



# **PEPEES CAPITAL GROUP**

**INTERIM CONDENSED CONSOLIDATED  
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 CAPITAL GROUP**  
*Interim condensed consolidated financial statements for the  
period of 6 months ended on 30 June 2022  
(in thousands of PLN)*

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STATEMENTS**

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
OF THE FINANCIAL STANDING**

No.	ASSETS	As of 30 June 2022	As of 31 December 2021	As of 30 June 2021
<b>A.</b>	<b>(Long-term) fixed assets</b>	<b>171,929</b>	<b>172,744</b>	<b>177,456</b>
1	Plant, property and equipment	152,259	151,999	157,437
2	Intangible assets	276	184	193
3	Rights to assets	11,512	11,913	11,322
4	Investment properties	569	573	578
5	Goodwill	1,320	1,320	1,365
6	Investments in other entities	383	383	375
7	Deferred income tax assets	5,610	6,372	6,186
<b>B.</b>	<b>(Short-term) current assets</b>	<b>116,110</b>	<b>180,745</b>	<b>108,444</b>
<b>I.</b>	<b>Current assets other than assets classified as held for sale</b>	<b>116,110</b>	<b>180,745</b>	<b>108,444</b>
1	Stock	64,238	97,165	57,687
2	Biological assets	4,075	560	2,669
3	Trade receivables and other short-term receivables	34,934	33,922	37,180
4	Other financial assets	7,125	7,125	7,391
5	Cash and cash equivalents	5,738	41,973	3,517
<b>II.</b>	<b>Assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total assets</b>	<b>288,039</b>	<b>353,489</b>	<b>285,900</b>

No.	LIABILITIES	As of 30 June 2022	As of 31 December 2021	As of 30 June 2021
<b>A.</b>	<b>Equity</b>	<b>180,928</b>	<b>175,053</b>	<b>176,757</b>
<b>I</b>	<b>Equity allocated to the shareholders of the</b>	<b>177,617</b>	<b>171,983</b>	<b>173,110</b>
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	31,050	31,027	31,021
5	Retained earnings	133,417	127,694	128,827
<b>II</b>	<b>Non-controlling shares</b>	<b>3,311</b>	<b>3,070</b>	<b>3,647</b>
<b>B.</b>	<b>Liabilities</b>	<b>107,111</b>	<b>178,436</b>	<b>109,143</b>
<b>I.</b>	<b>Long-term liabilities</b>	<b>35,167</b>	<b>36,728</b>	<b>39,410</b>
1	Loans and borrowings	7,237	8,459	9,681
2	Liabilities due to assets under lease	17,161	16,496	17,576
3	Deferred income tax provision	5,972	6,242	6,497
4	Liabilities related to retirement benefits and similar ones	2,766	3,005	3,513
5	Subsidies	2,031	2,086	2,143
6	Other liabilities	-	440	-
<b>II.</b>	<b>Short-term liabilities</b>	<b>71,944</b>	<b>141,708</b>	<b>69,733</b>
<b>II a</b>	<b>Short-term liabilities other than those related to assets held for sale</b>	<b>71,944</b>	<b>141,708</b>	<b>69,733</b>
1	Trade and other short-term liabilities	26,368	24,111	25,929
2	Current income tax liabilities	1,227	-	28
3	Loans and borrowings	39,240	112,614	39,010
4	Liabilities due to assets under lease	4,485	4,455	4,378
5	Liabilities related to retirement benefits and similar ones	624	528	388
<b>II b</b>	<b>Liabilities related to assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total liabilities</b>	<b>288,039</b>	<b>353,489</b>	<b>285,900</b>

**PEPEES CAPITAL GROUP**  
*Interim condensed consolidated financial statements for the  
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(in thousands of PLN)*

**OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

No.	Specification	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
<b>I</b>	<b>Revenues from sales</b>	<b>126,406</b>	<b>102,503</b>
<b>II</b>	<b>Own cost of sales</b>	<b>(90,308)</b>	<b>(86,132)</b>
<b>III</b>	<b>Gross profit from sales (I-II)</b>	<b>36,098</b>	<b>16,371</b>
1	Costs of sales and marketing	(7,677)	(6,343)
2	Overheads	(17,333)	(16,623)
3	Other operating revenue	392	2,419
4	Other operating costs	(1,100)	(409)
<b>IV</b>	<b>Profit (loss) on operating activities</b>	<b>10,380</b>	<b>(4,585)</b>
1	Financial costs	(3,254)	(1,838)
2	Financial revenue	1,656	20
3	Profit (loss) on the disposal of a subsidiary	-	5,029
<b>V.</b>	<b>Profit (loss) before tax</b>	<b>8,782</b>	<b>(1,374)</b>
	Income tax	(3,228)	(4)
<b>VI</b>	<b>Net profit (loss) on continued activities</b>	<b>5,554</b>	<b>(1,378)</b>
	<b>Net profit (loss) on discontinued activities</b>	<b>-</b>	<b>-</b>
	<b>Net profit (loss), including:</b>	<b>5,554</b>	<b>(1,378)</b>
	- allocated to shareholders of the parent company	5,314	(946)
	- allocated to non-controlling interests	240	(432)
<b>VII</b>	<b>Other comprehensive income</b>	<b>23</b>	<b>7</b>
<b>VIII</b>	<b>Total comprehensive income, including</b>	<b>5,577</b>	<b>(1,371)</b>
	- allocated to shareholders of the parent company	5,337	(939)
	- allocated to non-controlling interests	240	(432)
<b>IX</b>	<b>Net profit (loss) per 1 ordinary share</b>	<b>0.06</b>	<b>(0.01)</b>
	- on continued activities	0.06	(0.01)
	- on discontinued activities	0.00	0.00
<b>IX</b>	<b>Diluted profit (loss) per 1 ordinary share</b>	<b>0.06</b>	<b>(0.01)</b>
	- on continued activities	0.06	(0.01)
	- on discontinued activities	0.00	0.00

