Makarony Polskie Group Condensed financial statements

for the period from 01.01.2021 to 30.06.2021



Rzeszów, 29 September 2021

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01.01.2021 TO 30.06.2021

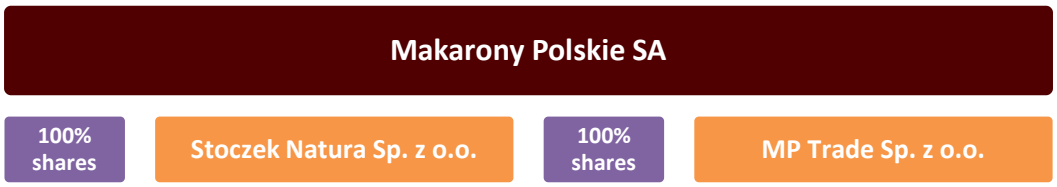
The Makarony Polskie Group consists of three companies: two manufacturing companies and one trading company.

General information

Organizational structure of Makarony Polskie Group

The Makarony Polskie Group ("Group") consists of the following three companies:

- Makarony Polskie SA (the "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 many different shapes, made on the basis of durum flour and wheat flour. In its portfolio, the Company also has products that respond to the trends of pro-health food, such as pasta from spelled, buckwheat, rye flours. The range of products is enriched with large pasta shapes for stuffing and vegetable pasta made from legumes such as chickpeas, red lentils and green peas. The company has great opportunities to expand the range of pasta made from rare flours, such as legumes, and the portfolio will be developed accordingly.
The basic pasta brands offered are Makarony Polskie, Sorenti and Abak (bibrand z Makarony Polskie) and Sorenti.

Stoczek Natura Sp. z o.o. is a producer of meat and vegetable preserves (ready meals, pies, lard preserves), vegetable preserves (salads, marinades), processed fruit (jams, plum confectioners) offered under Stoczek, Tenczynek, Męska Rzecz brands, and also the new SoFood brand, which represents the development category of ready-made dishes on trays. Products that are easy to prepare and can be placed on the so-called dry shelf.

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

All transactions are performed under the market terms and conditions.

MP Trade Sp. z o.o. develops trade on own account with foreign goods of Polish and foreign producers. The Company's activity is focused on selling products purchased from external suppliers under the Novelle brand and licensing the Novelle brand to Makrony Polskie SA in the production of vegetable noodles and other goods produced within the Makarony Polskie Group. The business model adopted by the company creates its value by increasing the brand value, and the production is outsourced.

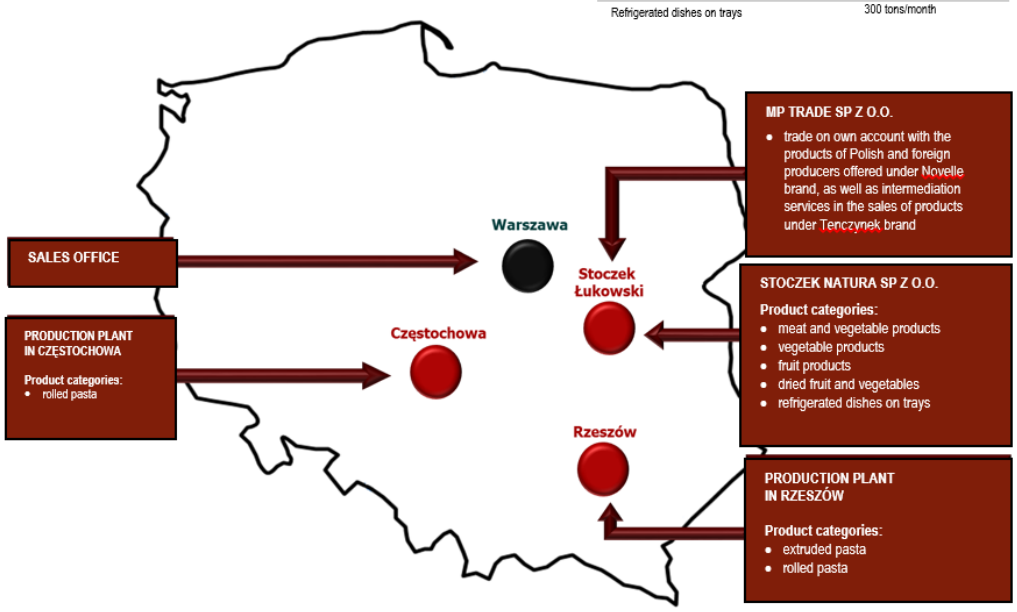
Changes in the organization of the Makarony Polskie Group in the first half of 2021

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

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

ORGANIZATION OF THE MAKARONY POLSKIE GROUP

Product category	Production capacity
Pasta	4,920 tons/month
Plant in Rzeszów	*3,470*
Plant in Płock (relocation pending)	*500*
Plant in Częstochowa	*900*
Meat/vegetable products, vegetable products, fruit products	950 tons/month
Refrigerated dishes on trays	300 tons/month



Organizational data

Makarony Polskie SA

Registered Office: 35-082 Rzeszow, ul. Podkarpacka 15a,
District Court in Rzeszow, 12th Commercial Division of the National Court Register
KRS number 0000212001,
Share Capital: PLN 27,750,213 - fully paid-up
REGON (National Business Registry Number): 691674708,
NIP [tax identification number]: 813-32-78-856.
www.makarony.pl

Stoczek Natura Sp. z o.o.

Registered Office: 21-450 Stoczek Łukowski, ul. Dwernickiego 5,
Commercial Court Lublin Wschód with its registered office in Świdnik, 6th Commercial Department
KRS number: 0000050439,
Share Capital: PLN 15 707 800
REGON (National Business Registry Number): 711584640,
NIP [tax identification number]: 825-17-27-212,
www.stoczek.com.pl

MP Trade Sp. z o. o.

Registered Office: 21-450 Stoczek Łukowski, ul. Dwernickiego 5,
Commercial Court Lublin Wschód with its registered office in Świdnik, 6th Commercial Department
KRS number: 0000579926,
Share Capital: PLN 1,500,000,
REGON (National Business Registry Number): 362706449,
NIP [tax identification number]: 825-21-76-004,
www.mp-trade.pl

100% of shares in the share capital of Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. is owned by Makarony Polskie SA. As at 30 June 2021, the share in the total number of votes at the Shareholders' Meetings of these companies, held by the parent company, is equal to the share in the capital of each of the subsidiaries.

