Condensed Consolidated Financial Statements of the Makarony Polskie Group for the period from 1 January to 30 September 2019



Rzeszów, 27 November 2019

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The Makarony Polskie Group consists of three companies: two production companies and one commercial company.

General Information

Organisational structure of the Makarony Polskie Group

The Makarony Polskie Group ("Group") consists of 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 manufacturer of a broad assortment of pasta made by extrusion or rolling. The Company offers pasta in various forms, produced from durum wheat flour or regular wheat flour. In its portfolio the Company has also products which reply to the health promoting food trends, such as pasta made of rare spelt, buckwheat or rye flours, as well as BIO products. The product offer is supplemented by flavoured pasta (e.g. with addition of spinach and garlic, chilli pepper, lovage, parsley or dill), large pasta forms for stuffing and vegetable pasta produced from legumes such as chickpea, red lentil or green peas.
The basic offered pasta brands are Makarony Polskie, Sorenti and Abak (bi-brand with Makarony Polskie).

Stoczek Natura Sp. z o.o. is a manufacturer of meat and vegetable products (ready-made disches, pâtés, lard, tinned food), vegetable products (salads, pickles, bakery stuffing), fruit products (jams, syrups, fruit pastes, sweet fillings) offered under the brands Stoczek, Tenczynek and Męska Rzecz, as well as dried fruits and vegetables under the Deli-Susz brand.

MP Trade Sp. z o.o. On its own account, MP Trade develops trade in third party goods of Polish and external manufacturers. The Company's activity focuses on providing intermediation services in selling the products of the Tenczynek brand selling the products bought from external suppliers under its own Novelle brand. The adopted business model of the Company is now often found on the market. In

that model, the main value creating the Company's value is the increase in the value of the brand, and the production is contracted outside.

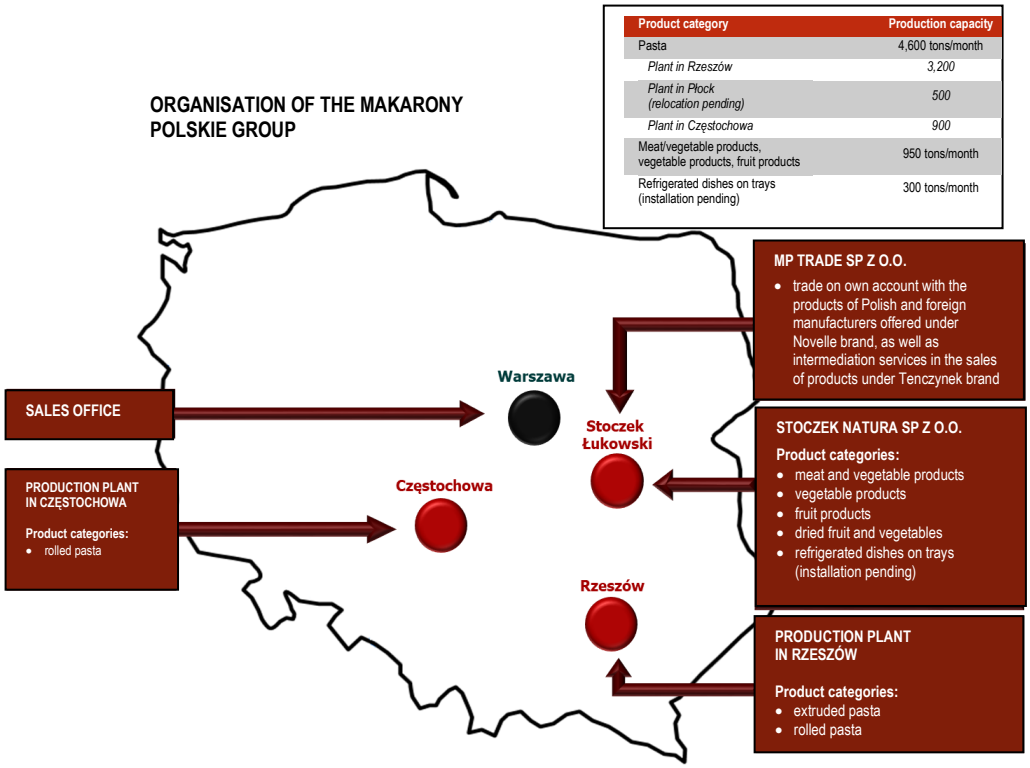
Within the Makarony Polskie Group, individual companies conclude with each other transactions of purchase and sale of products, goods and services.

All transactions are performed under the market terms and conditions.

Changes in the organisation of the Makarony Polskie Group in Q.3, 2019

In Q.3, 2019 there were no changes in the Makarony Polskie Group that would significantly affect the structure or organization of the Group.

Within the Makarony Polskie Group, individual companies conclude with each other transactions of purchase and sale of products, goods and services. All transactions are performed under the market terms and conditions.



In Q.3, 2019, the reorganisation of the activities of the subsidiary, MP Trade Sp. z o.o. was continued. The Company conducts consistent actions aimed at building the value of the Novelle brand by expanding the product portfolio (new products will be successively introduced into the Novelle brand portfolio), intensifying marketing activities and proper positioning of the brand.

Currently, under the Novelle brand, legumes derived flour pasta, tortellini pasta in various flavours, egg spätzles and date pastes are offered. In the coming months new range implementations, including vegetable pastes and ready-made veg dishes, are planned.

In subsequent periods, the Novelle offer will be expanded to include new products based on vegetable proteins and processed products considered deli products with a clean label and short composition, in line with the identified market trends and consumer needs. Work on the development of new products will be performed in close cooperation with the marketing team of Makarony Polskie SA and New Product Development (NPD) teams operating in the Makarony Polskie Group.

Possibilities of growth of MP Trade Sp. z o.o. depend on one hand on the market situation and on the other hand on the introduction of new innovative products from the vegan and vegetarian areas. The market of products based on raw materials is based on vegetable proteins and delicatessen products, such as the date paste line, vegetable pastes, is growing all over the world.

Organisational data

Makarony Polskie SA

Registered office: 35-082 Rzeszów, ul. Podkarpacka 15a,
District Court in Rzeszów, 12th Commercial Division of the National Court Register
Court registration number (KRS) 0000212001,
Share capital: PLN 27,750,213 (fully paid up),
Statistical identification number (Regon): 691674708,
Tax identification number (NIP): 813-32-78-856,
www.makarony.pl

Stoczek Natura Sp. z o.o.

Registered office: 21-450 Stoczek Łukowski, ul. Dwernickiego 5,
Commercial Court for Lublin Wschód with its registered office in Świdnik, 6th Commercial Division
Court registration number (KRS): 0000050439,
Share capital: PLN 15,707,800,
Statistical identification number (Regon): 711584640,
Tax identification number (NIP): 825-17-27-212,
www.stoczek.com.pl

MP Trade Sp. z o. o.

Registered office: 21-450 Stoczek Łukowski, ul. Dwernickiego 5,
Commercial Court for Lublin Wschód with its registered office in Świdnik, 6th Commercial Division
Court registration number (KRS): 0000579926,

Share capital: PLN 1,500,000
Statistical identification number (Regon): 362706449,
Tax identification number (NIP): 825-21-76-004,
www.mp-trade.pl

100% in the share capital of Stoczek Natura Sp. z. o.o. and MP Trade Sp. z o.o. belongs to Makarony Polskie SA. As at 30 September 2019 the share in the total number of votes in the General Meetings of these companies held by the Parent Company was equal to the share in the capital of each of the subsidiaries.

The duration of all companies of the Makarony Polskie Group is unlimited.

Headcount at the Makarony Polskie Group as at 30 September 2019

In accordance with the adopted policy, the Makarony Polskie Group has consequently maintained the total headcount at the level of the necessary minimum, at the same time caring for the flexibility of employment at the Production Plants and correlation of the same with the changes in production volumes.

Headcount at the Makarony Polskie Group as at 30 September 2019 was as follows:

- Makarony Polskie SA – 161 employees,
- Stoczek Natura Sp. z o.o. – 48 employees,
- MP Trade Sp. z o.o. – 1 employee.

Management Board of the Parent Company

On 30 September 2019 and on the date of submitting these statements, the Management Board of the Parent Company consisted of one person, and the President of the Management Board of Makarony Polskie SA was Zenon Daniłowski.

Shares held by the Members of the Management Board

The number and nominal value of shares of Makarony Polskie SA and shares in the companies of the Makarony Polskie Group held by the Members of the Management Board as at the date of preparing the statements:

Management Board Member	Q.3, 2019		First half of 2019	
	Number of shares	Nominal value	Number of shares	Nominal value
Zenon Daniłowski	140,000	420,000	140,000	420,000

* President of the Management Board Zenon Daniłowski is associated with the following companies: Praska Giełda Spożywcza SA (former: Agro-Technika SA) and Polskie Smaki Sp. z o.o., which also hold shares in the Company; the total balance of ownership as at the date of publication of the statements is 2,311,594 shares worth PLN 6,934,772.

According to the information possessed by the Company, no changes in the status of shares held by the President of the Management Board occurred during the third quarter of 2019 and by the date of publishing these statements.

The President of the Management Board of Makarony Polskie SA has no shares in the subsidiaries of the Makarony Polskie Group.

Supervisory Board of the Parent Company

From 1 January 2019 to the date of publishing these statements, the Supervisory Board consisted of:

- Roman Sobiecki – Chairman of the Supervisory Board,
- Samer Abdelfatah Mohamed El Waziri – Vice-Chairman of the Supervisory Board,
- Marek Rocki – Member of the Supervisory Board,
- Michał Słomkowski – Member of the Supervisory Board,
- Wiesław Wasilewski – Member of the Supervisory Board.

AUDIT COMMITTEE

From 1 January 2019 do the date of publishing these statements, the Audit Committee consisted of:

- Roman Sobiecki – Chairman of the Audit Committee (independent member),
- Michał Słomkowski – Member of the Audit Committee (independent member),
- Wiesław Wasilewski – Member of the Audit Committee (independent member).

In accordance with the legal requirements, the members of the Audit Committee possess knowledge and skills in accounting or auditing financial statements, as well as knowledge and skills in the sector in which the Company operates.

Shares held by the Members of the Supervisory Board

The number and nominal value of shares of the Company held by the Members of the Supervisory Board as at the date of preparing the statements:

Supervisory Board Member	Q.3, 2019		First half of 2019	
	Number of shares	Nominal value	Number of shares	Nominal value
Marek Rocki	0	0	0	0

Michał Słomkowski	0	0	0	0
Roman Sobiecki	0	0	0	0
Samer El Waziri	0	0	0	0
Wiesław Wasilewski	5,000	15,000	5,000	15,000

According to the information possessed by the Company, no changes in the status of shares held by the Members of the Supervisory Board occurred during the third quarter of 2019 and by the date of publishing these statements.

The supervising persons of Makarony Polskie SA has no shares in the subsidiaries of the Makarony Polskie Group.

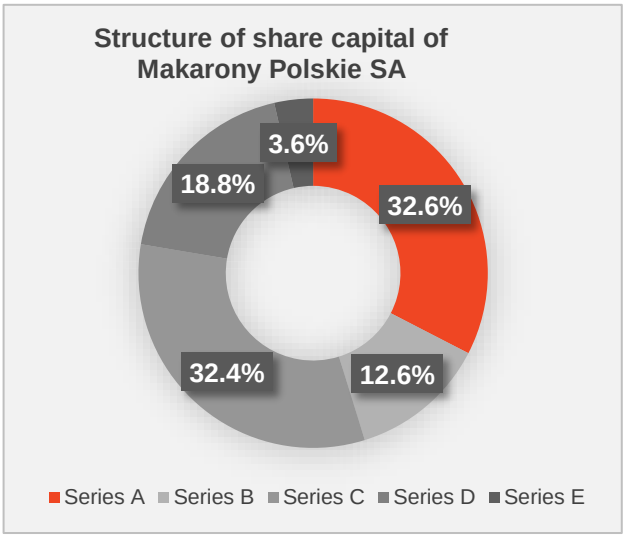
General Meeting of the Parent Company

Share capital of Makarony Polskie SA:

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

Structure of the Company's share capital:

- 3,013,250 ordinary series A bearer shares,
- 1,169,750 ordinary series B bearer shares,
- 3,000,000 ordinary series C bearer shares,
- 1,735,821 ordinary series D bearer shares,
- 331,250 ordinary series E 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 that grant special controlling rights to any of its shareholders.

