
INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of TAURON Polska Energia S.A.

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of TAURON Polska Energia S.A. Group (the 'Group'), for which the parent company is TAURON Polska Energia S.A. (the 'Parent Company') located in Katowice at Ks. Piotra Ściegiennego 3, which comprise the consolidated statement of comprehensive income for the period from 1 January 2023 to 31 December 2023, the consolidated statement of financial position as at 31 December 2023, the consolidated statement of changes in equity, the consolidated statement of cash flows for the period from 1 January 2023 to 31 December 2023 and additional information to the consolidated financial statements, including a summary of material accounting policies (the 'consolidated financial statements').

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2023 to 31 December 2023 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- comply in respect of the form and content with laws applicable to the Group and the Parent Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 17 April 2024.

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the version of International Auditing Standards ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) 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 (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation 537/2014.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Impairment of assets analysis</p> <p><i>Why the issue is a key audit matter</i></p> <p>As at December 31, 2023, the Group, in the consolidated financial statements, presented within significant asset items:</p> <ul style="list-style-type: none"> • fixed assets including property, plant and equipment with a carrying amount of approximately PLN 31 872 million; • right of use assets with a carrying amount of approximately PLN 2 164 million; • goodwill with a carrying amount approximately PLN 26 million; • other intangible assets with a carrying amount of approximately PLN 848 million; • investments in joint ventures with a carrying amount of approximately PLN 169 million; • loans receivable from joint ventures with a carrying amount of approximately PLN 357 million; <p>constituting in total approximately 71% of the Group's consolidated balance sheet.</p> <p>According to International Financial Reporting Standards the Management of the entity is obliged to determine the appropriate valuation method of loans receivable from joint ventures and, depending on the valuation method, to determine the fair value of these loans or</p>	<p><i>Audit approach</i></p> <p>Our procedures, in relation to the key audit matter described, included, among others:</p> <ul style="list-style-type: none"> • overview of the process and identification of control mechanisms operating in the Group related to impairment tests of assets, as well as an understanding of the applied accounting policies and procedures, including internal control environment related to the process of assessing impairment indicators, identification of objective impairment indicators, assets impairment tests, fair value measurement and valuation of expected credit losses; • assessment of the assumptions made with regard to the grouping of assets into cash-generating units (CGU); • analysis of impairments indicators and reconciliation of source data used in impairment test models and assessment of impairment triggers for financial forecasts approved by the Management Board of the Parent Company; • assessment (with the assistance of valuation specialists) of estimates and assumptions made by the Group in order to determine the assets recoverable amount, including: <ul style="list-style-type: none"> ○ the key macroeconomic assumptions adopted by the Group for future years (including: discount rates, projected growth rate) by comparing them to market data and available external data; ○ arithmetical correctness of the discounted cash flows model, and