**PEPEES CAPITAL GROUP**  
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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

Specification	Share capital	Share premium	Treasury shares	Capital from revaluation	Retained earnings	Total equity attributable to shareholders of the Parent Company	Non-controlling shares	Total equity
<b>State as of 1 January 2021</b>	<b>5,700</b>	<b>7,562</b>	<b>-</b>	<b>31,014</b>	<b>129,493</b>	<b>173,769</b>	<b>1,653</b>	<b>175,422</b>
<b>Changes in H1 2021</b>						<b>-</b>		<b>-</b>
Net profit (loss)					(946)	(946)	(432)	(1,378)
Other comprehensive income				7		7		7
<b>Comprehensive income</b>				<b>7</b>	<b>(946)</b>	<b>(939)</b>	<b>(432)</b>	<b>(1,371)</b>
Dividend						-		-
Other consolidation adjustments					280	280	2,426	2,706
<b>State as of 30 June 2021</b>	<b>5,700</b>	<b>7,562</b>	<b>-</b>	<b>31,014</b>	<b>128,827</b>	<b>173,103</b>	<b>3,647</b>	<b>176,750</b>
<b>Changes in 2021</b>								
Net profit (loss)	-				(2,397)	(2,397)	(1,008)	(3,405)
Other comprehensive income	-		-	13		13		13
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>(2,397)</b>	<b>(2,384)</b>	<b>(1,008)</b>	<b>(3,392)</b>
Dividend	-	-	-	-		-		0
Other consolidation adjustments	-	-	-	-	598	598	2,425	3,023
<b>State as of 31 December 2021</b>	<b>5,700</b>	<b>7,562</b>	<b>-</b>	<b>31,027</b>	<b>127,694</b>	<b>171,983</b>	<b>3,070</b>	<b>175,053</b>
<b>State as at 1 January 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>-</b>	<b>31,027</b>	<b>127,694</b>	<b>171,983</b>	<b>3,070</b>	<b>175,053</b>
<b>Changes in H1 2022</b>						<b>-</b>		
Net profit (loss)					5,314	5,314	241	5,555
Other comprehensive income				23		23		23
<b>Comprehensive income</b>				<b>23</b>	<b>5,314</b>	<b>5,337</b>	<b>241</b>	<b>5,578</b>
Purchase of treasury shares			(112)			(112)		(112)
Other consolidation adjustments					409	409		409
<b>State as of 30 June 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>(112)</b>	<b>31,050</b>	<b>133,417</b>	<b>177,617</b>	<b>3,311</b>	<b>180,928</b>

**PEPEES CAPITAL GROUP**

*Interim condensed consolidated financial statements for the period of 6 months ended on 30 June 2022 (in thousands of PLN)*

