

**REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF
FEERUM S.A.**

FOR THE YEAR 2018

The Supervisory Board presents a report on its activities in the financial year 2018, which contains in particular an evaluation of the Management Board's report on the operations of the Company FEERUM S.A. and Capital Group of the Company in the fiscal year 2018, financial statement of the Company for the financial year 2018 and the motion of the Management Board on distribution of profit generated in the financial year 2018 and the evaluation of the system of internal control and risk management system for the Company.

1. Composition of the Supervisory Board

As of 31 December 2018 the Supervisory Board consisted of:

- Magdalena Łabudzka-Janusz – the Chairman of the Supervisory Board,
- Maciej Kowalski – the Deputy Chairman of the Supervisory Board,
- Maciej Janusz – Member of the Supervisory Board,
- Jakub Marcinowski – Member of the Supervisory Board,
- Jerzy Suchnicki – Member of the Supervisory Board,

In the period from January 1, 2018 to December 31, 2018 the Chairman of the Supervisory Board was Mrs. Magdalena Łabudzka-Janusz.

2. The scope of the Supervisory Board

The Supervisory Board operates under the provisions of the Polish Commercial Companies Code, as well as on the basis of Articles of Association of the Company and Bylaws of the Supervisory Board of the Company dated 7 November 2013.

On 21 May 2018 the Supervisory Board elected ECDDP Audyt Sp. z o.o., 8 Zielony Most St. 31-351 Kraków, to audit the financial statement, half-year financial statement of the Company and consolidated financial statement of the Company's capital group for the financial year 2018 and the financial year 2019.

In 2018 the Supervisory Board supervised the Company's activities in all areas.

In 2018 the Supervisory Board did not conduct any inspections or explanatory proceedings as well as did not suspend members of the Management Board.

3. Evaluation of the internal control system and risk management system for the Company

The Company has an internal control system and for its effectiveness is responsible the Company's Management Board. The internal control system includes the main processes of the Company's operations, where is a necessity of establishing control mechanisms to monitor and reduce risks significant for the Company. The main task of this control system is to ensure the implementation of the Company's business objectives. The Company has and continuously updates the organizational structure, in which path reporting, responsibility and the privilege level are

clearly defined, what allows to mitigate significant risks connected with conducting business. In the Supervisory Board's opinion the internal control system and risk management of the Company is at a satisfactory level.

4. Evaluation of the report of Management Board on the activities of the Company and Capital Group of the Company for the financial year 2018, the financial statement of the Company for the financial year 2018 and the Management Board's motion on distribution of Company generated net profit for the financial year 2018.

The Supervisory Board of FEERUM S.A. with its registered seat in Chojnów presents a report on the results of the evaluation of the following statements of the Company for the financial year 2018:

1. Financial statements of the Company and Capital Group;
2. Management Board's report on the activities of the Company and the Capital Group of the Company, and
3. Assessment of the Management Board's motion on coverage of loss.

Ad. 1

The Supervisory Board, after consideration of the auditor's opinion and the report on process and results of the audit the financial statement of the Company for the year 2018 and the financial statement of the Capital Group of the Company for 2018 and after evaluation the above mentioned statements, the Supervisory Board states that the financial statements of Company for the year 2018 and the financial statement of the Capital Group of the Company for 2018 has been prepared on the basis of properly maintained accounting records, is consistent with the form and content with the binding regulations and presents reliably all information necessary to evaluate the profitability and financial result in the specified period, as well as economic and financial position of the Company and Capital Group as of December 31, 2018. In addition, the Supervisory Board states that the financial statements of the Company and Capital Group for the financial year 2018 is consistent with the books and documents of the Capital Group Companies and the facts. Therefore, the Supervisory Board proposes to the Ordinary General Meeting to approve the financial statement of the Company for the financial year 2018 and the financial statement of the Capital Group of the Company for 2018.

Ad. 2

The Supervisory Board, after the analysis and evaluation of the report of the Management Board on Company's and Capital Group of Company business activities in the year 2018, states that the Management Board's report on the Company's and Capital Group of the Company operations in the financial year 2018 is in accordance with the books and documents of the Capital Group Companies and the facts. With reference to the above, the Supervisory Board approves the report and requests the Ordinary General Meeting for its approval. In addition, the Supervisory Board proposes to the Ordinary General Meeting to approve performance of duties carried out by the President of the Management Board - Mr. Daniel Janusz and Member of the Management Board Mr. Piotr Wieleśik in the financial year 2018.

Ad. 3

The Supervisory Board, after consideration of the motion of Management Board regarding profit for the year 2018 in the amount of PLN 6,478 thousand, the Supervisory Board issues

a positive opinion and requests to the Ordinary General Meeting to adopt a resolution on the distribution of profit in the manner proposed by the Management Board.