Makarony Polskie

- SPÓŁKA AKCYJNA -

Condensed consolidated financial statements of Makarony Polskie Group for the period from 01 January to 31 March 2024



Rzeszów, 28 May 2024

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General information

Organizational structure of the Makarony Polskie Group

As at 31 March 2024, the Makarony Polskie Group ("the Group") consisted of three companies:

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



Makarony Polskie SA is a manufacturer of a wide range of pasta, produced in stamped and rolled technology. The Company offers pasta in a wide variety of shapes, made from durum flour and common wheat flour. In its portfolio, the Company also has products that respond to the trends of pro-health food, such as pasta from spelled, buckwheat, rye flours. The product range is diversified with large forms of pasta intended for stuffing and vegetable pasta made from legumes such as chickpeas, red lentils and green peas. The company has considerable scope to expand its range of pasta made from rare flours such as legumes and the portfolio will be developed in this direction.

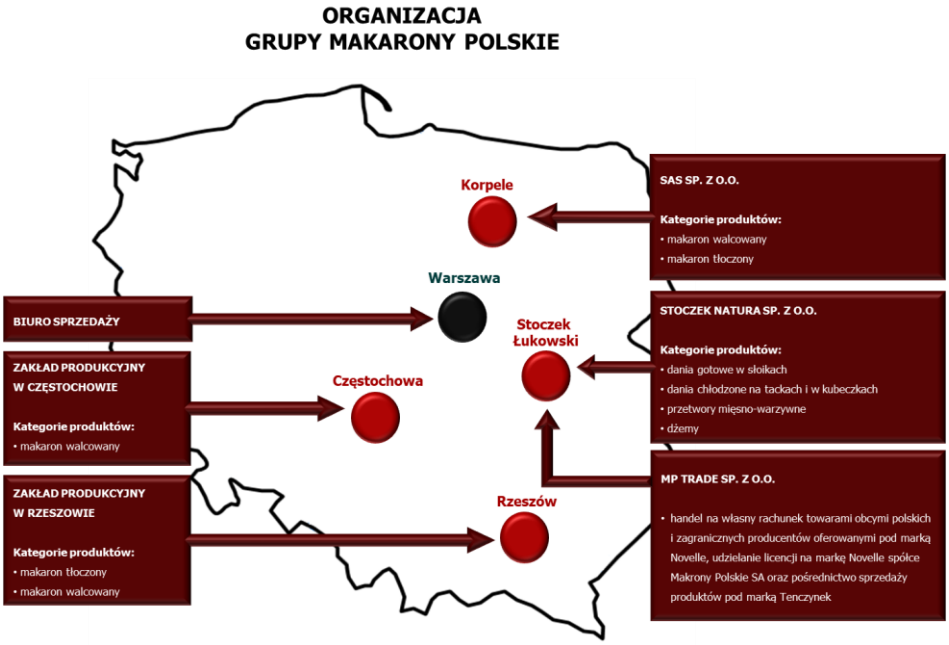
The basic pasta brands offered are Makarony Polskie, Sorenti and Abak (bibrand with Makarony Polskie).

Stoczek Natura Sp. z o.o. is a manufacturer of meat and vegetable preserves (ready meals, pâtés, lards, tinned foods), fruit preserves (jams, jam) offered under the Stoczek and Męska Rzecz brands, as well as ready meals in trays and bowls offered under the So Food brand.

MP Trade Sp. z o.o. develops trade on own account with foreign goods of Polish and foreign producers. The company works in two business fields. The Company's main activity is focused on selling products purchased from external suppliers under the Novelle brand and licensing the Novelle brand to Makarony Polskie SA in the production of vegetable noodles and other goods produced within the Makarony Polskie Group. The company also imports raw

materials that are used for the Group's needs. The business model adopted by the company creates its value by increasing its brand value on the one hand, and on the other hand develops opportunities for importing raw materials (production is contracted out).

Within the Makarony Polskie Company, individual companies enter into transactions of purchase and sale of products, goods and services among themselves. All transactions are performed on market terms and conditions.



STOCZEK NATURA SP. Z O.O.

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 33,120,213 – fully paid-up

Regon: 691674708,

NIP: 8133278856.

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: 711584640,
NIP: 8251727212,
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: 362706449,
NIP: 8252176004.

100% of the shares in the share capital of Stoczek Natura Sp. z o.o., MP Trade Sp. z o.o. are held by Makarony Polskie SA. As at 31 March 2024, 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 indefinite.

Employment as at 31 March 2024 in the Makarony Polskie Group

Employment as at 31 March 2024 in the Makarony Polskie Group was the following:

- Makarony Polskie SA – 322 employees,
- Stoczek Natura Sp. z o.o. - 82 employees
- MP Trade Sp. z o.o. - 0 employees

Composition of the Parent Company's Management Board

On 31 March 2024 and on the date of the report, the Management Board of the parent company is one-man and the President of the Management Board of Makarony Polskie SA is Zenon Daniłowski.

Shares held by Members of the Management Board

Number and nominal value of shares of Makarony Polskie S.A. and shares in the entities of the Makarony Polskie Group held by the Members of the Management Board as at the report date:

Member of the Management Board	Q1 2024		2023	
	number of shares	nominal value	number of shares	nominal value
Zenon Daniłowski*	140,000	420,000	140,000	420,000

* President of the Management Board Zenon Daniłowski is associated with the following companies: Praska Giełda Spożywcza SA and Polskie Smaki Sp. z o.o., which also hold the Company's shares; the total number of shares in ar Q1 as at the report publication date is 3,641,594 shares with a value of PLN 10,924,782 and has not changed compared to the shares held as at the date of publication of the interim report for the reporting year 2023

According to the Company's information, there were no changes in the shareholding, either directly by the President of the Management Board or by related parties, during 1Q 2024 and until the publication date of this report.

The President of the Management Board of Makarony Polskie S.A. does not hold any shares in the subsidiary entities of the Makarony Polskie Group

Composition of the Parent Company's Supervisory Board

Composition of the Supervisory Board

From 01 January 2024 to the date of publication of these statements, the Supervisory Board was composed of:

- Roman Sobiecki - President of the Supervisory Board,
- Ahmed Khalil - Vice-President 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.

Shares held by members of the Supervisory Board

Number and nominal value of the shares of the Company owned by Members of the Supervisory Board as at the date of the statements are as follows:

Member of the Supervisory Board	Q1 2024		2023	
	number of shares	nominal value	number of shares	nominal value
Marek Rocki	0	0	0	0
Ahmed Khalil	0	0	0	0
Michał Słomkowski	0	0	0	0
Roman Sobiecki	0	0	0	0
Wiesław Wasilewski	26,782	80,346	26,782	80,346

To the best of the Company's knowledge, there have been no changes in the shareholdings of the Members of the Supervisory Board during the reporting period and up to the date of publication of this report.

The managing persons of Makarony Polskie S.A. do not hold any shares in the subsidiaries of the Makarony Polskie Group.

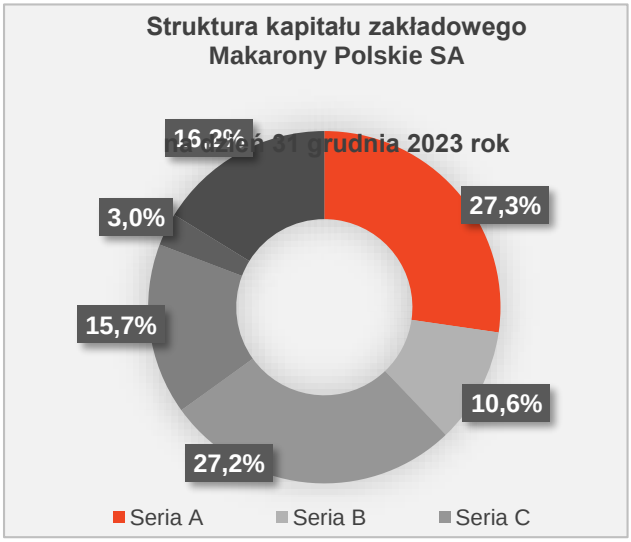
General Meeting of the Parent Company

Share Capital of Makarony Polskie SA,

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

Structure of the Company's share capital:

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



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

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

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

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

Shareholder	Shares in share capital		Votes at the General Meeting	
	number	share in %	number	share in %
Mr. Zenon Daniłowski and entities from Grupa PGS, including:	3,641,594	32,99%	3,641,594	32,99%
Praska Giełda Spożywcza SA (former: Agro-Technika SA)	*3,380,000*	*30,62%*	*3,380,000*	*30,62%*
Zenon Daniłowski	*140,000*	*1,27%*	*140,000*	*1,27%*
Polskie Smaki Sp. z o.o.	*121,594*	*1,10%*	*121,594*	*1,10%*
Raya Holding for Technology & Communications S.A.E., including:	3,254,706	29,48%	3,254,706	29,48%
Madova Sp. z o.o.	*3,254,706*	*29,48%*	*3,254,706*	*29,48%*
Z.P.H. „ELPAST" Elżbieta i Grzegorz Słomkowscy s.c.	1,169,750	10,60%	1,169,750	10,60%
Other shareholders	2,974,021	26,94%	2,974,021	26,94%
IN TOTAL	**11,040,071**	**100,00%**	**11,040,071**	**100,00%**

The Company has no information that would indicate changes in the number of shares held by significant shareholders (with share blocks above 5%) during the reporting period and in the period until the date of publication of these statements.

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

Composition of the Management Board of subsidiaries

Stoczek Natura Sp. z o.o.

In the period from 01 January 2024 to the date of publication of this report, the Management Board of the subsidiary Stoczek Natura Sp. z o.o. consisted of:

- Adam Ławnik - President of the Management Board,
- Jerzy Krzyżowski - Member of the Management Board.

MP Trade Sp. z o.o.

In the period from 01 January 2024 to the date of publication of this report, the Management Board of MP Trade Sp. z o.o. consisted of:

- Marcin Zieliński - President of the Management Board.