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

Indirect method	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
<b>A. Cash flows on operating activities</b>		
<b>I. Profit (loss) before taxes</b>	<b>8,782</b>	<b>(1,374)</b>
<b>II. Total adjustments</b>	<b>40,001</b>	<b>53,741</b>
1. Depreciation	6,739	6,712
2. (Profit) loss from exchange differences	265	158
3. Interests and share in profit (dividends)	2,381	803
C. Cash flows on financial activities	(103)	(5,312)
5. Change in provisions	(77)	188
6. Change in the volume of stock	32,840	52,511
7. Change in the volume of biological assets	(3,515)	(2,331)
8. Change in the volume of receivables	(2,221)	(8,714)
9. Change in the volume of short-term liabilities except for borrowings and loans	3,259	7,345
X. Change in advances	818	(381)
11. Paid income tax	(1,517)	(158)
12. Change in subsidies	(63)	(55)
13. Change in the amount of interest accrued on borrowings and commissions	3	-
14. Change in other financial assets	648	427
15. Depreciation of CO2 emission rights	600	2,494
16. Other adjustments	(50)	54
<b>III. Net cash flows on operating activities (I+/-II)</b>	<b>48,783</b>	<b>52,367</b>
<b>C. Cash flows on financial activities</b>		
<b>I. Receipts</b>	<b>121</b>	<b>7,985</b>
1. Disposal of intangible assets and property, plant and equipment	104	488
2. Repayment of borrowings	17	5,863
3. Bond proceeds	-	254
4. Sale of shares	-	1,380
<b>II. Expenditure</b>	<b>4,857</b>	<b>6,130</b>
1. Acquisition of intangible assets and property, plant and equipment	4,228	3,633
Purchase of property rights	629	2,197
3. Borrowings granted	-	300
<b>III. C. Cash flows on financial activities</b>	<b>(4,736)</b>	<b>1,855</b>
<b>C. Cash flows on financial activities</b>		
<b>I. Receipts</b>	<b>6,784</b>	<b>13,243</b>
1. Loans and borrowings	6,424	11,714
2. Subsidies	360	1,529
<b>II. Expenditure</b>	<b>87,066</b>	<b>82,298</b>
1. Repayment of loans and borrowings	82,013	79,127
2. Interest on loans and borrowings	2,244	794
3. Acquisition of treasury shares	112	-
4. Payments under lease agreements	2,697	2,377
<b>III. Net cash flows on financial activities (I-II)</b>	<b>(80,282)</b>	<b>(69,055)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>(36,235)</b>	<b>(14,833)</b>
<b>E. Opening balance of cash</b>	<b>41,973</b>	<b>18,350</b>
<b>F. Closing balance of cash (E+/- D)</b>	<b>5,738</b>	<b>3,517</b>
<i>including of restricted use</i>	-	-

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*Interim condensed consolidated financial statements for the  
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PLN)*

**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	126,406	102,503	27,227	22,542
II	Net profit or loss allocated to shareholders of the Parent Company for	5,314	(946)	1,145	208
III	Net comprehensive income allocated to shareholders of the Parent Company for H1	5,337	(939)	1,150	(207)
IV	Net cash flows on operating activities for H1	48,783	52,367	10,508	11,516
V	Net cash flows on investment activities for H1	(4,736)	1,855	(1,020)	408
VI	Net cash flows on financial activities for H1	(80,282)	(69,055)	(17,292)	(15,186)
VII	Net cash flows for H1	(36,235)	(14,833)	(7,805)	(3,262)
VIII	Total assets as of 30/06/2022 and 31/12/2021	288,039	353,489	61,539	76,855
IX	Equity allocated to shareholders of the Parent Company as of 30/06/2022 and 31/12/2021	177,617	171,983	37,947	37,392
X	Profit (loss) per one ordinary share for H1 in PLN/EUR	0.06	(0.01)	0.01	0.00
XI	Book value per share as of 30/06/2022 and 31/12/2021 in PLN/EUR	1.87	1.81	0.40	0.39

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 consolidated statement of financial standing 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 consolidated 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 consolidated statement of comprehensive income and interim condensed consolidated 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 of 2022 and amounts to EUR 1 = PLN 4.6472,
- selected items of the interim condensed consolidated statement of comprehensive income and interim condensed consolidated 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 of 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	5,314	(946)
Weighted average number of shares	95,000,000	95,000,000
Basic net profit (loss) per share (in PLN per one share)	0.06	(0.01)
Net profit (loss) attributable to PEPEES shareholders applied to determine diluted profit per share	5,314	(946)
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)	0.06	(0.01)
Net annualised profit attributable to "PEPEES" S.A. shareholders	3,863	1,447
Weighted average number of shares	95,000,000	95,000,000
Annualised net profit per share (expressed in PLN per share)	0.04	0.02



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## ADDITIONAL EXPLANATORY NOTES

### 1. General information on the Parent Company

<b>Full name:</b>	Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.
<b>Address of registered office:</b>	18-402 Łomża, ul. Poznańska 121 REGON ID: 450096365
<b>NIP ID:</b>	718-10-05-512
<b>Registration body:</b>	District Court in Białystok, 12th Commercial Division of the National Court Register
<b>Number in the register:</b>	000038455
<b>Legal form:</b>	<b>Public Limited Company</b> (Spółka Akcyjna)
<b>Organisational form:</b>	<b>enterprise consisting of one plant</b>
<b>Main objects of the activities pursuant to the divisions of the Polish Classification of Business Activities:</b>	1062Z manufacturing starch and starch products.
<b>Industry:</b>	food
<b>Duration:</b>	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.

