



# **PEPEES CAPITAL GROUP**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**for the 6-month period ended 30 June 2023**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS AS ADOPTED BY  
THE EUROPEAN COMMISSION**

## PEPEES CAPITAL GROUP

Interim Condensed Consolidated Financial Statements for the  
6-month period ended 30 June 2023 (data in PLN thousand).

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Interim Condensed Consolidated Financial Statements for the  
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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

No.	ASSETS	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
<b>A.</b>	<b>(Long-term) fixed assets</b>	<b>170,772</b>	<b>171,231</b>	<b>171,929</b>
1	Property, plant and equipment	150,721	151,327	152,259
2	Intangible assets	188	644	276
3	Rights to assets	12,487	11,248	11,512
4	Investment property	558	563	569
5	Goodwill	1,320	1,320	1,320
6	Investments in other parties	383	383	383
7	Deferred income tax assets	5,115	5,746	5,610
<b>B.</b>	<b>(Short-term) current assets</b>	<b>121,220</b>	<b>204,783</b>	<b>116,110</b>
1	Inventories	63,061	104,817	64,238
2	Biological assets	3,833	326	4,075
3	Trade and other short-term receivables	38,991	35,059	34,934
4	Current income tax receivables	1	1	-
5	Other financial assets	7,393	6,893	7,125
6	Cash and cash equivalents	7,941	57,687	5,738
	<b>Total assets</b>	<b>291,992</b>	<b>376,014</b>	<b>288,039</b>

No.	LIABILITIES	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
<b>A.</b>	<b>Equity</b>	<b>182,683</b>	<b>186,534</b>	<b>180,928</b>
<b>I</b>	<b>Capital attributable to shareholders of the Company</b>	<b>178,999</b>	<b>183,219</b>	<b>177,617</b>
1	Share capital	5,700	5,700	5,700
2	Issue price surplus over nominal value of shares	7,562	7,562	7,562
3	Treasury shares	(1,649)	(224)	(112)
4	Revaluation capital	31,004	31,050	31,050
5	Retained profit	136,382	139,131	133,417
<b>II</b>	<b>Non-controlling shares</b>	<b>3,684</b>	<b>3,315</b>	<b>3,311</b>
<b>B.</b>	<b>Liabilities</b>	<b>109,309</b>	<b>189,480</b>	<b>107,111</b>
<b>I.</b>	<b>Long-term liabilities</b>	<b>32,068</b>	<b>35,526</b>	<b>35,167</b>
1	Credits and loans	4,977	6,508	7,237
2	Liabilities for leased assets	15,254	17,648	17,161
3	Deferred income tax provision	5,971	6,518	5,972
4	Retirement and similar benefit liabilities	3,270	2,878	2,766
5	Subsidies	1,920	1,974	2,031
6	Other liabilities	676	-	-
<b>II.</b>	<b>Short-term liabilities</b>	<b>77,241</b>	<b>153,954</b>	<b>71,944</b>
1	Trade liabilities and other short-term liabilities	23,268	22,881	26,368
2	Current income tax liabilities	2,578	3,032	1,227
3	Credits and loans	46,179	122,713	39,240
4	Liabilities for leased assets	4,694	4,809	4,485
5	Retirement and similar benefit liabilities	522	519	624
	<b>Total liabilities</b>	<b>291,992</b>	<b>376,014</b>	<b>288,039</b>

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

No.	Item	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
<b>I</b>	<b>Sales revenue</b>	<b>121,523</b>	<b>126,406</b>
<b>II</b>	<b>Own cost of sales</b>	<b>(84,077)</b>	<b>(90,308)</b>
<b>III</b>	<b>Gross profit on sales (I-II)</b>	<b>37,446</b>	<b>36,098</b>
1	Sales and marketing costs	(5,290)	(7,677)
2	General administrative costs	(17,998)	(17,333)
3	Other operating revenue	194	392
4	Other operating expenses	(732)	(1,100)
<b>IV</b>	<b>Profit (loss) on operating activities</b>	<b>13,620</b>	<b>10,380</b>
1	Financial expenses	(4,965)	(3,254)
2	Financial revenue	1,161	1,656
<b>V</b>	<b>Pre-tax gain (loss)</b>	<b>9,816</b>	<b>8,782</b>
	Income tax	(3,192)	(3,228)
<b>VI</b>	<b>Net profit (loss) on continued operations</b>	<b>6,624</b>	<b>5,554</b>
	Net profit (loss) on discontinued operations	-	-
	<b>Net profit (loss), including:</b>	<b>6,624</b>	<b>5,554</b>
	- attributable to shareholders of the Parent	6,255	5,314
	- attributable to non-controlling shares	369	240
<b>VII</b>	<b>Other comprehensive income</b>	<b>(46)</b>	<b>23</b>
<b>VIII</b>	<b>Total comprehensive income, including:</b>	<b>6,578</b>	<b>5,577</b>
	- attributable to shareholders of the Parent	6,209	5,337
	- attributable to non-controlling shares	369	240
<b>IX</b>	<b>Net profit (loss) per ordinary share</b>	<b>0.07</b>	<b>0.06</b>
	- from continuing operations	0.07	0.06
	- from discontinued operations	0.00	0.00
<b>IX</b>	<b>Diluted net profit (loss) per ordinary share</b>	<b>0.07</b>	<b>0.06</b>
	- from continuing operations	0.07	0.06
	- from discontinued operations	0.00	0.00

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Item	Share capital	Share premium	Treasury shares	Revaluation capital	Retained earnings	Total equity attributable to Parent's shareholders	Non-controlling shares	Total equity
<b>As at 1 January 2022</b>	<b>5,700</b>	<b>7,562</b>	-	<b>31,027</b>	<b>127,694</b>	<b>171,983</b>	<b>3,070</b>	<b>175,053</b>
<b>Changes in H1 2022</b>								
Net gain (loss)			-		5,314	5,314	241	5,555
Other comprehensive income				23		23		23
<b>Comprehensive income</b>	-	-	-	<b>23</b>	<b>5,314</b>	<b>5,337</b>	<b>241</b>	<b>5,578</b>
Purchase of treasury shares			(112)			(112)		(112)
Other consolidation adjustments					409	409		409
<b>As at 30 June 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>(112)</b>	<b>31,050</b>	<b>133,417</b>	<b>177,617</b>	<b>3,311</b>	<b>180,928</b>
<b>Changes in 2022</b>								
Net gain (loss)	-	-	-		10,595	10,595	248	10,843
Other comprehensive income	-	-	-	23		23		23
<b>Comprehensive income</b>	-	-	-	<b>23</b>	<b>10,595</b>	<b>10,618</b>	<b>248</b>	<b>10,866</b>
Purchase of treasury shares			(224)			(224)		(224)
Other consolidation adjustments	-	-	-	-	842	842	(3)	839
<b>As at 31 December 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>(224)</b>	<b>31,050</b>	<b>139,131</b>	<b>183,219</b>	<b>3,315</b>	<b>186,534</b>
<b>As at 1 January 2023</b>	<b>5,700</b>	<b>7,562</b>	<b>(224)</b>	<b>31,050</b>	<b>139,131</b>	<b>183,219</b>	<b>3,315</b>	<b>186,534</b>
<b>Changes in H1 2023</b>								
Net gain (loss)					6,255	6,255	369	6,624
Other comprehensive income				(46)		(46)		(46)
<b>Comprehensive income</b>	-	-	-	<b>(46)</b>	<b>6,255</b>	<b>6,209</b>	<b>369</b>	<b>6,578</b>
Purchase of treasury shares			(1,425)			(1,425)		(1,425)
Dividend					(9,382)	(9,382)		(9,382)
Other consolidation adjustments					378	378		378
<b>As at 30 June 2023</b>	<b>5,700</b>	<b>7,562</b>	<b>(1,649)</b>	<b>31,004</b>	<b>136,382</b>	<b>178,999</b>	<b>3,684</b>	<b>182,683</b>

