



CONSOLIDATED QUARTERLY REPORT OF PEPEES GROUP

for the period of 9 months ended 30 September 2022

24 November 2022

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

CONTENTS OF CONSOLIDATED QUARTERLY REPORT

INTRODUCTION	4
A. SELECTED FINANCIAL DATA OF PEPEES GROUP	6
B. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PEPEES GROUP FOR THE PERIOD OF 9 MONTHS ENDED 30 September 2022	8
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OF OTHER COMPREHENSIVE INCOME	10
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12
ADDITIONAL EXPLANATORY NOTES	13
1. General information on Parent Undertaking	13
2. Information on reporting periods	14
3. PEPEES Group structure	14
4. Approval of interim condensed consolidated financial statements	15
5. Significant accounting principles (policies)	16
6. New accounting standards and interpretations not applied to these financial statements	16
7. Unusual items having considerable impact on assets, liabilities, equity, profit or loss and cash flows	17
8. Changes in applied accounting principles, correction of errors and presentation	17
9. Explanatory comments about seasonality or cyclicity of operations	17
10. Estimated values	17
11. Acquisition and disposal of property, plant and equipment	17
12. Significant commitments for purchase of fixed assets	17
13. Inventory	18
14. Biological assets	18
15. Trade and other receivables	18
16. Trade and other short-term payables	19
17. Litigation settlements	19
18. Outstanding bank and non-bank loans	20
19. Related party transactions	21
20. Changes in estimated values	23
21. Short-term provisions	24
22. Deferred income tax	25
23. Contingent assets and liabilities	26
24. Issue, redemption and repayment of equity and non-equity securities	26
25. Information on dividend paid (or declared), in total and per share, broken down into ordinary and preference shares	27
26. Segment reporting	27
26.1. Information on products and services	27
26.2. Segment revenue and profit/loss	28
26.3. Segment assets and liabilities	29
26.4. Other information on segments	29
26.5. Revenue broken down into products	29
26.6. Sales revenue by geographical region	30
26.7. Information on key clients	30
27. For financial instruments measured at fair value – information about changes to manner of (method employed for) determination of such fair value	30
28. Information about change in classification of financial assets resulting from change in purpose or utilisation of such assets	31
29. Information about changes in economic situation and conditions for running business activity which have considerable impact on fair value of entity's financial assets and financial liabilities, regardless of whether such assets and liabilities are recognised at fair value or at adjusted purchase price (production cost)	31
30. Other information that might have significant bearing on assessment of Group's assets, financial position and performance	31
31. Important events after balance-sheet date	31
C. QUARTERLY FINANCIAL INFORMATION OF PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO "PEPEES" SPÓŁKA AKCYJNA FOR PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2022	33
STATEMENT OF FINANCIAL POSITION	34
STATEMENT OF PROFIT OR LOSS AND OF OTHER COMPREHENSIVE INCOME	35
STATEMENT OF CHANGES IN EQUITY	36

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

INTERIM CONDENSED STATEMENT OF CASH FLOWS	37
ADDITIONAL EXPLANATORY NOTES	38
1. Accounting principles	38
2. Changes in accounting principles and presentation and correction of errors	38
3. Information on contingent liabilities or contingent assets	38
4. Information on related party transactions	38
D. ADDITIONAL INFORMATION	40
1. Changes in PEPEES Group's structure	40
2. Summary of operations in the reporting period	40
3. Shareholders having, directly or indirectly through subsidiary undertakings, at least 5% of total votes at General Meeting of Parent Undertaking	40
4. Summary of changes in Issuer's shares and rights to Issuer's shares held by persons responsible for management of and supervision over Issuer	41
5. Brief description of PEPEES Group's significant achievements or failures in period of three quarters of 2022 and list of most relevant events relating to such achievements or failures	41
6. Description of factors and events, particularly unusual ones, having significant impact on PEPEES Group's performance	41
7. Management Board's opinion about projected profit/loss	42
8. Reference to significant pending proceedings before courts, relevant arbitration or public administration authority	42
9. Information on related party transactions	43
10. Information on surety and guarantee	43
11. Other information deemed by the Group as relevant for assessment of its staffing, assets, financial standing and profit/loss and changes thereof and information relevant for assessing the Group's capability of fulfilling its obligations	44
12. Factors which in the Issuer's and the Group's opinion will affect their performance at least in the perspective of the next quarter	44
13. Approval of Consolidated Quarterly Report of PEPEES Group for period of 9 months ended 30 September 2022	45

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

INTRODUCTION

1. Consolidated Quarterly Report of PEPEES Group for the period of 9 months ended 30 September 2022 is comprised of:

- A. Selected financial data of the PEPEES Group.
- B. Interim Condensed Consolidated Financial Statements of PEPEES Group for the period of 9 months ended 30 September 2022.
- C. Quarterly financial information of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża for the period of 9 months ended 30 September 2022.
- D. Additional information.

2. Period covered by report and comparable data:

Interim Condensed Consolidated Financial Statements

- The Interim Condensed Consolidated Financial Statements of PEPEES Group covers the period of nine months ended 30 September 2022.
- For the data presented in the interim condensed consolidated statement of financial position, comparable financial data was presented as at 31 December 2021 and 30 September 2021.
- For the data presented in the interim condensed consolidated statement of profit or loss and other comprehensive income, comparable financial data for the period from 01 January 2021 to 30 September 2021 was presented.
- For the data presented in the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows, comparable financial data for the period from 01 January 2021 to 30 September 2021 was presented.

Quarterly financial information of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża

- Quarterly financial information of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża covers the period of nine months ended 30 September 2022.
- For the data presented in the statement of financial position, comparable financial data was presented as at 31 December 2021 and 30 September 2021.
- For the data presented in the statement of profit or loss and other comprehensive income, comparable financial data for the period from 01 January 2021 to 30 September 2021 was presented.
- For the data presented in the statement of changes in equity and the statement of cash flows, comparable financial data for the period from 01 January 2021 to 30 September 2021 was presented.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

3. Description of organisational names within PEPEES Group

As at 30 September 2022, PEPEES Group was comprised of the following companies:

- Przedsiębiorstwo Przemysłu Spożywczego PEPEES Spółka Akcyjna (public limited company) with its registered office in Łomża – Parent Undertaking;
- Zakłady Przemysłu Ziemniaczanego “LUBLIN” Spółka z ograniczoną odpowiedzialnością (private limited company) with its registered office in Lublin – subsidiary undertaking;
- Pepees Inwestycje Spółka z ograniczoną odpowiedzialnością (private limited company) with its registered office in Łomża – subsidiary undertaking;
- Przedsiębiorstwo Przemysłu Ziemniaczanego “BRONISŁAW” Spółka Akcyjna (public limited company) with its registered office in Bronisław – subsidiary undertaking;
- Gospodarstwo Rolne Ponary Spółka z ograniczoną odpowiedzialnością (private limited company) with its registered office in Łomża – subsidiary undertaking.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

A. SELECTED FINANCIAL DATA OF PEPEES GROUP

Item	SELECTED FINANCIAL DATA	kPLN		kEUR	
	Year	2022	2021	2022	2021
I	Total sales revenue for 3 quarters	189,605	158,193	40,445	34,703
II	Net profit (loss) attributable to shareholders of the Parent Undertaking for 3 quarters	8,783	(3,805)	1,873	(835)
III	Net comprehensive income attributable to shareholders of the Parent Undertaking	8,806	(3,798)	1,878	(833)
IV	Net cash flow from operating activities for 3 quarters	60,772	64,716	12,963	14,197
V	Net cash flow from investing activities for 3 quarters	(9,460)	682	(2,018)	150
VI	Net cash flow from financing activities for 3 quarters	(79,922)	(70,309)	(17,048)	(15,424)
VII	Net cash flow for 3 quarters	(28,610)	(4,911)	(6,103)	(1,077)
VIII	Total assets as at 30/09/2022 and 31/12/2021	307,852	353,489	63,217	76,855
IX	Equity attributable to the Company's shareholders as at 30/09/2022 and 31/12/2021	181,159	171,983	37,201	37,392
X	Profit (loss) per ordinary share for 3 quarters (value in PLN/EUR)	0.09	(0.04)	0.02	(0.01)
XI	Book value per share as at 30/09/2022 and 31/12/2021 (value in PLN/EUR)	1.91	1.81	0.39	0.39

The figures presented in lines: VIII, IX and XI in columns: "2022" and "2021" are given as at 30 September 2022 and 31 December 2021.

The following rates of exchange published by the National Bank of Poland (NBP) were applied for the translation of selected financial data:

- Selected items of the statement of financial position as at 30/09/2022 at an average exchange rate effective as at the balance-sheet date: EUR 1.00 = PLN 4.8698;
- Selected items of the statement of financial position as at 31/12/2021 at an average exchange rate effective as at the balance-sheet date: EUR 1.00 = PLN 4.5994;
- Selected items of the statement of comprehensive income and the statement of cash flows for the period from 01 January 2022 to 30 September 2022 at a rate computed as an arithmetic mean of average exchange rates published by NBP and effective on the last day of each month of the 3 quarters of 2022: EUR 1.00 = PLN 4.6880;
- Selected items of the statement of comprehensive income and the statement of cash flows for the period from 01 January 2021 to 30 September 2021 at a rate computed as an arithmetic mean of average exchange rates published by NBP and effective on the last day of each month of the 3 quarters of 2021: EUR 1.00 = PLN 4.5585.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

Profit (loss) per share

Specification	For period of 9 months ended 30 September 2022	For period of 9 months ended 30 September 2021
Profit (loss) attributable to shareholders of "PEPEES" S.A.	8,783	(3,805)
Weighted average number of shares	95,000,000	95,000,000
Basic net profit (loss) per share (in PLN per share)	0.09	(0.04)
Net profit (loss) attributable to shareholders of "PEPEES" S.A., used for the determination of diluted profit per share	8,783	(3,805)
Weighted average number of ordinary shares for the purpose of diluted profit per share	95,000,000	95,000,000
Diluted net profit (loss) per share (in PLN per share)	0.09	(0.04)
Annualised net profit attributable to shareholders of "PEPEES" S.A.	10,191	(1,935)
Weighted average number of shares	95,000,000	95,000,000
Annualised net profit per share (in PLN per share)	0.11	(0.02)

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

**B. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
PEPEES GROUP FOR THE PERIOD OF 9 MONTHS ENDED 30
SEPTEMBER 2022**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS APPROVED BY THE EUROPEAN COMMISSION

presented below and comprised of:

