



# **PEPEES CAPITAL GROUP**

## **INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENT**

**for the period of 6 months ended 30 June 2021**

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

**PEPEES CAPITAL GROUP**  
*Interim abbreviated consolidated financial statement of*  
*PEPEES Capital Group for 6 months ended on 30 June 2021*  
*(data in PLN '000)*

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**Interim abbreviated consolidated financial statement  
OF THE FINANCIAL CONDITION**

Item	ASSETS	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
<b>A.</b>	<b>Fixed assets (long-term)</b>	<b>177 456</b>	<b>181 307</b>	<b>196 791</b>
1	Tangible fixed assets	157 437	158 843	175 550
2	Intangible assets	193	499	214
3	Rights to assets	11 322	11 431	11 603
4	Investment property	578	583	588
5	Goodwill	1 365	3 095	3 140
6	Investment in other units	375	625	625
7	Assets from deferred income tax	6 186	6 231	5 071
<b>B.</b>	<b>Current assets (short-term)</b>	<b>108 444</b>	<b>183 531</b>	<b>101 349</b>
<b>I.</b>	<b>Current assets other than assets classified as held for sale</b>	<b>108 444</b>	<b>165 284</b>	<b>101 349</b>
1	Inventories	57 687	110 198	44 165
2	Biological assets	2 669	338	2 479
3	Trade receivables and other short-term receivables	37 180	27 872	41 741
4	Current income tax receivables	-	1 245	845
5	Other financial assets	7 391	7 281	6 592
6	Monetary assets and equivalents	3 517	18 350	5 527
<b>II.</b>	<b>Assets held for sale</b>	<b>-</b>	<b>18 247</b>	<b>-</b>
	<b>Total assets</b>	<b>285 900</b>	<b>364 838</b>	<b>298 140</b>

Item	EQUITY AND LIABILITIES	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
<b>A.</b>	<b>Equity capital</b>	<b>176 757</b>	<b>175 422</b>	<b>173 470</b>
<b>I</b>	<b>Equity for the Company shareholders</b>	<b>173 110</b>	<b>173 769</b>	<b>171 644</b>
1	Share capital	5 700	5 700	5 700
2	Share premium	7 562	7 562	7 562
3	Assets revaluation reserve	31 021	31 014	31 011
4	Retained profits	128 827	129 493	127 371
<b>II</b>	<b>Non-controlling shares</b>	<b>3 647</b>	<b>1 653</b>	<b>1 826</b>
<b>B.</b>	<b>Liabilities</b>	<b>109 143</b>	<b>189 416</b>	<b>124 670</b>
<b>I.</b>	<b>Long-term liabilities</b>	<b>39 410</b>	<b>39 373</b>	<b>51 263</b>
1	Credits and loans	9 681	11 134	22 558
2	Lease liabilities	17 576	16 062	14 076
3	Provisions for deferred income tax	6 497	6 662	6 264
4	Payables for pensions and similar benefits	3 513	3 317	3 051
5	Subsidies	2 143	2 198	5 314
<b>II.</b>	<b>Short-term liabilities</b>	<b>69 733</b>	<b>150 043</b>	<b>73 407</b>
<b>II a</b>	<b>Short-term liabilities other than related to assets held for sale</b>	<b>69 733</b>	<b>132 561</b>	<b>73 407</b>
1	Trade and other short-term liabilities	25 929	23 990	32 137
2	Current income tax payables	28	76	37
3	Credits and loans	39 010	104 514	37 662
4	Lease liabilities	4 378	3 616	3 095
5	Payables for pensions and similar benefits	388	365	476
<b>II b</b>	<b>Liabilities related to assets held for sale</b>	<b>-</b>	<b>17 482</b>	<b>-</b>
	<b>Total equity and liabilities</b>	<b>285 900</b>	<b>364 838</b>	<b>298 140</b>

## PEPEES CAPITAL GROUP

Interim abbreviated consolidated financial statement of  
PEPEES Capital Group for 6 months ended on 30 June 2021  
(data in PLN '000)

**Interim abbreviated consolidated financial statement  
ON PROFIT FOR LOSS AND OTHER COMPREHENSIVE INCOME**

Item	Description	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020
<b>I</b>	<b>Revenues from sales</b>	<b>102 503</b>	<b>114 465</b>
<b>II</b>	<b>Costs of goods sold</b>	<b>(86 132)</b>	<b>(86 005)</b>
<b>III</b>	<b>Gross profit on sales (I-II)</b>	<b>16 371</b>	<b>28 460</b>
1	Sales and marketing costs	(6 343)	(5 193)
2	Overheads	(16 623)	(16 341)
3	Other operating revenues	2 419	912
4	Other operating costs	(409)	(563)
<b>IV</b>	<b>Operating profit (loss)</b>	<b>(4 585)</b>	<b>7 275</b>
1	Financial costs	(1 838)	(2 003)
2	Financial revenues	20	421
3	Gain (loss) on disposal of a subsidiary	5 029	-
<b>V</b>	<b>Profit (loss) before tax</b>	<b>(1 374)</b>	<b>5 693</b>
	Income tax	(4)	(1 708)
<b>VI</b>	<b>Net profit (loss) from continued operations</b>	<b>(1 378)</b>	<b>3 985</b>
	<b>Net profit (loss) from discontinued operations</b>	<b>-</b>	<b>-</b>
	<b>Net profit (loss), including:</b>	<b>(1 378)</b>	<b>3 985</b>
	-allocated to shareholders of the Holding Company	(946)	3 920
	- for non-controlling shares	(432)	65
<b>VII</b>	<b>Other total income</b>	<b>7</b>	<b>(47)</b>
<b>VIII</b>	<b>Total income, including</b>	<b>(1 371)</b>	<b>3 938</b>
	- for shareholders of the Holding Company	(939)	3 873
	- for non-controlling shares	(432)	65
<b>IX</b>	<b>Net profit (loss) per ordinary share</b>	<b>(0.01)</b>	<b>0.04</b>
	- from continued operations	(0.01)	0.04
	- from discontinued operations	0.00	0.00
<b>IX</b>	<b>Diluted net profit (loss) per ordinary share</b>	<b>(0.01)</b>	<b>0.04</b>
	- from continued operations	(0.01)	0.04
	- from discontinued operations	0.00	0.00

**PEPEES CAPITAL GROUP**  
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**Interim abbreviated consolidated statement of changes in equity**