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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Indirect method	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
<b>A. Cash flows from operating activities</b>		
<b>I. Pre-tax profit (loss)</b>	<b>9,816</b>	<b>8,782</b>
<b>II. Total adjustments</b>	<b>43,379</b>	<b>40,001</b>
1. Amortisation	6,529	6,739
2. Exchange (profit) losses	27	265
3. Interest and profit distributions (dividend)	4,245	2,381
4. (Profit) loss on investing activities	(1,046)	(103)
5. Change in provisions	426	(77)
6. Change in inventories	41,756	32,840
7. Change in biological assets	(3,507)	(3,515)
8. Change in receivables	(3,991)	(2,221)
9. Change in short-term liabilities, except for loans and credits	1,061	3,259
10. Change in advances	943	818
11. Income tax paid	(3,551)	(1,517)
12. Change in subsidies	(48)	(63)
13. Change in accrued interest on loans and commissions	-	(3)
14. Change in other financial assets	(1,001)	648
15. Depreciation of CO2 emission rights	1,582	600
16. Other adjustments	(46)	(50)
<b>III. Net cash flows from operating activities (I+/- II)</b>	<b>53,195</b>	<b>48,783</b>
<b>B. Cash flow from investments</b>		
<b>I. Inflows</b>	<b>453</b>	<b>121</b>
1. Disposal of intangible assets and tangible fixed assets	443	104
2. Repayment of loans	10	17
<b>II. Expenses</b>	<b>7,823</b>	<b>4,857</b>
1. Purchase of intangible assets and tangible fixed assets	6,168	4,228
2. Purchase of property rights	1,155	629
3. Loans granted	500	-
<b>III. Net cash flows from investing activities (I-II)</b>	<b>(7,370)</b>	<b>(4,736)</b>
<b>C. Cash flow from financing activities</b>		
<b>I. Inflows</b>	<b>5,505</b>	<b>6,784</b>
1. Credits and loans	5,405	6,424
2. Additional payments and subsidies received	100	360
<b>II. Expenses</b>	<b>101,076</b>	<b>87,066</b>
1. Repayment of credits and loans	92,672	82,013
2. Interest on bank credits and loans	4,093	2,244
3. Purchase of treasury shares	1,676	112
4. Payments from lease contracts	2,635	2,697
<b>III. Net cash flows from financing activities (I-II)</b>	<b>(95,571)</b>	<b>(80,282)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>(49,746)</b>	<b>(36,235)</b>
<b>E. Cash opening balance</b>	<b>57,687</b>	<b>41,973</b>
<b>F. Cash closing balance (E+/-D)</b>	<b>7,941</b>	<b>5,738</b>
<i>including: limited disposal cash</i>	-	-

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**SELECTED FINANCIAL DATA CONVERTED INTO EUR**

No.	SELECTED FINANCIAL DATA	IN PLN THOUSAND		IN EUR THOUSAND	
		2023.	2022	2023.	2022
I	H1 total sales revenue	121,523	126,406	26,343	27,227
II	H1 net profit or loss attributable to shareholders of the Parent	6,255	5,314	1,356	1,145
III	H1 net comprehensive income attributable to shareholders of the Parent	6,209	5,337	1,346	1,150
IV	H1 net cash flows from operating activities	53,195	48,783	11,531	10,508
V	H1 net cash flows from investing activities	(7,370)	(4,736)	(1,598)	(1,020)
VI	H1 net cash flows from financing activities	(95,571)	(80,282)	(20,718)	(17,292)
VII	H1 net cash flows	(49,746)	(36,235)	(10,784)	(7,805)
VIII	Total assets as at 30/06/2023 and 31/12/2022	291,992	376,014	65,612	80,175
IX	Equity attributable to shareholders of the Parent as at 30/06/2023 and 31/12/2022	178,999	183,219	40,222	39,067
X	H1 profit (loss) per ordinary share in PLN/EUR	0.07	0.06	0.01	0.01
XI	Book value per share as at 30/06/2023 and 31/12/2022 in PLN/EUR	1.88	1.93	0.42	0.41

The data presented in rows VIII, IX and XI in “2023” and “2022” columns refer to the status as at 30 June 2023 and 31 December 2022.

The following exchange rates announced by the National Bank of Poland were used to convert selected financial data into Euro:

- selected items of the interim condensed consolidated statement of financial position as at 30/06/2023 at the average exchange rate of EUR 1 = PLN 4.4503, valid as of the balance sheet date;
- selected items of the interim condensed consolidated statement of financial position as at 31/12/2022 at the average exchange rate of EUR 1 = PLN 4.6899, valid as of the balance sheet date;
- selected items of the interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows for the period from 1 January 2023 to 30 June 2023 at the exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland valid as of the last day of each month of H1 2023 - EUR 1 = PLN 4,6130;
- selected items of the interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows for the period from 1 January 2022 to 30 June 2022 at the exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland valid as of the last day of each month of H1 2022 - EUR 1 = PLN 4,6427.

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**PROFIT PER SHARE**

<b>Item</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 6-month period ended 30 June 2022</b>
Net profit (loss) attributable to PEPEES shareholders	6,255	5,314
Weighted average number of shares	95,000,000	95,000,000
Basic net profit (loss) per share (expressed in PLN per share)	0.07	0.06
Net profit (loss) attributable to "PEPEES" S.A. shareholders, used in determining diluted profit per share	6,255	5,314
Weighted average number of ordinary shares for diluted profit per share purposes	95,000,000	95,000,000
Diluted net profit (loss) per share (expressed in PLN per share)	0.07	0.06
Annualised net profit attributable to "PEPEES" S.A. shareholders	11,536	3,863
Weighted average number of shares	95,000,000	95,000,000
Annualised net profit per share (expressed in PLN per share)	0.12	0.04

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information about the Parent

<b>Full name:</b>	Przedsiębiorstwo Przemysłu Spożywczego “PEPEES” S.A.
<b>Registered address:</b>	18-402 Łomża, ul. Poznańska 121
<b>ID:</b>	REGON (National Business Registry) number: 450096365
<b>NIP:</b>	718-10-05-512
<b>Registration Authority:</b>	District Court in Białystok, 12th Commercial Division of the National Court Register
<b>Number in the register:</b>	000038455
<b>Legal form:</b>	Joint Stock Company
<b>Organisational form:</b>	Single business enterprise
<b>Core business by PKD division:</b>	10.62.Z Manufacture of starches and starch products.
<b>Industry:</b>	Food
<b>Duration:</b>	indefinite

#### Composition of the Management Board as at 30 June 2023:

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

#### Composition of the Supervisory Board as at 30 June 2023:

Maciej Kaliński	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.

