

Independent statutory auditor's report on audit of annual consolidated financial statements

Grant Thornton Polska P.S.A.
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań
Poland

T +48 61 62 51 100
F +48 61 62 51 101
www.GrantThornton.pl

To the Shareholders of Rawlplug S.A.

Report on audit of consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of the Group (Group), the parent of which is RAWLPLUG Spółka Akcyjna (Parent), based in Wrocław, ul. Kwidzyńska 6, consisting of the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the financial year ended on that date, as well as additional information on the adopted accounting rules and other explanatory information.

In our opinion, the enclosed annual consolidated financial statements:

- provide a reliable and clear view of the Group's asset and financial situation as at 31 December 2022 and its financial result and cash flows for the financial year ended on that date in accordance with International Accounting Standards, International Financial Reporting Standards and the associated interpretations published in the form of European Commission regulations and the adopted accounting principles (policy),
- are in compliance with legal regulations applicable to the Group and the Parent's articles of association as to their form and content.

Our opinion is consistent with the additional report to the Audit Committee, issued on the date of this audit report.

Basis for the opinion

We carried out the audit in accordance with:

Audit – Tax – Outsourcing – Advisory
Member of Grant Thornton International Ltd

- Act of 11 May 2017 on statutory auditors, audit firms and public oversight (consolidated text: Polish Journal of Laws of 2022, item 1302, as amended) (Act on statutory auditors),
- International Standards on Auditing, version adopted as National Standards on Auditing by the National Chamber of Statutory Auditors through resolution no. 3430/52a/2019 of 21 March 2019, as amended, and
- Regulation (EU) 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 Journal L 158 of 27 May 2014, page 77, and EU Journal L 170 of 11 June 2014, page 66) ("Regulation 537/2014"),

In accordance with these standards, our responsibility is further described in this report in the section *Statutory auditor's responsibility for auditing the annual consolidated financial statements*.

We are independent of the Group's companies in accordance with the *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) (IESBA Code), adopted by the National Chamber of Statutory Auditors through resolution no. 3431/52a/2019 of 25 March 2019 as professional ethics rules for statutory auditors, and with other ethics requirements applicable to audits of financial statements in Poland. In the course of the audit, the lead statutory auditor and the audit firm remained independent of the Group's companies in accordance with the independence requirements specified in the Act on statutory auditors and Regulation 537/2014. Further, we complied with our other ethical obligations in accordance with these requirements and the IESBA Code.

We consider that the audit evidence we obtained is sufficient and appropriate to serve as the basis for our opinion.

Key audit matters

Key audit matters are matters that, according to our professional judgement, were of key significance during the audit of the annual consolidated financial statements for the present reporting period. They include the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. We referred to these matters in the context of the audit of the annual consolidated financial statements as a whole and in formulating our opinion on these financial statements. Below, we summarise our response to these risks and, where we considered it as necessary, we present the most important comments about these risks. We do not issue a separate opinion on these matters.

Goodwill

Description

In the consolidated financial statements as at 31 December 2022, the Parent presents goodwill amounting to PLN 50 405 thousand, which represents 4% of the balance sheet total.

Goodwill presented in the consolidated financial statements is subject to annual testing for impairment.

The Parent's Management Board performed impairment tests which did not indicate the necessity to recognise impairment losses on goodwill.

Disclosures concerning goodwill and impairment tests are presented in notes 2 and 32.

Due to the fact that impairment tests are based on assumptions, judgements and estimates made by the Parent's Management Board, we consider this to be a key audit matter.

Statutory auditor's response

In the course of the audit procedures we performed, we assessed the conducted impairment tests.

Audit procedures carried out in this area included:

- verifying the validity of the adopted methodology and correctness of calculations,
- assessing the Management Board's assumptions and financial projections,
- verifying the correctness of estimates made for the purposes of measurement, including assessment of the Management Board's conclusions drawn on this basis.

Revenue from sales

Description

In the consolidated statement of profit and loss for the financial year ended on 31 December 2022, revenue from sales reached PLN 1 219 million, with sales in foreign markets accounting for over 73% of the Group's total revenue from sales. Such sales may feature specific delivery terms and a different moment at which control over the object of transaction is transferred to the counterparty. This gives rise to the risk of incorrectly recognising revenue in the relevant reporting period.

Disclosures related to revenue from sales are presented in notes 1 and 19.

