Makarony Polskie

- SPÓŁKA AKCYJNA -

# Financial statements of Makarony Polskie SA for the financial year 2021




**Rzeszów, April 28, 2022**

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# General information

*Makarony Polskie SA is the parent company of a group of companies operating on the broadly understood food market.*

*As at December 31, 2021, the Makarony Polskie Group consisted of three companies: two manufacturing and one trading one.*

## Organization of the Company and Makarony Polskie Group

Makarony Polskie SA is the parent company of a group of companies operating on the broadly understood food market. The core business activity of Makarony Polskie Group is mainly the production of pasta and processed meat and vegetables (including ready-made dishes) and fruit and vegetables. The main place of business activity for the Group is Poland.

During the financial year 2021, Makarony Polskie Group (the "Group") consisted of the following three companies:

- Makarony Polskie SA ("Company", "parent company")
- Stoczek Natura Sp. z o.o.
- MP Trade Sp. z o. o.




**Makarony Polskie SA** is a producer of a wide range of pasta, produced in pressed and rolled technology. The Company offers pasta in many different forms, based on durum flour and common wheat flour. The Company's portfolio also includes products that respond to pro-health food trends, such as pasta made from spelled, buckwheat and rye flours. The product offer is diversified by large forms of pasta intended for stuffing and vegetable pastas made from legumes such as: chickpeas, red lentils and green peas. The Company has great opportunities to expand the range of pasta made from rare flours, such as legumes, and the portfolio will be developed in this direction.
The basic pasta brands offered are Makarony Polskie, Sorenti and Abak (bibrand from Makarony Polskie).

**Stoczek Natura Sp. z o.o.** is a producer of meat and vegetable preserves (ready-made dishes, pates, lards, canned food), vegetable preserves (salads, pickles), fruit preserves (jams, plum jam) offered under the brands Stoczek, Tenczynek, Męska Rzecz, as well as the new SoFood brand, which represents a growing category of ready-made dishes on trays. Products that are easy to prepare and can be placed on the so-called shelf-stable.

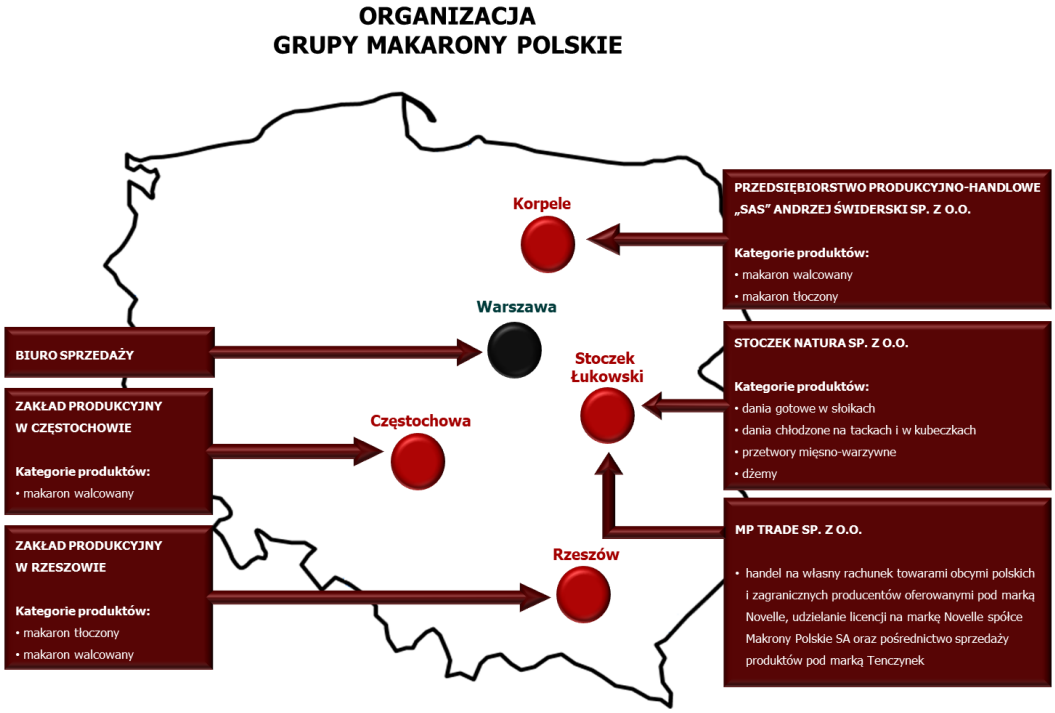
**MP Trade Sp. z o.o.** develops trade on its own account in foreign goods of Polish and foreign producers. The company's activities focus on selling products purchased from external suppliers under the Novelle private label and licensing the Novelle brand to Makarony Polskie SA for the production of vegetable pasta and other goods produced by Makarony Polskie Group. The business model adopted by the company creates its value by increasing the brand value, and the production is outsourced.

## Changes in the organization of the Company and Makarony Polskie Group in 2021

In 2021, there were no changes in Makarony Polskie SA that would materially affect the structure or organization of the Company.

After the balance sheet date, Makarony Polskie SA finalized the acquisition of Przedsiębiorstwo Produkcyjno-Handlowe "SAS" Andrzej Świderski Sp. z o.o. a producer of a wide range of pasta, produced in the \rolled and pressed technology, "fettuccine" among others. Offering its products in many different forms and combinations of raw materials, both under private label brands as well as under own brands: Va bene, Makarony Polskie SA and FUKS.

Within Makarony Polskie Group, individual companies conclude between themselves purchase and sale transactions of products, goods and services. All transactions are performed on an arm's length basis.




## Registration data

**Makarony Polskie Spółka Akcyjna**

Registered Office: 35-082 Rzeszów, ul. Podkarpacka 15A, Poland,

Company registration country: Poland

District Court in Rzeszów, 12th Commercial Division of the National Court Register

KRS [company registration number]: 0000212001,

Share Capital:

- as of December 31, 2021: PLN 27 750 213 fully paid-up
- as at the date of the statements publication: PLN 33 120 213 213 fully paid-up

REGON [national business registry number]: 691674708,

NIP [tax identification number]: 813-32-78-856,

www.makarony.pl.

## Employment

Employment in Makarony Polskie SA as at December 31, 2021 amounted to - 170 employees.

## Composition of the Management Board

In the period from January 1, 2021 to the publication of this report, the Management Board of Makarony Polskie SA operates in a single composition. Zenon Daniłowski is the President of the Management Board.

Shares held by members of the Management Board

The number and nominal value of the Company's shares held by the Members of the Management Board as at the date of the report:

| Member of the Management Board | 2021 | | 2020 | |
|---|---|---|---|---|
| | **number of shares** | **nominal value** | **number of shares** | **nominal value** |
| Zenon Daniłowski* | 140 000 | 420 000 | 140 000 | 420 000 |

* Zenon Daniłowski, President of the Management Board, is associated with the following companies: Praska Giełda Spożywcza SA and Polskie Smaki Sp. z o.o., which also hold the Company's shares; the total number of shares as at the date of publication of the report for 2021 is 3 641 594 shares with a value of PLN 10 924 782, and for 2020 it was 2 311 594 shares with a value of PLN 6 934 782.

According to the information in the possession of the Company, in 2021 and in the period until the date of publication of these statements, there were no changes in the ownership of shares held by the President of the Management Board.

## Composition of the Supervisory Board

From January 1, 2021 to the publication of this report, the Supervisory Board has been operating in the following composition:

- Roman Sobiecki – Chairman of the Supervisory Board,
- Ahmed Khalil – Vice-chairman of the Supervisory Board,
- Michał Słomkowski – Supervisory Board Member,
- Wiesław Wasilewski – Supervisory Board Member,
- Marek Rocki – Member of the Supervisory Board,
- Janusz Pierun – Supervisory Board Member.

Shares held by members of the Supervisory Board

The number and nominal value of the Company's shares held by the Members of the Supervisory Board as at the date of the report:

| Member of the Supervisory Board | 2021 | | 2020 | |
|---|---|---|---|---|
| | number of shares | nominal value | number of shares | nominal value |
| Marek Rocki | 0 | 0 | 0 | 0 |
| Ahmed Khalil * | 0 | 0 | - | - |
| Janusz Pierun * | 0 | 0 | - | - |
| Michał Słomkowski | 0 | 0 | 0 | 0 |
| Roman Sobiecki | 0 | 0 | 0 | 0 |
| Wiesław Wasilewski ** | 26 782 | 80 346 | 6 550 | 19 650 |

* Members of the Supervisory Board of Ahmed Khalil and Janusz Pierun were appointed to the Supervisory Board of the Company on September 24, 2020.

** In 2021, Mr. Wiesław Wasilewski acquired 20,000 new issue - series F - shares.

According to the information in the possession of the Company, in 2021 and in the period until the date of publication of these statements, there were no changes in the ownership of shares held by the Members of the Supervisory Board.

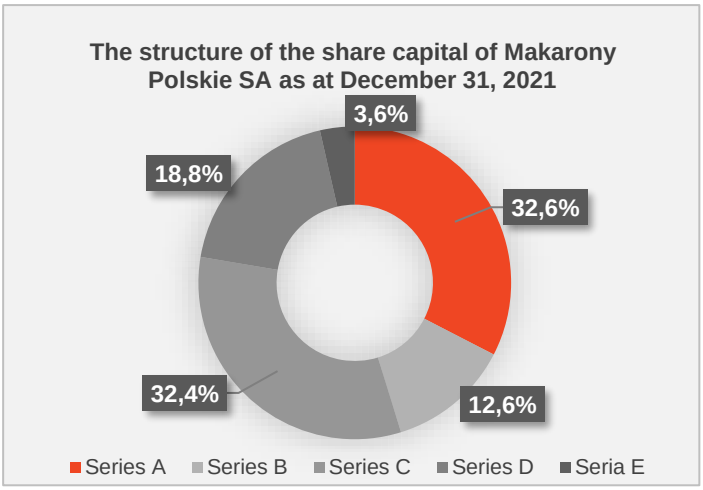
## General Assembly of Makarony Polskie SA

Share capital of Makarony Polskie SA as at December 31, 2021:

- amount of share capital PLN 27 750 213,
- total number of shares 9 250 071 of shares,
- total number of votes at the General Assembly 9 250 071 votes.

Structure of the Company's share capital:

- 3,013,250 series A ordinary bearer shares,
- 1,169,750 series B ordinary bearer shares,
- 3,000,000 series C ordinary bearer shares,
- 1,735,821 series D ordinary bearer shares,
- 331 250 series E ordinary bearer shares.



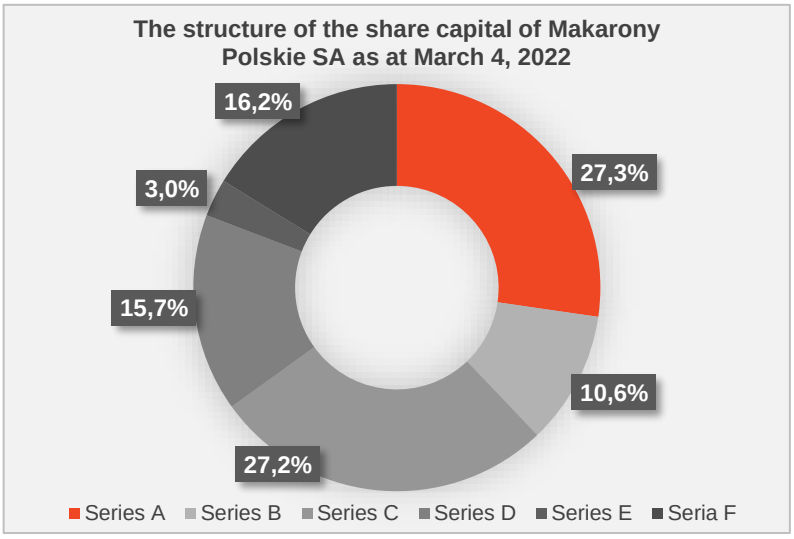

On March 4, 2022, an increase in the share capital of Makarony Polskie SA by the issue of 1,790,000 series F ordinary bearer shares was registered in the Register of Entrepreneurs of the National Court Register, i.e. an increase in the share capital by PLN 5,370,000, to PLN 33,120,213.

Share capital of Makarony Polskie SA as at March 4, 2022:

- share capital amount PLN 33 120 213,
- total number of shares 11 040 071 shares,
- total number of votes at the General Assembly 11 040 071 votes.

Structure of the Company's share capital:

- 3,013,250 series A ordinary bearer shares,
- 1,169,750 series B ordinary bearer shares,
- 3,000,000 series C ordinary bearer shares,
- 1,735,821 series D ordinary bearer shares,
- 331 250 series E ordinary bearer shares,
- 1,790,000 series F ordinary bearer shares.



The Company's shares are ordinary bearer shares listed on the regulated market operated by the Warsaw Stock Exchange. The company has not issued any securities which grant special control powers to any of its shareholders,

There are no restrictions on the exercise of voting rights in the Company. There are also no restrictions on the transfer of ownership of securities issued by the Company.

Shares held by major shareholders (over 5% of capital)

Shareholders holding, directly or indirectly through subsidiaries, at least 5% of votes in the total number of votes at the General Assembly of the Company as at the date of the report (according to the information available):

| Shareholder | Shares in share capital | | Votes at the General Assembly | |
|---|---|---|---|---|
| | **number** | **share%** | **number** | **share%** |
| Mr. Zenon Daniłowski and entities from PGS Group, including: | 3 641 594 | 32.99% | 3 641 594 | 32.99% |
| *Praska Giełda Spożywcza SA (formerly: Agro-Technika SA)* | *3 380 000* | *30.62%* | *3 380 000* | *30.62%* |
| *Zenon Daniłowski* | *140 000* | *1.27%* | *140 000* | *1.27%* |
| *Polskie Smaki Sp. z o.o.* | *121 594* | *1.10%* | *121 594* | *1.10%* |
| Raya Holding for Technology & Communications S.A.E., including: | 3 254 706 | 29.48% | 3 254 706 | 29.48% |
| *Madova Sp. z o.o.* | *3 254 706* | *29.48%* | *3 254 706* | *29.48%* |
| Z.P.H. „ELPAST" Elżbieta i Grzegorz Słomkowscy s.c. | 1 169 750 | 10.60% | 1 169 750 | 10.60% |
| Other shareholders | 2 974 021 | 26.94% | 2 974 021 | 26.94% |
| **TOTAL** | **11 040 071** | **100.00%** | **11 040 071** | **100.00%** |

Changes in the shareholding structure during 2021

On April 26, 2021, the Company received notifications from two shareholders regarding the change in the shareholding of Makarony Polskie SA shares:

- Praska Giełda Spożywcza SA with its registered office in Ząbki, in connection with the purchase of a block of the Company's shares in an amount exceeding the threshold referred to in Article 69 paragraph 1 point 1 and in Article 69 paragraph 2 (1) (a) of the Act on Public Offering, informed about:
  1) Praska Giełda Spożywcza SA with its registered office in Ząbki, on the basis of a share purchase transaction concluded on the regulated market, on April 21, 2021, acquired a block of 740,000 shares of the Company entitling to the same number of votes at the General Assembly of Shareholders.

2) Praska Giełda Spożywcza SA, before the change of share, held directly and indirectly 2 311 594 shares of the Company, constituting 24.99% of the share capital, entitling to 2 311 594 votes at the General Assembly, which constitutes 24.99% of the total number of votes, of which Praska Giełda Spożywcza SA had:
   - directly - 2 050 000 shares, which constituted a 22.16% share in the share capital, entitling to 2 050 000 votes at the General Assembly, which constituted 22.16% of the total number of votes,
   - indirectly - 261 594 shares, which constituted a 2.82% share in the share capital, entitling to 261 594 votes at the General Assembly, which constituted 2.82% of the total number of votes,
3) Praska Giełda Spożywcza SA currently holds, directly and indirectly, 3,051,594 shares, which constitutes 32.98% of the share capital, entitling to 3 051 594 votes at the General Assembly, which constitutes 32.98% of the total number of votes, of which Praska Giełda Spożywcza SA has:
   - directly - 2 790 000 shares, which constitutes a 30.16% share in the share capital, entitling to 2 790 000 votes at the General Assembly, which constitutes 30.16% of the total number of votes,
   - indirectly - 261 594 shares, which constituted a 2.82% share in the share capital, entitling to 261 594 votes at the General Assembly, which constituted 2.82% of the total number of votes,
4) Subsidiaries of the notifying shareholder who hold the company's shares:
   - Polskie Smaki Sp. z o.o. holds 121 594 shares, which constitutes a 1.31% share in the share capital, entitling to 121 594 votes at the General Assembly, which constitutes 1.31% of the total number of votes,
   - Mr. Zenon Daniłowski holds 140 000 shares, which constitutes a 1.51% share in the share capital, entitling to 140 000 votes at the General Assembly, which constituted 1.51% of the total number of votes,
5) There are no persons referred to in Article 87 paragraph 1 point 3 item c) of the Act.
6) No financial instruments referred to in Article 69b paragraph 1 point 1 of the Act and the lack of instruments referred to in Article 69b paragraph 1 point 2.
7) There are no financial instruments referred to in Article 69b paragraph 1 point 2 of the Act.
8) Praska Giełda Spożywcza SA does not have the financial instruments referred to in Article 69b paragraph 1 point 1 of the Act and does not have the financial instruments referred to in Article 69b paragraph 1 point 2 of the Act.

- AGROMA LTD with its registered office in Nicosia, Cyprus, announced a direct reduction of the share in the total number of votes at the General Assembly of the Company to 0% (zero percent):
  1) The reduction of the share in the total number of votes at the General Assembly of the Company by Agroma Ltd occurred as a consequence of the settlement of sales transactions in the form of OTC block deals and in the form of session orders in total 950,000 shares concluded on April 21-23, 2021.
  2) Before the transaction, Agroma Ltd held directly 950,000 shares, representing approximately 10.27% of the share capital of the Company and entitling to 950,000 votes representing approximately 10.27% of the total number of votes at the General Assembly.
  3) After the settlement of the transactions referred to in the notification, Agroma Ltd does not hold any shares of the Company.
  4) There are no subsidiaries of Agroma Ltd that would own the Company's shares.
  5) Agroma Ltd stated that it has not concluded an agreement containing provisions on the transfer of rights to exercise voting rights at the General Assembly of the Company.
  6) Agroma Ltd does not have any financial instruments that would unconditionally entitle or oblige their holder to acquire voting shares issued by the Company upon maturity.
  7) There are no financial instruments referred to in Article 69b paragraph 1 point 2 of the Act.
  8) Agroma Ltd is not entitled to any votes at the General Assembly of the Company.

On November 24, 2021, the Company received a notification from Madova Sp. z o.o. and Raya Holding For Financial Investments S.A.E. being a direct parent company of Madova, informing that as a result of the civil law agreement for the sale of shares on November 23, 2021 and settlement on November 24, 2021 of the transaction for the purchase of 461,300 shares of the Company by Madova, direct exceeding by Madova and indirect exceeding by Ray Holding the threshold of 20% share in Makarony Polskie SA:

1) Before the change of share, Madova held directly, and Raya Holding indirectly, 1 793 406 shares of the Company constituting 19.39% of the share capital of Makarony Polskie SA, entitling to cast 1 793 406 votes constituting 19.39% of the total number of votes.
2) After the change of share, Madova holds directly, and Raya Holding indirectly, 2,254,706 shares of the Company constituting 24.38% of the share capital of Makarony Polskie SA, entitling to cast 2,254,706 votes constituting 24.38% of the total number of votes.

3) There are no subsidiaries of Madova holding the shares of Makarony Polskie SA and there are no subsidiaries of Ray Holding other than Madova holding the shares of the Company.
4) There are no persons referred to in Article 87 paragraph 1 (3) (c) of the Act on Public Offering.
5) None of the notifying entities has the financial instruments referred to in Article 69b paragraph 1 of the Act on Public Offering.
6) Total number of votes indicated pursuant to Article 69b paragraph 4 points 3, 7, 8 of the Act on Offerings is indicated in paragraph 2 above.

Changes in the shareholding after the end of the reporting period

In connection with the registration in the register of entrepreneurs of the National Court Register, on March 4, 2022, the increase in the share capital of Makarony Polskie SA by issuing 1,790,000 series F ordinary bearer shares, i.e. increasing the share capital by PLN 5,370,000 up to the amount PLN 33 120 213, the Company received notices from shareholders informing about changes in the share in the share capital and in the total number of votes in the Company:

– Madova Sp. z o.o. and Raya Holding For Financial Investments S.A.E. being a direct parent company of Madova, informing that due to Madova taking up 1,000,000 series F shares 2021 direct exceeding by Madova and indirect exceeding by Ray Holding of the threshold of 25% share in Makarony Polskie SA occurred:
  1) Before the change of share, Madova holds directly, and Raya Holding indirectly, 2,254,706 shares of the Company constituting 24.38% of the share capital of Makarony Polskie SA, entitling to cast 2,254,706 votes constituting 24.38% of the total number of votes.
  2) After the change of share, Madova holds directly, and Raya Holding indirectly, 3,254,706 shares of the Company constituting 29.48% of the share capital of Makarony Polskie SA, entitling to cast 3,254,706 votes constituting 29.48% of the total number of votes.
  3) There are no subsidiaries of Madova holding the shares of Makarony Polskie SA and there are no subsidiaries of Ray Holding other than Madova holding the shares of the Company.
  4) There are no persons referred to in Article 87 paragraph 1 (3) (c) of the Act on Public Offering.
  5) None of the notifying entities has the financial instruments referred to in Article 69b paragraph 1 of the Act on Public Offering.
  6) Total number of votes indicated pursuant to Article 69b paragraph 4 points 3, 7, 8 of the Act on Offerings is indicated in paragraph 2 above.

- shareholders of Z.P.H. Elpast Elżbieta and Grzegorz Słomkowscy s.c. informed that there was a direct reduction in the share in Makarony Polskie SA:
  1) Before the change in the share of Z.P.H. Elpast Elżbieta i Grzegorz Słomkowscy s.c. held indirectly, 1 169 750 shares of the Company constituting 12.65% of the share capital of Makarony Polskie SA, entitling to cast 1 169 750 votes constituting 12.65% of the total number of votes.
  2) After the change in the share of Z.P.H. Elpast Elżbieta i Grzegorz Słomkowscy s.c. hold indirectly, 1 169 750 shares of the Company constituting 10.60% of the share capital of Makarony Polskie SA, entitling to cast 1 169 750 votes constituting 10.60% of the total number of votes.
  3) There are no subsidiaries of Z.P.H. Elpast Elżbieta and Grzegorz Słomkowscy s.c. holding shares in Makarony Polskie SA.
  4) There are no persons referred to in Article 87 paragraph 1 (3) (c) of the Act on Public Offering.
  5) Notifying persons do not hold the financial instruments referred to in Article 69b paragraph 1 of the Act on Public Offering.
  6) Total number of votes indicated pursuant to Article 69b paragraph 4 points 3, 7, 8 of the Act on Offerings is indicated in paragraph 2 above.

- Praska Giełda Spożywcza SA announced that as a result of its acquisition of 590,000 series F shares, there was a direct and indirect increase in the share in the Company:
  1) Before the change of share, Praska Giełda Spożywcza SA held directly and indirectly, 2 911 594 shares of the Company constituting 31.47% of the share capital of Makarony Polskie SA, entitling to cast 2 911 594 votes constituting 31.47% of the total number of votes.
     a. directly - 2 790 000 shares of the Company constituting 30.16% of the share capital of Makarony Polskie SA, entitling to cast 2 790 000 votes constituting 30.16% of the total number of votes.
     b. indirectly (through the subsidiary Polskie Smaki Sp. z o.o.) - 121 594 shares of the Company constituting 1.31% of the share capital, entitling to cast 121 594 votes constituting 1.31% of the total number of votes.
  2) After the change of share, Praska Giełda Spożywcza SA holds directly and indirectly, 3 501 594 shares of the Company constituting 31.72% of the share capital of Makarony Polskie SA, entitling to cast 3 501 594 votes constituting 31.72% of the total number of votes.
     a. directly - 3 380 000 shares of the Company constituting 30.62% of the share capital of Makarony Polskie SA, entitling to cast 3 380 000 votes constituting 30.62% of the total number of votes.

b. indirectly (through the subsidiary Polskie Smaki Sp. z o.o.) - 121 594 shares of the Company constituting 1.10% of the share capital, entitling to cast 121 594 votes constituting 1.10% of the total number of votes.

3) There are no other than Polskie Smaki Sp. z o.o. subsidiaries of Praska Giełda Spożywcza SA holding shares in Makarony Polskie SA.

4) There are no persons referred to in Article 87 paragraph 1 (3) (c) of the Act on Public Offering.

5) Notifying persons do not hold the financial instruments referred to in Article 69b paragraph 1 of the Act on Public Offering.

6) Total number of votes indicated pursuant to Article 69b paragraph 4 points 3, 7, 8 of the Act on Offerings is indicated in paragraph 2 above.

