



**PRZEDSIĘBIORSTWO PRZEMYSŁU
SPOŻYWCZEGO "PEPEES"
SPÓŁKA AKCYJNA
W ŁOMŻY**

**CONDENSED INTERIM INDIVIDUAL
FINANCIAL STATEMENTS
for the period of 6 months ended on 30 June
2022**

**PREPARED IN COMPLIANCE WITH THE
INTERNATIONAL FINANCIAL
REPORTING STANDARDS
IN THE VERSION APPROVED BY
THE EUROPEAN COMMISSION**

"PEPEES" S.A.
*Interim condensed individual financial statements for the
 period of 6 months ended on 30 June 2022 (in thousands of
 PLN)*

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INTERIM CONDENSED STATEMENT OF FINANCIAL STANDING

	ASSETS	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
A	(Long-term) fixed assets	129,266	130,861	137,854
1.	Plant, property and equipment	86,635	88,103	94,222
2.	Intangible assets	276	184	193
3.	Rights to assets	15,113	15,761	15,417
4.	Investment properties	369	373	378
5.	Investments in subsidiaries	23,586	23,586	23,586
7.	Investments in other entities	383	383	375
8.	Deferred income tax assets	2,904	2,471	3,683
B	(Short-term) current assets	101,275	136,720	93,434
I	Current assets other than assets classified as held for sale	101,275	136,720	93,434
1.	Stock	49,411	63,277	42,022
2.	Biological assets	4,075	560	2,669
3.	Trade receivables and other short-term receivables	30,153	28,238	35,410
4.	Other financial assets	13,378	10,975	11,260
5.	Cash and cash equivalents	4,258	33,670	2,073
II	Assets held for sale	-	-	-
	Total assets	230,541	267,581	231,288

	LIABILITIES	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
A	Equity	160,549	156,200	154,661
1.	Share capital	5,700	5,700	5,700
2.	Share premium	7,562	7,562	7,562
3.	Treasury shares	(112)	-	-
4.	Revaluation capital	30,530	30,507	30,501
5.	Retained earnings	116,869	112,431	110,898
B	Liabilities	69,992	111,381	76,627
I	Long-term liabilities	24,453	25,643	28,266
1.	Loans and borrowings	3,009	3,761	4,513
2.	Liabilities due to assets under lease	11,676	11,088	12,533
3.	Deferred income tax provision	5,652	5,957	6,325
4.	Liabilities related to retirement benefits and similar ones	2,240	2,472	2,921
5.	Subsidies	1,876	1,925	1,974
6.	Other long-term liabilities	-	440	-
II	Short-term liabilities	45,539	85,738	48,361
IIa	Short-term liabilities other than those related to assets held for sale	45,539	85,738	48,361
1.	Trade and other short-term liabilities	18,313	13,280	19,213
2.	Current income tax liabilities	1,227	-	-
3.	Loans and borrowings	22,246	68,735	25,425
4.	Liabilities due to assets under lease	3,289	3,371	3,461
5.	Liabilities related to retirement benefits and similar ones	464	352	262
IIb	Liabilities related to assets held for sale	-	-	-
	Total liabilities	230,541	267,581	231,288

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**INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME**

No.	Specification	For the period of 6 months ended on 30	For the period of 6 months ended on 30 June 2021
I	Revenues from sales	88,493	74,026
1.	Revenues from the sales of products	80,375	62,845
2.	Revenues from the sales of services	327	314
3.	Revenues from the sales of goods and materials	7,791	10,867
II	Own cost of sales	(62,620)	(60,476)
1.	Costs of products sold	(51,919)	(48,180)
2.	Costs of services sold	(398)	(385)
3.	Costs of goods and materials sold	(6,973)	(10,475)
4.	Result of agricultural production	(3,330)	(1,436)
III	Gross profit (loss) on sales (I-II)	25,873	13,550
1.	Costs of sales and marketing	(6,328)	(5,067)
2.	Overheads	(12,429)	(13,000)
3.	Other operating revenue	314	1,616
4.	Other operating costs	(883)	(135)
IV	Profit (loss) on operating activities	6,547	(3,036)
1.	Financial costs	(1,899)	(1,197)
2.	Financial revenue	1,766	159
V	Profit (loss) before tax	6,414	(4,074)
VI	Income tax	(1,976)	199
VII	Net profit (loss)	4,438	(3,875)
VIII	Other comprehensive income	23	7
1.	Results of the measurement of financial assets available for sale	-	-
2.	Reassessment of liabilities under employee benefits	23	7
IX	Total comprehensive income, including	4,461	(3,868)
X	Net profit (loss) per 1 share	0.05	(0.04)

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Specification	Share capital	Share premium	Treasury shares	Share from revaluation	Retained earnings	Total equity
State as of 1 January 2021	5,700	7,562	-	30,494	114,774	158,530
Changes in the period from 01/01/2021 to 30/06/2021						-
Profit distribution for 2020, including:						-
- increase of capital reserve						-
- transactions with owners (dividend)						-
Net profit (loss) for the period					(3,876)	(3,876)
Other (net) comprehensive income for financial year				7		7
State as of 30 June 2021	5,700	7,562	-	30,501	110,898	154,661
Changes in the period from 01/01/2021 to 31/12/2021	-		-	13	(2,343)	(2,330)
Profit distribution for 2020, including:						-
- increase of capital reserve						-
- transactions with owners (dividend)						-
Net profit (loss) for the financial year					(2,343)	(2,343)
Other (net) comprehensive income for financial year				13		13
State as of 31 December 2021	5,700	7,562	-	30,507	112,431	156,200
State as of 1 January 2022	5,700	7,562	-	30,507	112,431	156,200
Purchase of treasury shares						-
Net profit (loss) for the period			(112)		4,438	4,326
Other (net) comprehensive income for financial year				23		23
State as of 30 June 2022	5,700	7,562	(112)	30,530	116,869	160,549

