

Auditor's report

passion

teamwork

quality

clarity



Independent Auditor's audit report

on the annual consolidated financial statements of

Polski Fundusz Rozwoju S.A. Capital Group

for the financial year from 1 January 2022 to 31 December 2022



This document is a free translation of the independent auditors' report issued in Polish in electronic format. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation to enhance understanding. The binding Polish original should be referred to in matters of interpretation.

Independent Auditor's audit report on the annual consolidated financial statements

to the General Meeting of Polski Fundusz Rozwoju S.A.

Report on the audit of the consolidated financial statements

Opinion on the annual consolidated financial statements

Przeprowadziliśmy badanie załączonego rocznego skonsolidowanego sprawozdania finansowego Grupy Kapitałowej Polski Fundusz Rozwoju S.A., zwanej dalej „Grupą”, in which the parent company is Polski Fundusz Rozwoju S.A. with its registered office in Warsaw, Krucza 50, hereinafter referred to as the „Parent Company”, for the financial year from 1 January 2022 to 31 December 2022, consisting of the consolidated balance sheet as at 31 December 2022, the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year ending on that day, as well as additional information containing an introduction to the consolidated financial statements and additional information and explanations.

The consolidated financial statements have been prepared in an electronic format as a file titled „PFR_SSF2022”, signed with electronic signatures of the Management Board of the Parent Company on 26 May 2023.

The annual consolidated financial statements have been prepared in accordance with the principles of accounting and financial reporting specified in the Act dated 29 September 1994 on accounting, applicable to audits of financial statements prepared for the periods ending 31 December 2022, hereinafter referred to as the „Accounting Act” and the Regulation of the Minister of Finance of 25 September 2009 on detailed rules for drawing up consolidated financial statements of capital groups by entities other than banks, insurance and reinsurance companies, hereinafter referred to as the regulation on consolidation rules.

In our opinion, the accompanying annual consolidated financial statements of Polski Fundusz Rozwoju S.A. Capital Group:

- give true and fair view of the financial position of the Group as of 31 December 2022, its financial performance and cash flows for the year then ended in accordance with the Accounting Act and applied accounting policies,
- comply, in all material respects, as to the form and content with the Accounting Act, the regulation on the principles of consolidation and the provisions of the Parent Company's articles of association that apply to the financial statements.

Basis for Opinion

We conducted the audit of the consolidated financial statements in accordance with the National Auditing Standards, in the wording of the International Auditing Standards, adopted by the National Council of Statutory Auditors, hereinafter referred to as the „National Auditing Standards”, the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight, referred to as hereinafter referred to as the „Act on Statutory Auditors”, applicable to audits of financial statements prepared for the periods ending 31 December 2022.

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Federation of Accountants, hereinafter referred to as „IESBA Code” as adopted in Poland by the National Board of Certified Auditors and the Act on statutory auditors. We have also fulfilled our other ethical responsibilities required by the Act on statutory auditors and IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They are determined from:

- a) the areas for which we have assessed the risk of material misstatement as high,
- b) significant risks of material misstatement,
- c) significant auditor judgments relating to areas in the annual consolidated financial statements that involved significant judgment of the Parent Company's Management Board,
- d) significant events or transactions that had significant effect on the audit.

These matters were addressed in the context of our audit of the annual consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter: Assets and liabilities related to the government's Financial Shield programs

