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Independent auditor's report on the full-year consolidated financial statements

To the Shareholders of RAFAKO Spółka Akcyjna w restrukturyzacji

Auditor's report on the full-year consolidated financial statements

Disclaimer of Opinion

We were engaged to audit the accompanying full-year consolidated financial statements of the RAFAKO Group (the Group), in which the parent is RAFAKO Spółka Akcyjna w restrukturyzacji (in restructuring) (the Parent), with its registered office at ul. Łąkowa 33, Racibórz, Poland, which comprise the consolidated statement of financial position as at December 31st 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and other explanatory information.

We do not express an opinion on the accompanying full-year consolidated financial statements. Notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties described in the *Basis for disclaimer of opinion* section, it is not possible to form an opinion on the accompanying full-year consolidated financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the full-year financial statements.

This disclaimer of opinion is consistent with the additional report for the Audit Committee issued on the date of this audit report.

Basis for Disclaimer of Opinion

In Note 6.4. to the full-year consolidated financial statements as at December 31st 2020, the Parent's Management Board stated that the Group's full-year consolidated financial statements were prepared on a going concern basis despite the fact that the Parent's Management Board is aware of a number of uncertainties that pose a material threat to the Group's ability to continue as a going concern. To assess the Group's ability to continue as a going concern it is essential that:

- The proceedings to enter into an arrangement with the Group's creditors be concluded,

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- It is possible to continue the performance of running contracts with stable margins and secure additional revenue sources covering the Group's claims through negotiation, and contracts whose performance was discontinued as a result of contract termination by the parties are settled;
- Day-to-day operations are financed from external sources in the form of bank and other borrowings and bank guarantees, and funds are released in the form of guarantee facilities enabling the Group to build a sound order book,
- A strategic investor is found for the Group.

Considering the steps taken in connection with the ongoing restructuring proceedings, negotiations held with investors and subcontractors, the Group's business strategy being pursued, providing for a deep business restructuring, and the steps taken and planned to raise funding for E003B7 Sp. z o.o., which is the subsidiary responsible for performing the contract to build the 910 MW power generation unit, the Parent's Management Board resolved to prepare the full-year consolidated financial statements on the assumption that the Group would continue as a going concern in the foreseeable future, covering at least 12 consecutive months after the reporting date.

The key issue for the Group's ability to continue as a going concern is the execution of agreements with customers regarding the projects where one of the parties decided to withdraw from further contract performance by the Group, including in particular the agreement with Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. to settle the contracts for the construction of the Goleniów-Płoty section of the DN700 Szczecin-Gdańsk gas pipeline and for the construction of the Kędzierzyn Compressor Station, and the agreement with JSC VILNIAUS KOGENERACINĖ JĖGAINĖ to settle the contract for the construction of a biomass-fired co-generation unit as part of the construction of a new CHP plant in Vilnius.

On January 5th 2021, the Parent and PKO BP S.A. executed an annex to a multi-purpose credit facility agreement. The main provisions of the annex extend the availability and maturity date of the facility until January 31st 2022 and cap the aggregate amount that can be drawn under all sub-facilities at PLN 120.6m, which allows the Group to finance its day-to-day operations, but does not secure funding for potential new contracts. The Group has applied for additional funds from the Industrial Development Agency under the New Chance Policy. The inability to obtain contract security from the financial sector significantly hinders the acquisition of new orders.

In addition, the ongoing process of finding a strategic investor for the Group, with the support of an external adviser, has not yet been completed.

In Notes 5.2. and 23 to the full-year consolidated financial statements the Parent's Management Board presented its estimates pertaining to the results of an impairment test of the Group's non-current assets, providing the basis for keeping the amounts of non-current assets recognised in the statement of financial position unchanged. The test was performed on the basis of budgets that factored in the effects of restructuring measures. Implementation of the budgets depends on the future events as described above and, as such, involves multiple material uncertainties.

