September 2026 Quarterly Activities Report & Appendix 4C

Operating Cash Outflow Reduces ~79% QoQ as Positive EBITDA Maintained for Second Consecutive Quarter

- **Positive Group EBITDA maintained:** Q1 FY27 Group EBITDA of A$22k on revenue of ~A$3.34m (Q4 FY26: A$710k on revenue of ~A$4.43m) (unaudited), the second consecutive quarter of positive Group EBITDA.
- **Operating cash outflow reduced ~79%:** Net cash used in operating activities reduced ~79% QoQ to A$317k (Q4 FY26: A$1.523m). Quarter-end cash was also affected by a ~A$142k customer receipt remitted on 30 September that cleared on 2 October due to the Canadian statutory holiday. Had the receipt cleared by quarter end, cash and cash equivalents would have been ~A$955k.
- **Customer receipts increased ~14% QoQ:** A$3.787m received from customers (Q4 FY26: A$3.327m), ~A$0.45m above Q1 FY27 revenue as Q4 FY26 production converted to cash.
- **Service levels sustained:** OTIF (On-Time-In-Full) above 97% across Q1 FY27 (Q4 FY26: 97%; June 2025: 53%), maintaining the improvement delivered through the operational reset.
- **Production down ~22% QoQ following planned July shutdown:** ~1.25m beverage units produced in Q1 FY27 (Q4 FY26: 1,610,908 units) following a planned one-week shutdown to commission 355ml standard can capability, while remaining ~44% above Q1 FY26 (869,147 units).
- **All primary can formats under one roof:** First production run of 355ml standard cans completed, with Peak now able to manufacture the 355ml standard, 355ml sleek and 222ml sleek formats within a single facility.
- **Envision Emulsions™ adoption deepening:** Powered ~44% of all beverage units produced during the quarter (Q4 FY26: 34%), with six of the nine beverage products launched in the quarter formulated on the platform.
- **Listings and launches:** 11 products launched during the quarter, and six new product listings secured across topicals, dried flower and vapes, slated for launch in December 2026.
- **New THC shots vertical:** Subsequent to quarter end, Peak announced its entry into the THC shots vertical, following 87,456 shots produced during Q1 FY27 and repeat orders received. Production is projected at ~1.0m shots over the next 12 months. (refer ASX announcement: 21 October 2026).

Peak Processing Limited (ASX: PKP) ('PKP', or 'the Company'), a leading manufacturer of THC-infused beverages, is pleased to provide a summary of activities undertaken during the three-month period ended 30 September 2026 ("Q1 FY27", "the quarter", "the Reporting Period").

Q1 FY27 was another quarter of consolidated progress. Net cash used in operating activities reduced ~79% QoQ to A$317k, while Peak maintained positive Group EBITDA for a second consecutive quarter at A$22k. Customer receipts of A$3.787m increased ~14% QoQ and exceeded Q1 revenue by ~A$0.45m as volumes produced in the record Q4 FY26 converted to cash. This is consistent with the expectation set out in the June 2026 quarterly report that operating cash flow would continue to improve quarter on quarter. Quarter-end cash flow also reflected two timing items: a customer receipt of ~A$142k remitted on 30 September did not clear until 2 October due to the Canadian statutory holiday, while payroll of ~A$152k was paid on 30 September rather than 1 October. On an illustrative basis, adjusting for these two quarter-end timing items, net cash used in operating activities would have been ~A$23k and closing cash and cash equivalents

~A$1.107m.

Q1 FY27 revenue was A$3.34m (Q4 FY26: ~A$4.43m) and Group EBITDA was A$22k (Q4 FY26: A$710k). Cash and cash equivalents were A$813k at 30 September 2026 (30 June 2026: A$1.417m). Beyond the A$317k net operating outflow, the A$604k movement in cash included A$209k of one-off transaction costs relating to FY26 capital raisings, A$68k of capital expenditure and an A$10k foreign exchange movement.

Operationally, Peak broadened what its Windsor facility can do. It completed its first production run of 355ml standard cans, meaning the facility can now manufacture all three primary can formats used across the Canadian cannabis beverage category, and commenced production of cannabis beverage shots as a new product vertical. Peak manufactured ~1.25m beverage units during the quarter, down ~22% QoQ from 1,610,908 units in Q4 FY26 following a planned one-week shutdown in July to commission the new can format, while remaining ~44% above Q1 FY26. OTIF delivery performance remained above 97%.

