

Dear Shareholders, Business Partners, Employees and Stakeholders,

It is for the second consecutive time that I have the pleasure to share with you my thoughts on the previous year. It was a year marked by intensive and hard work; but it was also a fruitful year.

Early in 2015 we managed to finalise the PLN 48m sale of FPM S.A., our subsidiary, to TDJ S.A. We decided to sell FPM S.A. as its business model was not aligned with our core business and, accordingly, the RAFAKO Group's strategy. The proceeds from the transaction helped us strengthen RAFAKO's liquidity position, one of the Management Board's priorities for 2015, consistent with our strategy for 2015–2018 revealed in November 2014.

Another highlight, possibly the highlight of 2015, was the SPO of RAFAKO shares. As part of the transaction, 15,331,998 Series J ordinary bearer shares were offered. The issue was sold out to 145 investors, at a price of PLN 6.10, effectively generating PLN 93.5m. The purpose of the issue was to raise funds to: a) finance contractual security arrangements in building the Group's order book and working capital requirements to enable the performance of contracts in the future. Approximately 85-90% of the issue proceeds will be applied towards that purpose; b) to increase R&D spending with a view to advancing the Group's technology portfolio and expanding it to include solutions that help improve product efficiency and reliability. The Company's key focus in its research and development work financed with the issue proceeds will be on environmental protection technologies. Approximately 10-15% of the funds raised from the issue will be applied towards that purpose. The Management Board considers the issue to be a major success. The achieved price represented only a 3% discount to the then current share price on the WSE. It is worth noting that the offering was conducted against the background of a challenging external environment. On the one hand, uncertainty prevailed on global markets, fuelled mainly by the situation in Greece and, later on, China. On the other hand, approval of PBG's arrangement with creditors was pending. That is why the trust shown by investors, both small and large, makes us all the more proud. For that, on behalf of the entire Management Board, I extend my warmest thanks. The successful SPO allowed us to acquire a new, strong base of institutional investors. Shareholders in our company above the 5% thresholds now include NN PTE and QUERCUS TFI with a 9.48% and 9.02% shares in voting rights, respectively.

In 2015, RAFAKO worked towards strengthening its capital position and financial standing. We managed to obtain nearly PLN 100m in unsecured guarantee facilities. We also signed an annex to the agreement with PKO BP bringing our available guarantee limit to PLN 100m.

The start of 2016 saw another success, with mBank issuing an advance payment bank guarantee of PLN 48m and a performance bond for the Jaworzno III project amounting to PLN 126.3m. This enabled reimbursement of the PLN 40m deposited by RAFAKO in cash to secure performance of the contract.

Last year was also marked by the beginning of organisational changes within the Group. At this point, I should mention the spin-off of activities related to maintenance of power and environmental protection facilities from RAFAKO, which were transferred to RAFAKO ENGINEERING. RAFAKO ENGINEERING also welcomed the addition of PBG's maintenance business for natural gas and crude oil facilities. Through this merger, the company is now in a position to provide comprehensive services in both of the above segments. We consider the maintenance segment to be highly promising and intend to expand it further. The strict approach to climate protection, with the emphasis on constant reduction of greenhouse gas emissions, serves to alter the approach to conventional energy, forcing technology businesses such as RAFAKO to seek new markets in terms of both geography and products. Another driver reshaping the Polish power market is the relation between energy prices and generation costs, which are largely driven by regulatory requirements. This mainly affects conventional energy players who, in an attempt to remain competitive, are pursuing even deeper operational enhancements to reduce operating costs and capital expenditure. As a business historically tied to the energy sector, RAFAKO must change in a manner enabling it to play a major role in the development of the energy market in the future. The main objectives of the reorganisation project are: to streamline internal process management, to increase competitiveness of internal business units, to further consolidate EPC competences and, finally, to work out a systemic approach to innovation in R&D.

In this short review of 2015, I should also mention the situation RAFAKO's markets. Last year, 92% of the Group's revenue was derived from domestic contracts, and the balance – from foreign markets. Such an overwhelming dominance of the domestic market is attributable to the ongoing performance of the 910 MW Jaworzno III project. With a 99.99% interest, RAFAKO leads the consortium responsible for this PLN 4.4bn project. We still stand by our target to reach a 25%-30% share of export markets in our total revenue, to be achieved within the next two years. Considering the significance of the Jaworzno III contract, we want to achieve this on a separate basis.

In terms of new additions to the backlog, in 2015 our largest order was a PLN 78.5m (net) contract with ENEA Wytwarzanie for the construction of a flue gas desulfurization unit for Boilers K7 and K8 in the Białystok CHP Plant. The remaining orders had lower unit values, however, combined they added over PLN 300m to the order book.

We realise that this amount is lower than the amounts we reported in previous full-year accounts, however investors had put most of their environmental protection projects on hold, chiefly due to uncertainties regarding new environmental requirements. All domestic energy and industrial groups are awaiting EU's new BAT (Best Available Technology) regulations on environmental protection – the standard used to define the amount of pollutants emitted in the EU. Their overarching goal is to offer such emission limits that would reflect the right balance between benefits and costs. BAT conclusions are expected to be announced in the first half of 2016. Once that happens, investment projects should be released from hold.

In accordance with the Stable Growth Strategy for 2015–2018 announced in November, we managed to increase our consolidated revenue by 31% to PLN 1.55bn, PLN 670m of which was attributable to the Jaworzno

III project. There was strong improvement at every level of our consolidated statement of profit or loss. Gross profit reached PLN 127m, with operating profit coming in at PLN 40.7m and net profit attributable to owners of the parent at PLN 34.1m. Our plans for this year are to further improve our performance across these metrics. We expect to generate some PLN 1.1bn in consolidated revenue from the Jaworzno III contract alone.

In 2016, we will consistently continue our efforts to achieve the goals defined in the Stable Growth Strategy and during the share offering last July.

To conclude, I would like to thank all our Shareholders for their trust in RAFAKO. It is this trust that allowed us to see a consecutive year of share price growth, this time 34% year on year. I would also like to thank our partners for a fruitful year of cooperation. My special thanks go to everyone involved in implementing the largest contract in our order book – the construction of the power generation unit at the Jaworzno III Power Plant. I would also like to thank the Supervisory Board for their support throughout the year. Without it, we would not have achieved all this. However, above all I would like to express my gratitude to all RAFAKO employees for your commitments and hard work throughout the year. I am confident 2016 will also be an excellent and successful year.

Agnieszka Wasilewska-Semail

President of the Management Board

Racibórz, March 21st 2016