Given the material amount of revenue generated in foreign markets, we consider this to be a key audit matter.

Statutory auditor's response

In the course of the audit, we documented our understanding of the revenue recognition process.

Audit procedures carried out in this area included:

- review of accounting policy in the part dealing with revenue recognition and the related estimates,
- detailed assessment of credibility, taking into account analysis of transactions at the turn of the reporting periods,
- reconciliation of accounts,
- analytical procedures consisting especially of analysing monthly data and trends by source of revenue.

Measurement of inventories

Description

In the consolidated financial statements as at 31 December 2022, the Group presents inventories amounting to PLN 461 783 thousand, which represents 33% of the balance sheet total.

Inventories are recorded at purchase price or cost of manufacture, provided that these are not higher than the net sales price. Risk in this area includes: loss of value of inventories caused by the period of retention and measurement of inventories over their realisable net sales prices.

Disclosures related to inventories are presented in note 8.

Given the material value of inventories in the consolidated financial statements, we consider this to be a key audit matter.

Statutory auditor's response

Audit procedures carried out in this area included:

- analysis of accounting policy in terms of rules for measurement of inventory and impairment loss methodology,
- age structure analysis for inventory and verification of the correctness of impairment loss calculation in accordance with the adopted methodology, including the completeness and correctness of calculations,
- analysis of sales after the balance sheet date, comparing the net realisable prices and the purchase prices and verification of the completeness and correctness of calculations.

Responsibility of the Parent's Management Board and Supervisory Board for consolidated financial statements

The Parent's Management Board is responsible for preparing the annual consolidated financial statements, on the basis of correctly maintained accounting books, that provide a reliable and clear view of the Group's asset and financial situation, financial result and cash flows in accordance with International Accounting Standards, International Financial Reporting Standards and the associated interpretations published in the form of European Commission regulations, adopted accounting principles (policy), applicable laws and the Parent's articles of association. The Parent's Management Board is also responsible for internal control such as it deems necessary for preparing consolidated financial statements that are free of significant distortions caused by fraud or error.

In preparing the annual consolidated financial statements, the Parent's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing matters related to going concern, if applicable, and for the going concern assumption, except when the Parent's Management Board either intends to liquidate the Group or discontinue its operations or has no real alternative to liquidation or discontinuation.

Pursuant to the Accounting Act of 29 September 1994 (consolidated text: Polish Journal of Laws of 2023, item 120) ("Accounting Act"), the Management Board and Members of the Supervisory Board of the Parent are required to ensure that the annual consolidated financial statements comply with the requirements listed in the Accounting Act. Members of the Parent's Supervisory Board are responsible for supervising the Group's financial reporting process.

Statutory auditor's responsibility for auditing annual consolidated financial statements

Our objective is to obtain the rational certainty that the annual consolidated financial statements as a whole are free of material misstatement caused by fraud or error and to issue an audit report containing our opinion. Rational certainty is a high level of certainty but it does not guarantee that an audit performed in accordance with the National Standards on Auditing will always detect the existing material misstatements. 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 annual consolidated financial statements.

The audit scope does not cover representations with regard to the Group's future profitability or efficiency or the effectiveness of the Parent's Management Board currently or in the future.

During an audit compliant with the National Standards on Auditing, we apply professional judgement and we maintain professional scepticism as well as:

- identify and assess the risks of material misstatement in the annual consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that 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 the applied accounting rules (policy) and the rationality of accounting estimates and related disclosures made by the Parent's Management Board;
- conclude on the appropriateness of the Parent's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, 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 the statutory auditor's report to the related disclosures in the annual consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit proof obtained until the date on which this statutory auditor report is prepared, however future events or conditions may result in the Group not continuing operations;
- evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and we remain solely responsible for the audit opinion.

We communicate with the Parent's Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We provide the Parent's Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and we communicate with the Supervisory Board all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Supervisory Board, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our statutory auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the management report

The other information includes a report on the Group's operations for the financial year ended 31 December 2022, together with a declaration on the application of corporate governance rules and a declaration on non-financial information, as referred to in art. 55 sec. 2b of the Accounting Act, which constitute separate parts of the report on the Group's operations, and an annual consolidated report for the financial year ended 31 December 2022 (excluding the annual consolidated financial statements and our statutory auditor report).

Responsibility of the Parent's Management Board and Supervisory Board

The Parent's Management Board is responsible for preparing the other information in accordance with the Accounting Act and other applicable laws. Moreover, the Parent's Management Board and Supervisory Board are required to ensure that the report on the Group's operations meets the requirements arising from the Accounting Act.

