

**PEPEES S.A**

**PRZEDSIĘBIORSTWO PRZEMYSŁU  
SPOŻYWCZEGO „PEPEES”  
SPÓŁKA AKCYJNA  
IN ŁOMŻA**

**FINANCIAL STATEMENTS for 12 months ended on 31  
December**

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

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10.66 Statement of changes in equity

10.434	Description	10.435 10.436 ital	Share 0.437 cap plementary capital	Su 519 50	10.438 s reserve	Asset revaluation	10.439 ther 10.440 capital 10.441 reserves	O c 10.442 10.443 allocated earnings	U e	10.444 Total equity capital
10.445	As of 1 January 2019	10.446	5 700	519 50	10.448	(26)	10.449 1634	10.450 7442		10.451 156 700
10.452	Allocation of profit for 2018, including:	10.453		10.454	10.455		10.456	10.457		10.458
10.459	- increase capital reserve	10.460		604 2	10.462		10.463	10.464 (6042)		10.465 -
10.466	- transactions with owners (dividend)	10.467		10.468	10.469		10.470	10.471 11400		10.472 (11 400)
10.473	Net profit (loss) for period	10.474		10.475	10.476		10.477	10.478 0182		10.479 19182
10.480	Other total income for financial year (net)	10.481		10.482	10.483	(39)	10.484	10.485		10.486 (39)
10.487	As of 31 December 2019	10.488	5 700	10.489 57 002	10.490	(65)	10.491 1634	10.492 0182		10.493 164 442
10.494	As of 1 January 2020	10.495	5 700	10.496 57 002	10.497	(65)	10.498 1634	10.499 0182		10.500 164 443
10.501	Allocation of profit for 2019, including:	10.502		10.503	10.504		10.505	10.506		10.507
10.508	- increase capital reserve	10.509		10.510 7 782	10.511		10.512	10.513 7782		10.514 -
10.515	- transactions with owners (dividend)	10.516		10.517	10.518		10.519	10.520 11400		10.521 (11 400)
10.522	Net profit (loss) for period	10.523		10.524	10.525		10.526	10.527 530		10.528 5530
10.529	Other total income for financial year (net)	10.530		10.531	10.532	(43)	10.533	10.534		10.535 (43)
10.536	As of 31 December 2020	10.537	5 700	10.538 65 774	10.539	(108)	10.540 1634	10.541 530		10.542 158 530
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10.138 (a) *Trademarks and licenses*

10.139 Trademarks and licenses have limited (finite) useful economic lives and are presented in the statement of financial position at historical cost less accumulated depreciation to date. Depreciation is computed by means of the straight-line method to spread the cost over the estimated useful economic life (2-10 years).

b) *Computer software*

10.140 Purchased computer software licenses are activated in the amount of the costs incurred to purchase and prepare specific computer software for use. Activated costs are written off over the estimated useful life of the software (2-10 years).

10.141 Costs associated with the development or maintenance of computer programs are recorded as costs as incurred.

c) *Right to emit pollution*

10.142 CO2 emission allowances are recorded as intangible assets which are not subject to amortisation but are analysed for impairment.

10.143 The purchased units of emission allowances are recorded at purchase price, whereas the ones received free of charge are recorded at nominal value, i.e. at zero.

10.144 A provision is created for the estimated CO2 emissions in the reporting period in the costs of the core business.

10.145 On the basis of the verified annual report referred to in Article 57 sec. 3 of the Act on Emissions Trading, used and cancelled emission allowances shall be excluded from the register. Allowances are recorded by means of the first-in, first-out (FIFO) method.

4.8. Rights to assets (Right of perpetual usufruct of land)

10.146 Starting from 1 January 2019, the Company has implemented International Financial Reporting Standard 16 "Leases", which introduces a single lessee accounting model and requires the lessee to recognise assets and liabilities arising from each lease with a term in excess of 12 months, unless the underlying asset is of low value. At the commencement date, the lessee recognizes an asset related to the right to use the underlying asset and a liability for lease that reflects its obligation to make lease payments. The lessee accounts separately for depreciation of an asset related to the right to use and interest on the lease liability.

10.147 Until 31 December 2018 the Company treated the perpetual usufruct of land held as an operating lease, recognising the payments made in this respect in profit or loss of the period to which they related. As of 1 January 2019, the perpetual usufruct right has been classified by the Company as a lease agreement, in accordance with IFRS 16.

10.148 The asset related to the right to use and lease advances for real estate are presented under "Rights to assets" in the consolidated statement of financial position.

4.9. Investment property

10.149 Investment property is considered to be property that is treated as a source of rental income or/and is held because of its expected growth in value.



#### 4.11. Inventories

10.171 Inventories are presented at cost of purchase or costs of production that are not higher than net selling price. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and related departmental production costs (based on normal operating capacity), but excludes borrowing costs. Inventories of materials and goods are measured by means of the weighted average method.

10.172 As at the balance sheet date, inventories are measured in accordance with the principles of prudent valuation, i.e. at the lower of acquisition price and obtainable selling price. The net selling price corresponds to the estimated selling price less all costs necessary to complete production and the costs of marketing of the inventory or finding a buyer (i.e. selling, marketing costs, etc.). In case the purchase price is higher than the obtainable selling price, the Company creates revaluation write-downs in the costs of sold products.

