Condensed consolidated financial statements of the Makarony Polskie Group from the period from 1 January to 31 March 2020



Rzeszów, 28 May 2020

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General information

Organizational 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 jest is a producer of a wide range of pasta, produced in extruded and rolled technology. The Company offers pasta in many different forms, made on the basis of durum flour and wheat flour. In its portfolio, the Company also has products that respond to the trends of pro-health food, such as pasta made from spelt, buckwheat and rye flour. The range of products is enriched with large pasta forms for stuffing and vegetable pasta made from legumes such as chickpeas, red lentils and green peas. The Company has great opportunities to extend the range of pasta made from flours less frequent such as from legumes and the portfolio will be developed in this direction.

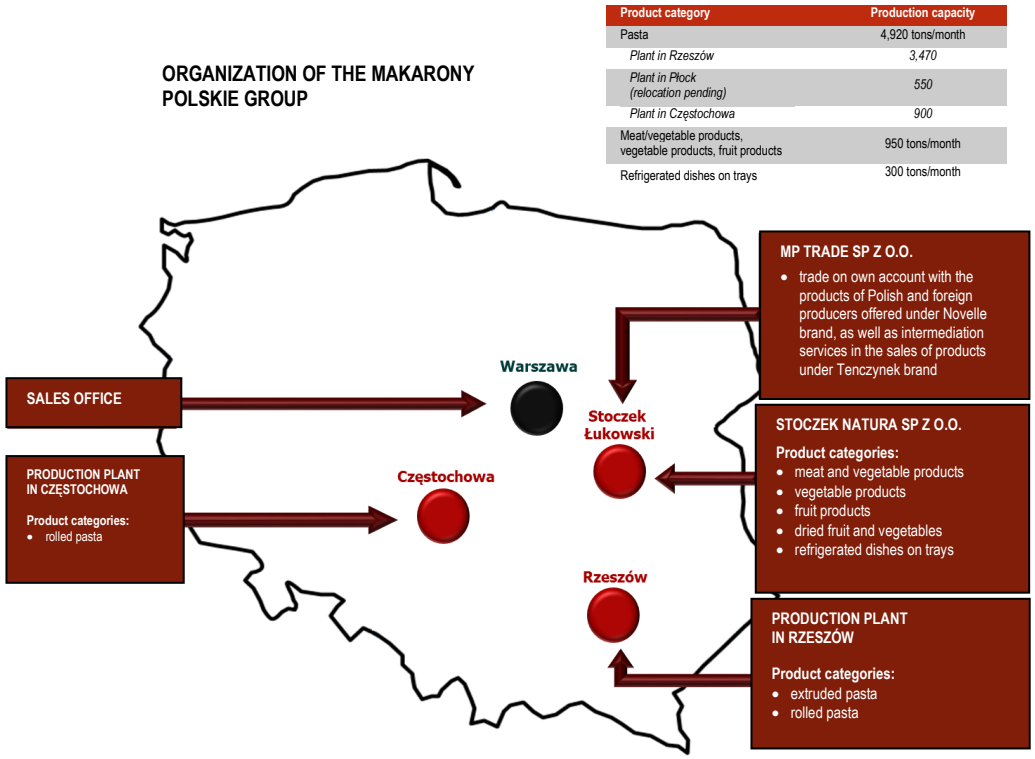
The basic pasta brands offered are Makarony Polskie, Sorenti and Abak (bibrand from Makarony Polskie).

Stoczek Natura Sp. z o.o. is a producer of meat and vegetable preserves (ready-made dishes, pies, lard preserves), vegetable preserves (salads, marinades, bakery pastries), processed fruit (jams, syrups, damson cheese, confectionery fillings) offered under Stoczek, Tenczynek, Męska Rzecz, DeliSusz and a new brand SoFood which represents the developmental category of ready-made dishes on trays. The products which are easy to prepare and can be placed on the so called shelf stable.

MP Trade Sp. z o.o. develops trade on own account with external goods of Polish and foreign producers. The Company's activity focuses on the sales

of products bought from external suppliers under its own Novelle brand and granting the licence for Novelle brand to Makarony Polskie SA within the scope of production of vegetable pasta and other goods produced within the Makarony Polskie Group. The business model adopted by the Company creates its value by 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.



Organizational data

Makarony Polskie SA

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

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

KRS number 0000212001

Share capital: PLN 27,750,213 – fully paid-up

REGON [National Business Registry Number]: 691674708

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

www.makarony.pl

Stoczek Natura Sp. z o.o.

Registered office: 21-450 Stoczek Łukowski, ul. Dwernickiego 5

Commercial Court Lublin Wschód with its registered office in Świdnik, 6th Commercial Department

KRS number: 0000050439

Share capital: PLN 15,707,800

REGON [National Business Registry Number]: 711584640

NIP [tax identification number]: 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 Lublin Wschód with its registered office in Świdnik, 6th Commercial Department

KRS number: 0000579926

Share capital: PLN 1,500,000

REGON [National Business Registry Number]: 362706449

NIP [tax identification number]: 825-21-76-004

www.mp-trade.pl

100% of shares in the share capital of Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. is owned by Makarony Polskie SA.

As at 31 March 2020, the share in the total number of votes at the Shareholders' Meetings of these companies, held by the parent company, is equal to the share in the capital of each of the subsidiaries.

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

Employment as at 31 March 2020 in the Makarony Polskie Group

The employment balance as at 31 March 2020 in the Makarony Polskie Group was as follows:

- Makarony Polskie SA – 158 employees,
- Stoczek Natura Sp. z o.o. – 47 employees,
- MP Trade Sp. z o.o. – 0 employees.

Composition of the Parent Company's Management Board

On 31 March 2020 and on the date of publication of these financial statements, the Management Board of the Parent Company operated as a one-person Management Board. Zenon Daniłowski is the President of the Management Board of Makarony Polskie SA.

Shares held by the Management Board Members

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

Member of the Management Board	Q.1, 2020		2019	
	number of shares	nominal value	number of shares	nominal value
Zenon Daniłowski	140,000	420,000	140,000	420,000

In accordance with the information held by the Company, during Q.1, 2020 and until the date of publication of these statements, there were no changes in the ownership of shares held by the President of the Management Board.

The President of the Management Board of Makarony Polskie SA does not hold shares in the subsidiaries of the Makarony Polskie Group.

Composition of the Parent Company's Supervisory Board

From 1 January 2020 to the date of publication of this statements the Supervisory Board of the Company is composed of

- Roman Sobiecki – Chairman of the Supervisory Board,
- Samer Abdelfatah Mohamed El Waziri – Deputy 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 2020 to the date of publication of this statements the Audit Committee is composed 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, members of the Audit Committee have knowledge and skills in the field of accounting or auditing of financial statements, as well as knowledge and skills in the industry in which the Company operates.

Shares held by Members of the Supervisory Board

The number and nominal value of the shares of Makarony Polskie SA and shares in the entities of the Makarony Polskie Group held by the Members of the Supervisory Board as at the date of preparation of these statements (according to the information held):

Member of the Supervisory Board	Q.1, 2020		2019	
	number of shares	nominal value	number of shares	nominal value
Michał Słomkowski	0	0	0	0
Wiesław Wasilewski	5,000	15,000	5,000	15,000
Marek Rocki	0	0	0	0
Roman Sobiecki	0	0	0	0
Samer El Waziri	0	0	0	0

In accordance with the information held by the Company, during Q.1, 2020 and until the date of publication of these statements, there were no changes in the ownership of shares held by the Members of the Supervisory Board.

The supervising persons of Makarony Polskie SA do not hold shares in the subsidiaries of the Makarony Polskie Group.

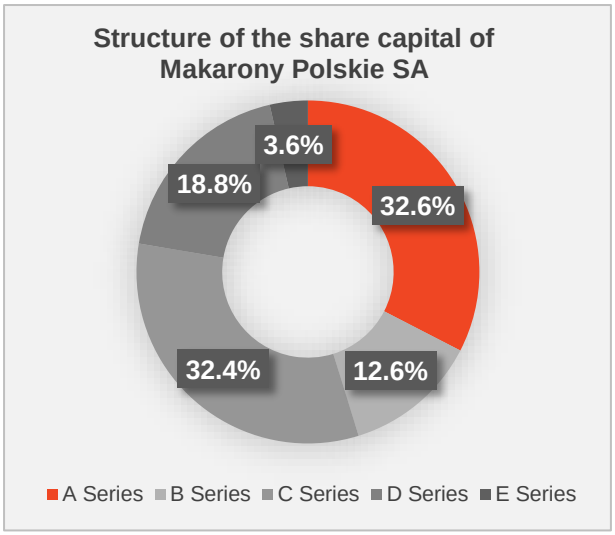
General Meeting of the Parent Company

Share capital of Makarony Polskie SA as at 31 March 2020:

- share capital value PLN 27,750,213
- total number of shares 9,250,071 shares
- total number of votes in the General Meeting 9,250,071 votes

Structure of the share capital of the Company:

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



The shares of the Company are ordinary bearer shares quoted on regulated market run by Giełda Papierów Wartościowych w Warszawie SA [Warsaw Stock Exchange]. The Company did not issue any securities granting any special control rights to any of its shareholders.

There are no limitations at the Company with regard to exercising the right of vote. Moreover, there are no limitations regarding the transfer of ownership rights to the securities issued by the Company.

Shares held by majority shareholders (above 5% of the capital)

Shareholders who held directly or indirectly through their subsidiaries at least 5% of the total number of votes in the General Meeting of the Company were as follows as at the date of preparing the statements (based on the information possessed):

Shareholder	Shares in the share capital		Votes in the General Meeting	
	number	% share	number	% share
Grupa Praska Giełda Spożywcza SA, including:	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. including:	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, including:	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%
Other Shareholders	3,012,031	32.56%	3,012,031	32.56%
TOTAL	**9,250,071**	**100.00%**	**9,250,071**	**100.00%**

Changes in shareholding during Q.1, 2020

On 18 March 2020 the Company received a notification sent by Mr. Wojciech Wiśniewski, on his behalf and on behalf of Agro-Jumal Sp. z o.o. with its registered office in Sieradz, regarding the decrease 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 March 2020 as a result of a sales transaction of shares of Makarony Polskie SA on the stock market, a change occurred in the share in the total number of votes in the General Meeting of the Company held by him and Agro-Jumal Sp. z o.o by reducing it to below 5% (hereinafter referred to as the "Change in Holdings").

Before the Change in Holdings, Mr. Wojciech Wiśniewski together with Agro-Jumal Sp. z o.o. held 477,562 shares of the Company, representing 5.16% of share in the share capital of the Company and entitling them to 477,562 votes in the total number of votes in the General Meeting of the Company, i.e. to exercise 477,562 votes, of which:

- Mr. Wojciech Wiśniewski held individually 328,962 shares of the Company representing 3.56% of share in the share capital of the Company and entitling him to 328,962 votes in the total number of votes in the General Meeting of the Company, i.e. to exercise 328,962 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 in 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 452,623 shares of the Company, representing 4.89% of share in the share capital of the Company and entitling them to 452,623 votes in the total number of votes in the General Meeting of the Company, i.e. to exercise 452,623 votes, of which:

- Mr. Wojciech Wiśniewski holds individually 304,023 shares of the Company representing 3.29% of share in the share capital of the Company and entitling him to 304,023 votes in the total number of votes in the General Meeting of the Company, i.e. to exercise 304,023 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 it to 148,600 votes in the total number of votes in 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 which would hold the shares of the Company,

- 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 any financial instruments which on maturity would unconditionally entitle or oblige their holder to acquire the shares to which voting rights are attached, already issued by the Company, referred to in Article 69b.1.1 of the Act on Public Offering.
- do not have any financial instruments which relate to the shares of the Company indirectly or directly and have economic consequences similar to the consequences of the financial instruments specified in the previous sentence, referred to in Article 69b.1.2 of the Act on Public Offering.

