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INDEPENDENT AUDITOR'S REPORT

To the General Meeting and Supervisory Board of MERCOR S.A.

Auditor's report on the full-year financial statements

Opinion

We have audited the full-year financial statements of MERCOR S.A. (the "Company") with its registered office at ul. Grzegorza z Sanoka 2, Gdańsk, Poland, comprising the separate statement of comprehensive income for the period 1 April 2024–31 March 2025, separate statement of financial position as at 31 March 2025, separate statement of changes in equity, separate statement of cash flows for the period 1 April 2024–31 March 2025, and notes to the financial statements (the "financial statements").

In our opinion, the financial statements:

- give a true and fair view of the Company's assets and financial position as at 31 March 2025, as well as its financial result and cash flows for the period 1 April 2024–31 March 2025, in accordance with the applicable International Financial Reporting Standards as endorsed by the European Union, and the applied accounting policies;
- comply with the form and content requirements laid down in the laws applicable to the Company and its Articles of Association;
- were prepared on the basis of properly maintained accounting records in accordance with the provisions of Chapter 2 of the Polish Accounting Act of 29 September 1994 (the "Accounting Act").

This opinion is consistent with the additional report for the Audit Committee, which we issued on 30 July 2025.

Basis for opinion

We conducted our audit in accordance with the Polish Financial Auditing Standards compliant with the International Auditing Standards ("PFAS"), as well as in accordance with the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 (the "Statutory Auditors Act"), and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audits of public-interest entities, repealing Commission Decision 2005/909/EC (the "EU Regulation"). 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 Code of Ethics for Professional Accountants (including International Standards of Independence) of the International Council of Statutory Auditors (the "IESBA Code"), as adopted by resolutions of the National Council of Statutory Auditors, and with other ethical requirements that are relevant to audits of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. During our audit, the key audit partner and the audit firm remained independent of the Company in compliance with the independence requirements set out in the Statutory Auditors Act and the EU Regulation.

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



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Key audit matters

Key audit matters are those which, in our professional judgment, were of most significance in our audit of the financial statements for the relevant reporting period. They cover the most significant assessed risks of a material misstatement, including material misstatement due to fraud. We addressed those matters in the context of our audit of the financial statements as a whole and when formulating our opinion, and we also summarised our response to those risks. Where we considered it relevant, we included key observations arising with respect to the particular risks. We do not provide a separate opinion on those matters.

Key audit matter	How our audit addressed the matter
<i>Analysis of impairment of investments in subsidiaries and jointly controlled entities</i>	
<p>In the financial statements as at 31 March 2025, the Company disclosed its equity interests in subsidiaries and jointly controlled entities with a value of PLN 79,094 thousand (reduced by impairment losses of PLN 87,260 thousand), representing approximately 26% of total assets.</p> <p>The Company recognises investments in subsidiaries and jointly controlled entities at cost less impairment losses, if any. Every year, the Company assesses whether there are any indications of impairment of its investments in subsidiaries and jointly controlled entities.</p> <p>An assessment of impairment indicators includes a thorough analysis of how individual entities have executed their budgets, strategies and long-term plans, and a review of macroeconomic factors affecting the segment in which each entity operates. Additionally, a comparison is made between the equity of each entity and the carrying amount of shares held in that entity.</p> <p>If any indications of impairment are identified, the recoverable amounts of the investments are calculated based on the results of impairment tests carried out under the discounted cash flow model for individual cash-generating units.</p> <p>The outcomes of impairment tests for investments in subsidiaries and jointly controlled entities rely heavily on the Management Board's estimates, including: forecast revenue and expenses, business plans, the assumed weighted average cost of capital for each entity and marginal growth rate.</p> <p>Such estimates are largely forward-looking and therefore subject to a significant risk of being affected by changing market conditions.</p> <p>Given the inherent uncertainty as to the future realisation of material assumptions and the materiality of the Company's investments in subsidiaries and jointly controlled entities disclosed in the financial statements, we</p>	<p>Our procedures in relation to the described key audit matter included:</p> <ul style="list-style-type: none"> evaluating the financial condition of the investees, in particular the Russian and Ukrainian entities, through a thorough analysis of their financial data; evaluating the assessment of indications of impairment performed by the Company's Management Board; evaluating the assumptions adopted by the Company under the discounted cash flow models for the following years, including future revenue, cost and margin forecasts, as well as other assumptions, by analysing budgets and historical performance against budgets in the previous years for individual subsidiaries and jointly controlled entities; assessing the macroeconomic assumptions, including inflation and marginal growth rates, based on publicly available market analyses and our own analyses; assessing the weighted average cost of capital by reviewing the relevant input data used in its calculation, based on the work of our valuation experts; evaluating the discounted cash flow models applied by the Company in terms of compliance with the relevant financial reporting standards; evaluating the discounted cash flow models in terms of arithmetic correctness; verifying the consistency of assumptions made for the impairment tests with those underlying other estimates; obtaining a detailed representation by the Company's Management Board on the completeness and correctness of data provided to us and significant assumptions underlying



