

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Shareholders and the Supervisory Board of Energa S.A.

Report on the Audit of the Annual Consolidated Financial Statements

Opinion

We have audited the annual consolidated financial statements of the Group (the "Group") with Energa S.A. as the parent (the "Parent"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the economic and financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards, as endorsed by the European Union, and the adopted accounting policies;
- comply, as regards their form and content, with the applicable laws and the articles of association of the Parent.

Our opinion is consistent with the Additional Report to the Audit Committee, which we issued on 27 April, 2023.

Basis for Opinion

We conducted our audit in accordance with the Polish Standards on Auditing ("PSAs") in the wording of the International Standards on Auditing adopted by the National Council of Statutory Auditors and in compliance with the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 (the "Act on Statutory Auditors", Journal of Laws of 2022, item 1302,) as well as 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 ("EU Regulation", Official Journal of the European Union L158, as amended). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the principles of professional ethics specified in the International Code of Ethics for Professional Accountants (including International Independence Standards) ("Code of ethics") developed and issued by the International Ethics Standards Board for Accountants and adopted by the National Council of Statutory Auditors, together with the ethical requirements that are relevant to the audit of the financial statements in Poland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. Throughout the audit, both the key statutory 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 in the EU Regulation.

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

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Other Matter

The Group's consolidated financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unqualified opinion on those statements on March, 30, 2022.

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 encompass the most significant assessed risks of material misstatement, including 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. We summarized our response to those risks and, where appropriate, we presented the key findings related to those risks. We do not provide a separate opinion on these matters.

Key audit matter	How we addressed the matter
<i>Recoverable amount of property, plant, and equipment</i>	
<p>The Capital Group uses property, plant, and equipment of total net value of PLN 17,386 million. Impairment losses have been recognised on some of these assets.</p> <p>As at 31 December 2022, the Management Board of the Parent analysed indications of impairment of non-current assets and carried out impairment tests as a result. Following the tests, the total impact of impairment losses on non-current assets in the form of additional losses recognised amounted to PLN 78 million (Note 13).</p> <p>We considered the Parent's Management Board's significant estimates used in the DCF models that provide the basis for determination of the recoverable amount of assets, specifically the key macroeconomic assumptions and the adopted discount rates, to be the key area of our audit.</p>	<p>In particular, our audit procedures included:</p> <ul style="list-style-type: none"> – gaining an understanding of the internal control environment with respect to the determination of the basis for recognition of impairment losses on non-current assets for which indications of impairment were identified; – making a critical assessment of the key assumptions and estimates made by the Parent's Management Board, considering the specific aspects of the operations of individual segments, regarding calculation of projected future cash flows, including: <ul style="list-style-type: none"> - comparing the assumptions regarding future cash flows with the approved financial plan for 2023; - assessing the validity of future cash flows including the assumed revenue, expense and capex amounts through comparing them to Group's historical information; - performing a critical analysis of key long-term macroeconomic assumptions (including inflation) developed by the Management Board of the Entity and adopted by the Group; - assessing the assumptions regarding the future direction of the prices of electricity, GHG emission allowances as well as the amount of free allowances; - performing a critical analysis of the discount rate calculation methodology and the correctness of such calculations; – assessing the correctness and completeness of consolidated financial statement disclosures with regard to the key assumptions underlying tests and sensitivity analyses.

Correctness of revenue recognition

In the year ended 31 December 2022 the Capital Group generated sales revenue of PLN 20,444 million. (Note 10).

Due to its business specifics related to sales and distribution of electricity, the value of the recognised revenue is calculated using complex IT data processing systems based on large amounts of information combined with a variety of tariffs and meter reading results as at different dates, indicating actual amounts of electricity sold. Additionally, a portion of revenue is recognised based on data that do not result from meter reading.

In particular, our audit procedures included:

- gaining an understanding of the internal control environment regarding recognition of revenue in the correct period;
- assessing the control environment for selected IT systems, including transactional systems used in the revenue recognition process, and testing the effectiveness of the key automated controls as far as change management and access to such systems are concerned;
- assessing the reasonableness of the amount of revenue from sales of electricity and distribution services by defining independent expectations as to such revenue and its comparison with revenue recognised by the Capital Group;
- verifying the estimates made by the Group with regard to the value of revenue from sales of electricity and delivered distribution services unbilled as at the end of a given reporting period, using the actual data available after the end of the reporting period;
- performing an analysis of unusual transactions and revenue adjustments made after the reporting date;
- assessing the correctness and completeness of disclosures regarding revenue from sales in the Capital Group's consolidated financial statements.

Correctness of recognising a provision for onerous contracts

In the year ended 31 December 2022 the Capital Group recognised a provision for onerous contracts of PLN 1,067.7 million (Note 25.2).

The provision for onerous contracts related to contracts on sales of electricity was recognised following the effective date of legal provisions regulating energy prices and the level of the related compensation, if any.

The Capital Group recognised the provision based on the end-user price for G group tariff client in 2023, the sales volume planned for 2023, adopted principles of calculating the service fee and direct cost per unit that included the planned electricity purchase price, property rights and the excise duty.