The Company has no other information that would indicate changes in the number of shares held by material shareholders (holding stakes over 5%) during Q.1, 2020 and until the date of publication of these statements.

Composition of the Management Board of the subsidiaries

Stoczek Natura Sp. z o.o.

As at 1 January 2020 the Management Board of the subsidiary was as follows:

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

On 16 January 2020 Mr. Rafał Dziobko resigned from the position of the President of the Management Board in connection with other professional plans. The Meeting of Shareholders of the subsidiary decided to change the number of members of the Management Board of the current term of office, determine it to be one-person and entrust the position of the President of the Management Board to Mr. Adam Ławnik.

As at the date of this report publication, the composition of the Management Boards of Stoczek Natura Sp. z o.o. was as follows:

- Adam Ławnik - President of the Management Board.

MP Trade Sp. z o.o. - the Management Board is composed of one person:

- Zenon Daniłowski - President of the Management Board.

In the period of Q.1, 2020 and until the date of publication of these statements, no changes occurred in the composition of the Management Board of MP Trade Sp. o.o.

Publication and approval of the financial statements

This condensed, consolidated and separate financial data has not been audited by an entity authorized to audit financial statements; it was approved by the Management Board for publication on 28 May 2020.

Legal basis for preparation of consolidated financial statements

Declaration of compliance and the basis for preparing the statements

The Condensed consolidated financial statements have been prepared on the basis of International Accounting Standards as adopted by the European Union (EU) and related interpretations announced in the form of implementing regulations of the European Commission (hereinafter referred to as "IFRS"), applicable to interim financial reporting as approved by the European Union (IAS 34 "Interim financial reporting") in accordance with Article 55 paragraph 5 of the Accounting Act (Journal of Laws of 2019, item 351, as amended) and implementing provisions issued based on it, and in accordance with the requirements set out, in the Regulation of the Minister of Finance dated 29 March 2018 on the current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757), published and in force at the time of preparation of these condensed consolidated financial statements. The Condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the financial statements of the Group and the Parent Company for the year ended 31 December 2019.

Basis for valuation

The presented Condensed consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of fair value measurement of some assets, i.e. assets acquired as part of the purchase transaction, Abak Sp. z o.o., brands: Tenczynek, Deli-susz, So Food and investment properties.

Functional and presentation currency

The measurement currency of the Group, included in these condensed consolidated financial statements and the reporting currency of these financial statements is the Polish zloty.
Unless indicated otherwise, the financial data is denominated in PLN ‘000.

Legal basis for preparation of consolidated financial statements

Accounting principles applied and the basis for preparing the statements

The accounting principles used to prepare the interim condensed consolidated financial statements are consistent with those applied to the preparation of annual financial statements of the Capital Group for the year ended on 31 December 2019 (published on 8 April 2020).
The financial statements of all entities were prepared for the same reporting period using consistent accounting principles. The financial year of the Group shall be the calendar year.
Parent company - Makarony Polskie SA and subsidiaries - Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. prepare financial statements according to IAS/IFRS. All transactions, balances, revenues and costs between affiliates covered by consolidation are subject to consolidation exclusions.
Duration of the Group operations is not limited.

Explanations regarding seasonality or cyclicality in relation to the Group's interim operations

The Group's operations do not show material seasonal or cyclical trends.

Changes to the rules for preparing financial statements

In Q.1, 2020 there were no changes in the valuation principles applied to the preparation of the consolidated financial statements, except for amendments to standards and new interpretations applicable to annual periods beginning on 1 January 2020.

Uncertainty of estimates

The basic assumptions related to the future and other key sources of uncertainty present at the balance sheet date to which the risk of balance sheet assets and liabilities is related in the following financial year are presented below:

- depreciation rates,
- impairment of assets (including receivables),
- provision value,
- deferred tax assets (companies recognize a component of assets by virtue of deferred tax based on the assumption that tax profit shall be attained in the future allowing its utilization; deterioration of the obtained tax results in the future could cause that such assumption would be unjustified),
- valuation of assets with an indefinite useful life,
- estimates related to IFRS-16.

As at the date of these statements, there are no reasons for impairment of goodwill and the following brands: Abak, DeliSusz, Tenczynek and SoFood.

Legal basis for preparation of consolidated financial statements

Assumptions about the future and adopted estimates are consistent with the assumptions and estimates adopted by the Group in the financial statements for 2019. The relevant tests, in accordance with the applicable rules, were made as at the end of 31 December 2019

Going Concern

The consolidated financial statements of the Makarony Polskie Group have been prepared on the assumption that the business of the Group companies will be continued in the foreseeable future and not significantly reduced. The Group did not conduct operations which were discontinued in Q.1, 2020.

Events affecting assets, liabilities, equity, net result or cash flow statement that are unusual due to their nature, size or frequency

In Q.1, 2020 no such unusual events occurred.

Position of the Management Board regarding the publication of the Group's results forecasts

The Makarony Polskie Group did not publish financial forecasts for 2020.

Factors and risk having a material impact on the financial results in Q. 1, 2019 and in subsequent periods

After Q.1, 2020 the Makarony Polskie Group generated a net profit of PLN 2.7 million. The Group has introduced many changes aimed at increasing production efficiency and reducing fixed costs.

The results will be influenced by, among others the following activities:

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

- development of R&D activity in the area of innovative products: functional, health-promoting food in Makarony Polskie SA. An interdisciplinary team was established, which in cooperation with scientific institutions works on developing innovative technologies for the production of new low-processed and health-promoting products that are easy to prepare. Design works have been carried out, which will make it

possible to launch modern laboratories in 2020: physicochemical, microbiological, organoleptic and technological laboratories;

- systematic works are carried out on the implementation of new products diversifying the company's offer into production and sales. In 2019, new forms of pasta (spaghetti express, cavatappi, tagliatelle, pappardelle and conchiglie) and products made with the use of new raw materials such as quail egg pulp and pumpkin seed flour were introduced to the Company' product portfolio;

- in the production plant in Rzeszów the extension of the production and storage building by a flour node building with equipment was completed, which included silo installations for flour and other loose raw materials, and a cold store for raw materials and liquid additives. The production line for rolled pasta in a wide range of forms (such as tagliatelle and papardelle) was launched – the line includes, among others, highly advanced technologically system of dosing ingredients and dry additives by weigh allowing for the production of pasta from several types of flour in different proportions, as well as a dosing device for micronutrients allowing for enriching the pasta composition with health-promoting ingredients. The investment which will allow for the production of long pasta forms with the addition of liquid raw materials, such as egg pulp was carried out. 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 Rzeszów. The installation of a modern line for production tests was commenced (the planned date of investment completion is 2020), which will allow for carrying out R&D works on a large scale and for further development of the Company's product offer, among others, by including health-promoting products.

- the production plant in Częstochowa expanded its machine park with modern equipment for fast testing of raw materials and products in terms of moisture and fat content, which will allow for an immediate control of the raw material and its admission to production, and consequently, for increasing the production flexibility. In the plant the cold store to store raw materials requiring low temperatures during storage was expanded. These investments will allow for increasing the flexibility and safety of production, as well as for maintaining continuity of production during periods of full utilization of production capacity;

- 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 in 2019 investments connected with the installation of a new line for production of ready-made dishes on trays were made

(currently the offer includes several lines belonging to this category: world cuisines, regional and vege/fit cuisines). The modernization of the premises in the area of the production hall is carried out in connection with the purchase of a new machine park aimed at, among others, increasing the automation and efficiency of conducted production processes. The project of implementing innovative solutions through the modernization of the line for the production of ready-made dishes in jars and cans is carried out. This will allow for further developing the product offer.

Acquiring funds from the European Union for the implementation of activities and investments planned by the Group

- project entitled "Implementation of research and development results in the field of functional food in Makarony Polskie SA", implemented under Measure 1.4 Support for SMEs, Regional Operational Program of the Podkarpackie Region 2014-2020, in the period from March 2017 to April 2019, allowed the Company for the implementation of research and development results performed in cooperation with the scientific unit, based on the development of innovative recipes of products using raw materials that are not standard in the pasta industry. The main objective of the project is the expansion of Makarony Polskie SA on the functional food market. The Company completed the supported investment project in April 2019. The Company, by fulfilling all obligations resulting from the co-financing agreement fully settled the project (and it received the final refinancing of incurred expenses), which took place in July 2019;

- project entitled "Creation of the Research and Development Center of Pasta Industry at Makarony Polskie SA", implemented under Measure 2.1 Support for investment in enterprise R&D infrastructure, Intelligent Development Operational Program 2014-2020, assumes creation of the Research and Development Center of Pasta Industry at the Makarony Polskie SA. The B&R Center will conduct work on innovative products with pro-health features that will ultimately enrich the Company's product offer as well as issues relevant to the entire pasta industry. The Company plans to purchase fixed assets and construction works, as part of the project. For the needs of the B&R Center, the purchase will include a modern production test line, whose parameters will reflect the conditions prevailing during the industrial production process (that line will be an asset of material value);

- project of Stoczek Natura Sp. z o.o. entitled "Increase in competitiveness of Stoczek Natura Sp. z o.o.", implemented under measure 3.7 RPO WL 2014-2020, assumes increasing the competitiveness and innovativeness of the Company on the domestic and international market by implementing the results of R&D works possessed and introducing to the production innovations in the form of meat product ready meals technology. The subject of the project is the implementation of innovative solutions

through the modernization of the line for the production of ready-made dishes in jars and cans. The implementation of the project will positively affect the improvement of the quality and innovativeness of the offered products, their repeatability and increased production efficiency. In addition, as a result of the project, the Company will be able to introduce new products with pro-health values to the commercial offer, addressed to a new group of consumers. The Company completed the supported investment project in February 2020 and submitted an application for final project settlement to the institution granting the support;

- project of Stoczek Natura Sp. z o.o. entitled "Introduction of product innovation to increase the competitiveness of Stoczek Natura Sp. z o.o. ", implemented as part of the Operational Program Eastern Poland for the years 2014-2020 from Measure 1.4. Pattern for competition, assumes the development of the company, increase its competitiveness and innovation, by increasing the company's potential in the skillful management of design and increasing the use of design in business. The planned effect of the project is the introduction of new innovative products on trays to the company's offer, implementation of product, process and marketing innovation, purchase of a modern technological line for the production of ready-made dishes on trays, extension of the customer group, increase in sales revenue, automation of production processes, increase of awareness of design management in organizational structures, consistent company communication in the field of visual identification for the company and diversification of plant production through the introduction of previously non-produced products. The Company completed the supported investment project in August 2019. By fulfilling all obligations resulting from the co-financing agreement, the Company fully settled the project (and it received the final refinancing of incurred expenses), which took place in January 2020. Since Q.1, 2020 the Company's offer includes 9 indices from the category of ready-made dishes on trays. There are products ready to eat, they can be reheated in a microwave or in a traditional way. They were positively received by the customers. This new, dynamically developing category, that is ready-made dishes on trays, opens up new opportunities of sales development for the Company, especially on the export

markets. The revenues planned by Stoczek Natura Sp. z o.o. in this segment in 2020 are over PLN 4.0 million.