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

Shares held by main shareholders (over 5% of share capital)

Shareholders holding directly or indirectly through subsidiaries, at least 5% of votes in the total number of votes at the General Meeting of the Company as at the date of the statements (in accordance with the information available):

Shareholder	Shares in the share capital		Votes in the General Meeting	
	number	% share	number	% share
Praska Giełda Spożywcza SA Group, of which:	2,311,594	24.99%	2,311,594	24.99%
Praska Giełda Spożywcza SA (formerly: Agro-Technika SA)	*2,050,000*	*22.16%*	*2,050,000*	*22.16%*
Zenon Daniłowski	*140,000*	*1.51%*	*140,000*	*1.51%*
Polskie Smaki Sp. z o.o.	*121,594*	*1.31%*	*121,594*	*1.31%*
Raya Holding for Technology & Communications S.A.E. of which:	1,793,406	19.39%	1,793,406	19.39%
Madova Sp. z o.o.	*1,793,406*	*19.39%*	*1,793,406*	*19.39%*
Elżbieta i Grzegorz Słomkowscy, of which:	1,183,040	12.79%	1,183,040	12.79%
Z.P.H. „ELPAST" Elżbieta i Grzegorz Słomkowscy s.c.	*1,169,750*	*12.65%*	*1,169,750*	*12.65%*
Grzegorz Słomkowski	*13,290*	*0.14%*	*13,290*	*0.14%*
Agroma Ltd	950,000	10.27%	950,000	10.27%
Wojciech Wiśniewski, of which:	463,370	5.01%	463,370	5.01%
Wojciech Wiśniewski	*314,770*	*3.40%*	*314,770*	*3.40%*
Agro-Jumal Sp. z o.o.	*148,600*	*5.01%*	*148,600*	*5.01%*
Other shareholders	2,548,661	27.55%	2,548,661	27.55%
TOTAL	**9,250,071**	**100.00%**	**9,250,071**	**100.00%**

Changes in the shareholding in Q.3, 2019

On 22 August 2019 the Company received a notification sent by Wojciech Wiśniewski on his own behalf and on behalf of Agro-Jumal Sp. z o.o. with its registered office in Sieradz regarding an increase in the number of shares of Makarony Polskie SA held by them.

Mr Wojciech Wiśniewski, acting on his own behalf and on behalf of Agro-Jumal Sp. z o.o., informed that on 13 August 2019, as a result of a purchase transaction of 1,610 shares of Makarony Polskie SA on the stock market, a change occurred in the share in the total number of votes at the General Meeting of the Company held by him and Agro-Jumal Sp. z o.o.

Before the Change in Holdings, Mr Wojciech Wiśniewski together with Agro-Jumal Sp. z o.o. held 461,760 shares of the Company, representing 4.9% of share in the share capital of the Company and entitling them to 4.9% of votes at the General Meeting of the Company, i.e. to exercise 461,760 votes, in which:

- Mr Wojciech Wiśniewski held individually 313,160 shares of the Company representing 3.3% of share in the share capital of the Company and entitling him to 313,160 votes in the total number votes at the General Meeting of the Company, i.e. to exercise 313,160 votes;
- Agro-Jumal Sp. z o.o. held individually 148,600 shares of the Company representing 1.6% of share in the share capital of the Company and entitling it to 148,600 votes in the total number of votes at the General Meeting of the Company, i.e. to exercise 148,600 votes.

After the Change in Holdings, Mr Wojciech Wiśniewski together with Agro-Jumal Sp. z o.o. hold 463,370 shares of the Company, representing 5% of share in the share capital and entitling them to 463,370 votes in the total number of votes at the General Meeting of the Company, i.e. to exercise 463,370 votes, in which:

- Mr Wojciech Wiśniewski holds individually 314,770 shares of the Company representing 3.4% of share in the share capital of the Company and entitling to 314,770 votes in the total number of votes in the General Meeting of the Company, i.e. to exercise 314,770 votes;
- Agro-Jumal Sp. z o.o. holds individually 148,600 shares of the Company representing 1.6% of share in the share capital of the Company and entitling to 148,600 votes in the total number of votes at the General Meeting of the Company, i.e. to exercise 148,600 votes;

Additionally, Mr Wojciech Wiśniewski informed that he and Agro Jumal Sp. z o.o.:

- do not have any subsidiaries that would hold the Company's shares,
- have not concluded the agreement referred to in Article 87.1.3.c of the Act on Public Offering, i.e. the agreement of which the subject matter is the transfer of the entitlements to execute the voting right,

- do not have financial instruments that after the maturity period would unconditionally entitle or oblige their holder to purchase shares with voting rights issued by the Company referred to in Article 69b.1.1 of the Act on Public Offering;
- do not have financial instruments that relate to the Company's shares indirectly or directly and have economic effects similar to the effects of the financial instruments specified in the previous sentence referred to in Article 69b.1.2 of the Act on Public Offering.

The Company does not have any other information that would indicate changes in the number of shares held by the major shareholders (holding shares stakes exceeding 5%) by the end of the third quarter of 2019.

The Company has no knowledge about any agreements (including ones concluded post the balance-sheet date) that might lead to the future changes in the structure of shareholding held by the current shareholders.

Management Boards of subsidiaries

Spółka Stoczek Natura Sp. z o.o. - the Management Board consists of two persons:

- Rafał Dziobko – President of the Management Board,
- Adam Ławnik – Vice-President of the Management Board.

In Q.3, 2019 and by the date of publishing these statements, there were no changes in the Management Board of Stoczek Natura Sp. z o.o.

MP Trade Sp. z o.o. – the Management Board consists of one person:

- Zenon Daniłowski – President of the Management Board.

In Q.3, 2019 and by the date of publishing these statements, there were no changes in the Management Board of MP Trade Sp. z o.o.

Publication and approval of financial statements

These condensed consolidated and separate financial data have not been subject to audit by an entity authorised to audit financial statements, they were approved for publication by the Management Board on 27 November 2019.

Legal basis for the consolidated financial statements

Declaration of compliance and basis for preparing the statements

These condensed financial statements have been prepared based on the International Accounting Standards in the form approved by the European Union (EU) and the related interpretations announced in the form of enforcement regulations by the European Commission (hereinafter referred to as "IFRS"), applicable to interim financial reporting in the form approved by the European Union (IAS 34 "Interim Financial Reporting"), in accordance with Article 55.5. of the Act on Accounting (Journal of Laws of 2019, item 351, as amended) and enforcement regulations issued based thereon, as well as the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and interim information disclosed by the issuers of securities and conditions of considering equivalent the information required by the laws of a country other than a member state (Journal of Laws of 2018, item 757) published and binding at the moment of preparing these condensed consolidated financial statements. The condensed financial statements do not cover all information and disclosures required to be made in the annual financial statements, and must be read together with the financial statements of the Group and the Parent Company for the year ending on 31 December 2018

Basis for valuation

The presented consolidated financial statements were prepared based on the historical cost concept, except for some assets which were measured at fair value, i.e. assets acquired through the purchase transactions of the assets of Abak Sp. z o.o., the Tenczynek brand, Delisusz and investment lands.

Functional and presentation currency

The measurement currency for the Group applied in these financial statements as well as the reporting currency of these financial statements is Polish zloty (PLN).

Unless otherwise specified, financial data are expressed in thousands of zlotys.

Legal basis for the consolidated financial statements

Applied accounting policy and basis for preparing the statements

The accounting policy applicable to these condensed consolidated financial complies with that applied in preparing the annual financial statement of the Capital Group for the year ending on 31 December 2018 (published on 25 April 2019).

The financial statements of all companies were prepared for the same reporting period, by application of cohesive financial principles.

The reporting year of the Group companies is a calendar year.

The Parent Company - Makarony Polskie SA and its subsidiaries prepare financial statements in accordance with IAS/IFRS.

Consolidation exclusion applies to any transactions, balances, revenues and costs between the related companies subject to consolidation.

The duration of the activities of the Group companies is unlimited.

Explanations regarding seasonality and cycles in reference to interim activities of the Group

The activity of the Group does not reflect major seasonal or cyclical trends.

Changes in the principles of preparing financial statements

In Q.3, 2019 no changes occurred in the measuring principles applied when preparing the financial statements.

Uncertainty of estimations

Below presented are the basic assumptions regarding the future and other key sources of uncertainty present at the balance-sheet date, for which there is a major risk of a significant adjustment of the carrying amount of assets and liabilities in the subsequent financial year:

- deprecation rates,
- assets loss of value (including receivables),
- value of provisions,
- deferred tax assets (the companies disclose deferred tax assets based on the assumption that in the future taxable profit will be generated enabling the deferred assets utilisation; deterioration of the generated tax results in future could make this assumption unjustified),
- valuation of assets of unspecified period of use.

– adopted incremental borrowing rate and lease term for agreements with indefinite term due to the implementation of IFRS 16.

As at the date of preparing these statements there is no reason for write-off of goodwill of Stoczek and the value of Abak and Tenczynek brands. The applicable tests compliant with the binding policies were performed as for the balance of 31 December 2018.

Assumptions regarding the future and the assumed estimations are cohesive with the assumptions and estimations made by the Group in the financial statements for 2018.

Going concern

The consolidated financial statements of the Makarony Polskie Group were prepared on going concern basis applied in reference to the Group companies, as regards foreseeable future, and in the scope which is not going to change significantly. The Group did not carry out any activities which would have been abandoned in the third quarter of 2019.

Events affecting the assets, liabilities, equity, net result or cash flow statement, which are atypical in terms of their nature, size or frequency

In Q.3, 2019 no such atypical events occurred.

The stance of the Management Board on publication of the projections of the Group's results

The Makarony Polskie Group did not publish financial projections for 2019.

Factors and risks significantly affecting the financial results in Q.3, 2019 and in the subsequent periods

Post Q.3, 2019 the Makarony Polskie Group generated net profit at the level of PLN 4.98 million. Changes were introduced at the Group in order to improve production effectiveness and reduce fixed costs.

Building competitive advantage by investments in R&D as well as products, process and organisational innovations

– R&D development in the area of innovative products such as functional or health-promoting food – an interdisciplinary team has been established at Makarony Polskie SA

which in cooperation with scientific institutions works on the development of innovative manufacturing technologies of new low-processed and health-promoting products that are easy to prepare,

- in the production plant in Rzeszów Makarony Polskie SA launched a production line for rolled pasta in a wide range of forms, including tagliatelle and papardelle. The line includes a highly technologically advanced system of weight dosing of dry ingredients and additives enabling the production of pasta from several types of flour in various proportions and a micronutrient dispenser enabling enriching the pasta composition with health-promoting ingredients,
- in the production plant in Rzeszów the extension of the production and storage building was completed by a flour node building, which included silo installations for flour and other loose raw materials, and a cold store for raw materials and liquid additives,
- the project related to the adaptation of the electric, cooling and technological installation was completed by adjusting the parameters of the connections to the future increased production capacities of the production plant in Rzeszóow,
- in the production plant in Częstochowa the cold store was expanded to store raw materials requiring low temperatures during storage, which will increase the flexibility and safety of production and maintain production continuity during periods of full use of production capacity,
- Makarony Polskie SA continues to work on the implementation of production and introduction into sale of new forms of pasta,
- in Stoczek Natura Sp. z o.o. research is performed to adapt to global food production trends: convenience products, health promoting products, innovative forms of packaging of offered products.
- in the production plant in Stoczek Łukowski investments related to the implementation of project of innovative solutions through the modernisation of the line for the production of ready meals in jars and cans and introducing new, innovative products on trays to the company's offer were conducted. As a result of the investment, this company developed the recipes of ready-made dishes on trays which will be introduced to the product offer in the coming months, on a few lines: world cuisines, regional and vege/fit cuisines,
- Stoczek Natura is also modernising production halls in connection with ongoing purchases of new machinery and equipment.

Attracting EU funds for the performance of activities and projects planned by the Group

- the project entitled "Implementation of the Results of R&D Works on Functional Food at Makarony Polskie SA" carried out within Measure 1.4 – Support to SMEs, under the Regional Operational Programme of the Podkarpackie Province 2014–2020, performed by the Company from March 2017 to April 2019 enabled the Company to implement the research and development works carried out in cooperation with a scientific unit,

consisting in the development of innovative products recipes, with the use of raw-materials which have not been used in the pasta sector on a standard basis. The main objective of the project is the expansion of Makarony Polskie SA on the market of functional food. The company has completed the supported investment project in April 2019. The company, fulfilling all obligations under the co-financing contract, fully settled the project (including the final refinancing of expenses incurred) which occurred in July 2019,

- the project entitled "Creation of a Research and Development Centre of the Pasta Industry at Makarony Polskie SA", carried out within Measure 2.1 "Support for Investments in R&D Infrastructure of Enterprises", under the Smart Growth Operational Programme 2014–2020, assumes creation of an R&D Centre of the Pasta Industry at Makarony Polskie SA. At the Centre works will be carried on innovative health-promoting products, which will finally enlarge the product offer of the Company, as well as research work on issues important to the whole pasta industry. Within the project the Company plans to purchase fixed assets and finance construction works. For the purposes of the R&D Centre a modern line for production tests will be purchased, among other things, the parameters of which will reflect the conditions of the actual industrial production process.
- the project of Stoczek Natura Sp. z o.o. entitled "Growth of competitiveness of Stoczek Natura Sp. z o.o." within Measure 3.7 under the Regional Operational Programme of the Lubelskie Province for the years 2014–2020, assumes growth of competitiveness and innovativeness of the company on the domestic and international markets by way of implementation of the results of R&D works possessed and introduction of production innovations in the form of manufacturing technology of a ready-cooked meat product. The objective of the project is to implement innovative solutions by way of modernisation of the line for production of ready-made dishes in jars and cans.

  The performance of the project will positively affect the improvement of quality and innovativeness of the offered products, their repeatability and increase of production capacity. Additionally, as a result of the project performance, the subsidiary will gain the opportunity to introduce in its commercial offer new health-promoting products, which will be directed to a new group of consumers.
- Within the 2014–2020 perspective the Group companies have applied for EU funds in order to accelerate investments and extend the scope of investments in modernisation of the currently used production machines and to develop new areas of operation with the aim to maintain the market position and cope with the growing demand for new innovative products and packaging.