#### 4.12. Biological assets

10.173 The Holding Company leases farms on which it grows annual crops, such as potatoes, leguminous plants (peas, tic beans) and cereals. Biological assets are measured at initial recognition and at the end of each reporting period at fair value less costs of sale taking into account the maturity level of the plants.

#### 4.13. Short- and long-term receivables

10.174 Trade receivables with the maturity date up to 180 days are recognised and disclosed at amounts initially invoiced, less any write-downs on impairment losses. A write-down for impairment losses of trade receivables is created when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Revaluation write-downs on receivables are charged to other operating expenses. The Company recognises impairment write-downs based on the age structure and credit risk analysis related to a given debtor. Receivables with a maturity of 180 days or more are measured at adjusted acquisition price (amortized cost) by means of the effective interest rate method.

#### 4.14. Transactions in foreign currency

10.175 Transactions denominated in currencies other than Polish zloty are translated into Polish zloty using the exchange rate applicable on the transaction date.

10.176 As at the balance sheet date, cash, bank loans and other assets and liabilities expressed in currencies other than the Polish zloty are translated into the Polish zloty at the exchange rate of the bank serving the Company. Exchange rate differences arising from translation are recognized as financial income or expenses, as appropriate.

#### 4.15. Cash and cash equivalents

10.177 Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term investments with original maturity of three months or less and highly liquid investments, and an overdraft facility. The overdraft facility is presented in the statement of financial position as a component of short-term credits and loans within current liabilities.

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10.201 Loans and advances are classified as short-term liabilities unless the Company has an unconditional right to defer settlement of the liability by at least 12 months from the balance sheet date. In that case, they are shown as long-term liabilities.

#### 4.19. Borrowing costs

10.202 Borrowing costs directly related to the construction, adaptation, installation or improvement of tangible or intangible assets, for the period of construction, adaptation, installation or improvement, are recognized in the value of those assets, if the liabilities were incurred for this purpose. Other borrowing costs are recognized in the statement of comprehensive income.

#### 4.20. Deferred income tax

10.203 A deferred income tax liability is recognized in full amount, by means of the liability method, for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined at the tax rates (and provisions) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

10.204 Deferred income tax assets are established in the amount to be deducted from income tax in the future due to negative temporary differences which will reduce the tax base in the future. Deferred tax assets are recognized if it is probable that future taxable profit will be earned, against which the temporary differences can be utilised.

#### 10.205 4.21. Employee benefits

10.206 The expected costs of employee benefits (anniversary bonuses, retirement benefits, etc.) are recorded over the employment period using actuarial methods. Actuarial gains and losses arising from ex post adjustments to actuarial assumptions and changes in actuarial assumptions are recognized in other comprehensive income in the statement of comprehensive income over the average expected remaining employment periods of the employees to whom they relate. The valuation of the related liabilities is carried out every six months by independent actuaries.

10.207 Employee benefits may also arise on termination of employment before the normal retirement date of an employee or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminate the employment of employees in accordance with a detailed formal plan in place with no possibility of withdrawal or it is committed to pay termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits payable more than 12 months after the balance sheet date are discounted to their present value.

#### 4.22. Trade payables

10.208 Trade payables, if they are not interest-bearing instruments, are recognized in the balance sheet at the amount due. If the valuation at adjusted acquisition price differs materially from the valuation at the amount due, then trade liabilities are valued at adjusted acquisition price.

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10.224 the exemption applies consistently to the different classes of leased assets; when determining the lease term, the Company should take into account the option to extend the lease term if it is reasonably certain that it will use the extension option or will not use the termination option; any lease that includes an option to purchase the asset automatically does not qualify as a short-term lease;

10.225 > lease agreements for which the asset being the leased asset is of low value; the IASB stated in the Explanatory Memorandum that the maximum value of an asset qualifying for the exemption is \$5'000 (the initial value of the new asset, regardless of the age of the leased asset); the exemption does not apply to items subleased.. The allowable exemption for leases of short-term contracts and leases of low-value assets is intended to reduce the costs associated with implementation of the new standard without clear diminishing of the quality of the information from the financial statements. If so, the lessee shall recognise the lease payments in the income statement by means of the a straight-line method over the lease term or on a systematic basis if that is more representative.

10.226 Upon conclusion of an agreement, the Company assesses whether the agreement is a lease or whether it contains a lease. A lease is an agreement or part of an agreement, under which the right to use an asset for a given period is transferred in return for remuneration. The assessment consists in checking whether the right to exercise control over the use of a given asset for a given period, i.e. for the Entity's entire useful life, is transferred under the agreement:

- > has the right to obtain substantially economic benefits from the use of the identified asset (the benefit element);
- > has the right to direct the use of the identified asset (power element).

10.227 Leases that transfer substantially all the risks and rewards incidental to ownership of leased assets to the Company are recognized as assets and liabilities at the commencement of the lease term. The value of assets and liabilities is determined at the starting day of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

10.228 The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability so as to produce a constant interest rate on the remaining balance of the liability. Contingent lease payments are recognized as an expense in the period in which they are incurred.

10.229 Fixed assets used under lease agreements are depreciated according to the same principles as applied to the Company's own assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term then the asset is depreciated over the shorter of the estimated useful life of the fixed asset and the lease term.

10.230 Leases under which the lessor retains substantially all the risks and gains incidental to ownership of the leased asset are classified as operating leases. Lease payments under operating leases are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

#### 4.21. Recognition of revenue

10.231 Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will be obtained by the Company and the amount of revenue can be measured reliably.

