



REPORT OF THE SUPERVISORY BOARD

AND ITS AUDIT COMMITTEE ON THEIR ACTIVITIES IN 2020, INCLUDING THE ASSESSMENTS REFERRED TO IN PRINCIPLE II.Z.10 OF THE BEST PRACTICE FOR WSE LISTED COMPANIES 2016

Warsaw, May 26th 2021

1. COMPOSITION OF THE SUPERVISORY BOARD OF PCF GROUP S.A. IN 2020

As at January 1st 2020, the composition of the Supervisory Board was as follows:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board
- Bartosz Biełuszko – Member of the Supervisory Board
- Krzysztof Dolaś – Member of the Supervisory Board

In the period January 1st–December 31st 2020, the following changes took place in the composition of the Supervisory Board:

- On June 26th 2020, the Extraordinary General Meeting of the Company determined that the Company's Supervisory Board would be composed of five members, and appointed two new independent members, Jacek Pogonowski and Barbara Sobowska, to the Supervisory Board previously consisting of three members appointed on November 6th 2019 (Mikołaj Wojciechowski, Bartosz Biełuszko and Krzysztof Dolaś).
- On November 5th 2020, Barbara Sobowska submitted her resignation as member of the Supervisory Board, effective upon appointment of a new Supervisory Board member by the General Meeting.
- On November 16th 2020, the Extraordinary General Meeting appointed Aleksandr Ferenc as an independent member of the Supervisory Board. On the same day, Barbara Sobowska's resignation became effective.

As at December 31st 2020, the composition of the Supervisory Board was as follows:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board
- Bartosz Biełuszko – Member of the Supervisory Board
- Krzysztof Dolaś – Member of the Supervisory Board
- Jacek Pogonowski – Member of the Supervisory Board
- Aleksander Ferenc – Member of the Supervisory Board

In the period from December 31st 2020 to the date of this Report, the following changes took place in the composition of the Supervisory Board:

- On April 1st 2021, Bartosz Biełuszko and Krzysztof Dolaś tendered their resignations as members of the Supervisory Board in fulfilment of their commitment to resign from the Supervisory Board as described in detail in the Company's prospectus approved by the Polish Financial Supervision Authority on November 25th 2020.
- On April 1st 2021, the Group of Qualifying Shareholders, as defined in Art. 17.3 of the Company's Articles of Association (i.e. comprising the shareholders Sebastian Wojciechowski, Bartosz Kmita, Bartosz Biełuszko and Krzysztof Dolaś), in the exercise of their special personal right to appoint and remove Supervisory Board members, appointed:
 - Barbara Sobowska as member of the Supervisory Board of PCF Group S.A., with effect as of April 1st 2021; and
 - Kuba Dudek as member of the Supervisory Board of PCF Group S.A., with effect as of April 1st 2021.

As at the date of this Report, the composition of the Supervisory Board was as follows:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board

- Barbara Sobowska – Member of the Supervisory Board
- Kuba Dudek – Member of the Supervisory Board
- Jacek Pogonowski – Member of the Supervisory Board
- Aleksander Ferenc – Member of the Supervisory Board

2. INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

In the period from June 26th 2020, i.e. (i) the date of the Extraordinary General Meeting's resolution to increase the Company's share capital through the issue of Series B ordinary shares, to fully waive the existing shareholders' pre-emptive rights to acquire all Series B shares, to seek the admission and introduction of Series A shares, Series B shares and rights to Series B shares to trading on the regulated market operated by the Warsaw Stock Exchange, to convert Series A shares, Series B shares and rights to Series B shares into book-entry form, to authorise entry into an agreement on registration of Series A shares, Series B shares and rights to Series B shares in the securities depository, and to amend the Company's Articles of Association, and (ii) the date on which the Extraordinary General Meeting determined that the Supervisory Board would be composed of five members, until November 16th 2020, i.e. the date when the composition of the Supervisory Board changed following Barbara Sobowska's resignation as member thereof, the independent members of the Supervisory Board within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 and the Best Practice for WSE Listed Companies 2016, as adopted by the Warsaw Stock Exchange Supervisory Board's Resolution No. 26/1413/2015 of October 13th 2015 and effective as of January 1st 2016, were:

- Jacek Pogonowski and
- Barbara Sobowska.

As at December 31st 2020 and the date of this Report, the independence criteria within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 and the Best Practice for WSE Listed Companies 2016 were satisfied by the following Supervisory Board members:

- Jacek Pogonowski and
- Aleksander Ferenc.

