



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

**for the period of 9 months ended on 30 September  
2023**

24 November 2023

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023  
(data in PLN thousand)

**INDEX TO THE CONSOLIDATED QUARTERLY REPORT**

INTRODUCTION .....	4
A. SELECTED FINANCIAL DATA OF THE PEPEES CAPITAL GROUP .....	6
B. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE PEPEES CAPITAL GROUP FOR THE 9-MONTH PERIOD ENDED ON 30 SEPTEMBER 2023 .....	8
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	9
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME .....	10
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY .....	11
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT .....	12
ADDITIONAL EXPLANATORY NOTES .....	13
1. General information on the Parent Company .....	13
2. Information on reporting periods .....	14
3. Structure of the PEPEES Capital Group .....	14
3.3. Basic financial information on related parties as of 30 September 2023 .....	15
4. Approval of the interim condensed consolidated financial statements .....	15
5. Significant accounting principles (policy) .....	16
6. New accounting standards and interpretations, which are not used in these statements .....	16
7. Non-recurring items with a significant effect on assets, liabilities, capital, financial result and cash flows .....	17
8. Amendments of applied accounting principles, correction of errors and presentation .....	17
9. Explanations related to the seasonality or cyclicity of activities .....	17
10. Estimations .....	17
11. Acquisition and sale of property, plant and equipment .....	17
12. Material commitments made for the purchase of fixed assets .....	17
13. Stock .....	18
14. Biological assets .....	18
15. Trade receivables and other short-term receivables .....	18
16. Trade and other short-term liabilities .....	19
17. Settlements resulting from litigations .....	19
18. Outstanding loans and borrowings .....	20
19. Transactions with related entities .....	23
20. Changes in estimates .....	25
21. Short-term provisions .....	26
22. Deferred income tax .....	27
23. Contingent assets and liabilities .....	27
24. Issue, redemption and repayment of non-equity and equity securities .....	28
25. Information on paid (or declared) dividend, in total .....	28
26. Reporting on segments of the operations .....	29
27. In case of financial instruments measured at fair value - information about the changed manner (method) in which it is determined .....	32
28. Information on change in the classification of financial assets as a result of changed purpose or use thereof .....	32
29. Information on changes in economic conditions and operating conditions having a significant impact on the fair value of the entity's financial assets and financial liabilities, regardless of whether those assets and liabilities are recorded at fair value or adjusted price of purchase (production cost) .....	32
30. Other information which may significantly affect the assessment of the economic and financial standing, and financial result of the Group .....	33
31. Important events that took place after the balance sheet date .....	33
C. QUARTERLY FINANCIAL INFORMATION OF PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO "PEPEES" SPÓŁKA AKCYJNA FOR THE PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER 2023 .....	34
STATEMENT OF THE FINANCIAL STANDING .....	35
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	36
INTERIM CONDENSED CASH FLOW STATEMENT .....	38
ADDITIONAL EXPLANATORY NOTES .....	39
2. Amendments of the accounting principles and presentation, correction of errors .....	39
3. Information on contingent liabilities or assets .....	39
4. Information about transactions with related entities .....	39

**PEPEES CAPITAL GROUP**

*Consolidated Quarterly Report  
for the period of 9 months ended on 30 September 2023  
(data in PLN thousand)*

D.	ADDITIONAL INFORMATION .....	41
1.	Changes in the organisation of the PEPEES Capital Group .....	41
2.	Summary of operations during the reporting period .....	41
3.	Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the Parent Company's General Meeting .....	41
4.	Specification of changes in the Issuer's shares or rights to shares held by the members of the Issuer's management and supervisory bodies .....	42
5.	Brief description of achievements or failures of the PEPEES Capital Group in three quarters of 2023 together with the list of the most important events concerning them.....	42
6.	Description of factors and events, especially unusual ones, which had a significant impact on the financial performance of the PEPEES Capital Group .....	42
7.	Management Board's opinion as regards the forecast results .....	42
8.	Indication of significant litigations, pending proceedings before an arbitration or administrative body ....	42
9.	Information about transactions with related entities .....	43
10.	Information on sureties and guarantees granted.....	44
11.	Other information that in the opinion of the Capital Group is essential for assessment of its personnel, economic, financial condition, financial result and their changes, and information that is significant for assessment of the Group's possibilities to fulfil obligations.....	44
12.	Specification of factors that in the opinion of the Issuer and the Group will affect the results achieved by them in the perspective of at least the next quarter .....	44
13.	Approval of the Consolidated Quarterly Report of the PEPEES Capital Group .....	45

## **INTRODUCTION**

### **1. The Consolidated Quarterly Report of the PEPEES Capital Group for the period of 9 months ended on 30 September 2023 contains:**

- A. Selected financial results of the PEPEES Capital Group.
- B. Interim condensed consolidated financial statements of the PEPEES Group for the 9-month period ended on 30 September 2023.
- C. Quarterly Financial Information of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna w Łomży for the period of 9 months ended on 30 September 2023.
- D. Additional information.

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

#### Interim condensed consolidated financial statements

- The interim condensed consolidated financial statements of the PEPEES Group covers the period of nine months ended on 30 September 2023.
- For the data presented in the interim condensed consolidated statement of financial standing, comparable financial data was presented as of 31 December 2022 and as of 30 September 2022.
- For the data presented in the interim condensed consolidated statement of profit or loss and other comprehensive income, comparable financial data is presented for the period from 1 January 2022 to 30 September 2022.
- For the data presented in the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement, comparable financial data was presented for the period from 1 January 2022 to 30 September 2022.

#### Quarterly Financial Information of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna w Łomży

- The Quarterly Financial Information of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża covers the period of nine months ended on 30 September 2023.
- For the data presented in the statement of financial standing, the following is presented comparable financial data as of 31 December 2022 and as of 30 September 2022.
- For the data presented in the statement of profit or loss and other comprehensive income, comparable financial data is presented for the period from 1 January 2022 to 30 September 2022.
- For the data presented in the statement of changes in equity and the cash flow statement, comparable financial data was presented for the period from 1 January 2022 to 30 September 2022.

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

As of 30 September 2023, the PEPEES Capital Group included the following companies:

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

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023  
(data in PLN thousand)

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

No.	SELECTED FINANCIAL DATA	IN THOUSANDS OF PLN		IN THOUSANDS OF EUR	
		2023	2022	2023	2022
I	Total revenues from sales for 3 quarters	175,888	189,605	38,426	40,445
II	Net profit (loss) allocated to the shareholders of the Parent Company for 3 quarters	5,940	8,783	1,298	1,873
III	Net comprehensive income allocated to the shareholders of the Parent Company	5,894	8,806	1,288	1,878
IV	Net cash flows on operating activities for 3 quarters	68,223	60,772	14,905	12,963
V.	Net cash flows on investment activity for 3 quarters	(28,553)	(9,460)	(6,238)	(2,018)
VI	Net cash flows on financial activity for 3 quarters	(87,389)	(79,922)	(19,092)	(17,048)
VII	Net cash flows for 3 quarters	(47,719)	(28,610)	(10,425)	(6,103)
VIII	Total assets as at 30.09.2023 and 31.12.2022	302,388	376,014	65,232	80,175
IX	Equity allocated to the shareholders of the company as of 30.09.2023 and	179,045	183,219	38,624	39,067
X	Total profit (loss) per one ordinary share for 3 quarters (value expressed in PLN/EUR)	0.06	0.09	0.01	0.02
XI	Book value per share as of 30.09.2023 and 31.12.2022 (value expressed in PLN/EUR)	1.88	1.93	0.41	0.41

Data presented in lines: VIII, IX and XI, in columns "2023" and "2022" is as of 30 September 2023 and 31 December 2022.

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

- selected items of the statement of the financial standing as of 30.09.2023 according to the mean exchange rate applicable on the balance sheet date equal to EUR 1 = PLN 4.6356,
- selected items of the statement of the financial standing as of 31.12.2022 according to the mean exchange rate applicable on the balance sheet date equal to EUR 1 = PLN 4.6899,
- selected items of the statement of comprehensive income and cash flow statement for the period from 1 January 2023 to 30 September 2023 according to the rate which is the arithmetic mean of the average rates published by the National Bank of Poland and applicable on the last day of each month of the 3 quarters of 2023 and amounts to EUR 1 = PLN 4.5773,
- selected items of the statement of comprehensive income and cash flow statement for the period from 1 January 2022 to 30 September 2022 according to the rate which is the arithmetic mean of the average rates published by the National Bank of Poland and applicable on the last day of each month of the 3 quarters of 2022 and amounts to EUR 1 = PLN 4.6880.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

## Earnings (loss) per share

Specification	For the period of 9 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2022
Net profit (loss) attributable to "PEPEES" S.A. shareholders	5,94	8,78
Weighted average number of shares	95,000,000	95,000,000
Basic net profit (loss) per share (in PLN per one share)	0.06	0.09
Net profit (loss) attributable to PEPEES shareholders applied to determine diluted profit per share	5,94	8,78
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 one share)	0.06	0.09
Net annualised profit attributable to "PEPEES" S.A. shareholders	7,75	10,191
Weighted average number of shares	95,000,000	95,000,000
Annualised net profit per share (expressed in PLN per share)	0.08	0.11

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

**B. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE PEPEES CAPITAL GROUP FOR THE 9-MONTH PERIOD ENDED ON 30 SEPTEMBER 2023**

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

presented below, comprising:

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



**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023  
(data in PLN thousand)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

No.	ASSETS	State as of 30 September 2023	State as of 31 December 2022	State as of 30 September 2022
<b>A.</b>	<b>(Long-term) fixed assets</b>	<b>177,265</b>	<b>171,231</b>	<b>174,433</b>
1	Plant, property and equipment	157,790	151,327	155,221
2	Intangible assets	178	644	261
3	Rights to assets	12,207	11,248	11,351
4	Investment properties	556	563	566
5	Goodwill	1,320	1,320	1,320
6	Investments in other entities	383	383	383
7	Deferred income tax liabilities	4,831	5,746	5,331
<b>B.</b>	<b>(Short-term) current assets</b>	<b>125,123</b>	<b>204,783</b>	<b>133,419</b>
1	Stock	63,698	104,817	75,271
2	Biological assets	2,366	326	1,641
3	Trade receivables and other short-term receivables	40,525	35,059	36,018
4	Current income tax liabilities	-	1	-
5	Other financial assets	8,566	6,893	7,126
6	Cash and cash equivalents	9,968	57,687	13,363
	<b>Total assets</b>	<b>302,388</b>	<b>376,014</b>	<b>307,852</b>

