



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

**Interim abbreviated separated financial
statement
for the period of 6 months ended 30 June 2020**

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

PEPEES S.A.
*Interim abbreviated separate financial statement for 6
months ended on 30 June 2020 (data in PLN '000)*

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Interim abbreviated financial situation statement

	ASSETS	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
I.	Fixed assets (long-term)	148 094	151 766	151 045
1.	Tangible fixed assets	100 466	103 464	102 462
2.	Intangible assets	213	413	223
3.	Rights to assets	16 280	16 717	17 161
4.	Investment property	388	393	400
5.	Investment in subsidiaries	26 632	26 632	26 787
6.	Investment in other units	625	613	613
7.	Assets from deferred income tax	3 490	3 534	3 399
II.	Current assets (short-term)	85 838	123 896	98 333
1.	Inventories	33 004	55 712	27 192
2.	Biological assets	2 479	322	2 148
3.	Trade receivables	24 788	16 340	25 895
4.	Current income tax receivables	845	-	-
5.	Other receivables	1 150	4 310	2 285
6.	Prepayments	7 253	1 302	6 157
7.	Loans granted	5 870	5 593	8 204
8.	Other financial assets	6 079	5 961	5 436
9.	Monetary assets and equivalents	4 370	34 356	21 016
	Total assets	233 932	275 662	249 378

	EQUITY AND LIABILITIES	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
I.	Equity capital	156 214	164 443	159 634
1.	Share capital	5 700	5 700	5 700
2.	Supplementary and reserve capitals	147 408	139 626	139 626
3.	Assets revaluation reserve	(112)	(65)	(44)
4.	Retained earnings	-	-	-
5.	Current year result	3 218	19 182	14 352
II.	Long-term liabilities	28 689	30 815	32 658
1.	Credits and loans	6 941	8 385	9 970
2.	Lease liabilities	10 967	11 714	12 015
3.	Provisions for deferred income tax	6 163	6 312	6 375
4.	Payables for pensions and similar benefits	2 547	2 284	2 129
5.	Subsidies	2 071	2 120	2 169
III.	Short-term liabilities	49 029	80 404	57 086
1.	Trade payables	9 241	5 436	9 762
2.	Current income tax payables	-	2 394	2 567
3.	Other short-term liabilities	13 879	2 576	13 794
4.	Credits and loans	19 865	63 083	24 598
5.	Lease liabilities	2 852	3 192	3 374
6.	Payables for pensions and similar benefits	253	204	166
7.	Provisions for other liabilities and charges	2 939	3 519	2 825
	Total equity and liabilities	233 932	275 662	249 378

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Interim abbreviated statement of profits and losses or other total income

Item	Description	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2019
I	Revenues from sales	81 868	92 983
1.	Revenues from sales of products	69 815	77 119
2.	Revenues from sales of services	301	237
3.	Revenues from sales of goods and materials	11 752	15 627
II	Costs of goods sold	(60 879)	(58 424)
1.	Costs of products sold	(46 496)	(43 189)
2.	Costs of services sold	(359)	(204)
3.	Costs of goods and materials sold	(11 559)	(12 938)
4.	Result of agricultural production	(2 465)	(2 093)
III	Gross profit (loss) on sales (I-II)	20 989	34 559
1.	Sales and marketing costs	(4 210)	(4 104)
2.	Overheads	(11 992)	(11 606)
3.	Other operating revenues	543	304
4.	Other operating costs	(375)	(204)
IV	Operating profit (loss)	4 955	18 949
1.	Financial costs	(1 111)	(1 135)
2.	Financial revenues	704	837
V	Profit (loss) before tax	4 548	18 651
VI	Income tax	(1 330)	(4 299)
VII	Net profit (loss)	3 218	14 352
VIII	Other total income	(47)	(18)
1.	Results of valuation of financial assets available for sale	-	-
2.	Revaluation of liabilities from employee benefits	(47)	(18)
IX	Total income, including	3 171	14 334
X	Net profit (loss) per share	0.03	0.15

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Interim abbreviated statement of changes in equity