3. ACTIVITIES OF THE SUPERVISORY BOARD IN 2020

The Supervisory Board exercises ongoing supervision over the Company's business in each area of its activity. In 2020, the Supervisory Board performed its duties under the applicable laws and regulations and the Company's Articles of Association. In 2020, the Supervisory Board held four meetings, with attendance at 100%. In addition, the Supervisory Board passed resolutions using means of remote communication in the form of a conference call, without holding a meeting. In 2020, the Supervisory Board passed a total of 13 resolutions.

The resolutions passed by the Supervisory Board in the performance of its duties included:

- Resolution to consent to the execution of an agreement between the Company and President of the Management Board

- Resolutions to amend and restate the Company's Articles of Association
- Resolutions to establish the Audit Committee and determine the number of its members
- Resolutions to appoint members of the Audit Committee
- Resolution to adopt the Rules of Procedure for the Management Board
- Resolution to adopt the Rules of Procedure for the Audit Committee
- Resolution to adopt an assessment of the Directors' Report on the Company's operations and the Company's separate financial statements for the period January 1st – December 31st 2019 with respect to their completeness, accuracy and consistency with the underlying accounting records and supporting documents
- Resolution to adopt an assessment of the Directors' Report on the Group's operations and the Group's consolidated financial statements for the period January 1st – December 31st 2019 with respect to their completeness, accuracy and consistency with the underlying accounting records and supporting documents
- Resolution to adopt a report on the assessment of the Management Board's proposal on allocation of the Company's net profit for the financial year 2019.

4. ACTIVITIES OF THE AUDIT COMMITTEE IN 2020

Pursuant to Art. 20 of the Company's Articles of Association, from the date of the General Meeting's resolution to seek admission of Company shares to trading on a regulated market and for as long as the Company remains a public-interest entity within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, the Supervisory Board is required to establish and maintain an audit committee. The Supervisory Board may also establish other committees, in particular the nomination and remuneration committee. The detailed tasks and rules of establishing and operation of such committees are specified in the Rules of Procedure for the Supervisory Board.

On June 26th 2020, the Extraordinary General Meeting passed a resolution to increase the Company's share capital through the issue of Series B ordinary shares, to fully waive the existing shareholders' pre-emptive rights to acquire all Series B shares, to seek the admission and introduction of Series A shares, Series B shares and rights to Series B shares to trading on the regulated market operated by the Warsaw Stock Exchange, to convert Series A shares, Series B shares and rights to Series B shares into book-entry form, to authorise entry into an agreement on registration of Series A shares, Series B shares and rights to Series B shares in the securities depository, and to amend the Company's Articles of Association. As a consequence, on June 26th 2020 the Supervisory Board passed a resolution to establish the Audit Committee of the Supervisory Board, as well as a resolution to appoint the Chairperson and members of the Audit Committee of the Supervisory Board.

The Audit Committee consists of at least three members appointed by the Supervisory Board from among its members for the term of office of the Supervisory Board.

As at June 26th 2020, the composition of the Audit Committee was as follows:

- Jacek Pogonowski – Chairperson of the Audit Committee
- Barbara Sobowska – Member of the Audit Committee

- Mikołaj Wojciechowski – Member of the Audit Committee

Among the Audit Committee members listed above, Mikołaj Wojciechowski satisfied the criteria of possessing the knowledge and skills relevant to the industry in which the Company operates, as set out in Art. 129.5 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, as well as the criteria of possessing the knowledge and skills in accounting or financial auditing as set out in Art. 129.1 of the same act. At the same time, Jacek Pogonowski and Barbara Sobowska satisfied the independence criteria within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 and the Best Practice for WSE Listed Companies 2016.

Following the aforementioned changes in the composition of the Supervisory Board, from November 16th 2020 and as at the date of this Report, the composition of the Audit Committee was as follows:

- Jacek Pogonowski – Chairman of the Audit Committee
- Aleksander Ferenc – Member of the Audit Committee
- Mikołaj Wojciechowski – Member of the Audit Committee

Among the Audit Committee members, as at December 31st 2020 and the date of this Report, Mikołaj Wojciechowski satisfied the criteria of possessing the knowledge and skills relevant to the industry in which the Company operates, as set out in Art. 129.5 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and Aleksander Ferenc satisfied the criteria of possessing the knowledge and skills in accounting or financial auditing set out in Art. 129.1 thereof. At the same time, Jacek Pogonowski and Aleksander Ferenc are the Supervisory Board members satisfying the independence criteria within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 and the Best Practice for WSE Listed Companies 2016.

