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Translation note:

*This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## **Independent Registered Auditor's Report**

**To the General Shareholders' Meeting and the Supervisory Board of CIECH S.A.**

**Report on the audit of consolidated financial statements**

### **Our opinion**

In our opinion, the attached annual consolidated financial statements of the CIECH Group ("the Group"), in which CIECH S.A. is the parent entity ("the Parent Company"):

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Group and the Parent Company's Articles of Association;

Our opinion is consistent with our additional report to the Audit Committee issued on 16 July 2019.

### **What we have audited**

We have audited the annual consolidated financial statements of the group CIECH which comprise:

- the consolidated statement of financial position as at 31 December 2018;

and the following prepared for the financial year from 1 January to 31 December 2018:

- the consolidated statement of profit or loss;
- the consolidated statement of other comprehensive income;
- the consolidated statement of cash flows;
- the consolidated statement of changes in equity; and
- the notes comprising a description of the adopted accounting policies and other explanations.

### **Basis for opinion**

#### **Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing as adopted as National Standards on Auditing by the National Council of Statutory Auditors ("NSA") and pursuant to the Act of 11 May 2017 on

Registered Auditors, Registered Audit Companies and Public Oversight ("the Act on Registered Auditors" – Journal of Laws of 2017, item 1089 as amended) and Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities ("the EU Regulation" – Journal of Laws

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PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers sp. z o.o.) is entered into the National Court Register (KRS) maintained by the District Court in Warsaw, with the reference number (KRS) 0000750050, and tax identification number (NIP) 526-021-02-28. Headquarters in Warsaw, ul. Polna 11.

EU L158). Our responsibilities under those NSA are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

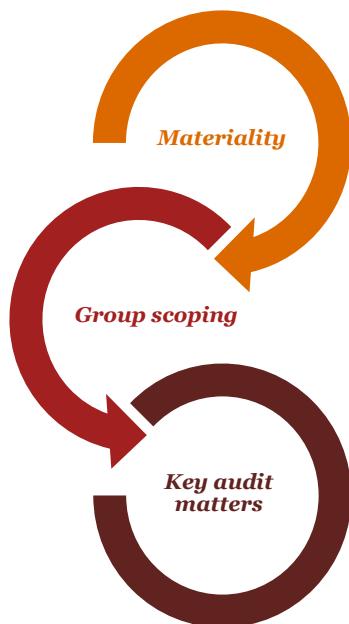
### Independence and ethics

We are independent of the Group in accordance with the International Federation of Accountants' *Code of Ethics for Professional Accountants* ("the

IFAC Code") as adopted by resolutions of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC's Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Registered Auditors and in the EU Regulation.

## Our audit approach

### Overview



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 36.730 thousand, which represents 1% of the profit before tax of the Group.
- We have audited the Parent Company and 5 subsidiaries in Poland (CIECH Soda Polska S.A., CIECH Sarzyna S.A., CIECH Vitrosilicon S.A., CIECH Pianki Sp. z o.o., CIECH Trading S.A.), 3 subsidiaries in Germany (SDC GmbH, CIECH Soda Deutschland GmbH & Co.KG Stassfurt, CIECH Energy Deutschland GmbH) i 1 subsidiary in Romania (CIECH Soda Romania S.A.) and we carried out selected revision activities for other companies of the Group (CIECH Nieruchomości Sp. z o.o., Verbis ETA Sp. z o. o. SKA, Proplan Plant Protection Company, S.L.).
- The audit team visited the Parent Company (CIECH S.A.) and the following subsidiaries: CIECH Soda Polska S.A., CIECH Sarzyna S.A., CIECH Vitrosilicon S.A., CIECH Pianki Sp. z o.o., SDC GmbH, CIECH Soda Deutschland GmbH & Co.KG Stassfurt, CIECH Energy Deutschland GmbH, CIECH Soda Romania S.A., CIECH Nieruchomości Sp. z o.o., Proplan Plant Protection Company, S.L. i Verbis ETA Sp. z o. o. SKA;
- The scope of our audit covered 97% of the Group's revenue and 92% of Group assets after consolidation eliminations.
- Recoverability of a deferred income tax asset and the existence of an inherent uncertainty over income tax settlements;
- Impairment of goodwill;
- Fair value measurement of derivative instruments.
- Allocation of the purchase of Proplan Plant Protection Company S.L.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Parent Company's Management Board made

subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters,

consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operated.