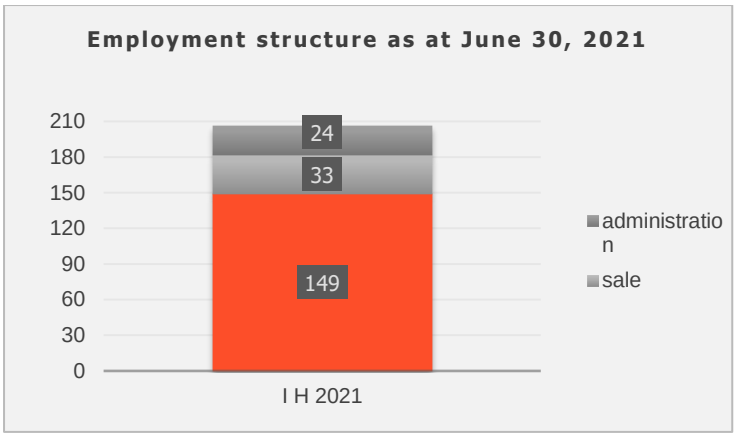
The duration of all companies of the Makarony Polskie Group is unlimited.

The Group's human resources policy is focused on maintaining high-class specialists and managers who, thanks to their expertise, experience and commitment, ensure the highest level of implementation of the Group's business objectives.

Employment as at 30 June 2021 in the Makarony Polskie Group

In accordance with the adopted policy, the Makarony Polskie Group consistently maintains the total employment at the level of the necessary minimum, at the same time taking care of the flexibility of employment in the Production Plants and its correlation with changes in the production volume.

As at June 30, 2021, Makarony Polskie Group employed a total of 206 people (compared to 210 people at the end of the first half of 2020 and 207 people at the end of the first half of 2019).



The Makarony Polskie Group's human resources policy is focused on maintaining high-class specialists and managers who, thanks to their expertise, experience and commitment, ensure the highest level of implementation of the Group's business objectives, thus guaranteeing constant improvement of the organization and improvement of the quality of the products and services offered.

Composition of the Parent's Management Board

In the period from January 1, 2021 to the publication of this report, the Management Board of the Company was composed of one member. Zenon Daniłowski is the President of the Management Board.

During the reporting period, on June 1, 2021, due to the end of the 9th term of office of the Management Board of the Company, the Supervisory Board of Makarony Polskie SA decided that the Management Board of the 10th term of office would be one-person management board, and it entrusted the position of the President of the Management Board to Mr. Zenon Daniłowski again. The resolution of the Supervisory Board came into force on the date of the

Annual General Meeting approving the financial statements of the Company for the financial year 2020, i.e. on July 7, 2021.

Shares held by the Management Board Members

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

Member of the Management Board	IH 2021		Y 2020	
	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 as at the report publication date is 3,051,594 shares with a value of PLN 9,154,782 vs. 2,311,594 shares with a value of PLN 6,934,782 at the end of 2020.

In accordance with the information held by the Company, during H1 2021 and until the date of publication of these statements, there were no changes in the ownership of shares held by the President of the Management Board.

Composition of the parent company Supervisory Board

From January 1, 2021 to the publication of these statements , the Supervisory Board was composed of:

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

Audit Committee

From January 1, 2021 to the publication of this report, the Audit Committee was composed of:

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

As required by law, members of the Audit Committee have knowledge and skills in accounting or auditing of financial statements as well as knowledge and skills in the industry in which the Company operates.

Shares held by Members of the Supervisory Board

Number and par 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	IH 2021		Y 2020	
	number of shares	nominal value	number of shares	nominal value
Marek Rocki	0	0	0	0
Ahmed Khalil	0	0	0	0
Janusz Pierun	0	0	0	0
Michał Słomkowski	0	0	0	0
Roman Sobiecki	0	0	0	0
Wiesław Wasilewski	6 689	20 067	6 550	19 650

In accordance with the information held by the Company, during H1 2021 and until the date of publication of these statements, there were no other changes in the ownership of shares held by the Members of the Supervisory Board.

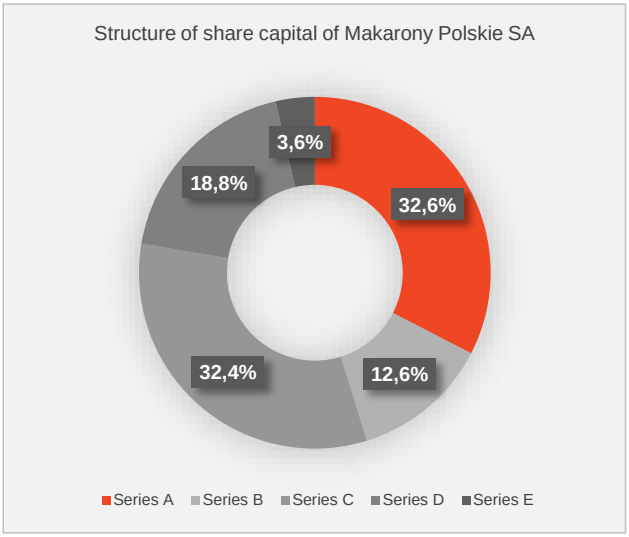
General Meeting of the parent company

Share capital of Makarony Polskie SA:

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

Structure of the Company's share capital:

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



The Company's shares are ordinary bearer shares listed on the regulated market operated by the Warsaw Stock Exchange. The company has not issued any securities 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 main shareholders (over 5% of share capital)

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

Shareholder	Shares in share capital		Votes at the General Assembly	
	number	% share	number	% share
Grupa Praska Giełda Spożywcza SA, including:	3 051 594	32.99 %	3 051 594	32.99%
Praska Giełda Spożywcza SA (former: Agro-Technika SA)	*2 790 000*	*30.16 %*	*2 790 000*	*30.16 %*
Zenon Daniłowski	*140 000*	*1.51 %*	*140 000*	*1.51 %*
Polskie Smaki Sp. z o.o.	*121 594*	*1.32 %*	*121 594*	*1.32 %*
Raya Holding for Technology&Communications S.A.E. including:	1 793 406	19.39 %	1 793 406	19.39 %
Madova Sp. z o.o.	*1 793 406*	*19.39 %*	*1 793 406*	*19.39 %*
Elżbieta i Grzegorz Słomkowscy, including:	1 183 040	12.79 %	1 183 040	12.79 %
Z.P.H. "ELPAST" Elżbieta i Grzegorz Słomkowscy s.c.	*1 169 750*	*12.65 %*	*1 169 750*	*12.65 %*

Grzegorz Słomkowski	*13 290*	*0.14 %*	*13 290*	*0.14 %*
Other shareholders	3 222 031	34.83 %	3 222 031	34.83 %
TOTAL	**9 250 071**	**100.00%**	**9 250 071**	**100.00%**

Changes in the shareholding structure during the first half of 2021

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

- Praska Giełda Spożywcza SA with its registered office in Ząbki, in connection with the purchase of a block of the Company's shares in an amount exceeding the threshold referred to in Article 69 paragraph 1 point 1 and in Article 69 paragraph 2 point 1 item a of the Act on Public Offering and the Terms and Conditions for Introducing Financial Instruments to the Organized Trading System and on Public Companies, informed about:

  1) the date and type of the event causing the change in share to which the notification relates;

     Praska Giełda Spożywcza S.A. with its registered office in Ząbki, on the basis of the share purchase transaction concluded on the regulated market, on 21.04.2021, acquired a block of 740,000 shares of the Issuer, i.e. of Makarony Polskie S.A. (ISIN CODE: PLMKRNP00015) entitling to the same number of votes at the General Meeting of Makarony Polskie S.A.