Responsibility of the statutory auditor

Our opinion on the annual consolidated financial statements does not cover the other information and we do not make any form of assurance resulting from the National Standards on Auditing. In connection with the audit of the annual consolidated financial statements, our responsibility is to read the other information and in the course of this identify whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on our work, we identify material misstatements in the other information, we are obligated to note this in our audit report. Our responsibility under the requirements of the Act on Statutory Auditors is also to express an opinion on whether the Group management report (excluding the statement referred to in art. 49b of the Accounting Act) has been prepared in accordance with the regulations and whether it is consistent with the information contained in the annual consolidated financial statements. Moreover, we are required to note whether the Parent prepared a statement on non-financial information and to issue an opinion on whether the Parent included the required information in its statement on the application of corporate governance rules. The Group management report, the letter from the President of the Management Board, selected financial data, the Management Board's statement on the consolidated financial statements and the Group management report, and the Management Board's information on the selection of the audit firm to audit the annual consolidated financial statements in accordance with the regulations were obtained prior to the date of this audit report, and the remaining elements of the consolidated annual report (the Supervisory Board's statement on the Audit Committee and the Supervisory Board's assessment of the Group management report and the consolidated financial statements) will be made available to us after that date. If we identify material misstatements in the consolidated annual report, we are required to notify the Parent's Supervisory Board.

Opinion on the report on operations

In our opinion, the report on the Group's operations was prepared in accordance with the relevant regulations, i.e. pursuant to the provisions of art. 55 sec. 2a of the Accounting Act and § 71 of the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information disclosed by issuers of securities and the terms for recognising information required by the provisions of law of a non-member state as equivalent (consolidated text: Polish Journal of Laws of 2018, item 757) (Ordinance on current and periodic information) and is in compliance with the information contained in the enclosed annual consolidated financial statements. Further, we declare that in the light of knowledge about the Group and its surroundings obtained in the course of auditing the annual consolidated financial statements, we did not identify material misstatements in the management report.

Opinion on statement on application of corporate governance

In our opinion, the Parent has included the information referred to in § 70 sec. 6 point 5 of the Regulation on current and periodic information in its statement on corporate governance. The information indicated in § 70 sec. 6 point 5 letters c-f, h and i of the Ordinance on current and periodic information, as presented in the statement on application of corporate governance, are in compliance with the relevant laws and the information contained in the annual consolidated financial statements.

Information on preparation of statement on non-financial data

Pursuant to the requirements specified in the Act on Statutory Auditors, we state that the Parent prepared a statement on non-financial data, as referred to in art. 55 sec. 2b of the Accounting Act, as a separate part of the report on operations.

Report on other legal requirements and regulations

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

In connection with the audit of the annual consolidated financial statements, we were engaged to provide an assurance service that would give rational certainty in order to express an opinion on whether the Group's annual consolidated financial statements as at and for the year ended 31 December 2022 prepared in single electronic reporting format, contained in the file *rwl_2022-12-31_pl.zip* (consolidated financial statements in ESEF format) were marked up in accordance with the requirements specified in 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 and description of service

The ESEF-compliant consolidated financial statements have been prepared by the Parent's Management Board in order to meet the mark-up and technical requirements concerning the specification of a single electronic reporting format, as specified in the ESEF Regulation.

The subject of our assurance service is the compliance of the ESEF-compliant consolidated financial statements with the ESEF Regulation requirements, and the requirements specified in these regulations constitute, in our opinion, appropriate criteria for us to formulate our opinion.

Responsibility of the Parent's Management Board and Supervisory Board

The Parent's Management Board is responsible for preparing the ESEF-compliant consolidated financial statements in accordance with the mark-up and technical requirements concerning the specification of a single electronic reporting format, as specified in the ESEF Regulation. This responsibility encompasses the selection and application of appropriate XBRL markups, using the taxonomy specified in these regulations.

The responsibility of the Parent's Management Board also extends to the design, implementation and maintenance of an internal control system that ensures that the ESEF-format consolidated financial statements are free of material inconsistencies with the ESEF Regulation requirements.

Members of the Parent's Supervisory Board are responsible for supervising the Group's financial reporting process, which also includes the preparation of financial statements in accordance with the format resulting from applicable laws.