Activity development in the private label segment

- enriching the offer addressed to new and existing customers with health-promoting products, high-protein, made of leguminous flour and premium products, including pasta with the addition of quail eggs;
- enriching the offer directed to new and existing customers with ready meals, meat, canned meat and soups;
- activities aimed at improving the profitability of the sales channel.

Development of B2B sales channels and Institutions

- development of the category of pasta, meat and vegetable preserves, vegetable and fruit preserves, adapted to the expectations of the customers of that channel,
- establishing cooperation relations with other producers of pasta and ready-made dishes and producers of complementary goods, in order to supplement the offer for the final recipient,
- individualizing the offer and thus increasing competitiveness,
- using the production potential of Stoczek Natura Sp. z o.o. in the scope of service packaging of products and based on new forms of packaging,
- further development of production of semi-finished products based on the production capacity of the plant in Stoczek Łukowski, including sweet stuffing and salty fillings.

Increase in shares and increase of the distribution level on the domestic market

- intensification of marketing activities aimed at the development of the Makarony Polskie brand, new definition of Stoczek Natura, Sorenti, Tenczynek and Novelle brands, as well as introducing a new brand, So Food, under which ready-made dishes on trays are offered – in 2020 the Group plant to prepare a plan of support for marketing activities in this area,
- development and implementation of cooperation mechanisms with wholesale customers, retail local networks and network trade, especially in the area of international medium and small networks and convenience networks - as a selective distribution strategy, taking into account the specificity of the categories in which the Group operates,
- focusing on fast and efficient building of brand availability in the modern channel and implementation of an effective distribution policy in the traditional channel,
- intensification of trade marketing activities supporting sales and resale of products and building lasting relationships with Customers.

Export 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 increase in the number of customers on foreign markets, especially in the European Union,
- intensification of communication with current and potential recipients through the participation of, among others in trade fairs and organization of B2B meetings in target markets,
- acquiring and implementing projects concerning deliveries under the own recipient's brand,
- development of the product offer by offering functional products on foreign markets, e.g.: whole wheat pasta with high fiber content, spelled pasta, buckwheat pasta, vegetable pasta and new product categories, such as ready-made dishes on trays (especially the dishes for vegetarians which are in high demand on the market).

The impact of the COVID-19 pandemic on the activities of the Makarony Polskie Group

The Group suffered in several fields from the impact of the pandemic outbreak in Q.1, 2020 on the Company's activities and results.

- Since the first information about the coronavirus appeared, in order to protect the employees, the additional safety procedures and protection measures reducing the risk of virus spreading among the staff have been implemented. As at the date of publication of the statements, there were no disturbance in the functioning of the production plants and other organizational units.
- A significant increase of interest in the Group's products was observed in March when the Group recorded a sales growth by approximately 75%, which was caused by buying in advance the dry products, with a long shelf-life. In the entire Q.1, 2020 the Group's sales was PLN 57.2 million and was higher by PLN 17.0 million (i.e. 42%) compared to the corresponding period of the previous year. The entire increase in the revenues is not only a result of consumers' extraordinary behavior. In the period from January to February 2020, i.e. in the period before the pandemic outbreak, the Group recorded a growth by approximately 23% YoY as a result of introducing into sales new products and developing the cooperation with customers.
- The Group recorded a growth in the prices of key raw materials - flour, meat and egg pulp – due to an increase in demand and turmoil in the supply chain (e.g. obstacles

to international trade by reintroducing border controls and closing some border crossings).

- The pressure coming from business environment, such as state authorities, on maintaining a stable level of the prices, as well as the reluctance of key recipients to implement increases as part of the concluded contracts, had an impact on the delay in the implementation of new sales prices allowing the Group for partial compensation for the increase in the cost factors (that existed also before the pandemic, such as the minimum wages). Their impact will be visible in subsequent reporting periods (as at the date of preparation of the statements the Group is not able to predict the final result of the negotiations carried out with all recipients). The above issues had an impact on reducing the profitability at the level of gross profit on sales from 23.7% in Q.1, 2019 to 20.8% in Q.1, 2020. The result at the level of gross profit on sales was at the level of PLN 11.9 million and was higher by PLN 2.4 million (+25%) compared to Q.1, 2019.
- The coronavirus pandemic also affected the currency market, including the weakening of PLN against EUR. In Q.1, 2020 the Group recognized exchange losses in the statement of comprehensive income at the level of PLN 0.32 million (compared to PLN 0.02 million in Q.1, 2019).
- The Group's net profit amounted to PLN 2.7 million compared to PLN 2.4 million in the previous year (growth by PLN 0.3 million, i.e. 13%)

In the opinion of the Management Board, there are no threats that would prevent the Group from paying the liabilities (e.g. the investment projects are carried out according to the adopted schedules). The Group has no problems with the repayment of receivables by their contractors. As at the date of publication of the statements, the Company did not identify any material risks of failure to meet financial covenants in the credit agreements due to the COVID-19 pandemic.

The Management Board of Makarony Polskie SA is closely monitoring the situation connected with the COVID-19 pandemic and is taking actions aimed at minimizing a negative impact on the functioning of the Company and the Group in terms of safety, financial liquidity and results achieved.

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

Threats and risks related to the Group's operations in the remaining months of 2020

The current financial situation of the Group, its production potential and market position create opportunities for further development, however, there are many factors, especially those of

an external nature, which may directly or indirectly affect the financial results achieved in subsequent years.

Risk of market trends changes

The risk may result from the possible changes in consumer purchasing and eating habits, e.g. due to growing prices or generally published information, for example regarding the health advantage of a given category of products or the recent experience with COVID-19 pandemic. At the moment, it is difficult to estimate how significantly the consumer behavior will change, but it must be assumed that the pandemic may have an impact on the consumer eating habits in the nearest future and perhaps also in the long term.

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 is being modified in accordance with the market trends, e.g. systematically developed have been health-promoting products, "Fit" products, and ones with lower gluten content, flavored pasta and pasta made of antique grains (e.g. spelt, buckwheat), or products based on vegetable flours or with an addition of vegetable flour. The portfolio is also systematically expanded with vegetarian products from the line of ready-made dishes on trays and in jars.

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. All activities of the competitors are monitored on a current basis and carefully analyzed, which allows for fast reacting to the possible threats.

The Group has been trying to minimize 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 organized commercial networks, which are centralized 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 incomplete use of the production capacity, which will obviously translate into the results.

The situation of increased demand for the Group's products occurred, among others, in the initial period after the first COVID-19 infections appeared in Poland when the customers went shopping on a mass scale, whereas the orders from retail chains were significantly higher both in relation to the level recorded in the analogous period of the previous year and in the period before the epidemic outbreak.

The Group's production plants faced the necessity of making even greater efforts to use their production capacities in the most optimal way. The difficult situation was alleviated by the recent increase in the Company's production capacities, e.g. a new line for pasta production was installed in the plant in Rzeszów, which provided the Company with an additional safety margin. However, the shortage of raw materials, especially the imported semolina, and the attendance allowance of a part of the personnel introduced by the special act turned out to be a barrier limiting the production volume. Currently, the situation on the market is slowly stabilizing – customers are gradually resigning from doing shopping "in advance", which results in a gradual stabilization of incoming orders.

In the opinion of the Group, the risk is not high, because the Group companies have been systematically implementing solutions for recipients diversification and increase in the number of medium-sized customers.

Risk related to changes in raw materials prices

The Makarony Polskie Group has been consequently performing its strategy of raw materials prices securing with long-term purchase contracts in annual and semi-annual periods, which contributes to the avoidance of major profitability reductions of the manufactured pasta. In relation to the current situation on the cereal market, the Company has also monitored on a current basis the forecasts regarding both the domestic market and consumer wheat quoting on the world's markets.

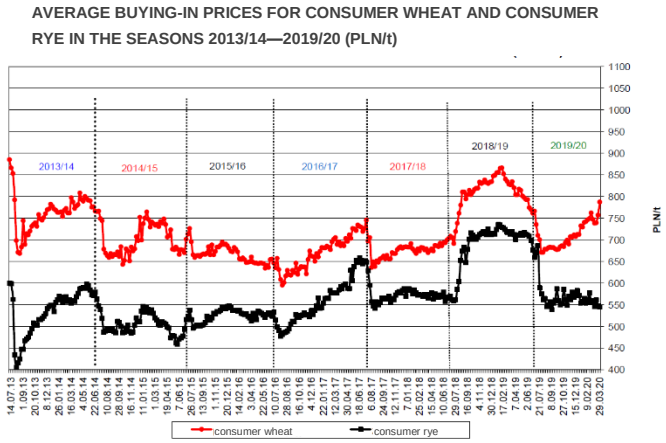
At the beginning of Q.1, 2020, flour purchase prices were stable and remained at a level similar to that of Q.4, 2019. The outbreak of coronavirus epidemic in Europe in the second half of Q.1 brought some nervousness and uncertainty to the market. The significantly increased demand for products with long shelf life, such as pasta and flour was observed. The difficulties in international trade occurred, e.g. reintroduction of border controls and closure of a part of border crossings, which had a direct impact on extended and uncertain delivery dates, e.g. semolina flour. All these factors translated into the growth of prices on the cereal and flour market.

The forecasts indicate that this is rather not a long-term trend but a temporary turmoil caused by the epidemic. However, taking into account that the wheat production is highly sensitive

to unpredictable weather conditions, such as this year's lack of rain in the growth period of spring cereals, i.e. February-April. The prices of cereals and flour are highly sensitive to price speculation resulting, among others, from natural disasters, such as the current COVID-19 pandemic. Taking above into consideration, it should be assumed that higher prices and a possible further upward trend in prices may continue in the perspective of the next harvest, i.e. until Q.3, 2020.

The Company is monitoring on a regular basis the current forecasts concerning both the domestic market and consumer wheat price quotations on the world markets, and will carry out further actions, taking into account current trends.

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



Source: Weekly report on the market for cereals, oilseeds and feed materials - Cereal market week 14'2020, Sparks Polska

In the first months of 2020 (January-February) the prices on the egg pulp market ranged from PLN 4.2 thousand to 4.8 thousand for one ton of egg pulp. In March the prices of egg pulp increased to the level of PLN 4.5-5.0 thousand for one ton of egg pulp, which translated into the profitability of the Company's product sales. The current prices on the Polish market are highly diversified and range from PLN 4.0 to 5.0 thousand for one ton of egg pulp. In our opinion, the market of egg pulp should remain stable in the months ahead.

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 as well as an extended base of foreign suppliers of key raw materials, which gives the company better possibilities to obtain cheap raw materials of good quality. The purchase of fruit and vegetables is carried out seasonally, in the months in which the prices are the lowest. In need the purchased raw materials are stored in the in-house warehouses and cold stores. Stoczek Natura Sp. z o.o. is exposed to the growth of raw materials prices resulting from various abnormal weather conditions. Striving for the risk mitigation the company maintains an extended base of key raw materials suppliers.

Additionally, in order to optimize the plant operation Stoczek Natura Sp. z o.o. has planned to outsource production of those categories of fruit and vegetable products whose market share does not guarantee to the company the optimal use of the possessed production capacity and purchase of raw materials at attractive prices. The Company monitors on a regular basis the prices and adjusts the value of its products to price pressure from the raw material suppliers.

Risk of changing legal and tax environment

The Polish legal and tax system is characterized with frequent changes, especially in the current COVID-19 epidemic, when the provisions of law are significantly changed from day to day, the activity of the companies, including the companies of the Makarony Polskie Group is burdened with very high uncertainty. This is a factor unfavorable for business activity which entails a high risk.

