



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

for Q1 ended 31 March 2024

PEPEES CAPITAL GROUP
Quarterly Consolidated Report
for the 3-month period ended 31 March 2024 (data in
PLN thousand)

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INTRODUCTION

1. The PEPEES Group Consolidated Quarterly Report for Q1 ended 31 March 2024 includes:

- A. Selected financial data of the PEPEES Capital Group.
- B. Interim condensed consolidated financial statements of the PEPEES Capital Group for the 3-month period ended 31 March 2024.
- C. Interim condensed financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża for the 3-month period ended 31 March 2024.
- D. Notes.
- E. Statement of the Management Board on the consistency and reliability of preparation of the interim condensed consolidated financial statements of the PEPEES Capital Group and the interim condensed financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża.

2. Period covered by the statements and comparable data:

Interim condensed consolidated financial statements

- The interim condensed consolidated financial statements of the PEPEES Capital Group cover the three-month period ended 31 March 2024 and three-month period ended 31 March 2023.
- Comparable financial data as at 31 December 2023 and as at 31 March 2023 was presented for the data presented in the interim condensed consolidated statement of financial position.
- Comparable financial data for the period from 1 January 2023 to 31 March 2023 was presented for the data presented in the interim condensed consolidated statement of profit or loss and other comprehensive income.
- Comparable financial data for the period from 1 January 2023 to 31 March 2023 was presented for the data presented in the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows.

Interim condensed financial statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża

- The interim condensed statements of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" Spółka Akcyjna in Łomża cover the three-month period ended 31 March 2024 and three-month period ended 31 March 2023.
- Comparable financial data as at 31 December 2023 and as at 31 March 2023 was presented for the data presented in the interim condensed statement of financial position.
- Comparable financial data for the period from 1 January 2023 to 31 March 2023 was presented for the data presented in the interim condensed statement of profit or loss and other comprehensive income.
- Comparable financial data for the period from 1 January 2023 to 31 March 2023 was presented for the data presented in the interim condensed statement of changes in equity and the interim condensed statement of cash flows.

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

As at 31 March 2024, the PEPEES Capital Group comprised the following companies:

- Przedsiębiorstwo Przemysłu Spożywczego PEPEES Spółka Akcyjna with its registered office in Łomża - Parent;
- 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

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A. SELECTED FINANCIAL DATA OF THE PEPEES CAPITAL GROUP

Selected financial data of the PEPEES Capital Group for the 3-month period ended 31 March 2024 and 2023 is as follows:

| Item | SELECTED FINANCIAL DATA | IN PLN THOUSAND | | IN EUR THOUSAND | |
|------|---|-----------------|----------|-----------------|----------|
| | | 2024 | 2023 | 2024 | 2023 |
| I | Total sales revenue for Q1 | 52,431 | 61,387 | 12,134 | 13,060 |
| II | Q1 net profit or loss attributable to shareholders of the Parent | (4,053) | 4,195 | (938) | 892 |
| III | Q1 net cash flows from operating activities | 15,855 | 30,768 | 3,669 | 6,546 |
| IV | Q1 net cash flows from investment activities | (2,849) | (3,086) | (659) | (657) |
| V | Q1 net cash flows from financing activities | (32,644) | (50,045) | (7,555) | (10,647) |
| VI | Total Q1 net cash flows | (19,638) | (22,363) | (4,545) | (4,758) |
| VII | Total assets as at 31/03/2024 and 31/12/2023 | 338,136 | 378,493 | 78,620 | 87,050 |
| VIII | Equity attributable to shareholders of the Parent as at 31/03/2024 and 31/12/2023 | 174,517 | 177,312 | 40,577 | 40,780 |
| IX | Profit (loss) per ordinary share for Q1 in PLN/EUR | (0.05) | 0.05 | (0.01) | 0.01 |
| X | Book value per share as at 31/03/2024 and 31/12/2023 in PLN/EUR | 1.84 | 1.87 | 0.43 | 0.43 |

The data presented in rows VII, VIII and X, in the columns “2024” and “2023” refer to the balance as at 31 March 2024 and 31 December 2023.

The following exchange rates published by the National Bank of Poland have been used to convert selected financial data into Euro:

- selected items of the statement of financial position as at 31/03/2024 at the average exchange rate in force as at the balance sheet date: EUR 1 = PLN 4.3009;
- selected items of the statement of financial position as at 31/12/2023 at the average exchange rate in force as at the balance sheet date: EUR 1 = PLN 4.3480;
- selected items of the statement of comprehensive income and statement of cash flows for the period from 1 January 2024 to 31 March 2024 at the exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland valid as of the last day of each month of Q1 2024 - EUR 1 = PLN 4,3211;
- selected items of the statement of comprehensive income and statement of cash flows for the period from 1 January 2023 to 31 March 2023 at the exchange rate being the arithmetic mean of the average exchange rates announced by the National Bank of Poland valid as of the last day of each month of Q1 2023 - EUR 1 = PLN 4,7005.

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Profit (loss) per share for the 3-month period ended 31 March 2024 and 2023 is presented below:

| Specification | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|--|--|--|
| Net profit (loss) attributable to PEPEES shareholders | (4,053) | 4,195 |
| Weighted average number of shares | 95,000,000 | 95,000,000 |
| Basic net profit (loss) per share (expressed in PLN per share) | (0.04) | 0.04 |
| Net profit (loss) attributable to PEPEES shareholders, applied in determining diluted profit per share | (4,053) | 4,195 |
| Weighted average number of ordinary shares for diluted profit per share purposes | 95,000,000 | 95,000,000 |
| Diluted net profit (loss) per share (expressed in PLN per share) | (0.04) | 0.04 |
| Annualised net profit attributable to PEPEES shareholders | (4,249) | 10,977 |
| Weighted average number of shares | 95,000,000 | 95,000,000 |
| Annualised net profit per share (expressed in PLN per share) | (0.04) | 0.12 |

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B. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE PEPEES CAPITAL GROUP FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2024

presented below, including:

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

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INTERIM CONDENSE CONSOLIDATED REPORT
OF FINANCIAL POSITION

| Item | ASSETS | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|-----------|--|------------------------|---------------------------|------------------------|
| A. | (Long-term) fixed assets | 181,048 | 180,779 | 171,071 |
| 1 | Tangible fixed assets | 160,473 | 159,494 | 150,458 |
| 2 | Intangible assets | 150 | 165 | 202 |
| 3 | Rights to assets | 12,774 | 13,145 | 13,035 |
| 4 | Investment property | 551 | 553 | 561 |
| 5 | Goodwill | 1,320 | 1,320 | 1,320 |
| 6 | Investments in other parties | 713 | 713 | 383 |
| 7 | Deferred income tax assets | 5,067 | 5,389 | 5,112 |
| B. | (Short-term) current assets | 157,088 | 197,714 | 157,051 |
| 1 | Inventories | 86,073 | 109,850 | 83,981 |
| 2 | Biological assets | 306 | 34 | 449 |
| 3 | Trade and other short-term receivables | 35,205 | 32,707 | 30,403 |
| 4 | Current income tax receivables | - | 1 | 1 |
| 5 | Other financial assets | 10,410 | 10,390 | 6,893 |
| 6 | Cash and cash equivalents | 25,094 | 44,732 | 35,324 |
| | Total assets | 338,136 | 378,493 | 328,122 |

| Item | LIABILITIES | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|------------|--|------------------------|---------------------------|------------------------|
| A. | Equity | 177,082 | 180,296 | 189,843 |
| I | Capital attributable to shareholders of the Company | 174,517 | 177,312 | 186,327 |
| 1 | Share capital | 5,700 | 5,700 | 5,700 |
| 2 | Issue price surplus over nominal value of shares | 7,562 | 7,562 | 7,562 |
| 3 | Treasury shares | (1,388) | (1,424) | (1,697) |
| 4 | Revaluation reserve | 30,985 | 30,985 | 31,050 |
| 5 | Retained profit | 131,658 | 134,489 | 143,712 |
| II | Non-controlling shares | 2,565 | 2,984 | 3,516 |
| B. | Liabilities | 161,054 | 198,197 | 138,279 |
| I. | Long-term liabilities | 36,928 | 39,996 | 33,539 |
| 1 | Credits and loans | 14,363 | 12,988 | 5,509 |
| 2 | Liabilities for leased assets | 11,715 | 14,677 | 16,104 |
| 3 | Provision for deferred income tax | 5,441 | 5,609 | 6,424 |
| 4 | Retirement and similar benefit liabilities | 3,574 | 3,574 | 2,878 |
| 5 | Subsidies | 1,835 | 1,864 | 1,947 |
| 6 | Other long-term liabilities | - | 1,284 | 677 |
| II. | Short-term liabilities | 124,126 | 158,201 | 104,740 |
| 1 | Trade and other short-term liabilities | 20,693 | 24,474 | 15,134 |
| 2 | Current income tax liabilities | 2,643 | 3,499 | 4,417 |
| 3 | Credits and loans | 96,234 | 125,395 | 80,169 |
| 4 | Liabilities for leased assets | 4,073 | 4,350 | 4,501 |
| 5 | Retirement and similar benefit liabilities | 483 | 483 | 519 |
| | Total liabilities | 338,136 | 378,493 | 328,122 |

