 14,630.8 million at the end of 2022). A growth in equity was caused primarily by the revaluation of shares of Bank Pekao S.A., which remain an important component of non-current investments (a block of 33,596,166 shares of Bank Pekao S.A., which represents 12.8% of the overall number of votes at the Shareholder Meeting of Bank Pekao S.A.) and an increase in the value of the

Investment Certificates of the funds for which the investor in PFR and which are managed by Companies from the PFR Corporate Group.

The PFR Financial Shield program is a major balance sheet item. The value of subsidies and loans granted and shares purchased under the programs amounts to approx. PLN 74.5 billion, with a corresponding amount of bonds issued by PFR on the equity and liabilities side, which were used to finance aid for Polish companies. At present, the PFR Financial Shield process is handled by the teams established in 2021 within PFR's organization structure: the Settlement Management and Debt Management Departments. The program has entered the stage of debt collection, which is performed by external entities specialized in that area.

PFR Corporate Group companies operate in stable environments and their Management Boards did not report material adverse effects of Russia's invasion of Ukraine which would affect their ongoing operations. Ongoing financial data reported quarterly by PFR Corporate Group companies also point to their stable financial standing.

The challenges for PFR stem from its key role in the PFR Group Strategy. Recently, PFR has evolved from the manager of some assets of investment funds into an important entity within the Programs performed by the Group, a center coordinating the operations of the entire PFR Group and a competence center with regard to investments. The resulting activities have a major effect on the organizational structure and financial performance of the Company.

Management Board's reports on representation expenditures, expenditures for legal, marketing, public relations and public communication services and management services

1. COST OF REPRESENTATION, COMMUNICATION AND MARKETING

In 2023, PFR designated PLN 19 million for marketing, representation, advertising and PR. This represents an increase by PLN 8.6 million compared to expenses incurred in 2022 for the above objectives. The main reason for the increase in the expenditures was the performance of a Polish nationwide information campaign about the so called auto-subscription for the Employee Capital Plans.

In connection with the above, communication activities were performed to recall the most important rules of the ECP operation, such as the manner of collecting funds, benefits from saving for old age or the privacy of collected cash. The selected communication platform was a lottery connected with a contest of knowledge about Employee Capital Plans and an educational campaigns on the auto-subscription. The activities included several elements, such as a media campaign conducted mostly in the period of the auto-subscription, i.e. between 16 January and 30 March 2023, and a quiz with lottery elements for participants of the ECP under the name "ECP Benefits Academy" held from January to October 2023. The main objective of the lottery was to extend knowledge about the key ECP principles. All the media and image assumptions of the campaign were achieved or exceeded and findings of marketing research confirm a positive impact of the above actions on the participants' relation to the ECPs and participation in them. Other significant communication and marketing activities of the PFR Corporate Group in 2023 which are worth mentioning include increased activity in social media. New profiles were created on Instagram, among others. A profile was also developed on TikTok, an increasingly more popular application. As a result, content published by the PFR Corporate Group started to find its way also to younger audience. Communication via social media is also effective during recruitment to programs addressed to innovators, such as the "School of Pioneers". Representatives of the PFR Corporate Group also participated in key economic events in Poland, such as the European Economic Congress in Katowice, European Financial Congress in Sopot, Vision

of Development Forum in Gdynia, the "Impact" conference in Poznań and a conference of the Chamber of Brokerage Houses. Once more, an important event in the activity promoting the offer of the PFR

Table 7. Cost of representation, communication and marketing (PLN thousand)

	1 January - 31 December 2023
Media monitoring	30
Graphic design and printing services	287
Promotion and advertising	8,002
Sponsorship	3,361
Production of promotional materials	120
Events	2,124
Social Media/Digital	278
PR	93
Activities in the media	881
Photo, audio, video services	477
Communication costs related to Green Hub and CSR	864
Communication costs related to ECP	2,358
Communication costs related to Financial Shield	70
Representation	14
Total	18,960

Group was the joint participation of the Group's institutions in the Economic Forum in Karpacz. The participation of PFR experts in such meetings makes it possible to reach the target groups defined in the communication strategy with information about the Company's offer and activity. This also provides an opportunity to share knowledge and experience in performing investment projects in various sectors of the economy, project management or financing. A large part of the debates in which PFR representatives participated concerned the economic situation of Europe in the wake of Russia's aggression against Ukraine and the need for an energy transition necessitated by this war and the EU climate policy.

In this context, it seems particularly important to build PFR's image as an institution whose offer is addressed to Polish companies planning to invest in Ukraine and Ukrainian companies planning to invest in Poland. PFR has prepared a website providing information on services and instruments for Polish companies wishing to develop exports to Ukraine, such as investment financing or export insurance. One event promoting the instruments was the "Common Future" Ukraine Reconstruction Congress organized by the Poznań International Fair (MTP), where PFR was a partner. PFR developed its image as an institution involved in Poland's economic growth by participating in an educational campaign "1992-2022 The best time for Poland" organized by the Association of Entrepreneurs and Employers. During the campaign, knowledge was disseminated about financial instruments and forms of cooperation offered by PFR and the Group's activity and programs implemented by it.

In 2023, PFR continued cooperation with Polskie Koleje Linowe (Polish Cable Railway) and the Polish Ski Association on the performance of the "Polish SKI Master" program. Its goal is to develop Alpine skiing in Poland. The Company is one of its partners. The historic World Cup successes of Polish snowboarders – Oskar Kwiatkowski's gold medal and Aleksandra Król's bronze medal – caused a significant increase in interest in the discipline in Poland, as a result of which the FIS Federation decided to organize the Snowboard World Cup in Poland in February 2024, in the PKL ski resort of Jaworzyna Krynicka. At the Communication and Marketing Department, there is also a unit responsible for internal communication. In 2023, its team concentrated primarily on increasing the level of integration among employees, implementing new communication tools and promoting innovation in the organization.

From tools strengthening the integration among employees, it is worth mentioning the PFR Sport initiative, which involves supporting employees in the organization of common sports activities. Around 70 people were involved in these activities over the year, participating in training in six different sports and representing the Company at amateur sports events. A novelty in internal communication in PFR in 2023 was also an extensive campaign promoting innovative attitudes among employees under the name "Bank of Ideas". Due to the campaign, employees were given the opportunity to submit their proposals for changes in the Company. Three rounds of collecting ideas were held and each concerned a different area of PFR's activity.

2. COST OF LEGAL SERVICES

The cost of legal services incurred by PFR in 2023 amounted to approx. PLN 3.5 million (Table 8). They included, among others: (i) costs of external legal and transaction consulting associated with the execution of the PFR Financial Shield programs (being the largest cost item), (ii) costs of external legal and transaction consulting associated with investments and the Company's ongoing operations, preparing legal and expert opinions, (iii) representation of PFR

Table 8. Cost of legal services related to management (PLN thousand)

1 January - 31 December 2023	
Legal costs related to projects	837
Corporate support – costs of current legal services	552
Administrative fees, including the fee for the General Counsel to the Republic of Poland	107
Legal costs related to ECP	46
Legal costs related to PFR Financial Shield	1,731
Legal costs related to projects (KPO, CIE, Shield for the Borderland)	183
Total costs	3,456

Table 9. Cost of management consulting services (PLN thousand)

1 January - 31 December 2023	
Accounting and tax services	873
Services connected with valuation of shares and a private investor test	95
Total costs	969

in court, administrative or administrative court proceedings, and (iv) costs of notary acts and administrative fees.

In order to monitor expenditures in this respect and select the optimum consultant (among others in terms of experience in a specific area of law), legal advisors are selected in a competitive procedure and most of the fees are set based on hourly rates, while specifying the maximum amount of the fee. This payment system allows for direct and ongoing oversight over the commissioned work and the ultimate amount of the costs and guarantees that payments are made for activities that were actually performed.

3. COST OF CONSULTANCY SERVICES

PFR's costs incurred in 2023 for management consulting services amounted to PLN 1.0 million (Table 9). This amount consists mainly of costs of legal, financial and tax consulting related to the carrying out of investment transactions and the Company's current operation.

PFR completed a bond issue program of the total value up to PLN 100 billion in connection with PFR having been entrusted by an agreement to perform the government programs: "The Polish Development Fund's financial shield for small and medium enterprises", adopted with Resolution No. 50/2020 by the Council of Ministers on 27 April 2020, "The Polish Development Fund's financial shield for large companies", adopted with Resolution no. 51/2020 by the Council of Ministers on 27 April 2020, "Support program for Polskie Linie Lotnicze LOT S.A.", adopted with Resolution no. 189/2020 by the Council of Ministers on 21 December 2020 as well as the program named "The Polish Development Fund's financial shield 2.0 for micro-, small



and medium-sized enterprises” pursuant to Resolution no. 2/2021 of 5 January 2021.

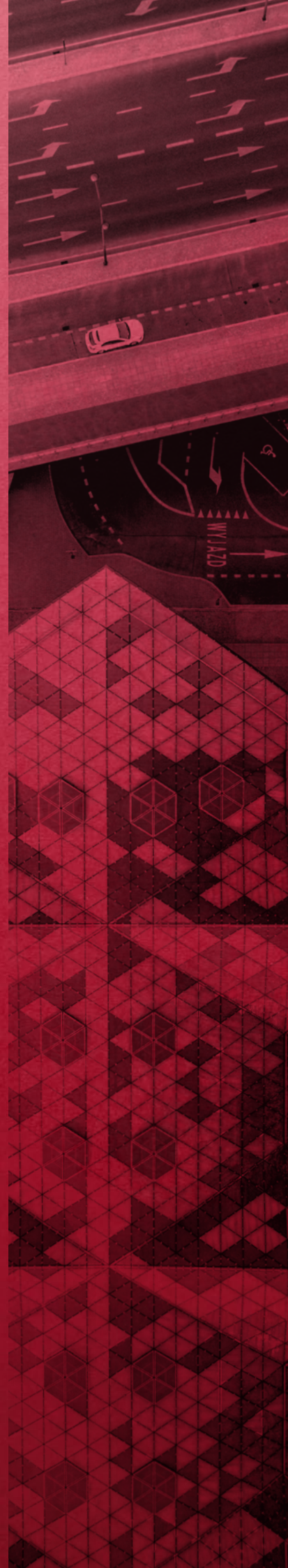
In order to finance the Programs, in 2020 PFR issued bonds for the total amount of PLN 65.4 billion. In addition, the Company had issued bonds for the total amount of PLN 8.5 billion in 2021. More details about the issued bond series are presented in Section “Financing of aid programs” of this report. Detailed terms and conditions of the individual issues are included in the letters of issue published by PFR and available on PFR’s website. In addition, one issue with the nominal value of PLN 16.3 billion, will be redeemed in March 2024.

Additional events after the balance sheet date are described in the note “Event after the balance sheet date not captured in the financial statements” to the Financial Statements.

Management Board Report on the Activity of PFR S.A. and the PFR Corporate Group in 2023

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Summary of investment activity

Selected investments made by PFR directly and through funds as at the end of 2023

 Bank Pekao Exposure of PFR or Funds: PLN 4.1 billion	 Exposure of PFR or Funds: PLN 1.6 billion	 Baltic Hub <small>A MEMBER OF THE PISA GROUP</small> Exposure of PFR or Funds: 1.2 billion PLN
 Exposure of PFR or Funds: PLN 360 million	 POLSKIE KOLEJE LINOWE Exposure of PFR or Funds: 350 million PLN	 FERRUM S.A. Exposure of PFR or Funds: ~280 million PLN
 WB ELECTRONICS <small>WB GROUP</small> Exposure of PFR or Funds: ~130 million PLN	 elemental Exposure of PFR or Funds: ~560 million PLN <small>Joint investment with IFC and EBRD</small>	 R. Power <small>RENEWABLES</small> Exposure of PFR or Funds: PLN 120 million
 Trasa Łągiwnicka SA w Krakowie Exposure of PFR or Funds: PLN 175 million	 Exposure of PFR or Funds: 400 million PLN	 RCP <small>Rail Capital Partners sp. z o.o.</small> Exposure of PFR or Funds: 350 million PLN
 Exposure of PFR or Funds: ~30 million PLN		

PLN 12+ billion invested in projects for companies in the following sectors: power, industry, infrastructure, biotechnology



1. CAPITAL AND INFRASTRUCTURAL INVESTMENTS

PFR's activity in the investment area in 2023, implemented via the PFR Investment Fund Fizan (the "Fizan Fund") covered all elements of the investment process: from originating new investment projects, building the value of the existing portfolio companies, as well as conducting exits from investments. In 2023, the Fizan Fund concluded a number of investment agreements (including, e.g. loans) for the total amount of PLN 2.3 billion.

Review of selected investment transactions

Elemental Holding S.A.

In January 2023, the FIZAN Fund, together with the European Bank for Reconstruction and Development and the International Finance Corporation, invested USD 290 million in Elemental Holding S.A. The funds raised by the company were used to support the group's growth, including the construction of a state-of-the-art production facility in southern Poland, which is expected to take a leading position in European recycling of lithium-ion batteries and recovery of PGM metals from used automotive catalytic converters. Elemental Holding S.A. is one of the global leaders in the metal recycling sector, has 55 subsidiaries in 35 countries with more than 50 collection and processing facilities, 30 of which are located in Europe. The remaining plants are located in the USA, Turkey, UAE and Malaysia. Elemental employs over 1,100 people across the world.

Cognor

In March 2023, the FIZAN Fund subscribed for seven-year bonds issued by PS Holdco sp. z o.o., a company that is the main shareholder of Cognor Holding S.A., in order to finance the further business development of the Cognor Group, which is a Polish manufacturer of quality steel and stainless steel, armor plate and heat-resistant steel.

Grot Hotel

In Q2 2023, the FIZAN Fund provided investment financing to Grot Hotel Investments sp. z o.o. for the modernization and expansion of an existing hotel building located in Warsaw's district of Żerań. As a target, the facility will operate 152 rooms under the Campanile brand. Grot Hotel Investments sp. z o.o. is part of the Europlan Group, an investment holding company that has been active in the office and hotel construction market for 18 years.

Kleczew Solar & Wind

In April 2023, the FIZAN Fund, pursuant to a subordinated loan agreement signed in December 2022, disbursed the first drawdown for the construction of the Kleczew Solar & Wind project owned by the Lewandpol Group. It will be the first large-scale power plant combining solar and wind energy in Poland. The farm, with a capacity of over 200 MW, will be developed on post-mining land in the Konin county, Wielkopolskie Voivodship, and will be able to supply about 100 thousand households with electricity.

Cerrad

In March 2023, the FIZAN Fund entered into a loan agreement with the Polish company Cerrad sp. z o.o. As a result of this transaction, PFR granted a loan of PLN 87 million to the company. The funds were used to finalize the investment of the co-generation installation and modernization of the production line at Plant 2, located in Starachowice, as well as to finance the company's liquidity needs related to further dynamic sales growth. Cerrad is one of the leading ceramic tile manufacturers in Central and Eastern Europe. Its exports account for around 40% of the revenues. The company is also rapidly expanding its sales in Western European markets. Cerrad has

six production facilities with an annual production capacity of nearly 30 million sq m of ceramic tiles.

Grenevia

In June 2023, Grenevia Group's special purpose vehicle Finance PV4 entered into a senior loan agreement for the construction of a portfolio of 26 photovoltaic farms in the Voivodships of Lower Silesia, Kujawsko-Pomorskie, Lubelskie, Łódzkie, Mazowieckie, Opolskie, Pomorskie, Śląskie, Wielkopolskie and Zachodniopomorskie, with a total capacity of 43 MWp.

Pad Res

In July 2023, the FIZAN Fund signed a secured senior loan agreement of PLN 235.5 million with PAD RES Barlevice sp. z o.o. - a special-purpose vehicle belonging to the PAD RES Group. The loan will be used to finance the construction of photovoltaic farms in the Pomeranian Voivodship, near the towns of Sztum and Mikołajki Pomorskie, with a total capacity of 117.1 MWp. The planned installed capacity will make it possible to produce energy volume corresponding to the demand of approximately 65 thousand Polish households.

Offshore Installation Terminal

In October 2023, the FIZAN Fund signed an agreement for a long-term secured loan with Istrana sp. z o.o. The financing will be used for the construction of an installation terminal to support offshore wind farms. The investment will involve terrestrialization of 21 hectares of the Baltic Sea for a deep water terminal in Gdansk, with a quay length of 800 meters. The total cost of the investment is estimated at about PLN 1.2 billion.

Polsat

In December 2023, the FIZAN Fund subscribed for series F bonds issued by Cyfrowy Polsat S.A. in a private placement. The financing was provided to support the implementation of the Polsat Plus Group's strategy in the renewable energy sector, including projects for the generation, transportation and storage of hydrogen, hydrogen propulsion or hydrogen-powered vehicles. The final maturity of the bonds is in January 2030. The Polsat Plus Group is the largest media and telecommunications group in Central and Eastern Europe.

Qair Polska

In December 2023, the FIZAN Fund signed a loan agreement with QPV Zimnodół sp. z o.o. - a special-purpose subsidiary of Qair Polska S.A. The transaction involves senior secured financing with a 19-year maturity, to finance the construction of a 36 MWp photovoltaic farm in Zimnodół, Małopolska Voivodship.

Review of portfolio transactions

PKL

In 2023, the FIZAN Fund was actively involved in the development of the company Polskie Koleje Linowe S.A., in particular by participating in the implementation of new projects such as the Gwarno investment and the construction of the Wanta Hotel in Zakopane, the expansion of the Jaworzyna Krynicka ski resort and the revitalization of the Wierchomla-Muszyna ski resort.

RCP

In 2023, the Fund increased its financial commitment to the company Rail Capital Partners sp. z o.o., to support its further development, including the expansion of its locomotive fleet.



Photo: Enprom

PESA

In 2023, the FIZAN Fund reorganized its involvement in the company Pojazdy Szynowe Pesa Bydgoszcz S.A., including an increase in the company's capital. The funds raised are to be used primarily to finance the development of the entity and to make the planned investments. The company plans to build new construction, assembly and storage halls and, above all, to implement new production technologies, such as robotization or laser welding. The parts supply process is to be streamlined as well.

PFR Poznań Nieruchomości

In December 2023, the property located in Poznań was sold.

2. FOREIGN EXPANSION FUND

Foreign direct investments play a major role in building global value chains. PFR TFI co-finances the international development of Polish enterprises, thus helping to build their value and contributing to increased competitiveness of the Polish economy. The co-financing of the foreign expansion of Polish companies is carried out through the investment activities of the Foreign Expansion Fund, whose financial instruments fill the gap in market financing and provide funding based on the balance sheets of foreign subsidiaries of Polish companies.

PFR TFI manages two specialized foreign expansion funds (Foreign Expansion Fund FIZ AN and Foreign Expansion Fund 2 FIZ AN), which co-finance foreign investments of Polish enterprises. The first fund was launched in 2016 and completed its investment period in 2023. Its activities are now focused on managing the investment portfolio it has built. As a result of the growing interest in capital expansion among Polish companies, PFR TFI launched a second fund in spring 2023, with a target capitalization of PLN 600 million. Its operating model is the result of several years of experience in working with Polish partners during the implementation of the first fund's transactions. Foreign Expansion Fund 2 FIZ AN co-invests with Polish companies in international markets and offers tailor-made financing that suits the investor's needs. The Fund can finance up to half

the value of a foreign investment and share the business risk of the project. The Fund always acts as a passive minority investor and leaves operational management in the hands of the Polish partner. It can invest virtually anywhere in the world, in all industry sectors. The fund co-invests with Polish companies in their foreign subsidiaries and carries out greenfield and brownfield projects.

In 2023, the Fund's team actively supported the foreign expansion of Polish enterprises. Despite the challenges arising from the international situation and geopolitical tensions, the Fund conducted business negotiations and investment processes designed to launch new ventures. **As a result, the Foreign Expansion Fund 2 FIZ AN concluded transactions with two Polish partners:**

Enprom sp. z o.o. – co-financing of development in the German market

Sector: power construction

Country of investment: Germany

Fund's investment: EUR 3.1 million

Enprom is one of the largest Polish companies in the power construction sector. It provides comprehensive solutions for the design, construction and modernization of medium-, high- and extra-high-voltage electricity networks, switchgear and transformer stations. In addition to preparing and carrying out construction works on power grids, it also provides inspection and geospatial services using drones. Enprom provides services to the national transmission grid operator (PSE), cooperates with the largest distribution companies and energy concerns in Poland, and develops its foreign operations. The company employs over 700 employees. The company's strategic objectives are to increase revenue and diversify the risks associated with concentrating its operations on the Polish market. Since 2017, the company has been active in Germany, where it has secured significant contracts from transmission network operators. In addition to the sheer size of the market and its investment prospects, its key advantage is the favorable contract execution terms and conditions. The Fund has provided EUR 3.1 million in financing to Enprom's German subsidiary, in order to intensify its growth in the German mar-

ket. The funds will enable the company to accelerate the execution of already contracted work and to secure new orders, thus maintaining its double-digit growth rate in Germany.

SECO/WARWICK S.A. – co-financing of the development of production capacity in the USA

Sector: heat treatment and metallurgy

Country of investment: United States of America

Fund's investment: USD 10 million

The SECO/WARWICK Group specializes in the design, manufacture and supply of advanced solutions for metal thermal processing and vacuum metallurgy. It is a market leader in the manufacture of industrial furnaces and end-to-end solutions for five categories: vacuum and protective atmosphere heat treatment, aluminum processing, heat exchanger brazing and vacuum metallurgy. The Group operates in a global market - it has eight companies on three continents, and exports to more than 70 countries worldwide. Its strategy includes, among others, strengthening the position of the existing and developing new technologies, as well as promoting the operational independence of its subsidiaries. Powder metallurgy technology, which plays a key role in many industries and sectors, shows particularly great potential. It is being developed by Retech, the Group's US subsidiary. The Fund granted Retech funding of USD 10 million. These funds are earmarked for the development of metal powder production technology and the expansion and equipping of the production and assembly facility in Buffalo, New York.

The Foreign Expansion Fund FIZ AN continued cooperation with its existing partners in the intermodal transportation sector, including Laude Smart Intermodal S.A., by concluding a loan agreement and paying out drawdown for the development of this Polish partner's business in Germany, as well as with Rainbow Tours S.A. as regards the expansion of the company's subsidiary - the operator of the White Olive hotel chain - operation in Greece, i.e. in Rhodes, Crete and Zakynthos.

In 2023, the Foreign Expansion Fund FIZ AN finalized and settled the financing of two joint projects with the Elemental Group. In April,

Elemental repurchased from the Fund a 32% stake in Recat GmbH and became the owner of 100% of the shares of the German company specializing in the recycling of automotive catalytic converters. The shares in Recat Elemental Holding were acquired in 2018. A year later, the Foreign Expansion Fund repurchased a 32% stake in the company. This transaction allowed Elemental to finance the development of its business in Europe's most important catalyst recycling market.

On the other hand, in October 2023, Elemental acquired 49% of Elemental USA Inc. from funds managed by PFR TFI, including the Foreign Expansion Fund FIZ AN. In 2019, the Fund co-financed an investment in the US company PGM of Texas, in which the Fund itself and its Polish partner acquired a total 66% stake. It was the Fund's first investment in the United States of America.

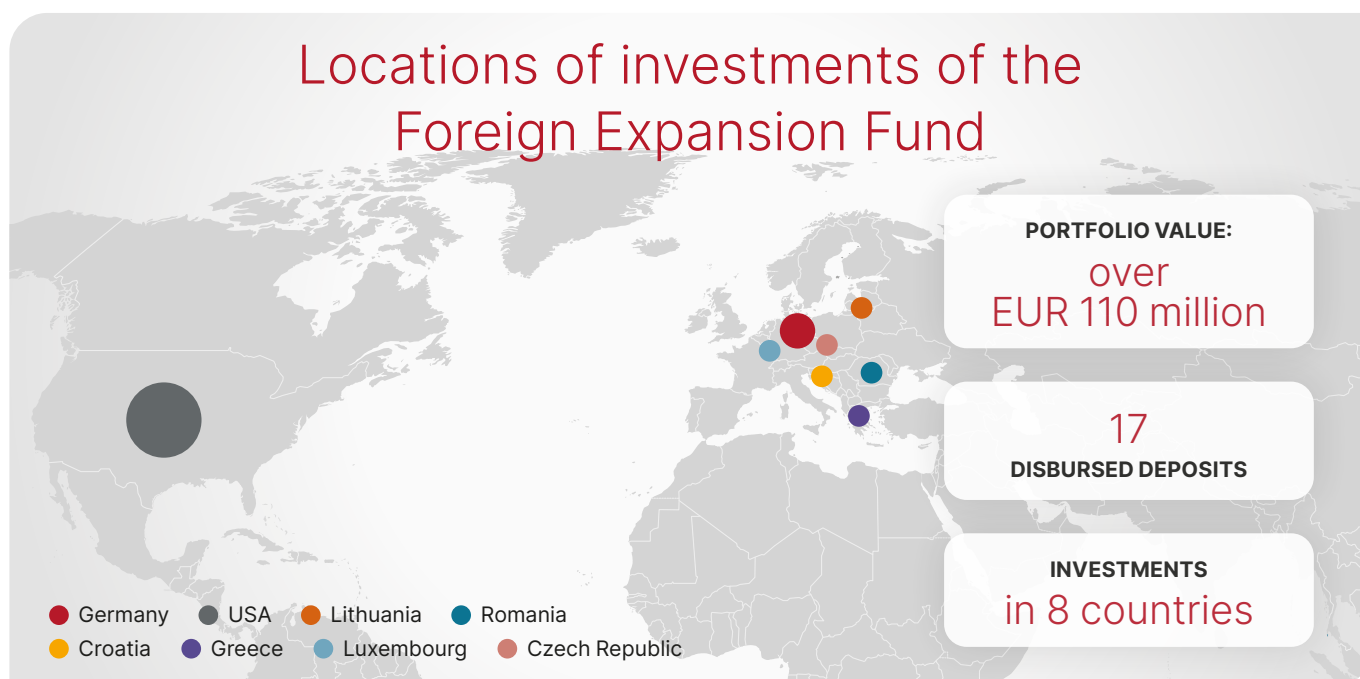
The next two joint investments in 2021 were in the companies: Maryland Core and Legend Smelting and Recycling. Acquisitions of further companies have enabled the Elemental Group to become one of the largest Polish investors in the United States. By securing investment funding in the US and Germany, the Foreign Expansion Fund has enabled the group to pursue its long-term strategy of building the position of a global leadership in the urban mining sector, in the strategic segments of green metals and catalytic converter recycling or electronics, as well as in the highly prospective area of e-mobility. In 2023, the fund continued its cooperation with the Elemental Group for an investment in Lithuania, which started in 2017 and was the first joint project there. The Fund then purchased 49% of shares in the group's subsidiary UAB "EMP recycling".

A joint investment by the Foreign Expansion Fund FIZ AN and OT Logistics S.A. in the company Luka Rijeka was also finalized in 2023. It is a Croatian company that operates port facilities in Rijeka - the country's largest port - as well as several other nearby terminals.

At the end of 2023, the portfolio of the Foreign Expansion Fund FIZ AN and the Foreign Expansion Fund 2 FIZ AN included investments



Photo: SECO/WARWICK



made in eight countries around the world. The Funds had 17 outstanding investments in its portfolios, while the value of the portfolios was in excess of EUR 110 million.

3. INVESTMENTS IN PUBLIC ASSETS

PFR TFI, in addition to supervising the companies of the PFR Corporate Group to which it has delegated the management of a portion of the investment portfolio of certain closed-end funds, manages independently the liquidity of such funds and the public asset portion of the portfolio, also making market investments. This is the area of responsibility of the Non-Public Asset Fund Management Department. It monitors deposits in Bank Ochrony Środowiska S.A., Rafako S.A. and Ferrum S.A., companies listed on the Stock Exchange. One of the crucial initiatives of 2023 was the involvement in Rafako S.A.'s restructuring process.

4. LOCAL GOVERNMENT INVESTMENTS

In December 2023, PFR FIS FIZAN ("FIS Fund"), managed by the Polish Development Fund, signed two subordinated loan agreements for a total of approximately PLN 91 million with the commercial real estate special purpose company Andersia Retail, whose primary objective is the construction and commercialization of a Class A office building in Poznań. Erected in the Old Town area, at Andersa Square, the building will be the tallest in Greater Poland. The investors in the project are the City of Poznań and the Von der Heyden Group.

One of the priorities in the local government investments program was the continuation of the "Heat from Waste" program implemented in cooperation with the Ministry of Climate, the Ministry of Development Funds and Regional Policy, and the National Fund for Environmental Protection and Water Management ("NFOŚiGW"). In 2023, NFOŚiGW started an evaluation of projects submitted under the call for proposals in the "Rational Waste Management" program, with the purpose of, among others, providing subsidies to projects in waste thermal treatment plant ("WTTP") construction in Poland. One of the possible outcomes of the cooperation is for the FIS Fund to provide co-funding of projects submitted to NFOŚiGW, which will be the subject of further work in 2024.

In 2023, the FIS Fund further focused on topics related to financing the transition of the thermal power industry in the context of its decarbonisation. The FIS Fund's activities cover both thermal power companies as well as entities implementing projects to transform these companies, so that in the future they may play a role as technology partners. Furthermore in 2023, the FIS Fund continued to execute the contract with the Ministry of Development Funds and Regional Policy, by providing advisory on two infrastructure projects qualified for implementation under the public-private partnership (PPP) model.

In the local government investments area, the FIS Fund continued its cooperation with NFOŚiGW as part of the pilot energy efficiency improvement program for residential buildings – Refurbishment with a guarantee of EPC savings (Energy Performance Contract Plus). Its outcome was to further identify opportunities to realize energy efficiency improvements in buildings. In particular, the possibility of extending the program subject and object in 2024 has been agreed, so there is an opportunity for new investment projects to be analyzed by the FIS Fund.

5. FINANCING INVESTMENT ACTIVITY

In 2023, PFR's investment activity was financed with own funds. Under the agreement of 7 June 2021 between the State Treasury and PFR, upon subscription for series F shares, the company received a non-cash contribution in the form of 6.6 million zero-coupon bonds with ticker number OF0423 and a total nominal value of PLN 6,600,000 thousand, which according to a valuation prepared by Deloitte Advisory sp. z o.o. was worth PLN 6,587,882 thousand. On 3 March 2021, the OF0423 bonds were assimilated with bonds with ticker number OK0423. Throughout 2021, the company sold 5,492,408 bonds at the average price of PLN 993.36 in 20 transactions. The remaining bonds with a nominal value of PLN 1,107,592 thousand were retained until their maturity date in April 2023. No further recapitalization occurred in 2023, thus as at 31 December 2023 The Company did not hold any Treasury bonds.



PFR Ventures

Key data about the Polish venture capital market in 2023

399
COMPANIES FINANCED
 2022: 435 | 2021: 379 | 2020: 300

PLN 2.1 billion
OF INVESTED CAPITAL

210
COMMITTED FUNDS

-5.4%
FALL IN THE NUMBER OF TRANSACTIONS

399
FALL IN THE VALUE OF FINANCING
 Europe: -45% | CEE: -57% | North America: -29%

In the face of the global crisis, VC funds, especially those investing in the growth phase, reduced the scope of their activity. This has translated into a lack of large rounds and lower valuations. As a result, some companies changed their strategy and focused on profitability instead of scale. **Noteworthy however, in Poland many companies still receive financing at an early stage.** In 2023, start-up capital was still available. Its source is still mainly the public sector, which, however, always co-invests with private entities.

Aleksander Mokrzycki, Vice-President of the Management Board of PFR Ventures

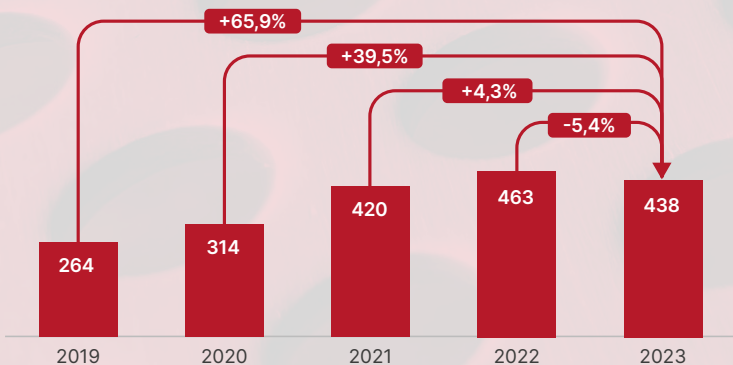
The largest transactions in 2023

Round PLN 50+ million

- IIElevenLabs** PLN 329 million Q4 2023
ROUND B
- Vue Storefront** PLN 88 million Q1 2023
ROUND A
- IIElevenLabs** PLN 79 million Q2 2023
ROUND A
- KY P AI** PLN 79 million Q3 2023
ROUND A
- BLANK.** PLN 70 million Q4 2023
SEED
- contec** PLN 70 million H1 2023
ROUND B
- AI Clearing** PLN 58 million Q3 2023
ROUND A

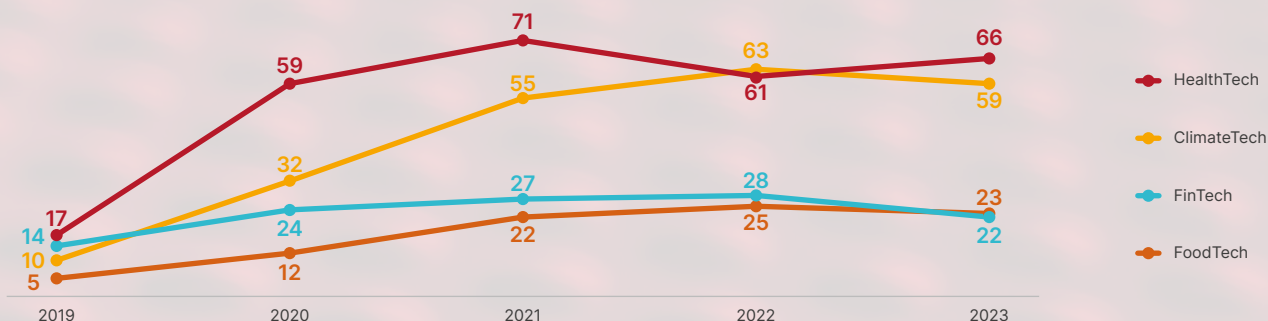
The fall reflected primarily the valuations of innovative companies

Number of investments on the Polish VC market



Key industries of innovative companies

Development of sectors (number of transactions)



The largest transactions in selected industries (2019-2023)

Sector	Company	Round value (in PLN million)
HealthTech	DocPlanner	600 (estimate)
	DocPlanner	330
	Infermedica	120
	Infermedica	40
FinTech	Mindgram	28
	Ramp Network	330
	Uncapped	300
	Vodeno	274
ClimateTech	Ramp Network	220
	Silent Eight	180
	SunRoof	134
	Proteon Pharmaceuticals	96
FoodTech	Nevomo	70
	Contec	PLN 70 million
	Classified	PLN 40-70 million
	HiProMine	PLN 34.5 million
FoodTech	Sundose	PLN 23 million
	Restaumatic	~PLN 20 million
	Classified	PLN 10-20 million
	Classified	PLN 10-20 million

Polish unicorn IIElevenLabs

ElevenLabs is the first unicorn of the Polish innovation ecosystem. Interestingly, the company was awarded the title after only 18 months from the first round of financing.

The company operates in the field of AI, and is engaged in converting written text into sound using a huge database of voice samples. Speech recordings can be generated in different languages, while maintaining the natural sound of voice.

History of the company's financing:



Most important events in subsidiaries and other subordinated entities

1. PFR TFI

Foreign Expansion Fund

PFR TFI manages two specialized foreign expansion funds: Fundusz Ekspansji Zagranicznej FIZ AN (Foreign Expansion Fund FIZ AN) and Fundusz Ekspansji Zagranicznej 2 FIZ AN (Foreign Expansion Fund 2 FIZ AN). The first Fund already completed its investment activity in 2023 and now focuses on the management of its existing investment portfolio. The second Fund started operations in the same year and offers co-financing of foreign investment projects through financial instruments tailored to the scale of the project and the capabilities and needs of the Polish investor. The Fund may finance projects related to mergers and acquisitions abroad, or else establishment of a new or development of an already existing foreign subsidiary of a Polish company. This applies to both European Union member states as well as other countries, including developing countries. The Fund's participation in transactions allows the scale of investments in international markets to increase by even up to a half.

In 2023, Foreign Expansion Fund 2 FIZ AN signed its first two investment agreements with the following companies:

- Enprom sp. z o.o., one of the largest Polish companies in the power construction sector, with a value of EUR 3.1 million - to accelerate the development of its business in the German market,
- SECO/WARWICK S.A., a globally operating manufacturer of state-of-the-art equipment, industrial furnaces and technologies for heat treatment and metallurgy, with a value of USD 10 million - for the development of metal powder technology as well as the expansion and equipping of the production and assembly facility in Buffalo, New York.

The Foreign Expansion Fund FIZ AN continued cooperation with among others, the logistics group Laude Smart Intermodal S.A. - for the development of the company's business in Germany, as well as with the tour operator Rainbow Tours S.A. - as regards the expansion of the White Olive hotel chain which it owns in Greece.

In 2023, the Elemental Group, a long-standing partner of Foreign Expansion Fund FIZ AN and one of the global leaders in the urban mining sector, has repurchased a 32% stake in the German company Recat and a 49% stake in Elemental USA Inc. These transactions were

Examples of investments by the Foreign Expansion Fund:



Co-financing the acquisition of shares in Pilot 44

Country of investment: **USA**
Sector: **IT consulting**
Date: **2022**



Acquisition of shares in Laude Assets

Country of investment: **Germany**
Fund's share: **EUR 10 million**
Sector: **Logistics**
Date: **2021**



Debt financing for the development of foreign projects

Country of investment: **Germany**
Fund's share: **EUR 10 million**
Sector: **Real estate development**
Date: **2021**



Acquisition of shares in White Olive

Country of investment: **Greece**
Fund's share: **EUR 9 million**
Sector: **Tourism**
Date: **2021**



Acquisition of shares in FTO Fertigteilewerk Obermain

Country of investment: **Germany**
Fund's share: **EUR 2.9 million**
Sector: **Construction**
Date: **2020**



Debt financing for the development of Samasz North America

Country of investment: **USA**
Fund's share: **USD 2 million**
Sector: **Machine building**
Date: **2019**



Debt financing for the development in foreign market

Country of investment: **Germany**
Sector: **Power construction**
Date: **2023**



Co-financing of production capacity development

Country of investment: **USA**
Sector: **Heat treatment and metallurgy**
Date: **2023**

Elemental's key steps in implementing a well thought-out and successful multi-year internationalization strategy. The fund has thus finalized and settled the financing of four out of the five transactions carried out jointly with Elemental to date. The Fund continues its cooperation with the company in an investment project in Lithuania, which started in 2017.

In 2023, Foreign Expansion Fund FIZ AN also completed a project with OT Logistics S.A. as regards investment in the Croatian port facilities company Luka Rijeka.

To date, 17 investments have been made by both Funds. The Funds have invested nearly EUR 110 million in international projects of Polish companies in 8 countries.

In November 2023, the fourth edition of the regular report devoted to foreign expansion was published, prepared by experts from PFR TFI and PwC Poland, in cooperation with KUKE. The report entitled "Direction: East. Current trends and attractive destinations for overseas expansion in the face of geopolitical turmoil" is a comprehensive analysis of potential business opportunities, taking into account macroeconomic and geopolitical factors as well as changes in the global economy. The report consists of a number of parts and includes:

- ranking of attractive investment destinations in Central and Eastern Europe and Asia,
- an analysis of key market trends,
- results of surveys conducted among entrepreneurs,
- an analysis of the Ukrainian market in the context of the impact of the war and the planned reconstruction process,
- an overview of foreign investment financing instruments offered by development-supporting institutions.

The report is a valuable resource for companies considering or already pursuing international capital expansion, economic journalists and analysts covering international business. It is available in Polish and English - you can download it [here](#).

Employee Capital Plans

In the Employee Capital Plan system, PFR TFI serves as a designated financial institution with statutory duties. The Management Company manages PFR PPK Specialized Open-Ended Investment Fund, which was established in 2019 and has nine separate sub-funds, one for each age group of participants. According to the ECP Act, a target date fund managed by PFR TFI has no right to refuse to conclude an ECP management agreement, which ensures availability of ECPs to any employer. It also ensures the continuity of savings management within an ECP scheme if the program is no longer managed by the institution that previously managed it. Such a situation occurred in 2022, when PFR TFI S.A took over the management of the target date fund (BPS Emerytura PPK SFIO) from BPS TFI, which was deleted from the ECP register by force of a decision of the Polish Financial Supervision Authority. It has been the first operation of such type in the Polish market.

PFR TFI is aware of the responsibility it bears stemming from its role as a designated institution. The Management Company focuses on ensuring the highest possible quality of service and efficient management of the entrusted funds. It provides employers with a set of complete solutions enabling the fully remote deployment and administration of ECPs, including a system for executing online agreements and a system that enables an efficient administration of the program, fulfillment of obligations towards employees and automation of the processes. It provides program participants with a website offering access to the ECP account and the function of submitting instructions related to participation in the ECP. Its modern tools and focus on customers' needs and high service quality enabled PFR TFI to establish cooperation with many employers,

Kierunek: Wschód

Aktualne trendy i atrakcyjne kierunki ekspansji zagranicznej w obliczu zawirowań geopolitycznych

Raport opracowany przez PwC i PFR TFI we współpracy z KUKE

 Listopad 2023



 PFR TFI



"Direction: East" report cover

who found its offer attractive and meeting the expectations of their employees.

In 2023, for the first time since the beginning of the ECP operation, the so called automatic resubscription scheme was carried out, or the statutory requirement imposed on employers to re-enroll in the program those employees who have opted-out from saving in the ECP. Actively promoting participation in the program, PFR TFI experts developed information and education materials related to automatic resubscription, provided training for employers and employees and clarified formal and procedural questions. As a result, the number of active participants of Employee Capital Plans in PFR TFI has increased by 44% y/y.

A significant effort in the area of ECP administration in 2023 was the processing a large number of applications for the execution of management contracts in connection with the process of sending reminders by PFR to employers who had not established the program within the time limit set by the law. The handling of communication with multiple employers over a short period of time required full mobilization of the team.

In 2023, PFR TFI continued to develop the service functionalities for the electronic handling of ECP participants, and provided the possibility to submit online all orders that do not require a written form.

The past year has been a very positive one for investors in global markets, with both equities and bonds value rising, driven primarily by lower-than-forecast US inflation readings and a softening of the US Federal Reserve's monetary policy approach. In this environment, the management team of PFR TFI's Fund and Asset Management Department delivered a management performance above the market average, reaching - depending on the sub-fund - from 13.9% to 25.2%. In the compilation of three-year returns, the sub-funds managed by PFR TFI continue to rank high, as they did last year. As many as seven sub-funds operated by the PFR PPK SFIO were ranked in the first four among the competition, and they all recorded high rates of return – from 12.8% for the 2025 target date sub-fund, to 34.6% for the 2060 target date sub-fund. The 2065 target date sub-funds were not included in the ECP ranking, as the management institutions had created them at different points in 2021, mak-

Rates of return for PFR PPK SFIO sub-funds

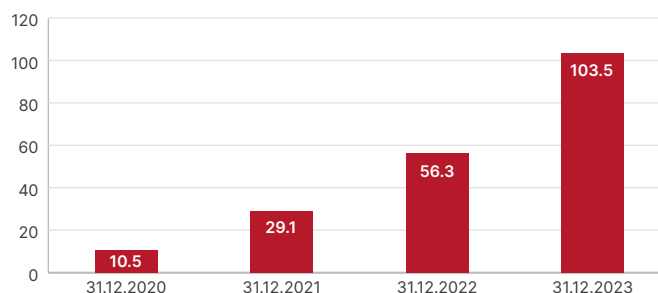
Target date sub-fund	Rate of return in 2023*	Rate of return over three years**	Position in the group in terms of three-year rate of return
2025	13.9%	12.8%	3/18
2030	17.0%	18.9%	3/18
2035	20.2%	23.7%	6/18
2040	22.4%	26.8%	3/18
2045	23.8%	29.6%	4/18
2050	24.6%	29.7%	4/18
2055	24.9%	30.8%	4/18
2060	25.2%	34.6%	2/18
2065	25.2%	-	-

Source: PFR TFI own data

* Investment performance from 30 December 2022 to 29 December 2023.

** Investment performance from 31 December 2020 to 29 December 2023; sub-fund 2065 was established on 14 April 2021 - no data for a three-year horizon.

Value of ECP assets managed by PFR TFI (in PLN million)



ing it impossible to compare their performance over a full 36-month period.

On 16 December 2022, the sub-funds separated under PFR PPK SFIO were merged with the sub-funds of BPS Emerytura PPK SFIO in connection with PFR TFI taking over the management of the fund as the designated institution. The change was related to the decision of the Polish Financial Supervision Authority to remove BPS TFI from the register of institutions managing ECPs.

As at the end of 2023, the Management Company cooperated with nearly 13 thousand employers. The net assets of the PFR PPK SFIO Fund were PLN 103.5 million as at 31 December 2023, which represents a growth of 84% y/y.

Operating activity

Operating activity is an important element of the Fund management. Many tasks are long-term processes that require compliance with stringent regulations and procedures. In 2023, PFR TFI executed a number of projects in this area.

PFR TFI and PFR, after PFR TFI's establishment in December 2022 of PFR NFOŚiGW FIZ AN, scored the highest number of points out of nine participants in the competition procedure and on 17 January 2023 was selected by the Board of Directors of NFOŚiGW to manage funds under the Investment Priority Program E1.1.1 entitled "Support for low-carbon economy" - Component E: "Green, smart mobility" of the National Recovery and Resilience Plan. The projected budget of the project is approx. PLN 5 billion. As the next step, PFR TFI applied to the Polish Financial Supervision Authority for permission to conclude an agreement with PFR to manage parts of the Fund's investment portfolio with regard to investments in financial intermediaries and direct investments in assets that are not publicly offered or not admitted to trading on a regulated market. PFR TFI will manage the portion of the portfolio consisting of liquid assets and assets that are publicly offered or admitted to trading on a regulated market, as well as will supervise the management of the portions of the investment portfolio by PFR. The Management Company, in cooperation with PFR, negotiated the content of the investment agreement with NFOŚiGW - its signing is planned for the first half of 2024. It also supported the process of working out the final form of the agreement defining the terms and conditions for the inclusion of the project's implementation in the development plan's support between NFOŚiGW and the Ministry of Climate and Environment, the Ministry of Development Funds and Regional Policy and the Ministry of Finance. Representatives of PFR TFI and PFR also participated in consultations on the project with the European Commission and in the legislative work on amendments to the Act on Investment Funds and Management of Alternative Investment Funds, during which they proposed the introduction of an amendment necessary for the implementation of the project by the Fund to exclude the investment limit from Article 145(3) of the Act for investment funds

financed from the National Recovery and Resilience Plan or pre-financed by PFR. The Act was adopted on 16 August 2023 and came into force on 29 September 2023.

In 2023, PFR TFI launched the Foreign Expansion Fund 2 FIZ AN, continuing the mission of the Foreign Expansion Fund FIZ AN, which co-invested with Polish companies in international markets since 2016 and completed its investment period in 2023. Creation of a fund is a complex process that includes, among others, adopting the articles of association, issuance of investment certificates, signing an agreement with a depositary and agreements of derivative transactions, registering the fund in the register of investment funds, and opening of the accounting ledgers.

PFR TFI also carried out over 20 issues of investment certificates of funds with a total value of approximately PLN 2.4 billion, and more than a dozen redemptions of investment certificates with a total value of approximately PLN 402 million.

As part of its operational activities, the Management Company provided accounting, tax and reporting services for 14 investment funds in 2023 - 13 closed-end investment funds and the PFR PPK SFIO with nine sub-funds. It also coordinated the process of accounting for the costs of activities and services performed for the funds, including tax costs, drawdowns under the concluded investment agreements, as well as calculations of management fees, with all due diligence and care for the timely payment of fees.

Organization of work, security and compliance

In 2023, PFR TFI continued to apply the incentive bonus system introduced a year earlier, based on setting targets for employees on the basis of the Employee Appraisal Regulations. The Management Company, following the guidance of legislation and best practice, adopted and implemented a training plan for management and supervisory board members. Training topics were individually tailored to the objectives, requirements and areas of responsibility of the members of the Management Company's governance bodies.

On the other hand, PFR TFI employees took part in training courses on bond portfolio management, the impact of changes in the regulatory environment, the use of alternative data in investment analysis, sustainable development, tax schemes, as well as workshops to develop soft skills. The workshop topics were tailored to their needs and focused on building commitment within the team and increasing motivation. Training and development activities are designed to support the implementation of PFR TFI's strategic objectives, by enabling employees to enhance their professional competences, improve skills and deepen their knowledge. The Management Company provides reimbursement of costs for postgraduate studies and acquisition of qualifications and certificates, as well as encourages participation in development projects and initiatives; it promotes an attitude geared towards self-development and responsibility for one's own development planning.

In 2023, PFR TFI continued the project of standardization and introduction of new regulations in the area of human resources management resulting, inter alia, from the amendment of the Labour Code and alignment with the relevant EU directives on maintaining work-life balance and ensuring more transparent and predictable employment. The Remote Work Rules and Regulations and the Staff Training and Development Management Rules and Regulations were adopted, as well as the Work Rules and Regulations were updated in consultation with the designated staff representatives.

PFR TFI also carried out a number of recruitment procedures and participated in the Jobicon job fair. At the end of 2023, the Management Company had 82 employees, eight holding an investment adviser license, seven holding a stockbroker license, four holding a Chartered Financial Analyst certificate awarded by the CFA Institute, and three holding an EFPA ESG Advisor certificate.

The issue of information and data security is of key significance for PFR TFI. In 2023, cooperation with PFR Operacje was continued in the optimization of the implemented processes designed to continually enhance IT security, including: monitoring of security events and 24/7 incident response, centralized vulnerability management, analysis of user activity and blocking of threats related to cyber attacks, protection of terminal stations through analysis of potentially dangerous software, monitoring of authorizations and changes made in the MS Office 365 environment, monitoring of local network traffic, and centralized electronic mail protection. The smooth operation of these services has significantly reduced risks. Those activities have become a part of the IT Strategy for 2023–2025, which was updated in 2023. In addition, work has been started on the implementation of the EU Digital Resilience Operational Regulation (DORA). The implementation of DORA will contribute to increased security and changes in relationships with IT and security service providers for PFR TFI.

PFR TFI's representatives actively participate in the work of four committees established within the PFR Corporate Group: on security, architecture, projects and compliance management. As part of the joint efforts with PFR Operacje in 2023, and in accordance with the adopted recommendations of the PFR Corporate Group's Security Committee and IT Committee, PFR TFI deployed new technologies that increased the security level of the ICT and information protection infrastructure, e.g. the WCF (Web Content Filtering) - profiles access to the Internet, 2FA - (Two-Factor Authentication) - changes in the authorization process requiring a two-step authentication factors for login. With PFR Operacje taking the lead, work continues on the implementation of an integrated system for information protection (DLP) and public key infrastructure (PKI).

PFR TFI has also introduced further solutions to streamline processes using Power Automate and Power Apps services, including monitoring of reporting to PFR, a mechanism to provide PFR TFI managers and external managers with a summary of completed surveys on the issuer's ESG risk exposures.

The Supervision Office is responsible for compliance of the PFR TFI's operations and the persons acting for it with the applicable laws, and internal regulations. In 2023, a new Ordinance of the Minister of Finance was published on periodic reports and current information on the activities and financial position of investment fund management companies, investment funds and investment funds in liquidation, provided by these entities to the Polish Financial Supervision Authority, which came into force on 1 January 2024. The Management Company adjusted its internal procedure adapting the above scope to the new requirements. In 2023, the Supervision Office, in agreement with the content owners, reviewed and provided its opinions on internal regulations. Every quarter, the Supervision Office also presents to the Management Company's bodies a comprehensive report on internal procedures, to ensure they are updated if needed.

2. PFR VENTURES

2023

in the world of private equity
and venture capital



February



**Announcement
of investment
in four ClimateTech
funds**

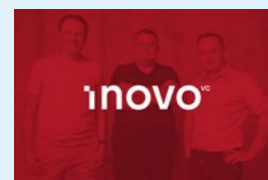
[More information](#)



May

PFR Ventures invests in Spire Capital Partners

Another Polish PE team in the portfolio. Target fund capitalization is EUR 100 million.
[More information](#)



March

Speed dating of funds and companies

Organization of a speed dating event for international funds from the PFR Ventures portfolio, with participation of companies from Poland. Six funds participated in the event, holding 34 meetings with 27 companies. Representatives of the funds also gave lectures online.

An analysis with a summary of all pitch decks submitted by the companies has also been published.

[More information](#)



June

PFR Ventures invests in the new fund Inovo VC

It is an experienced management team, launching their third fund. Its portfolio includes, inter alia, Booksy - a company named as one of the candidates for the Polish unicorn.

[More information](#)

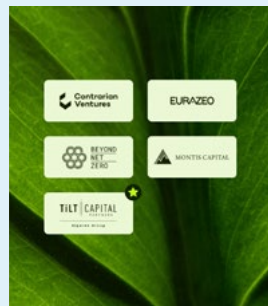


July

PFR Ventures invests in the NATO Innovation Fund

It is a specialized vehicle that will explore advanced technologies with the potential for dual use: in civilian and military environments. The Fund will also open an office in Warsaw. The investment was coordinated by PFR in agreement with the Polish Prime Minister's Office (KPRM) and the Ministry of Defence.

[More information](#)



December

Announcement of call for proposals dates for the FENG program

The new EU perspective stands for over PLN 3 billion that will potentially flow to Polish start-ups. PFR Ventures intends to invest PLN 2 billion in approximately 40 VC funds. Additional PLN 1.1 billion will come from private investors.

[More information](#)



August

"Cycling Innovations" Report

A study related to Tour de Pologne and a charitable campaign in the PFR Corporate Group.

[More information](#)

PFR Ventures invests in TiLT Capital

It has been the fifth investment under the umbrella of the PFR Green Hub program.