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 minimizing the possible consequences of such changes. Quality teams watch all legal regulations regarding products and packaging on a current basis in order to implement the changes required by law without undue delay.

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 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 minimize 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 the respective classes of financial instruments as at 31 March 2020:

Groups/categories of financial instruments	Carrying amount as at 31.03.2020 PLN '000	Currency exposure as at 31.03.2020 PLN '000	EUR PLN '000	USD PLN '000
Financial assets				
Cash and cash equivalents	497	29	24	4
Trade receivables	36,689	1,527	1,527	0
Financial liabilities				
Trade liabilities	37,947	6,713	6,713	0

The table presents the analysis of the financial result susceptibility to foreign exchange rates changes as at 31 March 2020:

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)	76.3	- 76.3	0	0
Financial liabilities				
Trade liabilities	- 335.6	335.6	0	0

Interest rate risk

Interest rate risk is the risk of losses as a result of change in the interest rates applied by the market and change in the statutory interest. The value of revenues and costs of the Company is sensitive to interest rates changes on the market.

To a large extent, the Group finances its activities with credits, which increases the Group's sensitivity to the interest rate risk, both as regards long-term and short-term financial liabilities.

In 2020 the Group has availed of external sources of finance taken out at banks in the form of working capital credits, credits in the current account and investment credits.

As at 31 March 2020 the Group was liable PLN 35,938 on accounts of credits taken out:

Currency	Interest rate	Credit balance	Including	
			Short-term credits	Long-term credits
PLN	WIBOR + bank margin	35,938	16,908	19,030

The Company is liable on account of credits to which variable interest rates apply. Therefore, there is a risk of the interest rates increase in reference to the interest level as at the date of signing the agreement.

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

Groups/categories of financial instruments	Carrying amount as at 31.03.2020 PLN `000	Value at risk as at 31.03.2020 PLN `000	WIBOR PLN `000
Financial assets			
Cash in hand and at bank	497	0	0
Financial liabilities			
Bank credits	35,938	35,938	35,938
Other financial liabilities	1,789	1,789	1,789

The structure of financial instruments exposed to the risk of interest rates changes as at 31 December 2019 is presented in the table below:

Interest rate	Assumed fluctuation (in percentage points) 31 March 2020		Amount exposed to risk as at 31.12.2020 PLN '000	Impact on the financial result 31 March 2020	
				PLN '000	PLN '000
WIBOR	1%	-1%	37,727	-377.3	377.3

The table below presents the analysis of the financial result susceptibility to interest rates changes as at 31 December 2019:

Interest rate	Assumed fluctuation (in percentage points) 31 December 2019		Amount exposed to risk as at 31.12.2019 PLN '000	Impact on the financial result 31 December 2019	
				PLN '000	PLN '000
WIBOR	1%	-1%	36,418	-364.2	364.2

Risk of insolvency of contractors

The Group follows the principle of making transactions with contractors of verified creditworthiness. In need, proper security bonds are requested in order to reduce the risk of financial losses on account of the contractor's failure to abide by the contract conditions. The Group uses generally available financial information as well as its own data regarding transactions when assessing the financial position of its main customers.

The Group exposure to the creditworthiness risk of the contractors has been monitored on a standing basis. The credit risk control is possible by virtue of limits verified and approved on a current basis within the Group controlling structures. Additionally, the Group has covered the selected contractors with trade receivables insurance provided by one of the major insurance companies operating in that segment on the Polish market.

The Group is not exposed to a major credit risk on account of a single contractor or a group of contractors.

Selected financial data – the Makarony Polskie Group

The selected financial data in EURO was presented in accordance with the Regulation of the Minister of Finance dated 29 March 2018 on the current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

- items of the statement of financial position have been converted at the average exchange rate announced by the National Bank of Poland as at the balance sheet date (31 March 2020, EUR 1 = PLN 4.5523; 31 December 2019: EUR 1 = PLN 4.2585)
- items of the statement of comprehensive income and statement of cash flows have been converted at the exchange rate being the arithmetic average of the average rates set by the National Bank of Poland effective on the last day of each month of Q.1, 2020 = PLN 4.3963 and at the end of each month of Q.1, 2019 = PLN 4.2978.

Selected financial data	31 March 2020	31 March 2019	31 March 2020 (in EUR '000)	31 March 2019 (in EUR '000)
Net revenues from sale of products, services, goods and materials	57,244	40,209	13,021	9,356
Profit (loss) from continued operations	4,050	3,260	921	759
Gross profit (loss)	3,380	2,939	769	684
Net profit (loss) from continued operations	2,713	2,410	617	561
EBIT	4,050	3,260	921	759
EBITDA (EBIT + depreciation)	5,885	4,748	1,339	1,105
Net cash flows from operating activities	902	-1,937	205	- 451
Net cash flows from investment activities	- 5,171	- 3,763	- 1,176	- 876
Net cash flows from financial activities	4,041	5,701	919	1,326
Total net cash flows	- 228	1	- 52	0.2
Total assets ***	185,943	173,627	40,846	40,772
Liabilities and provisions for liabilities ***	103,242	93,639	22,679	21,989
Long-term liabilities ***	43,221	39,351	9,494	9,241
Short-term liabilities ***	60,021	54,288	13,185	12,748
Equity ***	82,701	79,988	18,167	18,783
Share capital ***	27,750	27,750	6,096	6,516
Number of shares (units)	9,250,071	9,250,071	9,250,071	9,250,071

Selected financial data – the Makarony Polskie Group

Weighted average number of shares (in units) during the current financial year	9,250,071	9,250,071	9,250,071	9,250,071
Profit/loss per ordinary share (in PLN/EUR) *	0.29	0.26	0.07	0.06
Book value per one share (in PLN/EUR)**	8.94	8.65	1.96	2.03

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

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

*** Comparable data regarding the statement of financial position as at 31 December 2019

Consolidated statement of comprehensive income

FOR THE PERIOD	01.01.2020-31.03.2020	01.01.2019-31.03.2019
Net revenues from sales	57,244	40,209
Net revenues from sale of products and services	53,682	38,077
Net revenues from sale of products and materials	3,562	2,132
Own cost	45,334	30,694
Production costs of products and services sold	42,180	28,820
Value of goods and materials sold	3,154	1,874
Gross profit (loss) on sales	11,910	9,515
Costs of sales	6,401	5,003
General administrative costs	1,420	1,345
Other revenues	346	208
Other costs	385	115
Profit (loss) from continued operations	4,050	3,260
Financial revenues	0	0
Financial costs	670	321
Gross profit	3,380	2,939
Income tax - current part	344	346
Income tax - deferred part	323	183
Net profit (loss) from continued operations	2,713	2,410
In this attributable to:		
Shareholders of the Parent Company	2,713	2,410
Non-controlling shares		
Basic net result per share in PLN	0.29	0.26
Diluted net result per share in PLN	0.29	0.26
Other total net income/loss		
Total net income	2,713	2,410
Total net income attributable to:		
Shareholders of the Parent Company	2,713	2,410
Non-controlling shares		

Consolidated statement of comprehensive income

Statement of other total net income - application of hedge accounting

FOR THE PERIOD	01.01.2020-31.03.2020	01.01.2019-31.03.2019
Total net income	2,713	2,410
Profit/loss due to application of hedge accounting	0	0
Total net income	2,713	2,410

Consolidated statement of financial position

ASSETS	31 March 2020	31 December 2019	31 March 2019
FIXED ASSETS	**128,490**	**126,942**	**108,554**
Tangible fixed assets	110,590	108,814	87,131
Right-of-use asset - IFRS -16	3,870	4,091	4,779
Investment real estate	603	603	603
Goodwill	5,949	5,949	5,949
Other intangible assets	7,365	7,363	9,936
Long-term financial assets	0	0	0
Assets for deferred income tax	2	2	1
Other long-term assets	111	120	155
CURRENT ASSETS	**57,453**	**46,685**	**52,276**
Inventories	19,880	20,515	19,139
Short-term receivables	36,689	25,074	32,419
Receivables from deferred income tax	4	17	0
Borrowings granted	0	0	0
Cash and cash equivalents	497	718	361
Other short-term assets	383	361	357
FIXED ASSETS HELD FOR SALE	**0**	0	**0**
TOTAL ASSETS	**185,943**	**173,627**	**160,830**

EQUITY AND LIABILITIES	31 March 2020	31 December 2019	31 March 2019
EQUITY	**82,701**	**79,988**	**80,908**
Share capital	27,750	27,750	27,750
Supplementary capital	37,155	37,155	46,095
Reserve capital	12,000	12,000	0
Retained profits/losses (profit/loss from previous years)	3,083	- 720	4,653
Net profit/loss	2,713	3,803	2,410
LONG-TERM LIABILITIES	**43,221**	**39,351**	**30,481**
Provision for deferred income tax	3,845	3,522	3,752
Long-term bank credits and borrowings	19,030	17,995	14,930
Provision for retirement and similar benefits (long-term)	357	357	285
Deferred income	15,898	13,042	6,413
Long-term financial liabilities - leasing	1,043	1,160	1,164

Consolidated statement of comprehensive income

Long-term financial liabilities - leasing - IFRS-16	3,048	3,275	3,937
SHORT-TERM LIABILITIES	**60,021**	**54,288**	**49,441**
Short-term bank credits and borrowings	16,908	16,500	15,898
Short-term financial liabilities - leasing	746	762	901
Short-term financial liabilities - leasing - IFRS-16	899	884	859
Other short-term liabilities	37,947	33,673	29,473
Income tax liabilities	102	426	108
Deferred income - short-term	1,144	975	546
Provision for retirement and similar benefits (short-term)	1,055	1,055	1,027
Other short-term provisions	1,220	13	629
TOTAL LIABILITIES	**103,242**	**93,639**	**79,922**
TOTAL EQUITY AND LIABILITIES	**185,943**	**173,627**	**160,830**

Consolidated statement of cash flows

FOR THE PERIOD	01.01.2020-31.03.2020	01.01.2019-31.03.2019
Cash flows from operating activities		
Profit before tax	**3,380**	**2,939**
Adjustments by items:	- 2,478	- 4,876
Depreciation	1,835	1,488
Profits/losses on exchange differences	- 7	- 1
Interest expense and income	317	120
Revenues from dividends	0	0
Profit/loss from investment activities	14	- 48
Change in provisions	1,207	614
Change in inventories	634	- 981
Change in liabilities	- 12,096	- 6,993
Change in liabilities and accruals	6,273	1,383
Paid/refunded corporate income tax	- 655	- 458
Other adjustments	0	0
Net cash flows from operating activities	**902**	**- 1,937**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	7	71
Proceeds from the sale of financial assets	0	0
Expenses for the acquisition of fixed tangible assets and intangible assets	- 5,178	- 3,834
Expenses for the acquisition of subsidiaries and affiliates	0	0
Interest income	0	0
Proceeds from borrowings granted	0	0
Borrowings granted	0	0
Others	0	0
Net cash flows from investment activities	**- 5,171**	**- 3,763**
Cash flows from financial activities		
Proceeds from credits and borrowings	2,485	6,866
Repayment of credits and borrowings	- 1,043	- 748
Payment of liabilities under financial lease agreements	- 438	- 418
Interest paid	-316	-120
Dividend paid to shareholders	0	0
Expenses on acquisition of financial assets	0	0
Other financial revenues - subsidies	3,353	121