Description	Share capital	Capital reserve	Assets revaluation reserve	Other capital reserve	Unallocated earnings	Total equity capital
As of 1 January 2019	5 700	51 950	(26)	81 634	17 442	156 700
Changes in the 1st half of 2019	-	6 042	(18)	-	(3 090)	2 934
Allocation of profit for 2018, including:						
- increase capital reserve	-	6 042	-	-	(6 042)	-
- transactions with owners (dividend)	-	-	-	-	(11 400)	(11 400)
Net profit (loss) for period	-	-	-	-	14 352	14 352
Other total income for financial year (net)	-	-	(18)	-	-	(18)
As of 30 June 2019	5 700	57 992	(44)	81 634	14 352	159 634
Changes in 2019	-	6 042	(39)	-	1 740	7 743
Allocation of profit for 2018, including:						
- increase capital reserve		6 042			(6 042)	-
- transactions with owners (dividend)					(11 400)	(11 400)
Net profit (loss) for period					19 182	19 182
Other total income for financial year (net)			(39)			(39)
As of 31 December 2019	5 700	57 992	(65)	81 634	19 182	164 443
As of 1 January 2020	5 700	57 992	(65)	81 634	19 182	164 443
Allocation of profit for 2019, including:						
- increase capital reserve		7 782			(7 782)	-
- transactions with owners (dividend)					(11 400)	(11 400)
Net profit (loss) for period					3 218	3 218
Other total income for financial year (net)			(47)			(47)
As of 30 June 2020	5 700	65 774	(112)	81 634	3 218	156 214

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Interim abbreviated cash flow statement

Item	Cash flow statement	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2019
A.	Cash flows from operating activities - indirect method		
I	Profit (loss) before tax	4 479	18 651
II	Total adjustments	14 230	20 270
1.	Depreciation	5 696	4 913
2.	Profit (loss) due to exchange rate variations	(71)	47
3.	Interest and share in profit (dividends)	469	287
4.	Profit (loss) on investing activities	(421)	(176)
5.	Change in reserves	(268)	(111)
6.	Change in inventories	22 708	24 988
7.	Change in biological assets	(2 157)	(1 818)
8.	Change in receivables	(6 133)	(523)
9.	Change in short-term liabilities, excluding loans and credits	4 965	1 270
10.	Change in prepayments	(5 951)	(5 589)
11.	Income tax paid	(4 662)	(3 052)
12.	Change in subsidies	(49)	(49)
13.	Change in interests for loans and commissions	(74)	(43)
14.	Change in other financial assets	(118)	
15.	Other adjustments	296	126
III	Net cash flows from operating activities	18 778	38 921
B.	Cash flows from investing activities		
I	Revenues	1 483	1 103
1.	Sale of intangible and tangible assets	437	277
2.	Repayment of granted loans	1 046	762
3.	Receipts from bonds	-	64
II	Expenses	4 091	11 859
1.	Purchase of intangible and tangible assets	2 249	11 209
2.	Purchase of shares	12	-
3.	Purchase of securities	-	500
4.	Purchase of property rights	630	-
5.	Loans granted	1 200	150
III	Net cash flows from investing activities	(2 608)	(10 756)
C.	Cash flows from financing activities		
I	Revenues	280	44
1.	Credits and loans	-	-
2.	Subsidies received	280	44
II	Expenses	46 739	35 947
1.	Repayment of credits and loans	44 895	33 811
2.	Interest of credits and loans	587%	552
3.	Lease contracts payments	1 257	1 584
III	Net cash flows from financing activities (I-II)	(46 459)	(35 903)
D.	Net cash flow, total (A.III+/-B.III+/-C.III)	(30 289)	(7 738)
F.	Cash at the beginning of period	34 434	28 139
G.	Cash at the end of period (F+/- D)	4 145	20 401
	- including of limited availability	-	-

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SELECTED FINANCIAL DATA CONVERTED INTO EUR

Item	SELECTED FINANCIAL DATA Year	PLN thousands		. EUR thousands	
		2020	2019	2020	2019
I	Total revenues from sales for 1st half of the year	81 868	92 983	18 434	21 684
II	Net profit or loss for shareholders of the Holding Company for the 1st half of the year	3 218	14 352	725	3 347
III	Net comprehensive income for the 1st half of the year	3 171	14 334	714	3 343
IV	Net cash flows from operating activities for the 1st half of the year	18 778	38 921	4 228	9 077
V	Net cash flows from investment activities for the 1st half of the year	(2 608)	(10 756)	(587)	(2 508)
VI	Net cash flows from financial activities for the 1st half of the year	(46 459)	(35 903)	(10 461)	(8 373)
VII	Net cash flows for the 1st half of the year	(30 289)	(7 738)	(6 820)	(1 805)
VIII	Total assets as of 30.06.2020 and 31.12.2019	233 932	275 662	52 381	64 732
IX	Equity for the Holding Company shareholders as of 30.06.2020 and 31.12.2019	156 214	164 443	34 979	38 615
X	Profit (loss) per ordinary share for the 1st quarter	0.03	0.15	0.01	0.04
XI	Book value per share as of 30.06.2020 and 31.12.2019	1.64	1.73	0.37	0.41

The data presented in rows: VIII, IX i Xi, in columns "2020" and "2019" are as of 30 June 2020 and 31 December 2019.

