

# Auditor's report

passion

teamwork

quality

clarity



# Independent Auditor's report

on the annual  
separate financial statements of Polski Fundusz Rozwoju S.A.  
with the registered office in Warsaw  
for the financial year  
from 1 January 2020 till 31 December 2020



*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 REPORT

## To the General Meeting of Polski Fundusz Rozwoju S.A.

### Report on the financial statements

#### *Opinion on financial statements*

We have audited the accompanying annual separate financial statements of Polski Fundusz Rozwoju S.A., with its registered office in Warsaw, Krucza 50, for the financial year from 1 January to 31 December 2020, which comprise introduction to the financial statements, balance sheet as at 31 December 2020, the profit and loss account, the statement of changes in equity, the statement of cash flows for the financial year then ended and the supplementary information and explanations.

Financial statements have been prepared in electronic format as a file titled „PFR\_JSF2020” and have been signed with qualified electronic signatures by the Management Board on 25 May 2021.

The annual separate financial statements have been prepared in accordance with the applicable financial reporting framework of the Act dated 29 September 1994 on accounting (Journal of Laws from 2019, item 351, as amended), hereinafter referred to as the Accounting Act.

In our opinion, the annual separate financial statements of Polski Fundusz Rozwoju S.A.:

- give true and fair view of the financial position of Polski Fundusz Rozwoju S.A. as of 31 December 2020, 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 and the provisions of the Company's articles of association that apply to the financial statements,
- have been prepared, in all material respects, based on the properly kept accounting records in accordance with the Chapter 2 of the Accounting Act.

#### *Basis for Opinion*

We conducted our audit in accordance with National Standards on Auditing being International Standards on Auditing as

adopted in Poland by the National Board of Certified Auditors, hereinafter referred to as “NSA”, applicable to audit of financial statements for the year ended on 31 December 2020, and the Act dated 11 May 2017 on statutory auditors, audit firms and public oversight, hereinafter referred to as “the Act on statutory auditors”.

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

We are independent of the Company 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 “IFAC 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 IFAC 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 financial statements of the current period. They are determined from:

- a) areas of higher assessed risk of material misstatement,
- b) significant risks,
- c) significant auditor judgments relating to areas in the financial statements that involved significant management judgments,
- d) the effect on the audit of significant events and transactions that occurred during the period.

These matters were addressed in the context of our audit of the 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 governmental Financial Shield programs**

Key audit matter's description	How the matter was addressed in the audit
<p>Based on the Act of 4 July 2019 on the System of Development Institutions (Journal of Laws, item 1572, as amended), the Company performs tasks entrusted by the government administration bodies. In 2020, these tasks primarily included the handling of the government programs of the Financial Shield of the Polish Development Fund (Polski Fundusz Rozwoju S.A.) for Large Companies, the government program of the Financial Shield of the Polish Development Fund (Polski Fundusz Rozwoju S.A.) for Small and Medium-sized Companies, and for the government program of support for Polskie Linie Lotnicze LOT S.A. (hereinafter "Financial Shield", "Financial Shields" respectively).</p> <p>In servicing the aforementioned programs, under the agreement on the terms and procedure of transferring funds for the implementation of government programs concluded between the Polski Fundusz Rozwoju S.A. and the State Treasury, the Company undertakes actions on behalf of the State Treasury and at its sole expense and risk. These actions include, inter alia, raising external financing by issuing bonds and distribution of aid instruments following the terms of the above programs.</p> <p>In the financial statements as of 31 December 2020, the Company discloses assets of the Financial Shields in the total amount of PLN 65,880,635 thousand and liabilities of the Financial Shields in the total amount of PLN 65,880,635 thousand.</p> <p>The recognition in the financial statements of transactions arising from the operation of the Financial Shield programs required the exercise of judgment by the Company's Management Board in determining accounting policies.</p> <p>Given the value of Financial Shield's assets and liabilities, we considered this to be a key audit matter for us.</p> <p>Improper recognition and valuation of assets and liabilities so material to the financial statements could result in a material misstatement of the financial statements.</p> <p>The introduction to the financial statements describes the valuation principles for the assets and liabilities related to the governmental Financial Shield programs and Note 1 of the notes to the financial statements, "Governmental Financial Shield Programs," provides details on the structure and value of these assets and liabilities.</p>	<p>During our audit, we performed procedures to obtain sufficient and appropriate audit evidence on the recognition, balance sheet valuation, and financial statement presentation of assets and liabilities related to the Governmental Financial Shield programs. The following are the procedures performed that, in our judgment, were critical to achieving the audit objectives:</p> <ul style="list-style-type: none"> <li>discussions with key Company personnel to understand the key terms of each Financial Shield programs and the Company's responsibilities in operating them</li> <li>analysing legal regulations, the agreement on the terms and the procedure for transferring funds for government programs, the terms for issuing bonds, and the program documents and regulations regarding the Financial Shield government programs,</li> <li>gaining an understanding of the internal controls in the process relating to their operation,</li> <li>analysing the accounting policy for the valuation and presentation of assets and liabilities of the Financial Shield programs,</li> <li>assessing the valuation and presentation of assets and liabilities of governmental Financial Shield programs in the financial statements,</li> <li>performing reliability procedures on the existence, completeness, recognition, and valuation of Financial Shield's assets and liabilities</li> <li>assessing the completeness and adequacy of financial statement disclosures related to the assets and liabilities of the government's Financial Shield programs.</li> </ul>