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INTERIM CONDENSE CONSOLIDATED REPORT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| No. | Item | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|-------------|---|--|--|
| I | Sales revenue | 52,431 | 61,387 |
| II | Own cost of sales | (43,476) | (40,585) |
| III | Gross profit on sales (I-II) | 8,955 | 20,802 |
| 1 | Sales and marketing costs | (2,615) | (2,864) |
| 2 | Overheads | (9,470) | (8,981) |
| 3 | Other operating income | 855 | 22 |
| 4 | Other operating costs | (106) | (80) |
| IV | Operating profit (loss) | (2,381) | 8,899 |
| 1 | Financial costs | (2,424) | (2,981) |
| 2 | Financial revenue | 490 | 1,226 |
| V | Pre-tax profit (loss) | (4,315) | 7,144 |
| | Income tax | (157) | (2,750) |
| VI | Net profit (loss) on continued operations | (4,472) | 4,394 |
| | Net profit (loss) on discontinued operations | - | - |
| | Net profit (loss), including: | (4,472) | 4,394 |
| | - attributable to shareholders of the Parent | (4,053) | 4,195 |
| | - attributable to non-controlling shares | (419) | 199 |
| VII | Other comprehensive income | | |
| VIII | Total comprehensive income, including: | (4,472) | 4,394 |
| | - attributable to shareholders of the Parent | (4,053) | 4,195 |
| | - attributable to non-controlling shares | (419) | 199 |
| IX | Net profit (loss) per ordinary share | (0.05) | 0.05 |
| | - from continuing operations | (0.05) | 0.05 |
| | - from discontinued operations | 0.00 | 0.00 |
| IX | Diluted net profit (loss) per ordinary share | (0.05) | 0.05 |
| | - from continuing operations | (0.05) | 0.05 |
| | - from discontinued operations | 0.00 | 0.00 |

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Specification | Share capital | Share premium | Treasury shares | Revaluation reserve | Retained profit | Total equity attributable to shareholders of the Parent | Non-controlling shares | Total equity |
|--|---------------|---------------|-----------------|---------------------|-----------------|---|------------------------|----------------|
| As at 01 January 2023 | 5,700 | 7,562 | (224) | 31,050 | 139,131 | 183,219 | 3,315 | 186,534 |
| Changes in Q1 2023 | - | - | (1,473) | - | 4,581 | 3,108 | 201 | 3,309 |
| Net profit | - | - | - | - | 4,195 | 4,195 | 199 | 4,394 |
| Comprehensive income | - | - | - | - | 4,195 | 4,195 | 199 | 4,394 |
| Purchase of treasury shares | - | - | (1,473) | - | - | (1,473) | - | (1,473) |
| Other consolidation adjustments | - | - | - | - | 386 | 386 | 2 | 388 |
| As at 31 March 2023 | 5,700 | 7,562 | (1,697) | 31,050 | 143,712 | 186,327 | 3,516 | 189,843 |
| As at 01 January 2023 | 5,700 | 7,562 | (224) | 31,050 | 139,131 | 183,219 | 3,315 | 186,534 |
| Changes in the period from 01/01/2023 to 31/12/2023 | - | - | (1,200) | (65) | (4,642) | (5,907) | (331) | (6,238) |
| Net profit | - | - | - | - | 3,999 | 3,999 | (331) | 3,668 |
| Other comprehensive income | - | - | - | (65) | - | (65) | - | (65) |
| Comprehensive income | - | - | - | (65) | 3,999 | 3,934 | (331) | 3,603 |
| Dividend | - | - | - | - | (9,381) | (9,381) | - | (9,381) |
| Purchase of treasury shares | - | - | (1,200) | - | - | (1,200) | - | (1,200) |
| Other consolidation adjustments | - | - | - | - | 740 | 740 | - | 740 |
| As at 31 December 2023 | 5,700 | 7,562 | (1,424) | 30,985 | 134,489 | 177,312 | 2,984 | 180,296 |
| As at 01 January 2024 | 5,700 | 7,562 | (1,424) | 30,985 | 134,489 | 177,312 | 2,984 | 180,296 |
| Changes in Q1 2024 | - | - | 36 | - | (2,831) | (2,795) | (419) | (3,214) |
| Net profit | - | - | - | - | (4,053) | (4,053) | (419) | (4,472) |
| Comprehensive income | - | - | - | - | (4,053) | (4,053) | (419) | (4,472) |
| Measurement of own shares to market value | - | - | 36 | - | - | 36 | - | 36 |
| Other consolidation adjustments | - | - | - | - | 1,222 | 1,222 | - | 1,222 |
| As at 31 March 2024 | 5,700 | 7,562 | (1,388) | 30,985 | 131,658 | 174,517 | 2,565 | 177,082 |

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| Indirect method | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|--|--|--|
| A. Cash flow from operations | | |
| I. Pre-tax profit (loss) | (4,315) | 7,144 |
| II. Total adjustments | 20,170 | 23,624 |
| 1 Amortisation | 3,267 | 3,356 |
| 2. Exchange (profit) losses | 267 | (74) |
| 3. Interest and profit sharing (dividend) | 2,692 | 2,552 |
| 4. (Profit) loss on investing activities | (271) | (594) |
| 5. Change in provisions | 92 | 15 |
| 6. Change in inventory | 23,777 | 20,836 |
| 7. Change in biological assets | (272) | (123) |
| 8. Change in receivables | (4,173) | 3,642 |
| 9. Change in short-term liabilities, excluding credits and loans | (4,630) | (7,070) |
| 10. Change in advances | (31) | 1,287 |
| 11. Income tax paid | (859) | (339) |
| 12. Change in subsidies | (29) | (27) |
| 13. Change in accrued interest on loans and commissions | (160) | (7) |
| 14. Change in other financial assets | (32) | 257 |
| 15. Change in rights to assets | 530 | (1,659) |
| 16. Depreciation of CO2 rights | - | 1,582 |
| 17. Other adjustments | 2 | (10) |
| III. Net cash flows from operating activities (I+/- II) | 15,855 | 30,768 |
| B. Cash flow from investments | | |
| I. Inflows | 420 | 384 |
| 1 Disposal of intangible assets and tangible fixed assets | 409 | 384 |
| 2. Repayment of loans | 11 | - |
| II. Expenditure | 3,269 | 3,470 |
| 1 Purchase of intangible assets and tangible fixed assets | 3,234 | 2,315 |
| 2. Purchase of property rights | - | 1,155 |
| 3. Loans granted | 35 | - |
| III. Net cash flows from investing activities (I-II) | (2,849) | (3,086) |
| C. Cash flow from financing activities | | |
| I. Inflows | 4,917 | 2,826 |
| 1 Credits and loans | 2,849 | 2,826 |
| 2. Subsidies | 2,068 | - |
| II. Expenditure | 37,561 | 52,871 |
| 1 Repayment of credits and loans | 33,735 | 46,597 |
| 2. Interest on bank credits and loans | 2,346 | 2,543 |
| 3. Purchase of treasury shares | - | 1,675 |
| 4. Payments from lease contracts | 1,480 | 2,056 |
| III. Net cash flows from financial activities (I-II) | (32,644) | (50,045) |
| D. Total net cash flows (A.III+/-B.III+/-C.III) | (19,638) | (22,363) |
| E. Cash opening balance | 44,732 | 57,687 |
| F. Cash closing balance (E+/-D) | 25,094 | 35,324 |
| <i>including: limited disposal cash</i> | | - |

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NOTES

1. General information about the Parent

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

Composition of the Management Board as at 31 March 2024:

| | |
|----------------------|-----------------------------------|
| Wojciech Faszczewski | President of the Management Board |
| Tomasz Rogala | Member of the Management Board |

Composition of the Supervisory Board as at 31 March 2024:

| | |
|----------------------|--|
| Maciej Kaliński | Chairman of the Supervisory Board |
| Robert Malinowski | Deputy Chairman 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 |

The composition of the Audit Committee as at 31 March 2024:

| | |
|----------------------|--|
| Maciej Kaliński | Chairman of the Audit Committee |
| Jacek Okoński | Deputy Chairman of the Audit Committee |
| Agata Czerniakowska | Member of the Audit Committee |
| Robert Malinowski | Member of the Audit Committee |
| Kajetan Rościszewski | Member of the Audit Committee |

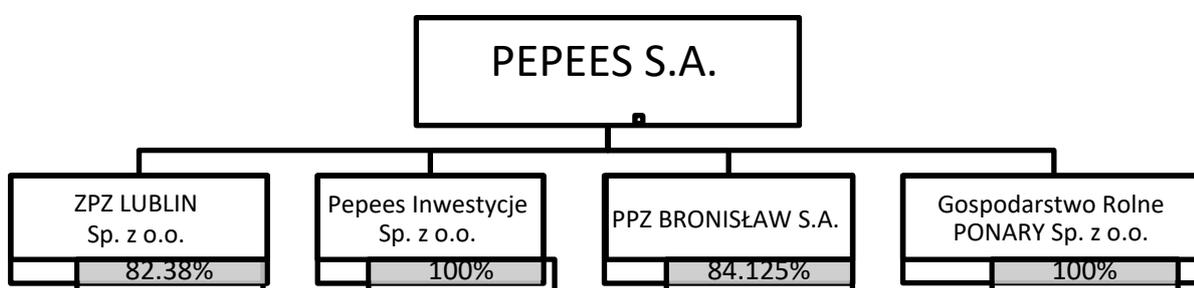
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2. Information on reporting periods

The presented interim consolidated financial statements cover the period from 1 January 2024 to 31 March 2024 and the comparative financial data and notes cover the period from 1 January 2023 to 31 March 2023 and additionally as at 31 December 2023 in the case of the statement of financial position and statement of changes in equity.