No.	LIABILITIES	State as of 30 September 2023	State as of 31 December 2022	State as of 30 September 2022
<b>A.</b>	<b>Equity</b>	<b>182,412</b>	<b>186,534</b>	<b>184,550</b>
<b>I</b>	<b>Equity allocated to the shareholders of the Company</b>	<b>179,045</b>	<b>183,219</b>	<b>181,159</b>
1	Share capital	5,700	5,700	5,700
2	Share premium	7,562	7,562	7,562
3	Treasury shares	(1,471)	(224)	(293)
4	Revaluation capital	31,004	31,050	31,050
5	Retained earnings	136,250	139,131	137,140
<b>II</b>	<b>Non-controlling shares</b>	<b>3,367</b>	<b>3,315</b>	<b>3,391</b>
<b>B.</b>	<b>Liabilities</b>	<b>119,976</b>	<b>189,480</b>	<b>123,302</b>
<b>I.</b>	<b>Long-term liabilities</b>	<b>31,242</b>	<b>35,526</b>	<b>35,929</b>
1	Loans and borrowings	4,386	6,508	6,993
2	Liabilities due to assets under lease	15,172	17,648	18,236
3	Deferred income tax liabilities	5,846	6,518	5,930
4	Liabilities related to retirement and similar benefits	3,270	2,878	2,767
5	Subsidies	1,891	1,974	2,003
6	Other liabilities	677	-	-
<b>II.</b>	<b>Short-term liabilities</b>	<b>88,734</b>	<b>153,954</b>	<b>87,373</b>
1	Trade and other short-term liabilities	33,421	22,881	37,906
2	Current income tax liabilities	3,435	3,032	1,565
3	Loans and borrowings	46,935	122,713	42,377
4	Liabilities due to assets under lease	4,421	4,809	4,901
5	Liabilities related to retirement and similar benefits	522	519	624
	<b>Total liabilities</b>	<b>302,388</b>	<b>376,014</b>	<b>307,852</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023  
(data in PLN thousand)

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

No.	Specification	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
I	Revenues from sales	54,365	175,888	63,199	189,605
II	Own cost of sales	(41,245)	(125,322)	(45,442)	(135,750)
III	Gross profit from sales (I-II)	13,120	50,566	17,757	53,855
1	Costs of sales and marketing	(2,784)	(8,074)	(4,029)	(11,706)
2	Overheads	(8,668)	(26,666)	(8,798)	(26,131)
3	Other operating revenue	131	325	118	510
4	Other operating costs	(104)	(836)	371	(729)
IV	Profit (loss) on operating activities	1,695	15,315	5,419	15,799
1	Financial costs	(1,444)	(6,409)	(1,529)	(4,783)
2	Financial revenue	481	1,642	742	2,398
V.	Profit (loss) before tax	732	10,548	4,632	13,414
	Income tax	(1,364)	(4,556)	(1,082)	(4,310)
VI	Net profit (loss) on continued operations	(632)	5,992	3,550	9,104
	Net profit (loss) on discontinued activities	-	-	-	-
	Net profit (loss), including:	(632)	5,992	3,550	9,104
	- allocated to the shareholders of the parent company	(315)	5,940	3,469	8,783
	- allocated to non-controlling interests	(317)	52	81	321
VII	Other comprehensive income	-	(46)	-	23
VIII	Total comprehensive income, including	(632)	5,946	3,550	9,127
	- allocated to the shareholders of the parent company	(315)	5,894	3,469	8,806
	- allocated to non-controlling interests	(317)	52	81	321
IX	Net profit (loss) per 1 ordinary share	0.00	0.06	0.04	0.09
	- on continued operations	0.00	0.06	0.04	0.09
	- on discontinued operations	-	-	-	-
IX	Diluted profit (loss) per 1 ordinary share	0.00	0.06	0.04	0.09
	- on continued operations	0.00	0.06	0.04	0.09
	- on discontinued operations	-	-	-	-

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023  
(data in PLN thousand)

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Specification	Share capital	Capital from the sale of shares above face value	Treasury shares	Capital from revaluation	Retained earnings	Total equity attributable to shareholders of the Parent Company	Non-controlling shares	Total equity
<b>State as of 1 January 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>-</b>	<b>31,02</b>	<b>127,69</b>	<b>171,983</b>	<b>3,070</b>	<b>175,05</b>
<b>Changes in the 3 quarters of 2022</b>								
Net profit (loss)					8,783	8,783	321	9,104
Other comprehensive income				23		23		23
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>8,783</b>	<b>8,806</b>	<b>321</b>	<b>9,127</b>
Purchase of treasury shares			(293)			(293)		(293)
Other consolidation adjustments					663	663		663
<b>State as of 30 September 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>(293)</b>	<b>31,05</b>	<b>137,14</b>	<b>181,159</b>	<b>3,391</b>	<b>184,55</b>
<b>Changes in 2022</b>								
Net profit (loss)	-				10,59	10,595	248	10,84
Other comprehensive income	-		-	23		23		23
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>10,59</b>	<b>10,618</b>	<b>248</b>	<b>10,86</b>
Purchase of treasury shares			(224)			(224)		(224)
Other consolidation adjustments	-	-	-	-	842	842	(3)	839
<b>State as of 31 December 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>(224)</b>	<b>31,05</b>	<b>139,13</b>	<b>183,219</b>	<b>3,315</b>	<b>186,53</b>
<b>State as of 1 January 2023</b>	<b>5,700</b>	<b>7,562</b>	<b>(224)</b>	<b>31,05</b>	<b>139,13</b>	<b>183,219</b>	<b>3,315</b>	<b>186,53</b>
<b>Changes in the 3 quarters of 2023</b>								
Net profit (loss)					5,940	5,940	52	5,992
Other comprehensive income				(46)		(46)		(46)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>5,940</b>	<b>5,894</b>	<b>52</b>	<b>5,946</b>
Purchase of treasury shares			(1,247)			(1,247)		(1,247)
Dividend					(9,382)	(9,382)		(9,382)
Other consolidation adjustments					561	561		561
<b>State as of 30 September 2023</b>	<b>5,700</b>	<b>7,562</b>	<b>(1,471)</b>	<b>31,00</b>	<b>136,25</b>	<b>179,045</b>	<b>3,367</b>	<b>182,41</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Indirect method	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
<b>A. Cash flows on operating activities</b>				
<b>I. Profit (loss) before taxes</b>	<b>732</b>	<b>10,548</b>	<b>4,632</b>	<b>13,414</b>
<b>II. Total adjustments</b>	<b>14,296</b>	<b>57,675</b>	<b>7,357</b>	<b>47,358</b>
1. Depreciation	4,219	10,748	4,377	11,116
2. (Profit) loss from exchange differences	13	40	137	402
3. Interests and share in profit (dividends)	438	4,683	543	2,924
4. (Profit) loss on investment activities	20	(1,026)	38	(65)
5. Change in provisions	(31)	395	9	(68)
6. Change in the volume of stock	(637)	41,119	(10,946)	21,894
7. Change in the volume of biological assets	1,467	(2,040)	2,434	(1,081)
8. Change in the volume of receivables	(1,475)	(5,466)	(1,086)	(3,307)
9. Change in the volume of short-term liabilities except for borrowings and loans	10,281	11,342	11,984	15,243
10. Change in advances	(93)	850	(71)	747
11. Paid income tax	(290)	(3,841)	(483)	(2,000)
12. Change of volume of subsidies	(25)	(73)	(20)	(83)
13. Change in the amount of interest accrued on borrowings and	-	-	-	(3)
14. Change in other financial assets	418	(583)	324	972
15. Depreciation of CO2 emission rights	-	1,582	-	600
16. Other adjustments	(9)	(55)	117	67
<b>III. Net cash flows on operating activities (I+/-II)</b>	<b>15,028</b>	<b>68,223</b>	<b>11,989</b>	<b>60,772</b>
<b>C. Cash flows on financial activities</b>				
<b>I. Receipts</b>	<b>1,000</b>	<b>1,453</b>	<b>185</b>	<b>306</b>
1. Disposal of intangible assets and property, plant and equipment	992	1,435	16	120
2. Repayment of borrowings	8	18	169	186
<b>II. Expenditure</b>	<b>22,183</b>	<b>30,006</b>	<b>4,909</b>	<b>9,766</b>
1. Acquisition of intangible assets and property, plant and equipment	11,642	17,810	4,909	9,137
Purchase of property rights	-	1,155	-	629
3. Borrowings granted	1,160	1,660	-	-
4. Dividends and other payments to the shareholders	9,381	9,381	-	-
<b>III. Cash flows on financial activities</b>	<b>(21,183)</b>	<b>(28,553)</b>	<b>(4,724)</b>	<b>(9,460)</b>
<b>C. Cash flows on financial activities</b>				
<b>I. Receipts</b>	<b>30,795</b>	<b>36,300</b>	<b>20,682</b>	<b>27,466</b>
1. Loans and borrowings	30,795	36,200	20,682	27,106
2. Subsidies	-	100	-	360
<b>II. Expenditure</b>	<b>22,613</b>	<b>123,689</b>	<b>20,141</b>	<b>107,388</b>
1. Repayment of loans and borrowings	20,825	113,497	17,606	99,619
2. Interest on loans and borrowings	732	4,825	561	2,805
3. Acquisition of treasury shares	-	1,676	181	293
4. Payments under lease agreements	1,056	3,691	1,974	4,671
<b>III. Net cash flows on financial activities (I-II)</b>	<b>8,182</b>	<b>(87,389)</b>	<b>360</b>	<b>(79,922)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>2,027</b>	<b>(47,719)</b>	<b>7,625</b>	<b>(28,610)</b>
<b>E. Opening balance of cash</b>	<b>7,941</b>	<b>57,687</b>	<b>5,738</b>	<b>41,973</b>
<b>F. Closing balance of cash (E+/- D)</b>	<b>9,968</b>	<b>9,968</b>	<b>13,363</b>	<b>13,363</b>
<i>including of restricted use</i>	-	-	-	-

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

## ADDITIONAL EXPLANATORY NOTES

### 1. General information on the Parent Company

<b>Full name:</b>	Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A.
<b>Address of registered office:</b>	18-402 Łomża, ul. Poznańska 121
<b>REGON ID:</b>	450096365
<b>NIP ID:</b>	7181005512
<b>Registration body:</b>	District Court in Białystok, 12th Commercial Division of the National Court Register
<b>Number in the register:</b>	000038455
<b>Legal form:</b>	Public Limited Company (Spółka Akcyjna)
<b>Organisational form:</b>	enterprise consisting of one plant
<b>Main objects of the operations according to the divisions of the Polish Classification of Business Activities:</b>	1062Z manufacturing starch and starch products.
<b>Industry:</b>	food
<b>Duration:</b>	indefinite

#### Composition of the Management Board as of 30 September 2023:

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

#### Members of the Supervisory Board as of 30 September 2023:

Maciej Kaliński	Chairperson of the Supervisory Board
Robert Malinowski	Deputy Chairperson of the Supervisory Board
Agata Czerniakowska	Secretary of the Supervisory Board
Kajetan Rościszewski	Member of the Supervisory Board
Jacek Okoński	Member of the Supervisory Board

#### Members of the Audit Committee as of 30 September 2023:

Maciej Kaliński	Chairperson of the Audit Committee
Jacek Okoński Deputy	Chairperson of the Audit Committee
Agata Czerniakowska	Member of the Supervisory Board
Robert Malinowski	Member of the Audit Committee
Kajetan Rościszewski	Member of the Audit Committee.