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INTERIM CONDENSED CASH FLOW STATEMENT

No.	Cash flow statement	For the period of 6 months ended on 30	For the period of 6 months ended on 30 June 2021
A.	Cash flows on operating activities – indirect method		
I	Profit (loss) before tax	6,414	(4,074)
II	Total adjustments	19,262	35,482
1.	Depreciation	6,024	5,850
2.	Foreign exchange (gains) losses	14.	10
3.	Interest and shares in profit (dividend)	1,179	272
4.	(Profit) loss on investment activities	61	(247)
5.	Change in provisions	(120)	237
6.	Change in stock	13,866	29,902
7.	Change in biological assets	(3,515)	(2,331)
8.	Change in receivables	(1,915)	(10,563)
9.	Changes in short-term liabilities, except for loans and borrowings	4,184	9,697
X.	Paid income tax	(1,512)	-
11.	Change in subsidies	(49)	(49)
12.	Change in the amount of interest accrued on borrowings and commissions	3	(203)
13.	Change in other financial assets	648	427.
14.	Depreciation of CO2 emission rights	600	2,494
15.	Other adjustments	(50)	14.
III	Net cash flows on operating activities	25,675	31,408
B.	Cash flows on investing activities		
I	Receipts	137	8,090
1.	Disposal of intangible assets and property, plant and equipment	74	418.
2.	Repayment of borrowings granted	63	6,015
3.	Bond proceeds	-	254
4.	Sale of shares	-	1,403
II	Expenditure	5,042	6,679
1.	Acquisition of intangible assets and property, plant and equipment	2,013	882
2.	Purchase of property rights	629	2,197
3.	Borrowings granted	2,400	3,600
III	Net cash flows on investing activities	(4,905)	1,411
C.	Cash flows on financial activities		
I	Receipts	2,289	8,501
1.	Loans and borrowings	1,929	7,247
2.	Surcharges received	360	1,254
II	Expenditure	52,472	50,726
1.	Repayment of loans and borrowings	49,171	48,695
2.	Interest on loans and borrowings	1,242	401
3.	Purchase of treasury shares	112	-
4.	Payments under lease agreements	1,947	1,630
III	Net cash flows on financial activities (I-II)	(50,183)	(42,225)
D.	Total net cash flows (A.III+/-B.III+/-C.III)	(29,412)	(9,406)
F.	Opening balance of cash	33,670	11,479
G.	Closing balance of cash (F+/-D)	4,258	2,073
	- including of restricted use	-	-

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SELECTED FINANCIAL DATA CONVERTED INTO EUR

No.	SELECTED FINANCIAL DATA Year	IN THOUSANDS OF PLN		IN THOUSANDS OF EUR	
		2022	2021	2022	2021
		I	Total revenues from sales for H1	88,493	74,026
II	Net profit or loss allocated to shareholders of the Parent Company for H1	4,438	(3,875)	956	(852)
III	Total net income for H1	4,461	(3,868)	961	(851)
IV	Net cash flows on operating activities for H1	25,675	31,408	5,530	6,907
V	Net cash flows on investing activities for H1	(4,905)	1,411	(1,057)	310
VI	Net cash flows on financial activities for H1	(50,183)	(42,225)	(10,809)	(9,286)
VII	Net cash flows for H1	(29,412)	(9,406)	(6,335)	(2,069)
VIII	Total assets as of 30/06/2022 and 31/12/2021	230,541	267,581	49,255	58,177
IX	Equity allocated to the shareholders of the Parent Company as of 30/06/2022 and 31/12/2021	160,549	156,200	34,301	33,961
X	Profit (loss) per one ordinary share for H1 in PLN/EUR	0.05	(0.04)	0.01	(0.01)
XI	Book value per share as of 30/06/2022 and 31/12/2021 in PLN/EUR	1.69	1.64	0.36	0.36

Data presented in lines: VIII, IX and XI, in columns "2022" and "2021" is as of 30 June 2022 and 31 December 2021.

Selected financial data was converted into EUR according to the following exchange rates published by the National Bank of Poland:

- selected items of the interim condensed statement of financial standing as of as of 30/06/2022 at the average exchange rate on the balance sheet date of EUR 1 = PLN 4.6806,
- selected items of the interim condensed statement of financial standing as of 31/12/2021 at the average exchange rate on the balance sheet date of EUR 1 = PLN 4.5994,
- selected items of the interim condensed statement of comprehensive income and interim condensed cash flow statement for the period from 1 January 2022 to 30 June 2022 according to the rate which is the arithmetic mean of the average rates published by the National Bank of Poland and applicable on the last day of each month of H1 2022 and amounts to EUR 1 = PLN 4.6472,
- selected items of the interim condensed statement of comprehensive income and interim condensed cash flow statement for the period from 1 January 2021 to 30 June 2021 according to the rate which is the arithmetic mean of the average rates published by the National Bank of Poland and applicable on the last day of each month of H1 2021 and amounts to EUR 1 = PLN 4.5472,

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PROFIT PER ONE SHARE

Specification	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
Net profit (loss) attributable to PEPEES shareholders	4,438	(3,875)
Weighted average number of shares	95,000,000	95,000,000
Basic net profit (loss) per share (in PLN per one share)	0.05	(0.04)
Net profit (loss) attributable to PEPEES shareholders applied to determine diluted profit per share	4,438	(3,875)
Weighted average number of ordinary shares for the purpose of diluted profit per	95,000,000	95,000,000
Diluted net profit (loss) per share (in PLN per one share)	0.05	(0.04)
Net annualised profit attributable to "PEPEES" S.A. shareholders	5,970	(1,563)
Weighted average number of shares	95,000,000	95,000,000
Annualised net profit per share (expressed in PLN per share)	0.06	(0.02)