Key audit matter's description	How the matter was addressed in the audit
<p>Pursuant to the Act of July 2019 on the system of development institutions, the Parent Company performs tasks entrusted by state administration bodies. In 2022, these tasks included primarily servicing the governmental programs of the Financial Shield of Polski Fundusz Rozwoju for Large Companies, the governmental program of the Financial Shield of Polski Fundusz Rozwoju for Small and Medium Enterprises and the government support program for Polskie Linie Lotnicze LOT S.A. (hereinafter referred to as „Financial Shields”, „Financial Shield”).</p> <p>The Parent Company, supporting the above programs, in accordance with the agreement on the conditions and procedure for the transfer of funds for the implementation of government programs concluded between Polski Fundusz Rozwoju S.A. and the State Treasury, undertakes actions for the account of the State Treasury and at its sole cost and risk. These activities include, among others: obtaining external financing through the issue of bonds and distribution of aid instruments in accordance with the terms of the above programs.</p> <p>In the consolidated financial statements as at 31 December 2022, the Parent Company shows the assets of the Financial Shields in the amount of 74,608,552 PLN thousand and liabilities of the Financial Shields in the total amount of 74,608,552 PLN thousand.</p> <p>Inclusion in the consolidated financial statements of transactions resulting from the use of the Financial Shield programs required the use of judgment by the Management Board of the Parent Company when determining the accounting principles (policy).</p> <p>Due to the value of the Financial Shield assets and liabilities, we considered this a key audit matter for us.</p> <p>Incorrect recognition and valuation of assets and liabilities of such material importance to the consolidated financial statements could cause them to be materially misstated.</p> <p>The introduction to the consolidated financial statements describes the principles of valuation of assets and liabilities related to the governmental Financial Shield programs, and note 1 of the additional information „Government Financial Shield programs” presents detailed information on the structure and value of these assets and liabilities.</p>	<p>During the audit, we performed procedures aimed at obtaining sufficient and appropriate audit evidence on the recognition, balance sheet valuation and presentation in the consolidated financial statements of assets and liabilities related to the government's Financial Shield programs.</p> <p>Below we present the performed procedures, which in our opinion were crucial for achieving the audit objectives:</p> <ul style="list-style-type: none"> • conversations with the Parent Company's key personnel in order to understand the most important conditions of individual Financial Shield programs and the Parent Company's tasks in the field of their service, • analysis of legal regulations, agreements on the conditions and procedure for transferring funds for the implementation of government programs, conditions for the issue of bonds and program documents and regulations regarding the government programs of the Financial Shields, • obtaining an understanding of internal controls in the process of their service, • conducting a control test in the process of issuing redemption decisions regarding the PFR Financial Shield 2.0 for Micro, Small and Medium Enterprises, • analysis of the accounting policy regarding the valuation and presentation of assets and liabilities of the Financial Shield programs, • assessment of the valuation and presentation of assets and liabilities of the government's Financial Shield programs in the consolidated financial statements, • conducting credibility procedures regarding the existence, completeness, recognition and valuation of the assets and liabilities of the Financial Shields, • assessing the completeness and adequacy of disclosures in the financial statements related to the assets and liabilities of the government's Financial Shield programs.

Other information included in the consolidated annual report

Other information is financial and non-financial information included in the consolidated annual report, other than the consolidated financial statements and audit report. Other information includes, among others, the report on the Group's activities for the year ended 31 December 2022 together with the statement on non-financial information referred to in Art. 49b section 1 of the Accounting Act, which is a separate part of this report on activities, as well as the following elements of

the annual report: selected financial data converted into EUR, statements of the Management Board.

The Parent Company's Management Board and members of the Supervisory Board of the Parent Company are responsible for preparing other information.

Our opinion on the annual consolidated financial statements does not cover this other information and, unless expressly indicated in the „Report on other legal and regulatory requirements” section, we do not express any form of assurance about this other information.



In addition, the scope of our work and the nature of our assurance are only as described.

In connection with our audit of the annual consolidated financial statements, our responsibility, in accordance with National Auditing Standards, is to read the other information during the audit, consider whether the other information is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be significantly misstated.

If, based on the work we have performed on other information that we have obtained prior to the date of this audit report, we conclude that there is a material misstatement of that other information, we are required to include such information in the audit report. We have nothing to report in this regard.

By the date of our audit report, we have received a report on the Group's activities, and the consolidated annual report will be available after that date. In the event that we find a material misstatement in the consolidated annual report, we are obliged to inform the Supervisory Board of the Parent Company.

Responsibilities of the Management Board and the Supervisory Board of the Parent Company for the Annual Consolidated Financial Statements

The Management Board of the Parent Company is responsible for the preparation of the annual consolidated financial statements that give true and fair view in accordance with the Accounting Act, the regulation on the principles of consolidation, their compliance with applicable laws and regulations and the Parent Company's articles of association.

The Management Board of the Parent Company is also responsible for such internal control as management determines is necessary to enable the preparation of the annual consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board of the Parent Company is responsible for assessing the Group's ability to continue as a going concern, disclosing in the annual consolidated financial statements, if applicable, matters related to going concern. When selecting the Group's accounting principles and policies and preparing the annual consolidated financial statements, the Management Board of the Parent Company is also responsible for making the assumption that the Group will continue its operations in the foreseeable future to the extent not significantly reduced, unless the Management Board of the Parent Company intends to liquidate or discontinue the business or when there is no other realistic possibility of continuing it.

