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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 Shareholders and the 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"), comprising the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 2019, 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" – 2019 Journal of Laws, item 351 with subsequent amendments).

The present opinion is consistent with the additional report to the Audit Committee, which we issued on 8 April 2020.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing adopted by the National Council of Certified Auditors as National Standards on Auditing ("NSA") and in compliance with the Act on Certified Auditors, Audit Firms and on Public Supervision ("the Certified Auditors Act" – 2019 Journal of Laws, item 1421 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 Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("the IFAC Code") and adopted by resolutions of the National Chamber of Certified Auditors, and 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 IFAC Code. During the audit, the engagement partner 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 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	**Intangible assets – impairment analysis**
	Key Audit Matter

In its financial statements the Company lists intangible assets with indefinite useful lives in the form of trademarks in the amount of PLN 4.909 thousand, or 3,2% of its total assets as at 31 December 2019.

In accordance with the provisions of IAS 36 Impairment of Assets, the Company's Management performs annual impairment tests of the trademarks. The performance of impairment tests involves significant judgement on the part of the Management, relating among others, to the adopted calculation methods and assumptions.

We have classified the balance sheet date valuation of indefinite lived assets with regard to any impairment write downs as a risk of material misstatement due to the significant effect of management's judgment on the values disclosed in the financial statements.

Disclosures in the financial statements

The Company's accounting policy on the valuation of indefinite lived assets is disclosed in note 40 to the financial statements. Note 17 to the financial statements contains disclosures on the performance of an impairment test on indefinite lived fixed assets, including the basic macroeconomic and other key assumptions.

Audit procedures performed in response to the risk

Our audit of intangible assets included in particular the following procedures:

- Performing a critical assessment of the impairment testing process
- Analyzing key assumptions and estimates
- Analyzing design and implementation of Company's internal controls over impairment testing process
- Verifying the mathematical accuracy and methodological consistency of the Management's tests
- Evaluating the effect of subsequent events on impairment
- Assessing the correctness and completeness of the disclosures made in the financial statements

2	Impairment analysis of investments in subsidiaries
	Key Audit Matter

The Company has capital investments in and has granted loans to related parties totaling PLN 32.086 thousand, or 24,2% of its total assets.

Company's Management performs impairment tests of assets if there are indications of impairment. The performance of impairment tests involves significant judgement on the part of the Management, relating among others, to the adopted calculation methods and assumptions.

The matter has been classified as a risk of material misstatement due to the materiality of the tested items to the Company's financial statements, as well as the complexity of the matter and sensitivity of the impairment test results to the adopted assumptions.

Disclosures in the financial statements

The Company's accounting policy on the valuation of interests in subsidiaries is disclosed in note 40 to the financial statements. In note 18 to the financial statements Company disclosed information on shares in subsidiaries.

Audit procedures performed in response to the risk

Our audit included in particular the following procedures:

- Analyzing and evaluating the process used to identify indications of impairment and the accuracy of the method used to perform the test in accordance with the applicable financial reporting standards
- Verifying the mathematical accuracy and methodological consistency of the valuation model prepared by the Management
- Performing a critical analysis of the assumptions applied and estimates made by the Company's Management
- Evaluating the effect of subsequent events on impairment.

3	Impairment analysis of property, plant and equipment
	Key Audit Matter

In its financial statements the Company lists property, plant and equipment in the amount of PLN 77.535 thousand, or 51,1% of its total assets as at 31 December 2019.

The matter has been classified as a risk of material misstatement due to the material value of the item and, at the same time, the risk of impairment.

Disclosures in the financial statements

The Company's accounting policy on the valuation of property, plant and equipment is disclosed in note 40 to the financial statements. In note 15 to the financial statements Company disclosed information on impairment of property, plant and equipment.

Audit procedures performed in response to the risk

Our audit procedures included in particular:

- Analyzing the Company's accounting policy on the valuation of property, plant and equipment
- Analyzing indications of impairment of property, plant and equipment
- Analyzing design and implementation of Company's internal controls over indications of impartment of property plan and equipment process
- Checking for unjustified changes in depreciation rates compared to the previous year
- Obtaining explanations relating to investment projects and the resulting future economic benefits, and subjecting them to a critical analysis
- Evaluating the effect of subsequent events on impairment.

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 as adopted 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 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 Supervisory Board with 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 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 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 for the financial year ended 31 December 2019 ("the Report on Activities") along with the Statement on the Application of Corporate Governance and Statement on Non-financial Information referred to in Article 49b par. 1 of the Accounting Act. which constitute separate sections of the report, as well as the "Annual Report" for the financial year ended 31 December 2018 ("Annual Report") (together "Other Information").

The Report on Activities of Makarony Polskie S.A. Group and Makarony Polskie S.A. for the year 2019 has been prepared together in accordance with Art. 55 par. 2a of the Accounting Act.

Responsibilities of the Company's Management and Supervisory Board

The Company's Management is responsible for the preparation of Other Information in accordance with binding regulations.

The Company's Management and members of its Supervisory Board are required to ensure that the Report on Activities along with its separate sections meets the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the financial statements does not cover Other Information. In connection with our audit of the financial statements, our responsibility is to read 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 we have performed, we find a material misstatement of Other Information, we are required to state this fact in our auditor's report. In accordance with the requirements of the Certified Auditors Act, it is also our responsibility to issue an opinion whether the Report on Activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the financial statements. We are also required to report whether the Company has prepared a Statement on Non-financial Information and to issue an opinion whether the Statement on the Application of Corporate Governance contains the required information.

We received the Report on Activities prior to the issue of the present auditor's report, whereas the Annual Report will be available after this date. In the event that we find a material misstatement in the Annual Report, we are required to communicate this to the Company's Supervisory Board.

Opinion on the Report on Activities

Based on the work we have performed during the audit, in our opinion the Report on Activities:

- has been prepared in accordance with Article 49 of the Accounting Act and par. 70 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 Information Decree" – 2018 Journal of Laws, item 757);
- is consistent with the information presented in the financial statements.

Furthermore, based on our knowledge obtained during the audit about the Company and its environment we have identified no material misstatements in the Report on Activities.

Opinion on the Statement on the Application of Corporate Governance

In our opinion, the Company's Statement on the Application of Corporate Governance contains the information specified in paragraph 70 section 6 point 5 of the Current Information Decree. In addition, in our opinion, the information indicated in paragraph 70 section 6 point 5 letters c-f, h and i of the Decree contained in the Statement on the Application of Corporate Governance is consistent with the applicable regulations and with the information contained in the financial statements.

Information on Non-financial Information

In accordance with the requirements of the Certified Auditors Act we confirm that the Company has prepared the Report on Non-financial Information referred to in Article 49b par. 1 of the Accounting Act as a separate section of the Report on Activities.
We have performed no assurance work on the Report on Non-financial Information and, accordingly, do not express any assurance thereon.

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 and 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 Accounting 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 11 May 2018. We have audited Company's Financial Statements continually since the financial year ended 31 December 2018.

The engagement partner on the audit resulting in this independent auditor's report is Anna Sekulska.

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

represented by the engagement partner

The Polish original is signed with a qualified electronic signature

Anna Sekulska
Certified Auditor
Register No. **11438**

The Polish original is signed with a qualified electronic signature
dr André Helin
Managing Partner of the General Partner
Certified Auditor No. 90004

Kraków, 8 April 2020