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10.278 factors that are considered to be reasonable under the circumstances, the results of which provide a basis for judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual value may differ from the estimated value.

10.279 Estimates and related assumptions are subject to ongoing review. A change in accounting estimates is recognized in the period in which they have been changed.

10.280 In the reporting period, the Company tested its fixed assets for impairment and no impairment has been found.

10.281 Inventory revaluation write-downs take into account the degree of impairment.

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

10.283 The provisions for pension benefits and jubilee benefits were updated based on 0 actuarial calculations as at 31 December 2020. To discount future benefit payments, the discount rate was adopted at the level of the average profitability of the safest long-term securities listed on the Polish capital market as at the measurement date.

10.284 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 31.12.2020.

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

10.286 The Company annually verifies the periods of economic usability for fixed and 1 intangible assets. The last update took place on 31 December 2020.

#### 436. Cash flow statement

10.287 The Company prepares a cash flow statement using the indirect method by operating, investing and financing activities.

10.288 Cash flows from operating activities are primarily derived from core activities. They do not include external sources of funding.

10.289 Cash flows from investing activities are primarily:

- cash paid and received due to acquisition (disposal) of property, plant and equipment, intangible assets and other fixed assets,

- 10.290 cash related to the purchase or sale of equity instruments,

- received dividend,

- loans granted to third parties,

- cash from settlement of forward contracts.

10.291 Cash flows from financing activities relate primarily to external financing sources. They included, but are not limited to:

- proceeds from the issue of shares (none in the presented period),

- expenses for purchase of own shares (none in the presented period),

- dividends and other payments to stockholders,

- borrowing and repayment of loans,

- subsidies and all other non-refundable receipts from external sources of funding.

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10.749	Product name	10.750	For 12 months ended on 31 December 2020	10.751	For 12 months ended on 31 December 2019
10.752	Starch	10.753	91525	10.754	112 090
10.755	Protein	10.756	10 631	10.757	8118
10.758	Glucose	10.759	10 252	10.760	9 024
10.761	Hydrol	10.762	333	10.763	450
10.764	Maltodextrin	10.765	22 587	10.766	19 920
10.767	Starch syrups	10.768	902	10.769	1273
10.770	Goods and materials	10.771	17 775	10.772	21 005
10.773	Services	10.774	1 177	10.775	1054
10.776	<b>total</b>	10.777	<b>155 182</b>	10.778	<b>172 934</b>
10.779					

10.307

10.780	Description	10.781	For 12 months ended on 31 December 2020	10.782	For 12 months ended on 31 December 2019
10.783	<b>Poland, including</b>	10.784	<b>103 097</b>	10.785	<b>104 817</b>
10.786	Starch	10.787	53 472	10.788	58 314
10.789	Protein	10.790	7415	10.791	5 949
10.792	Glucose	10.793	8846	10.794	8 063
10.795	Hydrol	10.796	333	10.797	450
10.798	Maltodekstrin	10.799	18097	10.800	16 074
10.801	Starch syrups	10.802	902	10.803	1273
10.804	Goods and materials	10.805	12 855	10.806	13 640
10.807					

10.808	Description	10.809	For 12 months	10.810	For 12 months
		ended on 31 December 2020	ended on 31 December 2020	ended on 31 December 2019	ended on 31 December 2019
10.811	Services	10.812	1 177	10.813	1054
10.814	<b>EU countries - intra-Community supplies,</b>	10.816	<b>12 253</b>	10.817	<b>18 017</b>
10.818	Starch	10.819	<b>5 654</b>	10.820	12 651
10.821	Protein	10.822	1547	10.823	929
10.824	Maltodextrin	10.825	4 026	10.826	3 668
10.827	Glucose	10.828	964	10.829	619
10.830	Goods	10.831	62	10.832	150
10.833	<b>Remaining countries - export</b>	10.834	<b>39 832</b>	10.835	<b>50100</b>
10.836	Starch	10.837	32 399	10.838	41 125
10.839	Protein	10.840	1669	10.841	1240
10.842	Glucose	10.843	442	10.844	342
10.845	Mahodextrin	10.846	464	10.847	178
10.848	Goods	10.849	4 858	10.850	7215
10.851	<b>Total</b>	10.852	<b>155 182</b>	10.853	<b>172 934</b>
10.854					

10.313





10.1203	Intangible assets	10.1204	As of	10.1205	As of
		31	December	31	December
		2020		2019	
10.1206	a) acquired concessions, patents, licences and similar assets, including:	10.1207	203	10.1208	211
10.1209	- computer software	10.1210	124	10.1211	130
10.1212	b) gas emission rights	10.1213	296	10.1214	202
10.1215	<b>Intangible assets, total</b>	10.1216	499	10.1217	413
10.1218					