  2) the number of shares held before the change in the share and their percentage share in the company's share capital and the number of votes attached to these shares and their percentage share in the total number of votes;

     Praska Giełda Spożywcza SA, before the change of share, held directly and indirectly the Issuer's shares in the number of 2 311,594 shares, which constituted a share of 24.99% in the Issuer's share capital, entitling to 2,311,594 votes at the General Meeting of Shareholders, which is 24.99% of the total number of votes, of which Praska Giełda Spożywcza SA held:

     - directly - 2,050,000 shares, which constituted a 22.16% share in the Issuer's share capital, entitling to 2,050,000 votes at the General Meeting of Shareholders, which constituted 22.16% of the total number of votes,
     - indirectly - 261,594 shares, which constituted a 2.82% share in the Issuer's share capital, entitling to 261,594 votes at the General Meeting of Shareholders, which constituted 2.82% of the total number of votes,

  3) the number of shares currently held in the share and their percentage share in the company's share capital and the number of votes attached to these shares and their percentage share in the total number of votes;

Praska Giełda Spożywcza SA, currently holds directly and indirectly the shares in the number of 3,051,594 shares, which constituted a share of 32.98% in the Issuer's share capital, entitling to 3 051 594 votes at the General Meeting of Shareholders, which is 32.98% of the total number of votes, of which Praska Giełda Spożywcza SA holds:

- directly - 2,790,000 shares, which constitutes a 30.16% share in the Issuer's share capital, entitling to 2,790,000 votes at the General Meeting of Shareholders, which constitutes 30.16% of the total number of votes,
- indirectly - 261,594 shares, which constituted a 2.82% share in the Issuer's share capital, entitling to 261,594 votes at the General Meeting of Shareholders, which constituted 2.82% of the total number of votes,

4) subsidiaries of the notifying shareholder who own the company's shares;

The Polskie Smaki Sp. z o.o. holds 121,594 shares which constitutes a 1.31% share in the Issuer's share capital, entitling to 121,594 votes at the General Meeting of Shareholders, which constitutes 1.31% of the total number of votes,

Mr. Zenon Daniłowski holds 140,000 shares, which constitutes a 1.51% share in the Issuer's share capital, entitling to 140,000 votes at the General Meeting of Shareholders, which constitutes 1.51% of the total number of votes,

5) persons referred to in Article 87 paragraph 1 point 3 item c;

There are no persons referred to in Article 87 paragraph 1 point 3 item c of the Act.

6) the number of votes attached to shares, calculated in the manner specified in Article 69b paragraph 2, to the acquisition of which it is entitled or obliged as the holder of the financial instruments referred to in Article 69b paragraph 1 point 1, and the financial instruments referred to in Article 69b paragraph 1 point 2, which are not performed solely by cash settlement, the type or name of these financial instruments, their expiry date and the date or time when the shares will be or may be acquired;

There are no financial instruments referred to in Article 69b paragraph 1 point 1 of the Act and there are no instruments referred to in Article 69b paragraph 1 point 2.

7) the number of votes attached to shares, calculated in the manner specified in Article 69b paragraph 3, to which the financial instruments referred to in Article 69b paragraph 1 point 2, the type or name of these financial instruments and the date of expiry of these financial instruments, relate directly;

There are no financial instruments referred to in Article 69b paragraph 1 point 2 of the Act.

8) the total number of votes indicated pursuant to Article 69 paragraph 4 point 2 and in Article 69 paragraph 4 points 7-8 of the Act.

Praska Giełda Spożywcza S.A. does not have the financial instruments referred to in Article 69b paragraph 1 point 1 of the Act and does not have the financial instruments referred to in Article 69b paragraph 1 point 2 of the Act.

– AGROMA LTD with its registered office in Nicosia, Cyprus, pursuant to Article 69 paragraph 1 point 1 of the Act of July 29, 2005 on public offering and conditions for introducing financial instruments to the organized trading system and on public companies, announced a direct reduction of the share in the total number of votes at the General Meeting of the Company to 0% (zero percent)

1) the date and type of the event causing the change in share to which the notification relates;

The reduction of the share in the total number of votes at the General Meeting of the Company by Agroma Ltd occurred as a consequence of the settlement on April 23-27, 2021 of the sale transactions in the form of OTC block deals and in the form of session orders, in total 950,000 shares of the Company concluded on April 21-23, 2021.

2) the number of shares held before the change in the share and their percentage share in the company's share capital and the number of votes attached to these shares and their percentage share in the total number of votes;

Before the transaction, Agroma Ltd held directly 950,000 shares representing approx. 10.27% of the share capital of the Company and entitling to 950,000 votes representing approx. 10.27% of the total number of votes at the General Meeting.

3) the number of shares currently held in the share and their percentage share in the company's share capital and the number of votes attached to these shares and their percentage share in the total number of votes;

After the settlement of the transactions referred to in the notification, Agroma Ltd does not hold any shares of the Company.

4) subsidiaries of the notifying shareholder who own the company's shares;

There are no subsidiaries of Agroma Ltd that would own the Company's shares.

5) persons referred to in Article 87 paragraph 1 point 3 item c;

Agroma Ltd stated that it had not concluded an agreement containing provisions regarding the transfer of rights to exercise voting rights at the General Meeting of the Company.

6) the number of votes attached to shares, calculated in the manner specified in Article 69b paragraph 2, to the acquisition of which it is entitled or obliged as the holder of the financial instruments referred to in Article 69b paragraph 1 point 1, and the financial instruments referred to in Article 69b paragraph 1 point 2, which are not performed solely by cash settlement, the type or name of these financial instruments, their expiry date and the date or time when the shares will be or may be acquired;

Agroma Ltd does not hold any financial instruments that would unconditionally entitle or oblige the holder to acquire voting shares issued by the Company after maturity.