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considered the analysis of impairment of investments in subsidiaries and jointly controlled entities to be a key audit matter. The disclosures related to investments in subsidiaries and jointly controlled entities are presented in Note 14 "OTHER FINANCIAL ASSETS", while the relevant accounting policies are described in section 6 "Professional judgment of the Company's Management Board" of Note 2 "MATERIAL ACCOUNTING POLICIES" to the financial statements.

Disclosures related to judgment exercised by the Company's Management Board with respect to the absence of indications of impairment of shares held in the subsidiary registered in Ukraine and the jointly controlled entity registered in Russia are contained in section 3 "Impact of the war in Ukraine on the Company's business" of Note 2 "MATERIAL ACCOUNTING POLICIES" to the financial statements.

the impairment tests for investments in subsidiaries and jointly controlled entities;

- holding discussions with the Company's Management Board regarding the impact of the war in Ukraine in terms of potential asset impairment and going concern assumptions adopted for individual cash-generating units.

In addition, we evaluated the adequacy of the disclosures relating to impairment tests, including with respect to the sensitivity analysis and impact of the war in Ukraine on the Company's business.

Analysis of impairment of other non-current assets

In accordance with International Accounting Standard 36 Impairment of Assets, the Company is required to perform annual impairment tests for cash-generating units to which goodwill is allocated and to assess whether there has been any indication of impairment of non-current assets allocated to other cash-generating units.

Identification of any indicators of impairment of non-current assets allocated to other cash-generating units is considered a key audit matter due to the significance of the balance of other non-current assets (excluding other financial assets) to the financial statements. The balance, as disclosed in the statement of financial position as at the reporting date, totalled PLN 85,565 thousand.

Every year, the Company assesses whether there are any indications of impairment of non-current assets allocated to cash-generating units to which no goodwill is allocated. For the purposes of the financial statements as at 31 March 2025, the Company performed such assessment in particular with respect to assets held in the Mirosław facility. If any indications of impairment are identified, the recoverable amount of the assets are calculated based on the results of impairment tests carried out under the discounted cash flow model for individual cash-generating units.

Furthermore, impairment tests of the cash-

Our procedures in relation to the described key audit matter included:

- understanding the process of impairment testing and identifying the cash-generating unit to which non-current assets are allocated;
- evaluating the assessment of indications of impairment performed by the Management Board, especially with respect to assets held in the Mirosław facility;
- evaluating the assumptions adopted by the Management Board under the discounted cash flow model for the following years, including future revenue, cost and margin forecasts, the Company's anticipated market position, as well as other assumptions, by analysing budgets and historical performance against budgets;
- assessing the macroeconomic assumptions, including inflation and marginal growth rates, based on publicly available market analyses and our own analyses;
- assessing the weighted average cost of capital by reviewing the relevant input data used in its calculation, based on the work and expertise of our valuation experts;
- evaluating the discounted cash flow models in terms of compliance with the relevant financial reporting standards;
- evaluating the discounted cash flow models in



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generating units to which the tested assets are allocated rely to a significant extent on estimates made by the Management Board, including the Company's strategy, planned capital expenditure, forecast revenue and expenses, as well as the assumed weighted average cost of capital and marginal growth rate. These assumptions are subject to a significant risk of being affected by changing market conditions.

Disclosures related to the applied accounting policies and material judgments are contained in Section 6 "Professional judgment of the Management Board" of Note 2 "MATERIAL ACCOUNTING POLICIES" to the financial statements.