The following exchange rates published by the National Bank of Poland were used to convert the data to Euro:

- selected items from the interim abbreviated financial statement as of 30.06.2020 according to the average exchange rate on the balance sheet day 1 EUR = 4.4660.PLN;
- selected items from the interim abbreviated financial statement as of 31.12.2019 according to the average exchange rate on the balance sheet day 1 EUR = 4.2585 PLN,
- selected items from the interim abbreviated comprehensive income statement and interim abbreviated cash flow statements for the period from 1 January 2020 to 30 June 2020 according to the arithmetic mean of exchange rates published by NBP for the last day of each month of the 1 st half of the year - 1 EUR = 4.4413 PLN,
- selected items from the interim abbreviated comprehensive income statement and interim abbreviated cash flow statements for the period from 1 January 2019 to 30 June 2019 according to the arithmetic mean of exchange rates published by NBP for the last day of each month of the 1 st half of 2019 - 1 EUR = 4.2880 PLN,

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PROFIT PER ONE SHARE

Description	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2019
Net profit (loss) for PEPEES shareholders	3 218	14 352
Weighted average number of shares	95 000 000	95 000 000
Basic profit (loss) per share (expressed in PLN per one share)	0.03	0.15
Net profit (loss) for PEPEES shareholders used for determination of diluted profit per share	3 218	14 352
Weighted average number of ordinary shares for diluted earnings per share	95 000 000	95 000 000
Diluted profit (loss) per share (expressed in PLN per one share)	0.03	0.15
Annualized net profit for PEPEES S.A.'s shareholders	8 048	25 707
Weighted average number of shares	95 000 000	95 000 000
Annualized net earnings per share (expressed in PLN per one share)	0.08	0.27

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Additional explanatory notes

1. General information

Full name:	Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” S.A.
Address of the registered office:	18-402 Łomża, ul. Poznańska 121
ID:	REGON: 450096365
NIP (tax identification number):	718-10-05-512
Registration body:	District Court in Białystok 12th Economic Department of the National Court Register
Registration number:	000038455
Legal form:	joint stock company
Organisational form :	single-site company
Classification of activity according to PKD:	1062Z Manufacture of starches and starch products.
Industry:	food processing
Duration:	undetermined

Management Board as of 30 June 2020:

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

Supervisory Board as of 30 June 2020:

Maciej Kaliński	Chairman
Tomasz Nowakowski	Vice-Chairman
Robert Malinowski	Secretary
Krzysztof Stankowski	Member
Piotr Marian Taracha	Member
Agata Czerniakowska	Member

Audit Committee as of 30 June 2020:

Maciej Kaliński	Chairman
Piotr Marian Taracha	Vice-Chairman
Krzysztof Stankowski	Member of the Audit Committee
Robert Malinowski	Member of the Audit Committee (elected on 14 April 2020)
Tomasz Nowakowski	Member of the Audit Committee (elected on 14 April 2020)

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2. Information on reporting periods

The presented abbreviated interim financial statement covers the period from 1 January 2020 to 30 June 2020, and the comparable financial data and information notes cover the period from 1 January 2019 to 30 June 2019 and additionally 31 December 2019 in case of financial and changes in equity statements.

3. Basis of interim abbreviated financial statement

This interim abbreviated financial statement has been made in accordance with the International Financial Reporting Standards (IFRS), particularly the International Accounting Standard 34 and IFRS approved by the EU. As at the date of approval of this statement for publication, taking into account the process of implementation of the IFRS standards in the EU and the business performed by the Company, as far as the accounting principles applied by the Company are concerned, there is no difference between IFRS standards that entered into force and IFRS standards approved by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

This interim abbreviated financial statement in Polish Zloty (PLN) and unless stated otherwise all values are given in PLN thousands.

This interim abbreviated financial statement has been made with assumption that the Company will continue operations in the foreseeable future. As of the approval date of this interim abbreviated financial statement, the Management Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. does not notice circumstances indicating that the continuing Company operations are jeopardized.

The interim abbreviated financial statement does not include all information required for the annual financial statements and should be analysed together with the consolidated statement for financial year ended on 31 December 2019.

4. Approval of interim abbreviated financial statement

This interim abbreviated financial statement was approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” S.A. on 17 September 2020.

5. Important accounting rules (policies)

The accounting rules (policies) used to make the interim abbreviated financial statement are consistent with those used to make the PEPEES S.A.'s annual abbreviated financial statement for financial year ended on 31 December 2019.