#### The composition of the Audit Committee as at 30 June 2023:

Maciej Kaliński	Chairman of the Audit Committee
Jacek Okoński	Deputy 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.

### 2. Information on reporting periods

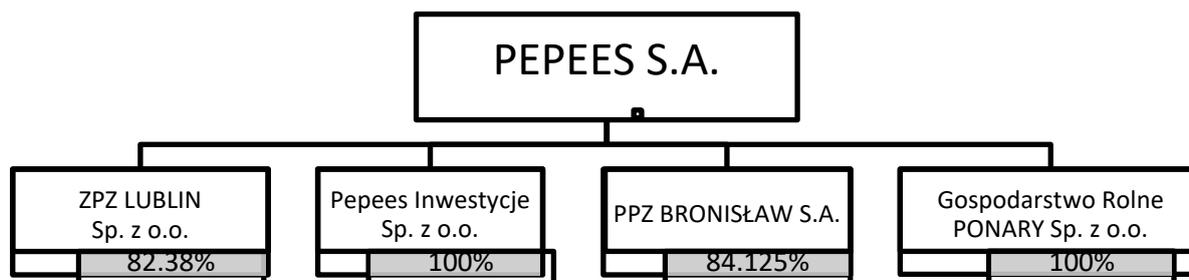
The presented interim condensed consolidated financial statements cover the period from 1 January 2023 to 30 June 2023 and the comparative financial data and notes cover the period from 1 January 2022 to 30 June

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2022 and additionally as at 31 December 2022 in the case of the statement of financial position and statement of changes in equity.

### 3. Structure of the PEPEES Capital Group

#### 3.1. The PEPEES Capital Group structure as at 30/06/2023



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

In the interim condensed consolidated financial statements of the PEPEES Capital Group for the H1 period ended 30 June 2023, the following related parties were consolidated in addition to Przedsiębiorstwo Przemysłu Spożywczego “PEPEES” S.A.:

Product name	Registered office	Core business	Registration court	Issuer’s share in capital (%)	Share in the total number of votes (%)
ZPZ LUBLIN Sp. z o.o.	Lublin	Production and sale of potato syrup and dried potatoes, processing of fruit and vegetables	District Court in Lublin, 11th Commercial Division of the National Court Register	82.38	82.38
Pepees Inwestycje Sp. z o.o.	Łomża	Purchase and sales of property for own account	District Court in Białystok, 12th Commercial Division of the National Court Register	100	100
PPZ BRONISŁAW S.A.	Bronisław	Manufacture of starches and starch products	District Court in Bydgoszcz, 13th Commercial Division of National Court Register	84.125	84.125
Gospodarstwo Rolne Ponary Sp. z o.o.	Łomża	Agricultural crops combined with animal breeding and husbandry	District Court in Białystok, 12th Commercial Division	100	100

All subsidiaries were consolidated using the full method.

During the reporting period and up to the date of this report, there were no changes in the structure of the Issuer’s Capital Group.

#### 3.3. Basic financial information as at 30 June 2023 concerning related parties

Basic financial information as at 30 June 2023 concerning related parties is set out below.

Item	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 30/06/2023	17,989	8,436	161	56
Fixed assets as at 30/06/2023	44,552	5,893	21,290	-

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Short-term liabilities as at 30/06/2023	29,978	7,122	300	1
Long-term liabilities as at 30/06/2023	15,180	1,951	5,624	-
Sales revenue	29,482	12,668	-	-
Financial result of continuing operations	897	1,286	47	(3)
Net financial result of discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	897	1,286	47	(3)

### 3.4. Basis for the preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), in particular International Accounting Standard 34 and IFRS as endorsed by the EU. As at the date of approval of this report for publication, taking into account the implementation process of IFRS taking place within the EU and the Group’s operations, there is no difference between IFRS standards that have come into force and IFRS standards endorsed by the EU in terms of the accounting policies applied by the Group. IFRS include standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

These interim condensed consolidated financial statements are presented in Polish zloty (“PLN”) and all figures, unless indicated otherwise, are given in PLN thousand.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego “PEPEES” S.A. is not aware of any circumstances that would indicate a threat to the Group continuing as a going concern.

The interim condensed consolidated financial statements do not contain all the information required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2022.

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

These interim condensed consolidated financial statements were approved for publication by the Parent’s Management Board on 22 September 2023.

### 5. Significant accounting principles (policies)

The accounting (policy) principles applied in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022. The Company did not decide to make an early application of any standard, interpretation or amendment that was issued but is not yet effective in light of the provisions of law of the European Union.

### 6. New accounting standards and interpretations adopted by the International Accounting Standards Board

New standards and interpretations endorsed by the International Accounting Standards Board and approved for use in the European Union after 1 January 2023

Standard	Description of amendments	Effective date
IFRS 17 “Insurance Contracts”	Defines a new approach to recognition of revenue and profit/loss over the period of provision of insurance services	1 January 2023

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Amendments to IAS 1	The amendments relate to the presentation of the financial statements – disclosure of applied accounting policy	1 January 2023
Amendments to IAS 8	The amendments relate to disclosures of applied accounting policy, including amendments in accounting estimates and the correction of errors	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IFRS 17 “Insurance Contracts”	First-time adoption of IFRS 17 and IFRS 9 – comparative figures 1	1 January 2023

The amendments to the above standards did not have a material impact on the Company’s financial position or results of operations in the period of their initial application.

New standards and interpretations approved by the International Accounting Standards Board and approved for use in the European Union after 1 January 2024.

Standard	Description of amendments	Effective date
Amendments to IAS 1	The amendments relate to the presentation of the financial statements – classification of liabilities as short-term and long-term	01/01/2024

Standard	Description of amendments	Effective date
Amendments to IFRS 16 “Leases”	Lease liabilities in sales and leaseback transactions	01/01/2024

Amendments rejected or deferred by the European Union (endorsed by the International Accounting Standards Board)

Standard	Description of amendments	Effective date
IFRS 14 Regulatory prepayments and accruals	Accounting policy and disclosure rules for regulatory deferral accounts	In accordance with the European Commission’s decision, the approval process for the preliminary version of the standard will not be initiated until the final standard version is published
Amendments to IFRS 10 and IAS 28	Includes guidelines for the sale or contribution of assets by an investor to an associate or joint venture	Works on approval have been postponed indefinitely

The effective dates are dates resulting from the content of standards announced by the International

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Accounting Standards Board. The effective dates of standards in the European Union may vary from the effective dates resulting from the content of standards and are announced upon the EU approval for application.