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ADDITIONAL EXPLANATORY NOTES

1. General information

Full name:	Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A
Address of the registered	18-402 Łomża, ul. Poznańska 121
REGON	ID: 450096365
NIP ID:	7181005512
Registration authority:	District Court in Białystok 12th Economic Division of the National Court Register
Number in the register:	000038455
Legal form:	Public Limited Company (Spółka Akcyjna)
Organisational form:	enterprise consisting of one plant
Main objects of the activities pursuant to the divisions of the Polish Classification of Business Activities:	1062Z manufacturing starch and starch products.
Industry:	food
Duration:	indefinite

Members of the Management Board as of 30 June 2022:

Wojciech Faszczewski	President of the Management Board
Tomasz Krzysztof Rogala	Member of the Management Board

Members of the Supervisory Board as of 30 June 2022:

Maciej Kaliński	Chairperson of the Supervisory Board
Tomasz Nowakowski	Deputy Chairperson of the Supervisory Board
Robert Malinowski	Secretary of the Supervisory Board
Kajetan Rościszewski	Member of the Supervisory Board
Jacek Okoński	Member of the Supervisory Board
Agata Czerniakowska	Member of the Supervisory Board

Members of the Audit Committee as of 30 June 2022:

Maciej Kaliński	Chairperson of the Audit Committee
Tomasz Nowakowski	Deputy Chairperson of the Audit Committee
Agata Czerniakowska	Member of the Supervisory Board
Robert Malinowski	Member of the Audit Committee
Kajetan Rościszewski	Member of the Audit Committee.

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2. Information on reporting periods

The presented interim condensed financial statements cover the period from 1 January 2022 to 30 June 2022, while comparable financial data and explanatory notes cover the period from 1 January 2021 to 30 June 2021 and additionally as of 31 December 2021 in case of the statement of financial standing and statement of changes in equity.

3. Grounds underlying the interim condensed financial statements

These interim condensed financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS"), and in particular in accordance with the International Accounting Standard No. 34 and the IFRS approved by the EU. As at the date of approval of these financial statements for publication, taking into account every process of implementation of the IFRS pending in the EU and the activities performed by the Company, there is no difference between IFRS that have already entered into force and IFRS approved by the EU as regards the accounting principles applied by the Company. The IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed financial statements are presented in Polish złoty ("PLN"), and all amounts, unless otherwise indicated, are specified in thousands of PLN.

These interim condensed financial statements were prepared with the going concern assumption as regards the Company's business operations in the foreseeable future. As of the approval date of these interim condensed financial statements, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. did not observe any circumstances that could point out to the threat for the Company's continued operations as a going concern.

The interim condensed financial statements do not include all the information requisite for annual financial statements and should be considered in conjunction with the financial statements for the fiscal year ended on 31 December 2021.

4. Approval of the interim condensed financial statements

These interim condensed financial statements were approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” S.A. on 22 September 2022.

5. Significant accounting principles (policy)

The accounting policies applied in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the Group's annual financial statements of "PEPEES" S.A. for the year ended on 31 December 2021.

6. New accounting standards and interpretations adopted by the International Accounting Standards Board

New standards and interpretations entering into force after the balance sheet date (issued by the International Accounting Standards Board and approved for application in the EU, and which enter into force at a later date):

- Amendments to IAS 16 Property, plant and equipment – revenue arising before a non-current asset is placed in service approved in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – onerous

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agreements –cost of fulfilling an agreement approved in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- Amendments to IFRS 3 "Business Combinations" – amendments of references to the conceptual assumptions together with amendments to IFRS 3 endorsed in the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- IFRS 17 "Insurance Agreements" as amended by IFRS 17 endorsed in the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to various standards "Improvements to IFRSs (2018 - 2020 cycle)" – Amendments made under the annual improvement procedure to IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41) mainly aimed at resolving inconsistencies and clarifying vocabulary – approved in the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendments to IFRS 16 are related only to an illustrative example and, therefore, no effective date is provided).

The amendments to the above standards did not have a material impact on the Company's financial standing or result of activities in the period of their initial application.

New standards and interpretations awaiting endorsement for use in the European Union:

IFRSs as endorsed by the EU do not currently differ significantly from the regulations issued by the International Accounting Standards Board (IASB), except for the following new standards and amendments to standards which, as of 31 December 2021, had not yet been endorsed for use in the EU (effective dates below refer to the standards in their full version):

- IFRS 14 "Deferred balances from regulated activities" (effective for annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the endorsement process for this interim standard for use within the EU until the final version of IFRS 14 is issued,
- Amendments to IAS1 "Presentation of financial statements" – Classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 "Presentation of financial statements" –Disclosures of accounting policies used (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 "Income Taxes" – Deferred tax on assets and liabilities from a single transaction (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" – Sale or contribution of assets between an investor and its associate or joint venture and subsequent amendments (effective date of the amendments deferred until the completion of the research work on the equity method),

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- Amendments to IFRS 17 "Insurance Contracts" – first-time adoption of IFRS 17 and IFRS 9 – comparative data (effective for annual periods beginning on or after 1 January 2023).

The effective dates are those derived from the contents of the standards promulgated by the International Financial Reporting Interpretations Committee ("IFRIC"). The application dates of the standards in the European Union may differ from the application dates implied by the contents of the standards and are announced at the time of approval for application by the European Union.