6. New accounting standard and interpretation that have not been not used in this statement

- Amendments to IAS 1 and IAS 8 - definition of term "significant". Amendment has not been approved by the European Commission.
- Amendments to IFRS 3 "Business combinations" - definition of a business. Amendment has not been approved by the European Commission.
- Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of IBOR. Amendment has not been approved by the European Commission.

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- IFRS 17 "Insurance agreements" This Standard defines a new approach to recognition, pricing, presentation and disclosure of insurance agreements .

According to the Company's estimations, the above mentioned standards, amendments to the current standards and interpretation would not have significant impact on the financial statement, if they were applied by the Company as at the balance sheet date.

7. Untypical items significantly affecting the assets, liabilities, capital, financial result and cash flows.

COVID-19 pandemic has influenced the Company's activities, mainly through reduction of the demand for the Company's products, decrease of the amount of sold products and reduction of prices. } These factors affected the volume of revenues and profits shown in the statement of comprehensive income.

In the opinion of the Management Board, the above phenomena surely influence the results of the Company and the entire Group. Major threats are related to reduction of industrial production on the company's main export markets and the European Union (including the meat industry and ready products), reduction of demand for native potato starch, fall of starch prices on global markets. The above elements coincide with logistic problems, increased costs of transportation, longer payment periods (increase in the amount of receivables) and the fall of operating cash flows resulting from this. In result of the pandemic, no assets were lost and no significant changes in the statement on the financial condition occurred.

8. Change of accounting and presentation rules and correction of errors

„PEPEES” S.A. did not adjust errors from previous years. The Company did not change previously applied accounting principles save for application of new or amended standards or interpretations applicable to annual periods commencing from 1 January 2020 onwards.

9. Seasonality and cyclicity of operations

The Company operates in the industry sector "potato processing." The potatoes are harvested and bought during 3 months, but the products are sold all year.

10. Estimated values

In the reporting period, the Company did not run tests for the loss of fixed assets value, as there were no indications that the assets had lost their value.

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

The provisions for pension benefits and jubilee benefits were updated based on actuarial calculations as of 30.06.2020.

The provisions for unused annual leaves were updated based on the foreseen employees' salaries with overheads payable by the employer for unused annual leaves as of 30.06.2020.

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

The Company annually verifies the periods of economic usability for fixed and intangible assets. The last update took place on 31 December 2019.

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The Company analysed sensitivity of owned assets, including the goodwill of every subsidiary, for which impairment tests were performed as at 31.12.2019. The Company will perform new impairment tests as at 31.12.2020..

11. Purchase and sale of tangible fixed assets

During the first half of 2020, the Company purchased fixed assets for PLN 2 249 thousand. These were mostly modernizations of production machinery and equipment. Fixed assets for an amount of PLN 437 thousand were sold.

12. Significant commitments to purchase fixed assets

No loan agreements for purchase of fixed assets were executed in the first half of 2020.

13. Inventories

Inventories	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
a) materials	3 883	2 805	3 889
b) semi-finished products and work in progress	160	790	157
c) finished products	21 522	44 303	21 939
d) goods	8 286	8 209	1 487
Gross inventories	33 851	56 107	27 472
Revaluation write-offs	(847)	(395)	(280)
Net inventories	33 004	55 712	27 192

The inventories considered as a cost in the reporting period were PLN 58 055 thousand (1st half of 2019 – PLN 56 127 thousand).

14. Biological assets

"PEPEES" S.A. has leased a farm since March 2014 and new land since March 2018 on which annual plants were sown. The seeds purchase and cultivation costs as at the balance sheet date were PLN 2 704 thousand, revenues from agricultural activity PLN 239 thousand, and the fair value of biological inventories and assets less the costs of sales was about PLN 2 479 thousand. The biological assets are shown in the statement at fair value.

15. Trade receivables

GROSS TRADE RECEIVABLES WITH THE DUE PERIOD AT THE BALANCE SHEET DATE:	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
a) up to 1 month	5 323	11 185	6 801
b) 1 month - 3 months	8 989	2 971	7 042
c) 3 months - 6 months	9 022		9 377
d) 6 months - 1 year	-	-	-
e) above 1 year	-	-	-
f) overdue receivables	2 701	3 479	2 970
Total trade receivables (gross)	26 035	17 635	26 190
- revaluation write-offs	(1 247)	(1 295)	(295)
Total trade receivables (net)	24 788	16 340	25 895

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Overdue receivables without revaluation write-offs include receivables from debtors with whom the Company has done business for a few years and the assessment of their business and financial condition does not indicate that these receivables are doubtful. The overdue period ranges from a few days to three months. There are no receivables overdue for more than 180 days without revaluation write-offs. Revaluation write-offs are created in compliance with the model of expected credit losses.