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10.1219	CHANGES IN INTANGIBLE ASSETS	10.1220 s of 10.1221 pleted	Cost 10.1224 oodwill 10.1225	10.1226 quired a concessions, patents, licences	10.1227 emission rights	Gas 10.1228	Tot al
10.1229	<b>As of 1 January 2019</b>	10.1230	10.1231	10.1232	10.1233	10.1234	
10.1235	Gross value	10.1236	10.1237	10.1238	10.1239	32310.1240	966
10.1241	Redemption	10.1242	10.1243	10.1244	10.1245	-	432
10.1247	Net book value	10.1248	10.1249	10.1250	10.1251	32310.1252	534
10.1253	<b>Year 2019</b>	10.1254	10.1255	10.1256	10.1257	10.1258	
10.1259	Gross value at the beginning of the period	10.1260	10.1261	10.1262	10.1263	32310.1264	966
10.1265	Increase (due to)	10.1266	10.1267	10.1268	10.1269	55810.1270	582
10.1271	- purchase	10.1272	10.1273	10.1274	10.1275	55810.1276	582
10.1277	- awards	10.1278	10.1279	10.1280	10.1281	10.1282	
10.1283	Decrease (due to)	10.1284	10.1285	10.1286	10.1287	67910.1288	679
10.1289	- sale	10.1290	10.1291	10.1292	10.1293	10.1294	
10.1295	- utilization	10.1296	10.1297	10.1298	10.1299	67910.1300	679
10.1301	Derecognition of the redemption of sold and liquidated	10.1302	10.1303	10.1304	10.1305	10.1306	
10.1307	Depreciation	10.1308	10.1309	10.1310	10.1311	10.1312	24
10.1313	Net book value at the end of the period	10.1314	10.1315	10.1316	10.1317	20210.1318	413
10.1319	<b>As of 31 December 2019</b>	10.1320	10.1321	10.1322	10.1323	10.1324	
10.1325	<b>Gross value</b>	10.1326	10.1327	10.1328	10.1329	20210.1330	869
10.1331	<b>Redemption</b>	10.1332	10.1333	10.1334	10.1335	-	456
10.1337	<b>Net book value</b>	10.1338	10.1339	10.1340	10.1341	20210.1342	413
10.1343	<b>Year 2020</b>	10.1344	10.1345	10.1346	10.1347	10.1348	
10.1349	Gross value at the beginning of the period	10.1350	10.1351	10.1352	10.1353	20210.1354	869
10.1355	Increase (due to)	10.1356	10.1357	10.1358	10.1359	92710.1360	942
10.1361	- purchase	10.1362	10.1363	10.1364	10.1365	92710.1366	942
10.1367	Decrease (due to)	10.1368	10.1369	10.1370	10.1371	83310.1372	833
10.1373	- sale	10.1374	10.1375	10.1376	10.1377	10.1378	
10.1379	- wykorzystanie	10.1380	10.1381	10.1382	10.1383	83310.1384	833
10.1385	Depreciation	10.1386	10.1387	10.1388	10.1389	-	23
10.1391	Net book value at the end of the period	10.1392	10.1393	10.1394	10.1395	29610.1396	499
10.1397	<b>As of 31 December 2020</b>	10.1398	10.1399	10.1400	10.1401	10.1402	
10.1403	<b>Gross value</b>	10.1404	10.1405	10.1406	10.1407	29610.1408	978
10.1409	<b>Redemption</b>	10.1410	10.1411	10.1412	10.1413	-	479
10.1415	<b>Net book value</b>	10.1416	10.1417	10.1418	10.1419	29610.1420	499
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10.1422	CHANGES IN CO2 EMISSION RIGHTS	10.1423	Number of EUA units	10.1424	Value (thousands)
10.1425	Status as of 01.01.2020.	10.1426	2 000	10.1427	202
10.1428	Received free of charge	10.1429	8 576	10.1430	895
10.1431	Purchased	10.1432	9 000	10.1433	870
10.1434	Cancelled	10.1435	13 753	10.1436	143 6
10.1437	Sold	10.1438	3 823	10.1439	366
10.1440	State as at 31.12.2020	10.1441	2 000	10.1442	296
10.1443					

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10.1444	Rights to assets	10.1445	As of 31 December 2020	10.1446	As of 31 December 2019
10.1447	Rights to assets	10.1448	15 844	10.1449	16 717
10.1450	Total rights to assets	10.1451	15 844	10.1452	16 717
10.1453					

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10.1454	Investment property	10.1455	As of 31 December 2020	10.1456	As of 31 December 2019
10.1457	Investment property	10.1458	383	10.1459	393
10.1460	Total Investment property	10.1461	383	10.1462	393
10.1463					

10.349

10.1464	Change of investment in other entities	10.1465	For 12 months ended on 31 December 2020	10.1466	For 12 months ended on 31 December 2019
10.1467	a) beginning of the period	10.1468	26 632	10.1469	26 632
10.1470	- shares	10.1471	18 632	10.1472	18 632
10.1473	- bonds*	10.1474	8 000	10.1475	8 000
10.1476	b) increase (due to)	10.1477	52	10.1478	-
10.1479	- purchase of shares in CHP Energia	10.1480	52	10.1481	-
10.1482	c) decrease (due to)	10.1483	3 098	10.1484	-
10.1485	- revaluation write-down of shares in CHP Energia	10.1486	1 695	10.1487	-
10.1488	- reclassification of shares in CHP Energia (transfer to "Assets held for sale")	10.1489	1 403	10.1490	-
10.1491	d) end of period	10.1492	23 586	10.1493	26 632
10.1494	- shares	10.1495	15 586	10.1496	18 632
10.1497	- bonds*	10.1498	8 000	10.1499	8 000
10.1500					

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"PEPEES" S.A.