[More information](#)

Agnieszka Syguła from PFR Ventures to become Vice-President of EVFIN

EVFIN is an international association of public investors in VC funds (sister to PFR Ventures).

[More information](#)





Apartments in Gdańsk, at ul. Kilińskiego

3. PFR NIERUCHOMOŚCI

In 2023, the company PFR Nieruchomości celebrated 10th anniversary of its establishment. On this occasion, a two-part report on the rental market in Poland has been prepared in conjunction with Polityka Insight. This was the first in-depth analysis of the structure of the rental market and its users in Poland.

The data presented in the report entitled "A decade of the Polish Rental Market" shows that, of the forms of rental available in Poland, by far the largest is the base of flats offered by private individuals on a dispersed market. At the same time, one of the smaller, but very fast-growing segments of the market is housing rented from companies and funds. Experts report that at the end of 2022, institutional market players (PRS) managed a pool of 13.9 thousand units.

The report shows that tenants in Poland are a diverse group in terms of age. The average age of those surveyed is 37 years, but the result is different for each form of tenancy. The youngest group is tenants with fixed-term contracts. The majority of them is less than 30 years old. The group of tenants renting from institutional landlords is dominated by 30- and 40-year-olds.

The full content of the two parts of the report is available on the PFR Nieruchomości website: [part one](#), [part two](#).

In February 2023, with a view to the financial security of tenants of the Housing Sector Development Fund estates, PFR and PFR Nieruchomości announced a package of support instruments - a rent

freeze until the end of 2025 and a partial refund of the deposit equal to one month's rent.

On 25 May 2023, the Minister of Development and Technology announced the closure of the market-based part of the government's Housing Plus program. In addition, the possibility of buying back the leased flats in two options was announced - for cash (on credit) or by entering into an institutional lease with access to ownership for 25 years. The offer includes 14 Housing Sector Development Fund estates in the following locations: Biała Podlaska, Dębica, Gdynia, Katowice, Kraków, Mińsk Mazowiecki, Łowicz, Nowy Targ, Radom, Świdnik, Toruń, Wałbrzych, Września, Zamość. The first development to be offered for sale in 2023 was the housing estate at ul. Puszczyka in Gdynia.

The 'Housing for Start' rent subsidy scheme, which benefits more than 75% of Housing Sector Development Fund tenants, was amended in 2023. Under the amendments, in the event of a rent increase, tenants can apply for an increase in the subsidy. In terms of the amount, the adjustment of the surcharge corresponded to the difference in the value of the rent in force on the date the amendment came into force and the value of the rent in force on the conclusion date of the tenancy agreement. The changes have resulted in around PLN 300,000 more per month going to the residents of the housing estates.

The average monthly support received by a tenant is over PLN 460 per month. The highest subsidy available after the amendment came into force is over PLN 1,100 per month. Thanks to the subsidies, rents

in Housing Sector Development Fund estates are around 40% lower than the going market rates (based on "Otodom Analytics" data).

4. PFR PORTAL PPK

Review of ECP's functioning after the Act entered into force

On 9 March 2023, the Sejm of the Republic of Poland adopted the "Review of Employee Capital Plans" (Information of the Council of Ministers to the Sejm of the Republic of Poland on the effects of the Act of 4 October 2018 on Employee Capital Plans, with proposed amendments) submitted by the Council of Ministers in the wording as prepared by the Ministry of Economic Development and Technology, in cooperation with the PFR Portal PPK. In response, in 2023 the Ministry of Economic Development and Technology received many parliamentary questions on ECPs from the MPs. The substantive contribution to the responses to the MPs' was prepared by the PFR Portal PPK.

Automatic resubscription to the ECP

The first automatic resubscription to the ECP took place in Q1 2023. On 1 March 2023, opt-out declarations submitted prior to that date expired, and as a result employers were required to recalculate and make payments to the ECP for scheme participants who had not re-submitted their opt-out declarations to the ECP. Employers were also required to conclude ECP agreements in the name and on behalf of employees who had not previously become participants in the scheme under their opt-out declaration. The ECP contributions, calculated and taken from the remuneration of ECP participants included in the so-called automatic resubscription in March 2023 were transferred to financial institutions in April 2023.

As a result of the automatic resubscription (data from 7 May 2023), the number of active ECP participants increased by 27.9% compared to the end of February 2023. This also translated into an increase in the number of ECP accounts (from 2.94 million to 3.76 million) and in the participation rate (from 35.33% to 43.70%).

Central Pension Information

On 7 July 2023, the Sejm passed the Central Pension Information Act ("CIE Act"), which came into force on 5 October 2023. Pursuant to Article 3(1) of the CIE Act, tasks of PFR Portal PPK comprise ensuring the proper operation of the CIE, including the construction, maintenance and development of the CIE system as well as conducting information, educational and promotional activities. In 2023, PFR Portal PPK sp. z o.o. performed preparatory and analytical work aiming to perform the tasks entrusted by the CIE Act.

In the last quarter of 2023, as part of the CIE project, PFR Portal PPK conducted preliminary market consultations aiming to do market research for developers of information solutions for the system.

5. PFR OPERACJE

The company PFR Operacje was established to increase the maturity of IT and security areas within the PFR Corporate Group, to optimize procurement in these areas, and to increase the transparency of the structure of accountability for maintaining and developing IT applications and systems.

In 2023, PFR Operacje introduced Group-wide standardized ICT security rules, standards for conducting BIA (Business Impact Analysis) and standards for business continuity management. A BIA analysis was then carried out for all PFR Corporate Group Companies. Business Continuity Plans were also developed for all PFR Corporate Group Companies, followed by testing of critical business processes.

A very important event for PFR Operacje was the signing of new framework agreements for IT and security services with all PFR Corporate Group companies. Subsequently, new services were made available to the companies, including an e-learning platform, an Intranet for PFR Mieszkania or new content management functionalities for PFR Corporate Group websites. Phase 1 of the work on the new PFR Corporate Group websites was also carried out, including the development of a solution concept and a description of the implementation of functional and non-functional requirements. An analysis of the cost-effectiveness as well as the tax and business risks of centralizing the management of the vehicle fleet in the PFR Corporate Group was also performed. Contracts and a new business model have been prepared for implementation in 2024.

As regards the tasks delegated to the PFR Group by the government administration, PFR Operacje developed a description of the architecture and non-functional requirements for the CIE; moreover, the efficiency of the National Recovery and Resilience Plan Centre System was increased by launching a new access channel.

6. OPERATOR CHMURY KRAJOWEJ

Operator Chmury Krajowej presented a new version of a proprietary cloud platform built by the company's engineering team. **The Operator Chmury Krajowej Platform** is designed primarily for companies and institutions requiring the highest standards of security and regulatory compliance. It supports building hybrid and multi-cloud solutions in conjunction with global vendor clouds, such as Google Cloud and Microsoft Azure. The Operator Chmury Krajowej Platform can be used in two basic models: a public cloud accessible from the infrastructure in the cloud's data center and managed by its staff, and a private cloud, deployed in the customer's data center, and managed by its in-house team with support from the Operator Chmury Krajowej.

Operator Chmury Krajowej has obtained another Google Cloud specialization following the Application Development: Infrastructure-Services. It confirms that the Operator Chmury Krajowej's team has the competence, documented knowledge and practical skills to design and build cloud infrastructure. The specialization was awarded on the basis of a process carried out by an independent auditing firm. Its analysis covered projects carried out by the Operator Chmury Krajowej's team for Europa Insurance Company and Poland's largest meat producer, the Animex company.

- **For TU Europa**, Operator Chmury Krajowej has prepared a Secure Landing Zone, which is a properly configured and secure IT environment in the public cloud that meets the requirements set out in the so-called UKNF Cloud Communication. This will enable Europa Ubezpieczenia companies to pursue further innovative projects in the areas such as data analytics, service and administration, product development and implementation, as well as partner channel development.
- **For Animex**, the Operator Chmury Krajowej's team prepared the organization's configuration in Google Cloud, enabling the migration from the on-premise environment of SAP virtual machines. A Disaster Recovery Centre was also implemented to ensure business continuity, and thanks to the tools used, the switchover to a backup center in the event of a disaster is automated.

Microsoft has launched the **Region Azure Poland Central** - its most modern and also the first cloud data processing region in Central and Eastern Europe. As a result, Microsoft's public cloud services are available from data processing centers located in Poland. The Polish region provides users with Azure cloud, Microsoft 365, Dynamics



365 and Power Platform services. The launch of the Azure Poland Central region will further accelerate the adoption of cloud solutions in the Polish market and strengthen the ongoing transformation processes, in both the public and private sectors. The Region has been created thanks to the cooperation between Microsoft and Operator Chmury Krajowej.

Operator Chmury Krajowej received an award in the international **Google Cloud Partner Awards** in the **"Social Impact" category**. The award was given for the **"Place for Children"** project, under which Operator Chmury Krajowej, in collaboration with Palantir Technologies, built a technological solution designed to comprehensively support underage refugees from war-torn Ukraine who arrived in Poland without legal guardians. It was the second time that Google Cloud awarded a recognition to Operator Chmury Krajowej. In 2021, Operator Chmury Krajowej won the global Google Cloud Customer Award competition in the health care and life sciences category, for the e-Registration system for COVID-19 vaccinations developed for the e-Health Center.

Furthermore, the Operator Chmury Krajowej was honored with two awards at the gala event accompanying the **Google Cloud Partner Connect 2022** conference. The first was awarded in the **"Diversified Growth Across Segments" category**. Google Cloud recognized Operator Chmury Krajowej for becoming a leader of diversified growth across all market segments. In the "Beyond Business" category, the Operator Chmury Krajowej was awarded for the **"Technology for the Greater Cause"**, i.e. for its commitment to implementing systems to support women and men refugees from war-torn Ukraine and their safe stay in Poland.

The company also participated in the **Miecznik Project**, i.e. the construction of three frigates for the Polish Navy by **PGZ Naval Shipyard**. The use of the Operator Chmury Krajowej Platform enabled the Shipyard to rapidly deploy the applications required for naval craft design. The Shipyard has gained access to a very large amount of computing power, which can be flexibly adapted to its current needs.

Operator Chmury Krajowej migrated the resources of the **IT Diagnostyka** company to Google Cloud, ensured that the documentation was completed, and supported the migration process, while at the same time ensuring that the competences of the service buyer's team were adequately raised. Thanks to its partnership with the Operator Chmury Krajowej, IT Diagnostyka has now got a fully modern, automated IT environment for its e-shop, which can be easily scaled and fully managed.

The team of Operator Chmury Krajowej advised on the selection of a new SIEM-class solution for the PFR Corporate Group, and then worked together with **PFR Operacje** to develop an implementation plan that allowed a smooth migration from the legacy solution

to a new one, while maintaining business continuity and a high level of security. The Microsoft Sentinel service, implemented by Operator Chmury Krajowej, provides comprehensive security monitoring of PFR's resources.

Operator Chmury Krajowej, jointly with Google Cloud, launched a **program for startups and scale-ups entitled "Let's Get (C)loud"**. It aims to develop new innovative companies faster thanks to support in the area of technology and business, as well as use of Google Cloud tools. The "Let's Get (C)loud" program supports development of technological companies in many areas. These include both technical consultations with Operator Chmury Krajowej's engineering team and Google Cloud engineers, who help in maximum possible use of the potential of cloud technology, as well as business sessions with practitioners. Within the program, fifteen meet-ups took place with business representatives or technology experts. Because of the high level of interest, the recruitment procedure to the program is carried out continuously.

As continuation of the cycle "Cloud from A to Z", Operator Chmury Krajowej together with Google Cloud and Thales organized business meetings **"Chmura od A do Z – S jak Szyfrowanie" (Cloud from A to Z - E as in Encryption)**. The event was designed to provide an overview of the topic and provide a platform for an exchange of views on how securing data using a cryptographic key can enhance the security of Operator Chmury Krajowej's customers.

The cycle "Cloud from A to Z" is aimed to familiarize present and future customers with various aspects of cloud technologies and show a broad range of services and competences available from Operator Chmury Krajowej, which companies may use to accelerate development and achievement of their business objectives. An undertaking pursuing similar goals is the **Software House Cloud Events Tour**, launched in 2023. It is a series of meetings in the five largest Polish cities (Warsaw, Kraków, Wrocław, Poznań, Gdańsk), with representatives of independent software suppliers. The meetings aim at developing a partner sales channel of Operator Chmury Krajowej. The topics discussed during those events included both business opportunities made possible for software houses in cooperation with Operator Chmury Krajowej, as well as technological themes connected with the development of apps in a public cloud.

Representatives of Operator Chmury Krajowej continued to actively participate in numerous **industry events** both at home and abroad, including in the conference "Szkoła Eksploatacji Podziemnej (School of Underground Operation)", the "Data Economy Congress", the "Poland as a Leader in Drone Production" conference, the European Financial Congress, the "Startup WRO meet-up - Into the (un)known", the "AI & Medtech CEE", the "ACCIS Data for Credit Annual Conference", the "Google Cloud Next", the "Google Cloud Summit Poland", the "Web Summit" and the "Future Finance Summit".



Support of Polish Retirement System

1. CENTRAL PENSION INFORMATION

Central Pension Information (CIE) is a project to create a comprehensive IT system to process pension savings data. The final product will be an application hosted on the mObywatel [mCitizen] service platform, providing users with details of their pension products. The project is part of the state's computerization strategy, as well as the culmination of the pension reform that has been introduced in Poland since 1998. The CIE will allow for full digitization of the relationship between citizens and pension institutions.

With the CIE, every citizen will have easy access to all the necessary information about their retirement savings, as well as to a range of digital services. Providing citizens with full and easily accessible knowledge about retirement and pensions is intended to support and disseminate economic education and contribute to increased retirement savings. It will, for example, allow future pension to be estimated or to obtain information on the expected level of the future pension according to the user's assumptions.

The use of the CIE system will be voluntary and based on the highest security standards. CIE will process data only after obtaining the user's consent. Pension data will be downloaded into the system from financial institutions only after a citizen has consented to open a CIE account. The contractor and the entity responsible for the maintenance and development of the IT system will be selected in accordance with the Public Procurement Law, which guarantees the transparency and competitiveness of the selection process.

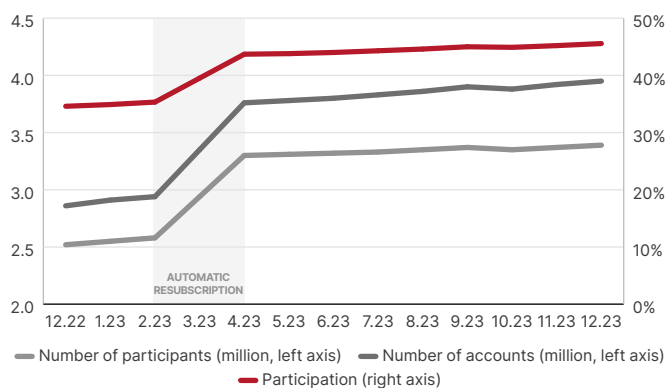
2. EMPLOYEE CAPITAL PLANS

Employee Capital Plans are a voluntary private long-term retirement savings scheme for employees, with the possibility to withdraw the accumulated funds when the participant reaches the age of 60 years. The accumulated savings come from contributions funded by three sources: the employee, the employer and the state. The legal basis is the Act of 4 October 2018 on Employee Equity Plans (Journal of Laws 2023, item 46, as amended), which came into force on 1 January 2019. Employee Capital Plans have been implemented to increase Poles' financial security by multiplying their private savings, as well as to boost the development of the economy, businesses and jobs. Despite its short lifespan, the Employee Capital Plan program has become a permanent feature of the Polish pension system. In the five years of the ECP scheme's existence, participants have accumulated savings worth more than PLN 21.7 billion, an amount close to the level of savings accumulated in Employee Pension Plans, which have been operating in the market for nearly 25 years.

Nearly three quarters of respondents believe that a universal platform is needed, providing access to pension accounts.

Source: "Survey of public demand for information about the pension system in Poland and assessment of the functionality of the CIE platform being designed", IBRiS, May 2022.

Value of ECP assets managed by PFR TFI (in PLN million)



Due to automatic resubscription and the increased number of operations, the April 2023 data on participation and the number of accounts is as of 7 May 2023.

The PFR Corporate Group, which supports the sustainable social and economic development of Poland, plays an important role in the implementation of the Employee Capital Plan scheme and ensuring the proper functioning of this program. PFR has set up the Employee Capital Plan Registry system, i.e. a register of all Plan's participants, financial institutions and employing entities, and has set up a subsidiary, PFR Portal PPK, which operates the ECP-dedicated website mojeppk.pl, which is a central source of information about the rules of operation and functioning of the scheme. Furthermore, a subsidiary of PFR - PFR Towarzystwo Funduszy Inwestycyjnych S.A. (Investment Fund Management Company) - has been appointed to act as the designated financial institution that guarantees all employers and employees access to an Employee Capital Plan.

The First Automatic Resubscription to the Employee Capital Plan

In the first quarter of 2023, the first automatic resubscription to the Employee Capital Plans took place, which was a significant factor for the popularization of savings in this program. This process was carried out for the first time in the history of the Employee Capital Plan scheme. It consisted in automatic enrollment into the Employee Capital Plans of working people who had previously made a declaration to opt out of ECP contributions. These declarations expired in 2023 and, if they were not renewed, there was an automatic re-enrollment of such persons into the ECP scheme and, with it, a resumption of the contribution payments. Automatic resubscription takes place every 4 years and applies to persons aged 18 to 55 years.

Between the end of February and the beginning of May 2023, the number of Employee Capital Plan participants increased by 721 thousand. The number of active participants increased by 28% and the rate of participation - by 8.37 percentage points (to 43.7%). On the occasion of the automatic resubscription, PFR and PFR Portal PPK conducted a promotional campaign called the "ECP Benefits Academy", through which employees could deepen their knowledge of the benefits of the Employee Capital Plan participation and win attractive financial prizes.



Schedule of work

2023

JANUARY

Collection of Employee Pension Plan statements from employers

FEBRUARY-MAY

Automatic resubscription

MARCH

Annual subsidy

APRIL

Welcome payment for Q1

JULY

Welcome payment for Q2

OCTOBER

Welcome payment for Q3

NOVEMBER

Summonses to enter into an agreement on ECP management by PUE ZUS

2024

JANUARY

Welcome payment for Q4

Welcome payments and annual subsidy to Employee Capital Plans

The transfer of the welcome payment of PLN 250 and the annual subsidy of PLN 240, done by the minister responsible for labor to Employee Capital Plan participants, is made through the PFR. In 2023, PLN 180.4 million was transferred to Employee Capital Plan participants as the welcome payment. These were credited to the accounts of nearly 721.5 thousand people. The significantly higher amount of welcome contributions compared to 2022 is largely

due to the automatic resubscription into the Employee Capital Plan scheme carried out in 2023. On the other hand, the annual subsidy funds were transferred through the PFR to 1.7 million Employee Capital Plan participants - in the record amount of PLN 410.3 million.

Summonses to enter into a management agreement

In fulfillment of its statutory obligation, PFR checks whether the entities obliged to implement an Employee Capital Plan have launched the scheme. In Q4 2023, a large-scale mailing of summonses to conclude an Employee Capital Plan management agreement was carried out in cooperation with ZUS. These were sent to nearly 129 thousand entities via the ZUS Electronic Services Platform. Employers could - electronically - fill in the form and send their statement to PFR.

Monitoring of the exemption from an Employee Capital Plan due to the operation of an Employee Pension Plan

Another duty of PFR is to monitor the employers that have not implemented an Employee Capital Plan, because they operate an Employee Pension Plan. Such entities are required to submit statements to PFR on the number of employees and Employee Pension Plan participants employed by the employer as at 1 January and 1 July of the relevant year. To meet the expectations of employers, PFR has created and made available a new electronic reporting form.

Maintenance and development of the Employee Capital Plan IT system

The Employee Capital Plan Register is an ICT system maintained by the PFR, which includes a register (registry) of financial institutions meeting the statutory requirements to operate an Employee Capital Plan, employing entities that have entered into the scheme management agreements, as well as a register of the scheme's participants. The system is integrated with the financial institutions that operate the Employee Capital Plans, so as to aggregate information from the entire market. The ongoing maintenance and development of the Employee Capital Plan Registry are necessary for the proper performance of the obligations arising from the applicable laws.

Noteworthy, in 2023 system development work resulting from amendments to the Employee Capital Plans Act was being carried out. At the beginning of the year, a modification was implemented allowing for handling complaints of customers who reported lack of transfer of the annual subsidy from the state budget. Another challenge was to change the way in which reimbursement from financial institutions to the Minister responsible for labor issues was implemented.

The ECP in numbers (as at 31 December 2023 r.)

IN 2023, AN INCREASE IN ALL THE KEY PARAMETERS OF THE PROGRAM COULD BE OBSERVED, DEMONSTRATING ITS INCREASING POPULARITY AMONG EMPLOYEES AND EMPLOYERS.



Net asset value
PLN 21.74 bn



Participation
45.56%



Number of participants
3.39 million



Number of accounts
3.95 million



Number of employers in the program
320 thousand



Support of innovation system

In 2023, PFR's Department of Innovation Development (DRI) has intensified its efforts to stimulate innovation in the Polish economy. The actions were addressed to a wide range of audiences - from local authorities and government bodies to businesses of all sizes, including both rapidly growing start-ups and large companies already long-established in the market.

These projects were aimed not only at strengthening the technological foundations of public administration and providing solutions to the needs of local communities, but also at developing and expanding the innovative competences of both current and future business leaders. In this context, the Department conducted activities to raise awareness of the available support programs offered by the PFR Group and the initiatives undertaken by the PFR Corporate Group. Concurrently, DRI has implemented incubation and accelerator programs for industry sectors with significant growth potential. As part of these activities, the Department's team also conducted a number of educational and consultancy initiatives designed to raise the level of innovation both within the PFR Group and among a broad spectrum of businesses and local government entities.

The strategy

The Department's strategy focused on promoting digitalization and digital transformation, supporting innovation processes and facilitating access to knowledge and funding sources. In 2023, particular emphasis was placed on the development of defense innovations, as reflected in the agreement with the Ministry of National Defence (MoD) and in initiatives such as the "NATO DIANA Accelerator" and the IDA dual-use technology development program. Furthermore, revenues from business education have increased significantly. This is thanks to the newly-created strefawiedzy.pfr.pl portal and expanded offering of commercial workshops and training courses. In addition, the "Green Deal Accelerator" project was implemented on a commercial basis: an educational initiative addressed to entrepreneurs who received financial support from the National Center for Research and Development for the development of innovations in the field of green technologies. As a result, research and development work could be performed that contributed to the creation of new environmentally-friendly solutions.

Division of the Department

In 2023, the Innovation Development Department continued to expand its three core pillars of activity, each providing support to various sectors of the Polish economy in the field of innovation.

- For start-ups and SMEs - provision of extensive education for entrepreneurs, both aspiring and with established market operations. The startup.pfr.pl portal has become a central point of access to information about the innovation ecosystem - it offers a knowledge base essential for the development of young technology companies and provides information on available support schemes. Of great importance was also the creation of start-ups for investments by funds in the PFR Ventures portfolio, as well as support in the commercialization of technologies, which was carried out in cooperation with Polish universities.
- In the large company sector - educational activities through the strefiedzy.pfr.pl portal and the offer of workshops to raise the level of digitization and development of internal innovation. The project "Community of Future-minded Companies" is designed to support

enterprises in digital transformation and long-term development planning. Its effectiveness in achieving these tasks is well validated by the fact that the project was a key source of DRI's revenue. In addition, the "Digital Starter Kit for Enterprises" offered entrepreneurs tools to assess their digital readiness and identify potential technology partners (such as the Digital Maturity Test).

- Activities addressed to local governments included programs such as "PFR for Cities" and "Urban Technology Exchange", which offered both financial and non-financial support, as well as initiatives aimed at developing the competencies of the future. Important revenue-generating projects included the "City Coding with GovTech by PFR" initiative, which aimed to implement selected digital solutions in cities through a series of hackathons. The "Hack the Climate" initiative provided a platform for Polish-Norwegian cooperation to support local governments in green transition.

The above activities not only generated direct revenues for PFR, but also had a far-reaching impact on the innovation ecosystem in Poland, as they increased innovation and the competitiveness of the Polish economy.

The Team	Revenue for 2023	Key programs	Impact
Startups and SMEs	PLN 780 thousand	PFR School of Pioneers, Green Deal Accelerator	Stimulation of entrepreneurship and innovation
Large companies	PLN 300 thousand	Digital Starter Kit for Enterprises, cooperation in the area of open innovation	Increasing digitization and digital competence among Polish enterprises
Local governments	PLN 945 thousand	Urban Technology Exchange, City Coding with GovTech by PFR	Digital development of Polish cities and townships

1. DEVELOPMENT OF INNOVATION IN START-UPS AND SMES

School of Pioneers

The School of Pioneers is PFR's flagship program in the area of supporting young technology entrepreneurs. The 6th edition of the program was held in 2023, addressed to people who are thinking about launching their start-up. It is a venture-building program to which 50 persons are invited each year. During the program, the participants build a team, create start-up ideas and confront them with the market, so that after three months of work they can present their business venture ideas in front of potential investors. From its inception, the program has been supported by the company Allegro, which directs the focus of the newly-emerging projects towards sustainability goals. At the most recent School of Pioneers, 17 start-ups were created, with three having been selected by the jury as promising the greatest potential. The main prize went to the Jidoka team, which developed a platform allowing small and medium-sized companies to faster perform process automation and introduce AI solutions. Honorable mentions went to the Optifood start-up, which offers a tool for measuring and preventing food loss in restaurants, and to Mednotes, an AI engine for collecting, analyzing and entering data into medical records.



Winners of the 6th edition of the School of Pioneers

A gala to celebrate the six years of the program was also held in November. During the event, the participants were able to meet again and see the results of their activities. The activities of start-ups and creators of the School of Pioneers also received honorable mentions.

The long-term objective of the project is to build companies to form an investment pipeline for PFR Ventures funds. After the six editions held to date, the program's effectiveness has been confirmed by the raised funding of over PLN 220 million in investments.

The School of Pioneers also strives to strengthen the presence of women in the world of start-ups. The year 2023 was a landmark in this regard, as 16 of the 25 participants in the final gala were women.

Edition	I	II	III	IV	V	VI
Percentage of women at the final stage	28%	32%	42%	46%	46%	69%

This result was possible thanks to a series of initiatives encouraging women to participate in the School of Pioneers. One of the key factors was increasing the presence of women in promotional materials. By intentionally showcasing women in graphics and on social media as active participants and creators of innovation, the PFR School of Pioneers sought to inspire and encourage more women to join the startup world.

In addition, the organizers focused on creating a space conducive to the exchange of experiences and networking among women working in technology. This allowed not only to build support and mutual motivation, but also to showcase successes and cross barriers in an industry traditionally dominated by men. A series of webinars and workshops with well-known female start-up leaders provided participants with knowledge, tools and inspiration; it also proved that women have a lot to offer in the technology sector.

Green Deal Accelerator

An educational program for innovative enterprises conducted in cooperation with the National Center for Research and Develop-

Six years of the School of Pioneers



Number of participants

300



Number of teams

90



Number of start-ups

51



Number of active companies

29



Funding
PLN 220 million



IDA Bootcamp

ment, designed to accelerate the commercialization of innovative projects in the field of green technologies.

Participants in the project were entrepreneurs who received financial support from the National Center for Research and Development to carry out research and development work (PCP), producing green technology innovations. PFR's task was to provide the participants with high-quality skills to support commercialization and create opportunities for business discussions with potential clients and investment funds.

In the era of interest in electromobility, two companies should be highlighted that have developed electric van prototypes that can compete with the major giants in the field: E-Van Sp. z o.o., and Innovation AG Sp. z o.o.

A brief description of all companies participating in the program can be found on the [program's website](#).

The Accelerator consisted of three parts:

Module 1: Business tools. The module taught basic business competencies, such as creating a business plan, basics of marketing, securing intellectual property rights, and speed dating with potential business partners.

Module 2: Venture capital financing. In the second part of the project, the participants perfected their investor pitches, and were coached on negotiating with VC investors and in public speaking. A DemoDay with funds was organized for interested companies.

Module 3: Preparing to foreign expansion. The final stage of the Accelerator involved creating a strategy to expand into foreign markets. The participants were offered consultations by the Polish Investment and Trade Agency.

The program was graduated by 30 companies, which held more than 50 business meetings with major companies, including Veolia, Tauron, Orlen, Panattoni, Azoty Puławy and industry VC funds. These meetings led to the start of technology selling process.

2. DEVELOPMENT OF INNOVATION IN LARGE ENTERPRISES

IDA - a program to develop civilian technologies with dual-use potential

IDA is the first dual-use technology development program in Poland, implemented under the open innovation model in the defense sector, in cooperation with the Ministry of National Defence, PGZ S.A., PGZ Naval Shipyard and Kraków Technology Park. The purpose of the program was to raise the commercial level of civilian technologies and enhance Poland's resilience and security. The challenge posed to Polish companies developing dual-use technology entitled "Digital Baltic - security of critical infrastructure" was taken up by more than 50 entities, of which 15 teams were selected for further acceleration.

The first results of the program were **the consolidation of five companies around PGZ SW**, a joint project to build an autonomous marine vehicle, and **connecting project participants with VC funds, which could result in potential new investments**. The Accelerator's effects include:

- verification of 15 companies' technologies for deployment to the armed forces, e.g., to supplement needs in the "Miecznik" program,
- a map of 50 dual-use technologies,
- the IDA Road Map - designing a strategy for developing a deep-tech/dual-use ecosystem,
- including the interested companies in the technology panels of the European Defence Agency (Capability Technology Areas, CapTechs).



"City Coding with GovTech by PFR"

Digital Starter Kit for Enterprises

Digital Starter Kit for Enterprises is a compendium of digitization knowledge addressed to all companies (regardless of their size) wishing to digitize their business processes, such as production, administration and new product or service development.

The goal of PFR's support for entrepreneurs is to offer a comprehensive package of tools and services to facilitate the digital transformation process. The program comprises:

- A Digital Maturity Test - it allows companies to diagnose their digital readiness free of charge by comparing their stage of advancement with that of other companies; more than 300 companies took the test in 2023.
- Educational materials and tools - access to a broad knowledge base and over 200 digital tools to support various aspects of business operations.
- Training courses and workshops - hands-on workshops and online events focused on solving the current challenges of digitization and improving competences in the area of new technologies.
- Technology Partnership Channel - it offers companies the opportunity to test modern digital tools to support their digitization processes.

This integrated PFR's offering provides a solid foundation for companies at every stage of their digital transition, helping to make them more competitive and innovative in the marketplace.

Any entrepreneur using the services of the Digital Starter Kit for Enterprises receives comprehensive free of charge and one-stop-shop advice on digitization. At their own pace and on their own terms, they can raise their awareness, select and test digital tools, and create implementation plans, thereby raising the digital maturity of their

companies. The scheme has been included by the Ministry of Economic Development and Technology in the implementation program of the goals of Europe's Digital Decade.

3. DEVELOPMENT OF LOCAL GOVERNMENT INNOVATIONS

Urban Technology Exchange

PFR is also responsible for building Poland's first repository of digital products for towns and cities. From October 2022 to September 2023, seven calls for proposals were organized, receiving 699 applications for micro-grants to test digital products in Polish townships. In 2023, 124 townships were supported with grants for technology implementation and testing, worth a total of PLN 5 million. The catalog of products available at the website www.gieldamiejskichtechnologii.pl contains 262 solutions.

City Coding with GovTech by PFR

City Coding is a program composed of two implementation hackathons and educational workshops organized by PFR at a commission of the Prime Minister's Office (Centrum GovTech). The theme of the events was the challenges faced by local governments in developing innovation, education and entrepreneurship, and strengthening the resilience of cities in the face of oncoming crises. The objective of the program was to use the skills and creativity of the innovator community to solve the most interesting challenges submitted by local governments. The result was the development of IT tools that will be tested in cities in pilot implementations. If successful, they will be used by other local authorities in Poland as well. The project produced the following solutions:

- Biotope Calculator (Bafalizator) for Dąbrowa Górnicza - a calculator that allows to determine the Biotope Area Factor of a given plot of land, along with a report recommending changes in case of an unsatisfactory value of the index;



"Hack the Climate"

- Wavvy - on a wave of help for Kołobrzeg - a portal that enables information exchange between local government organizations, local small and medium-sized businesses and city residents;
- personal data retention scanner for Łomianki - a program that allows to locate, classify and delete files containing personal data;
- Otwork Alert Online - an application that allows registered users to receive push notifications to their phones, with information about emergency situations, such as utility supply downtime or street closures;
- Successful Digits for Kutno (Udane Cyferki dla Kutna) - a calculator that allows to evaluate the effectiveness of the use of public funds by schools on the basis of financial analysis, including indicators of student achievement;
- Starship for Stargard - an educational platform to develop coding skills among secondary school students.

In addition, the project will include a study visit to Norway, which will allow the participants to learn about innovative solutions in the area of ecology and sustainable development. The study visit will include participation in the Nordic Edge Expo and a conference to present the results of the project in the form of a workshop, as well as preparation of a publication with a toolkit for local governments wishing to introduce innovative solutions to accelerate green transformation.

Hack the Climate

Hack the Climate is a knowledge-sharing project designed to use international cooperation and new technologies to combat climate change. As part of the program, a partnership has been established between PFR and the Norwegian organization Nordic Edge, to share best practices and develop new tools for green urban transformation.

The project included organization in Warsaw of a workshop for 16 Polish and Norwegian local governments, at which urban challenges related to climate change were formulated. The challenges were taken up during a virtual Polish-Norwegian hackathon, in which coding teams worked to find relevant solutions. The best of these solutions are being implemented in the following towns and cities: Bieroń, Rzeszów, Sulejówek and Stavanger, to support green transition and contribute to the fight against climate change.

Map of solution implementation developed during city coders hackathons in 2023.



PFR's involvement in the National Recovery and Resilience Plan

1. SUMMARY OF PFR'S PARTICIPATION IN THE CREATION OF THE NATIONAL RECOVERY AND RESILIENCE PLAN SYSTEM.

The Act of 28 April 2022 on the Principles of the Performance of Tasks Financed from EU Funds in the 2021–2027 Financial Perspective amended, inter alia, the Act of 6 December 2006 on the Principles of Development Policy, whereby PFR has been designated to perform pay-outs under the development plan referred to in Article 5 par. 7aa of the Act of 6 December 2006 on the Principles of Development Policy, including by providing development plan financing as regards non-reimbursable payments.

The detailed scope of PFR's tasks was defined in the agreement concluded pursuant to Article 14In sec. 5 of the Act of 6 December 2006 on the Principles of Development Policy with the Minister responsible for Regional Development, acting in consultation with the Minister responsible for Public Finance.

Under the agreement, PFR S.A. provided the institutions responsible for implementing the investments and their collaborating entities with an ICT system supporting the creation and forwarding by PFR of payment orders for investment projects prepared by ministries, local governments and other institutions. Payments under the National Recovery and Resilience Plan are executed by PFR in accordance with the schedule of payments approved by the Ministry of Development Funds and Regional Policy and the Ministry of Finance. PFR's responsibility was limited exclusively to obtaining the funds and transferring them to the eligible recipients. The decisions to grant the funds are made by the designated authorities.

National Recovery and Resilience Plan Center System

In 2022, PFR opened access to the National Recovery and Resilience Plan Center System, which implements provisions of the Investment Financing Agreements executed with institutions responsible for the performance of investment projects pursuant to Article 14Io of the Act of 6 December 2006 on the Principles of Development Policy. The State Treasury, represented by the Minister of Digital Affairs, ensures verification of user identification details each time they log into the system using their trusted profile (digital ID).

The National Recovery and Resilience Plan System provides the following functionalities:

- submitting and executing payout orders,
- managing funds designated for payouts,
- managing the payout schedule,
- managing reimbursements,
- managing the list of investments,

- reporting,
- managing users,
- integration with the banking system,
- integration with the national electronic identification center.

The investment projects implemented within the framework of the National Recovery and Resilience Plan are financed with non-reimbursable support funds from the budget of EU funds or with funds from repayments and reimbursements of unredeemed PFR Financial Shield subsidies.

Until the EU funds are received, PFR ensures the financing of the development plan with funds from the reimbursement of subsidies with no debt remission decisions or from the repayment of financial support provided under the PFR Financial Shield government program.

If funds come from the reimbursement of subsidies with no debt remission decisions or from the repayment of financial support provided under the PFR Financial Shields, and no financing from the EU funds is released, PFR - in accordance with a disposition received from the Ministry of Development Funds and Regional Policy and in consultation with the Ministry of Finance will raise capital by issuing bonds on domestic and international markets.

Sources of financing:

- **EU funds** – funds provided to PFR by the State Treasury from the European Funds budget to perform the payouts, whereby the State Treasury is represented by the Minister of Development Funds and Regional Policy
- **Domestic funds** – funds provided by PFR from proceeds from reimbursement of subsidies with no debt remission decisions or from repayments of financial support under the PFR Financial Shield programs;
- **External financing** – funds raised through bond issues on the domestic and international markets.

Execution of the National Recovery and Resilience Plan

In 2023, PFR concluded the last three agreements with government institutions, namely the Ministry of Infrastructure, the Ministry of Culture and National Heritage and the Ministry of Health, and completed the process of signing investment financing agreements with the entities responsible for their implementation. In total, since 2022 PFR has entered into twelve agreements that have enabled institutions responsible for the implementation of investments to use the National Recovery and Resilience Plan Center System.

Schedule of work

2022**28 APRIL**

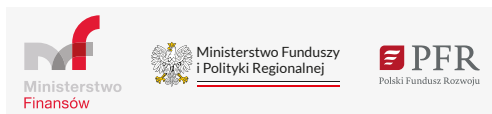
Adoption of the Act of 28 April 2022 on the Principles of the Performance of Tasks Financed from EU Funds in the 2021–2027 financial perspective.

1 JUNE

Approval of the National Recovery and Resilience Plan (KPO) by the European Commission.

17 JUNE

Approval of the National Recovery and Resilience Plan (KPO) by the EU Council.

5 AUGUST

Signing an agreement on performing tasks connected with the implementation of the National Recovery and Resilience Plan between the State Treasury, represented by the Minister of Development Funds and Regional Policy and the Minister of Finance, on the one hand, and PFR on the other.

AUGUST-DECEMBER

Signing agreements with institutions responsible for executing the investment projects. Construction and development of the National Recovery and Resilience Plan Center System.

23 NOVEMBER

Making the first payment through the National Recovery and Resilience Plan Center System.

In 2023, PFR continued tasks relating to the National Recovery and Resilience Plan by performing payout orders and transferring funds to institutions responsible for carrying out investments, supporting institutions or final recipients of the support. The total amount of disbursements made under the National Recovery and Resilience Plan, reduced by the reimbursements of funds made by recipients of the support, was PLN 5,065,107,181 as at the end of December 2023. Due to the lack of availability of European funds in 2023, PFR made disbursements exclusively from domestic funds.

In 2023, as part of its innovation efforts, PFR Operacje launched a new channel for accessing the National Recovery and Resilience Plan Center System via an advanced application programming interface (API), which allows systems operated by contracting parties to integrate with the KPO Center System. Thanks to this strategic initiative, systems of the institutions responsible for investment implementation and supporting entities have been enabled to use a number of key functionalities, which resulted in improved process efficiency. In particular, thanks to the API the users are now able to:

- submit payout instructions,
- download an up to date list of payout instructions,
- obtain detailed information on individual payout instructions.

The implementation of access through the API has had a positive impact on the optimization and acceleration of the implementation of the investments handled by the responsible institutions and their supporting entities. Thus the implementation of the API has not only translated into increased performance, but also opened up opportunities for further optimization and improvements in the future.

As part of PFR Operacje's commitment to continuous improvement and ensuring the highest quality of service, detailed performance tests were also conducted. They were intended to verify the system's capability to handle the assumed volume of transactions and to detect potential problems early on. This allows PFR Operacje to identify and plan necessary optimization measures at an early stage. The results of these tests not only confirmed the high level of performance, but also identified specific areas where the solution can be further improved. PFR Operacje sp. z o.o. plans to implement these optimizations as part of ongoing development work, which will further enhance the value delivered to customers and business partners.

Involvement in fighting the effects of the COVID-19 crisis

1. SUMMARY OF AID ACTIVITIES (AS AT THE END OF 2023)

Faced with the economic challenges caused by the COVID-19 pandemic, the Polish government took immediate action - launching programs to support entrepreneurs, which it entrusted to PFR to implement in 2020 and 2021:

- The Polish Development Fund's Financial Shield for small and medium enterprises,
- The Polish Development Fund's Financial Shield for large companies,
- The Polish Development Fund Financial Shield 2.0 for micro, small and medium enterprises,
- The Support Program for Polskie Linie Lotnicze LOT S.A.,

hereinafter called the "Financial Shield".

Their objective was to protect Polish enterprises and the Polish economy. This pioneering initiative enabled applications to be submitted fully digitally and offered entrepreneurs access to financial support within just 48 hours of submission. These nationally unprecedented measures ensured a rapid response to companies' needs, while protecting the Polish economy from the long-term effects of the crisis caused by the COVID-19 pandemic.

The Financial Shield together with the Crisis Shield have proved their effectiveness and have become key tools in preserving the development potential of the Polish economy and the stability of public finances. These programs resulted in a 5.2% increase in the number of registered sole traders between March 2020 and December 2021. This proves that the implemented solutions were effective in stimulating entrepreneurship.

Furthermore, the inclusion in the process of verifying applications submitted under the Financial Shield by entrepreneurs of a multi-stage fraud prevention system, done in cooperation with institutions such as the National Tax Administration (KAS) and the Social Insurance Institution (ZUS), has guaranteed a high level of integrity in the aid programs. Despite the rapid pace in which the solutions were introduced, the percentage of companies with irregularities observed in follow-up inspections was only 1%. This demonstrates the effectiveness of verification processes and fraud prevention mechanisms.

Among the 396 thousand enterprises that benefited from the Financial Shield, only 0.05% were adversely affected by the crisis caused by the coronavirus pandemic and were forced to wind up their operations. It demonstrates the significant contribution of the Financial Shield to stabilizing the Polish economy. These solutions played a key role in protecting the country's economy during the pandemic: not only have they safeguarded jobs, but also encouraged economic development and innovation during difficult times.

Although the stage of Financial Shield direct financing has already ended, in 2023 the Polish Development Fund continued its activities related to handling repayments of financial subsidies granted, as well as investigations and recovery proceedings, thus underlining its long-term commitment to the stability and development of the Polish economy.

2. PFR FINANCIAL SHIELD PROGRAM

2.1. Support for MSMEs

In 2023, beneficiaries of the **Financial Shield for Small and Medium-sized Enterprises** scheme continued to repay the support provided by PFR. By 31 December 2023, the total value of repayments amounted to PLN 22.3 billion, reaching 91% of the total reimbursable amount.

Similarly, under the **PFR Financial Shield 2.0 for micro, small and medium-sized enterprises** beneficiaries began the process of repaying subsidies and returning surpluses in July 2022. As of 31 December 2023, the value of expected repayments amounted to PLN 675 million, accounting for 75% of the total value of aid provided.

The repayments are handled by PFR staff, cooperating banks and overdue debt recovery firms. A number of measures were adopted to facilitate the repayment process, including:

- informing beneficiaries of payment deadlines and any arrears, through telephone and electronic communications,
- preparation, by external companies with the participation of PFR, of settlements and debt restructuring solutions, to support repayment of debts by companies in financial difficulties.

2.2. Support for large enterprises

In 2020, PFR launched the Financial Shield for Large Companies, an unprecedented initiative in the European Union to support companies affected by the COVID-19 pandemic. The program was addressed to companies which employed more than 249 persons or earned annual turnover exceeding EUR 50 million in 2019, or else whose balance sheet total in 2019 exceeded EUR 43 million. The program also invited small and medium enterprises that satisfied specific conditions to apply for financial support. Under the Financial Shield for Large Companies, a variety of financial instruments were available, including liquidity and preferential loans, as well as equity instruments to provide financial liquidity and support the capital structure of enterprises.

In response to the prolonged duration of the pandemic and the resulting need for further support for companies, Poland obtained approval from the European Commission to extend the operation of the program and make significant modifications, including a new instrument - **Preferential Loan 2.0**. The application process took place online, which greatly facilitated access to the program. PKO Bank Polski was responsible for handling the settlements. Applications for the new instrument could be submitted until the end of September 2021, agreements could be signed until 31 December 2021, and disbursements could be made

until 31 March 2022. However, flexible adaptation of the program's terms in response to the changing market conditions allowed the deadlines for signing contracts and disbursing funds to be extended - until 31 March 2022 and 30 June 2022, respectively.

A total of 612 applications for support were registered, for a total amount of approximately PLN 18.2 billion, which reflected the significant interest and high demand for support among Polish enterprises. The redemption process ended, in accordance with the program's regulations, on 30 September 2022. The debt of 177 beneficiaries was forgiven, for a total amount of PLN 864.3 million, which represents 68% of the total amount of preferential loans granted. Moreover, by 31 December 2023, the total amount of the loan repayments amounted to PLN 1.553 billion, which in aggregate accounted for 36% of the value of loans granted.

2.3. Support for PLL LOT

The COVID-19 pandemic caused severe disruption in the global transport and tourism industry, which directly affected Polskie Linie Lotnicze S.A. ("PLL LOT"). In the face of the financial challenges, such as the emergence of a liquidity and capital gap, it was essential to take measures to preserve the operational continuity of the national airline.

On 21 December 2020, in recognition of PLL LOT's key role in Poland's transportation system and its importance to the economy, the Council of Ministers adopted a comprehensive support program for PLL LOT. The following day, the European Commission approved this aid package, which included, among others, a loan from PFR to PLL LOT. These measures were intended not only to provide liquidity, but also to support the carrier's capital structure in these difficult times.

The repayment of the first principal installment of the loan, in the amount of PLN 450 million, fell on 31 December 2023 (a public holiday). Consequently, the repayment was made - in accordance with the agreement between PFR and PLL LOT - after the balance sheet date, i.e. on 2 January 2024. The scheduled final repayment of the total financing provided by PFR matures on 30 December 2026.

3. FINANCING OF AID PROGRAMS

In order to finance the PFR Financial Shield programs, in 2020–2022 PFR issued bonds for the total amount of PLN 73.9 billion. The schedule of the individual issues is provided in the table below:

Bond issue no.	ISIN	Abbreviated bond name	Nominal value of issuance (capital)
1	PLPFR0000019	PFR0324	16,325,000,000.00
2	PLPFR0000027	PFR0325	18,500,000,000.00
3	PLPFR0000035	PFR0925	15,175,000,000.00
4	PLPFR0000043	PFR0627	10,000,000,000.00
5	PLPFR0000050	PFR0330	2,000,000,000.00
6	PLPFR0000068	PFR1227	500,000,000.00
7	PLPFR0000076	PFR0927	2,000,000,000.00
8	PLPFR0000084	PFR092027	900,000,000.00
9	PLPFR0000092	PFR0827	5,250,000,000.00
10	PLPFR0000050	PFR0330B	1,250,000,000.00
11	PLPFR0000100	PFR0228	1,000,000,000.00
12	PLPFR0000118	PFR0228B	1,000,000,000.00
Total			73,900,000,000.00

Detailed terms and conditions of the individual issues are included in the respective issuance letters published by PFR, which can be found on PFR's website, under the tag "Investor Relations / PFR Bonds".

4. FINANCIAL SHIELD MANAGEMENT COSTS

From the very start of the implementation of PFR Financial Shield programs, PFR has put an emphasis on ensuring a high level of transparency of the measures taken. Although the stage of granting financing has ended, both the process of handling subsidy repayments by enterprises as well as the management of bonds issued are going to be continued in the years to come.

From the State Treasury's perspective, the costs of implementing the programs are multifaceted, and include:

- redemption of part of the subsidies granted, which are direct support for enterprises,
- interest expense on bonds, financed mainly by the programs,
- costs of operating the programs, including PFR's remuneration for organizing and implementing the programs, as well as other costs directly incurred by the Ministry of Economic Development and Technology.

Noteworthy, banks involved in handling subsidy disbursements and regular repayments did not charge fees for these services, which had a significant impact on minimizing the administrative costs of the programs.

In summary, an assessment of the total cost of the Financial Shield programs from the perspective of public finances over 10 years, which is less than 2% of Poland's GDP, indicates that the budget burden was moderate. Noteworthy, such a level of spending is relatively small in the context of the overall size of the Polish economy and the investments planned by the government. This cost should be considered as a strategic investment, aimed at generating long-term economic and social benefits, as well as strengthening the country's competitive position.

Management Board Report on the Activity of PFR S.A. and the PFR Corporate Group in 2023

Chapter 4: Material events affecting PFR and the PFR Corporate Group in 2023 and after the balance sheet date

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Material events in 2023

- Subscription and payment for new issue investment certificates of the Rental Housing Fund FIZ AN.
- Entering into an agreement with the State Treasury for the execution of the “Shield for the Borderland” government program.
- PFR joining PFR Ventures Inwestycje Bezpośrednie Alternatywna Spółka Inwestycyjna S.K.A. and subscribing for shares of that company.
- PFR joining PFR Ventures Innovation Fund Alternatywna Spółka Inwestycyjna S.K.A. and subscribing for shares of that company.
- Granting surety for liabilities of Pojazdy Szynowe PESA Bydgoszcz S.A. in connection with granting a treasury limit by PKO Bank Polski S.A. for Pojazdy Szynowe PESA Bydgoszcz S.A.
- Subscription and payment for investment certificates of the Local Government Investment Fund FIZAN.

Selection of PFR and PFR TFI by the NFOŚiGW (National Fund for Environmental Protection and Water Management) Management Board to serve as the fund manager under the Priority Investment Program E1.1.1 “Supporting low-carbon economy” of Component E “Green, smart mobility” of Poland’s National Recovery and Resilience Plan (KPO). The projected budget of the project is approx. PLN 5 billion.

Material events after the balance sheet date

On 5 March 2024, the Regulation of the Council of Ministers of 1 March 2024 came into force, amending the Regulation on the list of companies in which rights from State Treasury shares are exercised by the Prime Minister or other members of the Council of Ministers, Government representatives or state-owned legal persons, including companies fully owned by the State Treasury. In connection with the entry into force of the Regulation on 5 March 2024, the rights from State Treasury shares in Polski Fundusz Rozwoju S.A. are exercised by the Minister of State Assets.

On 15 March 2024, the Supervisory Board, pursuant to:

- Resolution no. 7/2024 to initiate qualification procedure for the position of the President of the Management Board of Polski Fundusz Rozwoju S.A. for the third term of office,
- Resolution no. 9/2024 to initiate qualification procedure for the position of the Vice-President of the Management Board for finance and development of Polski Fundusz Rozwoju S.A. for the third term of office,
- Resolution no. 11/2024 to initiate qualification procedure for the position of the Vice-President of the Management Board for investments of Polski Fundusz Rozwoju S.A. for the third term of office,
- Resolution no. 13/2024 to initiate qualification procedure for the position of the Vice-President of the Management Board for investment programs of Polski Fundusz Rozwoju S.A. for the third term of office,

initiated the qualification procedure for members of the Company’s Management Board, but on 27 March 2024, and then on 12 April 2024, the period of the procedure was prolonged and thus the candidates could submit their applications by 19 April 2024, and interviews with candidates satisfying the formal requirements started on 26 April 2024.

Effective at the end of the day on 2 April 2024, Paweł Borys submitted his resignation from the position of the President of the Management Board of the Company, and consequently from sitting on the Company’s Management Board. In view of the submitted resignation, on 8 April 2024, the Company’s Supervisory Board approved the amended Regulations of the Management Board of the Company, in accordance with which in case there is no President on the Company’s Management Board or when the President is absent, the Management Board’s work is directed by the Vice-President of the Management Board for finance and development. The same Vice-President shall also exercise other powers of the President of the Management Board referred to in other internal regulations of the Company. Furthermore, the Investment Division and the Strategy and Organization Area were divided by assigning these areas to specific Vice-Presidents of the Management Board, in accordance with Attachment no. 1 to the Regulations of the Management Board.

On 11 April 2024, the Extraordinary Shareholder Meeting of the Company adopted resolutions nos. 3-11 on changing the composition of the Company’s Supervisory Board and thus the following persons were dismissed from the Company’s Supervisory Board:

- (i) Ms. Kamila Majcher-Zalewska,
- (ii) Ms. Anna Pietrzak,
- (iii) Mr. Tomasz Dudek,
- (iv) Mr. Piotr Szwarc,
- (v) Mr. Artur Harc.

On the other hand, as of 11 April 2024, the following persons were appointed to the Supervisory Board:

- (i) Ms. Sylwia Jarosz-Żukowska,
- (ii) Mr. Adam Mariański,
- (iii) Mr. Andrzej Halesiak,
- (iv) Mr. Ryszard Kokoszyński.

Management Board Report on the Activity of PFR S.A. and the PFR Corporate Group in 2023

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Introduction

1. SUMMARY OF 2023

GRI [2-22]

In 2023, PFR focused on the implementation of activities planned one year earlier in the ESG Roadmap. That was how ESG guidelines were integrated with the day-to-day operation of the PFR Corporate Group. The key element was the creation of the ESG Team, which consists of experts from all organizational units of the PFR Corporate Group and the signing of an ESG and sustainability agreement within the PFR Corporate Group.

In 2023, the PFR Corporate Group's activities in this area focused on integrating ESG issues, understood as environmental protection (Environmental), social responsibility (Social), and corporate governance and anti-corruption measures (Governance), into the management structure, and building ESG competence into the individual companies of the PFR Corporate Group. Employees received regular training on ESG issues. The work on the greenwashing prevention policy is nearing completion. The policy will be jointly adopted by the entire PFR Corporate Group and the PFR Foundation, which is key to maintaining reliability, building trust and a true commitment to sustainability. Equally important is the continued implementation of the CSRD Directive guidelines and the implementation of the EU Taxonomy requirements in investment activities.

This report builds on the issues referred to in the 2022 report. As in previous years, the PFR Corporate Group implements its mission to support the sustainable development of Poland through investment activities that contribute to the fulfillment of sustainability and ESG goals. In addition, key initiatives were carried out in the area of development of innovativeness and human capital as well as the activity of the PFR Foundation.

