

AUDIT REPORT OF THE INDEPENDENT CHARTERED AUDITOR ON THE OF THE
ANNUAL FINANCIAL STATEMENTS OF

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.

for the period from 01/01/2019 to 31/12/2019

Warsaw, 16 March 2022

AUDIT REPORT OF THE INDEPENDENT CHARTERED AUDITOR

For the General Meeting and Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.

Report on the audit of the annual financial statements

Opinion

We have audited the financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. ("the Company") including the report on the financial standing as of 31 December 2021, statement of comprehensive income, statement of changes in equity, cash flow statement for the year ending on that day and additional information on the accounting principles adopted and other explanatory information ("the financial statements").

In our opinion, the attached financial statements:

- provide the true and fair view of the Group's property and financial standing as of 31 December 2021, its financial performance and cash flows for the year ending on that day in accordance with the applicable International Financial Reporting Standards as approved by the European Union and with the adopted accounting principles (policies);
- are compliant in form and contents with the applicable laws and the Company's Articles of Association.
- were prepared on the basis of correctly maintained ledgers in compliance with the provisions of Chapter 2 of the Accountancy Act of 29 September 1994 ("the Accountancy Act", Polish Journal of Laws of 2021, item 217, as amended).

This opinion is consistent with the additional statement for the Audit Committee issued by us on 16/03/2022.

Grounds for the opinion

This audit was performed in compliance with the International Audit Standards in the version adopted as the National Audit Standards by the National Chamber of Chartered Auditors ("NCCA") and in compliance with the Act on Chartered Auditors, Auditing Companies and Public Supervision of 11 May 2017 ("the Act on Chartered Auditors" – Polish Journal of Laws of 2020, item 1415, as amended), and EU Regulation No. 537/2014 of 16 April 2014 on detailed requirements for the statutory audit of public-interest entities ("EU Regulation" – Official Journal of the EU L158, as amended). Pursuant to the said standards, our liability was described further in the section of our report entitled "Liability of the Chartered Auditor for the Financial Statement Audit."

We are independent from the Company in compliance with the Code of Ethics for Professional Accountants of the International Federation of Accountants (including the International

Standards of Independence) of the International Ethics Standards Board for Accountants ("IFAC IESBA Code"), adopted by way of the resolution of the National Chamber of Chartered Auditors and in compliance with other ethical requirements that apply to auditing financial statements in Poland. We fulfilled our ethical requirements in compliance therewith and the IESBA Code. During the audit, the key chartered auditor and the auditing firm remained independent from the Company in compliance with the requirements of independence defined in the Act on Chartered Auditors and EU Regulations.

In our opinion, the audit evidence acquired by us is sufficient and appropriate to serve as grounds for our opinion.

Key issues of the audit

The key issues of the audit include issues that according to our professional opinion were most important during the audit of the financial statement for the current reporting period. They include the most essential assessed types of risk of significant distortion, including assessed risk of significant distortion resulting from fraud. We referred to those matters in the context of our audit of the financial statements as a whole and while articulating our opinion, and we summed up our response to these risks; if we considered it necessary, we presented the most important observations related thereto. We do not issue a separate opinion on these matters.

Key issue of the audit (description of the type of significant distortion risk)	Chartered auditor's procedures in reply to the key issues of the audit
Investments in subsidiaries	
<p>Investments in subsidiaries in the financial statements as of 31 December 2021 amount to PLN 23,586 thousand. The assets are measured at the purchases price with impairment recognised.</p> <p>The risk of judgement and items of estimation, mainly related to assumptions about the future cash flows and calculation of the discount rate, in particular the significant value of the item, is of key importance for the audit of the financial statements.</p>	<p>The chartered auditor's procedure included such aspects as:</p> <ul style="list-style-type: none"> • Analysis and understanding of the recognition of investments in subsidiaries pursuant to the company's accounting policies and the recognition of impairment, • Assessment of key assumptions concerning the parameters of tests of impairment losses, discount rates and WACC, • Assessment of assumptions and estimations adopted by the Management Board for calculation of future cash flows, • Analysis of risks related to the fulfilment of assumptions underlying