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

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	ASSETS	As at 30 September 2022	As at 31 December 2021	As at 30 September 2021
A.	Fixed (long-term) assets	174,433	172,744	175,536
1	Property, plant and equipment	155,221	151,999	155,747
2	Intangible assets	261	184	188
3	Rights to assets	11,351	11,913	11,241
4	Investment property	566	573	576
5	Goodwill	1,320	1,320	1,365
6	Investments in other undertakings	383	383	375
7	Deferred tax assets	5,331	6,372	6,044
B.	Current (short-term) assets	133,419	180,745	115,716
I.	Current assets other than assets classified as held for sale	133,419	180,745	115,716
1	Inventory	75,271	97,165	51,430
2	Biological assets	1,641	560	1,162
3	Trade and other short-term receivables	36,018	33,922	42,655
4	Other financial assets	7,126	7,125	7,030
5	Cash and cash equivalents	13,363	41,973	13,439
II.	Assets held for sale	-	-	-
	Total assets	307,852	353,489	291,252

Item	LIABILITIES	As at 30 September 2022	As at 31 December 2021	As at 30 September 2021
A.	Equity	184,550	175,053	173,714
I	Equity attributable to the Company's shareholders	181,159	171,983	170,432
1	Share capital	5,700	5,700	5,700
2	Share premium	7,562	7,562	7,562
3	Own shares	(293)	-	-
4	Revaluation capital	31,050	31,027	31,021
5	Retained earnings	137,140	127,694	126,149
II	Non-controlling interests	3,391	3,070	3,282
B.	Liabilities	123,302	178,436	117,538
I.	Long-term liabilities	35,929	36,728	38,047
1	Bank and non-bank loans	6,993	8,459	9,070
2	Liabilities in respect of leased assets	18,236	16,496	17,037
3	Deferred tax liability	5,930	6,242	6,313
4	Liabilities in respect of retirement and similar benefits	2,767	3,005	3,513
5	Subsidies	2,003	2,086	2,114
6	Other liabilities	-	440	-
II.	Short-term liabilities	87,373	141,708	79,491
II a	Short-term liabilities other than related to assets held for sale	87,373	141,708	79,491
1	Trade and other short-term payables	37,906	24,111	35,596
2	Current income tax liability	1,565	-	32
3	Bank and non-bank loans	42,377	112,614	39,274
4	Liabilities in respect of leased assets	4,901	4,455	4,204
5	Liabilities in respect of retirement and similar benefits	624	528	385
II b	Liabilities related to assets held for sale	-	-	-
	Total liabilities	307,852	353,489	291,252

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

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

Item	Specification	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
I	Sales revenue	63,199	189,605	55,690	158,193
II	Cost of goods sold	(45,442)	(135,750)	(46,336)	(132,468)
III	Gross profit on sales (I-II)	17,757	53,855	9,354	25,725
1	Cost of sales & marketing	(4,029)	(11,706)	(4,641)	(10,984)
2	General and administrative expense	(8,798)	(26,131)	(7,557)	(24,180)
3	Other operating income	118	510	(206)	2,213
4	Other operating expenses	371	(729)	86	(323)
IV	Operating profit (loss)	5,419	15,799	(2,964)	(7,549)
1	Financial expenses	(1,529)	(4,783)	(400)	(2,238)
2	Financial income	742	2,398	97	117
3	Profit (loss) on disposal of subsidiary undertaking	-	-	-	5,029
V	Profit (loss) before tax	4,632	13,414	(3,267)	(4,641)
	Income tax	(1,082)	(4,310)	43	39
VI	Net profit (loss) on continuing operations	3,550	9,104	(3,224)	(4,602)
	Net profit (loss) on discontinued operations	-	-	-	-
	Net profit (loss), including:	3,550	9,104	(3,224)	(4,602)
	- attributable to shareholders of the parent company	3,469	8,783	(2,859)	(3,805)
	- attributable to non-controlling interest	81	321	(365)	(797)
VII	Other comprehensive income	-	23	-	7
VIII	Total comprehensive income, including	3,550	9,127	(3,224)	(4,595)
	- attributable to shareholders of the parent undertaking	3,469	8,806	(2,859)	(3,798)
	- attributable to non-controlling interest	81	321	(365)	(797)
IX	Net profit (loss) per ordinary share	0.04	0.09	(0.03)	(0.04)
	- on continuing operations	0.04	0.09	(0.03)	(0.04)
	- on discontinued operations	-	-	-	-
IX	Net diluted profit (loss) per ordinary share	0.04	0.09	(0.03)	(0.04)
	- on continuing operations	0.04	0.09	(0.03)	(0.04)
	- on discontinued operations	-	-	-	-

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Specification	Share capital	Share premium capital	Own shares	Revaluation capital	Retained earnings	Total equity attributable to shareholders of the Parent Undertaking	Non-controlling interests	Total equity
As at 01 January 2021	5,700	7,562	-	31,014	129,493	173,769	1,653	175,422
Changes in 3 quarters of 2021								
Net profit (loss)					(3,805)	(3,805)	(797)	(4,602)
Other comprehensive income				7		7		7
Comprehensive income	-	-	-	7	(3,805)	(3,798)	(797)	(4,595)
Other consolidated adjustments (loss of control over an entity)					461	461	2,426	2,887
As at 30 September 2021	5,700	7,562	-	31,021	126,149	170,432	3,282	173,714
Changes in 2021								
Net profit (loss)					(2,397)	(2,397)	(1,008)	(3,405)
Other comprehensive income				13		13		13
Comprehensive income	-	-	-	13	(2,397)	(2,384)	(1,008)	(3,392)
Other consolidated adjustments				-	598	598	2,425	3,023
As at 31 December 2021	5,700	7,562	-	31,027	127,694	171,983	3,070	175,053
As at 01 January 2022	5,700	7,562	-	31,027	127,694	171,983	3,070	175,053
Changes in 3 quarters of 2022								
Net profit (loss)					8,783	8,783	321	9,104
Other comprehensive income				23		23		23
Comprehensive income	-	-	-	23	8,783	8,806	321	9,127
Acquisition of own shares			(293)			(293)		(293)
Other consolidated adjustments					663	663		663
As at 30 September 2022	5,700	7,562	(293)	31,050	137,140	181,159	3,391	184,550

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Indirect method	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
A. Cash flows from operating activities				
I. Profit (loss) before tax	4,632	13,414	(3,267)	(4,641)
II. Total adjustments	7,357	47,358	15,616	69,357
1. Amortisation and depreciation	4,377	11,116	4,029	10,741
2. Foreign exchange (gains) losses	137	402	124	282
3. Interest and profit sharing (dividends)	543	2,924	143	946
4. (Profit) loss on investing activities	38	(65)	63	(5,249)
5. Change in provisions	9	(68)	28	216
6. Change in inventory	(10,946)	21,894	6,257	58,768
7. Change in biological assets	2,434	(1,081)	1,507	(824)
8. Change in receivables	(1,086)	(3,307)	(2,835)	(11,549)
9. Change in short-term liabilities (net of bank and non-bank loans)	11,984	15,243	6,916	14,261
10. Change in advance payments	(71)	747	(226)	(607)
11. Income tax paid	(483)	(2,000)	10	(148)
12. Change in subsidies	(20)	(83)	(29)	(84)
13. Change in interest on non-bank loans and commissions	-	(3)	49	49
14. Change in other financial assets	324	972	(427)	-
15. Redemption of CO2 emission allowances	-	600	-	2,494
16. Other adjustments	117	67	7	61
III. Net cash flow from operating activities (I+/-II)	11,989	60,772	12,349	64,716
B. Cash flow from investing activities				
I. Cash inflows	185	306	1,437	9,422
1. Disposal of intangible assets and property, plant and equipment	16	120	701	1,189
2. Repayment of non-bank loans	169	186	736	6,599
3. Bond proceeds	-	-	-	254
4. Disposal of shares	-	-	-	1,380
II. Outflows	4,909	9,766	2,610	8,740
1. Acquisition of intangible assets and property, plant and equipment	4,909	9,137	2,610	6,243
2. Acquisition of property rights	-	629	-	2,197
3. Non-bank loans granted	-	-	-	300
III. Net cash flow from investing activities (I-II)	(4,724)	(9,460)	(1,173)	682
C. Cash flow from financing activities				
I. Cash inflows	20,682	27,466	2,308	15,551
1. Bank and non-bank loans	20,682	27,106	2,331	14,045
2. Subsidies	-	360	(23)	1,506
II. Outflows	20,141	107,388	3,562	85,860
1. Repayment of bank and non-bank loans	17,606	99,619	2,286	81,413
2. Interest on bank and non-bank loans	561	2,805	494	1,288
3. Acquisition of own shares	181	293	-	-
4. Payments under lease agreements	1,974	4,671	782	3,159
III. Net cash flow from financing activities (I-II)	541	(79,922)	(1,254)	(70,309)
D. Total net cash flows (A.III+/-B.III+/-C.III)	7,806	(28,610)	9,922	(4,911)
E. Cash at the beginning of the period	5,738	41,973	3,517	18,350
F. Cash at the end of the period (E+/- D)	13,363	13,363	13,439	13,439
<i>including restricted cash</i>	-	-	-	-

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

ADDITIONAL EXPLANATORY NOTES

1. General information on Parent Undertaking

Full name:	Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.
Registered office address:	18-402 Łomża, ul. Poznańska 121
Identifier:	REGON (National Official Business Register): 450096365
NIP (tax identification number):	7181005512
Registry authority:	District Court in Białystok, 12th Commercial Division of the National Court Register (KRS)
Registration number:	000038455
Legal form:	<i>Spółka Akcyjna</i> (public limited company)
Organisational form:	Single-site business
Core business acc. to Polish Classification of Economic Activities (PKD): 1062Z Manufacture of starches and starch products	
Sector:	food industry
Duration:	indefinite term

Members of Management Board as at 30 September 2022:

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

Members of Supervisory Board as at 30 September 2022:

Maciej Kaliński	Chairman of the Supervisory Board
Tomasz Nowakowski	Vice Chairman of the Supervisory Board
Robert Malinowski	Secretary of the Supervisory Board
Kajetan Rościszewski	Member of the Supervisory Board
Jacek Okoński	Member of the Supervisory Board
Agata Czerniakowska	Member of the Supervisory Board.

Members of Audit Committee as at 30 September 2022:

Maciej Kaliński	Chairman of the Audit Committee
Tomasz Nowakowski	Vice Chairman of the Audit Committee
Agata Czerniakowska	Member of the Audit Committee
Robert Malinowski	Member of the Audit Committee
Kajetan Rościszewski	Member of the Audit Committee.