3. Structure of the PEPEES Capital Group

3.1. The PEPEES Capital Group structure as at 31/03/2024



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

In the Consolidated Quarterly Report of the PEPEES Capital Group for the first quarter ended 31 March 2024, apart from Przedsiębiorstwo Przemysłu Spożywczego “PEPEES” S.A., the following related parties were consolidated:

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

All subsidiaries were consolidated using the full method.

There were no changes in the structure of the Issuer's Capital Group during the reporting period or up to the date of this report.

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3.3. Basic financial information as at 31 March 2024 concerning related parties

| Specification | PPZ BRONISŁAW S.A. | ZPZ LUBLIN Sp. z o.o. | Gospodarstwo Rolne Ponary Sp. z o.o. | PEPEES Inwestycje Sp. z o.o. |
|---|--------------------------|-----------------------------|--|------------------------------------|
| Current assets as at 31/03/2024 | 26,159 | 12,550 | 160 | 46 |
| Fixed assets as at 31/03/2024 | 42,564 | 5,644 | 21,286 | - |
| Short-term liabilities as at 31/03/2024 | 44,134 | 12,776 | 224 | 2 |
| Long-term liabilities as at 31/03/2024 | 14,018 | 379 | 5,080 | - |
| Sales revenue | 13,082 | 5,005 | - | - |
| Financial result of continuing operations | (2,453) | (172) | 29 | (1) |
| Net financial result of discontinued operations | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | (2,453) | (172) | 29 | (1) |

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

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), in particular International Accounting Standard 34 and IFRS as endorsed by the EU.

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

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

The interim condensed consolidated financial statements do not contain all the information required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2023.

4. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved for publication on 24 May 2024 by the Management Board of the Parent.

5. Significant accounting principles (policies)

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 31 December 2023. The Group has not opted for early application of any standard, interpretation or amendment that has been published but is not yet effective under European Union legislation.

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

There were no unusual items in this report with a significant impact on assets, liabilities and capital.

7. Amendments to accounting policies, correction of errors and presentation

The Group did not change its accounting policies or correct any previous years' errors during the reporting period.

8. Explanation of the seasonal or cyclical nature of operations

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

9. Estimated values

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

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

Provisions for retirement benefits and jubilee bonuses have been created based on actuarial calculations as at 31/12/2023.

Provisions for unused holiday leave were updated on the basis of the size of the projected remuneration of employees together with mark-ups charged to the employer for unused leave as at 31/03/2024.

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

The Group carries out annual reviews of the assumed economic useful lives of property, plant and equipment and intangible assets. The last update was on 31 December 2023.

10. Acquisitions and disposals of items of tangible fixed assets

During Q1 2024, the Group acquired fixed assets for an amount of PLN 3,234 thousand. The acquisitions mainly concerned the modernisation of production machinery and equipment and a continuing investment to build a plant for the production of modified products of starch.

During Q1 2024, the Group sold fixed assets for an amount of PLN 409 thousand.

11. Significant liabilities for the purchase of tangible fixed assets

No credit facility contracts for the purchase of tangible fixed assets were concluded in Q1 2024.

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12. Inventories

| INVENTORIES | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|--|------------------------|---------------------------|------------------------|
| a) materials | 5,180 | 6,510 | 8,046 |
| b) semi-finished products and work in progress | 973 | 710 | 358 |
| c) finished products | 64,743 | 87,487 | 68,124 |
| d) goods | 16,173 | 16,820 | 7,494 |
| Gross inventories | 87,069 | 111,527 | 84,022 |
| Revaluation write-downs | (996) | (1,677) | (41) |
| Net inventories | 86,073 | 109,850 | 83,981 |

The value of inventories recognised as an expense in the reporting period amounted to PLN 40,932 thousand (Q1 2023 – PLN 37,679 thousand).

13. Biological assets

| Plant assets | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|-------------------|------------------------|---------------------------|------------------------|
| Biological assets | 306 | 34 | 449 |
| Total | 306 | 34 | 449 |

“PEPEES” S.A. has been leasing a farm (Roje) since March 2014, agricultural land (Krzekoty) since October 2021 and additional land (Wrzosy) since March 2023. All three of these farms were sown with annual crops. Costs associated with seed acquisition and cultivation in Q1 2024 amount to PLN 3,377 thousand, while revenue from farming operations amount to PLN 1,070 thousand. Biological assets were recognised at fair value in the report.

14. Trade receivables

| (GROSS) TRADE RECEIVABLES WITH MATURITY AS AT THE BALANCE SHEET DATE: | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|--|------------------------|---------------------------|------------------------|
| a) up to 1 month | 8,745 | 14,292 | 16,473 |
| b) between 1 and 3 months | 10,294 | 4,150 | 2,965 |
| c) between 3 and 6 months | 3,506 | 24 | 24 |
| d) from 6 months up to 1 year | 143 | 111 | - |
| e) over 1 year | - | - | - |
| f) overdue receivables | 4,171 | 3,739 | 4,847 |
| Total trade receivables (gross) | 26,859 | 22,316 | 24,309 |
| - trade receivables revaluation write-downs | (794) | (772) | (1,039) |
| Total trade receivables (net) | 26,065 | 21,544 | 23,270 |

Overdue receivables, on which no revaluation write-downs were made, are receivables from debtors with whom the Group has been working for several years and based on an assessment of these debtors' economic and financial position there is no indication that they are doubtful receivables. The overdue period of these receivables ranges from a few days to three months. There are no receivables overdue for more than 180 days for which a revaluation write-down has not been created.

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15. Trade liabilities

| LIABILITIES | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|---|------------------------|---------------------------|------------------------|
| - for deliveries and services with maturity date: | 11,371 | 16,040 | 8,424 |
| - up to 12 months | 11,371 | 16,040 | 8,424 |
| - overdue more than 180 days | - | - | - |

16. Litigation settlements

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

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

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

- to annul or declare invalid resolutions Nos. 24 to 29, adopted on 28/06/2019 by the Ordinary General Meeting of Shareholders, including resolution No. 28 on amending the Company’s Articles of Association and authorising the Company’s Management Board to increase the Company’s share capital within the framework of authorised capital with the possibility for the Management Board to exclude the pre-emptive rights of the Company’s existing shareholders in whole or in part with the consent of the Company’s Supervisory Board. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid two discharge resolutions adopted on 21/04/2020 by the General Meeting of Shareholders. The proceedings are pending before the court of first instance. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid four resolutions adopted on 29 June 2021 by the Ordinary General Meeting of Shareholders, i.e. resolution No. 4 on the consideration and approval of the Company’s financial statements for the period from 01/01/2020 to 31/12/2020, resolution No. 9 on the allocation of the Company’s net profit for the financial year 2020, and resolutions No. 10 and 11 on granting discharge to the members of the Company’s Management Board. The proceedings are pending before the court of first instance. On 11 January 2022 the District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid nine resolutions adopted on 14 April 2022 by the Ordinary General Meeting of Shareholders on the consideration and approval

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of the Company's financial statements for the period from 01/01/2021 to 31/12/2021, the consolidated report, the Company's management report, the allocation of the Company's net profit for the financial year 2021, granting discharge to the Company's Management Board members, the appointment of 2 Supervisory Board members, the purchase of treasury shares and the creation of reserve capital. The proceedings are pending before the court of first instance. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;

- to annul or declare invalid three resolutions adopted on 25 May 2023 by the Ordinary General Meeting of Shareholders, i.e. resolutions No. 9 and 10 on granting discharge to the members of the Company's Management Board and resolution No. 11 on granting discharge to the Chairman of the Supervisory Board. The proceedings are pending before the court of first instance. Trial date has not yet been set.