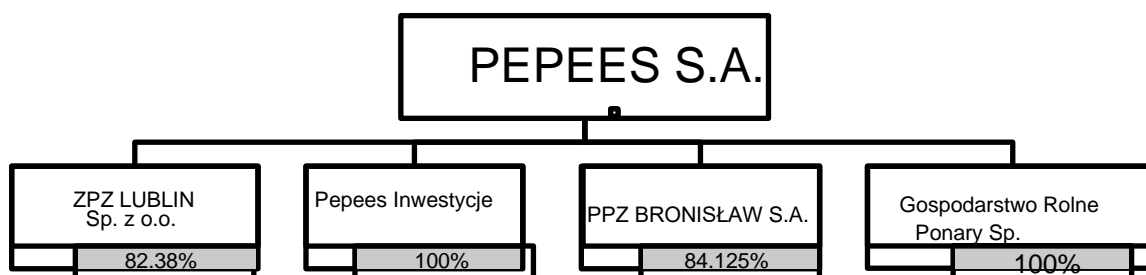
**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

## 2. Information on reporting periods

The presented interim consolidated financial statements cover the period from 1 January 2023 to 30 September 2023, while comparable financial data and explanatory notes cover the period from 1 January 2022 to 30 September 2022 and additionally as of 31 December 2022 in case of the statement of financial standing and statement of changes in equity.

## 3. Structure of the PEPEES Capital Group

### 3.1. Structure of the PEPEES Capital Group as of 30 September 2023



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

In the Consolidated Quarterly Report of the PEPEES Capital Group for the three quarters ended on 30 September 2023, apart from Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., the following related parties were subject to consolidation:

Name	Registered office	Objects	Registration Court	Issuer's share in capital (%)	Share in the total number of votes (%)
ZPZ LUBLIN Sp. z o.o.	Lublin	Production and sales of syrup and dried potatoes, processing of fruits 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 sale of real properties on own account	District Court in Białystok 12th Commercial Division of the National Court Register	100	100
PPZ BRONISŁAW S.A.	Bronisław	Production of starch and starch products	District Court in Bydgoszcz 13th Commercial Division of the National Court Register	84.125	84.125
Gospodarstwo Rolne Ponary Sp. z o.o.	Łomża	Agriculture combined with animal breeding	District Court in Białystok 12th Commercial Division	100	100

All subsidiaries were subject to consolidation based on the full method.

During the reporting period and until the preparation date hereof, there were no changes in the structure of the Issuer's Capital Group.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

### 3.3. Basic financial information on related parties as of 30 September 2023

Specification	PPZ BRONISŁAW S.A.	ZPZ LUBLIN Sp. z o.o.	Gospodarstwo Rolne Ponary Sp. z o.o.	PEPEES Inwestycje Sp. z o.o.
Current assets as of 30.09.2023	18,98	9,835	102	46
Fixed assets as of 30.09.2023	43,87	5,826	21,285	-
Short-term liabilities as of 30.09.2023	33,06	8,059	221	-
Long-term liabilities as of 30.09.2023	14,85	1,951	5,443	-
Revenues from sales	40,26	18,59	-	-
Financial result on continued activities	(1,541)	1,681	60	(12)
Net financial result on discontinued activities	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(1,541)	1,681	60	(12)

### 3.4. Grounds underlying the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS"), and in particular in accordance with the International Accounting Standard No. 34 and the IFRS approved by the EU. As at the date of approval of these financial statements for publication, taking into account every process of implementation of the IFRS pending in the EU and the activities performed by the Group, there is no difference between IFRS that have already entered into force and IFRS approved by the EU as regards the accounting principles applied by the Group. IFRS include standards and interpretations approved 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 złoty ("PLN"), and all amounts, unless otherwise indicated, are specified in thousands of PLN.

These interim condensed consolidated financial statements were prepared with the going concern assumption in respect to the Group's business activity in foreseeable future. As of the approval date of these interim condensed consolidated financial statements, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. did not observe any circumstances that could point out to the threat for the Group's continued operations as a going concern.

The interim condensed consolidated financial statements do not include all the information requisite for annual consolidated financial statements and should be considered in conjunction with the consolidated financial statements for the fiscal year ended on 31 December 2022.

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

These interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 24 November 2023.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## 5. Significant accounting principles (policy)

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended on 31 December 2022. The Group has not opted for the early application of any standard, interpretation or amendment published but not yet effective under the EU provisions of law.

## 6. New accounting standards and interpretations, which are not used in these statements

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

Standard	Description of the changes	Date of application
Amendments to IAS 1	Changes relate to the presentation of the financial statements – classification of liabilities as current and non-current	1 January 2024
Amendments to IFRS 16 Leases	Lease commitments in sales transactions and leaseback	1 January 2024

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

Standard	Description of the changes	Date of application
IFRS 14 Regulatory accruals and prepayments	Accounting and disclosure rules for regulatory deferred items	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 is published
Amendments to IFRS 10 and IAS 28	Provides for guidance on the sale or contribution of assets by an investor to an associate or joint venture	Work on approval has been postponed indefinitely

The effective dates are those derived from the contents of the standards promulgated by the International Financial Reporting Council. The application dates of the standards in the European Union may differ from the application dates implied by the contents of the standards and are announced at the time of approval for application by the European Union.

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

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



**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

**7. Non-recurring items with a significant effect on assets, liabilities, capital, financial result and cash flows**

These statements do not include any non-recurring items with a significant impact on the Group's assets, liabilities, capital, profit or loss and cash flows.

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

The Group did not correct errors of previous years and did not change its previously applied accounting policies during the reporting period.

**9. Explanations related to the seasonality or cyclicity of activities**

The Group operates in the "potato processing" sector. Potatoes are purchased and processed in the autumn during 3 months, while the sale of finished products lasts all year round.

**10. Estimations**

During the reporting period, the Group did not test non-current assets for impairment as there was no indication thereof.

Revaluation write-offs of receivables were updated in the amount taking into account the level of risk related to failure to receive payments from recipients.

Provisions for retirement benefits and anniversary awards were created based on actuarial calculations as of 30.06.2023.

The revaluation of provisions for unused holidays was made on the basis of expected salaries of employees together with mark-ups charged to the employer for holidays unused as of 30.09.2023.

The Group recognises deferred income tax assets, assuming that the tax profit will be generated in the future, from which the assets could be used.

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

The parent company has performed a sensitivity analysis on the assets held, including goodwill in each of the subsidiaries tested for impairment as of 31.12.2022. In the case of PPZ Bronislaw only, there were indications that a full impairment test was required as of 30.06.2023. The asset impairment test was performed on the basis of the discounted cash flow ("DCF") method based on forecasts prepared by the Company's Management Board for the years 2023-2027.

The parent company will carry out new impairment tests as of 31.12.2023.

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

During the three quarters of 2023, the Group acquired fixed assets for PLN 17,810 thousand. Purchases were primarily related to the construction of a starch modification line at the Parent Company.

Fixed assets were sold for PLN 1,435 thousand.

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

On 29.09.2023, a non-revolving loan agreement in the amount of EUR 3.5 million was

**PEPEES CAPITAL GROUP***Consolidated Quarterly Report**for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)*

entered into by and between the Parent Company and BNP Paribas Bank Polska S.A. for the financing and refinancing of an investment in a starch modification production line. Page credit period of the contract set 84 months from the date of conclusion of the agreement, i.e. until 29.09.2030.

As of 30.09.2023, there is no debt under the above agreement, as the loan has not been launched by then.

**13. Stock**

STOCK	As of 30 September 2023	As of 31 December 2022	As of 30 September 2022
a) materials	9,413	9,243	13,259
b) semi-finished products and work in	389	441	466
c) finished products	48,770	89,915	57,240
d) goods	5,655	5,735	4,339
<b>Gross value of stock</b>	<b>64,227</b>	<b>105,334</b>	<b>75,304</b>
Revaluation write-offs	(529)	(517)	(33)
<b>Net value of stock</b>	<b>63,698</b>	<b>104,817</b>	<b>75,271</b>

Value of stock recognised as cost in the reporting period amounted to PLN 116,576 thousand (Q3 2022 – PLN 129,890 thousand).

**14. Biological assets**

From March 2014, "PEPEES" S.A. has been leasing an agricultural farm in Roje, from October 2021 – agricultural land in Krzekoty, and from March 2023 – additional land in Wrzosey. All the three farms listed have been sown with seeds of annual plants. Costs related to the purchase of seeds and growing them as of the balance sheet date amounted to PLN 10,223 thousand, whereas revenues from agricultural activities – PLN 2,277 thousand. The fair value of inventories amounts to PLN 1,671 thousand, while the value of biological assets less costs of sale is approximately PLN 2,366 thousand. Biological assets were presented in the statement at fair value.

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

TRADE AND OTHER RECEIVABLES SHORT-TERM	As of 30 September 2023	As of 31 December 2022	As of 30 September 2022
Trade receivables	26,827	25,273	24,819
Other receivables	7,153	6,268	5,022
Advances	6,545	3,518	6,177
<b>Total</b>	<b>40,525</b>	<b>35,059</b>	<b>36,018</b>

TRADE RECEIVABLES AND SERVICES (GROSS) – WITH A RESIDUAL MATURITY FROM THE BALANCE SHEET DATE:	As of 30 September 2023	As of 31 December 2022	As of 30 September 2022
a) up to 1 month	20,028	14,996	10,406
b) above 1 month and up to 3 months	2,629	5,537	12,776
c) above 3 months and up to 6 months	1,823	18	313
d) above 6 months up to 1 year	-	-	-

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

<b>TRADE RECEIVABLES AND SERVICES (GROSS) – WITH RESIDUAL MATURITY FROM THE</b>	<b>As of 30 September 2023</b>	<b>As of 31 December 2022</b>	<b>As of 30 September 2022</b>
e) above 1 year	76	-	76
f) past due receivables	3,679	5,790	2,308
<b>Total (gross) trade receivables</b>	<b>28,235</b>	<b>26,341</b>	<b>25,879</b>
- revaluation write-offs of trade receivables	(1,408)	(1,068)	766
<b>Total (net) trade receivables</b>	<b>26,827</b>	<b>25,273</b>	<b>30,914</b>

Past due receivables, in case of which revaluation write-offs have not been made, are receivables from debtors with which the Group has cooperated for many years and according to the assessment of their economic and financial standing such receivables do not constitute bad debts. They are past due from a few days to three months. There are no receivables past due more than 180 days not covered by a revaluation write-off.

