



business consulting

Independent auditor's audit report

For the General Meeting and Supervisory Board of FEERUM S.A.

Report on the audit of the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of the group of which FEERUM S.A ("Parent Company") is the parent company (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and information additional to consolidated financial statements containing information on significant policies accounting and other explanatory information ("consolidated financial statements").

In our opinion, the accompanying consolidated financial statements:

- gives a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the applicable International Financial Reporting Standards as endorsed by the European Union and the accounting policies adopted;
- complies in form and content with the laws and regulations applicable to the Group and the Articles of Association of the Parent Company.

This opinion is consistent with the supplementary report to the Audit Committee that we issued on 30 April 2024.

Basis for opinion

We conducted our audit in accordance with the National Auditing Standards in the wording of the International Auditing Standards adopted by the Resolution of the National Board of Statutory Auditors No. 3430/52a/2019 of 21 March 2019 on national auditing standards and other documents, as amended and the Resolution of the Board of the Polish Audit Supervision Agency No. 38/II/2022 of 15 November 2022 on National Quality Control Standards and National Auditing Standard 220 (Amended) ("NSB"), and in accordance with the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision ("Act on Statutory Auditors" - t. j. Dz. U. of 2023, item 1015, as amended) and EU Regulation No. 537/2014 of 16 April 2014 on detailed requirements for statutory audits of public-interest entities, repealing Commission Decision 2005/909/EC ("EU Regulation" - Official Journal of the EU L 158 of 27 May 2014, p. 77, as amended). Our responsibility under these standards is further described in the section of our report Auditor's *responsibility for the audit of the consolidated financial statements*.

We are independent of the Group Companies in accordance with the International Code of Ethics for Professional Accountants (including the International Standards of Independence) of the International Ethics Standards Board for Accountants (the "IESBA Code") adopted by resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March

2019 on the Rules of Professional Ethics for Statutory Auditors, as amended, and with other ethical requirements that apply to auditing in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the course of the audit, the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements of the Act on Statutory Auditors and the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to form the basis of our opinion. We consider that the audit evidence we have obtained is sufficient and appropriate to form the basis of our opinion.

Key issues of the study

Key audit matters are those matters that, in our professional judgement, were most significant during the audit of the consolidated financial statements for the current reporting period. They include the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. We have addressed these matters in the context of our audit of the consolidated financial statements as a whole and in forming our opinion and have summarised our response to these risks and, where we considered it appropriate, provided key observations relating to these risks. We do not express a separate opinion on these matters.

The key issue of the study	How our study addressed this issue
<p>Revenue recognition</p> <p>The Group's trade revenues for the year ended 31 December 2023 amounted to PLN 63.2 million, of which PLN 45.9 million related to revenues from the fulfilment of performance obligations over time in the " Grain elevators" and " Construction and installation services" segments.</p> <p>From 1 January 2018, the Group recognises revenue in accordance with IFRS 15 " Revenue from contracts with customers". Due to the significant proportion of revenue recognised over time, revenue recognition requires the Parent Company's management to apply professional judgement and estimates to the best of its knowledge at the date of the consolidated financial statements, including the extent to which the performance obligation of certain contracts has been fully met, the total cost of the contracts, taking into account all necessary estimates of the risks identified.</p> <p>For contracts from which revenue is recognised over time (design, construction and installation of grain elevators), the Parent Company recognises revenue at each balance sheet date according to the proportion of costs incurred to total planned costs.</p> <p>The issue of assessing the correctness of the measurement and recognition of revenue was considered to be a key audit matter for the consolidated financial statements, given that the value of revenue depends significantly on the application of professional judgement and the assessment made by the Parent Company's Management Board.</p> <p>The Group's accounting policy for the measurement and recognition of revenue is further described in the Accounting Policies note "Revenue from Contracts with Customers"</p>	<p>The audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> - updated knowledge of the sales process in the Group's various operating segments and the internal control environment relating to the revenue recognition and measurement process - discussing with the Parent Company's Management Board's designees the stage of completion of material contracts, including the timeliness of estimates, assessment of key risks and their inclusion in the valuation - the following test procedures performed on a sample of contracts with Customers: <ul style="list-style-type: none"> a) an analysis of the terms and conditions of contracts, including an assessment of the correctness of the Parent Company's method of measurement and recognition of revenue in accordance with IFRS 15 b) an assessment of the significant assumptions and estimates made by the Parent Company with respect to the revenues and costs of the contracts under review c) testing the correctness of the allocation of costs and revenues to individual contracts, including compliance with concluded agreements d) analysis of changes in margins during implementation of individual contracts e) reconciliation of individual items of income and costs to source documentation provided f) assessing the adequacy of disclosures as required by IFRS 15

Disclosures regarding the judgements made are presented in the note Subjective judgements of the Parent Company's Management Board and estimation uncertainty

"Revenue from contracts with customers" Additionally, in note "Operating segments" and Note 17 "Assets and Liabilities under contracts with customers". Management Entity parent company presented disclosures required by IFRS 15.