#### **Materiality**

The scope of our audit was influenced by the adopted materiality level. Our audit was designed to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement. Misstatements may arise due to fraud or error.

They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for

materiality, including the overall materiality for the consolidated financial statements as a whole, as presented below. These thresholds, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

The concept of materiality is used by the registered auditor both in planning and conducting an audit, as well as in assessing the effect of the misstatements identified during the audit and the unadjusted misstatements (if any), on the financial statements, and also when forming the registered auditor's report. Therefore, all opinions, assertions and statements contained in the registered auditor's report have been made taking into consideration the quantitative and qualitative materiality levels determined in accordance with the audit standards and the registered auditor's professional judgement.

#### **Overall Group materiality**

PLN 36.730 thousand (PLN 35.790 thousand in 2017)

#### **Basis for determination**

1% of the Group total revenue

#### **Rationale for the materiality benchmark applied**

We have adopted total revenue as the basis for determining materiality because, in our opinion, it is an indicator commonly used by the users of financial statements to evaluate the Group's operations and is a generally adopted benchmark, especially for entities with significant level of external debt and depreciation expenses. We adopted the materiality threshold at 1% because based on our professional judgement it is within the acceptable quantitative materiality thresholds.

We agreed with the Parent Company's Audit Committee that we would report to them of misstatements identified during our audit of the consolidated financial statements above PLN

3.673 thousand, as well as any misstatements below that amount, that in our view, warranted reporting for qualitative reasons.

#### **Emphasis of matter – preparation of a new set of consolidated financial statements**

We would like to draw your attention to Note 1.2.3 to the consolidated financial statements, which describes the adjustments made to the previously prepared and published consolidated financial statements in connection with the decisions of the Head of the Tax Office with

reference to income tax for 2015 of Group companies, received after the publication of the audited consolidated financial statements, which had not yet been approved by the General Shareholders' Meeting.

On 26 March 2019 we issued our audit report on the previously prepared consolidated financial statements.

In connection with the preparation of a new set of consolidated financial statements, we are issuing a new audit report on the amended consolidated financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the

context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We summarized our response to these risks and, when deemed appropriate, presented the most important observations relating to these risks. We do not provide a separate opinion on these matters.

### **Key audit matter**

#### **Recoverability of a deferred income tax asset and the existence of an inherent uncertainty over income tax settlements**

As at the balance sheet date, the Group recognized a deferred tax asset of PLN 228.3 million, including PLN 25.2 million in respect of tax losses carried forward and PLN 117.8 million in respect of a Special Economic Zone. The above amounts are material to the financial statements. The deferred income tax asset is described in Note 4.3 to the financial statements.

As at the balance sheet date, six Group companies were undergoing control proceedings or tax inspections. The subject of the inspection is to assess the fairness of the declared tax bases as well as the correctness of the calculation and payment of the corporate income tax for 2012, 2015 and 2016. As of 31.12.2018, in connection with the received the First Instance Decision related to CIT for 2012 CIECH S.A. created a provision for potential tax liability of PLN 43.7 million and interest for delay in of PLN 23.5 million (interest accrued until the balance sheet date). The status of all ongoing controls is described in note 9.2 to the consolidated financial statements.

### **How our audit addressed the key audit matter**

Our audit procedures covered, in particular:

- gaining an understanding of and assessing the process of identification of temporary differences and the calculation of deferred income tax assets;
- engaging PwC tax experts in analysing tax rulings and correspondence with the tax authorities and in assessing the tax implications of the material transactions to which the Group companies were parties and their effect on the recognition of deferred income tax assets and provisions for tax risks;
- discussing with the Management Board of the parent making a critical assessment of: (a) the assumptions and the estimates made by the Management Board with respect to the recoverability of the recognized deferred income tax assets, including the tax losses for the previous years; and (b) the Management Board's comprehensive analysis of the tax position of the Group entities with respect to the identification and assessment of transactions and operations which might potentially be subject to the GAAR provisions, and their effect on deferred tax, the tax bases of assets and the provision for tax risk;
- reviewing the disclosures presented in the financial statements with respect to significant estimates and

As described in Note 1.2.3, on 6 June 2019, i.e. after the balance-sheet date, but before approval by the General Shareholders' Meeting, three of the CIECH Group companies received tax decisions which provided additional information on the status as at the balance-sheet date, which indicate that in the opinion of the Management Board of the Parent the tax approach that had been used by subsidiaries was unlikely to be accepted by the tax authorities. As a result, as shown in Note 1.2.3, the Management Board adjusted the previously prepared but not yet approved consolidated financial statements.