– Mr. Zenon Daniłowski informed that as a result of the acquisition of 590,000 series F shares by Praska Giełda Spożywcza SA, the share in the Company was indirectly increased:

1) Before the change of share, Mr. Zenon Daniłowski held directly and indirectly, 3 051 594 shares of the Company constituting 32.99% of the share capital of Makarony Polskie SA, entitling to cast 3 051 594 votes constituting 32.99% of the total number of votes.

a. directly - 140 000 000 shares of the Company constituting 1.51% of the share capital of Makarony Polskie SA, entitling to cast 140 000 votes constituting 1.51% of the total number of votes.

b. indirectly (through the subsidiaries Praska Giełda Spożywcza SA and Polskie Smaki Sp. z o.o.) - 2 911 594 shares of the Company constituting 31.47% of the share capital, entitling to cast 2 911 594 votes constituting 31.47% of the total number of votes.

2) After the change of share, Mr. Zenon Daniłowski held directly and indirectly, 3 641 594 shares of the Company constituting 32.99% of the share capital of Makarony Polskie SA, entitling to cast 3 641 594 votes constituting 32.99% of the total number of votes.

a. directly - 140 000 000 shares of the Company constituting 1.27% of the share capital of Makarony Polskie SA, entitling to cast 140 000 votes constituting 1.27% of the total number of votes.

b. indirectly (through the subsidiaries Praska Giełda Spożywcza SA and Polskie Smaki Sp. z o.o.) - 3 501 594 shares of the Company constituting 31.72% of the share capital, entitling to cast 3 501 594 votes constituting 31.72% of the total number of votes.

3) There are no other than Polskie Smaki Sp. z o.o. and Praska Giełda Spożywcza SA, subsidiaries of Mr. Zenon Daniłowski, holding shares in Makarony Polskie SA.

4) There are no persons referred to in Article 87 paragraph 1 (3) (c) of the Act on Public Offering.
5) Notifying persons do not hold the financial instruments referred to in Article 69b paragraph 1 of the Act on Public Offering.
6) Total number of votes indicated pursuant to Article 69b paragraph 4 points 3, 7, 8 of the Act on Offerings is indicated in paragraph 2 above.

The company has no other information that would indicate changes in the number of shares held by material shareholders (with blocks of shares above 5%) in 2021 and in the period until the date of publication of this report.

The Company has no knowledge of other agreements (including those concluded after the balance sheet date) as a result of which, in the future, there may be changes in the proportion of shares held by the current shareholders.

## Publication and approval of the financial statements

These financial statements were audited by an entity authorized to audit financial statements and approved by the Management Board for publication on April 28, 2022.

The financial statements of Makarony Polskie SA for 2020 were approved by Resolution No. 4 of the Ordinary General Assembly of Makarony Polskie of July 07, 2021.

# Basis for the preparation of the statements

## Statement of compliance and the basis for the statements

These Separate Financial Statements have been prepared on the basis of the International Accounting Standards as approved by the European Union (EU) and related interpretations announced in the form of implementing regulations of the European Commission (hereinafter referred to as "IFRS"), published and effective at the time of preparation of these financial statements.

In matters not covered by the above standards, these separate financial statements have been prepared in accordance with the requirements of the Accounting Act of September 29, 1994 and implementing regulations issued under it.

## Basis of valuation

The presented Financial Statements have been prepared in accordance with the historical cost principle, with the exception of the fair value valuation of some assets, i.e. assets acquired as part of the purchase transaction and investment real estate.

## Functional and presentation currency

The measurement currency of the Company, included in these financial statements and the reporting currency of these financial statements, is Polish zloty.

Financial data are given in thousands of zlotys, unless otherwise indicated.

## Applied accounting principles and basis for drawing up the statements

The accounting principles applied to the preparation of the financial statements are consistent with those applied to the preparation of the annual financial statements for the year ended December 31, 2020 (published on April 15, 2021), except for the application of amendments to standards and new interpretations applicable to annual periods commencing on January 1, 2021.

The duration of operations of the Company is unlimited.

The financial year is the calendar year.

The financial statements were prepared for the same reporting period, applying consistent accounting principles.

## New accounting standards and interpretations

### Compliance Statement

Polish legal regulations oblige Makarony Polskie SA to prepare financial statements in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union ("EU").

The separate financial statements of Makarony Polskie SA for the period of 12 months, ended on December 31, 2021, were prepared using the accounting principles compliant with the International Financial Reporting Standards, as approved by the European Union (EU) and effective as at the date of the financial statements.

The annual separate financial statements comply with the requirements of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information published by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

These separate financial statements have been prepared on the assumption that the business will be continued in the foreseeable future, as there are no circumstances indicating a threat to its continuation. They were prepared in accordance with the principles of valuation of assets and liabilities and valuation of the net financial result as at the balance sheet date

The separate financial statements have been prepared using the accounting principles in line with the International Financial Reporting Standards approved by the European Union (EU) and effective as at the date of the financial statements, and on issues not regulated, in accordance with the Accounting Act of September 29, 1994.

The presented financial statements comply with all the requirements of IFRS adopted by the European Union and present fairly the financial and property position of the Company as at December 31, 2021.

Effect of applying new accounting standards and changes in accounting policy

The accounting principles (policy) applied to prepare these separate financial statements for the financial year ended December 31, 2021 are consistent with those applied to the annual separate financial statements for the financial year ended December 31, 2020, except for the changes described below.

The same principles were applied for the current and comparable period.

Changes resulting from amendments to IFRS

The following new or amended standards and interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee apply from the beginning of the reporting period.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of reference interest rates (reference rates) - Phase 2

Amendments to these standards were published on August 27, 2020 and supplement the first phase of changes in reporting resulting from the reform of interbank reference rates of September 2019. The amendments apply to annual periods beginning on or after January 1, 2021. The changes in the second phase focus on the impact that will have on the valuation of e.g. financial instruments, leasing liabilities, replacement of the existing reference rate with the new rate resulting from the reform. The Company applied the revised standards from January 1, 2021. In addition, from January 1, 2021, after adoption by the European Commission in October 2020, the Company applies the Amendment to IFRS 16 Leasing: Covid-19 reliefs. The Amendment was published on May 28, 2020 and is effective for annual periods beginning on or after June 1, 2020, with early application permitted. The amendment introduces a simplification in IFRS 16, which makes it possible not to recognize a modification of a lease contract in the event that (in the period until June 30, 2021) changes in payments related to the Covid-19 pandemic or other reliefs were granted to lessees changing the original financial terms of leasing contracts due to a pandemic.

From January 1, 2021, the amendment to IFRS 4, published on June 25, 2020, also applies - with regard to extending the exemption period for insurers from applying IFRS 9 Financial Instruments until January 1, 2023 in accordance with the extended date of entry into force of IFRS 17 Insurance Contracts.

The implementation of the standards did not have a material effect on the Company's financial statements.

Changes made independently by the Company

The Company did not correct the presentation of the comparable data as at December 31, 2020 and for the financial year ended December 31, 2021.

Non-binding standards (New standards and interpretations)

In these financial statements, the Company did not decide to apply any published standards or interpretations before their effective date.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, and are not yet effective at the balance sheet date:

- IFRS 17 Insurance Contracts

  The new standard was published on May 18, 2017, and then amended on June 25, 2020 and applies to annual periods beginning on January 1, 2023 or later. Earlier application is permitted (provided that IFRS 15 and IFRS 9 are applied simultaneously). The standard replaces the existing regulations on insurance contracts (IFRS 4). On June 25, 2020, IFRS 4 was also amended - with regard to extending the exemption period for insurers from applying IFRS 9 Financial Instruments until January 1, 2023.

  The Company will apply the new standard from January 1, 2023. As at the date of these financial statements, it is not possible to reliably estimate the impact of applying the new standard.

- Amendment to IAS 1 Presentation of Financial Statements: Classification of liabilities as short-term and long-term liabilities

  The amendment to IAS 1 was published on January 23, 2020, then the effective date was modified in July 2020 and it applies to annual periods beginning on January 1, 2023 or later.

  The amendment redefines the criteria that must be met by a liability, to be considered a short-term liability. The amendment may change the presentation of liabilities and their reclassification between short-term and long-term liabilities.

  The Company will apply the amended standard from January 1, 2023. As at the date of these financial statements, it is not possible to reliably estimate the impact of applying the new standard.

- Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to the 2018-2020 standards

  Amendments to those standards were published on May 14, 2020 and apply to annual periods beginning on January 1, 2022 or later. The amendments include, among others introducing a prohibition on reducing the cost of creation of fixed assets by revenues from the sale of test products created in the process of creating/starting a fixed asset and clarifying what costs the entity takes into account when assessing whether a given contract will bring losses.

  The Company will apply the amended standards from January 1, 2022. As at the date of these financial statements, it is not possible to reliably estimate the impact of applying the amended standards.

- Amendments to IAS 1 - Disclosure of Accounting Policies and IAS 8 - Definition of Accounting Estimates

  Amendments to those standards were published on February 12, 2021 and apply to annual periods beginning on January 1, 2023 or later. The purpose of these amendments is to place greater emphasis on the disclosure of significant accounting principles and to clarify the nature of the differences between changes in accounting estimates and changes in accounting policies. The Company will apply the amended standards from January 1, 2023. As at the date of these financial statements, it is not possible to reliably estimate the impact of applying the amended standards.

- Amendment to IFRS 16 Leasing - Covid-19 Reliefs granted after June 30, 2021.

  The amendment to IFRS 16 was published on March 31, 2021 and applies to annual periods beginning on April 1, 2021 or later. The purpose of the amendment to the standard is only to extend by one year (until June 30, 2022) the period in which the granting of reductions in leasing payments related to Covid-19 does not have to involve a modification of the leasing contract. This amendment is closely related to the amendment to IFRS 16, already in force, published in May 2020.

  The company did not take advantage of the simplification resulting from the amendment to the standard.

- Amendment to IAS 12 Income Taxes: Deferred Tax on assets and liabilities arising from a single transaction

  The amendment to IFRS 12 was published on May 7, 2021 and applies to annual periods beginning on April 1, 2023 or later. The amendments clarify that the exemption from the initial recognition of deferred tax does not apply to transactions where, on initial recognition, equal amounts of negative and positive temporary

differences arise, and the entities are required to recognize deferred tax on such transactions, thus clarify the emerging doubts as to whether this exemption applies to transactions such as leasing and end-of-life liabilities.

The Company will apply the change in the standard from January 1, 2023. As at the date of these financial statements, it is not possible to reliably estimate the impact of applying the amended standard.

- Amendment to IFRS 17 Insurance Contracts: First application of IFRS 17 and IFRS 9 - comparative information

  The amendment to IFRS 17 was published on December 9, 2021 and applies to annual periods beginning on April 1, 2023 or later. The amendment contains a transitional option regarding comparative information on financial assets presented at the initial application of IFRS 17. The amendment aims to help entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities.

  The Company will apply the change in the standard from January 1, 2023. As at the date of these financial statements, the application of the amended standard will not affect the Company's statements.

The IFRS as approved by the EU do not currently differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments thereto, which as at the date of approval of these financial statements for publication have not yet been adopted for publication by EU countries:

- Amendment to IAS 1 Presentation of Financial Statements: Classification of liabilities as short- and long-term ones published on January 23, 2020, as amended on July 15, 2020,
- Amendment to IAS 12 Income tax: deferred tax relating to assets and liabilities arising from a single transaction, published on May 7, 2021,
- Amendment to IFRS 17 Insurance Contracts: First application of IFRS 17 and IFRS 9 - comparative information, published on December 9, 2021.

The implementation of the standards did not have a material effect on the Company's financial statements.

## Going concern

The Financial Statements of Makarony Polskie SA have been prepared on the assumption that the business will be continued in the foreseeable future and in a substantially unchanged scope. The Company did not conduct any activities that were discontinued.

As at the date of preparation of the financial statements of the Company, the Management Board of the Company does not state any facts or circumstances that would indicate a threat to the continuation of operations in the foreseeable future.

In line with the adopted strategy, the Company will continue the adopted operating model.

Makarony Polskie SA will focus its activities on the following directions:

Building a competitive advantage through investments in R&D, product, process and organizational innovations

- investments in new production lines and a research and development center will allow the Company to expand its product range and enter new market segments, both in the country and abroad,
- activities aimed at cost and process optimization, e.g. the implementation of MES software within production plants will allow for better control of the cost and labor consumption of products and improvement of production accounting, and the WMS software within warehouses will improve warehouse management and the inventory aging system and product flow control,
- at Makarony Polskie SA, an interdisciplinary team was established, which, in cooperation with scientific institutions, works on developing innovative technologies for the production of new products: functional, health-promoting, low-processed food, easy to prepare ones,
- Makarony Polskie SA successfully implemented ready-made dishes in SoFood trays and bowls, produced by Stoczek Natura Sp. z o.o., which in 2021 achieved the position of the second-largest sales in their category (according to a report prepared by Nielsen), further systematic development of the SoFood brand offer in close connection with market trends and the upward trend of this segment is a good predictor of sales growth in future periods,
- Makarony Polskie SA has executed large investment projects aimed at, inter alia, lowering the environmental impact of production plants (thermal insulation of the building and construction of a new facade at the Rzeszów Plant, replacement of lighting with LED lamps) and improvement of working conditions (e.g. reconstruction of ventilation and air conditioning in production halls),

- in all production plants, by the end of 2023, it is planned to invest in photovoltaics - the production processes of pasta are characterized by high energy consumption, investments in "green energy" will allow, on the one hand, to take care of the environment and reduce its carbon footprint and, on the other hand, to reduce the cost of production resulting from increases in electricity prices.

Finalization of the acquisition process conducted by the Company

- the acquisition of a competitive pasta producer, which is among the top five egg pasta producers in the country, finalized at the beginning of 2022, will contribute to increasing the production potential of Makarony Polskie SA and will allow for the effective use of this potential. Thanks to this acquisition, the Company moved to the leading position in the field of rolled egg pasta (eagerly used in Poland and Central Europe, e.g. for soups), it also strengthened its position as the vice-leader among Polish pasta producers,
- egg-rolled pasta has better taste than pressed pasta (Italian-style), is characterized by a higher selling price, which, in the Company's opinion, will allow to increase revenues and improve the level of sales margin, and consequently will positively affect the functioning of the Company in the long run.

Business development in the private label segment

- diversification and enrichment of the offer addressed to new and existing customers with pro-health and functional products (including, for example, gluten-free and high-protein pastas, pasta suitable for vegans), other products from the new rolled line, as well as, offered through Makarony Polskie SA, products of Stoczek Natura Sp. z o.o. (including ready-made dishes on trays and in bowls),
- activities aimed at improving the profitability of the sales channel, including optimization measures in the area of packaging, taking into account the principles of sustainable development.

Development of B2B sales channels and Institutions

- development of the category of pasta, meat and vegetable preserves, vegetables and fruit, tailored to the expectations of customers of this channel,
- establishing cooperation relations with other producers of pasta and ready-made dishes and producers of complementary goods in order to complete the offer for the final customer,
- personalizing the offer and thus increasing competitiveness,

- using the production potential of Stoczek Natura Sp. z o.o. in the field of product confectioning services and on the basis of new forms of packaging.

Increasing the share and level of distribution on the domestic market

- intensification of marketing activities aimed at increasing the presence of Makarony Polskie and SoFood brands on the market, redefining the Stoczek Natura, Sorenti and Novelle brands - a plan to support marketing activities in this area was developed,
- strengthening and developing the product portfolio in line with market trends,
- development and implementation of cooperation mechanisms with wholesale customers, local retail chains and chain stores, especially in the area of international networks in medium and small format and convenience chains - as a selective distribution strategy, taking into account the specificity of the categories in which the Company operates,
- focusing on fast and effective building the availability of brand assortments in the modern channel and implementing an effective distribution policy in the traditional channel,
- intensification of trade marketing activities supporting the sale and resale of products and building lasting relationships with customers.

Export development

- systematic increase in the number of customers on foreign markets - concentration on European markets, in particular Ukraine, where the Company systematically develops its cooperation with networks and distributors,
- intensification of communication with current and potential customers through the participation, inter alia, in trade fairs and the organization of B2B meetings on target markets,
- development of the product offer by offering functional products on foreign markets, e.g. whole grain pasta with high fiber content, spelled, buckwheat and vegetable pastas and in the product category such as ready-made dishes on trays (especially vegetarian dishes, which are highly sought after on the market),
- acquiring and implementing projects for deliveries under the customer's own brand,
- partnership cooperation with other entities that have an offer complementary to the Company's offer in order to increase sales opportunities and make the offer more attractive.

In the opinion of the Management Board of Makarony Polskie SA, the current financial situation of the Company allows for the implementation of the above-mentioned development directions.

## Uncertainty of estimates

Below are the basic assumptions about the future and other key sources of uncertainty at the balance sheet date that carry a significant risk of a significant adjustment to the balance sheet values of assets and liabilities in the next financial year:

- depreciation rates,
- impairment of assets (including receivables),
- value of provisions,
- deferred tax assets (companies recognize assets on account of deferred tax, based on the assumption that in the future a tax profit will be achieved that will allow for its use; deterioration of the obtained tax results in the future could make this assumption unjustified).
- valuation of assets with an indefinite useful life.
- Estimates related to IFRS-16

As at the date of preparation of these statements, there are no premises for a write-down of the Abak brand value. Appropriate tests, in accordance with the applicable rules, were performed as at the end of December 31, 2021.

The assumptions regarding the future and the adopted estimates are consistent with the assumptions and estimates adopted by the Company in the financial statements for 2020.

# Selected financial data - Makarony Polskie SA

| Selected financial data | December 31, 2021 | December 31, 2020 | December 31, 2021 (in EUR k) | December 31, 2020 (in EUR k) |
|---|---|---|---|---|
| Net revenues from the sale of products, services, goods and materials | 155 561 | 172 039 | 33 984 | 38 451 |
| Profit (loss) from continuing operations | 5 999 | 9 896 | 1 311 | 2 212 |
| Profit (loss) gross | 6 038 | 8 566 | 1 319 | 1 915 |
| Net profit (loss) from continuing operations | 5 034 | 6 752 | 1 100 | 1 509 |
| EBIT | 5 999 | 9 896 | 1 311 | 2 212 |
| EBITDA (EBIT + depreciation) | 12 109 | 15 787 | 2 645 | 3 528 |
| Net cash flows from operating activities | 12 072 | 11 706 | 2 637 | 2 616 |
| Net cash flows from investing activities | - 6 489 | - 9 522 | -1 418 | - 2 128 |
| Net cash flows from financing activities | 20 169 | - 2 518 | 4 406 | - 563 |
| Total net cash flows | 25 752 | - 334 | 5 626 | - 75 |
| Total assets | 182 617 | 155 836 | 39 705 | 33 769 |
| Liabilities and provisions for liabilities | 85 717 | 74 031 | 18 637 | 16 042 |
| Long-term liabilities | 41 997 | 32 616 | 9 131 | 7 068 |
| Short-term liabilities | 43 720 | 41 415 | 9 506 | 8 974 |
| Equity capital | 96 900 | 81 805 | 21 068 | 17 727 |
| Share capital | 27 750 | 27 750 | 6 033 | 6 013 |
| Number of shares (units) | 11 040 071 | 9 250 071 | 11 040 071 | 9 250 071 |
| Weighted average number of shares (in units) in a given financial year | 9 348 098 | 9 250 071 | 9 348 098 | 9 250 071 |
| Profit/loss per ordinary share (in PLN/EUR) * | 0.54 | 0.73 | 0.12 | 0.16 |
| Book value per share (in PLN/EUR) ** | 8.78 | 8.84 | 1.91 | 1.92 |

* Net profit/loss per ordinary share = net result/weighted average number of shares in the period

** Book value per one ordinary share = equity/number of shares at a given balance sheet date

Selected financial data in EUR

Selected financial data for the period from January 1, 2021 to December 31, 2021 and from January 1, 2020 to December 31, 2020 are presented according to the following principles:

- items in the statement of financial position have been converted at the average exchange rate announced by the National Bank of Poland as of the balance sheet date (December 31, 2021, EUR 1 = PLN 4.5994; December 31, 2020, EUR 1 = PLN 4.6148),
- items in the statement of comprehensive income and statement of cash flows have been converted at the rate being the arithmetic mean of the average rates set by the National Bank of Poland as of the last day of each month in 2021 = PLN 4.5775 and at the end of each month of 2020 = PLN 4.4742.

The annual financial statements of Makarony Polskie SA have been prepared in accordance with the International Accounting Standards ("IAS") and related interpretations announced in the form of regulations of the European Commission ("IFRS") with the application of accounting principles in accordance with the International Financial Reporting Standards as approved by the European Union ( EU) and in accordance with the requirements set out in the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws of 2018, item 757).

# Statement of comprehensive income

| FOR THE PERIOD | Note | 01/01/2021-31/12/2021 | 01.01.2020-31.12.2020 |
|---|---|---|---|
| Net revenues from sales | **1,2,3** | **155 561** | **172 039** |
| Net revenues from the sale of products and services | | 121 620 | 136 468 |
| Net revenues from the sale of goods and materials | | 33 941 | 35 571 |
| Own cost | **2** | **128 560** | **138 246** |
| Manufacturing costs of products and services sold | | 97 794 | 105 979 |
| Value of sold goods and materials | | 30 766 | 32 267 |
| Gross profit (loss) on sales | | **27 001** | **33 793** |
| Selling costs | 5 | 19 447 | 20 496 |
| General and administrative expenses | 6 | 5 016 | 4 990 |
| Other revenues | 7 | 4 246 | 2 466 |
| Other costs | 8 | 785 | 877 |
| Profit (loss) from continuing operations | | **5 999** | **9 896** |
| Financial revenues | 9 | 885 | 158 |
| Financial costs | 10 | 846 | 1 488 |
| Gross profit | | **6 038** | **8 566** |
| Income tax | 11.12 | 1 004 | 1 814 |
| Net profit (loss) from continuing operations, including attributable to: | | **5 034** | **6 752** |
| *of the parent company Shareholders* | | *5 034* | *6 752* |
| Non-controlling shares | | *0* | *0* |
| Basic net result per share in PLN | 13 | 0.54 | 0.73 |
| Diluted net result per share in PLN | | 0.54 | 0.73 |
| Other comprehensive net income / loss | | 0 | 0 |
| Total net comprehensive income, including attributable to: | | **5 034** | **6 752** |
| *of the parent company Shareholders* | | *5 034* | *6 752* |
| Non-controlling shares | | *0* | *0* |

# Statement of financial position

| ASSETS | Note | 01/01/2021-31/12/2021 | 01.01.2020-31.12.2020 |
|---|---|---|---|
| FIXED ASSETS | | **118 828** | **116 891** |
| Tangible fixed assets | 15 | 79 465 | 78 249 |
| Fixed assets - IFRS-16 | 31 | 3 291 | 2 524 |
| Investment real estate | 16 | 603 | 603 |
| Goodwill | | 0 | 0 |
| Other intangible assets | 17 | 5 325 | 5 390 |
| Long-term financial assets, including: | 18 | 30 080 | 30 080 |
| Shares | | 30 080 | 30 080 |
| Loans granted | | 0 | 0 |
| Assets for deferred income tax | | 0 | 0 |
| Other assets - long-term | 24 | 64 | 45 |
| CURRENT ASSETS | | **63 789** | **38 945** |
| Inventory | 19 | 13 408 | 15 046 |
| Short-term receivables | 20 | 21 446 | 21 273 |
| Income tax receivables | 21 | 554 | 0 |
| Loans granted | 22 | 2 003 | 2 006 |
| Cash and cash equivalents | 23 | 26 121 | 374 |
| Other assets - short-term | 24 | 257 | 246 |
| NON-CURRENT ASSETS HELD FOR SALE | | 0 | 0 |
| TOTAL ASSETS | | **182 617** | **155 836** |

| LIABILITIES | Note | 01/01/2021-31/12/2021 | 01.01.2020-31.12.2020 |
|---|---|---|---|
| EQUITY CAPITAL | | **96 900** | **81 805** |
| Share capital | 25 | 27 750 | 27 750 |
| Supplementary Capital | 26 | 39 228 | 35 303 |
| Reserve Capital | 26 | 24 888 | 12 000 |
| Retained profit/loss (profit/loss from previous years) | 13.27 | 5 034 | 6 752 |

| | | | |
|---|---|---|---|
| LONG-TERM LIABILITIES | | **41 997** | **32 616** |
| Provision for deferred income tax | 12 | 3 065 | 2 942 |
| Long-term bank credits and loans | 28 | 18 027 | 7 949 |
| Other long-term financial liabilities | | 215 | 1 104 |
| Provision for pensions and similar benefits (long-term) | 30 | 345 | 336 |
| Deferred revenues (long-term) | 33 | 16 777 | 16 944 |
| Long-term financial liabilities - leasing | 31 | 3 568 | 3 341 |
| SHORT-TERM LIABILITIES | | **43 720** | **41 415** |
| Short-term bank credits and loans | 28 | 11 432 | 11 336 |
| Other short-term financial liability | | 368 | 368 |
| Short-term financial liabilities - leasing | 31 | 1 391 | 1 381 |
| Other short-term liabilities | 32 | 28 365 | 24 999 |
| Liabilities due to income tax | 32 | 0 | 1 001 |
| Deferred revenues (short-term) | 33 | 1 302 | 1 149 |
| Provision for pensions and similar benefits (short-term) | 30 | 862 | 1 181 |
| Other provisions (short-term) | | 0 | 0 |
| TOTAL LIABILITIES | | **85 717** | **74 031** |
| TOTAL LIABILITIES | | **182 617** | **155 836** |