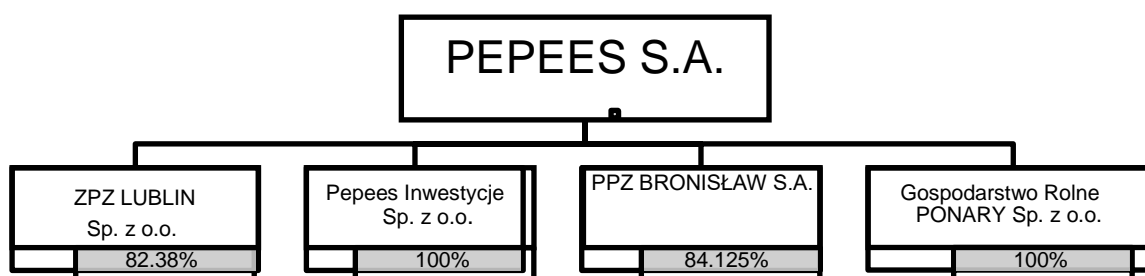
PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

2. Information on reporting periods

The interim consolidated financial statements cover the period from 01 January 2022 to 30 September 2022, and the comparable financial data and explanatory notes cover the period from 01 January 2021 to 30 September 2021, and for the statement of financial position and the statement of changes in equity, also data and notes as at 31 December 2021.

3. PEPEES Group structure

3.1. PEPEES Group structure as at 30 September 2022



3.2. General information on related parties in PEPEES Group

The following related parties were subject to consolidation in the Consolidated Quarterly Report of PEPEES Group for the period of three quarters ended 30 September 2022 (except for Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.):

Name	Registered office	Group's Objects	Registry court	Issuer's share in capital (%)	Share in total number of votes (%)
ZPZ LUBLIN Sp. z o.o.	Lublin	Production and sale of potato syrup and dehydrated potatoes, fruit and vegetable processing	District Court in Lublin, 11th Commercial Division of National Court Register (KRS)	82.38	82.38
Pepees Inwestycje Sp. z o.o.	Łomża	Purchase and sale of real property on own account	District Court in Lublin, 12th Commercial Division of National Court Register (KRS)	100	100
PPZ BRONISŁAW S.A.	Bronisław	Production of starch and starch products	District Court in Lublin, 13th Commercial Division of National Court Register (KRS)	84.125	84.125
Gospodarstwo Rolne Ponary Sp. z o.o.	Łomża	Agricultural cultivation together with raising of animals	District Court in Białystok, 12th Commercial Division	100	100

All the subsidiaries were subject to consolidation using the full consolidation method.

No changes in the Issuer's Group structure took place within the reporting period and until the date of preparing this report.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

3.3. Basic financial data on related parties as at 30 September 2022

Specification	PPZ BRONISŁAW S.A.	ZPZ LUBLIN Sp. z o.o.	Gospodarstwo Rolne Ponary Sp. z o.o.	PEPEES Inwestycje Sp. z o.o.
Current assets as at 30/09/2022	17,173	10,422	364	60
Fixed assets as at 30/09/2022	44,911	6,072	21,290	-
Short-term liabilities as at 30/09/2022	28,406	10,884	578	-
Long-term liabilities as at 30/09/2022	16,195	2,114	6,169	-
Sales revenue	49,508	16,319	-	-
Profit or loss on continuing operations	3,310	(1,163)	(4)	(11)
Net profit or loss on discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	3,310	(1,163)	(4)	(11)

3.4. Basis for Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”), in particular with the International Accounting Standard No. 34 and IFRS adopted by the EU. As at the date of the approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, as regards the accounting principles adopted by the Group, there were no differences between IFRS already in effect and those approved by the EU. IFRS comprise standards and interpretations accepted by the International Accounting Standard Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

These interim condensed consolidated financial statements are presented in kPLN, and all figures included in the tables and descriptions, unless indicated otherwise, are given in kPLN.

These condensed interim financial statements have been prepared on the assumption that the Group would continue as a going concern in the foreseeable future. As at the day of approval of these consolidated financial statements, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego “PEPEES” S.A. identified no circumstances implying any threats to the continuation of the Group’s business activity.

The interim condensed consolidated financial statements do not contain all information required for annual consolidated financial statements and they must be analysed together with the consolidated financial statements for the financial year ended 31 December 2021.

4. Approval of interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of the Parent Undertaking on 24 November 2022.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

5. Significant Accounting Principles (Policies)

The accounting principles (policies) applied to the preparation of these interim consolidated financial statements are consistent with those adopted to the Group's annual financial statements drawn up for the year ended 31 December 2021. The Group did not decide to choose the option of early application of any standard, interpretation or amendment which was published but has not yet become effective in line with the regulations of the European Union.

6. New accounting standards and interpretations not applied to these financial statements

The following standards and interpretations have been issued by the International Accounting Standard Board or the International Financial Reporting Interpretations Committee but are not yet in force:

- IFRS 14 "Regulatory Deferral Accounts" (applicable to annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the process of approving this temporary standard for application within the EU before the release of the final version of IFRS 14;
- Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current (applicable to annual periods beginning on or after 01 January 2023);
- Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure of Accounting Policies Applied (applicable to annual periods beginning on or after 01 January 2023);
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of accounting estimates (applicable to annual periods beginning on or after 01 January 2023);
- Amendments to IAS 12 "Income tax"- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable to annual periods beginning on or after 01 January 2023);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (the date of entry into force of the amendments was postponed until research works on the equity method have been completed);
- Amendments to IFRS 17 "Insurance Contracts"– IFRS 17 and IFRS 9 applied for the first time - comparatives (applicable to annual periods beginning on or after 01 January 2023).

Dates of entry into force are consistent with dates set out in standards published by the International Financial Reporting Board. The dates of applying standards in the European Union may vary from the application dates set out in standards and are published upon approval for application by the European Union.

The Issuer did not decide to choose the option of early application of any standard, interpretation or amendment which was published but has not yet entered into force.

The Management Board are currently assessing the impact of the foregoing amendments on the Group's financial statements.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

7. Unusual items having considerable impact on assets, liabilities, equity, profit or loss and cash flows

No unusual items having considerable impact on the Group's assets, liabilities, equity, profit or loss and cash flows have been recognised in these financial statements.

8. Changes in applied accounting principles, correction of errors and presentation

The Group neither corrected any previous years' errors nor changed in this reporting period any accounting principles adopted previously.

9. Explanatory comments about seasonality or cyclicity of operations

The Group operates in the "potato processing" industry sector. Potatoes are purchased and processed in autumn during a three-month period, whereas products manufactured are sold all year.

10. Estimated values

In the reporting period, the Group did not test fixed assets for impairment, as there were no indications that such impairment of assets occurred.

Write-downs of receivables were revalued to reflect the risk of customers' default in payment.

Provisions for retirement benefits and service anniversary awards were created based on actuarial calculations as at 30/06/2022.

Provision for unused annual leave was revalued based on expected employee salaries along with payroll surcharges payable by the employer for unused annual leaves as at 30/09/2022.

The Group recognises deferred tax assets based on the assumption that a tax profit allowing for the utilisation of such assets will be obtained in the future.

The Group verifies, on an annual basis, assumed periods of useful life of fixed assets and intangible assets. The last verification was made as at 31 December 2021.

The parent company carried out a sensitivity analysis covering assets held by it, including the goodwill of each subsidiary whose assets were tested for impairment as at 31/12/2021. The parent company will conduct new impairment tests as at 31/12/2022.

11. Acquisition and disposal of fixed assets

In the period of three quarters of 2022, the Group purchased fixed assets in the amount of PLN 9,137k. This amount was associated mainly with the retrofit of manufacturing plant and machinery.

The amount of fixed assets sold totalled PLN 120k.

12. Significant commitments for purchase of fixed assets

On 09/08/2022, the Parent Company and BNP Paribas Lease Group made an agreement under which a PLN 937k non-bank loan was granted for the acquisition of a Deutz Fahr agricultural tractor. The aforesaid fixed asset was purchased for the purpose of the agricultural operations. As at 30/09/2022, the amount of debt arising from the loan agreement was PLN 937k. The parties stipulated in the agreement that the loan is to be repaid until 13/08/2024.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

13. Inventory

INVENTORY	As at 30 September 2022	As at 31 December 2022	As at 30 September 2021
a) materials	13,259	5,790	7,144
b) semi-finished products and work in progress	466	1,128	605
c) finished products	57,240	83,730	39,248
d) goods	4,339	6,835	4,742
Gross value of inventory	75,304	97,483	51,739
Write-downs	(33)	(318)	(309)
Net value of inventory	75,271	97,165	51,430

The value of inventory recognised as cost in the reporting period totalled PLN 129,890k (Q3 2021: PLN 129,794k).

14. Biological assets

"PEPEES" S.A. has been leasing a farm (Roje) since March 2014 and additional farmland (Krzekoty and Jachowo) since October 2021 and April 2022, on which annual plants were sown. Costs relating to the purchase of seeds and cultivation amounted as at the balance-sheet date to PLN 6,680k, compared to revenue from agricultural activities totalling PLN 1,577k. The fair value of inventory is equal to PLN 2,351k, with the value of biological assets less the costs of sales totalling approx. PLN 1,641k. Biological assets were disclosed in the financial statements at fair value.

15. Trade and other short-term receivables

TRADE AND OTHER SHORT-TERM RECEIVABLES	As at 30 September 2022	As at 31 December 2021	As at 30 September 2021
Trade receivables	24,819	24,959	30,914
Other receivables	5,022	8,448	3,366
Advances	6,177	515	8,375
Total	36,018	33,922	42,655

(GROSS) TRADE RECEIVABLES – WITH MATURITY REMAINING AFTER BALANCE-SHEET DATE:	As at 30 September 2022	As at 31 December 2021	As at 30 September 2021
a) up to 1 month	10,406	15,492	15,644
b) between 1 month and 3 months	12,776	3,875	10,327
c) between 3 months and 6 months	313	4	840
d) between 6 months and 1 year	-	32	-
e) above 1 year	76	-	-
f) overdue receivables	2,308	6,436	4,869
Total (gross) trade receivables	25,879	25,839	31,680
- write-downs of trade receivables	(1,060)	(880)	(766)
Total (net) trade receivables	24,819	24,959	30,914

The overdue receivables which were not written down include receivables from debtors with whom the Group has been collaborating for several years and which, based on the assessment of their financial position and business outlook, are referred to as doubtful debts. The period during which

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

such receivables are past due is between several days and three months.

There are no receivables which would be more than 180 days past due and which would not be written down.

