



**INDEPENDENT AUDITOR'S REPORT  
ON THE AUDIT OF THE CONSOLIDATED ANNUAL  
FINANCIAL STATEMENTS**

**OF THE CAPITAL GROUP Przedsiębiorstwo Przemysłu  
Spożywczego "PEPEES" S.A.**

**for the period from 01.01.2022 to 31.12.2022**

**Warsaw, 27 March 2023**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the audit of the consolidated annual financial statements

#### Opinion

We have audited the consolidated annual financial statements of the Capital Group whose parent company is Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. ("Parent Company") ("Group") consisting of the consolidated statement of financial position at 31 December 2022 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and additional information containing a description of the adopted accounting principles and other notes to the ("consolidated financial statements").

In our opinion, the accompanying consolidated financial statements:

- give a fair and transparent presentation of the consolidated economic and financial standing of the Group at 31 December 2022, and of its consolidated profit/loss and consolidated cash flows for the financial year then ended in compliance with the applicable provisions of International Financial Reporting Standards as adopted by the European Union and the adopted accounting principles (policy);
- are compliant, in terms of the form and contents, with the provisions of law applicable to the Group and with the Articles of Association of the Parent Company.

This opinion is consistent with the additional report for the Audit Committee issued on 27.03.2023.

#### Basis for issuing the opinion

We have performed the audit in compliance with the National Standards of Financial Auditing, adopted as the National Standards on Auditing by the Polish National Council of Statutory Auditors ("KSB") and according to the Act of 11 May 2017 on statutory auditors, audit firms and public supervision ("Act on Statutory Auditors" - Dz. U. (Journal of Laws) of 2022, item 1302 as amended) and Regulation No 537/2014 of the European Parliament on specific requirements for the statutory audit of public-interest entities ("EU Regulation" - OJ EU L158 as amended). The scope of our responsibility according to those standards is described hereinafter under Responsibility of the statutory auditor for auditing financial statements.

We are independent from the Group's Companies according to the International Code of Ethics for Professional Accountants (including the International Standards of Independence) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), adopted by the resolution of the Polish National Council of Statutory Auditors and according to other ethical requirements applicable to auditing financial statements in Poland. We have fulfilled our ethical obligations in compliance with those requirements

and the IESBA Code. During the audit the key statutory auditor and the audit firm remained independent from the Group's Companies according to the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and adequate to provide the grounds for issuing our opinion.

**Key audit matters**

Key audit matters are issues that, according to our professional judgement, were essential during the audit of the consolidated financial statements for the current reporting period. They include the most significant identified types of the risk of material distortion, including identified types of the risk of material distortion 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 concerning these risks. We will not express a separate opinion on key audit matters.

Key audit matter (description of the type of risk of material distortion)	Statutory auditor's procedures addressing key audit matters
<b>Net revenues from sales</b>	
<p>From 1 January 2022 to 31 December 2022, the Group's net revenues, after applying consolidation exceptions, amounted to PLN 254 952 000.</p> <p>Due to a significant value of this item in the Company's Consolidated Statement of Profit or Loss and Other Comprehensive Income, key audit risks were identified in this area of the Company's financial statements.</p>	<p><b>The statutory auditor's procedures included:</b></p> <ul style="list-style-type: none"> <li>- Review of the Group's accounting principles to the extent of recognising revenues,</li> <li>- Assessment of internal controls to the extent of determining and presenting revenues in the financial statements,</li> <li>- Review of revenue accounts to identify unusual values, document/invoice numbering, account reversals, descriptions of intercompany operations and transactions,</li> <li>- Analysis of significant contracts and purchase orders,</li> <li>- Analysis of confirmations of intercompany balances related to sales in the audited period,</li> <li>- Assessment of the correct and complete disclosure of revenues, including according to IFRS 15.</li> </ul>

Loans payables	
<p>Credits and loans at 31 December 2022 amount to PLN 129 221 000, accounting for 34.4% of the consolidated balance sheet amount.</p> <p>Given the significant value of this item in the Company's balance sheet, a key audit risk was identified in this area of the Company's financial statements.</p>	<p><b>The statutory auditor's procedures included:</b></p> <ul style="list-style-type: none"> <li>- Analysis of the principles of recognising and presenting of respective items of credits and loans in accordance with the Capital Group's accounting principles.</li> <li>- Verification of the completeness of recording credit and loan payables in the audited period,</li> <li>- Analysis of contracts to confirm the volume of financing costs attributable to the period under review,</li> <li>- Analysis of collaterals associated with liabilities and related disclosures,</li> <li>- Assessment of the correct presentation of respective items of credits and loans in the financial statements and notes to the financial statements.</li> <li>- Assessment of the completeness of disclosures in the financial statements in accordance with the applicable accounting principles.</li> </ul>
<p>The detailed tests described above, combined with the assessment of internal controls, provided us with sufficient and appropriate audit evidence to address the risks described in the area of financial assets.</p>	