16. Trade payables

Payables	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
- trade payables, with payment time:	9 241	5 436	9 762
- up to 12 months	9 241	5 436	9 762
- overdue above 180 days	-	-	-

17. Settlements from lawsuits

On 25 June 2019 the Management Board of "PEPEES" S.A. filed a lawsuit to the court to rule that due to the failure to comply with the notification obligations about purchase of significant amounts of shares pursuant to the Public Offering and Public Companies Act of 29 July 2005 the shareholder EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which has - according to the information held by the Company - 27.759.032 shares of the Company, has lost and cannot exercise voting rights on 21.402.233 shares - Epsilon FIZ AN believes that they can exercise voting rights on 27.714.832 shares which is 29.17% of total votes at the General Meeting The Chairman of Financial Supervision Commissions (KNF) presented his standpoint on the issue on 24 July 2019.

The Management Board awaits the valid decision of the court of law. The Company informed about the issue in interim reports Nos 13/2019, 14- 23/2019 and 30/2019.

As of the statement date, there is an undecided lawsuit by EPSILON Investment Fund in Warsaw against „PEPEES” S.A. on repealing or cancellation of resolutions no 24-29, adopted on 28.06.2019 by the Ordinary General Meeting and resolutions no 9 and 10, adopted on 21 April 2020 by the Ordinary General Meeting .

Otherwise, there are no significant pending litigations in court, proceedings in an arbitration court or a public administration body in respect to liabilities or receivables of the Issuer or its subsidiaries.

18. Unpaid credits and loans

The bank loans as of the balance sheet day are presented in the table below. They are being repaid on time.

Long- and short-term liabilities

Item	Type of a loan Bank that grants a loan	Loan amount acc. to agreement	Currency	Loan amount/ outstanding amount	Repayment date
1	Overdraft facility	Santander Bank Polska S.A.	4 000	PLN	232 31.08.2020
2	Revolving loan	Santander Bank Polska S.A.	13 000	PLN	4 875 31.08.2020
3	Working capital loan	Santander Bank Polska S.A.	17 000	PLN	4 250 31.08.2020

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Item	Type of a loan Bank that grants a loan		Loan amount acc. to agreement	Currency	Loan amount/ outstanding amount	Repayment date
4	Overdraft facility	Powszechna Kasa Oszczędności Bank Polski S.A.	4 000	PLN	0	31.08.2020
5	Revolving loan	Powszechna Kasa Oszczędności Bank Polski S.A.	13 000	PLN	3 250	31.08.2020
6	Working capital loan for purchase of potatoes	Powszechna Kasa Oszczędności Bank Polski S.A.	17 000	PLN	4 229	31.08.2020
7	Investment loan for construction of the starch unloading station and water treatment station	BNP Paribas Bank Polska S.A.	9 822	PLN	2 309	25.02.2022
8	Investment loan for modernization of steam boilers dust removal system	BOŚ S.A.	1 200	PLN	140	31.12.2020
9	Investment loan to finance and and refinance purchase of 100% Powszechna Kasa Oszczędności shares in Gospodarstwo Rolne Ponary Sp. z o.o.	Bank Polski S.A.	10 530	PLN	7 521	30.06.2025
total			89 552	PLN	26 806	

No provisions of loan agreements were breached in the reporting period. . All loans are being repaid according to the schedules included in the agreements .

19. Issuer's transactions with associated entities

19.1 Issuer's transactions with subsidiaries

a) Revenues from sales of products and goods

Revenue type	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2019
Revenues from sales of products to subsidiaries	910	757
Revenues from sales of goods and materials to subsidiaries	-	251
Revenues from sales of services	231	160
Revenues from sales of tangible assets to subsidiaries	-	28
Total revenues from associated entities	1 141	1 196

The sale price is determined using the "cost plus" method or according to the price list for non-associated entities.

b) Purchase of products and services

Purchase type	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2019
Purchase of products from subsidiaries	7 175	4 946
Purchase of services from subsidiaries	79	140
Purchase of fixed assets from subsidiaries	-	2 064
Total purchases from associated entities	7 254	7 150