16. Trade and other short-term payables

TRADE AND OTHER SHORT-TERM PAYABLES	As at 30 September 2022	As at 31 December 2021	As at 30 September 2021
- trade payables maturing:	28,236	15,916	26,916
- other short-term payables	7,128	4,668	5,561
- provisions for other payables and other debts	2,542	3,527	3,119
Total trade payables, other payables and provisions for payables	37,906	24,111	35,596

PAYABLES	As at 30 September 2022	As at 31 December 2021	As at 30 September 2021
- trade payables maturing:	28,236	15,916	26,916
- up to 12 months	28,236	15,916	26,916
- overdue above 180 days	-	-	-

17. Litigation settlements

As at the date of preparation of these financial statements, there are unsettled lawsuits brought by an investment fund company EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, based in Warsaw, against "PEPEES" S.A., in which the claimant:

- Requested that the court repeal or declare the invalidity of Resolutions Nos. 24-29, adopted by the Ordinary General Meeting on 28/06/2019, including Resolution No. 28 on amending the Articles of Association and granting the Company's Management Board authority to increase the share capital of the Company within the limits of the authorised share capital and giving the Management Board the permission to exclude (if necessary) the subscription rights of the existing shareholders of the Company, in full or in part, with the consent of the Company's Supervisory Board. Regional Court decided to stay the proceedings until the proceedings instituted by PEPEES against EPSILON to declare the forfeiture of voting rights have been closed by the non-appealable judgement;
- Requested that two resolutions on granting a vote of approval, adopted by the General Meeting on 21/04/2020, be repealed or declared invalid. The proceedings are pending before a trial court. Regional Court decided to stay the proceedings until the proceedings instituted by PEPEES against EPSILON to declare the forfeiture of voting rights have been closed by the non-appealable judgement;
- Requested that the court declare the invalidity of four resolutions on: the consideration and approval of the 2020 financial statements, the distribution of 2020 profit and granting the members of the Management Board a vote of approval for discharge of their duties, which were carried on 29/06/2021 by the General Meeting. The proceedings are pending before a trial court. On 11 January 2022, the Regional Court decided to stay the proceedings until the proceedings instituted by PEPEES against EPSILON to declare the forfeiture of voting rights have been closed by the non-appealable judgement;

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

- Requested that the court repeal or declare the invalidity of nine resolutions of the Ordinary

General Meeting of 14/04/2022, namely, Resolutions nos. 6 and 7 on the consideration and approval of the Company's and the Pepees Group's 2021 financial statements, Resolution no. 8 on the consideration and approval of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. Management Board's report on the PEPEES Group's operations for 2021, Resolutions nos. 12 and 13 on granting the members of the Company's Management Board a vote of approval for discharge of their duties, Resolutions nos. 25 and 26 on the appointment of two Supervisory Board members for another term of office, Resolutions nos. 28 and 29 on the authorisation to acquire own shares and provide reserve capital to this end.

In all other respects, there are no other significant pending court proceedings, proceedings before a proper arbitration authority or public administration authority relating to liabilities and debts of the Issuer or its subsidiaries.

There are several pending legal actions against the Group's debtors for trade settlements. All the debts which are claimed in court proceedings have been written down in full.

18. Outstanding bank and non-bank loans

The below table shows bank and non-bank loans as at the balance-sheet date which are repaid before maturity. Intra-Group loans have been excluded from the consolidated financial statements.

Short- and long-term liabilities

Item	Type of loan	Borrower	Lender	Contractual loan sum	Outstanding loan balance	Repayment date
1	Overdraft facility	PEPEES S.A.	Santander Bank Polska S.A.	4,000	-	31/08/2023
2	Revolving loan	PEPEES S.A.	Santander Bank Polska S.A.	19,000	4,125	31/08/2023
3	Working capital loan for purchase of potatoes	PEPEES S.A.	Santander Bank Polska S.A.	17,500	8,375	31/08/2023
4	Overdraft facility	PEPEES S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	4,000	-	31/08/2023
5	Revolving loan	PEPEES S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	19,000	-	31/08/2023
6	Working capital loan for purchase of potatoes	PEPEES S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	17,500	11,516	31/08/2023
7	Investment loan for financing and refinancing the acquisition of 100% shares in the company Gospodarstwo Rolne Ponary Sp. z o.o.	PEPEES S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	10,530	4,137	30/06/2025
8	Overdraft facility	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	2,000	1,138	31/08/2023
9	Revolving loan	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	5,000	2,246	31/08/2023
10	Working capital loan for purchase of potatoes	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	1,500	-	31/08/2023
11	Overdraft facility	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	2,000	521	31/08/2023

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

12	Revolving loan	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	5,000	1,377	31/08/2023
13	Working capital loan for purchase of potatoes	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	1,500	773	31/08/2023
14	Overdraft facility	Bronisław S.A.	Santander Bank Polska S.A.	700	256	31/08/2023
15	Revolving loan	Bronisław S.A.	Santander Bank Polska S.A.	9,300	2,714	31/08/2023
16	Working capital loan for purchase of potatoes	Bronisław S.A.	Santander Bank Polska S.A.	8,500	2,000	31/08/2023
17	Overdraft facility	Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	700	247	31/08/2023
18	Revolving loan	Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	9,300	2,075	31/08/2023
19	Working capital loan for purchase of potatoes	Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	8,500	2,000	31/08/2023
20	Investment loan dedicated for the upgrade of starch drying plant and the construction of protein recovery plant	Bronisław S.A.	BOŚ Bank	8,456	4,933	31/12/2027
21	A non-bank loan for the acquisition of a fixed asset – Deutz Fahr agricultural tractor	PEPEES S.A.	BNP Paribas Lease Group	937	937	13/08/2024
Total			PLN	154,923	49,370	

In this reporting period, no provision of loan agreements was breached. All loans were repaid according to schedules contained in the agreements.

19. Related party transactions

19.1 Issuer's transactions with subsidiaries

a) Revenue from sale of products and goods

Type of revenue	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
Revenue from the sale of products to subsidiary undertakings	222	904	168	695
Revenue from the sale of goods and materials to subsidiary undertakings	778	778	564	564
Revenue from the sale of services to subsidiary undertakings	80	237	79	261
Revenue from the sale of fixed assets to subsidiary undertakings	-	16	190	190
Total revenue from related parties	1,080	1,935	1,001	1,710

The selling price is fixed on a cost-plus-basis or according to price lists applicable to entities which are not related parties.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

b) Purchase of goods and services

Type of purchase	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
Purchase of products from subsidiary undertakings	899	8,471	713	5,539
Purchase of goods from subsidiary undertakings	-	156	-	-
Purchase of services from subsidiary undertakings	10	63	12	53
Purchase of fixed assets from subsidiary undertakings	-	-	-	-
Total purchases from related parties	909	8,690	725	5,592

c) Other transactions

Specification	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
Interest on loans granted	75	140	37	71
Charges for sureties provided to other entities	32	95	31	129
Charges for sureties provided by other entities	39	118	39	118
Total	146	353	107	318

d) Balance of accounts receivable and payable as at the balance-sheet date resulting from the sale/purchase of goods/services

Accounts receivable from and accounts payable to related parties	As 30 September 2022	As 31 December 2021	As at 30 September 2021
Receivables - ZPZ "LUBLIN" Sp. z o.o.	307	-	-
Receivables - PPZ "BRONISŁAW" S.A.	1,134	624	1,997
Advances - PPZ Bronisław S.A.	1,873	571	571
Receivables – GR Ponary Sp. z o.o.	-	1	1
Receivables – Pepees Inwestycje Sp. z o.o.	-	-	1
Payables - ZPZ "LUBLIN" Sp. z o.o.	188	149	261
Payables - PPZ "BRONISŁAW" S.A.	-	2	15
Payables - GR PONARY Sp. z o.o.	13	13	-
Balance of accounts receivable from and accounts payable to related parties	3,113	1,032	2,294

e) Balance of accounts receivable and payable in respect of loans

Loans granted to related parties	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
PPZ "BRONISŁAW" S.A.	4,700	3,300	3,300
ZPZ Lublin Sp. z o.o.	1,000	-	-
GR PONARY Sp. z o.o.	552	550	550
Total non-bank loans granted	6,252	3,850	3,850

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

19.2 Issuer's transactions with shareholders

In the reporting period, there were no transactions between the Parent Company and shareholders.

19.3 Issuer's transactions with key management and supervisory personnel

a) Benefits for key management personnel (Management Board Members) and members of the Supervisory Board

Specification	For period of 9 months ended 30 September 2022	For period of 9 months ended 30 September 2021
Current employee benefits	1,700	1,710
Post-employment benefits		-
Termination benefits		-
Share-based payment		-
Total	1,700	1,710

b) Transactions with members of key personnel and members of their families

In the reporting period, the Company did not conclude any transaction with the members of key personnel and members of their families.

20. Changes in estimated values

a) Write-downs of receivables

CHANGE IN WRITE-DOWNS OF SHORT-TERM RECEIVABLES	For period of 9 months ended 30 September 2022	For period of 12 months ended 31 December 2021	For period of 9 months ended 30 September 2021
As at the beginning of the period	1,017	797	797
a) increases (in respect of)	824	423	390
- provisions created for doubtful trade receivables	824	336	245
- provisions created for interest due	-	2	-
- provisions created for receivables claimed at court	-	85	145
b) decreases (in respect of)	638	203	288
- reversal of provisions on account of payment	638	196	138
- cancellation	-	7	150
Write-downs at the end of the period, including:	1,203	1,017	899

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

b) Write-Downs of Inventory

CHANGE IN WRITE-DOWNS OF INVENTORY	For period of 9 months ended 30 September 2022	For period of 12 months ended 31 December 2021	For period of 9 months ended 30 September 2021
As at the beginning of the period	318	304	304
a) increases (in respect of)	177	761	464
- write-downs to net realisable value	177	761	464
b) decreases (in respect of)	462	747	459
- reversal of write-downs	462	747	459
Write-downs of inventory at the end of the period	33	318	309

c) Liabilities in respect of retirement and similar benefits

CHANGE IN LIABILITIES IN RESPECT OF RETIREMENT AND SIMILAR BENEFITS (BY TYPE)	For period of 9 months ended 30 September 2022	For period of 12 months ended 31 December 2021	For period of 9 months ended 30 September 2021
a) as at the beginning of the period	3,533	3,682	3,682
- retirement severance payment	703	729	729
- service anniversary awards	2,830	2,953	2,953
b) increases (in respect of)	152	236	397
- retirement severance payment	5	24	13
- service anniversary awards	147	212	384
c) utilisation (in respect of)	272	330	148
- retirement severance payment	33	33	12
- service anniversary awards	239	297	136
d) reversal (in respect of)	22	55	33
- retirement severance payment	3	17	11
- service anniversary awards	19	38	22
d) balance at the end of the period	3,391	3,533	3,898
- retirement severance payment	672	703	719
- service anniversary awards	2,719	2,830	3,179

21. Short-term provisions

CHANGE IN SHORT-TERM PROVISIONS (BY TYPE)	For period of 9 months ended 30 September 2022	For period of 12 months ended 31 December 2021	For period of 9 months ended 30 September 2021
a) as at the beginning of the period	3,527	3,772	3,772
- subsidies on property, plant and equipment	98	98	98
- provisions for services rendered by business partners	86	26	26
- environmental charge	84	117	117
- provisions for annual leave payments	800	715	715
- right to gas emission	2,429	2,283	2,283
- bonuses for Management Board and employees	30	533	533