In the consolidated statement of financial position the Parent's Management Board recognised deferred tax assets of PLN 25.5m. Whether these assets can be realised depends on the ability to generate taxable profits in subsequent years. The realisability of the assets was analysed based on budgets that factored in the effects of restructuring measures. The realisability of the assets was analysed based on budgets that factored in the effects of restructuring measures, which means that it involves multiple material uncertainties.

Due to the potential interaction of these uncertainties and their possible cumulative effect on the full-year consolidated financial statements, it is not possible to form an opinion on the accompanying full-year consolidated financial statements.

Key audit matters

Apart from the matters described in the *Basis for Disclaimer of Opinion* section, there are no other key audit matters, including the most significant assessed risks of material misstatement, that would be required to be presented in our audit report.

Responsibilities of the Management Board and Supervisory Board of the Parent for the full-year consolidated financial statements

The Parent's Management Board is responsible for the preparation of full-year consolidated financial statements that give a true and fair view of the Group's assets, financial position, financial performance and cash flows in compliance with International Accounting Standards, International Financial Reporting Standards and related interpretations issued in the form of the European Commission's regulations, adopted accounting policies, applicable laws, and the Parent's Articles of Association. The Parent's Management Board is also responsible for maintaining such internal controls as it considers necessary to enable the preparation of the full-year consolidated financial statements that are free from any material misstatement, whether due to fraud or error.

When preparing the full-year consolidated financial statements, the Parent's Management Board is responsible for assessing the Group's ability to continue as a going concern, for disclosing, if applicable, any issues relating to the Group continuing as a going concern, and for adopting the going concern basis, unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

In accordance with the Accounting Act of September 29th 1994 (consolidated text: Dz.U. of 2021, item 217, as amended) (the Accounting Act), the Parent's Management Board and Members of its Supervisory Board are required to ensure that the full-year consolidated financial statements comply with the requirements stipulated in the Accounting Act. Members of the Parent's Supervisory Board are responsible for monitoring the Group's financial reporting process.

Auditor's responsibilities for the audit of the full-year consolidated financial statements

Our responsibility is to conduct an audit of the full-year financial statements in accordance with:

- The Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 (consolidated text: Dz.U. of 2020, item 1415) (the Act on Statutory Auditors),
- International Standards on Auditing adopted as National Standards on Auditing (NSA) by Resolution No. 3430/52a/2019 passed by the National Council of Statutory Auditors on March 21st 2019, as amended, and
- Regulation 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 (OJ EU L 158 of May 27th 2014, p. 77 and OJ EU L 170 of June 11th 2014, p. 66) (Regulation 537/2014).

However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to express an audit opinion on these full-year consolidated financial statements.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the full-year consolidated financial statements* section.

We are independent of the Group companies within the meaning of the *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) of the International Ethics Standards Board for Accountants (the IESBA Code), adopted by the National Council of Statutory Auditors by Resolution No. 3431/52a/2019 of March 25th 2019 as professional ethics standards for auditors, and other ethical requirements applicable to audits of financial statements in Poland. In particular, in the course of the audit, the lead auditor and the audit firm remained independent of the Group's companies in accordance with

the independence requirements set out in the Act on Statutory Auditors and Regulation 537/2014. We have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code.

Our objective was to obtain reasonable assurance about whether the full-year 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 the NSA will always detect a material misstatement when it exists.

The scope of the audit does not include an assurance as to the future viability of the Group or the effectiveness or efficiency with which the Parent's Management Board has conducted its affairs or will conduct its affairs in the future.

Report on other legal and regulatory requirements

Directors' report, corporate governance statement, separate non-financial report

Responsibilities of the Parent's Management Board and Supervisory Board

The Management Board of the Parent is responsible for the preparation of the Directors' Report on the Group's operations, the corporate governance statement, which is a separate part of the Directors' Report, and the separate non-financial report in accordance with the Accounting Act and other applicable laws. Moreover, the Management Board and members of the Parent's Supervisory Board are responsible for ensuring that the Directors' Report on the Group's operations meets the requirements stipulated in the Accounting Act.