Managing Director and CEO, Barry Katzman, said:

"The September quarter was another quarter of consolidated progress. We reduced our operating cash outflow by almost 80% and maintained positive EBITDA for a second consecutive quarter, while keeping service levels where our brand partners and provincial boards need them. The reported quarter-end cash position also reflected timing items in both directions around the Canadian holiday, with a customer receipt clearing just after quarter end and payroll paid just before quarter end.

"We also broadened what our Windsor facility can do. We can now produce every primary can format in the category under one roof, and demand for our new shots vertical is already building. That gives us more ways to win a larger share of each brand partner's portfolio from the same asset base."

Financial overview

Q1 FY27 unaudited result

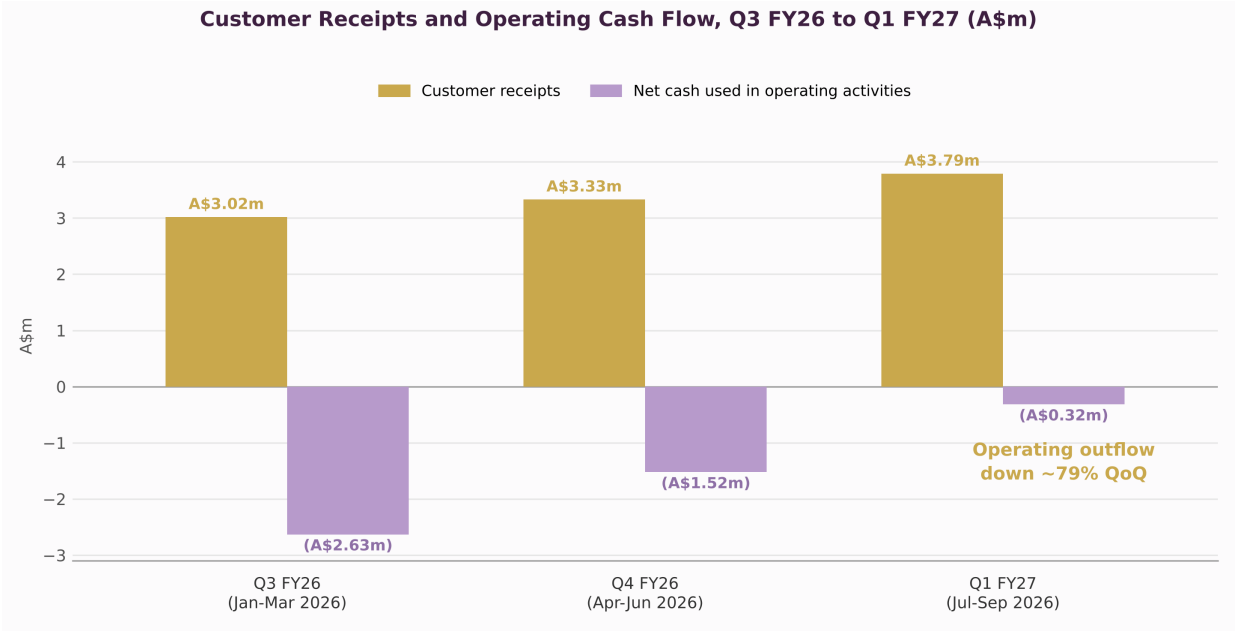
Q1 FY27 revenue was ~A$3.34m (Q4 FY26: ~A$4.43m), down ~25% QoQ, reflecting lower production volumes following the planned July shutdown. Group EBITDA was A$22k (Q4 FY26: A$710k), the second consecutive quarter of positive Group EBITDA.

All figures are unaudited and stated on a consolidated Group basis after corporate and head-office costs, before non-operating and non-cash items.

Operating cash flow and customer receipts

Cash receipts from customers were A$3.787m for the quarter (Q4 FY26: A$3.327m), up ~14% QoQ and ~A$0.45m above Q1 revenue, reflecting the collection of receipts on volumes produced late in Q4 FY26.