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

CHANGE IN SHORT-TERM PROVISIONS (BY TYPE)	For period of 9 months ended 30 September 2022	For period of 12 months ended 31 December 2021	For period of 9 months ended 30 September 2021
b) increases (in respect of)	1,057	3,380	2,524
- provision for use of CO2 emission allowances	264	2,226	1,744
- environmental charge	44	92	56
- provisions for annual leave payments	313	493	254
- provisions for services rendered by business partners	31	95	26
- bonus for Management Board and employees	405	474	444
c) utilisation (in respect of)	2,042	3,625	3,177
- environmental charge	78	125	124
- provisions for annual leave payments	475	408	405
- provision for use of CO2 emission allowances	1,359	2,080	2,080
- provision for services rendered by business partners	100	35	35
- bonuses for Management Board and employees	30	977	533
d) balance at the end of the period	2,542	3,527	3,119
- subsidies on property, plant and equipment	98	98	98
- provision for use of CO2 emission allowances	1,334	2,429	1,947
- environmental charge	50	84	49
- provisions for annual leave payments	638	800	564
- bonuses for Management Board and employees	405	30	444
- provisions for services rendered by business partners	17	86	17

22. Deferred income tax

DEFERRED TAX LIABILITIES	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
Difference between the carrying amount and tax value of property, plant and equipment	5,221	5,545	5,634
Measurement of investment	693	693	662
Unrealised FX differences	16	4	5
Other	-	-	12
Total deferred tax liabilities	5,930	6,242	6,313

DEFERRED INCOME TAX ASSETS	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
Unpaid remuneration	220	144	145
Provision for unused annual leave	121	152	111
Retirement benefits and service anniversary awards	645	672	738
Unrealised FX differences	30	121	38
Write-downs of receivables	14	16	-
Write-downs of inventory	6	62	59
Write-downs of shares	18	18	18
Liabilities in respect of leased assets	756	912	1,146
Consolidated adjustments – retained earnings	9	(15)	(14)

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

DEFERRED TAX ASSETS	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
Provision for bonuses for Management Board and employees	76	6	84
Redemption of CO2 emission allowances	253	462	370
Valuation of property and assets	2,245	2,330	2,348
Tax loss	923	1,368	988
Other	15	124	13
Total	5,331	6,372	6,044

23. Contingent assets and liabilities

CHANGE IN CONTINGENT ASSETS (BY TYPE)	For period of 9 months ended 30 September 2022	For period of 12 months ended 31 December 2021	For period of 9 months ended 30 September 2021
a) balance as at the beginning of the period, including	15,795	15,795	15,795
- surety granted by GR PONARY for investment loan	15,795	15,795	15,795
b) increases (in respect of)	-	-	-
c) utilisation (in respect of)	-	-	-
d) balance as at the end of the period, including	15,795	15,795	15,795
- surety granted by GR PONARY for investment loan	15,795	15,795	15,795

CHANGE IN CONTINGENT LIABILITIES (BY TYPE)	For period of 9 months ended 30 September 2022	For period of 12 months ended 31 December 2021	For period of 9 months ended 30 September 2021
a) balance as at the beginning of the period, including	14,449	32,481	32,481
- liabilities on account of non-competition agreements	1,765	1,563	1,563
- sureties for loans granted to related companies	12,684	30,918	30,918
b) increases (in respect of)	15	202	29
- liabilities on account of non-competition agreements	15	202	29
c) reversal	39	18,234	18,234
- liabilities on account of non-competition agreements	39	-	-
- surety for loan	-	18,234	18,234
d) balance as at the end of the period, including	14,425	14,449	14,276
- liabilities on account of non-competition agreements	1,741	1,765	1,592
- sureties for loans granted to related companies	12,684	12,684	12,684

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

In the reporting period, neither equity nor non-equity securities were issued, redeemed or repaid.

On 28 December 2021, the Management Board of PEPEES S.A. issued an invitation to submit tenders for the disposal of shares pursuant to authorisation granted by the Ordinary General Meeting by Resolution no. 24 of 25 April 2017 and Supervisory Board Resolution of 23 December 2021.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

The invitation concerned the acquisition of not more than 2,000,000 Company's ordinary bearer shares having a code PLPEPES00018, representing in aggregate 2.11% of the Company's share capital and the general number of votes at the General Meeting of the Company.

The acquisition price of own shares was fixed at PLN 1.20 per share. The invitation was extended to all shareholders of the Company. The share acquisition transaction was carried out through a brokerage house Dom Maklerski Banku Ochrony Środowiska S.A. As a result of the invitation, the period from 29 December 2021 to 11 January 2022 saw the acquisition of 32,828 own shares. Accordingly, on 14 February 2022, the Management Board issued another invitation to submit tenders for the disposal of shares. In the second round, 34,295 shares were acquired.

As at the date of the publication of this report, the Issuer held 67,123 own shares, which accounted for 0.071% of share capital and the total number of votes attaching to all the Issuer's shares.

On 29 June 2022, the Management Board of PEPEES S.A. decided to launch an own share buy-back scheme under Resolution no. 28 of the Ordinary General Meeting of 14 April 2022. The share buy-back scheme will end on 31 December 2023. The buy-back scheme covers up to 7,125,000 (seven million one hundred and twenty-five thousand) own ordinary bearer shares having the par value of PLN 0.06 (06/100 zlotys) each and being designated with the following ISIN securities code:

PLPEPES00018, paid up in full, quoted on the primary market of Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange) or purchased outside the regulated market operated by the said Stock Exchange. Funds designated for the financing of the buy-back scheme will not exceed a sum of PLN 14,250,000 (fourteen million two hundred and fifty thousand zlotys 00/100). The Company may purchase, as part of the buy-back scheme, shares representing in total not more than 7.5% of share capital.

Until the date of the publication of this report, 119,364 own shares were acquired for the scheme. In total, the Company holds 186,487 own shares, which accounts for 0.196% of share capital and the general number of votes attaching to all the Issuer's shares (as at the report publication date).

The Company is purchasing own shares for the purposes designated in the General Meeting Resolution, i.e. as an alternative, for redemption or disposal against payment or for use as part of acquisition transactions.

25. Information on dividend paid (or declared), in total and per share, broken down into ordinary and preference shares

In the reporting period, the Group Companies did not pay out any dividends. The Management Boards of the companies did not declare, nor did they propose, any dividends from the distributed 2022 profits.

26. Segment reporting

26.1. Information on products and services

There are four segments in the PEPEES Group, namely: "potato processing", "agricultural cultivation together with raising of animals" and "purchase and sale of real property on own account".

The PEPEES Group's core business is "potato processing". For this segment, the scope of manufacturing includes the following products:

- Potato starch, which is used in households and in the food, pharmaceutical, paper-making and textile industry;
- A wide range of several glucose products, which are used by the food, confectionery and pharmaceutical industry;
- Maltodextrin, which is an essential ingredient of powdered products (ice creams, sauces, soups,

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

fruit extracts, flavour toppings) and vitamin and mineral nutrients for children and athletes;

- Protein obtained from potato cell sap through coagulation, separation and drying; which is a valuable component of compound feedingstuffs for animals and an excellent substitute for animal protein;
- A wide range of starch syrups used in the confectionery and bakery industry;
- Potato grits, potato flakes, cubed potatoes and dumplings; products used in the food industry;

Other types of operations include:

- Works and services;
- Sale of certain goods and materials;
- Growing and selling annual plants;
- Purchase and sale of real property on own account (Pepees Inwestycje Sp. z o.o.).

All assets and liabilities of Gospodarstwo Rolne Ponary Sp. z o.o. fall within the 'agricultural cultivation together with raising of animals' segment.

Due to the fact that Ponary did not generate any sales revenue within the period of 9 months of 2022, the 'agricultural cultivation together with raising of animals' segment was not presented in revenue and profit/loss for respective segments. Given the value of land held by Ponary, the third segment was disclosed in these financial statements solely for the purpose of presenting its assets and liabilities.

26.2 Segment revenue and profit/loss

Specification	Revenue		Profit	
	For period of 9 months ended 30 September 2022	For period of 9 months ended 30 September 2021	For period of 9 months ended 30 September 2022	For period of 9 months ended 30 September 2021
Potato processing	189,605	157,052	16,018	(9,255)
- including among segments	-	8		
Generation of electricity (discontinued operations)	-	1,264	-	(184)
- including among segments	-	115	-	-
Purchase and sale of real property on own account	-	-	-	-
Total sales revenue	189,605	158,193	16,018	(9,439)
Other operating income			510	2,213
Other operating expenses			(729)	(323)
Profit (loss) on disposal of subsidiary undertaking			-	5,029
Financial income			2,398	117
Financial expenses			(4,783)	(2,238)
Profit (loss) before tax			13,414	(4,641)

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

26.3 Segment assets and liabilities

Segment assets	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
Potato processing	288,202	333,830	271,612
Agricultural cultivation together with raising of animals	19,608	19,588	19,585
Purchase and sale of real property on own account	42	71	55
Total segment assets	307,852	353,489	291,252

Segment liabilities	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
Potato processing	123,302	178,436	117,538
Agricultural cultivation together with raising of animals	-	-	-
Purchase and sale of real property on own account	-	-	-
Total segment liabilities	123,302	178,436	117,538

26.4 Other information on segments

Segment	Amortisation and depreciation		Increase in fixed assets	
	For period of 9 months ended 30 September 2022	For period of 9 months ended 30 September 2021	For period of 9 months ended 30 September 2022	For period of 9 months ended 30 September 2021
Potato processing	11,116	10,508	9,137	6,243
Generation of electricity (discontinued operations)	-	233	-	-
Total	11,116	10,741	9,137	6,243

26.5 Revenue broken down into products

Name of product	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
Starch	39,955	106,694	36,848	94,830
Protein	-	6,926	2,497	7,913
Glucose	6,019	18,116	4,187	10,883
Maltodextrin	6,382	17,809	5,032	14,615
Amylum	43	43		
Starch syrups	2,173	5,970	1,522	4,166
Dehydrated potatoes (grits, flakes, cubed potatoes)	6,019	22,766	5,179	13,361
Electricity – discontinued operations	-	-	-	188
Property rights (electricity and heat energy) – discontinued operations	-	-	-	397
Goods and materials	2,282	10,502	101	10,994
Services	326	779	324	846
Total	63,199	189,605	55,690	158,193

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

26.6 Sales revenue by geographical region

Specification	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
Poland, including	40,306	119,206	32,857	101,435
Starch	22,729	56,961	18,752	52,426
Protein	-	4,219	1,588	5,189
Glucose	5,513	15,810	3,510	8,833
Maltodextrin	4,597	12,832	3,490	9,984
Amylum	43	43		
Starch syrups	2,173	5,969	1,522	4,166
Dehydrated potatoes (grits, flakes, cubed potatoes)	4,521	16,258	4,271	11,076
Electricity	-	-	-	188
Property rights (electricity and heat energy)	-	-	-	397
Goods and materials	404	6,335	(600)	8,330
Services	326	779	324	846
EU countries – intra-Community supply of goods, including:	6,859	15,004	5,731	12,813
Starch	4,632	8,009	1,782	4,914
Protein	-	934	216	1,073
Maltodextrin	1,218	2,788	949	2,556
Glucose	506	2,104	602	954
Starch syrups	-	1	-	-
Dehydrated potatoes (grits, flakes, cubed potatoes)	503	1,168	88	937
Goods	-	-	2,094	2,379
Other countries – export	16,034	55,395	17,102	43,945
Starch	12,595	41,724	16,314	37,490
Protein	-	1,773	693	1,651
Glucose	-	202	75	1,096
Maltodextrin	567	2,189	593	2,075
Dehydrated potatoes (grits, flakes, cubed potatoes)	995	5,340	820	1,348
Goods	1,877	4,167	(1,393)	285
Total	63,199	189,605	55,690	158,193

26.7 Information on key clients

None of the Group's customers generates more sales revenue than 10% of its total revenue. However, as regards respective product groups, there are customers whose share in the sales of a given product is above 10%. Namely:

- above 43% of maltodextrin was sold to three business partners from Poland (15.4%, 15% and 12.7% respectively);
- 44.5% of protein was sold to three business partners from Poland (18.3%, 15.4% and 10.7%).

