

Independent Expert Auditor's Report on the Audit of the Annual Financial Statements

For the Shareholders of Elektrotim S.A.

Report on the audit of the annual financial statement

Opinion

We have audited the annual financial statements of Elektrotim S. A. (the Company) headquartered in Wrocław, Stargardzka 8, which comprise the statement of financial position as of December 31, 2023, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended on that date, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the attached annual financial statements:

- present a true and fair view of the Company's financial position as of December 31, 2023, and of its financial performance and cash flows for the year ended on that day in accordance with International Accounting Standards, International Financial Reporting Standards, and related interpretations issued in the form of European Commission regulations and adopted accounting principles (policies),
- have been prepared based on properly maintained accounting records,
- are in compliance in form and content with the applicable legal regulations and the provisions of the Company's articles of association

This opinion is consistent with the additional report to the Audit Committee issued on the same date as this audit report.

Basis for opinion

We conducted our audit in accordance with:

- the Act on Statutory Auditors, Audit Firms, and Public Oversight dated May 11, 2017 (Act on Statutory Auditors),

- National Auditing Standards as interpreted in the International Auditing Standards adopted by resolutions of the National Council of Statutory Auditors and the Council of the Polish Audit Oversight Agency (NAS), and
- Regulation of the European Parliament and of the Council (EU) No. 537/2014 of April 16, 2014, on specific requirements regarding statutory audit of public-interest entities, repealing Commission Decision 2005/909/EC (Regulation 537/2014).

Our responsibilities under those standards are further described in the *Expert Auditor's responsibilities for the audit of the annual financial statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) adopted by the resolution of the National Council of Statutory Auditors as the ethical standards for statutory auditors, and with other ethical requirements that are relevant to our audit of financial statements in Poland. In particular, the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements specified in the Act on Statutory Auditors and in Regulation 537/2014 during the performance of the audit. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 annual financial statements for the current reporting period. These matters include the most significant assessed types of risks of material misstatement, including the assessed types of risks of material misstatement due to fraud. We addressed these matters in the context of our audit of the annual financial statements as a whole and in forming our opinion on these financial statements. Below, we have summarized our response to these risks and, where deemed appropriate, have provided our key observations related to those risks. We do not provide a separate opinion on these matters.

RISK OF INCORRECT RECOGNITION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Description

The Company's revenue is recognized based on the percentage of completion, amounting to 532 million PLN in 2023.

In accordance with the requirements of International Financial Reporting Standard 15 *Revenue from Contracts with Customers*, the Company's Management evaluates, based on the analysis of individual contracts, whether the revenue from a given contract should be recognized over time as the performance obligation is satisfied, or at a point in time upon the fulfillment of the performance obligation.

Revenue related to contract performance recognized over time is measured using the input method in accordance with IFRS 15. The degree of fulfillment of the performance obligation is determined as the ratio of costs incurred to the estimated costs necessary to complete the contract. This valuation significantly impacts the Company's financial statements.

The valuation of ongoing contracts requires the Management to make estimates based on professional judgment and the state of knowledge as of the balance sheet date.

Given the significance of this item in the Company's financial statements and its susceptibility to misstatement due to the necessity of making judgments and estimates, we have determined that this is a key audit matter.

Disclosures related to this matter are presented in notes 1.3.3.19 and 2.19 of the financial statements.

Expert Auditor's response

Audit procedures performed in this area included, among others:

- analysis and assessment of the accounting policies and procedures related to the contract valuation process and their recognition,
- performing reliability tests on a selected sample of contracts, including:
 - analysis of contractual records, completeness of cost and revenue budgets, and changes in budgets that occurred during the reporting period,
 - determination of the transaction price and recognition of revenue values recognized over time,
 - discussions with the Company's Management regarding budget assumptions and the measurement of the progress of work,
 - confirmation, through direct communication with the Company's counterparties, of selected contractual terms and selected sales transactions,
 - verification of selected sales invoices and cost invoices issued during the reporting period to confirm the correctness of their allocation in the contract valuation process,
- assessment of the assumptions and estimates made by the Company's Management in determining contract budgets, particularly in estimating the amount of potential loss provisions.