The Issuer has not opted for early application of any standard, interpretation or amendment that has been published but is not yet effective.

The Management Board is in the process of analysing what impact the above changes will have on the Capital Group's financial statements.

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

This report does not include any unusual items with a significant impact on the Group's assets, liabilities, capital, financial result and cash flows.

**8. Amendments to accounting policies, correction of errors and presentation**

The Group did not correct previous years' errors and did not change its previously applied accounting policies during the reporting period, except for the application of new or revised standards and interpretations, effective for annual periods beginning on or after 1 January 2023.

**9. Explanation of the seasonal or cyclical nature of operations**

The Group operates in the "potato processing" segment. Potatoes are bought and processed in the autumn over a 3-month period, while the sale of the produced products continues throughout the year.

**10. Estimated values**

During the reporting period, the Group did not test its property, plant and equipment for impairment as there were no indications of impairment.

The amounts of receivables revaluation write-downs have been updated to take into account the degree of risk in not receiving payment from customers.

Provisions for retirement benefits and jubilee bonuses have been created based on actuarial calculations as at 30/06/2023.

Provisions for unused holiday leave were updated on the basis of the size of the projected remuneration of employees together with mark-ups charged to the employer for unused leave as at 30/06/2023.

The Group recognises deferred tax assets on the assumption that taxable profit shall be achieved in the future against which they can be utilised.

The Group carries out annual reviews of the assumed economic useful lives of property, plant and equipment and intangible assets. The last update was on 31 December 2022.

The Parent has performed a sensitivity analysis on the held assets, including goodwill in each of the subsidiaries tested for impairment as at 31/12/2022. In the case of PPZ Bronisław only, there were indications that a full impairment test was required as at 30/06/2023. The asset impairment test was performed based on the discounted cash flow ("DCF") method based on projections developed by the Company's management board for the years 2023 to 2027.

The Company will carry out new impairment tests as at 31/12/2023.

**11. Acquisitions and disposals of items of property, plant and equipment**

During H1 2023, the Group acquired fixed assets for an amount of PLN 6,168 thousand. The purchases were primarily related to the construction of a line of modified products of starch at the Parent's premises.

Fixed assets were sold for PLN 443 thousand.

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**12. Significant liabilities for the purchase of property, plant and equipment**

No credit facility contracts for the purchase of property, plant and equipment were concluded in H1 2023.

**13. Inventories**

INVENTORIES	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
a) materials	7,899	9,243	8,316
b) semi-finished products and work in progress	4	441	571
c) finished products	48,135	89,915	46,830
d) goods	7,682	5,735	8,722
<b>Gross inventories</b>	<b>63,720</b>	<b>105,334</b>	<b>64,439</b>
Revaluation write-downs	(659)	(517)	(201)
<b>Net inventories</b>	<b>63,061</b>	<b>104,817</b>	<b>64,238</b>

The value of inventories recognised as an expense in the reporting period amounted to PLN 78,380 thousand (H1 2022 - PLN 86,521 thousand).

**14. Biological assets**

“PEPEES” S.A. has been leasing a farm (Roje) since March 2014, agricultural land (Krzekoty) since October 2021 and additional land (Wrzosa) since March 2023. All three of these farms were sown with annual crops. Seed acquisition and cultivation costs as at the balance sheet date amounted to PLN 6,302 thousand, agricultural operations revenue amounted to PLN 1,108 thousand and the fair value of inventories and biological assets less sales costs was approximately PLN 3,833 thousand. Biological assets were recognised at fair value in the report.

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

TRADE AND OTHER SHORT-TERM RECEIVABLES	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Trade receivables	28,419	25,273	26,554
Other receivables	2,891	6,268	2,863
Advances	7,681	3,518	5,517
<b>Total</b>	<b>38,991</b>	<b>35,059</b>	<b>34,934</b>

(GROSS) TRADE RECEIVABLES WITH THE FOLLOWING MATURITY AS AT THE BALANCE SHEET DATE:	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
a) up to 1 month	5,348	14,996	14,112
b) between 1 and 3 months	13,301	5,537	10,632
c) between 3 and 6 months	7,069	18	-
d) from 6 months up to 1 year	6	-	-
e) over 1 year	17	-	-
f) overdue receivables	4,090	5,790	3,318
(Gross) total trade receivables	29,831	26,341	28,062
- trade receivables revaluation write-downs	(1,412)	(1,068)	(1,508)
<b>(Net) total trade receivables</b>	<b>28,419</b>	<b>25,273</b>	<b>26,554</b>

Overdue receivables, on which no allowance has been made, are receivables from debtors with whom the

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Group has been working for several years and based on an assessment of these debtors' economic and financial situation there is no indication that they are doubtful receivables. The overdue period of these receivables ranges from a few days to three months. There are no receivables overdue for more than 180 days for which a revaluation write-down has not been created. The exception is the Issuer's receivables from the related company, PPZ Bronisław, overdue for more than 6 months, amounting to PLN 445 thousand, for which no write-down was created as at 30/06/2023 due to their repayment at the beginning of July 2023. Revaluation write-downs are created in accordance with the expected credit loss model.

## 16. Trade liabilities and other short-term liabilities

TRADE LIABILITIES AND OTHER SHORT-TERM LIABILITIES	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
- for deliveries and services with maturity date:	9,931	14,862	20,187
- other short-term liabilities	11,725	4,850	2,853
- provisions for other liabilities and other charges	1,612	3,169	3,328
<b>Total trade liabilities, other liabilities and provisions for liabilities</b>	<b>23,268</b>	<b>22,881</b>	<b>26,368</b>

TRADE LIABILITIES	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
- for deliveries and services with maturity date:	9,931	14,862	20,187
- up to 12 months	9,931	14,862	20,187
- overdue more than 180 days	-	-	-

## 17. Litigation settlements

On 25/06/2019 the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. filed a lawsuit with the court to establish that the shareholder of EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, holding, according to the information in the Company's possession, 27,714, 832 shares, lost and cannot exercise the voting rights from 21,402,233 shares due to the breach of the obligation to notify of the acquisition of significant blocks of shares pursuant to Article 89(1)(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies. Epsilon FIZ AN takes the opposite position, maintaining that it is entitled to voting rights under 27,714,832 shares representing 29.17% of the total number of votes at the GMS. The Chairman of the Financial Supervision Authority joined the case and presented their position on 24 July 2019. The Company reported on the case in current reports Nos. 13/2019, 14 to 23/2019 and 30/2019.

