

**INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE ANNUAL FINANCIAL
STATEMENTS**

for the period from January 1, 2020 to December 31, 2020, units:

BLACK PEARL SPÓŁKA AKCYJNA

with its seat in Warsaw (00-195), at Słomińskiego 15/504 Street

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ON THE AUDIT OF THE ENTITY'S ANNUAL FINANCIAL
STATEMENTS**

BLACK PEARL SPÓŁKA AKCYJNA

with its seat in Warsaw (00-195), at Słomińskiego Street 15/504

for the Annual General Meeting and the Supervisory Board

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of S shelves **BLACK PEARL JOINT STOCK COMPANY** (the "Company"), which consists of the introduction to the financial statements, balance sheet as at 31 December 2020. And the income statement, statement of changes in equity, cash flow statement for the financial year from January 1 to December 31, 2020 and additional information and explanations ("financial statements").

In our opinion, the attached financial statements:

- presents true and fair view of the financial position and the Company's financial position as at 31 December 2020. , And its financial results and cash flows trunk for the year ended on that date in accordance with the applicable provisions of the Act dated. 29 September 1994. ("The Accounting Act of Accounting" - Dz. U. of 2021 years pos. 217) , and adopted principles (policy);
- comply in terms of form and content with the applicable laws and the Company's Articles of Association;
- has been prepared on the basis of correctly kept accounting books in accordance with the provisions of Chapter 2 of the Accounting Act .

Basis for opinion

Our audit conducted in accordance with the National Standards Tests inserted International Research Standard adopted by Resolution of the National Council of Statutory Auditors No. 3430 / 52a / 2019 of 21 March 2019. On national testing standards from other documents, with later n.zm. ("KSB"), and pursuant to the Act of ia May 11, 2017 r. On auditors, audit firms and public oversight (the "Act on Auditors" - Dz. U. of 2020. Item. 1415 with subsequent amendments . Amendments .) and EU Regulation No. 537/2014 of 16 April 2014 on detailed requirements for statutory audits of financial statements of public-interest entities ("EU Regulation" - Journal of Laws EU L 158 of 27/05/2014, p. 77, as amended). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report .

We are independent from the Company in accordance with the International Code of Ethics of Professional Accountants (including International Standards of Independence) of the Council of International Ethical Standards for Accountants ("IESBA Code") adopted by the resolution of the National Council of Statutory Auditors No. 3431 / 52a / 2019 of March 25, 2019 . on the principles of professional ethics of statutory auditors and other ethical requirements that apply to audits of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, key certified auditor and company has stayed during audit independent of the Company in accordance with the requirements of independence set out in the Act on statutory auditors and the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide it
the basis for us to go down opinions.

Explanation with attention

We draw your attention to section 5 point 7 and section 7 point 1 of the additional information, which describe the Management Board's assessment of the actual or potential impact of the COVID - 19 coronavirus epidemic on the Company . Our pine tree has no objection to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These include the most significant assessed risks of material misstatement , including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion, and summarized our responses to these risks and, where deemed appropriate, presented the most important observations related to these risks. In addition to the matter described in the “ Material Uncertainty Regarding Going Concern ” section, we have identified the following as the key audit matters communicated in our report.

The key issue of the study	How our study related to this matter
<p>Valuation of long-term investments - intangible assets</p> <p>Shown in the balance sheet as of 31.12.2020 r. Long-term investments - the value of intangible assets is 14 000 000 zł (55% of the assets of the Company) and concerns held by the Company's patent entitled. "Innovative a method of longitudinal shredding and re-bonding of the wood fibers in the form of boards, beams, or other molded components. Patent application P.403730 and PCT / PL2014 / 000046 and the granted Polish patent.</p> <p>Patent valuation is based on values determined on the basis of analyzes of its market value, for commercial and management purposes, and the analysis of the economic conditions of commercialization possibilities</p>	<p>Our audit procedures in relation to the key audit matter described included, but were not limited to:</p> <ul style="list-style-type: none">• confirmation of the right to a patent on the website of the Patent Office of the Republic of Poland• critical analysis of the obtained valuation• assessing the credit of the patent to to investments Long-Term• an interview with the Management Board on the current and planned economic use of the patent and future economic benefits <p>The detailed tests performed in conjunction with the assessment of the internal control environment described above have provided us with sufficient and appropriate audit evidence to address the risks related to long-term investments described above .</p>