Publication and approval of the financial statements

These condensed consolidated and separate financial data have not been reviewed by an auditor and were approved by the Board of Directors for publication on 28 May 2024.

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 the International Accounting Standards as approved by the European Union (EU) and the related interpretations promulgated 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 55.5 of the Accounting Act (Dz. U. of 2023, item 120, as amended) and the implementing regulations issued on its basis, and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state (Dz. U. 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 Group and Parent Company's financial statements for the year ended on 31 December 2023.

Basis for valuation

The Consolidated Financial Statements presented have been prepared in accordance with the on the historical cost basis, except for the fair value measurement of certain assets, i.e. the Abak and SoFood brands.

Functional and presentation currency

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

Financial figures, unless otherwise indicated, are given in thousands of PLN.

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 the annual financial statements of the Group of Companies for the year ended 31 December 2023 (published on 23 April 2024).

The financial statements of all entities have been prepared for the same reporting period, using consistent accounting policies. Were not subject to examination. The financial year of the Group companies is the calendar year.

The Parent Company - Makarony Polskie S.A. and its subsidiaries - Stoczek Natura Sp. z o.o, MP Trade Sp. z o.o prepare their financial statements in accordance with IAS/IFRS. All transactions, balances, revenues and expenses between consolidated related parties are subject to consolidation exclusions.

The duration of the Group companies is not limited.

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

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

Changes to the rules for preparing financial statements

In Q1 2024, there were no changes in the valuation principles applied in the preparation of the consolidated financial statements, with the exception of the application of amendments to standards and new interpretations effective for annual periods beginning on 01 January 2024.

Uncertainty of estimates

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

- fair valuation of fixed assets,
- depreciation rates,
- impairment of assets (including receivables),
- provisions value,

- deferred tax assets (companies recognise deferred tax assets based on the assumption that there will be a future taxable profit to utilise them; deterioration in future taxable profits could make this assumption unjustified)
- valuation of assets with an indefinite useful life.
- IFRS-16 related estimates.

As at the date of this report, there is no indication that the Abak and SoFood brands and goodwill have been written down.

The relevant tests, in accordance with the applicable rules, were performed as at the end of 31 December 2023.

The forward-looking assumptions and estimates used are consistent with those used by the Group in the 2023 financial statements.

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 the first Q1 of 2024.

Events affecting assets, liabilities, equity, net income or cash flow statement that are unusual because of their nature, size or frequency

Impact of the political and economic situation in Ukraine on the activities of Makarony Polskie S.A.

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

- due to the unrestricted inflow of raw materials and materials, a ban on the import of grain and grain products, including flour, from Ukraine was introduced in 2023, which closed for a certain period of time the possibility of developing cooperation with suppliers from the Ukrainian market in the situation of products for which there is no alternative on the domestic market,
- The ongoing hostilities and the situation on the Polish-Ukrainian border have also resulted in a decline in trade with Ukrainian customers, which is reflected in a decline in exports to this market.

Immediately after the outbreak of war in Ukraine, additional procedures were implemented in the Makarony Polskie Group to secure continuity of production and reduce the risk of

lack of raw material, packaging and staff shortages. These procedures are systematically validated and modified depending on the needs and situation in Ukraine.

The Management Board of Makarony Polskie SA closely monitors the situation related to the war in Ukraine in order to takes steps to minimize the negative impact on the functioning of the Company and the Group in the area of security, financial liquidity and achieved results. In the opinion of the Management Board, the current financial situation of the Company and the Group does not threaten the continuation of the Group's operations in the next periods.

The situation in Ukraine has not materially affected the Group's operations to date. In the opinion of the Management Board, there are no threats in the Group that would make it impossible to pay its liabilities. The Group has no problems with the repayment of receivables by its contractors (no changes in the collection of receivables were identified). The Group has not identified an increase in the valuation risks and the deposition of inventories. As at the publication date of the statements, the Group does not identify any significant risks of failure to meet the financial covenants included in loan agreements in connection with the war in Ukraine.

At this moment, despite the war that has been going on for many months, it is difficult to predict the further situation in Ukraine and its impact on the situation of the Company and the Makarony Polskie Group, but it should be stated that as of today, the impact, both in the area of export sales and purchase of raw materials, is not significant. Other factors, such as inflation, have a much greater impact on the situation of the food business in Poland.

The impact of inflation on consumer behaviour and the food market

The macroeconomic situation related to inflation has changed the behaviour of consumers who, caring for their limited budgets, often limit their purchases to a basket of basic needs and products. The price of the product is also becoming increasingly important in purchasing decisions. The stagnation in the market is forcing shops and retail chains to take aggressive action to stimulate consumption and attract customers through deep promotions and shelf price reductions. This has translated into increasing pressure on manufacturers to cut prices, often against the level of producer inflation.

The increasing cost of living has also impacted on the financial expectations of employees, who have requested increases which have had an impact on revenues in Q1 2024.

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

The Makarony Polskie Group did not publish financial forecasts for the year 2024.

Legal basis for preparation of consolidated financial statements

Factors and risks with a significant impact on financial performance in Q1 2024 and subsequent periods

The Makarony Polskie Group generated sales revenue of approximately PLN 81.3 million and net profit of PLN 9.4 million after Q1 2024, vs. approximately PLN 89.1 million and PLN 7.3 million respectively in the same period of 2023. This is mainly due to the following factors:

- the sales strategy adopted by the Group is to generate positive margins on all product groups - the decrease in sales was due to price reductions on the products sold, which were related to lower prices of purchased raw materials, especially flour,
- dynamically developing sales of a new line of ready meals in trays and bowls under the SoFood brand and pasta functional products - in Q1 2024 these products allowed the Group to generate higher margins with lower sales volumes,
- in Q1, the Group benefited from well-established contracts for the purchase of flour and from purchases on the so-called spot market,
- financial costs incurred by the Company were reduced and care was taken to optimise costs in all areas of the company's operations.

In accordance with the adopted strategy, the Group will continue with the adopted operational model and internal activities increasing cost efficiency, however, a factor that may have a negative impact on the results of operations in the following months is the growing price pressure and the so-called trade war between the largest chains on margins, which may be reflected in the situation of producers.

THE FOLLOWING, AMONG OTHERS, WILL HAVE AN IMPACT ON THE RESULTS ACHIEVED IN THE FOLLOWING PERIODS:

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

- investments in new production lines and a research and development center will allow the Group to expand its product range and enter new market segments, both at home and abroad,
- cost and process optimisation measures, e.g. the implementation of MES software within production facilities will allow better control of costs and labour intensity of products and improve production accounting, while WMS software within warehouses will improve inventory management and product flow control, CMMS software will improve fleet management and machinery breakdown management,

- carrying out deep automation and robotisation of packaging processes of pasta products, increasing processing capacity and reducing production costs,
- Makarony Polskie S.A. has a Research and Development Centre for the Pasta Industry, which, in cooperation with scientific institutions, works on developing and implementing innovative technologies for the production of new products: functional, health-promoting, low-processed, easy-to-prepare food, responding to market and nutrition trends,
- the further systematic development of the SoFood brand's range of ready meals in trays and bowls and in new soft packaging formats, in close connection with market trends and the upward trend of this segment, is a good proxy for sales growth in future periods,
- investments in photovoltaics are planned to be completed at all Group sites by mid-2024 - pasta and ready meals production processes are characterised by high production energy intensity, investments in "green energy" will allow the Group, on the one hand, to take care of the environment and reduce its carbon footprint and, on the other hand, to reduce production costs resulting from increases in electricity prices.

Activity development in the private label segment

- diversifying and enriching the offer addressed to new and existing customers with pro-health and functional products products from the new rolled line, as well as products of Stoczek natura Sp. z o.o. (including ready meals in trays and in bowls),
- special campaigns, seasonal listings of branded products in discount stores,
- activities aimed at improving the profitability of the sales channel, including optimization measures in the area of packaging, taking into account the principles of sustainable development.
- developing relationships with key customers in this segment through guided joint research projects in the area of new product development.

Development of B2B sales channels and Institutions

- developing the category of pasta, meat and vegetable preparations tailored to the expectations of customers in this channel,
- establishing cooperative relations with other pasta producers and producers of complementary goods, in order to supplement the offer for the final customer,
- individualising the offer and thus increasing competitiveness.

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

- intensification of marketing activities aimed at increasing the presence of Makarony Polskie, SoFood and Novelle brands on the market,

- strengthening and developing the product portfolio in line with market trends,
- 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

- a systematic increase in the number of customers in foreign markets - a focus on European markets, where the Group is systematically developing its cooperation with networks and distributors,
- intensification of communication with current and potential customers through the participation, inter alia, in trade fairs and exhibitions and the organization of B2B meetings on target markets,
- development of the product range by offering functional pasta in foreign markets (e.g: Fit, Cardio, Diabetic, legume vegetable) and ready meals in trays and bowls,
- sourcing and implementing private label supply projects,
- partnership cooperation with other entities that have an offer complementary to the Group's offer in order to increase sales opportunities and make the offer more attractive.

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

Risks and threats to the Group's operations in the remaining months of 2024

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.

The risk of changes in market trends

The risk may consist in any possible changes of purchasing and eating habits of the consumers caused by, for example, macroeconomic (inflation) or geopolitical (outbreak of the war in Ukraine and Middle East conflict) situation. For example, the impoverishment of society as a result of a steady rise in prices and everyday costs can result in an increased demand for cheaper and low-margin products, forcing producers and suppliers to compete aggressively on price, while an increase in the wealth of society can redirect purchasing decisions towards more expensive and high-margin products.

After a two-year period of dynamic inflationary increases and a reduction in consumers' real purchasing power, the inflationary situation is now slowing down. There is a trend towards a stabilisation or even decrease in the prices of many food products, including pasta.

Market trends are monitored on an ongoing basis. The Group's companies quickly and flexibly match their offer to them, both in terms of the products themselves and their production technology. The Group's current product offering is modified in line with market trends.