Consolidated statement of cash flows

Net cash flows from financial activities	**4,041**	**5,701**
Increase/decrease in cash and cash equivalents	**- 228**	**1**
Cash, cash equivalents and credits in the current account at the beginning of the period	718	359
Foreign exchange gains/losses on the valuation of cash, cash equivalents and credits in the current account	7	1
Cash, cash equivalents and credits in the current account at the end of the period	**497**	**361**

Statement of changes in consolidated equity

For the period from 1 January 2020 to 31 March 2020

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2020	27,750	37,155	12,000	0	3,083	79,988
Distribution of profit/loss coverage	0	0	0	0	0	0
Distribution of profit - dividend payout	0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0	0
Other total income	0	0	0	0	0	0
Net result after Q.1, 2020	0	0	0	2,713	0	2,713
Balance as at 31 March 2020	27,750	37,155	12,000	2,713	3,083	82,701

For the period from 1 January 2019 to 31 December 2019

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2019	27,750	46,095	0	0	4,653	78,498
Distribution of profit/loss coverage	0	3,060	0	0	- 3,060	0
Distribution of profit – dividend payout	0	0	0	0	-2,313	- 2,313
Creation of reserve capital - own shares	0	- 12,000	12,000	0	0	0
Other total income	0	0	0	0	0	0
Net result in 2019	0	0	0	3,803	0	3,803
Balance as at 31 December 2019	27,750	37,155	12,000	3,803	- 720	79,988

For the period from 1 January 2019 to 31 March 2019

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2019	27,750	46,095	0	0	4,653	78,498
Distribution of profit/loss coverage	0	0	0	0	0	0
Distribution of profit - dividend payout	0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0	0
Other total income	0	0	0	0	0	0
Net result after Q.1, 2019	0	0	0	2,410	0	2,410

Statement of changes in consolidated equity

Balance as at 31 March 2019	27,750	46,095	0	2,410	4,653	80,908

Additional explanatory notes

Revenues from the sale of products, services, goods and materials by business segments

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

	For the period from 01.01 to 31.03.2020	For the period from 01.01 to 31.03.2019
Revenues from sale of products	51,554	36,404
Revenues from sale of services, including:	2,128	1,673
- from lease and storage	1,456	1,225
- distribution services	0	0
- transportation services	0	0
- service production	671	448
- other services	1	0
Revenues from sale of materials	2,629	1,341
Revenues from sale of goods	933	791
Total	**57,244**	**40,209**

Operating segments

The Makarony Polskie Group distinguishes the product services shown in the table below:

	For the period from 01.01 to 31.03.2020	For the period from 01.01 to 31.03.2019
Pasta	41,421	28,980
Meat and vegetable preserves	8,310	5,625
Vegetable preserves and stuffing	601	809
Fruit preserves	2,785	2,192
Others	4,127	2,603
Total	**57,244**	**40,209**

Basic information about operating segments:

For the period from 01.01. to 31.03.2020	Pasta	Meat and vegetable preserves	Vegetable preserves and stuffing	Fruit preserves	Others	Total segments
Total segment revenues	**41,421**	**8,310**	**601**	**2,785**	**4,127**	**57,244**
Sales to external customers	41,421	8,310	601	2,785	4,127	57,244
Sales between segments	0	0	0	0	0	0

Segment costs	32,119	7,707	378	2,519	2,611	45,334
Profits or losses of segments	**9,302**	**603**	**223**	**266**	**1,516**	**11,910**
Costs of sales	0	0	0	0	0	-6,401
General administrative costs	0	0	0	0	0	-1,420
Other revenues	0	0	0	0	0	346
Other costs	0	0	0	0	0	-385
Financial revenues	0	0	0	0	0	0
Financial costs	0	0	0	0	0	-670
Elimination of profit/loss between segments	0	0	0	0	0	0
Other profit or loss	0	0	0	0	0	0
Unallocated amounts	0	0	0	0	0	0
Gross profit/loss from continued operations	0	0	0	0	0	3,380

For the period from 01.01. to 31.03.2019	Pasta	Meat and vegetable preserves	Vegetable preserves and stuffing	Fruit preserves	Others	Total segments
Total segment revenues	**28,980**	**5,625**	**809**	**2,192**	**2,603**	**40,209**
Sales to external customers	28,980	5,625	809	2,192	2,603	40,209
Sales between segments	0	0	0	0	0	0
Segment costs	22,282	4,702	631	1,798	1,281	30,694
Profits or losses of segments	**6,698**	**923**	**178**	**394**	**1,322**	**9,515**
Costs of sales	0	0	0	0	0	-5,003
General administrative costs	0	0	0	0	0	-1,345
Other revenues	0	0	0	0	0	208
Other costs	0	0	0	0	0	-115
Financial revenues	0	0	0	0	0	0
Financial costs	0	0	0	0	0	-321
Elimination of profit/loss between segments	0	0	0	0	0	0
Other profit or loss	0	0	0	0	0	0
Unallocated amounts	0	0	0	0	0	0
Gross profit/loss from	0	0	0	0	0	2,939

continued operations						

The Company has applied IFRS 8 "Operating Segments". In accordance with the requirements of IFRS 8, the operating segments should be identified based on internal reports on these elements, which are regularly verified by persons deciding on the allocation of resources to a given segment and assessing its financial results. In terms of assets and liabilities, the main bodies responsible for making operational decisions do not analyze data cross-sectioned into operating segments.

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

	For the period from 01.01 to 31.03.2020	For the period from 01.01 to 31.03.2019
Country	52,219	37,459
Exports, including:	5,025	2,750
- European Union countries	1,814	647
- other countries	3,211	2,102
Total	**57,244**	**40,209**

The sales markets of the Makarony Polskie Group can be divided into the domestic market (including private label, traditional trade, modern trade, B2B and institutions) and exports (including sales through domestic intermediaries). In Q.1, 2020 the sales was PLN 57.2 million and was higher by PLN 17.0 million, i.e. 42% compared to the corresponding period of the previous year. The highest sales growth was recorded in the segment of pasta from PLN 29.0 million to PLN 41.4 million (+PLN 12.4 million) and meat and vegetable preserves from PLN 5.6 million PLN 8.3 million (+PLN 2.7 million).

Data regarding the financial result and shares which were used to calculate basic and diluted profit per share

	For the period from 01.01 - to 31.03.2020	For the period from 01.01- to 31.12.2019	For the period from 01.01- to 31.03.2019
Net profit/loss per share	0.29	0.41	0.26
Book value per one share in PLN	8.94	8.65	8.75

	For the period 01.01 to 31.03.2020	For the period from 01.01 to 31.12.2019	For the period from 01.01 to 31.03.2019
Net profit/loss from continued operations attributable to shareholders of the parent company	2,713	3,803	2,410
Net profit/loss on discontinued operations attributable to shareholders of the parent company	0	0	0
Net profit/loss attributable to shareholders of the parent company	2,713	3,803	2,410
Net profit/loss attributable to ordinary shareholders applied to calculate diluted profit/loss per share	0	0	0

	For the period from 01.01 to 31.03.2020	For the period from 01.01 to 31.12.2019	For the period from 01.01 to 31.03.2019
Weighted average number of issued ordinary shares applied to calculate basic profit/loss per share	9,250,071	9,250,071	9,250,071
Impact of dilution	not applicable	not applicable	not applicable
Adjusted weighted average number of ordinary shares applied to calculate diluted profit/loss per share	not applicable	not applicable	not applicable

Net profit falling per one share is calculated by dividing the net profit for the period falling to ordinary shareholder of the Parent Company by average weighted number of issued ordinary shares present in the period.

Diluted profit falling per one share is calculated by dividing the net profit in the period falling to ordinary shareholders of the parent company (after deducting interests on the amortizable preferred shares exchanged to ordinary shares) per average weighted number of issued ordinary shares present in the period (corrected by the influence of dilutive options and diluting, amortizable preferred shares exchanged to ordinary shares).

In the Parent Company in Q.1,2019 there were no factors diluting the share capital.

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

Share capital

As at 31 March 2019 the share capital of Makarony Polskie SA amounted to PLN 27,750,213 and was divided as follows:

	Type of share	Type of privilege	Number of shares in units	Nominal value of one share in PLN	Nominal value of series (issue) in PLN '000	Method of capital coverage	Date of registration	Right to dividend (from)
series A	bearer shares	ordinary shares	3,013,250	3	9,040	cash contributions	05.07.2004	01.01.2004
series B	bearer shares	ordinary shares	1,169,750	3	3,509	non-cash contributions	29.10.2004	01.01.2004

series C	bearer shares	ordinary shares	3,000,000	3	9,000	cash contributions	18.04.2007	01.01.2007
series D	bearer shares	ordinary shares	1,735,821	3	5,207	cash contributions	22.06.2007	01.01.2007
series E	bearer shares	ordinary shares	331,250	3	994	cash contributions	11.02.2008	01.01.2008
Total			**9,250,071**		**27,750**			

Information on changes in estimates related to the consolidated financial statements

CHANGES DUE TO PROVISIONS

Changes in the balance as at 31 March 2020	Balance as at 1 January 2020	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1,412	0	0	1,412
a) long-term	357	0	0	357
b) short-term	1,055	0	0	1,055
Other provisions, including:	13	1,220	13	1,220
b) other	13	1,220	13	1,220
Total	1,425	1,220	13	2,632

Changes in the balance as at 31 December 2019	Balance as at 1 January 2019	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1,327	97	12	1,412
a) long-term	285	72	0	357
b) short-term	1,042	25	12	1,055
Other provisions, including:	0	13	0	13
b) other	0	13	0	13
Total	1,327	110	12	1,425

Changes in the balance as at 31 March 2019	Balance as at 1 January 2019	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1,327	0	14	1,313
a) long-term	285	0	0	285
b) short-term	1,042	0	14	1,028
Other provisions, including:	0	629	0	629
b) other	0	629	0	629
Total	1,327	629	14	1,942

The Group companies pay out the retirement bonuses to retiring employees in the amount specified in the Labor Code and internal regulations. Therefore, based on the valuation made

by the actuary, the Group creates a provision for the current value of the liability on account of retirement and disability bonuses. In the period of Q.1, 2020, the Group companies did not perform any actuarial valuation of the liability on account of retirement and disability bonuses.

The calculation of provision has been made for the persons who are currently employed and does not apply to persons who will be employed in the future. Every employee who has reached retirement age is entitled to a retirement bonus. No provision is created for persons who are already pensioners or disability pensioners (who have received a bonus).

DEFERRED TAX ASSETS AND PROVISIONS

Changes in the balance as at 31 March 2020	Balance as at 1 January 2020	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	394	391	86	699
Provision for deferred income tax	3,914	694	66	4,542
Asset/Provision after compensation	3,520			3,843

Changes in the balance as at 31 December 2019	Balance as at 1 January 2019	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	393	63	62	394
Provision for deferred income tax	3,961	11	58	3,914
Asset/Provision after compensation	3,568			3,520

Changes in the balance as at 31 March 2019	Balance as at 1 January 2019	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	393	205	135	463
Provision for deferred income tax	3,961	280	27	4,214
Asset/Provision after compensation	3,568			3,751

In terms of income tax, the Group is subject to general regulations in this respect. 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 of 1 January 2020 Makarony Polskie SA and Stoczek Natura Sp. z o.o. chose a simplified method of paying monthly advance payments on corporate income tax. As at 31 March 2020, a provision for deferred tax in the amount of PLN 676 thousand was created as the difference between the paid advance payments shown in the statement of comprehensive income and the actual tax resulting from the calculated tax basis.