7) the number of votes attached to shares, calculated in the manner specified in Article 69b paragraph 3, to which the financial instruments referred to in Article 69b paragraph 1 point 2, the type or name of these financial instruments and the date of expiry of these financial instruments, relate directly;
There are no financial instruments referred to in Article 69b paragraph 1 point 2 of the Act.

8) the total number of votes indicated pursuant to Article 69 paragraph 4 point 2 and in Article 69 paragraph 4 points 7-8 of the Act.
Agroma Ltd is not entitled to any votes at the General Meeting of the Company.

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

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

Composition of the Management Board of subsidiaries

Stoczek Natura Sp. z o.o.

As at June 30, 2021, the management board of the subsidiary Stoczek Natura Sp. z o.o. was composed of:

- Adam Ławnik – President of the Management Board

On July 26, 2021, in connection with the end of the current term of office of the management board, the General Meeting of Stoczek Natura Sp. z o.o. decided that the management board of the new term of office will be two-person management board and will be composed of:

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

Until the date of publication of this report, the composition of the management board of the subsidiary Stoczek Natura Sp. z o.o. has not changed.

The function of a proxy in Stoczek Natura Sp. z o.o. is performed by: Alicja Hinz - from October 5, 2001.

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During the reporting period, until July 26, 2021, Jerzy Krzyżowski was also a proxy in the Company - the proxy expired independently due to the appointment of a commercial proxy to the management board.

The granted proxy are joint proxy - a proxy may represent the Company only together with another proxy or a member of the Management Board.

MP Trade Sp. z o.o.

As at June 30, 2021 and the date of publication of this report, the management board of the subsidiary MP Trade Sp. z o.o. was composed of:

- Zenon Daniłowski – President of the Management Board

MP Trade Sp. z o.o. did not appoint any proxies.

Publication and approval of the financial statements

These condensed consolidated financial statements were reviewed by an auditing company and approved by the Management Board for publication on September 29, 2021.

Legal basis for preparation of consolidated financial statements

Declaration of compliance and the basis for preparing the statements

The condensed consolidated financial statements were prepared on the basis of the International Accounting Standards as approved by the European Union (EU) and related interpretations announced in the form of implementing regulations of the European Commission (hereinafter referred to as "IFRS"), applicable to interim financial reporting as approved by European Union (IAS 34 "Interim Financial Reporting") pursuant to Article 55 (5) of the Accounting Act (Journal of Laws of 2021, item 217 as amended) and regulations issued on its basis and in accordance with the requirements set out in the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws of 2018, item 757) 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 December 2020.

Basis for valuation

The presented consolidated condensed financial statements have been prepared in accordance with the historical cost principle, except for the valuation to fair value of some assets, i.e. assets purchased as part of the purchase transaction of Abak Sp. z o.o., brands Tenczynek, So Food, and investment land.

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.

Unless indicated otherwise, the financial data is denominated in PLN k.

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 2020 (published on 15 April 2021).

The financial statements of all entities were prepared for the same reporting period using consistent accounting principles.

The financial year of the Group shall be the calendar year.

The parent company - Makarony Polskie SA and its subsidiaries prepare financial statements according to IAS/IFRS.

All transactions, balances, revenues and costs between related entities covered by consolidation are subject to consolidation exclusions.

Duration of the Group operation is not limited.

Consolidated entities:

as of June 30, 2021	Stoczek Natura Sp. z o.o.	MP Trade Sp. z o.o.
The nature of the relationship	direct subsidiary	direct subsidiary
Consolidation method	full	full
Date of taking control	1 June 2007	28 September 2015
% of the capital held	100 %	100 %

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

The accounting principles (policy) used to prepare these consolidated financial statements for the 6-month period ended June 30, 2021 are consistent with those applied to the preparation of the annual consolidated financial statements for the financial year ended December 31, 2020, except for the changes described below.

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

Changes resulting from amendments to IFRS

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

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

Amendments to these standards were published on August 27, 2020 and supplement the first phase of changes in reporting resulting from the reform of interbank reference rates of September 2019. The amendments apply to annual periods beginning on or after January 1, 2021. The amendments in the second phase focus on the impact they will have on the valuation of, e.g., financial instruments, leasing liabilities, and the replacement of the existing reference rate with a new rate resulting from the reform.

The Group applied the revised standards from January 1, 2021.

In addition, from January 1, 2021, after adoption by the European Commission in October 2020, the amendment to IFRS 16 Leases: Covid-19 reliefs. The amendment was published on May 28, 2020 and is effective for annual periods beginning on or after June 1, 2020, with early application permitted. The amendment introduces a simplification in IFRS 16, which allows not to recognize a modification of a lease agreement in the event that there were (in the period until June 30, 2021) changes in payments related to the Covid-19 pandemic or other reliefs were granted to lessees changing the original financial terms of lease agreements due to the pandemic.

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

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

Accounting principles applied

For the preparation of these condensed interim consolidated financial statements, the accounting principles have been applied unamended with respect to the principles applied in the preparation of the annual consolidated financial statements for 2020, (- note Declaration of compliance with regulations)

Other new standards and interpretations that came into force in 2021 did not have a significant impact on the accounting principles applied by the Group of Companies.

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

- depreciation rates,
- impairment of assets (including receivables),
- provisions value,
- deferred tax assets (companies recognize assets for deferred tax based on the assumption that a tax profit shall be obtained in the future allowing its utilization; deterioration of the obtained tax results in the future could cause that such assumption would be unjustified),
- valuation of assets with an indefinite useful life.
- The adopted marginal loan rate and the lease term for agreements with an indefinite period of validity due to the implementation of IFRS 16.

At present, the Group does not see any significant risk of impairment of assets, including in particular assets subject to impairment tests. As at December 31st, the Group performs annual impairment tests of an intangible asset with an indefinite useful life. The relevant tests, in accordance with the applicable rules, were made as at the end of 31 December 2020.

As at the balance sheet date, the premises for impairment of assets were analyzed. In the opinion of the Management Board of the Parent Entity, as at the balance sheet date, i.e. 30.06.2021, there were no indications of a potential impairment of the ABAK and Tenczynek brands and the goodwill of Stoczek Natura.

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 half of 2021.

Factors and risks with a significant impact on the financial results in the first half of 2021 and in subsequent periods

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.

