

ASSESSMENT BY THE SUPERVISORY BOARD OF RAFAKO S.A.
concerning consistency of the Directors' Report on the Company's operations and the Company's
separate financial statements with accounting records, documents and facts

The Supervisory Board of **RAFAKO Spółka Akcyjna of Racibórz**, with its registered office at ul. Łąkowa 33, 47-400 Racibórz, Poland, entered in the Business Register of the National Court Register maintained by the District Court of Gliwice, 10th Commercial Division of the National Court Register, under KRS No. 0000034143, Tax Identification Number (NIP): 6390001788, Industry Identification Number (REGON): 270217865 (the "**Company**"), acting in compliance with Art. 21.2.1 and Art. 21.3 of the Company's Articles of Association, as well as the requirement of Art. 70.1.14 of the Regulation of the Minister of Finance of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018 (Dz. U. of 2018, item 757), and Art. 382.3 of the Commercial Companies Code, having reviewed the documents specified below and based on its best knowledge, hereby gives a positive assessment of:

- 1) the Company's full-year financial statements for the financial year ended December 31st 2019, and
 - 2) the Directors' Report on the Company's operations in 2019,
- with regard to their consistency with the accounting records, documents and facts.

The Supervisory Board based its assessment on:

- 1) the contents of the full-year financial statements and the Directors' Report submitted by the Company's Management Board,
- 2) the independent auditor's report on the audit of the Company's full-year financial statements for the financial year 2019,
- 3) the additional report for the Audit Committee, prepared pursuant to Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, and in accordance with the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017 (Dz.U. of 2017, item 1089),
- 4) meetings with the audit firm representatives, including the lead auditor.

The audit of the financial statements was carried out by **Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k.** of Poznań (the "**Auditor**"), which was selected and appointed by the Supervisory Board to audit the Company's full-year separate financial statements and the RAFAKO Group's full-year consolidated financial statements for the financial year 2019.

The auditor noted to the following issues:

Material uncertainty related to going concern

We would like to draw your attention to the fact that in Note 7 to the full-year financial statements the Management Board of the Company presented the following circumstances and the resulting material uncertainty:

- The Management Board described the risks associated with managing the Company's financial liquidity, indicating the key conditions necessary to maintain liquidity within twelve months from the reporting date. These conditions include renewal of the existing credit and guarantee facilities maturing at the end of June 2020 and maintaining their amounts at the current level until the reporting date and in the following periods after the reporting date, raising new funding needed to fill the liquidity gap through a transaction to sell the electric bus project, continued implementation of running projects until the end of the year according to plan, and active working capital management.
- The Management Board of the Company presented the legal and factual situation of and threats to the contract for the construction of a 910 MW supercritical power unit in Jaworzno III Power Plant - Power Plant II, executed by a subsidiary for Tauron Wytwarzanie S.A. In particular, the Management Board described the consequences of signing an annex to the contract, setting out rules for the performance of additional works by the subsidiary and extending the deadline for signing the placement-in-service report for the unit until November 15th 2020. The annex also contains an obligation of the parties to amicably cooperate in good faith to have any damage caused by a failure being a 2020 event liquidated. According to the annex, the parties are to soon enter into talks on the settlement of losses resulting from the epidemic and additional claims made by the subsidiary.
- The Management Board presented the Company's liquidity position, indicating the need to obtain additional sources of finance for the Company's core business and the need to undertake restructuring measures enabling uninterrupted operations.

These facts point to significant uncertainty that may raise serious concerns over the Company's ability to continue as a going concern. In the above mentioned note, the Management Board also presented actions taken to eliminate said risks. The Company's Management Board believes, but gives no assurance, that these actions will bring about desired results. Our opinion is not modified with respect to this matter.

Emphasis of matter: Deferred income tax assets

We would like to draw your attention to Note 15.3 to the full-year financial statements, in which the Company's Management Board indicated that uncertainty exists as to the recoverability of deferred tax assets with a carrying amount of PLN 37,226 thousand. The recoverability of these assets will depend on successful implementation of the budgets and tax forecasts for the following years adopted by the Company's Management Board. Our opinion is not modified with respect to this matter.

As regards the Directors' Report for 2019, the auditor stated that it was prepared in accordance with the applicable laws and consistent with the information presented in the full-year separate financial statements. The auditor further stated that based on its knowledge of the Company and its environment obtained in the course of the audit of the full-year financial statements, it did not identify any material misstatements in the Directors' Report.

Based on the contents of the full-year financial statements, the Directors' Report on the Company's operations and the independent auditor's report on the audit of the financial statements, the Company's Supervisory Board represents that to the best of its knowledge:

- 1) the Company's full-year financial statements for the financial year 2019 were prepared within the legally required deadline and in accordance with the applicable laws, the International Financial Reporting Standards endorsed by the European Union, as well as in accordance with the adopted accounting policies,
- 2) the Directors' Report on the Company's operations in 2019 was prepared within the legally required deadline and in accordance with the applicable laws and adopted accounting policies,
- 3) the financial statements give a true and fair view of the Company's development, achievements, assets, financial position and financial results as at December 31st 2019.

Therefore, the Supervisory Board concludes that to the best of its knowledge the Company's full-year financial statements for the financial year 2019 and the Directors' Report on the Company's operations in 2019 are consistent with the accounting records, documents and facts.

Piotr Zimmerman, Chairman of the Supervisory Board

Przemysław Schmidt, Secretary of the Supervisory Board

Krzysztof Gerula, Member of the Supervisory Board

Konrad Milczarski, Member of the Supervisory Board

Bartosz Sierakowski, Member of the Supervisory Board

Maciej Stańczuk, Member of the Supervisory Board.