Disclosures related to impairment tests performed for the assets specified above are presented in Note 13 "PROPERTY, PLANT AND EQUIPMENT" to the financial statements.

terms of arithmetic correctness;

- verifying the consistency of assumptions made for the impairment tests with those underlying other estimates;
- obtaining a detailed representation by the Management Board on the completeness and correctness of data provided to us and significant assumptions underlying the impairment tests;

In addition, we evaluated the adequacy of the disclosures relating to impairment tests, including with respect to the sensitivity analysis and impact of the war in Ukraine on the Company's business.

Correctness of development expense recognition

As at 31 March 2025, the Company disclosed in the statement of financial position capitalised costs of development work in progress of PLN 7,648 thousand (exclusive of VAT) and costs of completed development work of PLN 7,532 thousand (exclusive of VAT), representing approximately 5% of the total assets.

Development expenditure at the Company includes the cost of certification processes for new products and technologies to be placed on the market, as well as the cost of developing new products.

In accordance with International Accounting Standard 38 Intangible Assets ("IAS 38"), the Company's Management Board exercises its judgment in assessing whether development expenditure incurred should be capitalised, including the moment of its capitalisation, and recognises a separate intangible asset for each project. Such judgement involves an assessment of whether:

- there is technical feasibility and intention to complete the intangible asset;
- the entity can demonstrate the ability to use or sell the asset, and how it will generate future economic benefits;
- the expenditures can be reliably measured.

Furthermore, in accordance with International Accounting Standard 36 *Impairment of Assets*,

Our audit procedures in relation to the described key audit matter included:

- understanding the Company's process for capitalising development costs;
- holding discussions with the Company's Management Board and persons responsible for the respective development projects to understand the current nature and status of various development work;
- reviewing internal documentation for a selected sample of development projects, including documents showing the nature of the work, expected outcomes and deviations of the expenditure incurred from the approved project budgets;
- performing analytical procedures with regard to the structure of expenses incurred for a selected sample of development projects;
- for a selected sample of projects, evaluating the judgment exercised by the Company's Management Board to determine whether the capitalisation criteria under IAS 38 were met for selected expenditures;
- assessing the impairment tests performed by the Company's Management Board for expenditure on ongoing development work to ascertain if the applied model was correct and the key assumptions adopted by the Company's Management Board were



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the Company's Management Board is required to perform annual impairment tests for development work in progress, the results of which are highly dependent on estimates made by the Company's Management Board with respect to projected cash flows, including those related to anticipated capital expenditure, and the adopted discount rate.

Such estimates are forward-looking and therefore subject to a significant risk of being affected by changing market conditions.

The correctness of development expense recognition and mandatory impairment tests for development work were considered a key audit matter due to the fact that the Company incurs significant R&D expenditure, and because selecting the appropriate method of its recognition in the financial statements requires the exercise of significant judgment by the Company's Management Board.

Disclosures related to the applied accounting policies and material judgments concerning the recognition of development expenditure are contained in Section 8 "Material accounting policies" of Note 2 "MATERIAL ACCOUNTING POLICIES" to the financial statements. Disclosures related to the expenditure incurred on development work and impairment tests carried out for development work in progress are presented in Note 12 "INTANGIBLE ASSETS" and Note 13 "PROPERTY, PLANT AND EQUIPMENT" to the financial statements.

reasonable.

In addition, we assessed the adequacy of the presentation and scope of the disclosures concerning development costs in the financial statements.

Responsibility of the Management Board and Supervisory Board for the financial statements

The Company's Management Board is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements which give a true and fair view of the Company's financial position and results of its operations in accordance with International Financial Reporting Standards as endorsed by the European Union, the applied accounting policies, the laws applicable to the Company and its Articles of Association, as well as for the internal control that the Management Board deems necessary to enable the preparation of financial statements that are free of any material misstatement, whether due to fraud or error.

When preparing the financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, for disclosing, if applicable, any issues relating to the Company's continuing as a going concern, and for adopting the going concern basis of accounting, except where the Management Board intends to liquidate the Company or discontinue its business, or if there is no viable alternative to liquidating the Company or discontinuing the business.

The Company's Management Board and members of the Supervisory Board are responsible for ensuring that the financial statements meet the requirements stipulated in the Accounting Act. Members of the Company's Supervisory Board are responsible for supervising the financial reporting process.