## 16. Trade and other short-term liabilities

<b>TRADE LIABILITIES AND SERVICES AND OTHER CURRENT LIABILITIES</b>	<b>As of 30 September 2023</b>	<b>As of 31 December 2022</b>	<b>As of 30 September 2022</b>
- trade liabilities falling due:	25,805	14,862	28,236
- other short-term liabilities	6,751	4,850	7,128
- provisions for remaining liabilities and other charges	865	3,169	2 542
<b>Total trade liabilities, other liabilities and provisions therefor</b>	<b>33,421</b>	<b>22,881</b>	<b>37,906</b>

<b>LIABILITIES</b>	<b>As of 30 September 2023</b>	<b>As of 31 December 2022</b>	<b>As of 30 September 2022</b>
- trade liabilities falling due:	25,805	14,862	28,236
- up to 12 months	25,805	14,862	28,236
- overdue more than 180 days	-	-	-

## 17. Settlements resulting from litigations

On 25.06.2019, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. filed an action to the court of law, asking to have a decision issued whether EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, the Company's shareholder having, pursuant to information known to the Company – 27,714,832 shares, due to the breach of the notification obligation related to the purchase of significant packages of shares in compliance with Article 89(1)(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, has lost and cannot exercise the voting rights attached to 21,402,233 shares. Epsilon FIZ AN is of a contrary opinion, claiming that it is entitled to vote in relation to 27,714,832 shares accounting for 29.17% of the total number of votes at the AGM. The case was joined by the Chairperson of the Polish Financial Supervision Authority, who presented his opinion on 24 July 2019. The Company discussed the issue in current reports 13/2019, 14-23/2019 and 30/2019.

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

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

As of the date hereof, there is an unresolved case of EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in Warsaw versus "PEPEES" S.A.:

- for revoking or rendering invalid resolutions no. 24-29 adopted on 28.06.2019 by the Ordinary Annual General Meeting, including resolution no. 28 on amendments to the Articles of Association and authorisation of the Company's Management Board to raise the share capital of the Company within the scope of the authorised capital and with the option to exclude the right of first refusal the current shareholders of the Company in whole or in part upon consent of the Company's Supervisory Board. The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determining the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid two resolutions on the acknowledgement of fulfilment of obligations adopted on 21.04.2020 by the General Meeting of Shareholders. The litigation is pending before the Court of First Instance. The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determining the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid four resolutions adopted on 29 June 2021 by the Annual General Meeting, i.e. Resolution No. 4 on the consideration and approval of the Company's financial statements for the period from 01/01/2020 to 31/12/2020, Resolution No. 9 on the appropriation of the Company's net profit for the financial year of 2020, and Resolutions No. 10 and 11 on the acknowledgement of fulfilment of obligations by the Company's Management Board Members. The litigation is pending before the Court of First Instance. On 11 January 2022, the Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for the determination of the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid nine resolutions adopted on 14 April 2022 by the Annual General Meeting of Shareholders on: consideration and approval of the Company's financial statements for the period from 01/01/2021 to 31/12/2021, consolidated report, report on the Company's activities, appropriation of the Company's net profit for the financial year of 2021, acknowledgement of fulfilment of obligations by the Company's Management Board Members, appointment of 2 Supervisory Board Members, purchase of treasury shares and creation of reserve capital. The litigation is pending before the Court of First Instance. The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determining the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid three resolutions adopted on 25 May 2023 by the Annual General Meeting of Shareholders, i.e. resolutions 9 and 10 on the discharge of the members of the Company's Management Board and resolution 11 on the discharge of the Chairperson of the Supervisory Board. The litigation is pending before the Court of First Instance. A trial date has not yet been set.

Within the remaining scope, there are no other significant litigations or proceedings in court, arbitration body or public administration authority with respect to liabilities or receivables of the Issuer or its subsidiaries.

There are several litigations pending against the Group's debtors for trade settlements. All receivables in litigation were written down by 100%.

## **18. Outstanding loans and borrowings**

As of the balance sheet date, there are bank loans and borrowing listed in the following tables, which are repaid according to their maturity dates. Borrowings among the Group companies have been excluded from the consolidated financial statements.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

**Long-term and short-term liabilities**

No.	Type of loan/borrowing	Borrower (loan)/ (borrowing)	Lending bank	Loan/Borrowing amount under the agreement	Amount of loan /borrowing to be repaid	Currency	Maturity date
1	Credit on the current account	"Pepees" S.A.	Santander Bank Polska S.A.	4,000	0	PLN	31.08.2024
2	Working capital loan	"Pepees" S.A.	Santander Bank Polska S.A.	36,500	13,416	PLN	31.08.2024
3	Loan on the current account	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	4,000	0	PLN	31.08.2024
4	Revolving loan	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	19,000	4 750	PLN	31.08.2024
5	Procurement working capital loan	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	17,500	7,645	PLN	31.08.2024
6	Investment loan to finance and refinance the purchase of 100% shares in Gospodarstwo Rolne Ponary Sp. z o. o.	"Pepees" S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	10,530	2,758	PLN	30.06.2025
7	Borrowing for the purchase of a fixed asset – Deutz Fahr agricultural	"Pepees" S.A.	BNP Paribas Lease Group	937	367	PLN	13.08.2024
8	Loan on the current account	"Pepees" S.A.	BNP Paribas Bank Polska	1,000	0	EUR	19.12.2023
9	Working capital loan	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	6,500	2,625	PLN	31.08.2024
10	Working capital loan	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	6,500	2,080	PLN	31.08.2024
11	Loan on the current account	ZPZ Lublin Sp. z o.o.	Powszechna Kasa Oszczędności Bank Polski S.A.	2,000	0	PLN	31.08.2024
12	Loan on the current account	ZPZ Lublin Sp. z o.o.	Santander Bank Polska S.A.	2,000	0	PLN	31.08.2024
13	Loan on the current account	Bronisław S.A.	Santander Bank Polska S.A.	700	0	PLN	31.08.2024
14	Working capital loan	PPZ BRONISŁAW S.A.	Santander Bank Polska S.A.	17,800	9,159	PLN	31.08.2024
15	Loan on the current account	PPZ BRONISŁAW S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	700	0	PLN	31.08.2024
16	Working capital loan	PPZ BRONISŁAW S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	17,800	4,450	PLN	31.08.2024
17	Investment loan for the modernisation of the starch drying plant and the construction of a protein recovery facility	PPZ Bronisław S.A.	Bank Ochrony Środowiska S.A.	8,456	4,071	PLN	31.12.2027
<b>Loans in PLN</b>				<b>154,923</b>	<b>51,321</b>	<b>PLN</b>	
<b>Loans in EUR</b>				<b>1,000</b>	<b>0</b>	<b>EUR</b>	
<b>Total after conversion to PLN</b>				<b>159,559</b>	<b>51,321</b>	<b>PLN</b>	

**PEPEES CAPITAL GROUP**

*Consolidated Quarterly Report*

*for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)*

In the reporting period no provisions of credit agreements were breached. All the loans are repaid in accordance with the schedules specified in the agreements.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## 19. Transactions with related entities

### 19.1 Issuer's transactions with related entities

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

Types of revenues	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
Revenues from the sales of products to subsidiaries	218	843	222	904
Revenues from sales of goods and materials to subsidiaries	1,684	2,500	778	778
Revenues from the sales of services to subsidiaries	81	244	80	237
Revenues from the sales of fixed assets to subsidiaries	-	-	-	16
<b>Total revenues from related entities</b>	<b>1,983</b>	<b>3,587</b>	<b>1,080</b>	<b>1,935</b>

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

#### b) Purchases of goods and services

Types of purchases	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
Purchases of products from subsidiaries	1,720	10,226	899	8,471
Purchase of goods from subsidiaries	-	-	-	156
Purchases of services from subsidiaries	12	57	10	63
Purchases of fixed assets from subsidiaries	-	1,016	-	-
<b>Total purchases from related entities</b>	<b>1,732</b>	<b>11,299</b>	<b>909</b>	<b>8,690</b>

#### c) Other transactions

Specification	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
Interest on borrowings granted	177	425	75	140
Fees on sureties granted	32	95	32	95
Fees on sureties received	39	118	39	118
<b>Total</b>	<b>248</b>	<b>638</b>	<b>146</b>	<b>353</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

**d) Balances of settlements as of the balance sheet date generated as a result of the sale/purchase of goods/services**

Settlements with subsidiaries	As of 30 September 2023	State as of 31 December 2022	As of 30 September 2022
Receivables – ZPZ "LUBLIN" Sp. z o.o.	69	118	307
Receivables – PPZ "BRONISŁAW" S.A.	3,315	1,285	1,134
Advances – PPZ Bronisław S.A.	1,302	1,873	1,873
Receivables – GR PONARY Sp. z o.o.	1	1	-
Liabilities – ZPZ "LUBLIN" Sp. z o.o.	146	142	188
Liabilities – PPZ "BRONISŁAW" S.A.	652	-	-
Liabilities – GR PONARY Sp. z o.o.	-	-	13
<b>Balance of settlements with related parties</b>	<b>3,889</b>	<b>3,135</b>	<b>3,113</b>

**e) Balance of borrowing settlements**

Borrowings granted to subsidiaries	As of 30 September 2023	State as of 31 December 2022	As of 30 September 2022
PPZ BRONISŁAW S.A.	7,200	4,700	4,700
ZPZ Lublin Sp. z o.o.	-	1,007	1,000
GR PONARY Sp. z o.o.	220	550	552
<b>Total loans granted</b>	<b>7,420</b>	<b>6,257</b>	<b>6,252</b>

**19.2 Issuer's transactions with shareholders**

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

**19.3 Issuer's transactions with the key members of the management and supervisory bodies**

**a) Benefits for key managers (Management Board**

**Members) and Supervisory Board Members**

Specification	For the period of 9 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2022
Short-term employee benefits	1,724	1,700
Benefits after the employment period		
Benefits related to terminating an employment relationship		
Payments in form of shares		
<b>Total</b>	<b>1,724</b>	<b>1,700</b>