	<p>the tests of impairment losses,</p> <ul style="list-style-type: none"> • Matching source data underlying model tests of impairment losses and assessment of no premises for impairment loss as regards the company's current forecasts and execution of the budgets, • Assessment of the correctness and completeness of disclosures in the financial statements in compliance with IAC 36 Impairment of assets.
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<p>Net revenues from sales</p>	
<p>In the period from 1 January 2021 to 31 December 2021, the Company generated net revenue of PLN 163,943 thousand.</p> <p>Taking into account the significant value of the above item in the Company's Statement of Comprehensive Income, the key risk of the audit in the aforementioned field of the Company's financial statements was identified.</p>	<p>The chartered auditor's procedure included such aspects as:</p> <ul style="list-style-type: none"> • Review of accounting rules for revenue recognition, • Assessment of the internal audit environment as regards the determination and presentation of income in the financial statements, • Review of incoming accounts for identifying unusual: amounts, numbering of evidence/invoices, discounts on accounts, descriptions of transactions, • Analysis of significant agreements and orders, • Analysis of confirmation of balances received from counterparties and payments after the balance sheet date in relation to executed sales in the period subject to auditing,

	<ul style="list-style-type: none">• Assessment of the correctness and completeness of disclosures concerning revenues, including such from the perspective of IFRS 15.
Detailed tests described above in relation to the assessment of the internal audit environment provided us with sufficient and appropriate evidence to enable discussing the described risk at the company subject to auditing.	

Liability of the Management Board and Supervisory Board for the financial statement

The Company's Management Board is liable for preparing the financial statements based on ledgers maintained in a proper manner, which financial statements reliably and clearly present the financial and economic standing, as well as the financial result of the Company in compliance with the International Financial Reporting standards approved by the European Union, adopted accounting principles (policy) and provisions of law binding on the Company, the Articles of Association, and for internal audit that is considered necessary for the Management Board to enable the preparation of the financial statements which do not contain any significant distortion resulting from fraud or error.

While preparing the financial statements, the Company's Management Board is liable for assessing the Company's ability to continue its operations, disclosure, if any, issues related to continued operations and adoption of the going concern principle as the grounds for accounting, expect when the Management Board intends to liquidate the Company or discontinue its operations, or there is no other real alternative for the liquidation or discontinuation of operations.

The Company's Management Board and members of the Supervisory Board are obliged to ensure that the financial statements meet the requirements provided for in the Accountancy Act. The members of the Supervisory Board are liable for the supervision of the Company's financial reporting process.

Liability of the chartered auditor for auditing the financial statements

Our objective is to ensure reasonable certainty that the financial statements as a whole do not include any significant distortion resulting from fraud or error, and to prepare the report on the audit of the financial statements containing our opinion. Reasonable certainty means a high level of certainty; however, it does not guarantee the audit performed in compliance with NAS to reveal existing distortion every time. Distortion may occur as a result of fraud or error, and it is considered significant if one may reasonably expect that it may individually or jointly affect economic decisions made by users based on these financial statements. The concept of significance, applied by the chartered auditor both while planning and performing the audit, and while assessing the impact of distortion found in the course of the audit and non-rectified distortion, if any, on the financial statements, and while preparing the opinion of the chartered

auditor. In light of the foregoing, all the opinions and statements included in the report on the audit are expressed with the consideration of the level of significance, with respect to quality and value, as determined in compliance with standards of the audit and professional opinion of the chartered auditor.

The scope of the audit does not ensure the future profitability of the Company or the efficiency or effectiveness of its affairs being conducted by the Company's management now or in future.

During the audit in compliance with NAS, we apply our professional reason and scepticism, and:

- we identify and assess the risk of significant distortion of the financial statements resulting from fraud or error, we design and enforce audit procedures corresponding to such risk and obtain audit evidence sufficient and appropriate as grounds for this opinion. The risk of failure to discover significant distortion resulting from fraud is greater than that due to error, because fraud may refer to collusion, counterfeiting, intentional omissions, misinformation or circumvention of internal control;
- we gain an insight into internal control relevant to the audit in order to design the proper audit procedures under specific circumstances, and not for the purpose of our opinion to be issued about the efficiency of the Company's internal audit;
- we assess the suitability of applied accounting principles (policy) and reasonableness of accounting estimations and related disclosures made by the Company's Management Board;
- we draw a conclusion about the suitability of the going concern principle applied by the Company's Management Board as the grounds for accountancy and, based on the audit evidence obtained we decide whether there is uncertainty related to events or conditions, according to which the Company's ability to continue its business may be questioned. If we conclude that there is significant uncertainty, we are required in our report of the chartered auditor to point out to related disclosed information in the financial statements, and if such disclosures are not adequate, we alter our opinion. Our conclusions are based on audit evidence obtained up to the date of our chartered auditor's report; however, future events or conditions may cause the Company to cease to operate as a going concern;
- we assess the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that ensures fair presentation.

We provide the Supervisory Board with information, among others, about the planned scope and time of the audit and significant findings of the audit, including all significant weaknesses of the internal audit identified in the course of the audit.