Risk related to competition

All areas of Makarony Polskie Group's operations belong to highly competitive segments. There is a risk that the intensified actions of competitors, manifested mainly in the deterioration of trading conditions will affect the profitability and revenues of the Group, may affect the achievement of objectives assumed by the Group. All activities of the competitive environment are monitored and carefully analysed on an ongoing basis, which allows for quick response in the area of possible threats. The year 2023 will see stagnation and even a reduction in consumption in some segments of the food market, including pasta. A commercial risk is the increasing pressure on producers to balance their supply capacity with demand. This results in an aggressive pricing policy that is not correlated with the cost level and the dynamically changing market environment, especially in the group of the so-called 'standard products'. This phenomenon has been visible in the market since the second half of 2023 and is estimated to continue at least until mid-2024. The Group minimises this risk by diversifying its business and developing innovative products, including through ongoing R&D projects. This strategy allows the Group to increase production volumes despite unfavourable market trends.

Risk of dependence on recipients

A large part of revenues is generated by the Group through cooperation with organized and centrally-decisive retail chains. A possible lack of continuity of cooperation with customers may affect the amount of revenues. Some of the commercial contracts do not contain a strictly defined volume of estimated purchases that the customer will make

during the contract period, which has been a fairly common market practice to date. There is a risk that recipients will submit orders that deviate quantitatively from the monthly plans adopted by the Group. This may result in the inability to meet demand or incomplete use of production capacity, which will have an impact on the results. In an effort to minimise such a risk, the Group is developing its own analytical tools and participating in projects, jointly with customers or suppliers, aimed at systematically improving the entire supply chain.

In terms of contracting, the market has not returned to annual periods due to the dynamics of cost changes, the current pricing periods are monthly to three-month or even six-month cycles.

The stagnant market is forcing shops and retail chains to take aggressive measures to stimulate consumption and attract customers through promotions, shelf price reductions, often against the level of producer inflation. The gap between market expectations and producers' expectations can result in changes in the utilisation of production potentials and the flow of production and sales volumes in short-term periods.

In the Group's opinion, the risk of dependence on customers is not significant, as the Group companies are systematically working towards diversifying their customers and increasing the number of so-called medium-sized customers.

Risk related to changes in raw material and material prices

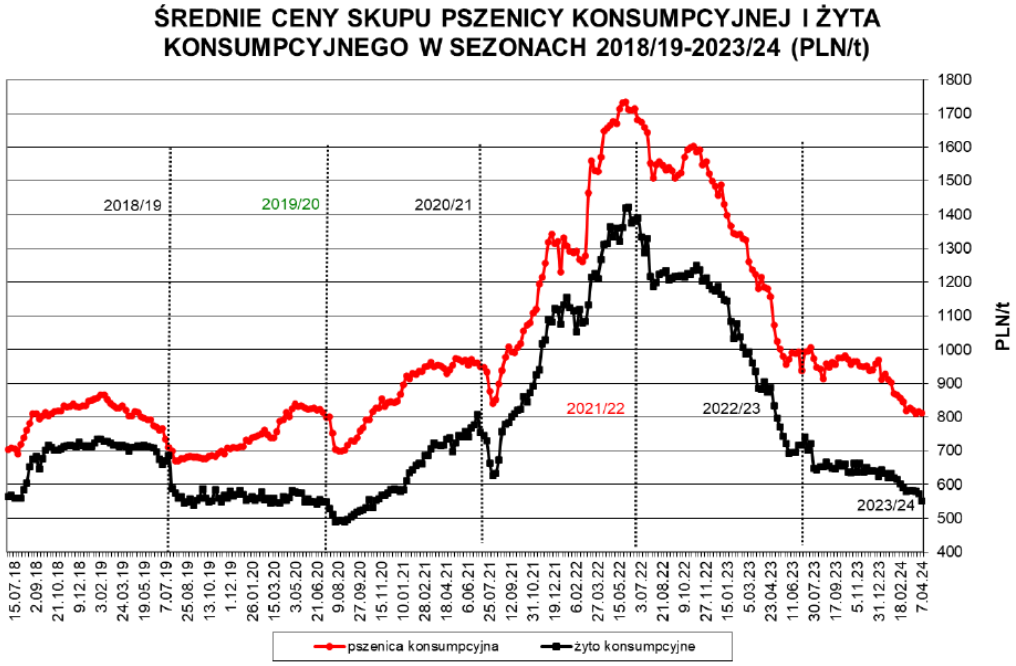
Makarony Polskie Group consistently strives to implement its strategy in the area of securing the raw material prices with long-term purchase agreements in annual and half-year periods, which helps to limit material decreases in the profitability of the pasta produced. Unfortunately, the current dynamic changes of prices on the global markets make the suppliers more careful and reluctant to enter into such contracts.

Legal basis for preparation of consolidated financial statements

Despite the ongoing hostilities in Ukraine, the situation on the wheat market was rather stable in the first half of 2023. At the end of the second quarter, Russia threatened not to extend the agreement with Ukraine on grain sales after 15 July 2023, which translated into price increases on European markets in the second half of the year. Factors destabilising the supply-demand balance were imports of agricultural products from Ukraine including cereals with often low quality parameters. That situation caused an increase in tensions in the agricultural segment which resulted in blocking actions by state authorities. Despite the embargo, signals of so-called uncontrolled entry of goods across the Polish-Ukrainian border were confirmed. This issue is the cause of further social tensions not only in Poland, but throughout Europe, and will require intervention at European Union level. However, it is noticeable that soft wheat exports from Ukraine are declining. This may confirm the information that Ukraine has almost sold out of soft wheat stocks already.

It is worth noting that, despite the successful wheat harvest in terms of quantity in the 2023/24 season, the available volume of consumption wheat meeting the appropriate and key quality parameters for the correct pasta production process is limited. This means that the pasta industry still needs to select suppliers ensuring good quality of the final product with greater commitment and organisational effort. A factor that could cause further destabilisation of wheat prices in Poland in 2024 is the increasing indications that individual farmers have already largely sold off the wheat harvested in the previous harvest. If this fact is confirmed then there could be a flurry of wheat purchases by stakeholders, and this will cause soft wheat prices to rise. Elements that may translate into price movements in future periods also include electricity prices, wage costs and Russia's continued aggressive soft grain sales policy.

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



Consumer rye Source: Weekly report on the market for cereals, oilseeds and feed materials - Cereal market week 15/2024, Sparks Polska

Prices in the durum wheat market have remained fairly stable, albeit at high levels, until the end of the fourth quarter of 2023 and into the first quarter of 2024. This price level is expected to continue into the second quarter of 2024 although the market remains far from reticent about long-term forecasts.
At the same time, there has been an increase in demand for durum wheat and semolina flour on the European market, which, according to forecasts, could result in the lowest level of stocks of this raw material in several years at the end of the cereal season. This, in turn, may result in price increases for suppliers. Any price increase will depend largely on forecasts of the new durum wheat harvest. Such information will be available at the end of the second quarter of 2024.

In the first quarter of 2023, the prices of eggs and egg pulp to reach very high levels, unprecedented in the history of the trade in these raw materials. A slight calming of the market did not occur until the end of March 2023. There was a gentle downward trend in Q2 2023, which also continued during the holiday period characterised by a cyclical reduction in demand for eggs. However, the third quarter again saw an increase in egg consumption and thus an increase in prices. The fourth quarter saw a calming of the market and a slight decrease in egg prices. Also in the first quarter of 2024, there was a further calming of the market and gentle price decreases. This was certainly heavily influenced by the absence of major disease outbreaks, which would have resulted in flock culls and reduced egg volumes on the market. The situation in subsequent periods will be

influenced by factors such as the dynamics of the spread of avian influenza outbreaks, increased demand for Polish eggs in Western European countries and EU policy on imports from Ukraine.

In the foil and cardboard packaging market in Q1-Q4 2023, the market remained stable with slight price adjustments depending on the business situation of suppliers. In the first quarter of 2024, due to an increase in costs (wages, fuel, etc.), there was an increase in the prices of foil and cardboard packaging. The Makarony Polskie Group continuously monitors the market situation of raw materials and production materials, and expands the group of suppliers both for the sake of diversification of potential risks and increasing material security of production plants and for ensuring broad and authoritative market discernment.

Stoczek Natura Sp. z o.o. is a producer of fruit and vegetable preserves (including jams) and ready meals. The prices of fruit and vegetable The fruit and vegetable prices are highly dependent on the weather conditions. The Company cooperates with domestic fruit and vegetable suppliers, it also has an extensive database of foreign suppliers of key raw materials, which gives the Company greater opportunities to obtain cheap, good quality raw materials.

In 2023, fruit prices were at a good level for processing, allowing satisfactory sales results. Purchasing of fruit and vegetables is carried out seasonally, in the months when their prices are lowest. Purchased raw materials are stored at optimum prices in the company's warehouses and cold stores.

Meat is the main raw material influencing the prices of the company's products. The company seeks to secure stocks of this raw material for a period of several months, taking advantage of price decreases in the forecast cycles and thus mitigating the negative impact of increases on its operations. It thus gained time to adjust the sales prices of finished products to the increased production costs, which is particularly important in the case of retail chains, where the process of implementing price increases is stretched over time. Poultry meat prices are stable in 2024, which has a positive impact on the company's assumed sales margins.

Despite the stabilisation of the prices of utilities such as gas and electricity, the Group continues to monitor price forecasts for key raw materials and packaging. It is estimated that the prices of some raw materials and packaging will fall and inflation will no longer be as high as in 2023; nevertheless, markets will still take a long time to stabilise after the disruption caused by the Covid-19 pandemic and the outbreak of war in Ukraine. Due attention to operational optimisation, systematic monitoring of process efficiencies and cost levels, as well as rapid adjustment of product sales prices to the rising costs of their manufacture, are of key importance. This radically changes the business relationship

between business partners, e.g. the reluctance of suppliers to set fixed commercial terms for longer contract periods (e.g. one year) translates the risk of operating in the short term and the 'uncertainty of tomorrow' into customers.