## PEPEES CAPITAL GROUP

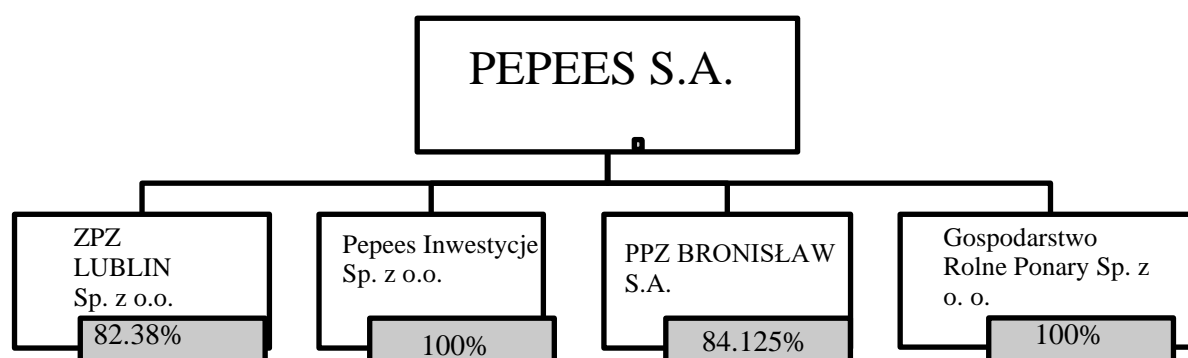
*Interim condensed consolidated financial statements for the period of 6 months ended on 30 June 2022 (in thousands of PLN)*

## 2. Information on reporting periods

The presented interim condensed consolidated 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. Structure of the PEPEES Capital Group

### 3.1. Structure of the PEPEES Capital Group as of 30 June 2022



### 3.2. General information on related parties of the PEPEES Capital Group

In the interim condensed consolidated statements of the PEPEES Capital Group for H1 ended on 30 June 2022, the following related parties were subject to consolidation besides Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.:

Name	Registered office	Objects of operations	Court Registration	Issuer's share in capital (%)	Share in the total number of votes (%)
ZPZ LUBLIN Sp. z o.o.	Lublin	Production and sales of syrup and dried potatoes, processing of fruit and vegetables	District Court in Lublin, 11th Commercial Division of the National Court Register	82.38	82.38
Pepees Inwestycje Sp. z o.o.	Łomża	Purchase and sales of real properties on own account	District Court in Białystok 12th Commercial Division of the National Court Register	100	100
PPZ BRONISŁAW S.A.	Bronisław	Production of starch and starch products	District Court in Bydgoszcz 13th Commercial Division of the National Court	84.125	84.125
Gospodarstwo Rolne Ponary Sp. z o.o.	Łomża	Agriculture combined with husbandry	District Court in Białystok 12th Commercial Division of the National Court Register	100	100

All subsidiaries were subject to consolidation based on the full method.

During the reporting period and until the preparation date hereof, there were no changes in the structure of the Issuer's Capital Group.

## PEPEES CAPITAL GROUP

*Interim condensed consolidated financial statements for the period of 6 months ended on 30 June 2022 (in thousands of PLN)*

### 3.3. Basic financial information on related parties as of 30 June 2022

Basic financial information on related parties as of 30 June 2022 is set out in the table below.

Specification	PPZ BRONISŁAW S.A.	ZPZ LUBLIN Sp. z o.o.	Gospodarstwo Rolne Ponary Sp. z o.o.	PEPEES Inwestycje Sp. z o.o.
Current assets as of 30/06/2022	17,225	8,703	383	68
Fixed assets as of 30/06/2022	43,808	6,076	21,291	-
Short-term liabilities as of 30/06/2022	27,954	8,721	553	-
Long-term liabilities as of 30/06/2022	16,589	2,123	6,350	-
Revenues from sales	35,759	10,775	-	-
Financial result on continued activities	2,317	(724)	41	3
Net financial result on discontinued activities	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	2,317	(724)	41	3

### 3.4. Grounds underlying the interim condensed consolidated financial statements

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

These interim condensed consolidated financial statements were prepared with the going concern assumption as regards the Group's business activities in the foreseeable future. As of the approval date of these interim condensed consolidated 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 Group's continued activities as a going concern.

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

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**4. Approval of the interim condensed consolidated financial statements**

These interim condensed consolidated financial statements were approved for publication by the Management Board of the Parent Company on 22 September 2022.

**5. Significant accounting principles (policy)**

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended on 31 December 2021. The Group has not opted for the early application of any standard, interpretation or amendment published but not yet effective under the EU provisions of law.

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

New standards and interpretations entering into force after the balance sheet date (issued by the "IASB") and approved for use 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 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 results 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

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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 IAS 1 "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),
- Amendments to IFRS 17 "Insurance Agreements" – 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 Management Board is in the process of analysing what impact the above changes will have on the Group's financial statements.

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

These statements do not include any non-recurring items with a significant impact on the Group's assets, liabilities, capital, profit or loss and cash flows.

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

The Group did not correct errors of previous years and did not change during the reporting period such accounting policies as previously applied.

## **9. Explanations related to the seasonality or cyclicity of activities**

The Group 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.

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## 10. Estimations

During the reporting period, the Group 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 created 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 Group recognises deferred income tax assets, assuming that the tax profit will be generated in the future from which the assets could be used.

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

The parent 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 parent company will carry out new impairment tests as of 31/12/2022.

## 11. Acquisition and sale of property, plant and equipment

During the first half of 2022, the Group purchased fixed assets for PLN 4,228 thousand. Purchasing mainly concerned the modernisation of production machinery and equipment.