The Issuer has not opted for the early application of any standard, interpretation or amendment published but not yet effective.

The Issuer is in the process of analysing what impact the above changes will have on its financial statements.

7. Non-recurring items with a significant impact on assets, liabilities, capital, financial result and cash flows

There are no unusual items here in that have a significant impact on assets, liabilities, capitals, financial result and cash flow of the Company.

8. Amendments to applied accounting principles, correction of errors and presentation

"PEPEES" S.A. has not corrected errors from previous years. The Company did not change the accounting principles that had been applied earlier with the exception of application of new or changed standards and interpretations in force for annual period commencing after 1 January 2022.

9. Explanations related to the seasonality or cyclicity of activities

The Company operates in the "potato processing" sector. Potatoes are purchased and processed in the autumn during 3 months, while the sale of finished products lasts all year round.

10. Estimations

During the reporting period, the Company did not test non-current assets for impairment as there was no indication thereof.

Revaluation write-offs of receivables were updated in the amount taking into account the level of risk of no payments from recipients.

Provisions for retirement benefits and jubilee awards were updated on the basis of actuarial calculations as of 30/06/2022.

The revaluation of provisions for unused holidays was made on the basis of expected remuneration of employees together with mark-ups charged to the employer for holidays unused as of 30/06/2022.

The Company recognises deferred income tax assets, assuming that in future the tax profit will be generated from which the assets could be used.

Every year, the Company verifies adopted useful lives of fixed assets and intangible assets. The last update took place as of 31/12/2021.

The Company has performed a sensitivity analysis on the assets held, including goodwill in each of the subsidiaries tested for impairment as of 31/12/2021. The Company will carry out new impairment tests as of 31/12/2022.

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11. Acquisition and sale of property, plant and equipment

During the first half of 2022, the Company purchased fixed assets for PLN 2,013 thousand. Purchasing mainly concerned the modernisation of production machinery and equipment. Fixed assets were sold for PLN 74 thousand.

12. Material commitments made for the purchase of fixed assets

During the first half of 2022, no loan agreements were entered into for the purchase of fixed assets.

13. Stock

STOCK	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
a) materials	6,573	4,726	3,216
b) semi-finished products and work in progress	571	1,128	203
c) finished products	33,316	53,979	33,536
d) goods	9,152	3,762	5,552
Gross value of stock	49,612	63,595	42,507
Revaluation write-offs	(201)	(318)	(485)
Net value of stock	49,411	63,277	42,022

Value of stock recognised as cost in the reporting period amounted to PLN 58,892 thousand (H1 2021- PLN 58,655 thousand).

14. Biological assets

Since March 2014, "PEPEES" S.A. has been leasing an agricultural farm (Roje) and since October 2021 and April 2022 – additional land (Krzekoty and Jachowo) and seeds of annual plants were planted there. Costs related to seed acquisition and cultivation at the balance sheet date amount to PLN 3,986, agricultural revenue PLN 656 thousand and the fair value of stock and biological assets less costs of sale approx. PLN 4,075 thousand Biological assets were presented in the statement at fair value.

15. Trade receivables and other short-term receivables

TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
Trade receivables	22,008	21,985	25,670
Other receivables	1,494	5,401	1,210
Advances	6,651	852	8,530
Total	30,153	28,238	35,410

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TRADE RECEIVABLES (GROSS) – WITH A REMAINING MATURITY FROM THE BALANCE SHEET	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
a) up to 1 month	10,816	12,414	10,670
b) above 1 month and up to 3 months	9,502	4,301	3,012
c) above 3 months and up to 6 months			6,490
d) above 6 months up to 1 year			-
e) above 1 year			-
f) past due receivables	2,998	5,928	6,082
Total (gross) trade receivables	23,316	22,643	26,254
- revaluation write-offs of trade receivables	(1,308)	(658)	(584)
Total (net) trade receivables	22,008	21,985	25,670

Past due receivables, in case of which revaluation write-offs have not been made, are receivables from debtors, with which the Company has cooperated for multiple years and according to the assessment of their economic and financial standing such receivables do not constitute bad debts. They are past due from a few days to three months. There are no receivables past due more than 180 days not covered by a revaluation write-off. Allowances are made in accordance with the expected credit loss model.

16. Trade and other short-term liabilities

LIABILITIES	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
- trade receivables	11,791	6,849	13,225
- other short-term liabilities	3,286	2,994	2,522
- provisions for remaining liabilities and other charges	3,236	3,437	3,466
Total trade liabilities, other liabilities and provisions therefor	18,313	13,280	19,213

TRADE LIABILITIES	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
(a) from related parties falling due:	136	151	181
- up to 12 months	136	151	181
- over 12 months	-	-	-
b) from other entities	11,655	6,698	13,044
- up to 12 months	11,655	6,698	13,044
- over 12 months	-	-	-
Total trade liabilities	11,791	6,849	13,225

17. Settlements resulting from litigations

As of the date of these statements, there is an unresolved case of EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in Warsaw versus "PEPEES" S.A.:

- for revoking or rendering invalid resolutions no. 24-29 adopted on 28/06/2019 by the Annual General Meeting of Shareholders, including Resolution No. 28 on amendments to the Articles of Association and authorisation of the Company's Management Board to raise the share capital of the Company within the scope of the authorised capital and with the option to exclude the pre-emptive right of the current shareholders of the Company in whole or in part upon the consent of the Company's Supervisory Board.