Auditor's responsibilities

We do not express any form of assurance under the NSA regarding the Directors' Report on the Group's operations, the corporate governance statement, which is a separate part of the Directors' Report, or the separate non-financial report. Under the Act on Statutory Auditors, our responsibility is to issue an opinion on whether the Directors' Report on the Group's operations has been prepared in accordance with applicable laws and regulations and whether it is consistent with the information contained in the full-year consolidated financial statements, and to make a representation, based on our knowledge of the Group and its environment obtained in the course of the audit, on whether we identified any material misstatements in the Directors' Report and on the nature of each such material misstatement. Moreover, we are required to report whether the Parent has prepared a non-financial statement or a separate non-financial report and to issue an opinion on whether the Parent has included the required information in its corporate governance statement.

Opinion on the Directors' Report

In our opinion, the Directors' Report on the Group's operations has been prepared in accordance with the applicable laws and regulations, that is Art. 55.2a of the Accounting Act and Section 71 the Minister of Finance's Regulation 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) (Regulation on Current and Periodic Information) and is consistent with the information disclosed in the accompanying full-year consolidated financial statements. We further state that based on our knowledge of the Group and its environment obtained in the course of the audit of the full-year consolidated financial statements, we did not identify any material misstatements in the Directors' Report, except for the potential effects of the matters described in the *Basis for Disclaimer of Opinion* section.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement, the Parent included the information specified in Par. 70.6.5 of the Regulation on Current and Periodic Information. The information specified in Par. 70.6.5.c-f, 70.6.5.h and 70.6.5.i of the Regulation on Current and Periodic Information, contained in the corporate

governance statement, complies with the applicable laws and regulations and is consistent with the information disclosed in the full-year consolidated financial statements.

Information on the separate non-financial report

In accordance with the Act on Statutory Auditors, we advise that the Parent stated in the Directors' Report that it prepared a separate non-financial report referred to in Art. 55.2c of the Accounting Act and that the Parent in fact prepared a separate non-financial report.

Opinion about the consistency of the consolidated financial statements prepared in a single electronic reporting format with the requirements of the Regulation on regulatory technical standards on the specification of a single electronic reporting format

In connection with the audit of the full-year consolidated financial statements, we were engaged to perform a reasonable assurance engagement to issue an opinion on whether the full-year consolidated financial statements of the Group as at December 31st 2020 and for the year then ended, prepared in accordance with the single electronic reporting format and contained in the file *rfk_2020-12-31.zip* ("consolidated financial statements in the ESEF format"), have been marked up in accordance with the requirements set out in Commission Delegated Regulation (EU) 2019/815 of December 17th 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"), and meets the technical requirements for the specification of a single electronic reporting format as set out in the ESEF Regulation.

Identification of the criteria and description of the service

The consolidated financial statements in the ESEF format were prepared by the Parent's Management Board to meet the mark up requirements and technical requirements for the specification of a single electronic reporting format, as set out in the ESEF Regulation.

The purpose of our assurance engagement is to verify the compliance of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation, and the requirements set out in the ESEF Regulation are, in our opinion, appropriate criteria for us to issue an opinion.

Responsibilities of the Parent's Management Board and Supervisory Board

The Parent's Management Board is responsible for the preparation of the consolidated financial statements in the ESEF format in accordance with the mark-up requirements and technical requirements for the specification of a single electronic reporting format, as set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags, using the taxonomy specified in the ESEF Regulation. The Parent's Management Board is also responsible for designing, implementing and maintaining an internal control system to ensure that the consolidated financial statements in the ESEF format are not materially non-compliant with the requirements of the ESEF Regulation.

