Shape the future with confidence

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa

+48 (0) 22 557 70 00
+48 (0) 22 557 70 01
www.ey.com/pl

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 financial statements

Opinion

We have audited the annual financial statements of TAURON Polska Energia S.A. (the 'Company') located in Katowice at Ks. Piotra Ściegiennego 3, which comprise the statement of comprehensive income for the period from 1 January 2024 to 31 December 2024, the statement of financial position as at 31 December 2024, the statement of changes in equity, the statement of cash flows for the period from 1 January 2024 to 31 December 2024 and additional information to the financial statements, including a summary of material accounting policies (the 'financial statements').

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the period from 1 January 2024 to 31 December 2024 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 Company and its Statute,
- have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act dated 29 September 1994 ('the Accounting Act').

The opinion is consistent with the additional report to the Audit Committee issued on 15 April 2025.

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 Company 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 Company 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.

Shape the future
with confidence

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 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.

Key Audit Matter	***How the matter was addressed in our audit***
Impairment of shares and loans receivable *Why the issue is a key audit matter* As at 31 December 2024, the Company presented: • shares (with a carrying amount of approximately PLN 16 085 million) • loans receivable (with a carrying amount of approximately PLN 10 409 million), constituting approximately 92% of the Company's balance sheet total. According to International Financial Reporting Standards the Management of the entity is obliged to determine the appropriate valuation method of loans receivable and, depending on the valuation method, determine the fair value of these loans receivable or determine the value of expected credit losses that may occur in the period of 12 months or remaining period of existence of receivables from loans depending on classification of assets to the brackets and for shares or joint ventures as a result of the identified assets impairment premise for performing the impairment test.	*Audit approach* Our procedures, in relation to the key audit matter described, included, among others: • overview of the process and identification of control mechanisms operating in the Company 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 events, asset impairment tests, fair value measurement and estimation 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 for financial forecasts approved of the Company

EY Shape the future with confidence

The issue was identified as key audit matter in the audit of the financial statements due to the value of the assets listed above, which is significant for the financial statements, as well as due to the complex element of the professional judgment of the Management Board regarding the valuation of receivables from loans and a complex element of the professional judgment of the Management Board regarding the estimation of the recoverable amount of shares in joint ventures and subsidiaries.
 	
The valuation of receivables from loans requires the application of appropriate valuation model, depending on the classification of assets, in accordance with International Financial Reporting Standard 9 *Financial Instruments*.
 	
The estimation of the recoverable amount of shares in subsidiaries or joint ventures requires the Management Board 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.
	• assessment (with the assistance of valuation specialists) of estimates and assumptions made by the Company in order to determine the assets recoverable amount, including:
	  ○ the key macroeconomic assumptions adopted by the Company 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
	  ○ 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, and
	  ○ assumptions made in the scenario analyses in the impairment test carried out in relation to the valuation of the investments in the joint venture;
	
	• an assessment of consistency of the assumptions used for the cash flow projections with the statements in TAURON Group Strategy for years 2025 – 2035;
	
	• 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;
	
	• an assessment of the assumptions made in determining the expected credit losses;
	
	• inquiries to employees of the financial department and the Company's Management Board of the 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 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

A reference to disclosure in the financial statements The Company disclosed the information regarding impairment indicators analysis, impairment estimates, as well as impairment losses on shares in note 11 of the explanatory notes to the financial statements for the year ended December 31, 2024. The disclosure regarding the valuation of receivables from loans granted was included in note 21 of the explanatory notes to the financial statements for the year ended December 31, 2024.	with International Financial Reporting Standard 9 *Financial Instruments*; • assessment of the 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 in the books; • assessment of the Company's Management Board's judgment as to the occurrence of objective impairment indications and as to the assumptions adopted for the scenario analysis as part of the impairment test of shares in a joint venture; • reconciliation of source data being the basis for valuation of loans; • reconciliation of source data used to determine the carrying amount of shares and loans granted; • analysis of the documentation presented for audit confirming the validity of the assumptions made for impairment tests; • obtaining detailed statements of the 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 Company's financial statements regarding impairment and valuation of assets.

Shape the future with confidence

Claims, lawsuits and contingent liabilities	
Why the issue as a key audit matter	*Audit approach*
The Company is a party to many significant claims and court cases which, depending on the Company's Management assessment, are recognized as provisions or contingent liabilities. The basis for recognizing provisions and contingent liabilities in the financial statements are the Company's Management judgments regarding the likelihood of adverse effects of the claims and court cases that may cause an outflow of economic benefits from the Company. The results of these claims and lawsuits are beyond the Company's control. The issue was identified as key audit matter in the audit of the financial statements due to the significance of the claims and lawsuits, as well as due to the element of the professional judgment of the Company's Management regarding their impact on the financial statements.	Our procedures, in relation to the key audit matter described, included, among others: • understanding of the process of making judgments by the Company's Management regarding claims and lawsuits; • monitoring of public information to identify a violation or potential violation of laws and regulations by the Company and to assess the completeness of the effects of identified violations, as well as to assess the completeness of disclosures in the 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 Company 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 Company; • obtaining written explanations from the lawyers serving the Company 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 Company's Management Board regarding the completeness and correctness of the data and significant assumptions provided to us;

A reference to disclosure in the financial statements The disclosure regarding significant contingent liability items from litigation and concluded contracts was presented in note 40 of the explanatory notes to the financial statements for the year ended December 31, 2024.	• review of minutes of meetings of the legal bodies of the 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 financial statements.

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

The Company's Management is responsible for the preparation, based on properly maintained accounting records, the financial statements that give a true and fair view of the financial position and the 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 Company's Statute, and is also responsible for such internal control as the Company's Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Company's Management is responsible for assessing the Company'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 Company's Management either intends to liquidate the Company 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 financial statements meet the requirements of 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company nor efficiency or effectiveness of conducting business matters now and in the future by the Company's Management Board.

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 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 Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company'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 Company'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 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 Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 management report of the Company for the period from 1 January 2024 to 31 December 2024 („Directors' Report") together with statement on corporate governance, which is a separate section of the Directors' Report and the sustainability report that are presented in dedicated sections therein as well as other documents comprising the annual financial report for the financial year ended 31 December 2024 ('Annual Report') excluding the financial statements and the independent auditor's report on the audit ('Other Information').

Shape the future
with confidence

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

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

The Company's Management and members of the 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 financial statements does not include the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the 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 in the 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 excluding the requirements on sustainability reporting and that it is consistent with the information contained in the financial statements.

In addition, we are required to issue an opinion on whether the Company has included the required information in the 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 70 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 financial statements.

Statement on Other information

Based on our knowledge of the Company 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 Company 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 statement on corporate governance is in accordance with applicable laws and information included in the financial statements.

Report on other legal and regulatory requirements

Information on the audit of regulatory financial information specified in article 44 of the Energy Law

In addition, we have concluded that the presented in note 47 statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account), prepared separately for each type of business activity in the fuel gas trading, comply, in all material respects, with the requirements referred to in Article 44 of the Act dated 10 April 1997 Energy Law ("Energy Law").

The scope of regulatory financial information contained in the explanatory note 47 is specified in art. 44 of the Energy Law. Our audit did not include an assessment on whether the information required to be disclosed by the law are sufficient to ensure equal treatment of customers and elimination of cross-subsidization between activities.

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 Company and its controlled undertakings, 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 Company and its controlled undertakings in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Company's 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 financial statements of the Company have been audited by us uninterruptedly starting from the financial year ended on 31 December 2017, i.e. for the past 8 consecutive years.

Warsaw, 15 April 2025

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.

Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130