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

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

17. Outstanding credits and loans

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

Long-term and short-term liabilities

| No. | Credit/loan type | Borrower | Credit/loan amount as per agreement | Currency | Outstanding credit / loan amount | Currency | Interest rate | Repayment date |
|-----|---|---------------|-------------------------------------|----------|----------------------------------|----------|---|----------------|
| 1 | Investment credit to finance and refinance the acquisition of 100% of shares in Gospodarstwo Rolne Ponary | "PEPEES" S.A. | 10,530 | PLN | 2,006 | PLN | WIBOR interest rate for 1-month deposits plus Bank margin | 30/06/2025 |
| 2 | Loan for the purchase of a Fendt 942 Vario Gen7 ProfiPlus agricultural tractor | "PEPEES" S.A. | 1,260 | PLN | 1,025 | PLN | Fixed interest rate | 20/10/2025 |
| 3 | Loan for the purchase of a Deutz Fahr 9340 AGROTRON TTV agricultural tractor | "PEPEES" S.A. | 924 | PLN | 885 | PLN | Fixed interest rate | 13/12/2026 |
| 4 | Investment credit to finance and refinance the project for a line for the production of modified products of starch | "PEPEES" S.A. | 3,500 | EUR | 2,522 | EUR | EURIBOR 1M base rate plus Bank margin | 30/09/2030 |
| 5 | Investment credit for modernisation of the starch drying | PPZ BRONISŁAW | 8,456 | PLN | 3,601 | PLN | WIBOR interest rate for | 31/12/2027 |

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| No. | Credit/loan type | Borrower | Credit/loan amount as per agreement | Currency | Outstanding credit / loan amount | Currency | Interest rate | Repayment date |
|--------------------------------------|--|---------------|-------------------------------------|------------|----------------------------------|------------|-----------------------------------|----------------|
| | room and the construction of a protein recovery system | | | | | | 3-month deposits plus Bank margin | |
| 6 | Overdraft | “PEPEES” S.A. | 4,000 | PLN | - | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 7 | Working capital facility | “PEPEES” S.A. | 36,500 | PLN | 27,375 | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 8 | Overdraft | “PEPEES” S.A. | 4,000 | PLN | - | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 9 | Working capital facility | “PEPEES” S.A. | 36,500 | PLN | 27,375 | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 10 | Loan for the purchase of a property, plant and equipment asset - Deutz Fahr agricultural tractor | “PEPEES” S.A. | 937 | PLN | 183 | PLN | Fixed interest rate | 13/08/2024 |
| 11 | Working capital facility | ZPZ “LUBLIN” | 6,500 | PLN | 4,875 | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 12 | Working capital facility | ZPZ “LUBLIN” | 6,500 | PLN | 4,875 | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 13 | Overdraft | ZPZ “LUBLIN” | 2,000 | PLN | - | PLN | 1 month WIBOR+ bank margin | 31.08.2024 |
| 14 | Overdraft | ZPZ “LUBLIN” | 2,000 | PLN | - | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 15 | Overdraft | PPZ BRONISŁAW | 700 | PLN | - | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 16 | Working capital facility | PPZ BRONISŁAW | 17,800 | PLN | 13,350 | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 17 | Overdraft | PPZ BRONISŁAW | 700 | PLN | 671 | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 18 | Working capital facility | PPZ BRONISŁAW | 17,800 | PLN | 11,185 | PLN | 1 month WIBOR+ bank margin | 31/08/2024 |
| 19 | Loan for the purchase of a Deutz Fahr 8280 AGROTRON TTV agricultural tractor | “PEPEES” S.A. | 793 | PLN | 793 | PLN | Fixed interest rate | 13/03/2027 |
| 20 | Overdraft | “PEPEES” S.A. | 1,000 | EUR | 361 | EUR | 1 month EURIBOR + bank margin | 04/12/2024 |
| Credits in PLN | | | 157,900 | PLN | 98,199 | PLN | | |
| Credits in EUR | | | 4,500 | EUR | 2,883 | EUR | | |
| Total after conversion to PLN | | | 178,940 | PLN | 110,597 | PLN | | |
| <i>Long-term liabilities</i> | | | | | 96,234 | PLN | | |
| <i>Short-term liabilities</i> | | | | | 14,363 | PLN | | |

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

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18. Transactions with related parties

18.1 Issuer's transactions with subsidiaries

a) Revenue from sales of goods and products

| Revenue type | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|--|--|--|
| Revenue from sales of products to subsidiaries | 208 | 326 |
| Revenue from sales of goods to subsidiaries | 192 | - |
| Revenue from sales of services | 81 | 81 |
| Total revenue from related parties | 481 | 407 |

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

b) Purchases of goods and services

| Purchase types | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|--|--|--|
| Purchases of products from subsidiaries | 6,926 | 3,856 |
| Purchases of services from subsidiaries | 54 | 12 |
| Purchases of property, plant and equipment from subsidiaries | - | 528 |
| Total purchases from related parties | 6,980 | 4,396 |

c) Other transactions

| Item | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|---------------------------|--|--|
| Interest on loans granted | 144 | 125 |
| Fees on sureties granted | 31 | 31 |
| Fees on sureties received | 39 | 39 |
| Total | 214 | 195 |

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

| Settlements with subsidiaries | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|--|---------------------|------------------------|---------------------|
| Receivables - ZPZ Lublin Sp. z o.o. | | - | 29 |
| Receivables - PPZ Bronisław S.A. | 1,972 | 1,587 | 1,391 |
| Advances - PPZ Bronisław | - | - | 1,873 |
| Receivables - GR PONARY Sp. z o.o. | 1 | 1 | 1 |
| Receivables - PEPEES Inwestycje Sp. z o.o. | 3 | 1 | 2 |
| Liabilities - ZPZ Lublin Sp. z o.o. | 186 | 58 | 206 |

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| Settlements with subsidiaries | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|--|------------------------|---------------------------|------------------------|
| Liabilities - PPZ BRONISŁAW S.A. | 67 | 1,597 | 15 |
| Liabilities - GR PONARY | 13 | - | 26 |
| Balance of settlements with related parties | 1,710 | (66) | 3,049 |

e) Balance of loan settlements

| Loans granted to subsidiaries | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|-------------------------------|------------------------|---------------------------|------------------------|
| PPZ "BRONISŁAW" S.A. | 9,640 | 7,200 | 4,700 |
| ZPZ Lublin Sp. z o.o. | - | - | 1,000 |
| GR Ponary Sp. z o.o. | 220 | 220 | 300 |
| Loans granted | 9,860 | 7,420 | 6,000 |

18.2 Issuer's transactions with shareholders

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

18.3 The Issuer's transactions with key management and supervisory personnel

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

| Specification | For the 3-month period ended 31 March 2024 | For the 12-month period ended 31 December 2023 | For the 3-month period ended 31 March 2023 |
|---------------------------------|--|--|--|
| Short-term employee benefits | 775 | 2,394 | 658 |
| Post-employment benefits | | | |
| Employment termination benefits | | | |
| Share-based payments | | | |
| Total | 775 | 2,394 | 658 |

b) Transactions with key personnel and their close family members

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

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19. Changes in estimated value balances

a) Notes receivable revaluation write-downs

| CHANGE IN REVALUATION WRITE-DOWNS FOR SHORT-TERM RECEIVABLES | For the 3-month period ended 31 March 2024 | For the 12-month period ended 31 December 2023 | For the 3-month period ended 31 March 2023 |
|---|--|--|--|
| As at the opening balance | 773 | 1,078 | 1,078 |
| a) increases (under) | 36 | 438 | - |
| - creation for doubtful trade receivables | - | 438 | - |
| - creation for interest receivable | 8 | - | - |
| - creation for receivables claimed in court | 28 | - | - |
| b) decreases (under) | 14 | 743 | 29 |
| - release of payment provisions | 1 | 131 | 29 |
| - cancellations | 13 | 612 | - |
| Closing balance of write-downs, including: | 795 | 773 | 1,049 |

b) Inventory revaluation write-downs

| CHANGE IN REVALUATION WRITE-DOWNS FOR INVENTORIES | For the 3-month period ended 31 March 2024 | For the 12-month period ended 31 December 2023 | For the 3-month period ended 31 March 2023 |
|--|--|--|--|
| As at the opening balance | 1,677 | 517 | 517 |
| a) increases (under) | - | 2,294 | - |
| - impairment write-downs of materials | - | 2,294 | - |
| b) decreases (under) | 681 | 1,134 | 476 |
| - write-down reversals | 681 | 1,134 | 476 |
| Closing balance of revaluation write-downs of inventory | 996 | 1,677 | 41 |

c) Retirement and similar benefit liabilities

| CHANGE IN RETIREMENT AND SIMILAR BENEFIT LIABILITIES (ON ACCOUNT OF) | For the 3-month period ended 31 March 2024 | For the 12-month period ended 31 December 2023 | For the 3-month period ended 31 March 2023 |
|--|--|--|--|
| a) opening balance | 4,057 | 3,397 | 3,397 |
| - retirement severance pay | 748 | 609 | 609 |
| - jubilee bonuses | 3,309 | 2,788 | 2,788 |
| b) increase (under) | - | 1,228 | - |
| - retirement severance pay | - | 206 | - |
| - jubilee bonuses | - | 1,022 | - |
| c) utilisation (under) | - | 568 | - |
| - retirement severance pay | - | 67 | - |
| - jubilee bonuses | - | 501 | - |
| d) release (under) | - | - | - |
| - retirement severance pay | - | - | - |
| - jubilee bonuses | - | - | - |

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| CHANGE IN RETIREMENT AND SIMILAR BENEFIT LIABILITIES (ON ACCOUNT OF) | For the 3-month period ended 31 March 2024 | For the 12-month period ended 31 December 2023 | For the 3-month period ended 31 March 2023 |
|--|--|--|--|
| d) closing balance | 4,057 | 4,057 | 3,397 |
| - retirement severance pay | 748 | 748 | 609 |
| - jubilee bonuses | 3,309 | 3,309 | 2,788 |

