



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

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

for the period from 1/01/2023 to 31/12/2023

Warsaw, 4 April 2024

REPORT OF AN INDEPENDENT STATUTORY AUDITOR ON THE AUDIT

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

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of the Capital Group where Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. ("Parent Company") ("Group") is the parent company, which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and supplementary information, including a description of the accounting principles adopted, as well as other notes (the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the consolidated assets, liabilities and financial position of the Group as at 31 December 2023, and of its consolidated financial performance and consolidated cash flows for the financial year then ended, in accordance with the applicable International Financial Reporting Standards as approved by the European Union and the accounting principles (policy) adopted;
- comply in form and content with the legal regulations applicable to the Group and the Articles of Association of the Parent Company.

This opinion is consistent with the notes to the Audit Committee that we issued on 4/04/2024.

Basis for Opinion

We conducted our audit in accordance with the National Auditing Standards in the wording of the International Auditing Standards adopted by the Resolution of the National Chamber of Statutory Auditors No. 3430/52a/2019 of 21 March 2019 on national auditing standards and other documents, as amended, and Resolution of the Board of the Polish Agency for Audit Oversight No. 38/I/2022 of 15 November 2022 on national quality control standards and National Audit Standard 220 (Amended) ("NAS"), and in accordance with the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight ("Act on Statutory Auditors" - consolidated text: Journal of Laws of 2023, item 1015, as amended) and EU Regulation No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("EU Regulation" - (OJ L EU 158 of 27/05/2014, p. 77, as amended). Our responsibilities under those standards are further described in the *Responsibilities of the statutory auditor for the audit of the financial statements* section of our report.

We are independent of the Group Companies in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) of the International Ethics Standards Board for Accountants (the "IESBA Code") adopted by Resolution of the National Chamber of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on the Principles of Professional Ethics for Statutory Auditors, as amended, and with other ethical requirements which apply to auditing financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IESBA Code. During the audit, the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current reporting period. These include the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarised our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter (description of the type of risk of material misstatement)	Statutory auditor's procedures in response to key audit matters
Net sales revenue	
<p>In the period from 1 January 2023 to 31 December 2023, the Capital Group's net revenue amounted to PLN 222,218 thousand after consolidation exclusions.</p> <p>Due to the significant value of the above item in the Company's Consolidated Statement of Profit or Loss and Other Comprehensive Income, key audit risks were identified in the above area of the Entity's financial statements.</p>	<p>Statutory auditor's procedures included, among others:</p> <ul style="list-style-type: none"> - Review of the Group's accounting policies in terms of revenue recognition; - Assessment of the internal control environment in terms of determination and presentation of revenue in the financial statements; - Review of revenue accounts to identify unusual values, evidence/invoice numbering, account entries, descriptions of operations and transactions between Group entities; - Analysis of relevant contracts and orders; - Analysis of the Group's balance confirmations in relation to sales completed during the period under review; - Assessment of the correctness and completeness of revenue disclosures, including from an IFRS 15 perspective.

Liabilities under credits and loans	
<p>Credits and loans as at 31 December 2023 amounted to PLN 138,383 thousand, representing 47.3% of the consolidated balance sheet total.</p> <p>Given the significant value of the above item in the Company's balance sheet, a key audit risk was identified in the above area of the Entity's financial statements.</p>	<p>Statutory auditor's procedures included, among others:</p> <ul style="list-style-type: none"> - Analysis of principles of recognition and presentation of individual items of credits and loans in accordance with the capital group's accounting policies; - Checking the completeness of recognition of liabilities under credits and loans during the period under review; - Analysis of contracts to confirm the volume of financing costs attributable to the period under review; - Analysis of the collateral associated with the liabilities and the disclosures in this regard; - Assessment of the correct presentation of credit and loan items in the financial statements and notes to the financial statements; - Assessment of completeness of disclosures in the financial statements in accordance with the applicable accounting policies.
<p>The detailed tests described above, combined with the assessment of the internal control environment, allowed us to gather sufficient and appropriate audit evidence to address the risks described in the area of financial assets.</p>	

Responsibilities 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 the preparation of the consolidated financial statements that present a true and fair view of the assets, liabilities, financial position and financial result of the Group in accordance with the International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy), provisions of law and Articles of Association applicable to the Group, as well as the internal control which the Management Board deems necessary to enable the preparation of consolidated financial statements that are free of any material misstatement due to fraud or error.