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c) Other transactions

Description	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2019
Interest from loans granted	116	201
Fees on granted guarantees	181	247
Fees on received guarantees	79	79
total	376	527

d) Balance amounts for sale/purchase of products/services

Settlements with subsidiaries	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
Receivables - PPZ BRONISŁAW S.A.	302	295	166
Receivables - CHP Energia Sp. z o.o.	2 591	2 411	1 670
Receivables – GR Ponary Sp. z o.o.	1	1	1
Receivables – Pepees Inwestycje Sp. o.o. (OZENERGY)	7	7	6
Payables – ZPZ LUBLIN Sp. z o.o.	286	53	186
Payables - PPZ BRONISŁAW S.A.	-	-	-
Payables - CHP Energia Sp. z o.o.	-	-	21
Payables - GR PONARY Sp. z o.o.	26	-	13
Balance of settlements with associated entities	2 589	2 661	1 623

e) Balance of loans settlements

Loans granted to subsidiaries	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
PPZ BRONISŁAW S.A.	1 200	-	-
ZPZ LUBLIN Sp. z o.o.	800	1 800	3 000
CHP Energia Sp. z o.o.	4 861	4 788	4 719
GR Ponary Sp. z o.o.	555	553	550
Pepees Inwestycje Sp. z o.o. (OZENERGY)	-	-	1 493
Balance of settlements with associated entities	7 416	7 141	9 762

19.2 Issuer's transactions with shareholders

The Parent Company had no transactions with shareholders in the reporting period.

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19.3 Issuer's transactions with key management and supervisory personnel

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

Description	for the period of 6 months ended 30 June 2020	for the period of 6 months ended 30 June 2019
Short-term employee benefits	1 157	1 344
Benefits after the employment period	-	-
Severance pays	-	-
Payments in shares	-	-
total	1 157	1 344

b) Transactions with key personnel and their close family members

The Company had no transactions with key personnel and their close family members in the reporting period.

20. Change of estimated values

a) Revaluation write-offs

Change of revaluation write-offs from short-term receivables	For 6 months ended on 30 June 2020	For 12 months ended on 31 December 2019	For 6 months ended on 30 June 2019
Beginning of the period	1 340	412	412
a) increase (due to)	187	1024	6
- for doubtful trade receivables	187	1 010	6
b) decrease (due to)	43	96	64
- dissolution of provision as a result of payment	43	76	51
- use as a result of relief or sale of receivables	-	-	13
- cancellation	-	20	-
End of the period:	1 484	1 340	354

b) Inventory revaluation write-offs

Change of inventory revaluation write-offs	For 6 months ended on 30 June 2020	For 12 months ended on 31 December 2019	For 6 months ended on 30 June 2019
Beginning of the period	395	250	250
a) increase (due to)	826	633	259
- write-off to the net value that can be obtained	826	633	259
b) decrease (due to)	374	488	229
- reversal of write-offs	374	488	229
Inventory revaluation write-offs at the end of period	847	395	280

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c) Payables for pensions and similar benefits

Change of pension and similar benefits payables (by type)	For 6 months ended on 30 June 2020	For 12 months ended on 31 December 2019	For 6 months ended on 30 June 2019
a) beginning of the period	2 488	2 090	2 090
- retirement severance pay	336	317	317
- jubilee benefits	2 152	1 773	1 773
b) increase (due to)	388	659	492
- retirement severance pay	73	57	39
- jubilee benefits	315	602	453
c) use (due to)	76	261	287
- retirement severance pay	0	38	3
- jubilee benefits	76	223	284
d) dissolution (due to)	-	-	-
- retirement severance pay	-	-	-
- jubilee benefits	-	-	-
e) end of period	2 800	2 488	2 295
- retirement severance pay	409	336	353
- jubilee benefits	2 391	2 152	1 942

21. Short-term provisions

Change of short-term provisions (by type)	For 6 months ended on 30 June 2020	For 12 months ended on 31 December 2019	For 6 months ended on 30 June 2019
a) beginning of the period	3 519	3 141	3 141
- subsidies to tangible fixed assets	98	98	98
- provisions for benefits provided by contracting parties	23	24	24
- environmental fee	83	96	96
- provisions for annual leave payments	555	602	602
- gases Issue rights	1 434	942	942
- bonuses for Management Board and employees	1 326	1 379	1 379
b) increase (due to)	550	1 793	2 151
- provision for used CO2 emission allowances	225	1 433	858
- environmental fee	23	89	30
- provisions for annual leave payments	285	116	149
- provisions for benefits provided by contracting parties	17	5	17
- bonuses for Management Board and employees	-	150	1 097
c) use (due to)	1 130	1 415	2 467
- environmental fee	67	102	96
- provisions for annual leave payments	-	163	26
- provision for used CO2 emission allowances	833	941	942
- provisions for benefits provided by contracting parties	23	6	24
- bonuses for Management Board and employees	207	203	1 379