# Cash flow statement - indirect method

| FOR THE PERIOD | 01.01.2021-31.12.2021 | 01.01.2020-31.12.2020 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 6 038 | 8 566 |
| Adjustments by items: | | |
| Depreciation | 6 110 | 5 891 |
| Profit/loss due to exchange rate differences | 5 | - 7 |
| Interest costs and revenues | 443 | 609 |
| Profit (loss) on investment activities | - 70 | - 727 |
| Change in provisions | - 310 | 518 |
| Change in inventories | 1 639 | - 4 391 |
| Change in receivables | - 128 | 3 628 |
| Change in obligations and other assets and liabilities | 2 372 | - 292 |
| Other adjustments | -1 591 | - 542 |
| Total adjustments | 8 470 | 4 687 |
| Dividend revenues | 0 | 0 |
| Corporate income tax paid / refunded | - 2 436 | - 1 547 |
| Net cash flows from operating activities | **12 072** | **11 706** |
| Cash flows from investment activities | | |
| Proceeds from the sale of tangible fixed assets and intangible assets | 521 | 1 914 |
| Proceeds from the sale of financial assets | 0 | 0 |
| Expenses for the acquisition of tangible fixed assets and intangible assets | -7 050 | -11 502 |
| Expenditure on the acquisition of subsidiaries and associates | 0 | 0 |
| Interest income | 40 | 66 |
| Proceeds from borrowings granted | 0 | 0 |
| Loans granted | 0 | 0 |
| Other | 0 | 0 |

# Cash flow statement - indirect method

| | | |
|---|---|---|
| Net cash flows from investment activities | **- 6 489** | **- 9 522** |
| Cash flows from financial activities | | |
| Proceeds from loans and borrowings | 20 669 | 3 922 |
| Proceeds from the issue of debt securities | 12 888 | 0 |
| Repayment of loans and borrowings | -10 495 | -10 316 |
| Payment of liabilities under financial leasing agreements | -1 685 | -1 686 |
| Interest paid | - 481 | - 675 |
| Payment of other financial obligations | -153 | |
| Dividend paid to shareholders | - 2 775 | - 2 313 |
| Expenses for the acquisition of financial assets | 0 | 0 |
| Other financial proceeds | 2 201 | 8 550 |
| Net cash flows from financing activities | **20 169** | **-2 518** |
| Increase/decrease in cash and cash equivalents | **25 752** | **- 334** |
| Cash, cash equivalents and overdrafts at the beginning of the period | 374 | 701 |
| Foreign exchange profits/losses on the valuation of cash, cash equivalents and overdrafts | - 5 | 7 |
| Cash, cash equivalents and overdrafts at the end of the period | **26 121** | **374** |

# Statement of changes in equity

For the period from January 1, 2021 to December 31, 2021

| | are capital | Supplementary Capital | Reserve Capital | Retained profits / losses | Total |
|---|---|---|---|---|---|
| Balance as at January 1, | 27 750 | 35 303 | 12 000 | 6 752 | 81 805 |
| Distribution of profit / coverage of loss | | 3 977 | | - 3 977 | 0 |
| Profit distribution - dividend payment | | | | - 2 775 | - 2 775 |
| Share issue costs | | -52 | | | - 52 |
| Creation of reserve capital - own shares | | | | | |
| Share issue | | | 12 888 | | 12 888 |
| Other comprehensive income | | | | | |
| Net result in 2021 | | | | 5 034 | 5 034 |
| Balance as at December 31, 2021 | 27 750 | 39 228 | 24 888 | 5 034 | 96 900 |

For the period from January 1, 2020 to December 31, 2020

| | Share capital | Supplementary Capital | Reserve Capital | Retained profits / losses | Total |
|---|---|---|---|---|---|
| Balance as at January 1, 2020 | 27 750 | 32 362 | 12 000 | 5 254 | 77 366 |
| Distribution of profit / coverage of loss | | 2 941 | | - 2 941 | 0 |
| Profit Distribution - payment of dividend | | | | -2 313 | - 2 313 |
| Creation of reserve capital - own shares | | | | | |
| Other comprehensive income | | | | | |
| Net result in 2020 | | | | 6 752 | 6 752 |
| Balance as at December 31, 2020 | 27 750 | 35 303 | 12 000 | 6 752 | 81 805 |

# Additional notes

## Notes to the statement of comprehensive income

### Note No. 1
### Revenues from sale

For management purposes, the Company is divided into business units based on the products and services offered.

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Product sales revenues | 117 835 | 132 001 |
| Revenues from sale, including: | 3 785 | 4 467 |
| - from lease and storage | 2 186 | 2 775 |
| - distribution services | 60 | 65 |
| - service production | 1 476 | 1 560 |
| - other services | 63 | 67 |
| Revenue from sale of materials | 2 795 | 5 685 |
| Revenue from sale of goods | 31 146 | 29 886 |
| **Total** | **155 561** | **172 039** |

Makarony Polskie SA distinguishes between product groups listed in the table below

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Pasta | 121 384 | 135 380 |
| Meat and vegetable preparations | 20 587 | 18 328 |
| Vegetable and fruit preparations* | 8 416 | 9 696 |
| Other | 5 174 | 8 635 |
| Total | **155 561** | **172 039** |

* From the beginning of 2021, Makarony Polskie SA changed the classification of operating segments. The current segment "Fruit preserves", due to a significant reduction in significance, was merged with the "Vegetable products and stuffing" segment into one segment called

"Vegetable and fruit preserves". At the same time, the presentation change for 2020 was made in order to maintain the comparability of data.

The sales revenues of Makarony Polskie SA in 2021 amounted to PLN 155.6 m and were approximately PLN 16.4 m lower than in the corresponding period of 2020. This is due, on the one hand, to the excessively high sales growth in 2020 (resulting, among others, from the so-called purchasing panic that occurred on the market of products with a long shelf life during the first waves of the Covid-19 pandemic), and on the other hand, from investment works executed by the Company during 2021 (they forced the need to temporarily shut down individual production areas, as well as temporarily shut down production lines, which translated into the need to temporarily reduce the scale of production, and consequently also the level of sales).

The value of sales in the pasta category decreased by PLN 14,0 m to PLN 121.3 m in 2021. The decrease of approx. 10% was the result of a decrease in demand for pasta compared to 2020, which, due to the accumulation of consumer behavior in the pandemic, was characterized by a strongly increased demand for goods with a long shelf life.

Sales of processed meat and vegetables increased in the analyzed period by approx. PLN 2.3 m to approx. PLN 20.6 m. The increase by approx. 12.3% (2021 vs. 2020) was the result of an increase in sales under private labels and retail chains. In the analyzed period, the sales of the new line of ready-made dishes on trays and in bowls under the SoFood brand, launched in 2020, developed dynamically. These products were very well received by customers, reaching the position of the vice-leader in sales in their category in 2021 according to Nielsen report. A year earlier, the debuting SoFood brand, according to a report by the same company, achieved the third position in terms of sales among competitors present on the market for several years.

The segment in which negative dynamics of changes was recorded is the segment of processed vegetables and fruit. In the analyzed period, it decreased by approx. PLN 1.28 m to the amount of nearly PLN 8.4 m, which was caused by a decrease in sales in the category of jams.

## Note No. 2

### Basic information on operating segments

| For the period from 01.01 to 31/12/2021 | Pasta | Meat and vegetable preserves | Vegetable and fruit preserves | Other | Total segments |
|---|---|---|---|---|---|
| **Total segment revenues** | **121 384** | **20 587** | **8 416** | **5 174** | **155 561** |
| Sales to external customers | 121 384 | 20 587 | 8 416 | 5 174 | 155 561 |
| Sales between segments | 0 | 0 | 0 | 0 | 0 |
| Segments costs | 98 883 | 18 229 | 8 097 | 3 351 | 128 560 |
| **Segments profits or losses** | **22 501** | **2 358** | **319** | **1 823** | **27 001** |
| Selling costs | 0 | 0 | 0 | 0 | -19 447 |
| Management costs | 0 | 0 | 0 | 0 | - 5 016 |
| Other revenues | 0 | 0 | 0 | 0 | 4 246 |
| Other costs | 0 | 0 | 0 | 0 | - 785 |
| Financial revenues | 0 | 0 | 0 | 0 | 885 |
| Financial costs | 0 | 0 | 0 | 0 | - 846 |
| Elimination of profit loss between segments | 0 | 0 | 0 | 0 | 0 |
| Residual profit or loss | 0 | 0 | 0 | 0 | 0 |
| Unallocated amounts | 0 | 0 | 0 | 0 | 0 |
| **Gross profit / loss from continuing operations** | 0 | 0 | 0 | 0 | 6 038 |

| For the period from 01.01 to 31/12/2020 | Pasta | Meat and vegetable preserves | Vegetable and fruit preserves | Other | Total segments |
|---|---|---|---|---|---|
| **Total segment revenues** | **135 380** | **18 328** | **9 696** | **8 635** | **172 039** |
| Sales to external customers | 135 380 | 18 328 | 9 696 | 8 635 | 172 039 |
| Sales between segments | 0 | 0 | 0 | 0 | 0 |
| Segments costs | 107 269 | 16 137 | 9 064 | 5 776 | 138 246 |
| **Segments profits or losses** | **28 111** | **2 191** | **632** | **2 859** | **33 793** |
| Selling costs | 0 | 0 | 0 | 0 | - 20 496 |
| Management costs | 0 | 0 | 0 | 0 | - 4 990 |
| Other revenues | 0 | 0 | 0 | 0 | 2 466 |

| | | | | | |
|---|---|---|---|---|---|
| Other costs | 0 | 0 | 0 | 0 | - 877 |
| Financial revenues | 0 | 0 | 0 | 0 | 158 |
| Financial costs | 0 | 0 | 0 | 0 | - 1488 |
| Elimination of profit loss between segments | 0 | 0 | 0 | 0 | 0 |
| Residual profit or loss | 0 | 0 | 0 | 0 | 0 |
| Unallocated amounts | 0 | 0 | 0 | 0 | 0 |
| **Gross profit / loss from continuing operations** | 0 | 0 | 0 | 0 | 8 566 |

The company applied IFRS 8 "Operating Segments". As per the requirements of IFRS 8, operating segments should be identified based on internal reports on those elements that are regularly verified by persons deciding on the allocation of resources to a given segment and assessing its financial results. In terms of assets and liabilities, the main bodies responsible for making operating decisions do not analyze data by operating segment.

## Note No. 3

### Revenues from the sale of products, services, goods and materials - geographical structure

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Country | 138 971 | 154 742 |
| Export, including: | 16 590 | 17 297 |
| - European Union countries | 5 078 | 5 966 |
| - other countries | 11 512 | 11 331 |
| **Total** | **155 561** | **172 039** |

The sales markets of Makarony Polskie SA can be divided into the domestic market (including private label, traditional trade, modern trade as well as B2B and institutions) and export (including sales through domestic intermediaries).

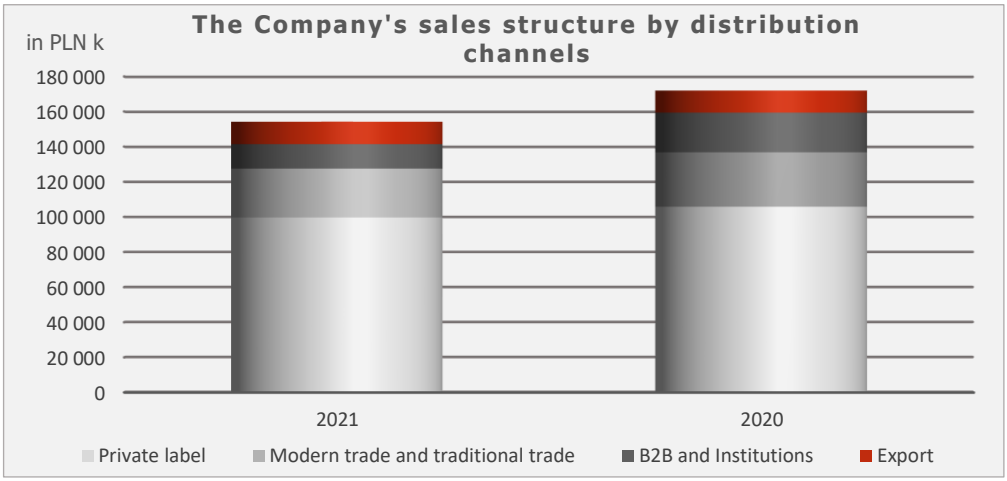
In 2021, the value of sales amounted to PLN 155.6 m, including PLN 139.0 m in the domestic market and PLN 16.6 m in export. In the corresponding period of 2020, these figures amounted to PLN 172.02 m, PLN 154.7 m and PLN 17.3 m, respectively.

Throughout the year 2021, the Company's export strategy was aimed at acquiring new customers in the European Union and non-EU countries.

Ukraine remains the main export market, where the company systematically acquires new networks and distributors. In 2021, the company's export activity was expanded to include countries such as France, Israel and Lithuania.

## SALES REVENUE BY DISTRIBUTION CHANNELS

The sales structure of products and goods, broken down by distribution channels, is shown in the chart below:




In 2021, the company achieved the following sales revenues:

Private label

The private label (PL) channel, offering products under private labels of domestic and foreign networks (including sales to a Lidl contractor operating within one Group in Europe) had the largest share in the Company's revenues (64%).

| PL (in PLN k) | 2021 | 2020 | y/y |
|---|---|---|---|
| Revenues from sale | 99 663 | 105 828 | -5.9% |

In 2021, the decline in pasta sales in the private label segment was related to the higher base in 2020 (COVID-19 pandemic).

Modern trade and traditional trade

Another revenue significant for the Company, at the level of approx. 18.0%, achieved on the domestic market is the sale by Makarony Polskie SA of the Group's brands ( Makarony Polskie, Sorenti, Stoczek, Tenczynek, Męska Rzecz, Novelle) in modern trade (HN) and traditional trade (HT) channels:

| HN and HT (in PLN k) | 2021 | 2020 | y/y |
|---|---|---|---|
| Revenues from sale | 27 888 | 31 005 | - 10% |

The 10% drop in sales of branded products year-on-year was caused by a higher 2020 base due to the COVID-19 pandemic and lower market demand for dry products with a long shelf life.

In 2022, the company aims to further develop cooperation with current customers, as well as improve the sales number by acquiring new, previously unsupported national and local networks for cooperation.

B2B and Institutions

B2B and Institutions accounted for approx. 8.9% of the total revenues of the Company:

| B2B and Institutions (in PLN k) | 2021 | 2020 | y/y |
|---|---|---|---|
| Revenues from sale | 13 942 | 22 622 | - 39% |

Sales in the B2B and Institutions distribution channel in 2021 amounted to approx. PLN 13,9 m and were lower by approx. PLN 8,7 m (i.e. - 39%) compared to 2020. The decrease in sales was mainly due to the decrease in sales of pasta products under subcontracting for the implementation of an institutional contract and a decrease in contracts with government institutions.

Export

Total exports of the Company's revenues for 2021 accounted for approx. 8.2%:

| Export **(In PLN k)** | 2021 | 2020 | y/y |
|---|---|---|---|
| Revenues from sale | 16 590 | 17 297 | -4.2% |

The company's export strategy focuses on establishing cooperation with the largest retail chains - directly, as well as through distributors and official importers.

The main export market of Makarony Polskie SA is Ukraine, where cooperation with new chains and distributors is systematically developed. Nevertheless, throughout 2021, export sales were developed both in the European Union countries and on non-EU markets. The new product positions were introduced to both existing and new customers in the existing as well as new business partners on the markets of Israel, France and Lithuania.

## Note No. 4
## Costs of employee benefits and operating costs by type

| Employee benefits costs | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Payroll costs | 9 734 | 10 969 |
| Social security contributions costs | 1 769 | 1 960 |
| Costs of other employee benefits, including: | 306 | 1 061 |
| - costs of termination benefits | 0 | 35 |
| - costs of retirement and disability benefits | 23 | 0 |
| - costs of equivalents for unused holidays | 182 | 92 |
| - other benefits | 101 | 934 |
| **Total** | **11 809** | **13 990** |

Employee benefits fall into the following categories:

- short-term benefits, which include remunerations, social security contributions, paid absences and non-cash benefits. The costs of short-term benefits are recognized in the statement of comprehensive income on an ongoing basis in the period to which they relate. At the end of the reporting period, the Company recognizes the remaining expected undiscounted value of short-term benefits for a given financial period as an element of accruals;
- post-employment benefits - as part of this type of benefits, the Company pays severance pay to employees.

A provision is created for future payments of retirement benefits. The provision is periodically verified by an independent actuary in accordance with IFRS.

| Operating expenses | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Depreciation | 6 110 | 5 891 |
| Consumption of materials and energy | 79 179 | 89 247 |
| Costs of external services | 20 042 | 22 827 |
| Taxes and fees | 914 | 866 |
| Remunerations | 9 939 | 11 550 |
| Employee benefits | 1 871 | 2 440 |
| Other costs | 2 936 | 2 586 |
| Value of materials and goods sold | 30 766 | 32 267 |
| Total | **151 757** | **167 674** |

## Note No. 5

## Selling costs

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Depreciation | 1 046 | 1 326 |
| Consumption of materials and energy | 590 | 369 |
| Costs of external services | 10 743 | 11 546 |
| Taxes and fees | 338 | 311 |
| Remunerations | 3 349 | 3 794 |
| Employee benefits | 677 | 812 |
| Other costs | 2 704 | 2 338 |
| Total | **19 447** | **20 496** |

## Note No. 6

## Management costs

| | **For the period from 01/01 to 31/12/2021** | **For the period from 01/01 to 31/12/2020** |
|---|---|---|
| Depreciation | 317 | 307 |
| Consumption of materials and energy | 67 | 55 |
| Costs of external services | 1 378 | 852 |
| Taxes and fees | 209 | 189 |
| Remunerations | 2 405 | 2 812 |

| | | |
|---|---|---|
| Employee benefits | 302 | 411 |
| Other costs | 338 | 364 |
| **Total** | **5 016** | **4 990** |

## Note No. 7
## Other revenues

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| State subsidies | 2 951 | 1 581 |
| Profit on sale of tangible fixed assets | 70 | 727 |
| Reversal of write-downs | 48 | 0 |
| Compensation and complaints | 43 | 29 |
| Sale of scrap and waste | 98 | 76 |
| Reimbursement of court and bailiff fees | 2 | 2 |
| Leasing obligations | 0 | 0 |
| Reimbursement of overpayment - insurance premiums | 17 | 27 |
| Inventory surplus | 16 | 0 |
| Written down liabilities | 100 | 0 |
| Contractual penalties | 898 | |
| Other | 3 | 24 |
| Total | **4 246** | **2 466** |

Other operating revenues include revenues and profits not directly related to the Company's operating activities. This category includes received subsidies, profits from the sale of tangible fixed assets, received contractual penalties, compensations related to the reimbursement of court costs, overpaid tax liabilities, except for corporate income tax, and received compensations for losses in the Company's property covered by the insurance.

Other revenues also include reversals of write-downs on receivables and inventories, as well as write-downs for permanent diminution in value of fixed assets and inventory surpluses in current assets and valuation of investment real estate to fair value.

## Note No. 8
## Other costs

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|

| | | |
|---|---|---|
| Donations | 6 | 1 |
| Penalties and fines | 12 | 74 |
| Shortages in current assets | 2 | 1 |
| Advertising sponsorship | 29 | 76 |
| Costs of court and bailiff proceedings | 3 | 9 |
| Liquidation of damaged and expired inventories | 285 | 459 |
| Inventory write-down | 31 | -33 |
| Written down receivables - bad debts, cancelled | 124 | 290 |
| R&D costs | 102 | 0 |
| Provision for liabilities | 180 | 0 |
| Compensated repair costs | 2 | 0 |
| Other | 9 | 0 |
| Total | **785** | **877** |

Other operating costs include costs and losses not directly related to the Company's operating activities. This category includes losses on the sale of tangible fixed assets, donations made both in kind and in cash to other entities, including public benefit entities, and the effects of guarantees and sureties granted to other entities.

Other costs also include costs of write-downs on receivables and inventories, as well as write-downs for permanent diminution in value of fixed assets and inventory surpluses in current assets.

## Note No. 9
## Financial revenues

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Interest revenues, including: | 38 | 83 |
| - interest on bank deposits | 0 | 0 |
| - interest on borrowings | 38 | 66 |
| - interest on receivables | 0 | 17 |
| Other financial revenues | 847 | 75 |
| Long-term investment project value write down | 0 | 0 |
| - sureties | 73 | 75 |
| - dividends and profit sharing | 675 | 0 |
| - profit due to exchange rate differences | 15 | 0 |
| - others | 84 | 0 |
| Total | **885** | **158** |

Financial revenues include revenues from received dividends, sureties and interest on investment and investment activities in various forms of financial instruments. Financial activities also include foreign exchange profits.

On December 21, 2021, the Shareholders' Meeting of Stoczek Natura Sp. z o.o. amended the resolution no. 3 of July 26, 2021 of the Ordinary Meeting of Shareholders of Stoczek Natura Sp. z o.o. concerning the distribution of net profit for 2020, and decided to allocate the amount of PLN 675.4 k for dividend payment, which means payment of a dividend per share in the amount of PLN 4.30 gross.

## Note No. 10
## Financial costs

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Interest costs, including those relating to: | 432 | 678 |
| - bank loans | 299 | 435 |
| - factoring and leasing | 81 | 97 |
| - leasing - IFRS -16 | 17 | 143 |
| - interest on liabilities | 34 | 0 |
| - budget interest | 1 | 3 |
| Other financial costs, including: | 414 | 810 |
| - loss due to negative exchange rate differences | 0 | 401 |
| - guarantees, sureties | 183 | 208 |
| - bank and factoring fees and commissions | 231 | 201 |
| - others | 0 | 0 |
| **Total** | **846** | **1 488** |

Financial costs include costs of using external financing sources, interest payable under financial lease agreements to which the Company is a party, and other financial costs. Financial activities also include losses due to exchange rate differences and revaluation write-downs on investment real estate.

## Note No. 11

## Income tax

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Current income tax | 880 | 2 123 |
| Deferred income tax | 124 | - 309 |
| Tax charge / credit shown in the statement of comprehensive income, including: | 1 004 | 1 814 |
| - assigned to continuing operations | 1 004 | 1 814 |

Agreeing on the income tax on gross financial result before tax with income tax disclosed in the statement of comprehensive income:

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Gross profit before tax from continuing operations | 6 038 | 8 566 |
| Profit / loss before tax from discontinued operations | 0 | 0 |
| Gross financial result before tax | 6 038 | 8 566 |
| Tax rate (in%) | 19 | 19 |
| - tax costs not included in the balance sheet costs (-) | - 2 039 | - 2 043 |
| balance sheet costs not included in tax costs (+) | 4 325 | 5 835 |
| - revenues not constituting tax revenues (-) | - 3 697 | - 1 192 |
| - tax revenues not constituting balance revenues (+) | 6 | 6 |
| - subsidies obtained | 0 | 0 |
| Tax base / tax loss of the Company | 4 633 | 11 172 |
| Deductions from income: | 0 | 0 |
| Company taxable income | 4 633 | 11 172 |
| Income tax shown in the statement of comprehensive income - current part | 880 | 2 123 |

## Note No. 12

## Deferred income tax

| | Statement of financial position as at 31/12/2021 | Statement of financial position as at 31.12.2020 | Statement of comprehensive income for the period from 01/01 to 31/12/2021 | Statement of comprehensive income for the period from 01/01 to 31/12/2020 |
|---|---|---|---|---|
| Provision for deferred income tax | | | | |
| - difference between the balance sheet and tax net | 2 849 | 3 032 | -183 | - 211 |

| | | | | |
|---|---|---|---|---|
| value of fixed assets | | | | |
| - exchange differences | 4 | 9 | - 5 | - 1 |
| - difference between the liability due to leasing and the net value of fixed assets | 192 | 137 | 55 | 27 |
| - accrued interest | 1 | 1 | 0 | 0 |
| - real estate appraisal to fair value | 160 | 160 | 0 | 0 |
| - contractual penalties | 170 | 0 | 170 | 0 |
| - IRS transaction valuation | 16 | 0 | 16 | 0 |
| Gross provision for deferred income tax | **3 392** | **3 340** | **53** | **- 185** |
| Assets for deferred income tax | | | | |
| - remunerations paid after the balance sheet date | 3 | 3 | 0 | 1 |
| - social security contributions | 58 | 61 | - 3 | 12 |
| - retirement and disability, and similar benefits | 229 | 288 | - 59 | 98 |
| - interest on financial liabilities - loans | 5 | 8 | - 3 | 6 |
| - exchange differences | 6 | 19 | - 13 | 16 |
| - lease agreement - IFRS-16 leasing | 10 | 9 | 1 | - 4 |
| - late obligations | 1 | 0 | 1 | |
| - write-down on inventories | 15 | 10 | 5 | - 6 |
| Deferred tax assets recognized in the statement of financial position | **327** | **398** | **- 71** | **124** |
| Deferred income tax charge / credit | **3 065** | **2 942** | **124** | **- 309** |

Deferred tax assets not recognized in the balance sheet

| | As at 31/12/2021 | As at 31/12/2020 |
|---|---|---|
| Assets - tax loss possible to be deducted | 0 | 0 |
| Deferred tax assets not recognized in the balance sheet | 0 | 0 |

The current tax burden is calculated on the basis of the applicable tax regulations. The application of these regulations differentiates the tax profit (loss) from the accounting net profit (loss), due to the exclusion of non-taxable revenues and costs that are not tax deductible as well as cost and revenue items that will never be subject to taxation. Tax burdens are calculated based on the tax rates applicable in a given financial year - currently 19%

With regard to income tax, the Company is subject to general regulations in this regard. The Company is not part of a tax group and does not operate in a special economic

zone, which would differentiate the rules for determining tax burdens in relation to the general provisions in this respect.