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

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



**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## 20. Changes in estimates

### a) Revaluation write-offs of receivables

CHANGE IN REVALUATION WRITE-OFFS OF SHORT-TERM RECEIVABLES	For the period of 9 months ended on 30 September	For the period of 12 months ended on 31 December	For the period of 9 months ended on 30 September 2022
Opening balance	1,078	1,017	1,017
<b>a) increase (due to)</b>	<b>437</b>	<b>1,164</b>	<b>824</b>
- establishment for bad debts related to supplies	437	1,164	824
- establishment for due interest	-	-	-
- establishment for receivables claimed in litigation	-	-	-
<b>b) decrease (due to)</b>	<b>34</b>	<b>1,103</b>	<b>638</b>
- dissolution of provisions due to payment	34	972	638
- cancellation	-	131	-
<b>Closing balance of write-offs, including:</b>	<b>1,481</b>	<b>1,078</b>	<b>1,203</b>

### b) Revaluation write-offs of stock

CHANGE IN REVALUATION WRITE-OFFS OF STOCK	For the period of 9 months ended on 30 September	For the period of 12 months ended on 31 December 2022	For the period of 9 months ended on 30 September
Opening balance	517	318	318
<b>a) increase (due to)</b>	<b>638</b>	<b>674</b>	<b>177</b>
- write-offs to net realisable value	638	674	177
<b>b) decrease (due to)</b>	<b>626</b>	<b>475</b>	<b>462</b>
- reversals of write-offs	626	475	462
<b>Closing balance of revaluation write-offs of stock</b>	<b>529</b>	<b>517</b>	<b>33</b>

### c) Liabilities related to retirement benefits and similar ones

CHANGE IN LIABILITIES RELATED TO RETIREMENT BENEFITS AND SIMILAR ONES (BY TITLE)	For the period of 9 months ended on 30 September 2023	For the period of 12 months ended on 31 December 2022	For the period of 9 months ended on 30 September 2022
<b>a) opening balance</b>	<b>3,397</b>	<b>3,533</b>	<b>3,533</b>
- retirement benefits	609	703	703
- jubilee awards	2,788	2,830	2,830
<b>b) increase (due to)</b>	<b>624</b>	<b>462</b>	<b>152</b>
- retirement benefits	103	40	5
- jubilee awards	521	422	147
<b>c) use (due to)</b>	<b>229</b>	<b>457</b>	<b>272</b>
- retirement benefits	31	48	33
- jubilee awards	198	409	239
<b>d) dissolution (due to)</b>	<b>0</b>	<b>141</b>	<b>22</b>
- retirement benefits	-	86	3

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

<b>CHANGE IN LIABILITIES RELATED TO RETIREMENT BENEFITS AND SIMILAR ONES (BY TITLE)</b>	<b>For the period of 9 months ended on 30 September 2023</b>	<b>For the period of 12 months ended on 31 December 2022</b>	<b>For the period of 9 months ended on 30 September 2022</b>
- jubilee awards	-	55	19
<b>d) closing balance</b>	<b>3,792</b>	<b>3,397</b>	<b>3,391</b>
- retirement benefits	681	609	672
- jubilee awards	3,111	2,788	2,719

## 21. Short-term provisions

<b>CHANGE IN SHORT-TERM PROVISIONS (BY TITLE)</b>	<b>For the period of 9 months ended on 30 September 2023</b>	<b>For the period of 12 months ended on 31 December 2022</b>	<b>For the period of 9 months ended on 30 September 2022</b>
<b>a) opening balance</b>	<b>3,169</b>	<b>3,527</b>	<b>3,527</b>
- subsidies to plant, property and equipment	98	98	98
- provisions for benefits performed by counterparties	34	86	86
- fee for using the natural environment	73	84	84
- provisions for holiday remuneration	870	800	800
- rights to gas emissions	1,579	2,429	2,429
- bonuses for the Management Board and employees	515	30	30
<b>b) increase (due to)</b>	<b>400</b>	<b>1,388</b>	<b>1,057</b>
- provision for used CO2 emission rights	-	-	264
- fee for using the natural environment	41	78	44
- provisions for holiday remuneration	228	734	313
- provisions for benefits performed by counterparties	43	32	31
- bonuses for the Management Board and employees	88	544	405
<b>c) use (due to)</b>	<b>977</b>	<b>1,496</b>	<b>2,042</b>
- fee for using the natural environment	72	89	78
- provisions for holiday remuneration	491	664	475
- provision for used CO2 emission rights	-	600	1,359
- provision of benefits performed by counterparties	51	84	100
- bonuses for the Management Board and employees	363	59	30
<b>d) dissolution (due to)</b>	<b>1,727</b>	<b>250</b>	<b>-</b>
- bonuses for the Management Board and employees	148	-	-
- provision for used CO2 emission rights	1,579	250	-
<b>e) closing balance</b>	<b>865</b>	<b>3,169</b>	<b>2,542</b>
- subsidies to plant, property and equipment	98	98	98
- provision for used CO2 emission rights	-	1,579	1,334
- fee for using the natural environment	42	73	50
- provisions for holiday remuneration	607	870	638
- bonuses for the Management Board and employees	92	515	405
- provisions for benefits performed by counterparties	26	34	17

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## 22. Deferred income tax

DEFERRED INCOME TAX ASSETS	As of 30 September	State as of 31 December	As of 30 September 2022
Difference between the balance sheet value and tax value of plant, property and equipment	5,127	5,825	5,221
Valuation of investments	649	693	693
Unrealised foreign exchange differences	70	-	16
<b>Total deferred income tax provisions</b>	<b>5,846</b>	<b>6,518</b>	<b>5,930</b>

DEFERRED INCOME TAX ASSETS	As of 30 September 2023	State as of 31 December	As of 30 September 2022
Unpaid remuneration	177	174	220
Provision for unused holiday leaves	122	165	121
Retirement benefits and jubilee bonuses	720	645	645
Unrealised foreign exchange differences	38	154	30
Revaluation write-offs of receivables	14	14	14
Revaluation write-offs of stock	101	98	6
Revaluation write-offs of shares	18	18	18
Accrued interest on loans	-	27	-
Liabilities due in relation to the subject matter of lease	424	752	756
Consolidation adjustments – retained earnings	24	(18)	9
Provision for bonuses for the Management Board and employees	28	98	76
Depreciation of CO2 emission rights	-	300	253
Valuation of assets	2,301	2,291	2,245
Tax loss	849	807	923
Other	15	221	15
<b>Total</b>	<b>4,831</b>	<b>5,746</b>	<b>5,331</b>

## 23. Contingent assets and liabilities

CHANGE IN CONTINGENT ASSETS (BY TITLE)	For the period of 9 months ended on 30 September	For the period of 12 months ended on 31 December 2022	For the period of 9 months ended on 30 September 2022
<b>a) opening balance, including</b>	<b>15,795</b>	<b>15,795</b>	<b>15,795</b>
- surety of investment loan by GR PONARY	15,795	15,795	15,795
<b>b) increase (due to)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) use (due to)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>d) closing balance, including</b>	<b>15,795</b>	<b>15,795</b>	<b>15,795</b>
- surety of investment loan by GR PONARY	15,795	15,795	15,795

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

CHANGE IN CONTINGENT LIABILITIES (BY TITLE)	For the period of 9 months ended on 30 September 2023	For the period of 12 months ended on 31 December 2022	For the period of 9 months ended on 30 September 2022
<b>a) opening balance, including</b>	<b>14,451</b>	<b>14,449</b>	<b>14,449</b>
- liabilities under non-compete agreements	1,767	1,765	1,765
- sureties of loans for related	12,684	12,684	12,684
<b>b) increase (due to)</b>	<b>301</b>	<b>40</b>	<b>15</b>
- liabilities under non-compete competition	301	40	15
<b>c) use (due to)</b>	<b>-</b>	<b>38</b>	
- liabilities under non-compete competition	-	38	
<b>c) dissolution</b>		<b>-</b>	<b>39</b>
- liabilities under non-compete competition		-	39
- sureties of loans for related		-	-
<b>d) closing balance, including</b>	<b>14,752</b>	<b>14,451</b>	<b>14,425</b>
- liabilities under non-compete competition	2,068	1,767	1,741
- sureties of loans for related	12,684	12,684	12,684

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

No issue, redemption and repayment of non-equity or equity securities occurred during the reporting period.

On 17 January 2023, the Management Board of PEPEES S.A. announced an invitation to submit offers to sell shares based on the authorisation granted by the Annual General Meeting of Shareholders by way of Resolution No. 28 of 14 April 2022. The invitation was related to the acquisition of no more than 1,000,000 ordinary bearer shares of the Company coded PLPEPES00018, representing in total 1.05% of the Company's share capital and the total number of votes at the general meeting of the Company.

The acquisition price for treasury shares was set at PLN 1.65 per share. The invitation was addressed to all the shareholders of the Company.

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

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

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

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

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

On 25 May 2023, the Annual 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

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

manner: the amount of PLN 1,970,411.91 for the supplementary capital, while the amount of PLN 7,233,403.79 for the payment of dividends to the shareholders.

Pursuant to the aforementioned resolution, a part of the reserve capital (created from the profits of previous years) in the amount of PLN 2,147,947,51 was to be used to pay dividends to the shareholders. Therefore, the total dividend of PLN 9,381,351.30 was determined, i.e. PLN 0.10 per share, excluding 1,186,487 treasury shares, which do not participate in the dividend.

The date on which the list of the shareholders entitled to the dividend was determined to be 6 June 2023. Meanwhile, the dividend payment date was set for 19 July 2023.

The dividend was paid according to this deadline.

## **26. Reporting on segments of the operations**

### **26.1. Information about products and services**

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

The PEPEES Capital Group operates mainly in the "potato processing" segment. In this segment, it manufactures:

- potato starch used by households and food, pharmaceutical, paper and textile industries,
- couple of selections of glucose used in the food, confectionery and pharmaceutical industries,
- maltodextrin, which is an essential element of powder products (ice cream, sauces, soups, fruit extracts, flavoured toppings) and nutritional supplements and vitamin and mineral supplements for children and athletes.
- protein received from potato cell cytoplasm through coagulation, separation and drying; it is a valuable component of feed mixtures for animals and an excellent substitute of animal protein.
- wide range of starch syrups used in the confectionery and bakery industries,
- potato grits, potato flakes, potato cubes and dumplings; products used by the food industry.

The other types of activities are related to:

- works and services,
- sale of selected goods and materials,
- growing and sale of annual plants.
- purchase and sales of real property on own account (Pepees Inwestycje Sp. z o.o.)

All assets and liabilities of Gospodarstwo Rolne Ponary Sp. z o.o. are allocated to "agricultural production combined with animal breeding."