As part of the preparation of the consolidated financial statements, the Management Board of the Parent Company is responsible for assessing the Group's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and adopting the going concern basis of accounting, except when the Management Board either intends to liquidate the Group, or to cease operations, or has no realistic alternative but to do so.

The Management Board of the Parent Company and Members of the Supervisory Board of the Parent Company are obliged to ensure that the consolidated financial statements meet the requirements provided for in the Accounting Act of 29 September 1994 ("Accounting Act" – Journal of Laws of 2023, item 120, as amended). Members of the Supervisory Board of the Parent Company are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 NSA 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 these consolidated financial statements. The concept of materiality is used by the statutory auditor both in the planning and conducting of the audit as well as in the assessment of the impact of misstatements identified during the audit and the uncorrected misstatements, if any, on the financial statements and when formulating the statutory auditor's opinion. In connection with the above, all opinions and statements included in the audit report are expressed taking into account the qualitative and value-related level of materiality determined in accordance with the standards on auditing and professional judgement of the auditor.

The scope of the audit does not include the assurance on the future profitability of the Group or the efficiency or effectiveness of conducting its affairs by the Management Board of the Parent Company currently or in the future.

We exercise professional judgement and maintain professional scepticism throughout the audit in accordance with the NSA, and we:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- gain understanding of internal control relevant to the audit in order to design audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting principles (policy) used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent Company;
- conclude on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, 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 Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and evaluate whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient relevant audit evidence about the financial information of entities or business operations within the Group in order to express an opinion on the consolidated financial statements. We are responsible for managing, supervising and conducting the Group's audit and we remain solely responsible for our audit opinion.

We provide the Supervisory Board of the Parent Company with information regarding, i.a., the planned scope and timing of the audit and significant findings of the audit, including any significant internal control weaknesses which we identify during the audit.

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

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

Other information, including the Management Report

Other information comprises the Group Management Report for the financial year ended 31 December 2023 ("Management Report") together with the corporate governance statement referred to in Article 49b(1) of the Accounting Act which forms a separate part of this Report, and the Annual Report for the financial year ended 31 December 2023 ("Annual Report") (jointly "Other Information").

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

The Management Board of the Parent Company is responsible for preparing Other Information in accordance with the provisions of law.

The Management Board of the Parent Company and Members of the Supervisory Board of the Parent Company are responsible for ensuring that the Group Management Report, together with the separate part, meets the requirements provided for in the Accounting Act.

Responsibility of the statutory auditor

Our opinion from the audit of the consolidated financial statements does not include Other Information. In connection with the audit of the consolidated financial statements, it is our responsibility to become acquainted with Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work performed, we find a material misstatement in Other Information, we are obliged to report that fact in our audit report. Our responsibility in accordance with the requirements of the Act on Statutory Auditors is also to issue an opinion on whether the Group Management Report has been prepared in accordance with the regulations and whether it is consistent with the information contained in the consolidated financial statements. In addition, we are required to give an opinion on whether the Group has included the required information in its corporate governance statement.

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

Opinion on the Management Report

Based on the work performed during the audit, it is our opinion that the Management Report of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. and the Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. Capital Group ("Group"):

- has been prepared in accordance with Article 49 of the Accounting Act and paragraph 70(6) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for regarding as equivalent the information required by the law of a non-member state ("Regulation on Current Information" - Journal of Laws of 2018, item 757, as amended);
- is consistent with the information contained in the consolidated financial statements.

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

Opinion on the corporate governance statement

In our opinion, the Group has included in its corporate governance statement all the information set out in paragraph 70(6)(5) of the Regulation on Current Information. Furthermore, in our opinion, the information indicated in paragraph 70(6)(5) (c-f, h and i) of this Regulation contained in the corporate governance statement is consistent with the applicable regulations and the information contained in the consolidated financial statements.