New regulations and standards, including the EU Sustainable Finance Framework (such as the EU Taxonomy, the SFDR, the CSRD) create new challenges for the EU economy in terms of climate and environmental transformation. Companies also have to comply with a range of reporting requirements to meet increasing market, societal and corporate pressure to consider ESG factors. In response to these challenges, it is necessary to introduce cutting-edge solutions and technologies to support the achievement of these goals. As a participant in the financial market, the PFR Corporate Group has a key role to play in climate and energy transition. It is prepared to take implementation measures based on ESG best practices and ESG solutions to fulfill its mission and strategy.

In 2023, the PFR Corporate Group continued the PFR Green Hub FoF, which aims to energize investments supporting energy transition in Poland and provide financing to businesses that exert positive influence on the planet. The program is eligible for VC funds that want to invest in green projects with a positive impact on the planet. Sustainable social and economic development requires investments in infrastructure, technology and IT areas that enable social inclusion, protection and well-being of regions. We also continued investments within closed-end investment funds and through direct investments. Some of these investments may contribute to the achievement of the UN sustainable development goals. Reducing adverse environmental impacts and supporting the process of change in companies may directly contribute to the mitigation of climate change or support the fulfillment of climate goals. The PFR Corporate Group is also committed to sustainability through internal measures, which

Investment activity



PLN 12 billion

invested by PFR in over 60 investment projects



EUR 110 million

of investments in international projects of Polish companies in 8 countries



800+

companies that received financing from 76 PFR Ventures funds



10 000+

apartments in or after the process of designing



PLN 600 million

in a new Foreign Expansion Fund

Pro-development activity



240,000

users of startup.pfr.pl



PLN 220 million

for participants of the PFR School of Pioneers



300

companies took part in the Digital Maturity Test



250+

digital products in the Urban Technology Exchange



4.2 million

active users of the mojeppk.pl portal



9000+

training on ECP

Corporate social responsibility



20,000

participants in activities at the Central House of Technology



nearly 800

workshops delivered at the Central House of Technology



5,500

hours of educational materials



70 000+

views on the Central House of Technology YT channel



177

PFR Corporate Group volunteers engaged in social campaigns



Polski Fundusz Rozwoju

PFR. Investments for Poland

PFR. Investments for sustainable development

To ensure necessary security level for the performance of basic services and to increase productivity of the economy

PFR. Investments for digital transformation and cutting-edge technologies

To develop potential for creating and absorbing innovations and increase research potential

PFR. Investments for energy transition and competitiveness

Capital, consulting and organizational support to build a modern, competitive and climate-neutral economy

PFR. Investments for profitable growth

To maintain a high credit rating and to use capital effectively



Investment activity



Pro-development activity



Corporate social responsibility

Corporate activity

Human resources	IT	Risk	Security	Communication	Customer support	Finance and controlling
Law	Compliance	Audit	Support of the Management Board	Administration	Strategy and knowledge management	Accounting

Supporting the performance of sustainable development objectives and pro-development policies of the state

CELEB
ZRÓWNOWAŻONEGO ROZWOJU

- 1 KONIEC ZUBOSTWEM
- 2 ZERO GŁODU
- 3 DOBRE ZDROWIE I JAKOŚĆ ŻYCIA
- 4 DOBRA JAKOŚĆ EDUKACJI
- 5 RÓWNOŚĆ PŁCI
- 6 CZYSTA WODA I WYARUNKI SANITARNE
- 7 CZYSTA I DOSTĘPNA ENERGIA
- 8 WZROST GOSPODARSTWA I GODNA PRACA
- 9 INNOWACYJNOŚĆ, PRZEMYSŁ, INFRASTRUKTURA
- 10 MNIJ NIERÓWNOŚCI
- 11 ZRÓWNOWAŻONE MIASTA I SPOŁECZNOŚCI
- 12 ODPowiedzialna konsumpcja i produkcja
- 13 DZIAŁANA W DZIEDZINIE KLIMATU
- 14 ŻYĆIE POD WODĄ
- 15 ŻYĆIE NA LĄDZIE
- 16 POKÓJ, SPRAWIEDLIWOŚĆ I SILNE INSTYTUCJE
- 17 PARTNERSTWA NA RZECZ CEŁÓW



may include harnessing electricity from renewable energy sources and continuing to replace vehicle fleet with hybrid vehicles in 2023.

2. PFR CORPORATE GROUP – ABOUT US

GRI [2-1] [2-2]

The PFR Corporate Group is a group of financial and advisory companies that works for businesses, local governments and private individuals and invests in the country's social and economic development. The Group consists of the following entities:

- Polski Fundusz Rozwoju S.A.,
- PFR Towarzystwo Funduszy Inwestycyjnych S.A.,
- PFR Ventures,
- PFR Nieruchomości S.A.,
- PFR Portal PPK Sp. z o.o.,
- PFR Operacje Sp. z o.o.,
- PFR Ventures Innovation Fund Alternatywna Spółka Inwestycyjna S.K.A.

- PFR Ventures Inwestycje Bezpośrednie Alternatywna Spółka Inwestycyjna S.K.A.

The priorities of the PFR Corporate Group's are infrastructural investments, innovations, entrepreneurial development, exports and foreign expansion of Polish businesses, support for local governments, implementation of the Employee Capital Plan program and management of foreign investments.

The PFR Corporate Group performs its activities primarily based on the provisions of the Commercial Company Code and the Act on the Development Institutions System. Pursuant to Article 11 of the Act on the Development Institutions System, Polski Fundusz Rozwoju conducts business activity (based on the principles of commercial best practices while endeavoring to generate a market return on invested capital in the long-term). It also performs other tasks, including tasks assigned by government administration authorities.

Business strategy

1. STRATEGY OF THE PFR CORPORATE GROUP

GRI [2-6]

In 2023, the PFR Corporate Group continued to implement the Strategy of the PFR Corporate Group for 2022–2025 (Strategy). The mission of the PFR Corporate Group, described in earlier strategic documents, according which the Group is an institution supporting sustainable social and economic development of Poland, has acquired special significance since 2020. PFR has effectively filled a gap in the market, as it has also undertaken anti-cyclical activities to stimulate sectors affected by stagnation. During the global pandemic, PFR supported the economy and Polish companies by implementing measures under the PFR Financial Shield. These measures supplemented PFR's activity within strategic competence centers such as: investment activity, pro-development activity and corporate social responsibility. The directions of activity before 2022 are continued and strengthened in the Strategy. The Strategy also emphasizes the importance of sustainable development and cutting-edge technologies as well as energy transition and competitive economy. The activity of the PFR Corporate Group is guided by four principles:

- **to supplement the commercial and non-governmental sectors** and cooperate in preparing and distributing programs in the areas in which there are gaps in the market manifested by the lack of access to financial services,
- **to perform development programs adjusted to the needs of recipients:** companies, local government units, the public sector, the non-governmental sector and individuals,
- **to create value for shareholders** by investing capital to ensure returns,
- **to pursue self-financing** achieving a positive financial result on the performed activity and the possibility of external financing.

The mission of the PFR Corporate Group is to develop practical solutions for common success and a safe future, based on four values: partnership and cooperation, responsibility, professionalism, development.

In its activities, the PFR Corporate Group pursues 10 out of 17 Sustainable Development Goals (SDGs) of the United Nations, including in particular: **Goal 7: Ensure access to sources of stable, sustainable and modern energy at affordable prices, Goal 8: Promote inclusive and sustainable industrialization and foster innovation, and Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.**

The list of all SDGs pursued by the PFR Corporate Group is as follows:



The PFR Corporate Group contributes to the fulfillment of sustainable development goals mainly through its investments, its educational and consulting activities, cooperation with business partners and local governments, which is focused on stimulating innovation and equalization of opportunities in access to financing. The key areas of activity include ones related to infrastructure investments, digital transformation and energy transition.

2. DEVELOPMENT DIRECTIONS AND BUSINESS PRIORITIES

GRI [2-6]

PFR's activity is invariably based on the functioning of the System of Development Institutions established in 2019, in which the PFR is responsible for the area of investments. The PFR Corporate Group and the PFR Group have mutually consistent missions, visions, operating rules and values of the organizations.

PFR's values

Partnership and cooperation

In our work, we treat others as we would like to be treated ourselves. We respect and appreciate the work of others and we listen to their needs. While working together, we share our experience and information, making trust the foundation for the development of the Polish society and the Polish economy.

Responsibility

We analyze and understand the reality that surrounds us, we are able to combine our own assignments with the objectives of the team and the company in order to achieve the intended results, and in all our activities we seek to achieve benefits for Poland. We learn from our successes and failures and take the necessary risks. We pursue what we have declared in a consistent manner.

Professionalism

We consistently strive to achieve our objectives and we provide our customers with the highest quality products and services. We are always prepared and we always complete all our assignments.

Development

We create new ideas, services and solutions, thus supporting the development of the Polish economy and the Polish society. We follow the latest trends while thinking and acting outside the box. We cross borders to achieve amazing new results.



The strategy indicates areas of organizational activity which are strictly connected with strategic directions for the entire PFR Group referred to in sub-section "Information about the Parent company – PFR".

Each strategic activity defined in the document meets objectives agreed in the following areas: sustainable development, digital transformation and cutting-edge technologies as well as energy transition and competitiveness, namely:

- to ensure necessary security level for the performance of basic services and to increase productivity of the economy;
- to develop potential for creating and absorbing innovations and increase research potential;
- capital, consulting and organizational support to build a modern, competitive and climate-neutral economy.

The competence centers developed while performing the previous strategy did not change. These are: investment activity, pro-development activity, corporate social responsibility and corporate activity. What should be stressed is that the Strategy also meets objectives for sustainable development both in the environmental and social dimensions, and for corporate governance.

An important element of the Strategy is also an internal development of the organization, which aims to maintain a high credit rating and to use capital effectively. As part of the Strategy, which envisaged a gradual development of competences in PFR Operacje, activities

were undertaken to harmonize corporate issues. This included work on a document of the IT and Security Strategy of the PFR Corporate Group, which was adopted in 2023. It defines the framework for development of the IT and security area, both with requirements of laws which are being amended and internal regulations.

Within investment activity, over PLN 540 million were designated for transfers to VC/PE funds. Additionally, there were 11 investments implemented through funds managed by PFR, out of which 5 were related to energy transition, 2 were related to infrastructure and 1 to local government units.

Pro-development measures covered, among others, companies from the SME sector for which workshops and training courses were organized (more than 1200 SMEs trained in the "Digital Starter Kit for Enterprises" project and 175 companies took part in the "Community of Future-minded Companies" project). The scale of using digital solutions was increased in local government authorities, among others, within the "Urban Technology Exchange" project, under which 125 technology solutions were implemented in local governments.

Detailed directional objectives of the PFR Corporate Group are presented in infographics on pages 95 and 96.



Areas of operation of the PFR Corporate Group



Sustainable development

Strategic directions:

- Response to the global pandemic
- Modern local governments and PPP
- Sustainable economy
- Competitive SMEs
- Self-learning labor market
- Healthy and active society
- Investments and the industry
- Foreign expansion of Polish companies



Digital transformation and cutting-edge technologies

Strategic directions:

- Modern infrastructure
- Digitalization of the Polish economy
- Dynamic development of innovativeness



Energy transition and competitiveness

Strategic directions:

- Sustainable economy



Sustainable development

To ensure necessary level for the performance of basic services and to increase productivity of the economy

Directional objective:

Target group:

Increasing productivity of the Polish economy	
Supporting development of Polish companies abroad	
Increase in the number of apartments for lease	
Increasing the scale of application of digital solutions in the sphere of public administration	
Building a center for economic knowledge with an emphasis on knowledge about pension and savings systems in Poland	
Increasing the value of private savings of tax residents in Poland	
Facilitating control and management of pension products for citizens	
Securing financial liquidity of enterprises in the period of crisis and supporting the economy	
Increase in the society's economic awareness	
Filling gaps in social areas	
Development of culture, arts and social activity and protection of national heritage	



Digital transformation and cutting-edge technologies

To develop potential for creating and absorbing innovations and increase research potential

Directional objective:

Target group:

Development of the ecosystem of financing venture capital and private equity	
Increasing the use of cloud computing services among domestic companies	
Increasing access to specialized tools, suppliers of technologies and owners of business solutions	
Digital transformation of local government units	
Activation of large enterprises to engage in digital transformation and energy transition and increasing expenditures for innovations	
Supporting innovativeness of the PFR Group	
Development of competences of innovators and knowledge on the ecosystem of innovations in Poland	
Cooperation with state institutions, scientific institutions and business with regard to financing and supporting the sector of high technologies	
Supporting the development of enterprises from the sector of high technologies	
Development of digital competences in the society	



Energy transition and competitiveness

Capital, consulting and organizational support to build a modern, competitive and climate-neutral economy

Directional objective:

Target group:

Supporting the energy transition of Polish enterprises to strengthen the Polish value chain – building competitiveness on the Polish and international markets	
Providing the opportunity for commercialization of high-technology solutions in CleanTech area	
Increase in the rate of energy transition and implementation of green strategies in the Polish local governments	
Increasing the society's awareness of sustainable development	

investment activity

pro-development activity

corporate social responsibility

individuals

startups

SMEs

large businesses

local governments



3. INVESTMENTS EXECUTED BY THE PFR CORPORATE GROUP

GRI [203-1]

The PFR Corporate Group incorporates sustainability factors into its activities insofar as they are relevant to the investments. Caring for the planet and the society is embedded in many of the PFR Corporate Group's activities that integrate ESG factors to have a positive impact on the climate, environment and communities. In line with the Strategy, the PFR Corporate Group's investments, both direct and indirect, are aimed at increasing competitiveness, innovativeness, and social equality by providing access to financing, educating and supporting the development of the public and private sectors. Indirect investments are carried out, among others, with participation of PFR TFI, which creates and manages investment funds, which have a very broad spectrum of investments and diverse profiles of activity. Accordingly, the manner in which risks to sustainable development are handled differs depending on the particular investment fund managed by the Management Company.

In line with the strategy of integrating sustainability risks into PFR TFI's investment decision-making process, the Management Com-

pany endeavors to take sustainability principles into account in its investment decision-making process, while being guided by the interests of fund participants. In the process of monitoring of its investments, it evaluates financial and non-financial risks, including risks to sustainable development and their impact on the standing of the specific investment of the investment fund. In performance of its policy of exposure to shares of companies admitted to trading on the regulated market and outside the regulated market, the Management Company constantly monitors companies in terms of their social and environmental impact and the applied principles of corporate governance.

4. PARTICIPATION IN INDUSTRY AND INTERNATIONAL ASSOCIATIONS

GRI [2-28]

PFR is also engaged in the activities of industry and international organizations and associations. In this way, experience and best practice can be shared with other organizations in similar areas of work. This type of cooperation is also applied to gain knowledge and launch joint initiatives that enable the whole community to speak with one voice on matters of significance for its operations.



D20-LTIC (D20 Long-Term Investors Club)

The D20-LTIC is an association of leading global development institutions, predominantly from the G20 countries. Its purpose is to encourage cooperation and establish conditions conducive to long-term investments that support sustainable economic growth. The Club was established in 2009 at the initiative of the French CDC, Italian CDP, German KfW and the European Investment Bank. Currently, the D20-LTIC consists of 21 members with a total balance sheet value of more than USD 5.4 trillion. PFR joined the organization in June 2018.



UNGC (United Nations Global Compact)

The UNGC is the world's largest business initiative for sustainable development, involving 13,000 companies and stakeholders from 170 countries. The pact requires companies to align their strategies and activities with ten principles in the areas of human rights, labor standards, natural environment and counteracting corruption, and to take initiatives in support of the UN Sustainable Development Goals. PFR joined the UNGC in December 2020.



Invest Europe

Invest Europe (formerly known as EVCA) is the world's largest association representing European private equity, venture capital and infrastructure funds and their investors, including some of Europe's largest pension funds and insurers. Invest Europe is involved in the drafting and issuing of opinions on regulations and laws pertaining to investment, provides analyses of the role of its members in the economy and conducts research on trends and changes in the sector. The association also publishes the *Professional Standards Handbook* containing standards and guidelines for the PE industry. PFR became a member of the organization in January 2018.



ILPA (Institutional Limited Partners Association)

ILPA is an industry association based in Washington, DC and Toronto, bringing together institutional limited partners (LPs) in the PE asset class. The organization owns over 500 institutions with a total of USD 2 trillion of assets under management, accounting for approx. 50% of all PE assets across the world. The association is the only global organization dedicated solely to protecting the interests of LPs and their beneficiaries through education, representation and organization of events. PFR has been an ILPA member since May 2018.



Polish Private Equity and Venture Capital Association

The Polish Private Equity and Venture Capital Association (PSIK) brings together private equity/venture capital investors active in Poland. The Association is also open for other persons, companies and institutions interested in the development of the Polish sector of private equity/venture capital. The aim of PSIK is to facilitate investments, support the development of the sector of private equity/venture capital in Poland and represent the interests of the sector. PFR has been a PSIK member since November 2022.



Management and oversight over ESG areas in the PFR Corporate Group

1. ESG MANAGEMENT ORGANIZATION

GRI [2-9] [2-10] [2-11] [2-12] [2-13] [2-14] [2-17] [2-18]

The Management Board is responsible not only for the effective management of the company, but also for setting the strategic direction of the PFR Corporate Group. Its responsibility includes the implementation of long-term goals in line with the adopted strategy, while ensuring that the company's operations are conducted in a responsible and sustainable manner. To ensure compliance with legal requirements and sustainability standards, the Management Board is continuously monitoring evolving regulations and considers ESG factors in its decision-making, in line with industry best practice and stakeholder expectations. The key role in this respect is played by the Vice-President in charge of Finance and Development, who directly oversees ESG and sustainability activities, in particular non-financial reporting. In order to maintain a unified approach to the ESG initiatives undertaken in the PFR Corporate Group and ensure effective sustainability reporting, the companies of the PFR Corporate Group and the PFR Foundation adopted the "Sustainability and ESG Agreement in the PFR Corporate Group". It sets out the definitions of terms in this area and the rules and responsibilities of each entity for providing information for non-financial reporting purposes. The responsibility for coordinating activities in the area of ESG and sustainable development in the PFR Corporate Group rests with the PFR Strategy Department, which cooperates closely with ESG coordinators appointed in the companies of the PFR Corporate Group in the informal ESG Team. Particular obligations relating to sustainability aspects are delegated by Management Board Members of the PFR Corporate Group Companies to individual division directors and department managers in accordance with the scope of their duties.

PFR Management Board Members are diverse in terms of their experience and qualifications. Due to the long years of professional activity and continuous development of their competences, they guarantee effective management of the Corporate Group in all aspects of its activities. Details regarding the composition, organization and procedures of the Management Board are provided on page 40 of this report and in the Regulations of the Management Board of PFR.

The Supervisory Board of PFR exercises continuous oversight over the Company's activity. Among other things, it evaluates the consolidated financial statements, approves the Company's strategy and reviews the Management Board, on an annual basis, for the fulfillment of all strategic assumptions and objectives, also in the area of sustainability. The Supervisory Board's oversight is exercised with the support of two committees: the Audit Committee and the Strategy Committee, which are governed by regulations introduced by resolutions of the Supervisory Board. Details regarding the composition, organization and procedures of the Supervisory Board are provided on page 39 of this report and in the Regulations of the Supervisory Board of Polski Fundusz Rozwoju S.A. The manner in which members of the Management Board and Supervisory Board are elected is set forth by the PFR Articles of Association.

2. STRATEGY AND APPROACH TO INTEGRATING ESG ISSUES INTO DAY-TO-DAY ACTIVITIES OF THE PFR CORPORATE GROUP

Changes in the regulatory environment and the growing expectations of stakeholders are contributing to changes in the market that affect the growth and competitiveness of Polish companies. As a result, ESG issues are increasingly the subject of investor analysis and appear on agendas of management and supervisory boards. Increasing stakeholder awareness of ESG issues and of the environmental impact of business activities is leading to greater demands and expectations for disclosure of sustainability activities undertaken by companies.

New regulations aim to redirect cash flows towards sustainable activities while reducing the risk of greenwashing. In response to these changes, the PFR Corporate Group strives to satisfy the requirements set forth by ESG regulations and to ensure the highest standards of its investments and operating activities.

PFR Corporate Group's ESG activities in 2023 were based on the assumptions of the previously adopted roadmap for implementing ESG best market practices into operating and investment activities. The purpose of this project was to develop the foundation for the planned ESG Strategy, among others by adopting a common understanding of ESG concepts, by clearly assigning responsibilities for specific ESG elements to specific organizational areas of the PFR Corporate Group (by signing the ESG Agreement). Additionally, considerable emphasis has been placed on employee engagement, building sustainability awareness and competencies. These activities organized processes in the ESG area and created a solid organizational foundation for further activities. In early 2024, the final component of the project was also realized, namely the adoption of a greenwashing prevention policy by the PFR Corporate Group.

In 2024, work of the PFR Corporate Group will focus on aligning non-financial reporting with the requirements of the CSRD and on working out ESG targets for the coming years.

3. KEY STAKEHOLDERS OF THE PFR CORPORATE GROUP

GRI [2-29]

Being aware of the role fulfilled by the PFR Corporate Group in the Polish economy, the Group attaches great importance to responsible and transparent communication with its stakeholders. Without these relations, it would be impossible not only to pursue the Corporate Group's Strategy, but also to carry out any sustainable activities. In order to work in harmony with its environment and build long-term, sustainable relationships, PFR identifies its key stakeholders and takes steps to involve them in the process of dialog and cooperation.

Stakeholders of the PFR Corporate Group participating in a dialog also include: entities co-investing with PFR direct investments, other investors in the funds, bondholders, business partners (e.g. service



Key stakeholders of the PFR Corporate Group in 2022:

Stakeholders	Channels of dialog
PFR Shareholders	The Shareholder Meeting and other meetings and other results presentations (conference calls, personal meetings).
Subsidiaries and associates	Regulations and policies, surveys/questionnaires of needs, reports, meetings and exchange of experiences and documents, e-mail and phone communication.
Investment funds (managed by PFR, managed by PFR TFI and the funds, whose management is sub-contracted by PFR TFI to other entities)	Reports, meetings and exchange of experiences and documents, e-mail and phone communication
Employees	Formal meetings with the management (annual employee evaluation), employee satisfaction surveys, regular team meetings, town halls, strategic meeting, employee training, announcements for employees, workshops for new employees, e-mail and phone contacts, meetings and personal discussions, newsletter, Intranet, events
PFR Foundation	Meetings, initiatives and events, reports, e-mail and phone communication
Businesses (large, small and medium-sized)	Surveys, needs and satisfaction surveys, meetings and personal discussions, contact by telephone, e-mail, leaflets and brochures, websites, social media, hotline, newsletter
Local government units	Surveys, needs and satisfaction surveys, meetings and personal discussions, contact by telephone, e-mail, leaflets and brochures, websites, social media, hotline, newsletter
Regulators and supervisory authorities (including the EU)	Reports and audits, formal correspondence (including e-mail), ongoing cooperation during inspections
Parties in Employee Capital Plans (employers and employees)	Surveys, meetings and personal discussions, e-mail and telephone communication, leaflets and brochures, websites and dedicated portals (PPK portal), social media, helpline, newsletter
Natural persons	Websites and dedicated portals, hotline, newsletter
Government administration bodies	Formal meetings, e-mail and phone communication, presentations
Portfolio companies of the funds and PFR (investment beneficiaries)	Meetings and personal discussions, e-mail and telephone communication, leaflets and brochures, websites and dedicated portals, social media, helpline, newsletter

providers), international organizations and associations (UNGC, D20, Invest Europe, ILPA, PSIK (Polish Private Equity and Venture Capital Association)), the media and news agencies, financial institutions, or rating agencies.

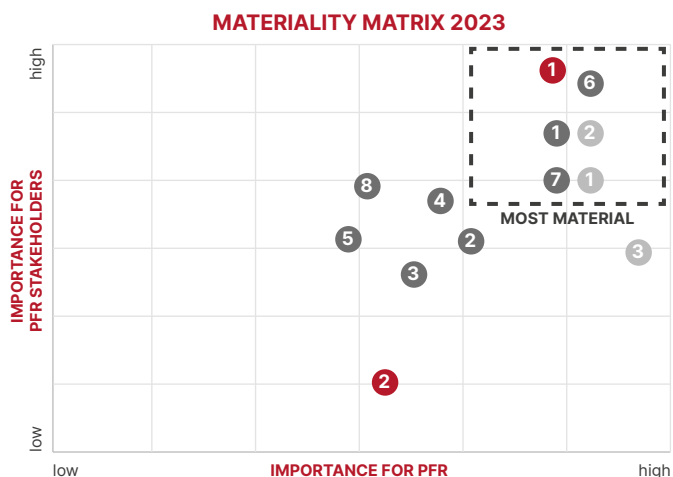
4. ESG ISSUES RELEVANT FOR THE PFR CORPORATE GROUP

GRI [3-1] [3-2] [3-3]

For this report, the previous year's assessment of the importance of each area to external and internal stakeholders was reviewed in 2023. The responses were broadly in line with the previous analysis. The following areas were classified as being of high importance:

1. Investments – in respect to the significant direct and indirect effect that the activities of PFR Corporate Group companies and the investments made have on environmental and social issues.

2. Innovation – activities conducted in the area of modern digital solutions for business and local governments.
3. Corporate governance – related to risk, corruption, conflict of interest and compliance with external regulations applicable to the activity of the PFR Corporate Group, including personal data management regulations.
4. Employees – includes workplace diversity and inclusivity, employee well-being, safe and predictable working conditions, talent development and retention, community involvement.
5. Local partnership – consists of cooperation between various entities from the public, private and non-governmental sectors working for the development and improvement of local communities.
6. Environment – refers to the direct impact of the PFR Corporate Group's operations on the natural environment, particularly in relation to its electricity and water consumption and greenhouse gas emissions.



MOST MATERIAL ACTIVITIES

- 1 Investment projects of importance for the environment
- 6 Investment projects of importance for the society and economy
- 1 Ethics and anticorruption
- 2 Compliance with internal regulations
- 1 Talent development and retention
- 7 Digital solutions for business and local governments

OTHER MATERIAL ACTIVITIES

- 2 Employee well-being
- 3 Diversity and inclusion in the workplace
- 4 Secure and predictable working conditions
- 5 Social engagement
- 8 Activities for the benefit of local communities
- 3 Risk management, internal control and internal audit
- 2 Energy consumption and GHG emissions

● ENVIRONMENTAL ● SOCIAL ● GOVERNANCE



Environmental (E)

1. PRO-ENVIRONMENTAL INVESTMENT ACTIVITIES

1.1. Definition of pro-environmental investments adopted by the PFR Corporate Group

The PFR Corporate Group defines pro-environmental investments as projects that have a positive impact on the natural environment and/or support the development of a zero emission economy. Based on a list of investments described, among others, in the Green Bond Principles, the PFR Corporate Group qualifies pro-environmental investments as those connected, among others, with renewable energy, pollution prevention and control, energy efficiency, ecological and clean transport, green construction, circular economy or adaptation to climate change.



1.2. Green Hub

PPFR Green Hub is a strategic umbrella program pursued by the Polish Development Fund covering four areas: direct investments, indirect investments, local government investments and activities supporting growth of innovations. PFR Green Hub addresses its financial offering to institutions implementing energy transition and circular economy projects. In addition to its financial offering, PFR Green Hub also has educational offer in the form of workshops and training to support the development of transition solutions.

Financial products developed within PFR Green Hub are based on market conditions so that they are not in competition with private capital. Of particular importance are projects that take into account the development of renewable energy sources, as well as new technologies and products offered by Polish companies in the renewable energy value chain. Therefore, the financial instruments offered within the PFR Green Hub program support the creation of new renewable energy sources, among other things through the "Green Energy for Business" program, the development of Polish contributions to investments, as well as the improvement of energy efficiency and the replacement of heating sources.

Furthermore, Green Hub offers capital to private equity and venture capital funds that want to invest in companies in the areas of ecology, renewable energy and clean technology, as well as other projects with a positive impact on the environment. Educational instruments are also offered such as workshops, training sessions or networking, which support the development of green technological solutions and connecting technologies with the needs of local governments ("PFR School of Pioneers" and "Climathon for Cities"; "Urban Technology Exchange" or "ESG Workshop").

1.3. Case studies of selected environmental investments

GRI [203-2]

In its activities, the PFR Corporate Group pursues a number of investments with a significant impact on the society and the environment (including investments carried out through investment funds managed by its companies). The investments, whose importance for the ESG Environmental area has been deemed particularly important, are presented below. The presented investments were selected based on their scale (value) and the goals to which they contribute.

The selected investments described below contribute to the fulfillment of the UN Sustainable Development Goals by introducing zero or low-emission solutions or ones mitigating greenhouse gas emissions to the atmosphere. The list also includes environmental goals related to resource efficiency, efforts to create a circular economy, as well as other environmental goals to which individual investments may contribute. The climate or environmental goal, to which the investment may contribute, is specified for each individual investment project.



Elemental Holding - in January 2023, the Fund, together with the European Bank for Reconstruction and Development and the International Finance Corporation, invested USD 290 million in Elemental Holding S.A. The funds raised by the company were used to support the group's growth, including the construction of a state-of-the-art production facility in southern Poland, which is expected to take a leading position in European recycling of lithium-ion batteries and recovery of PGM metals from used automotive catalytic converters. Elemental Holding S.A. is one of the global leaders in the metal recycling sector.

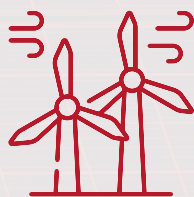
- Activity in the strategic metals recycling area increases the efficiency of use of limited natural resources and in this way enables the achievement of environmental goals associated with a circular economy.
- This activity also contributes to the reduction of the production of metals from natural resources, which reduces the adverse environmental impact of metal production, first of all with regard to reduction of carbon emissions, water use and environmental degradation associated with mining.



Solartechnik/Grenevia project - In June 2023, a PFR-managed fund entered into an agreement to grant a loan of up to PLN 128 million to Finance PV 4 sp. z o.o. a company belonging to the Grenevia Group, to develop a portfolio of infrastructure projects in the renewable energy sector. The loan will be used to develop a portfolio of 26 photovoltaic projects with a total capacity of about 43 MWp. The implementation of this investment should have a positive influence on the energy transition process in Poland through the development of assets for the production of electricity from renewable sources.

- Development of low-emission energy production and significant reduction of greenhouse gas emissions to the atmosphere.

PFR Green Hub: Four pillars of support



**Green
energy infrastructure**



**Energy
from waste**



**Fund of Funds
investments**



**Academy of the
Cities of the
Future**



Pad-Res - In July 2023, a PFR-managed fund signed a senior loan agreement of up to PLN 240 million with special-purpose vehicles belonging to the PAD RES group. The funds raised by the group will finance the construction of a portfolio of photovoltaic farms with a total capacity of 117.1 MWp in the Pomeranian voivodship. The investment is part of the trend of moving away from conventional energy sources and reducing CO₂ emissions in the Polish energy system.

- Development of low-emission energy production and significant reduction of greenhouse gas emissions to the atmosphere.



Electrum - In July 2023 and September 2023, a PFR-managed fund signed a mezzanine loan agreement and a senior loan agreement, respectively, with Electrum Holding S.A. and Electrum Concreo sp. z o.o., a subsidiary of Electrum Holding S.A. The total amount of loans granted to the Electrum group was up to PLN 40 million. The purpose of the loans is to support Electrum group's growth plans as one of the largest contractors developing EPC-formula projects in the renewable energy market.

- EPC services for the development of low-emission and zero-emission energy production and a significant reduction of greenhouse gas emissions to the atmosphere.



Pilot energy efficiency improvement program for residential buildings – refurbishment with an EPC (Energy Performance Contract) Plus savings guarantee implemented together with NFOŚiGW.

- Improvement of air quality and reduction of greenhouse gas emissions through optimized investments in energy efficiency improvements in multifamily residential buildings and public buildings implemented pursuant to energy performance contracts (EPCs).



Kleczew Solar & Wind - In April 2023, the FIZAN Investment Fund, pursuant to a subordinated loan agreement signed in December 2022, disbursed the first funds for the construction of the Kleczew Solar & Wind project owned by the Lewandpol Group. It will be the first large-scale power plant combining solar and wind energy in Poland. The farm, with a capacity of over 200 MW, will be developed on post-mining land in the Konin county, Wielkopolskie voivodship, and will be able to supply about 100 thousand households with electricity.

- Development of low-emission energy production and significant reduction of greenhouse gas emissions to the atmosphere.



Offshore Installation Terminal - in October, the FIZAN Investment Fund signed an agreement for a long-term secured loan with Istrana Sp. z o.o. The financing will be used for the construction of an installation terminal for offshore wind farms. The investment will involve terrestrialization of 21 hectares of the Baltic Sea for a deep water terminal in Gdansk with a quay length of 800 meters. The total cost of the investment is estimated at about PLN 1.2 billion.

- Development of low-emission energy production and significant reduction of greenhouse gas emissions to the atmosphere.



Polsat - in December 2023, the FIZAN Investment Fund has subscribed for series F bonds issued by Cyfrowy Polsat S.A. in a private placement. The financing was provided to support the implementation of the Polsat Plus Group's strategy in the renewable energy sector, including projects for the generation, transportation and storage of hydrogen, hydrogen propulsion or hydrogen-powered vehicles. The final maturity of the bonds is in January 2030. The Polsat Plus Group is the largest media and telecommunications group in Central and Eastern Europe.

- Development of low-emission energy production and significant reduction of greenhouse gas emissions to the atmosphere.



Qair Poland - in December 2023, the FIZAN Investment Fund signed a loan agreement with QPV Zimnodół sp. z o.o. - a special-purpose subsidiary of Qair Polska S.A. The transaction involves senior secured financing with a 19-year maturity to finance the construction of a 36 MWp photovoltaic farm in Zimnodół, Małopolska voivodship.

- Development of low-emission energy production and significant reduction of greenhouse gas emissions to the atmosphere.

2. MANAGEMENT OF THE COMPANY'S OWN ENVIRONMENTAL FOOTPRINT

The PFR Corporate Group supports environmental protection mainly through its investments. Their performance will contribute to supporting the Polish economy in its transition towards climate neutrality and to reducing its negative impact on the environment, among others by developing projects connected with renewable energy, transportation or local government infrastructure. Direct operational activities of the PFR Corporate Group, which involve mainly use of office space or exploitation of car fleet, do not constitute a significant source of emissions. In spite of this, the PFR Corporate Group makes efforts to minimize its negative impact on climate and the environment. Its priority is to reduce emissions related to energy production, for example by increasing the percentage of electricity from renewable sources in total consumption.

The measures taken by the PFR Corporate Group which may be classified as connected with reducing emissions include replacement



Table 1. Fuel consumption in mobile sources

Consumption of gasoline	2023		2022			Consumption of Diesel oil	2023		2022		
	liters	GJ	liters	GJ			liters	GJ	liters	GJ	
PFR	37,689.71	1,202.15	23,693.41	755.73	↑ 59%	PFR	6,374.10	224.75	18,885.14	665.89	↓ -66%
PFR Operacje	7,776.50	248.04	5,893.20	187.97	↑ 32%	PFR Operacje	801.40	28.26	2,674.15	94.29	↓ -70%
PFR Nieruchomości	48,143.97	1,535.60	89,940.62	2,868.75	↓ -46%	PFR Nieruchomości	779.07	27.47	3,521.98	124.19	↓ -78%
PFR PPK Portal	27,726.37	884.36	28,367.46	904.81	↓ -2%	PFR PPK Portal	0.00	0.00	0.00	0.00	0%
PFR TFI	8,851.00	282.31	6,565.36	209.41	↑ 35%	PFR TFI	7,171.00	252.85	7,840.55	276.46	↓ -9%
PFR Ventures	5,009.00	159.77	5,075.00	161.87	↓ -1%	PFR Ventures	0.00	0.00	0.00	0.00	0%
Total	135,196.55	4,312.23	159,535.05	5,088.54	↓ -15%	Total	15,125.57	533.33	32,921.82	1,160.83	↓ -48%

The consumption of Diesel oil by PFR Nieruchomości is due to the temporary use of a replacement car

of fleet cars with hybrid vehicles or increasing the percentage of electricity from renewable sources in total consumption. Within measures reducing negative impact on the environment, the Corporate Group also takes actions connected with reducing consumption of office supplies (e.g. the internal campaign "Paperless") and introduces a system of electronic document circulation.

2.1. Energy consumption

GRI [302-1] [302-3] [302-4]

In 2023, the total energy consumption by the PFR Corporate Group and the PFR Foundation¹ was 8306 GJ, of which 4845.6 GJ from fuel combustion in mobile sources, 1566.3 GJ from purchased electricity and 1894.1 GJ from purchased district heat. Renewable fuel accounted for 18.4% of total energy consumption in 2023. This represents only a slight change (1 pp.) compared to 2022.

Fuel consumption in mobile sources

The PFR Corporate Group consumes fuel (gasoline and diesel) in its operation for transportation by vehicles. In 2023, total fuel consumption was 4845 GJ. The 22% decrease from 2022 (consumption of 6249 GJ) is due to a decline in the overall number of cars and the replacement of a significant portion of the fleet with hybrid cars. The PFR Foundation was not included in the calculations, since the entity does not own cars (Table 1).

Energy and heat consumption

In 2023, the PFR Corporate Group consumed a total of 3460.4 GJ of electricity and heat purchased from third parties. The more than 20% decrease from 2023 is mainly due to the spin-off of a portfolio company PFR Mieszkania from PFR Nieruchomości at the end of 2022. As much as 97% of the electricity used came from renewable sources. Guarantees of origin of renewable energy were issued for buildings located at ul. Krucza 50 and ul. Brokła 2 in Warsaw, where most offices of the PFR Corporate Group are located (table 2).

The 1 pp increase in the share of renewable energy was due to a reduction in energy consumption at offices without a guarantee of origin and an increase in the percentage of electricity in the fuel mix of one utility company (E.ON) (table 3).

2.2. Scope 1 and 2 GHG emissions

GRI [305-1] [305-2] [305-4] [305-5]

In 2023, Scope 1 and Scope 2 greenhouse gas emissions of the PFR Corporate Group were calculated for 2022 and 2023. The calculations were based on the global Greenhouse Gas Protocol standard. The operational control criterion was adopted as the method for determining organizational boundaries. Therefore the calculations include emissions from the use of office space and vehicle fleet

Table 2. Energy and heat consumption

Consumption of electricity	2023		2022			Consumption of district heating	2023		2022		
	kWh	GJ	kWh	GJ			kWh	GJ	kWh	GJ	
PFR	163,640.04	589.10	191,479.97	689.33	↓ -15%	PFR	230,886.15	994.40	343,724.18	1,237.41	↓ -33%
PFR Foundation	67,878.82	244.36	76,667.15	276.00	↓ -11%	PFR Foundation	57,222.22	206.00	41,944.44	151.00	↑ 36%
PFR Operacje	11,495.00	41.38	13,189.41	47.48	↓ -13%	PFR Operacje	9,386.19	44.77	16,137.10	58.09	↓ -42%
PFR Nieruchomości	33,109.04	111.26	67,535.86	243.13	↓ -51%	PFR Nieruchomości	33,130.82	119.27	98,225.00	353.61	↓ -66%
PFR PPK Portal	18,801.27	67.68	27,994.29	100.78	↓ -33%	PFR PPK Portal	25,951.88	93.43	8,736.11	31.45	↑ 197%
PFR TFI	81,168.62	292.21	98,679.41	355.25	↓ -18%	PFR TFI	63,055.56	227.00	93,211.11	335.56	↓ -32%
PFR Ventures	61,201.62	220.33	65,875.38	237.15	↓ -7%	PFR Ventures	58,110.65	209.20	77,564.30	279.23	↓ -25%
Total	437,294.41	1,566.33	541,421.47	1,949.12	↓ -19%	Total	477,743.46	1,894.07	679,542.24	2,446.35	↓ -30%

¹ In accordance with the GRI methodology, the data includes the companies comprising the PFR Corporate Group and the PFR Foundation, over which PFR has operational control as the sole funder and the main donor.

**Table 3. Consumption of electricity from fossil fuels and from renewable sources**

Consumption of electricity	2023				2022			
	from fossil fuels [kWh]	from fossil fuels [%]	from RES [kWh]	from RES [%]	from fossil fuels [kWh]	from fossil fuels [%]	from RES [kWh]	from RES [%]
PFR	8,182.00	5%	155,458.04	95%	17,339.66	9%	174,140.30	91%
PFR Foundation	0.00	0%	67,878.82	100%	0.00	0%	76,667.15	100%
PFR Operacje	2,954.21	25.7%	8,540.78	74.3%	3,762.80	28.5%	9,426.61	71.5%
PFR Nieruchomości	0.00	0%	33,109.04	100%	0.00	0%	67,535.86	100%
PFR PPK Portal	0.00	0%	18,801.27	100%	0.00	0%	27,994.29	100%
PFR TFI	0.00	0%	81,168.62	100%	0.00	0%	98,679.41	100%
PFR Ventures	0.00	0%	61,201.62	100%	0.00	0%	65,875.38	100%
Total	11,136.22	2.8%	426,158.19	97.2%	21,102.46	3.9%	520,318.99	96%

directly by member companies of the PFR Corporate Group and the PFR Foundation, of which PFR is the sole founder and main donor.

Greenhouse gas emissions calculations were based on the consumption of respective energy carriers, i.e. liquid fuels by the vehicle fleet (gasoline, diesel fuel), electricity and district heating, as well as information on refrigerant leaks from air conditioning. The analysis does not include emissions from the combustion of fuels in stationary sources, as the PFR Corporate Group and the PFR Foundation do not consume them. Scope 2 emissions calculations were performed using both location-based methods (average emission factor for the country) as well as market-based methods (specific emission factor for a particular energy distributor). The calculation was performed using the emission factors developed by DEFRA (gasoline, diesel consumption and refrigerant leaks) and the National Centre for Emissions Management (electricity and district heating) (table 5).

In 2022, fuel combustion by the car fleet (Scope 1) was the largest source of emissions accounting for as much as 65% of total emissions (market-based). This was significantly influenced by the large number of vehicles in use (128 by September 2022, 111 thereafter), most of which used gasoline or diesel fuel. Emissions from electricity and heat consumption (Scope 2) accounted for 35% with district

heating being the dominating factor. The low share of emissions from electricity (2%) was due to the renewable energy guarantees of origin held by most offices.

In 2023, there was a 21% decrease in emissions compared to the previous year. That was mainly due to a significant reduction in the consumption of electricity and heat and fuel combustion in mobile sources. This progress was achieved by replacing part of the fleet with hybrid vehicles. In spite of these measures, the share of Scope 1 (fleet-related) emissions in total market-based emissions rose to 70%, emphasizing its dominant role in the overall emissions balance. Within Scope 2 emissions, the percentage of emissions from the purchase of district heating decreased by 1 percentage point, but remains a significant source of emissions. The share of emissions from electricity remained low (2%) since most offices continued to use RES energy guarantees of origin.

Emissions ratio per employee (tCO ₂ e/FTE)	2023	2022	
Scope 1 and 2 (market-based)	0.88	0.90	↓ -2%
Scope 1 and 2 (location-based)	1.35	1.36	↓ -1%

Table 4. Total energy consumption and energy intensity ratio

	Total energy consumption			Consumption of energy from renewable sources				Consumption of energy from non-renewable sources				Energy intensity indicator per employee [GJ/FTE]		
	2023	2022		2023	2022	2023	2022	2023	2022	2023	2022			
	GJ	GJ		GJ	%	GJ	%	GJ	%	GJ	%			
PFR	3,010.40	3,348.36	↓ -10%	559.65	18.6%	627.29	18.7%	2,450.76	81.4%	2,721.07	81.3%	11.41	12.96	↓ -12%
PFR Foundation	450.36	427.00	↑ 5%	244.36	54.3%	276.00	64.6%	206.00	45.7%	151.00	35.4%	35.24	34.21	↑ 3%
PFR Operacje	362.45	387.83	↓ -7%	30.75	8.5%	33.93	8.7%	331.71	91.5%	353.90	91.3%	7.22	7.97	↓ -9%
PFR Nieruchomości	1,793.60	3,589.68	↓ -50%	111.26	6.2%	243.13	6.8%	1,682.34	93.8%	3,346.55	93.2%	18.42	22.14	↓ -17%
PFR PPK Portal	1,045.47	1,037.04	↑ 1%	67.68	6.5%	100.78	9.7%	977.79	93.5%	936.26	90.3%	29.14	25.32	↑ 15%
PFR TFI	1,054.37	1,176.68	↓ -10%	292.21	27.7%	355.25	30.2%	762.16	72.3%	821.43	69.8%	13.20	14.60	↓ -10%
PFR Ventures	589.29	678.25	↓ -13%	220.33	37.4%	237.15	35.0%	368.97	62.6%	441.10	65.0%	11.03	11.68	↓ -6%
Total	8,305.95	10,644.84	↓ -22%	1,526.24	18.4%	1,873.53	17.6%	6,779.72	81.6%	8,771.31	82.4%	14.00	14.36	↓ -3%

The energy intensity indicator includes total consumption of energy (fuels consumed in mobile sources, electricity and heat) in gigajoules per average number of FTEs in a given year.



Table 5. GHG emissions

		Emission level (t CO2e)		
		2023	2022	
Scope 1	Fuel combustion in mobile sources (gasoline)	317.04	344.89	↓-8%
	Fuel combustion in mobile sources (Diesel oil)	38.00	84.21	↓-55%
	Fuel combustion in stationary sources	-	-	
	Leakage of refrigerants	13.15	-	100%
	Total	368.19	429.10	↓-14%
Scope 2 (market-based)	Electricity	8.95	17.33	↓-48%
	Heat energy – district heating	146.05	218.21	↓-33%
	Total	155.00	235.55	↓-34%
Scope 2 (location-based)	Electricity	284.59	360.59	↓-21%
	Heat energy – district heating	146.05	218.21	↓-33%
	Total	430.64	578.80	↓-26%
Scope 1+2 (market-based)		523.18	664.65	↓-21%
Scope 1+2 (location-based)		798.83	1,007.90	↓-21%

2.3. Waste management

GRI [306-3]

The owners of the buildings where PFR Corporate Group companies and the PFR Foundation rent offices do not collect data on individual production of waste by individual tenants.

Waste is segregated into five fractions (bio, metal and plastics, paper, glass, mixed) in accordance with Poland's Uniform Waste Segregation System. In addition, the owner of the building at ul. Krucza 50, where PFR's headquarters are located, is in the process of implementing additional procedures for the recycling and reuse of, for example, construction waste.

In 2023, a baler was purchased for the Astoria building (ul. Brokła 2), which is a machine that reduces the volume of waste by compacting it into bales. It significantly reduces the volume of waste, lowering waste management costs and making waste management in the building more efficient.

3. ACTIVITY OF THE PFR CORPORATE GROUP FROM THE PERSPECTIVE OF EU ENVIRONMENTAL TAXONOMY

Taxonomy-eligible activities are defined by the Technical Screening Criteria. In order to determine whether the activities of the PFR Corporate Group are Taxonomy-eligible, the activities were reviewed again using the description provided in the Technical Screening Criteria and, in addition, NACE codes. Since the Taxonomy regulations do not provide any solutions adequate to the legal form of the PFR Corporate Group, in which the parent company does not carry out financial activities based on an approval of a competent body, but its subsidiary does carry out activities of a financial nature (based on an appropriate permit), PFR as a reporting entity, according to the rules applicable to non-financial entities, was unable to review investment activities performed through a TFI company. It should be added that, in order to assess eligibility of activities of financial entities, the approach profiled for such activities in Annex III of Regulation 2021/2178 should be used, while the PFR Corporate Group is required to apply Annex I.

After reviewing its business activities in accordance with the rules applicable to non-financial companies, the PFR Corporate Group identified Taxonomy-eligible activities in accordance with Annex I of the Technical Screening Criteria². The identified activities include data processing, hosting, computer programming and consultancy activities or education and innovation development. The percentage of turnover from products or services related to Taxonomy-eligible business activities was 2.16% in 2023. The percentage of capital expenditures from products or services related to Taxonomy-eligible business activities was nearly 33% in 2023. These were primarily computer programming and IT consultancy activities performed mainly by PFR Operacje. The percentage of operating expenditures from products or services related to Taxonomy-eligible business activities was nearly 9% in 2023 and was also associated for the most part with the activity of PFR Operacje.

The PFR Corporate Group did not identify Taxonomy-aligned environmentally sustainable activities. This does not mean that it does not conduct any activities that have a positive impact on the environment and contribute to the mitigation of climate change. However since investment activities cannot be considered using indicators dedicated to non-financial companies, the required disclosures for activities qualifying for the Taxonomy cannot reflect the environmental performance of the entities, in which investments have been made via investment funds.

Changes in applicable legal acts or interpretations issued by the European Commission may affect the scope of future disclosures and enable other activities of the PFR Corporate Group to become Taxonomy-eligible. In future reporting periods, PFR will consider making voluntary disclosures, in particular regarding its investments made through investment funds and joint ventures, to the extent that it is permitted by professional secrecy regulations under the Act of 27 May 2004 on Investment Funds and Management of Alternative Investment Funds.

² In terms of climate target disclosures, PFR is required to disclose Taxonomy eligibility and alignment for financial year 2023, with the exception of new activities introduced into the scope of the Taxonomy by Delegated Regulation 2023/2485. In this case, for the financial year 2023, it reports only eligibility (except for the changes in the description of the activities in item (28) of Annex I, Infrastructure for Rail Transportation, and amendment to Appendix C by deleting paragraph (g) in item (26) of Annex II, which will come into effect on 1 January 2025. With respect to disclosures related to environmental objectives, for which the technical screening criteria are defined by Delegated Regulation 2023/2486, PFR is only required to disclose eligibility for financial year 2023. Taxonomy alignment disclosures for the four environmental targets will be effective for financial year 2024.



The percentage of turnover from products or services related to Taxonomy-aligned business activities																			
Business Activity (1)	Code(s) (2)	Turnover (absolute value) (3)	Part of turnover (4)	Criteria for substantial contribution						Criteria related to the “causing no significant harm” principle						Minimum Safeguards (17)	Percentage represented by Taxonomy-aligned activities (A.1) or Taxonomy-eligible activities (A.2) Turnover, year N-1 (18)	Enabling activities category (19)	Transitional activities category (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Types of environmentally sustainable activities (Taxonomy-aligned)																			
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)	n/a	0	0%	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a
Of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a
Of which transitional		0	0%	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a
A.2. Activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy non-aligned activities)																			
Data processing, hosting and related activities	J63.11	30,000	0.01%	0.01%	0%	0%	0%	0%	0%								0%		
Computer programming, consultancy and related activities	J62	4,968,085	1.18%		1.18%	0%	0%	0%	0%								1%		
Aid for market research, development and innovation	M71.12	3,249,051	0.77%		0.77%	0%	0%	0%	0%								1%		
Education	P85	827,992	0.20%		0.20%	0%	0%	0%	0%								0%		
Turnover from activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy non-aligned) (A.2)		9,075,128	2.16%		2.16%	0%	0%	0%	0%								2%		
A. Turnover from Taxonomy-eligible activities (A.1+A.2)		9,075,128	2.16%	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	2%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover from Taxonomy-non-eligible activities		411,898,663	97.84%
TOTAL		420,973,790	100%



The percentage of capital expenditures from products or services related to Taxonomy-aligned business activities																			
				Criteria for substantial contribution						Criteria related to the “causing no significant harm” principle									
Business Activity (1)	Code(s) (2)	Capital expenditures (absolute value) (3)	Part of capital expenditures (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Percentage represented by Taxonomy-aligned activities (A.1) or Taxonomy-eligible activities (A.2) Turnover, year N-1 (18)	Enabling activities category (19)	Transitional activities category (20)
		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Types of environmentally sustainable activities (Taxonomy-aligned)																			
Capital expenditures concerning environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
Of which enabling activities		0	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
Of which transitional		0	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
A.2. Activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy non-aligned activities)																			
Data processing, hosting and related activities	J63.11	0	0.00%	0.00%													0%		
Computer programming, consultancy and related activities	J62	3,333,177	32.90%		32.90%												33%		
Aid for market research, development and innovation	M71.12	0	0.00%		0.00%												0%		
Education	P85	0	0.00%		0.00%												0%		
Capital expenditures for activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy non-aligned) (A.2)		3,333,177	32.90%														33%		
A. Capital expenditures for Taxonomy-eligible activities (A.1+A.2)		3,333,177	32.90%														33%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Capital expenditures for Taxonomy-non-eligible activities		6,797,489	67.10%
TOTAL		10,130,665	100%



The percentage of capital expenditures from products or services related to Taxonomy-aligned business activities																					
Business Activity (1)	Code(s) (2)	Operating expenditures (absolute value) (3)	Part of operating expenditures (4)	Criteria for substantial contribution							Criteria related to the "causing no significant harm" principle							Percentage represented by Taxonomy-aligned activities (A.1) or Taxonomy-eligible activities (A.2) Turnover, year N-1 (18)	Enabling activities category (19)	Transitional activities category (20)	
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)					
		Currency	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Types of environmentally sustainable activities (Taxonomy-aligned)																					
Operating expenditures related to environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0	0%	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
Of which enabling activities	0	0	0%	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
Of which transitional	0	0	0%	0%	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	n/a	n/a	n/a
A.2. Activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy non-aligned activities)																					
Data processing, hosting and related activities	J63.11	236,776	0.08%	0.08%																0%	
Computer programming, consultancy and related activities	J62	18,745,634	6.32%	6.32%																6%	
Aid for market research, development and innovation	M71.12	86,518	0.03%	0.03%																0%	
Education	P85	7,110,402	2.40%	2.40%																2%	
Operational expenditures for activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy non-aligned) (A.2)		26,179,330	8.83%	8.83%																9%	
A. Operational expenditures for Taxonomy-eligible activities (A.1+A.2)		26,179,330	8.83%	8.83%																9%	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Operational expenditures for Taxonomy-non-eligible activities		270,351,236	91.17%
TOTAL		296,530,566	100%



Social (S)

1. PRO-SOCIAL INVESTMENT ACTIVITIES

1.1. The understanding of pro-social investments adopted by the PFR Corporate Group

PFR defines pro-social investments as projects that have a positive impact on specific social groups³ and may contribute to alleviating social problems. Using the guidelines described in Social Bond Principles – Voluntary Process Guidelines for Issuing Social Bonds, PFR qualifies pro-social investments as those connected, among others, with access to affordable basic infrastructure and services, affordable housing, employment generation including through the potential effect of SME financing, as well as socioeconomic advancement and empowerment.