Net cash used in operating activities was A$317k, a ~79% reduction on the A$1.523m outflow recorded in Q4 FY26. The quarter-end position included two timing items around the Canadian statutory holiday on 30 September 2026: a customer receipt of ~A$142k remitted on 30 September did not clear into the Company's accounts until 2 October and is therefore not reflected in the Appendix 4C, while payroll of ~A$152k was paid on 30 September rather than 1 October.



Graph 1: Customer receipts and net cash used in operating activities by quarter, Q3 FY26 to Q1 FY27

Operating costs

Product manufacturing and operating costs were A$2.057m, with a further A$182k of factory rent classified in leased assets (item 1.2(d)) during the quarter. As factory rent was included in product manufacturing and operating costs in Q4 FY26, the comparable combined cost base was A$2.239m, down ~21% QoQ from A$2.822m. Administration and corporate costs reduced ~28% to A$472k (Q4 FY26: A$653k). Staff costs were A$1.281m (Q4 FY26: A$1.263m). Advertising and marketing costs were A$51k and research and development costs were A$20k. Interest and other costs of finance paid were A$58k (Q4 FY26: A$59k).

Capital raising costs

Transaction costs of A$209k relating to the February 2026 placement and the A$2.4m Loan Note raising were paid in July 2026 and are reflected in item 3.4 of the Appendix 4C. These were one-off, non-recurring costs relating to capital raisings completed in FY26, were foreshadowed in the June 2026 quarterly report and are not related to the Company's ongoing operations.

Funding position and working capital

Cash and cash equivalents at 30 September 2026 were A$813k (30 June 2026: A$1.417m), representing total available funding at quarter end, with no unused financing facilities. Government grants and incentives of A$20k were received during the quarter.

NRC IRAP funding

During the quarter, Peak secured government grant funding through the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) to support wage costs associated with its automation initiatives. The Company received A$20k in government grants and tax incentives during Q1 FY27. The program operates on a reimbursement basis, with cash received after eligible costs are incurred and claimed. The funding is expected to continue supporting eligible wage costs into Q2.

Operations overview

Canadian operations: beverage production

Peak Canada produced ~1.25m beverage units during Q1 FY27, down ~22% QoQ from 1,610,908 units in Q4 FY26, reflecting a planned full-week shutdown in July to enable the manufacture of 355ml standard cans. Despite the shutdown, production remained ~44% above Q1 FY26 (869,147 units). The shutdown reduced total output for the quarter, it added a new format that was used at scale by a licensed producer customer during the quarter together with being able to manufacture this can format going forward.

Expanded can format capabilities

During the quarter, Peak completed its first production run using the 355ml standard can format. With this addition, Peak can now manufacture all three primary can formats used across the cannabis beverage category, 355ml standard, 355ml sleek and 222ml sleek, within a single facility. This gives brand partners greater packaging flexibility and removes the complexity of sourcing different formats from multiple manufacturers. It also expands Peak's addressable customer base and its ability to support brands seeking differentiated or premium packaging through a single manufacturing partner.

Topicals

Peak continued to manufacture topical products for an established brand in the category during the quarter, including the launch of a new extra-strength transdermal cream. Topical manufacturing requires specialised formulation, processing and quality systems, and Peak's continued participation in the segment reflects the breadth of its technical capabilities beyond beverages.

Operational performance: OTIF

Peak maintained OTIF (On-Time-In-Full) delivery performance above 97% across Q1 FY27 (Q4 FY26: 97%), compared with 53% in June 2025 when the operational reset commenced. OTIF is a key metric used by provincially controlled distributors when assessing forward orders, new SKU listings and product extensions. As the Canadian market rationalises and provincial boards apply increasingly stringent criteria to listings and ongoing SKU performance, consistent service levels continue to support new SKU onboarding, particularly with the Ontario Cannabis Store.

Envision Emulsions™

Envision Emulsions™ powered ~44% of all beverage units produced during Q1 FY27, up from 34% in Q4 FY26. Six of the nine beverage products launched during the quarter were formulated on the platform. The continued increase in adoption reflects growing confidence in the platform's formulation stability and consistency, deepens brand partner integration with Peak and further differentiates its offering through the combination of proprietary formulation technology and scaled manufacturing.