## Note No. 13

## Data on the financial result and shares used to calculate the basic and diluted earnings per share

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Net profit/loss per share | 0.54 | 0.73 |
| Book value per share in PLN | 8.78 | 8.84 |

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Net profit / loss from continuing operations attributable to equity holders of the parent | 5 034 | 6 752 |
| Profit / loss on discontinued operations attributable to equity holders of the parent | 0 | 0 |
| Net profit / loss attributable to equity holders of the parent | 5 034 | 6 752 |
| Net profit / loss attributable to ordinary shareholders used to calculate diluted profits / loss per share | not applicable | not applicable |

| | For the period from 01/01 to 31/12/2021 | For the period from 01/01 to 31/12/2020 |
|---|---|---|
| Weighted average number of ordinary shares in issue used in the calculation of basic profits / loss per share | 9 348 098 | 9 250 071 |
| Dilution effect | not applicable | not applicable |
| Adjusted weighted average number of ordinary shares used to calculate diluted earnings / loss per share | not applicable | not applicable |

Net profit per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted profits per share are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent (net of interest on redeemable preference shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted for the effect of dilutive options and dilutive redeemable preference shares convertible to ordinary shares). In the

Company in 2021 and 2020, as well as until the date of these statements, there were no factors diluting the share capital.

Book value per share is the quotient of equity by the number of shares at a given balance sheet date.

### Note No. 14

### Explanations to the Statement of Cash Flows

| FOR THE PERIOD | 01.01.2021 - 31.12.2021 | 01.01.2020- 31.12.2020 |
|---|---|---|
| Change in liabilities and other assets and liabilities, except for loans and borrowings - CF | 2 372 | -292 |
| - change in other long-term assets resulting from the balance sheet | - 18 | 60 |
| - change in other short-term assets resulting from the balance sheet | - 11 | 12 |
| - change in long-term deferred income resulting from the balance sheet | -167 | 5 233 |
| - change in short-term deferred income resulting from the balance sheet | 153 | 264 |
| - adjustment change in deferred income resulting from the balance sheet - subsidies received in 2020 | - 1 294 | -6 536 |
| - change in other short-term liabilities resulting from the balance sheet | 3 366 | -412 |
| - adjustment of accrued interest on a loan - balance sheet recognition | 0 | 0 |
| - adjustment (shift) of unpaid liabilities related to capital expenditures | -538 | -881 |
| Adjustment of paid (shift) investment liabilities | 881 | 1 968 |
| Other adjustments – CF | -1 591 | -542 |
| - costs of issuing series F shares | 52 | 0 |
| - subsidies received | -1 643 | -542 |

## Notes to the statement of financial position

### Note No. 15

### Tangible fixed assets

| Gross tangible fixed assets | 31/12/2021 | 31/12/2020 |
|---|---|---|

| | | |
|---|---|---|
| Land, buildings, structures | 36 706 | 35 683 |
| Machines and devices | 72 620 | 70 336 |
| Means of transport | 3 115 | 3 187 |
| Fixed assets under construction | 6 446 | 2 609 |
| Other | 15 113 | 15 129 |
| **Total gross** | **134 000** | **126 944** |

| Amortizations and write-downs | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Land, buildings, structures | 10 737 | 9 874 |
| Machines and devices | 35 347 | 32 097 |
| Means of transport | 2 445 | 2 265 |
| Other | 2 715 | 1 935 |
| **Amortization value at the end of the period** | **51 244** | **46 171** |
| **Net value at the end of the period** | **82 756** | **80 773** |

Changes in fixed assets

For the period from January 1, 2021 to December 31, 2021

| | Land, buildings | Machines and equipment | Means of transport | Fixed assets under construction | Other | Total |
|---|---|---|---|---|---|---|
| Gross value at the beginning of the period | **35 683** | **70 336** | **3 187** | **2 609** | **15 129** | **126 944** |
| Increases | 1 736 | 2 977 | 127 | 6 750 | 9 | 11 599 |
| - acquisition | 251 | 2 526 | 127 | 6 712 | 9 | 9 625 |
| - other | 1 485 | 451 | 0 | 38 | 0 | 1 974 |
| Decreases | 713 | 693 | 199 | 2 913 | 25 | 4 543 |
| - disposal | 0 | 444 | 162 | 0 | 0 | 606 |
| - other | 713 | 249 | 37 | 2 913 | 25 | 3 937 |
| Gross value at the end of the period | **36 706** | **72 620** | **3 115** | **6 446** | **15 113** | **134 000** |
| Amortization value at the beginning of the period | 9 874 | 32 097 | 2 265 | 0 | 1 935 | 46 171 |
| Increases | 1 568 | 3 326 | 358 | 0 | 792 | 6 044 |
| Decreases | 705 | 76 | 178 | 0 | 12 | 971 |
| Amortization value at the end of the period | 10 737 | 35 347 | 2 445 | 0 | 2 715 | 51 244 |
| Value including depreciation and impairment write-downs at the end of the period | 10 737 | 35 347 | 2 445 | 0 | 2 715 | 51 244 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net value at the end of the period | **25 969** | **37 273** | **670** | **6 446** | **12 398** | **82 756** |

For the period from January 1, 2020 to December 31, 2020

| | Land, buildings | Machines and equipment | Means of transport | Fixed assets under construction | Other | Total |
|---|---|---|---|---|---|---|
| Gross value at the beginning of the period | **35 135** | **67 567** | **3 302** | **10 594** | **2 139** | **118 737** |
| Increases | 1 641 | 4 220 | 90 | 9 878 | 12 990 | 28 819 |
| - acquisition | 1 632 | 3 235 | 6 | 9 878 | 12 990 | 27 741 |
| - other | 9 | 985 | 84 | 0 | 0 | 1 078 |
| Decreases | 1 093 | 1 451 | 205 | 17 863 | 0 | 20 612 |
| - disposal | 0 | 1 451 | 205 | 0 | 0 | 1 656 |
| - other | 1 093 | 0 | 0 | 17 863 | 0 | 18 956 |
| Gross value at the end of the period | **35 683** | **70 336** | **3 187** | **2 609** | **15 129** | **126 944** |
| Amortization value at the beginning of the period | 8 563 | 29 087 | 2 039 | 0 | 1 513 | 41 202 |
| Increases | 1 749 | 3 274 | 431 | 0 | 422 | 5 876 |
| Decreases | 438 | 264 | 205 | 0 | 0 | 907 |
| Amortization value at the end of the period | 9 874 | 32 097 | 2 265 | 0 | 1 935 | 46 171 |
| Value including depreciation and impairment write-downs at the end of the period | 9 874 | 32 097 | 2 265 | 0 | 1 935 | 46 171 |
| Net value at the end of the period | **25 809** | **38 239** | **922** | **2 609** | **13 194** | **80 773** |

Impairment losses are recognized under other costs in the statement of comprehensive income. In 2021, the Company did not make revaluation write-down for tangible fixed assets. At the same time, the Company verified the useful life of fixed assets as at December 31, 2021.

The Company has machinery, equipment and utility vehicles in use under leasing agreements. The balance sheet value of the fixed assets used under financial leasing agreements as at December 31, 2021 was PLN 5,879 k, and as at December 31, 2020 it amounted to PLN 5 371 k.

Fixed assets under construction are presented in the financial statements at the production cost less any impairment losses recognized. Manufacturing cost includes fees and, for relevant assets, costs of external financing capitalized in accordance with IAS 23. External financing costs capitalized and recognized in fixed assets under construction

in 2021 amounted to PLN 35 k (interest and commission costs). The Company estimates the costs of external financing in accordance with the actual interest rate for a given financial liability (loan).

The establishment of registered pledges on fixed assets results from the obligations contained in the loan agreements described in note 28.

The Company estimates the value of liabilities resulting from signed contracts for the supply of fixed assets and construction works at the level of PLN 538 k as at December 31, 2021.

Mortgages established or pending on real estate of the company

| Real estate | Balance as at 31/12/2021 | Creditor's name | Obligation title | Company obligation |
|---|---|---|---|---|
| Real estate in Rzeszów KW RZ1Z/00076860/5 | PLN 17 000 k | Santander Bank Polska SA | joint contractual mortgage | Overdraft agreement in the amount of PLN 5,000 k concluded by Makarony Polskie SA |
| Real estate in Płock KW PL1P/00094893/6, no. PL1P/00097530/5, KW no. PL1P/00114158/9 and KW no. PL1P/00097363/3 (on the shares held) | | | | Investment loan agreement in the amount of PLN 13 849 k concluded by Makarony Polskie SA |
| Real estate in Rzeszów KW RZ1Z/00076860/5 | PLN 2,500 k | Santander Bank Polska SA | joint contractual mortgage | EU investment loan agreement in the amount of PLN 8,000 k concluded by Makarony Polskie SA |
| Real estate in Płock KW PL1P/00094893/6, no. PL1P/00097530/5, KW no. PL1P/00114158/9 and KW no. PL1P/00097363/3 (on the shares held) | | | | |
| Real estate in Rzeszów KW RZ1Z/00076860/5 | PLN 18 182 k | Santander Bank Polska SA | joint contractual mortgage | EU investment loan agreement in the amount of PLN 12,121 k concluded by Makarony Polskie SA |
| Real estate in Płock KW PL1P/00094893/6, no. PL1P/00097530/5, KW no. PL1P/00114158/9 and KW no. PL1P/00097363/3 (on the shares held) | | | | |
| Real estate in Rzeszów KW RZ1Z/00076860/5 | PLN 1,517 k | Santander Bank Polska SA | joint contractual | Contract for ordering a bank guarantee in |

| | | | | |
|---|---|---|---|---|
| Real estate in Płock KW PL1P/00094893/6, no. PL1P/00097530/5, KW no. PL1P/00114158/9 and KW no. PL1P/00097363/3 (on the shares held) | | | mortgage | the amount of PLN 1,011 k concluded by Makarony Polskie SA |
| Real estate in Rzeszów KW RZ1Z/00076860/5<br>Real estate in Płock KW PL1P/00094893/6, no. PL1P/00097530/5, KW no. PL1P/00114158/9 and KW no. PL1P/00097363/3 (on the shares held) | PLN 4 500 k | Santander Bank Polska SA | joint contractual mortgage | Working capital loan agreement in the amount of PLN 3,000 k concluded by Makarony Polskie SA |
| Real estate in Czestochowa KW CZ1C/00111425/8<br>Real estate in Stoczek Łukowski LU1U/00022979/2 | PLN 9 000 k | Bank Gospodarstwa Krajowego | joint contractual mortgage | Overdraft agreement in the amount of PLN 6,000 k concluded by Makarony Polskie SA |
| Real estate in Czestochowa KW CZ1C/00111425/8 | PLN 10 500 k | BNP Paribas Bank Polska SA | joint contractual mortgage | Overdraft agreement in the amount of PLN 7,000 k concluded by Makarony Polskie SA |

## Note No. 16

## Investment real estate

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Investment real estate in Rzeszów | 603 | 603 |
| Increases | 0 | 0 |
| - acquisition | 0 | 0 |
| - other | 0 | 0 |
| Decreases | 0 | 0 |
| - disposal | 0 | 0 |
| - other | 0 | 0 |
| **Value at the end of the period** | **603** | **603** |

The value of the investment real estate in Makarony Polskie is updated to fair value in accordance with appraisal reports prepared by independent appraisers. The difference in the fluctuation of the fair value is recognized by the Company in the profit and loss account.

Fair value valuations are categorized into three levels depending on the extent to which the inputs to the fair value valuations are observable and the importance of the inputs to the fair value valuations as a whole. These levels are as follows:

- Level 1: Input data is quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity has access to at the valuation date.
- Level 2: Input data is data other than quoted prices included in Level 1 that are observable for the asset or liability, directly or indirectly.
- Level 3: input data is unobservable data for the valuation of an asset or liability.

In 2021, the Company did not change the methodology and level of categorization of the valuation (level 3).

## Note No. 17
## Other intangible assets

### Changes in intangible assets

For the period from January 1, 2021 to December 31, 2021

| | Other intangible assets | | | | |
|---|---|---|---|---|---|
| | Brand value | **Patents, trademarks, development works** | **Computer software** | **Other** | **Total** |
| Gross value at the beginning of the period | **4 909** | **58** | **1 049** | **924** | **6 940** |
| Increases | 0 | 0 | 0 | 0 | 0 |
| - acquisition | 0 | 0 | 0 | 0 | 0 |
| Decrease | 0 | 0 | 0 | 0 | 0 |
| Gross value at the end of the period | **4 909** | **58** | **1 049** | **924** | **6 940** |
| Amortization value at the beginning of the period | 0 | 58 | 1 028 | 464 | 1 550 |
| increases | 0 | 0 | 10 | 55 | 65 |
| decreases | 0 | 0 | 0 | 0 | 0 |
| Amortization value at the end of the period | 0 | 58 | 1 038 | 519 | 1 615 |
| Net value at the end of the period | **4 909** | **0** | **11** | **405** | **5 325** |

For the period from January 1, 2020 to December 31, 2020

| | Other intangible assets | | | | |
|---|---|---|---|---|---|
| | Brand value | **Patents, trademarks, development works** | **Computer software** | **Other** | **Total** |
| Gross value at the beginning of the period | **4 909** | **58** | **1 049** | **464** | **6 480** |
| Increases | 0 | 0 | 0 | 460 | 460 |
| - acquisition | 0 | 0 | 0 | 460 | 460 |
| Decrease | 0 | 0 | 0 | 0 | 0 |
| Gross value at the end of the period | **4 909** | **58** | **1 049** | **924** | **6 940** |
| Amortization value at the beginning of the period | 0 | 58 | 1 018 | 460 | 1 536 |
| increases | 0 | 0 | 10 | 4 | 14 |
| decreases | 0 | 0 | 0 | 0 | 0 |
| Amortization value at the end of the period | 0 | 58 | 1 028 | 464 | 1 550 |
| Net value at the end of the period | **4 909** | **0** | **21** | **460** | **5 390** |

Depreciation of intangible assets in the specified period of use is carried out on a straight-line basis, according to the depreciation rates reflecting the expected period of their use.

The Company does not depreciate intangible assets with an indefinite useful life. They are subjected to annual impairment tests and an analysis of whether there are indications to recognize these assets as used for a specified period of time.

At the end of 2021, the Company's Management Board assessed that there were no premises indicating the possibility of impairment of assets, subject to impairment tests.

At the end of 2021, obligatory tests for the loss of brand value were carried out. The tests were carried out using the income method, discounting future hypothetical license fees to the present value with the following assumptions

- 5-year forecast period (2022-2026),
- one scenario - realistic one,
- financial projections prepared on the basis of historical data taking into account the organic development plans of the Abak brand
- discount rates were set at the level of the average cost of capital after tax (WACC) - 6.7%,
- license fees ratio at the level of 5%,
- growth rate after the forecast period - 0%.

The tests performed did not show the need to make brand value write-downs.

For the impairment test of the brand value prepared as at December 31, 2021, consisting in the calculation of the value in use, a sensitivity analysis of key assumptions was performed. The purpose of the sensitivity analysis was to investigate what value the selected model parameters would have to be taken in order for the estimated value in use of cash-generating units to be equal to the unit's balance sheet value. The performed tests showed that the adopted values of the key assumptions were at safe levels and there was a low probability that the recoverable amount would be below the book value.

## Note No. 18
## Long-term financial assets

| Other long-term financial assets | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Shares in Stoczek Natura Sp. z o.o. | 28 578 | 28 578 |
| Shares in MP Trade Sp. z. o. o. | 1 502 | 1 502 |
| Total long-term financial assets | 30 080 | 30 080 |

## Note No. 19
## Inventory

Balance as at December 31, 2021

| | Valuation according to the purchase price / production cost | Revaluation write-down as at OB | Write-down created | Reversed write-down | Balance sheet value of inventories at the end of the period |
|---|---|---|---|---|---|
| Materials | 4 439 | 17 | 3 | 17 | 4 436 |
| Auxiliary materials | 572 | 0 | 0 | 0 | 572 |
| Products in progress | 500 | 0 | 2 | 0 | 498 |
| Finished goods | 7 920 | 26 | 78 | 26 | 7 842 |
| Goods | 60 | 9 | 0 | 9 | 60 |
| TOTAL | **13 491** | **52** | **83** | **52** | **13 408** |

Balance as at December 31, 2020

| | Valuation according to the purchase price / production cost | Revaluation write-down as at OB | Write-down created | Reversed write-down | Balance sheet value of inventories at the end of the period |
|---|---|---|---|---|---|
| Materials | 4 446 | 39 | 17 | 39 | 4 429 |
| Auxiliary materials | 617 | 0 | 0 | 0 | 617 |
| Products in progress | 104 | 1 | 0 | 1 | 104 |
| Finished goods | 9 785 | 46 | 26 | 46 | 9 759 |

| | | | | | |
|---|---|---|---|---|---|
| Goods | 146 | 0 | 9 | 0 | 137 |
| TOTAL | **15 098** | **86** | **52** | **86** | **15 046** |

Due to the current rotation of inventories, in 2022, the Company plans to use all the inventories included in the statement of financial position as at December 31, 2021 in the amount of PLN 13 408 k. Impairment losses for current assets (inventories) are made when a given asset is considered non-marketable, is physically destroyed, its useful life, in the case of finished products and raw materials, makes impossible to sell or use is, and when the manufacturing cost exceeds its market price.

In 2021, there were indications for a partial write-down of inventories in the amount of PLN 83 k.

As at December 31, 2021, the value of registered pledges on inventories of finished goods, materials and merchandise was PLN 5,000 k, including:

- securing a Santander loan agreement - the amount of PLN 5,000 k

## Note No. 20
## Receivables

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Receivables from deliveries and services from other entities: | 18 185 | 17 483 |
| - short-term part | 18 185 | 17 483 |
| Receivables from affiliates, including: | 734 | 917 |
| - from deliveries and services | 59 | 1 |
| - short-term part | 59 | 1 |
| - pre-payments | 0 | 916 |
| - short-term part | 0 | 916 |
| Other receivables from affiliates | 675 | 0 |
| - dividend | 675 | 0 |
| Other receivables from other entities | 3 521 | 3 308 |
| - short-term part | 3 521 | 3 308 |
| Total gross receivables | 22 440 | 21 708 |
| Impairment write-downs at the beginning of the period | 435 | 146 |
| Recognition of impairment losses in the period | 54 | 289 |
| Reversal of an impairment loss during the period | 49 | 0 |
| Impairment losses at the end of the period | 440 | 435 |
| Net receivables | 22 000 | 21 273 |

## Write-downs of receivables

| 2021 | Balance as at the beginning of the period | Creation | Use and solution | Balance at the end of the period |
|---|---|---|---|---|
| Write-downs of receivables | 435 | 54 | 49 | 440 |

| 2020 | Balance as at the beginning of the period | Creation | Use and solution | Balance at the end of the period |
|---|---|---|---|---|
| Write-downs of receivables | 146 | 289 | 0 | 435 |

| Other short-term receivables from other entities | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Current VAT | 1 848 | 2 174 |
| VAT deferred | 843 | 847 |
| Other receivables - valuation of IRS transactions | 84 | 0 |
| Corporate income tax | 554 | 0 |
| Tender security deposits paid | 41 | 91 |
| Pre-payments | 112 | 1 065 |
| Other | 39 | 47 |
| Other gross receivables | 3 521 | 4 224 |
| Write-downs of receivables | 0 | 0 |
| Other net receivables | 3 521 | 4 224 |

## Gross receivables currency structure

| **Gross short-term receivables** | **31.12.2021** | **31/12/2020** |
|---|---|---|
| - in Polish currency | 20 119 | 19 923 |
| - in foreign currencies: | 2 321 | 1 785 |
| a) unit / currency EUR | 509 | 390 |
| in PLN | 2 321 | 1 785 |
| b) unit / currency USD | 0 | 0 |
| in PLN | 0 | 0 |
| b) unit / currency GBP | 0 | 0 |
| in PLN | 0 | 0 |
| **Gross short-term receivables** | **22 440** | **21 708** |

As at December 31, 2021, the Company has receivables in a foreign currency for which it made a 100% write-down. As at the balance sheet date, they are not subject to balance sheet valuation according to the average National Bank of Poland exchange rate. Receivables amount EUR 67 k

Receivables from deliveries and services - aging

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| 1) Ongoing in total | 16 492 | 15 562 |
| 2) Overdue in total: | 1 752 | 1 922 |
| a) up to 1 month | 1 220 | 1 041 |
| b) more than 1 month to 3 months | 4 | 370 |
| c) more than 3 months to 6 months | 4 | 0 |
| d) more than 6 months to 1 year | 63 | 76 |
| e) more than 1 year | 461 | 435 |
| Total receivables from deliveries and services, gross | **18 244** | **17 484** |
| Write-downs of receivables from deliveries and services | 440 | 435 |
| Net receivables from deliveries and services | 17 804 | 17 049 |

Receivables from deliveries and services include amounts due for commercial transactions concluded from a large number of customers, scattered among various industries and geographic areas.

The Company is not exposed to a significant risk of insolvency towards a single contractor or a group of contractors with similar characteristics. Receivables from deliveries and services do not bear interest and usually have a payment period of 45 to 90 days. Write-downs of receivables are made when a contractor is put into liquidation and bankruptcy, or one that does not make payments for a period of over 12 months after the due date, and its economic and financial situation indicates a high risk of default. Court receivables are covered with a 100% write-down. The company has an appropriate policy to sell with deferred payment only to verified customers. Transactions with other customers, including most foreign contractors, are covered by receivables insurance. Thanks to this, in the opinion of the management, there is no significant credit risk exceeding the level determined by the provision for bad debts, appropriate for trade receivables in Makarony Polskie SA.

## Note No. 21

## Corporate income tax receivables

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Corporate income tax receivables | 554 | 0 |

## Note No. 22
## Borrowings granted

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Balance as at the beginning of the period | 2 006 | 2 006 |
| a) Borrowing granted to Stoczek Natura | 0 | 0 |
| Borrowing granted | 0 | 0 |
| Accrued Interest and Commissions | 38 | 66 |
| Repayment within the period | 41 | 66 |
| **Balance at the end of the period** | **2 003** | **2 006** |

As at December 31, 2021, Makarony Polskie SA granted its subsidiary Stoczek Natura Sp. z o.o. short-term borrowing in the amount of PLN 2.00 m, with the repayment date on December 31, 2022 (one-off repayment until the maturity date of the liability). The interest rate on the borrowing was determined based on market conditions.

## Note No. 23
## Cash and cash equivalents

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Cash in hand and cash at bank | 26 121 | 374 |
| Total, including: | 26 121 | 374 |
| - cash in hand and at bank attributed to discontinued operations | not applicable | not applicable |

The value of cash and cash equivalents reflects their amount disclosed in the cash flow statement. The fair value of these funds corresponds to their value in the statement of financial position.

Cash at bank bears interest at variable interest rates, the amount of which depends on the interest rate on overnight bank deposits. Short-term deposits are made for various periods, from one day to one month, depending on the Company's current demand for cash, and bear interest at the interest rates set for them. Cash and cash equivalents at the end of the financial year shown in the statement of cash flows can be agreed to balance sheet items.