1.2. Residential investments

PFR Nieruchomości, acting under commission from PFR TFI, offers nearly six thousand apartments for rent under two funds, i.e. the FIZ AN Rental Housing Fund and the FIZ AN Housing Sector Development Fund. The Company is a pioneer and remains the leader of the institutional rent market in Poland.

Rental Housing Fund

Established in 2013, the Rental Housing Fund (FSMnW) is the first entity in Poland to offer a stable, long-term, institutional rent of high-standard apartments in attractive locations. The rental is offered on commercial terms.

The first investment project marketed by the Fund in 2015 was 124 apartments at ul. Saperska in Poznań. Tenants who signed leases in 2015 are still living there today. Today, tenants have 2048 apartments in 17 locations at their disposal. The Rental Housing Fund's projects are executed mainly in the largest Polish cities – Warsaw, Kraków, Wrocław, Gdańsk, Poznań, Katowice and Łódź.

The Rental Housing Fund offers finished, "turn-key" apartments with fully equipped kitchens and bathrooms, in buildings with garages and storerooms. Round-the-clock support is available in case of failures or faults in the Fund's real properties.

The rental offering is addressed to both individuals and businesses. It is used by those who wish to remain mobile for professional purposes and by posted workers. Based on the analysis of our tenants' profiles, we have noticed that our offer is used mainly by one-person households (51%) and couples (34%). In terms of age, the most numerous group is tenants aged 26–35 (50%). Apartments are also rented by young people under 26 years of age (20%) and also people aged 36–45 (likewise 20%). The tenants most often enter into agreements for 24 months and frequently (56%) choose apartments with furniture. What is interesting, most of them come from a different city or town from the place where the apartment rented from the Fund is located (56%).

In 2023, a contract was signed for the development of design documentation for a project in Warsaw at ul. Górczewska, which will consist of less than 150 apartments. In the fourth quarter, construction of a project in Łódź at ul. Składowa, housing 64 apartments, was completed. The project is expected to be delivered for lease in the

first quarter of 2024. 316 apartments remain under construction in Poznań, at ul. Śniadeckich.

Housing Sector Development Fund

Established in 2017, the Housing Sector Development Fund invests in real properties and is part of the market side of the governmental housing program. The Fund's primary objective is to build apartments for rent at accessible cost, also with the purchase option at the end of the rental. The investment projects – carried out on an arm's length basis – are developed mainly in cooperation with local governments, but also with State Treasury companies and private entities.

The rental offer within the Housing Sector Development Fund is addressed primarily to those who are too wealthy to be eligible for assisted, that is social and council, housing and at the same time do not have the creditworthiness required for purchasing an apartment on their own. Of our tenants' profiles shows that the most numerous group is families with children (44%). It is interesting that in Radom, the percentage is much higher than in other locations, at 96%. The most numerous group by far consists of tenants aged 26–35 (47%) and those aged 36–45 (30%). In contrast to Rental Housing Fund, most tenants rent an apartment in a city or town they come from (65%).

In 2023, a project in Łowicz at ul. Krudowskiego, which houses 96 apartments, received two awards in architectural competitions. In March 2023, it received the first award in the Wienerberger Brick Award, in the "Living Together" category. The housing estate was praised for its minimalism, appropriate scale and proportions. The project in Łowicz was also nominated for Europe's most important award for contemporary architecture, the Mies van der Rohe Prize. This is the second nomination for the Housing Sector Development Fund in this competition – the first one a year earlier was received by the Nowy Nikiszowiec housing estate in Katowice.

In the past year, construction of two projects – in Nakło nad Notecią and Sianów – was completed. Both investments were made in close cooperation with local governments.

Four five-story buildings have been built at ul. Mrotecka in Nakło nad Notecią, which will house 190 apartments of varying sizes – from studios of 30 sqm to 70 sqm apartments.

In Sianów, construction of a housing estate with 168 apartments has been completed. Most of the apartments (as much as 90%) are two- and three-room units. Particularly noteworthy are the staircases with art painted on the walls referring to one of the most famous match factories in Poland located in Sianów.

Construction of Poland's first rental housing estate in Lublin started in 2023. A total of 391 apartments are being built on land purchased from the National Sugar Company. The housing estate was designed by the renowned Stelmach i Partnerzy architectural firm.

In addition to the housing estate in Lublin, at the end of 2023 there were 2 Housing Development Fund projects under construction: 469 apartments in Wrocław at ul. Kolejowa, and 523 apartments in Katowice at ul. Korczaka. The one in Katowice will be the largest hous-

³ A definition of target group may be different depending on the local context. In some cases, it may be applied to the total population.



Matchstick graphic on a staircase wall in Sianów

ing estate on the institutional rental market in Poland. Currently, the largest estate under this formula is another one by the Housing Sector Development Fund: Nowy Nikiszowiec, also located in Katowice.

In 2023, two contracts were signed for the development of design documentation for locations in Elbląg and Skawina.

The estate in Elbląg at ul. Legionów will house 148 apartments in two 8- and 7-story buildings. The full design documentation was prepared by the Elbląg-based Euro-Projekt studio.

The housing estate in Skawina will be designed and built by Chemobudowa-Kraków. The 197 apartments at ul. Torowa will be the third project of the Housing Sector Development Fund to be implemented in Małopolska, after Kraków and Nowy Targ.

In addition, in Q4 2023, PKP S.A. made an in-kind contribution of land at ul. Hermanowska in Wrocław. The investment potential of this land is estimated at about 800 apartments.

In 2023, visualizations of two projects that will be built on the land contributed by PKP S.A. were presented.

About 400 rental apartments will be built at ul. Białowieska in Wrocław, on the Odra riverfront, 3.5 kilometers from the city center. The housing estate will be designed by Group-Arch studio, which has a track record of numerous housing projects, including "Dorzeczcie Legnickiej" housing estate awarded in the "Beautiful Wrocław" competition.

The 800-unit housing estate in Szczecin at ul. Starkiewiczza is designed by Fort Poland. The investment project will be performed on an almost six-hectare area of Szczecin's Śródmieście district at a distance of about 2 km away from the strict city center.

1.3. Employee Capital Plan

Implementation of the Employee Capital Plan (ECP) program

Employee Capital Plan (ECP) is a voluntary private system of long-term savings for employees. It is co-funded by the employee, the employer and the state. The program was established by the Act of 4 October 2018 on Employee Capital Plans (Journal of Laws of 2023, Item 46, as amended), which came into effect on 1 January 2019. PFR and PFR's subsidiary, PFR Portal PPK, established pursuant to Article 77 of the ECP Act, are responsible for implementing and keeping accounts of the entire program. The operation of the ECP is overseen by the Polish Financial Supervision Authority.

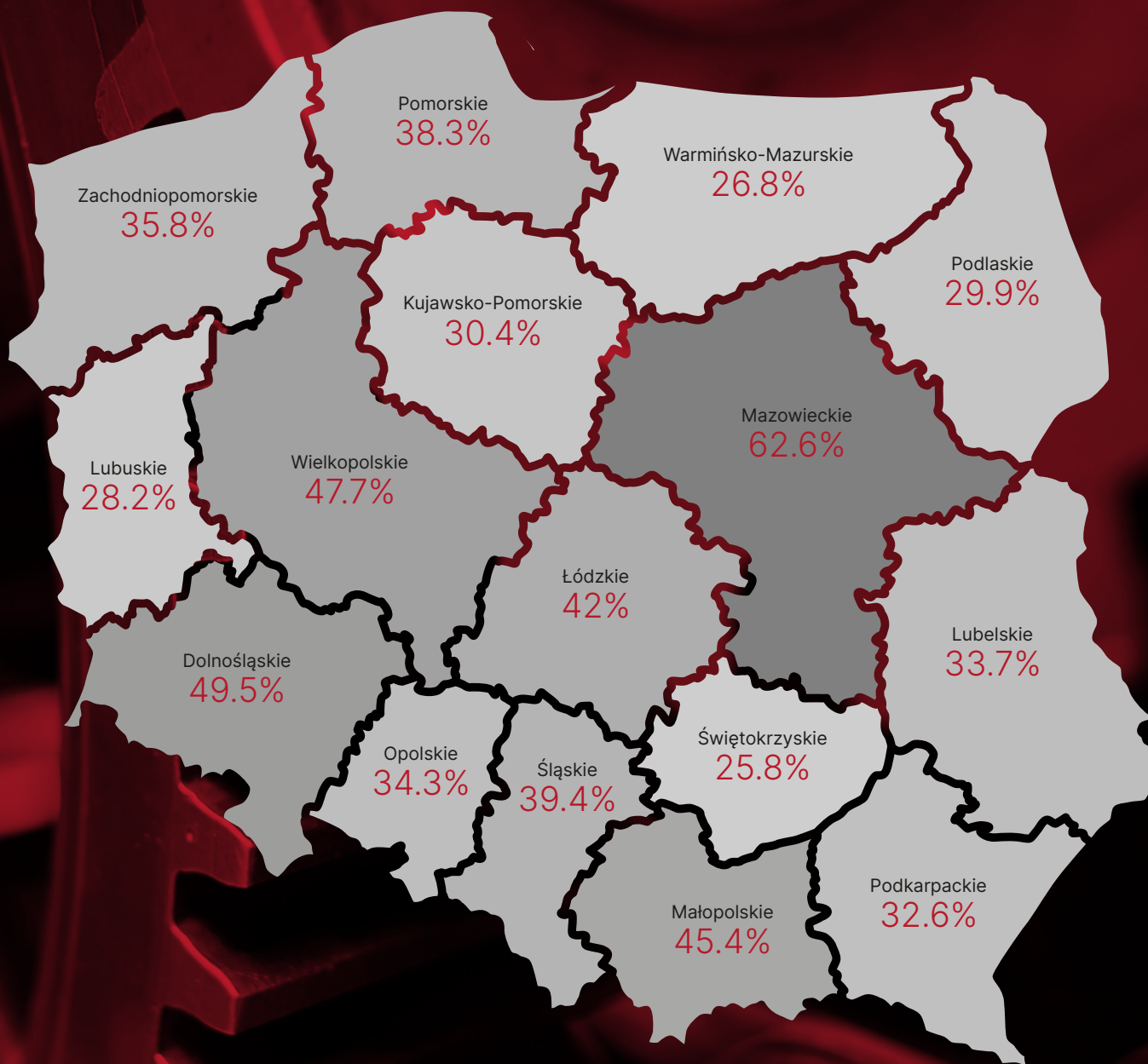
Rules and origin of the program

An employer cooperates with a trade union operating in its company (or with employee representatives if there is no trade union) to select a financial institution to open private ECP accounts for employees. The employer establishes Employee Capital Plans by signing an ECP management agreement with the financial institution and then signs an ECP operation agreement on behalf and for the employees. Conclusion of an ECP operation agreement for an employee makes him/her a member of the program. The Employee Capital Plan operation service is offered by 17 market management entities which, in order to be able to manage participants' savings, must continuously satisfy the requirements following from the ECP Act.

An official list of institutions offering the management of ECPs and their offer is available on the mojeppk.pl portal. The funds gathered in ECPs are invested in special funds, which adapt the investment policy to the member's age (so called target date funds). The costs of managing the savings accumulated in Employee Capital Plan schemes are lower than in the case of other investment products.

ECP: Participation broken down into voivodships

Total participation in ECP: 45.56%
(as at 31 December 2023)





Employee Capital Plan accounts are fed by contributions financed by the employee and the employer and subsidies from the state (welcome payment and annual subsidies). The payments from employees and employers are calculated as a percentage of the salary amount of an ECP member, while the state transfers amounts specified in the ECP Act to an ECP account irrespective of the employee's income. The employer and the employee finance basic payments and, if they so decide, additional payments.

The key advantages of the program are as follows:

- membership in Employee Capital Plans is voluntary – an employee may withdraw from the ECP at any time or return to it;
- an Employee Capital Plan is very advantageous for an employee, because both the employer and the state contribute to his or her private savings;
- an ECP ensures regular and convenient way of saving – the payments to the program are calculated, collected and paid by the employer;
- an employee may use the funds accumulated in an ECP at any time – even though the funds are ultimately designated to be paid out after the age of 60, a member may withdraw the funds without stating the reason;
- an employee may also withdraw the funds in so-called “special life situations” (a serious illness or payment own contribution to a mortgage loan);
- an employee who receives remuneration that is no more than 120% of the minimum wage, may reduce the basic payment even to 0.5% of their salary.

Employee Capital Plans have been implemented to increase financial security of Poles by multiplying their private savings, and also to affect the development of the economy, businesses and jobs.

Summary of progress and work on the program in 2023

On 9 March 2023, the Polish Parliament approved the revision of the PPK Act submitted by the Council of Ministers in the wording prepared by the Ministry of Economic Development and Technology in cooperation with PFR Portal PPK. In 2023, the company continued cyclic workshop meetings with representatives of the Office of the Polish Financial Supervision Authority and PFR, which were aimed at working out joint positions concerning the application of the ECP Act.

In Q1 2023, PFR Portal PPK was involved in preparation of employers and financial institutions for the so called automatic resubscription to an ECP, which took place in March 2023.

As part of these activities, PFR Portal PPK prepared information and training materials and launched training courses on the topic - both online and on-site.

By the end of 2023, PFR Portal PPK delivered over 9 thousand ECP training courses for 290 thousand people. In 2023 alone, 1661 training courses were held for a total of 69,945 participants.

The specialist team of PFR Portal PPK provided 8 thousand answers to inquiries and letters from market participants (including about 700 in 2023), prepared 925 publications (including 193 in 2023), including articles, newsletters, ECP guides and 908 other subject-matter

materials on ECPs (including 138 in 2023). PFR Portal PPK representatives took part in 186 meetings (including 33 in 2023) with the Ministry of Finance and the Office of the Polish Financial Supervision Authority, to clarify ECP-related topics (28 new legal issues were published in 2023).

The mojeppk.pl portal recorded 13.61 million views and 4.2 million users in 2023. In 2021, PFR Portal PPK launched a feature of the mojeppk.pl portal, which enabled it to provide ECP members with information on the value of funds accumulated in ECP accounts, as part of the obligation stipulated in Article 77 sec. 3 item 4 of the ECP Act. It is possible to log in the My ECP service using the login.gov.pl website – the feature can be found at www.rachunek.mojeppk.pl. In 2023, the number of participants registered users of the Moje PPK portal was 428.4 thousand, with 1.99 million user logins in the rachunek.mojeppk.pl portal.

Promotion of Employee Capital Plans

PFR Portal PPK executed an information campaign on the radio to promote Employee Capital Plans and also engaged in information and educational activities by organizing training, webinars, conferences as well as online communication activities in Polish nationwide, regional and industry media.

ECP BENEFITS ACADEMY - SUBSTANTIVE SUPPORT

The ECP Benefits Academy is part of the information campaign related to the so-called automatic resubscription to ECP in 2023. It was a nationwide educational campaign carried out from January to October last year to present the main principles of the program and encourage people to make savings in ECPs. The campaign offered attractive cash prizes with a total amount of over PLN 1 million.

As part of the ECP Benefits Academy, the company issued opinions on the scenarios for the drawing of the grand prizes, participated in the awarding of the winners and the dissemination of their images on the mojeppk.pl website and promoted the Academy using its own channels (website, social media).

As part of PFR Portal PPK's substantive support of the ECP Benefits Academy and the campaign related to the so-called automatic resubscription in ECP, the company also supported PFR in reviewing, verifying and preparing promotional materials, including press releases, briefs and responses to media inquiries.

PRESS PUBLICATIONS

In 2023, the company prepared press publications to raise awareness of the ECPs and share information about the educational activities undertaken by PFR Portal PPK. A total of 298 press articles were published in print and online, including 43 sponsored press releases.

RADIO CAMPAIGN

In 2023, the company started cooperation with radio stations: Radio Warszawa, Radio Kolor and “Radio dla Ciebie” Polish Radio, Regional Station in Warsaw, in order to perform an information and advertising campaign about Employee Capital Plans and the ECP Benefits Academy.

The radio campaign on Radio Warszawa included the production of broadcasts with announcements, posting of the broadcast series on the website, and promotion on the station's social media pages.

The cooperation with Radio dla Ciebie (RDC) included the broadcasting of advertising spots for the ECP Benefits Academy (30-second ads) from 4 April 2023 to 3 October 2023, and the broadcasting



7th edition of the "Responsible and Friendly Employer" gala, 15 November 2023

of interviews with a PFR Portal PPK representative on the topic of ECPs, along with announcements.

Cooperation with Radio Kolor included the broadcasting of interviews in the "Wieczór Ekspertów" series, the broadcasting of previews promoting these programs, the broadcasting of advertising spots (30-second ads) and the publication of posts on the radio's Facebook page.

MOJEPPK.PL WEBSITE

256 news articles were published on the mojeppk.pl website in 2023. The articles discussed current issues related to Employee Capital Plans and covered events, information on training and current details about the program.

RESPONSIBLE AND FRIENDLY EMPLOYER PROGRAM

In 2023, PFR Portal PPK organized another two galas of the "Responsible and Friendly Employer" program.

The goal of the program is to grant distinctions to entrepreneurs who showed particularly active involvement in the implementation of Employee Capital Plans in their companies, using ECPs as an element of employee benefit system and achieving a high number of members. Once again, candidates for the distinction were named by financial institutions managing ECP accounts. In the 6th and 7th editions of the program, 39 employers were granted the special award of "Responsible and Friendly Employer" for contribution to creating a friendly work environment and building financial security for employees. The awarded employers come from various groups of companies: from large corporations, through public institutions, to small family enterprises. In total, already 93 winners have received distinctions since 2019.

INTERNATIONAL COOPERATION

In 2023, PFR Portal PPK continued to work with international experts analyzing long-term savings systems in different countries and analyzing the needs of the respective markets. The collaboration included an exchange of experience, particularly in the area of behavioral economics, as well as the tools and mechanisms used in the development of systems based on automatic subscription. PFR Portal PPK also organized the international conference entitled "Society, Economy and Finance in the Face of Market Volatility and Demographics" held on 19 April 2023 in the Trading Room of the Warsaw Stock Exchange with the participation of international experts. The goal of the conference was to discuss European long-term savings systems and to present the outlook for the future evolution of savings products. This was the only event held in Poland that allowed for such a wide range of international cooperation and exchange of experiences related to pension systems. The invited guests included financial market experts from the United Kingdom, the Netherlands, Slovenia, Spain, Portugal, and Turkey who focus on retirement and savings issues and are also passionate behavioral economists. The Ministry of Economic Development and Technology, ZUS and the British Embassy were the honorary patrons of the conference.

Contributions financed by the employer

An employer is obliged to finance basic contributions to the ECP in the amount of 1.5% of the employee's salary. It may also decide to finance an additional contribution in the amount not exceeding 2.5% of the salary.

Contributions financed by the employer are not added to the base for calculating social insurance contributions.

Contributions financed by the employee

An employee transfers 2% of his or her salary to ECP every month. If his or her monthly remuneration does not exceed 120% of the min-



Employee Capital Plans in numbers

AS AT 31 DECEMBER 2023



performance
of ECP funds

PLN 3.68 bn



net value of the assets accu-
mulated in ECP funds

PLN 21.74 billion



employers
running ECPs

320 thousand



people saving
in ECPs

3.39 million

imum wage, they may use the reduction of its basic payment even to 0.5%. An employee may also decide to finance an additional contribution in the amount not exceeding 2% of the salary.

Welcome payment

Welcome payments (amounting to PLN 250) are received by the employees who have participated in an Employee Capital Plan for at least three full calendar months and basic ECP contributions funded by the participant have been paid for at least three months. An ECP participant may receive the welcome payment only once.

Annual subsidy

The annual subsidy of PLN 240 is received by the ECP participants who have accumulated contributions to their ECP account(s) during the year of at least 3.5% of six times the minimum salary.

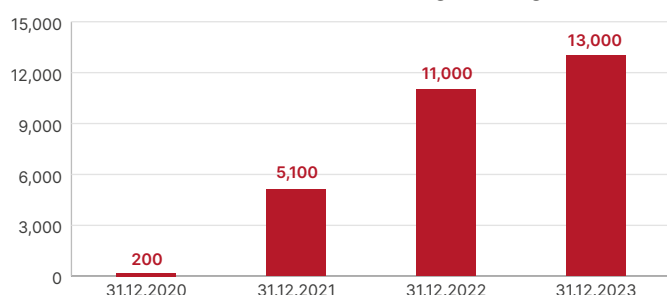
The participants who reduced their basic contribution must collect at least 25% of the above amount. It should be noted that the amount of contributions to the Employee Capital Plan, which is a pre-condition for receiving the annual subsidy, is not reduced if an ECP participant starts saving during the year. A participant may receive only one annual subsidy for each year.

1.3.1. PPK – the exposure of PFR TFI

Activity of the designated institution

In the ECP system, PFR TFI serves as a designated financial institution. The Management Company's duty resulting from the Act on Employee Capital Plans is to ensure continuity of savings management within an ECP if the operation of the program is no longer continued by the institution managing it so far and to ensure the possibility of entering into a management agreement by any entity which is an employer. The activity of PFR TFI as an institution with strictly defined tasks is one of the systemic solutions ensuring safety and protection of funds collected in the program.

Number of ECP clients in PFR TFI (management agreements)



In 2023, PFR TFI executed over 2.3 thousand ECP management agreements. For the most part, those were agreements with employers that did not enter into management agreements by the dates provided for in the laws and received summons about it from PFR as well as entities for which, because of the type of activity or technical conditions, other financial institutions refused to execute agreements or terminated the agreements for business reasons. As at 31 December 2023, PFR TFI served more than 13 thousand employers, which represents an increase of more than 18% over the previous year.

The crucial aspect in the context of Employee Capital Plans is fund management performance. During the past year, the mood in global markets was very optimistic. The Fed's monetary easing and lower-than-expected inflation in the US helped global equity and bond markets deliver solid returns to investors. In Poland, stocks and bonds received an additional boost from the results of the general election in October, which were well received by investors. Warsaw's WIG broad market index rose 36.5% for the year, making it one of the world's best performing indices. In the US, the main S&P 500 market index generated a 25.7% rate of return. The performance of indices in Western Europe was similar to those in the United States. The rate of return on Euro Stoxx 50, an index of the fifty largest companies in the euro zone, was 22.2%. Last year was also very good for investors in the treasury bond market. The rate of return on Polish treasury bonds included in the TBSP index was 12.2%. In such

Rates of return for PFR PPK SFIO sub-funds

Target date sub-fund	Rate of return in 2023*	Rate of return from the beginning of the sub-fund's activity**
2025	13.9%	23.9%
2030	17.0%	35.5%
2035	20.2%	43.6%
2040	22.4%	50.9%
2045	23.8%	55.6%
2050	24.6%	55.7%
2055	24.9%	56.7%
2060	25.2%	59.0%
2065	25.2%	13.8%

Source: PFR TFI own data

* Investment performance of sub-funds from 30 December 2022 to 29 December 2023.

** Investment performance from 16 December 2019 to 29 December 2023 for 2025-20260 sub-funds, 14 April 2021 to 29 December 2023 for the 2065 sub-fund.



an environment, the performance of ECP funds offered high positive returns. In 2023, the ECP sub-funds managed by PFR TFI recorded increases ranging from 13.9% to 25.2%.

On 16 December 2022, the sub-funds separated under PFR PPK SFIO were merged with the sub-funds of BPS Emerytura PPK SFIO in connection with PFR TFI taking over the management of the fund as the designated institution. The change was related to the decision of the Polish Financial Supervision Authority to remove BPS TFI from the register of institutions managing ECPs.

1.4. Central Pension Information

Central Pension Information (CIE) is a project to create a comprehensive information system to process pension savings data. The final product will be an application hosted on the mObywatel [mCitizen] service platform, providing users with details of their pension products. The project is part of the government’s informatization strategy and the final touch on the pension reform introduced in Poland in 1998, and its goal is to enable individual decision-making based on the information and data provided. The CIE will enable full digitalization of the relationship between citizens and pension institutions.

Through the CIE, every citizen will have easy access to all necessary information about his or her pension savings. The system will also support access to a range of digital services.

The system will provide citizens with comprehensive and easily accessible knowledge about pensions, in order to support and promote economic education and contribute to increasing retirement savings. For example, it will calculate an estimated amount of a future pension, or provide information on the expected level of a pension based on the assumptions provided by the user.

Nearly three quarters of respondents believe that a universal platform is needed, providing access to pension accounts. Source: “Survey of public demand for information about the pension system in Poland and assessment of the functionality of the CIE platform being designed”, IBRiS, May 2022.

The use of the CIE system will be voluntary and based on the highest security standards. CIE will process data only after obtaining the user’s consent. Pension data will be downloaded into the system from financial institutions only after a citizen has consented to open an account in the CIE. Moreover, the processing of data in the CIE system will comply with the highest standards of security, data protection and legal requirements.

The contractor and the entity responsible for the maintenance and development of the IT system will be selected in accordance with the Public Procurement Law, which guarantees the transparency and competitiveness of the selection process.

1.5. Proprietary economic analyses

In 2023, the PFR Analysis Department consisted of a team of a chief economist and two analysts. It provided analytical support to the Management Board, directors and various units of the PFR Corporate Group as well as to KUKI and ZBH PAIH.

In 2023, the PFR Analysis Department prepared 126 standard reports and provided 124 responses to ongoing inquiries.

The standard reports are prepared in three standardized formats, enabling the reader to quickly review the subject matter and then gradually expand the scope of the data being processed and the analysis of the issue at hand.

1. Chartbook:
 - Compilation of key data from public statistics
 - No significant analytical input
2. Summary of information
 - Compilation of most data from public statistics
 - Limited analytical commentary
3. Compendium
 - Full compilation of data from public statistics
 - Data from other sources
 - Additional analytics
4. Topic-specific reports, developed when no other assignments are in progress

The Analysis Department provides ten standard regular products in three main categories: macroeconomics, foreign trade and foreign markets, industry reports.

Macroeconomics

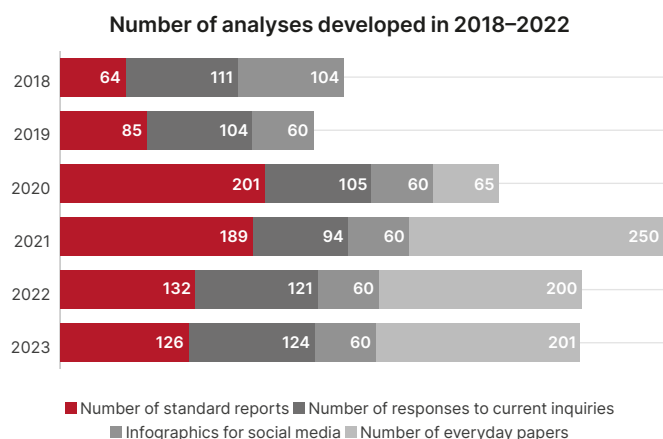
- Summary of key economic data** – daily
- Parkiet Forecasts** – chartbook
- Savings** – summary report
- Innovation** – summary report
- Database: data for valuations and forecasts** – summary report
- GDP, inflation, budget deficit, debt of the government and local government institutions** – summary report

Foreign trade and foreign markets

- EU Economies** – summary report
- German Economy** – summary report
- Poland’s foreign trade** – compendium
- State development institutions** – summary report

Sector-specific

- Construction** – chartbook
- Energy** – summary report
- Transport** – summary report
- Polish Furniture** – summary report
- Electromobility** – compendium





1.6. Pro-development activity

The PFR Corporate Group conducts activities to support innovation in the Polish economy. It focuses on modern digital and technological solutions and on entrepreneurship development. The implemented solutions strengthen the infrastructure, the human capital, and protection of the environment. In 2023, the Corporate Group implemented mainly projects designed for local governments, state administration and businesses.

The solutions dedicated to administration authorities expand their technological potential, boosting efficiency of their operations. The programs for local governments build solutions that meet the needs of local communities, while benefiting the environment. The development of modern business and technology competences is particularly important for individuals starting their own businesses or introducing changes to the existing operations. For the latter group, there are dedicated programs and manuals offering support in the creation of start-ups, technological transformation or energy transition and development driven by innovation.



Development of innovation and human capital in Poland

Internal innovation is the driving force of modern organizations, as they allow them not only to adapt to changing market conditions, but also to develop a competitive advantage by optimizing processes and introducing innovative solutions. In 2023, PFR took steps to strengthen the culture of internal innovation launching the "Idea Bank" program, which inspired employees to actively participate in the innovation creation process.

The "Idea Bank" was not only a platform for generating ideas, but also a space for exchanging views and building engagement. As a result, 15 ideas were implemented in 2023, and the PFR SA Management Board has decided to continue the program in 2024. Projects submitted under this program cover a wide range of areas, from business improvements, employee initiatives and skills development to procurement and equipment.

One of the most innovative projects to emerge from the Idea Bank was the "ChangeAI PFR" initiative. Its goal is to develop and implement artificial intelligence to support the management of PFR's internal processes. This initiative also helps build AI skills among employees.

Activities for the development of innovation in startups and SMEs

The startup.pfr.pl portal is the most important database of information about the startup ecosystem in Poland for both beginners and advanced innovators. Among other things, it contains information about support programs for innovators and the most comprehensive map of the Polish startup ecosystem. Its database has nearly five thousand entities.

startup.pfr.pl also contains practical tips on how to develop an innovation project, how to finance it and which events and programs to participate in. In addition to e-books and articles, the site also publishes the Pioneer Podcast, which was listened to 5285 times last year. This is an increase of 25.86%. 10,000 subscribers to the site's newsletter receive information from the world of startups.

Activities for the development of innovation in large enterprises

In 2023, PFR's program entitled Community of Future-minded Companies supported businesses in digitalization, innovation development, and energy transition processes through consulting, skills development, and networking.

The collaboration usually started with the **Digital Maturity Test**. In this way, the company gained knowledge about digital development opportunities. In 2023, more than 300 companies took advantage of this service. Additionally, the open innovation model was used for the first time in working with organizations. In this regard, the flagship project was the **IDA** program for the development of civilian technologies with dual-use potential in cooperation with the Ministry of National Defence, PGZ S.A., PGZ Stocznia Wojenna and the Krakowski Park Technologiczny.

In order to develop the skills of the future, a new training course platform was launched in 2023 at www.strefawiedzypr.pl, where companies can access a database of free online courses. It offered 12 courses in the fields of digitalization, innovation development and energy transition and had more than 26,000 registered users by the end of 2023. They have completed 6,200 courses confirmed by certificates. The most popular sustainability training courses included: "ESG Reporting in Practice", "Carbon Footprint of an Organization", or "Energy Transition in Businesses". As many as 168 organizations chose to deepen their knowledge in commercial workshops, which generated PFR's first revenues from sales of training. In 2023, the most popular workshops were ones on obtaining grants: "R&D Architect" and "Funding R&D".

Activities for the development of innovation in local governments

PFR for Cities is a portal that connects representatives of local governments who want to keep up with urban innovation trends. Every two weeks, they can read the Urban Innovation Review, which presents implementations, interesting reports and studies, and legislative developments affecting cities.

PFR for Cities also provides a platform for local government officials to share knowledge and experiences through the "Cities of the Future Club" with meetings held once a month. In 2023, the initiative hosted 10 webinars with nearly 700 participants. Their topics included, for example, data-driven energy management in Włocławek, robotization and automation of processes conducted by UJ students, or digital transformation of cooperation with the third sector in Kołobrzeg. These meetings provide an excellent opportunity to present lessons learned from the innovation implementation process, share best practices, and get inspired.

Educational materials, free e-books and courses such as "Expert in Cities of the Future" and "Model Cooperation of Local government Units with Business". 400 certificates for completion of these courses were issued in 2023. On the other hand, the Urban Innovation Database contains more than 60 implementation examples as well as specific recommendations for local government officials who want to improve their planning of projects.

Support for the process of digitalization of the Polish economy

Nearly 300 public and private sector organizations are currently using OChK's broad portfolio of products and services to successfully grow their businesses through cloud computing. These include manufacturing and service companies (such as Animex, PGZ Stocznia Wojenna, VOX or Veolia), financial institutions (such as ING Bank Śląski, PKO Bank Polski, SGB-Bank, Europa Ubezpieczenia or Trigon) as well as e-commerce brands (such as Modivo, Morele or eBilet).



The year 2023 at startup.pfr.pl



A unique tool to help you find a fund for yourself



The only map of the ecosystem of innovations generally available on the Polish Internet

4950
startups

800
investors

2600
financing rounds



240,000
users



over
180
new texts on technologies,
business and a start-up
ecosystem



25
episodes of the Podcast
of Pioneers - a broadcasts
for budding technology
entrepreneurs



nearly
PLN 220 million
for participants
of our most important
program: the PFR
School of Pioneers



11,000
viewers of the fanpage
of PFR Innowacje



Strefa
Wiedzy PFR

A new training platform, where you can find a number of courses for innovators – and more!



We support the development of companies

Learn about our activities in 2023 in the following areas:
digitalization | energy transition | development of innovations



Consulting

more than **300**
companies examined in
the Digital Maturity Test

Program implemented in
the open innovation model
with a corporation



Competencies

12
online training
courses offered

more than **150,000**
users of the strefawiedzy.pfr.pl
e-learning platform

168
companies trained
in workshops



Community

more than **8000**
participants of the
Community of Future-
minded Companies program

3000
attendees of events as part of
the PFR Group and the Digital
Starter Kit for Enterprises

list of **200**
tools supporting
digitalization of companies

25 newsletters

CONTACT



A growing group of clients also includes fast-growing young Polish companies OPERATING mainly on foreign markets and take advantage of modern technologies as a key factor in building competitive advantage (such as Booksy, Brainly, Devskiller, Spyrosoft or Synerise). With complex and multi-level projects, OChK also collaborates with a large group of partners specializing in technologies, integration and implementation.

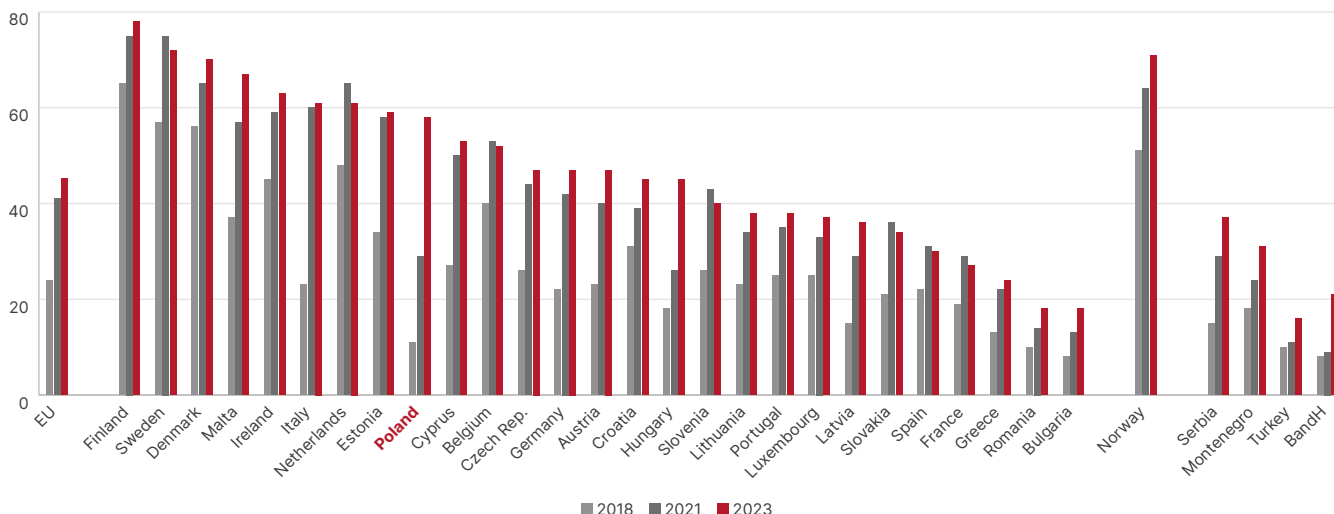
OChK also operates in the government sector at various levels. The company cooperates with the Ministry of Finance, the Ministry of Digital Affairs and the e-Health Center, among others. It provides a very broad range of services, from standardized cloud communication and collaboration suites (e.g. Microsoft 365), through consulting services, to the development of large-scale public cloud solutions from scratch. The most prominent example is the e-Registration system for COVID-19 vaccinations, which OChK created, developed and has been maintaining on behalf of the e-Health Center. In just a few weeks, the OChK team built an e-registration sys-

tem for vaccinations that enabled more than 52 million vaccination appointments to be made and fulfilled. The system operated successfully for almost three years: from January 2021 to December 2023. In terms of scale of operation, number of users and amount of data processed, e-Registration was one of the most complex IT systems of general use operating in Poland.

Commissioned by the Polish Prime Minister's Office (KPRM), OChK also prepared a portal pracawpolsce.gov.pl, addressed to refugees from Ukraine who look for employment in Poland. The website helps them find jobs corresponding to their education and skills. OChK experts developed an app in close cooperation with labor market specialists and representatives of the Ukrainian side, as a result of which the website addresses the needs of employers, but also is adapted to the manner of looking for a job that is typical for the Ukrainian market. The website is available in three languages (Ukrainian, Polish and English).



Companies using cloud services, EU, 2018-2023



During less than five years of its activity, OChK earned the opinion of an expert on value-added cloud services, gathering a group of more than 150 female and male engineers, specializing, among others, in transition consulting, technology selection, architecture design, application migration and modernization, IT management and security services and could compliance, which in many industries must be ensured to allow for the transfer of data to a cloud. OChK provides also services of construction, development and maintenance of native solutions in public clouds and helps build appropriate competences whose shortage in organizations is sometimes a major obstacle in migration to a cloud. The company is also focused on developing services in data and AI, with an emphasis on implementing business improvements based on these technologies.

As part of the evolution of its business model, OChK has also opened up to cooperation with young companies for which modern technologies are the key growth factor. OChK works with independent software vendors, creating its own ISV Hub and software houses. It develops "Let's get (c)loud", a program for startups and scale-ups, which has gathered a community of nearly 200 companies focused on developing their products in a cloud environment.

The company is also ISO certified in the key standards for cloud project implementation: ISO 27001, ISO 22301, ISO 27017, ISO 27018.

A key element of OChK's development, as well as the popularization of cloud solutions in Poland, is the performance of strategic agreements concluded by OChK with Google and Microsoft in 2019 and 2020, respectively. On the basis of these agreements, the two global providers undertook to invest in the local market and create so-called public cloud regions, which are part of their global networks, on the territory of Poland. The Google Cloud Region was launched in 2021 and the Microsoft Azure Region in 2023.

In 2023, OChK reported revenue growth of more than 60% compared to the previous year. In connection with new agreements signed in 2023 and an increase in revenues generated by the clients to date, the value of the portfolio of recurring services was PLN 375

million as at the end of December 2023 and was higher by PLN 150 million than at the end of 2022.

The Polish cloud computing market has a relatively high growth rate. According to the latest Eurostat data, the last five years have been a period of active implementation of cloud technologies in Polish companies. In 2018, only 11.5% of companies with more than ten employees used paid cloud services, in 2020 it was already 24.4%, and in 2023 the use reached a record level of 55.7%.⁴ This means that it took only half a decade for Poland to rise from almost the bottom (in 2018, it was third from the bottom) to ninth place in the European Union in terms of the digitalization of businesses. For the first time in the history of the Eurostat survey, the percentage of Polish companies using cloud services is higher than the EU average, which was 45.2% in 2023⁵.

The data proves that not only the level but also the pace of adoption of cloud computing is gradually increasing. The comparison between 2018 and 2020 shows an increase of 12.9 p.p., and the leap from 2021 to 2023 was more than twice as high (27 p.p.). It is also worth noting that the average growth rate in the surveyed countries over the past two years was 4.2 p.p.

The increasing use of modern technologies available in the cloud by businesses has a measurable impact on economic growth. According to McKinsey, the large-scale deployment of cloud technologies in Polish businesses and public institutions may generate an additional EUR 27 billion (PLN 121 billion) annually by 2030, which will account for 4% of GDP in 2030.⁶

1.7. Case studies of selected pro-social investments

GRI [203-2]

Investments of the PFR Corporate Group can also contribute to social development. In its investment activities, the PFR Corporate Group takes into account aspects such as social inclusion, the elimination of inequalities, ensuring a good quality of life and the well-being of regions with a lower level of development. Some examples of these activities are presented below.

4 https://ec.europa.eu/eurostat/databrowser/view/isoc_cicce_use/default/table?lang=en

5 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Cloud_computing_-_statistics_on_the_use_by_enterprises

6 https://www.mckinsey.com/pl/~/_media/mckinsey/locations/europe%20and%20middle%20east/polska/raporty/chmura%202030/chmura%202030%20raport%20mckinsey.pdf



Investments carried out through the Rental Housing Fund and Housing Sector Development Fund – planning, construction and management of apartments in large agglomerations and smaller towns where tenants may ultimately purchase the apartments.

- Satisfying the residential needs and improving the living conditions of the residents of Poland.
- Supporting Polish families and younger people.
- Equalization of opportunities – cooperating also with smaller centers and local townships.



Polskie Koleje Linowe and the project to expand the Jaworzyna Krynicka Ski Resort revitalize the Wierchomla-Muszyna Ski Resort

- Development of tourist and recreational infrastructure to meet the needs of Polish families.
- Job creation in regions with low industrialization levels and higher unemployment rates.



▪ **Fast Tram in Kraków (KST)** – building, maintenance and financing of a new section of the tram line of the total length of 4.5 km, with a tunnel 0.9 km long in the city of Kraków, carried out under the public-private partnership formula. The new tram line will have a capacity of more than 500 tram trips per day.

- A project of strategic importance for the growth of the city, making it possible to increase residents' mobility through the development of public transport.
- The project will affect significantly reduction of greenhouse gas emissions because of replacement of private transport and public transport by buses with trams powered by electricity coming from renewable sources.
- The project will contribute to protecting air quality and will prevent its pollution.



Car park in Warsaw – the investment entails the construction and operation of an underground multi-storey car park with 420 parking spaces at plac Powstańców Warszawy. The investment will be implemented as a Public-Private Partnership (PPP).

- Improving the availability of parking space in an important location in Warsaw offering better traffic conditions for residents and contributing to lower emissions of CO₂ and other pollutants, while improving the quality of life for residents of the Śródmieście district.
- The area freed up on the surface can be used for amenities for residents.



Parking lots in Łódź – an investment project involving the construction and operation of four multi-level parking lots in the city center, at ul. Kościuszki, Wschodnia and Tuwima. The total number of parking spaces will be 884. The parking project is aligned with the existing city center revitalization strategy. The investment will be carried out as a Public-Private Partnership (PPP).

- Improving accessibility of parking in important parts of the Łódź city center, contributing to better traffic conditions and quality of life for residents. At the same time, the project will help reduce illegal parking.
- Optimizing vehicle traffic in the city, reducing the search for parking spaces.
- Reducing the number of parking spaces at street level, which will help transform streets into zones with limited car traffic and pedestrian priority.



Construction of a military base for Territorial Defense in Limanowa – in cooperation with the Ministry of National Defence and the city of Limanowa, a new military complex will be built for the needs of the 11th Małopolska Territorial Defense Brigade, named after Brigadier General Leopold Okulicki pseud. "Niedźwiadek", in which the 114th light infantry battalion is to be established and stationed in the city of Limanowa. This is the first pilot project of its kind in Poland under the Public-Public Partnership formula, in which a public party (represented by the military) contracts a public party (represented by the city of Limanowa) to design, build and finance a military complex.

- Territorial Defense forces contribute to homeland security and support citizens through preventive measures and the capacity to respond quickly to emergencies and natural disasters.
- The investment project will have a positive impact on the development of the local community of Limanowa.
- The military complex will use environmentally friendly solutions to reduce heat and electricity consumption and reduce its carbon footprint, among others by using heat pumps and automated temperature management systems.



“Heat from Waste” Program implemented in cooperation with the Ministry of Climate, the Ministry of Development Funds and Regional Policy and the National Fund for Environmental Protection and Water Management (NFOŚiGW). In 2023, NFOŚiGW started an evaluation of projects submitted under the “Rational Waste Management” program, with the purpose of, among other things, co-funding waste thermal treatment plant (WTP) construction projects in Poland. One of the possible outcomes of the cooperation is for the Fund to provide co-funding of projects submitted to NFOŚiGW, which will be the subject of further work in 2024.

- Supporting the development of a universal waste management system, including selective waste collection.
- Reducing the amount of waste subject to illegal transboundary movement.

2. MANAGEMENT OF THE COMPANY’S OWN SOCIAL IMPACT – ACTIVITY OF THE PFR FOUNDATION

GRI [413-1]

The PFR Corporate Group coordinates activities that support sustainable social and economic development of Poland. The priorities in this respect are: infrastructural investments, innovations, entrepreneurial development, exports and foreign expansion of Polish businesses, support for local governments, implementation of the Employee Capital Plan program and management of foreign investments. The PFR Foundation established by PFR in 2018 is used to carry out activities to both support and initiate positive changes in the social environment of the PFR Corporate Group.

Corporate social responsibility is well in line with the value system of the PFR Corporate Group, one of the pillars of which is commitment to the best interests of Poland, and therefore also Polish society.

The Company’s corporate social responsibility activities are carried out through the PFR Foundation, whose activity is based on two pillars: creating its own educational projects and supporting social initiatives pursued by other entities. A detailed description of the Foundation and its activities is presented in further sections of this report.

2.1. Description of the Foundation

The PFR Foundation is a non-profit organization established by PFR in 2018. It was established to perform tasks related to the Company’s corporate social responsibility. The Foundation’s activity is based on two pillars: own educational undertakings and support for social initiatives of other entities. Another important role of the Foundation is to implement initiatives engaging employees of the PFR Corporate Group in employee volunteerism projects.

The key goals of the projects carried out by the Foundation include:

- counteracting digital exclusion;
- ensuring equality of educational opportunities;
- ensuring equality of opportunities on the labor market for different social groups, including children raised in youth education centers and foster care as well as seniors.

The Foundation’s activities also support culture, promote innovation and the entrepreneurial mindset, motivate people from various age groups to increase their competence, build pro-social attitudes and raise employment rates. The most important recipients of these activities include: children, youth and the elderly. The ambition of the Foundation is also to co-create the ecosystem of best practices and engaged institutions so that the projects have an even stronger impact on the life of their beneficiaries and the surroundings. The above tasks are performed mainly through educational programs based on new technologies.

The PFR Foundation operates on the basis of the Act of 6 April 1984 on Foundations (consolidated text in the Journal of Laws of 2020, Item 2167) and its articles of association. It is entered in the register of associations, other social and professional organizations, foundations and independent public health care establishments kept by the District Court for the Capital City of Warsaw. The oversight over the foundation is exercised by the minister in charge of the economy.

The Management Board of the Foundation consists of:

- Magdalena Grzankowska – President of the Management Board,
- Sebastian Zoła – Management Board Member.

2.2. Campaigns and initiatives of the Foundation

Social and educational projects



ACADEMY OF DEVELOPMENT

The “Academy of Development” is a social and development program established by the PFR Foundation to support women living in small towns and villages who, despite their hardships, want to pursue their plans of social and professional activity. The program was developed due to support from Google.org organization.

The program is designed to support women through education, sharing knowledge and practical skills valued on the job market. The PFR Foundation accomplishes this goal by providing free online training and workshops to all participants. The classes are workshop-like – the educational program includes teaching how to use comfortable Internet tools which are useful in professional development. Participants learn, among other things, how to use online tools, create and manage websites or create one’s own chatbot and implement it on a website. Participants will also learn the basics of running a business from a financial and legal perspective, as well as how to apply the Design Thinking methodology to their own social and professional projects. The Program also offers additional community meetings, as well as mentoring sessions and career coaching for women of all ages, including locally in various locations across Poland.

Participants in the program are not required to have any experience or knowledge in the areas covered by the workshops and courses. All they need to participate in the course is basic equipment – a computer or tablet – with Internet access. Additionally, all applications used by participants during the workshop are open source and require no fees, subscriptions or other financial commitments.



More than 3,000 women from all over Poland have participated in the program since 2022 and in 2023, the Foundation has organized as many as 12 such events.

Partners of the "Academy of Development" Program are: the Central House of Technology, Evaluation for Government Organizations, DIVERSUM Foundation, Fundacja Przedsiębiorczości Kobiet (Women's Entrepreneurship Foundation), Future Collars, Krajowy Instytut Gospodarki Senioralnej (National Institute of Senior Economy), NASK, Mam Pracuj ("Mummy Work"), PFR Innowacje, Polska Agencja Rozwoju Przedsiębiorczości (Polish Agency for Enterprise Development), Women In AI. The Ministry of Family and Social Policy became the patron of the project. Media patronage over the program was provided by: ONA Women's Website, Polska Press Group and Age Free portal.



WOMEN HAVE A CHOICE

The social education project entitled "Women Have a Choice" included a series of free expert conferences organized across Poland. As part of the project, the Foundation held seven conferences for more than 550 female participants. A total of 60 panelists and speakers shared their experience and knowledge at all these events. The experts discussed issues related to the role of Polish women in economic and social life and in business.

The idea behind the "Women Have a Choice" project was to respond to the needs identified among the participants of the Foundation's various initiatives, including, first and foremost, the Academy of Development. Based on the opinions and information gathered from the participants, the idea was born to invite male and female experts from various fields to reflect together on the role of women and the importance of their social and professional activity in the development of Poland.

The series of events, which was the main part of the "Women Have a Choice" project, was attended by a group of experts specializing in social affairs, demography and family policy. The starting point for the panel discussions were the latest reports prepared by the Generation Institute ("Women Have a Choice. The Change in the Situation of Women in the 20th and 21st Centuries") and the Polish Economic Institute ("The Situation of Women in Poland from a Socio-Economic Perspective"). After presenting their findings, the participants in the debate offered different perspectives, drawing on their family and professional experiences.

The "Women Have a Choice" project was the result of cooperation between experts from numerous institutions and organizations. The Empiria i Wiedza Foundation became the strategic partner of the conference series. The Generations Institute and the Polish Economic Institute provided content supervision. Partners for the individual conferences included: the Kujawsko-Pomorskie Voivode, the Warmińsko-Mazurskie Voivode, the Minister of Family and Social Policy, the Dolnośląskie Voivode, the Marshal of the Dolnośląskie Voivodeship, European Funds for a Modern Economy, Poland of the 21st Century and the Polish Agency for Enterprise Development.

Academy of Development: Summary of 2023

3200+
workshop
participants

81
workshops

12
additional
events

370+
participants of addi-
tional events



Akademia
Rozwoju



7 conferences

550 participants

60 panelists and speakers



#SELFRELIANT

“SamoDZIELNI” (SelfRELIANT) is another original project of the PFR Foundation, created to help youth from foster care take their first step on the labor market. The fourth edition of the project was held in 2023.

The main goal of the project was to equip young people (17-19 years old) entering the labor market with the key skills needed to function in this market, such as: writing a resume, presenting oneself during the recruitment process, choosing and planning a career path, negotiating the terms of employment, as well as orientation in a new environment during the first days of work.

Additionally, in order to provide real support to young people in achieving their plans and help them obtain first qualifications, each of them received a “development voucher” equivalent to the full financing of a selected professional course. The participants of the fourth edition of the “SelfRELIANT” project were able to feel exceptional thanks to the support of the Polish Hotel Holding, which provided accommodation in the five-star Regent Hotel in Warsaw for all program participants and their guardians.

All stages of the project were designed in such a way that, after completion of each edition, the participants were ready to face the new stage in life: by entering the labor market and managing their professional career in a purposeful manner.

The final stage of the students’ adventure, and at the same time a prelude to their careers, was participation in an internship at the hotel mentioned above. The internship was made possible thanks



29 participants

40 hours of workshops

45 hours of individual consultations

20 volunteer experts involved, including 14 volunteer mentors



to the commitment of the Polish Hotel Holding, the partner of the 4th edition of the SelfRELIANT project. The internship offer was tailored for the participants and included six months of paid work in hotels in Warsaw, Gdansk and Jurata in various departments: reception, catering and housekeeping.

The partners of the 4th edition of the project were the Central House of Technology and the Polish Hotel Holding. Honorary patrons of the program included the Ministry of Family and Social Policy, the Mazowieckie Voivode and the Marshal of Mazowieckie Voivodship. Radio Eska and the Super Express daily became the project's media patrons.



SUMMER ACTIVACTION

Summer ActivACTION is an initiative of the PFR Foundation supporting educational and sports projects for children and youth. Since 2021, under the Program, the Foundation has supported the implementation of more than 250 non-profit projects implemented in local communities across Poland.

The Summer ActivACTION project addresses the needs of children from small towns. More than 20,000 people benefited from the holiday activities organized as part of the initiative in 2023.



EDUCATION FOR THE CLIMATE

One of the priorities of the PFR Foundation is to raise awareness of ESG (Environmental, Social Responsibility, Governance) issues. Climate change is a challenge that requires the involvement of governments, social organizations and business. The first step towards sustainable development is to create environmental awareness in the society. That is why the PFR Foundation and the Central

House of Technology undertake targeted initiatives to promote climate-friendly attitudes and spread awareness of ESG issues. As part of these activities, the Foundation emphasizes the role of digital solutions and the benefits of technological tools in ecology.

In 2023, the Foundation participated as a supporting partner in the "Chapter Zero Poland" initiative, which is a nationwide competence development program for management and supervisory boards of companies, coordinated by the Responsible Business Forum. This is the Polish edition of the international Climate Governance initiative launched by the World Economic Forum to raise awareness of the impact of climate change on business and the impact of business on the climate. It provides knowledge and specific tools and creates a platform for exchange of experiences between training participants and experts.