Fixed assets were sold for PLN 104 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 2021	State as of 30 June 2021
a) materials	8,316	5,790	3,750
b) semi-finished products and work in progress	571	1,128	205
c) finished products	46,830	83,730	48,544
d) goods	8,722	6,835	5,673
<b>Gross value of stock</b>	<b>64,439</b>	<b>97,483</b>	<b>58,172</b>
Revaluation write-offs	(201)	(318)	(485)
<b>Net value of stock</b>	<b>64,238</b>	<b>97,165</b>	<b>57,687</b>

Value of stock recognised as cost in the reporting period amounted to PLN 86,521 thousand (H1 2021 - PLN 83,118 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 thousand, 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

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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 2021	State as of 30 June 2021
Trade receivables	26,554	24,959	26,470
Other receivables	2,863	8,448	1,521
Advances	5,517	515	9,189
<b>Total</b>	<b>34,934</b>	<b>33,922</b>	<b>37,180</b>

TRADE RECEIVABLES (GROSS) - WITH TIME REMAINING PERIOD OF PAYMENT AFTER	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
a) up to 1 month	14,112	15,492	10,880
b) above 1 month and up to 3 months	10,632	3,875	3,155
c) above 3 months and up to 6 months	-	4	6,490
d) above 6 months up to 1 year	-	32	-
e) above 1 year	-	-	-
f) past due receivables	3,318	6,436	6,809
Total (gross) trade receivables	28,062	25,839	27,334
- revaluation write-offs of trade receivables	(1,508)	(880)	(864)
<b>Total (net) trade receivables</b>	<b>26,554</b>	<b>24,959</b>	<b>26,470</b>

Past due receivables, in case of which revaluation write-offs have not been made, are receivables from debtors with which the Group has cooperated for many 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.

## 16. Trade and other short-term liabilities

TRADE AND OTHER LIABILITIES SHORT-TERM	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
- trade liabilities falling due:	20,187	15,916	19,041
- other short-term liabilities	2,853	4,668	3,366
- provisions for remaining liabilities and other charges	3,328	3,527	3,522
<b>Total trade liabilities, other liabilities and provisions therefor</b>	<b>26,368</b>	<b>24,111</b>	<b>25,929</b>

LIABILITIES	State as of 30 June 2022	State as of 31 December 2021	State as of 30 June 2021
- trade liabilities falling due:	20,187	15,916	19,041
- up to 12 months	20,187	15,916	19,041
- overdue more than 180 days	-	-	-

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**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. 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. Borrowings among the Group companies have been excluded from the consolidated financial statements.



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**Long-term and short-term liabilities**

No.	Type of loan	Borrower	Lending bank	Loan amount under an agreement	Amount of loan /borrowing to be repaid	Repayment date
1	Loan on the current account	"Pepees" S.A.	Santander Bank Polska S.A.	4,000	-	31/08/2022
2	Revolving loan	"Pepees" S.A.	Santander Bank Polska S.A.	16,500	6,188	31/08/2022
3	Working capital loan	"Pepees" S.A.	Santander Bank Polska S.A.	17,000	4,250	31/08/2022
4	Loan on the current account	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	4,000	1,929	31/08/2022
5	Revolving loan	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	16,500	4,125	31/08/2022
6	Working capital loan for potato purchase	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	17,000	4,250	31/08/2022
7	Investment loan to finance and refinance the purchase of 100% shares in Gospodarstwo Rolne Ponary Sp. z o.o.	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	10,530	4,513	30/06/2025
8	Procurement working capital loan	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	2,000	414	31/08/2022
9	Procurement working capital loan	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	2,000	163	31/08/2022
10	Revolving loan	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	4,000	1,000	31/08/2022
11	Revolving loan	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	4,000	1,500	31/08/2022
12	Loan on the current account	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	2,000	1,873	31/08/2022
13	Loan on the current account	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	2,000	1,449	31/08/2022
14	Loan on the current account	PPZ Bronisław S.A.	Santander Bank Polska S.A.	700	0	31/08/2022
15	Purchase loan	PPZ Bronisław S.A.	Santander Bank Polska S.A.	9,000	2,249	31/08/2022
16	Revolving loan	PPZ Bronisław S.A.	Santander Bank Polska S.A.	7,300	2,737	31/08/2022
17	Loan on the current account	PPZ Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	700	594	31/08/2022
18	Purchase loan	PPZ Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	8,000	2,000	31/08/2022
19	Working capital loan for potato purchase	PPZ Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	8,300	2,075	31/08/2022
20	Investment loan for the modernisation of a starch dryer and construction of a protein recovery facility	PPZ Bronisław S.A.	BOŚ	8,456	5,168	31/12/2027
<b>Total</b>			<b>PLN</b>	<b>143,986</b>	<b>46,477</b>	

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.