Responsibility of the statutory auditor

Our objective was to issue an opinion, based on an assurance service providing rational certainty whether the ESEF-compliant consolidated financial statements were marked-up in accordance with the ESEF Regulation requirements.

We performed the assurance service in accordance with National Standard on Assurance Engagements 3001PL Audit of financial statements prepared in single electronic reporting format, which was adopted by the Polish Chamber of Statutory Auditors through resolution no. 1975/32a/2021 of 17 December 2021 (NSAE 3001PL) and, where applicable, in accordance with National Standard on Assurance Engagements 3000 (Z) in the meaning of International Standard on Assurance Engagements 3000 (revised) Assurance engagements other than audits or reviews of historical financial information, which was adopted by the Polish Chamber of Statutory Auditors through resolution no. 3436/52e/2019 of 8 April 2019, as revised (NSAE 3000 (Z)).

This standard requires the statutory auditor to plan and perform procedures so as to obtain the rational certainty that the ESEF-compliant consolidated financial statements have been prepared in accordance with the specified criteria. Rational certainty is a high level of certainty but it does not guarantee that a service performed in accordance with NSAE 3001PL and, where appropriate, NSAE 3000 (Revised) will always detect the existing material misstatements.

The selection of procedures is up to the statutory auditor's judgement, including an estimate of the risk of material misstatements caused by fraud or error. In estimating this risk, the statutory auditor takes into account the internal control related to the preparation of ESEF-compliant consolidated financial statements in order to

plan appropriate procedures that will provide the statutory auditor with sufficient appropriate evidence. An assessment of the functioning of the internal control system was not performed in order to issue an opinion on its effectiveness.

Summary of completed work

The procedures planned and performed by us included:

- obtaining an understanding of the process of preparing consolidated financial statements in ESEF format, covering the process of selecting and applying XBRL markups by the Parent's Management Board, and ensuring compliance with the ESEF Regulation, including an understanding of mechanisms in the internal control system that are related to this process,
- reconciling the marked up information contained in the ESEF-compliant consolidated financial statements with the audited annual consolidated financial statements,
- assessing compliance with technical standards on the specification of a single electronic reporting format, including application of the XHTML format, using specialist IT tools,
- assessing the completeness of information markups in the ESEF-compliant consolidated financial statements using XBRL markups,
- assessing whether the XBRL markups from the taxonomy specified in the ESEF Regulation that were applied were appropriate and whether taxonomy extensions were used when the basic taxonomy in the ESEF Regulation did not contain the relevant elements,
- assessing the correctness of anchoring of the applied taxonomy extensions in the basic taxonomy specified in the ESEF Regulation.

We believe that the evidence obtained by us constitutes a sufficient and appropriate basis for us to express an opinion on the compliance of the mark-ups with the ESEF Regulation requirements.

Ethics requirements, including independence

In performing the service, the statutory auditor and audit firm observed the independence requirements and other ethics requirements specified in the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. We also observed other independence and ethics requirements that are applicable to this assurance service in Poland.

Quality management requirements

The audit firm applies national quality control standards as adopted by Resolution No. 38/I/2022 of 15 November 2022 by the Board of the Polish Audit Oversight Agency, which require the audit firm to design, implement and apply a quality management system that includes policies or procedures with regard to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on compliance with ESEF Regulation requirements

The matters described above constitute the basis for the statutory auditor's opinion, which is why the opinion should be read in conjunction with these matters.

In our opinion, the ESEF-format consolidated financial statements have been marked-up, in all significant respects, in compliance with the ESEF Regulation requirements.

Statement on non-audit services

To the best of our knowledge and belief, we declare that we did not provide the non-audit services prohibited under art. 136 of the Act on Statutory Auditors and art. 5 sec. 1 of Regulation 537/2014.

Selection of audit firm

We were selected to audit the Group's annual consolidated financial statements for 2022 and 2023 through a resolution adopted by the Parent's Supervisory Board on 13 May 2022. We have been continuously auditing the Group's consolidated financial statements since the financial year ended 31 December 2016, i.e. for seven consecutive financial years. We were appointed separately for the audit of each of these financial years, with the exception of 2022 and 2023, for both of which we were selected at once.

Renata Art-Franke

Statutory auditor no. 10320

Lead statutory auditor conducting the audit on behalf of
Grant Thornton Polska Prosta spółka akcyjna,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, audit firm no. 4055

Poznań, 23 March 2023