**Other information included in the annual report**

Other information comprises the financial and non-financial information included in the annual report, other than the financial statements or the audit report thereon. Other information comprises inter alia the report on the management report for the year ended on 31 December 2020 along with the

selected financial data (converted to EUR), and statements of the Management Board.

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

Our opinion on the financial statements does not cover the other information and, unless this is clearly stated in the "Report on Other Legal and Regulatory Requirements" section, we do not express any form of assurance conclusion thereon. Additionally, the scope of our work and the character of our assurance are exclusively as we have described.



In connection with the audit of the financial statements, in accordance with the National Standards on Auditing, we are obliged to read other information while conducting the audit, examine whether the other information is not materially inconsistent with the financial statements or our knowledge gained during the audit or if it does not otherwise seem to be materially misstated.

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

Until the date of the audit report we had been provided with the management report and the annual report will be available after this date. If we find any material misstatement in the annual report, we are obliged to notify thereof the Company's Supervisory Board.

#### *Responsibilities of the Management Board and the Supervisory Board for the Financial Statements*

The Management Board of Polski Fundusz Rozwoju S.A. is responsible for the preparation of the annual financial statements that give true and fair view in accordance with the Accounting Act, their compliance with applicable laws and regulations and the Company's articles of association, as well as keeping the accounting records in accordance with the Accounting Act.

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

In preparing the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent 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 the above mentioned 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 financial statements.

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

- we exercise professional judgment and maintain professional skepticism throughout the audit and
- identify and assess the risks of material misstatement of the 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 Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,
- conclude on the appropriateness of management'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 Company'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 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 Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 Company nor the efficiency nor effectiveness with which the Management Board of the Company has conducted and will conduct the affairs of the Company.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be



expected to outweigh the public interest benefits of such communication.

Under the Act on statutory auditors we are also required to express an opinion on whether financial statements comply, as to the form and content, with applicable laws as well as the Company's articles of associations and have been prepared based on the properly kept accounting records. We report on these matters based on the work undertaken in the course of the audit.

## Report on Other Legal and Regulatory Requirements

### The management report

The management report and the consolidated management report have been prepared as a single document in electronic format as a file entitled „PFR\_SZ2020”, signed with electronic signatures by the Management Board of the Company on 25 May 2021.

### *Responsibilities of the Management Board and the Supervisory Board*

The Management Board of the Company is responsible for preparation of the management report in compliance with the law. The Management Board of the Company and members of the Supervisory Board are required to ensure that the management report complies with the Accounting Act.

### *Auditor's Responsibilities*

Under the Act on statutory auditors we are required to express an opinion on whether the management report has been prepared in accordance with legal regulations and whether it is consistent with the audited financial statements.

### *Digital signature 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

Orzycka 6 lok. 1B  
02-695 Warsaw

Warsaw, date 25 May 2021

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

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

### *Opinion on the management report*

In our opinion, based on the work undertaken in the course of the audit of the annual financial statements, the accompanying management report of Polski Fundusz Rozwoju S.A. for the financial year ended on 31 December 2020:

- has been prepared in accordance with Article 49 of the Accounting Act
- the information presented therein is consistent with the information in the audited financial statements.

In the light of the knowledge of the Company and its environment obtained during the course of the audit, we have not identified material misstatements in the management report.

### *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.