Capital investment and automation

Peak installed an automated case-labelling system during the quarter, reducing manual processing, improving labelling consistency and increasing packaging-line efficiency. The investment forms part of Peak's strategy of deploying targeted capital toward operational bottlenecks where automation can deliver measurable improvements in throughput, quality, labour efficiency and cost. Payments for property, plant and equipment were A$68k for the quarter.

Peak also automated and integrated a series of ERP and operational workflows across customer invoicing, supply chain, quality, production and administrative processes. These improvements reduce manual intervention and improve the speed, accuracy and visibility of information across the business, supporting higher production volumes without an equivalent increase in overhead.

Commercial activities

Product launches

Peak launched 11 products during the quarter, comprising nine beverages (including one relaunch) across seven customer and proprietary brands, a live rosin all-in-one vape and an extra-strength transdermal cream. Beverage launches included rosin-infused products and new flavour extensions for brand partners, as well as two new Snap Back 4-pack products under Peak's proprietary brand portfolio. Six of the nine beverage products were formulated on Envision Emulsions™.

New product listings

Peak secured six new product listings during the quarter across topicals, dried flower and vapes, slated for launch in December 2026. The listings continue Peak's diversification beyond beverages, leveraging its

existing team and capabilities to participate in additional product categories for both new and existing brand partners.

Proprietary brand performance

Peak's proprietary beverage portfolio continued to build distribution during the quarter. In Ontario, Canada's largest cannabis beverage market, ~29,800 cans were sold to retailers, with more than half of that volume from the Snap Back 4-pack, supported by a provincial sampling campaign. Peak entered New Brunswick, with Snap Back Raspberry and Peach Creamsicle 4-packs launching in August 2026 on an initial order of 10,240 cans. Just Seltzers Lite remained the leading proprietary product in British Columbia, and Snap Back 4-packs accounted for more than one-third of proprietary brand sales in Alberta. The final distillate-based Snap Back inventory was sold through in Saskatchewan and Manitoba during the quarter.

THC shots vertical

Subsequent to quarter end, on 21 October 2026, Peak announced its entry into the THC shots vertical. Production had commenced in July 2026, with 87,456 shots produced during Q1 FY27 and repeat orders received. Peak projects production of ~1.0m shots over the next 12 months, subject to further customer orders and market demand. Shots are filled on an existing dedicated line running in parallel with Peak's canning lines, adding incremental volume without reducing canned beverage capacity or requiring additional staff or equipment.

Sales and marketing

Peak moved to a direct sales model following the conclusion of its third-party sales agency arrangement on 30 June 2026. From 15 July 2026, a provincial sampling campaign distributed 1,600 cans of Snap Back to 400 retail buyers across Ontario. Peak's Just Seltzers brand sponsored the Edmonton Beer Fest alongside an Alberta-based retail partner, an event with more than 30,000 visitors over four days and on-site cannabis beverage sales. Peak also hosted two brand and buyer events with more than 500 buyers, owners and budtenders, sponsored two regional retailer golf tournaments in Ontario, and retained a brand agency to support growing retailer demand for marketing assets and social presence. Subsequent to quarter end, Peak attended the Cannabis NB Learning Symposium from 19 to 22 October 2026.

USA operations

Peak USA continued to progress its US market development during Q1 FY27 following the 30 June 2026 announcement of its exclusive three-year manufacturing agreement with BTAB Solutions Inc. to produce Fryday Kush® THC beverages across 13 designated US states. The program is expected to utilise Peak's established Florida production arrangement and Envision Emulsions™ technology. During the quarter, Peak attended the Hemp Beverage Expo in Austin, Texas, supporting B2B engagement with brands, distributors, retailers and other industry participants as the Company continues to develop its US commercial pipeline.

Corporate overview

FY26 results and Annual Report

On 31 August 2026, Peak released its Appendix 4E Preliminary Final Report for the year ended 30 June 2026. The audited Annual Report, Corporate Governance Statement and Appendix 4G were lodged on 30 September 2026.

Establishment Fee Shares

On 4 September 2026, Peak issued 4,803,963 fully paid ordinary shares at a deemed issue price of A$0.015 per share (A$72,060) in satisfaction of the 3% establishment fee payable on the A$2.4m Loan Note placement announced on 1 May 2026. As shareholders did not approve the issue at the general meeting held on 25 June 2026, the shares were issued under the Company's placement capacity under ASX Listing Rule 7.1. A cleansing notice was lodged on 7 September 2026. As a non-cash issue, the fee is not reflected in the Appendix 4C.