## Note No. 24
## Other assets

| Other assets | 31.12.2021 | 31/12/2020 |
|---|---|---|
| - long-term part | 64 | 45 |
| - short-term part | 257 | 246 |

Long-term prepayments and accruals as at December 31, 2021 in the amount of PLN 64 k include paid subscriptions and a bank commission.

### Short-term prepayments and accruals

| Short-term prepayments and accruals | 31.12.2021 | 31/12/2020 |
|---|---|---|
| - insurance | 156 | 149 |
| - paid subscriptions | 61 | 23 |
| - loan commission | 7 | 7 |
| - consulting services | 29 | 62 |
| - others | 4 | 5 |
| **Total** | **257** | **246** |

### Long-term prepayments and accruals

| Long-term prepayments and accruals | 31.12.2021 | 31/12/2020 |
|---|---|---|
| - consulting services | 0 | 30 |
| - investment loan commission | 7 | 13 |
| - subscriptions | 57 | 2 |
| **Total** | **64** | **45** |

## Note No. 25
## Share capital

Share capital of Makarony Polskie SA:

- amount of share capital PLN 27 750 213,
- total number of shares 9 250 071 of shares,
- total number of votes at the General Assembly 9 250 071 votes.

Structure of the Company's share capital:

- 3,013,250 series A ordinary bearer shares,
- 1,169,750 series B ordinary bearer shares,
- 3,000,000 series C ordinary bearer shares,
- 1,735,821 series D ordinary bearer shares,
- 331 250 series E ordinary bearer shares,

The Company's shares are ordinary bearer shares listed on the regulated market operated by the Warsaw Stock Exchange. The company has not issued any securities which grant special control powers to any of its shareholders,

As of December 31, 2021

| | Type of shares | Type of preference | Number of shares in units | Nominal value | | Method of covering the capital | Registration date | Right to dividend (from the date) |
|---|---|---|---|---|---|---|---|---|
| | | | | **of 1 share in PLN** | **series (issue) in PLN k** | | | |
| series A | bearer | ordinary shares | 3 013 250 | 3 | 9 040 | cash contributions | 05.07.2004 | 01.01.2004 |
| series B | bearer | ordinary shares | 1 169 750 | 3 | 3 509 | contributions in kind | 29.10.2004 | 01.01.2004 |
| series C | bearer | ordinary shares | 3 000 000 | 3 | 9 000 | cash contributions | 18.04.2007. | 01.01.2007 |
| series D | bearer | ordinary shares | 1 735 821 | 3 | 5 207 | cash contributions | 22.06.2007 | 01.01.2007 |
| Series E | bearer | ordinary shares | 331 250 | 3 | 994 | cash contributions | 11.02.2008 | 01.01.2008 |
| Total | | | **9 250 071** | | **27 750** | | | |

As of December 31, 2020

| | Type of shares | Type of preference | Number of shares in units | Nominal value | | Method of covering the capital | Registration date | Right to dividend (from the date) |
|---|---|---|---|---|---|---|---|---|
| | | | | **of 1 share in PLN** | **series (issue) in PLN k** | | | |
| series A | bearer | ordinary shares | 3 013 250 | 3 | 9 040 | cash contributions | 05.07.2004 | 01.01.2004 |
| series B | bearer | ordinary shares | 1 169 750 | 3 | 3 509 | contributions in kind | 29.10.2004 | 01.01.2004 |
| series C | bearer | ordinary shares | 3 000 000 | 3 | 9 000 | cash contributions | 18.04.2007. | 01.01.2007 |
| series D | bearer | ordinary shares | 1 735 821 | 3 | 5 207 | cash contributions | 22.06.2007 | 01.01.2007 |
| Series E | bearer | ordinary shares | 331 250 | 3 | 994 | cash contributions | 11.02.2008 | 01.01.2008 |
| Total | | | **9 250 071** | | **27 750** | | | |

In 2021, the Company executed a private issue, excluding subscription rights, of 1,790,000 series F ordinary bearer shares with a nominal value of PLN 3.00 each. The issue was executed on the basis of the resolution No. 18 of the Ordinary General Assembly of Makarony Polskie SA of July 7, 2021, according to which the share capital of the Company could be increased from PLN 27,750,213 to an amount not higher than PLN

33,300,213 by issuing no more than 1,850,000 series F ordinary bearer shares with a nominal value of PLN 3.00 each.

The subscription was executed by way of sending offers by the Company to selected investors and their acceptance by the addressees. Series F shares were acquired by 4 entities. The share subscription agreements were concluded in the period from November 24, 2021 to November 30, 2021. Series F shares were acquired only in exchange for cash contributions that were paid into the Company's bank account.

On March 4, 2022, an increase in the share capital of Makarony Polskie SA by the issue of 1,790,000 series F ordinary bearer shares was registered in the Register of Entrepreneurs of the National Court Register, i.e. an increase in the share capital by PLN 5,370,000, to PLN 33,120,213.

Share capital of Makarony Polskie SA as at March 4, 2022:

- share capital amount PLN 33 120 213,
- total number of shares 11 040 071 shares,
- total number of votes at the General Assembly 11 040 071 votes.

Structure of the Company's share capital:

- 3,013,250 series A ordinary bearer shares,
- 1,169,750 series B ordinary bearer shares,
- 3,000,000 series C ordinary bearer shares,
- 1,735,821 series D ordinary bearer shares,
- 331 250 series E ordinary bearer shares,
- 1,790,000 series F ordinary bearer shares.

## Note No. 26

## Supplementary and reserve capital

| Supplementary Capital | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Balance as at the beginning of the period | 35 303 | 32 362 |
| Amendments to accounting principles (policy) | 0 | 0 |
| Balance at the beginning of the period after adjustments (after restatement) | 35 303 | 32 362 |
| - costs of share capital issuing | - 52 | 0 |
| - other changes in capital | 0 | 0 |
| - distribution of profit / coverage of loss | 3 977 | 2 941 |

| | | |
|---|---|---|
| - creation of reserve capital | 0 | 0 |
| - supplementary capital | 39 228 | 35 303 |
| - application of hedge accounting | 0 | 0 |
| Supplementary capital at the end of the period | 39 228 | 35 303 |

| Reserve Capital | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Balance as at the beginning of the period | 12 000 | 0 |
| - creation of reserve capital - own shares | 0 | 12 000 |
| - series F shares issue | 12 888 | |
| Reserve capital at the end of the period | 24 888 | 12 000 |

Changes in reserve capital result from share subscription agreements concluded in the period from November 24, 2021 to November 30, 2021. Series F shares were acquired only in exchange for cash contributions that were paid into the Company's bank account. On March 4, 2022, an increase in the share capital of Makarony Polskie SA by the issue of 1,790,000 series F ordinary bearer shares was registered in the Register of Entrepreneurs of the National Court Register, i.e. an increase in the share capital by PLN 5,370,000, to PLN 33,120,213.

## Note No. 27

### Result from previous years

| Profit (loss) from previous years | 31.12.2021 | 31/12/2020 |
|---|---|---|
| Balance as at the beginning of the period | 6 752 | 5 586 |
| Errors correction | 0 | - 332 |
| - profit / loss from previous years at the beginning of the period | 6 752 | 5 254 |
| - decreases due to transfer to reserve capital | -3 977 | - 2 941 |
| - dividend payment | - 2 775 | - 2 313 |
| **Net profit/loss at the end of the period** | **0** | **0** |

## Note No. 28

Information on loans and sureties granted as at December 31, 2021.

Long-term and short-term loans and borrowings

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| - long-term part | 18 027 | 7 949 |
| - short-term part | 11 432 | 11 336 |
| **Total** | **29 459** | **19 285** |

The status of loan and factoring agreements in force as at December 31, 2021, to which Makarony Polskie SA was a party, are presented in the following tables:

– Overdraft facility in Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 5,000 k |
| Credit period | 18.10.2013 – 31.05.2022 |
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 2,135 k |
| Repayment schedule | once on the maturity date of the liability |
| Credit collateral | – joint mortgage up to the amount of PLN 17,000 k on real estate marked with:<br>a) Land and Mortgage Register KW No. RZ1Z/00076860/5 in Rzeszów and Land and KW No. PL1P/00094893/6 in Płock together with the assignment of rights under the real estate insurance policy,<br>b) Land and Mortgage Registers KW No. PL1P/00097530/5, KW No. PL1P/00114158/9 and KW No. PL1P/00097363/3 (on the shares held) in Płock;<br>– a blank promissory note issued by the Company along with a promissory note declaration,<br>– registered pledge on inventories with a value not lower than PLN 5,000 k together with the assignment of rights under the pledge insurance policy,<br>– surety of Stoczek Natura Sp. z o.o.,<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed. |

In the H1 2021, Makarony Polskie SA concluded with Santander Bank Polska SA an annex to the overdraft facility agreement, which extended the repayment date until May 31, 2022.

– Investment loan in Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 13,849 k |
| Credit period | 18.10.2013 – 30.12.2023 |
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 2,619 k |
| Repayment schedule | The loan will be repaid in 49 monthly installments, in the following amounts: 48 installments of PLN 105 k each and the last 49th compensating installment in the amount of PLN 204 k |
| Credit collateral | – joint mortgage up to the amount of PLN 17,000 k on real estate marked with:<br>a) Land and Mortgage Register KW No. RZ1Z/00076860/5 in Rzeszów and Land and KW No. PL1P/00094893/6 in Płock together with the assignment of rights under the real estate insurance policy,<br>b) Land and Mortgage Registers KW No. PL1P/00097530/5, KW No. PL1P/00114158/9 and KW No. PL1P/00097363/3 (on the shares held) in Płock;<br>– registered pledge on fixed assets (production lines in the Rzeszów plant) along with the assignment of rights under the insurance policy for the subject-matter of the pledge,<br>– a blank promissory note issued by the Company along with a promissory note declaration,<br>– civil law surety of Stoczek Natura Sp. z o.o.,<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed. |

– EU investment loan in Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 12,121 k |
| Credit period | 07.02.2017 - 28.12.2023 |
| Interest rate | WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 2,380 k |
| Repayment schedule | The loan will be repaid in 37 monthly installments, in the following amounts: 36 installments in the amount of PLN 50 k, 37th installment of PLN 9,061 k, the received EU refinancing will reduce the balloon installment |
| Credit collateral | – joint mortgage up to the amount of PLN 18 200 k on real estate marked with:<br>a) Land and Mortgage Register KW No. RZ1Z/00076860/5 in Rzeszów and Land and KW No. PL1P/00094893/6 in Płock together with the assignment of rights under the real estate insurance policy,<br>b) Land and Mortgage Registers KW No. PL1P/00097530/5, KW No. PL1P/00114158/9 and KW No. PL1P/00097363/3 (on the shares held) in Płock;<br>– registered pledge on a semi-industrial line for trials and tests along with instrumentation, along with the assignment of rights under the insurance policy for the subject-matter of the pledge,<br>– a blank promissory note issued by the Company along with a |

| | |
|---|---|
| | promissory note declaration,<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed. |

The loan is intended to finance the investment project "Establishment of the Research and Development Center of the Pasta Industry at Makarony Polskie SA".

In H2 2021, Makarony Polskie SA concluded with Santander Bank Polska SA an annex to the EU investment loan agreement, which adjusts the value of collateral to the Bank's credit exposure.

– EU investment loan in Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 8,000 k |
| Credit period | 15.09.2017 - 31.12.2023 |
| Interest rate | WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 838 k |
| Repayment schedule* | The loan will be repaid in 49 principal installments, including 48 installments in the amount of PLN 33 k, 49th installment in the amount of 79 k |
| Credit collateral | – joint mortgage up to the amount of PLN 2 500 k on real estate marked with:<br>a) Land and Mortgage Register KW No. RZ1Z/00076860/5 in Rzeszów and Land and KW No. PL1P/00094893/6 in Płock together with the assignment of rights under the real estate insurance policy,<br>b) Land and Mortgage Registers KW No. PL1P/00097530/5, KW No. PL1P/00114158/9 and KW No. PL1P/00097363/3 (on the shares held) in Płock;<br>– registered pledge on the technological line purchased under the subsidy project along with the assignment of rights under the insurance policy for the subject-matter of the pledge,<br>– a blank promissory note issued by the Company along with a promissory note declaration,<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed. |

The loan is intended to finance the investment project "Implementation of the results of research and development in the field of functional food at Makarony Polskie SA".

– Working capital loan at Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 3,000 k |
| Credit period | 30.09.2019 - 30.09.2022 |

| | |
|---|---|
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 818 k |
| Repayment schedule | The loan will be repaid in 33 monthly installments starting from January 31, 2020 in the amount of PLN 0.09 m |
| Credit collateral | – joint mortgage up to the amount of PLN 4 500 k on real estate marked with:<br>a) Land and Mortgage Register KW No. RZ1Z/00076860/5 in Rzeszów and Land and KW No. PL1P/00094893/6 in Płock together with the assignment of rights under the real estate insurance policy,<br>b) Land and Mortgage Registers KW No. PL1P/00097530/5, KW No. PL1P/00114158/9 and KW No. PL1P/00097363/3 (on the shares held) in Płock;<br>– registered pledge on fixed assets (production lines in the Rzeszów plant) along with the assignment of rights under the insurance policy for the subject-matter of the pledge,<br>– a blank promissory note issued by the Company along with a promissory note declaration,<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed. |

– Investment loan in Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 4 400 k |
| Credit period | 10.06.2021 – 30.01.2026 |
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 3,096 k |
| Repayment schedule | The loan will be repaid in 46 monthly installments, in the following amounts: 45 installments of PLN 92 k each and the last 49th compensating installment in the amount of PLN 275 k |
| Credit collateral | – de minimis guarantee in the amount of 80% of the Loan amount;<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.<br>– a blank promissory note issued by the Company along with a promissory note declaration, as collateral for the de minimis guarantee. |

– Working capital loan at Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 1,700 k |
| Credit period | 10.06.2021 – 30.05.2023 |
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 1,700 k |
| Repayment schedule | once on the maturity date of the liability |

| | |
|---|---|
| Credit collateral | – de minimis guarantee in the amount of 80% of the Loan amount;<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.<br>– a blank promissory note issued by the Company along with a promissory note declaration, as collateral for the de minimis guarantee. |

– Investment loan in Santander Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 12,000 k |
| Credit period | 07.12.2021 – 31.03.2029 |
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 11,760 k |
| Repayment schedule | The loan will be repaid in 84 monthly installments, in the following amounts: 83 installments of PLN 143 k each and the last 84th compensating installment in the amount of PLN 148 k |
| Credit collateral | – joint contractual mortgage up to the amount of PLN 18 000 k on real estate marked with:<br>a) Land and Mortgage Register KW No. OL1S/00032815/5, KW No. OL1S/00039349/6 in Korpele along with the assignment of rights under the real estate insurance policy;<br>– registered pledge on 100% of shares in P.P.H. „SAS" Andrzej Świderski Sp. z o.o.;<br>– joining the debt by P.P.H. „SAS" Andrzej Świderski Sp. z o.o.;<br>– a blank promissory note issued by the Company along with a promissory note declaration,<br>– a declaration of the Company and SAS on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed. |

– Overdraft facility in BNP Paribas Bank Polska SA

| Loan conditions | December 31, 2021 |
|---|---|
| Contractual value of the loan | PLN 7,000 k |
| Credit period | 19.11.2021 - 31.10.2023 |
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Credit balance | PLN 4,113 k |
| Repayment schedule | once on the maturity date of the liability |
| Credit collateral | – contractual mortgage up to the amount of PLN 10 500 k on real estate marked with:<br>a) KW No. CZ1C/00111425/8 in Częstochowa with the assignment of rights under the real estate insurance policy,<br>– a blank promissory note issued by the Company along with a promissory note declaration,<br>– a declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed. |

- Overdraft at Bank Gospodarstwa Krajowego

  In the financial year 2021, Makarony Polskie SA used an overdraft in the amount of PLN 6,000 k. Pursuant to the provisions of the loan agreement, the loan was repaid in due time during the financial year and the obligations under the agreement between the Company and the Bank expired.

- (Full) factoring agreement in Santander Factoring Sp. z o.o.

| Terms of the agreement | December 31, 2021 |
|---|---|
| Contractual value | PLN 5,500 k |
| Term | Agreement concluded for an indefinite period. |
| Interest rate | WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank |
| Factoring balance | PLN 3 514 k |
| Contract collateral | – irrevocable power of attorney to the account,<br>– blank promissory note with a promissory note declaration. |

In H1 2021, Makarony Polskie SA concluded with Santander Factoring Sp. z o.o. an annex to the factoring agreement, which adjusts the margin level to the current market conditions.

## Information on granted and received sureties

Makarony Polskie SA granted sureties to the subsidiary Stoczek Natura Sp. z o.o., and their balances as at December 31, 2021 are presented below:

| External obligations | Creditor's name | Surety amount in PLN k | Validity date | Secured liability balance in PLN k as at 31/12/2021 |
|---|---|---|---|---|
| Surety for an overdraft in the amount of PLN 3.0 m | Bank BGK | 4 500 | 16.05.2023 | 2 737 |
| Surety for an investment loan in the amount of PLN 4.8 m | Bank BGK | 4 812 | 08.11.2025 | 3 565 |
| Bank guarantee surety in the amount of PLN 0.5 m | Bank BGK | 504 | 15.12.2022 | - |
| Bank guarantee surety in the amount of PLN 1.5 m | Bank BGK | 1 549 | 29.05.2023 | - |

During 2021, Makarony Polskie SA guaranteed a bank guarantee in the amount of PLN 0.7 m for Stoczek Natura Sp. z o.o. - due to the return of the original guarantee document, the surety has expired.

Makarony Polskie SA received remuneration for granting the sureties.

Stoczek Natura Sp. z o.o. provided sureties to the parent company Makarony Polskie SA, and their balance as at December 31, 2021 is presented below:

| External obligations | Creditor's name | Surety amount in PLN k | Validity date | Secured liability in PLN k as at 31/12/2021 |
|---|---|---|---|---|
| Credit surety overdraft in the amount of PLN 5.0 m | Santander Bank Polska SA | 15 366 | 30.12.2026 | 2 135 |
| Investment loan surety in the amount of PLN 13.8 m | Santander Bank Polska SA | | | 2 619 |

During 2021, Stoczek Natura Sp. z o.o. guaranteed an EU investment loan in the amount of PLN 12.1 m for Makarony Polskie S.A. - due to the settlement of the subsidy, the Bank released the surety.
During 2021, Stoczek Natura Sp. z o.o. guaranteed an overdraft in the amount of PLN 6 m for Makarony Polskie S.A. - due to the loan repayment, the surety has expired.

Stoczek Natura Sp. z o.o. received remuneration for granting sureties.

## Note No. 29
## Information on granted and received guarantees

The list of guarantees in force at Makarony Polskie SA as at December 31, 2021 is shown in the table below:

| Guarantor | Guarantee amount in PLN k | Guarantee expiry date | Subject-matter of guarantee | Collateral |
|---|---|---|---|---|
| Santander Bank Polska SA | 1 011 | to 31.12.2022 | a guarantee securing the Company's obligations under the contract for the sale and storage of pasta under the contract with the Governmental Agency for Strategic Reserves | – joint mortgage up to the amount of PLN 1,517 k on real estate marked with KW No. RZ1Z/00076860/5 in Rzeszów and KW No. PL1P/00094893/6 in Płock, together with the assignment of rights under the real estate insurance policy,<br>– blank promissory note with a promissory note declaration |
| Santander Bank Polska SA | 157 | to 31.01.2024 | a guarantee securing the Company's obligations under the contract for the pasta maintenance under the contract with the Governmental Agency for Strategic Reserves | – blank promissory note with a promissory note declaration |

## Note No. 30

### Provisions for pensions and similar benefits

| 2021 | Balance as at the beginning of the period | Creation | Use and solution | Balance at the end of the period |
|---|---|---|---|---|
| For retirement and similar benefits, including: | 1 517 | 9 | 319 | 1 207 |
| a) long term | 336 | 9 | 0 | 345 |
| b) short-term | 1 181 | 0 | 319 | 862 |
| Other provisions, including: | 0 | 0 | 0 | 0 |
| a) provision for auditing financial statements | 0 | 0 | 0 | 0 |
| b) others | 0 | 0 | 0 | 0 |
| Total | **1 517** | **9** | **319** | **1 207** |

| 2020 | Balance as at the beginning of the period | Creation | Use and solution | Balance at the end of the period |
|---|---|---|---|---|
| For retirement and similar benefits, including: | 999 | 518 | 0 | 1 517 |
| a) long term | 300 | 36 | 0 | 336 |
| b) short-term | 699 | 482 | 0 | 1 181 |
| Other provisions, including: | 0 | 0 | 0 | 0 |
| a) provision for auditing financial statements | 0 | 0 | 0 | 0 |
| b) others | 0 | 0 | 0 | 0 |
| Total | **999** | **518** | **0** | **1 517** |

The Company pays retiring employees the retirement benefits in the amount specified by the Labor Code and internal regulations. Therefore, based on the valuation made by the actuary, it creates a provision for the current value of the liability for retirement benefits.

The Company creates a "provision" (recognized as an element of accruals) for unused leaves, which relate to periods preceding the balance sheet date, and will be used in the future. The amount of the provision depends on the average monthly remuneration and the number of unused holiday days due to the employee as at the balance sheet date.

The calculation of the provision was made for people currently employed and does not apply to people who will be employed in the future. Every employee who has reached the retirement age is entitled to a retirement benefit. The provision is not created for people who are already retirees or disability pensioners (who have received severance pay).

## Note No. 31
## Long-term financial liabilities

Liabilities under financial leasing agreements

| | Present value of the minimum fees | |
|---|---|---|
| | as at 31/12/2021 | as at 31/12/2020 |
| for up to 1 year | 681 | 826 |
| in the period from 1 to 5 years | 895 | 1 297 |
| **Total** | **1 576** | **2 123** |

Financial leasing liabilities:-IFRS-16

| | Present value of the minimum fees | |
|---|---|---|
| | as at 31.12.2021 | as at 31/12/2020 |
| for up to 1 year - lease | 706 | 551 |
| for up to 1 year – Right of perpetual usufruct of land | 4 | 4 |
| in the period from 1 to 5 years - lease | 1 486 | 853 |
| in the period of more than a year - Right of perpetual usufruct of land | 1 187 | 1 191 |
| Total | **3 383** | **2 599** |

As at January 1, 2019, Makarony Polskie SA introduced disclosure values to its fixed assets as a result of the application of IFRS -16, fixed assets used under leasing agreements.

The balance sheet value of the fixed assets as at December 31, 2021 was PLN 3,291 k, including for the leasing of premises the amount of 2 140 k and the right of perpetual usufruct of land in the amount of PLN 1,151 k.

Financial liability - Polish Development Fund subsidy

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| for up to 1 year | 368 | 368 |
| in the period from 1 to 5 years | 215 | 1 104 |
| Total | 583 | 1 472 |

As part of the financial shield, in 2020 the Company received financial support in the form of subsidies from the Polish Development Fund in the amount of PLN 1 472 k.

After meeting the conditions specified in the program, the beneficiary will be partially released from reimbursement (possibility up to 75%).

Makarony Polskie received a decision of 28 July 2021 from the Polish Development Fund on a partial exemption from reimbursement of funds in the amount of 50% of the subsidy received.

## Note No. 32
## Other liabilities

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| **Liabilities from deliveries and services from other entities:** | **22 852** | **22 248** |
| - long-term part | 0 | 0 |
| - short-term part | 22 852 | 22 248 |
| **Liabilities towards subsidiaries:** | **3 532** | **936** |
| - long-term part | | |
| - short-term part | 3 532 | 936 |
| **Liabilities towards other entities:** | | |
| **Pre-payments** | **24** | **66** |
| **Other liabilities:** | **1 957** | **2 750** |
| - long-term part | | |
| - short-term part | 1 957 | 2 750 |
| **Total liabilities** | **28 365** | **26 000** |

| Liabilities from deliveries and services | 31.12.2021 | 31/12/2020 |
|---|---|---|
| - towards affiliates | 3 532 | 936 |
| - towards other entities | 22 852 | 22 248 |
| **Total** | **26 384** | **23 184** |

| Public-legal and other liabilities | 31.12.2021 | 31/12/2020 |
|---|---|---|
| - Personal income tax | 178 | 153 |
| - corporate income tax - CIT 8 | 0 | 1 001 |
| - Social security contributions costs | 607 | 599 |
| - remunerations | 657 | 621 |
| - State Fund for the Rehabilitation of the Disabled | 8 | 10 |
| - others | 507 | 366 |
| **Total** | **1 957** | **2 750** |

Other liabilities with CIT - currency structure

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| - in Polish currency | 25 664 | 22 901 |
| - in foreign currencies: | 2 701 | 3 099 |
| a) unit / currency EUR | 587 | 672 |
| in PLN | 2 701 | 3 099 |
| b) unit / currency GBP | 0 | 0 |
| in PLN | 0 | 0 |
| **Total** | **28 365** | **26 000** |

Liabilities from deliveries and services - aging

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| 1) Ongoing in total | 24 459 | 20 795 |
| 2) Overdue in total: | 1 925 | 2 390 |
| a) up to 1 month | 1 784 | 2 196 |
| b) more than 1 month to 3 months | 73 | 120 |
| c) more than 3 months to 6 months | 1 | 8 |
| d) more than 6 months to 1 year | 2 | 1 |
| e) more than 1 year | 65 | 65 |
| Total liabilities from deliveries and services | **26 384** | **23 185** |

## Note No. 33
## Deferred revenues

| | 31.12.2021 | 31/12/2020 |
|---|---|---|
| **Deferred revenues** | **18 079** | **18 093** |
| - long-term part | 16 777 | 16 944 |
| - short-term part | 1 302 | 1 149 |

The short- and long-term part of prepayments and accruals includes subsidies received by Makarony Polskie SA for the purchase of machinery and equipment. The subsidy amounts were awarded in 2006, 2009, 2019, 2020 and 2021.