For the above reasons, the recognition of the provision for onerous contracts required our special attention in the course of the audit, thus having been considered a key audit matter.

In particular, our audit procedures included:

- gaining an understanding of the internal control environment regarding recognition of the provision in the correct period;
- understanding the legal provisions that introduced regulated energy prices and compensation;
- performing an analysis of judgments made by the Capital Group with regard to the provision recognition;
- assessing the validity of the provision amount in the form of developing independent expectations with regard to its amount and comparing it to the amount recognised by the Capital Group;
- assessing the correctness and completeness of disclosures regarding the provision in the Capital Group's consolidated financial statements.

Responsibilities of the Management Board and the Supervisory Board of the Parent for the Consolidated Financial Statements

The Parent's Management Board is responsible for the preparation of consolidated financial statements which give a true and fair view of the economic and financial position of the Group and of its financial performance in accordance with the applicable International Financial Reporting Standards, as endorsed by the European Union ("IFRSs"), the adopted accounting policies as well as the applicable laws and articles of association of the Parent, and for such internal control as the Parent's Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's Management Board is responsible for assessing the Group'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 Parent's Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Management Board and members of the Supervisory Board of the Parent are obliged to ensure that the consolidated financial statements meet the requirements of the Accounting Act of 29 September 1994 (the "Accounting Act", Journal of Laws of 2023, item 120). Members of the Parent's Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's Responsibilities 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, 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 PSAs 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 consolidated financial statements.

The scope of an audit does not include an assurance about the future profitability of the Group or the effectiveness or efficiency of the Parent's Management Board in managing the Group's affairs at present or in the future.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Management Board;
- conclude on the appropriateness of the Parent's 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 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 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 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;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's 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 Parent's Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and that we will communicate with it 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 Parent's Supervisory Board, we determined 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 Report on the Activities

Other information includes a report on the Group's activities in the financial year ended December 31, 2022 (the "Report on the Activities"), together with a statement of compliance with corporate governance principles and a non-financial information statement, as referred to in Article 49b.1 of the Accounting Act, which constitute separate parts of the Report (together: the "Other Information").

Responsibilities of the Management Board and the Supervisory Board

The Parent's Management Board is responsible for the preparation of the Other Information in accordance with the applicable laws.

The Management Board and members of the Supervisory Board of the Parent are obliged to ensure that the Report on the Activities, along with the separate parts, meet the requirements of the Accounting Act.

Auditor's Responsibilities

Our opinion on the consolidated financial statements does not cover 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 the Other Information is materially inconsistent with the consolidated 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 auditor's report. Additionally, under the Act on Statutory Auditors we are obliged to express an opinion on whether the Report on the Activities has been prepared in accordance with the applicable laws and whether it is consistent with the information contained in the consolidated financial statements. Furthermore, we are obliged to state whether a non-financial information statement has been prepared by the Group express an opinion on whether the Group has included the necessary information in the statement of compliance with corporate governance principles.

Opinion on the Report on the Activities

Based on our work performed during the audit, we are of the opinion that the Report on the Activities:

- has been prepared in accordance with Article 49 of the Accounting Act and par. 71 of the Regulation of the

Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (the “Current Information Regulation”, Journal of Laws of 2018, item 757, as amended);

- is consistent with the information contained in the consolidated financial statements.

Furthermore, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements of the Report on the Activities.

Opinion on the Statement of Compliance with Corporate Governance Principles

In our opinion, the statement of compliance with corporate governance principles contains the information referred to in par. 70.6.5 of the Current Information Regulation. We are also of the opinion that the information referred to in par. 70.6.5(c)-(f), (h) and (i) of the Regulation, as contained in the statement of compliance with corporate governance principles, is in accordance with the applicable laws and consistent with the information included in the consolidated financial statements.

Information on Non-Financial Information

In accordance with the requirements of the Act on Statutory Auditors, we would like to inform you that the Group does not prepare a non-financial information statement, relying on the exemption under Article 55.2e of the Accounting Act. In the Report on the Activities, the Group disclosed the name and registered seat of its higher-level parent, which prepares the group’s separate non-financial report for the Parent and its subsidiaries at all levels.

We have not performed any assurance services relating to the separate non-financial report and we do not express any form of assurance conclusion thereon.

Report on Other Legal and Regulatory Requirements

Opinion on the compliance of tagging of the consolidated financial statements prepared in the single electronic reporting format with the requirements of the regulation setting out technical standards on the specification of a single electronic reporting format.

Scope of the Engagement

In connection with the audit of the consolidated financial statements, we have performed a reasonable assurance engagement to evaluate whether or not the Group’s consolidated financial statements for the year ended 31 December 2022, prepared in the European Single Electronic Format and included in the file named „energa-2022-12-31-pl.zip” (“consolidated financial statements in the ESEF format”) were tagged in compliance with the requirements of Commission Delegated Regulation (EU) 2019/815 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 (“ESEF Regulation”).