Description	Share capital	Share premium	Own shares	Assets revaluation reserve	Retained profits	Total share capital for Parent Company shareholders	Non-controlling shares	Total equity capital
<b>As of 1 January 2020</b>	<b>5 700</b>	<b>7 562</b>	<b>0</b>	<b>31 057</b>	<b>134 454</b>	<b>178 773</b>	<b>1 768</b>	<b>180 541</b>
<b>Changes in the 1st half of 2020</b>								<b>0</b>
Net profit					3 920	3 920	65	3 985
Other total income				(47)		(47)		(47)
<b>Total income</b>				<b>(47)</b>	<b>3 920</b>	<b>3 873</b>	<b>65</b>	<b>3 938</b>
Dividend					(11 400)	(11 400)		(11 400)
Other consolidation adjustments					398	398	(7)	391
<b>As of 30 June 2020</b>	<b>5 700</b>	<b>7 562</b>	<b>0</b>	<b>31 057</b>	<b>127 372</b>	<b>171 644</b>	<b>1 826</b>	<b>173 470</b>
<b>Changes in 2020</b>								
Net profit	-				6 313	6 313	(107)	6 206
Other total income	-		-	(43)		(43)	-	(43)
<b>Total income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43)</b>	<b>6 313</b>	<b>6 270</b>	<b>(107)</b>	<b>6 163</b>
Dividend	-	-	-	-	(11 400)	(11 400)		(11 400)
Other consolidation adjustments	-	-	-	-	126	126	(8)	118
<b>As of 31 December 2020</b>	<b>5 700</b>	<b>7 562</b>	<b>0</b>	<b>31 014</b>	<b>129 493</b>	<b>173 769</b>	<b>1 653</b>	<b>175 422</b>
<b>As of 1 January 2020</b>	<b>5 700</b>	<b>7 562</b>	<b>0</b>	<b>31 014</b>	<b>129 493</b>	<b>173 769</b>	<b>1 653</b>	<b>175 422</b>
<b>Changes in the 1st half of 2021</b>						-		
Net profit					(946)	(946)	(432)	(1 378)
Other total income				7		7		7
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>(946)</b>	<b>(939)</b>	<b>(432)</b>	<b>(1 371)</b>
Dividend						-		0
Other consolidation adjustments (loss of control over an entity)					280	280	2 426	2 706
<b>As of 30 June 2021</b>	<b>5 700</b>	<b>7 562</b>	<b>-</b>	<b>31 021</b>	<b>128 827</b>	<b>173 110</b>	<b>3 647</b>	<b>176 757</b>

**PEPEES CAPITAL GROUP**  
*Interim abbreviated consolidated financial statement of  
PEPEES Capital Group for 6 months ended on 30 June 2021  
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**Interim abbreviated consolidated cash flow statement**

Indirect method	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020
<b>A. Cash flows from operating activities</b>		
<b>I. Profit (loss) before tax</b>	<b>(1 374)</b>	<b>5 693</b>
<b>II. Total adjustments</b>	<b>53 741</b>	<b>33 087</b>
1. Depreciation	6 712	7 059
2. Profit (loss) due to exchange rate variations	158	(179)
3. Interest and share in profit (dividends)	803	1 350
4. Profit (loss) on investing activities	(5 312)	(319)
5. Change in reserves	188	(353)
6. Change in inventories	52 511	41 728
7. Change in biological assets	(2 331)	(2 157)
8. Change in receivables	(8 714)	(7 364)
9. Change in short-term liabilities, excluding loans and credits	7 345	4 567
10. Change in prepayments	(381)	(5 977)
11. Income tax paid	(158)	(5 294)
12. Change in subsidies	(55)	(318)
13. Change in interests for loans and commissions	-	62
14. Change in other financial assets	427	-
15. Cancellation of CO2 emission allowances	2 494	833
16. Other adjustments	54	(551)
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>52 367</b>	<b>38 780</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Revenues</b>	<b>7 985</b>	<b>445</b>
1. Sale of intangible and tangible assets	488	437
2. Repayment of loans	5 863	8
3. Receipts from bonds	254	-
4. Sale of shares	1 380	-
<b>II. Expenses</b>	<b>6 130</b>	<b>3 952</b>
1. Purchase of intangible and tangible assets	3 633	3 310
2. Purchase of shares	-	12
3. Purchase of property rights	2 197	630
4. Loans granted	300	-
<b>III. Net cash flows from investing activities (I-II)</b>	<b>1 855</b>	<b>(3 507)</b>
<b>C. Cash flows from financial activities</b>		
<b>I. Revenues</b>	<b>13 243</b>	<b>4 405</b>
1. Credits and loans	11 714	4 125
2. Subsidies	1 529	280
<b>II. Expenses</b>	<b>82 298</b>	<b>76 262</b>
1. Repayment of credits and loans	79 127	73 343
2. Interest of credits and loans	794	1 430
3. Lease contracts payments	2 377	1 489
<b>III. Net cash flows from financial activities (I-II)</b>	<b>(69 055)</b>	<b>(71 857)</b>
<b>D. Net cash flow, total (A.III+/-B.III+/-C.III)</b>	<b>(14 833)</b>	<b>(36 584)</b>
<b>E. Cash at the beginning of period</b>	<b>18 350</b>	<b>42 111</b>
<b>F. Cash at the end of period (E+/- D)</b>	<b>3 517</b>	<b>5 527</b>
<i>including of limited availability</i>		-

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## SELECTED FINANCIAL DATA CONVERTED INTO EUR

Item	SELECTED FINANCIAL DATA Year	PLN thousands		EUR thousands	
		2021	2020	2021	2020
I	Total revenues from sales for 1st half of the year	102 503	114 465	22 542	25 773
II	Net profit or loss for shareholders of the Holding Company for the 1st	(946)	3 920	(208)	883
III	Total net income Net profit or loss for shareholders of the Holding Company for the 1st half of the year	(939)	3 873	(207)	872
IV	Net cash flows from operating activities for the 1st half of the year	52 367	38 780	11 516	8 732
V	Net cash flows from investment activities for the 1st half of the year	1 855	(3 507)	408	(790)
VI	Net cash flows from financial activities for the 1st half of the year	(69 055)	(71 857)	(15 186)	(16 179)
VII	Net cash flows for the 1st half of the year	(14 833)	(36 584)	(3 262)	(8 237)
VIII	Total assets as of 30.06.2021 and 31.12.2020	285 900	364 838	63 241	79 058
IX	Equity for the Holding Company shareholders as of 30.06.2021 and 31.12.2020	173 110	173 769	38 292	37 655
X	Profit (loss) per ordinary share for the 1st half of the year in PLN/EUR	(0.01)	0.04	0.00	0.01
XI	Book value per share as of 30.06.2021 and 31.12.2020 in PLN/EUR	1.82	1.83	0.40	0.40

The data presented in lines: VIII, IX and XI, in columns "2021" and "2020" are as of 30 June 2021 and 31 December 2020.

The following exchange rates published by the National Bank of Poland were used to convert the data to Euro:

- selected items from the interim abbreviated consolidated financial statement as of 30.06.2021 according to the average exchange rate on the balance sheet day 1 EUR = 4.5208 PLN,
- selected items from the interim abbreviated consolidated financial statement as of 31.12.2020 according to the average exchange rate on the balance sheet day 1 EUR = 4.6148 PLN,
- selected items from the interim abbreviated consolidated comprehensive income statement and interim abbreviated consolidated cash flow statements for the period from 1 January 2020 to 30 June 2021 according to the arithmetic mean of exchange rates published by NBP for the last day of each month of the 1<sup>st</sup> half of 2021 - 1 EUR = 4.5472 PLN,
- selected items from the interim abbreviated consolidated comprehensive income statement and interim abbreviated consolidated cash flow statements for the period from 1 January 2020 to 30 June 2020 according to the arithmetic mean of exchange rates published by NBP for the last day of each month of the 1<sup>st</sup> half of 2020 - 1 EUR = 4.4413 PLN,



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## PROFIT PER ONE SHARE

Description	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020
Net profit (loss) for PEPEES shareholders	(946)	3 920
Weighted average number of shares	95 000 000	95 000 000
Basic profit (loss) per share (expressed in PLN per one share)	(0.01)	0.04
Net profit (loss) for PEPEES shareholders used for determination of diluted profit per share	(946)	3 920
Weighted average number of ordinary shares for diluted earnings per share	95 000 000	95 000 000
Diluted profit (loss) per share (expressed in PLN per one share)	(0.01)	0.04
Annualized net profit for PEPEES S.A.'s shareholders	1 447	11 784
Weighted average number of shares	95 000 000	95 000 000
Annualized net earnings per share (expressed in PLN per one share)	0.02	0.12