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The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determination of the loss of voting rights have been concluded in a legally binding manner,

- for revoking or rendering invalid two resolutions on the acknowledgement of fulfilment of obligations adopted on 21/04/2020 by the General Meeting of Shareholders. The litigation is pending before the Court of First Instance. The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determining the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid four resolutions on: consideration and approval of the financial statements for 2020, distribution of the profit for 2020 and acknowledgement of fulfilment of duties of the Management Board Members, as adopted on 29/06/2021 by the General Meeting of Shareholders. The proceedings are pending before the Court of First Instance. On 11 January 2022, the Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for the determination of the loss of voting rights have been concluded in a legally binding manner.
- for revoking or rendering invalid nine resolutions of the Annual General Meeting of the Company of 14/04/2022, namely Resolutions No. 6 and 7 on the review and approval of the financial statements of the Company and the Pepees Capital Group for 2021, Resolution No. 8 on the consideration and approval of the report of the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. on the activities of the PEPEES Capital Group in 2021, Resolutions No. 12 and 13 on the acknowledgement of fulfilment of duties of the Company's Management Board Members, Resolutions No. 25 and 26 on the appointment of two Supervisory Board Members for a new term in office, resolutions no. 28 and 29 on authorisation to acquire treasury shares and to create a capital reserve for this purpose.

Within the remaining scope, there are no other significant litigations or proceedings in court, arbitration body or public administration authority with respect to liabilities or receivables of the Issuer or its subsidiaries.

There are several litigations pending against the Group's debtors for trade settlements. All receivables in litigation were written down by 100%.

18. Outstanding loans and borrowings

As of the balance sheet date, there are bank loans listed in the following tables, which are repaid according to their maturity dates.

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Long-term and short-term liabilities

No.	Type of loan repayment	Lending bank	Amount according to loan	Currency	The amount of credit / loan remaining to pay	Payment date
1	Loan on the current account	Santander Bank Polska S.A.	4,000	PLN	-	31/08/2022
2	Revolving loan	Santander Bank Polska S.A.	16,500	PLN	6,188	31/08/2022
3	Working capital loan	Santander Bank Polska S.A.	17,000	PLN	4,250	31/08/2022
4	Loan on the current account	Powszechna Kasa Oszczędności Bank Polski S.A.	4,000	PLN	1,929	31/08/2022
5	Revolving loan	Powszechna Kasa Oszczędności Bank Polski S.A.	16,500	PLN	4,125	31/08/2022
6	Working capital loan for potato purchase	Powszechna Kasa Oszczędności Bank Polski S.A.	17,000	PLN	4,250	31/08/2022
7	Investment loan for funding and refunding of purchase of 100% of shares in Gospodarstwo Rolne Ponary Sp. z o. o.	Powszechna Kasa Oszczędności Bank Polski S.A.	10,530	PLN	4,513	30/06/2025
Total			85,530	PLN	25,255	

In the reporting period, no provisions of the loan agreements were breached. All the loans are repaid in accordance with the schedules specified in the agreements.

19. Transactions with related entities

19.1 Issuer's transactions with related entities

a) Revenues from sales of products and goods

Types of revenues	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
Revenues from the sales of products to subsidiaries	682	527
Revenues from the sales of services	157	151
Revenues from the sales of fixed assets to subsidiaries	16	-
Total revenues from related entities	855	678

The sale price is determined on the basis of cost plus method or on the basis of price lists applicable to unrelated entities

b) Purchases of goods and services

Types of purchases	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
Purchases of products from subsidiaries	7,573	3,846
Purchases of services from subsidiaries	53	33
Purchase of goods from subsidiaries	156	897
Total purchases from related entities	7,782	4,776

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c) Other transactions

Specification	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
Interest on borrowings granted	65	30
Fees on sureties granted	63	87
Fees on sureties received	79	79
Total	207	196

d) Balances of settlements as of the balance sheet date generated as a result of the sale/purchase of goods/services

Settlements with subsidiaries	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
Receivables – PPZ "BRONISŁAW" S.A.	2,946	1,195	3,762
Receivables – ZPZ "LUBLIN" Sp. z o.o.	25	-	-
Receivables – GR Ponary Sp. z o.o.	-	1	1
Receivables – PEPEES Inwestycje Sp. z o.o.	-	-	11
Liabilities – ZPZ "LUBLIN" Sp. z o.o.	136	149	181
Liabilities – PPZ "BRONISŁAW" S.A.	-	2	-
Liabilities – GR Ponary Sp. z o.o.	13	13	13
Balance of settlements with related parties	2,822	1,032	3,580

e) Balance of borrowing settlements

Borrowings granted to subsidiaries	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
PPZ "BRONISŁAW" Sp. z o.o.	4,700	3,300	3,305
ZPZ "LUBLIN" Sp. z o.o.	1,000	-	-
GR PONARY Sp. z o.o.	553	550	554
Borrowings granted	6,253	3,850	3,859
Write-offs of borrowings	-	-	-
Borrowings in the statement of financial standing	6,253	3,850	3,859

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19.2 Issuer's transactions with shareholders

During the reported period, the Parent Company did not conduct any transactions with its shareholders.

19.3 Issuer's transactions with the key members of the management and supervisory bodies**a) Benefits for key managers (Members of the Management Board) and Members of the Supervisory Board**

Specification	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
Short-term employee benefits	1,105	1,191
Benefits after the employment period	-	-
Benefits related to terminating an employment	-	-
Payments in the form of shares	-	-
Total	1,105	1,191

b) Transactions with key personnel and their close family members

During the reporting period, the Company did not enter into any transactions with members of its key personnel and their close family members.