Risk of variable legal and tax environment

The Polish legal and tax system is characterised by frequent changes, the provisions of law are substantially changed from one day to the next (e.g. after the outbreak of war in Ukraine), which makes the activities of companies, including the companies of the Makarony Polskie Group, burdened with very high uncertainty. This is an unfavourable factor for business activity and entails high risk.

In the nearest future, legal factors that will have impact on the Group's and the entire food industry's operations will be both changes in national law, e.g. issues related to the settlement of VAT rates for foodstuffs, and legal changes resulting from regulations implemented at the European Union level, e.g. implementation of Single Used Plastic, CSRD directives.

The Group's interests in the area of legal changes are safeguarded by legal teams, which take appropriate and timely action to minimise the potential effects of these changes. Quality teams keep track of all legal regulations regarding products and packaging, and the changes required by law are implemented without unnecessary delay.

Risk of wage pressure

Systematic increases in the level of the minimum wage and the minimum hourly rate on civil law contracts, mean that wage pressure is building up among employees and potential job applicants. This phenomenon is compounded by the fact that, in recent times, the labour market has increasingly become an employee market. Employers, including Group companies, are increasingly finding it difficult to find suitable candidates for vacant positions, both among specialists and managers, as well as among unqualified people.

Aiming to minimise staff turnover, particularly among key employees and specialists, the Group seeks to systematically implement incentive-based remuneration systems (linked, inter alia, to production and sales performance), which, by closely linking the performance of individual teams/individuals with the effectiveness of achieving the Group's objectives set for those teams/employees, make it possible to combine a remuneration level that satisfies employees with the profitability of the company's operations. In order to increase motivation and build employee loyalty towards the employer, the Group's companies also systematically diversify the package of non-wage benefits, such as sports cards, group insurance, Christmas cards or private medical care, in order to best match it to the needs and expectations of employees.

Risk related to changes in exchange rates

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

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

The table presents the currency structure for given classes of financial instruments as at 31 March 2024:

Groups/categories of financial instruments	Balance sheet value as at 31.12.2024	Currency exposure as at 31.03.2024 PLN k	EUR PLN k	USD PLN k
Financial assets				
Cash and cash equivalents	41,812	716	716	0
Trade receivables	38,253	1,180	1,180	0
Financial liabilities				
Trade liabilities	31,934	7,253	7,253	0

The table presents the currency structure for given classes of financial instruments as at 31 December 2023:

Groups/categories of financial instruments	Balance sheet value as at 31.12.2023	Currency exposure as at 31.12.2023 PLN k	EUR PLN k	USD PLN k
Financial assets				
Cash and cash equivalents	29,003	2,120	2,120	0
Trade receivables	35,845	1,731	1,731	0
Financial liabilities				
Trade liabilities	28,812	5,546	5,546	0

The table presents the analysis of the sensitivity of the financial result to changes in exchange rates as at 31 March 2024:

Groups/categories of financial instruments	EUR		USD	
	5%	-5%	5%	-5%
	impact on the financial result PLN k		impact on the financial result PLN k	
Financial assets				
Cash and cash equivalents	35.8	- 35.8	0	0
Trade receivables (gross)	59.0	- 59.0	0	0
Financial liabilities				
Trade liabilities	- 362.7	362.7	0	0

The table presents the analysis of the sensitivity of the financial result to changes in exchange rates as at 31 December 2023:

Groups/categories of financial instruments	EUR		USD	
	5%	-5%	5%	-5%
	impact on the financial result PLN k		impact on the financial result PLN k	
Financial assets				
Cash and cash equivalents	106.0	- 106.0	0	0
Trade receivables (gross)	86.6	-86.6	0	0
Financial liabilities				
Trade liabilities	- 277.3	277.3	0	0

Interest rate risk

Interest rate risk is the risk of incurring losses as a result of changes in market interest rates and changes in statutory interest rates. Both the Group's revenue and cost levels in Q1 2024 did not generate undue sensitivity to changes in the level of market interest rates.

The Group used external financing in the form of bank loans: working capital loans, overdrafts and investment loans.

In the Q1 2024, the Group used external financing in the form of bank loans: working capital loans, overdrafts and investment loans.

As at 31 March 2024, the Group had a borrowing liability of PLN 11,204 thousand:

Currency	Interest	Loans balance	Including loans	
			Short-term	Long-term
PLN	WIBOR + bank's margin	11,204	3,267	7,937

As at 31 December 2023, the Group had a borrowing liability of PLN 11,710 thousand:

Currency	Interest	Loans balance	Including loans	
			Short-term	Long-term
PLN	WIBOR + bank's margin	11,710	3,019	8,691

The Group has loan commitments for which interest is calculated on a floating rate basis, and therefore there is a risk of these rates increasing relative to the time of the agreement, while the current level of inflation suggests that interest rate levels should trend downwards in future periods.

The structure of financial instruments exposed to interest rate risk as at 31 March 2024 is shown in the table below:

Groups/categories of financial instruments	Balance sheet value as at 31.12.2024 PLN k	Value at risk as at 31.03. 2024 PLN k	WIBOR PLN k
Financial assets			
Cash in hand and at bank	41,812	0	0
Financial liabilities			
Bank loans	11,204	11,204	11,204
Other financial liabilities	1,262	1,262	1,262

The structure of financial instruments exposed to interest rate risk as at 31 December 2023 is shown in the table below:

Groups/categories of financial instruments	Balance sheet value as at 31.12.2023	Value at risk as at 31.12.2023	WIBOR
Financial assets			
Cash in hand and at bank	29,003	-	-
Financial liabilities			
Bank loans	11,710	11,710	11,710
Other financial liabilities	857	857	857

Sensitivity analysis of the financial result to changes in interest rates at 31 March 2024

Interest rate	Deviation assumptions (in percentage points) 31/03/2024		Value at risk as at 31.03.2024 PLN k	Impact on the financial result 31/03/2024 PLN k	
WIBOR	1%	-1%	11,204	-112.0	112.0

Sensitivity analysis of the financial result to changes in interest rates at 31 December 2023

Interest rate	Deviation assumptions (in percentage points) 31/12/2023		Value at risk as at 31.12.2023 PLN k	Impact on the financial result 31/12/2023 PLN k	
WIBOR	1%	-1%	11,710	-117.1	117.1

Risk of insolvency

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

Legal basis for preparation of consolidated financial statements

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

The Group is not exposed to material risk of insolvency towards a single contractors or a group of contractors.

Selected financial data Makarony Polskie Group

Selected financial data in EURO were presented in accordance with the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state (Dz. U. 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 2024, EUR 1= PLN 4.3009; 31 December 2023, EUR 1= PLN 4.3480
- 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 Q1 of 2024 = PLN = 4.3211 and at the end of each month of Q1 of 2023 = PLN 4.7005.

Selected financial data	31 March 2024	31 March 2023	31 March 2024 in EUR k)	31 March 2023 in EUR k)
Net revenues from sale of products, services, goods and materials	81,307	89,111	18,816	18,958
Profit (loss) from continued operations	12,048	10,056	2,788	2,139
Gross profit (loss)	11,958	9,410	2,767	2,002
Net profit (loss) from continued operations	9,463	7,288	2,190	1,550
EBIT	12,048	10,056	2,788	2,139
EBITDA (EBIT + depreciation)	15,736	12,548	3,642	2,670
Net cash flows from operating activities	16,749	4,384	3,876	933
Net cash flows from investment activities	- 2,484	- 1,529	- 575	- 325
Net cash flows from financial activities	- 1,453	- 238	- 336	- 51
Total net cash flows	12,812	2,617	2,965	557
Total assets ***	256,724	238,088	59,691	54,758
Liabilities and provisions for liabilities ***	97,985	88,812	22,782	20,426
Long-term liabilities ***	36,232	35,435	8,424	8,150
Short-term liabilities ***	61,753	53,377	14,358	12,276
Equity ***	158,739	149,276	36,908	34,332

Selected financial data Makarony Polskie Group

Share capital ***	33,120	33,120	7,701	7,617
Number of shares (units)	11,040,071	11,040,071	11,040,071	11,040,071
Weighted average number of shares (in units) during the current financial year	11,040,071	11,040,071	11,040,071	11,040,071
Profit/loss per ordinary share (in PLN/EUR) *	0.86	0.66	0.20	0.14
Book value per one share (in PLN/EUR) **	14.38	13.52	3.34	3.11

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

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

*** Comparable data regarding the statement of financial position as at 31 December 2023 Condensed statement on total revenues of Makarony Polskie SA

Consolidated statements of comprehensive revenues

For the period	01.01.2024-31.03.2024	01.01.2023-31.03.2023
Net sales revenue	81,307	89,111
Revenues from sales of other products and services	79,801	88,551
Net revenue from sales of goods and materials	1,506	560
Own cost	55,675	67,123
Production costs of products and services sold	54,600	66,574
Value of goods and materials sold	1,075	549
Gross profit (loss) on sales	25,632	21,988
Costs of sales	10,723	9,220
General administrative costs	2,527	2,161
Other revenues	728	401
Other costs	1,062	952
Profit (loss) from continued operations	12,048	10,056
Financial incomes	281	95
Financial costs	371	741
Gross profit	11,958	9,410
Income tax	2,495	2,122
Profit (loss) from continued operations, in this attributable to:	9,463	7,288
Shareholders of the parent Company	9,463	7,288
Non-controlling shares	0	0
Basic net result per share in PLN	0.86	0.66
Diluted net result per share in PLN	0.86	0.66
Other total net income/loss	0	0
Total net income, in this attributable to:	9,463	7,288
Shareholders of the parent Company	9,463	7,288
Non-controlling shares	0	0

