



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

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.

for the period from 01/01/2023 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
of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.**

Report on the audit of annual financial statements

Opinion

We have audited the annual financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. ("Company") which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in equity, the 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 ("financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023, and of its financial performance and 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, as regards their form and content, with the legal regulations applicable to the Company and the Articles of Association;
- have been prepared on the basis of correctly kept accounting books, in accordance with the provisions of Section 2 of the Accounting Act of 29 September 1994 ("Accounting Act" – Journal of Laws of 2023, item 120, as amended).

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 Company in accordance with the International Code of Ethics for Professional Accountants (including the International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by Resolution No. 3431/52a/2019 of the National Chamber of Statutory Auditors of 25 March 2019 on the principles of professional ethics for statutory auditors, as amended, and other ethical requirements applicable to the audit of 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 which, in our professional judgement, were of most significance in our audit of the 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 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
Investments in subsidiaries	
<p>Investments in subsidiaries in the financial statements as at 31 December 2023 amount to PLN 23,586 thousand. Assets in shares of subsidiaries are measured at purchase price with impairment and their value is PLN 15,586 thousand, while debt instruments are measured at amortised cost and their value is PLN 8,000 thousand.</p> <p>A key risk in the audit of the financial statements is the risk of judgements and estimate components, mainly related to assumptions about the development of future cash flows and the calculation of the discount rate, in particular the material value of items.</p>	<p>Statutory auditor's procedures included, among others:</p> <ul style="list-style-type: none"> - Analysis of and understanding the principles of recognition of investments in subsidiaries in accordance with the company's accounting policies; - Assessment of key assumptions regarding impairment testing parameters, discount rates and WACC; - Assessment of the assumptions and estimates made by the Management Board as to the calculation of future cash flows; - Analysis of risks associated with meeting the assumptions underlying the impairment tests; - Reconciliation of source data which is the basis of the impairment test models and the assessment of absence of indications of impairment to the companies' current forecasts and the implementation of budgets; - Assessment of key parameters for measuring assets at amortised cost; - Assessment of accuracy and completeness of disclosures in the financial statements in accordance with IAS 36 "Impairment of Assets" and IFRS 9 "Financial Instruments".
Net sales revenue	
<p>The Company generated net revenue of PLN 169,273 thousand in the period from 1 January 2023 to 31 December 2023.</p> <p>Due to the significant value of the above item in the Company's Statement of 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 accounting principles for revenue recognition; - Assessment of the internal control environment for the determination and presentation of revenue in the financial statements; - Review of revenue accounts to identify unusual values, evidence/invoice numbering, account entries, and descriptions of operations; - Analysis of relevant contracts and orders; - Analysis of confirmations of balances received from business partners and payments after the balance sheet date in relation to sales made during the period under review; - Assessment of the correctness and completeness of revenue disclosures, including from an IFRS 15 perspective.

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 audited entity.

Responsibilities of the Management Board and the Supervisory Board for the Financial Statements

The Management Board of the Company is responsible for the preparation of the financial statements, on the basis of correctly kept accounting records, which present a true and fair view on financial position and the financial result of the Company in accordance with the International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy), the legal regulations applicable to the Company and the Articles of Association, as well as the internal control which the Management Board deems necessary to enable the preparation of financial statements without a material misstatement caused by fraud or error.

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

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

Statutory auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 an assurance about the future profitability of the Company or the efficiency or effectiveness of the Management Board of the Company in managing the Company's affairs at present, 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 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 Company's internal control;
- evaluate the appropriateness of accounting principles (policy) used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- conclude on the appropriateness of the Company's Management Board's use of the going concern as basis of accounting, and based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the statutory auditor's report to the disclosures in the financial statements about the material uncertainty 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 statutory auditor's report. However, future events or conditions may cause the Company to cease to

continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We provide the Supervisory Board with information regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

We provide the Supervisory Board with a statement that we have complied with the relevant ethical requirements regarding independence and that we will inform them 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, we identified those matters that were most significant in the audit of the 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 Company Management Report for the financial year ended 31 December 2023 ("Management Report") together with the corporate governance statement 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").

Responsibility of the Management Board and the Supervisory Board

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

The Management Board of the Company and the members of the Supervisory Board are obliged to ensure that the Report on the Company's operations meets the requirements provided for in the Accounting Act.

Responsibility of the statutory auditor

Our opinion from the audit of the financial statements does not include Other Information. In connection with the audit of the financial statements, it is our responsibility to become acquainted with Other Information and, in doing so, consider whether it is materially inconsistent with the 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 Management Report has been prepared in accordance with the regulations and whether it is consistent with the information contained in the financial statements. In addition, we are obliged to inform whether the Company has prepared a statement on non-financial information, and to issue an opinion on whether the Company has included the required information in its corporate governance statement.

We obtained the Report on the Company's operations 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 Company thereof.

Opinion on the Management Report

Based on the work done during the audit, in our opinion, the Management Report:

- 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 financial statements.

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

Opinion on the corporate governance statement

In our opinion, the Company has included all the information set out in paragraph 70(6)(5) of the Regulation on Current Information in its corporate governance statement. 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 financial statements.

Report on other legal and regulatory requirements

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 Company and its subsidiaries 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 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 Company by Resolution No. XI/11/2022 of the Supervisory Board of the Company dated 28 November 2022. We have been auditing the financial statements 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