**PEPEES CAPITAL GROUP**  
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 PEPEES Capital Group for 6 months ended on 30 June 2021  
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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>Seat address:</b>	18-402 Łomża, ul. Poznańska 121
<b>Identifier:</b>	REGON: 450096365
<b>Identifier NIP:</b>	718-10-05-512
<b>Registered at:</b>	District Court in Białystok XII Commercial Department of National Court Register
<b>Registration number:</b>	000038455
<b>Legal form:</b>	Spółka Akcyjna (Joint Stock Company)
Organizational form: <b>single-site company</b>	
<b>Classification of activity according to PKD:</b> 1062Z Manufacture of <b>starches</b> and starch products.	
<b>Industry:</b>	food processing
<b>Duration:</b>	undetermined

#### **Management Board as of 30 June 2021:**

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

#### **Supervisory Board as of 30 June 2021:**

Maciej Kaliński	Chairman
Tomasz Nowakowski	Vice-Chairman
Robert Malinowski	Secretary of the Supervisory Board
Krzysztof Stankowski	Member
Piotr Marian Taracha	Member
Agata Czerniakowska	Member

#### **Audit Committee as of 30 June 2021:**

Maciej Kaliński	Chairman
Krzysztof Stankowski Vice	Chairperson of the Audit Committee
Piotr Marian Taracha	Member of the Audit Committee
Robert Malinowski Member of the	Audit Committee
Tomasz Nowakowski	Member of the Audit Committee

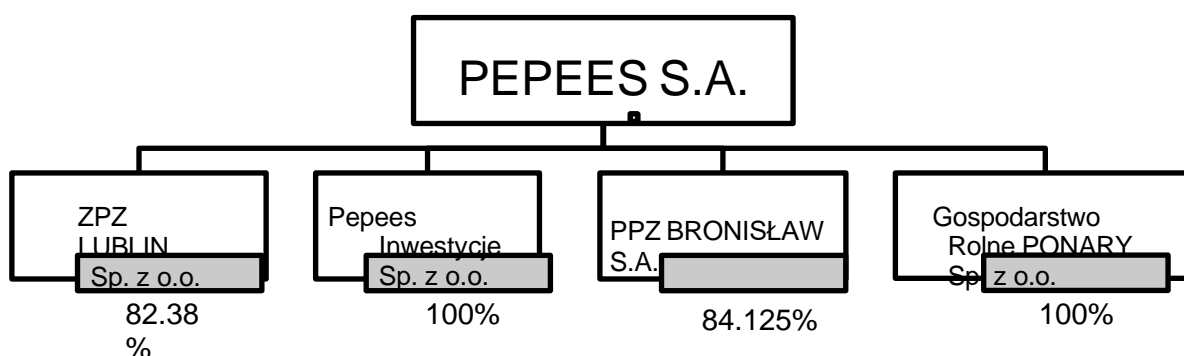
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(data in PLN '000)*

## 2. Information on reporting periods

The presented abbreviated interim consolidated financial statement covers the period from 1 January 2021 to 30 June 2021, and the comparable financial data and information notes cover the period from 1 January 2020 to 30 June 2020 and additionally 31 December 2020 in case of financial and changes in equity statements.

## 3. Structure of PEPEES Capital Group

### 3.1. Structure of PEPEES Capital Group as of 30 June 2021



### 3.2. General information on associated entities in PEPEES Capital Group

In addition to Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., the Interim Consolidated Abbreviated Semiannual Report of PEPEES Capital Group for the first half of the year ended 30 June 2021, the following associated entities were subject to consolidation:

Name business	Registered office Registration Court	Subject of	Issuer's share in capital (%)	Share in the total number of votes (%)
ZPZ LUBLIN Sp. z o.o.	Lublin	Production and sale of syrup, potato and dried potatoes, processing of fruit and vegetables	82.38	82.38
Pepees				
Inwestycje Sp. z o.o.	Łomża	Sale and purchase of real property for own account	100	100
PPZ BRONISŁAW S.A.	Bronisław	Production of starch and starch products	84.125	84.125
Gospodarstwo Rolne Ponary Sp. z o.o.	Łomża	Agriculture combined animal breeding	100	100

All subsidiaries were consolidated using the full method.

**PEPEES CAPITAL GROUP**

*Interim abbreviated consolidated financial statement of*  
In the reporting period, the structure of the Issuer's Capital Group changed – as from 30.06.2021 CHP  
*PEPEES Capital Group for 6 months ended on 30 June 2021*  
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**PEPEES CAPITAL GROUP**

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PEPEES Capital Group for 6 months ended on 30 June 2021  
Energia company has not been a related party. On 18/09.2021 PEPEES sold all its shares in CHP Energia company. The shares were bought by ORLEN Poludnie S.A., a subsidiary of PKN ORLEN S.A.  
(data in PLN '000)

Assets and liabilities of CHP Energia Sp. z o.o. were presented in the consolidated financial statements prepared as at 31.12.2020 in compliance with IFRS 5 as held for sale.

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### 3.3. Basic financial information on subsidiaries as of 30 June 2021

Basic financial information on subsidiaries as of 30 June 2021 on related entities is presented in the following specification

Description	PPZ BRONISŁAW S.A.	ZPZ LUBLIN Sp. z o.o.	Gospodarstwo Rolne PONARY	PEPEES Inwestycje Sp. z o.o.
Current assets as of 30.06.2021	16 619	6 922	304	90
Fixed assets as of 30.06.2021	41 445	6 147	21 310	-
Short-term liabilities as of 30.06.2021	24 672	4 983	556	11
Long-term liabilities as of 30.06.2021	16 837	2 305	7 076	-
Revenues from sales	24 114	8 675	-	-
Financial result on continued activity	(2 928)	522	53	(3)
Financial net result on discontinued activity	-	-	-	-
Other total income	-	-	-	-
Total income	(2 928)	522	53	(3)

### 3.4. Basis of interim abbreviated consolidated financial statement

This interim abbreviated financial statement has been made in accordance with the International Financial Reporting Standards (IFRS), particularly the International Accounting Standard 34 and IFRS approved by the EU. As at the date of approval of this statement for publication, taking into account the process of implementation of the IFRS standards in the EU and the business performed by the Group, as far as the accounting principles applied by the Group are concerned, there is no difference between IFRS standards that entered into force and IFRS standards approved by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

This interim abbreviated financial statement in Polish Złoty (PLN) and unless stated otherwise all values are given in PLN thousands.

This interim abbreviated consolidated financial statement has been made with assumption that the Group will continue operations in the foreseeable future. As of the approval date of this interim abbreviated consolidated financial statement, the Management Board of Przedsiębiorstwo Przemysł Spożywczy "PEPEES" S.A. does not notice circumstances indicating that the continuing Group operations are jeopardized.

The interim abbreviated consolidated financial statement does not include all information required for the annual consolidated financial statements and should be analysed together with the consolidated financial statement for financial year ended on 31 December 2020.

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#### **4. Approval of interim abbreviated consolidated financial statement**

This interim abbreviated consolidated financial statement was approved by the Management Board of the Parent Company on 21 September 2021.