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## 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	For the period of 6 months ended on
Revenues from the sales of products to subsidiaries	682	527
Revenues from sales of goods and materials to subsidiaries	-	-
Revenues from the sales of services	157	158
Revenues from the sales of fixed assets to subsidiaries	16	-
<b>Total revenues from related entities</b>	<b>855</b>	<b>685</b>

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	4,743
Purchase of goods and materials from subsidiaries	156	-
Purchases of services from subsidiaries	53	33
Purchases of fixed assets from subsidiaries	-	-
<b>Total purchases from related entities</b>	<b>7,782</b>	<b>4,776</b>

#### 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	11
Fees on sureties granted	63	66
Fees on sureties received	79	79
<b>Total</b>	<b>207</b>	<b>156</b>

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**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
ZPZ LUBLIN Sp. z o.o.	25	-	-
Receivables – PPZ Bronisław S.A.	2,946	1,195	3,762
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	13	13	13
<b>Balance of settlements with related parties</b>	<b>2,822</b>	<b>1,032</b>	<b>3,580</b>

**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 2022
PPZ BRONISŁAW S.A.	4,700	3,300	3,305
ZPZ "LUBLIN" Sp. z o.o.	1,000	-	-
GR PONARY Sp. z o.o.	553	550	554
<b>Borrowings granted</b>	<b>6,253</b>	<b>3,850</b>	<b>3,859</b>
Write-offs of borrowings	-	-	-
<b>Borrowings in the statement of financial standing</b>	<b>6,253</b>	<b>3,850</b>	<b>3,859</b>

**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		-
<b>Total</b>	<b>1,105</b>	<b>1,191</b>

**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.

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## 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 June 2022	For the period of 12 months ended on 31 December 2021	For the period of 6 months ended on 30 June 2021
Opening balance	1,017	797	797
<b>a) increase (due to)</b>	<b>821</b>	<b>423</b>	<b>388</b>
- establishment for bad debts related to supplies	821	336	388
- establishment for due interest	-	2	-
- establishment for receivables claimed in litigation	-	85	-
<b>b) decrease (due to)</b>	<b>172</b>	<b>203</b>	<b>58</b>
- dissolution of provisions due to payment	172	196	58
- cancellation	-	7	-
<b>Closing balance of write-offs, including:</b>	<b>1,666</b>	<b>1,017</b>	<b>1,127</b>

### 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 on 31 December 2021	For the period of 6 months ended on 30 June 2021
Opening balance	318	304	304
<b>a) increase (due to)</b>	<b>178</b>	<b>761</b>	<b>464</b>
- write-offs to net realisable value	178	761	464
- impairment revaluation write-off of materials	-	-	-
<b>b) decrease (due to)</b>	<b>295</b>	<b>747</b>	<b>283</b>
- uses	-	-	-
- reversals of write-offs	295	747	283
<b>Closing balance of revaluation write-offs of stock</b>	<b>201</b>	<b>318</b>	<b>485</b>

### 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 on 31 December 2021	For the period of 6 months ended on 30 June 2021
<b>a) opening balance</b>	<b>3,533</b>	<b>3,682</b>	<b>3,682</b>
- retirement severance payments	703	729	729
- jubilee awards	2,830	2,953	2,953
<b>b) Increase (due to)</b>	<b>152</b>	<b>236</b>	<b>400</b>
- retirement severance payments	5	24	13
- jubilee awards	147	212	387

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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 on 31 December 2021	For the period of 6 months ended on 30 June 2021
<b>c) use (due to)</b>	<b>272</b>	<b>330</b>	<b>181</b>
- retirement severance payments	33	33	23
- jubilee awards	239	297	158
<b>d) dissolution (due to)</b>	<b>23</b>	<b>55</b>	<b>-</b>
- retirement severance payments	3	17	-
- jubilee awards	20	38	-
<b>d) closing balance</b>	<b>3,390</b>	<b>3,533</b>	<b>3,901</b>
- retirement severance payments	672	703	719
- jubilee awards	2,718	2,830	3,182

## 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 on 31 December 2021	For the period of 6 months ended on 30 June 2021
<b>a) opening balance</b>	<b>3,527</b>	<b>3,772</b>	<b>3,772</b>
- 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 holiday remuneration	800	715	715
- provision for used CO2 emission rights	2,429	2,283	2,283
- bonuses for the Management Board and employees	30	533	533
<b>b) increase (due to)</b>	<b>1,003</b>	<b>3,380</b>	<b>2,816</b>
- provision for used CO2 emission rights	264	2,226	1,744
- fee for using the natural environment	26	92	37
- provisions for holiday remuneration	313	493	582
- provisions for benefits performed by counterparties	31	95	9
- bonuses for the Management Board and employees	368	474	444
- other	1		
<b>c) use (due to)</b>	<b>1,202</b>	<b>3,625</b>	<b>3,066</b>
- fee for using the natural environment	71	125	109
- provisions for holiday remuneration	-	408	328
- provision for used CO2 emission rights	1,014	2,080	2,080
- provisions for benefits performed by counterparties	87	35	16
- bonuses for the Management Board and employees	30	977	533
<b>d) closing balance</b>	<b>3,328</b>	<b>3,527</b>	<b>3,522</b>
- 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	1,113	800	969
- bonuses for the Management Board and employees	368	30	444