We paid special attention to the analysis of the correctness of the recognition of the deferred income tax asset due to the fact that it involves the need for material assumptions and judgements to be made by the Management Board. These relate to, in particular, the determination of the tax bases of the individual assets and liabilities, the assessment of the period and manner of their settlement, the probability that future taxable profits will arise, from which it will be possible to deduct tax benefits, among other things, in the face of the control proceedings and tax inspections in progress. As disclosed in Note 4.3, in assessing the recoverability of the deferred tax asset and the inherent uncertainty over income tax, the Management Board took into account the General Anti-Abuse Regulation. Changes in the assumptions made by the Management Board may lead to the recognition of deferred tax asset balances which differ significantly.

Bearing in mind the inherent risk of uncertainty over the material estimates made by the Management Board, we have concluded that this is a key matter for our audit.

### ***Impairment of goodwill***

The balance of the goodwill recognized in the Group's consolidated financial statements amounts to PLN 140.7 million as at the balance sheet date. The goodwill is described in Notes 5.3 and 5.4 to the financial statements.

In accordance with IFRS and the accounting policy of the Group, the Management Board conducts impairment tests for goodwill allocated to a cash-generating unit at least at the end of each financial year, by calculating

judgements relating to the recognized deferred tax asset and tax risks arising from the provisions of the General Anti-Abuse Regulation.

Our audit procedures in respect of the adjusted financial statements, apart from updating the procedures specified above, covered additionally:

- an analysis of the tax decisions received and assessment of the tax effects of those decisions, with the support of PwC tax professionals;
- discussing with the Management Board of the Parent and conducting a critical analysis of the adopted assumptions and estimates in respect of the impairment allowance for the deferred tax asset, and recognizing an income tax provision;
- analysing the bases and grounds for accounting for the effects of the tax decisions received after the publication of the consolidated financial statements in the context of the need to prepare a new set of financial statements;
- reviewing the updated disclosures presented in the consolidated financial statements.

Our audit procedures covered, in particular:

- gaining an understanding of and assessing the process of estimating impairment for goodwill and the principles of determination of cash-generating units;
- analysing the impairment test conducted by the Management Board, in particular:
  - (a) a critical assessment of the assumptions and estimates made by the Parent Company's Management Board, used to determine the recoverable amount (a five-year forecast period for

the recoverable amount using the goodwill less costs to sell approach. Conducting an impairment test involves the need to make a number of material assumptions and judgements concerning, among other things, the adopted strategy of the cash-generating unit to which goodwill has been allocated, the financial plans and cash flow forecasts for the following years, including after the period covered by detailed forecasts, as well as macroeconomic and market assumptions.

As a result of the impairment tests conducted, no impairment was recognized for goodwill in the financial statements.

Bearing in mind the inherent risk of the uncertainty over the material estimates made by the Management Board, we have concluded that this is a key matter for our audit.

### ***Fair value measurement of derivative instruments***

The Group is a party to transactions in derivative instruments based on the volatility of interest rates, exchange rates and raw material prices. The derivative instruments are described in Note 8.2 to the consolidated financial statements.

In accordance with the Group's accounting policies, derivative instruments are measured at fair value at each balance sheet date. Determining the fair value of derivative instruments is an area which requires a material estimate of the Management Board because, due to there being no active market, it requires making assumptions about movements in interest rates, exchange rates and raw material prices in the future, and it involves using an instrument valuation model which is appropriate in a given situation.

Bearing in mind the inherent risk of uncertainty over the material estimates made by the Management Board, we have concluded that this is a key matter for our audit.