Pursuant to Art. 20.2 of the Company's Articles of Association, the Audit Committee is responsible for, in particular: (i) monitoring of the financial reporting process, effectiveness of the internal control and risk management systems and the internal audit function, including with regard to financial reporting and financial audits; (ii) controlling and monitoring of the independence of the auditor and audit firm; (iii) informing the Supervisory Board of the audit findings and explaining how the audit contributed to reliability of the Company's financial reporting and what role the Audit Committee played in the audit; (iv) assessing the auditor's independence and approving the provision of permitted non-audit services by the auditor; (v) developing a policy for selecting an audit firm to conduct the audit; (vi) establishing an audit firm selection procedure for the Company; (vii) making recommendations on how to ensure reliability of the Company's financial reporting process.

The Audit Committee supervises the activities of the auditor. It issues recommendations to the Supervisory Board concerning the selection, or termination of the engagement, of a qualified auditor of financial statements, monitors the auditor's compliance with the independence and objectivity principles and information exchange rules, supervises the auditor's work, and routinely assesses the auditor's activities.

In 2020, the Audit Committee held one meeting, during which the Committee reviewed a final presentation on the audit of the Company's separate financial statements for the period January 1st–December 31st 2019 and the consolidated financial statements of the Group in which the Company is the parent for the period January 1st–December

31st 2019, delivered by the Company's statutory auditor, and members of the Audit Committee asked the auditor's representatives a number of questions concerning the financial statements and their audit.

Apart from the Audit Committee, the Supervisory Board did not establish any other internal committees composed of its members.

5. SELF-ASSESSMENT OF THE SUPERVISORY BOARD'S WORK IN 2020

The Supervisory Board of PCF Group S.A. concludes that in 2020 it exercised proper ongoing supervision over the Company's business in each area of its activity in accordance with applicable laws and regulations and the Company's Articles of Association.

The Supervisory Board further concludes that it fulfils its duties diligently and effectively in exercising ongoing supervision over the Company's business in each area of its activity, and that its membership guaranteed a broad spectrum of professional experience, thus ensuring an adequate level of collective supervision of the Company's operations.

In the Supervisory Board's opinion, the professional experience and diverse expertise of the individual members of the Supervisory Board enable it to thoroughly examine and provide comprehensive opinions on issues presented to the Supervisory Board for consideration and ensure a broad range of views with respect to the assessment of the Management Board's work and the Company's performance.

The Supervisory Board favourably assessed its cooperation with the Management Board, finding the information provided by the Management Board to be exhaustive and appreciating the active participation of Management Board members in Supervisory Board meetings, including the clarifications they provided on various matters.

In 2020, the Supervisory Board members actively participated in Supervisory Board meetings and remained committed to the proper discharge of their duties; the discussions held included an assessment of the Company's standing as at the date of each meeting and of the market standards for listed companies.

The number and duration of the Supervisory Board meetings, as well as the level of the Supervisory Board members' access to resources, were adequate to enable the Supervisory Board to discharge its duties, and the documents prepared for the Supervisory Board included relevant information and were developed well in advance of each meeting. The subject-matter content of the materials submitted for the Supervisory Board meetings was of satisfactory quality.

6. ASSESSMENTS MADE BY THE SUPERVISORY BOARD IN 2020

ASSESSMENT OF THE COMPANY'S STANDING, INCLUDING AN ASSESSMENT OF THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEMS AND THE INTERNAL AUDIT FUNCTION; THE ASSESSMENT COVERS ALL SIGNIFICANT CONTROLS, IN PARTICULAR FINANCIAL REPORTING AND OPERATIONAL CONTROLS

Internal control

The Company's Management Board is responsible for the internal control system at the Company and for its effectiveness in the process of preparing financial statements and periodic reports. The financial reporting process at PCF Group S.A. and its subsidiaries is supervised directly by the President of the Management Board.

Until the end of November 2020, the accounting books of both PCF Group S.A. and its subsidiaries had been kept by third party accounting offices, separately for each company, with dedicated persons responsible for keeping the accounting records of individual companies as their chief accountants. In connection with expansion and strengthening of the Company's in-house finance and accounting function undertaken in 2020 to end the cooperation with third party providers of accounting services and to transfer bookkeeping and financial reporting to the Company's internal structures within the remit of the Chief Accountant, as of December 1st 2020 the Company has been keeping its own accounting records, which should enable the Company to adjust its internal finance and accounting function to meet the Company's needs if the scale of its operations continues to expand. The change did not affect the keeping of accounting records of PCF Group S.A.'s subsidiaries, which continue to be kept by third party accounting offices. Supervision of the third party providers of accounting services has been the responsibility of the Chief Financial Officer as part of the internal control system. The Chief Financial Officer is accountable to and reports directly to the President of the Management Board.