As part of the "Education for the Climate" program, the Foundation also organized a series of free on-site workshops on climate. The project was addressed mainly to female students of the humanities and social sciences. The "Energy Transition and Climate Change" series consisted of two meetings where invited experts discussed issues such as energy transition, the energy dimension of international relations, the security of the energy market in Poland, renewable energy sources, the impact of climate on social relations, and sustainable development.





A meeting in the "Vision of the Future" series



CYBERSAFE

"CyberSafe" is a nationwide educational program promoting knowledge and safe conduct on the Internet. The project was aimed at primary and secondary school students and teachers. More than 3,000 students and 200 teachers participated in 2023. In addition to workshops and courses, a nationwide competition and a test of online safety knowledge were planned. The project was financed by the Prime Minister's Office under the nationwide program for development of competences of schoolchildren and teachers "the Cyber-Safe". The project's educational activities were created and organized by the team at the Central House of Technology.

The project consisted of several educational components: workshops for teachers from across Poland and workshops for the youth aged 12-15 and 16-19. The latter were divided into three thematic modules: cybersecurity, social media and information manipulation online. In addition, animations were created on the topics of data protection on the Internet, reliability of online information and safe online shopping, and a practical guide to cybersecurity was prepared together with experts from the Niebezpiecznik.pl portal. The free educational booklet for parents and teachers will help teach children to control their data and protect themselves from false information online. Teachers, meanwhile, have been provided with scenarios for lessons on cybersecurity.



VISION OF THE PAST

The "Vision of the Past" educational project was targeted at students, teachers and educators from across Poland. During the event, participants used the VR technology to go on a voyage on the transat-

lantic liner MS "Piłsudski", which was called "the floating embassy of Polish culture" in the inter-war period, learning about its history and the Art Deco style. A series of four webinars "Technologies in Art Education" was held for teachers and educators, focusing on the use of modern tools in education, especially in cultural education. The program was completed by 2,000 students and teachers.

Workshop participants were invited to take part in a competition for a thirty-second spot promoting Polish culture. Every young filmmaker who participated in the competition and wanted to hone his or her skills was invited to a series of training films.

Partnership projects

In 2022, the Foundation started 36 partnership projects and gave donations to 14 social organizations in the total amount of PLN 1.3 million. For the most part, cooperation with external organizations was in the following areas: education, innovation, entrepreneurship, culture and arts. The Foundation also supported individuals going through a hardship period and institutions involved in socially beneficial activities. The most important partnership projects include:



"Patria Nostra" Historical Competition – a film historical competition addressed to youth in Poland and youth from Polish communities abroad. The aim of the competition is to promote the history of Poland among young people at schools, shape patriotic attitudes and active citizenship. The competition was held for the eighth time in 2023. Its format is conducive to the development of computer animation and film edition skills and also allows pupils to acquire knowledge about issues ignored in mandatory school curricula. Projects carried out within the competition make it possible to use modern technologies in historical education and to preserve tradition and national heritage.



„Mother and Child Startup Challenge”



“**Mother and Child Startup Challenge**”, organized in cooperation with the Institute of Mother and Child, is a unique project on a European scale, bringing together state medical institutions to take advantage of the potential for innovative solutions related to broadly defined health care. In 2023 the competition attracted 51 start-ups and companies from different countries, competing for the opportunity to bring their innovative ideas to six public hospitals in Warsaw, Łódź, Białystok, Gdansk and Olsztyn.

The latest edition of the competition focused on finding innovative solutions in the areas of diagnosis, prevention, treatment and education, with a special emphasis on pediatric solutions that have a tangible impact on hospital operations. Submitted projects could range from innovative products and services to innovative material solutions. However, the priority was to ensure their practical application in hospitals. This year's edition had two tracks: one for R&D start-ups with a TRL (Technology Readiness Level) of 3-7 and one for mature companies with a TRL of 8 or higher.

A panel of expert jurors selected the finalists from the numerous submissions, based on a set of evaluation criteria. Then, the program council gave its recommendations and then directors of the participating hospitals selected the winners. The “Mother and Child Startup Challenge” is not just a competition, but also a glimpse into the future of Polish health care. With the innovations that will be introduced in the hospitals, the organizers are trying to solve current problems such as staff shortages, inadequate time assigned for medical visits and low quality of treatment for children and pregnant women.



Stare Powązki Foundation - the project consisted in implementing an innovative solution to help promote knowledge about the historical heritage of the Powązki Cemetery in Warsaw. The purpose of the Stare Powązki Foundation is both to preserve the necropolis, which has a unique place in our culture, and to popularize the knowledge of Stare Powązki, especially among young people. As part of this activity, in cooperation with the PFR Foundation, a project is implemented to systematically produce digital copies of the successive sections of this historic cemetery. The goal is to map and preserve digitally 3D information about individual gravestones and their location on the cemetery layout. This way, metrically accurate virtual models will be created that will archive the current status. The models are then used to develop conservation work programs, plan cemetery space, and do restoration work. Thanks to the support of the PFR Foundation, scans of the first monuments were made in 2023. The project also included virtual walks around the Old Powązki Cemetery, allowing people in any corner of the world to take a stroll through our national necropolis.



“**Talent Academy**” of the Large Families Association is a program for the development of talented students from large families. The purpose of the program is to help alumni become independent and achieve their professional goals, as well as to raise their awareness of social issues. 45 socially engaged and talented young people, stu-



"Talent Academy" of the Large Families Association

dents from various fields of study, were selected in 2021-22. Students from large families over the age of 18 were eligible to apply for the scholarships and 20 scholars participated in the program in 2023.

of Kraków's Old Town. The sixth edition of the festival was dedicated to musical arrangements of vespers, part of the liturgy of the hours. It included five free concerts by eminent artists from Poland and Europe.



"On the Wolf's Trail – the Cursed Soldiers Memorial Running Race" of the Freedom and Democracy Foundation is the biggest memorial running race in Poland and a cyclic international event. It includes a 1963m run (where the number symbolizes the year of the murder of Jozef 'Lalek' Franczak, the last "cursed soldier") as well as 5k and 10k races. The events were accompanied by concerts, exhibitions and meetings with veterans. The ninth edition of the race was an opportunity to continue cooperation with schools, which were given access to the educational e-file: "Polish Independence Underground 1944-1963" prepared by employees of the Institute of National Remembrance in Lublin. The publication presents the reactions and attitudes of the Polish society to the new political reality that emerged after the Second World War. The publication discusses in an understandable and accessible way the complexity of the structures and goals of the formations of the Polish underground independence movement, as well as the related controversies.



Kaganek Foundation - The "Łaszczyński Family. In the Service of Humanity" musical was a project aimed at presenting the profiles of prominent inventors, innovators and entrepreneurs Stanisław and Bolesław Łaszczyński, their discoveries and achievements. The plot of the musical revolves around the brothers, who created the first Polish patent and owned the copper mine in Miedzianka. The Łaszczyński brothers invented and patented the electrolysis process, which was used at that time to obtain that metal. Today, the process is used to produce green hydrogen - the fuel of the future and an important part of the energy transition process. The mission of the musical was to commemorate the characters of the brothers and to educate younger generations about science as a bridge between the past and the present. The performance was delivered by musical actors accompanied by a group from the Dance Theatre in Kielce, a choir and the orchestra of the Song Theatre. The event is an original project of the "Kaganek" Foundation of the Industria Świętokrzyskie Industrial Group in cooperation with the Roman Kołakowski Foundation.



InCanto Foundation - since 2018, Musica Divina has invited the residents of Kraków and music lovers from all over Poland to a series of free concerts of early sacred music in the most beautiful churches



Polish Woman of the 21st Century - this is a project that, on the one hand, activates women and encourages their active participation



Musical: "Łaszczyński Family. In the Service of Humanity"

in public life, and on the other hand promotes the building of a strong civic society. In 2023, one of the most important events organized as part of the project was an international conference about women and for women, entitled the Polish Woman of the 21st Century. It was the only meeting organized in Poland in this formula. It was attended by female managers, social activists, experts, government and local government representatives, who met on March 8th to discuss the issues that are the most important for women and for women in Poland.



Witkacy under Thatched Roofs - the 25th International Competition for the Interpretation of the Works of Stanisław Ignacy Witkiewicz,

"Witkacy under Thatched Roofs", is an initiative that PFR Foundation supported once again. The competition was organized by the Słupsk Society for Theater Culture - the Rondo Theater. It is the only competition in Poland and globally that covers the entire range of the artist's activity. Because this is an open competition, participants have presented art forms that often have no chance of appearing elsewhere. Participants of the "Witkacy under Thatched Roofs" competition were recruited from all age groups – from schoolchildren to senior citizens. The competition consisted of three parts: the competition part, the exhibition of the competition works and the performance of the young people from the Art School in Słupsk, as well as workshops and a quiz about Witkacy. The main purpose of the competition was to provide an opportunity to share experiences and present the artistic achievements of Witkacy enthusiasts.



"Witkacy under Thatched Roofs"



2.3. Employee volunteerism

Volunteerism is a very important part of the PFR Foundation’s operations, as well as a priority of the entire PFR Corporate Group. Volunteers participate in a wide range of activities - from sharing expertise, to providing gifts to those in need, to actively seeking opportunities to support local communities. They are eager to educate, share their skills and expertise, participate in social campaigns and projects, and give their time and donations. As a result, helping others has become part of the identity of PFR Corporate Group’s employees.

In 2023, 177 employees participated in social activities, which means that the percentage of employee volunteerism increased by more than 300% compared to 2021. Volunteers took part in 13 campaigns. Volunteerism at the PFR Corporate Group is at the stage of dynamic growth, affects the building of social capital in the organization and has become one of the pillars of PFR’s organizational culture. It has also helped to integrate employees and allows them to learn new skills.

Volunteer campaigns and initiatives

Volunteerism in the PFR Corporate Group follows a model in which actions are initiated by the Foundation and carried out by employees of the entire Corporate Group. The Foundation also provides an opportunity to carry out projects that are devised by employees themselves. Every year, more and more people get involved in social and charitable initiatives. One such activity in 2023 was the collection of bicycles for children from a children’s home. Throughout the month of June, employees could bring their unwanted bicycles to the PFR Foundation, from where they were sent to the children’s home in Włodawa. During the campaign, 25 bicycles were collected for young cyclists. The donation of bicycles was also an opportunity to organize a volunteer campaign together with the children from the children’s home in Włodawa.

The next part of the cooperation with this institution was a visit of the children to the capital. This time, volunteers from the PFR Corporate Group served as guides in Warsaw. During the weekend, the children visited Warsaw’s most important cultural and sports attractions, including the Old Town, the Royal Castle gardens, the Library of the University of Warsaw, the observation deck of the Palace of Culture and Science, the Arena Pruszków cycling track, attended the match between Legia Warsaw and Aston Villa F.C., and then participated in an educational workshop at the Central House of Technology.

In 2023, PFR Corporate Group volunteers also took part in two activities for the benefit of disadvantaged senior citizens in Warsaw’s Praga Północ district. The activities were organized by the Praga Północ Social Welfare Center and the Open Doors Association. The “Open Your Heart for Christmas” and “Easter from the Heart” initiatives consisted of volunteers delivering packages containing essential items to those in need: the sick, the lonely and the poor elderly. Both were aimed at alleviating poverty and helping the elderly enjoy dignified and peaceful holidays.



Wolontariusze na start

GET READY, VOLUNTEERS

Every employee of the PFR Corporate Group can submit an idea for a volunteer campaign and receive a grant to implement it. As a result, in 2023, employees from PFR TFI’s Foreign Expansion Fund team carried out a volunteer project on the grounds of a primary school in Wyczółki, a suburb of Warsaw. The volunteers helped to install new educational equipment in the playground, which was built with funds from a grant. Another project initiated by the employees was to clean up the area around a house after a fire and to build a tool

PFR volunteerism in 2023

<p>177 volunteers involved</p>	<p>13 volunteerism campaigns</p>	<p>2 grant projects as part of the “Get Ready, Volunteers” program</p>
<p>300+ people involved in “Active Volunteerism”</p>	<p>PLN 100,000 donations to social organizations</p>	<p>5 families supported through the “Noble Gift” program</p>



“Get Ready, Volunteers”

shed for an elderly person who was affected by the fire and who works daily as a cleaner in the PFR offices.

ACTIVE VOLUNTEERISM

In 2023, employees of the PFR Corporate Group for the fifth time took up the “Active Volunteerism” challenge. The campaign is a competition among employees to run or ride a bike and then convert the kilometers into money. The funds raised in this way were donated to charities chosen by the participants. 315 employees of the PFR Corporate Group took part in the fifth edition of “Active Volunteerism”. Overall, they burned almost 11.5 million kcal, or about 1.5 tons of fat, covered 300,000 kilometers and cycled to and from work more than 8,300 times. Such great commitment to this year’s edition allowed them to support to five social organizations with a total amount of nearly PLN 100,000: the Between Heaven and Earth Foundation, the Non-Public Youth Sociotherapy Center in Olsztyn, the “From the

Heart for the Heart” Foundation, the “Łódź Children’s Hospice in Łupkowa” Association, and the “Po Drugie” Foundation.

NOBLE GIFT

Since 2018, the Foundation has supported “Noble Gift”, a nationwide charity campaign for the benefit of families of people with disabilities and seniors who are in difficult financial situation for reasons that are beyond their control. 213 people from all PFR Corporate Group companies participated in the campaign in 2023. Aid was provided to five families which the volunteers reached during the so-called “weekend of miracles”. A total of 51 packages were delivered, worth PLN 18,5 thousand.

2.4. Central House of Technology

The Central House of Technology (CDT) is an educational project which was created in 2019 to provide access to modern education



“Active Volunteerism”



“Noble Gift”

to children, youth, adults and seniors. To achieve this aim, original educational programs are conducted which assume increasing competences of the future in representatives of all generations. The best known formats of classes are: Fridays for Teachers at CDT, Digital Rookies, Classes with CDT and panel debates “CDTalks, or debates about education”. CDT is also a place where representatives of education, business and innovators could meet to prepare together grounds for modern teaching about new technologies. It is at the same time a space for workshops and a community made up of experts, educators and those practically involved in education. It is also a team of people preparing their own scenarios of classes, conducting workshops, face-to-face, online or in a hybrid manner. The CDT team consists of educational experts who share their experience at numerous events held at CDT, as well as at external events organized throughout Poland.

All educational events currently held at CDT are free of charge for participants. Educational materials created by the CDT team are published in the knowledge base at www.cdt.pl and on the CDT YouTube channel, where they are available free of charge. For more information about the Central House of Technology, visit www.cdt.pl.

Educational activity

The Central House of Technology team develops and shares educational activities using the STEAM educational approach (Science, Technology, Engineering, Arts, Mathematics) and popularizes new technologies. STEAM is an innovative teaching model that develops competencies of the future such as critical and design thinking skills,

inquiry and analysis, collaboration and creativity. Building these competencies is accomplished through the acquisition of hands-on skills in science, technology, engineering, arts, and mathematics. Original programs of classes are prepared on the basis of a series of consultations and experience and subject matter expertise of the program team.

DIGITAL TURN SIGNAL

Digital Turn Signal is a series of programming classes for children and youth. The workshops were delivered as part of the program entitled “Young Competent Varsovians in Their City 2023-2024” and covered three topics: “Programmable Stories” and “Train Your Robot” – for children aged 7-9, and “Designing the City of the Future” for students aged 10-14.

The students learned basic programming commands, the operating principles of electrical circuits and programming boards, and methods for conducting municipal and community consultations. They also learned how to create simple autonomous programs and how to design public spaces in line with social ideas.

DIGITAL ENTREPRENEURSHIP

Entrepreneurship and financial literacy are an important matter, so the Foundation prepared a “Digital Entrepreneurship” course for high school students. Through online and on-site workshops, students acquired practical knowledge and new skills in running their own business and e-commerce operations. The workshop took the form of a simulated operation of a distribution company. Participants developed their own innovative product or service, created a strategy, analyzed data, and made business decisions based on the results. The workshop materials were prepared by a team of CDT educators with substantive input from Allegro experts, who provided real-life data to make the scenarios relevant to the today’s realities. In 2023, 900 participants took part in 30 workshops.

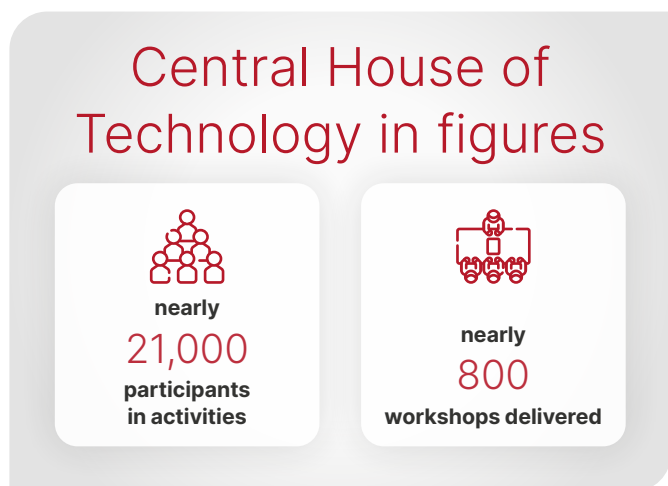
LESSONS FROM THE END OF THE WORLD

“Lessons from the End of the World” was a series of videos in which mountaineer Michał Leksiński talked about his preparation for climbing the Vinson Massif. On this basis he showed how experience and equipment used for mountain climbing can be useful in everyday life, even in the lowlands. The video series consisted of five episodes, each covering a different theme, including technology, entrepreneurship, responsibility and the environment. The traveler talked about conditions at the South Pole and how the environment is protected there today. He also discussed the history of mountain climbing and how developments in technology have improved the comfort of the sport. The instructional videos were supplemented with footage from the expedition, in which Michał Leksiński talked about climbing bases and daily life in Antarctica.

During the winter holidays, the Foundation invited young protégés of Warsaw associations and foundations to the Central House of Technology for personal meetings with Michał Leksiński and for technology workshops led by CDT instructors. During the lessons, children and teens had the opportunity to learn about virtual reality and go on a winter expedition with the help of VR goggles, use programming to define the route of an educational robot, and create original works of art with 3D pens.

WARSAW, THE CAPITAL OF NEONS

On 1 June 2023, the PFR Foundation together with the Allegro Foundation prepared unforgettable attractions for children from Ukraine under the care of the Santa Claus Foundation and young people from the Po Drugie Foundation. The event was held under the motto “In search of Warsaw’s neon signs” and began with a field game. The





"Lessons from the End of the World"

children were divided into a dozen or so teams and searched for Warsaw's neon signs, both those that still beautifully illuminate the capital's streets and those whose years of splendor have passed and of which only traces remain on buildings. Each team was required to find all the neon signs or places where they used to be and then photograph them with a tablet.

The event was complemented by a technology workshop. Participants created their own neon prototypes. The children designed neons in the 3D printing design application Tinkercad, built and programmed neon signs in Microbit and using visual programming, and on the Arduino platform using text languages.

ACADEMY OF SCHOOL INVENTION

The PFR Foundation teamed up with the Polish Children's Academy and the Patent Office of the Republic of Poland to organize the 8th edition of the "Ambassador of School Invention" competition, which was completed during an awards gala at the Central House of Technology. The motto of this year's edition was: "Inventions and industrial designs improving the quality of life". The "Ambassador of School Invention" competition was addressed to students aged from 7 to 15. The participants were to design, execute and submit a project in two categories: inventions and other technical solutions, and industrial designs. selected projects that demonstrated creativity and an innovative approach to problem-solving. Schools whose students qualified for the second stage of the competition received the title of Embassies of School Inventors. They are intended to foster a passion for innovation and design among students and graduates.

CDT Community

The Central House of Technology is also a space for dialog and development for teachers and educators. During face-to-face and online workshops, teachers at all educational levels, including special schools, acquire knowledge and skills that help them teach classes effectively every day. In 2023, teachers were able to benefit from events such as:





“Education for the Future”

EDUCATION FOR THE FUTURE

The PFR Foundation participates in the government Program for the Development of Civic Organizations for 2018-2030 financed by the National Freedom Institute - Center for the Development of Civic Society, in which it implements the project entitled “Education for the Future”.

As part of this activity, the Foundation organized online and on-site events at the Central House of Technology addressed to teachers and educators. Once again, every Friday, it continued to hold “Fridays for Teachers at CDT” webinars where teachers learned the how to use new technologies in practice in their daily work with students.

The Foundation also organized the “CDT Education Laboratory”, on-site activities focused on modern teaching methods and their practical application in the classroom. The workshop was composed of two modules. The first one included an introduction to the STEAM process - an interdisciplinary method of implementing educational projects - using the example of designing a School of Dreams. During the training, participants went through the STEAM process on their own: from defining the problem to constructing a prototype solution. In addition to the STEAM method, they also learned techniques for creating lesson plans and educational activities. The second module was used to learn about specific tools and technologies that can be used in STEAM lessons and projects. They included: robotics, operating a 3D printer, and other additional programs. The tools used during the training matched the goals of the program and allowed the participants to learn how to use the technologies and tools available in the program.

In 2023, as part of the Education for the Future project, the Foundation organized 25 webinars with a total of 1,622 participants and

trained 144 teachers in six two-day training sessions held in different cities in Poland.

CONFERENCE ENTITLED “COMPETENCE LABS OF THE FUTURE - THE NEXT STEP TO AN INNOVATIVE SCHOOL”

The Central House of Technology hosted a networking meeting of educational organizations: the EduTech and STEAM Fair entitled “Competency Labs of the Future - the next step to an innovative school”. For the event, the Foundation invited representatives from educational organizations to talk about the possibilities of developing education through innovative tools. During the debate, the Laboratories of the Future program and its impact on schools were mentioned, as well as further educational needs and activities necessary to develop the competencies of the future in Polish schools. Experts discussed whether educators are satisfied with the equipment they receive, what educational needs they report, and whether the purchase of these technological solutions has been a success. Partners of the event were edutech companies: EI System, Edutech Expert, Skriware, Musicon Club, Science and Innovation Center. After the debate, the teachers and educators took part in workshops organized by the event’s partners:

- Express Yourself with Light - creating and programming neon signs using microcontrollers,
- STEAMed creativity with 3D pens,
- 3D scanning in education using 3 different scanners.

EDUCATION OF TOMORROW

“Education of Tomorrow” is a project promoting ideas for interesting and engaging on-site and online classes among teachers and educa-



Natalia Kukulska's concert

tors of primary and high schools. It is performed in the form of a competition for scenarios of classes in all school subjects. In 2023, the 4th edition of the competition was held, in which 33 exceptional lesson plans were received in which students combine knowledge gained at school with information about safe use of the Internet. One effect of the project was a publication with 12 best scenarios, available for downloading free of charge on the Foundation's website. The project was financed by the Prime Minister's Office under the nationwide program for development of competences of schoolchildren and teachers "the CyberSafe".

Business and conference center

The Central House of Technology is also a modern event space fitted with advanced multimedia systems and featuring an elegant design combined with greenery. It is also a place where the ecosystem of innovation and Polish start-ups can be developed. In 2023, the Central House of Technology hosted about 200 commercial and social events: conferences, some with simultaneous interpretation, press conferences and debates with representatives of the government, local governments and non-governmental organizations, workshops and training for businesses and social organizations. In addition, CDT's proposal includes a streaming service and comprehensive organization of multimedia hybrid events. Some of the events deserve a special mention, such as the event concluding the CDT's own "Women Have a Choice" social project, or the concert of Natalia Kukulska, which required appropriate technical setting and lighting.

In 2023, CDT also hosted the International Pediatric Congress organized by the K.I.D.S. Foundation. The event was attended by 170 participants from different parts of Europe. Some of them participated remotely via streaming provided by the Foundation's operators. The conference was accompanied by an awards gala.

Another major event held at CDT was the ESG Congress - Leaders of Sustainable Development, which filled all available rooms. The

event was attended by individuals responsible for the ESG area in major Polish companies.

3. WORK ENVIRONMENT

GRI [2-7] [2-8]

The PFR Corporate Group recognizes employees as the key stakeholder group and, in pursuing its strategic goals, it follows an employment policy that provides equal opportunities for all employees. These activities are fully compliant with the Work Rules and Regulations, which guarantees equality in hiring, promotion and access to training.

PFR Corporate Group initiatives in the area of labor:

- **Talent development and retention:** Creating conditions for the professional and personal development of employees.
- **Support for employee well-being:** Comprehensive support aimed at improving the quality of professional and personal life.
- **Safe and stable working conditions:** Safe work environment that promotes stability of employment.
- **Diversity and inclusion:** Promoting diversity and inclusion in the organizational culture

The foundations of approach to employees:

- **Corporate Values:** they are derived from joint efforts and have been adopted by all companies in the PFR Corporate Group.
- **Code of Conduct:** defines the standards of conduct and behavior expected of all employees.

These activities are in line with trends in sustainability reporting and ESG principles that include environmental, social and corporate responsibility. Transparency and continuous improvement in these



areas contribute to the creation of long-term value for the stakeholders of the PFR Corporate Group.

3.1. PFR Employees - Employment Structure

GRI [2-7] [2-8] [401-1] [401-2]

At the end of 2023, the PFR Corporate Group employed 716 people. The majority (86.9%) had employment contracts, of which 94.9% worked full time.

The gender balance in the employment structure remained stable compared to the previous year. Women accounted for 50.8% and men for 49.2% of the workforce. The average age of female employees was 38 and the average age of male employees was 40.

Among the employees of the PFR Corporate Group, 17.5% were under 30 years of age, while 14% were over 50 years of age. The age structure of the workforce was almost evenly balanced between the two age groups.

In 2023, the employee turnover rate in PFR Corporate Group companies was 16.02%.

3.2. Secure and predictable working conditions

At PFR Corporate Group, employment contracts are the preferred form of employment, which covers 86.9% of the workforce. Cooperation under civil law contracts is used mainly for internships or when specific tasks need to be performed within a specified period of time.

All changes affecting PFR Corporate Group employees are communicated clearly and transparently. In 2023, an internal information campaign was carried out to familiarize employees with the main changes in their rights resulting from an amendment to the Labor Code. As part of this campaign, employees received detailed information about new regulations, including those relevant to parents and guardians.

3.3. Diversity and inclusion in the workplace

GRI [2-7] [405-1] [405-2] [406-1]

Activities of the PFR Corporate Group are based on respect for individuality, equal treatment of all employees and combating negative occurrences in the workplace. These principles are reflected in internal regulations such as the Work Rules and Regulations and the Policy to Counteract Undesirable Behavior.

Within the framework of the aforementioned Policy, systemic measures have been defined to eliminate, among other things, unequal treatment, discrimination and harassment and bullying. In particular:

- **Reporting and handling of reports:** Procedures have been established for reporting and handling cases of undesirable behavior by employees.

- **Undesirable Behavior Committee:** Procedures have been established for appointing a special committee to handle reports of undesirable behavior.

Gender equality is an important issue for the PFR Corporate Group. Both women and men are encouraged to take up professional challenges and appointed to expert and managerial positions. Gender balance is also taken into account in development, promotion and recruitment processes. In 2023, an initiative was launched to use feminine forms (feminatives) in job titles.

The age diversity of our employees is a valuable resource. The PFR Corporate Group builds age-diverse teams and promotes itself as an attractive employer for different age groups, using various channels of communication with potential candidates.

3.4. Remuneration and benefits

GRI [2-19][2-20][401-2]

Remuneration Policy for PFR Employees: PFR has a compensation policy that is consistent with its strategy and values. The key internal regulations of that policy include:

- The Rules and Regulations for the Remuneration of PFR Employees,
- The Rules and Regulations for Awarding Bonuses to PFR Employees,

The documents define the terms and conditions of remuneration and for awarding other work-related benefits.

The remuneration rules describe in detail the components of remuneration, which include:

- **base salary:** monthly remuneration, set at a monthly rate,
- **annual or semi-annual bonus:** depending on the achievement of the employee's individual and/or collective goals during the financial year, payable upon approval of the financial statements,
- **monthly bonus:** granted to employees of the Advisory Center in selected positions,
- **non-monetary benefits:** including, among other things, subsidized commuting and medical care expenses,

Employment structure in the PFR Corporate Group

622 EMPLOYEES EMPLOYED ON THE BASIS OF EMPLOYMENT CONTRACTS AS AT 31 DECEMBER 2023



Average age of employees

38.8 years



Percentage of men and women

49.2%–50.8%



Average length of service

3.6 years



Percentage of employment contracts

91.96%

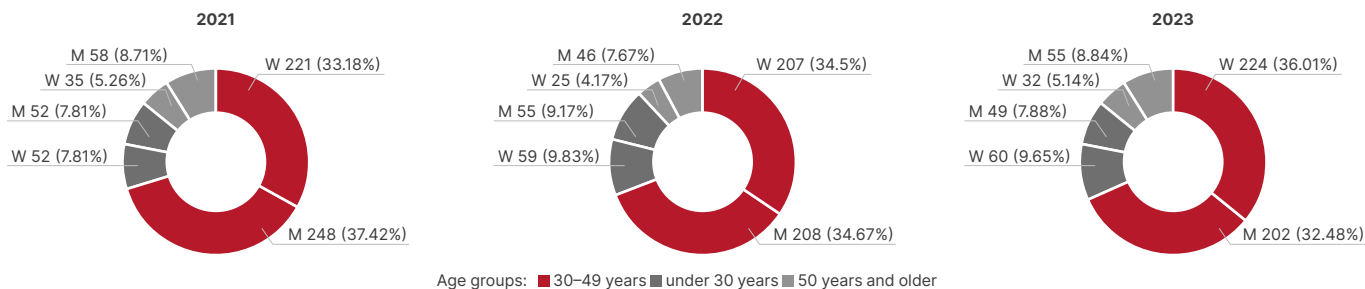


Turn-over ratio

16.02%



Percentage of men and women in each year by age group



■ **benefits from the Company's Social Benefit Fund,**

■ **Employee Capital Plans (ECPs):** under the PFR savings plan, the PFR Corporate Group finances an additional contribution of 2.5%.

3.5. Equal pay

The PFR Corporate Group considers equal pay and equal treatment of men and women as a priority, including in the area of remuneration. The differences in pay between male and female employees are systematically monitored and analyzed using standardized indicators. The strategic goal is to eliminate the gender pay gap completely by 2025.

Equal pay is also an important issue in the context of employees with different types of working time arrangements. Benefits for part-time employees are proportional to those for full-time employees.

3.6. Benefits

The PFR Corporate Group provides employee benefit packages that cover areas such as health, safety, family, culture and leisure. They are designed to support the well-being of employees in a comprehensive manner.

The employee benefits market is regularly monitored and the possibility of implementing potential benefits within the Corporate Group is analyzed. This enables us to create a work environment that promotes the well-being of our employees and addresses their individual needs.

3.7. Promoting employee well-being

In 2023, PFR conducted activities and thematic campaigns related to the #Healthy_Organization initiative. The goal was to provide holistic support for the well-being of employees at many levels. The initiative included, among other things:

- equipping offices with additional AED machines and trauma kits,

- training for employees on first aid, partnership between women and men, and sharing of parental responsibilities,

- materials on various aspects of well-being and benefits offered by the employer were regularly published and promoted; they included topics such as physical health, safety, mental health, relationship building, and family and social concerns.

In 2023, in response to changes in the law, the Remote Work Rules and Regulations were introduced, defining in detail the terms and conditions of remote work, which are agreed individually between the employee and the employer. The accompanying information campaign was developed to raise awareness of the possibility of working remotely. The option of a hybrid system was made available to all employees whose job description allows them to work outside the office.

3.8. Employee development

GRI [404-1] [404-2] [404-3]

Talent acquisition, retention and development are key issues for the smooth operation of the PFR Corporate Group, including PFR. These measures are directed to provide employees with training that is in line with the values of the PFR Corporate Group and that reinforces the competencies of the future. PFR supports its employees in this regard through the use of various development tools.

In 2023, PFR:

- carried out individual training courses to improve the skills of employees, tailored to the specific nature of their positions;
- employees were able to take advantage of subsidies for education costs;
- group training was organized for specific groups of employees in three areas: management, expert and well-being, in both on-site and online forms. Group training sessions were carried out in areas such as law, labor law and cybersecurity.

Regular employee reviews

Regular and systematic review of performance and quality of work is the fundamental element of support offered to PFR employees in developing their competencies and increasing their professional effectiveness. Feedback plays a key role in addressing competency gaps and guiding employees on a path of further development. PFR conducts regular employee reviews that are synchronized with the annual goal accounting process. They are directly linked to the bonus system defined in the Rules and Regulations for Awarding Bonuses.

Age structure

622 EMPLOYEES AS AT 31 DECEMBER 2023



Average age of women

37.7 years



Average age of men

39.9 years

3.9. Employee representation

GRI [2-30]

PFR has an employee representative body whose members are elected by the employees for a term of two years. It currently has three members, who are democratically elected by a vote of the employees. Their key tasks are to represent the interests of the employees and to cooperate with the employer in the areas required by law. Special emphasis is placed on conducting consultations and agreements on behalf of employees within the scope of applicable regulations.

3.10. Employee volunteerism

Employees of the PFR Corporate Group actively support local communities, among others through volunteer activities organized by the PFR Foundation. These activities are conducted in accordance with the Rules and Regulations for Employee Volunteerism, which provide the basis for active participation of employees in a wide range of charitable activities. In these activities, employees volunteer in projects organized by the PFR Foundation, helping to build positive relationships and strengthen social ties.

3.11. Occupational health and safety

GRI [403-1] [403-2] [403-3] [403-4] [403-5] [403-6] [403-7] [403-9]

PFR is a safe and healthy workplace. This is influenced by a comprehensive Occupational Health and Safety Policy based on the applicable legal regulations and the internal procedures, resolutions, risk assessments and instructions developed on the basis of these regulations. All these documents are updated on an ongoing basis to reflect changes in regulations, feedback from employees, new knowledge and experience, and developments in science and technology.

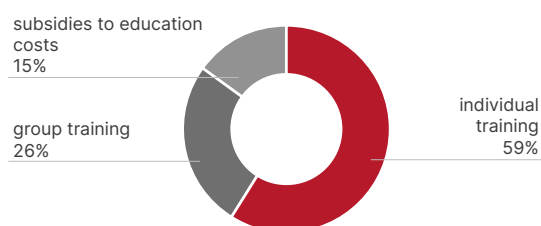
Each company in the Group maintains a separate workplace accident register with documentation confirming the accident, its causes and working conditions.

PFR has a Company OHS Committee whose responsibilities are to:

- conduct periodic reviews of working conditions and OHS situation;
- formulate proposals on how to improve working conditions;
- comment on the measures taken by the employer to prevent accidents at work and occupational diseases;
- interact with the employer in the performance of its OHS responsibilities.

In the remaining companies, the occupational health and safety function is provided by external companies as an outsourced service.

Structure of development activities in PFR



In order to promote a culture of occupational safety and to continue raising employee awareness in this area, PFR conducted the following educational campaigns in 2023:

- “Work without pain” training on spinal health,
- “First Aid in Emergencies” on-site training,
- a screen saver that provides employees with information on work ergonomics and physical exercises that can be performed at the workstation,
- regular publication of OHS information on the Intranet to promote occupational health and safety and work ergonomics.

In 2023, the following accidents were reported at PFR and its subsidiaries:

	Number of workplace accidents	Number of severe and lethal accidents	Number of accidents on the way to or from work
PFR	1 person	none	none
PFR Foundation	none	none	none
PFR Ventures	none	none	none
PFR TFI	1 person	none	none
PFR Operacje	1 person	none	1 person
PFR Nieruchomości	none	none	none
PFR Portal PPK	none	none	none



Corporate Governance

Area (G)

1. MANAGEMENT OF CORPORATE RISK AND BUSINESS CONTINUITY

1.1. Risk management

Awareness of the risks associated with the business and their impact on the continuity of the organization's activities is extremely important, not only for achieving strategic objectives, but also in the context of information provided to stakeholders. The PFR Corporate Group identifies, assesses and monitors risks to the attainment of its

goals at the process and strategic levels and takes action to eliminate or mitigate them. The Internal Audit Department plays a supporting role in risk management. It provides support to the Supervisory Board Audit Committee through assurance that PFR's internal control system is effective and the identified risks are mitigated. Details of the risk management process and a description of strategic risks identified in 2023 are provided on page 45 of this document. Below you will find the identified material non-financial risks and a description of mitigating measures.

Material non-financial risks

Risk	Description of the risk and its mitigation
Investment risk	Risk related to own investments, mainly related to a failure to achieve the expected rate of return but also related to a negative impact of the investment on the natural environment. <i>PFR makes efforts to appoint the fund's representatives to corporate bodies of portfolio companies and monitors its own investments and their performance, also in terms of their impact on the environment.</i>
Compliance risk	Risk of suffering legal sanctions or losing reputation or credibility as a result of failure to comply with the applicable laws, internal regulations, accepted standards of conduct (including ethical principles) and/or codes of best market practices. <i>PFR has implemented the Compliance Management System and appointed individuals responsible for the fulfillment of individual tasks related to the compliance management process, including the monitoring of changes in regulations and development and application of appropriate internal policies and procedures. More in the "Risk management system" section.</i>
Legal risk	Risk of unfavorable decisions by courts resolving the PFR Corporate Group's disputes with other entities. <i>PFR has implemented processes for issuing opinions on contracts, regulations, internal procedures and other documents. The internal Legal Department provides appropriate legal assistance, and in cases where complex transactions or projects are involved, it is supported by external legal advisers.</i>
Political risk	This risk from unpredictable political changes or political instability in the respective country. <i>PFR is continuously monitoring the government's economic development plans, changes in the government strategy, participates in public consultations and provides its opinions within the framework of the government's legislative process, in particular with respect to amendments that might potentially affect PFR's operations.</i>
Project risk	Unexpected delays in the execution of projects or unforeseen events preventing the execution of projects in whole or in part, which may result in additional expenditures or losses. <i>PFR monitors the execution of projects, in particular by reviewing spending vis-à-vis the adopted budget and the timeliness of actions taken. It also takes account of environmental, social and management factors associated with a given project.</i>
Strategic risk	Risk associated with improper decisions regarding the development strategy of the PFR Corporate Group, inadequate or incomplete implementation of the adopted strategy or the inaction or an inappropriate reaction to changes in the environment. <i>PFR reviews its market and economic environment and regularly verifies the implementation of its plans while monitoring the validity of the adopted objectives and actions called for in the strategy, also with regard to the ESG area.</i>
Reputation risk	Unfavorable perception of PFR's image by customers, counterparties, investors, regulators, supervisory authorities and/or the public. <i>PFR develops a specific external communication strategy and appoints individuals responsible for its implementation.</i>
ESG risk	Situations arising from environmental, social or corporate governance factors which, if they occur, could have an actual or potential material adverse impact on the operations of the PFR Corporate Group.

1.2. Strategy and approach to the management of ESG risk, including climate risk

GRI [2-23]

The PFR Corporate Group, in accordance with the relevant regulations and guidelines, considers sustainability risks at the level of its operations and in its investment analyses. The regulations relating to ESG risk management in the investment decision-making process

apply mainly to financial institutions, which are represented in the PFR Corporate Group by PFR TFI and PFR Ventures, which was permitted by the Polish Financial Supervision Authority in 2023 to carry out the activity of manager of alternative investment companies. The solutions implemented by the Management Company are also applied in all Corporate Group companies that manage funds. On the



other hand, the Corporate Group's alternative investment companies apply the solutions developed by PFR Ventures.

PFR Ventures has adopted a strategy of integrating sustainability risks into its operations through the ASI investment process. When individual investments are assessed, sustainability risks are identified and examined in the environmental, social and governance areas.

This is done in two ways:

1. by analyzing (as part of the investment selection criteria) how sustainability factors are taken into account by VC Funds in their investment process and in internal documentation, and
2. by being able to exclude certain categories of investments and instruments from the investment spectrum.

Detailed information is available [on the PFR Ventures website](#).

In 2023, PFR Ventures acted for the first time as ASI manager, so the adopted risk management solutions and tools will be monitored, evaluated and modified in the future.

In line with its strategy of integrating sustainability risks in the decision-making process, PFR TFI considers sustainable risks as part of its fundamental analysis of its investments. Detailed information on this strategy can be found [on the PFR TFI website](#).

Risk management for sustainable development was practically integrated into PFR TFI's overall risk management framework in 2023. The rules for managing different types of risks, including ESG risks, are defined in the internal procedure named the "PFR TFI Risk Management Rules". According to this system, at the level of managed funds, sustainability risks are considered and identified in the same way as other investment risks.

It should be noted that the funds managed by PFR TFI allow a very wide range of investments and have a highly diversified business profile, which includes investments in real estate, venture capital, private equity and target date funds. In addition, some of them make investments financed by EU funds, where their decision-making process and asset allocation strategies are subject to significant constraints imposed by law or the rules of the programs under which they operate. Accordingly, the scope and type of ESG factors that are considered depends on the investment policy of a particular fund. However, in order to obtain a comprehensive picture of the fund's investments and assess the potential return on investment, PFR TFI always conducts an analysis of the portfolio's exposure to ESG risks based on data obtained from issuers.

In analyzing these risks, PFR TFI uses specific methodologies and available databases of environmental, social responsibility and corporate governance information provided by specialized third parties. It also conducts relevant internal analysis in this regard. To analyze ESG risks in the performed investment processes, a proprietary analytical tool was created in the PFR Corporate Group, which in 2023 was expanded and adapted to the specific nature of the funds and the risks and special features of various investment groups.

1.3. Strategy and approach to tax risk

GRI [207-1] [207-2] [207-3]

Among procedural risks, PFR also identifies tax risks. According to the tax strategy adopted by the Management Board, the objective of the Company is to eliminate tax risks in its operations among others by:

- monitoring changes in tax regulations, in-house and using support of external advisors;
- analyzing individual interpretations and administrative court rulings relevant for the activity performed by PFR;
- subscribing to legal websites, tax portals and magazines;
- organizing tax-related training for employees.

In order to ensure the accuracy of its settlements, PFR has implemented a number of internal procedures governing, among others, fulfillment of the obligation to provide information on tax schemes, circulation of accounting documents, verification of business partners and procurement. Additionally, in order to strengthen internal control in the tax area, PFR implemented detailed regulations on the settlement of VAT, corporate income tax, civil transactions tax, withholding tax and on due diligence.

The PFR Corporate Group performs ongoing analyses of business transactions and other events in order to correctly identify tax obligations and minimize risks. In the case of complicated tax issues, especially those, in which tax authorities or administrative courts apply different practical approaches, PFR uses support from external tax advisors or requests an appropriate individual tax interpretation. PFR cooperates with the tax authorities openly and acting in good faith, providing all necessary information and explanations as required.

Due to its social responsibility and high ethical values, PFR does not employ tax optimization techniques to increase its profits.

The tax area is within the purview of the Accounting Department and the Vice-President of the Management Board in charge of Finance and Development. The tax strategy is revised once a year and information on its implementation is published as required by applicable law.

1.4. Business continuity and crisis management

GRI [2-16]

At the PFR Corporate Group, principles of business continuity management have been implemented which define the approach to anticipation and response to events that may cause disruption in the operations of companies from the Group. Under this approach, a Business Impact Analysis (BIA) is conducted to identify processes and resources that are critical to the PFR Corporate Group's operations and whose absence could significantly interfere with the achievement of its objectives. For each of the critical processes, detailed business continuity plans were developed in case the defined threat scenarios become actual. Business continuity plans undergo regular annual testing for effectiveness. The PFR Corporate Group has also implemented a crisis management process, which ensures that each critical event will be duly communicated to the governing bodies and appropriate measures will be undertaken by the formally established crisis management team. In 2022, a meeting of the crisis management team was convened after Russia started war with Ukraine. The meetings were held regularly to identify, assess and monitor threats related to war activities and to work our measures to protect the PFR Corporate Group's activity against the effects of the threats. In 2023, there was no indication of the need to create a crisis team.

1.5. Process management in PFR

Since 2021, PFR has been developing process management, which directs the organization to continuously improve its ongoing oper-



Architecture of processes

A comprehensive, structured arrangement of all identified processes of the organization, the interrelationships and dependencies between them, and how they are organized functionally and structurally.

ations. In a longer perspective, process management is to ensure increased work efficiency and effective business objectives with the simultaneous placement of the client in the center of attention. The power to build process management has been located in the area responsible for the Company's strategy, which indicates a close connection between both areas (achievement of strategic objectives also by achieving process objectives). PFR defined the framework for process management operations, which included defining the process architecture and assigning process ownership. The process architecture is the starting point for other areas of the organization's activities. It is applied in the areas of compliance (identification and control of non-compliance risks), security (business continuity area - identification of critical processes and linking of security incidents to processes), audit (as part of setting the audit plan for the year and during the execution of audits, in particular by assessing the controls implemented in processes), risk (identification of process risks) and IT (identification of the use of systems in processes).

In order to keep the process architecture up-to-date and complete, regular process reviews are conducted, which also serve as a starting point for improving business processes.

PFR also undertakes ongoing efforts to increase the awareness of processes.

1.6. Committees operating in the PFR Corporate Group

In 2023, there were 4 committees in operation that covered the PFR Corporate Group: Security, IT Architecture, Compliance Management and Project Committees. The Committees are teams of experts where each of the PFR Corporate Group companies is represented by its representative with equal rights.

The purpose of the Security Committee of the PFR Corporate Group is to ensure, at the Corporate Group level, coordination and integration of strategies, initiatives, projects and actions in the area of information security and business continuity, initiated and performed by particular companies, and also to ensure standardization, synergy and optimization of security solutions in terms of functionality and cost-effectiveness. The Committee conducts its activity in accordance with the principles defined in the "Rules and Regulations of the Security Committee of the PFR Corporate Group". As a rule, Committee meetings are held once per quarter. In 2023, ten meetings of the Committee were held.

The purpose of the IT Architecture Committee of the PFR Corporate Group is to jointly work out unified standards and define priorities and directions of IT development in PFR Corporate Group and to issue recommendations for implementing these standards in its companies. The Committee conducts its activity in accordance with the principles defined in the "Rules and Regulations of the IT Architecture Committee of the PFR Corporate Group". In 2023, two meetings of the Committee were held.

The purpose of the Compliance Management Committee is to share experience and knowledge, develop a common approach to compliance issues, identify employee training needs and tools to manage compliance risks. The Committee conducts its activity in accordance with the principles defined in the "Rules and Regulations of the Compliance Management Committee of the PFR Corporate Group". Five meetings of this body were held in 2022, supplemented by 16 additional meetings in working groups, during which six compliance standards were developed and committed to be implemented in the companies of the Corporate Group.

The purpose of the Project Committee is to provide a platform for discussion among the PFR Corporate Group companies on projects performed, to share best practices in project execution, to share project results and to identify potential interdisciplinary projects. The Committee conducts its activity in accordance with the principles defined in the "Rules and Regulations of the Project Committee of the PFR Corporate Group". 12 meetings of the Committee were held in 2023.

2. COMPLIANCE RISK MANAGEMENT

GRI [2-23] [2-24] [2-27]

The purpose of the Compliance Management Strategy implemented in 2021 is to ensure effective management of compliance risk and a higher level of PFR's security and stability due to the nature of its operations, applicable legal regulations and the most recent market standards. The Compliance Management System ensures compliance with the law, market standards, ethical business principles and continuous improvement in this area. The organizational unit in charge of this task is the Compliance Department. The organizational structure of the department supports effective management and control of compliance risks and is suitable to the size and complexity of PFR's operations. The Compliance Department's activity involves both regulatory compliance, responsible for reviewing changes in the legal environment and managing internal legislative processes, as well as monitoring of compliance risks using Compliance Matrices and controlling it through ongoing reviews and testing. The processes described in PFR identify and describe the compliance risks for which controls are designed and implemented, and how they are monitored through ongoing review and horizontal and vertical testing. Assessment of residual and inherent risks is applied to compliance risk. These activities and the results of the monitoring of the controls implemented for compliance risks are documented in Compliance Matrices.

PFR has also implemented a process for handling irregularities detected in connection with the monitoring of controls. When irregularities are identified, corrective actions are adopted in order to mitigate compliance risk. PFR additionally performs ad hoc tests to determine whether applicable laws, internal regulations, market standards and accepted standards of conduct (including ethical principles) or codes of best market practice, as well as guidelines and recommendations of external bodies that may issue such pronouncements to the PFR, are appropriate and are being followed and. The measures to manage compliance risk taken in 2023 included, among other things:

- effective management of internal regulations (64 regulations updated and 16 new regulations issued) - reduction of overdue/outdated regulations from 13% at the end of 2022 to 4% at the end of 2023,
- continued implementation of compliance matrices based on process management and implementation of controls enabling horizontal and vertical testing. 17 "old" matrices were converted into



15 “new” matrices (i.e. 86 processes) and the efficiency and effectiveness of the control activities was increased by converting 541 controls/tests in the “old” matrices into 207 controls/tests in the “new” matrices.

2.1. PFR Corporate Group's Code of Conduct

PFR's mission, vision, and values influence how PFR fills the space created for it by the legislature. They largely determine how it conducts its business, define what type of organization the PFR Corporate Group is supposed to be, and they underlie the key decisions. All of these elements are reflected in the PFR Corporate Group's Code of Conduct that lays down the principles and approach taken towards business ethics, which is applicable to the employees in all of the companies belonging to the PFR Corporate Group. The Compliance Management Committee of the PFR Corporate Group, as part of its work, updated the wording of the Code of Conduct in 2023.

2.2. Compliance management strategy

GRI [2-23] [2-24] [2-27]

In April 2021, PFR developed and implemented a Compliance Management Strategy based on:

- Code of Conduct of the PFR Corporate Group,
- compliance management rules,
- anti-corruption,
- gift giving and receiving rules,
- whistleblowing rules,
- conflict of interest management rules,
- Know Your Customer (KYC) and sanctions list screening,
- consistent rules for establishing and updating internal procedures,
- monitoring and testing.

In order to propose and manage common standards and tools in PFR Corporate Group to support compliance risk management, the Compliance Management Committee of the PFR Corporate Group was established in 2022 with the mission of implementing corporate group standards for compliance risk management, preventing situations that could adversely affect the image of the corporate group, promoting integrity and the highest ethical standards in business conduct, and implementing transparent and standardized rules of conduct.

In 2023, the Committee launched a joint project entitled “Standardization of Areas Managed by the Compliance Function in PFR Corporate Group companies” and conducted a study of maturity of the compliance function in PFR Corporate Group companies.

2.3. Compliance management system

GRI [2-23] [2-24] [2-27] [206-1]

The strategy is implemented through the Compliance Management Strategy, whose main purpose is to ensure effective management of compliance risk and a higher level of PFR's security and stability due to the nature of its operations, applicable legal regulations and the most recent market standards. The Compliance Department (DZZ), is responsible for the compliance management function at PFR. PFR's Compliance Management System is based on the so-called PFR Compliance Pillars, which consist of:

- generally applicable laws,
- best practices and market standards,
- standards and values set forth in the PFR Corporate Group's Code of Conduct
- hierarchical system of internal regulations.

The process of identifying changes in legal regulations is carried out by the Legal Department, which prepares and distributes within the Company a newsletter presenting the regulatory amendments that affect the functioning and operations of PFR. Also, every manager of an organizational unit must monitor changes in the legislative environment associated with the area he/she oversees. The PFR Compliance Management System is also based on the principles set forth in, among others: Best Practice of GPW Listed Companies, Corporate Governance Principles for Supervised Institutions, Recommendations of the Polish Financial Supervision Authority and CBA guidelines. Within the framework of its Compliance Management System, PFR also takes action to build an organization based on a specific system of values defined in the Code of Conduct. Among them, special importance is given to values building the organizational culture, such as respect for human rights, mutual assistance, equal treatment of others, as well as responsibility in relations with external stakeholders. Building the perception of compliance, i.e. the responsibility for acting in accordance with generally applicable laws, market standards and above all ethical norms, was based on a program of training and meetings with employees.

With regard to internal regulations, the rules operating at PFR set out the process of developing, consulting and adopting policies and detailed procedures. Each organizational unit is responsible, within the scope of its activity, for identifying the areas that need to be regulated. The Compliance Department and the Legal Department support them by providing information on changes in the regulations that impact the activity of PFR. The Compliance Department is responsible for coordinating the legislative process and the process for issuing opinions on internal regulations and for monitoring the reviews of updating regulations. Details of internal regulations issued and canceled, as well as their revision status are reported to the PFR Management Board on a quarterly basis. In 2023, 64 internal regulations were updated and 16 new regulations were issued. At the end of 2023, there were 162 internal regulations in force. As a result of effective coordination of the legislation process and monitoring of regulatory reviews, the number of expired or outdated internal regulations fell from 13% in 2022 to 4% at the end of 2023.

2.4. Counteracting greenwashing

The PFR Corporate Group attaches great importance to compliance of its activities with applicable laws and transparent communication with stakeholders. At a time when companies are increasingly incorporating ESG issues into their operations, it is easy to be accused of greenwashing, or misleading customers or market stakeholders in general about one's own activities or the products offered by presenting them as being in line with broadly defined environmental principles.

Due to the nature of its business, the PFR Corporate Group identifies the risk of greenwashing as associated to the greatest extent with its investment activity. Therefore, as part of mitigating this risk, PFR TFI has developed and implemented Strategy of integrating sustainability risks in the investment decision making process at the Management Company. In addition, the company has in place the Rules and Regulations of the Compliance Monitoring System



of PFR TFI, which is designed to ensure that its activities and activities of those acting on its behalf comply with applicable laws and internal regulations. PFR TFI S.A. has implemented internal procedures that define the principles and procedures for the development of marketing materials in order to increase control over their content and thus reduce the risk of non-compliance. They apply in particular to the publication of new information on investments, activities of the funds and the investment process. The policy clearly defines the various stages of the process for developing materials and their approval by the appropriate units in terms of content, formal and legal considerations, and compliance. This process ensures that the information presented properly reflects the characteristics of the investment products and mitigates the risk of greenwashing in advertising messages.

In addition, PFR Corporate Group is currently developing a Group-wide policy against greenwashing that takes into account the nature of the functions performed by each entity within the Corporate Group. The document is developed on the basis of the recommendations issued by European Supervisory Authorities and the applicable regulations and standards, including the guidelines resulting from the EU regulations (SFDR and CSRD).