In 2019-2021, the company received funding for the following projects:

- the project "Implementation of the results of research and development in the field of functional food at Makarony Polskie SA", is implemented under the Operational Programme of the Podkarpackie Region 2014 - 2020, under Priority

Axis I Competitive and innovative economy, Measure 1.4. Support for SMEs, Sub-measure 1.4.1 Direct subsidies. Co-financing of 60% of eligible costs in the amount of PLN 5,500 k.

- the project "Establishment of the Research and Development Center of the Pasta Industry at Makarony Polskie SA", is implemented under the Intelligent Development Operational Programme 2014 - 2020, under Measure 2.1. Support for investments in R&D infrastructure of enterprises. As part of this project, the company received funding in the amount of PLN 7,830 k.

Subsidies relate to non-current assets, their fair value is recognized in the deferred income account, and then gradually, by equal annual write-downs, written down in the statement of comprehensive income over the estimated useful life of the related asset.

In 2021, the Company released the amount of PLN 1 308 k from deferred income and recognized in the item other operating income.

## Note No. 34
## Off-balance sheet items

| (in PLN k) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| 1. Contingent assets | **18 534** | **36 904** |
| - received guarantees and sureties | 16 534 | 34 904 |
| - collaterals on property | 0 | 0 |
| - bills of exchange | 2 000 | 2 000 |
| 2. Contingent liabilities | **121 911** | **134 985** |
| - due to guarantees and sureties granted | 11 365 | 12 090 |
| - collaterals on property | 70 555 | 81 167 |
| - bill of exchange obligations | 39 991 | 41 728 |
| Total off-balance sheet items | **- 103 377** | **-98 081** |

The values of received guarantees, collateral, promissory note obligations, mortgages and other off-balance sheet liabilities in the above table are presented in their maximum values.

## Note No. 35
## Transactions with affiliates

### Dividends paid and offered for payment

In 2021, the Management Board of the Company decided to recommend to the Annual General Assembly that the net profit for the period from January 1, 2020 to December 31, 2020 in the amount of PLN 6,751,985.01 should be divided as follows:

- the amount of PLN 2,775,021.30 shall be allocated to the payment of dividends, of PLN 0.30 gross per share,
- the remaining part of the profit in the amount of PLN 3,976,963.71 to be allocated to the Company's supplementary capital.

Pursuant to Article 382 §3 of the Commercial Companies Code, this recommendation was presented by the Management Board to the Supervisory Board for information and received a positive opinion of the Supervisory Board.

On July 7, 2021, the Ordinary General Assembly of Makarony Polskie SA adopted resolutions approving the financial statements for the financial year 2020 and the distribution of net profit, including the payment of a dividend in the amount of PLN 2,775,021.30, i.e. PLN 0.30 gross per share. The dividend record day is July 15, 2021. The dividend shall be paid on September 30, 2021. 9 250 071 Company shares were entitled to the dividend.

The Management Board of Makarony Polskie SA decided that in the next financial years it would also try to recommend to the Annual General Assembly the payment of dividends to shareholders, although each time the possibility of paying dividends would depend on the amount of profit, current investment objectives and the situation.

### Settlements with affiliates

In the period of 2021, the companies of the Makarony Polskie Group did not conclude any material transactions with each other under the terms other than market terms.

Within Makarony Polskie Group, individual companies conclude between themselves purchase and sale transactions of products, goods and services. There are agreements between the companies which define the terms of cooperation, adjusted to the organizational structure of the Group. All transactions are performed on an arm's length basis.

| Affiliate | Sales to affiliates - total revenues | | Purchases from affiliates | |
|---|---|---|---|---|
| | For the period from 01.01 to 31/12/2021 | For the period from 01.01 to 31/12/2020 | For the period from 01.01 to 31/12/2021 | For the period from 01.01 to 31/12/2020 |
| Parent company - Makarony Polskie S.A. | 323 | 292 | 27 912 | 26 823 |
| from/to Stoczek Sp. z o.o. | 309 | 265 | 26 105 | 25 228 |
| from/to MP Trade Sp. z o.o. | 14 | 27 | 1 807 | 1 595 |

| Affiliate | Receivables from affiliates | | Liabilities towards affiliates | |
|---|---|---|---|---|
| | As at 31.12.2021 | As at 31/12/2020 | As at 31/12/2021 | As at 31/12/2020 |
| Parent company - Makarony Polskie S.A. | 734 | 917 | 3 531 | 936 |
| - from/to Stoczek Sp. z o.o. | 733 | 916 | 3 058 | 530 |
| from/to MP Trade Sp. z o.o. | 1 | 1 | 473 | 406 |

## Note No. 36

## Other items relating to assets, liabilities, equity, income, costs and net profit, or cash flow statements that are unusual because of their nature, size or scope

In 2021, there were no items other than those described in the Company's financial statements, unusual due to their nature, size or scope.

## Note No. 37

## Material Agreements

### Agreement with Jeronimo Martins Polska SA

On the basis of an agreement concluded between Makarony Polskie SA and Jeronimo Martins Polska SA, pasta is sold to the Biedronka chain under its own brands: Pastani, Dobrusia and Makaron Szlachecki.

### Agreements with the Lidl network

As part of the cooperation between Makarony Polskie SA and the Lidl chain, the chain's stores offer various types of products manufactured by the Company.

Conclusion of a significant loan agreement with Santander Bank Polska SA

In December 2021, Makarony Polskie SA concluded an investment loan agreement with Santander Bank Polska SA for PLN 12.0 m with the final repayment date until March 31, 2029. The loan was used to finance an investment related to the acquisition of Przedsiębiorstwo Produkcyjno-Handlowe "SAS" Andrzej Świderski Sp z o.o.

The provisions of the concluded loan agreement do not differ from the terms and conditions commonly used by the Bank for this type of agreements. The loan will be repaid in 84 monthly installments starting from April 30, 2022. The agreement is described in detail in "Other financial information".

Conclusion of a dispositive agreement regarding the finalization of the ongoing acquisition

In December 2021, Makarony Polskie SA concluded a dispositive agreement regarding the purchase by the Issuer of all shares in the company under the name Przedsiębiorstwo Produkcyjno-Handlowe "SAS" Andrzej Świderski sp. z o.o. with its registered office in Korpele, established as a result of the transformation into a sole proprietorship limited liability company previously conducted in the form of sole proprietorship on the basis of an entry into the Central Register and Information on Business.

As a result of the finalized transaction, from January 1, 2022, the Company became the owner of all 107,730 shares, with a total nominal value of PLN 10,773 k, in the share capital of SAS (100% of the share capital, representing 100% of votes at the meeting of shareholders) for the total purchase price of PLN 17,010 k, with the proviso that the seller will receive an additional payment from the Company to the purchase price, provided that SAS for the period from November 2, 2021 to December 31, 2021 will achieve a net profit disclosed in the Company's financial statements as of December 31, 2021, verified by a statutory auditor. The additional payment to the purchase price will amount to 50% of the net profit generated by the Company for the indicated period.

The source of financing for the purchase of the shares was partly Makarony Polskie SA's own funds, partly funds from a bank loan, and partly also funds obtained from increasing the share capital of the Company through the issue of series F shares.

## Note No. 38

### Remuneration of members of the Management Board and Supervisory Board

Management Board

| Name and surname | Function | For the period from 01/01 to 31/12/2021 | | For the period from 01/01 to 31/12/2020 | |
|---|---|---|---|---|---|
| | | **fixed** | **variable** | **fixed** | **variables** |
| Zenon Daniłowski | President of the Management Board | 507* | 479 | 450* | 353 |
| | Total | **986*** | | **803*** | |

* including remuneration for performing the function of the President of the Management Board in the subsidiary MP Trade Sp. z o.o.: in 2021 he did not receive any remuneration and in 2020 he received the remuneration of PLN 30 k.

Supervisory Board

| **Name and surname** | **Function** | **For the period from 01/01 to 31/12/2021** | **For the period from 01/01 to 31/12/2020** |
|---|---|---|---|
| Roman Sobiecki | Chairman of the Supervisory Board of the 8th and 9th term of office | 26 | 26 |
| Samer Abdelfatah Mohamed El Waziri | Vice-chairman of the Supervisory Board of the 8h term of office | 0 | 16 |
| Ahmed Khalil * | Vice-chairman of the Supervisory Board of the 9th term of office | 24 | 8 |
| Wiesław Wasilewski | Supervisory Board Member of 8th and 9th terms of office | 21 | 21 |
| Janusz Pierun * | Supervisory Board Member of 9th term of office | 21 | 7 |
| Marek Rocki | Supervisory Board Member of 8th and 9th terms of office | 21 | 21 |
| Michał Słomkowski | Supervisory Board Member of 8th and 9th terms of office | 21 | 21 |
| **Total** | | **134** | **120** |

* Members of the Supervisory Board of Ahmed Khalil and Janusz Pierun were appointed to the Supervisory Board of the Company on September 24, 2020.

The company does not have any obligations arising from pensions and benefits of a similar nature for former supervisory staff, nor any obligations incurred in connection with these pensions.

Members of the Supervisory Board receive remuneration for each meeting of the Supervisory Board in which they will participate.

Members of the Supervisory Board of Makarony Polskie SA did not receive any remuneration from subsidiaries. The President of the Management Board of Makarony Polskie SA in 2021 did not receive remuneration for performing the function of the President of the Management Board in MP Trade Sp. z o.o.

The company did not grant any borrowings to members of the Management Board and Supervisory Board of Makarony Polskie SA.

## Note No. 39
## A material event in the period from January 1, 2021 to the submission of these financial statements

Impact of the SARS-COV-2 and COVID-19 coronavirus epidemics on the operations of Makarony Polskie SA

The impact of the Covid-19 pandemic, which began at the end of the Q1 2020, on the operations and financial results of Makarony Polskie SA is visible in several areas:

- The Company saw an increase in the prices of key raw materials - flour, meat and egg pulp - due to the increase in demand and turbulence in the supply chain (e.g. difficulties in international trade due to the reintroduction of border controls and the closure of some border checkpoints).
- Pressure from the business environment, including government authorities to maintain a stable price level, as well as the reluctance of key customers to implement increases under concluded contracts, delayed the implementation of new sales prices, allowing the Company to partially compensate for the increase in cost factors. The above issues had an impact on the reduction of profitability at the level of gross profit on sales from 19.6% in 2020 to 17.4% in 2021.

Immediately after the information about the approach of the Covid-19 epidemic to the Polish borders, and before the official announcement of the epidemic in the territory of the Republic of Poland, was published, the Company implemented additional safety procedures and security measures to secure the continuity of production and reduce the risk of virus spreading among the crew. These procedures are systematically validated and modified depending on the needs and the evolution of the epidemiological situation.

In the opinion of the Management Board, there are no threats in the Company that would make it impossible to pay its liabilities. The Company has no problems with the repayment of receivables by its contractors (no changes were identified in the scope of receivables collection). The Company has not identified an increase in the valuation risks and the deposition of inventories. As at the publication date of the report, the Company

does not identify any significant risks of failure to meet financial covenants in loan agreements in connection with the COVID-19 pandemic.

The Management Board of Makarony Polskie SA carefully monitors the situation related to the COVID-19 pandemic and takes steps to minimize the negative impact on the functioning of the Company in the area of security, financial liquidity and achieved results. In the opinion of the Management Board, the current financial situation of the Company and does not threaten the continuation of the Company's operations in the coming periods.

Influence of the political and economic situation in Ukraine on the activities of Makarony Polskie SA

The influence of the political and economic situation in Ukraine on the operations and financial results of Makarony Polskie SA is visible in several areas:

- price increases and the emergence of problems with the availability of some key raw materials and materials (e.g. flour, egg pulp, film and cardboard packaging) - due to the increase in demand and turbulences in the supply chain (e.g. difficulties in trade with Ukraine) may have a negative impact on the effectiveness of current operating activities. Previously - alternately - one cost component increased, the second was falling, and the third was stable, which made it possible to amortize price fluctuations and, in the long run, a price increase, if it was by a few percent. From the beginning of 2022, all costs are increasing at the same time, week by week, so price changes now reach even several dozen percent,
- an increase in the prices of energy, gas and fossil fuels due to the global situation (the ongoing "energy crisis"),
- absences of members of the crew - the outbreak of the war meant that many Ukrainian citizens (both men and women) who worked in Poland decided to return to their homeland - to the battle-front or to their families. The challenge for companies was to find replacements for them in a short time. Currently, this risk has been partially mitigated by the decision of the Polish government to admit Ukrainian refugees to the Polish labor market,
- pressure from the business environment forced the Company to renegotiate contracts and change the method of setting prices for B2B customers - since the outbreak of the war in Ukraine, the Company has adopted a strategy of setting prices in periods of one or maximum two weeks with the possibility of maintaining sales prices in subsequent periods, subject to market stabilization raw material and packaging prices,

- insurance institutions are withdrawing from insuring contracts with Ukrainian customers, which also affects the limited possibilities of granting trade credit for Ukrainian customers and forces cooperation on the basis of prepayment,
- increased demand for pasta and other products with a long shelf life from Ukrainian customers - this group of goods includes the products offered by the Company. This has a positive impact on the Company, as transactions are concluded in the form of prepayments in euro, which increases the Company's financial liquidity, reduces the use of loans and allows for the reduction of the negative impact of exchange rate instability through natural hedging.

Immediately after the outbreak of the war in Ukraine, Makarony Polskie SA implemented additional procedures to ensure the continuity of production and reduce the risk of lack of raw materials, packaging and staff shortages. These procedures are systematically validated and modified depending on the needs and the evolution of the epidemiological the situation in Ukraine.

The Management Board of Makarony Polskie SA carefully monitors the situation related to the war in Ukraine in order to take actions aimed at minimizing the negative influence of the geopolitical situation on the functioning of the Company in the area of security, financial liquidity and achieved results. In the opinion of the Management Board, the current financial situation of the Company and does not threaten the continuation of the Company's operations in the coming periods.

The situation in Ukraine has not significantly influenced the Company's activity so far. The share of the Ukrainian market in the total sales revenues of the Company is approx. 10%. In the opinion of the Management Board, there are no threats in the Company that would make it impossible to pay its liabilities. The Company has no problems with the repayment of receivables by its contractors (no changes were identified in the scope of receivables collection). The Company has not identified an increase in the valuation risks and the deposition of inventories. As at the publication date of the report, the Company does not identify any significant risks of failure to meet financial covenants in loan agreements in connection with the war in Ukraine.

At the moment, it is difficult to predict a further escalation of the war situation in Ukraine and its impact on the situation of Makarony Polskie SA.

## Note No. 40

## Significant accounting principles used in the preparation of the financial statements

### Foreign currency transactions and valuation of items denominated in foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entities operate; Polish zloty (PLN) is the functional and reporting currency of the entity, and all values, unless stated otherwise, are given in thousands of zlotys (PLN k).

Transactions denominated in currencies other than Polish zloty are converted into Polish zlotys using the exchange rate applicable on the transaction date.

As at the balance sheet date, monetary assets and liabilities denominated in currencies other than Polish zloty are converted into Polish zlotys using the average exchange rate established by the National Bank of Poland for a given currency at the end of the reporting period. The resulting exchange rate differences are recognized respectively in the item of financial revenues (costs) or, in cases specified in the accounting principles (policy), capitalized in the value of assets. Non-monetary assets and liabilities recognized at historical cost denominated in a foreign currency are disclosed at the historical rate on the transaction date. Non-monetary assets and liabilities recognized at fair value denominated in a foreign currency are translated at the rate on the date of the fair value valuation.

### Overriding accounting principles

The Company constantly applies rules ensuring a reliable and clear presentation of the property and financial situation, financial result and profitability.

Principle of continuity - consisting in the continuous application of the adopted accounting principles, including the same grouping of business operations, valuation of assets, including making depreciation write-downs, liabilities, determining the financial result and preparing financial statements; for individual accounting periods, the opening balance is equal to the closing balance of the previous period.

Going concern principle - consisting in making an assumption in the valuation of assets and liabilities and in determining the financial result that the entity will continue its business activities in the foreseeable future to a materially unchanged extent, unless this is inconsistent with the facts or the law.

Accrual principle - based on including to a given period all revenues and costs related to them, regardless of the date of their payment.

Prudent valuation principle - which consists in recognizing in the result, regardless of its amount, any decrease in the value in use of property components, adjustments caused by permanent price changes, recognizing only undoubted other income and extraordinary profits and all incurred other extraordinary costs and losses.
The Company applies the overriding principles of valuation based on the historical purchase, purchase or production price, except for the valuation of financial assets which, in accordance with IFRS, are valued at fair value.

## Reporting obligations resulting from the organizational structure

The entity prepares separate financial statements. The Company has no branches independently preparing financial statements and does not prepare joint statements.

## Reporting on business segments

As per the requirements of IFRS 8, operating segments should be identified based on internal reports on those elements that are regularly verified by persons deciding on the allocation of resources to a given segment and assessing its financial results. The Company operates in the following reporting segments: pasta, meat and vegetable preserves, vegetable preserves and stuffing, fruit preserves and others.

## Fixed assets held for sale and operations in discontinuation

Fixed assets held for sale and discontinued operations are assets or groups of assets classified in this category, which are recognized in the financial statements in the lower of the balance sheet value or the fair value less costs to sell. From the moment of classifying the assets held for sale, the company ceases to make depreciation write-downs.
Fixed assets and groups of net assets are classified as held for sale if their balance sheet value will be recovered rather as a result of a sale transaction than as a result of their continued use. The condition for including assets in this group is active search for a buyer by the entity's management and a high probability of selling these assets within one year from the date of their classification, as well as the availability of these assets for immediate sale.

## Tangible fixed assets

Tangible fixed assets include fixed assets and expenditure on fixed assets under construction which the entities intend to use in their operations and for administrative purposes

over a period longer than 1 year that will result in an inflow of economic benefits to the units in the future. They are recognized at purchase prices or costs incurred for their production, expansion or modernization, less depreciation write-downs made so far, as well as impairment write-downs. Expenditures for fixed assets include the incurred investment expenditures as well as the incurred expenses for the future deliveries of machines, equipment and services related to the production of fixed assets. The initial value of tangible fixed assets includes their purchase price increased by all costs directly related to the purchase and adaptation of the component to a usable condition (expansion and/or construction, modernization, external financing costs). Costs incurred after the date of putting the fixed asset into use, such as maintenance and repair costs, are charged to the statement of comprehensive income when incurred. Subsequent expenditure is included in the asset's balance sheet value or recognized as a separate asset (where appropriate) only when it is probable that an economic benefit will enter to the Company from the item and the cost of the item can be reliably valued.

Tangible fixed assets are depreciated using the straight-line method in the period of expected use of a given fixed asset. Fixed assets are depreciated according to the rates that reflect the expected period of their use. Depreciation begins when the fixed asset is available for use, while depreciation ceases on the earlier of the dates: when the fixed asset is classified as held for sale or when it is removed from the balance sheet records. The depreciation method, the depreciation rate and the residual value are verified at each balance sheet date. Any changes resulting from the verification are recognized as a change of estimates, in accordance with the guidelines contained in IFRS 5 "Non-current assets held for sale and discontinued operations" or is removed from the balance sheet records. Fixed assets with a value below PLN 1,000 are amortized once in the month in which they were put into use, except for the group of assets with a unit value below PLN 3,500, which are amortized during their economic use, if it is essential.

If, during the preparation of the financial statements, there are circumstances indicating that the balance sheet value of tangible fixed assets may not be recoverable, these assets are reviewed for impairment. If there are indications that impairment may have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of these assets or cash-generating resources to which these assets belong is reduced to the recoverable amount. Impairment losses are recognized in the statement of comprehensive income under "other costs".

A given item of tangible fixed assets may be removed from the statement of financial position after it is sold or when no economic benefits are expected from further use of such an asset. Any profits or losses resulting from the removal of a given asset from the balance sheet (calculated as the difference between any net proceeds from sales and the balance sheet value of a given item) are recognized in the statement of comprehensive income in the period in which such removal was performed.

Tangible fixed assets include, among others:

- real estate, i.e. land, buildings and civil engineering structures,
- acquired right of perpetual usufruct of land,
- machines and devices,
- means of transport,
- other movable fixed assets.

Depreciation of fixed assets is calculated using the straight-line method in order to distribute their initial value, reduced by the residual value, over their estimated useful lives. Fixed assets' residual values and useful lives are verified and appropriate adjustments are made at least at the end of each financial year. The useful lives for individual components of fixed assets are as follows:

- Buildings and structures: from 10 to 40 years
- Machines and devices: from 5 to 25 years
- Means of transport: from 5 to 10 years
- Other fixed assets: from 4 to 25 years

Investments in external fixed assets are depreciated over the term of the leasing, but no longer than during their useful life.

Land is not depreciated.

Depreciation on the values so determined is recognized in the financial result for the period.

Subsequent expenditure on a fixed asset increases its book value when it is probable that the Company will obtain economic benefits on that account, and the cost of this fixed asset can be reliably estimated.

Tangible fixed assets – leasing

Fixed assets used under financial leasing agreements are depreciated according to the same principles as applied to own assets. However, in a situation where it is not sufficiently certain that the Company will obtain the title by the end of the leasing

period, a given component is depreciated over a shorter period in two periods: the estimated useful life of the fixed asset or the leasing period.

Leasing contracts, according to which the lessor retains basically all the risk and all the benefits resulting from the possession of the leasing asset, are classified as operating leasing contracts.

Fixed assets under IFRS-16 leasing - used under lease agreements for office and warehouse space and acquired right of perpetual usufruct of land, depreciated according to the rules applicable to fixed assets, i.e.:

- for contracts with a specified period of validity and the right of perpetual usufruct until the date of the contract or law,
- for indefinite contracts - 5 years.

Depreciation is calculated using the straight-line method in order to distribute their initial value, reduced by the residual value, over their useful lives.

### Fixed assets under construction

Fixed assets under construction are fixed assets in the period of their construction, assembly or improvement of an existing fixed asset and are valued in the amount of total costs directly related to their purchase or production, less any impairment write-downs.

Fixed assets under construction are not depreciated until the construction is completed and the fixed asset is put into use.

Fixed assets under construction are presented in the financial statements at the production cost less any possible impairment losses. Manufacturing cost includes fees and, for relevant assets, costs of external financing capitalized in accordance with IAS 23.

### External financing costs

External financing costs are capitalized as part of the cost of creating fixed assets. External financing costs include interest and foreign exchange profits or losses up to the amount corresponding to the adjustment of the interest cost.

### Intangible assets

Intangible assets include the Company's assets which are not physical in nature, are identifiable, can be reliably valued and which will result in an entry of economic benefits to the entity in the future.

The following are considered intangible assets:

- property rights (including licenses, computer programs, concessions, copyrights, related rights),
- rights to inventions, patents, trademarks, utility and decorative models, know-how,
- goodwill,
- costs of completed development works, the result of which will be used to produce new or improved products or technologies.

Intangible assets purchased from a business entity as part of a separate transaction are capitalized at purchase price or production cost (costs of completed development works). Except for development works, intangible assets produced by the entity on its own are not recognized in assets, and expenditures. Expenditures related to intangible assets that do not improve or extend their useful life are recognized as costs when incurred. Otherwise they are capitalized. The value determined in this way is shown in the financial statements in the assets of the statement of financial position in the net value, i.e. after deducting accumulated depreciation charges, as well as impairment losses.

Intangible assets with a limited useful life are depreciated. The applied depreciation method reflects the manner of consuming economic benefits from an intangible asset by the Company; however, if it is impossible to reliably determine another manner of consuming these benefits, the straight-line method is applied. The adopted depreciation method is applied consistently in subsequent periods, unless there is a change in the expected pattern of consumption of economic benefits.

The useful life of intangible assets, depending on their type, is limited or indefinite.