WRITE-DOWNS ON ASSETS

Changes in the balance as at 31 March 2020	Balance as at 1 January 2020	Creation	Use and release	Balance at the end of the period
Write-downs of receivables	241	227	0	468
Write-downs of inventories	133	0	0	133
Write-downs of tangible fixed assets	1,484	0	24	1,460
Write-downs of intangible assets	2,641	0	0	2,641

Changes in the balance as at 31 December 2019	Balance as at 1 January 2019	Creation	Use and release	Balance at the end of the period
Write-downs of receivables	172	69	0	241
Write-downs of inventories	44	133	44	133
Write-downs of tangible fixed assets	1,579	0	95	1,484
Write-downs of intangible assets	0	2,641	0	2,641

Changes in the balance as at 31 March 2019	Balance as at 1 January 2019	Creation	Use and release	Balance at the end of the period
Write-downs of receivables	172	0	0	172
Write-downs of inventories	44	0	0	44
Write-downs of tangible fixed assets	1,579	0	24	1,555

The Group monitors its assets on an on-going basis; in the event of impairment, the Group makes a revaluation write-down of assets. In Q.1, 2020 there were reasons for making a write-down of trade receivables in the amount of PLN 227 thousand.

Information on changes comparative to the consolidated and separate financial statements for the previous years regarding the depreciation of the right of perpetual usufruct of land before 31 March 2019 and disclosure of the financial lease of the right of perpetual usufruct of land as at 1 January 2019 - IFRS 16

In 2019 Makarony Polskie SA adjusted the financial statements for the previous years concerning the mistake made in the previous periods in the absence of calculation of depreciation write-downs for the acquired right of perpetual usufruct of land, the value of land realized before 31 March 2019, the amount of PLN 338 thousand (of which PLN 332 thousand relates to the period until 31 December 2018) - annual depreciation rate of 1.21%, as well as disclosure of the right of perpetual usufruct of land as a result of the application of IFRS-16 - fixed assets used under lease agreements. Therefore, the Company transformed the financial statements for the period from 1 January 2019 to 31 March 2019 (detailed description in the consolidated annual statements for 2019).

The following presentation adjustments were made to the statements prepared as at 31 March 2019:

- Consolidated statement of comprehensive income
  - production cost - the amount of PLN -5 thousand
  - sales cost - the amount of PLN 2 thousand
  - general administrative cost - the amount of PLN 1 thousand
  - financial costs - the amount of PLN 46 thousand

  Total adjustment of statements, net result - the amount of PLN 44 thousand.
- Consolidated statement of financial position
  - fixed assets - the amount of PLN 860 thousand
  - other short-term assets - the amount of PLN 38 thousand
  - retained profits - the amount of PLN 331 thousand
  - net profit/loss - the amount of PLN -44 thousand
  - long-term financial liabilities - leasing - IFRS - the amount of PLN 1,194 thousand
  - short-term financial liabilities - leasing - IFRS - the amount of PLN 4 thousand

  Total assets and liabilities - the amount of PLN 823 thousand

Parallel presentation adjustments were also made to the statement of cash flows and statement of changes in equity both in the Group's consolidated statements and separate statements of Makarony Polskie SA.

Dividends paid and proposed for payment

In Q.1 and until the date of publication Makarony Polskie SA did not pay any dividends.

In 2020, the Management Board of the Company decided to recommend to the General Meeting that the net profit for the period from 1 January 2019 to 31 December 2019 in the amount of PLN 5 585 504.32 should be divided as follows:

- PLN 2,312,517.75 to be used to pay dividends, i.e. to pay a dividend of PLN 0.25 gross per share,
- the remaining part of the profit in the amount of PLN 3,272,986.57 should be allocated to the Company's supplementary capital.

According to Article 382 §3 of the Commercial Companies Code, this recommendation was presented by the Management Board to the Supervisory Board for information and received a positive opinion of the Supervisory Board. The final decision regarding the distribution of profit for the 2019 financial year will be taken by the General Meeting of the Company.

The Management Board of Makarony Polskie SA decided that in subsequent financial years it will also try to recommend the payout of dividend to shareholders to the Annual General

Meeting, although each time the possibility of dividend payment will depend on the amount of the achieved profit, current investment objectives and the company's situation.

Settlements between affiliates

In Q.1, 2020 Makarony Polskie SA did not conclude material transactions with subsidiaries under the terms other than market terms.

Within the 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 organizational structure. All transactions are performed under the market terms and conditions.

Affiliate	Sales to affiliates - total revenues		Purchases from affiliates	
	For the period	For the period	For the period	For the period
	from 01.01. to 31.03.2020	from 01.01. to 31.03.2019	from 01.01. to 31.03.2020	from 01.01. to 31.03.2019
Parent Company - Makarony Polskie S.A.	83	62	7,708	5,912
from/to Stoczek Sp. z o.o.	70	49	7,346	5,492
from/to MP Trade Sp. z o.o.	13	13	362	420

Affiliate	Receivables from affiliates		Liabilities towards affiliates	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Parent Company - Makarony Polskie S.A.	678	174	405	572
from/to Stoczek Sp. z o.o.	673	164	51	259
from/to MP Trade Sp. z o.o.	5	10	354	313

SETTLEMENTS BETWEEN SUBSIDIARIES

Subsidiaries	Sales between subsidiaries - total revenues		Purchases between subsidiaries	
	For the period	For the period	For the period	For the period
	from 01.01. to 31.03.2020	from 01.01. to 31.03.2019	from 01.01. to 31.03.2020	from 01.01. to 31.03.2019
Total subsidiaries	14	1	14	1
from/to Stoczek Sp. z o.o.	1	1	13	0

from/to MP Trade Sp. z o.o.	13	0	1	1

Subsidiaries	Receivables between subsidiaries		Liabilities between subsidiaries	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Total subsidiaries	14	1	14	1
from/to Stoczek Sp. z o.o.	0	1	14	0
from/to MP Trade Sp. z o.o.	14	0	0	1

Information on issue, redemption and repayment of debt securities

In Q.1, 2020 the companies of the Makarony Polskie Group did not issue, redeem or repay any debt securities.

Information on conducted and planned share issues

The Company did not issue any shares during Q.1, 2020 and until the date of publication of these statements.

Agreements and events material for the Group's operations

Annex to the agreement on co-financing of the project entitled “Creation of a Research and Development Center for the Pasta Industry at Makarony Polskie SA”

In February 2020, the Company concluded with the Ministry of Development and Finance an annex under which the completion date of the project entitled "Creation of a Research and Development Center for the Pasta Industry at Makarony Polskie SA" covered by the subsidy under Measure 2.1 - Support for investment in R&D infrastructure of enterprises under the Smart Operational Program for the years 2014-2020.

The project completion date was set at 31 December 2020 (previously: 31 March 2020). The application filed by the Company for amending the project completion date resulted from the amendments to the schedule of construction works. The postponement of the project completion date will enable the Company to thoroughly fulfill the obligations and complete the project in accordance with the assumptions.

The Company purchases fixed assets and construction works, as part of the project. For the needs of the B&R Center, the purchase will include a modern production test line, whose parameters will reflect the conditions prevailing during the industrial production process (that line will be an asset of material value);

The total cost of the project is about PLN 18.6 million. The total maximum amount of subsidy eligible costs is PLN 15.2 million. Co-financing value is PLN 9.1 million.

Annexes to credit agreements with Santander Bank Polska SA

In Q.1, 2020 Makarony Polskie SA concluded the annexes to the agreements on credit in Santander Bank Polska SA which have been described in detail under "Information about financial liabilities under credit, factoring and lease agreements concluded".

Amendments to the security bond of Stoczek Natura Sp. z o.o. for Makarony Polskie SA

In January 2020, Stoczek Natura Sp. z o.o. concluded an annex to the agreement on a security bond with regard to the credit liability repayment taken out by the Parent Company Makarony Polskie SA at Santander Bank Polska SA.

The annex to the agreement on a security bond is a consequence of concluding by Makarony Polskie SA an annex to the investment credit agreement. Pursuant to the annex to the agreement on a security bond, the term of the security bond granted by Stoczek Natura Sp. z o.o. subsidiary was extended. The bank can issue the writ of execution to the debt amount on account of the credit until 30 December 2026 (the previous date was 30 September 2021) and the security bond has been limited to the amount of PLN 15.4 million. The detailed terms and conditions of the security bond granted are not different from the standard market terms in that regard. The remuneration of Stoczek Natura Sp. z o.o. consists of the commission on account of the security bond granting.

Information about credit, factoring and lease agreements concluded

INFORMATION ON CREDITS AND GUARANTEES OBTAINED AS AT 31 MARCH 2020

LONG- AND SHORT-TERM CREDITS AND BORROWINGS

	31 March 2020	31 December 2019
- long-term part	19,030	17,995
- short-term part	16,908	16,500
Total	**35,938**	**34,495**

The balance of credit and factoring agreements binding as at 31 March 2020, 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 conditions	31 March 2020
Credit agreement value	PLN 5,000 thousand
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 2,301 thousand
Repayment schedule	one-off at the date of maturity
Credit collateral	– joint mortgage up to PLN 17,000 thousand on properties entered in: la) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów and land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW PL1P/00097530/5, land and mortgage register No. KW PL1P/00114158/9 and land and mortgage register No. KW PL1P/00097363/3 (on shares held) in Płock; – blank promissory note issued by the Company and promissory note declaration, – registered pledge on inventories of the value not lower than PLN 5,000 thousand, 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.

In Q.1, 2020 Makarony Polskie SA concluded with Santander Bank Polska SA an annex to the agreement on credit in the current account which introduced the following changes:

- it adjusted the value of collateral to the credit exposure of the Bank,
- it standardized the liabilities of the Company towards the Bank in accordance with the liabilities resulting from other agreements (e.g. standardizing a definition of covenants).

– Investment credit at Santander Bank Polska SA

Credit conditions	31 March 2020
Credit agreement value	PLN 13,849 thousand
Credit period	18.10.2013 – 30.12.2023
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 4,824 thousand
Repayment schedule	The credit will be repaid in 49 monthly installments in the following amounts: 48 installments of PLN 105 thousand each, plus the last 49th settlement installment in the amount of PLN 204 thousand.
Credit collateral	– joint mortgage up to PLN 17,000 thousand on properties entered in: la) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów and land and mortgage register No. KW

	PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW PL1P/00097530/5, land and mortgage register No. KW PL1P/00114158/9 and land and mortgage register No. KW PL1P/00097363/3 (on shares held) in Płock; – registered pledge on fixed assets (production lines at the Rzeszów plant) including the assignment of rights under the the object of the pledge, – blank promissory note issued by the Company 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 conditions	31 March 2020
Credit agreement value	PLN 12,121 thousand
Credit period	07.02.2017 - 28.12.2023
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 9,420 thousand
Repayment schedule	The credit will be repaid in 37 monthly installments in the following amounts: 36 installments in the amount of PLN 50 thousand, the 37th installment in the amount of PLN 9,061 thousand, EU refinancing granted will decrease the balloon installment
Credit collateral	– joint mortgage up to PLN 18,200 thousand on properties entered in: la) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów and land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW PL1P/00097530/5, land and mortgage register No. KW PL1P/00114158/9 and land and mortgage register No. KW PL1P/00097363/3 (on shares held) in Płock; – registered pledge on semi-industrial line for trials and tests with accessories, including the assignment of rights under the property insurance policy, – blank promissory note issued by the Company 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 conditions	31 March 2020
Credit agreement value	PLN 8,000 thousand
Credit period	15.09.2017 - 31.12.2023
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 1,531 thousand

Repayment schedule*	The credit will be repaid in 49 capital installments, of which 48 installments in the amount of PLN 33 thousand, the 49th installment in the amount of PLN 79 thousand
Credit collateral	– joint mortgage up to PLN 2,500 thousand on properties entered in: la) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów and land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW PL1P/00097530/5, land and mortgage register No. KW PL1P/00114158/9 and land and mortgage register No. KW PL1P/00097363/3 (on shares held) in Płock; – registered pledge the acquired line under the grant project including the assignment of rights under the pledge object policy, – blank promissory note issued by the Company 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.