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,
- at Makarony Polskie SA, an interdisciplinary team was established, which, in cooperation with scientific institutions, works on developing innovative technologies for the production of new products: functional, health-promoting, low-processed food, easy to prepare,
- the company Stoczek Natura Sp. z o.o. purchased a new technological line, with the help of external experts and technologists, developed and implemented ready-made meals on SoFood trays which were very well received by the market,
- The Makarony Polskie Group is in the process of large investment projects aimed at, inter alia, reducing the environmental impact of production plants (thermal insulation of the building and construction of a new facade at the Rzeszów Plant, replacement of lighting with LED lighting) and improvement of working conditions (including reconstruction of ventilation and air conditioning in production halls). The works carried out forced the necessity to temporarily switch off individual production areas, as well as temporarily switch off the production lines, which translated into the necessity to temporarily reduce the scale of production and, consequently, also the level of sales,
- in all plants of the Group, by the end of 2023, it is planned to invest in photovoltaics - the production processes of pasta and ready meals are characterized by high energy consumption, 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 the cost of production resulting from increases in electricity prices.

Finalization of the acquisition process conducted by the Company

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

Activity development in the private label segment

- enriching the offer addressed to new and existing customers with pro-health and functional products (including, for example, gluten-free and high-protein pastas, pasta suitable for vegans), 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),
- activities aimed at improving the profitability of the sales channel, including optimization measures in the area of packaging, taking into account the principles of sustainable development.

Development of B2B sales channels and Institutions

- development of the category of pasta, meat and vegetable preserves, vegetable and fruit preparations, adapted to the expectations of the customers of that channel,
- establishing cooperation relations with other manufacturers of pastas and ready meals and manufacturers of complementary goods, in order to supplement the offer for the final recipient,
- individualizing the offer and thus increasing competitiveness,
- using the production potential of Stoczek Natura Sp. z o.o. in the scope of service packaging of products and based on new forms of packaging,

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

- intensification of marketing activities aimed at increasing the presence of Makarony Polskie and SoFood brands on the market, redefining the Stoczek Natura, Sorenti and Novelle brands - the Group has developed a plan to support marketing activities in this area,
- 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

- systematic increase in the number of customers on foreign markets - focusing on European markets, including in particular Ukraine, where the Group systematically develops its cooperation with networks and distributors.
- intensification of communication with current and potential customers through the participation, *inter alia,* in trade fairs and the organization of B2B meetings on target markets,
- development of the product offer by offering functional products on foreign markets, e.g.: whole wheat pasta with high fiber content, spelled pasta, buckwheat, vegetable and in the product category, such as ready-made dishes in trays (in particular, vegetarian dishes, which are highly sought after on the market),
- acquiring and implementing projects concerning deliveries under the own recipient's brand,
- 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.

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

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

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

- pressure from the business environment, including government authorities to maintain a stable level of prices, as well as the reluctance of key recipients to implement increases under concluded agreements, delayed the implementation of new sales prices, allowing the Company to partially compensate for the increase in cost factors. The above issues had an impact on the reduction of profitability at the level of gross profit on sales from 19.6% in 2020 to 18.8% in the first half of 2021;
- due to the decline in economic turnover caused by the COVID 19 pandemic, the company decided to use public aid under the guaranteed employee benefits fund provided by the provincial labor office with the aim of protecting jobs by subsidizing the remuneration of employees not subject to downtime, economic downtime or

reduced working hours. As at the balance sheet date, the support received was PLN 907.5 k.

Due to the ongoing Covid-19 epidemic, additional security procedures and security measures have been implemented in the Group's companies to secure the continuity of production and reduce the risk of the virus spreading among the crew members. These procedures are systematically validated and modified depending on the needs and the evolution of the epidemiological situation.

In the opinion of the Management Board, there are no threats in the Makarony Polskie 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 COVID-19 pandemic. The Management Board of Makarony Polskie SA carefully monitors the situation related to the COVID-19 pandemic and takes steps to minimize the negative impact on the functioning of the Company 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 Group does not threaten the continuation of the Group's operations in the next periods. After the balance sheet date, there were no other events that could significantly affect the financial statements of the Company and the Group.

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

Makarony Polskie Group did not publish financial forecasts for the year 2021.

Risks and threats significant for the development of the Group

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 be a possible change in shopping and eating habits of consumers, e.g. rising prices or widely published information on the health benefits of a given product category.

Current market trends are monitored on a regular 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 current product range of the Group is modified in line with market trends, e.g. health-related products, "Fit", products with reduced gluten content, products based on, or with addition, vegetable flour are systematically developed In the first half of the year, the Group's offer was expanded to include new products from the category of meals in trays, including the so-called one-handed ones in cups, which were well received by the market.

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 analyzed on an ongoing basis, which allows for quick response in the area of possible threats. The main threat from competition is price undercutting and imitation, which affects the Company.

The Group attempts to minimize this risk by diversifying its activities and developing innovative products (teams whose goal is to conduct R&D projects were appointed).

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 commercial agreements do not contain a strictly determined amount of estimated purchases that the recipient will make during the term of the contract. 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. The situation of increased demand for the Group's products occured, inter alia, in the initial period after the first COVID-19 infections appeared on the territory of Poland, when customers went to stores en masse, and orders from retail chains were significantly higher, both compared to the level recorded in the same period last year, as well as in the periods before the outbreak of the epidemic.

In the Group's opinion, the risk of becoming dependent on customers is not significant because the Group companies conduct systematic actions towards the diversification of customers and increasing the number of so-called medium-sized customers.

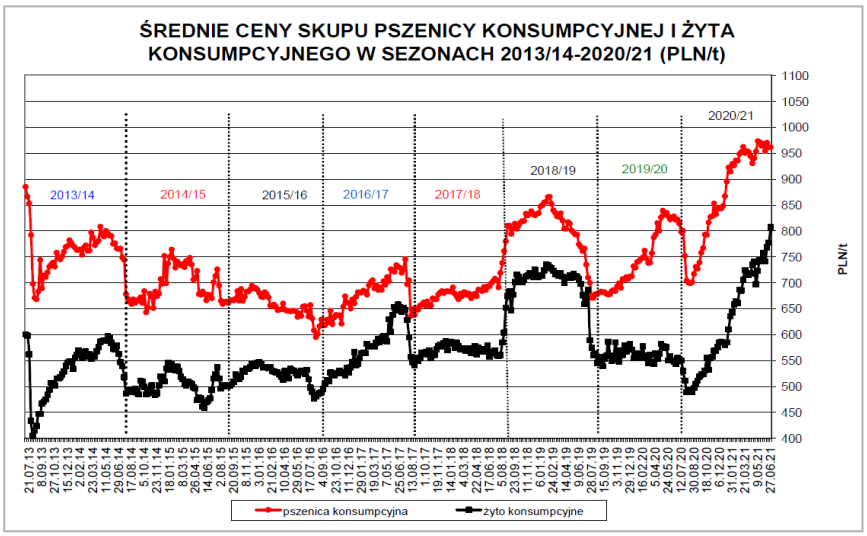
Risk related to changes in raw material prices

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. With regard to the current situation on the cereal market, the Company also regularly monitors forecasts concerning both the domestic market and prices of wheat on global markets.