27. For financial instruments measured at fair value – information about changes to manner of (method employed for) determination of such fair value

In the period of 9 months ended 30 September 2022, the Group did not change the rules applied to determine the fair value of financial instruments. The same measurement rules and methods which were applied to the consolidated financial statements of the Group prepared for the year ended 31

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

December 2021 were used.

28. Information about change in classification of financial assets resulting from change in purpose or utilisation of such assets

In the presented period, the classification of financial assets was not altered by reason of changes to the purpose or utilisation thereof.

29. Information about changes in economic situation and conditions for running business activity which have considerable impact on fair value of entity's financial assets and financial liabilities, regardless of whether such assets and liabilities are recognised at fair value or at adjusted purchase price (production cost)

On 24/02/2022, Russia mounted an invasion of Ukraine, leading to the escalation of the conflict that began in 2014. As at the publication of these financial statements, the situation is still very dynamic. So far, the European Union has imposed several packages of sanctions on Russia, including targeted individual sanctions, economic sanctions and various diplomatic measures. The Russia's invasion of Ukraine, together with all the sanctions applied by the EU, has considerable impact on global trade, and consequently, on the Group companies. Rates of exchange applying to currencies used by the Group continue to fluctuate, which carries the risk of unpredictable behaviour for futures contracts (with delayed deliveries) or contracts with deferred payment dates.

A rise in energy commodity prices, which started already in 2021, will still continue. This entails both an expected reduction in supplies from the East (crude oil, gas, coal) and a possible increase in energy commodity reserves by all European countries, which will have a bearing on the availability of such commodities and consequently, lead to further price rises.

Fuel price increases translate in turn into higher prices of transport services. The prices of goods and services are still subject to considerable fluctuation. Compared to the previous reporting periods, the "PEPEES" Group is affected by a dramatic rise in the prices of raw materials, basic materials and auxiliary materials used for production.

Furthermore, the Issuer has lost the opportunity of export to the Ukrainian market owing to the warfare, as well as to the Russian market as a consequence of the economic sanctions which have been introduced. The Company must also deal with restricted access to the Central Asia markets (Uzbekistan, Kazakhstan) due to constraints on railway transport through Ukraine (the warfare) and Russia (the economic sanctions).

The Group companies monitor, on a day-to-day basis, recent developments concerning the military conflict in Ukraine and further sanctions imposed on Russia, verifying all information in terms of its impact on the Group's business and taking emergency actions aimed at minimising the consequences arising from the aforesaid extraordinary circumstances.

30. Other information that might have significant bearing on assessment of Group's assets, financial position and performance

In the presented period, all events and information affecting the assets and financial standing were disclosed in these financial statements. Apart from the Covid-19 pandemic, which strikes various countries from time to time and with different intensity, at the end of February, yet another significant factor having an impact on global economy occurred. The Russia's invasion of Ukraine, together with all the sanctions applied by the EU, has considerable impact on global trade, and consequently, on the Group companies.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

The Group does not have other information that might have significant bearing on the assessment of the Group's assets, financial position and performance.

31. Important events after balance-sheet date

No other events that would have to be disclosed in these interim condensed financial statements occurred after the balance-sheet date.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

C. QUARTERLY FINANCIAL INFORMATION OF PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO “PEPEES” SPÓŁKA AKCYJNA FOR THE PERIOD OF 9 MONTHS ENDED 30 September 2022

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION

presented below and comprised of:

1. Statement of financial position.
2. Statement of profit or loss and of other comprehensive income.
3. Statement of changes in equity.
4. Statement of cash flows.
5. Additional explanatory notes.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

STATEMENT OF FINANCIAL POSITION

	ASSETS	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
A	Fixed (long-term) assets	130,601	130,861	134,752
1.	Property, plant and equipment	88,486	88,103	91,469
2.	Intangible assets	261	184	188
3.	Rights to assets	14,789	15,761	15,204
4.	Investment property	366	373	376
5.	Investments in subsidiary undertakings	23,586	23,586	23,586
6.	Investments in other undertakings	383	383	375
7.	Deferred tax assets	2,730	2,471	3,554
B	Current (short-term) assets	116,434	136,720	100,025
I	Current assets other than assets classified as held for sale	116,434	136,720	100,025
1.	Inventory	56,970	63,277	41,322
2.	Biological assets	1,641	560	1,162
3.	Trade and other short-term receivables	32,339	28,238	37,271
4.	Other financial assets	13,378	10,975	10,880
5.	Cash and cash equivalents	12,106	33,670	9,390
II	Assets held for sale	-	-	-
	Total assets	247,035	267,581	234,777

	LIABILITIES	As at 30 September 2022	As 31 December 2021	As at 30 September 2021
A	Equity	163,021	156,200	153,863
1.	Share capital	5,700	5,700	5,700
2.	Share premium	7,562	7,562	7,562
3.	Own shares	(293)	-	-
4.	Revaluation capital	30,530	30,507	30,501
5.	Retained earnings	119,522	112,431	110,100
B	Liabilities	84,014	111,381	80,914
I	Long-term liabilities	25,618	25,643	27,243
1.	Bank and non-bank loans	2,999	3,761	4,137
2.	Liabilities in respect of leased assets	12,925	11,088	12,099
3.	Deferred tax liability	5,602	5,957	6,137
4.	Liabilities in respect of retirement and similar benefits	2,240	2,472	2,921
5.	Subsidies	1,852	1,925	1,949
6.	Other long-term liabilities	-	440	-
II	Short-term liabilities	58,396	85,738	53,671
Ila	Short-term liabilities other than related to assets held for sale	58,396	85,738	53,671
1.	Trade and other short-term payables	26,517	13,280	27,160
2.	Current income tax liabilities	1,565	-	-
3.	Bank and non-bank loans	26,091	68,735	22,908
4.	Liabilities in respect of leased assets	3,759	3,371	3,341
5.	Liabilities in respect of retirement and similar benefits	464	352	262
Ilb	Liabilities related to assets held for sale	-	-	-
	Total liabilities	247,035	267,581	234,777

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

STATEMENT OF PROFIT OR LOSS AND OF OTHER COMPREHENSIVE INCOME

Item	Specification	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
I	Sales revenue	45,895	134,388	39,242	113,268
1.	Revenue from sale of products	41,701	122,076	37,657	100,502
2.	Revenue from sale of services	268	595	269	583
3.	Revenue from sale of goods and materials	3,926	11,717	1,316	12,183
II	Cost of goods sold	(33,549)	(96,169)	(31,178)	(91,654)
1.	Cost of products sold	(28,244)	(80,163)	(29,239)	(77,419)
2.	Cost of services sold	(264)	(662)	(239)	(624)
3.	Cost of goods and materials sold	(3,267)	(10,240)	(1,149)	(11,624)
4.	Result of agricultural production	(1,774)	(5,104)	(551)	(1,987)
III	Gross profit (loss) on sales (I-II)	12,346	38,219	8,064	21,614
1.	Cost of sales & marketing	(3,258)	(9,586)	(3,664)	(8,731)
2.	General and administrative expense	(5,778)	(18,207)	(5,199)	(18,199)
3.	Other operating income	71	385	22	1,638
4.	Other operating expenses	382	(501)	(51)	(186)
IV	Operating profit (loss)	3,763	10,310	(828)	(3,864)
1.	Financial expenses	(941)	(2,840)	(176)	(1,373)
2.	Financial income	816	2,582	146	305
V	Profit (loss) before tax	3,638	10,052	(858)	(4,932)
VI	Income tax	(985)	(2,961)	59	258
VII	Net profit (loss)	2,653	7,091	(799)	(4,674)
VIII	Other comprehensive income	-	23	-	7
1.	Effects of measurement of financial assets available for sale	-	-	-	-
2.	Revaluation of employee benefits liabilities	-	23	-	7
IX	Total comprehensive income, including	2,653	7,114	(799)	(4,667)
X	Net profit (loss) per share	0.03	0.07	(0.01)	(0.05)

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

STATEMENT OF CHANGES IN EQUITY

Specification	Share capital	Share premium capital	Own shares	Revaluation n capital	Retained earnings	Total equity
As at 01 January 2021	5,700	7,562		30,494	114,774	158,530
Changes in period from 01/01/2021 to 30/09/2021	-		-	7	(4,674)	(4,667)
Net profit (loss) for the period					(4,674)	(4,674)
Other (net) comprehensive income for the financial year				7		7
As at 30 September 2021	5,700	7,562	-	30,501	110,100	153,863
Changes in 2021	-		-	13	(2,343)	(2,330)
Net profit (loss) for the financial year					(2,343)	(2,343)
Other (net) comprehensive income for the financial year				13		13
As at 31 December 2021	5,700	7,562	-	30,507	112,431	156,200
As at 01 January 2022	5,700	7,562	-	30,507	112,431	156,200
Acquisition of own shares			(293)			-
Net profit (loss) for the period					7,091	6,798
Other (net) comprehensive income for the financial year				23		23
As at 30 September 2022	5,700	7,562	(293)	30,530	119,522	163,021