<p>The valuation of this patent was found to be a significant risk of material misstatement of the financial statements of the audited Company.</p> <p>With this in mind, we found this to be a key issue in the audit process.</p>	<p>We draw your attention to Section 1, point 6 of the additional information, in which the Management Board does not state any premises for making impairment losses on the patent. In addition, the Management Board describes research on the use of a patent on an industrial scale, planned implementation is not, and to estimate future revenues .. Our opinion contains no objections in relation to this matter.</p>
<p>Valuation of long-term investments - financial assets</p> <p>The value of long-term investments in financial assets shown in the entity's balance sheet as at December 31, 2020 is PLN 11,052,821.94 (43% of the Company's assets) and relates to shares and stocks held by the Company in related and other entities</p> <p>Owned financial assets are valued at purchase price</p> <p>The measurement of these assets was considered a significant risk of material misstatement of the financial statements of the audited Company</p> <p>With the above in mind, we found it to be a key issue in the audit process.</p>	<p>Our audit procedures in relation to the key audit matter described included, but were not limited to:</p> <ul style="list-style-type: none"> • confirmation of the rights to these assets by comparison with purchase agreements and entries in share books, share confirmations received and in the national court register • a critical analysis of the received fresh reports of financial units • evaluation of correctness and classification of shares and stocks into long-term investments • review of entries in accounts related to long-term investments • an interview with the Management Board regarding the expected economic benefits from the assets held <p>The tests carried out in conjunction with the detailed assessment of the internal control environment described above have provided us with sufficient appropriate audit evidence necessary for addressing the risks described above, the bound long term investments at that and</p>

Another thing - the scope of the study

The financial statements of the Company for the year ended December 31, 2019 were audited by the statutory auditor acting on behalf of another audit firm, who issued an unqualified opinion with the explanatory paragraph on this statement on June 15, 2020.

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

The Management Board of the Company is responsible for the preparation, on the basis of correctly kept accounting books, of the financial statements that present a fair and clear

picture of the property and financial situation and the financial result of the Company in accordance with the provisions and the Accounting Act, the adopted accounting principles (policy) and the applicable regulations. the law and the articles of association, as well as internal control deemed necessary by the Management Board to enable the preparation of financial statements that are free from material misstatement , whether due to fraud or error. When drawing up the financial statements, the Management Board of the Company is responsible for assessing the Company's ability to going concern disclosure, disclosure, if applicable, of the going concern basis and the adoption of the going concern basis as the basis of accounting, except when the Management Board either intends to liquidate the Company or discontinue business or there is no real alternative to liquidation or cessation of activity.

The Management Board of the Company and members of the Supervisory Board are obliged to ensure that the financial statements meet the requirements of the Accounting Act . Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Responsibility of the statutory auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance , but it does not guarantee that an examination carried out in accordance with the KSB will always detect existing material distortions. Misstatements may arise from fraud or error, and is considered material if, individually or in combination, it can be reasonably expected to influence economic decisions of users taken on the basis of the financial statements .

The scope of the audit does not include the assurance as to the Company's future profitability or effectiveness or the effectiveness of managing its affairs by the Management Board of the Company now or in the future.

We apply professional judgment and maintain professional scepticism when auditing under KSB , as well as:

- Identify and assess the risks of material misstatement of the 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 material misstatement due to fraud is greater than that due to error because fraud may include collusion, forgery, wilful omission, misrepresentation or the circumvention of internal control;
- obtain an understanding of internal control relevant to research in order to design procedures b receipt that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company;
- we evaluate the appropriateness of the applied accounting principles (policy) and the validity of accounting estimates and related disclosures made by the Company's Management Board;

- we conclude on the appropriateness of the use by the Board as a going concern basis of accounting , and on the basis of the audit evidence, if there is significant uncertainty SC associated with events or conditions who may call into question the significant Company's ability to continue operations. If we conclude that there is a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, we 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 Company to cease as going concern;
- we evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that achieves fair presentation.

