

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

THE CAPITAL GROUP 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 consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of the Capital Group whose parent company is Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. ("the Parent Company") ("the Group"), including the consolidated statement of financial standing as of 31 December 2021, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year ending on that day, and additional information on the accounting policies adopted and other explanatory information ("the consolidated financial statements").

In our opinion, the attached consolidated financial statements:

- provide the true and fair view of the Group's consolidated property and financial standing as of 31 December 2021, its consolidated financial performance and consolidated 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 Parent Company's Articles of Association.

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 Companies of the Group in compliance with the International Ethical Code of Professional 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 Companies of the Group 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 ones that according to our professional opinion were most important during the audit of the consolidated financial statements 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 consolidated 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
Net revenues from sales	
<p>During the period from 1 January 2021 to 31 December 2021, the Capital Group, after transactions included in consolidation, generated the net revenue of PLN 220,826 thousand.</p> <p>Taking into account the significant value of the above item of the Consolidated Statement of profit and loss and other 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 the Group's accounting policies with respect to revenue recognition, - Assessment of the internal control environment with respect to the determination and presentation of revenue in the financial statements, - review of revenue accounts to identify unusual: values, evidence/invoice numbering, account cancellations, descriptions of operations and transactions between the Group companies, - analysis of material contracts and orders, - analysis of the Group's balance confirmations in connection with sales made in the period subject to auditing, - assessment of the correctness and completeness of revenue disclosures, including such from the perspective of IFRS 15.

Loans and borrowings payable	
Loans and borrowings as of 31 December 2021 amount to PLN 121,073 thousand, representing	The chartered auditor's procedure included such aspects as:

<p>34.25% of the consolidated balance sheet total.</p> <p>Due to the significant value of the above item in the Company's balance sheet, the key risk of the audit in the aforementioned field of the Company's financial statements was identified.</p>	<ul style="list-style-type: none"> - analysis of the recognition and presentation of respective items of loans and borrowings in accordance with the accounting principles applicable to the group. - verification of the completeness of the recording of loan commitments during the period subject to auditing, - analysis of contracts to confirm the volume of financing costs allocated to the period under analysis, - analysis of collateral related to liabilities and disclosures in this regard, - assessment of the correctness of the presentation of loans and borrowings in the financial statements and explanatory notes thereto. - assessment of the completeness of disclosures in the financial statements in compliance with applicable accounting principles.
<p>Detailed tests described above in connection to the assessment of the internal audit environment provided us with sufficient and appropriate evidence to enable discussing the described risk in the field of financial assets.</p>	

Liability of the Management and Supervisory Boards of the Parent Company for the consolidated financial statements

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

While preparing the consolidated financial statements, the Parent Company's Management Board is liable for assessing the Group'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 Group or discontinue its operations, or there is no other real alternative for the liquidation or discontinuation of operations.

The Management Board of the Parent Company and the members of the Supervisory Board of the Parent Company are liable for ensuring that the consolidated financial statements meet the

requirements provided for in the Accounting Act of 29 September 1994 ("the Accounting Act" – Polish Journal of Laws of 2020, item 217, as amended). The members of the Supervisory Board of the Parent Company are liable for the supervision of the financial reporting process.

Liability of the chartered auditor for auditing the financial statements

Our objective is to ensure reasonable certainty that the consolidated financial statements as a whole do not include any significant distortion resulting from fraud or error, and to prepare a 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 consolidated 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 Group or the efficiency or effectiveness of its affairs being conducted by the Parent 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 consolidated 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 failing to detect a material distortion due to fraud is greater than that due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumvention of internal control;
- we gain an insight into internal control relevant to the audit in order to design proper audit procedures under specific circumstances, but not for the purpose of issuing our 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 any material uncertainty related to events or conditions that may cast significant doubt about the Group's ability to continue its operations as a going concern. 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 consolidated 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 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 ensures fair presentation;
- we obtain sufficient audit evidence about the financial information of entities or business activities within the Group to issue the opinion on the consolidated financial statements. We are liable for the direction, supervision and conduct of the Group's audit and remain solely liable for our audit opinion.

We provide the Supervisory Board of the Parent Company 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, which we have identified during 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 consolidated 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 reasonably be expected 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 Group's operations for the financial year ending on 31 December 2021 (the "Report on operations") together with the corporate governance statement referred to in Article 49b(1) of the Accounting Act, 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 of the Parent Company

The Parent Company's Management Board is liable for preparing the Miscellaneous Information in compliance with the provisions of law. The Parent Company's Management Board and members of the Supervisory Board are obliged to ensure that the Report on the Group's operations, together with its separated part, meets the requirements specified in the Accountancy Act.

Liability of the chartered auditor

Our opinion on the audit of the consolidated financial statements does not include the Miscellaneous Information. As regards the audit of the consolidated financial statements, it is our obligation to examine whether other information is not significantly inconsistent with the consolidated 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 Other 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 the Group's operations was prepared in compliance with the provisions of law and whether it complies with the information included in the consolidated financial statements. Additionally, we are obliged to issue an opinion whether the Group has included the requisite information in its corporate governance statement.

We obtained the Report on the Group's operations before the date of this audit report, 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 of the Management Board on the operations of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. and the Capital Group Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. ("the Group"):

- 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 consolidated financial statements.