If it is limited, the depreciation of intangible assets occurs according to the rates reflecting the expected period of their use. The estimates of the period and methods of depreciation are verified at the end of each financial year. If the expected useful life of an asset differs significantly from previous estimates, the depreciation period is changed.

Useful lives for individual intangible assets are as follows:

- Software licenses: from 2 to 5 years
- Property rights: from 2 to 10 years

The Company does not depreciate intangible assets with an indefinite useful life. They are subjected to annual impairment tests and an analysis of whether there are indications to recognize these assets as used for an indefinite period of time.

The effects of impairment of intangible assets as well as their amortization are charged to operating costs.

Loss of tangible fixed assets and intangible assets

At each balance sheet date, the Company reviews the balance sheet value of fixed assets. If there are any indications of a possible impairment of the tangible fixed assets and intangible assets held, the recoverable amount of the asset is estimated. The established amounts of the write-downs reduce the balance sheet value of the asset to which they relate and are shown in the statement of comprehensive income.

The amount of the write-downs is determined as the surplus of the balance sheet value of these components over their recoverable value. The recoverable amount corresponds to the higher of the following values: net selling price less costs to sell or value in use. When determining the value in use, the estimated future cash flows are discounted to the present value using a gross discount rate that reflects the current market time value of money and the risk associated with a given asset.

For assets that do not generate cash flows on their own, the recoverable amount is estimated in proportion to the value of cash-generating units.

The made write-downs are reversed when the reasons justifying their creation cease to exist. The effects of reversing the write-downs are charged to the profit and loss account, except for the amounts previously lowering the revaluation reserve, which adjust this capital to the amount of the reductions made.

Valuation of shares in subsidiaries

Shares in subsidiaries classified as fixed assets are measured at cost. In the event of a permanent loss of value, the value of shares and stocks is reduced by an appropriate write-down.

Financial assets

Financial assets classification

Financial assets are classified into the following valuation categories:

- valued at depreciated cost,
- valued at fair value through profit or loss,
- valued at fair value through other comprehensive income.

An entity classifies a financial asset based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial

asset (the so-called "SPPI criterion"). An entity reclassifies investments in debt instruments when and only when the model of managing these assets changes.

Valuation at the time of initial recognition

Except for some receivables from deliveries and services, upon initial recognition, the entity measures a financial asset at its fair value, which, in the case of financial assets not at fair value through profit or loss, is increased by transaction costs that are directly attributable to the acquisition of these financial assets.

Discontinuation of recognition

Financial assets are derecognised from the books of accounts when:

- The rights to receive cash flows from the financial assets have expired, or
- The rights to obtain cash flows from the financial assets have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Valuation after initial recognition

For the purposes of valuation after initial recognition, financial assets are classified into one of four categories:

- Debt instruments valued at depreciated cost,
- Debt instruments valued at fair value through other comprehensive income,
- Equity instruments valued at fair value through other comprehensive income,
- Financial assets at fair value through profit or loss

Debt instruments - financial assets carried at depreciated cost

A financial asset is valued at depreciated cost if both of the following conditions are met:

- the financial asset is held according to a business model whose objective is to hold financial assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are only payments of principal and interest on the principal amount outstanding.

the Company classifies the following to the category of financial assets valued at depreciated cost:

- trade receivables,
- borrowings that meet the SPPI classification test, which, in line with the business model, are reported as held in order to obtain cash flows,
- cash and cash equivalents

Interest income is calculated using the effective interest rate method and is disclosed in the Statement of Comprehensive Income under "Interest income".

Debt instruments - financial assets valued at fair value through other comprehensive income

A financial asset is valued at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held according to a business model that aims to both receive contractual cash flows and sell the financial assets; and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are only payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange differences and impairment profits and losses are recognized in profit or loss and calculated in the same way as in the case of financial assets valued at depreciated cost. Other changes in fair value are recognized in other comprehensive income. Upon derecognition of a financial asset, the total profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Interest income is calculated using the effective interest rate method and is disclosed in the Statement of Comprehensive Income under "Interest income".

The Company classifies derivative instruments as debt instruments valued at fair value through other comprehensive income.

Equity instruments - financial assets valued at fair value through other comprehensive income

Upon initial recognition, the Company may make an irrevocable election to recognize in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading or is a contingent consideration recognized by the acquirer in entities merger to which IFRS 3 applies. Such a choice is made separately for each equity instrument. Cumulative profits or losses previously

recognized in other comprehensive income are not reclassified to profit or loss. Dividends are recognized in the statement of comprehensive income when the entity's right to receive a dividend arises, unless these dividends obviously represent the recovery of part of the investment costs.

Financial assets at fair value through profit or loss

A financial asset that does not meet the criteria for valuation at depreciated cost or at fair value through other comprehensive income is valued at fair value through profit or loss.

The profit or loss on the valuation of debt investments at fair value is recognized in profit or loss.

Dividends are recognized in the statement of comprehensive income when the entity's right to receive a dividend arises.

The Company classifies shares of companies listed on an active market to the category of equity instruments at fair value through profit or loss.

In a situation where the Company:

- has a valid legal title to set off the recognized amounts, and
- intends to settle either in net amount or to settle the asset and perform the obligation at the same time

the financial asset and the financial liability are set off and presented in the statement of financial position in the net amount.

The framework agreement described in IAS 32.50 does not constitute grounds for compensation if both criteria described above are not met.

Impairment of financial assets - accounting policy

The Company assesses the expected credit losses ('ECL') on debt instruments valued at depreciated cost and fair value through other comprehensive income, irrespective of whether there is any evidence of impairment.

In the case of receivables from deliveries and services, the Company applies a simplified approach and measures the allowance for expected credit losses in the amount equal to the expected credit losses over the entire lifetime using the provisions matrix. The Company uses its historical credit loss data adjusted for the impact of forward-looking information as appropriate.

In the case of other financial assets, the Company values the allowance for expected credit losses in an amount equal to the 12-month expected credit losses. If the credit risk associated with a given financial instrument has significantly increased since its

initial recognition, the Company values the allowance for expected credit losses on the financial instrument at an amount equal to lifetime expected credit losses.

At the same time, the Company estimates that the default by the debtor occurs when the payment delay exceeds 365 days.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short-term deposits with the original maturity period not exceeding three months.

The cash balance disclosed in the statement of cash flows consists of the above-mentioned cash and cash equivalents.

Receivables

As receivables, the Company recognizes the rights to remuneration in exchange for goods or services that have been handed over to the customer, if this right is unconditional (the only condition for the payment to be made is the passage of a specified period of time). The company recognizes the receivable in accordance with IFRS 9. Upon the initial recognition of contract receivables, all differences between the valuation of receivables in accordance with IFRS 9 and the corresponding amount of revenue previously recognized are recognized by the Company as an expense (impairment loss).

Receivables are disclosed depending on the agreed repayment date as:

- long-term receivables - when the repayment date is longer than one year from the balance sheet date,
- short-term receivables - when the repayment is to be made within a period not longer than one year from the balance sheet date.

Trade receivables are initially recognized at fair value, i.e. according to the amounts initially invoiced, and then they are valued at the adjusted purchase price (depreciated cost) using the effective interest rate method, reducing them by impairment write-downs.

An impairment loss write downs on trade receivables is made when there is objective evidence that the Company will not be able to receive all amounts due under the original terms of sale. The amount of the write-down is the difference between the asset's balance sheet value and the present value of estimated future cash flows, discounted at the effective interest rate. The write-down is charged to other operating or financial costs in the statement of comprehensive income, depending on the type of receivable to which the write-down relates.

Settlements denominated in foreign currencies during the reporting period are valued according to the average exchange rate established for a given currency by the

President of the National Bank of Poland, applicable on the date of the transaction, unless a different exchange rate was specified in the customs declaration or another document binding the company.
As at the balance sheet date, receivables expressed in foreign currencies are recognized in the books and valued at the average exchange rate for a given currency by the National Bank of Poland applicable on a given day.

## Borrowings

Borrowings are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Borrowings include financial assets resulting from the direct delivery of cash, goods or services to the other party to the contract, except for financial assets held for sale in the short term. Borrowings include loans granted to entities and transactions on treasury bills of the "buy sell back" type. Borrowings are classified as current assets, provided their maturity does not exceed 12 months from the balance sheet date. Borrowings with maturities exceeding 12 months from the balance sheet date are classified as non-current assets. Borrowings granted are valued at depreciated cost using the effective interest rate, less impairment losses write downs. Accrued interest is recognized in financial income in the period it relates to. The Company creates write-downs for the value of accrued doubtful interest at the moment of their accrual.

## Inventory

Inventories are assets held for sale in the ordinary course of business, in the process of being produced for sale, and in the form of materials or raw materials consumed in the production process or in the course of rendering services. Inventories include materials, goods, finished products, semi-finished products and work in progress.
Inventories of materials and goods are valued as at the balance sheet date at the lower of the following two values: purchase price (manufacturing cost) or net selling price. The net selling price is the price of sales made in the ordinary course of business, reduced by the estimated costs necessary to bring the sale to effect (rebates and discounts, costs related to adapting inventories to sale).
As at the balance sheet date, finished products are valued at the actual cost of production, with the application of the of prudent valuation principles.
If the purchase price or the technical production cost of inventories is higher than the obtainable net selling price, the entity makes write-downs that adjust the cost of sales.
The disposal of materials, goods and finished products from the warehouse occurs successively at the prices (costs) of those assets that the entity purchased (produced) the earliest - the fifo method.

Financial assets at fair value through profit or loss

Short-term financial assets at fair value through profit or loss include assets acquired in order to achieve economic benefits resulting from short-term changes in prices. Short-term financial assets are initially recognized at their purchase price and valued as at the balance sheet date at their fair value. Profits or losses from the valuation of financial assets are recognized in the statement of comprehensive income, in financial revenues or costs.

Investments in securities

Investments in securities are valued as of the date of initial recognition according to the purchase price adjusted by transaction costs. If the delivery of a security occurs after a strictly defined period of time after the transaction date, investments in securities are recognized in the books and derecognised on the day the securities buy or sell transaction are concluded.

As at the balance sheet date, investments in securities classified as held for trading or available for sale are valued at fair value. When securities are classified as held for trading, profits and losses resulting from the change in fair value are recognized in the statement of comprehensive income for the period.

In the case of available-for-sale assets, profits and losses resulting from changes in their fair value are recognized directly in equity until the securities are sold or impairment is recognized. Then the accumulated profits or losses previously recognized in equity are recognized in the statement of comprehensive income.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Management Board intends and is able to hold to maturity.

Short-term investments that are to be held to maturity (e.g. bonds, debt notes) are valued at the depreciated purchase price determined using the effective interest rate method. When determining the depreciated purchase price, the discount or premium obtained at the purchase of the investment and accounted for over the period of holding it until the maturity date is taken into account.

Prepayments of costs

The company activates and settles the incurred expenses or the consumption of assets that relate to the periods following the month in which they were incurred.

The active accruals of the costs of the Company include, among others:

- costs and fees relating to specific periods (taxes, fees, insurance, subscriptions,),

- pre-paid costs of public advertising in the media,
- deferred finance costs (interest or bank commissions charged in advance, expenses related to the acquisition of shares and connection costs until the investment is settled).

## Equity

Equity is created and disclosed in accordance with the law and the company's articles of association.

Equity includes:

- the Company's share capital is shown at the nominal value of the registered shares, resulting from the Company's Articles of Association and the entry in the National Court Register,
- supplementary capital (from the sale of shares above their nominal value, statutory supplementary capital - up to 1/3 of the share capital, supplementary capital created in accordance with the articles of association derived from profit distribution and from the transfer of reserve capital from the revaluation of sold and liquidated fixed assets,
- retained profit/loss, which include undistributed profit or uncovered loss from previous years,
- net profit or loss.

The costs of issuing shares, incurred when establishing the Company or increasing the share capital, reduce the supplementary capital to the amount of the surplus of the issue value over the nominal value of the shares, and the remaining part is classified as financial costs.

## Interest-bearing loans and borrowings

Upon initial recognition, all bank loans, borrowings and debt securities are recognized at fair value less costs related to obtaining the loan or borrowing.

After initial recognition, interest-bearing loans, borrowings and debt securities are valued at depreciated cost using the effective interest rate method. When determining the depreciated cost, the costs related to obtaining the loan or borrowing as well as discounts or premiums obtained in connection with the obligation are taken into account.

Income and costs are recognized in profit or loss when the liability is removed from the balance sheet and as a result of the settlement using the effective interest rate method.

Liabilities and prepayments and accruals

Liabilities are obligations to provide services of a reliably determined value, arising from past events, which will result in the use of the Company's already owned or future assets.

Short-term receivables from deliveries and services are carried at depreciated cost. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially classified as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivatives, including separated embedded instruments, are also classified as held for trading, unless hedging instruments are provided.

Financial liabilities at fair value through profit or loss are valued at fair value, taking into account their market value as at the balance sheet date, excluding sales transaction costs. Changes in the fair value of these instruments are recognized in profit or loss as financial costs or revenues, except for changes due to own credit risk for financial liabilities originally classified as valued at fair value through profit or loss, which are recognized in other comprehensive income.

Other financial liabilities other than financial instruments at fair value through profit or loss are valued at depreciated cost using the effective interest rate method.

The company excludes from its balance sheet a financial liability when the liability has expired - that is, when the obligation specified in the contract has been fulfilled, canceled or expired. The replacement of the existing debt instrument by an instrument with substantially different terms and conditions between the same entities is recognized by the Company as the expiration of the original financial liability and the recognition of a new financial liability.

If the contractual terms of a financial liability are modified which does not result in derecognition of the existing liability, the profit or loss is recognized immediately in profit or loss. The profit or loss is calculated as the difference between the present value of the modified and original cash flows, discounted using the original effective interest rate of the liability.

Other non-financial liabilities include, in particular, liabilities towards the tax office due to value added tax, social insurance contributions, etc., and liabilities due to received advances, which will be settled by the delivery of goods, services or fixed assets. Other non-financial liabilities are recognized at the amount due.

## Provisions

Provisions are created when the Company has an existing obligation (legal or constructive) resulting from past events and when it is probable that the fulfillment of this obligation will result in an outflow of funds and the amount of this benefit can be reliably estimated.

If the effect of the time value of money has a significant impact on the amount of the created provision, the amount of the provision is determined by discounting the forecast future cash flows to the present value, using the gross discount rate reflecting current market prices of the time value of money and the possible risk related to commitment.

The Company in particular creates provisions for:

- certain or highly probable future liabilities, the amount of which can be reliably estimated, in particular for losses from business operations in progress, including guarantees, sureties, credit operations, effects of pending court proceedings,
- future liabilities for employee benefits, in particular for retirement and disability benefits,
- unused holidays.

## Provisions for employee benefits

The vast majority of employees employed by the Company are entitled to post-employment retirement benefits. The payer of future retirement benefits is both the Company and separate pension funds. In the case of the pension scheme implemented by the pension fund, the obligation of the Company is limited to the payment of the agreed contributions.

In the case of a retirement benefit plan implemented by the Company for its employees, the Company is required to provide strictly defined future retirement benefits in the form of a retirement or disability benefit.

Benefits related to the payment of specific contributions which are transferred to the pension funds for the benefit of employees, are charged to the costs of basic activity in the reporting period to which they relate.

The difference between the accrued costs of benefits and the value of contributions transferred to the pension funds in a given reporting period was recognized in the balance sheet as receivables or liabilities.

The Company uses an actuarial valuation (based on a valuation prepared by an independent actuarial advisor) to determine the present value of future liabilities and the related costs of the current period. The valuation of provisions for employee benefits is made on the basis of the projected unit credit method, taking into account the requirements of the International Financial Reporting Standards and International Accounting Standards, in particular IAS 19.

Provisions are valued based on the present value of the entities' future liabilities due to employee benefits.

The basis for the valuation are the internal regulations of the Company, in particular the Remuneration Regulations and relevant legal provisions.

## Leasing

Financial leasing agreements and leasing agreements - IFRS -16, which transfer to the Company substantially all the risks and benefits resulting from the possession or leasing of the leasing asset, are recognized in the Company's assets at the commencement date of the leasing at the lower of the following two values: the fair value of the fixed asset being the subject-matter of the leasing or the present value of minimum leasing payments. Leasing fees are broken down into financial costs and reductions in the balance of the leasing liability in a way that allows for obtaining a fixed rate of interest on the outstanding liability. Financial costs are recognized directly in the statement of comprehensive income. Fixed assets used under financial leasing agreements are depreciated in one of the two periods: estimated useful life of the fixed asset or the leasing or lease period, according to which the lessor retains basically all the risk and all the benefits resulting from the possession of the leasing asset, are classified as operating leasing agreements. Operating leasing fees and subsequent leasing installments are recognized as costs in the statement of comprehensive income using the straight-line method for the duration of the leasing.

## Revenues

### Revenue from contracts with customers - accounting policy applied

The Company applies IFRS 15 Revenue from Contracts with Customers to all contracts with customers, except for leasing contracts within the scope of IFRS 16 Leasing, financial instruments and other rights or contractual obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint

Arrangements contractual arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The basic principle of IFRS 15 is to recognize revenue when goods and services are transferred to a customer, at a value that reflects the price expected by the entity, for the transfer of those goods and services. These principles are applied using a five-step model:

- a contract with a customer has been identified,
- obligations to perform under the contract with the customer have been identified,
- the transaction price has been specified,
- the transaction price has been allocated to individual performance obligations,
- revenue is recognized when the obligation under the contract is fulfilled.

Identification of the contract with the customer

The company recognizes a contract with a customer only if all of the following criteria are met:

- the parties to the contract have entered into a contract (in writing, orally or in accordance with other customary commercial practices) and are obligated to perform their obligations;
- The company is able to identify each party's rights with respect to the goods or services to be transferred;
- The company is able to identify the terms of payment for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows can be expected to change as a result of the contract); and
- it is probable that the Company will receive remuneration to which it is entitled for goods or services to be transferred to the customer.

When assessing whether the receipt of the remuneration amount is probable, the Company takes into account only the customer's ability and intention to pay the remuneration amount in a timely manner. The amount of remuneration that the Company will be entitled to may be less than the price specified in the contract if the remuneration is variable, because the entity may offer the customer a price reduction.

Identification of performance obligations

At the time of concluding the contract, the Company assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer a good or service (or a package of goods or services) that can be separated or groups of separate goods or services, which are substantially the same and for which the handover to the customer is the same.

A good or service promised to a customer is separate if both of the following conditions are met:

- the customer can benefit from the good or service either directly or through linkage with other resources that are readily available to it; and
- the obligation of the Company to provide a good or service to the customer can be identified as separate from other obligations specified in the contract.

Determining the transaction price

In order to determine the transaction price, the Company takes into account the terms of the contract and its customary commercial practices. The transaction price is the amount of consideration the Company expects to be entitled to in exchange for the transfer of promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The fee stipulated in a contract with a customer may be fixed amounts, variable amounts, or both.

Variable remuneration

If the contractual remuneration includes a variable amount, the Company estimates the amount of remuneration to which it will be entitled in return for the provision of the promised goods or services to the customer. The Company estimates the amount of the variable remuneration using one of the following methods, depending on which of them will allow the Company to more accurately predict the amount of remuneration to which it is entitled:

- expected value - the expected value is the sum of the products of the possible amounts of remuneration and the corresponding probabilities of their occurrence. Expected value may be an appropriate estimate of the amount of variable remuneration if the Company enters into a large number of similar contracts.
- most probable value - the most probable value is the single most probable amount in the range of possible remuneration amounts (i.e. the single most probable contract outcome). The most likely value may be an appropriate estimate of the amount of variable consideration if the contract has only two

possible outcomes (for example, the Company either earns a performance bonus or not).

The Company includes part or all of the amount of the variable remuneration in the transaction price only to the extent that it is highly probable that a significant part of the amount of the previously recognized cumulative income will not be reversed when the uncertainty as to the amount of the variable remuneration ceases.

Allocation of the transaction price to performance obligations

The Company assigns a transaction price to each performance obligation (or to a separate good or service) in an amount that reflects the amount of consideration that the Company expects is due in exchange for the provision of the promised goods or services to a customer.

Fulfilling performance obligations

The Company recognizes revenue when the performance obligation is met (or is being met) by delivering the promised good or service to the customer. With regard to contracts for continuous services, on the basis of which the Company is entitled to receive remuneration from the customer in the amount that corresponds directly to the value of the service performed so far for the customer, the Company recognizes revenue in the amount that it has the right to invoice.

Principal's remuneration and the agent's remuneration

If another entity is involved in the delivery of goods or services to the customer, the Company determines whether the nature of the Company's promise constitutes an obligation to execute the performance consisting in the delivery of specific goods or services (in this case, the Company is the principal) or on commissioning another entity to deliver these goods. or services (in this case the Company is an agent).

The company is the principal if it controls the promised good or service before handing it over to the customer. However, the entity needs not act as principal if it obtains legal title to the product only temporarily, before it is transferred to the customer. The entity that is the principal in the contract may fulfill the performance obligation itself, or it may entrust the performance of that obligation, or part of it, to another party (for example, a subcontractor) on its behalf. In such a situation, the Company recognizes revenues in the amount of gross remuneration to which - as expected - it will be entitled in exchange for the transferred goods or services.

The company acts as an agent if its performance obligation is to ensure the delivery of goods or services by another entity. In such a case, the Company recognizes revenue in the amount of any fee or commission to which it is expected to be entitled in exchange for the provision of goods or services by another entity.

Variable remuneration

Some contracts with customers contain variable amounts of remuneration in connection with granting discounts and rebates.

If the contractual remuneration includes a variable amount, the entity shall estimate the amount of remuneration to which it will be entitled in exchange for the provision of the promised goods or services to a customer and include part or all of the variable remuneration in the transaction price only to the extent that it is highly probable that a significant proportion of the amount of previously recognized accumulated revenue will not be reversed when the uncertainty about the amount of the variable remuneration has ceased.

The entity estimates the amount of variable remuneration using the expected value method.

Significant financing component

In the case of contracts with customers for which the period between the delivery of the promised good or service to the customer and the moment of payment for the good or service exceeds one year, the Company assessed that the contracts contain a significant element of financing. In order to determine the transaction price, the Company adjusts the promised amount of remuneration for a significant financing component using the discount rate that would have been applied if a separate financing transaction had been entered into between the entity and its customer at the conclusion of the contract.

The company decided not to adjust the promised amount of remuneration by the impact of a significant financing element, if at the time of concluding the contract it expects that the period from the moment the promised good or service is handed over to the customer until the payment for the good or service by the customer will be no more than one year. Therefore, for short-term advances, the Company did not separate a significant element of financing.

Non-cash remuneration

In the case of contracts where the customer undertook to pay the remuneration in a form other than cash, the Company, in order to determine the transaction price, values the non-cash remuneration (or a promise to pay non-cash remuneration) at fair value. In a situation where the Company cannot rationally estimate the fair value of non-cash remuneration, it values them indirectly by reference to the stand-alone selling price of goods or services promised to the customer (or class of customers) in return for remuneration.

Guarantees

The company provides a guarantee for the products sold, which is the customer's assurance that the product complies with the specification agreed by the parties. The Company recognizes such guarantees in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Some custom customer contracts include extended guarantees. Such guarantees constitute a separate service, accounted for as a performance obligation, to which a portion of the transaction price is allocated.

The activated costs of bringing about the conclusion of the contract

The Company recognizes additional costs of concluding a contract with a customer as an asset if it expects that these costs will be recovered. Additional costs of soliciting a contract are costs incurred by the entity to obtain a contract with a customer that the entity would not have incurred had the contract not been made. Additional costs of soliciting a contract include, for example, consultancy services. Costs of soliciting a contract, incurred regardless of whether the contract has been concluded, are recognized as costs when incurred, unless these costs are clearly borne by the customer regardless of whether the contract is concluded or not. The Company recognizes additional costs of soliciting a contract as an expense as they are incurred if the depreciation period for the asset that would otherwise be recognized by the Company is one year or less. The asset is depreciated systematically, taking into account the period in which goods or services, with which it is associated, are provided to the customer. The Company updates the depreciation period to reflect a significant change in the expected period of providing the customer with the goods or services to which the asset is linked.

Contract assets

Under contract assets, the Company recognizes rights to remuneration in exchange for the goods or services it has passed on to the customer, if that right is subject to a condition other than the passage of time (for example, the entity's future performance). The company assesses a contract asset for impairment in the same way as for a financial asset in accordance with IFRS 9.

Receivables

As receivables, the Company recognizes the rights to remuneration in exchange for goods or services that have been handed over to the customer, if this right is unconditional (the only condition for the payment to be made is the passage of a specified period of time). The company recognizes the receivable in accordance with IFRS 9. Upon the initial recognition of contract receivables, all differences between the valuation of receivables in accordance with IFRS 9 and the corresponding amount of revenue previously recognized are recognized by the Company as an expense (impairment loss).

Contract liabilities

As part of the obligations under the contract, the Company recognizes remuneration received or due from the customer, which is related to the obligation to provide the customer with goods or services.