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

The Management Board of the Parent Company is responsible for preparing the consolidated financial statements giving a fair and transparent view of the Group's property and financial standing and its financial performance in compliance with the International Financial Reporting Standards as adopted by the European Union, the adopted accounting principles (policy) and legal provisions applicable to the Group as well as in compliance with the Articles of Association. The Management Board of the Parent Company is also responsible for internal control it deems necessary to ensure that the consolidated financial statements are free of material distortions due to fraud or error.

Preparing the consolidated financial statements, the Management Board of the Parent company is responsible for evaluating the Group's ability to continue as a going concern, disclosing, if applicable, matters related to continuing as a going concern, and adopting the going concern principle as the basis for accounting except when the Management Board intends to either liquidate the Group or discontinue its activity or when no reasonable alternative to such liquidation or discontinuation exists.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are required to ensure that the consolidated financial statements comply with the requirements set out in the Accounting Act of 29 September 1994 ("Accounting Act"- Dz. U. (JL) of 2022, item 120, as amended). Members of the Supervisory Board of the Parent company are responsible for overseeing the financial reporting process.

#### **Responsibility of the statutory auditor for auditing the consolidated financial statements**

We aim to obtain reasonable assurance that the consolidated financial statements as a whole are free of material distortions due to fraud or error and to issue a report on the audit containing our opinion. Reasonable assurance means a high level of assurance but it does not guarantee that the audit carried out according to the National Standards on Auditing can always detect the existing material distortion. Distortions can arise as a result of fraud or error and they are deemed material if it can be reasonably expected that one or all of them together could affect the economic decisions of users made on the basis of these consolidated financial statements. The concept of materiality is applied by the auditor both in planning and performing the audit, and in assessing 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. Therefore, all opinions and statements included in the audit report, are expressed considering the level of materiality in terms of quality and value established according to the standards on auditing and the auditor's professional judgement.

The scope of the audit is not inclusive of a warranty concerning future profitability of the Group or efficient or effective management of its affairs by the Management Board of the Parent company now or in the future.

During the audit performed according to the National Standards on Auditing we apply professional judgement and maintain professional scepticism and:

- identify and evaluate risks of material distortions to the consolidated financial statements due to fraud or error, design and conduct auditing procedures applicable to such risks and obtain audit evidence that is sufficient and adequate to provide grounds for issuing our opinion. The risk of failure to detect a material distortion due to fraud is higher than in case of error because fraud can be connected with collusion, forgery, intentional omission, misleading or circumvention of internal controls;
- get to understand the internal controls used to design auditing procedures applicable in specific circumstances; however, not in order to express an opinion about the effectiveness of the Group's internal controls,
- evaluate the adequacy of applied accounting principles (policy) as well as reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent company,
- draw conclusions about the adequacy of application of the going concern principle by the Management Board of the Parent company as the basis for accounting and, based on the obtained audit evidence, we decide whether any material uncertainty exists in connection with certain events or circumstances that might make the Group's ability to continue as a going concern considerably doubtful. If we find that a material uncertainty does exist, we are required to make reference in our auditor's report to linked disclosures in the consolidated financial statements or, if such disclosures are inadequate, we modify our opinion. Our findings are based on audit evidence obtained until the date of our audit report; however, future events or circumstances might lead the Group to discontinue its operations;

- evaluate the general presentation, structure and contents of the consolidated financial statements, including disclosures, and assess whether the consolidated financial statements present the underlying transactions and events in a manner ensuring their reliable presentation;
- obtain sufficient and adequate audit evidence regarding financial information of the Group's companies or businesses in order to express an opinion on the consolidated financial statements. We are responsible for coordinating, overseeing and conducting the Group's audit and remain solely responsible for our opinion on the audit.

We inform the Supervisory Board of the Parent company, among other things, about the planned scope and time of audit and material findings of the audit, including any material weaknesses of internal control that we have identified during the audit.