Consolidated statement of financial position

ASSETS	31..03.2024	31.12.2023	31.03.2023
FIXED ASSETS	**136,643**	**135,644**	**144,605**
Fixed tangible assets	128,125	126,666	131,945
Assets with right of use (IFRS-16)	6,411	6,491	3,687
Investment real estate 603	0	0	603
Company goodwill value	188	188	2,863
Other intangible assets	1,914	1,983	5,476
Long-term financial assets	0	0	0
Assets for deferred income tax	1	310	4
Other long-term assets	4	6	27
CURRENT ASSETS	**120,081**	**102,444**	**100,244**
Inventories	32,040	28,719	44,886
Short-term receivables	45,684	44,280	44,409
Income tax receivables	0	0	1
Borrowings granted	0	0	0
Cash and cash equivalents	41,812	29,003	10,447
Other short-term assets	545	442	501
FIXED ASSETS HELD FOR SALE	**0**	0	**0**
TOTAL ASSETS	**256,724**	**238,088**	**244,849**

LIABILITIES	31..03.2024	31.12.2023	31.03.2023
EQUITY	**158,739**	**149,276**	**130,231**
Revaluation capital	33,120	33,120	33,120
Supplementary capital	60,344	60,344	53,521
Revaluation capital	0	0	143
Reserve capital	12,000	12,000	12,000
Retained profits/losses (profit/loss from previous years)	53,275	43,812	31,447

Consolidated statement of financial position

LONG-TERM LIABILITIES	**36,232**	**35,435**	**41,243**
Provision for deferred income tax	5,011	3,878	5,902
Long-term bank loans and borrowings	7,937	8,691	12,111
Other long-term financial liabilities	0	0	0
Provision for pensions and similar (long-term)	1,065	1,065	495
Revenues of future periods - long-term	15,229	15,885	19,113
Long-term financial liabilities - leasing	6,990	5,916	3,622
SHORT-TERM LIABILITIES	**61,753**	**53,377**	**73,375**
Short-term bank loans and borrowings	3,267	3,019	15,213
Other short-term financial liabilities	0	0	621
Short-term financial liabilities - leasing	2,186	1,508	1,404
Other short-term liabilities	37,520	33,476	47,595
Income tax receivables	8,106	7,867	2,237
Revenues of future periods - short-term	2,589	2,656	1,555
Provision for retirement and similar benefits (short-term)	3,548	2,962	2,708
Other short-term provisions	4,537	1,889	2,042
TOTAL LIABILITIES	**97,985**	**88,812**	**114,618**
TOTAL LIABILITIES	**256,724**	**238,088**	**244,849**

Consolidated statement of cash flows

For the period	01.01.2024 31.03.2024	01.01.2023 31.03.2023
Cash flows from operational activities		
Profit before tax	**11,958**	**9,410**
Adjustments by items:		
Depreciation	3,688	2,492
Profits/losses on exchange differences	3	-2
Interest expense and income	37	568
Profit/loss from investing activities	-65	2
Change in provisions	3,234	2,258
Change in inventories	- 3,321	- 405
Change in receivables	- 1,222	- 2,965
Change in liabilities and other assets and liabilities	3,250	- 5,581
Other adjustments - negative goodwill	0	0
Total adjustments	5,604	- 3,633
Corporate income tax paid/reimbursed	- 813	- 1,393
Proceeds from dividends	0	0
Total adjustments	4,791	- 5,026
Cash flows from net operating activities	**16,749**	**4,384**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	71	5
Proceeds from sales of financial assets	0	0
Expenses for the acquisition of fixed tangible assets and intangible assets	- 2,777	- 1,624
Expenses for the acquisition of affiliates	0	0
Interest income	222	90
Proceeds from borrowings granted 0	0	0
Borrowings granted	0	0
Other	0	0
Net cash flows from investment activities	**- 2,484**	**- 1,529**
Cash flows from financial activities		
Proceeds from loans and borrowings	0	2,583

Consolidated statement of cash flows

Repayment of loans and borrowings	- 506	- 1,611
Payment of other financial liabilities	0	- 186
Payment of liabilities under financial lease agreements	- 688	- 365
Interest paid	- 259	- 659
Dividend paid to shareholders	0	0
Expenses for the purchase of financial assets	0	0
Other financial in-flows - subsidy	0	0
Net cash flows from financial activities	**- 1,453**	**- 238**
Increase/decrease in cash and cash equivalents	**12,812**	**2,617**
Cash, cash equivalents and overdrafts at the beginning of the period	29,003	7,828
Foreign exchange gains/losses on the valuation of cash, cash equivalents and overdrafts	-3	2
Cash, cash equivalents and overdrafts at the end of the period	**41,812**	**10,447**

Statement of changes in consolidated equity

For the period from 01 January 2024 to 31 March 2024

	Core capital	Supplementary capital	Reserve capital	Reserve from capital revaluation	Retained profit/loss	In total
As at 01 January 2024	33,120	60,344	12,000	0	43,812	149,276
Distribution of profit/loss coverage	0	0	0	0	0	0
Profit distribution - dividend payment	0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0	0
Costs of issuing series F shares	0	0	0	0	0	0
Series F shares issue	0	0	0	0	0	0
Increase in the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0
Net result after Q1 of 2024	0	0	0	0	9,463	9,463
As at 31 March 2024	33,120	60,344	12,000	0	53,275	158,739

For the period from 01 January 2023 to 31 December 2023

	Core capital	Supplementary capital	Reserve capital	Reserve from capital revaluation	Retained profit/loss	In total
As at 01 January 2023	33,120	53,521	12,000	114	24,159	122,914
Distribution of profit/loss coverage	0	6,823	0	0	- 6,823	0
Profit distribution - dividend payment	0	0	0	0	- 6,624	- 6,624
Creation of reserve capital - own shares	0	0	0	0	0	0
Costs of issuing series F shares	0	0	0	0	0	0
Series F shares issue	0	0	0	0	0	0
Increase in the period	0	0	0	95	0	95
Revaluation surplus carry-over	0	0	0	-209	209	0
Other comprehensive income	0	0	0	0	0	0
Net result in 2023	0	0	0	0	32,891	32,891
As at 31 December 2023	33,120	60,344	12,000	0	43,812	149,276

Statement of changes in consolidated equity

For the period from 01 January 2023 to 31 March 2023

	Core capital	Supplementary capital	Reserve capital	Reserve from capital revaluation	Retained profit/loss	In total
As at 01 January 2023	33,120	53,521	12,000	114	24,159	122,914
Distribution of profit/loss coverage	0	0	0	0	0	0
Profit distribution - dividend payment	0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0	0
Costs of issuing series F shares	0	0	0	0	0	0
Series F shares issue	0	0	0	0	0	0
Increase in the period	0	0	0	29	0	29
Other comprehensive income	0	0	0	0	0	0
Net result after Q1 of 2023	0	0	0	0	7,288	7,288
As at 31 March 2023	33,120	53,521	12,000	143	31,447	130,231

Additional notes

Revenues from 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 31.03.2024	For the period from 01.01 to 31.03.2023
Revenues from sales of products	78,265	87,006
Revenues from the sale of services, including:	1,536	1,545
- from lease and storage	1,228	1,185
- distribution services	41	20
- transportation services	0	0
- service production	266	340
- other services	1	0
Revenues from sale of materials	4	16
Revenues from sale of goods	1,502	544
Total	**81,307**	**89,111**

Operating segments

The Makarony Polskie Group has the operating segments shown in the table below:

	For the period from 01.01 to 31.03.2024	For the period from 01.01 to 31.03.2023
Pasta	64,318	74,367
Meat and vegetable preserves	13,656	11,232
Vegetable and fruit preserves*	1,957	2,182
Total	1,376	1,330
Total	**81,307**	**89,111**

Sales in the pasta category declined by approximately PLN 17.6 million to approximately PLN 10 million in Q1 2024 compared to Q1 2023. The decrease of approximately 13.5% was mainly due to the following factors:

- a decrease in the prices of products sold in 2024 due to pressure from retail chains, which resulted from a decrease in the prices of production raw materials,
- a decrease in sales to the Ukrainian market due to the blockade of border crossings and increased transport costs for Ukrainian customers,
- high sales of base products in the first quarter of 2023 due to fears of a further increase in inflation and hedging against it by purchasing a large volume of product before a potential increase in its price.

Sales in the processed meat and vegetable segment increased by approximately PLN 2.4 million in the period under review to approximately PLN 13.7 million. The increase of approximately 21.5% in Q1 2024 vs. Q1 2023 was the result of:

- rapidly growing sales of a new line of ready meals in trays and bowls under the SoFood brand launched in 2020. These products have been very well received by customers reaching the position of sales leader in their category in 2023 according to a report by Nielsen. In the first quarter of 2024, these products generated higher sales revenues through increased sales to export customers in EU countries,
- an increase in interest in canned products with a long shelf life, linked, among other things, to the current geopolitical situation and inflation which has forced the consumer to look for cheaper purchasing options,
- organic growth of sales related, among others, to the opening of new outlets by the largest customers of the Makarony Polskie Group.

Sales in the processed fruit and vegetable segment remained in the region of around PLN 1.35 million during the period under review. This is due to the resignation of the Makarony Polskie Group from the sale of products under the Tenczynek brand (salads and vegetable preserves). The Group considered that this market was saturated and the category in which the Tenczynek brand functioned had low growth prospects, especially when contracting these products from external producers. The recent increase in vegetable prices reinforced the Group's decision.