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Change of short-term provisions (by type)	For 6 months ended on 30 June 2020	For 12 months ended on 31 December 2019	For 6 months ended on 30 June 2019
e) end of period	2 939	3 519	2 825
- subsidies to tangible fixed assets	98	98	98
- provision for used CO2 emission allowances	826	1 434	858
- environmental fee	39	83	30
- provisions for annual leave payments	840	555	725
- bonuses for Management Board and employees	1 119	1 326	1 097
- provisions for benefits provided by contracting parties	17	23	17

22. Deferred income tax

Provisions for deferred income	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
Difference between balance sheet value and tax value of fixed assets	5 422	5 627	5 650
Unrealized exchange rate differences	-	1	1
Investments valuation	625	625	548
Interest due but not received	116	59	176
Total provisions for deferred income	6 163	6 312	6 375

Assets from deferred income tax	As of 30 June 2020	As of 31 December 2019	As of 30 June 2019
Unpaid remunerations	121	143	135
Provision for unused annual leaves	160	105	138
Provision for pension and jubilee benefits	532	473	436
Unrealized exchange rate differences	59	54	65
Revaluation write-offs	535	535	535
Inventory revaluation write-offs	241	106	84
Shares revaluation write-offs	565	565	565
Lease liabilities	897	1 016	1 067
Provision for bonuses for Management Board and employees	213	252	208
Provision for used CO2 emission allowances	157	272	163
Other	10	13	3
total	3 490	3 534	3 399

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23. Provisional assets and liabilities

CHANGE OF VOLUME OF PROVISIONAL ASSETS (BY TITLES)	For 6 months ended on 30 June 2020	For 12 months ended on 31 December 2019	For 6 months ended on 30 June 2019
a) beginning of the period, including	15 795	15 795	15 795
- security of the investment loan by GR PONARY	15 795	15 795	15 795
b) increase (due to)			-
- security of the investment loan by GR PONARY			-
c) use (due to)	-	-	-
d) end of period, including	15 795	15 795	15 795
- security of the investment loan by GR PONARY	15 795	15 795	15 795

CHANGE OF VOLUME OF PROVISIONAL LIABILITIES (BY TYPE)	For 6 months ended on 30 June 2020	For 12 months ended on 31 December 2019	For 6 months ended on 30 June 2019
a) beginning of the period, including	33 373	32 034	32 034
- liabilities under non-compete agreements	1 155	1 116	1 116
- loan securities for related companies	32 218	30 918	30 918
b) increase (due to)	-	1 339	39
- liabilities under non-compete agreements		39	39
- loan securities for related companies	-	1 300	-
c) use (due to)	-	-	-
- liabilities under non-compete agreements		-	-
- loan securities for related companies		-	-
d) dissolution (due to)	-	-	-
- liabilities under non-compete agreements		-	-
- loan securities for related companies		-	-
e) end of period, including	33 373	33 373	32 073
- liabilities under non-compete agreements	1 155	1 155	1 155
- loan securities for related companies	32 218	32 218	30 918

24. Reporting on operation segments

24.1. Information on products and services

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" operates mainly in the "potato processing" segment. The following products are made within this segment:

- potato starch used in households and in food, pharmaceutical, pulp and paper and textile industries;
- a few types of glucose used in food, confectionery and pharmaceutical industries;
- maltodextrin which is an essential additive to powdered products (ice cream, sauces, soups, fruit solids, flavours) and vitamin and mineral nutrients for children and athletes;

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- protein obtained from potato cellular sauce by coagulation, separation and drying; it is a valuable component of food mixes for animals and an excellent substitute for animal protein;
- a wide range of starch syrups used in confectionery and bakery;

24.2 Revenues by products

Product	for the period of 6 months ended 30 June 2020	for the period of 6 months ended 30 June 2019
Starch	45 992	56 724
Protein	5 708	4 773
Glucose	5 461	4 521
Hydrol	262	395
Maltodextrin	11 916	10 182
Starch syrups	476	524
Goods and materials	11 752	15 627
Services	301	237
total	81 868	92 983

24.3 Sales revenues by territorial structure

Description	For 6 months ended on 30 June 2020	For 6 months ended on 30 June 2019
Poland	55 894	55 722
Starch	28 337	28 306
Protein	3 460	3 497
Glucose	4 640	4 157
Hydrol	262	395
Maltodextrin	9 432	8 075
Starch syrups	476	524
Goods and materials	8 986	10 531
Services	301	237
EU countries - intra-Community supplies, including:	6 996	11 458
Starch	2 967	8 374
Protein	1 201	593
Maltodextrin	2 298	2 088
Glucose	530	253
Goods	-	150
Remaining countries - export	18 978	25 803
Starch	14 688	20 044
Protein	1 047	683
Glucose	291	111
Maltodextrin	186	19
Goods	2 766	4 946
total	81 868	92 983