2.5. Counteracting corruption

GRI [205-2] [205-3]

Zero tolerance for corruption is the overriding policy of the PFR Corporate Group. For this purpose, internal regulations have been adopted and must be observed by all employees, defining the rules of cooperation with the pertinent state authorities. Prevention of all acts bearing the hallmark of corruption is one of the elements of the PFR Compliance Management Strategy and of the PFR Corporate Group's Code of Conduct. With this in mind, PFR has implemented the Gifts and Anti-Corruption Policy, which sets out the principles and procedures to be followed in this area.

In 2023 there were no recorded corruption reports, where corruption is defined as using the function held or position in the company to promise, propose or give any undue benefits or promises, or to demand or accept such undue benefits.

As part of the work of the Compliance Committee of the PFR Corporate Group in 2023, the anti-corruption standard was reviewed and the definitions of corruption and preventive measures were unified.

2.6. Conflicts of interest

GRI [2-15]

PFR manages part of the investment portfolio of closed-end investment funds, which is why so much importance is given to appropriate controls and management mechanisms regarding possible conflicts with PFR's interests. PFR has implemented internal regulations such as the Conflict of Interest Prevention and Management Policy, revised in 2023, and the Code of Conduct. At the same time, a new document was introduced in 2022: the "Rules of Conduct and Management of Conflicts of Interest in Financial Markets regulating in detail the management of conflicts of interest and access to inside/price-sensitive information in terms of MAR".

PFR employees are obliged to report any suspicion or possibility of occurrence of a potential or actual conflict of interest, in particular where personal interests prevent or might preclude the due and proper performance of official duties. In addition, PFR has in place a "Know Your Customer (KYC)" policy and detailed regulations such as the PFR Contractor Verification Procedure as one of the mechanisms to prevent and manage conflicts of interest as part of the procurement and supplier selection process, and the KYC Identification,

Verification and Risk Assessment Procedure for entities participating in the PFR investment process. Conflict of interest provisions are also included in the Regulations of the Supervisory Board and the Regulations of the Management Board of PFR. Their members are obliged to avoid any situations, in which a conflict of interest might occur; where interest is defined as a source of any type of benefits: professional, financial, material, personal or other non-material benefits. Where a conflict of interest arises between PFR's interest and the personal interest of a member of a corporate body, his/her spouse, relatives and second degree next of kin and any individuals, with whom he/she has personal connections, or there is a risk that such a conflict may arise, the member of the corporate body must promptly notify appropriate persons of this fact and refrain from participating in voting or discussion regarding such sensitive issue.

2.7. Whistleblowing

GRI [2-16] [2-25] [2-26]

In 2022, based on a draft law on whistleblower protection, provisions of the Procedure for Internal Reports on Breaches of Law in Polski Fundusz Rozwoju S.A. were updated, sanctioning the system of reporting irregularities operating to date in PFR. In accordance with the whistleblower protection rules, the implemented solutions made it possible to report irregularities anonymously in three channels:

- a special IT tool to report violations for which a contact form is available on the [website](#);
- electronic mail addresses: sygnalista@pfr.pl; CEO.poufne@pfr.pl; poufne.RN@pfr.pl;
- in paper form through physical boxes provided at the head offices of PFR.

As part of the work of the Compliance Committee, in 2023 the PFR Corporate Group reviewed the standards related to the whistleblowing model in companies, which was aimed at adjusting it, as much as possible to the draft Act on the protection of persons who report breaches of law published on 18 October 2021, implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

2.8. Management of personal data

GRI [418-1]

Since 2024, PFR has had a Personal Data Protection Team (earlier, before 1 January 2024, it was the Personal Data Protection Office) in the Corporate Support Legal Office of the Legal Department. Its purpose is, among other things, to assist the Company in ensuring that its activities comply with data protection regulations, provide substantive support to PFR employees in the area of personal data protection, and maintain the registers and records necessary for the proper fulfillment of legal obligations related to personal data protection. PFR has also appointed a Data Protection Officer and a Deputy Data Protection Officer. Their responsibilities include monitoring compliance with data protection laws and PFR's policies for personal data protection, training of personnel involved in processing activities, conducting related audits and cooperating with the supervisory authority. In accordance with the PFR's personal data protection policy, any person whose data is processed by PFR may contact the Company by e-mail at iod@PFR.pl or by post.



2.9. Data protection policy

GRI [418-1]

- PFR Operacje has implemented an integrated management system in the organization based on two international data security standards, i.e. PN-EN ISO/IEC 27001:2022 and PN-EN ISO 22301.
- The PFR Corporate Group operates on the basis of the following internal data protection regulations:
 - IT and Security Strategy for the PFR Corporate Group for 2023-2025,
 - Information Security Policy,
 - Cybersecurity Risk Management Policy,
 - Business Continuity Policy,
 - Security Awareness Strategy,

- Personal Data Protection Policy.

The principle guiding the PFR Corporate Group is to protect the customer data of its companies. Risk management, business continuity and cybersecurity processes are implemented at the PFR Corporate Group level. PFR Operacje is the Competence Center for the entire PFR Corporate Group. One of its tasks is to implement initiatives at the PFR Corporate Group level to mitigate the risks of data leakage, such as a platform for managing information security, business continuity and cyber security risks. The Company conducts ongoing communication activities to raise risk awareness among all PFR Corporate Group employees. The activities, among other things, address data security and raise awareness of the risks posed by phishing campaigns targeting the PFR Corporate Group. The risk management process is based on international ISO standards and PFR Operacje's own methodology. A certification audit by an external company is planned in two years' time to confirm the effectiveness of the safeguards and solutions implemented.

About the non-financial part of this report

GRI [2-1] [2-2] [2-3] [2-4] [2-5] [2-14]

This report contains non-financial information covering environmental, labor, social and corporate governance issues for PFR and subsidiaries of the PFR Corporate Group.

- PFR Ventures,
- PFR Nieruchomości,
- PFR Portal PPK,
- PFR Operacje,
- PFR Towarzystwo Funduszy Inwestycyjnych,
- PFR Ventures Innovation Fund Alternatywna Spółka Inwestycyjna,
- PFR Ventures Inwestycje Bezpośrednie Alternatywna Spółka Inwestycyjna

and the PFR Foundation, of which PFR is the sole founder and main donor.

The non-financial information of PFR and the PFR Corporate Group is published on an annual basis and covers the period of activity from 1 January to 31 December 2023. For the third time in a row, the PFR Corporate Group has decided to disclose non-financial information in the consolidated report in accordance with the international non-financial reporting standard of the Global Reporting Initiative (GRI) Standards Foundation 2021. The non-financial information has

also been aligned with the United Nations (UN) Sustainable Development Goals (SDGs). The PFR Corporate Group published the previous report for 2022 on 31 May 2023. The non-financial data disclosed in the report address the material topics that the PFR Corporate Group has selected based on materiality analysis taking into account the requirements of the Accounting Act. The report also includes disclosures required by the European Taxonomy regarding revenues, capital expenditures and operating expenditures for the activities covered by the Taxonomy.

Details of the companies included in the individual non-financial indicators are presented in the GRI index table on page 144. Compared to the 2022 report, the non-financial section was enlarged by adding detailed information on the consumption of resources (water, fuel) by the entire PFR Corporate Group, carbon footprint in scope 1 and 2 for 2022-2023 or occupational health and safety. Overall, however, the measurement methods used in this report have not changed significantly from the previous report.

The content of this report has been reviewed and approved by the Management Board and the Supervisory Board. The report has not been subject verified by any external entities. The publication date of the non-financial report is 31 May 2024. If you have any questions regarding the non-financial part of the PFR Corporate Group's report and information it contains, please contact biuro@pfr.pl.



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Warsaw, 24 May 2024



Tomasz Fill
Vice President of the Management Board



Bartosz Marczuk
Vice President of the Management Board



Bartłomiej Pawlak
Vice President of the Management Board

Financial Highlights of the PFR Corporate Group



Financial highlights as at 31 December 2023 and 31 December 2022

Statement of profit and loss	1 January - 31 December 2023	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2022
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Financial highlights	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Net revenues from sales	420,974	96,820	437,628	93,313
Net sales profit (loss)	124,443	28,621	146,363	31,208
Profit (loss) before tax	375,685	86,404	265,885	56,693
Net profit (loss)	333,333	76,664	229,155	48,861

Balance sheet	1 January - 31 December 2023	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2022
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Financial highlights	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Non-current assets	18,900,257	4,346,885	14,913,174	3,179,849
Current assets	73,732,604	16,957,821	73,961,244	15,770,324
Equity	15,600,512	3,587,974	12,323,230	2,627,610
Provisions for liabilities	601,984	138,451	151,957	32,401
Non-current liabilities	57,150,273	13,144,037	74,941,311	15,979,298
Current liabilities	19,194,696	4,414,603	1,384,534	295,216
Prepayments and accruals	85,396	19,640	73,386	15,648

Cash flow statement	1 January - 31 December 2023	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2022
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Financial highlights	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Cash flow on operating activity	(4,725,412)	(1,086,801)	(613,695)	(130,855)
Cash flow on investing activity	10,666,651	2,453,232	8,890,660	1,895,704
Cash flow on financing activity	(1,332,710)	(306,511)	(1,284,869)	(273,965)
Total net cash flows	4,608,529	1,059,919	6,992,097	1,490,884

EUR exchange rate	4.3480	4.6899
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Warsaw, 24 May 2024

Tomasz Fill
Vice President of the Management Board

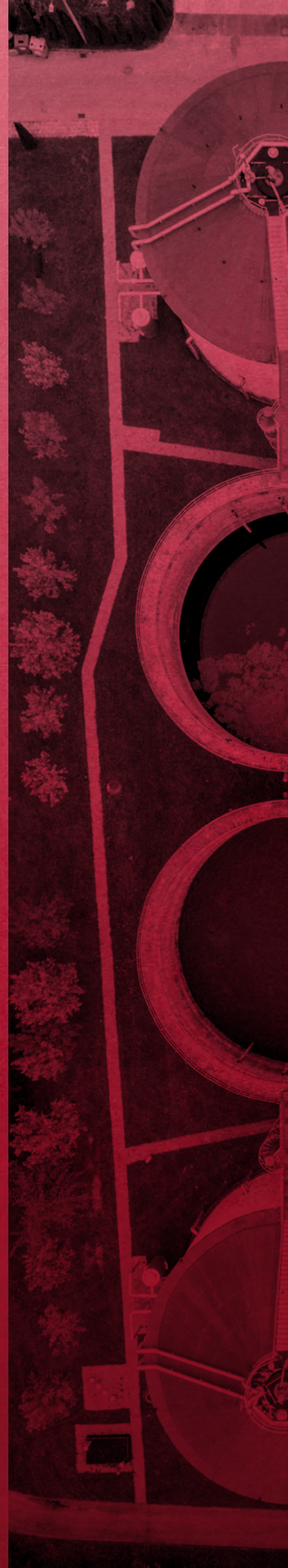
Bartosz Marczuk
Vice President of the Management Board

Bartłomiej Pawlak
Vice President of the Management Board

Ewa Maciąg
Person preparing the statement

Consolidated Financial Statements for the financial year ended 31 December 2023

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Introduction to the consolidated financial statements

1. INFORMATION ON THE PARENT COMPANY

1.1. Name of the Parent company

Polski Fundusz Rozwoju S.A.

1.2. Registered office of the Parent company

ul. Krucza 50
00-025 Warsaw

1.3. Registration in the National Court Register (KRS)

Seat of the court: District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register
Date: 19 June 2013
Registration no.: 0000466256
NIP: 7010374912

1.4. Information on changes in the composition of the Parent company's Management Board

There were no changes in the composition of the Company's Management Board in 2023.

As at the date of signing the Financial Statements, the Company's Management Board was comprised of: Bartłomiej Pawlak - Vice-President of the Management Board, Bartosz Marczuk - Vice-President of the Management Board and Tomasz Fill - Vice-President of the Management Board.

1.5. Core business and duration of the Parent company

As at the date of preparing the financial statements for 2023, the Company's core business was "Activities of head offices and holding companies, with the exception of financial holdings" (code in the Polish Classification of Businesses: PKD 70.10.Z).

The Company has been established for an indefinite term.

2. INFORMATION ON SUBORDINATED ENTITIES

2.1. Subordinated companies included in the consolidated financial statements

Company name	Registered office	Scope of operation	Consolidation method	% of shares held	Share capital and result
Subsidiaries:					
PFR Ventures Sp. z o.o.	ul. Krucza 50, 00-025 Warsaw	66.30.Z	full consolidation method	100.00	The Group holds an equity stake of PLN 123,698,800, which corresponds to 100% of the voting rights.
PFR Towarzystwo Funduszy Inwestycyjnych S.A.	ul. Krucza 50, 00-025 Warsaw	66.30.Z	full consolidation method	100.00	The Group holds an equity stake of PLN 48,700,000, which corresponds to 100% of the voting rights.
PFR Nieruchomości S.A.	ul. Przeskok 2, 00-032 Warsaw	66.30.Z	full consolidation method	100.00	The Group holds an equity stake of PLN 78,500,000, which corresponds to 100% of the voting rights.
PFR Portal PPK Sp. z o.o.	ul. Krucza 50, 00-025 Warsaw	63.12.Z	full consolidation method	100.00	The Group holds an equity stake of PLN 47,850,000, which corresponds to 100% of the voting rights.
PFR Operacje Sp. z o.o.	ul. Krucza 50, 00-025 Warsaw	62.09.Z	full consolidation method	100.00	The Group holds an equity stake of PLN 27,000,000, which corresponds to 100% of the voting rights.
PFR Ventures Sp. z o.o. Inwestycje Bezpośrednie ASI S.K.A.	ul. Krucza 50, 00-025 Warsaw	64.30.Z	full consolidation method	100.00	The Group holds an equity stake of PLN 1,239,200, which corresponds to 100% of the voting rights.
PFR Ventures Sp. z o.o. Innovation Fund ASI S.K.A.	ul. Krucza 50, 00-025 Warsaw	64.30.Z	full consolidation method	100.00	The Group holds an equity stake of PLN 2,094,900, which corresponds to 100% of the voting rights.
Associates:					
SKB DRIVE TECH S.A.	ul. Miła 2, 00-180 Warsaw	24.51.Z	equity method	23.10	Up until 21 September 2023, the Group held an equity stake of PLN 11,999,999.15, which corresponds to 23.10% of the voting rights. As of 22 September 2023, the Group no longer controls the company.
Polska Agencja Ratingowa S.A.	ul. Książęca 4, 00-498 Warsaw	66.21.Z	equity method	35.86	The Group holds an equity stake of PLN 2,756,000.00, which corresponds to 35.86% of the voting rights.
Operator Chmury Krajowej Sp. z o.o.	ul. Grzybowska 62, 00-844 Warsaw	62.09.Z	equity method	50.00	The Group holds an equity stake of PLN 77,500,000.00, which corresponds to 50% of the voting rights.

2.2. Duration of subordinated entities

Subordinated entities have been established for an indefinite term.

2.3. Going concern assumption

The financial statements used to prepare the consolidated financial statements have been drawn up under the assumption that the related parties will continue as a going concern in the foreseeable future and that there are no circumstances that would indicate any threats to the continuity of these companies' operations.

2.4. List of entities other than subordinate entities

Name	Registered office	Subordinated by	Share capital and result	% of share capital	% of voting rights
Bank Polska Kasa Opieki S.A.	ul. Żubra 1, 01-066 Warsaw	Polski Fundusz Rozwoju S.A.	Equity as at 31 December 2023: PLN 29,895,000 thousand, Net profit for 2023: PLN 6,718,000 thousand.	12.80	12.80
Mabion S.A.	ul. gen. M. Langiewicza 60, 95-050 Konstantynów Łódzki	Polski Fundusz Rozwoju S.A.	Equity as at 31 December 2023: PLN 117,776 thousand, Net profit for 2023: PLN 41,269 thousand.	0.50	0.50
Hertz Systems LTD Sp. z o.o.	al. Zjednoczenia 118 A, 65-120 Zielona Góra	PFR Ventures Sp. z o.o. Inwestycje Bezpośrednie ASI S.K.A.	Equity as at 31 December 2023: PLN 4,907 thousand, Net profit for 2023: PLN 2,737 thousand.	14.64	14.64

3. ACCOUNTING POLICY

3.1. Discussion of the accepted accounting policy used in the preparation of the consolidated financial statements, to the extent that the entity has a choice under applicable law:

The data of a subsidiary are consolidated using the full consolidation method in the period from when the Parent company assumes control over it until the Parent company loses the control.

Full consolidation method:

When consolidating by the full method, individual items of the respective financial statements of the Parent company and its subsidiaries are aggregated, in full value. After aggregation, exclusions and other adjustments are made in accordance with the Act.

The following items are excluded:

- the value, expressed at cost, of shares held by the Parent company and other consolidated entities in subsidiaries with that portion of the net assets of the subsidiaries, measured at fair value, which corresponds to the interests of the Parent Company and other consolidated Corporate Group companies in the subsidiaries as at the date on which control over them commences;
- effects of mutual transactions between consolidated companies.

Shares in the equity of subsidiaries held by persons or non-consolidated companies are shown in a separate item of equity and liabilities in the consolidated balance sheet, after equity, as Minority Interest.

Equity method:

When the equity method is applied, the item "Shares in subordinated entities measured by the equity method" is distinguished in the non-current assets of the consolidated balance sheet, presenting shares in the companies' purchase prices plus or less the increases or decreases in the subordinated entity's equity attributable to the Parent company, a partner in a joint venture or a significant investor, which occurred from the date of obtaining control, joint control or significant influence, to the balance sheet date, including decreases resulting from settlements with the owners. The share in the net profit (loss) of a subordinated entity is adjusted by a write-down of goodwill or negative goodwill and a write-down of the difference in the measurement of net assets at their fair values and carrying amounts attributable to the given reporting period.

3.2. Rules for grouping economic operations:

Economic operations are grouped on the basis of accounting evidence, accounting ledgers that record events in a chronological and systematic order.

3.3. Valuation methodology of assets and liabilities:

1. Non-current investments are non-current assets whose realization time is longer than 12 months. They have been acquired by the Group with a view to economic benefits resulting from incremental value growth. At present, the Group's investments include investments in financial assets – in particular shares of Bank Pekao S.A., investment certificates and bonds. The Group invests through Closed-end Non-Public Investment Funds, subscribing and paying for investment certificates. The value of an investment certificate is determined based on a valuation of assets of the given fund performed by a specialized external entity, by determining the net asset value and net asset value per investment certificate. Then fair value of each investment certificate held by the Company is determined, taking into consideration the principle that investment certificates paid for at the initial price of 0.10 PLN do not give the right to increase net assets, as a result of which their fair value is 0.10 PLN, while the remaining investment certificates participate in the growth of net assets in proportion to the level of payment for them. The acquired investment certificates, regardless of whether they are fully-paid or not, are classified as available-for-sale financial assets. The effects of fair value remeasurement, or revaluation gains or losses, are recognized in the revaluation reserve until the certificate is redeemed (profit or loss is realized) or until impairment is recognized. Investment certificates paid for at the initial price are recognized at the amount of the portion paid up. Investment certificates that are not fully paid up, with the exception of paid-up certificates with an initial price of PLN 0.10, are recognized at the amount of the paid-up portion, adjusted in subsequent periods by the impact of the net asset value measurement per investment certificate.
2. Non-current investments created and acquired in connection with the execution of the Financial Shield government programs. PFR, in connection with the execution of the Financial Shield government program referred to in Article 21a sec. 1 of the Act on the System of Development Institutions and on the terms and conditions defined in the Program Documents, may: a. Grant interest-free financial subsidies which are classified in the category of loans granted and own receivables and measured at the amount of funds granted reduced by the repayments of the nominal amount. The Group has applied measurement at the nominal amount because it does not have data making it possible to estimate in a reliable way the amount and dates of receipt of funds from the State Treasury in connection with remissions of subsidies and loans. Nevertheless, considering the absence of interest (for financial subsidies) and commission, the measurement at the nominal amount is deemed close to the measurement at adjusted purchase price, b. Grant loans classified in the category of loans granted and own receivables and measured at adjusted purchase price calculated using the effective interest rate method, c. Subscribe for or purchase bonds issued by other entities which are classified in the category of loans granted and own receivables and measured at adjusted purchase price calculated using the effective interest rate method, d. Purchase shares or ownership interests of other entities which are classified in the category of financial assets available for sale if they do not satisfy the definition of subordinated entities. Financial assets available for sale are measured at fair value, i.e. the total amount which PFR will receive from both a possible buyer and the State Treasury.
3. Impairment of debt securities created and acquired in connection with the execution of the Financial Shield government programs for financial subsidies, loans granted, bonds subscribed for/purchased, purchased receivables, created or acquired in connection with financing granted under the Financial Shield government programs, no impairment allowances are recognized, since the Group is not exposed to credit risk in the economic sense in connection with these debt instruments. In the assessment, PFR takes into consideration the probability that the asset will not generate, fully or substantially, expected economic benefits in the future and the effects of the mechanism of tranches from the State Treasury, which involves supplementation of cash by the State Treasury to service external financing and other costs, which are first covered from repayments of granted financing, in accordance with the principles specific for the guarantee which constitutes an integral part of the agreements.
4. Non-current liabilities arising from the issue of debt securities. A non-current liability is a duty – arising from past events – to make a payment of a reliably estimated value, which will result in using the existing or future assets of the PFR, with maturity longer than 12 months as from the balance sheet date. Items classified as non-current liabilities include non-current liabilities arising from the issue of debt securities, including bonds issued by the PFR in connection with the execution of the Financial Shield government programs. As at the balance sheet date, non-current liabilities arising from the issue of debt securities are measured at adjusted purchase price, while the effects of the measurement as well as revenues and expenses associated with the issue of bonds financing the execution of the Financial Shield government programs are recognized as increases and decreases of settlements with the State Treasury.

3.4. Depreciation and amortization methods:

Intangible assets are amortized using a straight-line method using the following amortization rates: concessions, patents, licenses and trademarks – 20%

Fixed assets are depreciated using the straight-line method. Depreciation commences in the month after a fixed asset is commissioned for use.

Sample depreciation rates are as follows:

Office equipment – 20%

Plant and machinery – 30%

The Group periodically verifies that the depreciation periods and rates applied to fixed assets are correct, appropriately adjusting depreciation charges made in subsequent years.

3.5. Determination of the financial result

1. Revenue and expenses
Revenue and expenses are recognized on an accrual basis, i.e. in the financial year to which they relate, regardless of when the payment is received or made.
2. Interest income
Interest income is recognized using the effective interest rate.
3. Dividend revenue
Dividend income is recognized as financial income as at the date of adoption of the resolution by the Shareholder Meeting of an entity in which the entity has invested, to distribute the profit, unless the resolution specifies a different record date.
4. The Group prepares a comparative version of the statement of profit and loss.

3.6. Rules for the preparation of standalone financial statements:

1. The standalone financial statements have been drawn up pursuant to the accounting principles in force in the territory of the Republic of Poland, as laid down in the Accounting Act of 29 September 1994 (Journal of Laws of 2023, item 120, as amended) and in the executive regulations thereto, as well as the Finance Minister's Regulation of 12 December 2001 on the detailed principles of recognition, valuation methods, scope of disclosure and manner of presentation of financial instruments. The accounting principles adopted by the Group have been applied continuously and comply with the accounting principles applied in the previous financial year.
2. The companies prepare comparative versions of the statement of profit and loss.
3. The cash flow statement has been prepared using the indirect method.
4. Specification of the item of financial statements where assets / liabilities and revenues/costs connected with the execution of the Financial Shield government programs are recognized:

Item A.V.3. Non-current financial assets
d) in other entities

- loans granted – Financial subsidies and loans granted in performance of the government programs: the Shields for MSMEs, the Shield for Large Companies and the Shield for LOT Polish Airlines – the non-current part
- shares - Equity investments acquired in the execution of the Financial Shields government program

Item B.II.3. Receivables from other entities

c) other – Settlements with the State Treasury in the execution of the Financial Shield government programs

Item B.III.1. Current financial assets

c) in other entities

- other securities – Certificates of deposit purchased with the Financial Shield funds
- loans granted – Financial subsidies and loans granted in performance of the government programs: the Shields for MSMEs, the Shield for Large Companies and the Shield for LOT Polish Airlines – the current part
- d) cash and cash equivalents
- cash on hand and at bank – Cash in the accounts of the Financial Shield programs
- other cash - Term deposits from Financial Shield funds

Item D.II.3.b) Non-current liabilities towards other entities arising from the issue of debt securities - PFR bonds issued for the purposes of executing the Financial Shield government programs – the non-current part

Item D.III.3.b) Non-current liabilities towards other entities arising from the issue of debt securities - PFR bonds issued for the purposes of executing the Financial Shield government programs – the current part

Item D.III.4. Special-purpose funds – the credit balance of settlements with the State Treasury in the execution of the Financial Shield government programs

Item A.I. Net revenues from sales of products – Remuneration for PFR from the State Treasury for the execution of the Financial Shield government programs

5. Specification of the item of financial statements where assets / liabilities and revenues/costs connected with the handling of Poland's National Recovery and Resilience Plan:

Item B.II.3. Receivables from other entities



c) other – Settlements with the State Treasury in the execution of the KPO program

Item B.III.1. Current financial assets

c) cash and cash equivalents

- cash on hand and at bank – Cash in the accounts of the KPO program

- other cash – Term deposits from KPO funds

Item B.III.3.i) Current liabilities to other entities – other

Item A.I. Net revenues from sales of products – Remuneration for PFR from the State Treasury for the execution of the KPO program

Balance sheet: Assets

ASSETS	Note	31 December 2023	31 December 2022
A Non-current assets		18,900,256,477.55	14,913,174,121.89
I. Intangible assets	4.1.	10,133,908.80	14,699,030.87
1. Costs of completed development work		-	847,310.02
3. Other intangible assets		10,133,908.80	13,851,720.85
II. Goodwill of subordinated entities	3.	-	2,447,082.40
1. Goodwill – subsidiaries		-	2,447,082.40
III. Property, plant and equipment	5.1.	9,061,244.38	7,732,538.85
1. Fixed assets		9,061,244.38	7,732,538.85
b) buildings, premises, rights to premises and civil and water engineering facilities		7,415.17	32,804.52
c) plant and machinery		2,604,877.96	3,153,686.66
d) means of transport		4,113,398.75	1,881,821.55
e) other fixed assets		2,335,552.50	2,664,226.12
IV. Non-current receivables		4,281,993.94	3,807,214.10
3. From other entities	11.	4,281,993.94	3,807,214.10
V. Non-current investments	10.1.	18,856,242,613.13	14,630,829,001.99
3. Non-current financial assets		18,856,242,613.13	14,630,829,001.99
b) in subsidiaries, co-subsiaries and associates measured by the equity method	10.2.4.	16,712,720.67	31,895,196.72
- shares		16,712,720.67	31,895,196.72
c) in other entities in which the company holds an equity stake	10.2.2.	5,110,783,274.45	2,908,595,820.00
- shares		5,109,833,274.45	2,907,845,820.00
- other non-current financial assets		950,000.00	750,000.00
d) in other entities	10.2.3.	13,728,746,618.01	11,690,337,985.27
- shares		54,642,093.94	57,845,183.24
- other securities		387,395,157.62	396,361,179.52
- loans granted		2,119,963,093.58	3,034,026,037.41
- other non-current financial assets		11,166,746,272.87	8,202,105,585.10
VI. Non-current prepayments and accruals		20,536,717.30	253,659,253.68
1. Deferred tax assets		19,450,032.61	252,244,019.48
2. Other prepayments and accruals	12.	1,086,684.69	1,415,234.20



ASSETS	Note	31 December 2023	31 December 2022
B. Current assets		73,732,604,188.23	73,961,244,333.04
I. Inventory		39,648.43	613,907.75
4. Goods		38,101.00	612,360.32
5. Advance payments for deliveries and services		1,547.43	1,547.43
II. Current receivables		51,219,898,387.02	46,413,057,168.39
2. Receivables [from other entities] in which the company holds an equity stake		9,225.00	1,878,643.69
a) trade receivables, with the repayment period set:	13.2.	9,225.00	1,878,643.69
- up to 12 months		9,225.00	1,878,643.69
3. Receivables from other entities		51,219,889,162.02	46,411,178,524.70
a) trade receivables, with the repayment period set:	13.3.	20,356,862.09	28,461,384.06
- up to 12 months		20,356,862.09	28,461,384.06
b) on taxes, subsidies, customs duties, social insurance and health insurance or other public dues		2,921,012.52	3,909,509.15
c) other	13.6.	51,196,611,287.41	46,378,807,631.49
III. Current investments	10.1.	22,502,640,653.40	27,541,041,488.53
1. Current financial assets		22,502,640,653.40	27,541,041,488.53
b) in other entities in which the company holds an equity stake	14.2.	-	9,000,946.63
- shares		-	631,769.12
- loans granted		-	8,369,177.51
c) in other entities	14.3.	4,968,679,216.63	14,605,458,436.58
- other securities		395,413,939.90	4,694,993,606.18
- loans granted		4,485,028,865.77	9,910,464,830.40
- other current financial assets		88,236,410.96	-
d) cash and cash equivalents	14.4.	17,533,961,436.77	12,926,582,105.32
- cash in hand and at bank		129,709,726.31	94,577,824.88
- other cash		17,404,251,710.46	12,832,004,280.44
IV. Current prepayments and accruals	15.	10,025,499.38	6,531,768.37
C. Unpaid contribution to share capital (fund)		-	-
D. Treasury shares		-	-
TOTAL ASSETS		92,632,860,665.78	88,874,418,454.93

Balance sheet: Equity and liabilities

EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022
A. Equity		15,600,512,046.68	12,323,229,592.31
I. Share capital	16.1.	11,475,907,779.00	11,475,907,779.00
II. Supplementary capital, including:	16.3.	1,631,515,020.38	1,360,286,382.17
- share premium account		531,174,535.18	531,174,535.18
III. Revaluation reserve, including:	16.2.	2,263,927,914.27	(647,408,084.56)
- from fair value remeasurement		2,263,927,914.27	(647,408,084.56)
VI. Retained earnings (losses)		(104,171,909.51)	(94,711,880.98)
VII. Net profit		333,333,242.54	229,155,396.68
B. Minority interest		-	-
C. Negative goodwill of subordinated entities		-	-
D. Liabilities and provisions for liabilities		77,032,348,619.10	76,551,188,862.62
I. Provisions for liabilities		601,984,306.05	151,957,310.88
1. Deferred tax liability		541,397,944.20	93,369,107.25
2. Provision for pension and similar benefits	17.1.	55,001,623.95	51,653,603.67
- non-current		4,055,903.76	2,903,245.22
- current		50,945,720.19	48,750,358.45
3. Other provisions	17.2.	5,584,737.90	6,934,599.96
- non-current		360,556.96	784,005.79
- current		5,224,180.94	6,150,594.17
II. Non-current liabilities		57,150,273,068.24	74,941,311,045.69
3. To other entities	18.3.	57,150,273,068.24	74,941,311,045.69
a) loans and borrowings		-	1,581,456,019.11
b) issues of debt securities	18.4.	57,144,192,554.20	73,356,331,263.07
c) other financial liabilities		3,791,429.05	1,348,063.51
e) other		2,289,084.99	2,175,700.00



EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022
III. Current liabilities		19,194,695,551.73	1,384,534,413.61
1. To related parties	19.1.	-	62,946.00
a) trade liabilities, payable within - up to 12 months		-	62,946.00
2. To other entities in which the company holds an equity stake	19.2.	1,126,853.77	4,380,185.99
a) trade liabilities, payable within - up to 12 months		1,126,853.77	4,380,185.99
3. To other entities	19.3.	19,163,302,453.56	1,343,950,520.49
a) loans and borrowings		1,694,774,395.85	144,361,351.40
b) issues of debt securities	18.4.	17,405,007,278.37	1,152,929,389.82
c) other financial liabilities		244,398.40	1,570,185.69
d) trade liabilities, payable within - up to 12 months		18,293,350.57	14,376,030.50
g) on taxes, customs duties, social insurance and health insurance or other public dues		28,374,910.77	27,846,739.32
h) for payroll		1,158,564.45	351,723.44
i) other		15,449,555.15	2,515,100.32
4. Special-purpose funds		30,266,244.40	36,140,761.13
IV. Prepayments and accruals	20.	85,395,693.08	73,386,092.44
2. Other prepayments and accruals		85,395,693.08	73,386,092.44
- non-current		29,152,392.66	54,170,241.60
- current		56,243,300.42	19,215,850.84
TOTAL EQUITY AND LIABILITIES		92,632,860,665.78	88,874,418,454.93

Statement of profit and loss

	Note	1 January - 31 December 2023	1 January - 31 December 2022
A. Net revenues from sales and equivalents	22.		
- including from related parties		-	-
I. Net revenues from sales of products		419,965,458.32	437,421,205.36
IV. Net revenues from sales of goods and materials		1,008,332.09	206,525.97
		420,973,790.41	437,627,731.33
B. Operating expenses			
I. Depreciation and amortization		(11,351,144.63)	(10,111,062.72)
II. Consumption of materials and energy		(2,595,122.79)	(3,415,168.47)
III. Third party services		(60,306,023.58)	(72,724,237.00)
IV. Taxes and charges		(4,135,522.37)	(4,318,678.51)
- including excise tax		-	-
V. Payroll		(152,495,565.23)	(151,312,904.76)
VI. Social insurance and other benefits		(31,810,755.84)	(31,261,230.00)
- pension		(9,392,851.29)	(3,922,340.91)
VII. Other costs by nature		(33,085,365.30)	(18,012,550.44)
VIII. Value of goods and materials sold		(751,066.21)	(108,922.72)
		(296,530,565.95)	(291,264,754.62)
C. Profit (loss) on sales		124,443,224.46	146,362,976.71
D. Other operating income			
I. Profit on disposal of non-financial non-current assets		1,608,182.26	500.00
II. Subsidies		9,691,584.21	3,521,512.65
IV. Other operating income		6,458,144.98	7,438,596.97
		17,757,911.45	10,960,609.62
E. Other operating expenses			
III. Other operating expenses		(17,372,710.29)	(19,412,507.85)
		(17,372,710.29)	(19,412,507.85)
F. Operating profit (loss)		124,828,425.62	137,911,078.48



	Note	1 January - 31 December 2023	1 January - 31 December 2022
G. Financial income			
I. Dividends and profit sharing		182,091,219.72	144,463,513.80
b) from other entities, including:		182,091,219.72	144,463,513.80
- in which the company holds an equity stake		182,091,219.72	144,463,513.80
II. Interest, including:	23.	128,410,861.60	76,971,075.15
III. Profit on disposal of financial assets		71,974,406.29	61,446,918.36
IV. Revaluation of financial assets		-	5,591,722.05
V. Other		22,852,186.40	6,483,770.04
		405,328,674.01	294,956,999.40
H. Financial costs			
I. Interest	24.	(141,128,040.72)	(123,104,731.16)
- including from related parties		-	(34,326.17)
II. Loss on the disposal of financial assets		-	(25,024,960.52)
III. Revaluation of financial assets	25.	(4,814,797.71)	-
IV. Other		(2,899,423.47)	(2,171,615.21)
		(148,842,261.90)	(150,301,306.89)
I. Gain / (Loss) on the sale of all or part of shares in subordinated entities		3,501,082.72	(3,126,434.36)
J. Profit (loss) on business activity		384,815,920.45	279,440,336.63
K. Goodwill write-off			
I. Goodwill write-off – subsidiaries		(2,447,082.40)	(4,581,703.60)
		(2,447,082.40)	(4,581,703.60)
L. Negative goodwill write-off		-	-
M. Profit (loss) on shares in subordinated units measured by the equity method		(6,683,559.62)	(8,974,124.63)
N. Gross profit (loss)		375,685,278.43	265,884,508.40
O. Income tax	26.	(42,352,035.89)	(36,727,125.72)
P. Other obligatory decreases of profit		-	-
R. Minority profit / (loss)		-	(1,986.00)
S. Net profit / (loss)		333,333,242.54	229,155,396.68

Statement of changes in equity

	31 December 2023	31 December 2022
I. Equity at the beginning of the period	12,323,229,592.31	12,872,994,392.69
I.a. Equity at the beginning of the period, after adjustments for errors	12,323,229,592.31	12,872,994,392.24
1. Share capital at the beginning of the period	11,475,907,779.00	11,475,907,779.00
1.1. Change in share capital		
a) increases	-	-
b) reductions	-	-
1.2. Share capital at the end of the period	11,475,907,779.00	11,475,907,779.00
2. Supplementary capital at the beginning of the period	1,360,286,382.17	1,160,338,793.63
2.1. Change in supplementary capital		
a) additions	271,228,638.21	199,947,588.54
- profit distribution (statutory)	238,615,425.21	193,472,813.54
- other additions	32,613,213.00	6,474,775.00
b) reductions	-	-
2.2. Supplementary capital at the end of the period	1,631,515,020.38	1,360,286,382.17
3. Revaluation reserve at the beginning of the period	(647,408,084.56)	137,989,891.85
3.1. Change in revaluation reserve		
a) additions	3,593,908,416.76	441,086,921.70
- fair value measurement of net assets	1,422,006.63	-
- fair value remeasurement of investments	3,592,486,410.13	223,931,787.39
- other additions (deferred tax)	-	217,155,134.31
b) reductions	(682,572,417.93)	(1,226,484,898.11)
- fair value remeasurement of investments	-	(1,196,096,231.90)
- deferred tax	(682,572,417.93)	(30,343,288.21)
- other decreases	-	(45,378.00)
3.2. Revaluation reserve at the end of the period	2,263,927,914.27	(647,408,084.56)
4. Other reserve capital at the beginning of the period	-	-
4.1. Change in other reserve capital		
a) additions	-	-
b) reductions	-	-
4.2. Other reserve capital at the end of the period	-	-



	31 December 2023	31 December 2022
5. Retained earnings (losses) at the beginning of the period	134,443,515.70	98,757,927.76
5.1. Retained earnings at the beginning of the period	315,726,933.70	252,872,244.32
5.2. Retained earnings at the beginning of the period, adjusted	315,726,933.70	252,872,244.32
a) additions	-	-
b) reductions	(256,327,502.92)	(193,472,813.54)
- coverage of retained loss	(17,712,077.71)	-
- from profit distribution (above the minimum value required by law)	(238,615,425.21)	(193,472,813.54)
5.3. Retained earnings at the end of the period	59,399,430.78	59,399,430.78
5.4. Retained loss at the beginning of the period	(181,283,418.00)	(154,114,316.56)
5.5. Retained loss at the beginning of the period, adjusted	(181,283,418.00)	(154,114,316.56)
a) additions	-	3,004.80
- other additions	-	3,004.80
b) reductions	17,712,077.71	-
- coverage of retained loss	17,712,077.71	-
5.6. Retained loss at the end of the period	(163,571,340.29)	(154,111,311.76)
5.7. Retained earnings (losses) at the end of the period	(104,171,909.51)	(94,711,880.98)
6. Net result	333,333,242.54	229,155,396.68
a) net profit	342,418,280.07	256,327,502.92
b) net loss	(9,085,037.53)	(27,172,106.24)
c) profit write-offs	-	-
II. Equity at the end of the period	15,600,512,046.68	12,323,229,592.31
III. Equity after taking into consideration the proposed distribution of profit	15,600,512,046.68	12,323,229,592.31

Cash flow statement

	Note	1 January - 31 December 2023	1 January - 31 December 2022
A. Cash flows from operating activities			
I. Net profit		333,333,242.54	229,155,396.68
II. Total adjustments:		(5,058,745,724.88)	(842,850,106.88)
1. Minority profit / (loss)		-	1,986.00
2. Profit / (Loss) on shares in entities measured by the equity method		3,182,476.90	8,974,124.63
3. Depreciation and amortization		11,351,144.63	10,111,062.72
4. Goodwill write-off		2,447,082.40	4,581,703.60
7. Interest and profit sharing (dividends)		(161,146,945.49)	(94,946,726.25)
8. Profit / (Loss) on investing activity		(78,181,225.16)	(37,489,094.70)
9. Change in provisions		450,019,906.12	36,186,346.13
10. Change in inventories		574,259.32	(460,344.60)
11. Change in receivables	27.3.	412,552,650.18	(399,627,263.51)
12. Change in current liabilities, except for loans and borrowings	27.2.	15,762,694.83	7,449,178.86
13. Change in prepayments and accruals		243,095,975.75	(190,475,220.51)
14. Other adjustments	27.5.	(5,958,403,744.36)	(187,155,859.25)
III. Net cash flows from operating activities		(4,725,412,482.34)	(613,694,710.20)
B. Cash flows from investing activities			
I. Proceeds		13,226,455,761.15	14,268,606,191.07
1. Sale of intangible assets and property, plant and equipment		1,350,781.53	566,038.79
3. From financial assets, of which:		13,115,832,483.73	14,267,939,505.86
b) in other entities		13,115,832,483.73	14,267,939,505.86
- disposal of financial assets		1,125,247,777.30	8,453,668.70
- dividends and profit-sharing		182,091,219.72	144,463,513.80
- repayment of long-term loans granted		6,479,892,964.42	12,458,641,812.77
- interest		1,309,435,016.71	600,722,073.86
- other proceeds from financial assets		4,019,165,505.58	1,055,658,436.73
4. Other investment proceeds		109,272,495.89	100,646.42



	Note	1 January - 31 December 2023	1 January - 31 December 2022
II. Expenditures		(2,559,804,708.90)	(5,377,946,259.49)
1. Purchase of intangible assets and property, plant and equipment	27.4.	(5,104,316.99)	(5,763,898.11)
3. For financial assets, including:		(588,719,443.13)	(4,919,175,680.64)
b) in other entities		(588,719,443.13)	(4,919,175,680.64)
- purchase of financial assets		(583,418,054.00)	(3,584,055,233.44)
- long-term loans granted		(5,301,389.13)	(1,335,120,447.20)
5. Other investment expenditures	27.6.	(1,965,980,948.78)	(453,006,680.74)
III. Net cash flows from investing activities		10,666,651,052.25	8,890,659,931.58
C. Cash flows from financing activities			
I. Proceeds		54,148.19	57,851.23
2. Loans and borrowings		54,148.19	57,851.23
II. Expenditures		(1,332,763,850.23)	(1,284,926,513.11)
4. Repayment of loans and borrowings		(31,329,462.23)	(1,072,679.62)
5. Redemption of debt securities		-	10,000,000.00
6. On account of other financial liabilities		-	(10,000,000.00)
7. Liabilities paid under financial lease agreements		(665,217.47)	(1,022,145.87)
8. Interest		(1,300,769,170.53)	(1,282,830,047.13)
9. Other financial expenditures		-	(1,640.49)
IV. Net cash flows from financing activities		(1,332,709,702.04)	(1,284,868,661.88)
D. Total net cash flows		4,608,528,867.87	6,992,096,559.50
E. Balance sheet change in cash		4,608,528,867.87	6,992,096,559.50
- including change in cash on account of foreign exchange differences		-	-
F. Cash at the beginning of the period		12,891,833,766.21	5,899,737,206.71
G. Cash at the end of the period		17,500,362,634.08	12,891,833,766.21
- including restricted cash		16,942,201,476.29	12,240,655,791.89

Notes and explanations

1. FINANCIAL SHIELD GOVERNMENT PROGRAMS

Pursuant to the Act on the System of Development Institutions of 4 July 2019 (Journal of Laws, Item 1572, as amended), the Group performs tasks entrusted by the state administration authorities, i.e. handling of the government programs: the Financial Shield for Large Companies, the Financial Shield for MSMEs and the government support program for PLL LOT S.A.

When performing the duties arising from the Financial Shield government programs, the Group takes action for the account of the State Treasury represented by the Development Minister acting in agreement with the Finance Minister and at its exclusive cost and risk. These actions include raising third party financing through the issue of bonds and granting financing pursuant to the contractual terms of the Financial Shield government programs.

On initial recognition, the measurement of the subsidies and loans granted under the Financial Shield government programs is equal to their nominal value. On subsequent balance sheet dates, interest-free financial subsidies which are classified in the category of loans granted and own receivables, are measured at the amount of funds granted, less remissions and repayments of the nominal amount. The Group has applied measurement at the nominal amount because it does not have data making it possible to estimate in a reliable way the amount and dates of receipt of funds from the State Treasury in connection with remissions of subsidies and loans. Nevertheless, considering the absence of interest (for financial subsidies) and commission, the measurement at the nominal amount is deemed close to the measurement at adjusted purchase price.

Pursuant to the adopted accounting policy, the Group does not recognize impairment losses for the financial subsidies and loans granted because the State Treasury incurs all the costs and risks associated with the performance of the government Financial Shield programs, which includes being ready to cover the costs resulting from failures to repay the subsidies and loans.

The financial subsidies granted under the government program – Financial Shield for MSMEs, and some of the loans granted under the government program – Financial Shield for Large Companies, were subject to remission, after satisfying the conditions defined in the agreements. The Group presents remissions of financial subsidies and loans granted as well as interest income and revaluations as settlements with the State Treasury as referred to below.

Pursuant to the rules and regulations of the government program – Financial Shield for MSMEs 1.0, the maximum remission level could amount to 75% of the subsidy amount after beneficiaries satisfy the conditions defined in the program, except for entrepreneurs operating in the industries most affected by the effects of Covid-19-related administrative restrictions who, having satisfied the conditions defined in the program, were exempt from the duty to repay financial subsidies entirely.

Pursuant to the rules and regulations of the Financial Shield for MSMEs 2.0 government program, entrepreneurs operating in the industries most affected by the effects of Covid-19-related administrative restrictions were exempt from the duty to repay the financial subsidies entirely having satisfied the conditions defined in the program. Repayments under the program are a result of the MSME 2.0 beneficiaries settlement of the surplus of the financial subsidy determined based on actual data as regards the amount of fixed costs or the reduction in revenue, as per the rules and regulations of the program.

Pursuant to the rules and regulations of the government program – Financial Shield for Large Companies, the maximum remission level for preferential loans could be 75% of the loan amount after the beneficiary satisfies the conditions defined in the program. Liquidity loans are not subject to remission.

Non-current liabilities arising from the issue of debt securities include bonds issued by the Group in connection with obtaining funds for granting financing within the execution of the Financial Shield government programs. The bonds are secured by the State Treasury's guarantee and the costs of issuing the bonds, payment of interest on the bonds and the bond redemption are subject to the mechanism of tranches from the State Treasury, which involve payout of cash to cover the above costs and redemption if there are no funds in the accounts of the Financial Shield government programs. Both the costs of issues, costs of interest and tranches from the State Treasury are recognized as settlements with the State Treasury.

In the item of receivables / liabilities on account of settlements with the State Treasury, the Group presents effects of operations connected with the execution of the Financial Shield government programs, based on the mechanism of tranches from the State Treasury, which guarantee that costs are refunded and redemption of the issued bonds is covered and which involve the condition that cash surpluses remaining in the accounts of the Financial Shield government programs have to be returned after repayment of the external financing (bonds).

As a result of the amendments made in 2021 to the Act on the System of Development Institutions, pursuant to which the Group, executing the government program, maintains stand-alone accounting in accordance with Article 11 sec. 4 and 5, including creation for the government program of a fund not counted into equity (funds) disclosed in the equity and liabilities of the Group's balance sheet

as a special-purpose fund (pursuant to Article 46 sec. 4 of the Accounting Act of 29 September 1994), in 2021 PFR S.A. changed its accounting policy in this respect and the credit balance sheet of settlements with the State Treasury is presented in current liabilities, in the item: special-purpose funds.

As at 31 December 2023, settlements with the State Treasury under the MSMEs 1.0, MSMEs 2.0 and the Financial Shield for Large Companies programs showed a debit balance, therefore they are presented in the Group's balance sheet in the item: "Current receivables from other entities – other" in the total amount of PLN 51,192,336,680.71. The Shield for LOT Polish Airlines Program showed credit balance, therefore it is presented in the Group's balance sheet in the item: "Current liabilities - Special-purpose funds" in the amount of PLN 29,427,563.67.

Components of assets and liabilities of the Financial Shield for MSMEs 1.0

	Note	31 December 2023	31 December 2022
Program assets, including:		61,459,410,916.71	61,425,666,537.10
Non-current investments, including:	10.2.3.	2,982,043.00	987,600.00
Garmond Press S.A. shares		987,600.00	987,600.00
IDH DEVELOPMENT S.A. shares		1,781,943.00	-
Rubicone Sp. z o.o. shares		212,500.00	-
Current investments, including:	14.3.	-	3,511,200,000.00
Certificates of deposit of the Financial Shield for MSMEs 1.0 program		-	3,511,200,000.00
Loans granted:		2,398,737,466.09	7,978,480,915.73
Financial subsidies granted within the Financial Shield for MSMEs 1.0 government programs – non-current	10.2.3.	40,643,007.27	75,780,862.34
Financial subsidies granted within the Financial Shield for MSMEs 1.0 government programs – current	14.3.	2,358,094,458.82	7,902,700,053.39
Cash in hand and at bank, including:	14.4.	15,380,456,149.01	11,201,242,600.90
Bank account of the Financial Shield for MSMEs 1.0 program		500,531.20	7,993,789.67
Term deposits of the Financial Shield for MSMEs 1.0 program		15,379,955,617.81	11,193,248,811.23
Receivables on account of settlements with the State Treasury, including:		43,677,235,258.61	38,733,755,420.47
Cost of interest on bonds issued		3,634,457,511.54	2,632,929,756.87
Adjustment of the valuation of bonds issued (SCN)		(5,725,658.62)	(5,503,424.28)
Remissions of financial subsidies		37,092,898,730.14	37,084,099,823.73
External costs of the Financial Shield for MSMEs 1.0 government program		78,846,364.23	30,495,902.14
Remuneration to PFR for the execution of the Financial Shield for MSMEs 1.0 government program		557,237,833.33	430,591,761.91
Cash received from the State Treasury in tranches		(959,667,750.00)	(959,667,750.00)
Interest income		(1,754,389,862.67)	(597,930,422.17)
Mutual settlements between the program and the National Recovery Plan		5,183,917,127.97	118,739,772.27
PFR's remuneration for the execution of the Shield for the Borderland government program		738,000.00	-
Correction of the subsidy amount after the "Anti-Fraud" analysis		(146,908,058.19)	-
Reimbursement of court fees/stamp duty		(4,168,979.12)	-

	Note	31 December 2023	31 December 2022
Program liabilities, including:		61,459,410,916.71	61,425,666,537.10
Liabilities arising from the issue of debt securities – non-current	18.4.	44,212,850,026.53	60,427,116,882.26
Liabilities arising from the issue of debt securities – current	19.3.	17,210,530,576.39	958,448,200.33
Cash payable to PFR as remuneration		28,597,500.00	38,130,000.00
Current trade liabilities		7,432,813.79	1,971,454.51

The remuneration for executing the government program for Micro, Small and Medium-sized Enterprises (MSMEs) 1.0 is defined as a percentage of the maximum value of the program and is settled on a quarterly basis. In 2023, the gross remuneration for handling the Financial Shield for MSMEs 1.0 government program was PLN 126.65 million.

“Anti-Fraud” analyses that were carried out in 2023 identified groups of entities that the parent company is or will be requesting to provide clarification or to return some or all of the assistance received under the MSME 1.0 government program. These measures were taken mainly in respect of the beneficiaries for whom irregularities were found at the assistance application stage. These analyses concerned: (i) manipulation of revenues, (ii) manipulation of employment figures, (iii) incorrect identification of the entrepreneur’s status, (iv) exceeding the limit of state aid. These groups of beneficiaries are required to return all or part of the assistance provided (depending on the circumstances of each case). If the beneficiary fails to return the assistance within the specified time limit, the Group will pursue its claims through the courts. As of 31 December 2023, as a result of the “Anti-Fraud” analyses, the amount of financial subsidies subject to repayment is PLN 155.65 million.

Components of assets and liabilities of the Financial Shield for Large Companies

	Note	31 December 2023	31 December 2022
Program assets, including:		4,053,701,566.56	4,055,895,830.78
Non-current investments, including:	10.2.3.	49,750,385.33	56,857,583.24
MTG S.A. shares		49,750,385.33	56,857,583.24
Loans granted:		1,744,249,325.10	2,302,959,775.60
Loans - non-current receivables	10.2.3.	1,151,625,958.92	1,576,738,958.80
Loans – current receivables	14.3.	592,623,366.18	726,220,816.80
Cash in hand and at bank, including:	14.4.	880,384,241.85	364,283,487.18
Bank account of the Financial Shield for Large Companies program		1,441,043.49	21,839.70
Term deposits of the Financial Shield for Large Companies program		878,943,198.36	364,261,647.48
Receivables on account of settlements with the State Treasury, including:		1,379,317,614.28	1,331,794,984.76
Cost of interest on bonds issued		219,008,640.39	152,250,042.99
Adjustment of the valuation of bonds issued (SCN)		(318,832.48)	(295,468.48)
Remissions of loans		864,269,622.95	864,269,622.95
External costs of the Financial Shield for Large Companies government program		9,624,201.66	8,059,150.04
Remuneration to PFR for the execution of the Financial Shield for Large Companies government program		215,799,107.14	164,732,142.86
Cash received from the State Treasury in tranches		(29,287,500.00)	(29,287,500.00)
Interest income		(138,570,822.29)	(70,819,004.60)
Mutual settlements between the Financial Shield programs		9,500,000.00	12,000,000.00
Sale of Financial Shield financial assets		229,293,196.91	230,885,999.00

	Note	31 December 2023	31 December 2022
Program liabilities, including:		4,053,701,566.56	4,055,895,830.78
Liabilities arising from the issue of debt securities – non-current	18.4.	3,977,704,040.53	3,976,028,576.26
Liabilities arising from the issue of debt securities – current	19.3.	64,392,467.38	64,395,198.25
Cash payable to PFR as remuneration		11,531,250.00	15,375,000.00
Current trade liabilities		73,808.65	97,056.27

The remuneration for executing the government program for Large Companies is defined as a percentage of the maximum value of the program and is settled on a quarterly basis. In 2023, the gross remuneration for handling the Financial Shield Program for Large Companies government program was PLN 51.07 million.

