



# **CONSOLIDATED QUARTERLY REPORT OF THE PEPEES CAPITAL GROUP**

**for Q1 ended on 31 March 2023**

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 3 months ended on 31 March 2023*  
*(data in thousands of PLN)*

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## INTRODUCTION

**1. The Consolidated Quarterly Report of the PEPEES Capital Group for the Q1 ended on 31 March 2023 includes:**

- A. Selected financial results of the PEPEES Capital Group.
- B. Interim condensed consolidated financial statements of the PEPEES Group for the 3-month period ended 31 March 2023.
- C. Interim condensed financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża for the period of 3 months ended on 31 March 2023.
- D. Additional information.
- E. Management Board's Statement on the consistency and reliability of the preparation of the interim condensed consolidated financial statements of the PEPEES Capital Group and the interim condensed financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża.

**2. Period covered by the statements and comparable data:**

Interim condensed consolidated financial statements

- The interim condensed consolidated financial statements of the PEPEES Capital Group cover the following periods: three months ended on 31 March 2023 and three months ended on 31 March 2022.
- For the data presented in the interim condensed consolidated statement of financial standing, comparable financial data was presented as of 31 December 2022 and as of 31 March 2022.
- For the data presented in the interim condensed consolidated statement of profit or loss and other comprehensive income, comparable financial data is presented for the period from 1 January 2022 to 31 March 2022.
- For the data presented in the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement, comparable financial data was presented for the period from 1 January 2022 to 31 March 2022.

The interim condensed financial statements of Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” Spółka Akcyjna in Łomża

- The interim condensed financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża cover the following period: three months ended on 31 March 2023 and three months ended 31 March 2022.
- For the data presented in the interim condensed statement of financial standing, comparable financial data was presented as of 31 December 2022 and 31 March 2022.
- For the data presented in the interim condensed statement of profit or loss and other comprehensive income, comparable financial data is presented for the period from 1 January 2022 to 31 March 2022.
- For the data presented in the interim condensed statement of changes in equity and the interim condensed cash flow statement, comparable financial data was presented for the period from 1 January 2022 to 31 March 2022.

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**3. Explanation of terms used in the organisation of the PEPEES Capital Group  
PEPEES**

As of 31 March 2023, the PEPEES Capital Group included the following companies:

- Przedsiębiorstwo Przemysłu Spożywczego PEPEES Spółka Akcyjna, with its registered office in Łomża  
- Parent Company;
- Zakłady Przemysłu Ziemniaczanego "LUBLIN" Spółka z ograniczoną odpowiedzialnością, with its registered office in Lublin – subsidiary;
- Pepees Inwestycje Spółka z ograniczoną odpowiedzialnością, with its registered office in Łomża – subsidiary;
- Przedsiębiorstwo Przemysłu Ziemniaczanego "BRONISŁAW" Spółka Akcyjna, with its registered office in Bronisław – subsidiary;
- Gospodarstwo Rolne Ponary Spółka z ograniczoną odpowiedzialnością, with its registered office in Łomża –  
- subsidiary;

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**A. SELECTED FINANCIAL DATA OF THE PEPEES CAPITAL GROUP**

The PEPEES Capital Group's selected financial data for the period of 3 months ended on 31 March 2023 and 2022 presents itself as follows:

No.	SELECTED FINANCIAL DATA  Year	IN THOUSANDS OF PLN		IN THOUSANDS OF EUR	
		2023	2022	2023	2022
I	Total revenues from sales for Q1	61,387	64,315	13,060	13,840
II	Net profit or loss allocated to the shareholders of the Parent Company for Q1	4,195	3,813	892	820
III	Net cash flows on operating activity for Q1	30,768	29,522	6,546	6,353
IV	Net cash flows on investment activity for Q1	(3,086)	(2,308)	(657)	497
V	Net cash flows on financial activity for Q1	(50,045)	(39,432)	(10,647)	(8,485)
VI	Total net cash flows for Q1	(22,363)	(12,218)	(4,758)	(2,629)
VII	Total assets as at 31/03/2023 and 31/12/2022	328,122	376,014	70,179	80,175
VIII	Equity allocated to the shareholders of the Parent Company as of 31/03/2023 and 31/12/2022	186,327	183,219	39,852	39,067
IX	Total profit (loss) per one ordinary share for Q1 in PLN/EUR	0.05	0.04	0.01	0.01
X	Book value per share as of 31/03/2023 and 31/12/2022 in PLN/EUR	1.96	1.93	0.42	0.41

Data presented in lines: VII, VIII and X, in columns "2023" and "2022" is as of as of 31 March 2023 and 31 December 2022.

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

- selected items of the statement of the financial standing as of 31/03/2023 according to the mean exchange rate applicable on the balance sheet date equal to EUR 1 = PLN 4.6755,
- selected items of the statement of the financial standing as of 31/12/2022 according to the mean exchange rate applicable on the balance sheet date equal to EUR 1 = PLN 4.6899,
- selected items of the statement of comprehensive income and cash flow statement for the period from 1 January 2023 to 31 March 2023 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 Q1 of 2023 and amounts to EUR 1 = PLN 4.7005,
- selected items of the statement of comprehensive income and cash flow statement for the period from 1 January 2022 to 31 March 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 Q1 of 2022 and amounts to EUR 1 = PLN 4.6472.

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Profit (loss) per share for the three months ended on 31 March 2023 and 2022  
is presented in the table below:

Specification	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
Net profit (loss) attributable to PEPEES shareholders	4,195	3,813
Weighted average number of shares	95,000,000	95,000,000
Basic net profit (loss) per share (in PLN per one share)	0.04	0.04
Net profit (loss) attributable to PEPEES shareholders applied to determine diluted profit per share	4,195	3,813
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)	0.04	0.04
Net annualised profit attributable to PEPEES shareholders	10,977	(566)
Weighted average number of shares	95,000,000	95,000,000
Annualised net profit per share (expressed in PLN per share)	0.12	(0.01)

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**B. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE PEPEES CAPITAL GROUP FOR THE 3-MONTH PERIOD ENDED ON 31 MARCH 2023**

presented below, comprising:

1. Interim condensed consolidated statement of financial standing.
2. Interim condensed consolidated statement of profit and loss and other comprehensive income.
3. Interim condensed consolidated statement of changes in equity.
4. Interim condensed consolidated cash flow statement.
5. Additional explanatory notes.

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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL STANDING

No.	ASSETS	State as of 31 March	State as of 31 December	State as of 31 March
<b>A.</b>	<b>(Long-term) fixed assets</b>	<b>171,071</b>	<b>171,231</b>	<b>173,092</b>
1	Plant, property and equipment	150,458	151,327	151,886
2	Intangible assets	202	644	208
3	Rights to assets	13,035	11,248	11,721
4	Investment properties	561	563	571
5	Goodwill	1,320	1,320	1,320
6	Investments in other entities	383	383	383
7	Deferred income tax assets	5,112	5,746	7,003
<b>B.</b>	<b>(Short-term) current assets</b>	<b>157,051</b>	<b>204,783</b>	<b>146,126</b>
1	Stock	83,981	104,817	75,777
2	Biological assets	449	326	760
3	Trade receivables and other short-term receivables	30,403	35,059	32,709
4	Current income tax receivables	1	1	-
5	Other financial assets	6,893	6,893	7,125
6	Cash and cash equivalents	35,324	57,687	29,755
	<b>Total assets</b>	<b>328,122</b>	<b>376,014</b>	<b>319,218</b>

No.	LIABILITIES	State as of 31 March	State as of 31 December	State as of 31 March
<b>A.</b>	<b>Equity</b>	<b>189,843</b>	<b>186,534</b>	<b>179,270</b>
<b>I</b>	<b>Equity allocated to shareholders of the Company</b>	<b>186,327</b>	<b>183,219</b>	<b>175,984</b>
1	Share capital	5,700	5,700	5,700
2	Share premium	7,562	7,562	7,562
3	Treasury shares	(1,697)	(224)	(111)
4	Revaluation capital	31,050	31,050	31,027
5	Retained earnings	143,712	139,131	131,806
<b>II</b>	<b>Non-controlling shares</b>	<b>3,516</b>	<b>3,315</b>	<b>3,286</b>
<b>B.</b>	<b>Liabilities</b>	<b>138,279</b>	<b>189,480</b>	<b>139,948</b>
<b>I.</b>	<b>Long-term liabilities</b>	<b>33,539</b>	<b>35,526</b>	<b>35,160</b>
1	Loans and borrowings	5,509	6,508	7,927
2	Liabilities due to assets under lease	16,104	17,648	16,062
3	Deferred income tax provision	6,424	6,518	6,107
4	Liabilities related to retirement benefits and similar ones	2,878	2,878	3,005
5	Subsidies	1,947	1,974	2,059
6	Other long-term liabilities	677	-	-
<b>II.</b>	<b>Short-term liabilities</b>	<b>104,740</b>	<b>153,954</b>	<b>104,788</b>
1	Trade and other short-term liabilities	15,134	22,881	23,277
2	Current income tax liabilities	4,417	3,032	499
3	Loans and borrowings	80,169	122,713	75,707
4	Liabilities due to assets under lease	4,501	4,809	4,777
5	Liabilities related to retirement benefits and similar ones	519	519	528
	<b>Total liabilities</b>	<b>328,122</b>	<b>376,014</b>	<b>319,218</b>