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Item	CASH FLOW STATEMENT	For period of 3 months ended 30 September 2022	For period of 9 months ended 30 September 2022	For period of 3 months ended 30 September 2021	For period of 9 months ended 30 September 2021
A.	Cash flow from operating activities – indirect method				
I	Profit (loss) before tax	3,638	10,052	(858)	(4,932)
II	Total adjustments	4,409	23,671	10,580	46,062
1.	Amortisation and depreciation	3,195	9,219	3,002	8,852
2.	Foreign exchange (gains) losses	62	48	(8)	2
3.	Interest and profit sharing (dividends)	(84)	1,095	(45)	227
4.	(Profit) loss on investing activities	-	(61)	64	(183)
5.	Change in the balance of provisions	-	(120)	-	237
6.	Change in inventory	(7,559)	6,307	700	30,602
7.	Change in biological assets	2,434	(1,081)	1,507	(824)
8.	Change in receivables	(2,186)	(4,101)	(700)	(11,263)
9.	Change in short-term liabilities (net of bank and non-bank loans)	8,613	12,797	6,317	16,014
10.	Income tax paid	(483)	(1,995)	-	-
11.	Change in subsidies	(24)	(73)	(25)	(74)
12.	Change in interest on non-bank loans	-	(3)	197	(6)
13.	Change in other financial assets	324	972	(427)	
14.	Redemption of CO2 emission allowances	-	600	-	2,494
15.	Other adjustments	117	67	(2)	(16)
III	Net cash flow from operating activities	8,047	33,723	9,722	41,130
B.	Cash flows from investing activities				
I	Cash inflows	74	211	1,441	9,531
1.	Disposal of intangible assets and property, plant and equipment	-	74	664	1,082
2.	Repayment of non-bank loans granted	74	137	777	6,792
3.	Bond proceeds	-	-	-	254
4.	Disposal of shares	-	-	-	1,403
II	Outflows	2,286	7,328	112	6,791
1.	Purchase of intangible assets and property, plant and equipment	2,286	4,299	112	994
2.	Acquisition of property rights	-	629	-	2,197
3.	Non-bank loans granted	-	2,400	-	3,600
III	Net cash flow from investing activities	(2,212)	(7,117)	1,329	2,740
C.	Cash flow from financing activities				
I	Cash inflows	14,649	16,938	(2,195)	6,306
1.	Bank and non-bank loans	14,649	16,578	(2,171)	5,076
2.	Additional payments received	-	360	(24)	1,230
II	Outflows	12,636	65,108	1,539	52,265
1.	Repayment of bank and non-bank loans	10,813	59,984	722	49,417
2.	Interest on bank and non-bank loans	438	1,680	98	499
3.	Acquisition of own shares	181	293	-	-
4.	Payments under lease agreements	1,204	3,151	719	2,349
III	Net cash flow from financing activities (I-II)	2,013	(48,170)	(3,734)	(45,959)
D.	Total net cash flow (A.III+/-B.III+/-C.III)	7,848	(21,564)	7,317	(2,089)
E.	Balance-sheet change in cash, including:	7,848	(21,564)	7,317	(2,089)
F.	Cash at the beginning of the period	4,258	33,670	2,073	11,479
G.	Cash at the end of the period (F+/- D)	12,106	12,106	9,390	9,390
	<i>- including restricted cash</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

ADDITIONAL EXPLANATORY NOTES

1. Accounting principles

Data and figures for the Quarterly Financial Information for the period of 9 months ended 30 September 2022 were prepared using the same accounting rules that applied to the previous annual financial statements.

2. Changes in accounting principles and presentation and correction of errors

Przedsiębiorstwo Przemysłu Spożywczego “PEPEES” S.A. did not correct any previous years’ errors nor changed in this reporting period any accounting principles adopted previously, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 01 January 2022.

3. Information on contingent liabilities or contingent assets

a) Contingent assets

In the previous periods, “PEPEES” S.A.’s subsidiary GR Ponary Sp. z o.o. stood surety for its parent undertaking for the sum of PLN 15,795k as security for investment loan made by PKO Bank Polski S.A., which was designated for financing and refinancing the acquisition of 100% shares in the company Gospodarstwo Rolne Ponary Sp. z o.o.

b) Contingent liabilities

In the previous periods, the Company stood surety for loan granted by BOŚ S.A. to an affiliated company PPZ “BRONISŁAW” S.A. up to the amount of PLN 12,684k.

There might be liabilities arising from non-competition agreements after the termination of labour relationship. Such agreements are made with Members of the Management Board and certain employees. Should a labour relationship between the Company and such persons be terminated, the Company will be required to pay a compensation of approx. PLN 1,147k.

4. Information on Related Party Transactions

a) Transactions between “PEPEES” S.A., based in Łomża, and ZPZ “LUBLIN” Sp. z o.o., based in Lublin

- In the reporting period, the Issuer purchased starch and potato flakes from a subsidiary company. The total amount of purchases at ZPZ “LUBLIN” Sp. z o.o. was PLN 1,704k. “PEPEES” S.A. sold starch, maltodextrin and glucose to ZPZ “LUBLIN” Sp. z o.o. for a sum of PLN 148k, potatoes for processing for a sum of PLN 275k and leased a flake production line – the monthly rent amounts to PLN 23.5k. The selling price is fixed on a cost-plus-basis or according to price lists applicable to entities which are not related parties.
- As at the balance-sheet date, accounts receivable was PLN 307.3k, with accounts payable totalling PLN 188k.

b) Transactions between “PEPEES” S.A., based in Łomża, and PPZ “BRONISŁAW” S.A.

- In the reporting period, the Parent Company purchased from its subsidiary company PPZ “BRONISŁAW” S.A. potato starch in the amount of PLN 6,711k, amyllum in the amount of PLN 55k and seed-potatoes in the amount of PLN 156k, as well as the warehousing service and leased

PEPEES GROUP

*Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)*

a warehouse for the sum of PLN 63k. In the period of three quarters of 2022, the Issuer sold to its affiliated company potatoes for processing in the amount of PLN 503k, potato starch in the amount of PLN 757k, provided services relating to: the lease of a vehicle and warehousing in the amount of PLN 14k and disposed of fixed assets in the amount of PLN 15k. In the period of 9 months of 2022, a subsidiary company paid the Parent Company interest on a loan and charges for sureties in the amount of PLN 202k.

- As at the balance-sheet date, the balance of outstanding loans was equal to PLN 4.7m, the balance of trade receivables amounted to PLN 1,134k and the balance of receivables in respect of advances to PLN 1,873k.

c) Transactions between “PEPEES” S.A., based in Łomża, and Gospodarstwo Rolne Ponary Sp. z o.o.

- “PEPEES” S.A. sold services to its subsidiary company GR Ponary Sp. z o.o. in the amount of PLN 8k. In the preceding periods, GR Ponary Sp. z o.o. stood surety for a loan obtained by its Parent Company. The charge for such surety in the amount of PLN 118k was imposed in the period of three quarters 2022. In addition, GR Ponary paid the Issuer loan interest in the amount of PLN 12k. The amount of the outstanding loan as at the balance-sheet date was PLN 553k, whereas of the balance of other payables totalled PLN 13k.

d) Transactions between “PEPEES” S.A., based in Łomża, and Pepees Inwestycje Sp. z o.o.

- The Issuer sold services to its subsidiary company Pepees Inwestycje Sp. z o.o. in the amount of PLN 3k.
- As at the balance-sheet date, the balance of trade receivables amounted to PLN 0.4k.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

D. ADDITIONAL INFORMATION

1. Changes in PEPEES Group's structure

In the reporting period, the structure of PEPEES Group was not changed significantly.

2. Summary of operations in the reporting period

- In the period of 9 months of 2022, PEPEES Group earned sales revenue in the amount of PLN 189,605k, which, compared to the corresponding period of the previous year, means a 19.9% increase (PLN 158,193k).
- A slight change in the cost of sales behaviour, which – compared to the previous year – rose by 2.5%, accompanied by higher sales revenue growth rate, delivered a satisfactory gross profit on sales of PLN 53,855k, meaning a 109.4% increase in comparison to the corresponding period of the previous year.
- Compared to the comparative period, the cost of sales & marketing in the period of 9 months of 2022 grew by 6.6%, while the general and administrative expense rose by 8%.
- The balance of other operating activities in the period of 9 months of 2022 was negative, totalling PLN -219k, whereas the comparative period saw the level of PLN 1,890k.
- On the other hand, the result of financing activities, understood as the balance of financial revenue less financial costs, from January to September 2022, was worse than the corresponding item disclosed for the comparative period, when shares in CHP Energia were disposed of.
- In view of the above, the end of Q3 2022 observed a gross profit of PLN 13,414k, which was contrary to the comparative period, when a gross loss of PLN (4,641k) was made. Furthermore, the period from January to September 2022 saw a net profit of PLN 9,104k, with the corresponding period of 2021 ending with a net loss of PLN 4,602k.

3. Shareholders having, directly or indirectly through subsidiary undertakings, at least 5% of total votes at General Meeting of Parent Undertaking

- As at the date of the approval of this interim report, the Company's shareholding was as follows:

SHAREHOLDING	Number of shares	Share in capital %	Number of votes	Share in the overall number of votes at General Meeting %
Epsilon Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	27,759,032	29.22 %	6,356,799	6.69 %
Michał Skotnicki**	21,443,105	22.57%	21,443,105	22.57%
Maksymilian Maciej Skotnicki**	20,703,282	21.79%	20,703,282	21.79 %
Others	25,094,581	26.42 %	25,094,581	26.42 %

➤ *Due to the failure to discharge notification duties relating to the acquisition of qualifying holding, as stipulated in the Act on Public Offering and Conditions for Introducing Financial Instruments into Organised Trading and on Public Companies of 29 July 2005, a fund company EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which, according to information obtained by the Company, held 27,759,032 shares in the Company, forfeited and is not authorised to exercise voting rights attaching to 21,402,233 shares. Accordingly, the Management Board of the Company filed a statement of claim with the District Court in Białystok, seeking to establish the state of affairs in this respect. Epsilon FIZ AN has taken an opposing view, maintaining that it is entitled to the voting rights attaching to 27,759,032 shares representing 29.22% of the overall number of votes at the General Meeting. The President of the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) joined the proceedings, voicing their opinion on 24 July 2019. The Management Board are awaiting the final and non-appealable court decision. The Company informed of this case in current reports nos. 13/2019, 14-23/2019 and 30/2019.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

➤ ***Mr Maksymilian Maciej Skotnicki and Mr Michał Skotnicki are the persons referred to in Article 87(4)(1) of the Act on Public Offering and Conditions for Introducing Financial Instruments into Organised Trading and on Public Companies of 29 July 2005, and in view of the foregoing, the aforesaid individuals hold 42,146,387 shares in aggregate, which accounts for 44.36% share in the share capital and 57.27% of authorised votes in the Company (taking into consideration the forfeiture of voting rights by EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych).*

- The Company did not receive any information on shareholding in the period from the date of publishing the previous report, i.e. 22 September 2022, to the date of publication hereof.