20. Short-term provisions

| CHANGE IN SHORT-TERM PROVISIONS (ON ACCOUNT OF) | For the 3-month period ended 31 March 2024 | For the 12-month period ended 31 December 2023 | For the 3-month period ended 31 March 2023 |
|---|--|--|--|
| a) opening balance | 1,358 | 3,169 | 3,169 |
| - subsidies for tangible fixed assets | 98 | 98 | 98 |
| - provisions for services rendered by business partners | 51 | 34 | 34 |
| - environmental fee | 65 | 73 | 73 |
| - holiday leave pay provisions | 596 | 870 | 870 |
| - gas emission rights | - | 1,579 | 1,579 |
| - bonuses for the Management Board and employees | 548 | 515 | 515 |
| b) increase (under) | 692 | 905 | 258 |
| - environmental fee | 15 | 64 | 18 |
| - holiday leave pay provisions | 647 | 228 | 192 |
| - provisions for services rendered by business partners | - | 69 | 18 |
| - bonus for the Management Board and employees | 30 | 544 | 30 |
| c) utilisation (under) | 583 | 1,137 | 190 |
| - environmental fee | 45 | 72 | 51 |
| - holiday leave pay provisions | - | 502 | - |
| - provision for services rendered by business partners | 20 | 52 | 34 |
| - bonuses for the Management Board and employees | 518 | 511 | 105 |
| d) release (under) | - | 1,579 | 1,579 |
| - provision for used CO2 emission rights | - | 1,579 | 1,579 |
| e) closing balance | 1,467 | 1,358 | 1,658 |
| - subsidies for tangible fixed assets | 98 | 98 | 98 |
| - provision for used CO2 emission rights | - | - | - |
| - environmental fee | 35 | 65 | 40 |
| - holiday leave pay provisions | 1,243 | 596 | 1,062 |
| - bonuses for the Management Board and employees | 60 | 548 | 440 |
| - provisions for services rendered by business partners | 31 | 51 | 18 |

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21. Deferred income tax

| DEFERRED INCOME TAX PROVISION | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|---|--------------------------------|-----------------------------------|--------------------------------|
| Difference between carrying amount and tax value of tangible fixed assets | 4,205 | 4,403 | 5,730 |
| Measurement of investments | 1,109 | 1,109 | 649 |
| Unrealised foreign exchange differences | 127 | 97 | 45 |
| Total deferred tax provisions | 5,441 | 5,609 | 6,424 |

| DEFERRED INCOME TAX ASSETS | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|--|--------------------------------|-----------------------------------|--------------------------------|
| Unpaid remuneration | 180 | 185 | 166 |
| Provision for unused holiday leave | 236 | 116 | 205 |
| Retirement benefits and jubilee bonuses | 771 | 771 | 645 |
| Unrealised foreign exchange differences | 79 | 96 | 44 |
| Receivables revaluation write-downs | 20 | 14 | 14 |
| Impairment of inventories | 189 | 319 | 8 |
| Share revaluation write-downs | 18 | 18 | 18 |
| Accrued interest on credits | - | 43 | - |
| Leased asset liabilities | 243 | 351 | 557 |
| Consolidation adjustments - retained profit | 148 | 199 | 172 |
| Provision for bonuses for the Management Board and employees | 11 | 104 | 84 |
| Asset measurement | 2,366 | 2,366 | 2,291 |
| Tax loss | 685 | 685 | 746 |
| Other | 121 | 122 | 162 |
| Total | 5,067 | 5,389 | 5,112 |

22. Off-balance sheet items

| Item | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|--|--------------------------------|-----------------------------------|--------------------------------|
| Off-balance sheet assets | | | |
| Guarantees received | - | - | - |
| Off-balance-sheet liabilities | | | |
| Mortgages on companies' assets | 139,580 | 139,827 | 131,734 |
| Asset pledge | 212,500 | 212,500 | 123,050 |
| Credit surety | - | - | - |
| Assignment of claims under insurance policy | 370,986 | 371,151 | 355,906 |
| Possible compensation under prohibition of competition | 2,036 | 2,036 | 1,767 |
| Disputed liabilities | - | - | - |

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

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

24. Segment reporting

24.1. Information about products and services

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

The PEPEES Capital Group operates mainly in the “potato processing” segment. This segment’s products include:

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

Other operations concern:

- works and services;
- sales of certain goods and materials;
- cultivation and sale of annual plants;
- purchase and sales of property for own account.

24.2 Segment revenue and results

| | Revenue | | Profit | |
|----------------------------|--|--|--|--|
| | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
| Potato processing | 52,431 | 61,387 | (3,130) | 8,957 |
| Total sales revenue | 52,431 | 61,387 | | |
| Other operating income | | | 855 | 22 |

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| | Revenue | | Profit | |
|---|--|--|--|--|
| | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
| Other operating costs | | | (106) | (80) |
| Profit (loss) on disposal of a subsidiary | | | - | - |
| Financial revenue | | | 490 | 1,226 |
| Financial costs | | | (2,424) | (2,981) |
| Pre-tax profit (loss) | | | (4,315) | 7,144 |

24.3 Segment assets and liabilities

| Segment assets | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|---|---------------------|------------------------|---------------------|
| Potato processing | 318,690 | 359,077 | 308,676 |
| Agricultural crops combined with animal husbandry | 19,400 | 19,370 | 19,388 |
| Purchase and sales of property for own account | 46 | 46 | 58 |
| Total assets of the segments | 338,136 | 378,493 | 328,122 |

| Segment liabilities | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|---|---------------------|------------------------|---------------------|
| Potato processing | 161,051 | 198,197 | 138,279 |
| Agricultural crops combined with animal husbandry | 3 | - | - |
| Purchase and sales of property for own account | - | - | - |
| Total segment liabilities | 161,054 | 198,197 | 138,279 |

All assets and liabilities of Gospodarstwo Rolne Ponary are allocated to the “agricultural crops combined with animal husbandry” segment, all assets and liabilities of Pepees Inwestycje Sp. z o.o. are assigned to the “purchase and sales of property for own account” segment, and all other assets and liabilities recognised in the consolidated financial statements are assigned to the “potato processing” segment.

As Ponary and Pepees Inwestycje did not generate sales revenue in 2024, the “agricultural crops combined with animal husbandry” and “purchase and sales of property for own account” segments have not been identified in segment revenue and results. Due to the value of Ponary’s land holdings, the segment of its operations has been identified in this report solely for the purpose of presenting assets and liabilities.

24.4 Other segment information

| Segment | Amortisation | | Increase in fixed assets | |
|------------------------------------|--|--|--|--|
| | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
| Potato processing | 3,267 | 3,356 | 3,234 | 2,315 |
| Total continuing operations | 3,267 | 3,356 | 3,234 | 2,315 |

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24.5 Revenue by product

| Product name | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|---------------------------------------|---|---|
| Starch | 29,557 | 35,832 |
| Protein | 1,760 | 2,978 |
| Glucose | 2,780 | 4,410 |
| Maltodextrin | 7,934 | 7,986 |
| Starch syrups | 2,252 | 1,714 |
| Dried potatoes (grits, flakes, cubes) | 5,337 | 6,835 |
| Goods and materials | 2,612 | 1,408 |
| Services | 199 | 224 |
| Total | 52,431 | 61,387 |

24.6 Sales revenue by territorial structure

| Item | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|--|---|---|
| Poland, including | 36,977 | 43,255 |
| Starch | 21,912 | 23,768 |
| Protein | 768 | 617 |
| Glucose | 2,155 | 4,034 |
| Maltodextrin | 5,244 | 5,701 |
| Starch syrups | 2,252 | 1,714 |
| Dried potatoes (grits, flakes, cubes) | 4,271 | 6,423 |
| Goods and materials | 176 | 774 |
| Services | 199 | 224 |
| EU countries - intra-Community deliveries, including: | 5,079 | 4,399 |
| Starch | 1,144 | 1,570 |
| Protein | 425 | 907 |
| Maltodextrin | 1,718 | 1,134 |
| Glucose | 625 | 376 |
| Dried potatoes (grits, flakes, cubes) | 1,066 | 412 |
| Goods | 101 | |
| Other countries - export | 10,375 | 13,733 |
| Starch | 6,501 | 10,494 |
| Protein | 567 | 1,454 |
| Maltodextrin | 972 | 1,151 |
| Goods | 2,335 | 634 |
| Total | 52,431 | 61,387 |

24.7 Information on major customers

None of the Group's customers' sales revenue exceeds 10% of total revenue.

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25. Information on dividends paid (or declared), total and per share, divided into ordinary and preference shares

The Capital Group Companies did not pay dividends during the three-month period ended 31 March 2024. The management boards of companies did not declare or propose dividends from the 2023 profit distribution.

26. Information about the change of the manner (method) of determining fair value for financial instruments measured at fair value

During the 3-month period ended 31 March 2024, the Group did not change its policies for determining the fair value of financial instruments. The same measurement principles and methods were followed as in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

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

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

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

In the opinion of many analysts 2023 was another year during which many unfavourable market trends converged. Markets face economic events arising from the effects of the outbreak of war in Ukraine and the period after the global pandemic. The military acts of the Russian aggressor and the sanctions imposed on Russia have resulted in a significant energy crisis in Europe, caused by the stoppage of supplies from the East (oil, gas, coal) which has resulted in changing fuel prices. To date, this has translated into higher prices for energy, transport services and, consequently, higher prices for all products and services on European markets.