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

No.	Specification	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
<b>I</b>	<b>Revenues from sales</b>	<b>61,387</b>	<b>64,315</b>
<b>II</b>	<b>Own cost of sales</b>	<b>(40,585)</b>	<b>(45,619)</b>
<b>III</b>	<b>Gross profit from sales (I-II)</b>	<b>20,802</b>	<b>18,696</b>
1	Costs of sales and marketing	(2,864)	(3,702)
2	Overheads	(8,981)	(8,575)
3	Other operating revenue	22	146
4	Other operating costs	(80)	(273)
<b>IV</b>	<b>Profit (loss) on operating activities</b>	<b>8,899</b>	<b>6,292</b>
1	Financial costs	(2,981)	(1,603)
2	Financial revenue	1,226	86
<b>V.</b>	<b>Profit (loss) before tax</b>	<b>7,144</b>	<b>4,775</b>
	Income tax	(2,750)	(746)
<b>VI</b>	<b>Net profit (loss) on continued operations</b>	<b>4,394</b>	<b>4,029</b>
	<b>Net profit (loss) on discontinued activities</b>	<b>-</b>	<b>-</b>
	<b>Net profit (loss), including:</b>	<b>4,394</b>	<b>4,029</b>
	- allocated to shareholders of the parent company	4,195	3,813
	- allocated to non-controlling interests	199	216
<b>VII</b>	<b>Other comprehensive income</b>		<b>-</b>
<b>VIII</b>	<b>Total comprehensive income, including</b>	<b>4,394</b>	<b>4,029</b>
	- allocated to shareholders of the parent company	4,195	3,813
	- allocated to non-controlling interests	199	216
<b>IX</b>	<b>Net profit (loss) per 1 ordinary share</b>	<b>0.05</b>	<b>0.04</b>
	- on continued operations	0.05	0.04
	- on discontinued operations	0.00	0.00
<b>IX</b>	<b>Diluted profit (loss) per 1 ordinary share</b>	<b>0.05</b>	<b>0.04</b>
	- on continued operations	0.05	0.04
	- on discontinued operations	0.00	0.00

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## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Specification	Share capital	Share premium	Treasury shares	Revaluation capital	Retained earnings	Total equity attributable to shareholders of the Parent Company	Non-controlling shares	Total equity
State as of 1 January 2022	5,700	7,562	-	31,027	127,694	171,983	3,070	175,053
Changes in Q1 2022	-	-	(111)	-	4,112	4,001	216	4,217
Net profit	-	-	-	-	3,813	3,813	216	4,029
Comprehensive income	-	-	-	-	3,813	3,813	216	4,029
Purchase of treasury shares	-	-	(111)	-	-	(111)	-	(111)
Other consolidation adjustments	-	-	-	-	299	299	-	299
State as of 31 March 2022	5,700	7,562	(111)	31,027	131,806	175,984	3,286	179,270
State as of 1 January 2022	5,700	7,562	-	31,027	127,694	171,983	3,070	175,053
Changes in the period from 01/01/2022 to 31/12/2022	-	-	(224)	23	11,437	11,236	245	11,481
Net profit	-	-	-	-	10,595	10,595	248	10,843
Other comprehensive income	-	-	-	23	-	23	-	23
Comprehensive income	-	-	-	23	10,595	10,618	248	10,866
Purchase of treasury shares	-	-	(224)	-	-	(224)	-	(224)
Other consolidation adjustments	-	-	-	-	842	842	3	839
State as of 31 December 2022	5,700	7,562	(224)	31,050	139,131	183,219	3,315	186,534
State as of 1 January 2023	5,700	7,562	(224)	31,050	139,131	183,219	3,315	186,534
Changes in Q1 2023	-	-	(1,473)	-	4,581	3,108	201	3,309
Net profit	-	-	-	-	4,195	4,195	199	4,394
Comprehensive income	-	-	-	-	4,195	4,195	199	4,394
Purchase of treasury shares	-	-	(1,473)	-	-	(1,473)	-	(1,473)
Other consolidation adjustments	-	-	-	-	386	386	2	388
State as of 31 March 2023	5,700	7,562	(1,697)	31,050	143,712	186,327	3,516	189,843

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**INTERIM                      CONDENSED                      CONSOLIDATED CASH FLOW**  
**STATEMENT**

Indirect method	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
<b>A. Cash flows on operating activities</b>		
<b>I. Profit (loss) before taxes</b>	<b>7,144</b>	<b>4,775</b>
<b>II. Total adjustments</b>	<b>23,624</b>	<b>24,747</b>
1. Depreciation	3,356	3,298
2. (Profit) loss from exchange differences	(74)	199
3. Interests and share in profit (dividends)	2 552	1,143
C. Cash flows on financial activities	(594)	3
5. Change in provisions	15	(7)
6. Change in the volume of stock	20,836	21,388
7. Change in the volume of biological assets	(123)	(200)
8. Change in the volume of receivables	3,642	1,448
9. Change in the volume of short-term liabilities except for borrowings and loans	(7,070)	(1,400)
10. Change in advances	1,287	(390)
11. Paid income tax	339	(1,029)
12. Change in subsidies	27.	(38)
13. Change in the amount of interest accrued on borrowings and commissions	(7)	4
14. Change in other financial assets	257	(4)
15. Change in rights to assets	(1,659)	324
16. Amortisation of CO2 rights	1,582	-
17. Other adjustments	(10)	14
<b>III. Net cash flows on operating activities (I+/-II)</b>	<b>30,768</b>	<b>29,522</b>
<b>C. Cash flows on financial activities</b>		
<b>I. Receipts</b>	<b>384</b>	<b>-</b>
1. Disposal of intangible assets and property, plant and equipment	384	-
2. Repayment of borrowings	-	-
<b>II. Expenditure</b>	<b>3,470</b>	<b>2,308</b>
1. Acquisition of intangible assets and property, plant and equipment	2,315	1,679
Purchase of property rights	1,155	629
3. Borrowings granted	-	-
<b>III. C. Cash flows on financial activities</b>	<b>(3,086)</b>	<b>(2,308)</b>
<b>C. Cash flows on financial activities</b>		
<b>I. Receipts</b>	<b>2,826</b>	<b>1,493</b>
1. Loans and borrowings	2,826	1,173
2. Subsidies	-	320
<b>II. Expenditure</b>	<b>52,871</b>	<b>40,925</b>
1. Repayment of loans and borrowings	46,597	38,513
2. Interest on loans and borrowings	2,543	1,114
3. Acquisition of treasury shares	1,675	111
4. Payments under lease agreements	2,056	1,187
<b>III. Net cash flows on financial activities (I-II)</b>	<b>(50,045)</b>	<b>(39,432)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>(22,363)</b>	<b>(12,218)</b>
<b>E. Opening balance of cash</b>	<b>57,687</b>	<b>41,973</b>
<b>F. Closing balance of cash (E+/- D)</b>	<b>35,324</b>	<b>29,755</b>
including of restricted use	-	-

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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>	Public Limited Company (Spółka Akcyjna)
<b>Organisational form:</b>	enterprise consisting of one plant
<b>Main objects of the operations according 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 31 March 2023:

Wojciech Faszczyński	President of the Management Board
Tomasz Rogala	Member of the Management Board.

#### Members of the Supervisory Board as of 31 March 2023:

Maciej Kaliński	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 31 December 2023:

Maciej Kaliński	Chairperson of the Audit Committee
Jacek Okoński	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.

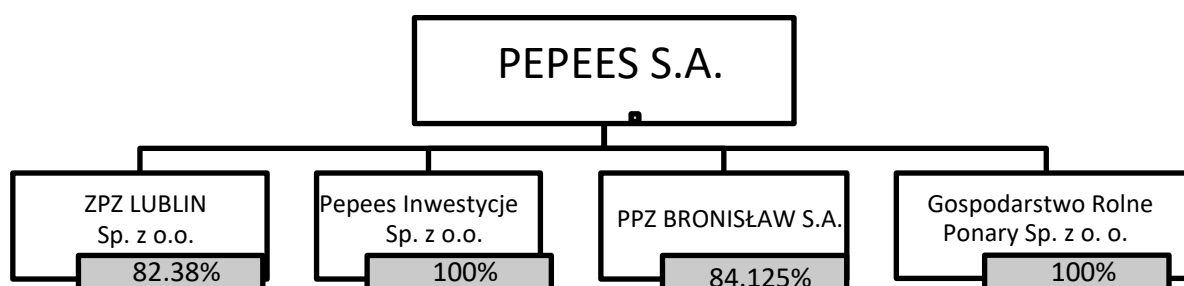
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## 2. Information on reporting periods

The presented interim consolidated financial statements cover the period from 1 January 2023 to 31 March 2023, while comparable financial data and explanatory notes cover the period from 1 January 2022 to 31 March 2022 and additionally as of 31 December 2022 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 31 March 2023



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

In the Consolidated Quarterly Report of the PEPEES Capital Group for Q1 ended on 31 March 2023, apart from Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., the following related parties were subject to consolidation:

Name	Registered office	Object of operations	Registration Court	Issuer's share in capital (%)	Share in the total number of votes (%)
ZPZ LUBLIN Sp. z o.o.	Lublin	Production and sale of potato 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 13 th Commercial Division of the National Court Register	84.125	84.125
Gospodarstwo Rolne Ponary Sp. z o. o.	Łomża	Agriculture combined with animal breeding	District Court in Białystok 12th Commercial Division	100	100

All the 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.