4. Summary of changes in Issuer's shares and rights to Issuer's shares held by persons responsible for management of and supervision over Issuer

- Mr Wojciech Faszczewski, acting in his capacity as President of Management Board, holds 701,000 Company's shares.
- Mr Tomasz Rogala, acting in his capacity as Member of Management Board, and persons responsible for supervision do have neither the Company's shares nor any rights thereto.
- In the period from the date of publishing the previous report, i.e. 22 September 2022, to the date of publication hereof, persons responsible for management and supervision did not enter into any transactions relating to the Company's shares or rights thereto.

5. Brief description of PEPEES Group's significant achievements or failures in period of three quarters of 2022 and list of most relevant events relating to such achievements or failures

- In the period of three quarters of 2022, there were no significant achievements or failures within PEPEES Group other than those presented herein.

6. Description of factors and events, particularly unusual ones, having significant impact on PEPEES Group's performance

✓ **Coronavirus Pandemic**

New hotbeds of Covid-19 infections, which are occurring systematically, reduce the demand for starch on certain markets, e.g. the South Korean market. The spread of infections on individual markets may result in supply chain interruptions, and consequently, disturbances to the planning of container ship schedules. Sea logistics may continue to be unpredictable and after a period of longer stability can tend to activate its dynamic trend seen over the previous years of the pandemic.

✓ **Russia's Invasion of Ukraine**

Due to the Russian Federation's aggression against Ukraine, the Management Board expect that the following risks will occur:

- An increase in daily running costs of the business resulting from changes on the fuel markets (coal, gas). A rise in energy commodity prices, which started in 2021, will continue. This entails both an expected reduction in supplies from the East (crude oil, gas, coal) and a possible increase in energy commodity reserves by all European countries, which will have a bearing on the availability of such commodities and consequently, lead to further price rises.
- Difficulties in accessing markets – owing to the warfare and economic sanctions that have been introduced it is expected that access to the Central Asia markets (Uzbekistan, Kazakhstan) due to constraints on railway transport through Ukraine (the warfare) and Russia (the economic sanctions).

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

- Global constraints on access to the main export markets – hindrances to container traffic on the Company's main export routes – restrictions on trade insurances.
- Currency crisis – the likelihood of considerable foreign exchange rate fluctuations for currencies used in the settlement of the company's exports (EUR, USD).

7. Management board's opinion about projected profit/loss

The Management Board of the Parent Company did not publish any forecast of separate and consolidated result for the year 2022.

8. Reference to significant pending proceedings before courts, relevant arbitration or public administration authority

On 25/06/2019, the Management Boards of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. filed a statement of claim, requesting the court to find that the Company's shareholder EPSILON Fundusz Inwestycyjny Zamknięty Aktywów, which, according to information obtained by the Company, holds 27,714,832 shares, forfeited and is not authorised to execute the voting right attaching to 21,402,233 shares by reason of the breach of obligation to notify of the acquisition of qualifying holding pursuant to Article 89(1)(1) of the Act on Public Offering and Conditions for Introducing Financial Instruments into Organised Trading System and on Public Companies. Epsilon FIZ AN has taken an opposing view, maintaining that it is entitled to the voting right attaching to 27,714,832 shares representing 29.17% of the overall number of votes at the General Meeting. The President of the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) joined the proceedings, voicing their opinion on 24 July 2019. The Company informed of this case in current reports nos. 13/2019, 14-23/2019 and 30/2019.

As at the date of preparation of these financial statements, there are unsettled lawsuits brought by an investment fund company EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, based in Warsaw, against "PEPEES", in which the claimant:

- Requested that the court repeal or declare the invalidity of Resolutions Nos. 24-29, adopted by the Ordinary General Meeting on 28/06/2019, including Resolution No. 28 on amending the Articles of Association and granting the Company's Management Board authority to increase the share capital of the Company within the limits of the authorised share capital and giving the Management Board the permission to exclude (if necessary) the subscription rights of the existing shareholders of the Company, in full or in part, with the consent of the Company's Supervisory Board. Regional Court decided to stay the proceedings until the proceedings instituted by PEPEES against EPSILON to declare the forfeiture of voting rights have been closed by the non-appealable judgement;
- Requested that two resolutions on granting a vote of approval, adopted by the General Meeting on 21/04/2020, be repealed or declared invalid. The proceedings are pending before a trial court. Regional Court decided to stay the proceedings until the proceedings instituted by PEPEES against EPSILON to declare the forfeiture of voting rights have been closed by the non-appealable judgement;
- Requested that the court repeal or declare the invalidity of four resolutions carried on 29 June 2021 by the Ordinary General Meeting, i.e. Resolution no. 4 on the consideration and approval of the Company's financial statements for the period from 01/01/2020 to 31/12/2020, Resolution no. 9 on the allocation of the Company's net profit for the financial year 2020 and Resolutions nos. 10 and 11 on granting members of the Company's Management Board a vote

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

of approval for discharge of their duties. The proceedings are pending before a trial court. On 11 January 2022, the Regional Court decided to stay the proceedings until the proceedings instituted by PEPEES against EPSILON to declare the forfeiture of voting rights have been closed by the non-appealable judgement;

- Requested that the court repeal or declare the invalidity of nine resolutions carried on 14 April 2022 by the Ordinary General Meeting on the consideration and approval of the Company's financial statements for the period from 01/01/2021 to 31/12/2021, consolidated financial statements, report on the Company's operations, the allocation of the Company's net profit for the financial year 2021, on granting members of the Company's Management Board a vote of approval for discharge of their duties, on the appointment of two Supervisory Board members, the acquisition of own shares and on the provision of reserve capital. The proceedings are pending before a trial court.

In all other respects, there are no other significant pending court proceedings, proceedings before a proper arbitration authority or public administration authority relating to liabilities and debts of the Issuer.

Several court trials are currently held over the recovery of trade receivables, which were written down in full by the Company.

Given the total amount of receivables, the said sums are negligible.

9. Information on Related Party Transactions

In the period covered by this report, the Parent Undertaking – Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. entered into related party transactions, which were typical and resulted from ongoing operations carried on by "PEPEES" S.A. and its subsidiary undertakings.

The transactions were made on arm's length conditions.

Commencing co-operation by the Group companies aims to increase the extent to which the resources possessed by the entities engaged in the transactions are utilised and to reduce the risks associated with operations carried on.

The allocation of risk and distribution of functions of the Group companies allow for lowering the costs of operations and effectively using funds raised. Related parties stand surety for liabilities and provide security for the payment thereof, which not only ensures the quicker performance of contracts, but may also contribute to the more efficient management of entities belonging to PEPEES Group.

10. Information on Surety and Guarantee

- As at the balance-sheet date, the sureties granted and received in the previous reporting periods are valid.

As at 30/09/2022, the Parent Undertaking "PEPEES" S.A. produced the following sureties:

- The agreement of 30 July 2018 setting out terms and conditions of security for the repayment of a bank loan, entered into between "PEPEES" S.A., based in Łomża, and PPZ Bronisław S.A. Pursuant to the agreement, "PEPEES" S.A. provided security for the repayment of an Investment Loan using the Funds from Foreign Credit Lines, which was taken out by PPZ Bronisław S.A. The amount of the investment loan obtained by PPZ Bronisław S.A. is PLN 8,456k. "PEPEES" S.A. provided the security in the form of a notarial deed containing a declaration on the submission to enforcement up to the amount of PLN 12,684k.
 An amount equal to 1% is charged every month by PEPEES for the surety granted.
- As at 30/09/2022, the total amount of sureties or guarantees granted by PEPEES to PEPEES Group companies was equal to PLN 12,684k.
- In the reporting period, PEPEES did not produce any surety or provide any guarantee.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

As at 30/09/2022, the Parent Undertaking "PEPEES" S.A. received the following sureties:

- The agreement of 12/12/2017 relating to a mortgage on real property of GR Ponary Sp. z o.o. in the amount of PLN 15,795k for the benefit of "PEPEES" S.A. as security for the repayment of a loan made to "PEPEES" S.A. by a bank PKO BP in the amount of PLN 10,530k for the period from 12/12/2017 to 30/06/2025. A fixed fee in the amount of PLN 13,162.50 was determined for the surety granted and received, which is charged on a monthly basis pursuant to an agreement setting out the terms and conditions of surety.
- In the reporting period and until the date of the preparation hereof, the PEPEES Group companies did not provide sureties or guarantees other than those referred to above.

11. Other information deemed by the Group as relevant for assessment of its staffing, assets, financial standing and profit/loss and changes thereof and information relevant for assessing the Group's capability of fulfilling its obligations

In the period of three quarters of 2022, apart from the events that might be relevant for the assessment of the PEPEES Group's staffing, assets, financial standing and profit/loss and changes thereof and events relevant for assessing the Group's capability of fulfilling its obligations, which have been described in this report, no other events were reported.

12. Factors which in the Issuer's and the Group's opinion will affect their performance at least in the perspective of the next quarter

In the next quarter, the Issuer's and the Group's performance will be significantly affected by the following factors:

- Reference percentage rates – the Group has taken out bank loans whose interest is based on the WIBOR;
- Warfare outside the eastern border of Poland;
- The coronavirus pandemic;
- The quantity and value of potatoes purchased – the basic raw material used for production;
- The prices of starch on the Polish and global market;
- Sales volume and margin achieved;
- Foreign exchange rates – the Group is an exporter;
- Weather conditions.

The Group's operations are based mainly on the national raw material, supplied by Polish farmers, therefore the pandemic will not affect deliveries. Over the next quarter of 2022, PEPEES Group will perform contracts made and carry on operating activity which is the Group's core business, including production, trade and service activities.

PEPEES GROUP
Consolidated Quarterly Report
for the period of 9 months ended 30 September 2022
(figures in kPLN)

13. Approval of Consolidated Quarterly Report of PEPEES Group for period of 9 months ended 30 September 2022

This Consolidated Quarterly Report of PEPEES Group for period of 9 months ended 30 September 2022 was approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna (public limited company) in Łomża on 24 November 2022.

SIGNATURES OF THE PARENT UNDERTAKING'S MANAGEMENT BOARD MEMBERS

President of the Management Board – Wojciech Faszczewski



Signed by:

Wojciech Faszczewski
Przedsiębiorstwo
Przemysłu
Spożywczego
"PEPEES" S.A.

Date:
2022-11-23 14:47

Member of the Management Board – Tomasz Krzysztof Rogala



Signed by:

Tomasz Krzysztof Rogala
Przedsiębiorstwo
Przemysłu Spożywczego
"PEPEES" S.A.

Date: 2022-11-23 12:16

SIGNATURE OF THE PERSON PREPARING THE REPORT

Chief Accountant – Wiesława Załuska



Signed by:

Wiesława Załuska

Date / Data:
2022-11-23 07:34