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24.4 Information on main customers

The Company does not have a customer revenues from which would exceed 10% of total revenues. However, in the group of individual products, there are customers accounting for more than 10% of sale of a given product . And so:

- more than 52% of maltodextrin was sold to three domestic counterparties (25.9%; 13.9% and 12.9% respectively),
- 37% of protein was sold to two domestic customers (22% and 15% respectively),
- 11% of glucose was sold to one domestic counterparty.

25. Issue, repurchase and repayment of securities

Issue, repurchase and repayment of securities did not take place in the reporting period.

26. Information on paid (or declared dividend), total and per ordinary and preferred share

No dividend was paid during 6 months ended on 30 June 2020.

On 21 April 2020, the General Meeting of Shareholders of PEPEES S.A. adopted resolution No. 8 on allocation of profit for the fiscal year 2019 amounting to PLN 19,181,930.51: PLN 11,400,000 PLN was allocated to dividend (PLN 0.12 PLN per share), and the remaining PLN 7,781,930.51 was allocated to capital reserve.

The day on which the list of shareholders authorized to receive dividend is decided is 1 July 2020. The divided payment date is 31 July 2020.

**27. In case of financial instrument valued at fair value
- information about the change of valuation method**

During the 6 months ended on 30 June 2020, the Company did not change the rules of determining the fair value of financial instruments. The same rules methods were used as when making the Company's financial statement for the year ended on 31 December 2019.

28. Information on change of classification of financial assets as a result of change of purpose of use off such assets

In the reporting period, there were no changes of classification of financial assets as a result of change of purpose of use of such assets.

29. Information on changes of economic situation and operating conditions which have an important impact on the fair value of financial assets and liabilities, regardless of whether such assets and liabilities are at fair value or at adjusted purchase price (production cost)

In the presented period there was no change of the economic conditions and terms and conditions of business activity that would have impact on the fair value of financial assets and financial liabilities of the Company.

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30. Other information which may significantly affect the assessment of property and financial situation of the Company and its financial result

All events and information affecting the assessment of property and financial situation of the Group in the reporting period are presented in this statement. The Company does not have any information which may significantly affect the assessment of property and financial situation of the Issuer and its financial result.

The outbreak of the Coronavirus epidemics changed considerably the situation on global and local markets. In the beginning the problem was perceived as distortions in the supply chain but together with the development of the pandemics it entailed economic and social restrictions (so called lockdown). The consequences of closed economies at the turn of the first and second quarters had impact on the global economy.

In the opinion of the Management Board, the above phenomena surely influence the results of the Company. Major threats are related to reduction of industrial production on the company's main export markets and the European Union (including the meat industry and ready products), reduction of demand for native potato starch, fall of starch prices on global markets. The above elements coincide with logistic problems, increased costs of transportation, longer payment periods (increase in the amount of receivables) and the fall of operating cash flows resulting from this. In result of the pandemic, no assets were lost and no significant changes in the statement on the financial condition occurred.

31. Important events that took place after the balance sheet day

On 17 July 2020 an annex to the credit multiline agreement of 07.10.2014 with Santander Bank Polska (former Bank Zachodni WBK S.A.) was signed. Under the annex, the credit limit granted to PEPEES and subsidiaries was raised to PLN 58.5 million, the repayment date was also prolonged to 31.08.2021.

On 17 July 2020 also an annex do multipurpose credit line agreement with Powszechna Kasa Oszczędności Bank Polski S.A was also signed. Under the annex, the credit limit granted to PEPEES and subsidiaries was raised to PLN 58.5 million, the repayment date was also prolonged to 31.08.2021.

In July 2020 the dividend was paid in the total amount of PLN 11 400 thousand, that is PLN 0.12 per one share.

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32. Approval of the financial statement

This Interim Abbreviated Financial Statement of "PEPEES" S.A. for the 1st half of the year ended 30 June 2020 was approved for publication by the Management Board of Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” Spółka Akcyjna in Łomża on 17 September 2020 .

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

President of Management Board - Wojciech Faszczewski

Member of Management Board - Tomasz Rogala

SIGNATURE OF THE PERSON WHO MADE THE REPORT

Chief Accountant - Wiesława Załuska