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### 3.3. Basic financial information on related parties as of 31 March 2023

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 31/03/2023	24,483	11,219	144	58
Fixed assets as of 31/03/2023	44,811	6,022	21,290	-
Short-term liabilities as of 31/03/2023	36,477	10,469	301	1
Long-term liabilities as of 31/03/2023	15,958	2,005	5,806	-
Revenues from sales	13,537	6,350	-	-
Financial result on continued activities	373	796	28	(1)
Net financial result on discontinued activities	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	373	796	28	(1)

### 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.

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 operations 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 operations 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 2022.

## 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 19 May 2023.

## 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 2022. 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.

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**6. Unusual items with a significant impact on assets, liabilities, capital, financial result and cash flows**

There are no unusual items herein that have a significant impact on assets, liabilities and capital.

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

The Group did not change its accounting policies or correct any errors of previous years during the reporting period.

**8. Explanations related to the seasonality or cyclicity of operations**

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.

**9. 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 related to failure to receive payments from recipients.

Provisions for retirement benefits and anniversary awards were created on the basis of actuarial calculations as of 31/12/2022.

The revaluation of provisions for unused holidays was made on the basis of expected salaries of employees together with mark-ups charged to the employer for holidays unused as of 31/03/2023.

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.

Each year, the Group verifies adopted useful lives of fixed assets and intangible assets. The last update took place as of 31 December 2022.

**10. Acquisition and sale of property, plant and equipment**

During Q1 2023, the Group purchased fixed assets for PLN 2,315 thousand.

The purchases mainly concerned the modernisation of production machinery and equipment.

During the first quarter of 2023, the Group sold fixed assets for PLN 384 thousand.

**11. Material commitments made for the purchase of fixed assets**

During the first quarter of 2023, no loan agreements were entered into for the purchase of fixed assets.

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## 12. Stock

STOCK	State as of 31 March 2023	State as of 31 December	State as of 31 March 2022
a) materials	8,046	9,243	7,991
b) semi-finished products and work in progress	358	441	1,133
c) finished products	68,124	89,915	60,148
d) goods	7,494	5,735	6,622
<b>Gross value of stock</b>	<b>84,022</b>	<b>105,334</b>	<b>75,894</b>
Revaluation write-offs	(41)	(517)	(117)
<b>Net value of stock</b>	<b>83,981</b>	<b>104,817</b>	<b>75,777</b>

Value of stock recognised as cost in the reporting period amounted to PLN 37,679 thousand (Q1 2022 – PLN 44,767 thousand).

## 13. Biological assets

Plant assets	State as of 31 March 2023	State as of 31 December 2022	State as of 31 March 2022
Biological assets	449	326	760
<b>Total</b>	<b>449</b>	<b>326</b>	<b>760</b>

From March 2014, "PEPEES" S.A. has been leasing an agricultural farm in Roje, from October 2021 – agricultural land in Krzekoty, and from March 2023 – additional land in Wrzosey. All the three farms listed have been sown with seeds of annual plants. Costs related to the purchase of seeds and growing them in Q1 2023 amount to PLN 3,713 thousand, whereas revenues from agricultural activities – PLN 1,060. Biological assets were presented in the statement at fair value.

## 14. Trade receivables

TRADE RECEIVABLES (GROSS) – WITH TIME REMAINING PERIOD OF PAYMENT AFTER THE BALANCE SHEET	State as of 31 March 2023	State as of 31 December 2022	State as of 31 March 2022
a) up to 1 month	16,473	14,996	15,073
b) above 1 month and up to 3 months	2,965	5,537	6,517
c) above 3 months and up to 6 months	24	18	752
d) above 6 months up to 1 year	-	-	-
e) above 1 year	-	-	-
f) past due receivables	4,847	5,790	4,085
Total trade receivables (gross)	24,309	26,341	26,427
- revaluation write-offs of trade receivables	(1,039)	(1,068)	(801)
<b>Total trade receivables (net)</b>	<b>23,270</b>	<b>25,273</b>	<b>25,626</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 3 months. There are no receivables past due more than 180 days not covered by a revaluation write-off.

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## 15. Trade liabilities

LIABILITIES	State as of 31 March 2023	State as of 31 December 2022	State as of 31 March 2022
- trade liabilities falling due:	8,424	14,862	14,915
- up to 12 months	8,424	14,862	14,915
- overdue more than 180 days	-	-	-

## 16. Settlements resulting from litigations

On 25/06/2019, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. filed an action to the court of law, asking to have a decision issued whether EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, the Company's shareholder having, pursuant to information known to the Company – 27,714,832 shares, due to the breach of the notification obligation related to the purchase of significant packages of shares in compliance with Article 89(1)(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, has lost and cannot exercise the voting rights attached to 21,402,233 shares. Epsilon FIZ AN is of a contrary opinion, claiming that is entitled to the right to vote in relation to 27,714,832 shares accounting for 29.17% of the total number of votes at the AGM. The case was joined by the Chairperson of the Polish Financial Supervision Authority, who presented his opinion on 24 July 2019. The Company discussed the issue in current reports 13/2019, 14-23/2019 and 30/2019.

On 21/04/2023, the District Court in Białystok has issued a ruling establishing that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which is a shareholder of the Company, has lost and may not exercise its voting rights from 21,402,233 ordinary bearer shares. This ruling is not final and non-revisable, as the Issuer reported in current report No. 7/2023.

As of the date hereof, 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 determination of the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid four resolutions adopted on 29 June 2021 by the Annual General Meeting, i.e. Resolution No. 4 on the consideration and approval of the Company's financial statements for the period from 01/01/2020 to 31/12/2020, Resolution No. 9 on the appropriation of the Company's net profit for the financial year of 2020, and Resolutions No. 10 and 11 on the acknowledgement of fulfilment of obligations by the Company's Management Board Members. The litigation is 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 adopted on 14 April 2022 by the

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Annual General Meeting on: consideration and approval of the Company's financial statements for the period from 01/01/2021 to 31/12/2021, consolidated report, report on the Company's activities, appropriation of the Company's net profit for the financial year of 2021, acknowledgement of fulfilment of obligations by the Company's Management Board Members, appointment of 2 Supervisory Board Members, purchase of treasury shares and creation of reserve capital. 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.

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. As for all receivables in litigation, they were written down by 100%.

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## 17. 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.

### Long-term and short-term liabilities

No.	Type of loan/borrowing	Borrower (loan)/ (borrowing)	Loan/Borrowing amount under the	Currency	Outstanding loan /borrowing to be repaid	Currency	Interest rate	Maturity date
1	Investment loan for financing and refinancing the purchase of 100% shares in Gospodarstwo Rolne Ponary	"PEPEES" S.A.	10,530	PLN	3,385	PLN	1-M WIBOR interest rate for deposits plus the Bank's margin	30/06/2025
2	Borrowing for the purchase of a fixed asset – Deutz Fahr agricultural tractor	"PEPEES" S.A.	937	PLN	550	PLN	1-M WIBOR interest rate for deposits plus the Bank's margin	13/08/2024
3	Investment loan for the modernisation of a starch dryer and construction of a protein recovery facility	PPZ Bronisław	8,456	PLN	4,463	PLN	Interest rate 3-M WIBOR for deposits 3-deposits plus the Bank's margin	31/12/2027
4	Loan on the current account	"PEPEES" S.A.	4,000	PLN	-	PLN	1-month WIBOR+	31/08/2023
5	Working capital loan	"PEPEES" S.A.	36,500	PLN	22,813	PLN	1-month WIBOR+	31/08/2023
6	Loan on the current account	"PEPEES" S.A.	4,000	PLN	-	PLN	1-month WIBOR+	31/08/2023
7	Revolving loan	"PEPEES" S.A.	19,000	PLN	11,875	PLN	1-month WIBOR+	31/08/2023
8	Procurement working capital loan	"PEPEES" S.A.	17,500	PLN	10,938	PLN	1-month WIBOR+	31/08/2023