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## 10.2004 10.18. Share capital

10.2005	Series / issue	10.2006 Type of 10.2007 stock	10.2008 Type of share preference	10.2009 Type of restriction of rights to	10.2010 Number of 10.2011 shares	10.2012 Value of series / issue at nominal	10.2013 Date 10.2014 registration
10.2015	A	10.2016 ordinary,	10.2017 Non -preferential	10.2018 None	10.2019 83	10.2021 980	10.2022 09.05.2008
10.2023	B	10.2024 ordinary,	10.2025 Non -preferential	10.2026 None	10.2027 12	10.2029 720	10.2030 30.09.2008
10.2031	<b>Total number of</b>	10.2032	10.2033	10.2034	10.2035 95	10.2036 792	10.2037
10.2038	<b>Total share</b>	10.2039	10.2040	10.2041	10.2042 95	10.2043 792	10.2044
10.2045	<b>Nominal value of one share = PLN 0.06</b>						
10.2046	In the reporting period there were no changes in the Company's share capital.						
10.2047							
10.446							





10.479 under the insurance agreement, registered pledges on 32,400 shares (100% of shares) in Gospodarstwo Rolne Ponary, and a blank promissory note.

10.480 short-term

10.2193 Item	10.2194 Loan type	10.2195 Loan amount acc. to agreement	10.2196 Currency	10.2197 Loan amount/outstanding amount	L	10.2198 Currency	10.2200 Interest rate	10.2201 Due	10.2202 Date
10.2201	2204 Overdraft	10.2206 000	10.2207 PLN	10.2208 -		10.2209 PLN	10.2210 WIBOR+Bank's	10.2211 08.2021	
10.2202	2213 Revolving credit	10.2214 4 500	10.2215 PLN	10.2216 4 500	1	10.2217 PLN	10.2218 WIBOR+Bank's	10.2219 08.2021	
10.2203	2221 Working capital loan	10.2222 7 000	10.2223 PLN	10.2224 7 000	1	10.2225 PLN	10.2226 WIBOR+Bank's	10.2227 08.2021	
10.2204	2229 Overdraft facility	10.2230 000	10.2231 PLN	10.2232		10.2233 PLN	10.2234 1-month bank	10.2235 08.2021	
10.2205	2237 Revolving loan	10.2238 4 500	10.2239 PLN	10.2240 4 500	1	10.2241 PLN	10.2242 WIBOR+Bank's	10.2243 08.2021	
10.2206	2245 Working capital loan for	10.2246 7 000	10.2247 PLN	10.2248 7 000	1	10.2249 PLN	10.2250 WIBOR+Bank's	10.2251 08.2021	
10.2252	10.2253	10.2254 1 000	10.2255 PLN	10.2256 3 000	€	10.2257 PLN	10.2258	10.2259	
10.2260									

10.481

10.482 \*The statement of financial position includes an amount of PLN 65,889 thousand; the difference relates to a part of long-term loans that will be repaid within 12 months from the balance sheet date.

10.483 Securities

10.484 The first three loans were obtained under a single agreement, the so-called "Multiline Agreement". The above loans are secured by:

10.485 contractual mortgage in the amount of PLN 58,500 thousand on the real estate:

- belonging to PPZ Bronisław S.A.
- belonging to ZPZ Lublin Sp. z o.o.
- assignment of rights under the property insurance policy:
  - belonging to PPZ Bronisław S.A.
  - belonging to ZPZ Lublin Sp. z o.o.
- registered pledge on fixed assets:
  - belonging to PEPEES S.A.
  - belonging to PPZ Bronisław S.A.
  - belonging to ZPZ Lublin Sp. z o.o.

10.486 assignment of rights under insurance policies for fixed assets

10.487 a registered pledge on inventories of a value of not less than 145% of the working capital loan balance along with an assignment of the inventory insurance policy,

10.488 assignment of rights from the inventory insurance policy

10.489 transfer of receivables arising from operations of PEPEES S.A., PPZ Bronisław S.A., ZPZ Lublin Sp. z o.o.,

10.490 a blank promissory note with a promissory note agreement.





10.2326 *Principal actuarial assumptions*

10.2327	Specification	10.2328	Balanc	10.2330	Balanc
		e	31.12.	e	31.12.
		2020		2019	
10.2335	Basic actuarial assumptions				
10.2336	Number of employees	10.2337	260	10.2338	264
10.2339	Annual growth rate of minimum salary	10.2340	3.50%	10.2341	3.50%
10.2342	Discount rate	10.2343	1.25%	10.2344	2.00%

10.2345

10.520

## 10.2346 10.23 Trade and other liabilities

10.2347	Short-term liabilities	10.2348	As of 31 December 2020	10.2349	As of 31 December 2019
10.2350	- trade payables, with payment time:	10.2351	4 887	10.2352	5 436
10.2353	- up to 12 months	10.2354	4 887	10.2355	5 436
10.2356	- related to social and health insurance, taxes, social duties and other benefits	10.2357	1391	10.2358	1519
10.2359	- related to salaries	10.2360	1020	10.2361	952
10.2362	-other	10.2363	159	10.2364	105
10.2365	Total trade and other liabilities	10.2366	7 457	10.2367	8 012

10.2368

10.527

## 10.2369 10.24 Lease liabilities

10.2370	FINANCIAL LEASE LIABILITIES	10.2371	As of 31 December 2020	10.2372	As of 31 December 2019
10.2373	a) long-term (from 1 to 5 years)	10.2374	13 036	10.2375	11714
10.2376	b) short-term (up to one year)	10.2377	3237	10.2378	3192
10.2379	total	10.2380	16273	10.2381	14 906