We represent to the Supervisory Board of the Parent Company that we followed relevant ethical standards of independence and will communicate all the links and other issues that could be reasonably deemed to compromise our independence, and where applicable, inform about precautions undertaken.

Among matters communicated to the Supervisory Board of the Parent Company we identified those found the most essential during the audit of the consolidated financial statements pertaining to the current reporting period and therefore considered them the key audit matters. We describe such matters in the auditor's report unless the law or regulations forbid their public disclosure or when, in exceptional circumstances, we find that a specific issue should not be presented in our report because it could be reasonably expected that the negative consequences of such a disclosure would outweigh its benefits to public interest.

#### **Other information, including Report concerning the activities**

Other information comprises the report concerning the Capital Group's activities for the financial year ended 31 December 2022 ("Report concerning the activities"), including the corporate governance declaration, referred to in Article 49b paragraph 1 of the Accounting Act, forming a separate part of that Report, and the Annual Report for the financial year ended 31 December 2022 ("Annual Report") (collectively "Other information").

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

The Management Board of the Parent Company is responsible for preparing other information in compliance with applicable law.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are required to ensure that the report concerning the Group's activities meets the requirements set out in the Accounting Act.

#### **Responsibility of the statutory auditor**

Our opinion on the audit of the consolidated financial statements does not include Other information. In connection with the audit of the consolidated financial statements, we are required to review Other information, and, in doing so, examine whether or not it is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit or seems materially distorted in any other way. If, based on our audit work,

we identify any material distortions in Other information, we are obliged to notify this in our audit report. According to the requirements of the Act on Statutory Auditors, we are also obliged to issue an opinion whether or not the Report concerning the Group's activities was drawn up in compliance with the law and whether or not it is consistent with information provided in the consolidated financial statements. In addition, we have an obligation to issue an opinion whether the Group's corporate governance declaration contains the required information.

We received the Report concerning the Group's activities before the date of this audit report, and the Annual Report will be available after this date. If we find any material distortion in the Annual Report, we are obliged to notify this fact to the Supervisory Board of the Parent company.

#### **Opinion on the Report concerning the activities**

Based on our audit work, we are of an opinion that the Report of the Management Board concerning the activities of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. and of the Capital Group Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. (the "Group"):

- has been prepared in compliance with Article 49 of the Accounting Act and Article 70 paragraph 6 of the Regulation of the Minister of Finance of 29 March 2018 concerning current and interim reporting by issuers of securities and the terms and conditions of harmonisation of the information required under regulations applicable in non-member states ("Regulation on Current Reports" - Dz. U. (JL) of 2018, item 757, as amended);
- is consistent with information provided in the consolidated financial statements.

In addition, considering information about the Group and its business environment obtained during our audit, we declare that we have not identified any material distortions in the Report concerning the Group's activities.

#### **Opinion on the corporate governance declaration**

In our opinion, the Group has included the required information set out in Article 70 paragraph 6 point 5 of the Regulation on Current Reports in its corporate governance declaration. Moreover, we believe that the information indicated in Article 70 paragraph 6 point 5 letters c-f, h and i) of this Regulation, provided in the corporate governance declaration, is consistent with the applicable regulations and the information contained in the consolidated financial statements.

#### **Report concerning other legal provisions and regulations**

**Opinion on the compliance of markups of the consolidated financial statements prepared in the European Single Electronic Format with the regulatory technical standards on the specification of a single electronic reporting format**

#### **Object of service**

In connection with our audit of the consolidated financial statements, we performed an engagement providing reasonable assurance to express an opinion as to whether the Group's consolidated financial statements for the financial year ended 31 December 2022, prepared in the single electronic reporting format, contained in the file **esef\_pepees\_2022-12-31\_pl** ("ESEF-compliant consolidated financial statements"), was marked up as required by the Commission Delegated Regulation (EU) 2019/815 of 17 December

2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation").

#### **Identification of criteria**

The consolidated financial statements in ESEF have been prepared by the parent company's Management Board in order to comply with the marking up and technical requirements for the specification of a single electronic reporting format, as set out in the ESEF Regulation.

The object of our engagement is assuring compliance of markups of the consolidated financial statements in ESEF with the requirements of the ESEF Regulation, and we believe that the requirements set out in these regulations constitute appropriate criteria for issuing our opinion.

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

The Parent Company's management is responsible for using an electronic reporting format for the consolidated financial statements complying with the requirements of the ESEF Regulation.