Members of the Parent Company's Supervisory Board are responsible for overseeing the Group's financial reporting process.

Under the Accounting Act the Management Board and members of the Supervisory Board of the Parent Company are required to ensure that the annual consolidated financial statements are prepared in accordance with this act.

Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual consolidated financial statements as a

whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with National Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual consolidated financial statements.

As part of an audit in accordance with National Auditing Standards we:

- exercise professional judgment and maintain professional skepticism throughout the audit and identify and assess the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent Company,
- conclude on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,
- we obtain sufficient appropriate audit evidence regarding the financial information of entities and businesses within the Group to express an opinion on the annual consolidated financial statements. We are responsible for directing, supervising and performing the audit of the annual consolidated financial statements and we remain solely responsible for our audit opinion.

We communicate with the Supervisory Board of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including



any significant deficiencies in internal control that we identify during our audit.

Our audit does not involve any assurance on the future viability of the Group nor the efficiency nor effectiveness with which the Management Board of the Parent Company has conducted and will conduct the affairs of the Group.

From the matters communicated to the Supervisory Board of the Parent Company, we determined those matters that were of most significance during the audit of the annual consolidated financial statements for the current reporting period and therefore we considered them key audit matters. We describe these matters in our audit report in the „Key Audit Matters” section, except for matters where law or regulation precludes public disclosure or when, in exceptional circumstances, we determine that a matter should not be communicated in our report because the negative consequences could reasonably be expected to outweigh the public interest benefits of such information.

Pursuant to the Act on Statutory Auditors, we are also obliged to include in the audit report an opinion on whether the annual consolidated financial statements comply, in terms of form and content, with the provisions of law applicable to the Group and the Parent Company's articles of association. We have formulated our opinion in this regard based on the work performed during the audit.

Report on Other Legal and Regulatory Requirements

Report on the Group's activities

The report on the Group's activities was prepared together with the report on the activities of the Parent Company as one document in the form of an electronic file named „PFR_SZ2022-sig”, signed with electronic signatures of the Management Board of the Parent Company on 26 May 2023.

Responsibility of the Management Board and the Supervisory Board of the Parent Company

The Management Board of the Parent Company is responsible for the preparation of the report on the Group's activities in accordance with the provisions of law. The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are responsible for ensuring that the report on the Group's activities is compliant with the requirements of the Accounting Act.

Auditor's Responsibilities

Pursuant to the requirements of the Act on Statutory Auditors, we are obliged to formulate an opinion whether the report on the

Group's activities takes into account the provisions of the Accounting Act and whether it is consistent with the information contained in the annual consolidated financial statements.

Furthermore, we are also required to state, whether, in the light of the knowledge and understanding of the Group and its environment obtained during the course of the audit, we have not identified material misstatements in the report on the Group's activities, and report on these misstatements if noted.

We have read the report on the Group's activities. We considered whether it discloses the information required by these laws and whether the information is consistent with the audited annual consolidated financial statements. Reading the report on activities we also considered whether, in the light of the knowledge and understanding of the Group and its environment obtained during the course of the audit, it does not include material misstatements.

Opinion on the report on the Group's activities

In our opinion, based on the work undertaken in the course of the audit, the accompanying report on activities of Polski Fundusz Rozwoju S.A. Capital Group for the financial year ended on 31 December 2022:

- discloses the information required by the Article 49 of the Accounting Act,
- the information in this report is consistent with information in the audited annual consolidated financial statements.

In the light of the knowledge and understanding of the Group and its environment obtained during the course of the audit we have not identified material misstatements in the report on the Group's activities.

Other matters

The financial statements have been prepared in electronic form, in accordance with the logical framework and format published in the Public Information Bulletin on the website of the office supporting the minister competent for public finance. In order to read the data and information included in these financial statements correctly and fully, it is necessary to use an appropriate IT tool that reads such data and information based on relevant schemas and definitions specified in the Bulletin.



Digitally signed on the Polish original

Przemysław Koblak
Statutory Auditor No. 13416

Key Statutory Auditor
on behalf of PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.
the audit firm number 477

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Warsaw, 26 May 2023