20. Changes in estimates**a) Revaluation write-offs of receivables**

CHANGE IN REVALUATION WRITE-OFFS OF SHORT-TERM RECEIVABLES	For the period of 6 months ended on 30	For the period of 12 months ended 31 December 2021	For the period of 6 months ended on 30 June 2021
Opening balance	794	611	611
a) increase (due to)	821	330	238
- establishment for bad debts related to supplies	821	330	238
b) decrease (due to)	149	147	3
- dissolution of provisions due to payment	149	140	3
- cancellation	-	7	-
Closing balance of write-offs	1,466	794	846

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b) Revaluation write-offs of stock

CHANGE IN REVALUATION WRITE-OFFS OF STOCK	For the period of 6 months ended on 30 June 2022	For the period of 12 months ended 31 December 2021	For the period of 6 months ended on 30 June 2021
Opening balance	318	304	304
a) increase (due to)	178	762	464
- write-offs to net realisable value	178	762	464
b) decrease (due to)	295	(748)	283
- reversals of write-offs	295	748	283
Closing balance of revaluation write-offs of stock	201	318	485

c) Liabilities related to retirement benefits and similar ones

CHANGE IN LIABILITIES RELATED TO RETIREMENT BENEFITS AND SIMILAR ONES (BY TITLE)	For the period of 6 months ended on 30 June 2022	For the period of 12 months ended 31 December 2021	For the period of 6 months ended on 30 June 2021
a) opening balance	2,824	2,946	2,946
- retirement benefits	393	410	410
- jubilee awards	2,431	2,536	2,536
b) increase (due to)	152	206	385
- retirement benefits	5	16	13
- jubilee awards	147	190	372
c) use (due to)	272	328	148
- retirement benefits	33	33	12
- jubilee awards	239	295	136
d) dissolution (due to)	-	-	-
- retirement benefits	-	-	-
- jubilee awards	-	-	-
e) closing balance	2,704	2,824	3,183
- retirement benefits	365	393	411
- jubilee awards	2,339	2,431	2,772

21. Short-term provisions

CHANGE IN SHORT-TERM PROVISIONS (BY TITLE)	For the period of 6 months ended on 30 June 2022	For the period of 12 months ended 31 December 2021	For the period of 6 months ended on 30 June 2021
a) opening balance	3,437	3,689	3,689
- subsidies to plant, property and equipment	98	98	98
- provisions for benefits performed by counterparties	86	26	26
- fee for using the natural environment	84	117	117
- provisions for salaries for holidays	740	673	673
- rights to gas emissions	2,429	2,283	2,283
- bonuses for the Management Board and employees	-	492	492
b) increase (due to)	971	3,313	2,802

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CHANGE IN SHORT-TERM PROVISIONS (BY TITLE)	For the period of 6 months ended on 30	For the period of 12 months ended 31 December 2021	For the period of 6 months ended on 30 June 2021
- provision for used CO2 emission rights	264	2,226	1,744
- fee for using the natural environment	26	92	37
- provisions for holiday remuneration	282	456	568
- provisions for benefits performed by counterparties	31	95	9
- bonuses for the Management Board and employees	368	444	444
c) use (due to)	1,172	3,565	3,025
- fee for using the natural environment	71	125	109
- provisions for holiday remuneration	-	389	328
- provision for used CO2 emission rights	1,014	2,080	2,080
- provision of benefits performed by counterparties	87	35	16
- bonuses for the Management Board and employees	-	936	492
d) closing balance	3,236	3,437	3,466
- subsidies to plant, property and equipment	98	98	98
- provision for used CO2 emission rights	1,679	2,429	1,947
- fee for using the natural environment	39	84	45
- provisions for holiday remuneration	1,022	740	913
- bonuses for the Management Board and employees	368	-	444
- provisions for benefits performed by counterparties	30	86	19

22. Deferred income tax

DEFERRED INCOME TAX PROVISIONS	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
Difference between the balance sheet value and tax value of plant, property and equipment	4,953	5,260	5,657
Unrealised foreign exchange differences	6	4	1
Valuation of investments	693	693	662
Due interest not received	-	-	5
Total deferred income tax provisions	5,652	5,957	6,325

DEFERRED INCOME TAX ASSETS	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
Unpaid remuneration	129	126	138
Provision for unused holiday leaves	194	141	173
Retirement benefits and jubilee bonuses	514	537	605
Unrealised foreign exchange differences	47	121	68
Revaluation write-offs of receivables	-	-	-
Revaluation write-offs of stock	38	62	92
Revaluation write-offs of shares	18	18	18
Liabilities due in relation to the subject matter of lease	754	912	1,165
Provision for bonuses for the Management Board and employees	70	-	84

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DEFERRED INCOME TAX ASSETS	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
Provision for used rights for CO2 emission	319	462	370
Tax loss	807	84	957
Other	14	8	13
Total	2,904	2,471	3,683

23. Contingent assets and liabilities

CHANGE IN CONTINGENT ASSETS (BY TITLE)	For the period of 6 months ended on 30	For the period of 12 months ended 31 December 2021	For the period of 6 months ended on 30 June 2021
a) opening balance, including	15,795	15,795	15,795
- surety of investment loan by GR PONARY	15,795	15,795	15,795
b) increase (due to)	-	-	-
c) use (due to)	-	-	-
d) closing balance, including	15,795	15,795	15,795
- surety of investment loan by GR PONARY	15,795	15,795	15,795

CHANGE IN CONTINGENT LIABILITIES (BY TITLE)	For the period of 6 months ended on 30	For the period of 12 months ended 31 December 2021	For the period of 6 months ended on 30 June 2021
a) opening balance, including	13,855	32,073	32,073
- liabilities under non-compete agreements	1,171	1,155	1,155
- sureties of loans for related companies	12,684	30,918	30,918
b) increase (due to)	15	29	29
- liabilities under non-compete agreements	15	29	29
- sureties of loans for related companies			-
c) use (due to)		13	-
- liabilities under non-compete agreements		13	-
- sureties of loans for related companies			-
d) dissolution (due to)	39	18,234	-
- liabilities under non-compete agreements	39	-	-
- sureties of loans for related companies	-	18,234	-
e) closing balance, including	13,831	13,855	32,102
- liabilities under non-compete agreements	1,147	1,171	1,184
- sureties of loans for related companies	12,684	12,684	30,918

