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This document is a translation.
The Polish original should be referred to in matters of interpretation.

Independent Auditor's Report to the General Meeting and Supervisory Board of Makarony Polskie S.A.

Report on the Audit of the Year-end Financial Statements

Opinion

We have audited the year-end financial statements of Makarony Polskie S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year from 1 January to 31 December 2023, as well as notes to the financial statements including a description of significant accounting methods and other explanations ("the financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the Company's financial position as at 31 December 2023, as well as of its financial result and cash flows for the financial year then ended, in accordance with the applicable International Financial Reporting Standards as adopted by the European Union, as well as the adopted accounting methods (policies);
- are consistent, in content and in form, with the applicable laws and regulations and with the Company's Statute;
- have been prepared on the basis of properly kept books of account in accordance with Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act" – 2023 Journal of Laws, item 120 with subsequent amendments).

The present opinion is consistent with the additional report to the Audit Committee, which we issued on 23 April 2024.

Basis for Opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing adopted by resolution of the National Council of Certified Auditors ("NSA") and in compliance with the Act of 11 May 2017 on Certified Auditors, Audit Firms and on Public Oversight ("the Certified Auditors Act"– 2023 Journal of Laws, item 1015 with subsequent amendments) and Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public interest entities ("Regulation EU" – OJ L 158). Our responsibilities under those standards are further described in *the Responsibilities of the Auditor for the Audit of the Financial Statements* section of this report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants ("the IESBA Code") adopted by resolutions of the National Council of Certified Auditors, as well as with other ethical requirements relevant to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the auditor in charge and the audit firm remained independent of the Company in accordance with the independence requirements laid down in the Certified Auditors Act and Regulation EU.

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 judgment, were of the most significance in the audit of the financial statements for the current reporting period. They include the most significant assessed types of risks of material misstatements, including assessed types of risks of material misstatements resulting from fraud. We addressed these matters in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and have summarized our response to these types of risks, and where relevant, presented our key observations relating to those risks. We do not express a separate opinion on these matters.

1	Impairment of investments in subsidiaries

In its financial statements prepared as at 31 December 2023 the Company presented PLN 30 080 thousand in interests in subsidiaries, which constitutes 13,62% of total assets.

In accordance with the Company's accounting policies, interests in subsidiaries are stated at acquisition cost less impairment losses.

Estimates associated with assessing impairment of investments in subsidiaries are highly dependent on future events and thus carry a significant risk of changes due to fluctuating market conditions. Because of the inherent uncertainty regarding the future realization of significant assumptions, as well as the materiality of these assets, we have classified impairment of investments in subsidiaries as a key audit matter.

Disclosures in the financial statements

The Company's accounting policies on the valuation of investments in subsidiaries are disclosed in Note 39 to the financial statements. Presented in Note 17 are the Company's disclosures on the impairment tests it has performed, including key macroeconomic and other assumptions.

Audit procedures performed in response to the risk

Our audit procedures in response to the described key audit matter included:

- assessing the consistency of the Company's accounting policies on the valuation of investments in subsidiaries with the methods arising out of relevant financial reporting standards;
- identifying, obtaining an understanding of, and assessing the process of testing interests in subsidiaries for impairment, as well as the related internal controls;
- verifying whether changes have been made in the approach to estimation and valuation methods compared to the previous year;
- analyzing the financial statements of subsidiaries, including their financial results, comparing the net engagement value in the Company's books of account with the net asset value of the subsidiaries for indications of impairment of interests;
- evaluating the Management's analysis of indications of impairment of investments in subsidiaries;
- obtaining the impairment test performed by the Company's Management as at 31 December 2023;
- with the support of our valuation experts, evaluating the Management's macroeconomic assumptions used in the model, including the discount rates, by comparing them to publicly available information, and verifying the key assumptions and reasonableness of business projections, in particular the level of sales, production and operating costs by comparing them to historical data, and for projected prices - to publicly available third-party forecasts;
- verifying the performance of past budgets against their implementation;
- verifying the mathematical accuracy and methodological consistency of the tests performed by the Company's Management;
- analyzing the model's sensitivity to changes in assumptions;
- evaluating the Company's analysis of subsequent events on prudent valuation;
- evaluating the adequacy of disclosures on impairment tests of interests in subsidiaries.

2 Impairment of property, plant and equipment and intangibles

In its financial statements prepared as at 31 December 2023 the Company presented:

- PLN 93 153 thousand in property, plant and equipment, which constitutes 42,16% of total assets,
- PLN 1 817 thousand in intangible assets, of which PLN 981 thousand indefinite-lived, which constitutes 0,83% of total assets.

The total value of these items in the financial statements is PLN 94 970 thousand, or 42,99% of total assets.

In accordance with IAS 36 Impairment of Assets, indefinite-lived intangible assets are subject to annual impairment tests. Other assets are tested for impairment if indications of impairment are identified.

In assessing the existence of indications of impairment of property, plant and equipment, the Company's Management must consider a series of factors, as well as exercise judgement to determine if such indications exist. Where an impairment test is performed, the test is conditioned on Company Management estimates, such as, among others: strategy, projected revenues and costs, planned investment spending, the weighted average cost of capital and the marginal growth rate. As these are largely estimates of future events, they carry a significant risk due to changing market conditions. Because of the inherent uncertainty regarding the future realization of significant assumptions and the materiality of these assets, we have classified impairment analysis of property, plant and equipment and intangibles as a key audit matter.

Disclosures in the financial statements

The Company's accounting policies on the valuation of property, plant and equipment are disclosed in Note 39 to the financial statements. Presented in Note 16 are disclosures on the impairment tests performed, including key macroeconomic and other assumptions.