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No.	Type of loan/borrowing	Borrower (loan)/ (borrowing)	Loan/Borrowing amount under the agreement	Currency	Outstanding loan /borrowing to be repaid	Currency	Interest rate	Maturity repaid
9	Procurement working capital loan	ZPZ "LUBLIN"	1,500	PLN	937	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
10	Revolving loan	ZPZ "LUBLIN"	5,000	PLN	3,125	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
11	Working capital loan	ZPZ "LUBLIN"	6,500	PLN	4,063	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
12	Loan on the current account	ZPZ "LUBLIN"	2,000	PLN	-	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
13	Loan on the current account	ZPZ "LUBLIN"	2,000	PLN	-	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
14	Loan on the current account	PPZ "BRONISŁAW"	700	PLN	-	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
15	Working capital loan	PPZ "BRONISŁAW"	17,800	PLN	11,124	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
16	Loan on the current account	PPZ "BRONISŁAW"	700	PLN	-	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
17	Procurement working capital loan	PPZ "BRONISŁAW"	8,500	PLN	5,312	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
18	Revolving credit	PPZ "BRONISŁAW"	9,300	PLN	5,812	PLN	1-month WIBOR+ the Bank's margin	31/08/2023
19	Loan on the current account	PEPEES" S.A.	1,000	EUR	274	EUR	1-month EURIBOR+bank's margin	19/12/2023
<b>Loans in PLN</b>			<b>154,923</b>	<b>PLN</b>	<b>84,397</b>	<b>PLN</b>		
<b>Loans in EUR</b>			<b>1,000</b>	<b>EUR</b>	<b>274</b>	<b>EUR</b>		
<b>Total after conversion to PLN</b>			<b>159,599</b>	<b>PLN</b>	<b>85,678</b>	<b>PLN</b>		
<i>Long-term liability</i>					<b>5,509</b>	<b>PLN</b>		
<i>Short-term liability</i>					<b>80,169</b>	<b>PLN</b>		

In the reporting period, no provisions of the loan agreements were breached. All loans are repaid according to schedules specified under agreements.

## 18. Transactions with related entities

### 18.1 Issuer's transactions with related entities

#### a) Revenues from sales of products and goods

Types of revenues	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
Revenues from the sales of products to subsidiaries	326	216
Revenues from the sales of services	81	79
Revenues from the sales of fixed assets	-	15
<b>Total revenues from related entities</b>	<b>407</b>	<b>310</b>

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

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**b) Purchases of goods and services**

Types of purchases	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
Purchases of products from subsidiaries	3,856	3,370
Purchases of services from subsidiaries	12	21
Purchases of fixed assets from subsidiaries	528	-
<b>Total purchases from related entities</b>	<b>4,396</b>	<b>3,391</b>

**c) Other transactions**

Specification	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
Interest on borrowings granted	125	28
Fees on sureties granted	31	31
Fees on sureties received	39	39
<b>Total</b>	<b>195</b>	<b>98</b>

**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 31 March 2023	State as of 31 December	State as of 31 March 2022
ZPZ LUBLIN Sp. z o.o.	29	118	36
Receivables – PPZ Bronisław S.A.	1,391	1,285	846
Advances – PPZ Bronisław	1,873	1,873	571
Receivables – GR PONARY Sp. z o.o.	1	1	1
Receivables – PEPEES Inwestycje Sp. z o.o.	2	-	1
Liabilities – ZPZ Lublin Sp. z o.o.	206	142	140
Liabilities – PPZ BRONISŁAW S.A.	15	-	25
Liabilities – GR PONARY	26	-	13
<b>Balance of settlements with related parties</b>	<b>3,049</b>	<b>3,135</b>	<b>1,277</b>

**e) Balance of borrowing settlements**

Borrowings granted to subsidiaries	State as of 31 March 2023	State as of 31 December	State as of 31 March 2022
PPZ BRONISŁAW S.A.	4,700	4,700	3,300
ZPZ Lublin Sp. Z o.o.	1,000	1,007	-
GR PONARY Sp. z o.o.	300	550	554
<b>Borrowings granted</b>	<b>6,000</b>	<b>6,257</b>	<b>3,854</b>

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## 18.2 Issuer's transactions with shareholders

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

## 18.3 Issuer's transactions with the key members of the management and supervisory bodies

### a) Benefits for key managers (Management Board Members ) and Supervisory Board Members

Specification	For the period of 3 months ended on 31 March 2023	For the period of 12 months ended on 31 December 2022	For the period of 3 months ended on 31 March 2022
Short-term employee benefits	658	2,275	472
Benefits after the employment period			
Benefits due to the termination of employment relationship			
Payments in the form of shares			
<b>Total</b>	<b>658</b>	<b>2,275</b>	<b>472</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.

## 19. Changes in estimates

### a) Revaluation write-offs of receivables

CHANGE IN REVALUATION WRITE-OFFS OF SHORT-TERM RECEIVABLES	For the period of 3 months ended on 31 March 2023	For the period of 12 months ended on 31 December 2022	For the period of 3 months ended on 31 March 2022
Opening balance	1,078	1,017	1,017
a) increase (due to)	-	1,164	7
- establishment for bad debts related to supplies	-	1,164	7
- establishment for due interest	-		-
- establishment for receivables claimed in litigation	-		-
b) decrease (due to)	29	1,103	86
- dissolution of provisions due to payment	29	972	86
- cancellation	-	131	-
Closing balance of write-offs, including:	1,049	1,078	938

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**b) Revaluation write-offs of stock**

CHANGE IN REVALUATION WRITE-OFFS OF STOCK	For the period of 3 months ended on 31 March 2023	For the period of 12 months ended on 31 December 2022	For the period of 3 months ended on 31 March 2022
<b>Opening balance</b>	<b>517</b>	<b>318</b>	<b>318</b>
<b>a) increase (due to)</b>	<b>-</b>	<b>674</b>	<b>-</b>
- impairment revaluation write-offs of materials	-	674	-
<b>b) decrease (due to)</b>	<b>476</b>	<b>475</b>	<b>201</b>
- reversals of write-offs	476	475	201
<b>Closing balance of revaluation write-offs of stock</b>	<b>41</b>	<b>517</b>	<b>117</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 3 months ended on 31 March 2023	For the period of 12 months ended on 31 December 2022	For the period of 3 months ended on 31 March 2022
<b>a) opening balance</b>	<b>3,397</b>	<b>3,533</b>	<b>3,533</b>
- retirement benefits	609	703	703
- jubilee awards	2,788	2,830	2,830
<b>b) increase (due to)</b>	<b>-</b>	<b>462</b>	<b>-</b>
- retirement benefits	-	40	-
- jubilee awards	-	422	-
<b>c) use (due to)</b>	<b>-</b>	<b>457</b>	<b>-</b>
- retirement benefits	-	48	-
- jubilee awards	-	409	-
<b>d) dissolution (due to)</b>	<b>-</b>	<b>141</b>	<b>-</b>
- retirement benefits	-	86	-
- jubilee awards	-	55	-
<b>d) closing balance</b>	<b>3,397</b>	<b>3,397</b>	<b>3,533</b>
- retirement benefits	609	609	703
- jubilee awards	2,788	2,788	2,830

**20. Short-term provisions**

CHANGE IN SHORT-TERM PROVISIONS (BY TITLE)	For the period of 3 months ended on 31 March 2023	For the period of 12 months ended on 31 December 2022	For the period of 3 months ended on 31 March 2022
<b>a) opening balance</b>	<b>3,169</b>	<b>3,527</b>	<b>3,527</b>
- subsidies to plant, property and equipment	98	98	98
- provisions for benefits performed by counterparties	34	86	86
- fee for using the natural environment	73	84	84
- provisions for holiday remuneration	870	800	800
- rights to gas emissions	1,579	2,429	2,429
- bonuses for the Management Board and employees	515	30	30
<b>b) increase (due to)</b>	<b>258</b>	<b>1,388</b>	<b>1,953</b>

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CHANGE IN SHORT-TERM PROVISIONS (BY TITLE)	For the period of 3 months ended on 31 March 2023	For the period of 12 months ended on 31 December 2022	For the period of 3 months ended on 31 March 2022
- provision for used CO2 emission rights	-	-	1,415
- fee for using the natural environment	18	78	15
- provisions for holiday remuneration	192	734	261
- provisions for benefits performed by counterparties	18	32	-
- bonuses for the Management Board and employees	30	544	262
<b>c) use (due to)</b>	<b>190</b>	<b>1,496</b>	<b>2,590</b>
- provision for used CO2 emission rights	-	600	2,429
- fee for using the natural environment	51	89	60
- provisions for holiday remuneration	-	664	-
- provision of benefits performed by counterparties	34	84	71
- bonuses for the Management Board and employees	105	59	30
<b>d) dissolution (due to)</b>	<b>1,579</b>	<b>250</b>	
- provision for used CO2 emission rights	1,579	250	
<b>e) closing balance</b>	<b>1,658</b>	<b>3,169</b>	<b>2,890</b>
- subsidies to plant, property and equipment	98	98	98
- provision for used CO2 emission rights	-	1,579	1,415
- fee for using the natural environment	40	73	39
- provisions for holiday remuneration	1,062	870	1,061
- bonuses for the Management Board and employees	440	515	262
- provisions for benefits performed by counterparties	18	34	15