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Auditor's responsibilities 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, 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 Polish Financial Auditing Standards 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 the 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 formulating the auditor's opinion. Accordingly, all opinions and statements contained in the auditor's report are made taking into account the qualitative and quantitative materiality level determined according to the auditing standards and the auditor's professional judgment.

The scope of an audit does not include assurance as to the future viability of the audited Company or on the efficiency or effectiveness with which the Company's Management Board has conducted or will conduct its affairs.

In auditing financial statements in accordance with the Polish Financial Auditing Standards, we apply professional judgment and maintain professional scepticism, and:

- we identify and assess risks of a material misstatement of the financial statements, whether due to fraud or error, plan and perform audit procedures adequate to the identified 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 the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain understanding of internal controls 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;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- we draw a conclusion as to the appropriateness of application of the going concern basis of accounting by the Company's Management Board and, based on the audit evidence obtained, a conclusion as to whether any material uncertainty exists related to any events or conditions which 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 on the audit of the financial statements 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we 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 Company's 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 also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and that we will communicate to them all relationships and



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other matters that may reasonably be thought to bear on our independence and, where applicable, related risk mitigation measures and safeguards.

From the matters communicated to the Audit Committee, we determined those matters that were of most significance in the audit of the financial statements for the reporting period and were therefore considered key audit matters. We describe those matters in our auditor's report unless law or regulation precludes their public disclosure 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 on the Company's operations

Other information comprises the Directors' Report on the operations of MERCOR S.A. and the MERCOR Group in the period 1 April 2024–31 March 2025 (the "Directors' Report on the Company's operations"), together with the corporate governance statement and sustainability reporting, which are separate parts of the Directors' Report on the Group's operations, as well as other documents forming part of the annual report for the financial year ended 31 March 2025 (the "annual report") other than the financial statements and the auditor's report on the financial statements (jointly the "Other Information").

Responsibilities of the Management Board and Supervisory Board

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

The Company's Management Board and members of its Supervisory Board are required to ensure that the Directors' Report on the Company's operations, including the separate statements included therein, meets the requirements stipulated in the Accounting Act.

Auditor's responsibilities

Our opinion on the audited financial statements does not cover 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 the Other Information is not materially inconsistent with the financial statements or our knowledge obtained in the course of 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 the Other Information, we are required to report that fact. In accordance with the Statutory Auditors Act, our responsibility is also to issue an opinion on whether the Directors' Report on the Company's operations was prepared, to the extent not applicable to sustainability reporting, in accordance with applicable laws and whether it is consistent with the information appearing in the financial statements.

In addition, we are required to issue an opinion on whether the Company has included the required information in the corporate governance statement.

Opinion on the Directors' Report on the Company's operations

Based on the work we performed as part of our audit, we believe that the Directors' Report on the Company's operations:

- was prepared in accordance with Art. 49 of the Accounting Act and with Section 72 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 10 June 2025 (the "Current Reporting Regulation"),
- is consistent with the financial statements.

Statement on other information

Based on our knowledge of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in the Directors' Report on the Company's operations.



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We have nothing to report on other components of the Other Information.

Opinion on the corporate governance statement

In our opinion, the Company's corporate governance statement contains the information required under Section 72.7.5 of the Current Reporting Regulation.

In addition, in our opinion, the information specified in Section 72.7.5. (c) to (f), (h) and (i) of the Regulation contained in the corporate governance statement is compliant with the applicable regulations and consistent with the information contained in the financial statements.

Statement on provision of non-audit services

To the best of our knowledge and belief, the services we have provided to the Company and its subsidiaries are compliant with applicable laws and regulations in force in Poland, and we have not provided any non-audit services that are prohibited under Article 5(1) of the EU Regulation or Art. 136 of the Statutory Auditors Act. The non-audit services we provided to the Company and its subsidiaries in the audited reporting period are specified in the financial statements.

Appointment of the audit firm

We were first appointed to audit the Company's financial statements by resolution of the Supervisory Board of 3 September 2020. We have audited the Company's financial statements without interruption since the financial year ended 31 March 2021, that is for a period of five consecutive years.

Warsaw, 30 July 2025

Key audit partner

Łukasz Kleszczonek

Qualified Auditor

Registration No. 13486

acting on behalf of:

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

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