### ***Allocation of the purchase of the company Proplan Plant Protection Company S.L.***

On 26 July 2018, CIECH S.A. purchased 100% of shares in Proplan Plant Protection S.L. ("Proplan"), thus assuming control over the company and including it in the consolidated

future cash flows and the assumed revenue level, operating margin level and future capital expenditure, the discount rate used, marginal growth rate after the forecast period), including benchmarking the values assumed by the Management Board against independent market data;

(b) verification of the mathematical accuracy and methodological consistency of a valuation model based on discounted cash flows, using PwC in-house valuation specialists;

- assessing the analysis of the sensitivity of the assumptions made to the result of the impairment assessment, carried out by the Management Board;
- assessing the correctness and completeness of the disclosures with respect to impairment tests in the financial statements.

Our audit procedures covered, in particular:

- gaining an understanding of and assessing the process of measuring derivative instruments, including the adopted methodology and the sources of market data and unobservable parameters;
- verifying the key parameters of the derivative instruments in comparison to external data, independent of the Group;
- using PwC in-house valuation specialists to perform independent fair value measurements of the derivative instruments;
- comparing the fair values calculated by the Management Board to the fair values calculated by us;
- assessing the differences in the fair value measurements of the derivative instruments between our valuations and the valuations prepared by the Management Board. In certain cases, we achieved results which differed from those calculated by the Group's management. However, in our opinion these differences are within an acceptable range in the light of taking into account the estimates relating to future interest rates, exchange rates and raw material prices in the valuation.

Our audit procedures included in particular:

- a review of the transaction documents and an examination of the sums paid in the acquisition

financial statement as of 31 December 2018 using the full method.

Disclosures associated with this transaction are shown in note 6.4 to the consolidated financial statement.

Pursuant to IFRS 3 "Business Combinations," the Parent Entity identified the acquired assets and the assumed liabilities and estimated their fair value using the income method.

As a result of allocation of the purchase price (EUR 47.4 million, i.e. PLN 203.8 million), the Group included the identified net assets and liabilities equal to EUR 30.1 million (i.e. PLN 129.6 million) and the goodwill equal to EUR 17.3 million (i.e. PLN 74.2 million). In connection with the possible synergy resulting from acquisition of Proplan by CIECH S.A., a part of the goodwill, equal to EUR 3.9 million (i.e. PLN 17.3 million), was allocated to the subsidiary CIECH Sarzyna S.A. The allocation of the purchase price in the consolidated financial statement for 2018 is a final allocation.

Due to the fact that the above estimates involve a number of important assumptions and judgements, in particular those associated with the assumptions that were made and the methods of valuation of different groups of assets and liabilities that were adopted, we found that it was of key importance to our audit.

- transaction;
- understanding and evaluation of the process of identification of the purchased assets and the assumed liabilities and allocation of the goodwill to relevant cash-generating units;
- an analysis of the fair value measurement performed by the Management Board for the purchased assets, in particular:
  - (a) critical evaluation of the assumptions made by the Management Board of the Parent Entity and the estimates performed in order to determine the fair value (the date of projection of future cash flows and the assumed level of revenue, the operating margin, and the future capital expenditures, the discount rate applied, and the marginal rate of return after the period of the forecast);
  - (b) verification of mathematical correctness and methodological cohesion of the models used to perform the fair value measurements for the individual identified assets and liabilities based, among others, on discounted cash flows using in-house PwC specialists in the area of valuation;
  - (c) evaluation of validity of the depreciation periods assumed for the assets;
  - (d) evaluation of correctness and completeness of the disclosures related to allocation of the purchase in accordance with relevant financial reporting standards.

## Responsibility of the Management and Supervisory Board for the consolidated financial statements

The Management Board of the Parent Company is responsible for the preparation, of annual consolidated financial statements that give a true and fair view of the Group's financial position and results of operations, in accordance with the International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Parent Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial

statements, the Parent Company's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Parent Company's Management Board and members of its Supervisory Board are obliged to ensure that the consolidated financial statements comply with the requirements specified in the Accounting Act of 29 September 1994 ("the Accounting Act" – Consolidated text: Journal of Laws of 2019, item 351, as amended).

Members of the Supervisory Board are responsible for overseeing the financial reporting

process.

## Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not cover an assurance on the Group's future profitability or the efficiency and effectiveness of the Parent Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with the NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company's Management Board.

- Conclude on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the

consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely

rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other information, including the Report on the operations

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### **Other information**

Other information comprises a Combined Report on the Parent Company's Group operations for the financial year ended 31 December 2018 ("the Report on the operations") and the corporate governance statement which is a separate part of this Combined Report on the operations, and the statement on non-financial information of the Parent Company and the Group (together "Other Information").

### **Responsibility of the Management and Supervisory Board**

The Management Board of the Parent Company is responsible for preparing Other Information in accordance with the law.

The Parent Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the Group's operations including its separate parts and a separate report on non-financial information complies with the requirements of the Accounting Act.

### **Registered auditor's responsibility**

Our opinion on the audit of the consolidated financial statements does not cover Other Information.

In connection with our audit of the consolidated financial statements, our responsibility is to read Other Information and, in doing so, consider whether it is materially inconsistent with the information in the consolidated financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Act on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual consolidated financial statements.

Moreover, we are obliged to issue an opinion on whether the Parent Company provided the required information in its corporate governance statement and to inform whether the Parent Company prepared a separate report on non-financial information.

### **Opinion on the Report on the operations**

On 26 March 2019 we issued our opinion on the previously prepared the Combined Report on operations.

In connection with the preparation of a revised Combined Report on operations, we are hereby issuing a new opinion on the amended Combined Report on operations.

Based on the work we carried out during the audit, in our opinion, the Combined Report on operations:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 70 and para. 71 – for the Group of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("Regulation on current information" – Journal of Laws 2018, item 757);
- is consistent with the information in the consolidated financial statements.

Moreover, based on the knowledge of the Group and its environment obtained during our audit, we have not identified any material misstatements in the Report on the Group's operations.

### **Opinion on the corporate governance statement**

In our opinion, in its corporate governance statement, the Parent Company and the Group included information set out in para. 70.6 (5) of the Regulation on current information. In

addition, in our opinion, information specified in paragraph 70.6 (5) (c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the financial statements and the consolidated financial statements.

#### ***Information on non-financial information***

In accordance with the requirements of the Act on the Registered Auditors, we confirm that the Parent Company and the Group has included in

its Report on the operations, information on the preparation of a separate report on non-financial information referred to in Article 49b (9) and Article 55(2c) - for a Group of the Accounting Act and that the Parent Company and the Group has prepared such a separate report.

We have not performed any assurance work relating to the statement separate report on non-financial information and we do not provide any assurance with regard to it.

### **Report on other legal and regulatory requirements**

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#### ***Statement on the provision of non-audit services***

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Parent Company and the Group and its subsidiaries are in accordance with the laws and regulations applicable in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Act on Registered Auditors.

The non-audit services which we have provided to the Parent Company and its subsidiaries in the audited period are disclosed in an appendix to this report.

#### ***Appointment***

We have been appointed to audit the annual consolidated financial statements of the Group by Resolution of the Supervisory Board dated 26 May 2015 based on paragraph 21(2)(8) of Parent Company's articles of association and followed with Resolution dated 16 April 2018. We have been auditing the Group's consolidated financial statements without interruption since the financial year ended 31 December 2015, i.e. for 4 consecutive years.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers sp. z o.o.), a company entered on the list of Registered Audit Companies with the number 144., is Piotr Wyszogrodzki.

Piotr Wyszogrodzki  
Key Registered Auditor  
No. 90091

Warsaw, 25 July 2019



***Annex to the Independent Registered Auditor's Report on the audit of consolidated annual financial statements of CIECH Group as at 31 December 2018.***

The list of the non-audit services which we have provided to the Parent Company and its subsidiaries in the audited period:

- Reviews of the half-year condensed consolidated financial statements of the Group and the financial statement of the Parent Company;
- Confirmation of the conditions contained in the credit agreement on the basis of the financial information analysis derived from the audited financial statement of the Group;
- Verification of the excise coefficient in relation to the company CIECH Soda Polska S.A.;
- Verification of the coefficient of the intensity of energy consumption for companies CIECH Soda Polska S.A. and CIECH Vitrosilicon S.A.;