In addition an agricultural market crisis broke out. EU decisions to suspend customs duties on agricultural products from Ukraine have caused perturbations in European agricultural markets. The influx of cereals from Ukraine combined with the drop of cereal prices on world markets has triggered a far-reaching crisis in Polish agriculture. Farms faced sales and liquidity problems. The difficult situation of agricultural producers has also affected the PEPEES Capital Group's growers who are suppliers of raw material to the Group's factories. The reorientation of agricultural producers towards cereal production over the last two years has not yielded the expected results, while the operation of rebuilding the position of starch potato production is encountering difficulties, especially in terms of obtaining seed potatoes and adequate technical facilities— agricultural machinery used in potato production and storage facilities.

With the Russian aggressor still not intending to withdraw its troops from Ukrainian territory there is a reasonable risk that all the unfavourable trends for the economy will continue in 2024.

The Group companies continuously monitor the development of the armed conflict in Ukraine and the subsequent sanctions imposed on Russia, reviewing all information with a view to its impact on the Group's economic situation and taking ad hoc measures to minimise the consequences associated with these extraordinary circumstances.

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

All events and information affecting the asset and financial position during the presented period are disclosed in this report.

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

30. Significant events that occurred after the balance sheet date

On 15 April 2024, PEPEES entered into a reverse factoring agreement with Santander Factoring Sp. z o.o. for financing deliveries. The allocated funding limit is PLN 4,500 thousand and is valid until 31 July 2024.

On 23 April 2024, the Issuer entered into a reverse factoring agreement with PKO Faktoring S.A. for financing deliveries. The allocated funding limit is PLN 4,250 thousand and is valid until 21 October 2024.

On 10 May 2024, the Issuer published a notification of convening the Ordinary General Meeting for 6 June 2024 at 12:00 p.m. at the Company's registered office (the notification was published together with draft resolutions).

On 13 May 2024, PEPEES entered into an agreement with BNP Paribas Bank Polska S.A. for an investment credit to finance and refinance the project for a line for the production of modified products of starch, under which the credit disbursement period was extended to 31 December 2024 (originally to 30 June 2024). The Company further undertook to complete the project being the subject of the credit by 31 December 2024.

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**C. INTERIM CONDENSED FINANCIAL STATEMENTS OF
PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO “PEPEES”
SPÓŁKA AKCYJNA FOR THE 3-MONTH PERIOD ENDED 31 MARCH
2024**

presented below, including:

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

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

| | ASSETS | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|----------|--|------------------------|---------------------------|------------------------|
| A | (Long-term) fixed assets | 138,752 | 139,355 | 127,376 |
| 1 | Tangible fixed assets | 96,450 | 96,215 | 84,304 |
| 2. | Intangible assets | 144 | 158 | 202 |
| 3. | Rights to assets | 15,368 | 15,898 | 16,235 |
| 4. | Investment property | 351 | 353 | 361 |
| 5. | Investments in subsidiaries | 23,586 | 23,586 | 23,586 |
| 6. | Investments in other parties | 713 | 713 | 383 |
| 7. | Deferred income tax assets | 2,140 | 2,432 | 2,305 |
| B | (Short-term) current assets | 132,544 | 153,211 | 133,101 |
| 1 | Inventories | 59,503 | 72,302 | 58,281 |
| 2. | Biological assets | 306 | 34 | 449 |
| 3. | Trade and other short-term receivables | 31,681 | 25,191 | 29,008 |
| 4. | Other financial assets | 20,302 | 17,810 | 12,893 |
| 5. | Cash and cash equivalents | 20,752 | 37,874 | 32,470 |
| | Total assets | 271,296 | 292,566 | 260,477 |

| | LIABILITIES | As at 31 March 2024 | As at 31 December 2023 | As at 31 March 2023 |
|-----------|--|------------------------|---------------------------|------------------------|
| A | Equity | 160,277 | 162,335 | 168,455 |
| 1 | Share capital | 5,700 | 5,700 | 5,700 |
| 2. | Issue price surplus over nominal value of shares | 7,562 | 7,562 | 7,562 |
| 3. | Treasury shares | (1,388) | (1,424) | (1,697) |
| 4. | Revaluation reserve | 30,465 | 30,465 | 30,530 |
| 5. | Retained profit | 117,938 | 120,032 | 126,360 |
| B | Liabilities | 111,019 | 130,231 | 92,022 |
| I | Long-term liabilities | 30,529 | 31,563 | 23,574 |
| 1 | Credits and loans | 11,701 | 10,169 | 2,064 |
| 2. | Liabilities for leased assets | 9,583 | 10,681 | 11,371 |
| 3. | Deferred income tax provision | 4,745 | 4,904 | 5,364 |
| 4. | Retirement and similar benefit liabilities | 2,795 | 2,795 | 2,295 |
| 5. | Subsidies | 1,705 | 1,730 | 1,803 |
| 6. | Other long-term liabilities | - | 1,284 | 677 |
| II | Short-term liabilities | 80,490 | 98,668 | 68,448 |
| 1 | Trade and other short-term liabilities | 14,458 | 14,995 | 11,388 |
| 2. | Current income tax liabilities | 2,640 | 3,497 | 4,354 |
| 3. | Credits and loans | 60,339 | 76,894 | 48,777 |
| 4. | Liabilities for leased assets | 2,649 | 2,878 | 3,433 |
| 5. | Retirement and similar benefit liabilities | 404 | 404 | 496 |
| | Total liabilities | 271,296 | 292,566 | 260,477 |

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

| Item | Specification | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|-------------|---|--|--|
| I | Sales revenue | 41,805 | 45,775 |
| II | Own cost of sales | (35,033) | (29,505) |
| III | Gross profit (loss) on sales (I - II) | 6,772 | 16,270 |
| 1 | Sales and marketing costs | (2,190) | (2,363) |
| 2. | Overheads | (6,499) | (6,443) |
| 3. | Other operating income | 821 | 67 |
| 4. | Other operating costs | (23) | (11) |
| IV | Operating profit (loss) | (1,119) | 7,520 |
| 1 | Financial costs | (1,538) | (1,855) |
| 2. | Financial revenue | 695 | 1,345 |
| V | Pre-tax profit (loss) | (1,962) | 7,010 |
| VI | Income tax | (132) | (2,285) |
| VII | Net profit (loss) | (2,094) | 4,725 |
| VIII | Other comprehensive income | - | - |
| 1. | Effects of measurement of available-for-sale financial assets | - | - |
| 2. | Revaluation of employee benefit liabilities | - | - |
| IX | Total comprehensive income, including: | (2,094) | 4,725 |
| X | Net profit (loss) per share | (0.022) | 0.050 |

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

| Item | Share capital | Share premium | Treasury shares | Revaluation reserve | Retained profit | Total equity |
|---|---------------|---------------|-----------------|---------------------|-----------------|----------------|
| As at 1 January 2023 | 5,700 | 7,562 | (224) | 30,530 | 121,635 | 165,203 |
| Changes in Q1 2023 | - | - | (1,473) | - | 4,725 | 3,252 |
| Net profit (loss) for the period | | | | | 4,725 | 4,725 |
| Purchase of treasury shares | | | (1,473) | | | (1,473) |
| As at 31 March 2023 | 5,700 | 7,562 | (1,697) | 30,530 | 126,360 | 168,455 |
| Changes in 2023 | - | - | (1,200) | (65) | (1,603) | (1,668) |
| Net profit (loss) | - | | - | - | 7,778 | 7,778 |
| 2022 profit dividend | | | | | (7,233) | |
| Supplementary capital dividend | | | | | (2,148) | |
| Purchase of treasury shares | | | (1,200) | | | (1,200) |
| Other comprehensive income | - | | - | (65) | | (65) |
| Comprehensive income | | | | (65) | (1,603) | (1,668) |
| As at 31 December 2023 | 5,700 | 7,562 | (1,424) | 30,465 | 120,032 | 162,335 |
| As at 01 January 2024 | 5,700 | 7,562 | (1,424) | 30,465 | 120,032 | 162,335 |
| Changes in Q1 2024 | - | - | 36 | - | (2,094) | (2,058) |
| Net profit (loss) | - | | | | (2,094) | (2,094) |
| Measurement of own shares to market value | | | 36 | | | 36 |
| Comprehensive income | - | - | - | - | (2,094) | (2,094) |
| As at 31 March 2024 | 5,700 | 7,562 | (1,388) | 30,465 | 117,938 | 160,277 |