#### **5. Important accounting rules (policies)**

The accounting rules (policies) used to make the interim abbreviated consolidated financial statement are consistent with those used to make the Group's annual abbreviated consolidated financial statement for financial year ended on 31 December 2020. The Group has not opted for early application of any standard, interpretation or amendment that has been published but is not yet effective under European Union legislation.

#### **6. New accounting standard and interpretation that have not been not used in this statement**

The following standards and interpretations were issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, but has not entered into force yet:

- Amendments to IAS 1 and IAS 8 - definition of term "significant". Amendment has not been approved by the European Commission.
- Amendments to IFRS 3 "Business combinations" – definition of a business. Amendment has not been approved by the European Commission.
- Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of IBOR. Amendment has not been approved by the European Commission.
- IFRS 17 "Insurance agreements" This Standard defines a new approach to recognition, pricing, presentation and disclosure of insurance agreements

According to the Group's estimations, the above mentioned standards, amendments to the current standards and interpretation would not have significant impact on the financial statement, if they were applied by the Group as at the balance sheet date.

#### **7. Untypical items significantly affecting the assets, liabilities, capital, financial result and cash flows.**

The item "Gain on disposal of subsidiary" is included in these financial statement in the amount of PLN

5 029 thousand and it has a significant impact on the consolidated financial result of the Group (details in note 26).

In addition, it should be emphasised that the ongoing pandemic continues to have a negative impact on sales volumes and margins.

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## 8. Change of accounting and presentation rules and correction of errors

During the reporting period, the Group did not correct errors from previous years and did not change the accounting rules applied earlier.

## 9. Seasonality and cyclicity of operations

The Group operates in the industry sector "potato processing." The potatoes are harvested and bought during 3 months, but the products are sold all year.

## 10. Estimated values

In the reporting period, the Group did not run tests for the loss of fixed assets value, as there were no indications that the assets had lost their value.

The receivables write-offs were revalued to reflect the risk of non-payments from customers.

The provisions for pension benefits and jubilee benefits were made based on actuarial calculations as of 30.06.2021.

The provisions for unused annual leaves were updated based on the foreseen employees' salaries with overheads payable by the employer for unused annual leaves as of 30.06.2021.

The Group considers the deferred tax assets under the assumption that the tax profit will be made in the future allowing these assets to be used.

The Group annually verifies the periods of economic usability for fixed and intangible assets. The last update took place on 31 December 2020.

The Parent Company analysed sensitivity of owned assets, including the goodwill of every subsidiary, for which impairment tests were performed as at 31.12.2020. The Parent Company will perform new impairment tests as at 31.12.2021.

## 11. Purchase and sale of tangible fixed assets

During the first half of 2021, the Group purchased fixed assets for PLN 3 633 thousand. These were mostly modernizations of production machinery and equipment.

Fixed assets for an amount of PLN 488 thousand were sold.

## 12. Significant commitments to purchase fixed assets

No loan agreements for purchase of fixed assets were executed in the first half of 2021 .

## 13. Inventories

Inventories	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
a) materials	3 750	3 875	4 837
b) semi-finished products and work in progress	205	799	165
c) finished products	48 544	100 068	31 654
d) goods	5 673	5 760	8 356
<b>Gross value of inventories</b>	<b>58 172</b>	<b>110 502</b>	<b>45 012</b>
Revaluation write-downs	(485)	(304)	(847)
<b>Net value of inventories</b>	<b>57 687</b>	<b>110 198</b>	<b>44 165</b>



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The inventories considered as a cost in the reporting period were PLN 83 118 thousand (1st half of 2020 – PLN 83 150 thousand).

#### 14. Biological assets

Since March 2014 "PEPEES" S.A. has leased a farm and since March 2018 - new land, on which annual plants were sown. The seeds purchase and cultivation costs as at the balance sheet date were PLN 1 934 thousand, revenues from agricultural activity PLN 497 thousand, and the fair value of biological inventories and assets less the costs of sales was about PLN2 669 thousand. The biological assets are shown in the statement at fair value.

#### 15. Trade receivables and other short-term receivables

<b>TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES</b>	<b>As of 30 June 2021</b>	<b>As of 31 December 2020</b>	<b>As of 30 June 2020</b>
Trade receivables	26 470	19 161	32 077
Other receivables	1 521	7 378	1 947
Prepayments	9 189	1 333	7 717
<b>total</b>	<b>37 180</b>	<b>27 872</b>	<b>41 741</b>

<b>(GROSS) TRADE RECEIVABLES - WITH THE REPAYMENT PERIOD LEFT AFTER THE BALANCE SHEET</b>	<b>As of 30 June 2021</b>	<b>As of 31 December 2020</b>	<b>As of 30 June 2020</b>
a) up to 1 month	10 880	10 042	8 525
b) 1 month - 3 months	3 155	3 037	12 682
c) 3 months - 6 months	6 490	-	9 022
d) 6 months - 1 year	-	136	-
e) above 1 year	-	-	132
f) overdue receivables	6 809	6 607	3 166
Total trade receivables (gross)	27 334	19 822	33 527
- revaluation write-offs	(864)	(661)	(1 450)
<b>Total trade receivables (net)</b>	<b>26 470</b>	<b>19 161</b>	<b>32 077</b>

Overdue receivables without revaluation write-downs include receivables from debtors with whom the Group has done business for a few years and the assessment of their business and financial condition does not indicate that these receivables are doubtful. The overdue period ranges from a few days to three months. There are no receivables overdue for more than 180 days without revaluation write-offs.

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## 16. Trade and other short-term liabilities

TRADE AND OTHER SHORT-TERM LIABILITIES	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
- trade payables, with payment time:	19 041	14 609	12 195
- other short-term liabilities	3 366	5 609	16 308
- provisions for other liabilities and charges	3 522	3 772	3 634
<b>Total trade and other liabilities and provisions for liabilities</b>	<b>25 929</b>	<b>23 990</b>	<b>32 137</b>

Payables	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
- trade payables, with payment time:	19 041	14 609	12 195
- up to 12 months	19 041	14 609	12 195
- overdue above 180 days	-	-	-

## 17. Settlements from lawsuits

As of the statement date, there is an undecided lawsuit by EPSILON Investment Fund in Warsaw against „PEPEES” S.A.:

- for the annulment or declaration of invalidity of two resolutions on the appointment of the Supervisory Board members, adopted on 11 May 2018 by the General Meeting of Shareholders, and for the annulment of the resolution on the distribution of profit for 2017. By judgment of 26.10.2018 the Regional Court annulled the resolutions on the appointment of two Supervisory Board members and dismissed the claim in the remaining scope. Appeals against the judgment were filed by both parties. The Court of Appeal in Białystok dismissed both appeals. EPSILON filed a cassation appeal, which was accepted for examination by the Supreme Court on 21.11.2020,
- for invalidation of resolutions 24- 29 on 28 . 06. 2019 by the General Meeting of Shareholders , including resolution 28 on the Company Articles of Association and authorizing the Management Board to increase the Holding Company's share capital within the target capital along with the option to exclude by the Management Board the pre-emptive rights of current shareholders with the consent of the Supervisory Board. The Regional Court suspended the proceedings until the proceedings related to the suit brought by PEPEES against EPSILON for determination the loss of voting rights,
- cancellation or declaration of invalidity of two resolutions on discharging of fulfillment of obligation, adopted taken on 21.04.2020 by the General Meeting of Shareholders. The proceedings are pending before the Court of First Instance. The Regional Court suspended the proceedings until the proceedings related to the suit brought by PEPEES against EPSILON for determination the loss of voting rights,
- for invalidation or cancellation of resolutions of the General Meeting : resolution no 4 on examination and approval of the Company's financial statements for the period from 01.01.2020 to 21.12.2020, resolution no 9 on allocation of the net profit of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. for financial year 2020, resolution no 10 on acknowledgement of fulfillment of duties by the President of the Company's Management Board for financial year 2020, resolution no 11 on acknowledgement of fulfillment of duties by the Member of the Company's Management Board for financial year 2020, which were adopted

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on 29 June 2021 by the General Meeting.