## 21. Deferred income tax

PROVISIONS DUE TO DEFERRED INCOME TAX	State as of 31 March 2023	State as of 31 December	State as of 31 March 2022
Difference between the balance sheet value and tax value of plant, property and equipment	5,730	5,825	5,401
Valuation of investments	649	693	693
Unrealised foreign exchange differences	45	-	13
<b>Total deferred income tax provisions</b>	<b>6,424</b>	<b>6,518</b>	<b>6,107</b>

DEFERRED INCOME TAX ASSETS	State as of 31 March 2023	State as of 31 December 2022	State as of 31 March 2022
Unpaid remuneration	166	174	152
Provision for unused holiday leaves	205	165	202
Retirement benefits and jubilee bonuses	645	645	672
Unrealised foreign exchange differences	44	154	110
Revaluation write-offs of receivables	14	14	29
Revaluation write-offs of stock	8	98	22
Revaluation write-offs of shares	18	18	18
Accrued interest on loans	-	27	-
Liabilities due in relation to the subject matter of lease	557	752	848
Consolidation adjustments – retained earnings	172	(18)	100

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<b>DEFERRED INCOME TAX ASSETS</b>	<b>State as of 31 March 2023</b>	<b>State as of 31 December 2022</b>	<b>State as of 31 March 2022</b>
Provision for bonuses for the Management Board and	84	98	50
Depreciation of CO2 emission rights	-	300	269
Valuation of assets	2,291	2,291	2,330
Tax loss	746	807	2,075
Other	162	221	126
<b>Total</b>	<b>5,112</b>	<b>5,746</b>	<b>7,003</b>

## 22. Off-balance sheet items

<b>Item</b>	<b>State as of 31 March 2023</b>	<b>State as of 31 December</b>	<b>State as of 31 March 2022</b>
<b>Off-balance sheet assets</b>			
Guarantees received	-	-	-
<b>Off-balance liabilities</b>			
Mortgages on company assets	131,734	131,734	147,529
Pledge on assets	123,050	123,050	83,447
Loan surety	-	-	-
Assignment of receivables under insurance policy	355,906	355,906	313,000
Potential compensation as regards non-compete clauses	1,767	1,767	1,765
Disputed obligations	-	-	-

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

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

On 17 January 2023, 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. 28 of 14 April 2022. The invitation was related to the acquisition of no more than 1,000,000 ordinary bearer shares of the Company coded PLPEPES00018, representing in total 1.05% 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 1.65 per share. The invitation was addressed to all the shareholders of the Company.

As a result of the aforementioned invitation, 1,000,000 treasury shares were acquired at an offered price of PLN 1.65 per share.

The acquired Shares constitute 1.05% in the Company's share capital and provide 1.05% of the total number of votes attached to all the shares in the Company.

The total number of treasury shares held by the Company is 1,186,487, representing 1.25% of the Company's share capital. These shares provide the total of 1.25% of the total number of votes attributable to all the shares in the Issuer (state as of the publication date hereof).

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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## 24. Reporting on segments of activities

### 24.1. Information about products and services

There are three segments within the PEPEES Group, that is "potato processing," "agricultural crops combined with animal breeding" and "buying and selling 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 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 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 sales of annual plants.
- purchase and sales of real property on own account.

### 24.2 Revenues and results of the segments

	Revenues		Profit	
	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
Potato processing	61,387	64,315	8,957	6,419
<b>Total revenues from sales</b>	<b>61,387</b>	<b>64,315</b>	<b>8,957</b>	
Other operating revenue			22	146
Other operating costs			(80)	(273)
Profit (loss) on the disposal of a subsidiary			-	-
Financial revenue			1,226	86
Financial costs			(2,981)	(1,603)
<b>Profit (loss) before tax</b>			<b>7,144</b>	<b>4,775</b>

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### 24.3 Assets and liabilities of the segments

Assets of the segments	State as of 31 March 2023	State as of 31 December	State as of 31 March 2022
Potato processing	308,676	356,347	299,527
Agricultural production combined with animal breeding	19,388	19,609	19,621
Purchase and sale of real properties on own account	58	58	70
<b>Total assets of segments</b>	<b>328,122</b>	<b>376,014</b>	<b>319,218</b>

Liabilities of the segments	State as of 31 March 2023	State as of 31 December	State as of 31 March 2022
Potato processing	138,279	189,480	139,945
Agricultural production combined with animal breeding	-	-	3
Purchase and sales of real properties on own account	-	-	-
<b>Total liabilities of the segments</b>	<b>138,279</b>	<b>189,480</b>	<b>139,948</b>

All assets and liabilities of Gospodarstwo Rolne Ponary are allocated to the "agricultural production combined with animal breeding" segment, all assets and liabilities of Pepees Inwestycje Sp. z o.o. are allocated to the segment of "purchase and sale of real property on own account", while the "potato processing" segment gathers all other assets and liabilities disclosed in the consolidated financial statements.

Due to the fact, that in 2023 Ponary and Pepees Inwestycje did not generate any revenues from sales, the segment of "agricultural production combined with animal breeding" and "purchase and sale of real property on own account" were not separated in revenues and results of the segments. As regards the value of land owned by Ponary, the segment of this activity was separated in these financial statements only for the purpose of presenting the assets and liabilities.

### 24.4 Other information on the segments

segment	Depreciation		Increase in non-current assets	
	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
Potato processing	3,356	3,298	2,315	1,679
<b>Total activities continued</b>	<b>3,356</b>	<b>3,298</b>	<b>2,315</b>	<b>1,679</b>

### 24.5 Revenues by products

Product name	For the period of 3 months ended on	For the period of 3 months ended on
Starch	35,832	32,899
Protein	2,978	5,269
Glucose	4,410	5,784
Maltodextrin	7,986	5,785
Starch syrups	1,714	1,659
Dried potatoes (grits, flakes, cubes)	6,835	8,963
Goods and materials	1,408	3,740
Services	224	216
<b>Total</b>	<b>61,387</b>	<b>64,315</b>

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## 24.6 Revenues from sales according to the geographical structure

Specification	For the period of 3 months ended on	For the period of 3 months ended on
<b>Poland, including</b>	<b>43,255</b>	<b>39,539</b>
Starch	23,768	15,363
Protein	617	3,016
Glucose	4,034	5,063
Maltodextrin	5,701	4,276
Starch syrups	1,714	1,659
Dried potatoes (grits, flakes, cubes)	6,423	6,542
Goods and materials	774	3,404
Services	224	216
<b>EU states – intra-Community supplies, including:</b>	<b>4,399</b>	<b>3,774</b>
Starch	1,570	1,678
Protein	907	605
Maltodextrin	1,134	751
Glucose	376	710
Dried potatoes (grits, flakes, cubes)	412	30
<b>Other countries – exports</b>	<b>13,733</b>	<b>21,002</b>
Starch	10,494	15,858
Protein	1,454	1,648
Glucose	-	11
Maltodextrin	1,151	758
Dried potatoes (grits, flakes, cubes)	-	2,391
Goods	634	336
<b>Total</b>	<b>61,387</b>	<b>64,315</b>

## 24.7 Information about key customers

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

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**25. Information on paid or declared dividend, in total and per one share, with specification concerning ordinary and preferential shares**

No dividend was paid during the three months ended on 31 March 2023.

On 28 April 2023, the Company published a notice convening the Annual General Meeting. Among the draft resolutions, there was also one on the distribution of the Issuer's profit for the financial year of 2022 in the amount of PLN 9,203,815.70 as follows: the amount of PLN 1,970,411.91 for reserve capital, and the amount of PLN 7,233,403.79 for the payment of dividends to the shareholders.

The aforementioned draft resolution also stipulates that part of the reserve capital (created from the profits of previous years) in the amount of PLN 1,209,812.38 will be used to pay dividends to the shareholders. Therefore, the total dividend of PLN 8,443,216.17 is proposed, i.e. PLN 0.09 per share, excluding 1,186,487 treasury shares, which do not participate in the dividend.

According to the draft resolution, the date on which the list of the shareholders entitled to the dividend is determined is 6 June 2023. Meanwhile, the dividend payment date was set for 22 June 2023.

The Annual General Meeting has been convened for 25 May 2023, when the resolution described above will be considered.

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

During the period of 3 months ended on 31 March 2023, 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 2022.