10.2382

10.529

10.2383	FINANCIAL LEASE LIABILITIES	10.2384	10.2385	10.2386
10.2387	Nominal value of lease payments	10.2388	10.2389	10.2390
10.2391	Future financial costs	10.2392	10.2393	10.2394
10.2395	Present value of minimum lease payments	10.2396	10.2397	10.2398
10.2399				

10.2400 PROVISIONS, ACCRUALS AND DEFERRED INCOME (BY TITLES)	10.2401 As of 31 December	10.2402 As of 31 December 2019
10.2403 <b>a) long-term, including:</b>	10.2404 <b>2 023</b>	10.2405 <b>2 120</b>
10.2406 - subsidies to tangible fixed assets	10.2407 2 023	10.2408 2120
10.2409 <b>b) short-term, including:</b>	10.2410 <b>3 689</b>	10.2411 <b>3 519</b>
10.2412 - subsidies to tangible fixed assets	10.2413 98	10.2414 98
10.2415 provision for environmental protection costs	10.2416 117	10.2417 83
10.2418 - provisions for annual leave payments	10.2419 673	10.2420 555
10.2421 -provision for bonuses for Management Board and employees	10.2422 492	10.2423 1327
10.2424 provision for uninvoiced services	10.2425 26	10.2426 23
10.2427 - provision for used CO2 emission allowances	10.2428 2 283	10.2429 1433
10.2430 <b>total</b>	10.2431 <b>5 712</b>	10.2432 <b>5 639</b>
10.2433		

10.536

10.2434 Change of short-term provisions (by type)	10.2435 For 12 months ended on 31 December	10.2436 For 12 months ended on 31 December
10.2437 <b>a) beginning of the period</b>	10.2438 <b>3 519</b>	10.2439 <b>3 141</b>
10.2440 - subsidies to tangible fixed assets	10.2441 98	10.2442 98
10.2443 - provisions for benefits provided by contracting parties	10.2444 23	10.2445 24
10.2446 - environmental fee	10.2447 83	10.2448 96
10.2449 - provisions for annual leave payments	10.2450 555	10.2451 602
10.2452 - gas emission allowances	10.2453 1434	10.2454 942
10.2455 - bonuses for Management Board and employees	10.2456 1326	10.2457 1379
10.2458 <b>b) increase (due to)</b>	10.2459 <b>2 418</b>	10.2460 1793
10.2461 - provision for used CO2 emission allowances	10.2462 1682	10.2463 1433
10.2464 - environmental fee	10.2465 102	10.2466 89
10.2467 - provisions for annual leave payments	10.2468 387	10.2469 116
10.2470 - provisions for benefits provided by contracting parties	10.2471 26	10.2472 5
10.2473 - bonuses for Management Board and employees	10.2474 221	10.2475 150
10.2476 <b>c) use (due to)</b>	10.2477 <b>1400</b>	10.2478 1415
10.2479 - environmental fee	10.2480 68	10.2481 102
10.2482 - provisions for annual leave payments	10.2483 269	10.2484 163
10.2485 - provision for used CO2 emission allowances	10.2486 833	10.2487 941
10.2488 - provisions for benefits provided by contracting parties	10.2489 23	10.2490 6
10.2491 - bonuses for Management Board and employees	10.2492 207	10.2493 203
10.2494 <b>d) dissolution (due to)</b>	10.2495 <b>848</b>	10.2496 -
10.2497 - bonuses for Management Board and employees	10.2498 848	10.2499 -
10.2500 <b>e) end of period</b>	10.2501 <b>3 689</b>	10.2502 3 519
10.2503 - subsidies to tangible fixed assets	10.2504 98	10.2505 98
10.2506 - provision for used CO2 emission allowances	10.2507 2 283	10.2508 1434
10.2509 - environmental fee	10.2510 117	10.2511 83
10.2512		







10.2822	Employee benefits costs	10.2823	For	10.2824	For
		12 months ended	12 months ended	12 months ended	12 months ended
		on 31 December	on 31 December	on 31 December	on 31 December
10.2825	<b>(e) salary costs, including:</b>	10.2826	<b>19</b>	10.2827	<b>19</b>
			<b>017</b>		<b>869</b>
10.2828	- wages and salaries under employment contracts	10.2829	16	10.2830	17
10.2831	remuneration under contracts of mandate and		228		070
10.2834	- remuneration under contracts of mandate and	10.2832	1227	10.2833	1710
10.2837	- economic severance pay and anniversary bonuses	10.2835	933	10.2836	721
10.2840	provision for remuneration due to unused holiday	10.2838	406	10.2839	348
10.2843	<b>social security and other benefits, including:</b>	10.2841	118	10.2842	11
10.2846	- social insurance costs	10.2844	<b>4 703</b>	10.2845	<b>4 487</b>
10.2849	-contributions to EPP	10.2847	2952	10.2848	3 089
10.2852	contributions to the labour fund	10.2850	541	10.2851	372
10.2855	- contributions to the social benefit fund	10.2853	355	10.2854	364
10.2858	- employee benefits costs	10.2856	481	10.2857	367
10.2861	workwear	10.2859	30	10.2860	99
10.2864	-costs of medical examinations and health and safety	10.2862	177	10.2863	63
10.2867	<b>Employee benefits costs</b>	10.2865	167	10.2866	133
10.2870		10.2868	<b>23</b>	10.2869	<b>24</b>
			<b>715</b>		<b>356</b>