We submit a statement to the Supervisory Board of the Parent Company that we met respective ethical requirements concerning independence, and we will notify it of all relations and other issues that could reasonably be considered as threatening to our independence, and – if applicable – we notify it of security measures applied.

From among the issues presented to the Supervisory Board of the Parent Company, we selected such issues as were the most significant during the audit of the financial statements for the current reporting period and, therefore, we considered them to be the key issues for the audit. We describe these issues in our report of the chartered auditor, unless the provisions of law or

regulations forbid the public disclosure thereof or, under exceptional circumstances, we decide that an issue should not be presented in our report, since it could be expected reasonably that negative consequences would outweigh benefits of such information for the public interest.

Miscellaneous Information, including report on activities

Miscellaneous Information includes the Report on the Company's operations for the financial year ending on 31 December 2021 (the "Report on operations") together with the corporate governance statement, which is a separate part thereof, and the Annual Report for the financial year ending on 31 December 2021 ("Annual Report") (collectively referred to as "Miscellaneous Information").

Liability of the Management Board and Supervisory Board

The Company's Management Board is liable for preparing the Miscellaneous Information in compliance with the provisions of law.

The Company's Management Board and members of the Supervisory Board are obliged to ensure that the Report on the Company's operations, together with its separated parts, meets the requirements specified in the Accountancy Act.

Liability of the chartered accountant

Our opinion on the audit of the financial statements does not include the Miscellaneous Information. As regards the financial statements, it is our obligation to examine whether other information is not significantly inconsistent with the financial statements or our knowledge acquired during the audit, or it seems significantly distorted otherwise. If based on the work performed we discover significant distortion in the Miscellaneous Information, we are obliged to include the notification thereof in our audit report. Pursuant to the requirements contained in the Act on Chartered Auditors, it is also our duty to issue an opinion on whether the Report on operations was prepared in compliance with the provisions of law and whether it complies with the information included in the financial statements. Furthermore, we are obliged to provide notification whether the Company prepared the statement on non-financial information and to issue an opinion whether the Company included requisite information in the statement on corporate governance compliance.

We obtained the Report on the Company's operations before the date of this report on the audit, while the Annual Report will be available after this date. If we reveal any significant distortion in the Annual Report, we are obliged to notify the Company's Supervisory Board.

Opinion on the Report on operations

In our opinion, based on our audit, the Report on the Company's operations:

- was prepared in accordance with Article 49 of the Accounting Act and Section 70(6) of the Regulation of the Minister of Finance of 29 March 2018 on Current and Periodical Information Published by Security Issuers and Conditions to Consider it Equivalent to the Information

Required by Legal Provisions of a Country that is not a Member State ("Regulation on Current Information," Polish Journal of Laws of 2018, item 757

- as amended);

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

Furthermore, in the light of knowledge about the Company and its environment obtained during our audit, we would like to state that we did not detect any distortion in the Report on the Company's operations.

Opinion on the statement of corporate governance compliance

In our opinion, in the statement of corporate governance compliance, the Company included information defined in Section 70(6)(5) of the Regulation on Current Information. Furthermore, in our opinion, the information listed in Section 70(6)(5)(c)-(f), (h) and (i) therein, included in the statement of corporate governance compliance is consistent with applicable provisions and information included in the financial statements.

Report on other legal requirements and regulations

Statement on services other than the audit of the financial statements

Upon information and belief, we would like to state that the services other than the audit of the financial statements, as rendered for by us on behalf of the Company, are lawful and compliant with legal provisions applicable in Poland and that we did not render services other than the audit, as prohibited under Article 5(1) of the EU Regulation and Article 136 of the Act on Chartered Auditors. The services other than those related to the audit of the financial statements, as rendered by us on behalf of the Company and its subsidiaries in the period subject to auditing, are listed in note II.37 of the Report on the Issuer's Operations and the Capital Group of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A.

Selection of the auditing firm

We were appointed to audit the Group's financial statements by the resolution of the Company's Board of Directors dated 6 July 2020. We have been auditing the Company's financial statements continuously from the financial year ending on 31 December 2018, that is to say for 4 consecutive financial years.

Marcin Wasil is the key chartered auditor liable for the audit as a result of which this report of the independent chartered auditor was prepared.

Acting on behalf of WBS Audyt Sp. z o.o., with registered office in Warsaw, ul. Grzybowska 4 lok. U9B, entered in the list of auditing firms under number 3685, on which behalf the key chartered auditor audited the financial statements.

Marcin Wasil

Key Chartered Auditor no. 9846

Warsaw, 16 March 2022