

## Independent Auditors' Report to the Board of Directors and Stockholders of Grupo KUO, S.A.B. de C.V.

### OPINION

We have audited the accompanying consolidated financial statements of Grupo KUO, S.A.B. de C.V. and Subsidiaries (the Entity or Grupo KUO), which comprise the consolidated statements of financial position as of December 31, 2021, 2020 and 2019 and the related consolidated statements of income and comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows, for the years then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies applied.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo KUO, S.A.B. de C.V. and Subsidiaries as of December 31, 2021, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Ethics Code issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OTHER MATTERS

#### Composition of Grupo KUO

As indicated in Note 6 to the accompanying consolidated financial statements, Grupo KUO is an industrial conglomerate composed of three Segments: Consumer, engaged mainly in the production and sale of pork meat and consumer products (including processed food and beverages); Chemical, engaged in the manufacture and sale of plastics and chemical products; and Automotive, mainly engaged in the production and sale of transmissions and auto-parts.

### TRANSLATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were selected from those communicated to Grupo KUO's Management and Audit Committee, but are not intended to represent all the matters discussed with them. 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 do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit matters, which should be communicated in our report.

#### a) Sinister in a Consumer Segment plant

As mentioned in Note 2 and 27, on May 3, 2020, a fire occurred at the processing plant of Sahé (main inventory processor of the pork segment), located in Mérida, Yucatán. The purpose of this property was to carry out the slaughter and maquila activities of pork meat. The total fire-affected property, plant and equipment, inventories and other costs for Ps.2,053.5 million and in December 2021 the Entity concluded the liquidation process with the insurance, recovering a total of Ps.2,955.8 million. In relation to the recording of the effects of the sinister, there is a risk that the determination of the valuation due to impairment of damaged assets is not reasonable, as well as the recognition of income for the recovery of insurance for fixed assets, inventories, expenses and consequential losses.

Our audit and specialist procedures included the review of the internal reports of the damaged assets, reports and agreements with the insurance company, expert opinions and accounting records carried out, including the evaluation of the procedures used by the Administration to record in an adequate and timely manner the effects derived from the sinister. The results of our audit procedures were reasonable.

#### b) Revenue recognition (applicable to all Segments)

There is a risk related to the appropriate revenue recognition from sales of goods performed in Grupo KUO's different Segments.

Given the different types of revenues that Grupo KUO generates from each Segment's operation, we apply audit procedures in which we verify that the revenues from the sale of goods is recognized when control of the goods has been transferred to the customers, including understanding the business, the analysis of the contracts with customers and identification of multiple deliverables, the validation of key internal controls, testing operating effectiveness of controls, as well as shipping and delivery procedures for goods to clients. The results of our audit procedures were reasonable.

### OTHER INFORMATION INCLUDED IN THE DOCUMENT CONTAINING THE AUDITED FINANCIAL STATEMENTS

Grupo KUO's Management is responsible for the other information. The other information will comprise the information that will be incorporated into the Annual Report which Grupo KUO is required to prepare in accordance with Article 33, section I, subsection b) of Title Fourth, Chapter First, of the General Provisions Applicable to Issuers and Other Stock Market Participants in Mexico, and the Instructions which accompany these provisions (the Provisions). The Annual Report is expected to be available for our reading after the date of this audit report.

Our opinion on the consolidated financial statements will not cover the other information and we will not express any form of assurance thereon.

In relation to our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or with our

understanding obtained during the audit, or appears to contain a material misstatement. When we read the Annual Report we will issue the legend on the reading of the annual report, as required by Article 33, section I, and subsection b) numeral 1.2 of the Provisions.

#### **RESPONSIBILITIES OF GRUPO KUO'S MANAGEMENT AND AUDIT COMMITTEE KUO FOR THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS**

Management of Grupo KUO is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, Management is responsible for assessing the ability of Grupo KUO to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing Grupo KUO's financial reporting process, review the content of the consolidated financial statements and request their approval by the Board of Directors.

#### **INDEPENDENT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the accompanying consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA 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.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 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 internal control of Grupo KUO.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Grupo KUO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the accompanying consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence related to the financial information of the entities and business activities within Grupo KUO to express an opinion on the accompanying consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Grupo KUO's Management and Audit Committee 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 also provide Grupo KUO's Management and Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of Grupo KUO, 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 auditors' 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.

#### **GALAZ, YAMAZAKI, RUIZ URQUIZA, S.C.**

Member of Deloitte Touche Tohmatsu Limited

**C.P.C. Manuel Nieblas Rodríguez**

March 25th, 2022