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## 10.3427 a. Revenues from sales of products and goods

10.3428	Revenue type	10.3429	For 12 months ended on 31 December	10.3430	For 12 months ended on 31 December
10.3431	Revenues from sales of products to subsidiaries	10.3432	1554	10.3433	1240
10.3434	Revenues from sales of services to subsidiaries	10.3435	509	10.3436	411
10.3437	Revenues from sales of goods to subsidiaries	10.3438	-	10.3439	559
10.3440	Revenues from sales of materials to subsidiaries	10.3441	57	10.3442	39
10.3443	Revenues from sales of raw materials to subsidiaries	10.3444	2472	10.3445	2789
10.3446	Revenues from sales of tangible assets to subsidiaries	10.3447	-	10.3448	28
10.3449	<b>Total revenues from associated entities</b>	10.3450	<b>4 592</b>	10.3451	<b>5 066</b>

10.3452

10.640

10.3453	Purchase type	10.3454	For 12 months ended on 31 December	10.3455	For 12 months ended on 31 December
10.3456	Purchase of products from subsidiaries	10.3457	9 208	10.3458	8 399
10.3459	Purchase of services from subsidiaries	10.3460	152	10.3461	187
10.3462	Purchase of goods and materials from subsidiaries	10.3463	707	10.3464	148
10.3465	Purchase of fixed assets from subsidiaries	10.3466	-	10.3467	2 720
10.3468	Prepayments for purchase of fixed assets from subsidiaries	10.3469	-	10.3470	51
10.3471	<b>Total purchases from related entities</b>	10.3472	<b>10 067</b>	10.3473	<b>11 505</b>

10.3474

10.643

10.3475	Receivables from related entities	10.3476	As of 31 December 2020	10.3477	As of 31 December 2019
10.3478	ZPZ Lublin	10.3479	-	10.3480	-
10.3481	PPZ BRONISŁAW	10.3482	2 659	10.3483	295
10.3484	CHP Energia (in 2020 presented in the statement of financial position as assets held for sale)	10.3485	1 161	10.3486	1023
10.3487	GRPONARY	10.3488	1	10.3489	1
10.3490	Pepees Inwestycje (former OZENERGY )	10.3491	8	10.3492	7
10.3493	<b>Total receivables from related entities</b>	10.3494	<b>3 829</b>	10.3495	<b>1326</b>

10.3496

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10.3497	Liabilities due to related entities	10.3498	As of	10.3499	As of
		31 December	31 December	31 December	31 December
		2020	2020	2019	2019
10.3500	ZPZ Lublin	10.3501	181	10.3502	53
10.3503	PPZ BRONISLAW	10.3504	6	10.3505	-
10.3506	CHP Energia (in 2020 presented in the statement of financial position as liabilities related to assets held for sale)	10.3507	1	10.3508	-
10.3509	<b>Total liabilities due to related entities</b>	10.3510	<b>188</b>	10.3511	<b>53</b>
10.3512					

10.648

10.3513 **d. Loans granted to related entities**

10.3514	Loans granted to related entities	10.3515	As of	10.3516	As of
		31 December	31 December	31 December	31 December
		2020	2020	2019	2019
10.3517	ZPZ LUBLIN Sp. z o.o.	10.3518	-	10.3519	1800
10.3520	CHP Energia Sp. z o.o. (in 2020 loans presented in the statement of financial position as assets held for sale)	10.3521	4 932	10.3522	4 788
10.3523	GR Ponary Sp. z o.o.	10.3524	550	10.3525	553
10.3526	Pepees Inwestycje Sp. z o.o.	10.3527	145	10.3528	-
10.3529	A self-employed individual	10.3530	311	10.3531	720
10.3532	<b>Loans granted, including:</b>	10.3533	<b>5 938</b>	10.3534	<b>7 861</b>
10.3535	- with a repayment period of up to 1 year	10.3536	5 938	10.3537	7 861
10.3538	- with a repayment above 1 year	10.3539	-	10.3540	-
10.3541	Write-off on loans granted to CHP (in 2020 presented in the statement of financial position as assets held for sale)	10.3542	(12)	10.3543	(2268)
10.3544	<b>Total Loans:</b>	10.3545	<b>5 926</b>	10.3546	<b>5 593</b>
10.3547	presented as loans in financial situation statement	10.3548	1 006	10.3549	5 593
10.3550	presented in the statement of financial position as assets held for sale	10.3551	4 920	10.3552	-

10.3553

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10.3554 **e. Interest from loans granted**

10.3555	Entity	10.3556	For	10.3557	Za
		12 months ended	12 months ended	okres 12 miesięcy	okres 12 miesięcy
		on 31 December	on 31 December	zakończony dni»	zakończony dni»
10.3559	ZPZ Lublin	10.3560	34	10.3561	116
10.3562	PPZ BRONISLAW	10.3563	21	10.3564	-
10.3565	CHP ENERGIA	10.3566	144	10.3567	169
10.3568	GRPONARY	10.3569	19	10.3570	19
10.3571	Pepees Inwestycje	10.3572	-	10.3573	35
10.3574	<b>total</b>	10.3575	<b>218</b>	10.3576	<b>339</b>

10.3577

10.650

10.3578 **f. Interest from sureties granted**

10.3579	Entity	10.3580	For	10.3581	For
		12 months ended	12 months ended	12 months ended	12 months ended
		on 31 December	on 31 December	on 31 December	on 31 December
10.3582	CHP ENERGIA	10.3583	224	10.3584	307
10.3585	PPZ BRONISLAW	10.3586	127	10.3587	127
10.3588	<b>total</b>	10.3589	<b>351</b>	10.3590	<b>434</b>

10.3591

10.651

10.3592	10.3595	Entity	10.3593	For	10.3594	For	PEPEES S.A.
10.3598			10.3596	ended	10.3597	ended	
			10.3599	31	10.3600	31	
10.3601	GRPONARY		10.3602	158	10.3603	158	
10.3604	<b>total</b>		10.3605	<b>158</b>	10.3606	<b>158</b>	
10.3607							

10.652 PEPEES S.A.

10.653 "PEPEES" S.A.