Development of Private Label segment activities

- extension of the product offer directed to new and existing customers with health-promoting, flavoured pasta and premium products (e.g. new forms and shapes, innovative packaging), high-protein pasta and tagliatelle-type egg pasta,
- extension of the product offer directed to new and existing customers with ready-made dishes, meat products, meat preserves and soups,
- offering to new and existing customers ready-made dishes on trays which will be introduced to the Group's offer in the coming months,
- development of the product offer at customers' by products firmly embedded in vegetable cuisine, including legumes flour pasta, date pastes, vegetable pastes, or veg ready-made dishes,
- activities focused on the sales channel profitability improvement.

Development of B2B and Institutions sales channel

- development of pasta categories, as well as meat/vegetable products and fruit products tailored to the expectations of the channel customers,
- establishing cooperation with other pasta and ready-made dishes manufacturers, as well as complementary products manufacturers in order to supplement the offer for the final recipient,
- products assortment individualisation and, thus, competitiveness improvement,
- use of the production potential of Stoczek Natura Sp. z o.o. as regards products packing as a subcontractor and utilisation of new forms of packaging,
- further development of semi-products manufacturing based on the production capacity of the plant in Stoczek Łukowski, which includes sweet fillings and salty stuffing.

Increase of domestic market share and distribution level

- intensification of marketing activities focusing on the development of the brands of Makarony Polskie, Novelle and SoFood, as well as rebranding and new definition of the brands of Stoczek Natura, Sorenti, Tenczynek; strengthening and development of the product portfolio in line with market trends, including the introduction of a line of vegan products (Novelle brand) and a line of rolled pasta in the form of tagliatelle and pappardelle,
- development and implementation of the mechanisms of cooperation with wholesale customers, local retail networks and shop chains, particularly as regards convenience and international medium and small scale chains – as a strategy of selective distribution in consideration of the specifics of the categories within the Group area of operation,

- concentration on fast and effective creation of brand assortment availability in the modern channel and implementation of effective distribution policy in the traditional channel,
- intensified trade marketing activities to support sale and resale of products and build standing relations with the customers.

Exports development:

- focusing on European markets, including in particular Ukraine, where the Group systematically develops its cooperation with networks,
- changing the Group's operating model in the Egyptian, Middle East and Africa markets to improve its efficiency - the Group offers products under the Sorenti brand for which the majority of exports are made,
- systematic growth in the number of customers on foreign markets, and specifically in the EU,
- intensified communication with the current and potential recipients by virtue of participation in sector fairs and organisation of B2B meetings on the target markets,
- attracting and performing projects focused on the supply of products identified with the recipient's own brand,
- product assortment extension by offering functional products on foreign markets, e.g. wholemeal pastas with high fibre content, spelt and buckwheat flour pastas, vegetable pastas, BIO products as well as new product categories.

In the opinion of the Management Board of Makarony Polskie SA, the current financial standing of the Company and the Group, their production potential and market position allow for the implementation of the above presented development directions. There are, however, many factors, specifically external ones, which may directly or indirectly impact the financial results generated in the subsequent periods.

Risk of market trends changes

The risk may result from the possible changes in consumer purchasing and nutritional habits, e.g. due to growing prices or generally published information, for example regarding the health advantage of a given category of products.

Market trends are monitored on a current basis. The Group companies adjust their offer in a fast and flexible manner, both as regards the very products and the technology of the products manufacturing. The current product offer of the Group has been modified in accordance with the market trends, e.g. systematically developed have been health-promoting products, "Fit" products, and ones with lower gluten content, flavoured pasta and pasta made of antique grains (e.g. spelt, buckwheat), or products based on vegetable flours. In H1 of the year, high-protein pasta and date pastes appeared in the Group's offer. In H2 2019, the product portfolio

shall be expanded in the category of ready-meals on trays offered for stable and refrigerated shelves.

Competition risk

All areas of activity of the Makarony Polskie Group fall within strong competition segments. There is a risk that increased activity of the competitors, reflected mainly in commercial conditions deterioration, will affect the profitability and revenues of the Group and, thus, achievement of the objectives assumed by the Group. The activities of the competitors are monitored on a current basis and carefully analysed. Therefore, the Group is capable of fast reacting to the possible threats.

The Group has been trying to minimise the risk through diversification of its activities, and development of innovative products (e.g. teams have been established to work on R&D projects).

Risk of dependence on the recipients

A major part of revenues is generated by the Group through cooperation with organised commercial networks, which are centralised as regards decision-making. The possible lack of continuity in cooperation with the recipients may affect sales values. Some commercial agreements do not include strictly determined values of planned purchases to be made by the recipient during the term of the agreement. There is a risk that the recipients will file orders which are different in quantity from those assumed by the Group in its monthly plans. This may result in an inability to satisfy the demand or in incomplete use of the production capacity, which will obviously translate into the Group results. In the opinion of the Group, the risk is not high, because the quantities of products supplied so far have not significantly fluctuated within a yearly timeframe, staying at the levels which were possible to foresee. Additionally, the Group companies have been systematically implementing solutions for recipients diversification and increase of the number of medium-sized customers.

Risk related to changes in raw materials prices

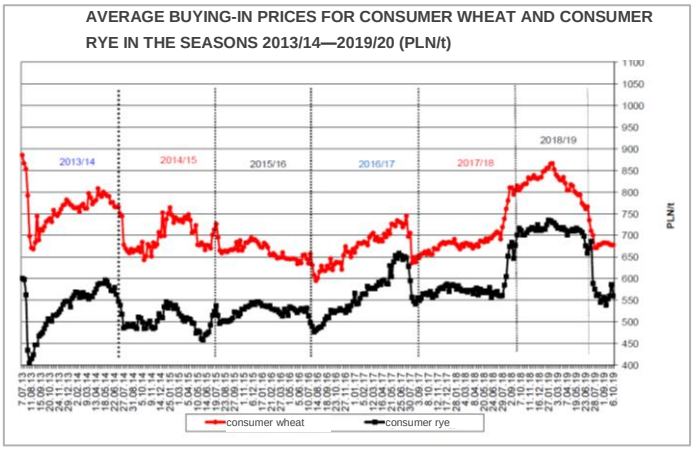
Makarony Polskie Group consistently strives to implement its strategy in the area of securing the raw material prices with long-term purchase contracts in annual and half-year periods, which helps to prevent material decreases in the profitability of the pasta produced. With regard to the current situation on the cereal market, the Company also regularly monitors forecasts concerning both the domestic market and prices of wheat on global markets.

In the first quarter of 2019, the prices of purchase of flour were stable, however, they remained at a high level, similar to that from the fourth quarter of 2018 (in the third and fourth quarter of 2018, the market experienced a sharp increase in wheat prices due to adverse weather conditions, which had an impact on the level and quality of harvest in 2018 - alternately drought and heavy rains in the improper period of cereal growth). A slight

downward trend occurred in March 2019, however, this trend stopped and in the second quarter of 2019 prices were stabilized at a relatively high level. Since July 2019, a material decline in wheat and flour prices has been observed, following information from European and non-European cereal markets with very good quantitative forecasts for this year's harvest Information about good harvest was confirmed and the prices were still falling in the subsequent months, and stopped at the level of approx. 650 PLN/1t. A slight increase in wheat prices occurred in the first weeks of the fourth quarter – following an increase in the cereal shipments by sea. However, the current wheat prices are stable.

Regardless of the above, Makarony Polskie SA is aware that wheat production is highly sensitive to unpredictable weather conditions, therefore prices are subject to increases due to possible speculations or natural disasters, which is why the forecasts concerning both the domestic market will be monitored on an ongoing basis, as well as prices of consumer wheat on global markets.

The chart below presents the prices of soft grains in Poland in the recent years:



Source: Weekly report on the market for cereals, oilseeds and feed materials - Cereal market week 41.2019, Sparks Polska

The egg pulp market, after material increases in the price of egg pulp (by 250-260%, to the level of PLN 10.0-11.2 k for one ton of weight) in the last months of 2017 a systematic drop in prices was observed. At the end of Q.4, 2018, the price of egg pulp amounted to PLN 3.8-4.2 k for one ton of egg pulp. In Q.1, 2019 there was a slight increase in prices, which resulted, among others, from the increased demand for eggs before Easter. The next period was a slight decrease, after which, following the information about bird flu in Belgium, the prices of eggs and egg pulp increased slightly. Current prices of the egg pulp on the market are at the level of PLN 4.3-5.3 k for one ton of egg pulp. In the coming months, the market of eggs and egg pulp should remain stable due to a significant increase in the subsequent egg-laying, which will result in the increase in the number of eggs available on the market.

A slight upward trend may occur in the second part of the fourth quarter 2019 and the first part of the first quarter of 2020 due to the increased demand resulting from Christmas time, while those fluctuations should not have a material impact on the profitability of products.

Taking into account the current market trends, Makarony Polskie SA Company decided not to enter into long-term contracts for the supply of raw materials and in H1 2019 made purchases on a monthly basis, on the spot.

Stoczek Natura Sp. z o.o. is a manufacturer of fruit and vegetable products (including jams and salads) as well as ready-made dishes. The prices of fruit and vegetables are highly dependent on weather conditions. The Company cooperates with the domestic suppliers of fruit and vegetables, it also has an extensive database of foreign suppliers of key raw materials, which gives the Company greater opportunities to obtain cheap, good quality raw materials. Purchase of fruit and vegetables is performed seasonally, in months in which their prices are the lowest. If necessary, purchased raw materials are stored in Company warehouses and cold stores. Stoczek Natura Sp. o.o. is exposed to the increase in raw material prices resulting from various types of weather anomalies. Aiming at minimising this risk, the Company maintains an extensive base of suppliers of key raw materials. In addition, Stoczek Natura Sp. z o.o., striving to optimise the operation of the plant, provides for the possibility of outsourcing the production of those categories of fruit and vegetable products, whose market share does not guarantee the Company the optimal use of existing production capacity and purchase of raw materials at attractive prices.

Risk of changing legal and tax environment

The Polish legal and tax system is characterised with frequent changes. Unfavourable factors for the operations of the Group companies may be both the changing legal regulations and differentiated interpretations thereof. In practice, the interpretation of legal regulations by the Polish tax authorities and courts as regards taxes is often non-cohesive. As refers to companies operating on the Polish market the risk of running business is higher than in the countries with stable and long-established legal and tax systems.

The security of the interest of the Group as regards legal changes is ensured by legal teams, which undertake proper steps in due time, with the aim of minimising the possible

consequences of such changes. Quality teams watch all legal regulations regarding products and packaging on a current basis and the changes required by law are implemented.

Risk related to foreign exchange rates fluctuation

The Makarony Polskie Group is an importer of semolina and exporter of finished products. The Company products sales prices are determined on case by case basis in consideration of the current foreign exchange rates, such as to ensure satisfactory sales profitability.

PLN weakening may have a negative impact on the profitability level of the Group activities as an importer. In order to minimise foreign exchange rate risk, the money received by the Group from export sales is used to purchase raw materials outside of Poland

The table presents the currency structure for given classes of financial instruments as at 30 September 2019:

Groups/categories of financial instruments	Balance-sheet value as at 30.09.2019 PLN `000	Currency exposure as at 30.09.2019 PLN `000	EUR PLN `000	USD PLN `000
Financial assets				
Cash and cash equivalents	296	28	23	5
Trade receivables	25,006	2,921	2,921	
Financial liabilities				
Trade liabilities	28,160	5,495	5,495	

The table presents the analysis of the sensitivity of the financial result to changes in exchange rates as at 30 September 2019:

Groups/categories of financial instruments	EUR		USD	
	5%	-5%	5%	-5%
	impact on the financial result PLN `000		impact on the financial result PLN `000	
Financial assets				
Cash and cash equivalents	1.2	-1.2	0.2	-0.2
Trade receivables (gross)	146.0	-146.0	-	-
Financial liabilities				
Trade liabilities	-274.7	274.,7	-	-

Risk related to remuneration pressure

Systematic increases in the minimum wage and the minimum hourly rate on civil law contracts cause that wage pressure increases among employees and potential job candidates. This

phenomenon is compounded by the fact that due to demographic changes and a decrease in the number of people of working age, the "employee market" is steadily growing in Poland and the unemployment rate is falling. Employers, including Group companies, more often have difficulty finding suitable candidates for vacant positions, both among specialists and managerial staff as well as among unskilled people.

Aiming at minimising staff rotation, especially among key employees and specialists, the Group is trying to systematically implement motivational remuneration systems (combined with, among others, production and sales efficiencies), which by closely associating the results of individual teams/people with the effectiveness of achieving the Group's goals entrusted to those teams/employees, allow to combine the level of wages satisfying employees with the profitability of the company's operations. In order to increase motivation and build employee loyalty towards the employer, the Group companies systematically diversify the package of non-financial benefits, such as sports cards, group insurance, holiday cards or private medical care or development programs that increase the possibilities of employees' self-fulfilment, in order to best suit it to the needs and expectations of employees.

Interest risk rate

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

The Group finances its operations with credits, which increases its sensitivity to the risk caused by interest rate changes in both long-term and short-term financial liabilities.

In Q.3, 2019, the Group used external financing in the form of bank credits: working capital credit, credits in the current account and investment credits.