On 21/04/2023 the District Court of Białystok ruled that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which is a shareholder of the Company, has lost the voting rights and cannot exercise them under 21,402,233 ordinary shares. This ruling is not final, as the Issuer informed in current report No. 7/2023.

As at the date of this report, there are pending lawsuits filed by EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in Warsaw against "PEPEES" S.A.:

- to annul or declare invalid resolutions Nos. 24 to 29, adopted on 28/06/2019 by the Ordinary General Meeting of Shareholders, including resolution No. 28 on amending the Company's Articles of Association and authorising the Company's Management Board to increase the Company's share capital within the framework of authorised capital with the possibility for the Management Board to exclude the pre-emptive rights of the Company's existing shareholders in whole or in part with the consent of the Company's Supervisory Board. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid two discharge resolutions adopted on 21/04/2020 by the General Meeting of

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Shareholders. The proceedings are pending before the court of first instance. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;

- to annul or declare invalid four resolutions adopted on 29 June 2021 by the Ordinary General Meeting of Shareholders, 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 No. 10 and 11 on granting discharge to the members of the Company’s Management Board. The proceedings are pending before the court of first instance. On 11 January 2022 the District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid nine resolutions adopted on 14 April 2022 by the Ordinary General Meeting of Shareholders on the consideration and approval of the Company’s financial statements for the period from 01/01/2021 to 31/12/2021, the consolidated report, the Company’s management report, the allocation of the Company’s net profit for the financial year 2021, granting discharge to the Company’s Management Board members, the appointment of 2 Supervisory Board members, the purchase of treasury shares and the creation of reserve capital. The proceedings are pending before the court of first instance. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid three resolutions adopted on 25 May 2023 by the Ordinary General Meeting of Shareholders, i.e. resolutions No. 9 and 10 on granting discharge to the members of the Company’s Management Board and resolution No. 11 on granting discharge to the Chairman of the Supervisory Board. The proceedings are pending before the court of first instance. Trial date has not yet been set.

Otherwise, there are no other significant proceedings pending before a court, an authority competent to conduct arbitration proceedings or a public administration body concerning the liabilities and receivables of the Issuer or its subsidiaries.

Several court cases are pending against the Group’s debtors for trade settlements. 100% revaluation write-downs were created for all receivables in litigation.

## 18. Outstanding credits and loans

As at the balance sheet date there exist bank credits listed in the following tables, repayable according to maturity. Loans between Capital Group companies have been excluded from the consolidated report.

### Long-term and short-term liabilities

No.	Credit/loan type	Credit borrower/Loan borrower	Bank granting the credit/loan	Amount of credit/loan acc. to the contract	Outstanding credit/loan amount	Currency	Repayment date
1	Credit on the current account	“Pepees” S.A.	Santander Bank Polska S.A.	4,000	4,000	PLN	31/08/2023
2	working capital loan	“Pepees” S.A.	Santander Bank Polska S.A.	36,500	9,340	PLN	31/08/2023
3	Credit on the current account	“Pepees” S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	4,000	2,480	PLN	31/08/2023
4	Revolving credit	“Pepees” S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	19,000	4,750	PLN	31/08/2023
5	Working capital facility for the purchase of potatoes	“Pepees” S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	17,500	4,375	PLN	31/08/2023

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No.	Credit/loan type	Credit borrower/Loan borrower	Bank granting the credit/loan	Amount of credit/loan acc. to the contract	Outstanding credit/loan amount	Currency	Repayment date
6	Investment credit to finance and refinance the acquisition of 100% of the shares in Gospodarstwo Rolne Ponary Sp. z o.o.	“Pepees” S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	10,530	3,008	PLN	30/06/2025
7	Loan for the purchase of property, plant and equipment– Deutz Fahr agricultural tractor	“Pepees” S.A.	BNP Paribas Lease Group	937	550	PLN	13/08/2024
8	Credit on the current account	“Pepees” S.A.	BNP Paribas Bank Polska SA	1,000	814	EUR	19/12/2023
9	Credit on the current account	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	2,000	720	PLN	31/08/2023
10	Revolving credit	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	6,500	1,625	PLN	31/08/2023
11	Revolving credit	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	5,000	1,250	PLN	31/08/2023
12	Working capital facility for the purchase of potatoes	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	1,500	375	PLN	31/08/2023
13	Credit on the current account	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	2,000	683	PLN	31/08/2023
14	Credit on the current account	PPZ Bronisław S.A.	Santander Bank Polska S.A.	700	604	PLN	31/08/2023
15	working capital loan	PPZ Bronisław S.A.	Santander Bank Polska S.A.	17,800	4,449	PLN	31/08/2023
16	Credit on the current account	PPZ Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	700	572	PLN	31/08/2023
17	Purchase credit	PPZ Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	8,500	2,325	PLN	31/08/2023
18	Revolving credit	PPZ Bronisław S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	9,300	2,125	PLN	31/08/2023
19	Investment credit for the modernisation of a starch dryer and the construction of a protein recovery facility	PPZ Bronisław S.A.	Bank Ochrony Środowiska S.A.	8,456	4,228	PLN	31/12/2027
<b>Credits in PLN</b>				<b>154,923</b>	<b>47,470</b>	<b>PLN</b>	
<b>Credits in EUR</b>				<b>1,000</b>	<b>814</b>	<b>EUR</b>	
<b>Total after conversion to PLN</b>				<b>159,373</b>	<b>51,093</b>	<b>PLN</b>	

No credit facility contracts were breached during the reporting period. All credits are repaid in accordance with the schedules contained in the contracts.

## 19. Transactions with related entities

### 19.1 Issuer’s transactions with subsidiaries

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

Revenue type	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022

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Revenue from sales of products to subsidiaries	625	682
Revenue from sales of goods and materials to subsidiaries	816	-
Revenue from sales of services	163	157
Revenue from sales of fixed assets to subsidiaries	-	16
<b>Total revenue from related parties</b>	<b>1,604</b>	<b>855</b>

The sales price is determined using the cost-plus method or on the basis of price lists in force with unrelated parties.