Basic information about operating segments:

For the period from 01.01 to 31.03.2024	Pasta	Meat and vegetable preserves	Vegetable and fruit preserves*	Other	Segments in total
Segments revenues in total	**64,318**	**13,656**	**1,957**	**1,376**	**81,307**
Sales to external customers	**64,318**	**13,656**	**1,957**	**1,376**	**81,307**

Sales between segments	0	0	0	0	0
Segment costs	43,427	10,181	1,644	423	55,675
Segment profits or losses	**20,891**	**3,475**	**313**	**953**	**25,632**
Costs of sales	0	0	0	0	- 10,723
Administrative costs	0	0	0	0	- 2,527
Other revenues	0	0	0	0	728
Other costs	0	0	0	0	- 1,062
Financial incomes	0	0	0	0	281
Financial costs	0	0	0	0	- 371
Elimination of profit loss between segments	0	0	0	0	0
Other profit or loss	0	0	0	0	0
Unassigned sums	0	0	0	0	0
Gross profit/loss from continued operations	0	0	0	0	11,958

For the period from 01.01 to 31.03.2023	Pasta	Meat and vegetable preserves	Vegetable and fruit preserves*	Other	Segments in total
Segments revenues in total	**74,367**	**11,232**	**2,182**	**1,330**	**89,111**
Sales to external customers	74,367	11,232	2,182	1,330	89,111
Sales between segments	0	0	0	0	0
Segment costs	55,946	8,986	1,878	313	67,123
Segment profits or losses	**18,421**	**2,246**	**304**	**1,017**	**21,988**
Costs of sales	0	0	0	0	- 9,220
Administrative costs	0	0	0	0	-2,161
Other revenues	0	0	0	0	401
Other costs	0	0	0	0	- 952
Financial incomes	0	0	0	0	95
Financial costs	0	0	0	0	- 741
Elimination of profit loss between segments	0	0	0	0	0
Other profit or loss	0	0	0	0	0
Unassigned sums	0	0	0	0	0
Gross profit/loss from continued	0	0	0	0	9,410

operations

The Company has applied IFRS 8 "Operating Segments". In accordance with the requirements of IFRS 8, 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 sale of products, services, goods and materials - geographical structure

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

	For the period from 01.01 to 31.03.2024	For the period from 01.01 to 31.03.2023
Country	76,947	85,055
Exports, including:	4,360	4,056
- European Union countries	2,895	2,587
- other countries	1,465	1,469
Total	**81,307**	**89,111**

The sales revenue of the Makarony Polskie Group in Q1 2024 on domestic market amounted to approximately PLN 77.0 million and was approximately PLN 8.1 million lower compared to the similar period of 2023 figure.

The value of the Group's exports to the European Union market increased by approximately 11.9% to approximately PLN 2.9 million in Q1 2024.

The value of the Group's exports to non-EU markets remains at a similar level and is associated with intensified work to replace exports to the Ukrainian market lost as a result of the war.

Data regarding the financial result and shares that were used to calculate basic and diluted earnings per share

	For the period from 01.01 to 31..03.2024	For the period from 01.01 to 31.12.2023	For the period from 01.01 to 31.03.2023
Net profit/loss per share	0.86	2.98	0.66

Book value per one share in PLN	14.38	13.52	11.80

	for the period from 01.01. to31.03.2024	For the period from 01.01 - to 31.12.2023	For the period from 01.01 to 31.03.2023
Net profit/loss from continuing operations attributable to shareholders of the parent company	9,463	32,891	7,288
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	9,463	32,891	7,288
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 31.03.2024	For the period from 01.01 - 31.12.2023	For the period from 01.01 to 31.03.2023
Weighted average number of issued ordinary shares applied to calculate basic earnings/loss per share	11,040,071	11,040,071	11,040,071
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 normal shareholder of the parent company by average weighed number of issued common shares present in the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the parent company (net of interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted for the effect of diluting options). and diluting redeemable preferred shares convertible into ordinary shares).

In the parent Company in Q1 2024, 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.

Information on comparative changes to the consolidated financial statements

The Group has not made comparative changes to the consolidated financial statements.

Core capital

As at 31 March 2024 the share capital of Makarony Polskie SA amounted to PLN 33,120,213 and was divided as follows:

	Type of share	Type of privilege	Number of Shares in units	Nominal value of 1 share in PLN	Value of the series (issue) at nominal value in PLN k	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
Series F	bearer shares	ordinary shares	1,790,000	3	5,370	cash contributions	04.03.2022	01.01.2021
In total			**11,040 071**		**33,120**			

Information on changes in estimates related to the consolidated financial statements

CHANGES DUE TO PROVISIONS

Changes in status as at 31.03.2024	As at 01.01.2024	Creation	Use and release	As at the end of the period
For retirement and similar benefits, including:	4,027	873	287	4,613
a) long-term	1,065	0	0	1,065
b) short-term	2,962	873	287	3,548
Other provisions, including: 0	1,889	3,027	379	4,537
b) other	1,889	3,027	379	4,537
Total	**5,916**	3,900	666	9,150

Changes in status as at 31.12.2023	As at 01.01.2023	Creation	Use and release	As at the end of the period
For retirement and similar benefits, including:	2,916	1,614	503	4,027
a) long-term	495	570	0	1,065
b) short-term	2,421	1,044	503	2,962
Other provisions, including: 0	71	1,889	71	1,889
b) other	71	1,889	71	1,889
Total	**2,987**	**3,503**	**574**	**5,916**

Changes in status as at 31.01.2023	As at 01.01.2023	Creation	Use and release	As at the end of the period
For retirement and similar benefits, including:	2,916	506	219	3,203
a) long-term	495	0	0	495
b) short-term	2,421	506	219	2,708
Other provisions, including: 0	71	2,042	71	2,042
b) other	71	2,042	71	2,042
Total	2,987	2,548	290	5,245

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

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

Deferred income tax provision assets and provisions

Changes in status as at 31.03.2024	As at 01.01.2024	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	1,334	933	438	1,829
Provision for deferred income tax	4,902	2,247	310	6,839
Asset/Provision after compensation	3,568			5,010

Changes in status as at 31.12.2023	As at 01.01.2023	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	942	596	204	1,334
Provision for deferred income tax	6,027	0	1,125	4,902
Asset/Provision after compensation	5,085			3,568

Changes in status as at 31.01.2023	As at 01.01.2023	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	943	618	271	1,334
Provision for deferred income tax	6,027	1,267	99	7,195
Asset/Provision after compensation	5,085			5,906

In terms of income tax, the Group is subject to general regulations in this area. The Group is not a tax Group, as well as does not operate in a special economic zone, which would differentiate the rules for determining tax charges in relation to general provisions in this respect. The tax year and the balance sheet year coincide with the calendar year. Makarony Polskie SA and Stoczek Natura Sp. z o.o. chose a simplified form of paying monthly advances on corporate income tax. As at 31 March 2024, a deferred tax provision in the amount of PLN 2,119 k has been created as the difference between the advances paid as shown in the statement of comprehensive income and the actual tax resulting from the calculated tax base.

WRITE-DOWNS ON ASSETS

Changes in status as at 31.03.2024	As at 01.01.2024	Creation	Use and release	As at the end of the period
Write-downs of receivables	209	0	0	209
Write-downs of inventories	845	267	0	1,112
Write-downs of tangible fixed assets 0	1,207	0	16	1,191
Write-downs of intangible assets	8,511	0	0	8,511

Changes in status as at 31.12.2023	As at 01.01.2023	Creation	Use and release	As at the end of the period
Write-downs of receivables	227	73	91	209
Write-downs of inventories	197	845	197	845
Write-downs of tangible fixed assets 0	1,444	0	237	1,207
Write-downs of intangible assets	4,583	3,928	0	8,511

Changes in status as at 31.03.2023	As at 01.01.2023	Creation	Use and release	As at the end of the period
Write-downs of receivables	227	0	0	227
Write-downs of inventories	196	259	0	455
Write-downs of tangible fixed assets 0	1,443	0	18	1,425
Write-downs of intangible assets	4,583	0	0	4,583

The Group monitors the assets on an ongoing basis; in the event of impairment, the Group writes down the value of the assets. In Q1 2024, there were premises for partial write-down of inventories, the Makarony Polskie Group made a write-down of inventories on finished goods and raw material and packaging in the total amount of PLN 267 thousand.

Dividends paid and proposed for payment

Makarony Polskie SA did not pay any dividends in the Q1 and until the publication.

In 2024, the Management Board of the Company decided to recommend to the Annual General Meeting that the net profit for the period from 01 January 2023 to 31 December 2023 in the amount of PLN 24,798,453.79 should be divided as follows:

- the amount of PLN 8 280 053.25 is proposed to be earmarked for the payment of dividend, which means the payment of dividend of PLN 0.75 gross per share,
- the remaining part of the profit in the amount of PLN 16,518,400.54 is proposed to be allocated to the supplementary capital of Makarony Polskie SA.

At the same time, the Management Board decided to recommend to the Ordinary General Meeting to set the following dates of the dividend date and dividend payment:

- 03 July 2024 - dividend date, i.e. the date of determination of the list of shareholders entitled to dividend for 2023,
- 12 July 2024 - dividend payment date.

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 on the distribution of profit for the financial year 2023 will be made by the Company's Annual General Meeting.

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

Settlements between affiliates

During Q1 2024, Makarony Polskie SA did not conclude any significant transactions under the terms other than market terms.

Within the Makarony Polskie Company, individual companies enter into transactions of purchase and sale of products, goods and services among themselves. 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- comprehensive income	Purchases from affiliates

	For the period from 01.01 to 31.03.2024	For the period from 01.01 to 31.03.2023	For the period from 01.01 to 31.03.2024	For the period from 01.01 to 31.03.2023
Parent company - Makarony Polskie S.A.	221	676	13,708	13,854
from/to Stoczek Sp. z o.o.	217	105	11,502	9,384
from/to MP Trade Sp. z.o.o.	4	15	2,206	1,767
from/to PPH „SAS" Sp. z o.o.	0	556	0	2,703

Affiliate	Receivables from affiliates		Liabilities towards affiliates	
	As at 31..03.2024	As at 31.03.2023	As at 31..03.2024	As at 31.03.2023
Parent company - Makarony Polskie S.A.	176	649	7,490	9,930
- from/to Stoczek Sp. z o.o.	174	104	5,841	7,241
from/to MP Trade Sp. z.o.o.	2	4	1,649	773
from/to PPH „SAS" Sp. z o.o.	0	541	0	1,916

Settlements between subsidiaries

Subsidiaries	Sales between subsidiaries - total revenues		Purchases between subsidiaries	
	For the period from 01.01 to 31.03.2024	For the period from 01.01 to 31.03.2023	For the period from 01.01 to 31.03.2024	For the period from 01.01 to 31.03.2023
Total subsidiary	36	196	36	196
from/to Stoczek Sp. z o.o.	1	1	35	195
from/to MP Trade Sp. z.o.o.	35	195	1	1
from/to PPH „SAS" Sp. z o.o.	0	0	0	0

Subsidiaries	Receivables between subsidiaries		Liabilities between subsidiaries	
	As at 31..03.2024	As at 31.03.2023	As at 31..03.2024	As at 31.03.2023
Total subsidiary	43	0	43	0
- from/to Stoczek Sp. o.o. 0	0	0	43	0
from/to MP Trade Sp. z.o.o.	43	0	0	0
from/to PPH „SAS" Sp. z o.o.	0	0	0	0

Information regarding the issue, redemption and repayment of debt securities

In 1Q 2024, the companies of the Makarony Polskie Group did not issue or redeem or repay any debt securities.