Allowance for expected credit losses

Due to the moratorium on cross-border foreign exchange payments introduced by the Central Bank of Ukraine on the basis of Resolution No. 18, issued on 24 February 2022, EPICENTR K LLC did not make instalment payments to the Bank of the National Economy accruing to payme after that day. W nt

With regard to receivables that were insured by KUKA S.A. policies only 90% of the time, Bank Gospodarstwa Krajowego exercised its right of recourse against the Parent Company up to 10% of the uninsured receivables in the total amount of PLN 5.5 million.

The Parent Company's Management Board, together with the law firm, on the basis of information obtained from KUKA S.A., Bank Gospodarstwa Krajowego and the financial data of EPICENTR K LLC, assessed the credit risk and concluded that no impairment had occurred and that the receivables in question should be subject to an allowance for expected credit losses, in accordance with IFRS 9.

Due to the materiality of the amount of the receivables, we considered the assessment of credit risk and impairment of receivables by the Parent Company's management as a key audit matter.

In Note 10 "Trade and other receivables" of the consolidated financial statements, the Group disclosed the circumstances of EPICENTR K LLC's failure to repay its receivables and the Parent Company's Management Board's assessment of credit risk.

Our testing procedures included, but were not limited to:

- to gain an understanding of the Group's accounting policies and internal control environment, information and communication system for credit risk assessment and expected credit loss allowance,
- to obtain the Board's dominant credit risk assessment,
- obtaining audit evidence indicating that there is no increase in credit risk and that allowances for credit losses are necessary and assessing their appropriateness and sufficiency,
- assessment of the adequacy of consolidated disclosures w financial statements

Responsibility of the Management Board and Supervisory Board of the Parent Company for the consolidated financial statements Financial

Management of the Parent Company is responsible for the preparation of consolidated financial statements that give a true and fair view of the Group's financial position and performance in accordance with International Financial Reporting Standards as endorsed by the European Union, the accounting principles (policies) adopted and the Group's applicable laws and the Articles of Association, and for such internal control as management of the Parent Company 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 Company's management is responsible for assessing the Group's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and adopting the going concern basis of accounting, except when the Parent Company's management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to liquidate or cease operations.

The Parent Company's Management Board and members of the Parent Company's Supervisory Board are responsible for ensuring that the consolidated financial statements meet the requirements provided for in the Accounting Act of 29 September 1994 ("Accounting Act" - i.e. Journal of Laws 2023, item 120, as amended). The members of the Parent Company's Supervisory Board are responsible for overseeing the 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, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with the NSB will always detect an existing material misstatement. Distortions may arise from fraud or error and are considered material if they could reasonably be expected to influence, either individually or in the aggregate, the economic decisions of users taken on the basis of those consolidated financial statements. The concept of materiality is applied by the auditor both in planning and performing the audit and in assessing the impact of misstatements identified during the audit and uncorrected misstatements, if any, on the consolidated financial statements and in forming the auditor's opinion. Accordingly, all opinions and statements contained in the audit report are expressed having regard to the qualitative and quantitative level of materiality determined in accordance with auditing standards and the auditor's professional judgment

The scope of the audit does not include assurance as to the future viability of the Group or the efficiency or effectiveness of the management of its affairs by the Parent Company's Board now or in the future.

When investigating in line with the KSB, we use professional judgement and maintain professional scepticism as well:

- we identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error, design and perform audit procedures appropriate 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 greater than that resulting from error because fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumvention of internal control;
- we obtain an understanding of the 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;
- we assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Parent Company's management;
- we reach a conclusion on the appropriateness of the Parent Company's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is a material uncertainty 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, we modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report, however, future events or conditions may cause the Group to cease to operate as a going concern;
- we assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that achieves a fair presentation;
- we obtain sufficient appropriate audit evidence about the financial information of the entities or business activities within the Group to express an opinion on the consolidated statements

financials. We are responsible for the direction, oversight and conduct of the Group's audit and remain solely responsible for our survey opinion.

We report to the Parent Company's Supervisory Board on, among other things, the planned scope and timing of the audit and the significant findings of the audit, including any significant internal control weaknesses that we identify during the audit.

