



The PFR Financial Shield – rules for granting support by Polski Fundusz Rozwoju S.A. (the Polish Development Fund or PFR)

- » The Financial Shield consists of 3 main parts, which will each separately support (i) micro-enterprises, (ii) small and medium-sized enterprises, and (iii) large enterprises.
- » Support is granted to enterprises throughout Poland (there are no territorial restrictions).
- » **Support to SME's has been provided since the end of April, while support for large enterprises will be granted following** the European Commission's issue of a decision approving the program.
- » According to the assumptions presented, support of up to PLN 25 billion is to be provided to micro-enterprises, with up to PLN 50 billion to small and medium-sized enterprises, and PLN 25 billion to large enterprises.

The Financial Shield for micro- and small and medium-sized enterprises

Who can apply for support?

- » enterprises which suffered a decline in turnover (i.e. revenue from sales) of at least 25% in any month after 1 February 2020, as compared to the previous month or the same month of 2019, in connection with COVID-19;
- » enterprises: (i) which have their tax residence within the territory of the European Economic Area ("EEA"); (ii) which are registered within the territory of Poland; and (iii) whose ultimate beneficial owner (as defined in the Act on combatting money laundering and terrorist financing) is not a tax resident of any so-called "tax havens" (exceptions to this are permitted, for example, when the beneficiary and/or their ultimate beneficial owner is obliged to move their tax residence to the territory of the EEA within 9 months of their receiving support under the program),
- » enterprises which were conducting business activities at the end of 2019;
- » enterprises with no tax and social security arrears as of 31 December 2019 or on the date of the application.

The following enterprises are not eligible for support:

- » those which are the subject of bankruptcy, liquidation or restructuring proceedings;
- » those engaged in the manufacture and trade of arms, or products or services which may restrict or violate individual freedoms or human rights;
- » those doing business in "morally questionable" sectors, such as the manufacturing and distribution of tobacco products.

Planned form and purpose of support (micro- and small and medium-sized enterprises)

- » Repayable financial subsidies, which may be used to cover the costs of ongoing business activities (excluding the direct or indirect acquisition of another enterprise), or to repay credit facilities (a maximum of 25% of the subsidy may be used for the early repayment thereof). Subsidies cannot be used for settlements with related parties.
- » Applications for subsidies must be filed through commercial banks participating in the program.

Amount of support – Shield for micro-enterprises

- »» The maximum amount of support is calculated as the product of the number of employees and the subsidy's base amount (which varies based on the decrease in the microenterprise's revenue). Depending on the extent of the decrease in revenue, the subsidy's base amount per employee may be equal to PLN 12,000, PLN 24,000 or PLN 36,000.
- »» The subsidy is repayable. The amount of the subsidy subject to repayment depends on the term for which operations continue from the date of the subsidy's grant (if full employment is maintained for 12 months, the enterprise will not have to repay 75% of the subsidy).
- »» The subsidy shall be repaid in 24 monthly instalments, starting from the 13th calendar month following the first full calendar month after the day on which the subsidy was granted.

Amount of support – Shield for small and medium-sized enterprises

- »» The maximum amount of support is calculated as a percentage of the value of sales revenues for 2019, also depending on the decrease in turnover due to COVID-19 (depending on the decrease, 4%, 6% or 8%).
- »» The subsidy is repayable. The amount of the subsidy subject to repayment depends on the term for which operations continue, the maintenance of a certain level of employment, and cash sales losses (with potentially up to 75% of the subsidy not being subject to repayment)
- »» The subsidy shall be repaid in 24 monthly instalments, starting from the 13th calendar month following the first full calendar month after the day on which the subsidy was granted.

The Financial Shield for large enterprises – who can apply for support?

- »» The criteria are similar to those for micro-, small and medium-sized enterprises (also in terms of exclusions), with the addition of the following:
 - > the enterprise has lost capacity regarding the manufacture of products or the provision of services, or the enterprise's contractors have lost capacity to accept products or services from the enterprise, due to a lack of availability in components or resources in connection with COVID-19;
 - > the enterprise has not received payments for sales exceeding 25% of total receivables due to COVID-19;
 - > the enterprise lacks access to capital markets or credit limits for new contracts due to disruptions in the financial markets;
 - > the enterprise is a participant in Sectoral Programs.
- »» Unlike the Shields for micro- and small and medium-sized enterprises, the PFR directly provides support under the Shield for large enterprises.
- »» Forms of financing
 - > liquidity financing - in the form of loans or bonds with 2 year terms, with an optional one year extension;
 - > preferential financing - preferential loans of up to PLN 750 million per entity with 3 year terms (partially non-repayable and dependent on financial losses and the maintenance of employment);
 - > investment financing - in the form of equity instruments (shares or stock) of up to PLN 1 billion per entity, taken up on market terms or within the state aid framework.
- »» Detailed conditions for support will be established in an agreement concluded between the large enterprise and the PFR.