Information regarding executed and planned share issues

During Q1 2024 and until the publication date of this report, the Company did not carry out any share issues.

Agreements and events material for the Group's operations

During Q1 2024 and up to the publication date of this report, the Company has not entered into any agreements that meet the criteria of a significant agreement.

Information on financial liabilities due to concluded credit, factoring and leasing agreements

LONG- AND SHORT-TERM LOANS AND BORROWINGS

	31..03.2024	31.12.2023
- long-term part	7,937	8,691
- short-term part	3,267	3,019
Total	**11,204**	**11,710**

Information on loans and factoring agreements as at 31 March 2024.

The balance of loan and factoring agreements in effect as at 31 March 2024, for which Makarony Polskie SA was a party to the agreements, is presented in the tables below:

– Overdraft in Santander Bank Polska SA

Loan terms and conditions	31 March 2024
Loan contractual value	PLN 5,000 k
Loan period	18.10.2013 – 02.06.2025
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 0 k
Repayment schedule	once on the liability maturity date
Loan collateral	– joint mortgage up to PLN 17,000 on the following real estates: a) KW No. RZ1Z/00076860/5 in Rzeszów and KW No.

	PL1P/00094893/6 in Płock, together with the assignment of rights under the real estate insurance policy, b) KW no. PL1P/00097530/5, KW no. PL1P/00114158/9 and KW no. PL1P/00097363/3 (on the shares held) in Płock; – blank promissory note issued by the Company together with a promissory note declaration, – registered pledge on inventories with a value not lower than PLN 5,000 k with the assignment of rights under the pledge insurance policy, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

– Investment loan at Santander Bank Polska SA

Loan terms and conditions	31 March 2024
Loan contractual value	PLN 4,400 k
Loan period	10.06.2021 – 30.01.2026
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 2,468 k
Repayment schedule	The loan will be repaid in 41 equal monthly installments in the amount of 107 k each
Loan collateral	– de minimis guarantee in the amount of 80% of the Loan amount; – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed. – blank promissory note issued by the Company together with a promissory note declaration, as colateral for the de minimis guarantee.

– Investment loan at Santander Bank Polska SA

Loan terms and conditions	31 March 2024
Loan contractual value	PLN 12,000 k
Loan period*	07.12.2021 – 31.03.2029
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 8,736 k
Repayment schedule	The loan will be repaid in 82 monthly installments in the following amounts: 81 installments of PLN 144 k each and the last 82 equalizing installments in the amount of PLN 96 k each.
Loan collateral	– – a contractual joint mortgage up to the amount of PLN 18,000 k on the Koprele real estates: KW No. OL1S/00032815/5, KW No. OL1S/00039349/6, KW No. OL1S/00044965/8 together with the assignment of rights under the real estate insurance policy; – the Company's declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.

– Overdraft in BNP Paribas Bank Polska SA

Loan terms and conditions	31 March 2024
Loan contractual value	PLN 7,000 k
Loan period	01.01.2025 - 31.11.2023
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 0 k
Repayment schedule	once on the liability maturity date
Loan collateral	– contractual mortgage up to the amount of PLN 10,500 thousand on real estate in Częstochowa marked with KW no. CZ1C/00111425/8 together with assignment of rights from the real estate insurance policy, – blank bill of exchange issued by the Company together with a bill of exchange declaration, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

Factoring agreement (full) in Santander Factoring Sp. z o.o.

Terms of the agreement	31 March 2024
Contractual value	PLN 7,500 k
Duration	Agreement concluded for an indefinite period
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Factoring balance	PLN 0 k
Contract collateral	– irrevocable power of attorney to the account, – blank promissory note with a promissory note declaration

The balance of loan agreements in effect as at 31 March 2024, for which Stoczek Natura Sp. z o.o. was a party to the agreements, is presented in the tables below:

– Multi-option credit line with BNP Paribas Bank Polska SA with a separate sub-limit for an overdraft facility

Credit terms and conditions	31 March 2024
Loan contractual value	PLN 4,000 k
Loan period	26.10.2023 - 26.10.2025
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 0 k
Repayment schedule	once on the liability maturity date
Loan collateral	– contractual mortgage of up to PLN 10,800 thousand on the property marked with KW No. LU1U/00022979/2 together with assignment of rights under the property insurance policy,

	– blank bill of exchange issued by the Company together with a bill of exchange declaration, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

Information on lease financing liabilities as at 31 March 2024.

LIABILITIES FROM FINANCE LEASING CONTRACTS

	Total present value of minimum fees	
	as at 31.03.2024	as at 31.12.2023
up to 1 year	964	358
within 1 to 5 years	1,702	500
Total	**2,666**	**858**

LIABILITIES FROM FINANCE LEASING CONTRACTS: MSSF-16

	Total present value of minimum fees	
	as at 31.03.2024	as at 31.12.2023
up to 1 year - lease	1,218	1,146
up to 1 year – Perpetual usufruct right to land	4	4
within 1 to 5 years - lease	4,105	4,229
more than 1 year – Perpetual usufruct right to land	1,183	1,187
Total	**6,509**	**6,566**

The carrying amount of tangible assets as at 31 March 2024 was PLN 9,798 k, including the lease of premises amounting to PLN 5,290 k, the right of perpetual usufruct of land amounting to PLN 1,121 k.. and equipment and means of transport amounting to PLN 3 387 k. The carrying amount of tangible assets as at 31 December 2023 was PLN 7,897 k, including the lease of premises amounting to PLN 5,365 k, the right of perpetual usufruct of land amounting to PLN 1,125 k.. and equipment and means of transport amounting to PLN 1 407 k.

Information on loans granted

During 1Q 2024, Makarony Polskie S.A. did not grant any loans to its subsidiaries and the subsidiaries did not grant any loans to each other.

Information on guarantees given and received

During Q1 2024, guarantees received were used by Makarony Polskie SA and Stoczek Natura Sp. z o.o..

A summary of the guarantees in force at Makarony Polskie SA as at 31 March 2024 is shown in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
Santander Bank Polska SA	457	until 31.03.2027	guarantee securing the Company's contractual obligations under the institutional contract concluded	– joint mortgage of up to PLN 18,200 thousand on the Company's real estate in Rzeszów (KW no. RZ1Z/00076860/5) and in Płock (KW no. PL1P/00094893/6, KW no. PL1P/00097530/5, KW no. PL1P/00114158/9, KW no. PL1P/00097363/3) together with assignment of rights under the real estate insurance policy; – blank promissory note with promissory note declaration; – the Company's declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.
Santander Bank Polska SA	312	do 20.03.2028	guarantee securing the Company's contractual obligations under the institutional contract concluded	– the Company's declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.

During Q1 2024, Makarony Polskie S.A. benefited from a guarantee of in the amount of PLN 157 thousand securing the Company's contractual obligations under the from the concluded institutional contract, granted by Bank Santander Polska SA. The guarantee expired in the reporting period due to the release of the guarantee and return of the original documents.

A summary of the guarantees in force at Stoczek Natura Sp. z o.o. as at 31 March 2024 is shown in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
BNP Paribas Bank Polska SA	2,235	until 31.12.2024	guarantee securing the Company's	– contractual mortgage up to the amount of PLN 10 800 000 on the

			contractual obligations under the institutional contract concluded	– real estate designated in Land and Mortgage Register No. LU1U/00022979/2 in Stoczek Łukowski together with an assignment of the real estate insurance policy, – blank bill of exchange issued by the company together with a bill of exchange declaration, – declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure in the form of a notarial deed submitted by the company
BNP Paribas Bank Polska SA	559	until 31.03.2026	guarantee securing the Company's contractual obligations under the institutional contract concluded	
BNP Paribas Bank Polska SA	604	until 29.02.2028	guarantee securing the Company's contractual obligations under the institutional contract concluded	

During the financial period, the subsidiary Stoczek Natura Sp. z o.o. concluded with BNP Paribas Polska SA an annex to the multi-option credit line agreement introducing a change in the sub-limit for guarantees in the amount of PLN 5.2 million and 48 months of maximum guarantee validity.

Information on guarantees granted and received

During 1Q 2024, Makarony Polskie S.A., subsidiary Stoczek Natura Sp. z o.o., subsidiary MP Trade Sp. z o.o. did not grant any warranties and did not avail of any warranties.

Off-balance sheet items

Off-balance sheet items (in PLN k)	31 March 2024	31 December 2023
1. Contingent assets	**4,389**	**3,942**
- received guarantees and sureties	4,167	3,720
- collaterals on assets	0	0
- promissory notes	222	222
2. Contingent liabilities	**96,199**	**96,073**
- for provided guarantees and warranties	0	0
- collaterals on property	79,482	79,482
- promissory note obligations	16,717	16,591
Total off-balance items	**- 91,810**	**-92,131**

The values of guarantees received, collaterals, promissory notes, mortgages and other off-balance sheet liabilities in the table above have been presented at maximum values. The statement does not include sureties 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 presented reporting period, there were no proceedings pending before any court, arbitration body or public administration authority concerning material liabilities and receivables of Makarony Polskie S.A. or its Subsidiary.

Other material events and transactions

There were no other material events or transactions requiring disclosure in these Group financial statements during Q1 2024.