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by the Member of the Company's Management Board for financial year 2020, which were adopted on 29 June 2021 by the General Meeting of Shareholders. The legal action was filed to the Regional Court on 28 July 2021. The contents of resolution subject to litigation were published in the current report no 8/2021.

Otherwise, there are no significant pending litigations in court, proceedings in an arbitration court or a public administration body in respect to liabilities or receivables of the Issuer or its subsidiaries.

There are a few lawsuits against the Group's trade debtors. 100% revaluation write-offs were made for all receivables in litigation.

## 18. Unpaid credits and loans

The bank loans as of the balance sheet day are presented in the table below. They are being repaid on time. The loans between the Capital Group companies are excluded in the consolidated statement.

### Long- and short-term liabilities

Item	Loan type	Borrower	Bank that grants a loan	Loan amount acc. to agreement	Outstanding loan amount	Repayment date
1	Overdraft facility	PEPEES S.A.	Santander Bank Polska S.A.	4 000	3 607	31.08.2021
2	Revolving loan	PEPEES S.A.	Santander Bank Polska S.A.	14 500	3 625	31.08.2021
3	Working capital loan	PEPEES S.A.	Santander Bank Polska S.A.	17 000	4 250	31.08.2021
4	Overdraft facility	PEPEES S.A.	PowszechnaKasa Oszczędności Bank Polski S.A.	4 000	3 640	31.08.2021
5	Revolving loan	PEPEES S.A.	PowszechnaKasa Oszczędności Bank Polski S.A.	14 500	3 625	31.08.2021
6	Working capital loan for purchase of potatoes	PEPEES S.A.	PowszechnaKasa Oszczędności Bank Polski S.A.	17 000	4 250	31.08.2021
7	Investment loan for construction of the starch drying plant, unloading station	PEPEES S.A.	BGŻ BNP Paribas S.A.	9 822	924	25.02.2022
8	Investment loan to finance and and refinance purchase of 100% shares in Gospodarstwo Rolne Ponary Sp. z o.o.	PEPEES S.A.	PowszechnaKasa Oszczędności Bank Polski S.A.	10 530	6 017	30.06.2025
9	Overdraft facility	ZPZ LUBLIN Sp. z o.o.	Santander Bank Polska S.A.	1 500	179	31.08.2021
10	Revolving loan	ZPZ LUBLIN Sp. z o.o.	Santander Bank Polska S.A.	4 000	1 500	31.08.2021
11	Working capital loan	ZPZ LUBLIN Sp. z o.o.	Santander Bank Polska S.A.	2 000	500	31.08.2021
12	Overdraft facility	ZPZ LUBLIN Sp. z o.o.	PowszechnaKasa Oszczędności Bank Polski S.A.	1 500	190	31.08.2021
13	Revolving loan	ZPZ LUBLIN Sp. z o.o.	PowszechnaKasa Oszczędności Bank Polski S.A.	4 000	909	31.08.2021

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Item	Loan type	Borrower	Bank that grants a loan	Loan amount acc.to agreement	Outstanding loan amount	Repayment date
14	Working capital loan for purchase of potatoes	ZPZ LUBLIN Sp. z o.o.	PowszechnaKasa Oszczędności Bank Polski S.A.	2 000	500	31.08.2021
15	Overdraft facility	BRONISŁAW	Santander Bank Polska S.A.	700	0	31.08.2021
16	Revolving loan	BRONISŁAW	Santander Bank Polska S.A.	6 300	2 363	31.08.2021
17	Working capital loan	BRONISŁAW	Santander Bank Polska S.A.	8 500	2 124	31.08.2021
18	Overdraft facility	BRONISŁAW S.A.	PowszechnaKasa Oszczędności Bank Polski S.A.	700	615	31.08.2021
19	Revolving loan	BRONISŁAW S.A.	PowszechnaKasa Oszczędności Bank Polski S.A.	6 300	1 575	31.08.2021
20	Working capital loan for purchase of potatoes	BRONISŁAW S.A.	PowszechnaKasa Oszczędności Bank Polski S.A.	8 500	2 124	31.08.2021
21	Investment loan for modernisation of starch drying plant and construction of protein	BRONISŁAW S.A.	BOŚ S.A.	8 456	6 107	31.12.2027
22	Investment loan to finance / refinance purchase of real properties by PPZ Bronisław	BRONISŁAW S.A.	Santander Bank Polska S.A.	800	67	30.11.2021
<b>total</b>			<b>PLN</b>	<b>146 608</b>	<b>48 691</b>	

No provisions of loan agreements were breached in the reporting period. All loans are being repaid according to the schedules included in the agreements.

## 19. Issuer's transactions with associated entities

### 19.1 Issuer's transactions with subsidiaries

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

Revenue type	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020
Revenues from sales of products to subsidiaries	527	910
Revenues from sales of goods and materials to subsidiaries	-	-
Revenues from sales of services	158	231
Revenues from sales of tangible assets to subsidiaries	-	-
<b>Total revenues from associated entities</b>	<b>685</b>	<b>1 141</b>

The sale price is determined using the "cost plus" method or according to the price list for non-associated entities.

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**b) Purchase of products and services**

Purchasetype	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020
Purchase of products from subsidiaries	4 743	7 175
Purchase of services from subsidiaries	33	79
Purchase of fixed assets from subsidiaries	-	-
<b>Total purchases from associated entities</b>	<b>4 776</b>	<b>7 254</b>

**c) Other transactions**

Description	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020
Interest from loans granted	11	116
Fees on granted guarantees	66	181
Fees on received guarantees	79	79
<b>total</b>	<b>156</b>	<b>376</b>

**d) Balance amounts for sale / purchase of products/services**

Settlements with subsidiaries	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
Receivables - ZPZ LUBLIN Sp. z o.o.	-	2 659	-
Receivables - PPZ BRONISŁAW S.A.	3 762		302
Receivables - CHP Energia (as at 31.12.2020 presented as assets held for sale, while as at 30.06.2021 the settlements were not included in the specification because the company is no longer a subsidiary)	-	1 161	2 591
Prepayments - CHP Energia Sp. z o.o. (as at 31.12.2020 presented as assets held for sale, while as at 30.06.2021 the settlements were not included in the specification because the company is no longer a subsidiary)	-	1 044	-
Receivables - GR PONARY Sp. z o.o.	1	1	1
Receivables - Pepees Inwestycje Sp. o.o.	11	8	7
Payables - ZPZ LUBLIN Sp. z o.o.	181	181	286
Payables - PPZ BRONISŁAW S.A.	-	6	-
Payables - GR PONARY	13	13	26
Payables - CHP Energia (as at 31.12.2020 presented as payable related to assets held for sale, while as at 30.06.2021 the settlements were not included in the specification because the company is no longer a subsidiary)	-	1	-
<b>Balance of settlements with related parties</b>	<b>3 580</b>	<b>4 672</b>	<b>2 589</b>

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**e) Balance of loans settlements**

Loans granted to subsidiaries	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
PPZ BRONISŁAW S.A.	3 305	-	1 200
ZPZ LUBLIN Sp. z o.o.	-	-	800
CHP Energia Sp. z o.o. (as at 31.12.2020 presented as assets held for sale, while as at 30.06.2021 the settlements were not included in the specification because the company is no longer a subsidiary)	-	4 932	4 861
GR Ponary Sp. z o.o.	554	550	555
Pepees Inwestycje Sp. z o.o.	-	145	-
<b>Loans granted</b>	<b>3 859</b>	<b>5 627</b>	<b>7 416</b>
Write-offs for loans granted to CHP	-	(12)	(2 268)
<b>Loans in financial situation statement</b>	<b>3 859</b>	<b>5 615</b>	<b>5 148</b>

**19.2 Issuer's transactions with shareholders**

The Parent Company had no transactions with shareholders in the reporting period.