We make a declaration to the Parent Company's Supervisory Board that we have complied with the relevant ethical requirements for independence and that we will inform them of all relationships and other matters that could reasonably be considered to pose a threat to our independence and, where applicable, inform them of the safeguards in place.

Of the matters reported to the Parent Company's Board of Directors, we have identified those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and therefore considered them to be key audit matters. We describe these matters in our auditor's report unless a law or regulation prohibits their public disclosure or if, in exceptional circumstances, we determine that the matter should not be presented in our report because the negative consequences could reasonably be expected to outweigh the benefits of such information to the public interest.

Other information, including activity report

Other information consists of the Group's Directors' Report for the financial year ended 31 December 2023 (the "Directors' Report") together with the Corporate Governance Statement, which are separate parts of this report, and the Annual Report for the financial year ended 31 December 2023 (the "Annual Report")(together "Other Information").

Responsibility of the Management Board and Supervisory Board of the Parent Company

The Board of Directors of the Parent Company is responsible for the preparation of Other Information in accordance with the law.

The Management Board of the Parent Company and the members of the Supervisory Board of the Parent Company are obliged to ensure that the Group Management Report, including the separate parts, meets the requirements provided for in the Accounting Act.

Auditor's responsibility

Our audit opinion on the consolidated financial statements does not include Other Information. In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, to consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that the Other Information is materially misstated, we are required to disclose this in our audit report. Our responsibility under the requirements of the Auditors Act is also to issue an opinion on whether the Group management report has been prepared in accordance with the regulations and whether it is consistent with the information contained in the consolidated financial statements. In addition, we are required to issue an opinion as to whether the Group has included the required information in the corporate governance statement.

We obtained the Group Directors' Report before the date of this audit report and the Annual Report will be available after that date. In the event that we identify a material misstatement in the Annual Report, we are required to inform the Parent Company's Board of Directors.

Opinion on the Activity Report

Based on the work carried out during the course of the study, it is our opinion that the Group Management Report:

- has been prepared in accordance with Article 49 of the Accounting Act and paragraphs 70 and 71 of the Decree of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required

provisions of the law of a non-member state ("Current Information Regulation" - OJ 2018, item 757, as amended),

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

Furthermore, in light of the knowledge of the Group and its environment obtained during our audit, we declare that we have not identified any material misstatements in the Group Management Report.

Opinion on the corporate governance statement

In our opinion, the Group has included the information specified in § 70.6.5 of the Current Information Ordinance in its corporate governance statement. Furthermore, in our opinion, the information indicated in § 70.6.5 c-f, h and i of this Regulation contained in the corporate governance statement is consistent with the applicable regulations and the information contained in the consolidated financial statements.

Report on other legal and regulatory requirements

Opinion on the compliance of the labelling of the consolidated financial statements, prepared in the uniform electronic reporting format, with the requirements of the Technical Standards Regulation on the specification of the uniform electronic reporting format.

In connection with the audit of the consolidated financial statements, we have been engaged to perform an attestation service providing reasonable assurance to express an opinion as to whether the consolidated financial statements of the Group as at and for the year ended 31 December 2023, prepared in a uniform electronic reporting format, contained in a file named [file name] ("consolidated financial statements in ESEF format"), have been labelled in accordance with the requirements set out in Commission Delegated Regulation (EU) No 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 for specifications for a uniform electronic reporting format (OJ L 143, 29.05.2019, p. 1, as amended) (the "ESEF Regulation").

Identification of criteria and description of the object of the service

The consolidated financial statements in ESEF format have been prepared by the Board of Directors of the entity dominant in order to comply with the labelling and technical requirements for the specifications of the uniform electronic reporting format that are set out in the ESEF Regulation.

The object of our assurance service is the compliance of the labelling of the consolidated financial statements in ESEF format with the requirements of the ESEF Regulations, and the requirements set out in these regulations are, in our opinion, appropriate criteria for our opinion.

Responsibility of the Management Board and Supervisory Board of the Parent Company

The Parent Company's management is responsible for preparing the consolidated financial statements in ESEF format in accordance with the tagging and technical requirements for the Single Electronic Reporting Format specifications set out in the ESEF Regulations. This responsibility includes the selection and application of appropriate XBRL tags, using the taxonomy set out in these regulations.

The Parent Company's Management Board's responsibility also includes designing, implementing and maintaining a system of internal control that ensures the preparation of consolidated financial statements in ESEF format, free from material non-compliance with the requirements of the ESEF Regulation.

The members of the Parent Company's Supervisory Board are responsible for overseeing the process of financial reporting, including the preparation of financial statements in accordance with the format under current legislation.

Auditor's responsibility

Our objective was to express an opinion, based on the attestation service performed, providing reasonable assurance as to whether the consolidated financial statements in ESEF format have been labelled in accordance with the requirements of the ESEF Regulation.