As at 30 September 2019, the Group had a liability due to credits taken out, in the amount of PLN 28,583 k.:

Currency	Interest	Credits balance	Including credits	
			Short-term	Long-term
PLN	WIBOR + bank margin	28,583	22,611	5,972

The Company has liabilities due to credits for which interest is calculated on the basis of a variable interest rate, and therefore there is a risk of an increase in these rates in relation to the conclusion of the contract.

The structure of financial instruments exposed to the risk of changes in interest rates as at 30 September 2019 is presented in the table below:

Groups/categories of financial instruments	Balance-sheet value as at 30.09.2019 PLN `000	Value exposed to risk as at 30.09.2019 PLN `000	WIBOR PLN `000
Financial assets			
Cash in hand and at bank	296	-	-
Financial liabilities			
Bank credits	28,583	28,583	28,583
Other financial liabilities	2,301	2,301	2,301

The table below presents the analysis of the sensitivity of the financial result to changes in interest rates as at 30 September 2019:

Interest rate	Deviation assumptions (in percentage points) 30 September 2019		Value at risk as at 30.09.2019 PLN `000	Impact on financial result 30.09.2019 PLN `000	
WIBOR	1%	-1%	30,884	-308.8	308.8

Credit risk

Credit risk means the risk that the Group's contractors will default on their obligations. The Group applies the principle of making transactions with counterparties whose creditworthiness has been verified and of obtaining, if necessary, an appropriate security as a tool to mitigate the risk of financial loss arising from a breach of agreement. The Group uses financial information available to the public and its own transaction data, assessing the financial condition of its main customers.

The Group's exposure to the risk of counterparties' creditworthiness is constantly monitored; the credit risk control is enabled by limits verified and approved on an ongoing basis within the control structures of the Group. In addition, the Group has covered the selected counterparties by trade receivables insurance granted by one of the major insurers operating in this area on the Polish market.

The Group is not exposed to material credit risk to a single counterparty or a group of counterparties.

Selected financial data – the Makarony Polskie Group

The selected financial data in EUR are presented in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and interim information disclosed by the issuers of securities and conditions of considering equivalent the information required by the laws of a country other than a member state (Journal of Laws of 2018, item 757).

- the items of the statement of financial position were converted at the mid-market exchange rate announced by the National Bank of Poland and binding as at the balance-sheet dates (EUR 1 = PLN 4.3736 as at 30 September 2019, and EUR 1 = PLN 4.30 as at 31 December 2018),
- the items of the statement of comprehensive income and statement of cash flows were converted at the rate being the arithmetic mean of the mid-market exchange rates announced by the National Bank of Poland and binding as at the last day of each month of quarters 1, 2 and 3, 2019 (i.e. EUR 1 = PLN 4.3086) and as at the end of each month of quarters 1, 2 and 3, 2018 (i.e. EUR 1 = PLN 4.2535).

Selected financial data	30 September 2019	30 September 2018	30 September 2019 (EUR `000)	30 September 2018 (EUR `000)
Net sales of products, services, merchandise and materials	120,550	112,149	27,979	26,366
Profit (loss) on continued operations	7,330	6,533	1,701	1,536
Gross profit (loss)	6,224	5,823	1,445	1,369
Net profit (loss) on continued operations	4,975	4,615	1,155	1,085
EBIT	7,330	6,533	1,701	1,536
EBITDA (EBIT + depreciation)	12,175	10,867	2,826	2,555
Net cash flows on operating activities	12,139	5,876	2,817	1,381
Net cash flows on investing activities	- 19,154	- 4,788	- 4,446	- 1,126
Net cash flows on financing activities	6,952	- 1,960	1,614	- 461
Total net cash flows	- 63	- 872	- 15	- 205
Total assets ***	164,311	145,460	37,569	33,828
Liabilities and provisions for liabilities ***	83,151	66,962	19,012	15,572
Long-term liabilities ***	27,951	21,686	6,391	5,043
Short-term liabilities ***	55,200	45,276	12,621	10,529
Equity ***	81,160	78,498	18,557	18,255

Selected financial data – the Makarony Polskie Group

Share capital ***	27,750	27,750	6,345	6,453
Number of shares	9,250,071	9,250,071	9,250,071	9,250,071
Average weighted number of shares in the given reporting year	9,250,071	9,250,071	9,250,071	9,250,071
Profit/loss per ordinary share (PLN/EUR) *	0.54	0.50	0.13	0.12
Book value per share (PLN/EUR) **	8,77	8.49	2.01	1.97

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

** Book value per ordinary share = equity/number of shares at the balance-sheet date

*** Comparative data from the statement of financial position as at 31 December 2018

Consolidated statement of comprehensive income

FOR THE PERIOD	Q.3, 2019	01.01.2019-30.09.2019	Q.3, 2018	01.01.2018-30.09.2018
Net sales	40,454	120,550	36,137	112,149
Net sales of products and services	39,363	116,137	35,735	108,889
Net sales of merchandise and materials	1,091	4,413	402	3,260
Prime cost	31,343	92,966	27,135	86,115
Cost of manufacturing of products and services sold	30,496	89,214	26,653	83,179
Value of merchandise and materials sold	847	3,752	482	2,936
Gross profit (loss) on sales	9,111	27,584	9,002	26,034
Costs of sales	5,296	15,463	5,123	14,318
General management costs	1,666	5,156	1,575	5,018
Other revenues	358	848	128	675
Other costs	244	483	435	840
Profit (loss) on continued operations	2,263	7,330	1,997	6,533
Financial revenues	10	26	0	21
Financial costs	438	1,132	199	731
Gross profit	1,835	6,224	1,798	5,823
Income tax – current part	357	1,067	339	923
Income tax – deferred part	- 2	182	26	285
Profit (loss) on continued operations	1,480	4,975	1,433	4,615
Applicable to:				
Shareholders of the Parent Company	1,480	4,975	1,433	4,615
Non-controlling interest				
Basic net earnings per share in PLN	0.16	0.54	0.15	0.50
Diluted net earnings per share in PLN	0.16	0.54	0.15	0.50
Other comprehensive income/loss, net				
Total net comprehensive income	1,480	4,975	1,433	4,615
Net comprehensive income assigned to:				
Shareholders of the Parent Company	1,480	4,975	1,433	4,615
Non-controlling interest				

Statement of other comprehensive income, net – hedge accounting

FOR THE PERIOD	Q.3,2019	01.01.2019-30.09.2019	Q.3, 2018	01.01.2018 – 30.09.2018
Net comprehensive income	1,480	4,975	1,433	4,615
Profit/loss on account of hedge accounting application	0	0	0	0
Total net comprehensive income	1,480	4,975	1,433	4,615

Consolidated statement of financial position

ASSETS	30 September 2019	31 December 2018	30 September 2018
FIXED ASSETS	**119,000**	**101,160**	**90,675**
Tangible fixed assets	97,961	84,471	73,913
Fixed assets-IFRS-16	4,320	0	0
Investment properties	603	603	642
Goodwill	5,949	5,949	5,949
Other intangible fixed assets	10,013	9,945	9,954
Long-term financial assets	0	0	0
Deferred income tax assets	2	1	2
Other long-term assets	152	191	215
CURRENT ASSETS	**45,311**	**44,300**	**46,766**
Inventories	19,735	18,157	19,492
Short-term receivables	25,006	25,427	26,376
Income tax receivables	0	0	0
Loans granted	0	0	0
Cash and cash equivalents	296	359	581
Other short-term assets	274	357	317
FIXED ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	**164,311**	**145,460**	**137,441**

EQUITY/LIABILITES	30 September 2019	31 December 2018	30 September 2018
EQUITY CAPITAL	**81,160**	**78,498**	**77,308**
Share capital	27,750	27,750	27,750
Supplementary capital	37,155	46,095	46,095
Reserve capital	12,000	0	0
Retained profit/loss (profit/loss from previous years)	- 720	- 1,152	- 1,152
Net profit/loss	4,975	5,805	4,615

Consolidated statement of financial position

LONG-TERM LIABILITIES	**27,951**	**21,686**	**21,146**
Deferred income tax provision	3,751	3,569	3,729
Long-term bank credits and loans	5,972	10,541	9,517
Provision for retirement benefits and equivalents (long-term)	321	285	242
Deferred income (long-term)	13,052	6,062	6,198
Long-term financial liabilities - leasing	1,357	1,229	1,460
Long-term financial liabilities – IFRS-16	3,498	0	0
SHORT-TERM LIABILITIES	**55,200**	**45,276**	**38,987**
Short-term bank credits and loans	22,611	14,170	12,434
Short-term financial liabilities - leasing	944	944	750
Short-term financial liabilities – IFRS-16	875	0	0
Other short-term liabilities	28,160	27,991	23,951
Income tax liabilities	122	220	148
Deferred income (short-term)	925	909	545
Provision for retirement benefits and equivalent (short-term)	1,048	1,042	934
Other short-term provisions	515	0	225
TOTAL LIABILITIES	**83,151**	**66,962**	**60,133**
TOTAL EQUITY/LIABILITIES	**164,311**	**145,460**	**137,441**

Consolidated statement of cash flows

FOR THE PERIOD	01.01.2019-30.09.2019	01.01.2018-30.09.2018
Net cash flows on operating activities		
Profit before tax	**6,224**	**5,823**
Adjustments for items:	5,915	53
Depreciation	4,845	4,334
Foreign exchange gains/losses	0	1
Interest cost and income	867	489
Dividend income	0	0
Profit/loss on investing operations	- 35	295
Change in the balance of provisions	557	256
Change in the balance of inventories	- 1,578	- 3,868
Change in the balance of receivables	1,438	2,137
Change in the balance of liabilities and accruals	988	- 2,787
Corporate income tax paid/reimbursed	- 1,166	- 811
Other adjustments	- 1	7
Net cash flows on operating activities	**12,139**	**5,876**
Cash flows on investing activities		
Revenues from sale of tangible and intangible fixed assets	490	330
Revenues from sale of financial assets	0	0
Expenses on purchase of tangible and intangible fixed assets	- 19,644	- 5,118
Expenses on acquisition of subsidiaries and associated companies	0	0
Interest revenues	0	0
Revenues on loans granted	0	0
Loans granted	0	0
Other	0	0
Net cash flows on investing activities	**- 19,154**	**- 4,788**
Cash flows on financing activities		
Revenues from credits and loans	13,542	4,747

Consolidated statement of cash flows

Repayment of credits and loans	- 9,671	- 3,289
Payment of liabilities under financial lease agreements	- 1,411	- 651
Interest paid	- 867	- 489
Dividend paid out to shareholders	- 2,313	- 2,313
Expenses on purchase of financial assets	0	0
Other financial revenues- subsidy	7,672	35
Net cash flows on financing activities	**6,952**	**- 1,960**
Increase/decrease in the balance of cash and cash equivalents	**- 63**	**- 872**
Cash, cash equivalents and credit in the current account at the beginning of the period	359	1,454
Foreign exchange gains/losses on valuation of cash, cash equivalents and credit in the current account	0	- 1
Cash, cash equivalents and credit in the current account at the end of the period	**296**	**581**

Statement of changes in consolidated equity

For the period form 1 January 2019 to 30 September 2019

	Share capital	Supplementary capital	Reserve capital	Result from the current year	Profit/loss from previous years	Total
As at 1 January 2019	27,750	46,095	0		4,653	78,498
Profit distribution/loss coverage		3,060			- 3,060	
Profit distribution –dividend payout					-2,313	- 2,313
Creation of reserve capital – own shares		- 12,000	12,000			
Other comprehensive income						
Net result after Q.3, 2019				4,975		4,975
As at 30 September 2019	27,750	37,155	12,000	4,975	- 720	81,160

For the period from 1 January 2019 to 31 December 2018

	Share capital	Supplementary capital	Reserve capital	Result for the current year	Profit/loss from previous years	Total
As at 1 January 2018	27,750	42,184	0		5,065	74,999
Profit distribution/loss verage		3,911	0		- 3,911	0
Profit distribution –dividend yout					-2,313	- 2,313
Reversal of an unrealised margin from previous years					7	7
Other comprehensive income						
Net result in 2018				5,805		5,805
As at 31 December 2019	27,750	46,095	0	5,805	- 1,152	78,498

For the period from 1 January 2018 to 30 September 2018

	Share capital	Supplementary capital	Reserve capital	Result for the current year	Profit/loss from previous years	Total
As at 1 January 2019	27,750	42,184	0		5,065	74,999
Profit distribution/loss coverage		3,911	0		- 3,911	0
Profit distribution –dividend payout					-2,313	- 2,313
Creation of reserve capital – own shares					7	7
Other comprehensive income						
Net result after Q.3, 2018				4,615		4,615
As at 30 September 2018	27,750	46,095	0	4,615	- 1,152	77,308

Additional explanatory notes

Net sales of products, services, merchandise and materials broken down into segments of activities

For management purposes the Group has been divided into business units based on the offered product and services.

	For the period from 01.07 to 30.09.2019	For the period from 01.01 to 30.09.2019	For the period from 01.07 to 30.09.2018	For the period from 01.01 to 30.09.2018
Sales of products	37,299	110,541	34,038	103,257
Sales of services	2,064	5,596	1,697	5,632
Sales of materials	599	2,731	159	1,872
Sales of merchandise	492	1,682	243	1,388
Total	**40,454**	**120,550**	**36,137**	**112,149**

Operating segments

The Makarony Polskie Group is divided into the operating segments identified in the table below.