Makarony Polskie SA is aware that wheat production is highly sensitive to unpredictable weather conditions, therefore prices are subject to increases due to possible speculations or natural disasters. The year 2021 brought significant increases in the prices of raw materials on the grain market - the current prices are the highest in over nine years, which is caused by the balance of world cereals. In mid-August 2021, consumer wheat was about 35% more expensive than the year before, and at the end of the month, the price on the MATIF exchange reached its historically highest level during the harvest season. In addition, for Polish manufacturers, the problem is the increase in the price of durum flour, which is almost entirely imported to the Polish market.

At the turn of the third and fourth quarter of 2020, the Company concluded several long-term agreements for the supply of both soft flour and durum wheat flour. Those agreements did not fully meet the company's needs, in the first and second quarter of 2021, but allowed to limit the negative impact of the increase in raw material prices on the efficiency of operating activities in subsequent periods.

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



Source: Weekly report on the market for cereals, oilseeds and feed materials - Cereal market week 26/2021, Sparks Polska

In the first quarter of 2021, the prices of eggs and egg pulp were at a high but stable level of

PLN 4.2-5.0 k per one ton of egg pulp (vs. PLN 3.7-4.6 k in Q4 2020). The second quarter of 2021 brought a systematic increase in egg prices to the level of PLN 4.8-6.0 k for one ton of egg pulp.

The increases in egg pulp prices observed in the first half of 2021 were the result of a large epidemic of avian influenza, a significant reduction in the planting of young hens by breeders, as well as an increase in costs related to the breeding process, such as wages, electricity and fuel. According to the Company's estimates, in the coming months of 2021, prices should remain stable, but still quite high, which will have some negative impact on the profitability of the Group's products.

In order to minimize the negative price trend of raw materials and other components of the production process (e.g. labor costs, cardboard boxes, foils, energy), the Company has undertaken and is conducting activities aimed at adjusting the selling prices of products to the increase in their production costs.

Stoczek Natura Sp. z o.o. is a manufacturer of fruit and vegetable preserves (including jams and salads) and ready meals. 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. Purchase of fruit and vegetables is performed seasonally, in months in which their prices are the lowest. If necessary, purchased raw materials are stored in Company warehouses and cold stores.

The main raw material influencing the prices of products manufactured in the company is meat. In 2021, the prices of purchased meat items remain stable.

The prices of fruit and vegetables are strongly dependent on weather conditions. The year 2021 brought an upward trend in prices on the fruit market. In the first three quarters of 2021, the company relied on raw materials purchased in 2020, however, at the turn of the third and fourth quarter, it is planned to verify and adjust the prices of finished products, taking into account the upward market trends of raw materials.

In 2021, packaging is characterized by a significant increase in prices. The increase in prices is observed for all types of packaging used by the company. In 2021, Stoczek Natura Sp. z o.o. bases on annual price arrangements, so the current price fluctuations in this area do not have a significant impact on the profitability of production.

The upward trend in the prices of raw materials and packaging is related to global supply and the company monitors those forecasts all the time. Therefore, the company will adjust the prices of its products to the level that will be necessary to maintain the appropriate level of product margin.

Risk of variable legal and tax environment

The Polish legal and tax system is characterized by frequent changes, especially in the era of the current COVID-19 epidemic, when the law is substantially changed from day to day, the activities of companies, including Makarony Polskie Group companies, are subject to a great deal of uncertainty. This is a negative factor for economic activity and entails high risk.

The protection of the interests of the Group in terms of legal changes is supervised by legal teams that in due course take appropriate actions aimed at minimizing the possible 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 related to wage pressure

Systematic increases in the minimum wage and the minimum hourly wage under civil law agreements mean that wage pressure is growing among employees and potential job candidates. This phenomenon is compounded by the fact that recently the labor market has been tilting more and more towards the employee market, the period of pandemic and the related uncertainty discourages some employees from changing jobs, which translates into the fact that employers, including Group companies, find it difficult to find suitable candidates for vacant positions, both among specialists and managerial staff, as well as among unqualified people.

Striving to minimize staff rotation, especially among key employees and specialists, the Group tries to systematically implement motivational remuneration systems (connected, among others, with production and sales efficiency), which by closely linking the results of work of individual teams/people with the effectiveness of achieving the Group's goals in front of these teams/employees, allow to combine the level of wages satisfactory for employees with the profitability of the company's operations. In order to increase the motivation and build loyalty of employees towards the employer, the Group companies systematically diversify the package of non-wage benefits, such as sports cards, group insurance, and holiday cards, 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 30 June 2021:

Groups/categories of financial instruments	Balance sheet value as at 30.06.2021 PLN k	Currency exposure as at 30.06.2021 PLN k	EUR PLN k	USD PLN k
Financial assets				
Cash and cash equivalents	564	257	257	0
Trade receivables	18 715	1 810	1 810	
Financial liabilities				
Liabilities from deliveries and services	25 831	3 485	3 485	

The table presents the analysis of the sensitivity of the financial result to changes in exchange rates as at 30 June 2021:

Groups/categories of financial instruments	EUR		USD	
	5%	-5%	5%	-5%
	impact on the financial result PLN k		impact on the financial result PLN k	
Financial assets				
Cash and cash equivalents	12.8	- 12.8	0.0	0.0
Trade receivables (gross)	90.5	-90.5	-	-
Financial liabilities				
Liabilities from deliveries and services	- 174,3	174.3	-	-

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 amount of revenues and costs of the Company are sensitive to changes in the level of market interest rates.

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

In the first half of 2021, the Group used external financing in the form of bank loans: working capital loans, overdrafts and investment loans.

As at 30 June 2021, the Group had a liability due to loans taken out, in the amount of PLN 23,887 k:

Currency	Interest	Loans balance	Including loans	
			Short-term	Long-term
PLN	WIBOR + bank's margin	23 887	15 277	8 610

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

The structure of financial instruments exposed to the risk of changes in interest rates as at 30 June 2021 is presented in the table below:

Groups/categories of financial instruments	Balance sheet value as at 30.06.2021 PLN k	Value at risk as at 30.06.2021 PLN k	WIBOR PLN k
Financial assets			
Cash in hand and at bank	564	-	-
Financial liabilities			
Bank loans	23 887	23 887	23 887
Other financial liabilities	2 076	2 076	2 076

The table below presents the analysis of the sensitivity of the financial result to changes in interest rates as at 30 June 2021:

Interest rate	Deviation assumptions (in percentage points) 30 June 2021		Value at risk as at 30.06.2021 PLN k	Impact on the financial result 30 June 2021 PLN k	
WIBOR	1%	-1%	25 963	- 259,6	259.6

Risk of insolvency of business partners

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.