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

Opinion on the statement of corporate governance compliance

In our opinion, in the statement of corporate governance compliance, the Group 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 consolidated financial statements.

Report on other legal requirements and regulations

Opinion on the conformity of the designation of the consolidated financial statements prepared in the uniform electronic reporting format with the requirements of the Regulation on technical standards for specifications of uniform electronic reporting format

Subject matter of the service

As regards our audit of the consolidated financial statements, we carried out the assurance engagement to provide reasonable assurance in order to issue an opinion on whether the consolidated financial statements of the Group for the financial year ending on 31 December 2021, prepared in a single electronic reporting format, included in the file named esef_pepees_2021-12-31_en ("consolidated financial statements in ESEF format"), were designated 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 the specification of a uniform electronic reporting format ("ESEF Regulation").

Identification of criteria

The consolidated financial statements in ESEF format were prepared by the Board of Directors of the parent company in order to comply with the designation and technical requirements for the specifications of the uniform electronic reporting format set out in the ESEF Regulation. The subject matter of our assurance engagement is the compliance of the designation of the consolidated

financial statements in ESEF format with the requirements of the ESEF Regulation, and the requirements set out therein are, in our opinion, appropriate criteria for us to articulate our opinion.

Liability of the Management Board of the Parent Company

The Parent Company's management is liable for using the Electronic Reporting Format for the consolidated financial statements, which format complies with the requirements of the ESEF Regulation.

This liability involves the selection and application of appropriate iXBRL designation using the ESEF taxonomy and the design, implementation and maintenance of the system of internal control adequate to generate the Electronic Reporting Format for the consolidated financial statements not containing material non-compliance with the requirements of the ESEF Regulation.

The members of the Supervisory Board are liable for the supervision of the financial reporting process.

Liability of the chartered auditor

Our objective was to issue an opinion based on the assurance engagement to provide reasonable assurance whether the consolidated financial statements of the Group for the year ending on 31 December 2021 were designated in accordance with the requirements of the ESEF Regulation.

We conducted this service in accordance with the National Standard on Assurance Engagements Other than Audit and Review 3001PL – "Audit of Financial Statements Prepared in Uniform Electronic Reporting Format" adopted by the National Chamber of Chartered Auditors (hereinafter: "KSUA 3001PL") and, where applicable, in accordance with the National Standard on Assurance Engagements Other than Audit and Review 3000 (Z) as set out in International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter referred to as "KSUA 3000 (Z)").

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

The reasonable certainty means a high level of certainty; however, it does not guarantee the service performed in compliance with KSUA 3001PL and, where applicable, KSUA 3000 (Z), to reveal existing distortion every time.

The selected procedures depend on the chartered auditor's judgement, including their assessment of the risks of material distortion due to fraud or error. During those risk assessments, the chartered auditor is to consider the internal control relevant to the preparation of the consolidated financial statements in ESEF format in order to design appropriate procedures aimed at providing the chartered auditor with sufficient and appropriate evidence. The evaluation of functioning of the internal control system has not been carried out in order to issue the opinion on the effectiveness of its operation.

Quality control requirements

As an auditing firm, we apply International Quality Control Standard 1 "Quality Control of Firms Performing Audits and Reviews of Financial Statements and Performing Other Assurance and Related Engagements" adopted by the NCRB as a national quality control standard, which requires us to implement and maintain a comprehensive quality control system with documented policies and

procedures for compliance with ethical principles, professional standards and applicable regulations and laws. We comply with the independence and ethics requirements of the IESBA Code, adopted by resolution of the NCRB, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, information secrecy and professional conduct, as well as other independence and ethics requirements that apply to this assurance engagement in Poland.

Summary of work carried out

The procedures we planned and carried out had been designed to provide reasonable assurance that the Electronic Reporting Format for the consolidated financial statements was applied, in all material respects, pursuant to the applicable requirements and free from material errors or omissions. Our procedures included mainly:

- 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, also including the understanding of the internal control system mechanisms associated therewith;
- reconciliation of the designated (on a sample basis) information contained in the consolidated financial statements in ESEF format to the audited consolidated financial statements;
- using a specialised IT tool and with the support of an IT expert, assessing whether the technical standards for the Single Electronic Reporting Format specification are met, assessing the completeness of tagging the information in the consolidated financial statements in ESEF format with XBRL tags;
- assessment whether the applied XBRL tags from the taxonomy specified in the ESEF Regulation are applied appropriately and whether taxonomy extensions are used where no relevant elements are identified in the basic taxonomy specified in the ESEF Regulation;
- assessment of the correct anchoring of the applied taxonomy extensions to the basic taxonomy defined in the ESEF Regulation. We consider that the evidence obtained provides the sufficient and appropriate basis for our opinion on the compliance of the designation with the requirements of the ESEF Regulation.

Opinion on compliance with the requirements of the ESEF Regulation

The chartered auditor's opinion was prepared on the basis of the issues described above; therefore, the opinion should be considered with those issues in mind.

In our opinion, the accompanying consolidated financial statements in ESEF format were designated, in all material respects, in accordance with the requirements of the ESEF Regulation.

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 Group, 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 Parent Company and its subsidiaries in the period subject to auditing, are listed in note

II.36 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 Parent Company's Board of Directors dated 6 July 2020. We have been auditing the Group'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 its 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