Due to the fact, that during the period of 9 months of 2023 Ponary did not generate any revenues from sales, the segment of "agricultural production with animal breeding" was not separated in revenues and results of the segments. As regards the value of land owned by Ponary, the third segment of this activity was separated in these financial statements only for the purpose of presenting its assets and liabilities.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## 26.2 Revenues and results of the segments

Specification	Revenues		Profit	
	For the period of 9 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2022
Potato processing	175,888	189,605	15,826	16,018
Purchase and sale of real properties on own account	-	-	-	-
<b>Total revenues from sales</b>	<b>175,888</b>	<b>189,605</b>	<b>15,826</b>	<b>16,018</b>
Other operating revenue			325	510
Other operating costs			(836)	(729)
Financial revenue			1,642	2,398
Financial costs			(6,409)	(4,783)
<b>Profit (loss) before tax</b>			<b>10,548</b>	<b>13,414</b>

## 26.3 Assets and liabilities of the segments

Assets of the segments	As of 30 September 2023	State as of 31 December 2022	As of 30 September 2022
Potato processing	297,633	371,836	303,887
Agricultural production combined with animal breeding	4,727	4,120	3,923
Purchase and sale of real properties on own account	28	58	42
<b>Total assets of segments</b>	<b>302,388</b>	<b>376,014</b>	<b>307,852</b>

Liabilities of the segments	As of 30 September 2023	State as of 31 December 2022	As of 30 September 2022
Potato processing	119,976	189,480	123,302
Agricultural production combined with animal breeding	-	-	-
Purchase and sales of real properties on own account	-	-	-
<b>Total liabilities of the segments</b>	<b>119,976</b>	<b>189,480</b>	<b>123,302</b>

## 26.4 Other information on the segments

Segment	Depreciation		Increase in non-current assets	
	For the period of 9 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2022
Potato processing	10,748	11,116	17,810	9,137
Other segments	-	-	-	-
<b>Total</b>	<b>10,748</b>	<b>11,116</b>	<b>17,810</b>	<b>9,137</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## 26.5 Revenues by products

Product name	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
Starch	37,049	102,372	39,955	106,694
Protein	1,384	7,820	-	6,926
Glucose	2,189	10,074	6,019	18,116
Maltodextrin	6,444	20,762	6,382	17,809
Starch with water content	-	-	43	43
Starch syrups	2,227	6,033	2,173	5,970
Dried potatoes (grits, flakes, cubes)	5,455	18,247	6,019	22,766
Goods and materials	666	9,760	2,282	10,502
Services	283	820	326	779
<b>Total</b>	<b>54,365</b>	<b>175,888</b>	<b>63,199</b>	<b>189,605</b>

## 26.6 Revenues from sales according to the geographical structure

Specification	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
<b>Poland, including</b>	<b>38,496</b>	<b>129,673</b>	<b>40,306</b>	<b>119,206</b>
Starch	24,827	71,172	22,729	56,961
Protein	654	3,306	-	4,219
Glucose	2,156	9,492	5,513	15,810
Maltodextrin	4,581	14,648	4,597	12,832
Starch with water content	-	-	43	43
Starch syrups	2,227	6,033	2,173	5,969
Dried potatoes (grits, flakes, cubes)	5,158	16,889	4,521	16,258
Goods and materials	1,390	7,313	404	6,335
Services	283	820	326	779
<b>EU states – supplies intra-community, including:</b>	<b>5,224</b>	<b>13,491</b>	<b>6,859</b>	<b>15,004</b>
Starch	3,951	7,093	4,632	8,009
Protein	190	1,912	-	934
Maltodextrin	753	2,742	1,218	2,788
Glucose	33	582	506	2,104
Starch syrups	-	-	-	1
Dried potatoes (grits, flakes, cubes)	297	1,162	503	1,168
<b>Other countries – exports</b>	<b>10,645</b>	<b>32,724</b>	<b>16,034</b>	<b>55,395</b>
Starch	8,270	24,107	12,595	41,724
Protein	540	2,602	-	1,773
Glucose	-	-	-	202
Maltodextrin	1,110	3,372	567	2,189
Dried potatoes (grits, flakes, cubes)	-	196	995	5,340
Goods	725	2,447	1,877	4,167
<b>Total</b>	<b>54,365</b>	<b>175,888</b>	<b>63,199</b>	<b>189,605</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

## **26.7 Information about key customers**

The Group does not have a client from which sales revenue exceeds 10% of total revenue. However, within the group of respective products, there are clients that account for more than 10% of the sales of a product. And so:

- more than 46% of maltodextrin was sold to three domestic counterparties (21.2%, 13.8% and 11.7%, respectively),
- 13.3% of the protein was sold to one domestic customer.

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

During the period of 3 months ended on 30 September 2023, the Group did not change the principles for determining the fair value of financial instruments. The same valuation principles and methods were followed as in the preparation of the Group's consolidated financial statements for the year ended on 31 December 2022.

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

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

## **29. Information on changes in economic conditions and operating conditions having a significant impact on the fair value of the entity's financial assets and financial liabilities, regardless of whether those assets and liabilities are recorded at fair value or adjusted price of purchase (production cost)**

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

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

Due to the fact that the Russian aggressor does not intend to withdraw its troops from Ukrainian territory, there is a reasonable risk that all the unfavourable trends for the economy will continue. All the Group's companies monitor the developments in the armed conflict in Ukraine and successive sanctions imposed on Russia, verifying all information from the perspective of its impact on the economic standing of the Group and undertaking ad-hoc activities to minimise consequences related to these extraordinary circumstances.



**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

**30. Other information which may significantly affect the assessment of the economic and financial standing, and financial result of the Group**

During the presented period, all events and information affecting the asset and financial standing have been disclosed herein.

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

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

There were no significant events after the balance sheet date that would require recognition in these interim condensed financial statements.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023 (data*  
*in PLN thousand)*

**C. QUARTERLY FINANCIAL INFORMATION OF PRZEDSIĘBIORSTWO  
PRZEMYSŁU SPOŻYWCZEGO "PEPEES" SPÓŁKA AKCYJNA FOR THE  
PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER 2023**

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

presented below, comprising:

1. Statement of the financial standing.
2. Statement of profit or loss and other comprehensive income.
3. Statement of changes in equity.
4. Cash flow statement.
5. Additional explanatory notes.

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## STATEMENT OF THE FINANCIAL STANDING

	ASSETS	As of 30 September 2023	State as of 31 December 2022	As of 30 September 2022
<b>A</b>	<b>(Long-term) fixed assets</b>	<b>134,976</b>	<b>127,642</b>	<b>130,601</b>
1.	Plant, property and equipment	93,104	85,012	88,486
2.	Intangible assets	173	644	261
3.	Rights to assets	15,159	14,576	14,789
4.	Investment properties	356	363	366
5.	Investments in subsidiaries	23,586	23,586	23,586
6.	Investments in other entities	383	383	383
7.	Deferred income tax assets	2,215	3,078	2,730
<b>B</b>	<b>(Short-term) current assets</b>	<b>109,987</b>	<b>161,778</b>	<b>116,434</b>
1.	Stock	48,713	67,050	56,970
2.	Biological assets	2,366	326	1,641
3.	Trade receivables and other short-term receivables	35,890	29,733	32,339
4.	Other financial assets	15,986	13,150	13,378
5.	Cash and cash equivalents	7,032	51,519	12,106
	<b>Total assets</b>	<b>244,963</b>	<b>289,420</b>	<b>247,035</b>

	LIABILITIES	As of 30 September 2023	State as of 31 December 2022	As of 30 September 2022
<b>A</b>	<b>Equity</b>	<b>161,526</b>	<b>165,203</b>	<b>163,021</b>
1.	Share capital	5,700	5,700	5,700
2.	Share premium	7,562	7,562	7,562
3.	Treasury shares	(1,471)	(224)	(293)
4.	Revaluation capital	30,484	30,530	30,530
5.	Retained earnings	119,251	121,635	119,522
<b>B</b>	<b>Liabilities</b>	<b>83,437</b>	<b>124,217</b>	<b>84,014</b>
<b>I</b>	<b>Long-term liabilities</b>	<b>22,432</b>	<b>24,814</b>	<b>25,618</b>
1.	Loans and borrowings	1,254	2,750	2,999
2.	Liabilities due to assets under lease	11,000	12,492	12,925
3.	Deferred income tax provision	5,091	5,450	5,602
4.	Liabilities related to retirement benefits and similar ones	2,656	2,295	2,240
5.	Subsidies	1,754	1,827	1,852
6.	Other long-term liabilities	677	-	-
<b>II</b>	<b>Short-term liabilities</b>	<b>61,005</b>	<b>99,403</b>	<b>58,396</b>
1.	Trade and other short-term liabilities	26,262	16,257	26,517
2.	Current income tax liabilities	3,435	3,032	1,565
3.	Loans and borrowings	27,682	75,881	26,091
4.	Liabilities due to assets under lease	3,135	3,737	3,759
5.	Liabilities related to retirement benefits and similar ones	491	496	464
	<b>Total liabilities</b>	<b>244,963</b>	<b>289,420</b>	<b>247,035</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023 (data  
in PLN thousand)

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

No.	Specification	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
<b>I</b>	<b>Revenues from sales</b>	<b>41,374</b>	<b>130,902</b>	<b>45,895</b>	<b>134,388</b>
1.	Revenues from the sales of products	37,327	114,861	41,701	122,076
2.	Revenues from the sales of services	216	605	268	595
3.	Revenues from the sales of goods and materials	3,831	15,436	3,926	11,717
<b>II</b>	<b>Own cost of sales</b>	<b>(30,772)</b>	<b>(92,308)</b>	<b>(33,549)</b>	<b>(96,169)</b>
1.	Costs of products sold	(24,168)	(69,101)	(28,244)	(80,163)
2.	Costs of services sold	(273)	(709)	(264)	(662)
3.	Costs of goods and materials sold	(3,578)	(14,552)	(3,267)	(10,240)
4.	Result of agricultural production	(2,753)	(7,946)	(1,774)	(5,104)
<b>III</b>	<b>Gross profit (loss) on sales (I-II)</b>	<b>10,602</b>	<b>38,594</b>	<b>12,346</b>	<b>38,219</b>
1.	Costs of sales and marketing	(2,169)	(6,423)	(3,258)	(9,586)
2.	Overheads	(5,677)	(18,479)	(5,778)	(18,207)
3.	Other operating revenue	36	389	71	385
4.	Other operating costs	(77)	(662)	382	(501)
<b>IV</b>	<b>Profit (loss) on operating activities</b>	<b>2,715</b>	<b>13,419</b>	<b>3,763</b>	<b>10,310</b>
1.	Financial costs	(1,016)	(4,036)	(941)	(2,840)
2.	Financial revenue	660	2,063	816	2,582
<b>V.</b>	<b>Profit (loss) before tax</b>	<b>2,359</b>	<b>11,446</b>	<b>3,638</b>	<b>10,052</b>
<b>VI</b>	<b>Income tax</b>	<b>(1,186)</b>	<b>(4,448)</b>	<b>(985)</b>	<b>(2,961)</b>
<b>VII</b>	<b>Net profit (loss)</b>	<b>1,173</b>	<b>6,998</b>	<b>2,653</b>	<b>7,091</b>
<b>VIII</b>	<b>Other comprehensive income</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	<b>23</b>
1.	Results of the measurement of financial assets available for sale	-	-	-	-
2.	Reassessment of liabilities under employee benefits	-	(46)	-	23
<b>IX</b>	<b>Total comprehensive income, including</b>	<b>1,173</b>	<b>6,952</b>	<b>2,653</b>	<b>7,114</b>
<b>X</b>	<b>Net profit (loss) per 1 share</b>	<b>0.01</b>	<b>0.07</b>	<b>0.03</b>	<b>0.07</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