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

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

**28. 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 purchase (production cost)**

The year 2022 and the beginning of 2023 extended a series of unfavourable years – full of uncertainty and unprecedented events. As for all the sectors, it was yet another very challenging year, throughout which many unfavourable market trends converged. It is important to emphasise that multiple industries have failed to recover from the COVID-19 pandemic and had to face yet another economic crisis, cost spikes and galloping inflation. The ongoing market uncertainty has been further escalated by the outbreak of war in Ukraine, causing temporary perturbations in many areas of the economy. The military actions of the Russian aggressor and the sanctions imposed on Russia triggered a significant energy crisis in Europe, contributed to by the stoppage of supplies from the East (oil, gas, coal), affecting the steep

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fuel price increases. In the meantime, the increase in fuel prices translated into increased price of transport services, and this, in turn, increased the prices of all products and services in the European markets.

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.

Due to the fact that the Russian aggressor still does not intend to withdraw its troops from Ukrainian territory, there is a reasonable risk that all the unfavourable trends for the economy will continue in 2023. 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.

**29. 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.

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

**30. Important events that took place after the balance sheet date**

On 21 April 2023, the District Court in Białystok has issued a ruling establishing that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, with its registered office in Warsaw, which is a shareholder of the Company, has lost and may not exercise its voting rights from 21,402,233 ordinary bearer shares in the Company (more in the Issuer's current reports numbered 7/2023 and 13/2019). This ruling is not final and non-revisable.

On 28 April 2023, the Issuer published a notice convening the Annual General Meeting for 25 May 2023 at 12.00 pm, at the Company's registered office (notice with draft resolutions).

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**C. INTERIM CONDENSED FINANCIAL STATEMENTS  
OF PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZYCHCZEGO  
"PEPEES" SPÓŁKA AKCYJNA FOR THE PERIOD OF 3 MONTHS ENDED  
ON 31 MARCH 2023**

presented below, comprising:

1. Interim condensed statement of financial standing.
2. Interim condensed statement of profit and loss and other comprehensive income.
3. Interim condensed statement of changes in equity.
4. Interim condensed cash flow statement.
5. Additional explanatory notes.

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## INTERIM CONDENSED STATEMENT OF FINANCIAL STANDING

	ASSETS	State as of 31 March 2023	State as of 31 December 2022	State as of 31 March 2022
<b>A</b>	<b>(Long-term) fixed assets</b>	<b>127,376</b>	<b>127,642</b>	<b>130,433</b>
1.	Plant, property and equipment	84,304	85,012	87,456
2.	Intangible assets	202	644	208
3.	Rights to assets	16,235	14,576	15,437
4.	Investment properties	361	363	371
5.	Investments in subsidiaries	23,586	23,586	23,586
6.	Investments in other entities	383	383	383
7.	Deferred income tax assets	2,305	3,078	2,992
<b>B</b>	<b>(Short-term) current assets</b>	<b>133,101</b>	<b>161,778</b>	<b>120,009</b>
1.	Stock	58,281	67,050	54,298
2.	Biological assets	449	326	760
3.	Trade receivables and other short-term receivables	29,008	29,733	26,646
4.	Other financial assets	12,893	13,150	10,979
5.	Cash and cash equivalents	32,470	51,519	27,326
	<b>Total assets</b>	<b>260,477</b>	<b>289,420</b>	<b>250,442</b>

	LIABILITIES	State as of 31 March 2023	State as of 31 December 2022	State as of 31 March 2022
<b>A</b>	<b>Equity</b>	<b>168,455</b>	<b>165,203</b>	<b>159,173</b>
1.	Share capital	5,700	5,700	5,700
2.	Share premium	7,562	7,562	7,562
3.	Treasury shares	(1,697)	(224)	(111)
4.	Revaluation capital	30,530	30,530	30,507
5.	Retained earnings	126,360	121,635	115,515
<b>B</b>	<b>Liabilities</b>	<b>92,022</b>	<b>124,217</b>	<b>91,269</b>
<b>I</b>	<b>Long-term liabilities</b>	<b>23,574</b>	<b>24,814</b>	<b>24,324</b>
1.	Loans and borrowings	2,064	2,750	3,385
2.	Liabilities due to assets under lease	11,371	12,492	10,736
3.	Deferred income tax provision	5,364	5,450	5,830
4.	Liabilities related to retirement benefits and similar ones	2,295	2,295	2,472
5.	Subsidies	1,803	1,827	1,901
6.	Other long-term liabilities	677	-	-
<b>II</b>	<b>Short-term liabilities</b>	<b>68,448</b>	<b>99,403</b>	<b>66,945</b>
1.	Trade and other short-term liabilities	11,388	16,257	16,972
2.	Current income tax liabilities	4,354	3,032	496
3.	Loans and borrowings	48,777	75,881	45,442
4.	Liabilities due to assets under lease	3,433	3,737	3,683
5.	Liabilities related to retirement benefits and similar ones	496	496	352
	<b>Total liabilities</b>	<b>260,477</b>	<b>289,420</b>	<b>250,442</b>

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

No.	Specification	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
<b>I</b>	<b>Revenues from sales</b>	<b>45,775</b>	<b>43,135</b>
<b>II</b>	<b>Own cost of sales</b>	<b>(29,505)</b>	<b>(29,103)</b>
<b>III</b>	<b>Gross profit (loss) on sales (I-II)</b>	<b>16,270</b>	<b>14,032</b>
1.	Costs of sales and marketing	(2,363)	(3,105)
2.	Overheads	(6,443)	(6,166)
3.	Other operating revenue	67	118
4.	Other operating costs	(11)	(67)
<b>IV</b>	<b>Profit (loss) on operating activities</b>	<b>7,520</b>	<b>4,812</b>
1.	Financial costs	(1,855)	(986)
2.	Financial revenue	1,345	118
<b>V</b>	<b>Profit (loss) before tax</b>	<b>7,010</b>	<b>3,944</b>
<b>VI</b>	<b>Income tax</b>	<b>(2,285)</b>	<b>(860)</b>
<b>VII</b>	<b>Net profit (loss)</b>	<b>4,725</b>	<b>3,084</b>
<b>VIII</b>	<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
1.	Results of the measurement of financial assets available for sale	-	-
2.	Reassessment of liabilities under employee benefits	-	-
<b>IX</b>	<b>Total comprehensive income, including</b>	<b>4,725</b>	<b>3,084</b>
<b>X</b>	<b>Net profit (loss) per 1 share</b>	<b>0.050</b>	<b>0.032</b>

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## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Specification	Share capital	Capital from the sale of shares above	Treasury shares	Share from revaluation	Retained earnings	Total equity
State as of 1 January 2022	5,700	7,562	-	30,507	112,431	156,200
<b>Changes in Q1 2022</b>	-	-	(111)	-	3,084	2,973
Net profit (loss) for the period					3,084	3,084
Purchase of treasury shares			(111)			(111)
<b>State as of 31 March 2022</b>	5,700	7,562	(111)	30,507	115,515	159,173
<b>Changes in 2022</b>	-	-	(224)	23	9,204	9,227
Net profit (loss)	-	-	-	-	9,204	9,204
Purchase of treasury shares			(224)			(224)
Other comprehensive income	-		-	23		23
<b>Comprehensive income</b>				23	9,204	9,227
<b>State as of 31 December 2022</b>	5,700	7,562	(224)	30,530	121,635	165,203
<b>State as of 1 January 2023</b>	5,700	7,562	(224)	30,530	121,635	165,203
<b>Changes in Q1 2023</b>	-	-	(1,473)	-	4,725	3,252
Net profit (loss)	-	-			4,725	4,725
Purchase of treasury shares			(1,473)			(1,473)
<b>Comprehensive income</b>	-	-	-	-	4,725	4,725
<b>State as of 31 March 2023</b>	5,700	7,562	(1,697)	30,530	126,360	168,455

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## INTERIM CONDENSED CASH FLOW STATEMENT