10.657

10.3608 Management Board in thousand PLN:	10.3609	For	10.3610	For
	12 months ended	ended	12 months ended	ended
	on 31 December	on 31 December	on 31 December	on 31 December
10.3611 Short-term benefits	10.3612	1314	10.3613	1819
10.3614 Benefits after the employment period	10.3615		10.3616	
10.3617 Other long-term benefits	10.3618		10.3619	
10.3620 Severance pays	10.3621		10.3622	
10.3623 Payments in shares	10.3624		10.3625	
10.3626	10.3627		10.3628	
10.3629 The Supervisory Board in thousand PLN	10.3630	For	10.3631	For
	12 months ended	ended	12 months ended	ended
	on 31 December	on 31 December	on 31 December	on 31 December
10.3632 Short-term employee benefits	10.3633	969	10.3634	739
10.3635 Benefits after the employment period	10.3636		10.3637	
10.3638 Other long-term benefits	10.3639		10.3640	
10.3641 Severance pays	10.3642		10.3643	
10.3644 Payments in shares	10.3645		10.3646	
10.3647				

10.661

17 Average employment in the Group

10.3648	Description	10.3649	Average number of employees in 2020	10.3650	Average number of employees in 2019
10.3651	White collar	10.3652	103	10.3653	102
10.3654	Blue collar workers	10.3655	180	10.3656	178
10.3657	Persons on parental leave and unpaid leave	10.3658	2	10.3659	1
10.3660	<b>total</b>	10.3661	<b>285</b>	10.3662	<b>281</b>
10.3663					

10.668

18 Auditor's remuneration

10.669 The auditor's fee for the review and the audit of the financial statements and consolidated financial statements amounts to PLN 42,500 plus VAT. The auditor did not provide any other services to PEPEES.

19 Indication of material proceedings/litigations pending before court, competent arbitration tribunal or public administration authority, concerning the liabilities and receivables of the Issuer, with the indication of the subject matter of the proceedings, value in dispute, date when the proceedings/litigations were initiated, parties to the initiated proceedings/litigations and position of the Issuer

10.670 On 25 June 2019 the Management Board of "PEPEES" S.A. filed a lawsuit to the court to rule that due to the failure to comply with the notification obligations about purchase of significant amounts of shares pursuant to the Public Offering and Public Companies Act of 29 July 2005 the shareholder EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which has - according to the information held by the Company - 27 714 832 shares of the Company, has lost and cannot exercise voting rights on 21 402 233 shares. Epsilon FIZ AN believes that they can exercise voting rights on 27.714.832 shares which is 29.17% of total votes at the General Meeting The Chairman of Financial Supervision Commissions (KNF) presented his standpoint on the issue on 24 July 2019. The Company informed about the case in current reports no 13/2019, 14-23/2019 and 30/2019.

10.671 As of the statement date, there is an undecided lawsuit filed 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 judgement 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

10.675 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,

10.676 cancellation or declaration of invalidity of two resolutions on discharging of fulfilment of obligation, adopted taken on 21.04.2020 by the General Meeting of Shareholders have been concluded in a legally binding manner. 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,

10.677 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.

## 20 Important events that took place after the balance sheet day

10.678 The Company has granted the following loans to related parties:

- loan agreement of 10.02.2021, granted to CHP Energia in the amount of PLN 200 thousand, to be repaid by 30.06.2021,
- loan agreement of 26.02.2021, granted to PPZ Bronisław in the amount of PLN 1,100 thousand, to be repaid by 31.12.2021,
- loan agreement of 16.03.2021, granted to CHP Energia in the amount of PLN 100 thousand, to be repaid by 30.06.2021,

10.679 W dniu 18.03.2021 r. została zawarta umowa przyrzeczona sprzedaży wszystkich udziałów w CHP Energia Sp. z o.o. spółce Orlen Południe SA. (szczegółowe informacje nt. umowy zostały przedstawione wpkt. 10.17)

10.680 In connection with the sale of shares in CHP Energia to Orlen Południe, on 15.04.2021 the Issuer received a letter from Spółdzielczy Bank Rozwoju (SBR), dated 14.04.2021, in which the Bank informed about:

- release of PEPEES from liabilities, resulting from promissory note sureties, established by the Company in favor of SBR in order to secure the repayment of loans granted by the Bank to CHP Energia;
- release of the cash deposit in the amount of PLN 1.5 million, which was established by PEPEES in favour of SBR in order to secure the repayment of loan granted by the Bank to CHP Energia.

## 21 Approval of the financial statement

10.681 The annual financial statement was approved by the Management Board and admitted for publication on 27 April 2021.