Board changes

Subsequent to quarter end, Mr Zakary Fleisher-Sharbanee was appointed as an Executive Director of the Company effective 1 October 2026.

Annual General Meeting

The Company's 2026 Annual General Meeting will be held on Wednesday, 18 November 2026. The Notice of Meeting was lodged on 19 October 2026.

Related party payments

Aggregate payments to related parties and their associates during Q1 FY27 shown in item 6.1 of the Appendix 4C totalled A$169k, comprising Managing Director consulting fees, director fees, reimbursements and allowances paid in the ordinary course of business. Payments of A$30k shown in item 6.2 related to reimbursement to an entity associated with Managing Director Barry Katzman for wastewater equipment.

Outlook

The December quarter typically reflects a seasonal slowdown in Canadian cannabis beverage production, consistent with FY26. Through this period, the Company will focus on protecting margins through cost discipline, production scheduling and product mix, while continuing to target improved operating cash conversion.

Peak enters the December quarter with an expanded manufacturing platform spanning all primary can formats and beverage shots, deepening Envision Emulsions™ adoption and six new product listings scheduled for launch in December 2026. Near-term priorities are to launch the listings secured during the quarter, scale shot production, progress the Fryday Kush® program in accordance with agreed development, regulatory and commercial timelines, and continue to increase Envision adoption across the platform.

-ENDS-

The Board of Peak Processing Limited authorised this announcement to be lodged with the ASX.

About Peak Processing

Peak Processing Limited (ASX: PKP) is a leading FMCG organisation specialising in the manufacturing, sales, and distribution of THC beverages. Peak Processing develops premium, compliant products that resonate with adult consumers in regulated global markets, including USA and Canada. Visit www.peakprocessing.com

Forward-Looking Statements

Certain statements in this announcement may constitute forward-looking statements or statements about future matters based on information known and assumptions made as at the date of this announcement. Forward-looking statements can generally be identified by the use of words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, financial position or performance are also forward-looking statements. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this announcement. Accordingly, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Peak Processing Limited	
ABN	Quarter ended ("current quarter")
78 626 966 943	30 September 2026

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,787	3,787
1.2	Payments for		
	(a) research and development	(20)	(20)
	(b) product manufacturing and operating costs	(2,057)	(2,057)
	(c) advertising and marketing	(51)	(51)
	(d) leased assets	(182)	(182)
	(e) staff costs	(1,281)	(1,281)
	(f) administration and corporate costs	(472)	(472)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(58)	(58)
1.6	Income taxes paid	(3)	(3)
1.7	Government grants and tax incentives	20	20
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(317)**	**(317)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(68)	(68)
	(d) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(68)**	**(68)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(209)	(209)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(209)**	**(209)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,417	1,417
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(317)	(317)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(68)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(209)	(209)
4.5	Effect of movement in exchange rates on cash held	(10)	(10)
4.6	**Cash and cash equivalents at end of period**	**813**	**813**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	813	1,417
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**813**	**1,417**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	169
6.2	Aggregate amount of payments to related parties and their associates included in item 2	30

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1 comprises Managing Director consulting fees, directors' fees, reimbursements and allowances paid during the quarter in the ordinary course of business. Item 6.2 relates to reimbursement to an entity associated with Managing Director Barry Katzman for wastewater equipment.

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,071	1,071
7.2	Credit standby arrangements	10	10
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**1,081**	**1,081**

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company maintains a corporate credit card facility of CAD$10k, the full amount was drawn at quarter end.

The Company also maintained borrowings of CAD$60k from the CRA. This loan bears 5% annual interest and matures 31 December 2026.

The Company also maintains a secured asset-based loan facility with Stoke Canada Finance Corp. with a principal amount of CAD$1m, fully drawn at quarter end, bearing interest at 22% per annum on an interest-only basis. The facility matures in May 2027.

8.	Estimated cash available for future operating activities	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(317)
8.2	Cash and cash equivalents at quarter end (item 4.6)	813
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	813
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.56

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
N/A	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ....30 October 2026.....

Authorised by: ....By the Board.....

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.