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INTERIM CONDENSED STATEMENT OF CASHFLOWS

| No. | CASH FLOW STATEMENT | For the 3-month period ended 31 March 2024 | For the 3-month period ended 31 March 2023 |
|------------|---|--|--|
| A. | Cash flow from operating activities - indirect method | | |
| I | Pre-tax profit (loss) | (1,962) | 7,010 |
| II | Total adjustments | 7,976 | 9,079 |
| 1. | Amortisation | 2,912 | 3,008 |
| 2. | Exchange (profit) losses | 233 | (118) |
| 3. | Interest and profit sharing (dividend) | 1,430 | 1,307 |
| 4. | (Profit) loss on investment activities | (271) | (170) |
| 6. | Change in inventory | 12,799 | 8,769 |
| 7. | Change in biological assets | (272) | (123) |
| 8. | Change in receivables | (6,490) | 725 |
| 9. | Change in short-term liabilities, excluding credits and loans | (1,821) | (4,192) |
| 11. | Income tax paid | (857) | (276) |
| 12. | Change in subsidies | (25) | (24) |
| 13. | Change in accrued interest on loans and commissions | (160) | (7) |
| 14. | Change in other financial assets | (32) | 257 |
| 15. | Change in rights to assets | 530 | (1,659) |
| 16. | Depreciation of CO2 rights | - | 1,582 |
| 17. | Other adjustments | - | - |
| III | Net cash flows from operating activities | 6,014 | 16,089 |
| B. | Cash flows from investment activities | | |
| I | Inflows | 424 | 751 |
| 1. | Disposal of intangible and tangible fixed assets | 409 | 370 |
| 2. | Repayment of loans granted | 15 | 381 |
| II | Expenditure | 5,709 | 3,605 |
| 1. | Purchase of intangible assets and tangible fixed assets | 3,234 | 2,450 |
| 2. | Purchase of property rights | - | 1,155 |
| 3. | Loans granted | 2,475 | - |
| III | Net cash flows from investment activities | (5,285) | (2,854) |
| C. | Cash flows from financial activities | | |
| I | Inflows | 3,908 | - |
| 1. | Credits and loans | 1,840 | - |
| 2. | Additional contributions received | 2,068 | - |
| II | Expenditure | 21,759 | 32,284 |
| 1. | Repayment of credits and loans | 19,322 | 28,059 |
| 2. | Interest on bank credits and loans | 1,430 | 1,438 |
| 3. | Purchase of treasury shares | - | 1,675 |
| 4. | Payments from lease contracts | 1,007 | 1,112 |
| III | Net cash flows from financial activities (I-II) | (17,851) | (32,284) |
| D. | Total net cash flows (A.III+/-B.III+/-C.III) | (17,122) | (19,049) |
| E. | Balance sheet change in cash and cash equivalents | (17,122) | (19,049) |
| F. | Cash opening balance | 37,874 | 51,519 |
| G. | Cash closing balance (F+/-D) | 20,752 | 32,470 |
| | - including: limited disposal cash | - | - |

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NOTES

1. Accounting principles

The figures for the interim condensed financial statements for the 3-month period ended 31 March 2024 have been prepared using the same accounting policies as in the most recent annual financial statements.

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

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. did not change its policies for accounting and correction of errors of previous periods.

3. Information on contingent liabilities or contingent assets

a) Contingent assets

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. holds 493,591 sq. m. of land in perpetual usufruct. The Company pays annually a fee of 3% of its value in accordance with the decisions received which set the annual fee. The 2024 fee was PLN 614 thousand.

Until 31/12/2018 the Company treated its perpetual usufruct rights to land as operating leases, recognising the payments made in respect thereof in the profit or loss for the period to which they related. With effect from 01/01/2019, the perpetual usufruct right has been classified by the Company as a lease contract, in accordance with IFRS 16. The right-of-use asset is presented under the "Rights to assets" item in the statement of financial position.

"PEPEES" S.A. received from its related company GR Ponary Sp. z o.o. a surety in the amount of PLN 15,795 thousand, constituting hedging for an investment credit granted by PKO Bank Polski S.A. earmarked for the financing and refinancing of the acquisition of 100% of shares in Gospodarstwo Rolne Ponary Sp. z o.o.

b) Contingent liabilities

In earlier periods, the Company provided a surety for a credit granted by BOŚ S.A. to a related company, PPZ "BRONISŁAW" S.A., of up to PLN 12,684 thousand.

There may be liabilities arising from non-compete agreements after termination of the employment relationship. Such agreements are in place with Management Board members and several employees. In the event of termination of their employment, the Company is required to pay compensation of approx. PLN 1,442 thousand.

4. Information on transactions with related parties

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

During the reporting period, the Issuer purchased starch from a subsidiary with a total value of PLN 326.3 thousand. In addition, "PEPEES" S.A. sold to ZPZ "LUBLIN" Sp. z o.o. starch worth PLN 23.4 thousand and service of renting a flake production line. The rent for this service for 3 months in 2024 was PLN 70.7 thousand. The sales price is determined using the cost-plus method or on the basis of price lists in force with unrelated parties.

As at the balance sheet date, there is a liability balance of PLN 185.7 thousand.

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

In the reporting period, the Parent purchased potato starch for PLN 5,523.8 thousand, protein for PLN 870.0 thousand, starch for PLN 205.2 thousand and warehouse lease services for PLN 54.5 thousand from its subsidiary PPZ “BRONISŁAW” S.A. The Issuer sold seed potatoes to a related company for PLN 192.1 thousand, potato starch for PLN 184.8 thousand and provided vehicle rental and storage services for PLN 6.4 thousand. In addition, in the first quarter, the Parent charged PPZ “BRONISŁAW” with surety fees of PLN 31.6 thousand and interest on the loan in the amount of PLN 140.4 thousand.

As at the balance sheet date, there is an outstanding loan balance of PLN 9,640.4 thousand, trade receivables of PLN 1,972 thousand, receivables from surety fees of PLN 31.6 thousand and trade liabilities of PLN 67 thousand.

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

“PEPEES” S.A. sold services to its subsidiary, GR Ponary Sp. z o.o., in the amount of PLN 2.6 thousand. In addition, in the first quarter, the subsidiary paid the Parent interest on a loan in the amount of PLN 4.0 thousand. On the other hand, GR Ponary Sp. z o.o. provided the Parent with a credit surety in previous periods, on which fees of PLN 39.5 thousand were charged in Q1 2023.

The outstanding amount of loan as at the balance sheet date was PLN 220 thousand, trade receivables - PLN 1,0 thousand, and surety liabilities - PLN 13.2 thousand.

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

In the reporting period, “PEPEES” S.A. provided services to Pepees in the amount of PLN 1 thousand. The balance of trade receivables as at the balance sheet date is PLN 2.6 thousand.

5. Information on granted sureties and guarantees

In the reporting period, PEPEES did not grant any sureties or guarantees. As at the balance sheet date there is a credit surety of up to PLN 12,684 thousand granted to PPZ “BRONISŁAW” S.A.

There may be liabilities arising from non-compete agreements after termination of the employment relationship. Such agreements are in place with management board members and several employees. In the event of termination of their employment, the Company is required to pay compensation of approx. PLN 1,442 thousand.

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D. NOTES

1. Changes in the organisation of the PEPEES Capital Group

There were no significant changes in the organisation of the PEPEES Capital Group in the reporting period.

2. Summary of activities during the reporting period

In Q1 2024, the PEPEES Capital Group generated sales revenue of PLN 52,431 thousand which represents a 14.59% decrease compared to revenue in the corresponding period of the previous year (PLN 61,387 thousand).

Own cost of sales amounted to PLN 43,476 thousand and increased by 7.12% compared to Q1 2023 costs. As a result, the gross result on sales which amounted to PLN 8,955 thousand decreased by 56.95% compared to the corresponding period of the previous year.

Sales and marketing costs for Q1 2024 dropped by 8.69% relative to the comparative period, while overheads increased by 5.44%.

The balance of other operating activities for the three months of 2024 closed at PLN 749 thousand with a result of minus PLN 58 thousand in the comparative period.

Thus, the operating activity result closed with a loss of PLN 2,381 thousand for Q1 2024, against an operating profit of PLN 8,899 thousand in the corresponding period of the previous year (a decrease of 126.76%).

In turn, the result on financing activities, understood as the balance of financial revenue less financial expenses, decreased in the period from January to March 2024 compared with the corresponding item in the comparative period due to lower cash accumulated on bank deposits and, consequently, lower financial income from interest. In the current year, the result of financing activities closed with a loss of PLN 1,934 thousand, with a loss on financing activities of PLN 1,755 thousand in the previous year.

As a consequence of the above, the gross loss incurred after Q1 2024 amounted to PLN 4,315 thousand with gross profit of PLN 7,144 thousand generated in the comparative period, while the net loss incurred in between January and March 2024 amounted to PLN 4,472 thousand with net profit of PLN 4,394 thousand generated in the corresponding period of 2023.