– Working capital credit at Santander Bank Polska SA

Credit conditions	31 March 2020
Credit agreement value	PLN 2,727 thousand
Credit period	30.09.2019 - 30.09.2022
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 3,000 thousand
Repayment schedule	The credit will be repaid in 33 monthly installments, starting from 31 January 2020 in the amount of PLN 0.09 million
Credit collateral	– joint mortgage up to PLN 4,500 thousand on properties entered in: la) land and mortgage register No. KW RZ1Z/00076860/5 located in Rzeszów and land and mortgage register No. KW PL1P/00094893/6 located in Płock, including the assignment of rights under the property insurance policy, b) land and mortgage register No. KW PL1P/00097530/5, land and mortgage register No. KW PL1P/00114158/9 and land and mortgage register No. KW PL1P/00097363/3 (on shares held) in Płock; – registered pledge on fixed assets (production lines at the Rzeszów plant) including the assignment of rights under the the object of the pledge, – blank promissory note issued by the Company 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 conditions	31 March 2020
Credit agreement value	PLN 6,000 thousand
Credit period*	14.06.2013 – 30.06.2020

Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 5,597 thousand
Repayment schedule	one-off at the date of maturity
Credit collateral	– joint mortgage up to PLN 16,500 thousand on properties entered in: la) land and mortgage register No. KW CZ1C/00111425/8 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 (property of Stoczek Natura Sp. z o.o.) including the assignment of rights under the property insurance policy – blank promissory note issued by the Company and promissory note declaration, – power of attorney to dispose of the current account at the Bank, – security bond by Stoczek Natura Sp. z o.o., – declaration of the Company and the Guarantor on submission to enforcement, made pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.

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

Credit conditions	31 March 2020
Credit agreement value	PLN 5,000 thousand
Credit period	30.06.2015 – 29.06.2020
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 250 thousand
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 thousand on properties entered in: la) land and mortgage register No. KW CZ1C/00111425/8 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 (property of Stoczek Natura Sp. z o.o.) including the assignment of rights under the property insurance policy; – blank promissory note issued by the Company and promissory note declaration, – power of attorney to dispose of the current account at the Bank, – security bond by Stoczek Natura Sp. z o.o., – declaration of the Company and the 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 the amount of PLN 4 million).

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

Agreement conditions	31 March 2020
Contractual value	PLN 5,500 thousand
Duration	Agreement concluded for an indefinite period

Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Factoring balance	PLN 5,196 thousand
Agreement collateral	– irrevocable power of attorney to the account, – blank promissory note and promissory note declaration.

The balance of credit agreements binding as at 31 March 2020, in which Makarony Polskie SA was the party, is presented in the tables below:

– Credit in the current account at Bank Gospodarstwa Krajowego

Credit conditions	31 March 2020
Credit agreement value	PLN 3,000 thousand
Credit period*	16.11.2017 – 16.11.2020
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 2,952 thousand
Repayment schedule	one-off at the date of maturity
Credit collateral	– contractual mortgage up to PLN 4,500 thousand on the property 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, – power of attorney to dispose of the current account at the Bank, – registered pledge on a collection of machinery and equipment (located in the plant in Stoczek Łukowski) including the assignment of rights under the pledge insurance policy, security bond by Makarony Polskie SA, – declaration of the Company and the 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 the amount of PLN 6 million).

– Revolving working capital credit at Bank Gospodarstwa Krajowego*

Credit conditions	31 March 2020
Credit agreement value	PLN 2,500 thousand
Credit period	08.07.2019 – 08.10.2020
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 2,500 thousand
Repayment schedule	in two installments: PLN 1.9 million up to 30 July 2020; PLN 0.6 million up to 8 October 2020
Credit collateral	– contractual mortgage up to PLN 3,750 thousand on the property entered in land and mortgage register No. KW LU1U/00022979/2 in Stoczek Łukowski, including the assignment of rights under the property insurance policy, – power of attorney to dispose of the current account at the Bank, – blank promissory note issued by the Company and promissory note declaration, – security bond by Makarony Polskie SA, – declaration of the Company and the 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 the amount of PLN 5 million).

After the balance sheet date Stoczek Natura Sp. z o.o. concluded with Bank Gospodarstwa Krajowego an annex to the agreement on revolving working capital credit which postponed the date of repayment of the 1st installment from 30 April until 30 July 2020.

– Investment credit at Bank Gospodarstwa Krajowego*

Credit conditions	31 March 2020
Credit agreement value	PLN 4,812 thousand
Credit period	08.07.2019 – 08.05.2025
Interest rate	WIBOR 1M + bank margin compliant with the standards applied by the bank
Credit balance	PLN 3,833 thousand
Repayment schedule	in 54 monthly installments, in which 53 equal capital installments in the amount of PLN 90 thousand each, starting from 30.11.2020 and the last 54th settlement installment in the amount of PLN 42 thousand
Credit collateral	– contractual mortgage up to PLN 7,218 thousand on the property entered in land and mortgage register No. KW LU1U/00022979/2 in Stoczek Łukowski, including the assignment of rights under the property insurance policy, – power of attorney to dispose of the current account at the Bank, – registered pledge on a collection of machinery and equipment (located in the plant in Stoczek Łukowski), including the assignment of rights under the pledge insurance policy, – blank promissory note issued by the Company and promissory note declaration, – security bond by Makarony Polskie SA, – declaration of the Company and the 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 the amount of PLN 9.6 million).

INFORMATION ABOUT FINANCIAL LIABILITIES UNDER LEASING AS AT 31 MARCH 2020.

– Liabilities under financial lease agreements

	Total present value of minimum fees	
	as at 31.03.2020	as at 31.12.2019
in the period up to 1 year	746	762
in the period from 1 year to 5 years	1,043	1,160
Total	**1,789**	**1,922**

– Liabilities under financial lease agreements: IFRS-16

	Total present value of minimum fees	
	as at 31.03.2020	as at 31.12.2019
up to 1 year - lease	895	880
up to 1 year - right to perpetual usufruct of land	4	4
in the period from 1 to 5 years - lease	1,857	2,080
in the period above 1 year - right to perpetual usufruct of land	1,191	1,195
Total	**3,947**	**4,159**

As of 1 January 2019 Makarony Polskie SA introduced to fixed assets the values by virtue of disclosures as a result of applying IFRS-16, fixed assets used on the basis of leasing agreements.

The carrying value of fixed assets as at 31 December 2019 amounted to PLN 4,091 thousand, including the ones by virtue of lease of the rooms, the amount of PLN 2,906 thousand and right to perpetual usufruct of land, amount of PLN 1,185 thousand. As at 31 March 2020 the carrying value of fixed assets amounted to PLN 3,870 thousand, including the ones by virtue of lease of the rooms, the amount of PLN 2,689 thousand and right to perpetual usufruct of land, amount of PLN 1,181 thousand.

Information on borrowings granted

As at 31 March 2020, Makarony Polskie SA granted to its subsidiary Stoczek Natura Sp. z o.o. a short-term borrowing in the amount of PLN 2.00 million with the repayment date falling on 31 December 2020 (one-off repayment to maturity date). The interest rate on the borrowing was determined based on market conditions.

Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. did not grant borrowings during Q.1, 2020.

Information on guarantees granted and obtained

In Q.1, 2020 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 31 March 2020 are presented in the table below:

Guarantor	Guarantee amount in PLN '000	Validity of the guarantee	Object of the guarantee	Collateral
Santander Bank Polska SA	1,011	to 28.12.2021	guarantee securing the Company's obligations resulting from the agreement for sales and storing pasta, under the contract concluded with the Material Reserves Agency (ARM)	– joint mortgage up to PLN 1,517 thousand on properties entered in land and mortgage register No. KW RZ1Z/00076860/5 in Rzeszów and KW PL1P/00094893/6 in Płock including the assignment of rights under the property insurance policy, – blank promissory note and promissory note declaration.
Santander Bank Polska SA	249	to 22.01.2021	guarantee securing the Company's obligations resulting from the agreement for storing pasta, under the contract concluded with the Material Reserves Agency (ARM)	– joint mortgage up to PLN 373 thousand on properties entered in land and mortgage register No. KW RZ1Z/00076860/5 in Rzeszów and KW PL1P/00094893/6 in Płock including the assignment of rights under the property insurance policy, – blank promissory note and promissory note declaration.

Statement of guarantees applicable in Stoczek Natura Sp. z o.o. as at 31 March 2020 is shown in the table below:

Guarantor	Guarantee amount in PLN '000	Validity of the guarantee	Object of the guarantee	Collateral
Bank Gospodarstwa Krajowego	504	to 13.12.2021	guarantee securing the Company's obligations under the agreement for storing ready-made dishes, under the contract concluded with the Material Reserves Agency (ARM)	– mortgage up to PLN 756 thousand on the property entered into 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 Company and promissory note declaration, – power of attorney to dispose of the current account at the Bank, – security bond by Makarony Polskie SA,
Bank Gospodarstwa Krajowego	1,549	to 15.12.2021	guarantee securing the Company's obligations under the agreement for storing ready-made dishes, under the contract concluded with the Material Reserves Agency (ARM)	– mortgage up to PLN 2,323 thousand on the property entered into 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 Company and promissory note declaration, – power of attorney to dispose of the current account at the Bank, – security bond by Makarony Polskie SA,

Bank Gospodarstwa Krajowego	24	to 25.03.2022	guarantee securing the Company's obligations under the agreement for storing preserves, under the contract concluded with the Material Reserves Agency (ARM)	– blank promissory note issued by the Company and promissory note declaration, – power of attorney to dispose of the current account at the Bank,
Bank Gospodarstwa Krajowego	725	to 31.08.2023	guarantee securing the Company's obligations under the agreement for storing preserves, under the contract concluded with the Material Reserves Agency (ARM)	– mortgage up to PLN 1,088 thousand on the property entered into 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 Company and promissory note declaration, – power of attorney to dispose of the current account at the Bank, – security bond by 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

Makarony Polskie SA granted security bonds to Stoczek Natura Sp. z o.o. subsidiary, the balance of the security bonds as at 31 March 2020 is presented below:

Third party liabilities	Name of creditor	Security bond value in PLN '000	Validity date	Balance of the secured liability in PLN '000 as at 31.03.2020
Security bond for a credit in the current account amounting to PLN 3.0 million	Bank BGK	3,000	16.05.2021	2,952
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	3,833
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 for the security bonds granted.

Stoczek Natura Sp. z o.o. granted security bonds to the Parent Company Makarony Polskie SA. The balance of the security bonds as at 31 March 2020 is presented below:

Third party liabilities	Name of creditor	Security bond value in PLN '000	Validity date	Balance of the secured liability in PLN '000 as at 31.03.2020
Security bond for a credit in the current account amounting to PLN 5.0 million	Santander Bank Polska SA	7,500	30.04.2023	2,301
Security bond for an investment credit amounting to PLN 13.8 million	Santander Bank Polska SA	30,000	30.09.2021	4,824
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	250
Security bond for a credit in the current account amounting to PLN 6.0 million*	Bank BGK	6,000	30.12.2020	5,597
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	9,420

Stoczek Natura Sp. z o.o. received remuneration for granting the security bonds.