Components of assets and liabilities of the Financial Shield for LOT Polish Airlines

	Note	31 December 2023	31 December 2022
Program assets, including:		1,845,551,768.84	1,850,350,201.27
Loans granted:		1,845,172,602.74	1,845,172,602.74
Loans - non-current receivables	10.2.3.	917,995,892.06	1,381,506,216.27
Loans – current receivables	14.3.	927,176,710.68	463,666,386.47
Cash in hand and at bank, including:	14.4.	379,166.10	5,177,598.53
Bank account of the Financial Shield for LOT Polish Airlines program		78,752.59	9,411.41
Term deposits of the Financial Shield for LOT Polish Airlines		300,413.51	5,168,187.12

	Note	31 December 2023	31 December 2022
Program liabilities, including:		1,845,551,768.84	1,850,350,201.27
Liabilities arising from the issue of debt securities – non-current	18.4.	1,791,444,898.77	1,790,323,255.34
Liabilities arising from the issue of debt securities – current	19.3.	24,675,306.40	24,675,798.84
Current trade liabilities		4,000.00	4,000.00
Special-purpose funds, including:		29,427,563.67	35,347,147.09
Cost of interest on bonds issued		(77,653,059.72)	(51,690,672.01)
Adjustment of the valuation of bonds issued (SCN)		(6,065.45)	12,697.83
External costs of the Financial Shield for LOT Polish Airlines government program		(579,308.35)	(565,356.40)
Interest income		98,165,997.19	75,590,477.67
Mutual settlements between the Financial Shield programs		9,500,000.00	12,000,000.00

The remuneration for executing the government program for LOT Polish Airlines is paid as a total amount with the remuneration for executing the government program for Large Companies.

Components of assets and liabilities of the Financial Shield for MSMEs 2.0

	Note	31 December 2023	31 December 2022
Program assets, including:		7,274,543,759.61	7,276,639,443.56
Loans granted:		607,134,330.09	816,493,179.69
Financial subsidies granted within the Financial Shield for MSMEs 2.0 government programs - current	14.3.	607,134,330.09	816,493,179.69
Cash in hand and at bank, including:	14.4.	531,625,621.70	554,068,666.96
Bank account of the Financial Shield for MSMEs 2.0 program		428,322.19	653,509.43
Term deposits of the Financial Shield for MSMEs 2.0 program		531,197,299.51	553,415,157.53
Receivables on account of settlements with the State Treasury, including:		6,135,783,807.82	5,906,077,596.91
Cost of interest on bonds issued		307,642,272.32	202,703,533.20
Adjustment of the valuation of bonds issued (SCN)		34,686.75	(33,849.09)
Remissions of financial subsidies		5,830,015,934.80	5,687,725,532.63
External costs of the Financial Shield for MSMEs 2.0 government program		9,046,568.58	4,210,471.31
Remuneration to PFR for the execution of the Financial Shield for MSMEs 2.0 government program		90,159,488.09	63,604,666.67
Cash received from the State Treasury in tranches		(25,000,000.00)	(25,000,000.00)
Interest income		(75,803,853.05)	(27,132,757.81)
Reimbursement of court fees/stamp duty		(311,289.67)	-

	Note	31 December 2023	31 December 2022
Program liabilities, including:		7,274,543,759.61	7,276,639,443.56
Liabilities arising from the issue of debt securities – non-current	18.4.	7,162,193,588.37	7,162,862,549.21
Liabilities arising from the issue of debt securities – current	19.3.	105,408,928.20	105,410,192.40
Cash payable to PFR as remuneration		5,996,250.00	7,995,000.00
Current trade liabilities		944,993.04	371,701.95

The remuneration for executing the government program for Micro, Small and Medium-sized Enterprises (MSMEs) 2.0 is defined as a percentage of the maximum value of the program and is settled on a quarterly basis. In 2023, the gross remuneration for handling the Financial Shield for MSMEs 2.0 government program was PLN 26.55 million.

2. POLAND'S NATIONAL RECOVERY AND RESILIENCE PLAN

Poland's National Recovery and Resilience Plan (hereinafter: "KPO") is a development plan that sets out the goals related to recovery and creation of Poland's social and economic resilience after the crisis caused by the Covid-19 pandemic, as well as the reforms and investments undertaken to achieve these goals. The document forms the basis for applying for support from the European Recovery and Resilience Facility (RRF) established by Regulation of the European Parliament and of the Council (EU) No. 2021/241 of 12 February 2021.

Pursuant to the Act of 28 April 2022 on the principles of the performance of tasks financed from EU funds in the 2021-2027 financial perspective, which amended the Act of 6 December 2006 on the Principles of Development Policy (hereinafter: "PDP Act"), the Group has been tasked with making payouts under the development plan referred to in Article 5 par. 7aa of the PDP Act as regards non-reimbursable payments. To this end, the Group may receive payments from EU budget funds and may obtain and use funds in compliance with the principles stipulated in Article 16a of the Act of 4 July 2019 on the System of Development Institutions (hereinafter: "SDI Act"), up to the amount specified in the financial plan. In order to finance investments and undertakings performed as part of the development plan, the Group may:

1. issue bonds on the domestic and international markets;
2. use funds from reimbursements or repayments of the financial support provided with funds designated for the performance of the government support program for businesses referred in Article 21a sec. 1 of the SDI Act, and other income generated from the management of these funds.

The detailed scope of the Group's tasks was defined in the agreement on performing tasks connected with the implementation of the National Recovery and Resilience Plan concluded on 5 August 2022 under Article 14In sec. 5 of the PDP Act between the Group and the minister in charge of regional development acting in consultation with the minister in charge of public finance.

Additionally, pursuant to Article 14Io of the PDP Act, the Group has entered into investment financing agreements with the Institutions responsible for the implementation of investments, which set forth, among other things, the terms and conditions under which the Institutions responsible for the implementation of investments (hereinafter "IIs") or the Entities supporting the development plan (hereinafter "SEs") will submit to the Group payout orders and the template for such orders, the procedure for submitting requests for funds, and the terms and conditions under which the Group will transfer funds based on such payout orders.

Under the agreement of 5 August 2022 executed by the State Treasury represented by the Minister of Development Funds and Regional Policy and the Minister of Finance and the Group, the Group provided access to an IT system supporting the creation and forwarding by the Group of payout orders to fund investment projects prepared by ministries, local governments and other institutions. Payments under the National Recovery Plan are executed by the Group in accordance with the schedule of payouts approved by the Minister of Development Funds and Regional Policy and the Minister of Finance. The Group's responsibility was limited to obtaining the funds and transferring them to the authorized payout recipients; the decisions to grant the funds are made by the designated authorities.

In 2023, due to the absence of European funds, the Group ensured the financing of the development plan (KPO) with funds from the reimbursement of subsidies with no debt remission decisions or from the repayment of financial support provided under the Financial Shield government programs.

The total amount of payments realized from the date of the agreement until 31 December 2023 was PLN 6,395,408,622.45. These payouts were financed by repayments and refunds of financial subsidies granted under the Financial Shield for MSMEs 1.0 government program.

Components of assets and liabilities of the KPO

	Note	31 December 2023	31 December 2022
Program assets, including:		5,184,004,570.82	118,749,598.40
Settlements with the State Treasury - payouts and refunds		5,182,387,354.11	118,358,513.22
Settlements with the State Treasury - payouts		6,392,241,395.58	118,739,772.27
Settlements with the State Treasury - refunds		(1,209,854,041.47)	(381,259.05)
Cash in hand and at bank, including:	14.4.	1,617,216.71	391,085.18
Bank account of the KPO program		1,617,216.71	391,085.18

	Note	31 December 2023	31 December 2022
Program liabilities, including:		5,184,004,570.82	118,749,598.40
Interest on deposits to be transferred between the program and Financial Shield MSME 1.0		87,442.85	9,826.13
Mutual settlements between the program and the Financial Shield MSME 1.0	1.	5,183,917,127.97	118,739,772.27

The remuneration for the execution of the KPO program is settled on a monthly basis, and in 2023 it amounted to a gross amount of PLN 7.03 million.

	Note	31 December 2023	31 December 2022
Payouts under the program, including:		6,395,408,622.45	118,739,772.27
Ministry of Digital Affairs		1,348,164,586.40	-
Ministry of State Assets		246,236.09	-
Ministry of National Education		751,663,011.31	-
Ministry of Development Funds and Regional Policy		3,764,455.21	417,224.00
Minister of Infrastructure		1,539,960,747.32	-
Ministry of Climate and Environment		2,079,288,698.00	117,505,000.00
Ministry of Family, Labour and Social Policy		158,435,227.15	817,548.27
Ministry of Agriculture and Rural Development		496,749,425.19	-
Ministry of Economic Development and Technology		16,663,537.10	-
Ministry of Health		472,698.68	-

The amount of payouts ordered under the KPO program is PLN 3.2 million higher because some of the transfers were rejected by banks of the recipients.

3. GOODWILL

3.1. Goodwill of a subsidiary

In August 2016, the Group acquired 100% shares in PFR Ventures Sp. z o.o. for PLN 68,349,000.00. The transaction was performed by way of a cash transfer.

On 28 September 2017, the Group acquired a 100% stake in PFR Towarzystwo Funduszy Inwestycyjnych S.A. for PLN 21,700,000.00. The transaction was performed by way of a cash transfer.

On 3 August 2018, the Group acquired a 100% stake in Krajowy Fundusz Kapitałowy S.A. for PLN 48,699,500.00. The transaction was performed by way of a cash transfer.

On 3 October 2018, the Group acquired a 100% stake in PFR Nieruchomości S.A. for PLN 14,400,000.00. The transaction was performed by way of a cash transfer.

On 31 December 2019, a merger of subsidiaries was registered: PFR Ventures Sp. z o.o. (hereinafter: "PFR Ventures") and Krajowy Fundusz Kapitałowy S.A. (hereinafter: "KFK") through an entry to the National Court Register (KRS).

The merger resulted from the entry into force of the Act on the System of Development Institutions of 4 July 2019 (Journal of Laws of 2019, Item 1572), which regulated the operation of the Polski Fundusz Rozwoju Group.

The merger was effected following the procedure provided for in Article 492 § 1 item 1 of the Commercial Company Code, i.e. by transferring all of the assets of KFK through universal succession to PFR Ventures.

PFR Ventures assumed the rights and responsibilities of KFK as an investor in venture capital funds. The venture capital funds established within KFK will continue to operate until the program closes, i.e. until the end of 2025.

The merger was effected using the purchase method of accounting as described in Article 44b of the Accounting Act, where the settlement involves totaling all the items of assets and equity and liabilities of the acquiring company, at carrying amounts, with the corresponding items of assets and liabilities and equity of the acquired company, at fair values determined as at the merger date.

Item	Description/numbers:
the number, par value and type of shares created for the purpose of the merger	473,088 shares with a par value of PLN 100.00 each
Other information:	
purchase price	PLN 47,308,800.00;
fair value of net assets of the acquired company, as at the date of the merger	PLN 50,280,650.56

The goodwill was calculated as follows:

	PFR Ventures Sp. z o.o.	PFR Towarzystwo Funduszy Inwestycyjnych S.A.	Krajowy Fundusz Kapitałowy S.A.	PFR Nieruchomości S.A.
Share price	68,349,000.00	21,700,000.00	48,699,500.00	14,400,000.00
Purchase costs	683,490.00	266,508.00	486,995.00	372,373.45
Purchase price	69,032,490.00	21,966,508.00	49,186,495.00	14,772,373.45
Fair value of net assets acquired	68,888,547.00	13,173,664.00	47,763,291.00	(1,541,511.00)
Acquired stake	100%	100%	100%	100%
Gross goodwill	143,943.00	8,792,844.00	1,423,204.00	16,313,884.45
Accumulated amortization as at 31 December 2023	(143,943.00)	(8,792,844.00)	(1,423,204.00)	(16,313,884.45)
- amortization charges in 2016	(11,995.00)	-	-	-
- amortization charges in 2017	(28,789.00)	(439,642.00)	-	-
- amortization charges in 2018	(28,789.00)	(1,758,569.00)	(118,600.00)	(815,694.22)
- amortization charges in 2019	(28,789.00)	(1,758,569.00)	(1,304,604.00)	(3,262,776.89)
- amortization charges in 2020	(28,789.00)	(1,758,569.00)	-	(3,262,776.89)
- amortization charges in 2021	(16,792.00)	(1,758,569.00)	-	(3,262,776.89)
- amortization charges in 2022	-	(1,318,926.00)	-	(3,262,776.89)
- amortization charges in 2023	-	-	-	(2,447,082.67)
Net goodwill as at 31 December 2023	-	-	-	-

3.2. Goodwill of an associate measured with the equity method

On 8 February 2016, the Group acquired a 23.10% stake in SKB DRIVE TECH S.A. for PLN 11,999,999.15. The transaction was performed by way of a cash transfer.

Under the agreement of 22 September 2023, the Group sold the shares in SKB DRIVE TECH S.A. and thus lost control over the company.

On 27 September 2018, the Group acquired 4,100,000 series B shares in Polska Agencja Ratingowa S.A. for PLN 2,173,000.00. The transaction was performed by way of a cash transfer.

On 13 August 2018, the Group acquired 50.00% shares in Operator Chmury Krajowej Sp. z o.o. for PLN 60,000,000.00. On 11 June 2021, the Group made a capital injection to Operator Chmury Krajowej Sp. z o.o. in the amount of PLN 17,500,000.00.

The goodwill was calculated as follows:

	SKB DRIVE TECH S.A.	Polska Agencja Ratingowa S.A.	Operator Chmury Krajowej
Share price	11,999,999.15	2,173,000.00	77,500,000.00
Purchase costs	-	21,730.00	-
Purchase price	11,999,999.15	2,194,730.00	77,500,000.00
Fair value of net assets acquired	40,524,046.00	1,545,042.00	Not applicable
Acquired stake	23.10%	33.00%	50.00%
Net assets attributable to a major investor	9,361,055.00	509,864.00	Not applicable
Gross goodwill	2,638,944.15	1,684,866.00	-
Accumulated amortization as at 31 December 2023	(2,638,944.15)	(1,684,866.00)	-
- amortization charges in 2016	(483,806.00)	-	-
- amortization charges in 2017	(527,789.00)	-	-
- amortization charges in 2018	(527,789.00)	(84,243.00)	-
- amortization charges in 2019	(527,789.00)	(336,973.00)	-
- amortization charges in 2020	(527,789.00)	(336,973.00)	-
- amortization charges in 2021	(43,982.15)	(336,973.00)	-
- amortization charges in 2022	-	(336,973.00)	-
- amortization charges in 2023	-	(252,731.00)	-
Net goodwill as at 31 December 2023	-	-	-

4. INTANGIBLE ASSETS

4.1. Change in intangible assets

*in the period from 1 January
2023 to 31 December 2023*

	Costs of completed development work	Goodwill	Other intangible assets	Advance payments for intangible assets	Total
Gross amount					
Opening balance 1 January 2023	1,468,949.15	26,673,875.00	27,804,981.71	-	55,947,805.86
Additions	-	-	4,654,773.22	-	4,654,773.22
Reductions	(1,468,949.15)	-	(49,619.11)	-	(1,518,568.26)
Closing balance 31 December 2023	-	26,673,875.00	32,410,135.82	-	59,084,010.82
Accumulated amortization					
Opening balance 1 January 2023	(621,639.13)	(24,226,792.60)	(13,953,260.86)	-	(38,801,692.59)
Additions on account of depreciation and amortization	-	(2,447,082.40)	(8,372,585.27)	-	(10,819,667.67)
Reductions	621,639.13	-	49,619.11	-	671,258.24
Closing balance 31 December 2023	-	(26,673,875.00)	(22,276,227.02)	-	(48,950,102.02)
Impairment allowances					
Opening balance 1 January 2023	-	-	-	-	-
Closing balance 31 December 2023	-	-	-	-	-
Net value					
Opening balance 1 January 2023	847,310.02	2,447,082.40	13,851,720.85	-	17,146,113.27
Closing balance 31 December 2023	-	-	10,133,908.80	-	10,133,908.80



in the period from 1 January 2022 to 31 December 2022

	Costs of completed development work	Goodwill	Other intangible assets	Advance payments for intangible assets	Total
Gross amount					
Opening balance 1 January 2022	1,369,799.15	26,673,875.00	24,606,349.65	19,095.75	52,669,119.55
Additions	99,150.00	-	3,740,234.51	109,285.50	3,948,670.01
Reductions	-	-	(541,602.45)	(128,381.25)	(669,983.70)
Closing balance 31 December 2022	1,468,949.15	26,673,875.00	27,804,981.71	-	55,947,805.86
Accumulated amortization					
Opening balance 1 January 2022	(339,384.62)	(19,645,089.00)	(7,572,135.79)	-	(27,556,609.41)
Additions on account of depreciation and amortization	(282,254.51)	(4,581,703.60)	(6,527,073.34)	-	(11,391,031.45)
Reductions	-	-	145,948.27	-	145,948.27
Closing balance 31 December 2022	(621,639.13)	(24,226,792.60)	(13,953,260.86)	-	(38,801,692.59)
Impairment allowances					
Opening balance 1 January 2022	-	-	-	-	-
Closing balance 31 December 2022	-	-	-	-	-
Net value					
Opening balance 1 January 2022	1,030,414.53	7,028,786.00	17,034,213.86	19,095.75	25,112,510.14
Closing balance 31 December 2022	847,310.02	2,447,082.40	13,851,720.85	-	17,146,113.27

5. PROPERTY, PLANT AND EQUIPMENT

5.1. Change in fixed assets

in the period from 1 January 2023 to 31 December 2023

	Buildings, premises, rights to premises and civil and water engineering facilities	Plant and machinery	Means of transport	Other fixed assets	Total
Gross amount					
Opening balance 1 January 2023	393,653.94	10,884,305.97	5,316,425.71	6,730,908.48	23,325,294.10
Additions	14,587.80	1,273,788.70	3,895,698.21	291,817.47	5,475,892.18
- acquisitions	14,587.80	1,273,788.70	3,655,054.15	291,817.47	5,235,248.12
- leasing	-	-	240,644.06	-	240,644.06
Reductions	(393,653.94)	(2,165,596.60)	(3,954,618.02)	(1,628,774.87)	(8,142,643.43)
Closing balance 31 December 2023	14,587.80	9,988,731.37	5,257,505.90	5,397,717.78	20,658,542.85
Accumulated amortization					
Opening balance 1 January 2023	(101,693.90)	(7,730,619.31)	(3,434,604.16)	(4,066,682.36)	(15,333,599.73)
Additions	(46,538.03)	(1,813,339.71)	(1,135,426.23)	(611,617.08)	(3,606,921.05)
Reductions	141,059.30	2,156,338.91	3,425,923.24	1,619,900.86	7,343,222.31
Closing balance 31 December 2023	(7,172.63)	(7,383,853.41)	(1,144,107.15)	(3,062,165.28)	(11,597,298.47)
Impairment allowances					
Opening balance 1 January 2023	(259,155.52)	-	-	-	(259,155.52)
Reductions	259,155.52	-	-	-	259,155.52
Closing balance 31 December 2023	-	-	-	-	-
Net value					
Opening balance 1 January 2023	32,804.52	3,153,686.66	1,881,821.55	2,664,226.12	7,732,538.85
Closing balance 31 December 2023	7,415.17	2,604,877.96	4,113,398.75	2,335,552.50	9,061,244.38

in the period from 1 January 2022 to 31 December 2022

	Buildings, premises, rights to premises and civil and water engineering facilities	Plant and machinery	Means of transport	Other fixed assets	Total
Gross amount					
Opening balance 1 January 2022	393,653.94	9,301,892.17	6,636,153.50	6,619,848.38	22,951,547.99
Additions	-	2,005,301.05	459,113.46	111,060.10	2,575,474.61
- acquisitions	-	2,005,301.05	-	111,060.10	2,116,361.15
- leasing	-	-	459,113.46	-	459,113.46
Reductions	-	(422,887.25)	(1,778,841.25)	-	(2,201,728.50)
Closing balance 31 December 2022	393,653.94	10,884,305.97	5,316,425.71	6,730,908.48	23,325,294.10
Accumulated amortization					
Opening balance 1 January 2022	(62,328.50)	(6,693,679.19)	(3,806,450.07)	(3,470,436.58)	(14,032,894.34)
Additions	(39,365.40)	(1,457,942.54)	(1,216,581.13)	(596,245.78)	(3,310,134.85)
Reductions	-	421,002.42	1,588,427.04	-	2,009,429.46
Closing balance 31 December 2022	(101,693.90)	(7,730,619.31)	(3,434,604.16)	(4,066,682.36)	(15,333,599.73)
Impairment allowances					
Opening balance 1 January 2022	-	-	-	-	-
Reductions	(259,155.52)	-	-	-	(259,155.52)
Closing balance 31 December 2022	(259,155.52)	-	-	-	(259,155.52)
Net value					
Opening balance 1 January 2022	331,325.44	2,608,212.98	2,829,703.43	3,149,411.80	8,918,653.65
Closing balance 31 December 2022	32,804.52	3,153,686.66	1,881,821.55	2,664,226.12	7,732,538.85

5.2. Fixed assets that are not depreciated

The Group also has other non-depreciated fixed assets – 6 items of office equipment (printers) worth PLN 9,700.00 and 6 coffee makers worth PLN 56,006.25, which are used by the Group based on a lease agreements. The valuation is based on estimates.

6. IMPAIRMENT ALLOWANCES FOR PROPERTY, PLANT AND EQUIPMENT

The Group did not make any revaluation allowances for property, plant and equipment in the reporting period.

7. OUTLAYS FOR NON-FINANCIAL NON-CURRENT ASSETS INCURRED LAST YEAR AND PLANNED FOR THE NEXT YEAR

In connection with the further development of the Group, the capital expenditures incurred in 2023 amounted to PLN 1.4 million. The expenditures were allocated for, among others:

- expansion of the Ewidencja PPK (ECP Records) system: PLN 0.9 million.

The capital expenditures planned for 2024 amount to PLN 4.5 million and will be earmarked mainly for the development of software used to service the programs ordered to the Group. The above expenditures are justified by the Group's further development and programs executed by the Group.

In the 2023 financial year, capital expenditures on environmental protection were PLN 0.00 (in 2022, PLN 0.00).



8. COMPLETED DEVELOPMENT WORK

Not applicable.

9. LAND IN PERPETUAL LEASEHOLD

Not applicable.

10. INVESTMENTS

10.1. Change in investments

in the period from 1 January 2023 to 31 December 2023

	Non-current and current financial assets	Total
Gross amount		
Opening balance 1 January 2023	30,234,119,849.37	30,234,119,849.37
Additions by virtue of purchases, including:	2,585,918,871.51	2,585,918,871.51
- subsidies and loans granted under the Financial Shield government programs *	152,209,447.32	152,209,447.32
- shares acquired under the Financial Shield government programs	1,994,443.00	1,994,443.00
Additions by virtue of accrued interest, including:	132,955,982.65	132,955,982.65
- on subsidies and loans granted under the Financial Shield government programs	132,955,982.65	132,955,982.65
Reductions by virtue of repayment, including:	(11,555,215,355.29)	(11,555,215,355.29)
- subsidies and loans granted under the Financial Shield government programs	(6,479,892,964.42)	(6,479,892,964.42)
Reductions by virtue of sale	(43,975,964.48)	(43,975,964.48)
Reductions on account of remission	(151,089,308.58)	(151,089,308.58)
Reductions - other	(50,714,751.59)	(50,714,751.59)
Closing balance 31 December 2023	21,151,999,323.59	21,151,999,323.59
Measurement by the equity method		
Opening balance 1 January 2023	(60,382,532.43)	(60,382,532.43)
Goodwill amortization	(252,729.93)	(252,729.93)
Share of capital change	(6,430,829.70)	(6,430,829.70)
Change by virtue of sale	3,501,082.73	3,501,082.73
Closing balance 31 December 2023	(63,565,009.33)	(63,565,009.33)
Fair value measurement		
Opening balance 1 January 2023	(928,448,931.74)	(928,448,931.74)
Revaluation	3,664,936,447.24	3,664,936,447.24
Closing balance 31 December 2023	2,736,487,515.50	2,736,487,515.50
Net value		
Opening balance 1 January 2023	29,245,288,385.20	29,245,288,385.20
Closing balance 31 December 2023	23,824,921,829.76	23,824,921,829.76
Including the part that is:		
Current, including:	4,968,679,216.63	4,968,679,216.63
- financial instruments on account of Financial Shield government programs	4,485,028,865.77	4,485,028,865.77
Non-current, including:	18,856,242,613.13	18,856,242,613.13
- financial instruments on account of Financial Shield government programs	2,110,264,858.25	2,110,264,858.25

* Additions related to the provision of subsidies and loans under government FS programs are presented after deducing the refunds made the beneficiaries of the programs.

in the period from 1 January 2022 to 31 December 2022

	Non-current and current financial assets	Total
Gross amount		
Opening balance 1 January 2022	45,397,366,381.40	45,397,366,381.40
Additions by virtue of purchases, including:	5,203,385,792.20	5,203,385,792.20
- subsidies and loans granted under the Financial Shield government programs	1,333,157,663.36	1,333,157,663.36
- shares acquired under the Financial Shield government programs	987,600.00	987,600.00
Additions by virtue of accrued interest, including:	151,034,389.94	151,034,389.94
- on subsidies and loans granted under the Financial Shield government programs	103,634,405.36	103,634,405.36
Reductions by virtue of repayment, including:	(13,745,812,574.27)	(13,745,812,574.27)
- subsidies and loans granted under the Financial Shield government programs	(12,420,768,060.55)	(12,420,768,060.55)
Reductions by virtue of sale	(53,606,457.84)	(53,606,457.84)
Reductions on account of remission	(6,718,247,682.06)	(6,718,247,682.06)
Closing balance 31 December 2022	30,234,119,849.37	30,234,119,849.37
Measurement by the equity method		
Opening balance 1 January 2022	(51,408,407.80)	(51,408,407.80)
Goodwill amortization	(336,973.23)	(336,973.23)
Share of capital change	(8,637,151.39)	(8,637,151.39)
Closing balance 31 December 2022	(60,382,532.42)	(60,382,532.42)
Fair value measurement		
Opening balance 1 January 2022	(161,781,467.21)	(161,781,467.21)
Revaluation	(766,667,464.54)	(766,667,464.54)
Closing balance 31 December 2022	(928,448,931.75)	(928,448,931.75)
Net value		
Opening balance 1 January 2022	45,184,176,506.39	45,184,176,506.39
Closing balance 31 December 2022	29,245,288,385.20	29,245,288,385.20
Including the part that is:		
Current, including:	14,614,459,383.21	14,614,459,383.21
- financial instruments on account of Financial Shield government programs	13,420,280,436.35	13,420,280,436.35
Non-current, including:	14,630,829,001.99	14,630,829,001.99
- financial instruments on account of Financial Shield government programs	3,091,871,220.65	3,091,871,220.65

10.2. Non-current investments

10.2.1. Non-current financial assets in related parties

Not applicable.

10.2.2. Non-current financial assets in other entities in which the company holds an equity stake

	31 December 2023	31 December 2022
Shares	5,126,545,995.12	2,939,741,016.72
Bank Pekao S.A.	5,108,297,040.30	2,906,068,359.00
Co-subsiidiaries and associates	16,712,720.67	31,895,196.72
Other	1,536,234.15	1,777,461.00
Other non-current financial assets	950,000.00	750,000.00
	5,127,495,995.12	2,940,491,016.72

On 7 June 2017, as a result of the performance of block transactions on the exchange market, PFR S.A. and PZU S.A. acquired from UniCredit S.p.A. shares of Bank Pekao S.A., which were subject to a preliminary share purchase agreement entered into on 8 December 2016. The block of 33,596,165 shares purchased by PFR S.A. represents 12.80% of the overall number of votes at the Shareholder Meeting of Bank Pekao S.A.

On 18 July 2023, Bank Pekao S.A. paid out a dividend to the shareholders in the amount of PLN 5.42 per one share, which for PFR S.A. translated into the amount of PLN 182.09 million. The amount of PLN 31.27 million was used for early repayment of the principal of the loan to purchase shares, while the remaining funds, i.e. PLN 150.82 million, was used to secure future interest installments.

As at 31 December 2023, PFR S.A. held a block of 33,596,166 shares (approx. 12.80% of the overall number of shares) of Bank Pekao S.A. According to the measurement, the value of shares held by the Company as at 31 December 2023 was PLN 5,108,297,040.30 (the price per share being PLN 152.05).

As at 31 December 2023, an indication arose to carry out impairment tests of Operator Chmury Krajowej Sp. z o.o., in which PFR S.A. holds equity stakes and which is a co-subsiidiary of PFR S.A. Impairment tests were carried out in connection with the indications of impairment that arose, i.e. a surplus of the value of PFR S.A.'s investment over the net asset value of the company attributable to PFR S.A., where the amount of the surplus is material. The tests were conducted based on the company's 5-year financial projections. As a result of the impairment tests for the company using the income method based on discounted cash flows, no impairment was identified for the Operator Chmury Krajowej Sp. z o.o.

10.2.3. Non-current financial assets in other entities

	31 December 2023	31 December 2022
Other non-current financial assets, including:	11,166,746,272.87	8,202,105,585.10
Investment certificates of PFR FIS	628,108,864.22	498,080,873.04
Investment certificates of PFR FF	947,674,704.54	728,807,253.19
Investment certificates of FSMdR	2,471,629,097.96	1,693,722,705.27
Investment certificates of FSMnW	1,525,760,547.58	750,564,545.87
Investment certificates of PFR KOFFI	96,714,905.96	82,200,795.02
Investment certificates of PFR FI	5,458,195,190.42	4,448,729,412.71
Investment certificates of FEZ 2	18,959,274.38	-
Investment certificates of PFR NFOŚiGW	251.81	-
Other	19,703,436.00	-
Loans granted, including:	2,119,963,093.58	3,034,026,037.41
Financial subsidies granted under the Financial Shield for MSMEs 1.0	40,643,007.27	75,780,862.34
Loans granted under the Financial Shield for Large Companies	1,151,625,958.92	1,576,738,958.80
Loans granted under the Financial Shield for LOT Polish Airlines	917,995,892.06	1,381,506,216.27
Other loans granted	9,698,235.33	-
Other securities, including:	387,395,157.62	396,361,179.52
Bonds of PFR Porty Sp. z o.o.	260,130,162.49	276,629,442.27
Bonds of Trenino Holding Sp. z o.o.	89,906,463.85	82,482,987.69
Treasury bonds	37,358,531.28	37,248,749.56
Shares, including shares acquired under Financial Shield government programs:	54,642,093.94	57,845,183.24
MTG S.A. shares	49,750,385.33	56,857,583.24
Garmond Press S.A. shares	987,600.00	987,600.00
IDH DEVELOPMENT S.A. shares	1,781,943.00	-
Rubicone Sp. z o.o. shares	212,500.00	-
Other shares	1,909,665.61	-
	13,728,746,618.01	11,690,337,985.27

Financial subsidies granted under the Financial Shield for MSMEs 1.0 and MSMEs 2.0 government programs and loans granted under the Financial Shield for Large Companies and for LOT Polish Airlines government programs

Detailed information on the subsidies and loans granted under the Financial Shield government programs are presented in Note 1.

Shares acquired under the Financial Shield government programs

The obligation to purchase the shares of MTG S.A. arose under the terms and conditions of the government program titled "Polish Development Fund's Financial Shield for Large Companies". In accordance with the provisions of the program, when granting financing under the program and where a given commercial undertaking is a portfolio company of the fund, whose portion of the asset portfolio is managed by the Group, then the Group is obligated, before granting such financing, to transfer such exposure to date to the program's account. The transfer should be effected at the value following from the measurement of the fund's assets as at 31 March 2020. On 15 February 2023, under the agreement between the Group and MTG S.A., some of the MTG S.A. shares were partially sold by the Group to MTG S.A. The amount of the transaction was PLN 8,700,000.00. As at 31 December 2023, the Group held a block of 175,000 shares of MTG S.A. (18.36% of the overall number of shares).

Bonds

As at 31 December 2023, the Group held 54,412 (say: fifty four thousand four hundred and twelve) series A registered discount bonds and 62,047 (say: sixty two thousand and forty seven) series B registered discount bonds purchased from Trenino Holding Spółka z ograniczoną odpowiedzialnością, of the total nominal value of PLN 116,459,000.00, with the redemption date of 31 December 2026. The Group purchased the bonds from Trenino Holding Spółka z ograniczoną odpowiedzialnością for the total amount of PLN 57,999,700.66. The effective interest rate of the bonds is 9% per annum.

As part of the process of reviewing the value of the Group's investments, these bonds were tested for potential impairment. The indication that led to impairment testing was the necessity to verify whether the bondholder will have the capacity to redeem the bonds on maturity. The Group carried out a valuation based on the planned valuation of assets of Trenino Holding sp. z o.o. coupled with a sensitivity analysis. The multiplier method employing the EV/EBITDA ratio was used. Based on the test, the Group believes that there are no indications for recognizing an impairment loss.

As at 31 December 2023, the Group held 280,000 (two hundred eighty thousand) series B registered bonds purchased from PFR Porty Sp. z o.o., of the total nominal value of PLN 280,000,000.00 and the redemption date of 19 April 2029. As at the date of this report, the bonds bore interest at the rate of 10.66% (Wibor 3M = 6.66% + margin 4%). On 31 August 2023, series B bonds were redeemed early in the total amount of PLN 20,000,000.00.

PFR S.A. believes that there are no indications for carrying out an impairment test for bonds issued by PFR Porty Sp. z o.o. The issuer receives proceeds from the servicing of loans it granted and from a dividend paid by Baltic Hub Sp. z o.o., which ensures a stable source of servicing debt financing. In 2024 and in the following years, PFR Porty Sp. z o.o. does not plan to amend the loan agreements and the terms and conditions of the bond issue in a way that would result in deferring repayment by PFR Porty Sp. z o.o.

As at 31 December 2023, the Group held 37,000 (thirty seven thousand) Treasury bonds of WZ0126, WZ0124, DS0725, WZ0525, WZ0524 and WZ1126 series with a total par value of PLN 37,000,000.00.

Investment certificates

Investment certificates: PFR Local Government Investment Fund FIZAN (PFR FIS):

As at 31 December 2023, the Group held 591,256 fully paid-up PFR FIS Investment Certificates with a nominal value of PLN 587,499,543.40 and 91,348 not fully paid-up Investment Certificates with a nominal value of PLN 94,999,179.56, for which PFR S.A. contributed a total of PLN 9,134.80. This represented 100% of the investment certificates in the PFR FIS fund. The total fair value of PFR FIS Investment Certificates was PLN 628,108,864.22.

Scope of operation: PFR Local Government Investment Fund FIZAN (PFR FIS):

According to its strategy, PFR FIS makes investments to support local governments in Poland in financing their important projects. The fund invests in equity and debt. Some of the entities the fund invests in include: water and sewage companies, municipal property management companies, exhibition companies, companies building and managing parking spaces, companies engaged in construction and management of waste thermal treatment plants. PFR FIS is planning both direct investment in local government companies as well as investment in companies of private partners engaged in the execution of local government tasks, which is reflected in the fund's investment goals.

Investment certificates: PFR Investment Fund FIZAN (PFR FI):

As at 31 December 2023, the Group held 5,991,037 fully paid-up PFR FI Investment Certificates which represented approx. 69.98% of investment certificates in the PFR FI fund. The fair value of PFR FI Investment Certificates held by PFR S.A. as at 31 December 2023 was PLN 5,458,195,190.42.

Scope of operation: PFR Investment Fund FIZAN (PFR FI):

According to its strategy, PFR FI invests in projects in various sectors of the economy, including infrastructure, industry, energy sector, commerce and services and other sectors. The main forms of PFR FI's investments include equity (shares) and debt financing. The fund focuses on projects, in which (i) primary production resources are located in Poland or the Polish exclusive economic zone on the Baltic sea, (ii) the major part of their revenue is derived from the Polish market, or (iii) operations are otherwise strongly linked to the Polish economy.

Investment certificates: PFR Fund of Funds FIZ (PFR FF):

As at 31 December 2023, the Group held 870,924 fully paid-up PFR FF Investment Certificates with a nominal value of PLN 854,994,583.41 and 149,000 not fully paid-up Investment Certificates with a nominal value of PLN 149,000,000, for which PFR S.A. paid a total of PLN 25,709,900.00. This represented 100% of the investment certificates in the PFR FF fund. As at 31 December 2023, the total fair value of PFR FF Investment Certificates was PLN 947,674,704.54.

Scope of operation: PFR Fund of Funds FIZ (PFR FF):

According to its strategy, PFR FF invests in Private Equity, Private Debt and Venture Capital funds. The fund's extended investment strategy envisages that part of its assets is allocated into private equity funds whose investment strategy

addresses predominantly projects in climate-tech sectors or related industries, supporting the so-called green energy transition (the GreenHub Program).

Investment certificates: Housing Sector Development Fund FIZAN (Fundusz Sektora Mieszkań dla Rozwoju, FSMdR):
As at 31 December 2023, the Group held 9,468,491 fully paid-up FSMdR Investment Certificates representing 100% of the fund's investment certificates with a total fair value of PLN 2,471,629,097.96.

Scope of operation: Housing Sector Development Fund FIZAN (FSMdR):

The purpose of the Fund is to increase the availability of price-attractive apartments by cooperating with local government units, in order to carry out investments increasing the availability of apartments in selected cities across Poland and enabling the use of rent subsidies pursuant to the act on residential spending and the act on the protection of residents' rights. In accordance with its strategy, FSMdR's investments are made in the form of debt financing or acquisition of shares in special purpose companies that acquire or construct large real estate projects (land and residential buildings) in Poland intended for rental in a price segment aimed at a large group of tenants. FSMdR also has a special investment form, i.e. shares in an operating company providing operational services (i.e., for example, coordination of financial, corporate and rental management support) for special purpose companies of FSMdR and of another real estate fund, i.e. FSMnW.

The planned time horizon of its investments, which make up the Investment Projects, is about 35 years.

Investment Certificates: Rental Housing Fund FIZAN (Fundusz Sektora Mieszkań na Wynajem, FSMnW):

In 2023, 150,801 FSMnW Investment Certificates were redeemed. As at 31 December 2023, the Group held 908,701 fully paid-up FSMnW Investment Certificates representing 100% of the fund's investment certificates with a total fair value of PLN 1,525,760,547.58.

Scope of operation: Rental Housing Fund FIZAN (FSMnW):

In accordance with its strategy, FSMnW's investments are made in the form of debt financing or acquisition of shares in special purpose companies that acquire or construct real estate projects (land and residential buildings) in Poland intended for commercial rentals on market terms. The fund makes its investments in the largest cities of Poland and has a broad range of apartments on offer. The FSMnW's concept is a response to the growing demand for medium and long-term rental of fitted-out and furnished apartments.

Investment certificates: PFR KOFFI FIZ (KOFFI):

In 2023, 11,080 KOFFI Investment Certificates held by PFR S.A. were redeemed. As at 31 December 2023, the Group held 99,398 fully paid-up KOFFI Investment Certificates representing approx. 48.77% of the fund's investment certificates with a total fair value of PLN 96,714,905.96.

Scope of operation: PFR KOFFI FIZ (KOFFI):

According to its strategy, KOFFI is an alternative investment fund, designated to implement the financial instrument under the Smart Growth Operational Programme, Measure 3.1: Financing of innovations in SMEs with venture capital, sub-measure 3.1.4. KOFFI (Konkurencyjny Ogólnopolski Fundusz Funduszy Innowacyjnych, Competitive All-Poland Fund of Innovation Funds). The primary objective of the KOFFI Fund is indirect financing of the development of Polish innovative micro, small and medium-sized enterprises by building the investment portfolio of Venture Capital funds and growing their value. KOFFI's intermediate goal is to support the development of Polish companies in the stage of growth, development and expansion, to take the business of Polish companies international, as well as to activate private investors in Poland.

Investment Certificates: Foreign Expansion Fund 2 FIZAN (FEZ2)

As at 31 December 2023, the Group held 600,000 not fully paid-up FEZ2 Investment Certificates with a nominal value of PLN 600,000,000, to which PFR S.A. contributed a total of PLN 26,000,000.00. This represented 100% of the investment certificates in the FEZ2 fund. The fair value of FEZ2 Investment Certificates held by PFR S.A. as at 31 December 2023 was PLN 18,959,274.38.

Scope of operation: Foreign Expansion Fund 2 FIZAN (FEZ2)

In accordance with its strategy, FEZ2 supports and finances foreign expansion of Polish companies. The Fund's main goal is to provide financing through co-investment in international projects in order to accelerate the development and increase the scale of operation of Polish companies. The Fund finances projects related to acquisitions abroad, construction of own production or distribution facilities, establishment of a new or development of an existing foreign subsidiary of a Polish company. The Fund invests in various sectors of the economy in both developed and developing countries. The Fund invests in production, distribution and service companies.

Investment certificates: PFR NFOŚiGW FIZAN (NFOŚiGW):

As at 31 December 2023, the Group held 300 Investment Certificates of NFOŚiGW. The fair value of NFOŚiGW Investment Certificates held by PFR S.A. as at 31 December 2023 was PLN 251.81.

Scope of operation: PFR NFOŚiGW FIZAN (NFOŚiGW):

The Fund was established to implement the priority program named "Industry for Transformation - Increasing the Potential of Businesses to Produce Zero and Low Carbon Solutions", which is part of Measure E1.1.1. (Support for a low carbon economy) of the National Recovery and Resilience Plan. The Fund has not yet started its operations because of the ongoing negotiations of the program documentation between the involved parties and the planned revisions of the National Recovery and Resilience Plan related to Measure E1.1.1. investments.

10.2.4. Non-current financial assets in subsidiaries, co-subsidiaries and associates measured by the equity method

	31 December 2023	31 December 2022
Shares of SKB DRIVE TECH S.A. – purchase price	-	11,999,999.15
Goodwill amortization	-	(2,638,944.15)
Share in the financial result	-	(862,138.57)
	-	8,498,916.43
	31 December 2023	31 December 2022
Shares of Polska Agencja Ratingowa S.A. – purchase price	2,777,730.00	2,777,730.00
Goodwill amortization	(1,684,866.00)	(1,432,135.00)
Share in the financial result	(2,026,634.89)	(1,828,306.27)
	(933,770.89)	(482,711.27)
	31 December 2023	31 December 2022
Shares of Operator Chmury Krajowej Sp. z o.o. – purchase price	77,500,000.00	77,500,000.00
Goodwill amortization	-	-
Share in the financial result	(59,853,508.44)	(53,621,008.44)
	17,646,491.56	23,878,991.56

10.3. Revaluation of non-current investments

in the period from 1 January 2023 to 31 December 2023

	Loans granted	Other shares	Investment certificates	Receivables under the Public-Private Partnership Contract	Shares of Bank Pekao S.A.	Treasury bonds
Opening balance 1 January 2023	-	(2,877,794.00)	396,991,961.88	-	(1,226,746,601.77)	-
Increase by virtue of revaluation allowance/ remeasurement	254,319.57	1,167,687.06	1,368,200,140.54	-	2,202,228,681.30	-
Decrease by virtue of revaluation allowance/ remeasurement	(273,212.20)	(720,254.85)	-	-	-	-
Closing balance 31 December 2023	(18,892.63)	(2,430,361.79)	1,765,192,102.42	-	975,482,079.53	-

in the period from 1 January 2022 to 31 December 2022

	Loans granted	Other shares	Investment certificates	Receivables under the Public-Private Partnership Contract	Shares of Bank Pekao S.A.	Treasury bonds
Opening balance 1 January 2022	-	(4,645,454.76)	(4,441,261.01)	4,688,822.16	(34,082,708.77)	(46,027,508.01)
Increase by virtue of revaluation allowance/remeasurement	-	-	401,433,222.89	-	-	26,847,713.72
Reduction by virtue of measurement at adjusted purchase price	-	-	-	(4,688,822.16)	-	-
Decrease by virtue of revaluation allowance/remeasurement	-	(3,432,338.90)	-	-	(1,192,663,893.00)	-
Transfer of the write-off to current investments	-	5,199,999.66	-	-	-	19,179,794.29
Closing balance 31 December 2022	-	(2,877,794.00)	396,991,961.88	-	(1,226,746,601.77)	-

10.4. List of other companies in which the Group holds an equity stake (excluding associates and co-subsidiaries)

in the period from 1 January 2023 to 31 December 2023

Company name	Registered office	% of shares held	% of total number of votes in the governing body	Net profit for the financial year (in PLN thousand)	Equity as at the balance sheet date (in PLN thousand)	Carrying amount (in PLN thousand)
Bank Pekao S.A.	Poland	12.80%	12.80%	6,718,000	29,895,000	5,108,297
Mabion S.A.	Poland	0.50%	0.50%	41,269	117,776	1,536
Hertz Systems LTD Sp. z o.o.	Poland	14.64%	14.64%	2,737	4,907	1,909

in the period from 1 January 2022 to 31 December 2022

Company name	Registered office	% of shares held	% of total number of votes in the governing body	Net profit for the financial year (in PLN thousand)	Equity as at the balance sheet date (in PLN thousand)	Carrying amount (in PLN thousand)
Bank Pekao S.A.	Poland	12.80%	12.80%	1,898,320	22,189,537	2,906,068
Mabion S.A.	Poland	0.50%	0.50%	23,192	76,507	1,777
Hertz Systems LTD Sp. z o.o.	Poland	11.50%	11.50%	210	2,130	632

10.5. List of associates, co-subsidiaries and subsidiaries*in the period from 1 January 2023 to 31 December 2023*

Company name	Registered office	% of shares held	% of total number of votes in the governing body	Net profit for the financial year (in PLN thousand)	Equity as at the balance sheet date (in PLN thousand)	Carrying amount (in PLN thousand)
PFR Ventures Sp. z o.o.	Poland	100.00%	100.00%	5,063	105,053	101,141
PFR Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100.00%	100.00%	6,273	67,993	48,967
PFR Nieruchomości S.A.	Poland	100.00%	100.00%	10,381	54,894	44,772
PFR Portal PPK Sp. z o.o.	Poland	100.00%	100.00%	(1,813)	8,316	47,850
PFR Operacje Sp. z o.o.	Poland	100.00%	100.00%	1,714	18,423	27,022
Operator Chmury Krajowej Sp. z o.o.	Poland	50.00%	50.00%	(12,626)	24,820	77,500
Polska Agencja Ratingowa S.A.	Poland	35.86%	35.86%	(465)	1,313	2,778
PFR Ventures Sp. z o.o. Inwestycje Bezpośrednie ASI S.K.A.	Poland	100.00%	100.00%	(522)	12,844	11,942
PFR Ventures Sp. z o.o. Innovation Fund ASI S.K.A.	Poland	100.00%	100.00%	(930)	19,570	20,499

in the period from 1 January 2022 to 31 December 2022

Company name	Registered office	% of shares held	% of total number of votes in the governing body	Net profit for the financial year (in PLN thousand)	Equity as at the balance sheet date (in PLN thousand)	Carrying amount (in PLN thousand)
PFR Ventures Sp. z o.o.	Poland	100.00%	100.00%	9,333	99,990	101,141
PFR Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100.00%	100.00%	1,860	61,720	48,967
PFR Nieruchomości S.A.	Poland	100.00%	100.00%	8,379	44,512	44,772
PFR Portal PPK Sp. z o.o.	Poland	100.00%	100.00%	(6,699)	9,679	47,400
PFR Operacje Sp. z o.o.	Poland	100.00%	100.00%	(3,299)	16,710	27,022
Operator Chmury Krajowej Sp. z o.o.	Poland	50.00%	50.00%	(20,164)	37,228	77,500
Polska Agencja Ratingowa S.A.	Poland	35.86%	35.86%	1,085	1,795	2,778
SKB DRIVE TECH S.A.	Poland	23.10%	23.10%	3,320	29,140	11,803

11. NON-CURRENT RECEIVABLES

11.1. Structure of non-current receivables

*in the period from 1 January 2023
to 31 December 2023*

	Gross amount	Impairment allowances for receivables	Net value
From related parties	-	-	-
From other entities in which the company holds an equity stake	-	-	-
From other entities	4,281,993.94	-	4,281,993.94
	4,281,993.94	-	4,281,993.94

*in the period from 1 January 2022
to 31 December 2022*

	Gross amount	Impairment allowances for receivables	Net value
From related parties	-	-	-
From other entities in which the company holds an equity stake	-	-	-
From other entities	3,807,214.10	-	3,807,214.10
	3,807,214.10	-	3,807,214.10

11.2. Impairment allowances for non-current receivables

The Group did not make any revaluation allowances for non-current receivables in the reporting period.

12. NON-CURRENT PREPAYMENTS AND ACCRUALS

	31 December 2023	31 December 2022
Insurance	999,326.23	1,257,814.90
IT services	44,944.23	129,830.78
Access to information service platforms, media subscriptions	-	4,272.74
Training courses and conferences	12,662.95	-
Other	29,751.28	23,315.78
	1,086,684.69	1,415,234.20

13. CURRENT RECEIVABLES

13.1. Age structure of current trade receivables from related parties

Not applicable.

13.2. Age structure of current trade receivables from other entities, in which the company holds an equity stake

	31 December 2023	31 December 2022
Remaining maturity:		
Up to 12 months	9,225.00	2,547,339.07
Over 12 months	-	-
	9,225.00	2,547,339.07
Accounts receivable, gross	9,225.00	2,547,339.07
Revaluation allowance for receivables	-	(668,695.38)
Net receivables	9,225.00	1,878,643.69

13.3. Age structure of current trade receivables from other entities

	31 December 2023	31 December 2022
Remaining maturity:		
Up to 12 months	20,448,954.52	28,461,384.06
Over 12 months	-	-
	20,448,954.52	28,461,384.06
Accounts receivable, gross	20,448,954.52	28,461,384.06
Revaluation allowance for receivables	(92,092.43)	-
Net receivables	20,356,862.09	28,461,384.06

13.4. Structure of other receivables from related parties

Not applicable.

13.5. Structure of other receivables from other entities in which the company holds an equity stake

Not applicable.

13.6. Structure of other receivables from other entities

	31 December 2023	31 December 2022
Receivables associated with the Shield, KPO	51,192,917,801.29	45,971,628,002.14
Other receivables	3,693,486.12	407,179,629.35
	51,196,611,287.41	46,378,807,631.49
Accounts receivable, gross	51,196,611,287.41	46,378,807,631.49
Revaluation allowance for receivables	-	-
Net receivables	51,196,611,287.41	46,378,807,631.49

The change in the balance of receivables is mainly due to the balance of settlements with the State Treasury related to the Financial Shield programs, including related to the transfer of funds for the KPO program.

13.7. Impairment allowances for current trade receivables

	Related parties	Other entities in which the company holds an equity stake	Other entities
1 January 2023	-	(668,695.38)	-
Additions	-	-	(92,092.43)
Utilization	-	-	-
Reversal	-	668,695.38	-
31 December 2023	-	-	(92,092.43)

	Related parties	Other entities in which the company holds an equity stake	Other entities
1 January 2022	-	(668,695.38)	-
Additions	-	-	-
Utilization	-	-	-
Reversal	-	-	-
31 December 2022	-	(668,695.38)	-

14. CURRENT INVESTMENTS

14.1. Current financial assets in related parties

Not applicable.

14.2. Current financial assets in other entities in which the company holds an equity stake

	31 December 2023	31 December 2022
Shares	-	631,769.12
Loans granted	-	8,369,177.51
	-	9,000,946.63

14.3. Current financial assets in other entities

	31 December 2023	31 December 2022
Other securities, including:	395,413,939.90	4,694,993,606.18
Certificates of deposit	-	3,511,200,000.00
Bonds of PFR Porty Sp. z o.o.	29,923,410.01	53,548,248.99
Bonds of Nowel Sp. z o.o.	-	34,226,272.62
Treasury bonds	-	1,096,019,084.57
Corporate bonds	352,155,591.10	-
Loans granted, including:	4,485,028,865.77	9,910,464,830.40
Financial subsidies granted under the Financial Shield for MSMEs 1.0 government programs	2,358,094,458.82	7,902,700,053.39
Loans granted under the Financial Shield for Large Companies government program	592,623,366.18	726,220,816.80
Financial subsidies granted under the Financial Shield for MSMEs 2.0 government programs	607,134,330.09	816,493,179.69
Loans granted under the Financial Shield for LOT Polish Airlines government program	927,176,710.68	463,666,386.47
Other current financial assets	88,236,410.96	-
	4,968,679,216.63	14,605,458,436.58

14.4. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash in hand and at bank, including:	129,709,726.31	94,577,824.88
Bank account of the Financial Shield for MSMEs 1.0 program	500,531.20	7,993,789.67
Bank account of the Financial Shield for Large Companies program	1,441,043.49	21,839.70
Bank account of the program of the Financial Shield for LOT Polish Airlines	78,752.59	9,411.41
Bank account of the Financial Shield for MSMEs 2.0 program	428,322.19	653,509.43
Bank account of the KPO program	1,617,216.71	-
Other cash, including:	17,404,251,710.46	12,832,004,280.44
Bank deposits of the Financial Shield for MSMEs 1.0 program	15,379,955,617.81	11,193,248,811.23
Bank deposits of the Financial Shield for Large Companies program	878,943,198.36	364,261,647.48
Bank deposits of the Financial Shield program for LOT Polish Airlines	300,413.51	5,168,187.12
Bank deposits of the Financial Shield for MSMEs 2.0 program	531,197,299.51	553,415,157.53
VAT bank account	16,560,012.00	227,682.95
	17,533,961,436.77	12,926,582,105.32
including:		
restricted cash	16,942,201,476.29	12,240,655,791.89

In accordance with item 20 (Accounts) of the Loan Agreement of 30 May 2017 granted to PFR S.A. by Powszechna Kasa Oszczędności Bank Polski S.A. earmarked for the purchase of a block of shares of Bank Pekao S.A., PFR S.A. was obligated to set up a Debt Service Reserve Account. In accordance with the Loan Agreement, PFR S.A. is obligated to deposit cash needed to service the debt in the Debt Service Reserve Account. The cash was presented as at 31 December 2023 as restricted cash.



Pursuant to the agreement of 27 April 2020 on the conditions and procedure for providing funds for the execution of government programs (as amended), PFR S.A. set up separate bank accounts dedicated to each government program, which are used exclusively to: (i) deposit cash received under external financing; (ii) pay out program financing; (iii) deposit program revenues; and (iv) perform other settlements related to the execution of government programs. In connection with the above, the cash deposited in the accounts was presented as at 31 December 2023 as restricted cash.