**19.3 Issuer's transactions with key management and supervisory personnel**

**a) Benefits for key management personnel (Management Board) and the Supervisory Board**

Description	For the period of 6 months ended 30 June 2021	For the period of 6 months ended 30 June 2020
Short-term employee benefits	1 191	1 157
Benefits after the employment period	-	-
Severance pays	-	-
Payments in shares	-	-
<b>total</b>	<b>1 191</b>	<b>1 157</b>

**b) Transactions with key personnel and their close family members**

The Company had no transactions with key personnel and their close family members in the reporting period.

**20. Change of estimated values**

**a) Revaluation write-offs**

Change of revaluation write-offs from short-term receivables	for the period of 6 months ended 30 June 2021	For 12 months ended on 31 December 2020	For the period of 6 months ended 30 June 2020
<b>Beginning of the period</b>	<b>797</b>	<b>2 028</b>	<b>2 028</b>
<b>a) increase (due to)</b>	<b>388</b>	<b>318</b>	<b>292</b>
- for doubtful trade receivables	388	318	292

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Change of revaluation write-offs from short-term receivables	for the period of 6 months ended 30 June 2021	For 12 months ended on 31 December 2020	for the period of 6 months ended 30 June 2020
- for receivables in litigation	-	-	-
<b>b) decrease (due to)</b>	<b>58</b>	<b>1 549</b>	<b>650</b>
- dissolution of provision as a result of payment	58	130	106
- use as a result of relief or sale of receivables	-	551	544
- release of write-downs for CHP Energia's receivables as a result of revaluation to a value that will be recovered - assets classified as held for sale	-	868	-
<b>End of the period, including:</b>	<b>1 127</b>	<b>797</b>	<b>1 670</b>

**b) Inventory revaluation write-offs**

Change of inventory revaluation write-offs	For 6 months ended on 30 June 2021	For 12 months ended on 31 December 2020	For 6 months ended on 30 June 2020
<b>Beginning of the period</b>	<b>304</b>	<b>521</b>	<b>521</b>
<b>a) increase (due to)</b>	<b>464</b>	<b>1 109</b>	<b>826</b>
- write-off to the net value that can be obtained	464	1 109	826
- material revaluation write-off due to value loss	-	-	-
<b>b) decrease (due to)</b>	<b>283</b>	<b>1 326</b>	<b>500</b>
- use	-	-	-
- reversal of write-offs	283	1 326	500
<b>Inventory revaluation write-offs at the end of period</b>	<b>485</b>	<b>304</b>	<b>847</b>

**c) Payables for pensions and similar benefits**

Change of pension and similar benefits payables (by titles)	For 6 months ended on 30 June 2021	For 12 months ended on 31 December 2020	For 6 months ended on 30 June 2020
<b>a) beginning of the period</b>	<b>3 682</b>	<b>3 195</b>	<b>3 195</b>
- retirement severance pay	729	600	600
- anniversary awards	2 953	2 595	2 595
<b>b) increase (due to)</b>	<b>400</b>	<b>837</b>	<b>407</b>
- retirement severance pay	13	138	77
- anniversary awards	387	699	330
<b>c) use (due to)</b>	<b>181</b>	<b>329</b>	<b>76</b>
- retirement severance pay	23	9	-
- anniversary awards	158	320	76
<b>d) dissolution (due to)</b>	<b>-</b>	<b>21</b>	<b>-</b>
- retirement severance pay	-	-	-
- jubilee benefits	-	21	-



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Change of pension and similar benefits payables (by titles)	for the period of 6 months ended 30 June 2021	For 12 months ended on 31 December 2020	for the period of 6 months ended 30 June 2020
<b>d) closing balance</b>	<b>901</b>	<b>3 682</b>	<b>3 527</b>
- retirement pay	719	729	678
- jubilee awards	3 182	2 953	2 849

## 21. Short-term provisions

Change of short-term provisions (by type)	For 6 months ended on 30 June 2021	For 12 months ended on 31 December 2020	For 6 months ended on 30 June 2020
<b>a) beginning of the period</b>	<b>3 772</b>	<b>4 319</b>	<b>4 319</b>
- subsidies to tangible fixed assets	98	622	622
- provisions for benefits provided by contracting parties	26	23	23
- environmental fee	117	83	83
- provisions for annual leave payments	715	702	702
- provision for used CO2 emission allowances	2 283	1 434	1 434
- bonuses for Management Board and employees	533	1 455	1 455
<b>b) increase (due to)</b>	<b>2 816</b>	<b>2 510</b>	<b>589</b>
- provision for used CO2 emission allowances	1 744	1 682	225
- environmental fee	37	102	23
- provisions for annual leave payments	582	438	324
- provisions for benefits provided by contracting parties	9	26	17
- bonuses for Management Board and employees	444	262	-
<b>c) use (due to)</b>	<b>3 066</b>	<b>1 556</b>	<b>1 274</b>
- environmental fee	109	68	67
- provisions for annual leave payments	328	296	15
- provision for used CO2 emission allowances	2 080	833	833
- provisions for benefits provided by contracting parties	16	23	23
- bonuses for Management Board and employees	533	336	336
<b>d) dissolution (due to)</b>	<b>-</b>	<b>848</b>	<b>-</b>
- bonuses for Management Board and employees	-	848	-
<b>e) reclassification to liabilities associated with assets held for sale</b>	<b>-</b>	<b>653</b>	<b>-</b>
- subsidies to tangible fixed assets	-	524	-
- provisions for annual leave payments	-	129	-
<b>e) end of period</b>	<b>3 522</b>	<b>3 772</b>	<b>3 634</b>
- subsidies to tangible fixed assets	98	98	622
- provision for used CO2 emission allowances	1 947	2 283	826
- environmental fee	45	117	39
- provisions for annual leave payments	969	715	1 011
- bonuses for Management Board and employees	444	533	1 119
- provisions for benefits provided by contracting parties	19	26	17

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## 22. Deferred income tax

Provisions for deferred income	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
Difference between balance sheet value and tax value of fixed assets	5 817	5 925	5 567
Investments valuation	662	662	625
Unrealized exchange rate differences	1	1	-
Interest due but not received	5	74	61
Other	12	-	11
<b>Total provisions for deferred income</b>	<b>6 497</b>	<b>6 662</b>	<b>6 264</b>