**b) Purchases of goods and services**

Purchase types	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
Purchases of products from subsidiaries	8,506	7,573
Purchases of goods and materials from subsidiaries	-	156
Purchases of services from subsidiaries	45	53
Purchases of fixed assets from subsidiaries	1,016	-
<b>Total purchases from related parties</b>	<b>9,567</b>	<b>7,782</b>

**c) Other transactions**

Item	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
Interest on loans granted	248	65
Fees on sureties granted	63	63
Fees on sureties received	79	79
<b>Total</b>	<b>390</b>	<b>207</b>

**d) Settlement balances as at the balance sheet date arising from the sale/purchase of goods/services**

Settlements with subsidiaries	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Receivables - ZPZ Lublin Sp. z o.o.	-	118	25
Receivables and advances - PPZ Bronisław S.A.	4,420	3,158	2,946

Settlements with subsidiaries	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Receivables - GR PONARY Sp. z o.o.	-	1	-
Receivables - PEPEES Inwestycje Sp. z o.o.	1	-	-
Liabilities - ZPZ Lublin Sp. z o.o.	236	142	136
Liabilities - PPZ BRONISŁAW S.A.	40	-	-
Liabilities - GR PONARY	-	-	13
<b>Balance of settlements with related parties</b>	<b>4,145</b>	<b>3,135</b>	<b>2,822</b>

**e) Balance of loan settlements**

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Loans granted to subsidiaries	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
PPZ "BRONISLAW" S.A.	7,297	4,700	4,700
ZPZ "LUBLIN" Sp. z o.o.	1,000	1,007	1,000
GR Ponary Sp. z o.o.	300	550	553
<b>Loans granted</b>	<b>8,597</b>	<b>6,257</b>	<b>6,253</b>
Loan write-downs	-	-	-
<b>Loans in the statement of financial position</b>	<b>8,597</b>	<b>6,257</b>	<b>6,253</b>

## 19.2 Issuer's transactions with shareholders

There were no transactions of the Parent with shareholders during the reporting period.

## 19.3 The Issuer's transactions with key management and supervisory personnel

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

Item	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
Short-term employee benefits	1,196	1,105
Post-employment benefits		
Severance payments		
Share-based payments		
<b>Total</b>	<b>1,196</b>	<b>1,105</b>

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

During the reporting period, the Company did not enter into transactions with members of its key personnel and their close family members.

## 20. Changes in estimated value balances

### a) Notes receivable revaluation write-downs

CHANGE IN REVALUATION WRITE-DOWNS FOR SHORT-TERM RECEIVABLES	For the 6-month period ended 30 June 2023	For the 12-month period ended 31 December 2022	For the 6-month period ended 30 June 2022
<b>Opening balance</b>	<b>1,078</b>	<b>1,017</b>	<b>1,017</b>
<b>a) increases (under)</b>	<b>436</b>	<b>1,164</b>	<b>821</b>
- creation for doubtful trade receivables	436	1,164	821
- creation for interest receivable	-	-	-
- creation for receivables claimed in court	-	-	-
<b>b) decreases (under)</b>	<b>28</b>	<b>1,103</b>	<b>172</b>
- release of payment provisions	28	972	172
- cancellations	-	131	-
<b>Closing balance of write-downs, including:</b>	<b>1,486</b>	<b>1,078</b>	<b>1,666</b>

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**b) Inventory revaluation write-downs**

<b>CHANGE IN INVENTORY REVALUATION WRITE-DOWNS</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 12-month period ended 31 December 2022</b>	<b>For the 6-month period ended 30 June 2022</b>
<b>Opening balance</b>	<b>517</b>	<b>318</b>	<b>318</b>
<b>a) increases (under)</b>	<b>638</b>	<b>674</b>	<b>178</b>
- write-downs to net realisable value	638	674	178
- impairment write-downs of materials	-	-	-
<b>b) decreases (under)</b>	<b>496</b>	<b>475</b>	<b>295</b>
- utilisation	-	-	-
- write-down reversals	496	475	295
<b>Closing balance of revaluation write-downs of inventory</b>	<b>659</b>	<b>517</b>	<b>201</b>

**c) Retirement and similar benefit liabilities**

<b>CHANGE IN RETIREMENT AND SIMILAR BENEFIT LIABILITIES (ON ACCOUNT OF)</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 12-month period ended 31 December 2022</b>	<b>For the 6-month period ended 30 June 2022</b>
<b>a) opening balance</b>	<b>3,397</b>	<b>3,533</b>	<b>3,533</b>
- retirement severance pay	609	703	703
- jubilee bonuses	2,788	2,830	2,830
<b>b) increase (under)</b>	<b>624</b>	<b>462</b>	<b>152</b>
- retirement severance pay	103	40	5
- jubilee bonuses	521	422	147
<b>c) utilisation (under)</b>	<b>229</b>	<b>457</b>	<b>272</b>

<b>CHANGE IN RETIREMENT AND SIMILAR BENEFIT LIABILITIES (ON ACCOUNT OF)</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 12-month period ended 31 December 2022</b>	<b>For the 6-month period ended 30 June 2022</b>
- retirement severance pay	31	48	33
- jubilee bonuses	198	409	239
<b>d) release (under)</b>	<b>-</b>	<b>141</b>	<b>23</b>
- retirement severance pay	-	86	3
- jubilee bonuses	-	55	20
<b>d) closing balance</b>	<b>3,792</b>	<b>3,397</b>	<b>3,390</b>
- retirement severance pay	681	609	672
- jubilee bonuses	3,111	2,788	2,718

**21. Short-term provisions**

<b>CHANGE IN SHORT-TERM PROVISIONS (ON ACCOUNT OF)</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 12-month period ended 31 December 2022</b>	<b>For the 6-month period ended 30 June 2022</b>
<b>a) opening balance</b>	<b>3,169</b>	<b>3,527</b>	<b>3,527</b>
- subsidies to property, plant and equipment	98	98	98
- provisions for services rendered by business partners	34	86	86
- environmental fee	73	84	84

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- holiday leave pay provisions	870	800	800
- provision for used CO2 emission rights	1,579	2,429	2,429
- bonuses for the Management Board and employees	515	30	30
<b>b) increase (under)</b>	<b>397</b>	<b>1,388</b>	<b>1,003</b>
- provision for used CO2 emission rights	-	-	264
- environmental fee	28	78	26
- holiday leave pay provisions	219	734	313
- provisions for services rendered by business partners	62	32	31
- bonus for the Management Board and employees	88	544	368
- other	-	-	1
<b>c) utilisation (under)</b>	<b>227</b>	<b>1,496</b>	<b>1,202</b>
- environmental fee	59	89	71
- holiday leave pay provisions	-	664	-
- provision for used CO2 emission rights	-	600	1,014
- provisions for services rendered by business partners	34	84	87
- bonuses for the Management Board and employees	134	59	30
<b>d) release (under)</b>	<b>148</b>	<b>250</b>	-
- provision for used CO2 emission rights	148	250	-
- bonuses for the Management Board and employees	1,579	-	-
<b>d) closing balance</b>	<b>1,612</b>	<b>3,169</b>	<b>3,328</b>
- subsidies to property, plant and equipment	98	98	98
- provision for used CO2 emission rights	-	1,579	1,679
- environmental fee	42	73	39

<b>CHANGE IN SHORT-TERM PROVISIONS (ON ACCOUNT OF)</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 12-month period ended 31 December 2022</b>	<b>For the 6-month period ended 30 June 2022</b>
- holiday leave pay provisions	1,089	870	1,113
- bonuses for the Management Board and employees	321	515	368
- provisions for services rendered by business partners	62	34	30
- other	-	-	1