	For the period from 01.07 to 30.09.2019	For the period from 01.01 to 30.09.2019	For the period from 01.07 to 30.09.2018	For the period from 01.01 to 30.09.2018
Pasta	28,683	85,739	25,775	74,057
Meat and vegetable products	7,279	20,313	6,551	24,164
Vegetable products and stuffing	379	1,518	464	1,947
Fruit products	2,036	6,233	1,656	5,608
Other	2,077	6,747	1,691	6,373
Razem	**40,454**	**120,550**	**36,137**	**112,149**

Basic information regarding operating segments:

Quarters 1-3, 2019	Pasta	Meat and vegetable products	Vegetable products and stuffing	Fruit products	Other	Total segments
Total revenues of the segments	**85,739**	**20,313**	**1,518**	**6,233**	**6,747**	**120,550**
Sales to third party customers	85,739	20,313	1,518	6,233	6,747	120,550
Sales between the segments						

Costs of the segments	66,037	17,950	1,171	5,079	2,729	92,966
Profits/losses of the segments	**19,702**	**2,363**	**347**	**1,154**	**4,018**	**27,584**

Quarters 1-3, 2019	Pasta	Meat and vegetable products	Vegetable products and stuffing	Fruit products	Other	Total segments
Total revenues of the segments	**74,057**	**24,164**	**1,947**	**5,608**	**6,373**	**112,149**
Sales to third party customers	74,057	24,164	1,947	5,608	6,373	112,149
Sales between the segments						
Costs of the segments	56,654	20,155	1,429	4,777	3,100	86,115
Profits/losses of the segments	**17,403**	**4,009**	**518**	**831**	**3,273**	**26,034**

The Group applied IFRS 8 "Operating Segments". In accordance with the IFRS 8 requirements, operating segments must be identified based on the internal reports regarding those elements, which are regularly verified by the persons deciding about the allocation of resources to the respective segments and assessing the segment financial results. In terms of assets and liabilities, the main bodies responsible for making operational decisions do not analyse data cross-sectioned into operating segments.

Sales revenues of the Makarony Polskie Group in the period from January to September 2019 amounted to PLN 120.1 million and were by approx. PLN 8.4 million higher than in the same period of 2018.

Sales of the pasta category increased in the analysed period by approx. PLN 11.7 million to the amount of PLN 85.7 million. The increase of approx. 16% was the result of good acceptance by customers of product novelties in the largest retail chains and high dynamics of sales growth in export.

Another segment in which a positive dynamics of changes was noted is the segment of processed fruit. Sales of fruit products in the analysed period amounted to nearly PLN 6.2 million and was higher by PLN 0.6 million, i.e. approx. 11% compared to 2018, which was due to the acquisition of new contracts for the production of jams under network brands and the development of dried fruit sales.

Sales of meat and vegetable products decreased in the analysed period by approx. PLN 3.9 million to the amount of PLN 20.3 million. A decrease of approx. 16.0% (January-September 2019 vs January-September 2018) was the result of the lack of implementation of the contract for the delivery of read-made dishes for the National Agricultural Support Centre (in the first half of 2018 a one-off contract was implemented). In this category, the Group recorded an increase in sales under private labels and in commercial networks (+ PLN 3.5 million y/y), but this did not allow to fully compensate for the lack of performance of the contract for KOWR.

The segment of vegetable preserves and stuffing increased in the analysed period by approx. PLN 0.4 million to the amount of approx. PLN 1.5 million. The decrease resulted from the limitation of orders in the field of stuffing by one of the recipients.

Sales of products, services, merchandise and material – geographic structure

	For the period from 01.07 to 30.09.2019	For the period from 01.01 do 30.09.2019	For the period from 01.07 to 30.09.2018	For the period from 01.01 to 30.09.2018
Poland	37,405	110,936	33,160	105,530
Exports, including:	3,049	9,614	2,977	6,619
- EU member states	638	1,671	458	1,385
- other countries	2,411	7,943	2,519	5,234
Total	**40,454**	**120,550**	**36,137**	**112,149**

The sales markets of the Makarony Polskie Group may be divided into domestic market (including private label, traditional trade, modern trade, and B2B and institutions) and exports market (including sales to domestic intermediaries). In Q.3, 2019 sales amounted to PLN 110.9 million on the domestic market and PLN 9.6 million in exports. In the same period of 2018, the values were PLN 105.5 million and PLN 6.6 million.

Data on the financial results and shares, used in calculating the basic and diluted earnings per share

	For the period from 01.01 to 30.09.2019	For the period from 01.01 to 30.09.2018
Net profit/loss per share	0.54	0.50
Book value per share in PLN (as at 30.09.2019 and 31.12.2018)	8.77	8.49

	For the period from 01.01 to 30.09.2019	For the period from 01.01 to 30.09.2018
Net profit/loss on continued operations assigned to the Parent Company shareholders	4,975	4,615
Profit/loss on discontinued operations assigned to the Parent Company shareholders	0	0
Net profit/loss assigned to the Parent Company shareholders	4,975	4,615
Net profit/loss assigned to regular shareholders, applied in calculation of diluted profit/loss per share	0	0

	For the period from 01.01 to 30.09.2019	For the period from 01.01 to 30.09.2018
Weighted average number of ordinary shares issued, applied in calculation of basic profit/loss per share	9,250,071	9,250,071
Dilution impact	N/A	N/A
Weighted average number of ordinary shares issued, applied in calculation of basic profit/loss per share	N/A	N/A

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

Diluted profit per share is calculated by dividing net profit for the period assigned to regular shareholders of the Parent Company (upon deduction of interest on redeemable privileged shares convertible to ordinary shares) by the weighted average of ordinary shares issued and outstanding during the period (adjusted for the impact of diluting options and diluting redeemable shares convertible to ordinary shares).

In Q.3, 2019 there were no factors at the Parent Company that would dilute share capital.

Book value per share is the quotient of equity and the number of shares as at the respective balance-sheet date.

Share capital

Share capital of Makarony Polskie SA as at 30 September 2019 amounted to PLN 27,750,213 and was divided as follows:

	Type of share	Type of privilege	Number of shares	Nominal value of one share in PLN	Series nominal value in PLN '000	Capital coverage method	Date registered	Right to dividend (from)
A series	bearer shares	ordinary shares	3,013,250	3	9,040	cash contributions	05.07.2004	01.01.2004
B series	bearer shares	ordinary shares	1,169750	3	3,509	in-kind contributions	29.10.2004	01.01.2004
C series	bearer shares	ordinary shares	3,000,000	3	9,000	cash contributions	18.04.2007	01.01.2007
D series	bearer shares	ordinary shares	1,735,821	3	5,207	cash contributions	22.06.2007	01.01.2007
E series	bearer shares	ordinary shares	331,250	3	994	cash contributions	11.02.2008	01.01.2008
Total			**9,250,071**		**27,750**			

Information on comparative changes to the consolidated and separate financial statements for previous years regarding the estimation of the holiday provision, the creation of the provision for the deferred tax on the revaluation of land value before 31 December 2017 and the depreciation of the right of perpetual usufruct of land before 31 December 2017.

Adjustment I

The document concerns the error in estimating the holiday provision and the provision for deferred tax due to the revaluation of land value - described in the financial statements for 2018 and condensed consolidated financial statements for the first half of 2019.

Adjustment II

The document relates to an error made in earlier periods when calculating depreciation write downs of the land perpetual usufruct right

In 2019 Makarony Polskie SA, corrected the financial statements for previous years, due to an error made in earlier periods in the absence of calculating depreciation write-downs on the right of perpetual usufruct of land, the value of the land, realized before 31 December 2018, the amount of PLN 332,000 (including PLN 307,000 applies to the period to 31 December 2017) - the annual depreciation rate of 1.21%

The following transformations have been made for the consolidated statements for 2018:

Consolidated statements of comprehensive income as at 31 December 2018

FOR THE PERIOD	01.01.2018-31.12.2018-after adjustment	Adjustment II	01.01.2018-31.12.2018-before adjustment
Costs of manufacturing of products and services sold	114,170	13	114,157
Costs of sales	19,715	10	19,705
Costs of general management	6,920	2	6,918
Profit (loss) on continued operations	8,320	(25)	8,345
Gross profit	7,307	(25)	7,332
Net profit (loss) on continued operations	5,805	(25)	5,830
including attributable to the shareholders of the Parent Company	*5,805*	*(25)*	*5,830*
Not-controlling shares	0	0	0
Basic net result per share in PLN	0.63	0	0.63
Diluted net result per share in PLN	0.63	0	0.63
Other comprehensive income/losses, net	0	0	0
Total net comprehensive income	5,805	(25)	5,830
Net comprehensive income attributed to the shareholders of the Parent Company	*5,805*	*(25)*	*5,830*

Consolidated statement of financial position as at 31 December 2018

ASSETS/EQUITY AND LIABILITIES	01.01.2018-31.12.2018-after adjustment	Adjustment II	Adjustment I	01.01.2018-31.12.2018 before adjustment
FIXED ASSETS	101,160	(332)		101,492
Tangible fixed assets	84,471	(332)		84,803

TOTAL ASSETS	145,460	(332)		145,792
EQUITY	78,498	(332)		78,830
Retained profit/loss	(1,152)	(307)		(845)
Net profit/loss	5,805	(25)		5,830
TOTAL EQUITY AND LIABILITIES	145,460	(332)	0	145,792

Consolidated statement of cash flows for 2018

FOR THE PERIOD	01.01.2018-31.12.2018-after adjustment	Adjustment II	01.01.2018-31.12.2018-before adjustment
Cash flows on operating activities			
Profit before tax	7,307	(25)	7,332
Adjustments for items:	6,730	25	6,705
Depreciation	5,764	25	5,739

Consolidated statement of changes in equity as at 31 December 2018

Equity – after adjustment

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42,184	0	5,065	74,999
Profit distribution/loss coverage	0	3,911	0	- 3,911	0
Other comprehensive income	0	0	0	0	0
Reversal of unrealised margin				7	7
Dividend payout	0	0	0	- 2,313	- 2,313
Net result in 2018	0	0	5,805	0	5,805
Balance as at 31 December 2018	27,750	46,095	5,805	- 1,152	78,498

Equity – before adjustment

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42,184	0	5,371	75,305
Profit distribution/loss coverage	0	3,911	0	- 3,911	0
Other comprehensive income	0	0	0	0	0
Reversal of unrealised margin				7	7
Dividend payout	0	0	0	- 2,313	- 2,313
Net result in 2018	0	0	5,830	0	5,830
Balance as at 31 December 2018	27,750	46,095	5,830	- 846	78,829

The following transformations have been made for the consolidated statements as at 30 September 2018

Consolidated statement of comprehensive income as at 30 September 2018

FOR THE PERIOD	01.01.2018-30.09.2018- after adjustment	Adjustment II	Adjustment I	01.01.2018 - 30.09.2018 - before adjustment
Costs of manufacturing of products and services sold	83,179	10		83,169
Costs of sales	14,318	8		14,310
Costs of general management	5,018	2		5,016
Profit (loss) on continued operations	6,533	(20)		6,553
Gross profit	5,823	(20)		5,843
Net profit (loss) on continued operations	4,615	(20)		4,635
including attributable to the shareholders of the Parent Company	4,615	(20)		4,635
Non-controlling shares	0	0		0
Basic net result per share in PLN	0.50	0		0.50
Diluted net result per share in PLN	0.50	0		0.50
Other comprehensive income/losses net	0	0		0
Total net comprehensive income	4,615	(20)		4,635
Net comprehensive income attributed to the shareholders of the Parent Company	4,615	(20)		4,635

Consolidated statement of financial position as at 30 September 2018

ASSETS/EQUITY AND LIABILITIES	01.01.2018-30.09.2018- after adjustment	Adjustment II	Adjustment I	01.01.2018-30.09.2018 before adjustment
FIXED ASSETS	90,675	(325)		91,000
Tangible fixed assets	73,913	(325)		74,238
TOTAL ASSETS	137,441	(325)		137,766
EQUITY	77,308	(325)	(714)	78,348
Retained profit/loss	(1,152)	(307)	(714)	(131)
Net profit/loss	4,615	(20)		4,635
LONG-TERM LIABILITIES	21,146		(92)	21,238
Provision for deferred income tax	3,729		(92)	3,821
SHORT-TERM LIABILITIES	38,987		806	38,181

Provision for retirement benefits and similar (short-term) liabilities	934		806	128
TOTAL LIABILITIES	60,133		714	59,419
TOTAL EQUITY AND LIABILITIES	137,441	(325)	0	137,766

Consolidated statement of changes in cash flows as at 30 September 2018

FOR THE PERIOD	01.01.2018-30.09.2018-after adjustment	Adjustment II	01.01.2018-30.09.2018-before adjustment
Cash flows on operating activities			
Profit before tax	5,823	(20)	5,843
Adjustments for items:	53	20	33
Depreciation	4,334	20	4,314

Consolidated statement of changes in equity as at 30 September 2018

Equity – after adjustments

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42,184	0	5,065	74,999
Profit distribution/loss coverage	0	3,911	0	- 3,911	0
Other comprehensive income	0	0	0	0	0
Reversal of unrealised margin				7	7
Dividend payout	0	0	0	- 2,313	- 2,313
Net result after Q.3, 2018	0	0	4,615	0	4,615
Balance as at 30 September 2018	27,750	46,095	4,615	- 1,152	77,308

Equity – before adjustment II

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42,184	0	5,372	75,306
Profit distribution/loss coverage	0	3,911	0	- 3,911	0
Other comprehensive income	0	0	0	0	0
Reversal of unrealised margin				7	7

Dividend payout	0	0	0	- 2,313	- 2,313
Net result after Q.3, 2018	0	0	4,635	0	4,635
Balance as at 30 September 2018	27,750	46,095	4,635	- 845	77,635

Equity – after adjustment II

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42,184	0	5,372	75,306
Profit distribution/loss coverage	0	3,911	0	- 3,911	0
Other comprehensive income	0	0	0	0	0
Reversal of unrealised margin				7	7
Dividend payout	0	0	0	- 2,313	- 2,313
Net result after Q.3, 2018	0	0	4,635	0	4,635
Balance as at 30 September 2018	27,750	46,095	4,635	- 845	77,635

Equity – before adjustment I

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42,184	0	6,086	76,020
Profit distribution/loss coverage	0	3,911	0	- 3,911	0
Other comprehensive income	0	0	0	0	0
Reversal of unrealised margin				7	7
Dividend payout	0	0	0	- 2,313	- 2,313
Net result after Q.3, 2018	0	0	4,635	0	4,635
Balance as at 30 September 2018	27,750	46,095	4,635	- 131	78,349

The Company has made the analogous transformations in the separate financial statement as at 30.09.2018 and 31.12.2018 – a detailed description in the separate statements for the first half of 2019.