Report on other legal and regulatory requirements

Opinion on the compliance of the marking of the consolidated financial statements prepared in a single electronic reporting format with the requirements of the Regulation on technical standards on the specification of a single electronic reporting format

Subject of the service

In connection with our audit of the consolidated financial statements, we were assigned to perform an assurance engagement that provides reasonable assurance to express an opinion as to whether the consolidated financial statements of the Group for the financial year ended 31 December 2023, prepared in a single electronic reporting format, contained in a file named `esef_pepees_2023-12-31_en` ("consolidated financial statements in ESEF format"), were marked 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 on the specification of a single electronic reporting format ("ESEF Regulation").

Identification of the criteria and description of the service

The consolidated financial statements in ESEF format have been prepared by the Management Board of the Parent Company in order to comply with the marking and technical requirements for the specification of a single electronic reporting format that are set out in the ESEF Regulation.

The subject of our assurance engagement is the compliance of the marking of the consolidated financial statements in ESEF format with the requirements of the ESEF Regulation, and the requirements set out in these regulations are, in our opinion, appropriate criteria for our opinion.

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

The Management Board of the Parent Company is responsible for preparing the consolidated financial statements in ESEF format in accordance with the marking requirements and the technical requirements for the specification of a single electronic reporting format that are set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags, using the taxonomy defined in these regulations.

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

The members of the Supervisory Board of the Parent Company are responsible for supervising the financial reporting process, which also includes the preparation of financial statements in accordance with the format prescribed by applicable laws.

Responsibility of the statutory auditor

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

We performed the service in accordance with the National Standard on Assurance Engagements Other Than Audit and Review 3001PL - "Audit of financial statements prepared in a single electronic reporting format" adopted by Resolution No. 1975/32a/2021 of the National Chamber of Statutory Auditors dated 17 December 2021 (hereinafter referred to as "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" adopted by Resolution of the National Chamber of Statutory Auditors No. 3436/52e/2019 of 8 April 2019, as amended (hereinafter referred to as "NSAE 3000 (Z)").

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

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

The selection of procedures depends on the statutory auditor's judgement, including the statutory auditor's assessment of the risk of material misstatement due to fraud or error. In making the risk assessment, the statutory auditor considers internal control relevant to the preparation of the consolidated financial statements in ESEF format in order to design appropriate procedures to provide the statutory auditor with sufficient and circumstance-appropriate evidence. The evaluation of the functioning of the internal control system was not carried out in order to express an opinion on its effectiveness.

Summary of work carried out

The procedures we planned and carried out included, among others:

- gaining an understanding of the process of preparing the consolidated financial statements in ESEF format, including the Company's process for selecting and applying XBRL tags and ensuring compliance with the ESEF Regulation, including an understanding of the internal control system mechanisms associated with this process;
- reconciliation of the marked (on selected batch) 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 on the specification of a single electronic reporting format are met, assessing the completeness of marking the information in the consolidated financial statements in ESEF format with XBRL tags;
- assessing whether the applied XBRL tags from the taxonomy specified in the ESEF Regulation have been applied appropriately and whether taxonomy extensions have been used where no relevant elements have been identified in the basic taxonomy specified in the ESEF Regulation;
- assessing the correct anchoring of the applied taxonomy extensions to the basic taxonomy defined in the ESEF Regulation.

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

Ethical requirements, including independence

In carrying out the service, the statutory auditor and audit firm complied with the independence and other ethical requirements of the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour. We also complied with the other independence and ethical requirements applicable to this assurance engagement in Poland.

Quality control requirements

The audit firm applies the national quality control standards introduced by Resolution of the Board of the Polish Audit Oversight Agency No. 38/I/2022 of 15 November 2022. The National Quality Control Standard 1 in the wording of International Quality Management Standard (PL) 1 requires the audit firm to design, implement and apply a quality management system, including policies or procedures with regard to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on compliance with the requirements of the ESEF Regulation

The statutory auditor's opinion is formed on the basis of the matters described above and should therefore be read taking into account those matters.

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

Statement on non-audit services provided

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

Appointment of the audit firm

We were appointed to audit the financial statements of the Group by Resolution of the Supervisory Board of the Parent Company No. XI/14/2022 dated 28 November 2022. We have been auditing the financial statements of the Group continuously from the financial year ended 31 December 2018, i.e. for 6 consecutive financial years.

The key statutory auditor responsible for the audit which produced this independent statutory auditor's report is Anna Królikowska.

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

Anna Królikowska

Key Statutory Auditor, reg. No. 12881

Warsaw, 4 April 2024