24. Reporting on segments of the operations

24.1. Information about products and services

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" operates mainly in the segment of "potato processing." In this segment, it manufactures:

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- potato starch used by households and the food, pharmaceutical, paper and textile industries,
- couple of selections of glucose used in the food, confectionery and pharmaceutical industries,
- maltodextrin, which is an essential element of powder products (ice cream, sauces, soups, fruit extracts, flavoured toppings) and nutritional supplements and vitamin and mineral supplements for children and athletes.
- protein received from potato cell cytoplasm through coagulation, separation and drying; it is a valuable component of feed mixtures for animals and an excellent substitute of animal protein.
- wide range of starch syrups used in the confectionery and bakery industries.

24.2 Revenues by products

Product name	For the period of 6 months ended on	For the period of 6 months ended on
Starch	50,912	42,121
Protein	4,839	3,923
Glucose	11,667	6,373
Hydrol	434	323
Maltodextrin	11,438	9,592
Starch syrups	1,085	513
Goods and materials	7,791	10,867
Services	327	314
Total	88,493	74,026

24.3 Revenues from sales according to the geographical structure

Specification	For the period of 6 months ended on	For the period of 6 months ended on
Poland, including	53,166	46,496
Starch	24,174	22,120
Protein	3,532	2,819
Glucose	9,867	5,000
Hydrol	434	323
Maltodextrin	8,246	6,503
Starch syrups	1,085	513
Goods and materials	5,501	8,904
Services	327	314
EU countries – intra-Community supplies, including:	6,473	5,450
Starch	2,874	2,908
Protein	431	298
Maltodextrin	1,570	1,607
Glucose	1,598	352
Goods	-	285

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Specification	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on
Other countries – exports	28,854	22,080
Starch	23,864	17,093
Protein	876	806
Glucose	202	1,021
Maltodextrin	1,622	1,482
Goods	2,290	1,678
Total	88,493	74,026

24.4 Information about key customers

The Company has no customer whose revenues from sales exceed 10% of total revenue. However, in the group of individual products there are customers whose share accounts for more than 10% of the sale of a given product. And so:

- nearly 40% of maltodextrin was sold to three domestic counterparties (15.2%; 12.8% and 11.8%, respectively),
- more than 33% of the protein was sold to two domestic customers (18.3% and 15.4% respectively).

25. Issue, redemption and repayment of non-equity and equity securities

No issue, redemption and repayment of non-equity or equity securities took place during the reporting period.

28 December 2021, the Management Board of PEPEES S.A. announced an invitation to submit offers to sell shares based on the authorisation granted by the Annual General Meeting of Shareholders by way of Resolution No. 24 of 25 April 2017 and the resolution of the Supervisory Board of 23 December 2021. The invitation was related to the acquisition of no more than 2,000,000 ordinary bearer shares of the Company coded PLPEPES00018, representing in total 2.11% of the Company's share capital and the total number of votes at the general meeting of the Company.

The acquisition price for treasury shares was set at PLN 1.20 per share. The invitation was addressed to all shareholders of the Company. The repurchase was carried out through the agency of Dom Maklerski Banku Ochrony Środowiska S.A. As a result of the invitation, as many as 32,828 treasury shares were purchased between 29 December 2021 and 11 January 2022. Accordingly, on 14 February 2022, the Management Board renewed its invitation to tender for the sale of shares. In the second round, as many as

34,295 shares were purchased. The total number of treasury shares held by the Issuer as of the publication date of the report is 67,123 shares, representing 0.071% of the share capital and the total number of votes attributable to all shares of the Issuer.

29 June 2022, the Management Board of PEPEES S.A. decided to commence a share buyback programme by way of Resolution No. 28 of the Annual General Meeting of 14 April 2022. The share buyback programme will last until 31 December 2023. The buyback programme covers no more than

7,125,000 (say: seven million one hundred and twenty-five thousand) ordinary bearer treasury shares of the nominal value of PLN 0.06 (say: six Polish grosz) each, designated with ISIN securities code: PLPEPES00018, fully paid up, listed on the main market of the Warsaw Stock Exchange or purchased beyond the regulated market operated by the said Exchange. The amount of funds earmarked to fund the buyback programme will be no more than PLN 14,250,000 (say: fourteen million two hundred and fifty thousand Polish zloty 00/100). As part of the implementation of the buyback programme, the Company may purchase shares representing a total of no more than 7.5% of the share capital.

Under this programme, as many as 119,364 treasury shares have been acquired up to the publication date of this report. In total, the Company holds 186,487 treasury shares, representing 0.196% of the share capital and the total number of votes attributable to all shares of the Issuer (as of the publication date of the report).

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The Company acquires treasury shares for the purposes indicated in the AGM Resolution, i.e. alternatively for redemption or resale against payment or use in acquisition transactions.

26. Information on paid or declared dividend, altogether and per one share, with specification concerning ordinary and preferential shares

No dividend was paid during the six months ended on 30 June 2022.

On 14 April 2022, the Annual General Meeting of "PEPEES" S.A. adopted Resolution No. 10 on covering the Issuer's loss for the financial year of 2021 in the amount of PLN 2,343 thousand from the supplementary capital.

The Company has not declared a dividend payment for 2022.

