

CURRENT REPORT FILED WITH THE POLISH FINANCIAL SUPERVISION AUTHORITY IN WARSAW

DATE: September 7th 2022

Subject: [Adjustment of financial statements and consolidated financial statements for 2021 \[Current Report 71/2022\]](#)

Text of the report:

The Management Board of RAFAKO S.A. (the “Company”), acting in compliance with a recommendation given by the Polish Financial Supervision Authority (PFSA) on August 23rd 2022 pursuant to Art. 68.5 of the Act of July 29th 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (the “Recommendation”), publishes an adjustment of financial data included in the statement of financial position of RAFAKO S.A. and the consolidated statement of financial position of the RAFAKO Group for 2021, issued on April 28th 2022.

The adjustment has been made as prescribed by the Recommendation to address a qualification raised by the Auditor in relation to the statement of financial position of RAFAKO S.A. and the consolidated statement of financial position of the RAFAKO Group for 2021, reading as follows:

“Basis for qualified opinion

The Company recognises revenue under contracts in accordance with the accounting policy whereby the basis for estimating the contract price is the fixed price stated in the contract and an estimate of variable consideration. The Company estimates the variable amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer at the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of recognised cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In the financial statements, the Company recognised a variable amount of consideration under the contract performed for the customer JSW KOKS S.A. KKZ Radlin Branch that was estimated based on the terms signed or agreed after the reporting date. In the financial statements for the year ended December 31st 2021, the measurement of long-term contracts was an effect of the recognition of estimated revenue of PLN 50.5m and estimated expenses of PLN 29m. In our opinion, we have not obtained appropriate audit evidence that the terms agreed after the reporting date were sufficiently probable at the reporting date.”

The PFSA saw no basis (sufficient probability) for recognising revenue in respect of services not covered by the ongoing contract but rendered by the Company, recommending that the Company adjust its financial statements and consolidated financial statements for 2021 pursuant to Par. 15.5 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, by recognising only that revenue, pertaining to variable consideration under the

contract performed for JSW Koks S.A. KKZ Radlin Branch as part of the Radlin Project, the collection of which was sufficiently probable as at December 31st 2021 in accordance with the guidance provided in IFRS 15 *Revenue from Contracts with Customers* and IAS 10 *Events after the Reporting Period*.

The adjustment has affected the amount of RAFAKO S.A.'s net profit (loss) for 2021 disclosed in the statement of financial position of RAFAKO S.A. and the consolidated statement of financial position of the RAFAKO Group as at December 31st 2021, decreasing revenue for 2021 by PLN 11,687 thousand and increasing the provision for losses on contracts by PLN 9,831 thousand. As a result, net profit (loss) for 2021 has decreased by PLN 21.5m.

A detailed list of the adjustments made is attached as an appendix to this report.

Legal basis:

Art 56.1.2 of the Act on Public Offering and Par. 15.5 of 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.

Radosław Domagalski-Łabędzki, President of the Management Board
Maciej Stańczuk, Vice President of the Management Board