<p>determine the value of expected credit losses that may occur in the period of 12 months or remaining period of existence of loans depending on classification of assets to the brackets and for fixed assets, right of use assets, goodwill, other intangible assets and investments in joint ventures as a result of the identified assets impairment premise for performing the impairment test. According to goodwill and indefinite-lived intangible assets, impairment testing is performed at least annually.</p> <p>The issue was identified as key audit matter in the audit of the consolidated financial statements due to the value of the assets listed above, which is significant for the consolidated financial statements, as well as due to the element of professional judgment of the Group management regarding the valuation of loans receivable from joint ventures and a complex element of the professional judgment of the Management Board of the Parent Company regarding identifying cash-generating units and the estimation of the recoverable amount of fixed assets, right of use assets, goodwill, other intangible assets and investments in joint ventures.</p> <p>The valuation of loans receivable from joint ventures requires the application of appropriate valuation model, depending on the classification of assets, in accordance with International Financial Reporting Standard 9 <i>Financial Instruments</i>.</p>	<ul style="list-style-type: none"> ○ assumptions made to determine cash flows (including, among others, such key assumptions as electricity price paths, emission rights prices, coal prices) and residual values after the period covered by a detailed forecast; ○ assumptions made in the scenario analyses in the impairment test carried out in relation to the valuation of the investment in the joint venture; <ul style="list-style-type: none"> ● an assessment of the assumptions used to measure the fair value of loans granted to joint ventures, including an assessment of the consistency of these assumptions with the assumptions used to conduct impairment tests of assets; ● inquiries to employees of the financial department and the Management Board of the Parent Company referring to the status of implementation of the adopted assumptions, including the validity of key estimates; ● assessment of the regulatory changes impact on the assumptions made by the Parent Company's Management Board for impairment tests and an assessment of the risks associated with the implementation of these assumptions; ● assessment of the classification of the loan's receivable from joint ventures in accordance with International Financial Reporting Standard 9 <i>Financial Instruments</i>; ● assessment of the Parent Company's Management Board's judgment regarding the valuation models used for loan receivables to joint ventures and the existence of objective events affecting the impairment understood as the expected credit losses of loans; ● assessment of the correctness of recognition of results of impairment tests of assets and the valuation of loans receivable from joint venture in the books;
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<p>Estimation of the recoverable amount of fixed assets, right of use assets, goodwill, other intangible assets and investments in joint ventures require the Management Board of the Parent Company to adopt a number of assumptions regarding future market and economic conditions, such as, future changes in the prices of raw materials, electricity, property rights arising from certificates of origin of energy, CO2 emission rights and future revenues, costs and cash flows, weighted average cost of capital ("WACC"), as well as the impact of potential and already approved Polish and European regulatory changes, including environmental protection and the anticipated macroeconomic situation.</p> <p><i>A reference to disclosure in the consolidated financial statements</i></p> <p>The Group disclosed information regarding impairment indicators, estimates of the impairment test, as well as impairment losses on intangible assets in note 13 of the explanatory the notes to the consolidated financial statements for the year ended December 31, 2023.</p> <p>The disclosures regarding the valuation of loans receivables from joint ventures and investments in joint venture were presented by the Group in notes 28 and 29 respectively, of the explanatory notes to the consolidated financial statements for the year ended 31 December 2023.</p>	<ul style="list-style-type: none"> • reconciliation of source data being the basis for valuation of loans; • reconciliation of source data used to determine the carrying amount of shares in joint ventures; • analysis of the documentation presented for audit confirming the validity of the assumptions made for impairment tests; • obtaining detailed statements of the Parent Company's Management regarding the completeness and correctness of the data and significant assumptions provided to us; • assessment of the completeness of disclosures, in accordance with the International Accounting Standard 36 Impairment of assets, the International Accounting Standard 1 Presentation of financial statements and the International Financial Reporting Standard 7 Financial instruments - disclosure of information in the Group's consolidated financial statements regarding impairment and valuation of assets.
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<p>Claims, lawsuits and contingent liabilities</p> <p><i>Why the issue as a key audit matter</i></p> <p>The Group is a party to many significant claims and court cases which, depending on the Parent Company Management's assessment, are recognized as provisions or contingent liabilities.</p> <p>The basis for recognizing provisions and contingent liabilities in the consolidated financial statements are the Parent Company Management's judgments regarding the likelihood of adverse effects of the claims and court cases that may cause an outflow of economic benefits from the Group. The results of these claims and lawsuits are beyond the Group's control.</p> <p>The issue was identified as key audit matter in the audit of the consolidated financial statements due to the significance of the claims and lawsuits, as well as due to the element of the professional judgment of the Management regarding their impact on the consolidated financial statements.</p>	<p><i>Audit approach</i></p> <p>Our procedures, in relation to the key audit matter described, included, among others:</p> <ul style="list-style-type: none"> • understanding of the process of making judgments by the Parent Company's Management regarding claims and lawsuits; • monitoring of public information to identify a violation or potential violation of laws and regulations by the Group and to assess the completeness of the effects of identified violations, as well as to assess the completeness of disclosures in the consolidated financial statements; • analysis of the documentation regarding court cases presented for the audit purposes and discussion of significant court cases with the Legal Project Management Team of the Group and external lawyers significant claims and lawsuits; • analysis of the costs of legal services incurred during the year including the identification of entities providing legal services to the Group; • obtaining written explanations from the lawyers serving the Group with regard to the court and dispute cases conducted by them, and the analysis of the provided explanations; • analysis and assessment of the level and completeness of provisions for litigation in the context of the existing legal documentation; • discussion of the selected claims and court cases with internal specialists in the field of law; • obtaining detailed statements of the Parent Company's Management Board regarding the completeness and correctness of the data and significant assumptions provided to us;
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<p><i>A reference to disclosure in the consolidated financial statements</i></p> <p>The disclosure regarding claims and court cases was presented in note 56 of the explanatory notes to the consolidated financial statements for the year ended December 31, 2023.</p> <p>The disclosures regarding provisions for non-contractual use of real estate and provisions for litigation, claims from contractors and other provisions were presented in notes 44.1 and 44.4, respectively, of the explanatory notes to the consolidated financial statements for the year ended December 31, 2023.</p>	<ul style="list-style-type: none"> • review of minutes of meetings of the legal bodies of the Parent Company's Management Board as well as control reports of supervisory authorities and correspondence with these authorities; • analysis of the adequacy of disclosures in relation to court and out-of-court proceedings, related provisions and contingent liabilities in the consolidated financial statements.
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Impact of the changes in regulations	
<p><i>Why the issue is a key audit matter</i></p> <p>In second half year of the year 2022 and in 2023 regulations were adopted to limit electric energy prices protect consumers of electric energy from price increases, that impacted significantly the Group's operations in the year ended 31 December 2023.</p> <p>Subject regulations included primarily:</p> <ul style="list-style-type: none"> - Act of 7 October 2022 on special solutions to protect electric electricity consumers in 2023 (<i>Ustawa z dnia 7 października 2022 roku o szczególnych rozwiązaniach służących ochronie odbiorców energii elektrycznej w 2023 roku</i>); - Act of 27 October 2022 on emergency measures aimed at limiting electric energy prices and supporting certain consumers in 2023 (<i>Ustawa z dnia 27 października 2022 roku o środkach nadzwyczajnych mających na celu ograniczenie wysokości cen energii elektrycznej oraz wsparciu niektórych odbiorców w 2023 roku</i>); - Act of 15 September 2022 on special solutions regarding certain heat sources in connection with the situation on the fuel market, together with amending acts (<i>Ustawa z dnia 15 września 2022 r. o szczególnych rozwiązaniach w zakresie niektórych źródeł ciepła w związku z sytuacją na rynku paliw wraz aktami zmieniającymi</i>) <p>(together as „Acts”)</p>	<p><i>Audit approach</i></p> <p>Our procedures, in relation to the key audit matter described, included, among others:</p> <ul style="list-style-type: none"> • monitoring and understanding the changes in regulations, that may impact the Group's operations; • understanding of the existing Group's internal control environment and of the process of monitoring and assessing regulatory changes as well as processes and internal controls introduced after the adoption of regulations; • reconciling to accounting records the prepared by the Group calculations of the Price Difference Payment Fund, compensations and provisions resulting from the adoption of Resolution; • reconciliation of the input data used for the calculations related to changes in regulations; • test of details of source documentation selected from the input data being basis for the calculation resulting from changes in regulations; • test of details of cash receipts from compensations and cash disbursements to Price Difference Payment Fund; • analysis of recoverability of the receivables from compensations and test of details of cash receipts receive after the balance sheet date; • analysis of provided for the audit purposes correspondence with Settlement Manager S.A. and President of Energy Regulation Office („Prezes URE”);