No.	Cash flow statement	For the period of 3 months ended on 31 March 2023	For the period of 3 months ended on 31 March 2022
<b>A.</b>	<b>Cash flows on operating activities – indirect method</b>		
<b>I</b>	<b>Profit (loss) before tax</b>	<b>7,010</b>	<b>3,944</b>
<b>II</b>	<b>Total adjustments</b>	<b>9,079</b>	<b>16,216</b>
1.	Depreciation	3,008	2,970
2.	Foreign exchange (gains) losses	(118)	44
3.	Interest and shares in profit (dividend)	1,307	617
4.	(Profit) loss on investment activities	(170)	3
6.	Change in stock	8,769	8,979
7.	Change in biological assets	(123)	(200)
8.	Change in receivables	725	1,592
9.	Changes in short-term liabilities, except for loans and borrowings	(4,192)	2,932
11.	Paid income tax	(276)	(1,029)
12.	Change in subsidies	(24)	(24)
13.	Change in the amount of interest accrued on borrowings and commissions	(7)	-
14.	Change in other financial assets	257	(4)
15.	Change in rights to assets	(1,659)	324
16.	Amortisation of CO2 rights	1,582	-
17.	Other adjustments	-	18
<b>III</b>	<b>Net cash flows on operating activities</b>	<b>16,089</b>	<b>20,160</b>
<b>B.</b>	<b>Cash flows on investing activities</b>		
<b>I</b>	<b>Receipts</b>	<b>751</b>	<b>40</b>
1.	Disposal of intangible and legal assets and property, plant and equipment	370	16
2.	Repayment of borrowings granted	381	24
<b>II</b>	<b>Expenditure</b>	<b>3 605</b>	<b>1,628</b>
1.	Purchase of intangible and legal assets and property, plant and equipment	2,450	999
2.	Purchase of property rights	1,155	629
3.	Borrowings granted	-	-
<b>III</b>	<b>Net cash flows on investing activities</b>	<b>(2,854)</b>	<b>(1,588)</b>
<b>C.</b>	<b>Cash flows on financial activities</b>		
<b>I</b>	<b>Receipts</b>	<b>-</b>	<b>320</b>
1.	Loans and borrowings	-	-
2.	Surcharges received	-	320
<b>II</b>	<b>Expenditure</b>	<b>32,284</b>	<b>25,236</b>
1.	Repayment of loans and borrowings	28,059	23,670
2.	Interest on loans and borrowings	1,438	641
3.	Purchase of treasury shares	1,675	111
4.	Payments under lease agreements	1,112	814
<b>III</b>	<b>Net cash flows on financial activities (I-II)</b>	<b>(32,284)</b>	<b>(24,916)</b>
<b>D.</b>	<b>Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>(19,049)</b>	<b>(6,344)</b>
<b>E.</b>	<b>Balance sheet change of cash</b>	<b>(19,049)</b>	<b>(6,344)</b>
<b>F.</b>	<b>Opening balance of cash</b>	<b>51,519</b>	<b>33,670</b>
<b>G.</b>	<b>Closing balance of cash (F+/-D)</b>	<b>32,470</b>	<b>27,326</b>
	- including of restricted use	-	-

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## **ADDITIONAL EXPLANATORY NOTES**

### **1. Accounting principles**

Data for the interim condensed financial statements for the period of 3 months ended on 31 March 2023 have been prepared according to the same accounting policies as in the most recent annual financial statements.

### **2. Amendments of the accounting principles and presentation, correction of errors**

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. did not change its principles of accounting and correcting errors of previous periods.

### **3. Information on contingent liabilities or assets**

#### **a) Contingent assets**

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. holds the perpetual usufruct right to 493,591m<sup>2</sup> of land. The Company pays an annual fee of 3% of its value in accordance with the decisions received setting the annual fee. The charge for 2023 was PLN 614 thousand.

Until 31 December 2018, the Company treated the held perpetual usufruct right to land as the operational leasing, recording related fees as the profit or loss of the period referred to. Beginning from 1 January 2019, the perpetual usufruct right to land was qualified by the Company as the lease agreement in compliance with IFRS 16. An asset under the right of use is presented in the annual statement of the financial standing in line "Rights to assets."

"PEPEES" S.A. received a surety from its affiliate GR Ponary Sp. z o.o. in the amount of PLN 15,795 thousand, as collateral for an investment loan granted by PKO Bank Polski S.A. to finance and refinance the purchase of 100% shares in Gospodarstwo Rolne Ponary Sp. z o.o.

#### **b) Contingent liabilities**

In prior periods, the Company granted a surety for the loan granted by BOŚ S.A. to its affiliate PPZ "Bronisław" S.A. up to the amount of PLN 12.684 thousand.

There may be obligations under post-employment non-compete agreements. Such agreements are executed with the Management Board Members and several employees. In case of terminating the employment relationship with them, the Company is obliged to pay compensation amounting to approximately PLN 1.173 thousand.

### **4. Information on transactions with related entities**

#### **a) Transactions by and between "PEPEES" S.A. in Łomża and ZPZ "LUBLIN" Sp. z o.o. in Lublin**

During the reporting period, the Issuer bought starch from the subsidiary for an amount of PLN 481,0 thousand. In addition, "PEPEES" S.A. sold to ZPZ "LUBLIN" Sp. z o.o. a service consisting in the lease of a flake production line – the rent for 1 month of lease is PLN 23.5 thousand. The sale price is determined using the "cost-plus" method or on the basis of price lists in force with unrelated entities. Furthermore, in the first quarter of 2023, the subsidiary paid the Parent Company interest on the borrowing in the amount of PLN 20.6 thousand.

As of the balance sheet date, there is a balance of liabilities of PLN 205.9 thousand and a balance of receivables of PLN 29.0 thousand.

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**b) Transactions by and between "PEPEES" S.A. in Łomża and PPZ "BRONISŁAW" S.A .**

In the reporting period the Parent Company purchased potato starch from its subsidiary PPZ "BRONISŁAW" S.A. for the amount of PLN 3,375.0 thousand, fixed assets of PLN 528.5 thousand and service for PLN 12.1 thousand. The Issuer sold potato starch to the affiliate in the amount of PLN 326.5 thousand and provided vehicle rental and storage services in the amount of PLN 7.5 thousand. Furthermore, in the first quarter the subsidiary paid the Parent Company fees on sureties in the amount of PLN 31.3 thousand and interest on a borrowing in the amount of PLN 96.6 thousand.

As of the balance sheet date, there was an outstanding balance of a loan of PLN 4,700 thousand, trade receivables and advances totalling PLN 3,264.9 thousand and trade liabilities of PLN 14.9 thousand.

**c) Transactions by and between "PEPEES" S.A. in Łomża and Gospodarstwo Rolne Ponary Sp. z o.o.**

"PEPEES" S.A. sold services to the subsidiary GR Ponary Sp. z o.o. in the amount of PLN 2.6 thousand. In addition, in the first quarter, the subsidiary paid the Parent Company interest on a borrowing in the amount of PLN 6.9 thousand. Meanwhile, in the previous periods GR Ponary Sp. z o.o. granted a surety to the Parent Company for a loan facility, on which fees in the amount of PLN 39.5 thousand were accrued in Q1 2023.

The outstanding amount of the borrowing as of the balance sheet date was PLN 300 thousand, trade receivables PLN 1.0 thousand, while surety liabilities PLN 26 thousand.

**d) Transactions between "PEPEES" S.A. in Łomża and Pepees Inwestycje Sp. z o.o.**

During the reporting period, "PEPEES" S.A. provided services to Pepees in the amount of 1 thousand PLN. The balance of trade receivables on the balance sheet date is PLN 1,7 thousand.

**5. Information on given guarantees and sureties**

During the reporting period, PEPEES did not grant any sureties or guarantees. As of the balance sheet date, there is a surety for a loan up to the amount of PLN 12,684 thousand granted to PPZ "BRONISŁAW" S.A.

There may be obligations under post-employment non-compete agreements. Such agreements are executed with members of the Management Board and several employees. In case of terminating the employment relationship with them, the Company is obliged to pay compensation amounting to approximately PLN 1.173 thousand.

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## **D. ADDITIONAL INFORMATION**

### **1. Changes in the organisation of the PEPEES Capital Group**

During the reporting period, there were no material changes in the organisation of the PEPEES Capital Group.

### **2. Summary of operations during the reporting period**

In the first quarter of 2023 the PEPEES Capital Group achieved sales revenue of PLN 61,387 thousand, which represents a 4.55% decrease when compared to the revenues in the analogous period last year (PLN 64,315 thousand).

Costs of sales amounted to PLN 40,585 thousand and decreased by 11.03% compared to costs for Q1 2022. In consequence, the gross sales result, amounting to PLN 20,802 thousand, increased by 11.26% when compared to the same period of the previous year.

Sales and marketing costs for Q1 2023 decreased by 22.64% in relation to the comparative period, and overheads increased by 4.73%.

The balance of other operating activities in the period of three months of 2023 closed at minus PLN 58 thousand against a result of minus PLN 127 thousand in the comparative period.

Therefore, the operating profit amounted to PLN 8,899 thousand for Q1 2023, while the operating profit amounted to PLN 6,292 thousand in the corresponding period of the previous year (increase by 41.43%).

In turn, the result of financial activities construed as the balance of financial revenues minus financial costs in January-March 2023 decreased as compared to the analogous item in the comparative period due to higher interest costs on loans and leases. In the current year, the result on financing activities closed with a loss of EUR 1,755 thousand. The loss on financing activities amounted to PLN 1,517 thousand in the previous year.

In consequence of the above, gross profit after Q1 2023 amounted to PLN 7,144 thousand with PLN 4,775 thousand of gross profit generated in the comparative period, and net profit in the period from January to March 2023 amounted to PLN 4,394 thousand with PLN 4,029 thousand of net profit in the corresponding period of 2022, i.e. it increased by 9.06%.