Both separate and consolidated financial statements are prepared by PCF Group S.A. The process involves the Management Board and the finance and accounting department. The financial data underlying the financial statements is sourced from the accounting records of PCF Group S.A., as well as from the systems of third party accounting offices keeping the accounts of subsidiaries.

The half-year separate and consolidated financial statements and full-year separate and consolidated financial statements are subject to, respectively, a review or audit by an independent auditor.

The financial statements prepared by the Management Board and audited by the audit firm are submitted to the Supervisory Board for taking the actions provided for in the Commercial Companies Code, i.e. assessing their consistency with the underlying accounting records and documents, as well as with the findings of fact.

The Audit Committee controls and monitors the independence of the statutory auditor and the audit firm, assesses the independence of the statutory auditor, as well as developed a policy for the selection of an audit firm to perform the audit and determined the procedure for selecting an audit firm by the Company. The Audit Committee presents to the Supervisory Board its recommendation concerning the appointment of statutory auditors or audit firms pursuant to Art. 130.1.8 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 in conjunction with Article 16(2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of

April 16th 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

The Supervisory Board and the Audit Committee monitor the financial reporting and financial auditing processes, including by analysing separate and consolidated financial statements prior to their approval by the General Meeting. This process also includes an analysis of the Company's periodic reports prior to their publication. In performing the supervisory and control activities, the Supervisory Board and the Audit Committee rely on the materials provided by the Management Board or the Chief Financial Officer, or on the information and explanations provided directly by the audit firm and the statutory auditor. In addition, the Supervisory Board and the Audit Committee rely on documents and other sources of information provided directly to the Supervisory Board or the Audit Committee upon their request by the Company's employees or independent contractors designated by the Supervisory Board or the Audit Committee. In order to perform its tasks, the Audit Committee may meet with the Company's employees or independent contractors without the involvement of Management Board members. The key financial reporting processes subject to control include: (i) settlement of and accounting for contracts concluded by the Company or its subsidiaries, (ii) the remuneration scheme for the Company employees and independent contractors, (iii) consolidation of the Company's financial data, (iv) preparation of the Company's separate and consolidated financial statements, and (v) tax settlements taking into account the operations carried out in various jurisdictions and tax credits/reliefs applied by the Group companies.

The external auditor who audited the Group's full-year consolidated financial statements for the financial year ended December 31st 2020 and the Company's full-year separate financial statements for the financial year ended December 31st 2020 did not submit any comments on the operation of the internal control system.

In view of the foregoing, the Supervisory Board gives a positive assessment of the internal control model adopted by the Company, finding it to be adequate and effective.

Internal audit

Given the nature of the Company's operations, in 2020 the Company had no formal internal audit function in the form of a separate organisational unit tasked with regular, independent and objective audit, assessment and improvement of the internal control procedures and mechanisms in place at the Company with a view to supporting the process of monitoring and evaluating the internal control system.

As previously reported by the Company, as the Company's business model evolves and based on, among other things: (i) opinions of the Audit Committee; (ii) findings of the auditor; and (iii) findings, information and assessments obtained from third parties, including market regulators, the Company will consider establishment in the future of a separate unit to perform the internal audit function.

Until such time as such unit is established at the Company, the Audit Committee, as part of its internal audit monitoring activities, will, from 2021 onwards, assess whether the Company's situation warrants the establishment of an internal audit unit and submit such assessment to the Supervisory Board. At the same time, having consulted the Audit Committee, the Management Board has agreed to consider whether to outsource part of the internal audit function to a specialised third-party provider.

The Supervisory Board does not wish to submit any comments on any activities related to the possible establishment of an internal audit unit at the Company.

ASSESSMENT OF THE COMPANY'S COMPLIANCE WITH THE DISCLOSURE OBLIGATIONS CONCERNING COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES DEFINED IN THE EXCHANGE RULES AND THE REGULATIONS ON CURRENT AND PERIODIC REPORTS PUBLISHED BY ISSUERS OF SECURITIES

In the Supervisory Board's opinion, the Management Board properly fulfilled the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities.

ASSESSMENT OF THE RATIONALITY OF THE COMPANY'S POLICY FOR SPONSORSHIP, CHARITABLE AND SIMILAR ACTIVITIES, OR INFORMATION ON THE ABSENCE OF SUCH POLICY

In 2020, the Company did not pursue sponsorship, charity or other similar activities.