Identification of Criteria

The consolidated financial statements in the ESEF format were prepared by the Management Board of the parent in order to satisfy the tagging and technical requirements on the specification of a single electronic reporting format, as set out in the ESEF Regulation.

The objective of our assurance engagement is to check the tagging of the consolidated financial statements in the ESEF format for compliance with the ESEF Regulation which, in our view, constitute appropriate criteria for us to express an opinion.

Responsibilities of the Management Board and the Supervisory Board of the Parent

The Management Board is responsible for the preparation of the consolidated financial statements in the ESEF format in line with the tagging and technical requirements on the specification of a single electronic reporting

format, as set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags, using the taxonomy set out in the ESEF Regulation.

The Management Board is also responsible for the design, implementation and maintenance of internal controls to enable the preparation of consolidated financial statements in the ESEF format that are free from material non-compliance with the requirements of the ESEF Regulation.

Members of the Supervisory Board of the Parent are responsible for overseeing the financial reporting process, which also involves the preparation of financial statements in a format required by the provisions of law.

Auditor's Responsibilities

Our objective was to express, based on a reasonable assurance engagement, an opinion whether the Group's consolidated financial statements for the year ended 31 December 2022 were tagged in compliance with the requirements of the ESEF Regulation.

This was performed in accordance with the Polish Standard on Assurance Engagements Other than Audits or Reviews 3001PL — *Audits of Financial Statements Prepared in a Single Electronic Reporting Format*, as adopted by the National Council of Statutory Auditors ("PSAE 3001PL") and, where applicable, with the National Standard on Assurance Engagements Other than Audits or Reviews 3000 (R) in the wording of the International Standard on Assurance Engagements 3000 (Revised) — *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("PSAE 3000 (R)").

The Standard requires that we plan and perform the procedures so as to obtain reasonable assurance that the consolidated financial statements in the ESEF format were prepared in compliance with relevant criteria.

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

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in the ESEF format, in order to design procedures that are appropriate in the circumstances to enable the auditor to obtain sufficient appropriate evidence. The purpose of the assessment of the internal control system's operation was not to express an opinion on its effectiveness.

Quality Control Requirements

As an audit firm, we adhere to the Polish Standards on Quality Control in line with the wording of International Standard on Quality Control 1 — *Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements*, as adopted by the National Council of Statutory Auditors ("PSQC").

In accordance with the PSQC requirements, we maintain a comprehensive system of quality control which comprises documented policies and procedures in respect of our compliance with the ethical requirements, professional standards as well as the applicable legal and regulatory requirements.

Ethical and Independence Requirements

When performing the engagement, both as an audit firm and a statutory auditor, we comply with independence and other ethical requirements set out in the Code of Ethics. The Code of Ethics is based on key principles regarding integrity, objectivity, professional competencies and due care, confidentiality and professional conduct. We have also fulfilled our other independence and ethical responsibilities applicable to this assurance engagement in Poland.

Summary of the Work Performed

The procedures we planned and performed included:

- gaining an understanding of the process of preparation of the consolidated financial statements in the ESEF format, including the process of the Parent’s selection and application of XBRL tags as well as ensuring compliance with the ESEF Regulation, including an understanding of the internal controls relevant to this process;
- reconciling (a sample of) tagged information contained in the consolidated financial statements in the ESEF format with the audited consolidated financial statements;
- using a specialised IT tool and the support of an IT specialist, assessing compliance with the technical standards on the specification of the single electronic reporting format, and the completeness of XBRL tagging in the consolidated financial statements in the ESEF format;
- evaluating whether the XBRL tags from the taxonomy set out in the ESEF Regulation were applied properly and whether extension taxonomy elements were used in the event that the relevant elements were not identified in the core taxonomy set out in the ESEF Regulation;
- evaluating the correctness of anchoring of the extension taxonomy elements used to the core taxonomy set out in the ESEF Regulation.

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

Opinion on the compliance with the ESEF Regulation

The issues described above provide the basis for the auditor’s opinion, and therefore the opinion should be read together with those issues.

In our opinion, the attached consolidated financial statements in the ESEF format were tagged, in all material respects, in compliance with the requirements of the ESEF Regulation.

Statement Concerning Provision of Non-Audit Services

To the best of our knowledge and belief, we represent that non-audit services which we have provided to the Parent and to its subsidiaries are not prohibited under Article 5.1 of the EU Regulation and Article 136 of the Act on Statutory Auditors. The non-audit services which we provided to the Parent and to its subsidiaries in the audited period have been listed in Note 9.4 in the Report on the Activities.

Appointment of the Auditor

We were appointed as the auditor of the Group’s consolidated financial statements by resolution 12/VI/2022 of the Parent’s Supervisory Board of 28 February 2022. This is our first year as auditor of the Group.

The key statutory auditor on the audit resulting in this independent auditor’s report is Artur Maziarka.

Acting on behalf of Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered seat in Warsaw, entered under number 73 on the list of audit firms, in the name of which the consolidated financial statements have been audited by the key statutory auditor:

Artur Maziarka
Key certified auditor
Registered under number 90108

Warsaw, 27 April, 2023



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