<p>- Regulation of the Minister of Climate and Environment of 9 September 2023 amending the regulation on the method of shaping and calculating tariffs and the method of settlements in electric energy trading <i>(Rozporządzenie Ministra Klimatu i Środowiska z dnia 9 września 2023 roku zmieniające rozporządzenie w sprawie sposobu kształtowania i kalkulacji taryf oraz sposobu rozliczeń w obrocie energią elektryczną "Regulation")</i>.</p> <p>The Acts in question introduced, among others, guidelines for invoicing eligible end recipients, calculating payments under the Price Difference Payment Fund (<i>Fundusz Wypłaty Różnicy Ceny</i>) mechanism, as well as the rights for the Company and its subsidiaries to apply for compensation for the use of frozen electricity prices.</p> <p>Moreover, the Regulation introduced a mechanism for reducing the amount of liabilities of selected Group's clients by the amount specified in the Regulation.</p> <p>The issue was identified as key to the audit of the Group's consolidated financial statements due to the significant impact of the amended regulations on revenues from contracts with customers, revenues and receivables from compensation, advances on compensation, costs of payments to the Price Difference Payment Fund, as well as provisions recognized in consolidated financial statements of the Group for the year ended December 31, 2023. Moreover, the implementation of the respective regulations required from the Group to implement new and adapt processes operating within the Group, as well as to implement control and reporting mechanisms addressing the requirements of the respective regulations.</p>	<ul style="list-style-type: none"> • analysis of the accounting impact of journals accounted close or after period end, on the calculations compensations and costs of Price Difference Payment Fund; • analysis of the legal assessment prepared by the Group's legal department in relation to the announcement of the President of the Energy Regulatory Office regarding the regulations related to calculation of the Price Difference Payment Fund; • assessment of the impact of changes in regulations on significant judgments made by the Management Board of the Parent Company, including assumptions made for the purposes of impairment tests, calculations of onerous contract provisions, assessment of contingent liabilities and completeness of provisions; • obtaining detailed statements of the Management Board of the Parent Company regarding the correctness of recognizing the impact of regulatory changes and the validity of significant assumptions adopted by the Management Board of the Parent Company; • analysis and assessment of the adequacy of disclosures in relation to changes in regulations and accounted with respect of changes in regulations revenues from contracts with customers, revenues and receivables from compensation, advances on compensation, costs of Price Difference Payment Fund, provisions and contingent liabilities in the consolidated financial statements.
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The implemented changes of regulations required from the Parent Company's Management Board and the Management Boards of the subsidiaries to make a number of assumptions in relation to the identification of eligible recipients, including primarily their fulfillment of the conditions specified in the regulations.