We performed the service in accordance with the National Standard for Assurance Services Other than Examination and Review 3001PL

- "Audit of financial statements prepared in a uniform electronic reporting format" adopted by Resolution of the National Council of Statutory Auditors No. 1975/32a/2021 of 17 December 2021. (hereinafter: "KSUA 3001PL") and, where applicable, in accordance with the National Standard for Assurance Services Other than Audit and Review 3000 (Z) as set out in International Standard on Assurance Engagements 3000 (Revised) - "Services attestation other than audits or reviews of historical financial information" adopted by Resolution of the National Council of Statutory Auditors No. 3436/52e/2019 of 8 April 2019, as amended. (hereinafter: "KSUA 3000 (Z)").

This standard requires the auditor to plan and perform procedures so as to obtain reasonable assurance that the consolidated financial statements in ESEF format have been prepared in accordance with the specified criteria.

Reasonable assurance is a high level of assurance, but does not guarantee that a service conducted in accordance with KSUA 3001PL and, where applicable, in accordance with KSUA 3000 (Z), will always detect an existing material misstatement.

The choice of procedures depends on the auditor's judgement, including his or her estimate of the risk of material misstatement due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated financial statements in ESEF format in order to design appropriate procedures to provide the auditor with sufficient and appropriate evidence in the circumstances. An assessment of the operation of the internal control system has not been made in order to express an opinion on its effectiveness.

Summary of work carried out

The procedures we planned and carried out included:

- to gain an understanding of the process of preparing the consolidated financial statements in ESEF format, including the Company's process for selecting and applying XBRL tags and ensuring compliance with the ESEF Regulation, including an understanding of the internal control system mechanisms associated with this process;
- [obtaining sufficient and appropriate evidence related to the operational effectiveness of controls, related to XBRL tagging, when (if, where) as part of the risk assessment process we considered that procedures other than testing of controls would not produce sufficient test evidence]* [if carried out];
- reconciliation of the labelled [on a selected sample] information contained in the consolidated report financial statements in ESEF format to the audited consolidated financial statements;
- [using a specialised IT tool/(i) with the support of an IT expert] to assess compliance with the technical standards for the Single Electronic Reporting Format specification, to assess the completeness of the tagging of information in the consolidated financial statements in ESEF format with XBRL tags;
- to assess whether the applied XBRL tags from the taxonomy defined in the ESEF Regulation have been applied appropriately and whether extensions to the taxonomy have been used in situations where relevant elements have not been identified in the basic taxonomy defined in the ESEF Regulation;
- an assessment of the correctness of the anchoring of the applied taxonomy extensions to the core taxonomy defined in the ESEF Regulation;
- [list others if made].

We consider that the evidence we have obtained provides a sufficient and appropriate basis for our opinion on the label's compliance with the requirements of the ESEF Regulation.

Ethical requirements, including independence

In performing the service, the auditor and audit firm complied with the independence and other ethical requirements set out in the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We have also complied with other independence and ethical requirements that apply to this assurance service in Poland.

Quality control requirements

The audit firm applies the national quality control standards introduced by a resolution of the Board of the Polish Supervisory Agency

Audit Committee No. 38/I/2022 of 15 November 2022. National Quality Control Standard 1 as follows.

International Quality Management Standard (PL) 1 requires the audit firm to design, has implemented and applies a quality management system, including policies or procedures for compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on compliance with the requirements of the ESEF Regulation

The basis for the formulation of the auditor's opinion is based on the issues described above and the opinion should therefore be read with these issues in mind.

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

Statement on non-audit services provided

To the best of our knowledge and belief, we declare that the non-audit services that we have provided to the Group comply with the laws and regulations applicable in Poland and that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation and Article 136 of the Act on Statutory Auditors. The non-audit services that we provided to the Group during the audited period are listed in Note 12 of the Group Management Report.

Selection of the audit firm

We were appointed to audit the consolidated financial statements of the Group by Resolution of the Supervisory Board of the Parent Company No. 10 dated 18 May 2022. We have audited the consolidated financial statements of the Group continuously from the financial year ended 31 December 2017, i.e. for 7 consecutive years.

The key auditor responsible for the audit resulting in this independent auditor's report is Iwona Płotecka.

Acting on behalf of ECDP Audyty Sp. z o.o., an audit firm with its registered office in Katowice at Plac Wolności 4, registered in the list of audit firms under number 3769, on behalf of which the key statutory auditor audited the financial statements:

signed with a qualified electronic signature

Iwona Płotecka, registration number 13403

Katowice, 30 April 2024