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<b>CHANGE IN SHORT-TERM PROVISIONS (BY TITLE)</b>	<b>For the period of 6 months ended on 30 June 2022</b>	<b>For the period of 12 months ended on 31 December 2021</b>	<b>For the period of 6 months ended on 30 June 2021</b>
- provisions for benefits performed by counterparties	30	86	19
- other	1	-	-

## 22. Deferred income tax

<b>DEFERRED INCOME TAX PROVISIONS</b>	<b>State as of 30 June 2022</b>	<b>State as of 31 December</b>	<b>State as of 30 June 2021</b>
Difference between the balance sheet value and tax value of plant, property and equipment	5,273	5,545	5,817
Valuation of investments	693	693	662
Unrealised foreign exchange differences	6	4	1
Due interest not received	-	-	5
Other	-	-	12
<b>Total deferred income tax provisions</b>	<b>5,972</b>	<b>6,242</b>	<b>6,497</b>

<b>DEFERRED INCOME TAX ASSETS</b>	<b>State as of 30 June 2022</b>	<b>State as of 31 December</b>	<b>State as of 30 June 2021</b>
Unpaid remuneration	142	144	146
Provision for unused holiday leaves	211	152	183
Retirement benefits and jubilee bonuses	645	672	741
Unrealised foreign exchange differences	47	121	68
Revaluation write-offs of receivables	13	16	-
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
Consolidation adjustments – retained earnings	119	(15)	(3)
Provision for bonuses for the Management Board and employees	70	6	84
Depreciation of CO2 emission rights	319	462	370
Valuation of assets	2,297	2,330	2,352
Tax loss	923	1,368	957
Other	14	124	13
<b>Total</b>	<b>5,610</b>	<b>6,372</b>	<b>6,186</b>

## 23. Contingent assets and liabilities

<b>CHANGE IN CONTINGENT ASSETS (BY TITLE)</b>	<b>For the period of 6 months ended on 30 June 2022</b>	<b>For the period of 12 months ended 31 December 2021</b>	<b>For the period of 6 months ended on 30 June 2021</b>
<b>a) opening balance, including</b>	<b>15,795</b>	<b>15,795</b>	<b>15,795</b>
- surety of investment loan by GR PONARY	15,795	15,795	15,795
<b>b) increase (due to)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) closing balance, including</b>	<b>15,795</b>	<b>15,795</b>	<b>15,795</b>
- surety of investment loan by GR PONARY	15,795	15,795	15,795

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<b>CHANGE IN CONTINGENT LIABILITIES (BY TITLE)</b>	<b>For the period of 6 months ended on 30 June 2022</b>	<b>For the period of 12 months ended 31 December 2021</b>	<b>For the period of 6 months ended on 30 June 2021</b>
<b>a) opening balance, including</b>	<b>14,449</b>	<b>32,481</b>	<b>32,481</b>
- liabilities under non-compete agreements	1,765	1,563	1,563
- sureties of loans for related companies	12,684	30,918	30,918
<b>b) increase (due to)</b>	<b>15</b>	<b>202</b>	<b>29</b>
- liabilities under non-compete agreements	15	202	29
- sureties of loans for related companies	-	-	-
<b>c) dissolution</b>	<b>39</b>	<b>18,234</b>	<b>18,234</b>
- liabilities under non-compete agreements	39	-	-
- loan surety	-	18,234	18,234
<b>d) closing balance, including</b>	<b>14,425</b>	<b>14,449</b>	<b>14,276</b>
- liabilities under non-compete agreements	1,741	1,765	1,592
- sureties of loans for related companies	12,684	12,684	12,684

## **24. Issue, redemption and repayment of non-equity and equity securities**

No issue, redemption and repayment of non-equity or equity securities occurred 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 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).

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.

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**25. Reporting on segments of activities****25.1. Information about products and services**

The PEPEES Capital Group has distinguished three segments, that is to say "potato processing," "agricultural production combined with animal breeding" and "purchase and sale of real property on own account."

The PEPEES Capital Group operates mainly in the "potato processing" segment. In this segment, it manufactures:

- 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 potatocell 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,
- potato grits, potato flakes, potato cubes and dumplings; products used by the food industry.

The other types of activities are related to:

- works and services,
- sale of selected goods and materials,
- growing and sale of annual plants.
- purchase and sales of real property on own account (Pepees Inwestycje Sp. z o.o.)

All assets and liabilities of Gospodarstwo Rolne Ponary Sp. z o.o. are allocated to "agricultural production combined with animal breeding."

Due to the fact, that in 2022 Ponary company did not generate in H1 any revenues from sales, the segment of "agricultural production with animal breeding" was not separated in revenues and results of the segments. As regards the value of land owned by Ponary, the third segment of this activity was separated in these financial statements only for the purpose of presenting its assets and liabilities.