Assets from deferred income tax	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
Unpaid remunerations	146	177	143
Provision for unused annual leaves	183	136	169
Provision for pension and anniversary awards	741	700	669
Unrealized exchange rate differences	68	36	59
Revaluation write-offs	-	-	-
Inventory revaluation write-offs	92	139	241
Shares revaluation write-offs	18	886	565
Lease liabilities	1 165	1 218	897
Consolidation adjustments - retained earnings	(3)	2	(444)
Provision for bonuses for Management Board and employees	84	102	213
Cancellation of CO2 emission allowances	370	434	157
Property valuation	2 352	2 389	2 392
Tax loss	957	-	-
Other	13	12	10
<b>total</b>	<b>6 186</b>	<b>6 231</b>	<b>5 071</b>

## 23. Provisional assets and liabilities

CHANGE OF VOLUME OF PROVISIONAL ASSETS (BY TITLES)	For 6 months ended on 30 June 2021	For 12 months ended on 31 December 2020	For 6 months ended on 30 June 2020
<b>a) beginning of the period, including</b>	<b>15 795</b>	<b>15 795</b>	<b>15 795</b>
- security of the investment loan by GR PONARY	15 795	15 795	15 795
<b>b) increase (due to)</b>	<b>-</b>	<b>-</b>	<b>-</b>
- security of the investment loan by GR PONARY	-	-	-
<b>d) end of period, including</b>	<b>15 795</b>	<b>15 795</b>	<b>15 795</b>
- security of the investment loan by GR PONARY	15 795	15 795	15 795

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<b>CHANGE OF VOLUME OF PROVISIONAL ASSETS (BY TYPE)</b>	<b>For 6 months ended on 30 June 2021</b>	<b>For 12 months ended on 31 December 2020</b>	<b>For 6 months ended on 30 June 2020</b>
<b>a) beginning of the period, including</b>	<b>32 481</b>	<b>33 781</b>	<b>33 781</b>
- liabilities under non-compete agreements	1 563	1 563	1 563
- loan securities for related companies	30 918	32 218	32 218
<b>b) increase (due to)</b>	<b>29</b>	<b>-</b>	<b>-</b>
- liabilities under non-compete agreements	29	-	-
- loan securities for related companies	-	-	-
<b>(c) dissolution</b>	<b>18 234</b>	<b>1 300</b>	<b>-</b>
- loan guarantee	18 234	1 300	-
<b>d) end of period, including</b>	<b>14 276</b>	<b>32 481</b>	<b>33 781</b>
- liabilities under non-compete agreements	1 592	1 563	1 563
- loan securities for related companies	12 684	30 918	32 218

## 24. Issue, repurchase and repayment of securities

Issue, repurchase and repayment of securities did not take place in the reporting period.

## 25. Reporting on operation segments

### 25.1. Information on products and services

Four branches have been specified in PEPEES Capital Group that is: "potato processing", "production of electricity", "agricultural farming combined with animal breeding" and "purchases and sales of real properties for own account". Upon the sale of the shares of CHP Energia, which belonged to the "electricity generation" segment, three segments remained in the Group.

PEPEES Capital Group operates mainly in the "potato processing" segment. The following products are made within this segment:

- potato starch used in households and in food, pharmaceutical, pulp and paper and textile industries;
- a few types of glucose used in food, confectionery and pharmaceutical industries;
- maltodextrin which is an essential additive to powdered products (ice cream, sauces, soups, fruit solids, flavours) and vitamin and mineral nutrients for children and athletes.
- protein obtained from potato cellular sauce by coagulation, separation and drying; it is a valuable component of food mixes for animals and an excellent substitute for animal protein;
- a wide range of starch syrups used in confectionery and bakery;
- granulated dehydrated potatoes, potato flakes, potato cubes and dumplings used in food industry.

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The remaining areas of operations include:

- works and services;
- sale of some goods and materials;
- growing and sale of annual plants;
- purchase and sale of real estate on own account (Pepees Inwestycje Sp. z o.o.)

The segment of "agricultural farming combined with animal breeding" includes all assets and liabilities of Gospodarstwo Rolne Ponary Sp. z o.o.

Because during the 1st half of 2021 Ponary did not generate any revenues from sale, the segment of "agricultural farming combined with animal breeding" was not separated in revenues and results of the segments. Due to the value of land owned by Ponary, the third segment was separated in this statement exclusively to show its assets and liabilities.

## 25.2 Revenues and results by segments

Specification	Revenues		Profit	
	For 6 months ended 30 June 2021	For 6 months ended 30 June 2020	For 6 months ended 30 June 2021	For 6 months ended 30 June 2020
Potato processing	101 361	110 810	(6 411)	7 477
- including among segments	7	7		
Power generation	1 264	4 061	(184)	(551)
- including among segments	115	399		
<b>Total revenues from sales</b>	<b>102 503</b>	<b>114 465</b>	<b>(6 595)</b>	<b>6 926</b>
Other operating revenues			2 419	912
Other operating costs			(409)	(563)
Gain (loss) on disposal of a subsidiary			5 029	-
Financial revenues			20	421
Financial costs			(1 838)	(2 003)
<b>Profit (loss) before tax</b>			<b>(1 374)</b>	<b>5 693</b>

## 25.3 Assets and liabilities by segments

Assets	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
Potato processing	266 271	326 845	267 299
Power generation	-	18 247	11 304
Farming connected with livestock breeding	19 568	19 511	19 467
Sale and purchase of real property for own account	61	235	70
<b>Total assets of the segments</b>	<b>285 900</b>	<b>364 838</b>	<b>298 140</b>

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Liabilities of the segments	As of 30 June 2021	As of 31 December 2020	As of 30 June 2020
Potatoprocessing	109 143	154 452	107 490
Power generation	-	17 482	17 180
Farming connected with livestock breeding	-	-	-
Sale and purchase of real property.	-	-	-
<b>Total liabilities</b>	<b>109 143</b>	<b>171 934</b>	<b>124 670</b>

## 25.4 Other information about the segments

segment	Depreciation		Increase of fixed assets	
	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2021	For 6 months ended on 30 June 2020
Potatoprocessing	6 479	6 329	3 633	3 310
Power generation	233	730	-	-
<b>Total continued operations</b>	<b>6 712</b>	<b>7 059</b>	<b>3 633</b>	<b>3 310</b>

## 25.5 Revenues by products

Product name	For the period of 6 months ended 30 June 2021	For the period of 6 months ended 30 June 2020
Starch	57 982	60 399
Protein	5 416	7 217
Glucose	6 696	5 723
Maltodextrin	9 583	11 907
Starch syrups	2 644	2 567
Dried potatoes (granulate, flakes, cubes)	8 182	9 022
Feeds and fertilizers	-	150
Electric power	188	2 026
Property rights (electricity and heat)	397	1 367
Goods and materials	10 893	13 576
Services	522	511
<b>Total</b>	<b>102 503</b>	<b>114 465</b>

## 25.6 Sales revenues by territorial structure

Description	For the period of 6 months ended 30 June 2021	for the period of 6 months ended 30 June 2020
<b>Poland, including</b>	<b>68 578</b>	<b>83 636</b>
Starch	33 674	39 754
Protein	3 601	3 836
Glucose	5 323	4 902
Maltodextrin	6 494	9 423
Starch syrups	2 644	2 567