3. Information on the shareholder structure

The shareholder structure as at the date of publication of this quarterly report is as follows:

| SHAREHOLDER STRUCTURE | Number of shares [pcs] | Share in capital % | Number of votes | Share in the total number of votes at the GMS % |
|--|------------------------|--------------------|-----------------|---|
| 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% |
| Others | 25,374,332 | 26.71% | 25,374,332 | 26.71% |

* As a result of failing to comply with notification obligations on the acquisition of significant blocks of shares under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies of 29 July 2005, EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which holds, according to the information held by the Company, 27,759,032 shares in the Company, has lost and cannot exercise voting rights under 21,402,233 shares. The Company's Management Board has therefore brought an action for determination before the District Court in Białystok. Epsilon FIŻ AN takes the opposite position, maintaining that it is entitled to voting rights under 27,759,032 shares representing 29.22% of the total number of votes at the GMS. The Chairman of the Financial Supervision Authority joined the case and presented their position on 24 July 2019. The Company reported on the case in current reports Nos. 13/2019, 14 to 23/2019 and 30/2019. On 21/04/2023 the District Court of Białystok ruled that EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Warsaw has lost the voting rights and cannot exercise them under 21,402,233 ordinary bearer shares. This ruling is not final, as the Company informed in current report No. 7/2023.

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*** Mr. Maksymilian Maciej Skotnicki and Mr. Michał Skotnicki are the persons referred to in Article 87(4)(1) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies, and thus the total number of shares held by the aforementioned persons comprises 41,866,636 shares, which corresponds to 44.07% of the share capital and 56.89% of the number of authorised votes in the Company (taking into account the loss of the possibility to exercise voting rights by EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych).*

4. Information on changes in the Issuer's shares or the rights thereto held by members of the Issuer's management and supervisory staff

Mr. Wojciech Faszczewski, acting as President of the Company's Management Board, holds 701,000 shares in the Company. The person referred to above is not entitled to shares in the Company.

Mr. Tomasz Rogala and the supervising persons do not hold shares in the Company or rights to them.

In the period between the publication of the previous interim report, i.e. 05 April 2024, and the publication of this interim report, the management and supervisory staff did not carry out transactions involving the Company's shares or rights thereto.

5. Brief description of significant achievements or failures of the PEPEES Capital Group in Q1 2024, together with a list of the most important events concerning them

During Q1 2024, there were no significant achievements or failures in the PEPEES Capital Group to which this report relates.

6. Description of factors and events, in particular of atypical nature, with significant impact on the financial results of the PEPEES Capital Group

The Russian Federation's invasion of Ukraine and the reaction to these military actions also have an indirect impact on the PEPEES Group's performance. An indirect effect of the conflict is also a significant increase in inflation and interest rates which translated into a significant increase in costs and, consequently, a loss incurred by the PEPEES Group in Q1 2024. High prices for agricultural fertilisers and plant protection products have also affected losses from farming operations. It should also be noted that in Q1 2024, the average selling price of starch, the Group's core product, dropped significantly which translated into a decrease in sales revenue of more than 14%.

The sanctions imposed on Russia and Belarus determine the ongoing monitoring of the political and economic situation in these countries and in Ukraine carried out by the Issuer's Management Board and the assessment of its impact on the Group's operations and financial results in the reporting period and in the perspective of future periods.

The Group does not market goods manufactured in or imported from Russia or Belarus and does not use raw materials and materials from these countries. Therefore, the Issuer's Management Board does not identify any risk regarding the impact of the armed conflict on the disruption of the production process or on the sale of its products in Poland and other European countries.

7. Position of the Management Board on forecast results

The Parent's Management Board did not publish forecasts of separate or consolidated results for 2024.

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8. Indication of significant proceedings pending before a court, a competent authority for arbitration proceedings or a public administration body

On 25/06/2019 the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. filed a lawsuit to establish that the shareholder of EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, holding, according to the information in the Company's possession, 27,714, 832 shares, due to a breach of the obligation to notify of the acquisition of significant blocks of shares pursuant to Article

89(1)(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies, has lost and cannot exercise the voting rights on 21,402,233 shares. Epsilon FIZ AN takes the opposite position, maintaining that it is entitled to voting rights under 27,714,832 shares representing 29.17% of the total number of votes at the GMS. The Chairman of the Financial Supervision Authority joined the case and presented their position on 24 July 2019. The Company reported on the case in current reports Nos. 13/2019, 14 to 23/2019 and 30/2019.

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

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

- to annul or declare invalid resolutions Nos. 24 to 29, adopted on 28/06/2019 by the Ordinary General Meeting of Shareholders, including resolution No. 28 on amending the Company's Articles of Association and authorising the Company's Management Board to increase the Company's share capital within the framework of authorised capital with the possibility for the Management Board to exclude the pre-emptive rights of the Company's existing shareholders in whole or in part with the consent of the Company's Supervisory Board. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid two discharge resolutions adopted on 21/04/2020 by the General Meeting of Shareholders. The proceedings are pending before the court of first instance. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid four resolutions adopted on 29 June 2021 by the Ordinary General Meeting of Shareholders, i.e. resolution No. 4 on the consideration and approval of the Company's financial statements for the period from 01/01/2020 to 31/12/2020, resolution No. 9 on the allocation of the Company's net profit for the financial year 2020, and resolutions No. 10 and 11 on granting discharge to the members of the Company's Management Board. The proceedings are pending before the court of first instance. On 11 January 2022 the District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid nine resolutions adopted on 14 April 2022 by the Ordinary General Meeting of Shareholders on the consideration and approval of the Company's financial statements for the period from 01/01/2021 to 31/12/2021, the consolidated report, the Company's management report, the allocation of the Company's net profit for the financial year 2021, granting discharge to the Company's Management Board members, the appointment of 2 Supervisory Board members, the purchase of treasury shares and the creation of reserve capital. The proceedings are pending before the court of first instance. The District Court suspended the proceedings pending the final conclusion of the proceedings in the PEPEES v EPSILON action for determination of loss of voting rights;
- to annul or declare invalid three resolutions adopted on 25 May 2023 by the Ordinary General Meeting

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of Shareholders, i.e. resolutions No. 9 and 10 on granting discharge to the members of the Company's Management Board and resolution No. 11 on granting discharge to the Chairman of the Supervisory Board. The proceedings are pending before the court of first instance. Trial date has not yet been set.

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

There are several cases pending before the court for the recovery of trade receivables against which the Company has made 100% of revaluation write-downs.

9. Information on transactions with related parties

In the period under review, the Parent Company, Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., entered into transactions with related parties that were of a typical nature, resulting from the day-to-day operating activities conducted by "PEPEES" S.A. and its subsidiaries. The transactions were concluded at arm's length.

The operations of the PEPEES Capital Group are based on activities of specialised entities whose business profiles are complementary types of services. Undertaking cooperation by the Capital Group companies is intended to increase the level of utilisation of the resources available to the entities involved in the transaction and to reduce the risks accompanying their activities.

The allocation of risk and the division of the Group's companies' functions allow it to reduce operating costs and make efficient use of financial resources. Granting surety for a liability, as well as securing its repayment among related parties, allows for faster contract execution which may contribute to more efficient management of the entities within the PEPEES Capital Group.

10. Information on sureties and guarantees

In the reporting period and until the date of this report, the PEPEES Capital Group companies did not grant any significant guarantees or sureties.

The total value of PEPEES existing sureties or guarantees as at 31/03/2024 amounts to PLN 12,684 thousand.

11. Other information which, in the opinion of the Capital Group, is material for the assessment of its personnel, economic, and financial position, financial result and their changes, and information material for the assessment of the Group's ability to meet its obligations

In Q1 2024 there were no events other than those described in this report which could be material for the assessment of the personnel, economic, and financial position, financial result and their changes and which could be material for the assessment of the PEPEES Capital Group's ability to meet its obligations.

12. Information on factors which, in the opinion of the Issuer and the Group, would affect their results in the perspective of at least the next quarter

In the Issuer's view, the key factors that will affect the results in the near term are:

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- the macroeconomic situation in Poland and on foreign markets;
- the quantity and value of bought potatoes – the basic raw material for production;
- the price of starch on the Polish and global markets;
- exchange rates – the Group is an exporter (mainly PLN/USD, PLN/EUR);
- interest rates – the Group uses credits and leases, the interest rate of which is based on WIBOR;
- fluctuations in the prices of energy raw materials and energy, linked to the increased stringency of climate and environmental regulations;
- the financial market situation – in particular the possibility of obtaining credit;
- the economic situation – GDP level, demand for the Group’s products and the situation on the labour market;
- hostilities in Ukraine and sanctions against Russia and Belarus and the economic impact of these actions.

During the next quarter of 2024, the PEPEES Capital Group will implement the concluded agreements and carry out the operational activities that form the basis of its operations, including production, trade, and service activities.

13. Approval of the consolidated quarterly report

This Consolidated Quarterly Report of the PEPEES Capital Group for the first quarter ended 31 March 2024 was approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego “PEPEES” Spółka Akcyjna in Łomża.

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD OF THE PARENT COMPANY

President of the Management Board - Wojciech Faszczewski

Signed by:
Wojciech Faszczewski
Przedsiębiorstwo Przemysłu
Spożywczego PEPEES S.A.
 Date: 2024-05-23 09:20

Member of the Management Board - Tomasz Krzysztof Rogala

Signed by:
Tomasz Krzysztof Rogala
Przedsiębiorstwo
Przemysłu Spożywczego
PEPEES S.A.
 Date: 2024-05-23 09:10

SIGNATURE OF THE PERSON PREPARING THE REPORT

Chief Accountant – Małgorzata Kordas

 Podpisano przez/ Signed by:
Małgorzata
Kordas
Data/ Date: 23.05.2024 07:29