27. In case of financial instruments measured at fair value - information about the changed manner (method) in which it is determined

During the period of 6 months ended on 30 June 2022, the Group did not change the principles for determining the fair value of financial instruments. The same valuation principles and methods were followed as in the preparation of the Company's financial statements for the year ended on 31 December 2021.

28. Information on change in the classification of financial assets as a result of the changed purpose or use thereof

During the period presented, there were no changes in the classification of financial assets as a result of the changed purpose or use.

29. Information on changes in economic conditions and operating conditions having a significant impact on the fair value of the entity's financial assets and financial liabilities, regardless of whether those assets and liabilities are recorded at fair value or adjusted price of acquisition (production cost)

On 24/02/2022, Russia's invasion of Ukraine began, therefore escalating the conflict that had originated in 2014. Upon the publication of these financial statements, the situation is still very dynamic. So far, the European Union has introduced several packages of sanctions on Russia, including targeted individual sanctions, economic sanctions and various diplomatic measures. The Russian invasion of Ukraine, combined with all the EU sanctions, is exerting a significant impact on global trade and, therefore, on the Group companies. The exchange rates used by the Group are constantly fluctuating, which carries the risk of unpredictability in forward foreign contracts (with delayed deliveries) or in contracts with deferred payment dates.

The increase in energy commodity prices, which already began in 2021, will escalate. It will probably cause reduction in supplies from the East (oil, gas, coal); the reserves of energy raw materials will also be increased by all the European countries; therefore, their availability will be affected, similarly contributing to further increase in prices.

The increase in fuel prices will, in turn, translate into the increased price of transport services. Prices of goods and services also fluctuate greatly. In relation to previous reporting periods, the "PEPEES" Capital Group

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has experienced a significant increase in the prices of raw materials, basic and auxiliary materials for production.

Furthermore, as a result of the economic sanctions, the Issuer has lost the option to export its products to the Ukrainian market due to the hostilities,

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as well as to the Russian market. Similarly, the Company has difficult access to Central Asian markets (Uzbekistan, Kazakhstan) due to rail transport restrictions through Ukraine (warfare) and by Russia (economic sanctions).

Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") on 26 April 2022 published a current report in which it announced the planned complete suspension from 27 April 2022 of supply of natural gas provided by PAO Gazprom and OOO Gazprom Export ("Gazprom"). PGNiG is the main supplier of gas to the PEPEES Group Companies. As of the date of these interim condensed financial statements, the agreement with PGNiG for the supply of gaseous fuel to PEPEES is being implemented in full and there are no disruptions in supply. Gas transmission is in line with the Issuer's contract and demand.

All the PEPEES S.A. companies monitor the developments in the armed conflict in Ukraine and successive sanctions imposed on Russia, verifying all information from the perspective of its impact on the economic standing of the Issuer and undertaking ad-hoc activities to minimise consequences related to these extraordinary circumstances.

30. Other information which may significantly affect the assessment of the economic and financial standing, and financial result of the Group

During the presented period, all events and information affecting the asset and financial standing have been disclosed herein. In addition to the Covid-19 pandemic, which is gradually receding yet still occurring with varying degrees of severity in respective countries, yet another major factor affecting the global economy came into play at the end of February. The Russian invasion of Ukraine, combined with all the EU sanctions, is exerting a significant impact on global trade and, therefore, on the Issuer's companies.

The Company does not have any other information that may significantly affect the assessment of its economic and financial standing and financial result.

31. Important events that took place after the balance sheet date

On 6 July 2022, an addendum was signed to the multi-line agreement of 07/10/2014 executed with Santander Bank Polska. Pursuant to the addendum, the overdraft was raised which was granted to PEPEES and subsidiaries to PLN 67.5 million and the repayment date was adjourned to 31/08/2023.

On 6 July 2022, an addendum was also signed to the multi-purpose credit line agreement with Powszechna Kasa Oszczędności Bank Polski S.A. Pursuant to the addendum, the overdraft was raised which was granted to PEPEES and subsidiaries to PLN 67.5 million and the repayment date was adjourned to 31/08/2023.

In July and August 2022, the Parent Company received some information from Santander Brokerage, intermediary in accepting quotations for the sale of the Issuer's shares as part of the share buyback programme conducted by way of Resolution No. 28 of the Annual General Meeting of 14 April 2022 (cf. current report No. 15/2022), about the transactions made on a weekly basis.

Details, in terms of the weekly information received as regards share acquisitions carried out after the balance sheet date, are presented in the table below:

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Information received date	Number of shares acquired	Average unit price	Value of transactions	Treasury shares held (cumulative)	Share of treasury shares held in the Issuer's share capital
04/07/2022	7,992	1,407	11,243.44	75,115	0.079%
11/07/2022	15,246	1,439	21,934.42	90,361	0.095%
18/07/2022	20,600	1,454	29,957.80	110,961	0.117%
25/07/2022	493	1,550	764,15	111,454	0.117%
01/08/2022	24,857	1,550	38,521.35	136,311	0.143%
08/08/2022	33,926	1,565	53,086.78	170,237	0.179%
16/08/2022	16,250	1,586	25,771.64	186,487	0.196%
	186,487		261,827.18	186,487	0.196%

32. Approval of the financial statements

These Interim Condensed Financial Statements of "PEPEES" S.A. for the first half year ended on 30 June 2022 were approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża on 22 September 2022.

SIGNATURES OF ALL THE MANAGEMENT BOARD MEMBERS

President of the Management Board – Wojciech Faszczewski

Member of the Management Board – Tomasz Rogala

SIGNATURE OF THE PERSON WHO PREPARED THE REPORT

Deputy Chief Accountant – Małgorzata Kordas