Responsibility of the Company's Management Board and Supervisory Board for the annual financial statements

The Company's Management Board is responsible for preparing the annual financial statements based on properly maintained accounting records, which present a true and fair view of the Company's financial position and financial performance and cash flows, in accordance with International Accounting Standards, International Financial Reporting Standards, and related interpretations issued in the form of European Commission regulations, adopted accounting principles (policies), and applicable laws and the Company's statute. The Management Board is also responsible for such

internal control as it deems necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Company's Management Board 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 Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

In accordance with the Accounting Act of September 29, 1994 (the Accounting Act), the Management Board and the members of the Supervisory Board are required to ensure that the annual financial statements comply with the requirements set forth in the Accounting Act. The members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Responsibility of the Expert Auditor for the audit of the annual financial statements

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the National Auditing Standards (NAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

The scope of the audit does not extend to guaranteeing the future profitability of the Company or the effectiveness or efficiency of the Company's Management Board in managing the Company's affairs now or in the future.

During an audit conducted in accordance with NAS, we exercise professional judgment and maintain professional skepticism. Additionally, we:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure, and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements for the current financial year 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 operation report

Other information consists of the Company's operation report for the financial year ended December 31, 2023, along with the statement on corporate governance, which is a separate part of this operation report, and the annual report for the financial year ended December 31, 2023 (excluding the annual financial statements and our auditor's report).

Responsibility of the Management Board and Supervisory Board

The Management Board is responsible for the preparation of other information in accordance with the Accounting Act and other applicable laws. Additionally, the Management Board and the members of the Supervisory Board are required to ensure that the operation report meets the requirements of the Accounting Act.

Expert Auditor's responsibility

Our opinion on the annual financial statements does not cover other information, and we do not express any form of assurance on them as derived from the National Auditing Standards. In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the annual financial statements or our knowledge obtained in 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 audit report. Our responsibility in accordance with the requirements of the Act

On Statutory Auditors is also to express an opinion on whether the operation report has been prepared in accordance with applicable laws and whether it is consistent with the information contained in the annual financial statements. Additionally, we are required to express an opinion on whether the Company's statement on corporate governance contains the required information. We obtained the Company's operation report and selected financial data, the Management Board's statement on the financial statements and the operation report, and the Management Board's statement on the selection of the audit firm conducting the audit of the annual financial statements in accordance with applicable regulations before the date of this audit report, while the remaining elements of the annual report will be made available to us after that date. If we identify a material misstatement in the annual report, we are required to report it to the Company's Supervisory Board.

Opinion on the operation report

In our opinion, the operation report has been prepared in accordance with applicable regulations, specifically the provisions of Article 49 of the Accounting Act and § 70 of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and the conditions for recognizing information required by the laws of a non-member state as equivalent (Regulation on current and periodic information), and is consistent with the information contained in the accompanying annual financial statements. Furthermore, based on our knowledge of the Company and its environment obtained during the audit of the annual financial statements, we have not identified any material misstatements in the operation report.

Opinion on the statement on corporate governance

In our opinion, the statement on corporate governance contains the information specified in § 70(6)(5) of the Regulation on current and periodic information. The information specified in § 70(6)(5)(c-f), (h), and (i) of this Regulation, included in the statement on corporate governance, is in accordance with applicable regulations and consistent with the information contained in the annual financial statements.

Report on other legal and regulatory requirements

Statement on non-audit services provided

To the best of our knowledge and belief, we declare that we have not provided any non-audit services that are prohibited under Article 136 of the Act on Statutory Auditors and Article 5(1) of Regulation 537/2014.

Selection of the audit firm

We were appointed to audit the Company's annual financial statements for the years 2022, 2023, and 2024 by a resolution of the Company's Supervisory Board dated September 10, 2021. We have been auditing the Company's financial statements continuously since the financial year ended December 31, 2020, which means for four consecutive financial years. We were appointed for a two-year period for the years 2020-2021 and for a three-year period for the years 2022-2024.



Elżbieta Grześkowiak

Expert Auditor No. 5014

Key expert auditor conducting the audit on behalf of Grant Thornton Polska Prosta spółka akcyjna,
Poznań, Abpa Antoniego Baraniaka 88 E, audit firm No. 4055

Poznań, April 23, 2024