Information about changes in estimations regarding consolidated financial statements

CHANGES ON ACCOUNT OF PROVISIONS

Change of balance as at 30.09.2019	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
On account of pension benefits and similar, including:	1,327	55	13	1,369
a) long-term	285	36	0	321
b) short-term	1,042	19	13	1,048
Other provisions, including:	0	515	0	515
b) other		515	0	515
Total	1,327	570	13	1,884

Change of balance as at 30.09.2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
On account of pension benefits and similar, including:	1,145	53	22	1,176
a) long-term	190	52	0	242
b) short-term	955	1	22	934
Other provisions, including:	0	225	0	225
b) other	0	225	0	225
Total	1,145	278	22	1,401

The Group companies pay the retiring employees amounts of severance payments in the amount specified by the Labour Code and internal regulations. In relation to this, the Company based on the assessment performed by actuary, creates a reserve for current amount of liabilities on account of severance payments.

Calculation of the provision has been made for people currently employed and does not apply to persons who will be accepted for future work. The right to retirement bonuses is available to every employee who has reached the retirement age. For persons who are already pensioners (who have received a severance payment), the provision is not created.

ASSETS AND PROVISIONS ON ACCOUNT OF DEFERRED INCOME TAX

Changes in balance as at 30.09.2019	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
Asset on account of deferred income tax	393	239	135	497
Provision on account of deferred income tax	3,961	347	62	4,246
Asset/Provision after compensation				3,749

Changes in balance as at 30.09.2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
Asset on account of deferred income tax	508	143	231	420
Provision on account of deferred income tax	3,950	272	75	4,147
Asset/Provision after compensation				3,727

In terms of income tax, the Group is subject to general regulations in this area. The Group is not a tax Group, as well as does not operate in a special economic zone, which would differentiate the rules for determining tax charges in relation to general provisions in this respect. The tax year and the balance sheet year coincide with the calendar year. As at 1 January 2018, Makarony Polskie SA. chose a simplified form of paying monthly advances on corporate income tax. As at 30 September 2019, a deferred tax provision was created in the amount of PLN 298,000 as the difference between paid advances shown in the statement of comprehensive income and the actual tax resulting from the calculated tax base.

WRITE-DOWNS OF ASSETS

Changes in balance as at 30.09.2019	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
Write-downs of receivables	171	0	0	171
Write-downs of inventories	44	0	0	44
Write-downs of tangible fixed assets	1,579	0	71	1,508

Changes in balance as at 30.09.2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
Write-downs of receivables	76	95		171
Write-downs of inventories	0	18	0	18
Write-downs of tangible fixed assets	1,674		71	1,603

The Group monitors its assets on an on-going basis; in the event of impairment, the Group makes a revaluation write-down of assets.

Dividends paid and proposed for payment

The Management Board of the Parent Company recommended to the Ordinary General Meeting of Shareholders to divide the net profit for the financial year 2018 in the amount of PLN 5,069,631.54 as follows:

- PLN 2 312 517.75 is proposed to be used to pay dividends, which means a dividend per share of PLN 0.25 gross.
- the remaining part of the profit in the amount of PLN 2,757,113.79 should be allocated to the supplementary capital of Makarony Polskie SA.

On 18 June 2019, the Ordinary General Assembly of Makarony Polskie SA adopted the Resolution No. 15 on payment of a dividend in the amount of PLN 2,312,517.75, that is PLN 0.25 gross per share.

The dividend day was set for 14 August 2019. The dividend was paid on 29 August 2019. There were 9,250,071 shares of the Company entitled to the dividend.

Settlements between affiliated entities

In Q.3, 2019, the Makarony Polskie Group companies did not conclude material transactions with each other under the terms other than market terms.

Within Makarony Polskie Group, individual companies conclude with each other transactions of purchase and sale of products, goods and services. There are agreements between the companies specifying the terms of cooperation, adapted to the Group's organisational structure. All transactions are performed under the market terms and conditions.

Affiliated entity	Sales to affiliated entities for the period of			
	Q.3, 2019	Q. 1-3, 2019	Q.3, 2018	Q. 1-3, 2018
Parent Company- Makarony Polskie S.A.	97	269	91	481
to Stoczek Sp. z o.o.	83	229	78	444
to MP Trade Sp. z o. o.	14	40	13	37

Affiliated entity	Purchases from affiliated entities			
	Q.3, 2019	Q. 1-3, 2019	Q.3, 2018	Q. 1-3, 2018
Parent Company- Makarony Polskie S.A.	6,952	18,809	6,479	17,800
from Stoczek Sp. z o.o.	6,649	17,824	6,096	16,541
from MP Trade Sp. z o.o.	303	985	383	1,259

Affiliated entity	Receivables from affiliated entities		Liabilities towards affiliated entities	
	as at 30.09.2019	as at 30.09.2018	as at 30.09.2019	as at 30.09.2018
Total subsidiary	109	93	519	2,108
- from/to Stoczek Sp. o.o.	102	87	126	1,698
from/to MP Trade Sp. z.o.o.	7	6	393	410

SETTLEMENTS BETWEEN SUBSIDIARIES

Subsidiaries	Sales and purchases between subsidiaries for the period of			
	Q.3, 2019	Q. 1-3, 2019	Q.3, 2018	Q. 1-3, 2018
Total subsidiary	1	3	1	53
- from Stoczek Sp. o.o. to MP Trade Sp. z o.o.	1	3	1	6
- from MP Trade Sp. z. o. o. to Stoczek Sp. z o.o.	0	0	0	47

Subsidiaries	Receivables between subsidiaries		Liabilities between subsidiaries	
	as at 30.09.2019	as at 30.09.2018	as at 30.09.2019	as at 30.09.2018
Total subsidiary	0	0	0	0
- from/to Stoczek Sp. z. o.o.	0	0	0	0
- from/to MP Trade Sp. z.o.o.	0	0	0	0

Information on issuance, redemption and repayment of debt securities

In Q.3, 2019 the Makarony Polskie Group companies did not issue, redeem or repay the debt securities.

Information on carried out and planned share issues

In Q.3, 2019 and until the date of publication of these statements, the Company did not issue any shares.

Agreements and events material for the Group's operations

Credit agreements with Bank Gospodarstwa Krajowego

In July 2019, the subsidiary Stoczek Natura Sp. z o.o. concluded credit agreements with Bank Gospodarstwa Krajowego meeting the criteria of a material agreement with a total value of PLN 7.3 million.

The highest-value agreement was an investment credit agreement with a value of PLN 4.8 million with a final repayment date of 8 May 2025. The credit is intended to finance investments related to the project of implementation of innovative solutions through the modernisation of the line for the production of ready-made dishes in jars and cans and introducing new, innovative products on trays to the company's offer. As part of the project Stoczek Natura Sp. z o.o. plans to purchase fixed assets and conduct modernisation of production halls.

The provisions of the credit agreement do not differ from the terms and conditions commonly used by the Bank for this type of agreements. The credit will be repaid in 54 monthly instalments starting from 8 November 2020, in the following amounts: 53 instalments in the amount of PLN 0.09 million each and the last 54th settlement instalment to zero balance, in the amount of PLN 0.04 million. The credit interest rate was determined based on 3M WIBOR and does not differ from the standards applied in this respect by the Bank.

The investment credit is secured by:

- blank promissory note with a promissory note declaration
- contractual mortgage up to the amount of PLN 12.1 million (the amount results from the investment credit and from previously concluded: Working capital credit agreements in a revolving credit line and guarantee agreements) established on the real estate located in Stoczek Łukowski at ul. Dwernickiego 5, for which Land and Mortgage Register No. KW LU1U/00022979/2 is kept,
- transfer of receivables under the insurance contract for the above-mentioned real estate,
- registered pledge on machines and devices purchased from credit funds,
- transfer of receivables under the pledged item insurance contract,
- surety under the civil law of Makarony Polskie SA,
- authorisation to the account kept in BGK bank,
- borrower's declaration of submission to enforcement by means of a notarial deed pursuant to Article 777 § 1 point 5 of the Code of Civil Procedure

Guarantees of Makarony Polskie SA for Stoczek Natura Sp. z o.o.

In July 2019, Makarony Polskie SA provided guarantees for the repayment of credit obligations taken by the subsidiary Stoczek Natura Sp. z o.o. at Bank Gospodarstwa Krajowego.

Those guarantees secure the claims of Bank Gospodarstwa Krajowego against Stoczek Natura Sp. z o.o. resulting from:

- investment credit agreements with a value of PLN 4.8122 million. The credit is intended for the modernisation of the production plant in Stoczek Łukowski. The guarantee period is 76 months and expires in November 2025.
- revolving working capital credit agreement with a limit of up to PLN 2.5 million. The credit is intended for bridge financing for EU refinancing. The guarantee period is 21 months and expires in April 2021.

Each of the guarantees shall be valid up to the amount of the credit, including interest, commissions and any additional costs.

Annex to the credit agreement with Santander Bank Polska SA

In November 2019, Makarony Polskie SA concluded with Santander Bank Polska SA an annex to the EU investment credit intended for financing the investment project "Creation of a Research and Development Centre for the Pasta Industry at Makarony Polskie SA" covered by co-financing within Activity 2.1. of the Smart Development Operational Programme 2014-2020.

The subject-matter of the concluded annex is, among others, extension of the credit limit disbursement period and change of the repayment schedule. The credit will be repaid in 22 monthly instalments starting from 30 April 2020, in the following amounts: 22 instalments in the amount of PLN 0.14 million each and the last 23rd settlement instalment in the amount of PLN 8.9 million. The previous schedule assumed repayment of the credit in 26 monthly instalments payable from 31 January 2020, in the following amounts: 25 instalments of PLN 0.14 million each and the last settlement instalment in the amount of PLN 8.51 million.

If the credit is repaid from the co-financing received, the repayment schedule will change by changing the balloon instalment. The instalments of the credit repayment will be changed in such a relation towards the instalments specified in the original schedule as the amount of credit used towards the amount of the credit granted.

The other major terms and conditions of the credit agreement have not been changed.

Information about credit and factoring agreements signed and terminated

LONG-TERM AND SHORT-TERM CREDITS AND LOANS

	30.09.2019	31.12.2018
- long-term	5,972	10,541
- short-term	22,611	14,170
Total	**28,583**	**24,711**

In Q.3, 2019 parties to credit and factoring agreements were Makarony Polskie SA and Stoczek Natura Sp. z o.o.

The balance of credit and factoring agreements binding as at 30 September 2019, in which Makarony Polskie SA was the party, is presented in the tables below:

– Credit in the current account at Santander Bank Polska SA

Credit terms and conditions	
Credit contractual value	PLN 5,000 k
Credit period	18.10.2013 – 31.05.2020
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 4,473 k
Repayment schedule	One-off at the date of maturity
Credit collateral	– Joint mortgage up to PLN 33,000 k on properties entered in: – a) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów, including the assignment of rights under the property insurance policy;

	b) land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy; c) land and mortgage register No. KW PL1P/00097530/5 in Płock d) land and mortgage register No. KW PL1P/00114158/9 in Płock e) land and mortgage register No. KW PL1P/00097363/3 in Płock – on shares held – blank promissory note issued by the Borrower and promissory note declaration; – registered pledge on inventories of the value not lower than PLN 5,000 k including the assignment of rights under the registered pledge insurance policy; – security bond by Stoczek Natura Sp. z o.o.; – declaration on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.

– Investment credit at Santander Bank Polska SA

Credit terms and conditions	
Credit contractual value	PLN 13,849 k
Credit period	18.10.2013 – 30.04.2020
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 5,577 k
Repayment schedule	The credit will be repaid in 52 monthly instalments starting from 31 December 2015, in the following values: 52 instalments of PLN 0.17 million each, plus the 53rd settlement instalment to zero balance.
Credit collateral	– Joint mortgage up to PLN 33,000 k on properties entered in: – a) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów, including the assignment of rights under the property insurance policy; – b) land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy; – registered pledge on fixed assets (production lines at the Rzeszów plant); – transfer of receivables on account of insurance agreement of the object of the pledge; – blank promissory note issued by the Borrower and promissory note declaration; – civil-law security bond by Stoczek Natura Sp. z o.o.; – declaration on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.