A reference to disclosure in the consolidated financial statements

Disclosure regarding the impact of the change in regulations was presented in note 11 of the explanatory notes to the consolidated financial statements for the year ended 31 December 2023.

Disclosure regarding revenues, receivables compensations were presented respectively in note 15 and note 31 of the explanatory notes to the consolidated financial statements for the year ended 31 December 2023.

Disclosure regarding advances on and for compensations were presented respectively in note 45.1 and note 50 of the explanatory notes to the consolidated financial statements for the year ended 31 December 2023.

Disclosure regarding costs of payments to Price Difference Payment Fund were presented respectively in note 16 and note 51 of the explanatory notes to the consolidated financial statements for the year ended 31 December 2023.

Disclosure regarding provisions and contingent liabilities related to changes in regulations were presented in note 44.3 and note 56 of the explanatory notes to the consolidated financial statements for the year ended 31 December 2023.

Responsibilities of the Company's Management and members of the Supervisory Board for the consolidated financial statements

The Parent Company's Management Board is responsible for the preparation the consolidated financial statements that give a true and fair view of the consolidated financial position and the consolidated financial performance in accordance with applicable International Financial Reporting Standards adopted by the European Union, the applied accounting policies, other applicable laws, as well as the Parent Company's Statute, and is also responsible for such internal control as the Parent Company's Management Board determines is necessary to enable the preparation of the 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 (the parent company and significant components) 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 Parent Company's Management Board either intends to liquidate the Group (the parent company or significant components) or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's 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 due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's opinions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Group nor efficiency or effectiveness of conducting business matters now and in the future by the Parent Company's Management.

As part of an audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and 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 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 Group's Management,
- conclude on the appropriateness of the Company's Management'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 independent 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 independent 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,
- we obtain sufficient appropriate audit evidence regarding the financial information of entities and business activities within the Group for the purpose of expressing an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the audit of the Group and 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 provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 Directors' Report

The Other information comprises the consolidated management report of the Group for the period from 1 January 2023 to 31 December 2023 („Directors' Report") together with the statement on corporate governance, which is a separate section of the Directors' Report, the statement on non-financial information and other documents comprising the consolidated annual financial report the financial year ended 31 December 2023 ('Consolidated Annual Report') excluding the consolidated financial statements and the independent auditor's report on the audit ('Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

Parent Company's Management is responsible for the preparation of the Other Information in accordance with the law.

The Parent Company's Management and members of the Parent Company's Supervisory Board are required to ensure that the Directors' Report with separate elements meets the requirements of the Accounting Act.

Auditor's responsibilities

Our opinion on the consolidated financial statements does not include the Other Information. In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to inform whether the Parent Company has prepared the consolidated statement on non-financial information and to issue an opinion on whether the Parent Company has included the required information in the consolidated statement on corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the consolidated financial statements.

Statement on Other information

Based on our knowledge of the Group and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report with respect to the remaining Other information.

Opinion on the corporate governance statement

In our opinion, in the representation on application of corporate governance, the Group has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the consolidated statement on corporate governance is in accordance with applicable laws and information included in the consolidated financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we inform that the Parent Company has included in Directors' Report information on the preparation of a separate consolidated report on non-financial information, referred to in art. 55 par. 2c of the Accounting Act and that the Parent Company has prepared the separate report.

We have not performed any assurance procedures on the separate report on non-financial information and do not provide any assurance thereon.

Report on other legal and regulatory requirements

Opinion on the compliance of marking up of the consolidated financial statements prepared in the single electronic reporting format with the requirements of the regulation on technical standards on the specification of a single electronic reporting format

As part of our audit of the consolidated financial statements we were engaged to perform a reasonable assurance engagement to express an opinion on whether the consolidated financial statements of the Group as at and for the year ended 31 December 2023, prepared in the single electronic reporting format, included in the file named GKTAURON-2023-12-31-PL.zip ('consolidated financial statements in ESEF format'), was marked up in accordance with the requirements stipulated in the Commission Delegated Regulation (EU) of 17 December 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 Regulations').