This responsibility includes selecting and applying appropriate iXBRLmarkups using the ESEF taxonomy, and designing, implementing and maintaining an internal control system adequate for the preparation of the consolidated financial statements in an electronic reporting format, which does not show any material non-compliance with the requirements of the ESEF Regulation.

Members of the Supervisory Board are responsible for overseeing the financial reporting process.

#### **Responsibility of the statutory auditor**

Our aim was to express an opinion, based on the performed engagement providing reasonable assurance as to whether the Group's consolidated financial statements for the year ended 31 December 2022 have been marked up in accordance with the requirements of the ESEF Regulation.

We performed this service in accordance with the National Standard on Assurance Engagements Other than Audit or Review 3001PL - "Audit of Financial Statements Prepared in a Single Electronic Reporting Format" as adopted by the Polish National Council of Statutory Auditors (here: "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" (here: "KSUA 3000 (Z)").

This standard requires the statutory auditor to plan and perform procedures to obtain reasonable assurance that the consolidated financial statements in ESEF 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, with KSUA 3000 (Z), will always detect an existing material distortion.

The procedures will be selected by the statutory auditor at his/her own discretion, taking into account the assessment of the risk of significant distortion of financial statements due to fraud or error. In assessing these risks, the auditor considers internal controls relevant to the preparation of the consolidated financial statements in ESEF in order to plan appropriate procedures providing the auditor with sufficient and relevant evidence. The operation of the internal control system was not evaluated in order to express an opinion on its effectiveness.

#### Quality control requirements

As a firm, we apply International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*, as adopted by the Polish National Council of Statutory Auditors (KRBR) as a national standard on quality control, 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, as adopted by resolution of KRBR, which is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, maintaining the secrecy of information and professional conduct, as well as other independence and ethics requirements that apply to this assurance engagement in Poland.

#### Work summary

The procedures we planned and carried out were designed to provide reasonable assurance that the Electronic Reporting Format for the consolidated financial statements had been applied, in all material respects, in accordance with the applicable requirements and did not contain material errors or omissions. Our procedures mainly included:

- understanding how the consolidated financial statements are prepared in ESEF, including the process of selecting and applying the Company's XBRL tags and ensuring compliance with the ESEF Regulation, including an understanding of the internal control system mechanisms associated with this process;
- reconciling (using a selected sample) the marked-up information contained in the consolidated financial statements in ESEF with information in the audited consolidated financial statements;
- using a special IT tool, and with the support of an IT expert, assessing compliance with the technical standards for the Single Electronic Reporting Format specification, assessing the completeness of marking up of information in the consolidated financial statements in ESEF using XBRL tags;
- assessing whether the applied XBRL tags from the taxonomy defined in the ESEF Regulation have been applied correctly and whether extensions to the taxonomy have been used where relevant elements have not been identified in the basic taxonomy defined in the ESEF Regulation;
- evaluating whether the applied taxonomy extensions have been correctly anchored in the basic taxonomy defined in the ESEF Regulation.

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

### Opinion on compliance with the ESEF Regulation

The statutory auditor's opinion is based on the issues described above and the opinion should therefore be read in conjunction with these issues.

In our opinion, the accompanying ESEF-compliant consolidated financial statements, in all material respects, were marked up as required by the ESEF Regulation.

### Declaration concerning non-audit services provided

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Group comply with the laws and regulations applicable in Poland, and that we have not provided any non-audit services prohibited under Article 5 paragraph 1 of the EU Regulation and Article 136 of the Act on Statutory Auditors. The non-audit services that we provided to the Parent Company and its subsidiaries in the audited period are listed in Note II.36 to the Report concerning the activities of the issuer and of the Capital Group Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A.

### Selection of the audit firm

The Parent Company's Supervisory Board, in its Resolution of 6 July 2020, appointed our firm to audit the Group's financial statements. We have audited the Group's financial statements continuously from the financial year ended 31 December 2018, i.e. for 5 consecutive financial years.

The key statutory auditor in charge of the audit resulting in this independent statutory auditor's report is Marcin Wasil.

Acting on behalf of WBS Audit. o.o. in Warsaw, ul. Grzybowska 4 lok. U9B, reg. no. 3685 in the list of audit firms, on whose behalf the key statutory auditor audited the financial statements.

Marcin Wasil

Key Statutory Auditor Reg. No. 9846

**Warsaw, 27 March 2023**