The Group's exposure to the risk of counterparties' 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 counterparties by trade receivables insurance granted by one of the major insurers operating in this area on the Polish market.

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

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 (Journal of Laws of 2018, item 757).

- items of the statement of financial position have been converted at the average exchange rate announced by the National Bank of Poland as at the balance sheet date (30 June 2021, EUR 1 = PLN 4.5208; 31 December 2020: EUR 1 = PLN 4.6148)
- 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 H1 2021 = PLN 4.5472 and at the end of each month of H1 2020 = PLN 4.4413.

Selected financial data	30 June 2021 (in PLN k)	30 June 2020 (in PLN k)	June 30, 2021 (in EUR k)	June 30, 2020 (in EUR k)
Revenues from sale of products, services, goods and materials	82 068	100 505	18 048	22 630
Profit (loss) from continued operations	4 569	5 985	1 005	1 348
Gross profit (loss)	4 234	5 044	931	1 136
Net profit (loss) from continued operations	3 352	3 973	737	895
EBIT	4 569	5 985	1 005	1 348
EBITDA (EBIT + depreciation)	8 583	9 723	1 888	2 189
Net cash flows from operating activities	3 410	3 694	750	832
Net cash flows from investment activities	- 1 526	-7 749	- 336	- 1 745
Net cash flows from financial activities	- 1 728	3 757	- 380	846
Total net cash flows	156	- 298	34	- 67
Total assets ***	178 602	180 537	39 507	39 121
Liabilities and provisions for liabilities ***	90 047	95 334	19 919	20 658
Long-term liabilities ***	39 230	42 439	8 678	9 196
Short-term liabilities ***	50 817	52 895	11 241	11 462
Equity ***	88 555	85 203	19 588	18 463
Share capital ***	27 750	27 750	6 138	6 013
Number of shares (units)	9 250 071	9 250 071	9 250 071	9 250 071
Weighted average number of shares (in units) during the current financial year	9 250 071	9 250 071	9 250 071	9 250 071
Profit/loss per ordinary share (in PLN/EUR) *	0.36	0.43	0.08	0.10
Book value per one share (in PLN/EUR)**	9.57	9.21	2.12	2.00

* Net profit/loss per ordinary share = net result/weighted average number of shares in the period
** Book value per one ordinary share = equity/number of shares at a given balance sheet date
*** Comparable data regarding the statement of financial position as at 31 December 2020

Condensed Consolidated Statements of comprehensive revenues

Makarony Polskie Group	01.01.2021 30.06.2021	01.01.2020- 30.06.2020
Incomes from sales	**82 068**	**100 505**
Revenues from sale of other products and services	77 785	93 909
Net income from the sale of materials and goods	4 283	6 596
Own cost	**66 661**	**79 963**
Production costs of products and services sold	62 857	73 856
Value of goods and materials sold	3 804	6 107
Gross profit (loss) on sales	**15 407**	**20 542**
Costs of sale	9 877	11 872
General administrative costs	2 836	3 022
Other revenues	2 245	977
Other costs	370	640
Profit (loss) from continued operations	**4 569**	**5 985**
Financial incomes	51	15
Financial costs	386	956
Profit (loss) on business activity	**4 234**	**5 044**
Gross profit (loss)	**4 234**	**5 044**
Income tax - current part	770	688
Income tax - deferred part	112	383
Net profit (loss)	**3 352**	**3 973**
In this attributable to:		
Shareholders of the parent Company	3 352	3 973
Non-controlling shares		
Basic net result per share in PLN	0.36	0.43
Diluted net result per share in PLN	0.36	0.43
Other total net income/loss		
Total net income	**3 352**	**3 973**
Total net income attributable to:		
Shareholders of the parent Company	3 352	3 973
Non-controlling shares		

Condensed statement of other comprehensive net income - application of hedge accounting

Makarony Polskie Group	01.01.2021 30.06.2021	01.01.2020- 30.06.2020
Total net income	3 352	3 973
Profit/loss due to application of hedge accounting	0	0
Total net income	3 352	3 973

Condensed consolidated statement of financial position

ASSETS	30 June 2021	31 December 2020	30 June 2020
FIXED ASSETS	**132 308**	**133 058**	**129 046**
Tangible fixed assets	115 201	117 017	111 407
Fixed assets - IFRS-16	3 649	2 524	3 639
Investment real estate	603	603	603
Goodwill	5 949	5 949	5 949
Other intangible assets	6 886	6 919	7 366
Long-term financial assets			
Assets for deferred income tax	0	1	2
Other long-term assets	20	45	80
CURRENT ASSETS	**46 294**	**47 479**	**53 108**
Inventories	23 068	24 127	24 599
Short-term receivables	22 338	22 636	27 745
Corporate income tax receivables	0	0	4
Borrowings granted			
Cash and cash equivalents	564	410	427
Other short-term assets	324	306	333
ASSETS FOR SALE			
TOTAL ASSETS	**178 602**	**180 537**	**182 154**

LIABILITIES	30 June 2021	31 December 2020	30 June 2020
EQUITY	**88 555**	**85 203**	**83 961**
Share capital	27 750	27 750	27 750
Supplementary capital	38 490	38 490	37 155
Reserve capital	12 000	12 000	12 000
Retained profits/losses (profit/loss from previous years)	6 963	- 565	3 083
Net result	3 352	7 528	3 973
LONG-TERM LIABILITIES	**39 230**	**42 439**	**43 015**
Provision for deferred income tax	3 297	3 187	3 904
Long-term bank loans and borrowings	8 610	11 514	13 018
Long-term financial obligation - Polish Development Fund subsidy	837	2 269	0
Provision for pensions and similar (long-term)	398	398	432
Revenue of future periods - long-term	22 057	21 730	21 991
Long-term financial liabilities - leasing	1 032	1 297	847
Long-term financial liabilities - IFRS-16	2 999	2 044	2 823
SHORT-TERM LIABILITIES	**50 817**	**52 895**	**55 178**
Short-term bank loans and borrowings	15 277	15 379	15 140
Short-term financial obligation - Polish Development Fund subsidy	651	675	1 472
Short-term financial liabilities - leasing	1 044	845	741
Short-term financial liabilities-IFRS-16	730	555	903
Short-term financial liability - subsidy to working capital	0	124	0