Significant events after the balance sheet date

There were no events after the balance sheet date other than those described in this report that would have a material impact on the activities of the Makarony Polskie Group.

Condensed separate financial statements of Makarony Polskie S.A. for the period from 01 January to 31 March 2024

Selected financial data of Makarony Polskie S.A.

Selected financial data	31 March 2024	31 March 2023	31 March 2024 in EUR k)	31 March 2023 in EUR k)
Net revenues from sale of products, services, goods and materials	77,254	66,339	17,878	14,113
Profit (loss) from continued operations	9,399	4,077	2,175	867
Gross profit (loss)	9,276	3,551	2,147	755
Net profit (loss) from continued operations	7,352	2,699	1,701	574
EBIT	9,399	4,077	2,175	867
EBITDA (EBIT + depreciation)	12,505	5,771	2,894	1,228
Net cash flows from operating activities	15,709	1,751	3,635	373
Net cash flows from investment activities	- 1,564	- 1,156	- 362	- 246
Net cash flows from financial activities	- 1,453	- 293	- 336	- 63
Total net cash flows	12,692	302	2,937	64
Total assets ***	239,065	220,926	55,585	50,811
Liabilities and provisions for liabilities ***	89,675	78,888	20,850	18,143
Long-term liabilities ***	32,571	31,685	7,573	7,287
Short-term liabilities ***	57,104	47,203	13,277	10,856
Equity ***	149,390	142,038	34,735	32,667
Share capital ***	33,120	33,120	7,701	7,617
Number of shares (units)	11,040,071	11,040,071	11,040,071	11,040,071
Weighted average number of shares (in units) during the current financial year	11,040,071	11,040,071	11,040,071	11,040,071
Profit/loss per ordinary share (in PLN/EUR) *	0.67	0.24	0.16	0.05
Book value per one share (in PLN/EUR) **	13.53	12.87	3.15	2.96

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

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

*** Comparable data regarding the statement of financial position as at 31 December 2023 Condensed statement on total revenues of Makarony Polskie SA

Statement of comprehensive income of Makarony Polskie S.A.

For the period	01.01.2024-31.03.2024	01.01.2023-31.03.2023
Net sales revenue	77,254	66,339
Revenues from sales of other products and services	63,323	54,919
Net revenue from sales of goods and materials	13,931	11,420
Own cost	55,635	52,409
Production costs of products and services sold	42,773	41,832
Value of goods and materials sold	12,862	10,577
Gross profit (loss) on sales	21,619	13,930
Costs of sales	9,927	7,787
General administrative costs	1,995	1,548
Other revenues	622	336
Other costs	920	854
Profit (loss) from continued operations	9,399	4,077
Financial incomes	240	38
Financial costs	363	564
Gross profit	9,276	3,551
Income tax	1,924	852
Profit (loss) from continued operations, in this attributable to:	7,352	2,699
Shareholders of the parent Company	7,352	2,699
Non-controlling shares	0	0
Basic net result per share in PLN	0.67	0.24
Diluted net result per share in PLN	0.67	0.24
Other total net income/loss	0	0
Total net income, in this attributable to:	7,352	2,699
Shareholders of the parent Company	7,352	2,699
Non-controlling shares		

Statements of the financial position of Makarony Polskie SA

ASSETS	31..03.2024	31.12.2023	31.03.2023
FIXED ASSETS	**132,392**	**131,547**	**133,625**
Fixed tangible assets	94,143	93,153	76,920
Right-of-use assets- IFRS -16	6,411	6,491	3,503
Investment real estate 603	0	0	603
Company goodwill value	0	0	0
Other intangible assets	1,754	1,817	5,385
Non-current financial assets of which:	30,080	30,080	47,190
Shares	30,080	30,080	47,190
Borrowings granted	0	0	0
Assets for deferred income tax	0	0	0
Other long-term assets	4	6	24
CURRENT ASSETS	**106,673**	**89,379**	**62,444**
Inventories	22,622	20,159	27,846
Short-term receivables	42,742	40,683	31,419
Income tax receivables	0	0	0
Borrowings granted	0	0	2,012
Cash and cash equivalents	40,844	28,160	762
Other short-term assets	465	377	405
FIXED ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	**239,065**	**220,926**	**196,069**

LIABILITIES	31..03.2024	31.12.2023	31.03.2023
EQUITY	**149,390**	**142,038**	**106,749**
Revaluation capital	33,120	33,120	33,120
Supplementary capital	52,306	52,306	48,468
Reserve capital	12,000	12,000	12,000
Retained profits/losses (profit/loss from previous years)	51,964	44,612	13,161

Statements of the financial position of Makarony Polskie SA

LONG-TERM LIABILITIES	**32,571**	**31,685**	**32,627**
Provision for deferred income tax	5,017	3,889	2,845
Long-term bank loans and borrowings	7,937	8,691	10,953
Other long-term financial liabilities	0	0	0
Provision for pensions and similar (long-term)	999	999	340
Revenues of future periods - long-term	11,628	12,190	15,014
Long-term financial liabilities - leasing	6,990	5,916	3,475
SHORT-TERM LIABILITIES	**57,104**	**47,203**	**56,693**
Short-term bank loans and borrowings	3,267	3,019	10,154
Other short-term financial liabilities 368	0	0	123
Short-term financial liabilities - leasing	2,186	1,508	1,221
Income tax receivables	7,062	6,870	1,133
Other short-term liabilities	37,065	30,631	39,051
Revenues of future periods - short-term	2,211	2,278	1,273
Provision for retirement and similar benefits (short-term)	2,621	2,245	1,850
Other short-term provisions	2,692	652	1,888
TOTAL LIABILITIES	**89,675**	**78,888**	**89,320**
TOTAL LIABILITIES	**239,065**	**220,926**	**196,069**

Statement of Cash Flows of Makarony Polskie S.A.

For the period	01.01.2024-31.03.2024	01.01.2023-31.03.2023
Cash flows from operational activities		
Profit before tax	**9,276**	**3,551**
Adjustments by items:		
Depreciation	3,106	1,694
Profits/losses on exchange differences	8	1
Interest expense and income	36	484
Profit/loss from investing activities	-61	2
Change in provisions	2,416	2,175
Change in inventories	- 2,463	1,963
Change in receivables	- 1,835	- 2,479
Change in liabilities and other assets and liabilities	5,830	- 5,316
Other adjustments	0	0
Total adjustments	7,037	- 1,476
Proceeds from dividends	0	0
Corporate income tax paid/reimbursed	- 604	- 324
Cash flows from net operating activities	**15,709**	**1,751**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	67	4
Proceeds from sales of financial assets	0	0
Expenses for the acquisition of fixed tangible assets and intangible assets	- 1,854	- 1,195
Expenses for the acquisition of affiliates	0	0
Interest income	223	35
Proceeds from borrowings granted 0	0	0
Borrowings granted	0	0
Other	0	0
Net cash flows from investment activities	**- 1,564**	**- 1,156**
Cash flows from financial activities		

Proceeds from loans and borrowings	0	1,978
Repayment of loans and borrowings	- 506	- 1,318
Payment of liabilities under financial lease agreements	- 688	- 342
Interest paid	- 259	- 519
Dividend paid to shareholders	0	0
Payment of other financial liabilities	0	- 92
Expenses for the purchase of financial assets	0	0
Other financial revenue	0	0
Net cash flows from financial activities	**- 1,453**	**- 293**
Increase/decrease in cash and cash equivalents	**12,692**	**302**
Cash, cash equivalents and overdrafts at the beginning of the period	28,160	461
Foreign exchange gains/losses on the valuation of cash, cash equivalents and overdrafts	- 8	- 1
Cash, cash equivalents and overdrafts at the end of the period	**40,844**	**762**

Statement of changes in equity of Makarony Polskie SA

For the period from 01 January 2024 to 31 March 2024

	Core capital	Supplementary capital	Reserve capital	Profit/loss from previous years	In total
As at 01 January 2024	33,120	52,306	12,000	44,612	142,038
Distribution of profit/loss coverage	0	0	0	0	0
Issue of shares	0	0	0	0	0
Profit distribution - dividend payment 0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0
Other comprehensive income	0	0	0	0	0
Net result after Q1 of 2024	0	0	0	7,352	7,352
As at 31 March 2024	33,120	52,306	12,000	51,964	149,390

For the period from 01 January 2023 to 31 December 2023

	Core capital	Supplementary capital	Reserve capital	Profit/loss from previous years	In total
As at 01 January 2023	33,120	48,468	12,000	10,462	104,050
Distribution of profit/loss coverage		3,838		- 3,838	0
Profit distribution - dividend payment 0				- 6,624	- 6,624
Creation of reserve capital - own shares	0	0	0	0	0
Settlement of merger transactions				19,814	19,814
Other comprehensive income	0	0	0	0	0
Net result in 2023				24,798	24,798
As at 31 December 2023	33,120	52,306	12,000	44,612	142,038

Statement of changes in equity of Makarony Polskie SA

For the period from 01 January 2023 to 31 March 2023

	Core capital	Supplementary capital	Reserve capital	Profit/loss from previous years	In total
As at 01 January 2023	33,120	48,468	12,000	10,462	104,050
Distribution of profit/loss coverage	0	0	0	0	0
Profit distribution - dividend payment 0	0	0	0	0	0
Creation of reserve capital - own shares	0	0	0	0	0
Other comprehensive income	0	0	0	0	0
Net result after Q1 of 2023	0	0	0	2,699	2,699
As at 31 March 2023	33,120	48,468	12,000	13,161	106,749

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Zenon Daniłowski
President of the Board

Rzeszów, 28 May 2024

Information about company

Makarony Polskie SA
with its seat in Rzeszów
ul. Podkarpacka 15A; 35-082 Rzeszów
www.makarony.pl

It was registered with the District Court in Rzeszów, XII Commercial Division of the National Court Register on 5 July 2004 under number 0000212001.

Share capital: PLN 33,120,213 - paid up in full

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You are welcome to contact us by e-mail:

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The source of data in this report, unless otherwise indicated, is the Makarony Polskie Group.