Audit procedures performed in response to the risk

Our audit procedures in response to the described key audit matter included:

- assessing the consistency of the Company's accounting policy on the valuation of property, plant and equipment and intangibles with the methods arising out of relevant financial reporting standards;
- obtaining an understanding of and performing a critical assessment of the methods and process of recognizing impairment losses;
- obtaining information on whether changes have been made in the method used to determine the economic useful lives of property, plant and equipment and intangibles;
- evaluating the Company's analysis of indications of impairment;
- obtaining the impairment test of the identified cash generating unit exposed to the risk of impairment performed as at 31 December 2023;
- with the support of our valuation experts, evaluating the macroeconomic assumptions used in the model by the Company's Management, including the discount rates, by comparing them to publicly available information, and verifying the key assumptions and reasonableness of business projections, in particular the level of sales, production and operating costs by comparing them to historical data, and for projected prices - to publicly available third-party forecasts;
- verifying the performance of past budgets against their implementation;
- verifying the mathematical accuracy and methodological consistency of the tests performed by the Company's Management;
- analyzing the model's sensitivity to changes in assumptions;
- evaluating the Company's analysis of subsequent events on prudent valuation;

- evaluating the adequacy of disclosures on impairment tests in terms of the requirements of IAS 36 Impairment of Assets and IAS 1 Presentation of Financial Statements.

Responsibilities of the Company's Management and Supervisory Board for the Financial Statements

The Company's Management is responsible for the preparation, based on properly kept books of account, of the financial statements that give a true and fair view of the Company's financial position and financial result in accordance with International Financial Reporting Standards endorsed by the European Union, the adopted accounting methods (policies), the applicable binding regulations and the Company's Statute. The Company's Management is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In preparing the financial statements the Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting, except in situations where the Management intends to either liquidate the Company or discontinue its operations, or has no realistic alternative but to do so.

The Company's Management and members of its Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Auditor 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 misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSA will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in the aggregate, could influence the economic decisions of users made on the basis of these financial statements.

The concept of materiality is applied by the auditor at the planning stage and when performing the audit and evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements, as well as when formulating the auditor's opinion. In view of the above, all of the opinions and statements contained in the auditor's report are expressed subject to the qualitative and quantitative level of materiality set in accordance with the applicable standards on auditing and the auditor's professional judgement.

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's affairs now or in the future.

Throughout an audit in accordance with NSA we exercise professional judgement and maintain professional skepticism, as well as:

- identify and assess the risks of a material misstatement of the financial statements resulting from fraud or error, design and perform audit procedures in response to such risks and obtain audit evidence that 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 the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal controls;
- obtain an understanding of the internal controls relevant to the audit in order to plan our audit procedures, but not to express an opinion on the effectiveness of the Company's internal controls;

- evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that 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 our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We provide the Audit Committee of the Supervisory Board information about, among others, the planned scope and timing of the audit and significant audit findings, including any significant weaknesses of internal controls that we identify during our audit.

We provide the Audit Committee of the Supervisory Board with a statement that we have complied with the relevant ethical requirements relating to independence, and that we will communicate to them all relationships and other matters that may reasonably be considered to constitute a threat to our independence, and where applicable, inform them of the related safety measures.

From the matters communicated to the Audit Committee of the Supervisory Board we determined those matters that were of the most significance to the audit of the financial statements for the current reporting period and were therefore chosen as key audit matters. We describe these matters in our auditor's report, unless law or regulations prohibit their public disclosure or when, in exceptional cases, we find that a given matter should not be presented in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such information.

Other Information, Including Report on Activities

Other information comprises the report on the Company's activities and Makarony Polskie Group ("the Group") activities for the financial year ended 31 December 2023 ("the Report on Activities") along with the Statement on the Application of Corporate Governance which constitutes a separate section of the Report on Activities.

Based on the regulations contained in art. 55, sec. 2a of the Accounting Act and par. 71, sec. 8 of the Minister's of Finance Decree of 29 March 2018 on the current and periodic information reported by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (the "Current and periodic Information Decree"– 2018 Journal of Laws, item 757 with subsequent amendments) Management Board of the Company prepared the Report on the Company's activities and the Group activities in the form of one document to which we referred in the audit report of the consolidated financial statements of the Group.

Other information includes also a letter from the President of the Company's Management Board, a Management Statement and Company's Management Board information about the selection of an audit firm and also Supervisory Board Statement which we received before signing the audit report (together "Other information").

Report on Other Legal and Regulatory Requirements

Declaration on the Provision of Non-audit Services

To the best of our knowledge and belief we declare that any non-audit services we have provided to the Company and its subsidiaries were consistent with the law and the regulations binding in Poland, and that we have not provided any non-audit services prohibited by virtue of Article 5, par. 1 of Regulation EU and Article 136 of the Certified Auditors Act.

The non-audit services we have provided to the Company and its subsidiaries in the audited period are listed in the Report on Activities.

Appointment of the Auditor

We were appointed as auditors of the Company's financial statements in a resolution passed by the Company's Supervisory Board on 19 May 2023. We have audited the Company's Financial Statements continually since the financial year ended 31 December 2018.

The auditor in charge of the audit resulting in this independent auditor's report is Damian Leśniak.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw
entered on the list of audit firms in number **3355**

on behalf of which the audit was performed by the auditor in charge

Signed with a qualified electronic signature on the Polish version

Damian Leśniak
Certified Auditor
Registration No. 13803

Kraków, 23 April 2024