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Description	For the period of 6 months ended 30 June 2021	for the period of 6 months ended 30 June 2020
Dried potatoes (granulate, flakes, cubes)	6 805	8 290
Feeds and fertilizers	-	150
Electric power	188	2 026
Property rights (electricity and heat)	397	1 367
Goods and materials	8 930	10 810
Services	522	511
<b>EU countries - intra-Community supplies, including:</b>	<b>7 082</b>	<b>7 296</b>
Starch	3 132	3 032
Protein	857	1 201
Maltodextrin	1 607	2 298
Glucose	352	530
Dried potatoes (granulate, flakes, cubes)	849	235
Goods	285	-
<b>Remaining countries - export</b>	<b>26 843</b>	<b>23 533</b>
Starch	21 176	17 613
Protein	958	2 180
Glucose	1 021	291
Maltodextrin	1 482	186
Dried potatoes (granulate, flakes, cubes)	528	497
Goods	1 678	2 766
<b>total</b>	<b>102 503</b>	<b>114 465</b>

## 25.7 Information on main customers

The Group does not have a customer revenues from which would exceed 10% of total revenues. However, in the group of individual products, there are customers accounting for more than 10% of sale of a given product. And so:

- more than 42% of maltodextrin was sold to three domestic counterparties( 19.9%; 12.8%and 9.6% respectively),
- 38% of protein was sold to two domestic customers (20.9% and 17.3% respectively),

## 26. Divestment of activities

### 26.1 Payment received

In the first quarter of 2021, PEPEES Group disposed of the " electricity production" business, which was conducted entirely by the subsidiary, CHP Energia Sp. z o.o.

On 18.03.2021, a cash payment of PLN 1,403 thousand was received for the shares sold .

Due to the monthly closing of reporting periods, positions as at the last day of the month preceding the sale, i.e. as at 28.02.2021, have been adopted. It was not possible to accept data at the end of the month in which the sale took place, as there were significant changes introduced by the new investor.

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**26.2 Analysis of assets and liabilities of CHP Energia over which control has been lost**

<b>by liquidity</b>	<b>)in PLN thousands /</b>	
	<b>28.02.2021</b>	<b>31.12.2020</b>
<b>Current assets</b>	<b>2 120</b>	<b>2 516</b>
Monetary assets and equivalents	24	77
Current receivables	730	690
Inventories	1 366	1 749
<b>Fixed assets</b>	<b>15 497</b>	<b>15 730</b>
Tangible fixed assets	15 497	15 730
<b>Current payables</b>	<b>17 067</b>	<b>14 462</b>
Trade and other payables	7 566	5 925
Credits and loans	9 501	8 537
<b>Long-term liabilities</b>	<b>8 249</b>	<b>11 285</b>
Credits and loans	8 249	8 486
Other long-term liabilities		2 799
<b>Net assets sold</b>	<b>(7 699)</b>	<b>(7 501)</b>
<b>Net disposed assets attributable to the parent company (70.15%)</b>	<b>(5 401)</b>	<b>(5 262)</b>

**26.3 Gain (loss) on sale of a subsidiary**

	<b>18.03.2021</b>
Payment received	1 403
Minus net disposed assets attributable to the parent company	(5 401)
Minus goodwill at the date of loss of control	1 775
<b>Profit on sales</b>	<b>5 029</b>

**26.4 Net cash proceeds from disposal**

	<b>18.03.2021</b>
Cash payment received	1 403
Disposed cash balance	23
<b>Net receipts</b>	<b>1 380</b>

**27. Information on paid (or declared dividend), total and per ordinary and preferred share**

The Group companies did not pay dividends in the reporting period. The Management Boards of the companies did not declare or propose dividends from the profit distribution for 2021.

**28. In case of financial instrument valued at fair value  
- information about the change of valuation method**

During the 6 months ended on 30 June 2021, the Group did not change the rules of determining the fair value of financial instruments. The same rules methods were used as when making the Group's consolidated financial statement for the year ended on 31 December 2020.

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**29. Information on change of classification of financial assets as a result of change of purpose of use of such assets**

In the reporting period, there were no changes of classification of financial assets as a result of change of purpose of use of such assets.

**30. Information on changes of economic situation and operating conditions which have an important impact on the fair value of financial assets and liabilities, regardless of whether such assets and liabilities are at air value or at adjusted purchase price (production cost)**

In connection with coronavirus pandemic in Poland, the Management Board took immediate actions to limit potential health and safety hazard for employees and ensure business continuity. Appropriate safety and hygiene procedures according to the Ministry of Health guidelines were implemented. In addition to providing staff safety, which remain the priority, all actions focus on flexible response to changing circumstances and activities aiming to limit the epidemic impact on business, including to maintain the revenues with simultaneous tight control of costs.

The Group's objective has been to achieve the maximum rate of return on investments while maintaining moderate level of investment risk. PEPEES Group assumes performance of parallel activities in the field of development, through increase of efficiency of activities of the Capital Group companies and mitigation of risks to which they are exposed, as well as performance of further investment activities.

The existing epidemic condition as a result of the spread of the COVID-19 coronavirus and related actions taken by the government administration in Poland and other countries negatively affect the Group's development. The year 2021 will remain influenced by the fight against the effects of the pandemic. All Group companies monitor on an ongoing basis the development of the situation in Poland and worldwide, related to the COVID- 19 coronavirus pandemic, verifying all information with respect to its impact on the Group's economic situation and taking ad hoc actions to minimize the consequences related to the above-mentioned extraordinary circumstances.

**31. Other information which may significantly affect the assessment of property and financial situation of the Group and its financial result**

All events and information affecting the assessment of property and financial situation of the Group in the reporting period are presented in this statement. Save for the continuing pandemic, that negatively affects results of individual Group companies and disposal of the subsidiary, CHP Energia, the Group does not have any information which may significantly affect the assessment of property and financial situation of the Group and its financial result.

**32. Important events that took place after the balance sheet day**

On 5 July 2021 an annex to the credit multiline agreement of 07.10.2014 with Santander Bank Polska (former Bank Zachodni WBK S.A.) was signed. Under the annex, the credit limit granted to PEPEES and subsidiaries was raised to PLN 62.5 million, the repayment date was also prolonged to 31.08.2022.

On 5 July 2021 also an annex to multipurpose credit line agreement with Powszechna Kasa Oszczędności Bank Polski S.A was also signed. Under the annex, the credit limit granted to PEPEES and subsidiaries was raised to PLN 62.5 million, the repayment date was also prolonged to 31.08.2022.



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On 28 July 2021 EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych w Warszawie brought a legal action to the Regional Court in Warsaw for invalidation or cancellation of resolutions of the General Meeting : resolution no 4 on examination and approval of the Company's financial statements for the period from 01.01.2020 to 21.12.2020, resolution no 9 on allocation of the net profit of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S. A. for financial year 2020, resolution no 10 on acknowledgement of fulfillment of duties by the President of the Company's Management Board for financial year 2020, resolution no 11 on acknowledgement of fulfillment of duties by the Member of the Company's Management Board for financial year 2020, which were adopted on 29 June 2021 by the General Meeting of Shareholders. The contents of resolution subject to litigation were published in the current report no 8/2021.

**33. Approval of interim abbreviated consolidated financial statement**

This Interim Abbreviated Consolidated Financial Statement of PEPEES Capital Group for the 1st half of the year ended 30 June 2020 was approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” Spółka Akcyjna in Łomża on 21 September 2021.

**SIGNATURES OF THE PARENT COMPANY MANAGEMENT BOARD**

President of Management Board - Wojciech Faszczeński

Member of Management Board - Tomasz Krzysztof Rogala

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

Deputy Chief Accountant – Małgorzata Kordas