Identification of the applicable criteria and description of the subject matter

The consolidated financial statements in ESEF format were prepared by the Company's Management in order to meet the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations.

The subject matter of our assurance engagement is the compliance of marking up of consolidated financial statements in ESEF format with the requirements of the ESEF Regulations, while the requirements specified in these regulations represent, in our opinion, applicable criteria for us to express an opinion.

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation of the consolidated financial statements in ESEF format in accordance with the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations. Such responsibility includes the selection and application of appropriate XBRL tags using the taxonomy specified in these regulations.

The responsibility of Management also includes the design, implementation and maintenance of such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material incompliances with the ESEF Regulations.

The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process, which include also the preparation of financial statements in the format required by applicable regulations.

Auditor's responsibilities

Our objective is to express an opinion, based on the performed reasonable assurance engagement, that the consolidated financial statements in ESEF format have been tagged in accordance with ESEF Regulations.

We have performed our assurance engagement in accordance with the National Standard on Assurance Engagements Other than Audit and Review 3001 PL on audit of financial statement prepared in the single electronic reporting format ('NSAE 3001PL') and when applicable in accordance with National Standard on Assurance Engagements Other than Audit and Review 3000 (R) in the form of the International Standard on Assurance Engagements 3000 (revised) - 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' ('NSAE 3000 (R)').

The standard requires us to design and perform procedures to obtain reasonable assurance that the consolidated financial statements in ESEF format have been prepared in accordance with the applicable criteria.

Reasonable assurance is a high level of assurance, but it is not a guarantee that the assurance engagement conducted in accordance with NSAE 3001PL and, when appropriate, in accordance with NSAE 3000 (R), will always detect material misstatement when it exists.

The selection of procedures depends on the auditor's professional judgment, including the auditor's assessment of risks of material misstatements, whether due to fraud or error. When performing risk assessment the auditor takes account of internal controls related to preparation of the consolidated financial statements in ESEF format, to design procedures responsive to those risks in order to obtain evidence that is sufficient and appropriate. The assessment of internal control was not performed for the purpose of expressing an opinion on its operational effectiveness.

Summary of work performed

Procedures that were designed and performed by us included among others:

- obtaining an understanding of the process of preparation of the consolidated financial statements in ESEF format, including the process of selection and application of XBRL markups and maintaining compliance with the ESEF Regulations, as well as obtaining an understanding of internal controls related to this process;
- reconciling the tagged information in consolidated financial statements in ESEF format to the audited consolidated financial statements;
- assessment of the compliance with the technical standards on the specification of a single electronic reporting format with the use of specialistic IT tools and IT expert;
- assessment of the completeness of tagging of information in the consolidated financial statements in ESEF format with XBRL tags with the use of specialistic IT tools;
- assessment whether XBRL tags from the taxonomy specified by the ESEF Regulations have been applied appropriately and whether extension taxonomy elements have been used when there are no appropriate elements in the core taxonomy specified in the ESEF Regulations;
- evaluating of the anchoring of the extension taxonomy elements to the core taxonomy elements specified by the ESEF Regulations.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance of marking up with ESEF Regulations.

Ethical requirements, including independence

While performing the assurance engagement, the key statutory auditor and the audit firm have complied with the independence and other ethical requirements as specified by 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 have also complied with other independence and ethical requirements applicable to this assurance engagement in Poland.

Quality control requirements

The audit firm applies National Standard of Quality Control 1 in the wording of International Standard on Quality Management (PL) 1 - 'Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements', which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on compliance with the ESEF Regulations

Our opinion has been formed on the basis of the matters outlined in this report and therefore should be read in conjunction with these matters.

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

Statement on the provision of non-audit services

To the best of our knowledge and belief, we represent that services, which we have provided to the Group, are compliant with the laws and regulations applicable in Poland, and that non-audit services, which are prohibited under article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors, were not provided. The non-audit services, which we have provided to the Group in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Group's consolidated financial statements initially based on the resolution of Supervisory Board from 15 March 2017 and reappointed based on the resolution from 28 November 2018 and resolution from 9 November 2021. The consolidated financial statements of the Group have been audited by us uninterruptedly starting from the financial year ended on 31 December 2017, i.e. for the past 7 consecutive years.

Warsaw, 17 April 2024

Key Certified Auditor

Marcin Kowalczyk

Certified auditor

no in the register: 12840

on behalf of:

Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.

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