**STATEMENT OF CHANGES IN EQUITY**

Specification	Share capital	Capital from sale of shares above face value	Treasury shares	Revaluation capital	Retained earnings	Total equity
<b>State as of 1 January 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>-</b>	<b>30,507</b>	<b>112,431</b>	<b>156,200</b>
<b>Changes in the period from 01.01.2022 to 30.09.2022</b>	<b>-</b>		<b>(293)</b>	<b>23</b>	<b>7,091</b>	<b>6,821</b>
Purchase of treasury shares			(293)			(293)
Net profit (loss) for the period					7,091	7,091
Other (net) comprehensive income for financial year				23		23
<b>As of 30 September 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>(293)</b>	<b>30,530</b>	<b>119,522</b>	<b>163,021</b>
<b>Changes in 2022</b>	<b>-</b>		<b>(224)</b>	<b>23</b>	<b>9,204</b>	<b>9,003</b>
Purchase of treasury shares			(224)			(224)
Net profit (loss) for the financial year					9,204	9,204
Other (net) comprehensive income for financial year				23		23
<b>State as at 31 December 2022</b>	<b>5,700</b>	<b>7,562</b>	<b>(224)</b>	<b>30,530</b>	<b>121,635</b>	<b>165,203</b>
<b>State as of 1 January 2023</b>	<b>5,700</b>	<b>7,562</b>	<b>(224)</b>	<b>30,530</b>	<b>121,635</b>	<b>165,203</b>
Purchase of treasury shares			(1,247)			(1,247)
Profit dividend 2022					(7,234)	(7,234)
Dividend from supplementary capital					(2,148)	(2,148)
Net profit (loss) for the period					6,998	6,998
Other (net) comprehensive income for financial year				(46)		(46)
<b>As of 30 September 2023</b>	<b>5,700</b>	<b>7,562</b>	<b>(1,471)</b>	<b>30,484</b>	<b>119,251</b>	<b>161,526</b>

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
for the period of 9 months ended on 30 September 2023  
(data in PLN thousand)

## INTERIM CONDENSED CASH FLOW STATEMENT

No.	CASH FLOW STATEMENT	For the period of 3 months ended on 30 September 2023	For the period of 9 months ended on 30 September 2023	For the period of 3 months ended on 30 September 2022	For the period of 9 months ended on 30 September 2022
<b>A.</b>	<b>Cash flows on operating activities – indirect method</b>				
<b>I</b>	<b>Profit (loss) before tax</b>	<b>2,359</b>	<b>11,446</b>	<b>3,638</b>	<b>10,052</b>
<b>II</b>	<b>Total adjustments</b>	<b>10,998</b>	<b>28,922</b>	<b>4,409</b>	<b>23,671</b>
1.	Depreciation	2,930	8,728	3,195	9,219
2.	Foreign exchange (gains) losses	21	(23)	62	48
3.	Interest and shares in profit (dividend)	(174)	1,860	(84)	1,095
4.	(Profit) loss on investment activities	7	(216)	-	(61)
5.	Change in provisions	-	356	-	(120)
6.	Change in stock	(1,529)	18,337	(7,559)	6,307
7.	Change in biological assets	1,467	(2,040)	2,434	(1,081)
8.	Change in receivables	(550)	(6,157)	(2,186)	(4,101)
9.	Changes in short-term liabilities, except for loans and borrowings	8,490	10,682	8,613	12,797
10.	Paid income tax	(172)	(3,488)	(483)	(1,995)
11.	Change in subsidies	(25)	(73)	(24)	(73)
12.	Change in interest on borrowings accrued	97	7	-	(3)
13.	Change in other financial assets	450	(583)	324	972
14.	Depreciation of CO2 emission rights	-	1,582	-	600
15.	Other adjustments	(14)	(50)	117	67
<b>III</b>	<b>Net cash flows on operating activities</b>	<b>13,357</b>	<b>40,368</b>	<b>8,047</b>	<b>33,723</b>
<b>B.</b>	<b>Cash flows on investing activities</b>				
<b>I</b>	<b>Receipts</b>	<b>1,921</b>	<b>2,762</b>	<b>74</b>	<b>211</b>
1.	Disposal of intangible and legal assets and property, plant and equipment	557	980	-	74
2.	Repayment of borrowings granted	1,364	1,782	74	137
<b>II</b>	<b>Expenditure</b>	<b>21,077</b>	<b>31,626</b>	<b>2,286</b>	<b>7,328</b>
1.	Purchase of intangible and legal assets and property, plant and equipment	10,536	16,930	2,286	4,299
2.	Purchase of property rights	-	1,155	-	629
3.	Borrowings granted	1,160	4,160	-	2,400
4.	Dividends and other payments to the shareholders	9,381	9,381	-	-
<b>III</b>	<b>Net cash flows on investing activities</b>	<b>(19,156)</b>	<b>(28,864)</b>	<b>(2,212)</b>	<b>(7,117)</b>
<b>C.</b>	<b>Cash flows on financial activities</b>				
<b>I</b>	<b>Receipts</b>	<b>16,686</b>	<b>16,786</b>	<b>14,649</b>	<b>16,938</b>
1.	Loans and borrowings	16,686	16,686	14,649	16,578
2.	Surcharges received	-	100	-	360
<b>II</b>	<b>Expenditure</b>	<b>11,288</b>	<b>72,777</b>	<b>12,636</b>	<b>65,108</b>
1.	Repayment of loans and borrowings	10,145	65,819	10,813	59,984
2.	Interest on loans and borrowings	466	2,696	438	1,680
3.	Purchase of treasury shares	-	1,676	181	293
4.	Payments under lease agreements	677	2,586	1,204	3,151
<b>III</b>	<b>Net cash flows on financial activities (I-II)</b>	<b>5,398</b>	<b>(55,991)</b>	<b>2,013</b>	<b>(48,170)</b>
<b>D.</b>	<b>Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>(401)</b>	<b>(44,487)</b>	<b>7,848</b>	<b>(21,564)</b>
<b>E.</b>	<b>Balance sheet change of cash, including:</b>	<b>(401)</b>	<b>(44,487)</b>	<b>7,848</b>	<b>(21,564)</b>
<b>F.</b>	<b>Opening balance of cash</b>	<b>7,433</b>	<b>51,519</b>	<b>4,258</b>	<b>33,670</b>
<b>G.</b>	<b>Closing balance of cash (F+/-D)</b>	<b>7,032</b>	<b>7,032</b>	<b>12,106</b>	<b>12,106</b>
	- including of restricted use	-	-	-	-

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

## **ADDITIONAL EXPLANATORY NOTES**

### **1. Accounting principles**

Data for the Quarterly Financial Information for 9 months ended on 30 September 2023 has been prepared according to the same accounting policies as in the last annual financial statements.

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

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. did not correct errors of previous years and did not change in the reporting period the accounting principles that had been applied earlier with the exception of new or amended standards and interpretations in force for annual periods commencing on or after 1 January 2023.

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

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

In earlier periods, "PEPEES" S.A. received from its affiliated company GR Ponary Sp. z o.o. a surety in the amount of PLN 15,795 thousand as a security for an investment loan granted by PKO Bank Polski S.A. intended to finance and refinance the acquisition of 100% of shares in Gospodarstwo Rolne Ponary Sp. z o.o.

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

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

There may be obligations under post-employment non-compete agreements. Such agreements are entered into with Members of the Management Board and several employees. In case of termination of employment relationship with them, the Company is obliged to pay compensation amounting to approximately PLN 1.474 thousand.

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

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

In the reporting period, the Issuer bought starch for an amount of PLN 1.600 thousand from the subsidiary. By contrast, "PEPEES" S.A. sold starch to ZPZ "LUBLIN" Sp. z o.o. for the amount of PLN 40 thousand and leased the line

for production of flakes – the rent for 1 month amounts to PLN 23.5 thousand. The sale price is determined on the basis of "cost-plus" method or on the basis of price lists applicable to unrelated entities.

As of the balance sheet date, there is a balance of receivables of PLN 69.5 thousand and a balance of liabilities of PLN 145.9 thousand.

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

In the reporting period, the Parent Company purchased from its subsidiary PPZ "BRONISŁAW" S.A. potato starch in the amount of PLN 8,018 thousand, protein worth PLN 608 thousand, warehouse lease services in the amount of PLN 57 thousand and fixed assets worth PLN 1,016 thousand. On the

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

other hand, in the period of three quarters of 2023, the Issuer sold seed potatoes worth PLN 816 thousand to an affiliated company, potatoes for processing in the amount of PLN 1,684 thousand, potato starch worth PLN 802 thousand and provided vehicle rental and storage services in the amount of PLN 21 thousand. During the period of 9 months of 2023, the subsidiary paid the Parent Company interest on the loan and fees on the guarantees in the amount of PLN 439 thousand.

As of the balance sheet date, there is an outstanding balance of loans of PLN 7.2 million, a balance of trade receivables of PLN 3,315 thousand, a balance of trade liabilities of PLN 652 thousand and receivables from outstanding advances of PLN 1,302 thousand.

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

PEPEES" S.A. sold services to its subsidiary GR Ponary Sp. z o.o. amounting to PLN 8 thousand. Meanwhile, in the previous periods GR Ponary Sp. z o.o. granted a surety to the Parent Company for a loan facility, on which fees in the amount of PLN 118 thousand were accrued in the period of three quarters of 2023. Furthermore, GR Ponary paid interests on the borrowing granted to the Issuer in the amount of PLN 19 thousand. The amount of the outstanding borrowing at the balance sheet date was PLN 220 thousand, while the balance of trade receivables was PLN 1 thousand.

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

The Issuer sold services to its subsidiary Pepees Inwestycje Sp. z o.o. in the amount of PLN 3 thousand. There are no trade receivables or other settlements between the parties at the balance sheet date.



**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

## D. ADDITIONAL INFORMATION

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

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

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

During the period of 9 months of 2023, PEPEES Capital Group received revenues from sales in the amount of PLN 175,888 thousand, a 7.2% decrease on the same period last year (PLN 189,605 thousand).

