

Mr
Wojciech Faszczewski
President of the Board of Directors
Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A.

Warsaw, 16 January 2018

Dear Mr Faszczewski,

Hereby, we present our opinion on the financial conditions of the tender offer concerning the shares of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. announced on 8 January 2018 by Mr Maksymilian Skotnicki i Mr Michał Skotnicki (hereinafter ‘the Tender Offer’).

Rubicon Partners Corporate Finance S.A. (‘RPCF’) were asked by the Board of Directors of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. (‘PEPEES’) to draw up an opinion (‘the Opinion’) on the proposed financial conditions of the tender offer concerning the shares of PEPEES announced by Mr Maksymilian Skotnicki i Mr Michał Skotnicki, and in particular on whether the price for the shares proposed in the Tender Offer corresponds to the fair value of the shares of PEPEES.

For the purpose of this Opinion, it has been assumed (according to Article 28 Clause 6 of the Accounting Act of 29 September 1994) that “fair value is the amount for which an asset could be exchanged, and a liability settled, on an arm’s length basis, between interested and knowledgeable, unrelated parties.”

RPCF would like to highlight that actual realisable prices in sales transactions or the quotations of the shares of PEPEES in the future may differ substantially from the estimated fair value of shares. There are many factors that can result in such a difference, including the motivations of the parties, the structure of transactions, the synergies for the buyer, the liquidity needs of entities selling shares, stock exchange conditions or the liquidity of the shares.

No. in the National Court Register (KRS): 0000299880
District Court for the capital city of Warsaw
XII Economic Division of the National Court Register;
Board of Directors: Grzegorz Golec – President of the
Board of Directors;
Elżbieta Kujawa – Vice President of the Board of Directors,
Piotr Karmelita – Member of the Board of Directors

Share capital: PLN 2,000,000.00

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Summary of the facts concerning the Tender Offer

On 8 January 2018, two natural persons, i.e. Mr Maksymilian Skotnicki i Mr Michał Skotnicki ('the Bidders'), acting in concert, announced the tender offer concerning 31,396,707 book-entry ordinary bearer shares with the nominal value of PLN 0.06 traded on the regulated market of the Warsaw Stock Exchange ('the Shares').

As at the date of the announcement of the Tender Offer, Mr Maksymilian Skotnicki held 20,603,282 shares of PEPEES, which accounted for 21.69% of the total number of shares in the share capital of PEPEES and entitled their holder to 20,603,282 votes at the General Meeting of Shareholders of PEPEES, which accounted for 21.69% of the total number of votes in PEPEES.

As at the date of the announcement of the Tender Offer, Mr Michał Skotnicki held 10,700,011 shares of PEPEES, which accounted for 11.26% of the total number of shares in the share capital of PEPEES and entitled their holder to 10,700,011 votes at the General Meeting of Shareholders of PEPEES, which accounted for 11.26% of the total number of votes in PEPEES.

The Bidders, acting in concert referred to in Article 87 Clause 1 item 5 of the Polish Act on Public Offering, as at the date of the announcement of the Tender Offer, held the total number of 31,303,293 shares of PEPEES, which accounted for 32.95% of the total number of shares in the share capital of PEPEES and entitled their holders to the total number of 31,303,293 votes at the General Meeting of Shareholders of PEPEES, which accounted for 32.95% of the total number of votes in PEPEES.

As a result of the Tender Offer, the Bidders intend to purchase the total number of 31,396,707 Shares entitling them to 31,396,707 votes at the General Meeting of Shareholders of PEPEES, which account for 33.05% of the total number of shares of PEPEES and of the votes at the General Meeting of Shareholders of PEPEES, and plan to hold, including the shares of PEPEES held by the Bidders prior to the announcement of the Tender Offer, 62,700,000 shares of PEPEES entitling them to 62,700,000 votes at the General Meeting of Shareholders of PEPEES, which account for 66% of the total number of shares of the Company and of the votes at the General Meeting of Shareholders of PEPEES

Particularly, as a result of the Tender Offer, Mr Maksymilian Skotnicki, the first Bidder and the entity purchasing the Shares, intends to purchase max. 100,000 Shares entitling him to 100,000 votes at the General Meeting of Shareholders of PEPEES, which account for 0.11% of the total number of shares of PEPEES and of the votes at the General Meeting of Shareholders of PEPEES, and plans to hold, including the shares of PEPEES held by him

prior to the announcement of the Tender Offer, 20,703,282 shares of PEPEES entitling him to 20,703,282 votes at the General Meeting of Shareholders of PEPEES, which account for 21.79% of the total number of shares of the Company and of the votes at the General Meeting of Shareholders of PEPEES.



As a result of the Tender Offer, Mr Michał Skotnicki, the second Bidder and the entity purchasing the Shares, intends to purchase max. 31,296,707 Shares entitling him to 31,296,707 votes at the General Meeting of Shareholders of PEPEES, which account for 32.94% of the total number of shares of the Company and of the votes at the General Meeting of Shareholders, and plans to hold, including the shares of PEPEES held by him prior to the announcement of the Tender Offer, 41,996,718 shares of PEPEES entitling him to 41,996,718 votes at the General Meeting of Shareholders of PEPEES, which account for 44.21% of the total number of shares of PEPEES and of the votes at the General Meeting of Shareholders of PEPEES

The price at which the Bidders intend to purchase the shares of PEPEES as a result of the Tender Offer is PLN 1.45 per share. Pursuant to the Tender Offer, the price is 12.40% higher than the arithmetic mean of average daily trade volume-weighted prices from the period of 6 months preceding the announcement of the Tender Offer, during which the shares of PEPEES were traded on the primary market of Warsaw Stock Exchange, amounting to PLN 1.29 per share.