– EU investment credit at Santander Bank Polska SA

Credit terms and conditions	
Credit contractual value	PLN 12,121 k
Credit period	07.02.2017 - 28.02.2022
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank

Credit balance	PLN 2,939 k
Repayment schedule	The credit will be repaid in 26 monthly instalments starting from 31 January 2020, in the following values: 25 instalments of PLN 0.14 million each, plus the last settlement instalment amounting to PLN 8.51 million. In case the credit is repaid from the subsidy received, the repayment schedule shall change through the change of balloon instalment. The instalments of the credit will be changed in such proportion to the instalments determined in the original schedule, in which the amount of the credit utilized compares to the amount of the credit granted.
Credit collateral	– Joint mortgage up to PLN 18,200 k on properties entered in: a) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy; c) land and mortgage register No. KW PL1P/00097530/5 in Płock; d) land and mortgage register No. PL1P/00114158/9 in Płock; e) w KW nr PL1P/00097363/3 w Płocku – na posiadanych udziałach; – registered pledge on a semi-industrial line for tests with accessories, – transfer of receivables on account of insurance agreement of the object of the pledge, – blank promissory note issued by the Borrower and promissory note declaration, – civil-law security bond by Stoczek Natura Sp. z o.o, – declaration on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed

– EU investment credit at Santander Bank Polska SA

Credit terms and conditions	
Credit contractual value	PLN 8,000 k
Credit period	15.09.2017 - 31.01.2022
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 1,872 k
Repayment schedule	The credit will be repaid in 34 monthly instalments starting from 30 April 2019, in the following amounts: 33 instalments in the amount of PLN 0.1 million each and the last 34th settlement instalment in the amount of PLN 4.52 million. If the credit is repaid from the co-financing received, the repayment schedule will change by changing the balloon instalment. The instalments of the credit repayment will be changed in such a relation towards the instalments specified in the original schedule as the amount of credit used towards the amount of the credit granted.
Credit collateral	– joint mortgage up to PLN 12,000 on properties entered in: a) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów, including the assignment of rights under the property insurance policy

	b) land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy – registered pledge on the acquired line under the grant project, – transfer of receivables on account of insurance agreement of the object of the pledge, – blank promissory note issued by the Borrower and promissory note declaration, – civil-law security bond by Stoczek Natura Sp. z o.o., – assignment from the Grant Agreement, – declaration on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed

– Working capital credit at Santander Bank Polska SA

Credit terms and conditions	
Credit contractual value	PLN 3,000 k
Credit period	30.09.2019 - 30.09.2022
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 0 k
Repayment schedule	The credit will be repaid in 33 monthly instalments starting from 31 January 2020 in the amount of PLN 0.09 million
Credit collateral	– joint mortgage up to PLN 4,500 k on properties entered in: a) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów, including the assignment of rights under the property insurance policy b) land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy; c) land and mortgage register No. KW PL1P/00097530/5 located in Płock; d) land and mortgage register No. KW PL1P/00114158/9 located in Płock; e) land and mortgage register No. KW PL1P/00097363/3 located in Płock – on shares held; – registered pledge on fixed assets (production lines in the plant in Rzeszów), – transfer of receivables on account of insurance agreement of the object of the pledge, – blank promissory note issued by the Borrower and promissory note declaration, – declaration on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed

– Credit in the current account at Bank Gospodarstwa Krajowego

Credit terms and conditions	
Credit contractual value	PLN 6,000 k

Credit period	14.06.2013 – 30.06.2020
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 4,865 k
Repayment schedule	One-off at the date of maturity
Credit collateral	– joint mortgage up to PLN 16,500 k on properties entered in: a) land and mortgage register No. KW CZ1C/00111425/8 located in Częstochowa, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW LU1U/00022979/2 located in Stoczek Łukowski, including the assigment of rights under the property insurance policy; – blank promissory note issued by the Borrower and promissory note declaration, – authorisation to a current account kept at BGK, – civil-law security bond by Stoczek Natura Sp. z o.o., – declaration of Borrower and Guarantor on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed (up to PLN 12 million).

– Not-revolving working capital credit in the credit account at Bank Gospodarstwa Krajowego

Credit terms and conditions	
Credit contractual value	PLN 5,000 k
Credit period	30.06.2015 – 29.06.2020
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 750 k
Repayment schedule	20 equal, quarterly capital instalments in the amount of PLN 0.25 million starting from 30 September 2015 to 29 June 2020.
Credit collateral	– joint mortgage up to PLN 16,500 k on properties entered in: a) land and mortgage register No. KW CZ1C/00111425/8 located in Częstochowa, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW LU1U/00022979/2 in Stoczek Łukowski, including the assignment of rights under the property insurance policy; – blank promissory note issued by the Borrower and promissory note declaration, – authorisation to a current account kept at BGK, – civil-law security bond by Stoczek Natura Sp. z o.o, – transfer of receivables on account of insurance agreement of the object of the pledge, – declaration of Borrower and Guarantor on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed (up to PLN 4 million).

– Factoring agreement (full) at Santander Factoring Sp. z o.o.

Agreement terms and conditions	
Credit contractual value	PLN 4,500 k

Duration	Agreement concluded for an indefinite period
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Factoring balance	PLN 3,859 k
Agreement collateral	– irrevocable power of attorney to the account, – blank promissory note with a promissory note declaration.

As at 30 September 2019 Stoczek Natura Sp. z o.o. was a party to credit agreements and their balance is presented in the table below:

– Credit in the current account at Bank Gospodarstwa Krajowego

Credit terms and conditions	
Credit contractual value	PLN 3,000 k
Credit period	16.11.2017 – 16.11.2019
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 2,977 k
Repayment schedule	One-off at the date of maturity
Credit collateral	– contractual mortgage up to PLN 4,500 k on properties entered in land and mortgage register No. KW LU1U/00022979/2 located in Stoczek Łukowski, including the assignment of right under the property insurance policy, – authorisation to a current account kept at BGK, – civil-law security bond by Makarony Polskie SA, – registered pledge on a collection of machinery and equipment (located in the plant in Stoczek Łukowski) including the assignment of right under the property insurance policy, – declaration of Borrower and Guarantor on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed (up to PLN 6 million).

– Revolving working capital credit at Bank Gospodarstwa Krajowego

Credit terms and conditions	
Credit contractual value	PLN 2,500 k
Credit period	08.07.2019 – 08.10.2020
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 2,500 k
Repayment schedule	PLN 1.9 million to 8 April 2020, PLN 0.6 million to 8 October 2020

Credit collateral	– contractual mortgage up to PLN 3,750 k on properties entered in land and mortgage register No. KW LU1U/00022979/2 located in Stoczek Łukowski, including the assignment of rights under the property insurance policy – authorisation to a current account kept at BGK, – civil-law security bond by Makarony Polskie SA, – blank promissory note issued by the Borrower and promissory note declaration, – declaration of Borrower and Guarantor on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed (up to PLN 5 million).

– Investment credit at Bank Gospodarstwa Krajowego

Credit terms and conditions	
Credit contractual value	PLN 4 812 k
Credit period	08.07.2019 – 08.05.2025
Interest rate	WIBOR 3M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 2,627 k
Repayment schedule	in 54 monthly instalments, in which 53 equal capital instalments in the amount of PLN 90 k each, starting from 30.11.2020 and the last 54th settlement instalment in the amount of PLN 42 k
Credit collateral	– contractual mortgage up to PLN 7,218 k on properties entered in land and mortgage register No. KW LU1U/00022979/2 located in Stoczek Łukowski, including the assignment of rights under the property insurance policy, – authorisation to a current account kept at BGK, – civil-law security bond by Makarony Polskie SA, – registered pledge on a collection of machinery and equipment (located in the plant in Stoczek Łukowski),including the assignment of rights under the property insurance policy, – blank promissory note issued by the Borrower and promissory note declaration, – declaration of Borrower and Guarantor on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed (up to PLN 9.6 million).

After July, Stoczek Natura SP. z o.o. concluded credit agreements of the total value of PLN 7.3 million with Bank Gospodarstwa Krajowego. The credits are intended for financing the investment related to the project of innovative solutions implementation by modernisation of the production line for ready-made dishes in jars and cans, as well as the introduction of new innovative products on trays into the company's offer. Within the project Stoczek Natura Sp. z o.o. plans to purchase fixed assets and modernise manufacturing facilities.

INFORMATION ON LOANS GRANTED

As at 30 September 2019, Makarony Polskie SA granted to the subsidy, Stoczek Natura Sp. z o.o. a short-term loan in the amount of PLN 2.00 million with the repayment date on 31 December 2019 (one-off payment until liability maturity date). The interest rate on the loan was determined on the basis of market conditions.

In Q.3, 2019 Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. did not grant any loans.

Security bonds and guarantees

INFORMATION ON GUARANTEES GRANTED AND OBTAINED

In Q.3, 2019 the Group companies did not grant any guarantees. As regards guarantees obtained, Makarony Polskie SA and Stoczek Natura Sp. z o.o. availed of guarantees.

All guarantees binding for Makarony Polskie SA as at 30 September 2019 are presented in the table below:

Guarantor	Guarantee amount PLN `000	Guarantee validity	Object of guarantee	Collateral
Santander Bank Polska SA	1,011	to 28.12.2021	guarantee securing the liabilities of the Company under the agreement with the Material Reserves Agency (ARM) with regard to sales and storage of pasta reserves	Joint mortgage up to PLN 1,517 k on properties entered in: - land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów, including the assignment of rights under the property insurance policy - land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy – blank promissory note with promissory note declaration.
Santander Bank Polska SA	249	to 22.01.2021	guarantee securing the liabilities of the Company under the agreement with the Material Reserves Agency (ARM) with regard to keeping pasta reserves	Joint mortgage up to PLN 373,000 on properties entered in: - land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów, including the assignment of rights under the property insurance policy - land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy – blank promissory note with promissory note declaration.

All guarantees binding for Stoczek Natura Sp. z o.o. as at 30 September 2019 are presented in the table below.

Guarantor	Guarantee amount PLN `000	Guarantee validity	Object of guarantee	Collateral
Bank Gospodarstwa Krajowego	504	to 13.12.2021	Guarantee securing the liabilities of the company under the agreement with the Material Reserves Agency (ARM) with regard to keeping ready-made dishes reserves	– mortgage up to PLN 756 k on properties entered in land and mortgage register No. KW LU1U/00022979/2 located in Stoczek Łukowski, including the assignment of rights under the property insurance policy;

				– blank promissory note issued by the Ordering Party and promissory note declaration; – power of attorney to dispose of the current account at BGK; – security bond by Makarony Polskie SA.
Bank Gospodarstwa Krajowego	1,549	to 15.12.2021	Guarantee securing the liabilities of the company under the agreement with the Material Reserves Agency (ARM) with regard to keeping ready-made dishes reserves	– mortgage up to PLN 2,323 k on properties entered in land and mortgage register No. KW LU1U/00022979/2 located in Stoczek Łukowski, including the assignment of rights under the property insurance policy; – blank promissory note issued by the Ordering Party and promissory note declaration; – power of attorney to dispose of the current account at BGK; – security bond by Makarony Polskie SA.
Bank Gospodarstwa Krajowego	24	to 25.03.2022	Guarantee securing the liabilities of the Company under the agreement with the Material Reserves Agency (ARM) with regard to keeping canned food reserves	– blank promissory note issued by the Ordering Party and promissory note declaration; – Power of attorney to dispose of the current account at BGK
Bank Gospodarstwa Krajowego	725	to 31.08.2023	Guarantee securing the liabilities of the Company under the agreement with the Material Reserves Agency (ARM) with regard to keeping canned food reserves	- mortgage up to PLN 1,088 k on properties entered in land and mortgage register No. KW LU1U/00022979/2 located in Stoczek Łukowski, including the assignment of rights under the property insurance policy; - blank promissory note issued by the Ordering Party and promissory note declaration; - power of attorney to dispose of the current account in BGK; - security bond of Makarony Polskie SA; - declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed (up to the amount of PLN 1.5 million)

INFORMATION ON SECURITY BONDS GRANTED AND OBTAINED

As at 30 September 2019, Makarony Polskie SA granted security bonds to the subsidiary, Stoczek Natura Sp. z o.o.:

Third party liabilities	Name of creditor	Security bond value PLN '000	Validity date	Balance of the secured liability in PLN '000 as at 30.09.2019
Security bond for a credit in the current account amounting to PLN 3.0 million	Bank BGK	3,000	16.05.2020	2,977

Security bond for a revolving working capital credit amounting to PLN 2.5 million	Bank BGK	2,500	08.04.2021	2,500
Security bond for an investment credit amounting to PLN 4.8 million	Bank BGK	4,812	08.11.2025	2,627
Security bond for a bank guarantee amounting to PLN 0.5 million	Bank BGK	504	13.06.2022	-
Security bond for a bank guarantee amounting to PLN 1.5 million	Bank BGK	1,549	15.06.2022	-
Security bond for a bank guarantee amounting to PLN 0.7 million	Bank BGK	725	29.02.2024	-

Makarony Polskie SA received remuneration on account of the security bonds granted.