As at 31 December 2023, the cash included in the cash flow statement is PLN 16,942,201,476.29.

15. CURRENT PREPAYMENTS AND ACCRUALS

	31 December 2023	31 December 2022
Insurance	1,483,756.65	1,151,858.15
IT services	1,142,267.46	1,868,074.93
Access to information service platforms	511,588.78	201,309.00
Promotional and advertising activities	9,820.25	-
Training courses and conferences	192,519.78	258,158.45
Subscriptions	18,184.68	16,544.56
Licenses	1,049,470.64	831,118.25
Subsidies	519,322.92	265,631.02
Rent and service and maintenance fees	411,816.98	519,121.41
Membership fees	40,492.33	37,125.77
Commissions	30,521.75	31,153.31
Other	4,615,737.16	1,351,673.52
	10,025,499.38	6,531,768.37

16. EQUITY

16.1. Share capital of the Parent company

*in the period from 1 January 2023
to 31 December 2023*

	Number of shares	Par value of shares	Share in %
Shareholder			
State Treasury	11,460,907,779.00	11,460,907,779.00	99.869%
Bank Gospodarstwa Krajowego	15,000,000.00	15,000,000.00	0.131%
	11,475,907,779.00	11,475,907,779.00	100.000%

	State Treasury	BGK
Series A	300,000.00	-
Series B	-	15,000,000.00
Series C	1,143,062,525.00	-
Series D	1,294,964,028.00	-
Series E	2,499,926,000.00	-
Series F	6,522,655,226.00	-
	11,460,907,779.00	15,000,000.00

300,000 Series A shares owned by the State Treasury are preferred shares in terms of voting rights with two votes per share.

*in the period from 1 January 2022
to 31 December 2022*

	Number of shares	Par value of shares	Share in %
Shareholder			
State Treasury	11,460,907,779.00	11,460,907,779.00	99.869%
Bank Gospodarstwa Krajowego	15,000,000.00	15,000,000.00	0.131%
	11,475,907,779.00	11,475,907,779.00	100.000%

	State Treasury	BGK
Series A	300,000.00	-
Series B	-	15,000,000.00
Series C	1,143,062,525.00	-
Series D	1,294,964,028.00	-
Series E	2,499,926,000.00	-
Series F	6,522,655,226.00	-
	11,460,907,779.00	15,000,000.00

16.2. Change in the revaluation reserve

Revaluation reserve

	31 December 2023	31 December 2022
As at the beginning of the period	(647,408,084.56)	137,989,892.30
Fair value remeasurement of investment certificates	1,368,200,140.54	197,084,073.67
Fair value remeasurement of Bank Pekao S.A. shares	2,202,228,681.30	(1,192,663,893.00)
Fair value remeasurement of Treasury bonds	19,179,794.29	26,847,713.72
Fair value remeasurement of Mabion S.A. shares	2,877,794.00	(3,432,338.90)
Forward valuation	-	(45,378.45)
Deferred tax liability	(448,142,964.22)	(30,343,288.21)
Deferred tax asset	(234,429,453.71)	217,155,134.31
Revaluation reserve - other	1,422,006.63	-
Balance as at the end of the period	2,263,927,914.27	(647,408,084.56)

The change in the revaluation reserve is due to the fair value remeasurement of investment certificates, shares in Bank Pekao S.A. and Treasury bonds, as well as recognition of the amounts of the deferred tax assets and liabilities in the revaluation reserve. The tables below present each revaluation of investment certificates, Bank Pekao S.A. shares and Treasury bonds:

Investment certificates

as at 31 December
2023

	Amount paid by the PFR Group	Fair value of IC	Increase/Decrease	Valuation difference
PFR FIS	586,590,303.20	628,108,864.22	41,518,561.02	50,027,688.58
PFR FF	880,704,483.41	947,674,704.54	66,970,221.13	(35,131,987.19)
FSMdR	2,146,077,234.66	2,471,629,097.96	325,551,863.30	182,906,854.77
FSMnW	1,231,764,194.07	1,525,760,547.58	293,996,353.51	176,505,567.16
PFR KOFFI	97,861,832.25	96,714,905.96	(1,146,926.29)	(8,532,586.31)
PFR FI (after the merger)	4,412,851,986.49	5,458,195,190.42	1,045,343,203.93	1,009,465,777.71
FEZ 2	26,000,000.00	18,959,274.38	(7,040,725.62)	(7,040,725.62)
PFR NFOŚiGW	700.37	251.81	(448.56)	(448.56)
Total	9,381,850,734.45	11,147,042,836.87	1,765,192,102.42	1,368,200,140.54

As at 31 December 2023, an analysis was carried out to determine whether there were any indications of impairment of the investment certificates held by PFR S.A. The analysis did not identify any indications that an impairment test was required, as most of the investment certificates have appreciated in value relative to the amounts originally invested, or (in the case of 2 funds) a small, temporary decline in value consistent with the fund's life cycle.

as at 31 December 2022

	Amount paid by the PFR Group	Fair value of IC	Increase/Decrease	Valuation difference
PFR FIS	506,590,000.60	498,080,873.04	(8,509,127.56)	(8,385,710.43)
PFR FF	626,705,044.87	728,807,253.19	102,102,208.32	11,170,107.17
FSMdR	1,551,077,696.74	1,693,722,705.27	142,645,008.53	145,099,164.62
FSMnW	633,073,759.52	750,564,545.87	117,490,786.35	111,992,628.21
PFR KOFFI	74,815,135.00	82,200,795.02	7,385,660.02	6,206,226.25
PFR FI (after the merger)	4,412,851,986.49	4,448,729,412.71	35,877,426.22	135,350,807.07
Total	7,805,113,623.22	8,202,105,585.10	396,991,961.88	401,433,222.89

As at 31 December 2022, an analysis was carried out to determine whether there were any indications of impairment of the investment certificates held by PFR S.A. The analysis did not identify any indications that an impairment test was required, as most of the investment certificates have appreciated in value relative to the amounts originally invested, or (in the case of one fund) a small, temporary decline in value was noted, which largely recovered by March 2023.

As a result of the merger of the FIIK, FIPP and PFR I funds into the new PFR FI fund, the valuation of the investment certificates as at the merger dates, i.e. PLN 255.3 million in 2021 and PLN -196.1 million in 2022, respectively, increased the purchase price of the acquired funds. In addition, investment certificates of the merged fund in the amount of PLN 8.3 million were redeemed in 2022. In connection with the above, the valuation difference of the Investment Certificates presented in the table below is not in line with the fair value remeasurement of the Investment Certificates included in the revaluation reserve. The difference between these amounts as at the end of 2022 was PLN -204.4 million.

Shares of Bank Pekao S.A.

	31 December 2023	31 December 2022
Share purchase value	4,132,814,960.77	4,132,814,960.77
Fair value	5,108,297,040.30	2,906,068,359.00
	975,482,079.53	(1,226,746,601.77)

Treasury bonds

	31 December 2023	31 December 2022
Bonds purchase price	-	1,150,749,262.31
Interest accrued	-	1,698,366.11
Fair value	-	1,133,267,834.13
	-	(19,179,794.29)

16.3. Change in supplementary capital

Supplementary capital

	31 December 2023	31 December 2022
As at the beginning of the period	1,360,286,382.17	1,160,338,793.63
Additions, including mainly:	271,228,638.21	199,947,588.54
- <i>distribution of profit (statutory)</i>	238,615,425.21	193,472,813.54
Balance as at the end of the period	1,631,515,020.38	1,360,286,382.17

17. PROVISIONS

17.1. Provisions for pension and similar benefits

in the period from 1 January 2023 to 31 December 2023

	Provisions for retirement and disability severance pay	Provisions for non-utilized annual leaves	Provisions for bonuses	Other employee provisions	Total
1 January 2023	562,890.03	7,530,037.48	43,516,476.16	44,200.00	51,653,603.67
Additions	423,699.72	3,919,043.11	49,753,900.34	9,687.00	54,106,330.17
Utilization	-	(11,605.28)	(39,947,611.78)	-	(39,959,217.06)
Reversal	(189,029.00)	(4,079,371.62)	(6,530,692.21)	-	(10,799,092.83)
31 December 2023	797,560.75	7,358,103.69	46,792,072.51	53,887.00	55,001,623.95
<i>non-current</i>	735,491.48	-	3,267,574.28	52,838.00	4,055,903.76
<i>current</i>	62,069.27	7,358,103.69	43,524,498.23	1,049.00	50,945,720.19

in the period from 1 January 2022 to 31 December 2022

	Provisions for retirement and disability severance pay	Provisions for non-utilized annual leaves	Provisions for bonuses	Other employee provisions	Total
1 January 2022	823,230.35	7,860,108.84	35,170,193.60	-	43,853,532.79
Additions	223,605.00	4,081,209.69	48,433,471.09	44,200.00	52,782,485.78
Utilization	-	(43,404.49)	(34,040,255.69)	-	(34,083,660.18)
Reversal	(483,945.32)	(4,367,876.56)	(6,046,932.84)	-	(10,898,754.72)
31 December 2022	562,890.03	7,530,037.48	43,516,476.16	44,200.00	51,653,603.67
<i>non-current</i>	485,861.03	-	2,373,964.19	43,420.00	2,903,245.22
<i>current</i>	77,029.00	7,530,037.48	41,142,511.97	780.00	48,750,358.45

17.2. Other provisions

in the period from 1 January 2023 to 31 December 2023

	Provisions for accounting, consulting and audit services	Provisions for rental of office space	Other provisions	Total
1 January 2023	366,825.63	2,905,461.74	3,662,312.59	6,934,599.96
Additions	905,070.30	-	7,406,135.53	8,311,205.83
Utilization	(438,068.77)	(772,548.60)	(5,961,885.03)	(7,172,502.40)
Reversal	(128,607.10)	(294,509.39)	(2,065,449.00)	(2,488,565.49)
31 December 2023	705,220.06	1,838,403.75	3,041,114.09	5,584,737.90
<i>non-current</i>	-	315,159.44	45,397.52	360,556.96
<i>current</i>	705,220.06	1,523,244.31	2,995,716.57	5,224,180.94

in the period from 1 January 2022 to 31 December 2022

	Provisions for accounting, consulting and audit services	Provisions for rental of office space	Other provisions	Total
1 January 2022	288,506.04	3,771,905.38	2,461,827.31	6,522,238.73
Additions	327,363.53	223,061.76	2,496,887.45	3,047,312.74
Utilization	(248,189.11)	(1,026,983.09)	(1,083,286.99)	(2,358,459.19)
Reversal	(854.83)	(62,522.31)	(213,115.18)	(276,492.32)
31 December 2022	366,825.63	2,905,461.74	3,662,312.59	6,934,599.96
<i>non-current</i>	-	784,005.79	-	784,005.79
<i>current</i>	366,825.63	2,121,455.95	3,662,312.59	6,150,594.17

18. NON-CURRENT LIABILITIES

18.1. Age structure of non-current liabilities to related parties

Not applicable.

18.2. Age structure of non-current liabilities to other entities in which the company holds an equity stake

Not applicable.

18.3. Age structure of non-current liabilities towards other entities

as at 31 December 2023

	Loans and borrowings	Issues of debt securities	Other financial liabilities	Bill-of-exchange liabilities	Other	Total
Maturing in:						
1 to 3 years	-	34,193,163,774.13	3,791,429.05	-	2,289,084.99	34,199,244,288.17
3 to 5 years	-	19,969,845,872.77	-	-	-	19,969,845,872.77
over 5 years	-	2,981,182,907.30	-	-	-	2,981,182,907.30
	-	57,144,192,554.20	3,791,429.05	-	2,289,084.99	57,150,273,068.24

As at 31 December 2023 non-current liabilities included mainly liabilities of PFR S.A. arising from the issue of debt securities under Financial Shield programs executed by PFR S.A.

as at 31 December 2022

	Loans and borrowings	Issues of debt securities	Other financial liabilities	Bill-of-exchange liabilities	Other	Total
Maturing in:						
1 to 3 years	1,581,456,019.11	50,417,595,039.49	1,348,063.51	-	2,175,700.00	52,002,574,822.11
3 to 5 years	-	18,063,153,266.71	-	-	-	18,063,153,266.71
over 5 years	-	4,875,582,956.87	-	-	-	4,875,582,956.87
	1,581,456,019.11	73,356,331,263.07	1,348,063.51	-	2,175,700.00	74,941,311,045.69

As at 31 December 2022 non-current liabilities included mainly liabilities of PFR S.A. arising from the issue of debt securities and a loan granted by Bank PKO BP S.A. to PFR S.A. for the purchase of Bank Pekao S.A. shares.

18.4. Liabilities arising from the issue of debt securities – Financial Shield

in the period from 1 January 2023 to 31 December 2023

Abbreviated bond name	Issue date	Par value	Issue price	Currency	Maturity	Interest rate	Carrying amount as at 31 December 2023
PFR0324	27.04.2020	16,325,000,000.00	16,306,879,250.00	PLN	2024	1.375%	16,475,585,284.14
PFR0325	8.05.2020	18,500,000,000.00	18,423,595,000.00	PLN	2025	1.625%	18,673,558,437.18
PFR0925	22.05.2020	15,175,000,000.00	15,134,634,500.00	PLN	2025	1.625%	15,311,588,893.40
PFR0627	5.06.2020	10,000,000,000.00	9,923,200,000.00	PLN	2027	1.750%	10,060,678,679.20
PFR0330	5.06.2020	2,000,000,000.00	1,993,080,000.00	PLN	2030	2.000%	2,018,208,102.28
PFR1227	10.12.2020	500,000,000.00	500,000,000.00	PLN	2027	1.400%	500,391,554.32
PFR0927	14.12.2020	2,000,000,000.00	1,997,980,000.00	PLN	2027	1.500%	2,000,227,497.50
PFR092027	23.12.2020	900,000,000.00	893,682,000.00	PLN	2027	1.375%	896,685,895.42
PFR0827	15.01.2021	5,250,000,000.00	5,243,490,000.00	PLN	2027	1.375%	5,315,483,321.09
PFR0330 B	3.02.2021	1,250,000,000.00	1,279,143,837.50	PLN	2030	2.000%	1,272,992,297.30
PFR0228	5.02.2021	1,000,000,000.00	1,000,000,000.00	PLN	2028	1.300%	1,011,695,304.26
PFR0228 B	12.02.2021	1,000,000,000.00	1,000,000,000.00	PLN	2028	1.375%	1,012,104,566.48
		73,900,000,000.00	73,695,684,587.50	-	-	-	74,549,199,832.57

in the period from 1 January 2022 to 31 December 2022

Abbreviated bond name	Issue date	Par value	Issue price	Currency	Maturity	Interest rate	Carrying amount as at 31 December 2022
PFR0324	27.04.2020	16,325,000,000.00	16,306,879,250.00	PLN	2024	1.375%	16,471,008,192.90
PFR0325	8.05.2020	18,500,000,000.00	18,423,595,000.00	PLN	2025	1.625%	18,658,050,081.82
PFR0925	22.05.2020	15,175,000,000.00	15,134,634,500.00	PLN	2025	1.625%	15,304,009,826.36
PFR0627	5.06.2020	10,000,000,000.00	9,923,200,000.00	PLN	2027	1.750%	10,049,882,503.77
PFR0330	5.06.2020	2,000,000,000.00	1,993,080,000.00	PLN	2030	2.000%	2,017,540,946.54
PFR1227	10.12.2020	500,000,000.00	500,000,000.00	PLN	2027	1.400%	500,394,390.27
PFR0927	14.12.2020	2,000,000,000.00	1,997,980,000.00	PLN	2027	1.500%	1,999,940,772.15
PFR092027	23.12.2020	900,000,000.00	893,682,000.00	PLN	2027	1.375%	895,767,450.45
PFR0827	15.01.2021	5,250,000,000.00	5,243,490,000.00	PLN	2027	1.375%	5,314,526,840.73
PFR0330 B	3.02.2021	1,250,000,000.00	1,279,143,837.50	PLN	2030	2.000%	1,274,328,975.41
PFR0228	5.02.2021	1,000,000,000.00	1,000,000,000.00	PLN	2028	1.300%	1,011,700,548.96
PFR0228 B	12.02.2021	1,000,000,000.00	1,000,000,000.00	PLN	2028	1.375%	1,012,110,123.53
		73,900,000,000.00	73,695,684,587.50	-	-	-	74,509,260,652.89

The amount of liabilities arising from the issue of debt securities includes the following values:

	Liabilities arising from the issue of debt securities as at 31 December 2023	Liabilities arising from the issue of debt securities as at 31 December 2022
Non-current liabilities arising from the issue of debt securities	57,144,192,554.20	73,356,331,263.07
Value of current liabilities arising from the issue of debt securities	17,405,007,278.37	1,152,929,389.82
	74,549,199,832.57	74,509,260,652.89

19. CURRENT LIABILITIES

19.1. Age structure of current liabilities to related parties

	31 December 2023	31 December 2022
<i>Maturing in:</i>		
up to 1 year	-	62,946.00
	-	62,946.00

19.2. Age structure of current liabilities to other entities in which the company holds an equity stake

	31 December 2023	31 December 2022
<i>Maturing in:</i>		
up to 1 year	1,126,853.77	4,380,185.99
	1,126,853.77	4,380,185.99

19.3. Age structure of current liabilities to other entities

as at 31 December 2023

	Loans and borrowings	Issues of debt securities	Other financial liabilities	Trade liabilities	Advance payments received for deliveries and services	Bill-of-exchange liabilities	On taxes, customs duties, social insurance and health insurance or other public dues	On payroll	Other	Total
Maturing in:										
up to 1 year	1,694,774,395.85	17,405,007,278.37	244,398.40	18,293,350.57	-	-	28,374,910.77	1,158,564.45	15,449,555.15	19,163,302,453.56
	1,694,774,395.85	17,405,007,278.37	244,398.40	18,293,350.57	-	-	28,374,910.77	1,158,564.45	15,449,555.15	19,163,302,453.56

Current liabilities include, among others, the loan granted by Powszechna Kasa Oszczędności Bank Polski S.A. under the loan agreement of 30 May 2017 (according to Annex 5, the loan is to be repaid by 30 May 2024).

as at 31 December 2022

	Loans and borrowings	Issues of debt securities	Other financial liabilities	Trade liabilities	Advance payments received for deliveries and services	Bill-of-exchange liabilities	On taxes, customs duties, social insurance and health insurance or other public dues	On payroll	Other	Total
Maturing in:										
up to 1 year	144,361,351.40	1,152,929,389.82	1,570,185.69	14,376,030.50	-	-	27,846,739.32	351,723.44	2,515,100.32	1,343,950,520.49
	144,361,351.40	1,152,929,389.82	1,570,185.69	14,376,030.50	-	-	27,846,739.32	351,723.44	2,515,100.32	1,343,950,520.49

Current liabilities include, among others, the current part of the loan granted by Powszechna Kasa Oszczędności Bank Polski S.A. under the loan agreement of 30 May 2017 (according to Annex 5, the loan is to be repaid by 30 May 2024).

20. PREPAYMENTS AND ACCRUALS

20.1. Other non-current prepayments and accruals

	31 December 2023	31 December 2022
Subsidies	17,075,283.58	40,528,713.96
Other	12,077,109.08	13,641,527.64
	29,152,392.66	54,170,241.60

20.2. Other current prepayments and accruals

	31 December 2023	31 December 2022
Subsidies	55,706,081.90	18,678,632.36
Management services	537,218.52	537,218.48
	56,243,300.42	19,215,850.84

21. ASSETS OR LIABILITIES PRESENTED IN MORE THAN ONE BALANCE SHEET ITEM

	Item in the balance sheet	31 December 2023	31 December 2022
Receivables from loans (principal)			
in the non-current part		2,119,963,093.58	3,034,026,037.41
from other entities	A V 3 d) indent 3	2,119,963,093.58	3,034,026,037.41
in the current part		4,485,028,865.77	9,918,834,007.91
from entities in which the company holds an equity stake	B III 1 b) indent 3	-	8,369,177.51
from other entities	B III 1 c) indent 3	4,485,028,865.77	9,910,464,830.40
		6,604,991,959.35	12,952,860,045.32

	Item in the balance sheet	31 December 2023	31 December 2022
Liabilities on loans and borrowings			
in the non-current part		-	1,581,456,019.11
from other entities	D II 3 a)	-	1,581,456,019.11
in the current part		1,694,774,395.85	144,361,351.40
from other entities	D II 3 a)	1,694,774,395.85	144,361,351.40
		1,694,774,395.85	1,725,817,370.51

Item in the balance sheet	31 December 2023	31 December 2022
Liabilities arising from the issue of debt securities		
in the non-current part	57,144,192,554.20	73,356,331,263.07
from other entities D II 3 b)	57,144,192,554.20	73,356,331,263.07
in the current part	17,405,007,278.37	1,152,929,389.82
from other entities D II 3 b)	17,405,007,278.37	1,152,929,389.82
	74,549,199,832.57	74,509,260,652.89

22. STRUCTURE OF SALES REVENUES

22.1. Geographic structure

	31 December 2023	31 December 2022
Revenues from sales of products		
Domestic	419,965,458.32	437,421,205.36
	419,965,458.32	437,421,205.36
Revenues from sales of goods and materials		
Domestic	1,008,332.09	206,525.97
	1,008,332.09	206,525.97

22.2. Structure by category

	31 December 2023	31 December 2022
Management revenue	224,691,074.95	218,900,408.39
Activities arising from the Employee Capital Plan Act	12,523,744.81	9,995,047.72
Revenues from the performance of a public-private partnership agreement	-	703,053.74
Revenues from the execution of the Financial Shield government programs	166,071,428.56	200,000,000.00
Revenues from the execution of the KPO program	5,713,407.60	2,327,141.84
Other revenue	11,974,134.49	5,702,079.64
	420,973,790.41	437,627,731.33

23. INTEREST INCOME AND EXPENSE (INCLUDING RESULTING FROM DEBT FINANCIAL INSTRUMENTS, LOANS GRANTED AND OWN RECEIVABLES)

in the period from 1 January 2023 to 31 December 2023

	Interest realized	Interest outstanding, payable within			Total
		up to 3 months	3 to 12 months	over 12 months	
Debt financial instruments	3,359,600.00	-	-	-	3,359,600.00
Other assets	77,350,981.19	4,196,977.44	36,079,826.81	7,423,476.16	125,051,261.60
	80,710,581.19	4,196,977.44	36,079,826.81	7,423,476.16	128,410,861.60

in the period from 1 January 2022 to 31 December 2022

	Interest realized	Interest outstanding, payable within			Total
		up to 3 months	3 to 12 months	over 12 months	
Debt financial instruments	945,300.00	687,793.33	-	-	1,633,093.33
Loans granted and own receivables	424,316.51	-	-	-	424,316.51
Other assets	36,154,346.09	1,966,286.03	29,982,505.14	6,810,528.05	74,913,665.31
	37,523,962.60	2,654,079.36	29,982,505.14	6,810,528.05	76,971,075.15

24. INTEREST EXPENSE (INCLUDING RESULTING FROM INCURRED FINANCIAL LIABILITIES)

in the period from 1 January 2023 to 31 December 2023

	Interest realized	Interest outstanding, payable within			Total
		up to 3 months	3 to 12 months	over 12 months	
Current financial liabilities	(140,117,643.97)	-	-	-	(140,117,643.97)
Other equity and liabilities	(374,188.40)	-	(403,869.00)	-	(778,057.40)
	(140,491,832.37)	-	(403,869.00)	-	(140,895,701.37)
SCN adjustment	-	-	-	-	(232,339.35)
	(140,491,832.37)	-	(403,869.00)	-	(141,128,040.72)

in the period from 1 January 2022 to 31 December 2022

	Interest realized	Interest outstanding, payable within			Total
		up to 3 months	3 to 12 months	over 12 months	
Current financial liabilities	(119,628,849.50)	-	-	-	(119,628,849.50)
Non-current financial liabilities	(557,786.34)	(1,411,102.80)	-	-	(1,968,889.14)
Other equity and liabilities	(321,708.89)	-	(356,776.00)	-	(678,484.89)
	(120,508,344.73)	(1,411,102.80)	(356,776.00)	-	(122,276,223.53)
SCN adjustment	-	-	-	-	(828,507.63)
	(120,508,344.73)	(1,411,102.80)	(356,776.00)	-	(123,104,731.16)

25. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	31 December 2023	31 December 2022
Impairment allowances for shares held	(479,028.00)	-
Impairment allowances for loans granted	(273,312.20)	-
Other	(943,436.66)	-
Impairment loss for shares in Mabion S.A.	(3,119,020.85)	-
	(4,814,797.71)	-

26. CORPORATE INCOME TAX

26.1. Structure of corporate income tax

	31 December 2023	31 December 2022
Current income tax	(44,084,586.01)	(38,691,426.00)
Additional tax liabilities for previous years	(17,044.00)	(657,243.00)
Change in deferred income tax	1,749,594.12	2,621,543.28
	(42,352,035.89)	(36,727,125.72)

26.2. Calculation of corporate income tax

	31 December 2023	31 December 2022
Pre-tax profit	375,685,278.43	265,884,508.40
Amounts increasing the taxable income base		
Fixed costs not classified as tax-deductible expenses	26,725,145.60	57,813,868.48
Costs transitionally not classified as tax deductible expenses	52,967,494.39	54,888,798.30
Transitional taxable income from previous periods	8,248,933.66	10,063,175.40
Tax revenues not included in the books	3,808,460.47	1,021,090.91
Other	(2.36)	(2.93)
	91,750,031.76	123,786,930.16
Amounts reducing the taxable income base		
Non-taxable income	195,838,502.71	197,969,865.55
Revenues transitionally not classified as tax deductible expenses	8,757,555.34	8,990,865.45
Transitional tax costs from previous periods	47,078,202.32	37,277,544.56
Other	(45.92)	168,925.47
	251,674,214.45	244,407,201.03
Tax income / (loss)	215,761,095.74	145,264,237.53
Tax income / (loss) – capital gains	(32,831,269.44)	(68,852,623.48)
Tax income / (loss) – other sources of revenues	258,424,786.03	231,387,967.88
Donations	(7,000,000.00)	(13,500,000.00)
Tax relief	(58,122.01)	-
Retained losses	(18,531,897.66)	(22,991,112.49)
Taxable income – other sources of revenues	232,024,135.11	203,639,084.04
Adjustment of tax brought forward	(17,044.00)	(657,243.00)
Income tax	(44,101,630.00)	(39,348,669.00)

26.3. Deferred tax

	31 December 2023	31 December 2022
Deductible temporary differences		
Effects of remeasurement of ICs to market prices	28,326,651.01	13,361,690.93
Effects of remeasurement of shares	1,878,868.68	1,878,868.68
Effects of remeasurement of Bank Pekao S.A. shares to market prices	-	1,226,746,601.77
Effects of remeasurement of Treasury bonds to market prices	-	19,179,794.29
Provision for accounting, consulting and audit services	392,216.56	238,218.53
Negative foreign exchange differences from balance sheet measurement	49.22	30.85
Interest accrued on receivables	83.54	-
Provision for bonuses	46,571,297.94	42,166,624.86
Provision for unused holiday leaves	7,209,403.35	7,450,991.81
Provision for retirement severance pays	645,009.28	220,154.00
Provisions for other costs	8,651,579.60	9,207,301.44
Other	3,447,987.53	1,810,924.92
Effects of remeasurement of shares to market prices	3,119,020.85	2,877,794.00
	100,242,167.56	1,325,138,996.08
Tax losses to be settled in subsequent years		
2018 tax loss (total)	22,370,925.00	22,370,925.00
Settled part of the tax loss	(22,370,925.00)	(11,185,462.22)
2018 tax loss to be settled	-	11,185,462.78
2019 tax loss (total)	(2,878,970.65)	(2,878,970.65)
Settled part of the tax loss	2,878,970.65	2,878,970.65
2019 tax loss to be settled	-	-
2020 tax loss (total)	-	-
Settled part of the tax loss	-	-
2020 tax loss to be settled	-	-
2021 tax loss (total)	-	-
Settled part of the tax loss	3,247,725.00	-
2021 tax loss to be settled	3,247,725.00	-
2022 tax loss	1,082,282.00	-
2023 tax loss	1,014,810.31	-
	5,344,817.31	19,772,010.36
Gross value of deferred tax assets	20,061,527.13	255,533,091.22
Deferred tax assets not recognized in the balance sheet	(611,493.90)	(3,289,071.37)
Net value of deferred tax assets	19,450,033.23	252,244,019.85

	31 December 2023	31 December 2022
Taxable temporary differences:		
Interest accrued on bank deposits	5,680,306.97	2,761,782.43
Interest accrued on bonds	(943,436.66)	687,793.33
Adjustment of previous year's sales effected in the current year	4,281,384.44	7,919,812.23
Effects of remeasurement of Bank Pekao S.A. shares to market prices	975,482,079.53	-
Effects of remeasurement of ICs to market prices	1,844,453,279.12	461,288,178.50
Interest accrued on receivables	-	22,436.53
Other	6,212,238.00	4,491,613.81
	2,835,165,851.40	477,171,616.83
Corporate income tax rate in the current year	19%	19%
Value of deferred tax liability	538,681,511.77	90,662,607.20
Set-off	2,716,432.61	2,706,499.86
Deferred tax assets recognized in the balance sheet	19,450,033.23	252,244,019.85
Deferred tax liability recognized in the balance sheet	541,397,944.38	93,369,107.06
Net balance sheet change in deferred tax assets/liability	(680,822,823.81)	189,433,389.37
Value of deferred tax recognized in equity in the period	682,572,417.93	(186,811,846.09)
Change in deferred tax recognized in profit or loss	1,749,594.12	2,621,543.28

27. NOTES TO THE CASH FLOW STATEMENT

27.1. Investment (gain) / loss

	1 January - 31 December 2023	1 January - 31 December 2022
(Gain) / Loss on disposal of fixed assets	(210,098.84)	(8,007.11)
(Gain) / Loss from the sale of financial assets	(78,723,366.52)	(38,289,744.59)
Measurement of a financial asset	752,240.20	808,657.00
	(78,181,225.16)	(37,489,094.70)

27.2. Change in current liabilities (except for loans and borrowings)

	1 January - 31 December 2023	1 January - 31 December 2022
Change in current liabilities	15,762,694.83	7,449,178.86
	15,762,694.83	7,449,178.86

27.3. Change in receivables

	1 January - 31 December 2023	1 January - 31 December 2022
Change in receivables in the balance sheet	4,807,315,998.47	8,249,057,570.00
Change in receivables in the cash flow statement	(412,552,650.18)	(399,627,263.51)
	4,394,763,348.29	7,849,430,306.49

The difference between the change of receivables in the balance sheet and in the cash flow statement is mainly a result of exclusion of the movement in the balance of settlements with the State Treasury under the Financial Shield programs. Changes in cash resulting from these settlements have been charged to the item: "Other adjustments".

27.4. Purchase of intangible assets and property, plant and equipment

	1 January - 31 December 2023	1 January - 31 December 2022
Increases in intangible assets by virtue of purchases	4,654,773.22	3,948,670.01
Increases in fixed assets by virtue of purchases	5,235,248.12	2,116,361.15
	9,890,021.34	6,065,031.16

27.5. Explanations to the item "Other adjustments"

	1 January - 31 December 2023	1 January - 31 December 2022
Value of deferred tax recognized in equity in the period	(682,572,417.93)	186,811,846.10
Remuneration to PFR for the execution of Financial Shield programs	(204,267,857.12)	(246,000,000.00)
External costs incurred in connection with the execution of Financial Shield programs	(42,126,721.34)	(14,107,680.57)
Payouts/(Refunds) under KPO	(5,064,028,840.89)	(118,358,513.22)
Civil law transaction tax on capital increase	32,613,213.00	6,474,775.00
Other	1,978,879.92	(1,976,286.56)
	(5,958,403,744.36)	(187,155,859.25)

27.6. Explanations to the item "Other capital expenditures"

	1 January - 31 December 2023	1 January - 31 December 2022
Contributions to partially paid-up investment certificates	(1,768,498,452.89)	(453,006,680.74)
Bank deposits with maturities above 3 months	(197,482,495.89)	-
	(1,965,980,948.78)	(453,006,680.74)

27.7. Additional explanations

As at 31 December 2023, the difference between the value of cash presented in the balance sheet, i.e. PLN 17,533,961,436.77 and the value presented in the cash flow statement of PLN 17,500,362,634.08 concerns interest accruing on bank deposits amounting to PLN 33,598,802.69.

28. INFORMATION ON THE NATURE AND BUSINESS OBJECTIVE OF THE GROUP'S AGREEMENTS NOT REFLECTED IN THE BALANCE SHEET

Not applicable.

29. HEADCOUNT

	31 December 2023	31 December 2022
White collar workers (number of people on the last day of the year)	602	664
	602	664

30. COMPENSATION AND LOANS AND SIMILAR BENEFITS FOR PERSONS IN THE MANAGEMENT, SUPERVISORY OR ADMINISTRATION BODIES

	31 December 2023	31 December 2022
Compensation of Management Board members	19,397,654.15	18,668,494.55
Compensation of Supervisory Board members	1,259,606.79	1,210,281.94
	20,657,260.94	19,878,776.49

The data presented in the table refer to the compensation of Management Board and Supervisory Board members of all Companies in the PFR Corporate Group.

In 2023-2023, no loans or similar benefits were granted to persons in management, supervisory or administrative bodies.

In 2022-2023, no liabilities were incurred on behalf of persons on management, supervisory or administration bodies on account of any kind of guarantees or sureties.

31. AUDIT FIRM FEE, PAID OR DUE

	31 December 2023	31 December 2022
Remuneration for the audit of the standalone financial statements of the entities forming part of the Corporate Group and the consolidated financial statements	579,172.83	408,080.53
Remuneration for other assurance services	55,830.00	43,050.00
	635,002.83	451,130.53

32. MATERIAL EVENTS DURING THE REPORTING YEAR

The following material events affecting the Group's operation took place during the current reporting year:

1. The Management Boards of Group companies analyzed the impact of the continuing war in Ukraine and the related sanctions against the Russian Federation and the Republic of Belarus. As regards the potential risks, the Management Boards have identified adverse impact of the changes in financial markets on the value of the Group's financial instruments portfolio. The Group's Management Boards have been monitoring the impact of the political and economic situation in Ukraine on the Group's operations on an ongoing basis. To the best of Management Boards' knowledge, the situation related to the war in Ukraine has not materially affected the Group's operations.
2. The observed inflationary processes may affect the Group's activities by reducing demand, contributing to the maintenance of base interest rates of the central bank at an elevated level and increasing the cost of doing business. The Group's Management Boards

have not identified any matters that would jeopardize the Group's ability to continue as a going concern, nor have they identified any breach of special contractual terms, either as at the balance sheet date or as at the date of signing the financial statements.

33. EVENTS CONCERNING PREVIOUS YEARS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

No events concerning previous years were captured in the financial statements.

34. EVENTS AFTER THE BALANCE SHEET DATE NOT CAPTURED IN THE CONSOLIDATED FINANCIAL STATEMENTS

On 10 January 2024, under the agreement between the Group and MTG S.A., a portion of MTG S.A.'s shares were sold by the Group to MTG S.A. The amount of the transaction was PLN 8,700,000.00.

In February 2024, the Group received proceeds of PLN 1,602,066.90 from GRC Technologie Sp. z o.o. in bankruptcy, which represented the repayment of a loan, which was valued at PLN 1,670,467.74 as at 31 December 2023.

On 6 February 2024, the Group acquired Pekao Bank Hipoteczny S.A. bonds maturing on 23 July 2024 in the amount of PLN 40,000,000.00.

On 1 March 2024, the Group acquired Santander Factoring Sp. z o.o. bonds maturing on 3 June 2024 in the amount of PLN 200,000,000.00.

On 19 March 2024, 79,553 series A, B and C of Investment Certificates of PFR Fund of Funds FIZ were redeemed. The value of the certificate redemption transaction was PLN 88,910,819.39.

On 28 March 2024, the Group redeemed PFR0324 bonds issued under the Financial Shield program in the amount of PLN 16,325,000,000.00, and paid interest of PLN 206,682,989.00 on these bonds.

On 29 March 2024, the Group made a contribution to series P Investment Certificates of the PFR Local Government Investment Fund FIZAN. The amount of the transaction was PLN 94,990,044.76.

On 29 March 2024, the Group made a contribution to series K and L Investment Certificates of the PFR Fund of Funds FIZ. The amount of the transaction was PLN 40,000,000.00.

On 29 March 2024, the Group acquired 73,405 O7 series Investment Certificates of the PFR Fund of Funds FIZ. The amount of the transaction was PLN 65,999,169.55.

On 29 March 2024, the Group made a contribution to series A Investment Certificates of the Foreign Expansion Fund 2 FIZAN. The amount of the transaction was PLN 20,000,000.00.

Effective as of 2 April 2024, Mr. Paweł Borys tendered his resignation from the position of the President of the Management Board of PFR S.A.

On 9 April 2024, PFR S.A. was served a copy of a lawsuit for payment filed by a company that applied for financing under PFR Financial Shield programs for Large Companies. The claimant requested the amount of PLN 122,642,163 (alternatively PLN 145,350,000) as claims for damages with interest calculated from the date of filing the statement of claim. This event was predictable in the sense that it was yet another of many attempts by this company to challenge PFR's actions under the DP program in administrative and common law courts (which have been unsuccessful so far). The current civil law proceedings will be the first one, in which the case will be examined on its merits. On the other hand, circumstances such as the amount of potential claims or the timing of the lawsuit were difficult to predict from PFR's perspective. The claim is a joint and several claim against the State Treasury and PFR S.A. In addition, programs to support entrepreneurs are implemented based on the applicable laws and agreements between the State Treasury and PFR S.A. According to the terms and conditions of the agreements, even an unfavorable outcome will not affect the Company's financial results, because the amounts awarded in such a case will be reimbursed by the State Treasury.

On 11 April 2024, the composition of the Supervisory Board of PFR S.A. changed as new Supervisory Board Members were appointed.

On 26 April 2024, the term of PFR S.A.'s PLN 30,000,000.00 overdraft facility in PKO BP S.A. was extended for another 12 months.

On 14 May 2024 the Group purchased bonds of Pekao Factoring Sp. z o.o. maturing on 06.08.2024 in the amount of PLN 100,000,000.00.

On 21 May 2024 the Group purchased bonds of Pekao Factoring Sp. z o.o. maturing on 13 August 2024 in the amount of PLN 60,000,000.00.

In May 2024, an annex to the loan agreement with Bank PKO BP S.A. is to be signed, which will change the final maturity of the loan from 30 May 2024 to 30 May 2026.



As a result of the "Anti-Fraud" analyses, as at the date of signing the Financial Statements, the identified amount of financial subsidies paid under the MSME 1.0 government program, which is subject to full or partial repayment, is PLN 223,635.29 thousand, and the value of financial subsidies under investigation (quasi-complaint procedure) is PLN 34,616.45 thousand.

In 2024, until the date of signing the financial statements, the Group extended eight sureties for good performance bonds and for advance refund guarantees issued at the request of a portfolio company in a fund (Pojazdy Szynowe PESA Bydgoszcz S.A.), whose portion of the investment portfolio is managed by the Group in connection with contracts performed by that entity. Three of the sureties were concluded in PLN in the amount of PLN 16,195,676.00, while the remaining five sureties were concluded in RON in the total amount of RON 419,990,400.00.

35. CONTINGENT LIABILITIES AND PLEDGES

As at 31 December 2023, the Company held:

1. A surety extended for the benefit of Operator Chmury Krajowej Sp. z o.o. (OChK) in the amount of PLN 201,715,200.00: The surety applies to OChK's liabilities arising under a Guarantee Agreement granted by PKO BP S.A. The surety is up to the amount of USD 48,000,000 (say: forty eight hundred million USD dollars 00/100), i.e. 50% (say: fifty per cent) of the guarantee amount, whereby the surety amount will be reduced pro rata to the reduction of the guarantee amount.
2. Sureties extended for the benefit of Pojazdy Szynowe PESA Bydgoszcz S.A. in the amount of PLN 985,367,793.85: As at 31 December 2023, the Group has extended nineteen sureties for good performance bonds and for advance refund guarantees issued at the request of Pojazdy Szynowe PESA Bydgoszcz S.A. for the total amount of PLN 985,367,793.85.

36. ESTABLISHED ASSET-BACKED SECURITY

Pursuant to an agreement entered into on 30 May 2017 between PFR S.A. and Bank PKO BP S.A. the Company established financial pledge and registered pledge on 33,596,165 shares of Bank Pekao S.A. (12.8%), worth PLN 5,108,296,888.25 as at 31 December 2023.

37. INFORMATION ON FINANCIAL INSTRUMENTS

37.1. Financial risk management objectives and policies

The Group's operations are exposed, among others, to the following risks arising from the financial instruments held by the Group:

- Credit risk;
- Liquidity risk;
- Market risk.

Key risk management principles

The Management Board is responsible for the establishment and oversight of the Group's risk management, including the identification and analysis of risks to which the Group is exposed, definition of principles for their measurement and control. Rules and risk management procedures are regularly reviewed to reflect changes in the market conditions and changes in the Group's activities. The scope of risk management also includes managing the risk of some of the Funds' assets managed by the Group.

Credit risk

Credit risk is the risk of the Group incurring a financial loss in a situation in which a party to a financial instrument fails to perform its contractual obligations. The risk arises both directly in the Group and concerns investment agreements signed by the Group on its own behalf and indirectly through Investment Certificates, representing the portfolio of investments performed by the Group on behalf of and for the benefit of the Funds. Credit risk arises principally from debt instruments. The purpose of risk management is to maintain a stable and balanced (in terms of quality and value) receivables portfolio following from loans granted and other investments in debt financial instruments. Credit risk is subject to detailed analysis for each investment proposal. The Company aims to limit credit risk by structuring transactions appropriately.

For the debt instruments granted under the Financial Shield government programs, no credit risk is identified because it is the State Treasury that incurs exclusively the cost and risk of the Financial Shield government programs pursuant to Article 21a section 4 of the SIR Act and the Financial Shield Program Documents.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity management in the Group involves ensuring, as far as possible, that the Group has sufficient liquidity to settle its due and payable liabilities, both in a normal and a crisis situation, with-

out exposing the Group to impermissible losses or undermining its reputation. For this purpose, the Group monitors its cash flows on an ongoing basis and prepares liquidity forecasts and keeps sufficient cash to cover anticipated operating and current expenditures and to fulfill long-term investment commitments, by maintaining adequate funds on bank deposits with a time structure matching the liability structure, with flexibility buffers.

Market risk

Market risk means that changes of market prices, such as foreign exchange rates, interest rates, liquidity of capital markets will impact the Group's results or the value of the financial instruments it holds and the possibility of exiting an investment. Market risk management aims to maintain and control the Group's degree of exposure to market risk within acceptable bounds, while simultaneously making efforts to optimize the rate of return on investments. The Group manages the risk both with regard to the investment agreements executed directly by the Group and also with regard to the investment agreements entered into by the Group on behalf of and to the benefit of the Funds, some of whose assets are managed by the Group.

a) Currency risk

At present, the Group has no material exposure to currency risk. Investments, both the projects undertaken directly by the Group as well as the investments made indirectly by the Funds, are denominated mainly in PLN, and the future cash flows are also planned in PLN. For projects which generate some cash flows in foreign currencies, the Group minimizes its currency risk by structuring transactions appropriately and taking into consideration the currency risk in the models used to assess investment projects:

- proper structuring of its assets and liabilities denominated in foreign currencies;
- executing forward contracts for purchase/sale of currencies;
- using hedge derivatives such as forwards, swaps.

b) Interest rate risk

The Group's activity, both in the case of investments made directly by the Group and those made indirectly through the Funds, because the latter affect the value of the Investment Certificates held by the Group, is inextricably linked to non-current investments, some of which are naturally exposed to interest rate risk by defining a fixed rate of return on the investment. This risk may materialize by the failure to obtain an assumed risk premium compared to the risk-free rate. The Group seeks to mitigate this risk by taking it into account in the structure of transactions or in appropriate clauses that make it possible to renegotiate investment returns if certain circumstances occur.

Interest rate risk may also materialize through an increase in interest expense resulting from the floating rate loan granted by Bank PKO BP S.A. This risk is partially offset by an adequate diversification of deposits and management of the timing of deposits. In addition, if there are signals that interest rates will be raised, deposits are opened for shorter periods.

37.2. Description of financial instruments

in the period from 1 January 2023 to 31 December 2023

Portfolio	Description	Carrying amount	Terms and conditions affecting future cash flows
Financial assets available for sale:	Investment Certificates	11,147,042,836.87	-
	Bank Pekao S.A. shares	5,108,297,040.30	-
	Mabion S.A. shares	1,536,234.15	-
	Garmond Press S.A. shares	987,600.00	-
	MTG S.A. shares	49,750,385.33	-
	Rubicone Sp. z o.o. shares	212,500.00	-
	IDH DEVELOPMENT S.A. shares	1,781,943.00	-
	Hertz Systems LTD sp. z o.o. shares	1,909,665.60	-
	Participation units in Innovation Fund SCSp SICAV-SIF	18,270,296.00	-
	Treasury bonds	50,693,470.07	Treasury bonds with a nominal value of PLN 51,069 thousand and maturity in the period from January 2023 to November 2026
Loans granted and own receivables:	Term deposits	17,387,680,913.58	interest rate: 0.75%-5.68%
	Cash in the current account	110,710,518.70	-
	Financial subsidies granted under the Financial Shield for MSMEs 1.0 government program	2,398,737,466.09	non-interest bearing
	Financial subsidies granted under the Financial Shield for MSMEs 2.0 government program	607,134,330.09	non-interest bearing
	Loans granted under the Financial Shield for Large Companies and the LOT Polish Airlines government programs	3,589,421,927.84	floating 0.75%-2.25%
	Bonds of Trenino Holding Sp. z o.o.	89,906,463.85	registered discount bonds maturing on 31 December 2026, with an effective interest rate of 9%
	Bonds of PFR Porty Sp. z o.o.	290,053,572.50	ordinary registered bonds maturing on 19 April 2029, WIBOR 3M+4%
	Bonds of Pekao Leasing Sp. z o.o.	302,307,217.81	WIBOR 1M + margin (from 0.50 to 0.60%)
	Bonds of Pekao Bank Hipoteczny S.A.	49,848,373.29	discount bonds maturing on 23 January 2024, with an effective interest rate of 6.93%
	Loans granted to GRC Technologie Sp. z o.o., Invento Sp. z o.o., Module Technologies S.A.	11,131,375.34	loans in enforcement
Financial liabilities:	Loan received for purchase of shares	1,694,768,529.62	WIBOR 3M + margin (from 1.40% to 1.65%), with the margin dependent on the level of the coverage ratio and own contribution
	Own bonds issued	74,549,199,832.57	fixed 1.30%-2.0%

in the period from 1 January 2022 to 31 December 2022

Portfolio	Description	Carrying amount	Terms and conditions affecting future cash flows
Financial assets available for sale:	Investment Certificates	8,202,105,585.10	-
	Bank Pekao S.A. shares	2,906,068,359.00	-
	Mabion S.A. shares	1,777,461.00	-
	Garmond Press S.A. shares	987,600.00	-
	MTG S.A. shares	56,857,583.24	-
	Treasury bonds	1,088,098,380.80	OK0423 bonds with a nominal value of PLN 1,107,592 thousand and maturing on 25 April 2023.
Loans granted and own receivables:	Term deposits	12,832,004,280.44	interest rate from 5.53% to 8.05%
	Certificates of deposit	3,511,200,000.00	interest rate 7.18%
	Cash in the current account	94,577,824.88	-
	Financial subsidies granted under the Financial Shield for MSMEs 1.0 government program	7,978,480,915.73	non-interest bearing
	Financial subsidies granted under the Financial Shield for MSMEs 2.0 government program	816,493,179.69	non-interest bearing
	Loans granted under the Financial Shield for Large Companies and the LOT Polish Airlines government programs	4,148,132,378.34	floating 0.75%-2.25%
	Bonds of Trenino Holding Sp. z o.o.	82,482,987.69	registered discount bonds maturing on 31 December 2026, with an effective interest rate of 9%
	Bonds of PFR Porty Sp. z o.o.	330,177,691.26	ordinary registered bonds maturing on 19 April 2029, WIBOR 3M + 4%
	Bonds of Nowel Sp. z o.o.	34,226,272.62	the bonds bear interest at EUROWIBOR 6M + 9% margin, maturing on 13 October 2023
	Loans granted to GRC Technologie Sp. z o.o., Invento Sp. z o.o., Module Technologies S.A.	9,753,571.56	loans in enforcement
Financial assets held to maturity:	Treasury bonds	45,169,453.33	Treasury bonds with a nominal value of PLN 44,482 thousand and maturity in the period from April 2023 to January 2026
	Investment Certificates	750,000.00	-
Financial liabilities:	Loan received for purchase of shares	1,725,780,887.26	WIBOR 3M + margin (from 1.55% to 1.67%), with the margin dependent on the level of the coverage ratio and own contribution
	Own bonds issued	74,509,260,652.89	fixed 1.30%-2.0%

37.3. Information on interest rate risk

As at the balance sheet date, the portfolio of debt financial instruments has the following structure:

Financial instruments:	31 December 2023	31 December 2022
- with a fixed interest rate		
Financial assets:		
Term deposits	685,520,795.35	715,659,851.33
Bonds of Trenino Holding Sp. z o.o.	89,906,463.85	82,482,987.69
Treasury bonds	2,898,002.40	1,133,267,834.13
Corporate bonds	352,155,591.10	-
Loans granted	11,131,375.33	9,753,571.56
- with a floating interest rate		
Financial assets:		
Bonds of PFR Porty Sp. z o.o.	290,053,572.50	330,177,691.26
Bonds of Nowel Sp. z o.o.	-	34,226,272.62
Treasury bonds	47,795,467.67	-
Financial liabilities	1,694,768,529.62	1,725,780,887.26

The note does not present financial instruments established for the execution of the Financial Shield programs by the Group because it is the State Treasury that incurs all the costs and risks associated with the performance of government programs.

37.4. Information on credit risk

The Group's maximum exposure to credit risk corresponds to the carrying amount of the following financial assets:

Financial assets:	31 December 2023	31 December 2022
Loans granted and own receivables	743,247,002.78	456,640,523.13
Cash	739,499,041.40	801,418,666.57
Term deposits	685,520,795.35	715,659,851.33
Trade receivables	20,366,087.09	30,340,027.75
	1,503,112,131.27	1,288,399,217.45

The note does not present financial subsidies and loans granted under the Financial Shield programs because it is the State Treasury that incurs all the costs and risks associated with the performance of the programs, including those resulting from defaults on repayment of the loans and financial subsidies granted under the programs.

38. EXCHANGE RATES APPLIED TO THE VALUATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

	31 December 2023	31 December 2022
EUR	4.3480	4.6899
USD	3.9350	4.4018
GBP	4.9997	5.2957



39. INFORMATION ON MATERIAL TRANSACTIONS WITH RELATED PARTIES EXECUTED BY THE GROUP ON A NON-ARM'S LENGTH BASIS

Transactions with related parties are not executed on a non-arm's length basis.

40. DISCONTINUED OPERATIONS

In the current reporting period, the Group did not discontinue any kind of activity.

41. INFORMATION ON UNCERTAINTIES AS TO THE CAPACITY TO CONTINUE OPERATIONS AS A GOING CONCERN

These consolidated financial statements have been drawn up under the assumption that the companies forming the Group will continue as a going concern in the foreseeable future.

42. OFF-BALANCE SHEET ITEMS

Fiduciary account of the National Center for Research and Development kept at BGK

At PFR Ventures Sp. z o.o., an off-balance sheet item is the amount of PLN 39,183,411.27 (including capitalized interest of PLN 1,405,498.80), which is a portion (tranche I and II) of the funds transferred by the National Center for Research and Development pursuant to the agreement on financing entered into on 28 December 2016 to perform sub-measure 1.3.2 "Public-private support for conducting research and development works with the participation of unit-linked funds – BRIDGE VC". The above amount includes initial fee earmarked for creating NCBR CVC FIZ fund and setting up financial intermediaries (unit-linked funds) through which the NCBR CVC FIZ fund will provide financial support to companies leaving the seed stage and seek further rounds of financing. The cash is deposited in a interest-bearing fiduciary account.



43. PERSONS RESPONSIBLE FOR SIGNING THE CONSOLIDATED FINANCIAL STATEMENTS

Tomasz Fill
Vice President of the Management Board

Bartosz Marczuk
Vice President of the Management Board

Bartłomiej Pawlak
Vice President of the Management Board

Ewa Maciąg
Person responsible for keeping the accounting ledgers

Warsaw, 24 May 2024

Management Board
Polski Fundusz Rozwoju S.A.
ul. Krucza 50
00-025 Warsaw
("Company")

Acting pursuant to § 15 sec. 1 item 5) and item 6) of Attachment No. 4 to the Rules and Regulations of the Alternative Trading System – "Current and Periodic Information Provided by Issuers of Debt Financial Instruments in the Alternative Trading System at Catalyst," the Company's Management Board hereby represents as follows:

1. to the best of its knowledge, the annual consolidated financial statements for the financial year ended 31 December 2023 and the comparative data have been prepared in accordance with the applicable accounting principles and give a true, fair and clear view of the Company's Corporate Group assets and financial standing as well as its financial performance, and that the Company's Corporate Group activity report contains a fair review of the development, achievements and standing of the Company's Corporate Group, including a description of the major threats and risks,
2. to its best knowledge, the audit firm to carry out the audit of the annual consolidated financial statements of the Company's Corporate Group for the financial year ended 31 December 2023 was selected in accordance with the applicable laws, including the laws regarding the selection and the selection procedure for an audit firm, while the audit firm and members of the audit team met the conditions for preparing an impartial and independent audit report of the annual consolidated financial statements in accordance with the applicable law, professional standards and professional ethics principles.



Tomasz Fill
Vice President of the Management Board



Bartosz Marczuk
Vice President of the Management Board



Bartłomiej Pawlak
Vice President of the Management Board