## 22. Deferred income tax

<b>DEFERRED INCOME TAX PROVISIONS</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>	<b>As at 30 June 2022</b>
Difference between carrying amount and tax value of property, plant and equipment	5,288	5,825	5,273
Measurement of investments	649	693	693
Unrealised foreign exchange differences	34	-	6
<b>Total deferred tax provisions</b>	<b>5,971</b>	<b>6,518</b>	<b>5,972</b>

<b>DEFERRED INCOME TAX ASSETS</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>	<b>As at 30 June 2022</b>
Unpaid remuneration	164	174	142
Provision for unused holiday leave	207	165	211
Retirement benefits and jubilee bonuses	721	645	645
Unrealised foreign exchange differences	35	154	47
Receivables revaluation write-downs	13	14	13

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Inventory revaluation write-downs	125	98	38
Share revaluation write-downs	18	18	18
Accrued interest on credits	-	27	-
Leased asset liabilities	481	752	754
Consolidation adjustments - retained profit	78	(18)	119
Provision for bonuses for the Management Board and employees	56	98	70
Depreciation of CO2 emission rights	-	300	319
Asset measurement	2,301	2,291	2,297
Tax loss	894	807	923
Other	22	221	14
<b>Total</b>	<b>5,115</b>	<b>5,746</b>	<b>5,610</b>

### 23. Contingent assets and liabilities

<b>CHANGE IN CONTINGENT ASSETS (ON ACCOUNT OF)</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 12-month period ended 31 December 2022</b>	<b>For the 6-month period ended 30 June 2022</b>
<b>a) opening balance, including</b>	<b>15,795</b>	<b>15,795</b>	<b>15,795</b>
- surety for investment credit by GR PONARY	15,795	15,795	15,795
<b>b) increase (under)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) closing balance, including</b>	<b>15,795</b>	<b>15,795</b>	<b>15,795</b>
- surety for investment credit by GR PONARY	15,795	15,795	15,795

<b>CHANGE IN CONTINGENT LIABILITIES (ON ACCOUNT OF)</b>	<b>For the 6-month period ended 30 June 2023</b>	<b>For the 12-month period ended 31 December 2022</b>	<b>For the 6-month period ended 30 June 2022</b>
<b>a) opening balance, including</b>	<b>14,451</b>	<b>14,449</b>	<b>14,449</b>
- liabilities under non-competition agreements	1,767	1,765	1,765
- surety for credits to related companies	12,684	12,684	12,684
<b>b) increase (under)</b>	<b>4</b>	<b>40</b>	<b>15</b>
- liabilities under non-competition agreements	4	40	15
- surety for credits to related companies	-	-	-
<b>c) release</b>	<b>-</b>	<b>38</b>	<b>39</b>
- liabilities under non-competition agreements	-	38	39
- credit surety	-	-	-
<b>d) closing balance, including</b>	<b>14,455</b>	<b>14,451</b>	<b>14,425</b>
- liabilities under non-competition agreements	1,771	1,767	1,741
- surety for credits to related companies	12,684	12,684	12,684

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

There was no issue, redemption or repayment of non-equity or equity securities during the reporting period.

On 17 January 2023 the Management Board of PEPEES S.A. announced an invitation to submit offers for the sale of shares on the basis of the authorisation granted by the Ordinary General Meeting of Shareholders by Resolution No. 28 of 14 April 2022. The invitation concerned the purchase of no more than 1,000,000 ordinary bearer shares of the Company marked with the code PLPEPES00018, representing in total 1.05% of the Company's share capital and the total number of votes at the Company's General Meeting.

The purchase price for the treasury shares was set at PLN 1.65 per share. The invitation was addressed to

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all shareholders of the Company.

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

The acquired shares represent 1.05% in the Company’s share capital and provide 1.05% of the total number of votes attributable to all shares in the Company.

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

The Company acquires treasury shares for the purposes indicated in the Resolution of the GMS, i.e. alternatively for redemption or resale against payment or for use in acquisition transactions.

## 25. Segment reporting

### 25.1. Information about products and services

There are three segments within the PEPEES Capital Group, i.e.: “potato processing”, “agricultural crops combined with animal husbandry” and “purchase and sales of property for own account”.

The PEPEES Capital Group operates mainly in the “potato processing” segment. This segment produces:

- potato starch used in households and by the food, pharmaceutical, paper and textile industries;
- several ranges of glucose used by the food, confectionery and pharmaceutical industries;
- maltodextrin, which is an important ingredient in powdered products (ice creams, sauces, soups, fruit extracts, flavoured sprinkles) and nutritional and vitamin and mineral preparations for children and athletes;
- protein which is obtained from potato cell sap by coagulation, separation and drying; it is a valuable component of animal feeds and an excellent substitute for animal protein;
- a wide range of starch syrups for use in the confectionery and baking industry;
- potato grits, potato flakes, potato cubes and dumplings; products used by the food industry.

Other operations concern:

- works and services;
- sales of certain goods and materials;
- cultivation and sale of annual plants;
- buying and selling property for own account (Pepees Inwestycje Sp. z o.o.).

All assets and liabilities of Gospodarstwo Rolne Ponary Sp. z o.o. are allocated to the “agricultural crops combined with animal breeding and husbandry” segment.

As Ponary did not generate sales revenue in H1 2023, the “agricultural crops combined with animal breeding and husbandry” segment was not identified in segment revenue and results. Due to the value of Ponary’s land holdings, the third segment has been identified in this report solely for the purpose of presenting its assets and liabilities.

### 25.2. Segments’ revenue and results

Item	Revenue		Profit	
	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
Potato processing	121,530	126,413	14,158	11,088
- including between segments	7	7		

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Electricity production (discontinued operations)	-	-	-	-
- including between segments	-	-	-	-
<b>Total sales revenue</b>	<b>121,523</b>	<b>126,406</b>	<b>14,158</b>	<b>11,088</b>
Other operating revenue			194	392
Other operating expenses			(732)	(1,100)
Profit (loss) on disposal of a subsidiary			-	-
Financial revenue			1,161	1,656
Financial expenses			(4,965)	(3,254)
<b>Pre-tax gain (loss)</b>			<b>9,816</b>	<b>8,782</b>

### 25.3. Assets and liabilities of the segments

Segment assets	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Potato processing	287,439	371,836	284,228
Agricultural crops combined with animal breeding and husbandry	4,516	4,120	3,761
Purchase and sales of property for own account	37	58	50
<b>Total assets of the segments</b>	<b>291,992</b>	<b>376,014</b>	<b>288,039</b>

Segment liabilities	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Potato processing	109,309	189,480	107,111
Agricultural crops combined with animal breeding and husbandry	-	-	-
Purchase and sales of property for own account	-	-	-
<b>Total segment liabilities</b>	<b>109,309</b>	<b>189,480</b>	<b>107,111</b>