MP Trade Sp. z o.o. did not grant any security bonds in Q.1, 2020.

Off-balance items

Off-balance items (in PLN'000)	31 March 2020	31 December 2019
1 Contingent assets	**4,062**	**4,062**
- received guarantees and security bonds	4,062	4,062
- collaterals on property	0	0
- promissory notes	0	0
2 Contingent liabilities	**187,624**	**198,995**
- for received guarantees and security bonds	0	0
- collaterals on property	111,048	124,653
- promissory note obligations	76,576	74,342
Total off-balance items	**-183,562**	**-194,933**

The values of received guarantees, collaterals, promissory notes obligations, mortgages and

other off-balance sheet liabilities in the table above have been presented at maximum values. The statement does not include security bonds between entities within the Group due to the lack of inflows on the balance of off-balance sheet items.

Material proceedings pending before a court or an authority competent for arbitration or a public administration authority

In the reporting period presented no proceedings regarding material liabilities and debts of Makarony Polskie SA or a subsidiary were pending before a court, authority competent for arbitration or a public administration body.

Other material events and transactions

In Q.1, 2020 there were no material events or transactions other than those described above that would require disclosure in these financial statements of the Group.

Important events after the balance sheet date

After the balance sheet date, there were no other events that would have a material impact on the operations of the Makarony Polskie Group.

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Zenon Daniłowski
President of the Management Board

Rzeszów, 28 May 2020

Condensed separate financial statements of Makarony Polskie SA for the period from 1 January to 31 March 2020

Selected financial data - Makarony Polskie SA

Selected financial data	31 March 2020	31 March 2019	31 March 2020 (in EUR '000)	31 March 2020 (in EUR '000)
Net revenues from sale of products, services, goods and materials	52,788	37,026	12,007	8,615
Profit (loss) from continued operations	3,635	2,712	827	631
Gross profit (loss)	3,079	2,448	700	570
Net profit (loss) from continued operations	2,472	2,026	562	471
EBIT	3,635	2,712	827	631
EBITDA (EBIT + depreciation)	5,043	3,887	1,147	904
Net cash flows from operating activities	2,868	- 2,487	652	- 579
Net cash flows from investment activities	- 3,504	- 3,137	- 797	-730
Net cash flows from financial activities	391	5,673	89	1,320
Total net cash flows	- 245	49	- 56	11
Total assets ***	159,806	151,712	35,104	35,626
Liabilities and provisions for liabilities ***	79,968	74,346	17,567	17,458
Long-term liabilities ***	35,051	34,449	7,700	8,089
Short-term liabilities ***	44,917	39,897	9,867	9,369
Equity ***	79,838	77,366	17,538	18,167
Share capital ***	27,750	27,750	6,096	6,516
Number of shares (units)	9,250,071	9,250,071	9,250,071	9,250,071
Weighted average number of shares (in units) during a given financial year	9,250,071	9,250,071	9,250,071	9,250,071
Profit/loss per ordinary share (in PLN/EUR) *	0.27	0.22	0.06	0.05
Book value per one share (in PLN/EUR)**	8.63	8.36	1.90	1.96

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

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

*** Comparable data regarding the statement of financial position as at 31 December 2019

Statement of comprehensive income of Makarony Polskie SA

FOR THE PERIOD	01.01.2020-31.03.2020	01.01.2019-31.03.2019
Net revenues from sales	52,788	37,026
Net revenues from sale of products and services	41,789	29,492
Net revenues from sale of products and materials	10,999	7,534
Own cost	41,907	28,622
Production costs of products and services sold	31,872	22,110
Value of goods and materials sold	10,035	6,512
Gross profit (loss) on sales	10,881	8,404
Costs of sales	6,136	4,816
General administrative costs	1,000	966
Other revenues	238	199
Other costs	348	109
Profit (loss) from continued operations	3,635	2,712
Financial revenues	16	16
Financial costs	572	280
Gross profit	3,079	2,448
Income tax - current part	306	311
Income tax - deferred part	301	111
Net profit (loss) from continued operations	2,472	2,026
In this attributable to:		
Shareholders of the Parent Company	2,472	2,026
Non-controlling shares		
Basic net result per share in PLN	0.27	0.22
Diluted net result per share in PLN	0.27	0.22
Other total net income/loss		
Total net income	2,472	2,026
Total net income attributable to:		
Shareholders of the Parent Company	2,472	2,026
Non-controlling shares		

Statement of other total net income - application of hedge accounting

FOR THE PERIOD	01.01.2020-31.03.2020	01.01.2019-31.03.2019
Total net income	2,472	2,026

Statement of comprehensive income of Makarony Polskie SA

Profit/loss due to application of hedge accounting	0	0
Total net income	2,472	2,026

Statement of financial position of Makarony Polskie SA

ASSETS	31 March 2020	31 December 2019	31 March 2019
FIXED ASSETS	**113,089**	**113,267**	**101,505**
Tangible fixed assets	73,487	73,444	60,935
Right-of-use asset - IFRS -16	3,870	4,091	4,779
Investment real estate	603	603	603
Goodwill	0	0	0
Other intangible assets	4,938	4,944	4,964
Long-term financial assets, including:	30,080	30,080	30,080
Shares	30,080	30,080	30,080
Borrowings granted	0	0	0
Assets for deferred income tax	0	0	0
Other long-term assets	111	105	144
CURRENT ASSETS	**46,717**	**38,445**	**43,699**
Inventories	10,238	10,655	11,121
Short-term receivables	33,729	24,825	29,932
Receivables from deferred income tax	0	0	0
Borrowings granted	2,006	2,006	2,006
Cash and cash equivalents	463	701	344
Other short-term assets	281	258	296
FIXED ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	**159,806**	**151,712**	**145,204**

EQUITY AND LIABILITIES	31 March 2020	31 December 2019	31 March 2019
EQUITY	**79,838**	**77,366**	**76,119**
Share capital	27,750	27,750	27,750
Supplementary capital	32,362	32,362	42,097
Reserve capital	12,000	12,000	0
Retained profits/losses (profit/loss from previous years)	5,254	- 332	4,246
Net profit/loss	2,472	5,586	2,026
LONG-TERM LIABILITIES	**35,051**	**34,449**	**29,718**
Provision for deferred income tax	3,551	3,250	3,478
Long-term bank credits and borrowings	15,555	14,772	14,930

Statement of financial position of Makarony Polskie SA

Provision for retirement and similar benefits (long-term)	300	300	234
Deferred income - long-term	11,569	11,711	6,056
Long-term financial liabilities - leasing	1,028	1,141	1,082
Long-term financial liabilities - leasing - IFRS-16	3,048	3,275	3,938
SHORT-TERM LIABILITIES	**44,917**	**39,897**	**39,367**
Short-term bank credits and borrowings	11,098	10,907	12,918
Short-term financial liabilities - leasing	680	685	842
Short-term financial liabilities - leasing - IFRS-16	899	884	859
Income tax liabilities	102	426	104
Other short-term liabilities	29,406	25,411	22,833
Deferred income - short-term	896	885	519
Provision for retirement and similar benefits (short-term)	699	699	662
Other short-term provisions	1,137	0	629
TOTAL LIABILITIES	**79,968**	**74,346**	**69,085**
TOTAL EQUITY AND LIABILITIES	**159,806**	**151,712**	**145,204**

Statement of cash flows of Makarony Polskie SA

FOR THE PERIOD	01.01.2020-31.03.2020	01.01.2019-31.03.2019
Cash flows from operating activities		
Profit before tax	**3,079**	**2,448**
Adjustments by items:	**- 211**	**- 4,935**
Depreciation	1,408	1,175
Profits/losses on exchange differences	- 7	- 1
Interest expense and income	232	165
Revenues from dividends	0	0
Profit/loss from investment activities	0	- 48
Change in provisions	1,137	614
Change in inventories	417	246
Change in liabilities	- 8,482	- 5,959
Change in liabilities and accruals	5,714	- 749
Paid/refunded corporate income tax	- 630	- 378
Other adjustments	0	0
Net cash flows from operating activities	**2,868**	**-2,487**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	71	71
Proceeds from the sale of financial assets	0	0
Expenses for the acquisition of fixed tangible assets and intangible assets	- 3,520	- 3,224
Expenses for the acquisition of subsidiaries and affiliates	0	0
Interest income	16	16
Proceeds from borrowings granted	0	0
Borrowings granted	0	0
Others	0	0
Net cash flows from investment activities	**- 3,504**	**- 3,137**
Cash flows from financial activities		
Proceeds from credits and borrowings	2,001	6,851
Repayment of credits and borrowings	- 1,027	- 714
Payment of liabilities under financial lease agreements	- 424	- 404
Interest paid	- 249	- 182
Dividend paid to shareholders	0	0
Expenses on acquisition of financial assets	0	0
Other financial revenues	90	121

Statement of cash flows of Makarony Polskie SA

Net cash flows from financial activities	**391**	**5,673**
Increase/decrease in cash and cash equivalents	**- 245**	**49**
Cash, cash equivalents and credits in the current account at the beginning of the period	701	294
Foreign exchange gains/losses on the valuation of cash, cash equivalents and credits in the current account	7	1
Cash, cash equivalents and credits in the current account at the end of the period	**463**	**344**

Statement of changes in equity of Makarony Polskie SA

For the period from 1 January 2020 to 31 March 2020

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2020	27,750	32,362	12,000	0	5,254	77,366
Distribution of profit/loss coverage	0	0	0	0	0	0
Distribution of profit - dividend payout	0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0	0
Other total income	0	0	0	0	0	0
Net result after Q.1, 2020	0	0	0	2,472	0	2,472
Balance as at 31 March 2020	27,750	32,362	12,000	2,472	5,254	79,838

For the period from 1 January 2019 to 31 December 2019

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2019	27,750	42,097	0	0	4,246	74,093
Distribution of profit/loss coverage	0	2,265	0	0	- 2,265	0
Distribution of profit - dividend payout	0	0	0	0	-2,313	- 2,313
Creation of reserve capital - own shares	0	- 12,000	12,000	0	0	0
Other total income	0	0	0	0	0	0
Net result in 2019	0	0	0	5,586	0	5,586
Balance as at 31 December 2019	27,750	32,362	12,000	5,586	- 332	77,366

Statement of changes in equity of Makarony Polskie SA

For the period from 1 January 2019 to 31 March 2019

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2019	27,750	42,097	0	0	4,246	74,093
Distribution of profit/loss coverage	0	0	0	0	0	0
Distribution of profit - dividend payout	0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0	0
Other total income	0	0	0	0	0	0
Net result after Q.1, 2019	0	0	0	2,026	0	2,026
Balance as at 31 March 2019	27,750	42,097	0	2,026	4,246	76,119

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Zenon Daniłowski
President of the Management Board

Rzeszów, 28 May 2020

Information about the company

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

www.makarony.pl

Registered in the District Court in Rzeszów, 12th Commercial Division of the National Court Register on 5 July 2004 under No. 0000212001.

Share capital: PLN 27,750,213 (fully paid-up)

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Feel free to contact us at the following email address:

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The source of data in these statements, unless otherwise indicated, is the Makarony Polskie Group