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**25.2 Revenues and results of the segments**

Specification completed	Revenues		Profit	
	For the period of 6 months on 30 June 2022	For 6 months ended on 30 June 2021	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
Potato processing	126,413	101,361	11,088	(6,411)
- of which between the segments	7	7	-	-
Production of electricity (discontinued activities)	-	1,264	-	(184)
- of which between the segments	-	115	-	-
<b>Total revenues from sales</b>	<b>126,406</b>	<b>102,503</b>	<b>11,088</b>	<b>(6,595)</b>
Other operating revenue			392	2,419
Other operating costs			(1,100)	(409)
Profit (loss) on the disposal of a subsidiary			-	5,029
Financial revenue			1,656	20
Financial costs			(3,254)	(1,838)
<b>Profit (loss) before tax</b>			<b>8,782</b>	<b>(1,374)</b>

**25.3 Assets and liabilities of the segments**

Assets of the segments	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
Potato processing	284,228	350,058	282,821
Agricultural production combined with animal breeding	3,761	3,360	3,018
Purchase and sale of real properties on own account	50	71	61
<b>Total assets of segments</b>	<b>288,039</b>	<b>353,489</b>	<b>285,900</b>

Liabilities of the segments	State as of 30 June 2022	State as of 31 December	State as of 30 June 2021
Potato processing	107,111	178,436	109,143
Agricultural production combined with animal breeding	-	-	-
Purchase and sales of real properties on own account	-	-	-
<b>Total liabilities of the segments</b>	<b>107,111</b>	<b>178,436</b>	<b>109,143</b>

**25.4 Other information on the segments**

Segment	Depreciation		Increase in non-current assets	
	For the period of 6 months ended on 30 June 2022	For the 6 months ended on 30 June 2021	For the period of 6 months ended on 30 June 2022	For the period of 6 months ended on 30 June 2021
Potato processing	6,739	6,479	4,228	3,633
Production of electricity (discontinued activities)	-	233	-	-
<b>Total activities continued</b>	<b>6,739</b>	<b>6,712</b>	<b>4,228</b>	<b>3,633</b>

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## 25.5 Revenues by products

Product name	For the period of 6 months ended on	For the period of 6 months ended on 30 June 2021
Starch	66,739	57,982
Protein	6,926	5,416
Glucose	12,097	6,696
Maltodextrin	11,427	9,583
Starch syrups	3,797	2,644
Dried potatoes (grits, flakes, cubes)	16,747	8,182
Electricity	-	188
Property rights (electricity and heat)	-	397
Goods and materials	8,220	10,893
Services	453	522
<b>Total</b>	<b>126,406</b>	<b>102,503</b>

## 25.6 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
<b>Poland, including</b>	<b>78,900</b>	<b>68,578</b>
Starch	34,232	33,674
Protein	4,219	3,601
Glucose	10,297	5,323
Maltodextrin	8,235	6,494
Starch syrups	3,796	2,644
Dried potatoes (grits, flakes, cubes)	11,737	6,805
Electricity	-	188
Property rights (electricity and heat)	-	397
Goods and materials	5,931	8,930
Services	453	522
<b>EU countries – intra-Community supplies, including:</b>	<b>8,145</b>	<b>7,082</b>
Starch	3 377	3,132
Protein	934	857
Maltodextrin	1,570	1,607
Glucose	1,598	352
Starch syrups	1	-
Dried potatoes (grits, flakes, cubes)	665	849
Goods	-	285
<b>Other countries – exports</b>	<b>39,361</b>	<b>26,843</b>
Starch	29,129	21,176
Protein	1 773	958
Glucose	202	1,021
Maltodextrin	1,622	1,482
Dried potatoes (grits, flakes, cubes)	4,345	528
Goods	2,290	1,678
<b>Total</b>	<b>126,406</b>	<b>102,503</b>

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**25.7 Information about key customers**

The Group has no customer whose revenues from sales exceed 10% of total revenues. 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).

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

The Capital Group companies did not pay dividends during the reporting period. The management boards of the companies did not declare or propose dividends from the 2022 profit distribution.

**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 Group's consolidated 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, 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 consolidated 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 Group's contract and demand. In addition, according to information provided by representatives of the Government of the Republic of Poland (RP) at the conference on 26 April 2022, gas storage facilities in Poland are 76% full, and the Government of the Republic of Poland has already taken steps to diversify gas supplies to Poland and to source gas from various directions.

All the Group's 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 Group 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 still occurs with varying degrees of severity in respective countries and Covid pandemic periods, 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 Group companies.

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

### **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.

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.

Detailed information on weekly share acquisition transactions received as regards the acquisition of treasury shares after the balance sheet date, is 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%
	<b>186,487</b>		<b>261,827.18</b>	<b>186,487</b>	<b>0.196%</b>

### 32. Approval of the interim condensed consolidated financial statements

These Interim Condensed Consolidated Financial Statements of the PEPEES Group 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 THE MANAGEMENT BOARD MEMBERS OF THE PARENT

COMPANY President of the Management Board – Wojciech Faszczeński

Member of the Management Board – Tomasz Rogala

SIGNATURE OF THE PERSON WHO PREPARED THE

REPORT Deputy Chief Accountant – Małgorzata Kordas