### 25.4. Other segment information

Segment	Amortisation		Increase in fixed assets	
	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
Potato processing	6,529	6,739	6,168	4,228
Electricity production (discontinued operations)	-	-	-	-
<b>Total continuing operations</b>	<b>6,529</b>	<b>6,739</b>	<b>6,168</b>	<b>4,228</b>

### 25.5. Revenue by product

Product name	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
Starch	65,323	66,739
Protein	6,436	6,926
Glucose	7,885	12,097
Maltodextrin	14,318	11,427
Starch syrups	3,806	3,797
Dried potatoes (grits, flakes, cubes)	12,792	16,747
Goods and materials	10,426	8,220

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Services	537	453
<b>Total</b>	<b>121,523</b>	<b>126,406</b>

## 25.6. Sales revenue by territorial structure

Item	For the 6-month period ended 30 June 2023	For the 6-month period ended 30 June 2022
<b>Poland, including</b>	<b>91,177</b>	<b>78,900</b>
Starch	46,345	34,232
Protein	2,652	4,219
Glucose	7,336	10,297
Maltodextrin	10,067	8,235
Starch syrups	3,806	3,796
Dried potatoes (grits, flakes, cubes)	11,731	11,737
Goods and materials	8,703	5,931
Services	537	453
<b>EU countries - intra-Community supplies, including:</b>	<b>8,267</b>	<b>8,145</b>
Starch	3,142	3,377
Protein	1,722	934
Maltodextrin	1,989	1,570
Glucose	549	1,598
Starch syrups	-	1
Dried potatoes (grits, flakes, cubes)	865	665
<b>Other countries - export</b>	<b>22,079</b>	<b>39,361</b>
Starch	15,837	29,129
Protein	2,062	1,773
Glucose	-	202
Maltodextrin	2,262	1,622
Dried potatoes (grits, flakes, cubes)	196	4,345
Goods	1,722	2,290
<b>Total</b>	<b>121,523</b>	<b>126,406</b>

## 25.7. Information about major customers

The Group has no customer with sales revenue exceeding 10% of total revenue. In contrast, there are customers in the Parent's individual products' group that account for more than 10% of sales of a given product. This means that:

- more than 39% of maltodextrin was sold to two domestic business partners (23.8% and 15.4% respectively);
- more than 34% of glucose was sold to two domestic business partners (23.8% and 10.7% respectively);
- more than 16% of protein was sold to a domestic customer.

## 26. Information on paid (or declared) dividend, aggregate and per one share, separately for ordinary and preference shares

No dividends were paid during the six months ended 30 June 2023.

On 25 May 2023, the Ordinary General Meeting of "PEPEES" S.A. adopted Resolution No. 8 on the distribution of the Issuer's profit for the financial year 2022 in the amount of PLN 9,203,815.70 in the following manner: the amount of PLN 1,970,411.91 for the supplementary capital and the amount of PLN

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7,233,403.79 for the payment of dividends to shareholders.

Pursuant to the aforementioned Resolution, part of the supplementary capital (created from previous years' profits) in the amount of PLN 2,147,947.51 was allocated to the payment of dividends to shareholders. Thus, a total dividend of PLN 9,381,351.30, i.e. PLN 0.10 per share was set, excluding 1,186,487 own shares which do not participate in the dividend.

The date by which the list of shareholders entitled to dividends is determined is set at 6 June 2023. In contrast, the dividend payment date was set for 19 July 2023.

**27. For financial instruments measured at fair value, information about a change in the method(s) used to determine it**

During the six-month period ended 30 June 2023, the Group did not change its policies for determining the fair value of financial instruments. The same measurement principles and methods were followed as in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022.

**28. Information on change in the classification of financial assets as a result of change in the purpose or utilisation of those assets**

There were no changes in the classification of financial assets during the period presented as a result of a change in the purpose or use.

**29. Information about changes in economic position and business conditions having significant impact on the fair value of the entity's financial assets and financial liabilities, regardless of whether those assets and liabilities are recognised at fair value or adjusted purchase price (cost of manufacture)**

2022 and the beginning of 2023 extended a series of unfavourable years, full of uncertainty and unprecedented events. It was yet another very challenging year for all sectors, during which many unfavourable market trends converged. It is important to emphasise that many industries failed to recover from the COVID-19 pandemic and were faced with another economic crisis, cost spikes and galloping inflation. The continuing market uncertainty was further exacerbated by the outbreak of war in Ukraine which caused temporary perturbations in many areas of the economy. The military acts of the Russian aggressor and the sanctions imposed on Russia have resulted in a significant energy crisis in Europe, caused by the stoppage of supplies from the East (oil, gas, coal) which has dramatically increased fuel prices. Instead, the increase in fuel prices has translated into an increase in the price of transport services, which in turn has raised the prices of all products and services in European markets.

The Russian invasion of Ukraine, coupled with all the EU sanctions, is having a significant impact on global trade and therefore also on the Group companies. The exchange rates used by the Group are constantly fluctuating, which carries a risk of unpredictability in forward foreign contracts (with delayed deliveries) or in contracts with deferred payment deadlines.

With the Russian aggressor still not intending to withdraw its troops from Ukrainian territory there is a reasonable risk that all the unfavourable trends for the economy will continue in 2023. The Group companies continuously monitor the development of the armed conflict in Ukraine and the subsequent sanctions imposed on Russia, reviewing all information with a view to its impact on the Group's economic situation and taking ad hoc measures to minimise the consequences associated with these extraordinary circumstances.

**30. Other information which could significantly affect evaluation of the economic and financial position and financial result of the Group**

During the presented period, all events and information affecting the economic and financial position have

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been disclosed in this report.

The Group has no other information that could materially affect the assessment of the Group's economic and financial position and financial result.

### **31. Significant events that occurred after the balance sheet date**

On 6 July 2023, an annex was signed with Santander Bank Polska to the multi-line agreement of 07/10/2014. Under the annex, the credit limit in the total amount of PLN 67.5 million granted to PEPEES and its subsidiaries was renewed. The loan repayment term was also extended to 31/08/2024.

An annex to the multi-purpose credit line agreement with Powszechna Kasa Oszczędności Bank Polski S.A. was also signed on 6 July 2023. Under the annex, the credit limit in the total amount of PLN 67.5 million granted to PEPEES and its subsidiaries was renewed. The loan repayment term was also extended to 31/08/2024.

In July 2023 the Issuer paid a total dividend of PLN 9,381,351.30, i.e. PLN 0.10 per share. The number of shares covered by the dividend was 93,813,513. No dividend was used to cover 1,186,487 treasury shares held by the Company.

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

These Interim Condensed Consolidated Financial Statements of the PEPEES Capital Group for H1 ended 30 June 2023 were approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża on 22 September 2023.

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD OF THE PARENT

President of the Management Board – Wojciech Faszczewski

Member of the Management Board – Tomasz Rogala

SIGNATURE OF THE PERSON PREPARING THE REPORT

Chief Accountant - Małgorzata Kordas