Members of the Parent's Supervisory Board are responsible for providing oversight of the financial reporting process, including the preparation of financial statements in accordance with the format prescribed by the applicable laws.

Auditor's responsibilities

Our objective was to express an opinion, based on the reasonable assurance engagement we performed, whether the consolidated financial statements in the ESEF format have been marked up in accordance with the requirements of the ESEF Regulation and comply with the technical standards for the specification of a single electronic reporting format, as set out in the ESEF Regulation.

We performed our engagement in accordance with National Standard on Assurance Engagements Other than Audits and Reviews 3000 (Z) compliant with International Standard on Assurance Engagements 3000 (Revised) – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, adopted

by the National Council of Statutory Auditors by Resolution No. 3436/52e/2019 of April 8th 2019, as amended (“NSAE 3000 (Z)”).

The Standard requires that we plan and perform our procedures so as to obtain reasonable assurance that the consolidated financial statements in the ESEF format have been prepared in accordance with the specified criteria. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with NSAE 3000 (Z) will always detect a material misstatement. The procedures selected depend on the auditor’s judgement, including assessment of risks of material misstatement, whether due to fraud or error. When assessing this risk, the auditor takes into account the internal controls related to the preparation of the consolidated financial statements in the ESEF format in order to plan appropriate procedures to provide the auditor with sufficient appropriate evidence. The assessment of internal control was not performed to issue an opinion on its effectiveness.

Summary of the work performed

The procedures we planned and performed included:

- Obtaining an understanding of the process of preparing consolidated financial statements in the ESEF format, including the process of selecting and applying XBRL markups by the Management Board of the Parent and ensuring compliance with the ESEF Regulation, including an understanding of the internal control system mechanisms related to this process;
- Reconciling the marked-up information contained in the consolidated financial statements in the ESEF format with the audited consolidated financial statements;
- Using specialist IT tools to assess compliance with the technical standards for the specification of a single electronic reporting format, including application of the XHTML format;
- Assessing completeness of the marking up of information in the consolidated financial statements in the ESEF format with the XBRL mark-ups;
- Assessing whether the XBRL markups according to the taxonomy specified in the ESEF Regulation have been properly applied and that the extension taxonomy has been used where no relevant elements have been identified in the core taxonomy specified in the ESEF Regulation;
- Assessing the correctness of anchoring the applied taxonomy extensions to the core taxonomy specified in the ESEF Regulation.

In our opinion the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance engagement opinion.

Ethical requirements, including independence

In performing the engagement, the auditor and the audit firm complied with the independence requirements and other ethical requirements set out in the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We also complied with other independence and ethical requirements applicable to this assurance engagement in Poland.

Quality control requirements

The audit firm applies national quality control standards as defined in International Standard on Quality Control 1 – *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, adopted by Resolution No. 2040/37a/2018 passed by the National Council of Statutory Auditors on March 3rd 2018 (“NQCS”).

In accordance with the NQSC requirements, the audit firm maintains a comprehensive quality control system including documented policies and procedures for compliance with ethical requirements, professional standards and applicable laws and regulations.

Opinion

The auditor's opinion is formed on the basis of the matters described above and should therefore be read taking those matters into account.

In our opinion, the consolidated financial statements in the ESEF format have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation.

Representation on the provision of non-audit services

We hereby represent that, to the best of our knowledge and belief, we have not provided any non-audit services prohibited under Art. 136 of the Act on Statutory Auditors and Article 5(1) of Regulation 537/2014.

Appointment of audit firm

We have been appointed to audit the Group's full-year consolidated financial statements for 2020 and 2021 pursuant to a resolution passed by the Supervisory Board of the Parent on July 7th 2020. We have continuously audited the Group's consolidated financial statements starting from the financial year ended December 31st 2018, i.e. for the last three consecutive financial years.

Jan Letkiewicz

Statutory Auditor Reg. No. 9530

Lead auditor performing the review on behalf of

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
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Poznań, April 29th 2021