As at 30 September 2019 Stoczek Natura Sp. z o.o. granted the security bonds to the Parent Company Makarony Polskie SA and their balance is presented below:

Third party liabilities	Name of creditor	Security bond value PLN '000	Validity date	Balance of the secured liability in PLN '000 as at 30.09.2019
Security bond for a credit in the current account amounting to PLN 5.0 million	Santander Bank Polska SA	7,500	30.04.2023	4,473
Security bond for an investment credit amounting to PLN 13.8 million	Santander Bank Polska SA	30,000	30.09.2021	5,577
Security bond for a non-revolving working capital credit in the credit account amounting to PLN 5.0 million	Bank BGK	5,000	29.12.2020	750
Security bond for a credit in the current account amounting to PLN 6.0 million *	Bank BGK	6,000	30.12.2020	4,865
Security bond for an EU investment credit amounting to PLN 12.1 million	Santander Bank Polska SA	12,121	binding till the moment of the subsidy settlement	2,939

Stoczek Natura Sp. z o.o. received remuneration on account of the security bonds granted to the Parent Company Makarony Polskie SA.

In Q.3, 2019, MP Trade Sp. z o.o. did not grant any security bonds.

Off-balance-sheet items

The values of guarantees, security bonds, promissory note payables, mortgages and other off-balance-sheet liabilities have been presented in the above table in their maximum values.

Off-balance-sheet items (PLN `000)	30 September 2019	31 December 2018
1. Contingent assets	4,062	3,962
- guarantees and security bonds obtained	4,062	3,337
- secured on property	0	0
- promissory notes	0	625
2. Contingent liabilities	186,222	174,662
- guarantees and security bonds granted	0	5,025
- secured on property	125,873	116,517
- promissory note payables	60,349	53,120
Total off-balance-sheet items	-182,160	170,700

The values of guarantees, security bonds, promissory note payables, mortgages and other off-balance-sheet liabilities have been presented in the above table in their maximum values. The specification does not cover for security bonds among the Group companies owing to the fact that this does not affect the value of the off-balance items.

Important court litigations, arbitration proceedings or administrative proceedings

In the presented reporting period there were no pending important court litigations or any arbitration or administrative proceedings regarding the liabilities or receivables of Makarony Polskie SA or its subsidiaries.

Other major events and transactions

In Q.3, 2019 no major events and transactions other than those described above occurred which would require disclosure in these financial statements of the Group.

Major post-balance-sheet events

No other post-balance events occurred which could have a major impact on the operations of the Makarony Polskie Group.

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Zenon Daniłowski

President of the Management Board

Rzeszów, 27 November 2019

Condensed separate financial statements of Makarony Polskie SA for the period from 1 January to 30 September 2019

Selected financial data - Makarony Polskie SA

Selected financial data	30.09. 2019	30.09. 2018	30.09. 2019 (EUR '000)	30.09. 2018 (EUR '000)
Net sales of products, services, merchandise and materials	109,964	98,039	25,522	23,049
Profit (loss) on continued operations	6,202	5,675	1,439	1,334
Gross profit (loss)	5,352	5,140	1,242	1,208
Net profit (loss) on continued operations	4,301	4,120	998	969
EBIT	6,202	5,675	1,439	1,334
EBITDA (EBIT + depreciation)	10,058	8,386	2,334	1,972
Net cash flows on operating activities	8,027	3,705	1,863	871
Net cash flows on investing activities	- 9,182	- 2,216	- 2,131	- 521
Net cash flows on financing activities	1,128	- 1,393	262	- 327
Total net cash flows	- 27	96	- 6	23
Total assets ***	140,604	132,308	32,148	30,769
Liabilities and provisions for liabilities ***	64,523	58,215	14,753	13,538
Long-term liabilities ***	23,848	21,337	5,453	4,962
Short-term liabilities ***	40,675	36,878	9,300	8,576
Equity ***	76,081	74,093	17,396	17,231
Share capital ***	27,750	27,750	6,345	6,453
Number of shares	9,250,071	9,250,071	9,250,071	9,250,071
Average weighted number of shares in the given reporting year	9,250,071	9,250,071	9,250,071	9,250,071
Profit/loss per ordinary share (PLN/EUR) *	0.46	0.45	0.11	0.11
Book value per share (PLN/EUR) **	8.22	8.00	1.88	1.86

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

** Book value per ordinary share = equity/number of shares at the balance-sheet date

*** Comparative data from the statement of financial position as at 31 December 2018

Statement of comprehensive income of Makarony Polskie SA

FOR THE PERIOD	Q.3, 2019	01.01.2019-30.09.2019	Q.3, 2018	01.01.2018-30.09.2018
Net sales	37,160	109,964	33,843	98,039
Net sales of products and services	29,155	87,303	26,590	76,302
Net sales of merchandise and materials	8,005	22,661	7,253	21,737
Prime cost	29,077	85,634	26,059	75,731
Cost of manufacturing of products and services sold	21,958	65,676	19,545	56,529
Value of merchandise and materials sold	7,119	19,958	6,514	19,202
Gross profit (loss) on sales	8,083	24,330	7,784	22,308
Costs of sales	4,978	14,679	4,883	13,508
General management costs	1,205	3,689	1,072	3,286
Other revenues	314	701	155	543
Other costs	229	461	127	382
Profit (loss) on continued operations	1,985	6,202	1,857	5,675
Financial revenues	38	86	17	66
Financial costs	343	936	181	601
Gross profit	1,680	5,352	1,693	5,140
Income tax- current part	311	932	287	861
Income tax- deferred part	- 1	119	45	159
Net profit (loss) on continued operations	1,370	4,301	1,361	4,120
Applicable to:				
Shareholders of the Parent Company	1,370	4,301	1,361	4,120
Non-controlling interest				
Basic net earnings per share in PLN	0.15	0.46	0.15	0.45
Diluted net earnings per share in PLN	0.15	0.46	0.15	0.45
Other comprehensive income/loss, net				
Total net comprehensive income	1,370	4,301	1,361	4,120
Net comprehensive income assigned to:				
Shareholders of the Parent Company	1,370	4,301	1,361	4,120
Not-controlling interest				

Statement of comprehensive income of Makarony Polskie SA

Statement of other comprehensive income, net – hedge accounting

FOR THE PERIOD	Q.3, 2019	01.01.2019-30.09.2019	Q.3, 2018	01.01.2018-30.09.2018
Net comprehensive income	1,370	4,301	1,361	4,120
Profit/loss on account of hedge accounting application	0	0	0	0
Total net comprehensive income	1,370	4,301	1,361	4,120

Statement of financial position of Makarony Polskie SA

ASSETS	30.09.2019	31.12.2018	30.09.2018
FIXED ASSETS	**103,714**	**94,404**	**85,936**
Tangible fixed assets	63,637	58,573	50,038
Investment properties	603	603	643
Fixed assets – IFRS-16	4,320		
Goodwill	0	0	0
Other intangible fixed assets	4,950	4,971	4,978
Long-term financial assets, of which:	30,080	30,080	30,080
Shares	30,080	30,080	30,080
Loans granted	0	0	0
Deferred income tax assets	0	0	0
Other long-term assets	124	177	197
CURRENT ASSETS	**36,890**	**37,904**	**39,745**
Inventories	10,951	11,367	12,675
Short-term receivables	23,443	23,972	24,319
Income tax receivables	0	0	0
Loans granted	2,022	2,006	2,005
Cash and cash equivalents	267	294	510
Other short-term assets	207	265	236
Fixed assets held for sale	0	0	0
TOTAL ASSETS	**140,604**	**132,308**	**125,681**

EQUITY/LIABILITIES	30.09.2019	31.12.2018	30.09.2018
EQUITY CAPITAL	**76,081**	**74,093**	**73,168**
Share capital	27,750	27,750	27,750
Supplementary capital	32,362	42,097	42,097
Reserve capital	12,000	0	0
Retained profit/loss (profit/loss from previous years)	- 332	- 799	- 799
Net profit/loss	4,301	5,045	4,120
LONG-TERM LIABILITIES	**23,848**	**21,337**	**20,801**
Deferred income tax provision	3,485	3,367	3,502
Long-term bank credits and loans	3,344	10,541	9,517
Provision for retirement benefits and similar (long-term)	265	234	195
Deferred income-long-term	11,952	6,062	6,198
Long-term financial liabilities - leasing	1,304	1,133	1,389

Statement of comprehensive income of Makarony Polskie SA

Long-term financial liabilities –IFRS-16	3,498	0	0
SHORT-TERM LIABILITIES	**40,675**	**36,878**	**31,712**
Short-term bank credits and loans	17,133	11,170	9,946
Short-term financial liabilities -leasing	885	885	708
Short-term financial liabilities –IFRS-16	875	0	0
Other short-term liabilities	19,658	23,456	19,622
Income tax liabilities	104	171	96
Deferred income- short-term	860	519	510
Provision for retirement benefits and equivalent (short-term)	664	677	605
Other short-term provisions	496	0	225
TOTAL LIABILITIES	**64,523**	**58,215**	**52,513**
TOTAL EQUITY/LIABILITIES	**140,604**	**132,308**	**125,681**

Statement of cash flows of Makarony Polskie SA

FOR THE PERIOD	01.01.2019-30.09.2019	01.01.2018-30.09.2018
Cash flows on operating activities		
Profit before tax	**5,352**	**5,140**
Adjustments for items:	**2,675**	**- 1,435**
Depreciation	3,856	2,711
Foreign exchange gains/losses	0	1
Interest cost and income	665	369
Dividend income	0	0
Profit/loss on investing operations	- 32	- 29
Change in the balance of provisions	513	261
Change in the balance of inventories	416	- 2,317
Change in the balance of receivables	1,105	- 1,197
Change in the balance of liabilities and accruals	-2,849	- 404
Corporate income tax paid/reimbursed	- 999	- 830
Other adjustments	0	0
Net cash flow on operating activities	**8,027**	**3,705**
Cash flows on investing activities		
Revenues from sale of tangible and intangible fixed assets	479	29
Revenues from sale of financial assets	0	0
Expenses on purchase of tangible and intangible fixed assets	- 9,694	- 1,302
Expenses on purchase of financial assets	0	- 1,000
Interest revenues	33	57
Revenues on loans granted	0	0
Loans granted	0	0
Other	0	0
Net cash flows on investing activities	**- 9,182**	**- 2,216**
Cash flows on financing activities		
Revenues from credits and loans	8,415	4,738

Repayment of credits and loans	- 9,649	- 2,780
Payment of liabilities under financial lease agreements	- 1,369	- 620
Interest paid	- 715	- 418
Dividend paid out to shareholders	- 2,313	- 2,313
Expenses on purchase of financial assets	0	0
Other financial revenues	6,759	0
Net cash flows on financial activities	**1,128**	**- 1,393**
Increase/ decrease in the balance of cash and cash equivalents	**- 27**	**96**
Cash, cash equivalents and credits in the current account at the beginning of the period	294	415
Foreign exchange gains/losses on valuation of cash, cash equivalents and credits in the current account	0	-1
Cash, cash equivalents and credit in the current account at the end of the period	**267**	**510**

Statement of changes in equity of Makarony Polskie SA

For the period from 1 January 2019 do 30 September 2019

	Share capital	Supplementary capital	Reserve capital	Result for the current year	Profit/loss from previous years	Total
As at 1 January 2019	**27,750**	**42,097**	**0**		**4,246**	**74,093**
Profit distribution/loss coverage		2,265			- 2,265	
Profit distribution – dividend payout					- 2,313	- 2,313
Creation of reserve capital-own shares		-12,000	12,000			
Other comprehensive income						
Net result after Q.3, 2019				4,301		4,301
As at 30 September 2019	**27,750**	**32,362**	**12,000**	**4,301**	**- 332**	**76,081**

For the period from 1 January 2018 to 31 December 2018

	Share capital	Supplementary capital	Reserve capital	Result for the current year	Profit/loss from previous years	Total
As at 1 January 2018	**27,750**	**39,161**	**0**		**4,450**	**71,361**
Profit distribution/loss coverage		2,936			- 2,936	
Profit distribution – dividend payout					- 2,313	- 2,313
Other comprehensive income						
Net result in 2018				5,045		5,045
As at 31 December 2018	**27,750**	**42,097**	**0**	**5,045**	**-799**	**74,093**

For the period from 1 January 2018 to 30 September 2018

	Share capital	Supplementary capital	Reserve capital	Result for the current year	Profit/loss from previous years	Total
As at 1 January 2018	**27,750**	**39,161**	**0**		**4,450**	**71,361**
Profit distribution/loss coverage		2,936			- 2,936	
Profit distribution – dividend payout					- 2,313	- 2,313
Other comprehensive income						
Net result after Q.3, 2018				4,120		4,120
As at 30 September 2018	**27,750**	**42,097**	**0**	**4,120**	**-799**	**73,168**

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Zenon Daniłowski
President of the Management Board

Rzeszów, 27 November 2019

Information about the Company

Makarony Polskie SA
with its registered office in Rzeszów
ul. Podkarpacka 15A; 35-082 Rzeszów

www.makarony.pl

The Company was registered by the District Court in Rzeszów, 12th Commercial Division of the National Court Register, on 5 July 2004, under the number 0000212001.

Share capital: PLN 27,750,213 (paid up in full)

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Please contact us at:

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The source of data in these financial statements is the Makarony Polskie Group, unless otherwise specified.