Pursuant to the Tender Offer, during the period of 12 months prior to the announcement of the Tender Offer, one of the Bidders, i.e. Mr Maksymilian Skotnicki, had purchased shares of PEPEES. The highest price paid for the shares by this Bidder in that period amounted to PLN 1.45 per share.

The Tender Offer specifies that tenders will be accepted from 26 January 2018 until 8 February 2018. The expected date of the shares purchase by the Bidders is 13 February 2018 and the expected purchase transaction settlement date is 15 February 2018.

The Tender Offer has been announced with the following conditions:

- 1) Placing, as part of the Tender Offer, tenders for the sale of the minimum number of Shares, which means that the Bidders undertake to purchase Shares if, as part of the Tender Offer, tenders are placed for at least 16,196,708 Shares entitling their holder(s) to 16,196,708 votes at the General Meeting of Shareholders of PEPEES, which account for 17.05% of the total number of shares of PEPEES and of the votes at the General Meeting of Shareholders of PEPEES;

- 2) Obtaining an unconditional consent of the President of the Polish Office of Competition and Consumer Protection on the concentration by taking over the control of PEPEES by Mr Michał Skotnicki as a result of the acquisition of the Shares as part of the Tender Offer, or of the expiry of the period in which the said consent should be given; however, the said consent should be obtained on 8 February 2018 at the latest, and the deadline may be extended once or repeatedly until 25 May 2018 at the latest;
- 3) Adopting by the General Meeting of the Shareholders of PEPEES of the resolution concerning changes in the composition of the Supervisory Board of PEPEES and appointing one candidate indicated by Mr Michał Skotnicki as a member of the Supervisory Board of PEPEES. Mr Michał Skotnicki will indicate the candidate for the Supervisory Board within ten (10) days at the latest from the date of convening the General Meeting of Shareholders of PEPEES, the agenda of which will include making changes in the composition of the Supervisory Board. Mr Michał Skotnicki's failure to indicate his candidate for the Supervisory Board of PEPEES within such a time limit will be equivalent to the withdrawal of this condition by the Bidders;
- 4) Concluding, by Mr Michał Skotnicki and PEPEES, a strategic cooperation agreement concerning Mr Michał Skotnicki's support for PEPEES to implement the present strategy of PEPEES and to shape the future strategy of PEPEES.

This Opinion refers to the aforementioned conditions of the Tender Offer and assumes that they will be fully maintained and will not be modified, and that there are no agreements or arrangements which may affect the financial conditions of the Tender Offer.

A summary of the analyses carried out by RPCF

Pursuant to Article 80 Clause 2 of the Act of 29 July 2005 on the public offering and the conditions for introducing financial instruments to an organised trading system, and on public companies ('the Offering Act'), the board of directors of a public company is obliged to present their position on whether the price offered in the Tender Offer reflects the fair value of the company, and previous stock exchange quotations cannot be the only measure of this value.

PEPEES is an entity conducting operations on a competitive potato processing market, and is primarily engaged in the production of potato starch. On this market, it competes with other European producers. PEPEES has a stable financial situation and access to significant credit lines that make it possible to finance working capital.

When preparing the Opinion, we took the following measures:

1. We have analysed publicly available financial statements, including the audited financial statements of PEPEES Group for 2016, the unaudited financial statements of PEPEES Group for



the first half of 2017 and the condensed interim consolidated financial statements of PEPEES Group for 3 quarters of 2017.

2. We have discussed, with the Board of Directors of PEPEES, present and future activities of PEPEES, planned cash flows and net debt.
3. We have analysed the published content of the Tender Offer.
4. We have analysed the share price of PEPEES in the period preceding the Tender Offer and in the period following the announcement of the Tender Offer.
5. We have analysed macroeconomic ratios and data concerning similar companies listed on Warsaw Stock Exchange.
6. We have prepared other analyses that we deemed necessary to issue this Opinion.

In our analyses, we relied on the information provided or made available by PEPEES, without its verification and assuming it is true, accurate and complete.

Conclusion

Given the reservations indicated in the Opinion, the conditions of the Tender Offer and the analyses, the purchase price for a single share of PEPEES proposed in the Tender Offer at the level of PLN 1.45 (one złoty and forty five grosz's) **corresponds to the fair value of a single share of PEPEES.**

Reservations and restrictions

The content of this Opinion is intended only for the Board of Directors of PEPEES and, pursuant to Article 80 Clause 3 of the Offering Act, the Board of Directors of PEPEES will be able to publish the full text of the Opinion.

This Opinion is not intended to be used by parties other than the Board of Directors of PEPEES and cannot be quoted, published in whole or in part, used for any other purpose without the written consent of RPCF.

This Opinion is not addressed to third parties and does not result in any RPCF's obligations to third parties.

This Opinion is not intended for shareholders of PEPEES and does not constitute a report on the formal valuation of the shares of PEPEES, does not constitute a recommendation regarding the tenders in the Tender Offer, and does not constitute any investment advice.

This Opinion relates only to the financial conditions of the Tender Offer and does not touch upon any non-financial aspects of the Tender Offer.

This Opinion presents only the conclusions of RPCF on whether the price offered in the Tender Offer corresponds to the fair value of PEPEES.



In our analyses, we relied on the information provided or made available by PEPEES, without its verification and assuming that it is true, accurate and complete, according to the best knowledge of PEPEES management. RPCF did not conduct any independent verification or audit, and did not confirm independently the information provided. In addition, RPCF used the information publicly available in the sources believed to be reliable.

This Opinion was issued according to the state of knowledge as at 17 January 2018 and is subject to Polish law.

Yours sincerely,

Grzegorz Golec

President of the Board of Directors

Piotr Karmelita

Member of the Board of Directors