### **3. Information on the shareholding structure**

The shareholding structure as of the publication date hereof presents itself as follows:

SHAREHOLDING	Number of shares [pcs.]	Share in capital %	Number of votes	Share in the total number of votes at the Annual General Meeting %
Epsilon Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	27,759,032	29.22%	6,356,799	6.69%
Michał Skotnicki**	21,443,105	22.57%	21,443,105	22.57%
Maksymilian Maciej Skotnicki**20	20,423,531	21.50%	20,423,531	21.50%
Other	25,374,332	26.71%	25,374,332	26.71%

*Due to the failure to fulfil the reporting obligation on the purchase of a significant package of shares, according to the Act of 29 July 2005 on public offer and the conditions of introduction of financial instruments to organised trading system and on public companies, EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, holding – pursuant to the information known to the Company – 27,759,032 shares of the Company, has lost and cannot exercise the rights to vote in relation to 21,402,233 shares. Therefore, the Company's Management Board filed an action to the Regional Court in Białystok to decide on the issue. Epsilon FIZ AN is of the contrary opinion, claiming that is entitled to vote in relation to 27,759,032 shares accounting for 29.22% of the total number of votes at the AGM. The case was joined by the Chairperson of the Polish Financial Supervision Authority, who presented his opinion on 24 July 2019. The Company discussed the issue in current reports 13/2019, 14-*

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23/2019 and 30/2019. On 21 April 2023, the District Court in Białystok has issued a ruling establishing that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, with its registered office in Warsaw, lost and may not exercise its voting rights from 21,402,233 ordinary bearer shares. This ruling is not final and non-revisable, as the Company reported in current report No. 7/2023.

*\*\* Maksymilian Maciej Skotnicki and Michał Skotnicki are persons referred to in Article 87(4)(1) of the Act of 29 July 2005 on public offer and the conditions of introduction of financial instruments to organised trading system and on public companies; therefore, the total shareholding of the aforementioned individuals comprises 41,866,636 shares, which accounts for 44.07% share in share capital and 56.89% of the number of entitled votes in the Company (taking into account the loss of voting rights by EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych).*

**4. Specification of changes in the Issuer's shares or rights to shares held by members of the Issuer's management and supervisory bodies**

Wojciech Faszczewski, acting as the Company's Management Board President, holds 701,000 shares in the Company. The person referred to above has no rights to shares in the Company.

Tomasz Rogala and persons supervising the Company do not hold any shares in the Company or rights thereto.

During the period from the publication date of the previous periodic statements, i.e. 29 March 2023, to the publication date hereof, the managing and supervising persons did not make any transactions as regards the Company's shares or rights thereto.

**5. Brief description of achievements or failures of the PEPEES Capital Group in Q1 2023 together with the list of the most important events concerning them**

During the period of Q2023, the PEPEES Capital Group had no significant achievements or failures referred to herein.

**6. Description of factors and events, especially unusual ones, which had a significant impact on the financial performance of the PEPEES Capital Group**

On 24 February 2022, Russia launched an invasion of Ukraine that introduced considerable unpredictability into the economic situation in Europe. The sanctions imposed on Russia and Belarus determine the ongoing monitoring of the political and economic situation in these countries and in Ukraine by the Issuer's Management Board and the assessment of its impact on the Group's operations and financial results in the reporting period and in the perspective of future periods.

The Group does not market goods manufactured or imported from Russia or Belarus and does not use raw materials and materials from these countries; therefore, the Issuer's Management Board does not identify any risk due to the impact of an armed conflict on the disruption of the production process or on the sale of its products in Poland and other European countries.

**7. Management Board's opinion as regards the forecast results**

The Parent Company's Management Board did not publish forecasts of separate or consolidated results for 2023.

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**8. Indication of significant litigations, pending proceedings before an arbitration or administrative body**

On 25/06/2019, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. filed an action to the court asking it for issuing a decision whether EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, the Company's shareholder holding, according to information known to the Company - 27,714,832 shares, due to breach of the obligation of notification of purchase of significant packages of shares in compliance with Article

89 sec. 1 point 1 of the Act on public offering and the conditions of introduction of financial instruments to organised trading system and on public companies, lost and may not exercise voting rights in relation to 21,402,233 shares. Epsilon FIZ AN is of a contrary opinion, claiming that it is entitled to vote in relation to 27,714,832 shares accounting for 29.17% of the total number of votes at the AGM. The case was joined by the Chairperson of the Polish Financial Supervision Authority, who presented his opinion on 24 July 2019. The Company discussed the issue in current reports 13/2019, 14-23/2019 and 30/2019.

On 21/04/2023, the District Court in Białystok has issued a ruling establishing that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which is a shareholder of the Company, has lost and may not exercise its voting rights from 21,402,233 ordinary bearer shares. This ruling is not final and non-revisable, as the Issuer reported in current report No. 7/2023.

As of the date hereof, the case filed by

EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in Warsaw against "PEPEES" S.A.:

- for revoking or rendering invalid resolutions no. 24-29 adopted on 28/06/2019 by the Ordinary Annual General Meeting, 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 right of first refusal the current shareholders of the Company in whole or in part upon 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 determining 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 adopted on 29 June 2021 by the Annual General Meeting, i.e. Resolution No. 4 on the consideration and approval of the Company's financial statements for the period from 01/01/2020 to 31/12/2020, Resolution No. 9 on the appropriation of the Company's net profit for the financial year of 2020, and Resolutions No. 10 and 11 on the acknowledgement of fulfilment of obligations by the Company's Management Board Members. The litigation is 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 adopted on 14 April 2022 by the Annual General Meeting of Shareholders on: consideration and approval of the Company's financial statements for the period from 01/01/2021 to 31/12/2021, consolidated report, report on the Company's activities, appropriation of the Company's net profit for the financial year of 2021, acknowledgement of fulfilment of obligations by the Company's Management Board Members, appointment of 2 Supervisory Board Members, purchase of treasury shares and creation of reserve capital. The litigation is pending before the Court of First Instance. The Regional Court suspended the proceedings until the proceedings

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in the suit brought by PEPEES against EPSILON for determining the loss of voting rights have been concluded in a legally binding manner,

Within the remaining scope, there are no other significant litigations or proceedings before the court, arbitration body or public administration authority as regards the Issuer's liabilities or receivables.

There are several cases pending before the court for the recovery of trade receivables on which the Company has made 100% write-offs.

## **9. Information on transactions with related entities**

During the reporting period, the Parent Company – Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., the Parent Company, entered into transactions with related entities, which were typical in nature, and resulted from current operating activities performed by "PEPEES" S.A. and its subsidiaries. These were arm's length transactions.

The operations of the PEPEES Capital Group is based on the activity of specialised entities whose profiles serve are complementary types of services. The aim of cooperation of enterprises of the Capital Group is to raise the level of use of the resources that the entities have at their disposal and limit risk due to performed operations.

The allocation of risk and division of functions of the Group's enterprises enable the reduction of costs of operations and effective use of financial resources. Granting surety to liabilities, as well as the security of their repayment within the scope of related entities enables the quicker performance of agreements, which may contribute to the more efficient management of entities of the PEPEES Capital Group.

## **10. Information on given guarantees and sureties**

In the reporting period and until the date of preparation hereof, the companies from PEPEES Capital Group had not granted any securities or guarantees.

The total value of sureties or guarantees granted as of 31/03/2023 by PEPEES amounts to PLN 12,684 thousand.

## **11. Other information that in the Capital Group's opinion is essential for the assessment of its personnel, economic, financial standing, financial result and their changes, and information significant for the assessment of the Group's options to fulfil obligations**

In the period of Q1 2023, no other events were recorded than the ones described herein, which events could be essential for the assessment of its personnel, economic, financial standing, financial performance and their changes, and information that could be significant for the assessment of the PEPEES Capital Group's options to fulfil their obligations.

## **12. Specification of factors that in the Issuer's and the Group's opinion will impact the results achieved by them in the perspective of at least the next quarter**

In the Issuer's view, the key factors that will affect its performance in the near term are:

- macroeconomic situation in Poland and on foreign markets,
- demand for and price of starch on the Polish and global market,
- exchange rates – the Group is an exporter (mainly PLN/USD, PLN/EUR),

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- interest rates – the Group benefits from loans and leases whose interest rates are based on the WIBOR rate,
- significant increase in inflation, impacting on operating costs,
- fluctuations in the price of energy raw materials and energy, linked to the increased stringency of climate and environmental regulations,
- situation on the financial market – in particular credit opportunities,
- economic situation – level of GDP, demand for the Group's products and situation on the job market,
- hostilities in Ukraine and sanctions against Russia and Belarus and the economic impact thereof.

In the period of the next quarter of 2023, the PEPEES Capital Group will perform agreements executed and will conduct operating activities being the core of its functioning, including productive, commercial and service-related operations.

### **13. Approval of the consolidated quarterly report**

This Consolidated Quarterly Statement of the PEPEES Capital Group for Q1 ended on 31 March 2023 was approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża.

#### **SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF THE PARENT COMPANY**

**President of the Management Board –  
Wojciech Faszczeński**

**Member of the Management Board – Tomasz  
Krzysztof Rogala**

#### **SIGNATURE OF THE PERSON WHO PREPARED THE REPORT**

**Chief Accountant – Małgorzata Kordas**

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