The decrease in sales revenue was accompanied by a 7.7% year-on-year decrease in the cost of goods sold, resulting in a satisfactory gross profit on sales of PLN 50,566 thousand (down 6.1% on the same period of the previous year).

The costs of sales and marketing during the period of 9 months of 2023 decreased by 31% in relation to the comparable period, while overheads grew by 2%.

During the period of 9 months of 2023, the balance of other operating activities closed with a negative result of PLN (511) thousand against a negative result of PLN (219) thousand in the comparative period.

On the other hand, the result on financing activities, construed as the balance of financial income less financial expenses, amounted to minus PLN (4,767) thousand during the period of 9 months of 2023. For the same period last year, the balance was minus (PLN 2,385) thousand. It should be noted that the financing of operating and investing activities with WIBOR-based bank loans leaves the Group exposed to interest rate risk. In addition, the Group has variable-rate lease debt. Due to the increase in interest rates, the Group's result on financial activities deteriorated twice compared to the previous year.

As a consequence of the above, the Group generated a pre-tax profit after 9 months of 2023 of PLN 10,548 thousand against a pre-tax profit of PLN 13,414 thousand in the comparative period, while net profit in January- September 2023 amounted to PLN 5,992 thousand against a net profit of PLN 9,104 thousand in the corresponding period of 2022, a decrease of more than 34%.

### 3. Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the Parent Company's General Meeting

As of the date of approval of this periodical report, the structure of the Company's shareholding presented itself as follows:

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

*Due to the failure to fulfil the reporting obligation on the purchase of a significant package of shares, according to the Act of 29 July 2005 on public offer and the conditions of introduction of financial instruments to organised trading system and on public companies, EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, holding – pursuant to the information known to the Company – 27,759,032 shares of the Company, has lost and cannot exercise the rights to vote in relation to 21,402,233 shares. Therefore, the Company's Management Board filed an action to the Regional Court in Białystok to decide on the issue. Epsilon FIZ AN is of the contrary opinion, claiming that is entitled to vote in relation to 27,759,032 shares accounting for 29.22% of the total number of votes at the AGM. The case was joined by the Chairperson of the Polish Financial Supervision Authority, who presented his opinion on 24 July 2019. The Company discussed the issue in current reports 13/2019, 14-23/2019 and 30/2019. On 21 April 2023, the District Court in Białystok has issued a ruling establishing that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, with its registered office in Warsaw, lost and may not exercise its voting rights from 21,402,233 ordinary bearer shares. This ruling is not final and non-revisable, as the Company reported in current report No. 7/2023.*

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

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

The Company has not received information on changes in shareholding between the date of the previous report, 22 September 2023, and the date of publication hereof.

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

Wojciech Faszczewski, acting as the Company's Management Board President, holds 701,000 shares in the Company. Tomasz Rogala, acting as a Member of the Management Board, and persons supervising the Parent Company do not hold any shares in the Parent Company or rights thereto.

During the period from the publication date of the previous periodic statements, i.e. 22 September 2023, to the publication date hereof, the managing and supervising persons did not make any transactions as regards the Company's shares or rights thereto.

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

During the three quarters of 2023, the PEPEES Capital Group had no significant achievements or failures other than the ones presented herein.

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

In the opinion of the Issuer's Management Board, in the period from 1 January 2023 to the date of publication of this interim report, there were no factors or events of an unusual nature that could be considered significant for the assessment of the Group's standing.

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

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

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

On 25.06.2019, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. filed an action to the court of law, asking to have a decision issued whether EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, the Company's shareholder having, pursuant to information known to the Company – 27,714,832 shares, due to the breach of the notification obligation related to the purchase of significant packages of shares in compliance with Article 89(1)(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, has lost and cannot exercise the voting rights attached to 21,402,233 shares. Epsilon FIZ AN is of a contrary opinion, claiming that it is entitled to vote in relation to 27,714,832 shares accounting for 29.17% of the total number of votes at the AGM. The case was joined by the Chairperson of the Polish Financial Supervision Authority, who presented his opinion on 24 July 2019. The Company informed on the issue in current reports no 13/2019, 14-23/2019 and 30/2019.

On 21.04.2023, the District Court in Białystok has issued a ruling establishing that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which is a shareholder of the Company, has lost and may not exercise its voting rights from 21,402,233 ordinary bearer shares. This ruling is not final and non-revisable, as the Issuer reported in current report no. 7/2023. EPSILON has filed an appeal.

As of the date hereof, there is an unresolved case of EPSILON Fundusz Inwestycyjny Zamknięty Aktywów

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

Niepublicznych in Warsaw versus "PEPEES" S.A.:

- for revoking or rendering invalid resolutions no. 24-29 adopted on 28.06.2019 by the Ordinary Annual General Meeting, including resolution no. 28 on amendments to the Articles of Association and authorisation of the Company's Management Board to raise the share capital of the Company within the scope of the authorised capital and with the option to exclude the right of first refusal the current shareholders of the Company in whole or in part upon consent of the Company's Supervisory Board. The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determining the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid two resolutions on the acknowledgement of fulfilment of obligations adopted on 21.04.2020 by the General Meeting of Shareholders. The litigation is pending before the Court of First Instance. The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determination of the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid four resolutions adopted on 29 June 2021 by the Annual General Meeting, i.e. Resolution No. 4 on the consideration and approval of the Company's financial statements for the period from 01/01/2020 to 31/12/2020, Resolution No. 9 on the appropriation of the Company's net profit for the financial year of 2020, and Resolutions No. 10 and 11 on the acknowledgement of fulfilment of obligations by the Company's Management Board Members. The litigation is pending before the Court of First Instance. On 11 January 2022, the Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for the determination of the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid nine resolutions adopted on 14 April 2022 by the Annual General Meeting of Shareholders on: consideration and approval of the Company's financial statements for the period from 01/01/2021 to 31/12/2021, consolidated report, report on the Company's activities, appropriation of the Company's net profit for the financial year of 2021, acknowledgement of fulfilment of obligations by the Company's Management Board Members, appointment of 2 Supervisory Board Members, purchase of treasury shares and creation of reserve capital. The litigation is pending before the Court of First Instance. The Regional Court suspended the proceedings until the proceedings in the suit brought by PEPEES against EPSILON for determining the loss of voting rights have been concluded in a legally binding manner,
- for revoking or rendering invalid three resolutions adopted on 25 May 2023 by the Annual General Meeting of Shareholders, i.e. resolutions 9 and 10 on the discharge of the members of the Company's Management Board and resolution 11 on the discharge of the Chairperson of the Supervisory Board. The litigation is pending before the Court of First Instance. A trial date has not yet been set.

Within the remaining scope, there are no other significant litigations or proceedings in court, arbitration body or public administration authority with respect to liabilities or receivables of the Issuer or its subsidiaries.

There are several litigations pending against the Issuer's debtors for trade settlements. All receivables in litigation were written down by 100%.

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

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

The aim of cooperation of the Capital Group enterprises is to raise the level of use of the resources that the entities have at their disposal and limit risk due to performed activities.

The allocation of risk and division of functions of the Group's enterprises enable the reduction of costs of operations and effective use of financial resources. Granting surety to liabilities, as well as the security of

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

their repayment within the scope of related entities enables the quicker performance of agreements, which may contribute to the more efficient management of entities of the PEPEES Capital Group.

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

At the balance sheet date, sureties granted and received in earlier periods remain valid reporting.

*Sureties granted by the Holding Entity, "PEPEES" S.A., as of 30.09.2023:*

Agreement of 30 July 2018 on terms and conditions of loan repayment security executed by and between "PEPEES" S.A. in Łomża and PPZ Bronisław Sp. z o.o. Under the agreement "PEPEES" S.A. grants security of repayment of the Investment Credit from Funds from the Foreign Credit Lines incurred by PPZ Bronisław S.A. The investment credit concluded by PPZ Bronisław S.A. amounts to PLN 8 456 thousand. "PEPEES" S.A. granted a security in the form of notarial submission to enforcement up to the amount of PLN 12,684 thousand. PEPEES charges a monthly fee of 1% on the surety provided.

The total value of sureties or guarantees existing as of 30.09.2023 granted by PEPEES to the entities of the PEPEES Capital Group amounts to approximately PLN 12.684 thousand.

During the reporting period, PEPEES did not grant any sureties or guarantees.

*Sureties granted in favour of the Holding Entity, "PEPEES" S.A., as of 30.09.2023:*

Agreement of 12.12.2017 on establishment of a mortgage on real properties of GR Ponary Sp. z o.o. in the amount of PLN 15,795 thousand, for and on behalf of "PEPEES" S.A., as security of repayment of a loan granted to "PEPEES" S.A. by PKO BP in the amount of PLN 10,530 thousand for a period from 12.12.2017

-30.06.2025. A fixed remuneration of PLN 13,162.50 has been agreed for the sureties granted and received, which is calculated on a monthly basis in accordance with the agreement entered into, specifying the terms and conditions of the surety.

During the reporting period and until the date of preparation hereof, the companies of the PEPEES Capital Group did not grant any sureties or guarantees other than those indicated.

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

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

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

In the next quarter, the following factors will have essential affect the result:

- key interest rates – the Group has loans whose interest rates are based on WIBOR,
- hostilities across Poland's eastern border,
- volume and value of purchased potatoes, that is the main raw material for production,
- demand for and price of starch on the Polish and global market,
- volume of sales achieved and margins realised,
- foreign exchange rates – the Group is an exporter,

**PEPEES CAPITAL GROUP**  
*Consolidated Quarterly Report*  
*for the period of 9 months ended on 30 September 2023*  
*(data in PLN thousand)*

- prevailing weather conditions.

The Group's operations are mainly based on domestic raw material, supplied by Polish farmers, so the pandemic will not disrupt supplies. In the period of the next quarter of 2023, the Capital Group will perform agreements executed and will conduct operating activities being the core of its functioning, including productive, commercial and service-related operations.

### **13. Approval of the Consolidated Quarterly Report of the PEPEES Capital Group for the period of 9 months ended 30 September 2023**

This Consolidated Quarterly Statement of the PEPEES Capital Group for the period of 9 months ended on 30 September 2023 was approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża for publication on 24 November 2023.

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

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

Signed by:

 Wojciech Faszczeński  
Przedsiębiorstwo  
Przemysłu  
Spożywczego PEPEES  
S.A.

Date:  
2023-11-23 13:30

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

Signed by: Tomasz

 Krzysztof  
Rogala  
Przedsiębiorstwo  
Przemysłu  
Spożywczego PEPEES  
S.A.

Date:  
2023-11-23 13:30

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

##### **Chief Accountant – Małgorzata Kordas**

 Podpisano przez/ Signed by:  
Małgorzata  
Kordas  
Data/ Date: 23.11.2023 12:29  
**mSzafir**