Right of return assets

As part of the right of return assets, the Company recognizes the right to recover products from customers upon the fulfillment of the obligation to return the payment.

Obligation to reimburse remuneration

The company recognizes a liability to return the remuneration if, after receiving it, it expects to return some or all of it to the customer. The remuneration obligation is valued at the amount of remuneration received (or receivables) to which the entity is not expected to be entitled (i.e. amounts not included in the transaction price). The remuneration obligation (and the corresponding change in the transaction price and the resulting change in the contract liability) is updated at the end of each reporting period in line with changing circumstances.

Dividends

Dividends are recognized when the shareholders' rights to receive them are established.

Current tax

Current tax liabilities and receivables for the current and previous periods are valued at the amounts of the expected payment to the tax authorities (subject to reimbursement from tax authorities) using tax rates and tax regulations that were legally or actually in force as at the balance sheet date.

The current tax burden is calculated on the basis of the tax result (tax base) for a given financial year. The tax base differs from the gross profit (loss) due to the exclusion of taxable revenues and tax deductible costs in the following years as well as items of costs and revenues that will never be included in the tax settlement. Tax burdens are calculated based on the regulations and tax rates applicable in a given financial year.

Deferred tax

For the purposes of financial reporting, income tax is calculated using the liability method in relation to all temporary differences as at the balance sheet date between the tax value of assets and liabilities and their balance sheet value shown in the financial statements.

Provision for deferred tax is recognized in relation to all positive temporary differences:

- except when the provision for deferred tax arises as a result of the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not constitute a companies merger and at the time of its conclusion that does not affect either gross financial result, taxable profit or tax loss, and
- in the case of positive temporary differences resulting from investments in subsidiaries - except when the dates of the reversal of the temporary differences are subject to the investor's control and it is probable that in the foreseeable future the temporary differences will not reverse.

Deferred tax assets are recognized in relation to all negative temporary differences, as well as unused reliefs and unused tax losses carried forward to the following years, in the amount in which it is probable that taxable income will be achieved that will allow the use of the above-mentioned tax differences, discounts and losses:

- except when a deferred tax asset relating to deductible temporary differences arises as a result of the initial recognition of an asset or liability in a transaction that is not a merger of companies and at the time of its conclusion that does not affect either gross financial result, taxable profit or tax loss, and
- in the case of negative temporary differences due to investments in subsidiaries, the deferred tax asset is recognized in the balance sheet only in the amount in which it is probable that in the foreseeable future the above-mentioned the temporary differences will be reversed and taxable profit will be obtained against which the deductible temporary differences will be deducted.

The balance sheet value of a deferred tax asset is verified as at each balance sheet date and is reduced accordingly by the amount that it is no longer probable that the taxable income will be sufficient for partial or full realization of the deferred tax asset.

Deferred income tax assets and provisions for deferred tax are valued using the tax rates that are expected to apply in the period when the asset is realized or the provision is terminated, based on the tax rates (and tax regulations) applicable as at the balance sheet date or those whose validity in the future is certain at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Tax on goods and services

Revenues, costs and assets are recognized net of value added tax, except for:

- when the value added tax paid when purchasing assets or services is not recoverable from the tax authorities; it is recognized respectively as part of the cost of the asset or as part of the cost item and
- receivables and liabilities which are disclosed in the statement taking into account the amount of tax on goods and services.

The amount of value added tax recoverable from or payable to the tax authorities is recognized in the statement of financial position as part of receivables or liabilities.

## Note No. 41

### Objectives and principles of financial risk management

The current financial situation of the Company, its production potential and market position create opportunities for further development, however, there are many factors, especially external ones, which may directly or indirectly affect the financial results achieved in the coming years.

The risk may be possible changes in the purchasing and eating habits of consumers, caused e.g. by the coronavirus pandemic, the macroeconomic (inflation) or geopolitical situation.

Current market trends are monitored on an ongoing basis. The Company quickly and flexibly adjusts its offer to them, both in terms of the products themselves and the technology of their production. The current product offer is modified in accordance with market trends, e.g. pro-health products, "Ft", products for vegans and vegetarians, products with a reduced gluten content, pasta with flavors and antique cereals (e.g. spelled, buckwheat) are systematically developed, products based on or with the addition of vegetable flour, we are developing a line of products with a "clean label".

#### Risk of changing market trends

The risk may be possible changes in the purchasing and eating habits of consumers, caused e.g. by the coronavirus pandemic, the macroeconomic (inflation) or geopolitical situation (the outbreak of the war in Ukraine). For example, the impoverishment of the society as a result of the constant increase in prices and the costs of daily operation may result in an increased demand for cheaper and low-margin products, forcing producers and suppliers to aggressively compete on prices.

Market trends are monitored on an ongoing basis. The Company quickly and flexibly adjusts its offer to them, both in terms of the products themselves and the technology of their production. The Company's current product offer is modified in accordance with market trends, e.g. pro-health products, "Ft", products for vegans and vegetarians, products with a reduced gluten content, pasta with flavors and antique cereals (e.g. spelled, buckwheat) are systematically developed, products based on or with the addition of vegetable flour, we are developing a line of products with a "clean label".

#### Competition risk

All areas of the Makarony Polskie SA operations belong to highly competitive segments. There is a risk that the intensified actions of competitors, mainly manifested in deteriorating commercial conditions, will affect the profitability and revenues of the

Company, may affect the achievement of the objectives assumed by the Company. All activities of the competitive environment are monitored and analyzed on an ongoing basis, which allows for quick response in terms of possible threats. The Company tries to minimize this risk by diversifying its activities and developing innovative products (there are teams whose objective is to conduct R&D projects).

Contractual risk with customers

The Company generates most of its revenues through cooperation with organized and centralized retail chains. A possible lack of continuity of cooperation with customers may affect the amount of revenues. Some commercial agreements do not contain a strictly defined amount of estimated purchases that a customer will make during the term of the contract. There is a risk that customers will place orders that differ quantitatively from the monthly plans adopted by the Company. This may result in the inability to meet the demand or incomplete use of production capacity, which will translate into the results achieved.

The situation of increased demand for the Company's products occurred, among others, in the initial period of 2020, after the first Covid-19 infections appeared on the territory of Poland, as well as at the beginning of 2022 after the outbreak of the war in Ukraine, when customers went to stores massively and orders from retail chains were significantly higher than the level recorded in the same periods of previous years. The Company's production plants were faced with the need to make even greater efforts to use the existing production capacity in the most optimal way possible. The difficult situation was alleviated by the increase in production capacity performed in the Company, including installation of a new pasta production line at the Rzeszów plant and the acquisition of a competitive pasta manufacturer in 2022, which gave the company an additional margin of safety. Disrupted supply chains, shortages of raw materials and materials, as well as absences some members of the crew (e.g. care benefits introduced by the special Covid-19 act, or the return of some Ukrainians to their homeland after the start of the war) turned out to be a barrier limiting the volume of production.

In the Company's opinion, the risk of becoming dependent on customers is not significant, as the Company systematically diversifies its customers and increase the number of so-called medium customers.

Risk related to changes in the prices of raw materials and materials

Makarony Polskie SA consistently tries to implement its strategy of securing raw material prices with long-term purchase contracts, in annual and semi-annual periods, which allows to prevent significant drops in the profitability of the produced pasta. During

2021, the dynamic changes in cereal prices that occurred on the global stock exchanges resulted in contracts being concluded for definitely shorter periods than before.

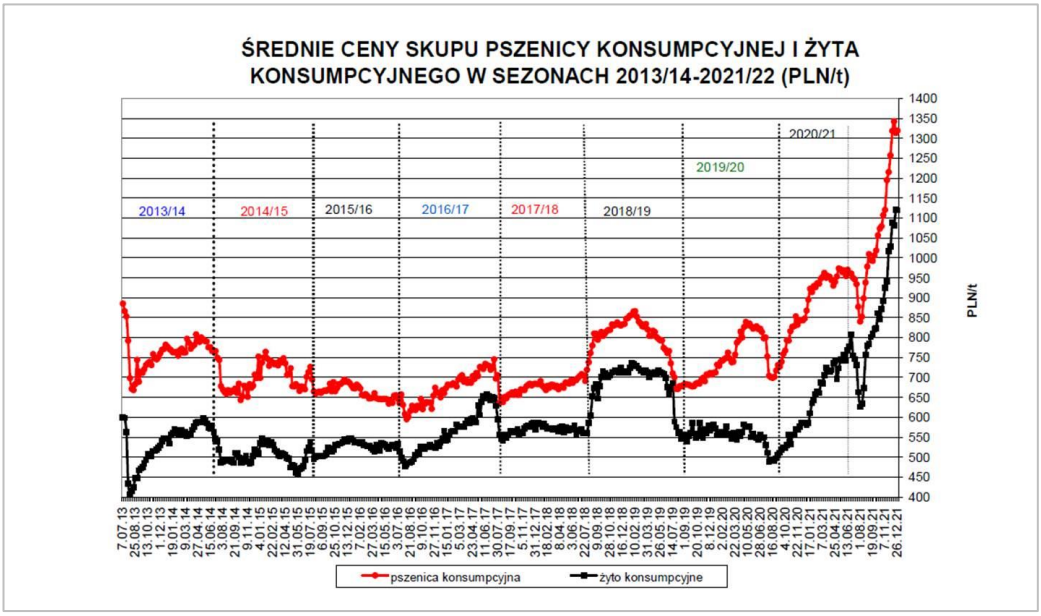
In the first part of the Q1 2021, the purchase prices of soft wheat flours remained at a level similar to that of the Q4 2020. The upward price trend on the grain market took place in the second part of Q1 and in Q2 2021. It was forecasted that the upward trends in prices would slow down during the harvest season, but unfortunately the high demand, especially in the field of Polish wheat exports, meant that prices in the third quarter of 2021 continued to increase, reaching the highest level in over 9 years. Producers were very cautious and reluctant to conclude long-term contracts for the supply of flour.

After a temporary slowdown in cereal prices in October 2021, at the end of the Q4, there was another upward trend on the global and domestic markets (the price of wheat increased by approx. 12%). According to forecasts, high prices on grain markets will remain at least until the second half of the Q2 2020 due to hostilities in Ukraine and the blockade of wheat exports from Ukraine and Russia, which translates into increased demand from countries that have been sourcing grain from these markets so far.

The upward trend in prices also continued on the durum wheat flour market, especially in Q4, which was mainly related to information from Canada and Italy about poor harvests in the 2021/2022 harvest season. This information has been confirmed - the prices of semolina are reaching a level unprecedented so far. It is predicted that before the next harvest in 2022/2023, demand for durum wheat, and thus semolina, may exceed supply, which could lead to further price increases.

Makarony Polskie SA is aware that wheat production is highly sensitive to unpredictable weather conditions, and therefore prices are exposed to increases caused by possible speculation or natural disasters.

The chart below presents the price development of soft cereals in Poland in recent years:




*Source: Weekly report on the market of grains, oilseeds and feed raw materials - Grain market week 01/2022, Sparks Polska*

The prices of eggs and egg pulp in the Q1 2021 were at a high but stable level of 4.2-5.0 k per one ton of egg pulp (vs. PLN 3.7-4.6 k in Q4 2020). In the Q2 2021, the prices of egg began to increase (to PLN 4.8-6.0 k/t), and the upward trends continued in the Q3 2021 (to PLN 5.8-7.2 k/t). It was the result of, inter alia, a large epidemic of avian influenza, a significant reduction in the planting of young hens by breeders, and an increase in costs related to the breeding process, such as remuneration, electricity and fuel. Q4 of 2021 brought price stabilization. In the first months of 2022, among others due to the war in Ukraine, the purchase prices of egg pulp increased by approx. 90% in the short term, which negatively affected the profitability of egg pasta production and forced the Company to revise their commercial terms. There is a high risk that this trend will continue in the longer term in 2022.

Significant price increases, starting from Q2 2021, also occur on the market of film and cardboard packaging. They reach the level of 140% compared to the prices in the Q4 2020. Parallel to the increase in prices, there are also difficulties in the availability of film and cardboard packaging and very extended delivery times.

Stoczek Natura Sp. z o.o. is a producer of fruit and vegetable preserves (including jams) and ready-made dishes also offered by Makarony Polskie SA. Fruit and vegetable prices are highly dependent on weather conditions. The company cooperates with domestic suppliers of vegetables and fruit, and also has an extensive database of foreign suppliers of key raw materials, which gives the company greater opportunities to obtain cheap and good quality raw materials. Purchase of fruit and vegetables is executed seasonally, in

the months when their prices are the lowest. If necessary, the purchased raw materials are stored in company warehouses and cold stores.

One of the key raw materials for Stoczek Natura Sp. z o.o. is meat. In 2021, the market for meat and meat raw materials was stable and sustainable. Throughout the year, demand was influenced by the Covid-19 pandemic - reduced demand due to the fact that the catering market did not fully recover in 2021 translated into more attractive meat prices.

Russia's military attack on Ukraine in February 2022 caused very large perturbations on the raw materials market. Meat prices increased by several dozen percent because a very large part of the meat raw material, which until now was the basis for production for the domestic market, was transferred to Ukraine, which significantly increased the prices of all meat components. It is forecasted that high meat prices will remain in the perspective of the entire 2022, due to high demand and high production costs, which are systematically increasing on the basis of more expensive prices of feed, fertilizers, fuels and energy.

Price increases of several dozen percent in Q1 2022 also occurred on the market of most raw materials and packaging. The increase in demand for processed products and the parallel increase in production costs make the packaging, both metal and glass, more expensive, and there are no clear prospects for stabilization.

All of the above cost-generating factors and their high dynamics, and often also unpredictability and uncertainty, make 2022 a very difficult year for producers. Of key importance is due care for operational optimization, systematic monitoring of the effectiveness of processes and the level of costs, as well as quick adjustment of the selling prices of products to the growing costs of their production. This radically influences the change of business relations between business partners, e.g. the reluctance of suppliers to establish stable commercial conditions for longer contract periods (e.g. annual) translates into the customers risk of operating in the short term and "uncertainty of tomorrow".

The risk of a changing legal and tax environment

The Polish legal and tax system is characterized by frequent changes, legal regulations are substantially changed overnight (e.g. during the COVID-19 epidemic, after the introduction of the Polish Deal, or after the outbreak of the war in Ukraine), which means that the activities of companies, including companies of the Company, are subject to a great deal of uncertainty. This is a negative factor for economic activity and entails high risk.

The Company's interests in the field of legal changes are secured by legal teams, which take appropriate actions in a timely manner to minimize the possible effects of these changes. The Group's interests in the field of legal changes are secured by legal teams, which take appropriate actions in a timely manner to minimize the possible effects of these changes.

Risk related to changes in currency exchange rates

Makarony Polskie SA is an importer of semolina and an exporter of finished products. The selling prices of the Company's products are each time determined and take into account the current value of exchange rates so as to ensure a satisfactory return on sales.

The weakening of the Polish zloty may have a negative impact on the profitability of the activities conducted by the Company as an importer. In order to minimize the risk of changes in foreign exchange rates, the funds obtained by the Company from export sales are used to purchase raw materials outside Poland.

The table presents the currency structure for the given classes of financial instruments as at December 31, 2021:

| Groups/categories of financial instruments | Balance sheet value as at 31/12/2021 PLN k | Currency exposure as at 31/12/2021 PLN k | EUR PLN k | USD PLN k |
|---|---|---|---|---|
| Financial assets | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | 26 121 | 923 | 923 | 0 |
| Receivables from deliveries and services | 17 804 | 2 458 | 2 458 | 0 |
| Financial liabilities | 0 | 0 | 0 | 0 |
| Liabilities from deliveries and services | 26 384 | 2 438 | 2 438 | 0 |

The table presents the currency structure for the given classes of financial instruments as at December 31, 2020:

| Groups/categories of financial instruments | Balance sheet value as at 31/12/2020 PLN k | Currency exposure as at 31/12/2020 PLN k | EUR PLN k | USD PLN k |
|---|---|---|---|---|
| Financial assets | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | 374 | 41 | 4 | 37 |
| Receivables from deliveries and services | 17 048 | 1 489 | 1 489 | 0 |
| Financial liabilities | 0 | 0 | 0 | 0 |
| Liabilities from deliveries and services | 22 248 | 2 905 | 2 905 | 0 |

The table presents the analysis of sensitivity of the financial result to changes in exchange rates as at December 31, 2021:

| Groups/categories of financial instruments | EUR | USD |
|---|---|---|

| | 5% | -5% | 5% | -5% |
|---|---|---|---|---|
| | Impact on the financial result PLN k | | Impact on the financial result PLN k | |
| Financial assets | | | | |
| Cash and cash equivalents | 46.1 | - 46.1 | 0 | 0 |
| Trade receivables (gross) | 122.9 | - 122.9 | - | - |
| Financial liabilities | | | | |
| Liabilities from deliveries and services | - 121.9 | 121.9 | - | - |

The table presents the analysis of sensitivity of the financial result to changes in exchange rates as at December 31, 2020:

| Groups/categories of financial instruments | EUR | | USD | |
|---|---|---|---|---|
| | 5% | -5% | 5% | -5% |
| | Impact on the financial result PLN k | | Impact on the financial result PLN k | |
| Financial assets | | | | |
| Cash and cash equivalents | 0.2 | - 0.2 | 1.9 | -1.9 |
| Trade receivables (gross) | 74.4 | - 74.4 | - | - |
| Financial liabilities | | | | |
| Liabilities from deliveries and services | - 145.3 | 145.3 | - | - |

Interest rate risk

The interest rate risk is the risk of incurring losses as a result of changes in market interest rates and changes in the amount of statutory interest. Both the amount of revenues and costs of the Company are sensitive to changes in the level of market interest rates.

To a large extent, the Company finances its activities with loans, which increases its level of sensitivity to risk caused by changes in interest rates, both for long-term and short-term financial liabilities.

In 2021, the Company used external financing in the form of bank loans: working capital, overdraft and investment loans.

As at December 31, 2021, the Company had a liability due to loans in the amount of PLN 29 459 k:

| Currency | Interest rate | Credit balance | Of which loans | |
|---|---|---|---|---|
| | | | Short-term | Long-term |
| PLN | WIBOR + bank margin | 29 459 | 11 432 | 18 027 |

The Company has liabilities due to loans for which interest is calculated on the basis of a variable interest rate, therefore there is a risk of an increase in these rates compared to

the date of conclusion of the contract.

The structure of financial instruments exposed to the risk of changes in interest rates, as at December 31, 2021 is presented in the table below:

| Groups/categories of financial instruments | Balance sheet value as at 31/12/2021 PLN k | Value at risk as at 31/12/2021 PLN k | WIBOR PLN k |
|---|---|---|---|
| Financial assets | | | |
| Loans granted | 2 000 | - | - |
| Cash in hand and cash at bank | 26 121 | - | - |
| Financial liabilities | | | |
| Bank loans | 29 459 | 29 459 | 29 459 |
| Other financial liabilities | 1 576 | 1 576 | 1 576 |

The structure of financial instruments exposed to the risk of changes in interest rates, as at December 31, 2020 is presented in the table below:

| Groups/categories of financial instruments | Balance sheet value as at 31/12/2020 PLN k | Value at risk as at 31/12/2020 PLN k | WIBOR PLN k |
|---|---|---|---|
| Financial assets | | | |
| Loans granted | 2 000 | - | - |
| Cash in hand and cash at bank | 374 | - | - |
| Financial liabilities | | | |
| Bank loans | 19 285 | 19 285 | 19 285 |
| Other financial liabilities | 2 123 | 2 123 | 2 123 |

The table below presents the sensitivity analysis of the financial result to changes in interest rates as at December 31, 2021:

| Interest rate | Assumptions for deviation (in percentage points) December 31, 2021 | | Value at risk as at 31/12/2021 PLN k | Impact on the financial result December 31, 2021 | |
|---|---|---|---|---|---|
| | | | | PLN k | PLN k |
| WIBOR | 1% | -1% | 29 459 | - 294.6 | 294.6 |

The table below presents the sensitivity analysis of the financial result to changes in interest rates as at December 31, 2020:

| Interest rate | Assumptions for deviation (in percentage points) December 31, 2020 | | Value at risk as at 31/12/2020 PLN k | Impact on the financial result December 31, 2020 | |
|---|---|---|---|---|---|
| | | | | PLN k | PLN k |
| WIBOR | 1% | -1% | 19 285 | - 192.9 | 192.9 |

Insolvency risk

The risk of credit risk is the risk that the Company's contractors will not fulfill their obligations. The Company applies the principle of making transactions with counterparties with proven creditworthiness; if necessary, obtaining appropriate security as a tool to reduce the risk of financial losses due to failure to meet the terms of the

contract. The Company uses publicly available financial information and its own transaction data to assess the financial condition of its major customers.

The Company's exposure to the risk of contractors' insolvency is constantly monitored. The control of the risk of insolvency is possible thanks to the credit limits which are verified and approved on an ongoing basis within the controlling structures in the Company. Additionally, the Company covered selected contractors with insurance of trade receivables provided by one of the largest insurers operating in this area on the Polish market.

The Company is not exposed to a significant risk of insolvency towards a single contractor or a group of contractors.

## Note No. 42
## Capital management

The main objective of the company's capital management is to maintain a credit rating and safe capital ratios that would support operating activities and increase value for its shareholders.

The Company manages the capital structure and introduces changes to it as a result of changes in economic conditions.

In 2021, activities in the area of financing sources were continued, the aim of which was to achieve higher efficiency of their use and reduce the costs of obtaining them. The Company used a wide range of financial instruments:

- bank loans - short- and medium-term and investment ones,
- purchase of receivables (factoring),
- fixed assets leasing.

The structure of financing sources has been subordinated to the postulate of flexibility, i.e. so that in periods of emergence of financial surpluses, the level of debt (overdraft facilities, debt redemption balance) decreases, and in periods of increased demand for funds, it ensures a stable level of financing for current operations.

In 2021, the Company carried out the planned repayments of interest-bearing liabilities on time.

## Note No. 43
### Financial instruments

The largest share in the structure of the company's statement of financial position is held by financial instruments, which on the liabilities side include trade and financial liabilities.

On the assets side, the main financial instruments distinguished are receivables arising mainly from deliveries of products, borrowings and cash.

As at December 31, 2021, the Company did not use financial instruments to hedge the value of its assets and liabilities, and therefore it did not apply formal hedge accounting. A detailed description of the accounting principles and the methods of valuation applied for each category of financial assets and liabilities is included in the previously described accounting principles.

## Note No. 44
### Significant proceedings pending before a court, an authority competent for arbitration proceedings or a public administration body

In the period of 2021, there were no proceedings before a court, a body competent for arbitration proceedings or a public administration body concerning liabilities and receivables of Makarony Polskie SA, the total value of which would constitute at least 10% of Makarony Polskie SA's equity.

## Note No. 45
### Employment at Makarony Polskie SA

| Employment as at: | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Production | 131 | 122 |
| Administration | 19 | 20 |
| Sales | 20 | 28 |
| Total | **170** | **170** |

## Note No. 46
### Auditor's remuneration

The Supervisory Board of Makarony Polskie SA has chosen the company BDO Spółka z ograniczoną odpowiedzialnością sp.k. (formerly: BDO Spółka z ograniczoną odpowiedzialnością) with its registered office in Warsaw as a statutory auditor for the audit of financial statements of Makarony Polskie SA for the H1 of the financial year and

for the audit of the financial statements of the Company for the financial year 2020-2022.

BDO Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the list of audit firms kept by the National Council of Statutory Auditors under number 3355 and entered in the register of entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under the number 0000729684.

Makarony Polskie SA previously used the services of BDO Spółka z ograniczoną odpowiedzialnością sp.k. in the scope of auditing annual reports for the financial years 2018-2019.

On August 20, 2020, Makarony Polskie SA concluded with the above-mentioned auditor an agreement regarding the review of condensed financial statements for the H1 of the financial year and the audit of the financial statements of the Company and the Group for the financial year 2020-2022.

Remuneration due to BDO Spółka z ograniczoną odpowiedzialnością sp.k. due to the audit of financial statements for the financial year 2021 in Makarony Polskie SA amounts to a total of 114.2 k (PLN 37.3 k for the review of the separate and consolidated semi-annual report, PLN 76.9 k for the audit of the financial statements of Makarony Polskie SA and the Makarony Polskie Group for 2021).

Remuneration due to BDO Spółka z ograniczoną odpowiedzialnością sp.k. due to the audit of financial statements for the financial year 2020 in Makarony Polskie SA amounts to a total of 114.2 k (PLN 37.3 k for the review of the separate and consolidated semi-annual report, PLN 76.9 k for the audit of the financial statements of Makarony Polskie SA and the Makarony Polskie Group for 2020).

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Grażyna Kozielec
Chief Accountant

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Zenon Daniłowski
President of the Management Board

Rzeszów, April 28, 2022

*The source of data in these statements is Makarony Polskie SA, unless otherwise indicated,*