We provide the Supervisory Board with information about, inter alia, the planned scope and time performing the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during the audit.

We make a statement to the Supervisory Board that we have complied with relevant ethical requirements regarding independence and that we will inform them of all relationships and other matters that could reasonably be considered to constitute a threat to our independence, and, where applicable, about the safeguards applied.

Among the cases submitted to the Supervisory Board we established the cases which were the most significant Infrared as the financial statements for the current period and therefore found them to be a key case study. We describe these matters in our auditor's report, unless law or regulation prohibits public disclosure, or when, in exceptional circumstances, we determine that the matter should not be presented in our report because the negative consequences could reasonably be expected to outweigh the benefits. information for the public interest.

In AD information, including statements sentence activities.

For more information consists of a report on the activities of the Company for the year ended December 31, 2020 r. ("Activity Report") with a statement of corporate governance, which that are the separate parts of the reports on the activities and the Annual Report for the year ended 31 December 2020 ("Annual Report") (together "Other information").

Responsibility of the Management Board and Supervisory Board

The Management Board of the Company is responsible for the preparation of Other Information in accordance with the law. The Management Board and Supervisory Board are obliged to ensure that the report on the activities of the Company, together with separate parts meet the requirements provided for in the Accounting Act .

Responsibility of the statutory auditor

Our opinion on the audit of the financial statements does not cover Other Information. In connection with the examination of the financial statements is our responsibility to familiarize yourself with other information, and in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appear to be significantly deformed. If, on the basis of the work performed, we find material misstatements in the Other Information, we are required to disclose this in our audit report . Our duty, in accordance with the requirements of the Act on statutory auditors, is also to issue an opinion on whether the report on activities was prepared in accordance with the regulations and whether it is consistent with the information contained in the financial statements. In addition , we are required to inform whether the Company has included the required information in its corporate governance statement. We obtained the report on the Company's activities before the date of this audit report, and the Annual Report will be available after that date. In the event that we identify a material misstatement in the Annual Report, we are required to inform the Company's Supervisory Board about it.

Opinion on the Activity Report

On the basis of the work performed during the audit, in our opinion, the Report on the Company's activities:

- has been drawn up in accordance with Art. 49 of the Accounting Act and paragraph 70 of the Regulation of the Ministry of Finance of March 29, 2018 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of non -member states

("Regulation on current information" - Journal of Laws, item 757 as amended), - is consistent with the information contained in the financial statements.

Moreover, in the light of the knowledge about the Company and its environment obtained during our audit , we declare that we have not identified any material misstatements in the Report on the Company's Activities .

Opinion on the statement on the application of corporate governance

In our opinion, in the statement on the application of corporate governance, the Company included the information specified in section 70 section 6 point 5 of the Regulation on current information. In addition, in our opinion, the information referred to in section 70 section 6 point 5 lit. and letter of the Regulation included in the statement on the application of corporate governance comply with the applicable regulations and the information included in the financial statements.

Report on other legal and regulatory requirements

Non-audit services statement

According to our best knowledge and belief, we declare that we provided no services other than in small audit for the Company and its subsidiaries.

Selection of an audit firm

We were selected to audit the Company's financial statements by a resolution of the Company's Supervisory Board of

04/28/2021

The key statutory auditor on the audit resulting in this independent auditor's report is Jarosław Wijatkowski.

Acting on behalf of the SEC Auditing or Sp. z o. o. with its seat in Łódź (90-350), at ul. Tymienieckiego 25C / 410, entered into the list of auditing companies under number 4116, on behalf of which the key statutory auditor audited the financial statements.

KPW Audytor Sp. z o. o

ul. Tymienieckiego 25C / 410; 90- 350 Łódź

Jarosław Wijatkowski

Key Statutory Auditor No. 13 294.