Condensed consolidated statement of financial position

Other short-term liabilities	28 506	31 165	32 656
Corporate income tax liabilities	30	1 153	102
Revenue from future periods - short-term	3 042	1 433	1 412
Provision for retirement and similar benefits (short-term)	1 263	1 506	1 158
Other short-term provisions	274	60	1 594
TOTAL LIABILITIES	**90 047**	**95 334**	**98 193**
TOTAL LIABILITIES	**178 602**	**180 537**	**182 154**

Condensed Consolidated Statement of cash flows

Makarony Polskie Group	01.01.2021 30.06.2021	01.01.2020- 30.06.2020
Profit/loss before tax	**4 234**	**5 044**
Adjustments by items:	- 824	- 1 350
Depreciation	4 014	3 738
Profits/losses on exchange differences	2	- 7
Interest expense and income	284	565
Profit/loss from investing activities	- 26	0
Change in provisions	- 29	1 759
Change in inventories	1 059	- 4 084
Change in receivables	328	- 2 850
Change in liabilities and accruals	- 3 436	528
Corporate income tax paid/refunded	- 1 893	- 999
Other adjustments	- 1 127	0
Cash flows from net operating activities	**3 410**	**3 694**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	482	42
Interest income		
Expenses for the purchase of property, plant and equipment and intangible assets	- 2 008	- 7 791
Proceeds from the repayment of loans		
Borrowings granted	0	0
Net cash flows from investing activities	**- 1 526**	**-7 749**
Cash flows from financial activities		
Proceeds from loans and borrowings	1 207	3 518
Proceeds - Polish Development Fund subsidy	0	1 472
Repayment of loans and borrowings	- 4 212	- 9 856
Payment of liabilities under financial lease agreements	- 860	- 861
Interest paid	- 284	- 565
Other financial revenues - subsidy	2 421	10 049
Net cash flows from financial activities	**- 1 728**	**3 757**
Increase/decrease in cash and cash equivalents	156	- 298
Cash, cash equivalents and overdrafts at the beginning of the period	**410**	**718**
Foreign exchange gains/losses on the valuation of cash, cash equivalents and overdrafts	2	7
Cash, cash equivalents and overdrafts at the end of the period	**564**	**427**

Condensed statement of changes in consolidated equity

For the period from 1 January 2021 to 30 June 2021

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2021	27 750	38 490	12 000	0	6 963	85 203
Distribution of profit/loss coverage	0	0	0	0	0	0
Profit distribution - dividend payment	0	0	0	0	0	0
Establishment of reserve capital - own shares	0	0	0	0	0	0
Other total income	0	0	0	0	0	0
Net result after H1 2021	0	0	0	3 352	0	3 352
Balance as of June 30, 2021	27 750	38 490	12 000	3 352	6 963	88 555

For the period from 1 January 2020 to 31 December 2020

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2020	27 750	37 155	12 000	0	3 083	79 988
Distribution of profit/loss coverage	0	1 335	0	0	- 1 335	0
Profit distribution - dividend payment	0	0	0	0	-2 313	- 2 313
Establishment of reserve capital - own shares	0	0	0	0	0	0
Other total income	0	0	0	0	0	0
Net profit/loss in 2020	0	0	0	7 528	0	7 528
Balance as at 31 December 2020	27 750	38 490	12 000	7 528	- 565	85 203

For the period from 1 January 2020 to 30 June 2020

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2020	27 750	37 155	12 000	0	3 083	79 988
Distribution of profit/loss coverage	0	0	0	0	0	0
Profit distribution - dividend payment	0	0	0	0	0	0
Establishment of reserve capital - own shares	0	0	0	0	0	0
Other total income	0	0	0	0	0	0
Net result after H1 2020	0	0	0	3 973	0	3 973
Balance as of June 30, 2020	27 750	37 155	12 000	3 973	3 083	83 961

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.

	01.01.2021 30.06.2021	01.01.2020 - 30.06.2020
Revenues from sales of products	74 587	89 626
Proceeds from the sale of services, including:	3 198	4 283
- service production	879	1 369
- transportation services		
- for lease, storage	2 306	2 912
- other	13	2
Revenues from sale of materials	2 521	5 111
Revenues from sale of goods	1 762	1 485
Total	82 068	100 505

In the first half of 2021, the Group recorded a decrease in sales by PLN 18.4 m compared to the first half of 2020 and amounted to PLN 82.1 m.

Operating segments

In the first half of 2021, the Makarony Polskie Group carried out sales according to the following product groups, achieving the following revenues on this account:

	For the period from 01.01 30.06.2021	For the period 01.01.2020 - 30.06.2020
Pasta	58 368	71 344
Meat and vegetable preserves	14 170	15 195
Vegetable and fruit preserves*	4 652	5 867
Other	4 878	8 099
Total	82 068	100 505

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

Basic information about operating segments:

First half of 2021	Pasta	Meat and vegetable preserves	Vegetable and fruit preserves	Other	Total segments

Revenues					
Sales to external customers	58 368	14 170	4 652	4 878	82 068
Sales between segments					
Total revenues of the Group	58 368	14 170	4 652	4 878	82 068
Costs					
Segment costs	47 203	12 368	4 392	2 698	66 661
Profits or losses of segments (gross result on sales)	11 165	1 802	260	2 180	15 407

First half of 2020	Pasta	Meat and vegetable preserves	Vegetable and fruit preserves	Other	Total segments
Sales to external customers	71 344	15 195	5 867	8 099	100 505
Sales between segments					
Total revenues of the Group	71 344	15 195	5 867	8 099	100 505
Costs					
Segment costs	55 933	13 857	5 071	5 102	79 963
Profits or losses of segments (gross result on sales)	15 411	1 338	796	2 997	20 542

The Group 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.

The sales revenues of the Makarony Polskie Group in the first half 2021 amounted to PLN 82.1 m and were by approx. PLN 18.4 m lower than in the corresponding period of 2020.

Sales in the pasta category decreased in the analyzed period by approx. PLN 13.0 m to the amount of approx. PLN 58.4 m. The decrease by about 18% was caused by the stabilization of the level of consumption and rationalization of consumer behavior compared to the same period last year, when the purchasing panic related to the first wave of Covid-19 broke out. Comparing the first half of 2021 to the same period in 2020, sales in the pasta segment increased by approx. PLN 1.3 m, i.e. approx. 2.3%.

Sales in the meat and vegetable preserves category decreased in the analyzed period by approx. PLN 1.0 m to the amount of approx. PLN 14.2 m. The decrease by approx. 6.7% was caused by a reduction in the number of indices produced in order to focus on products with greater market potential and to improve the profitability of this segment. There was also a decline in consumer interest in this product segment as a result of rationalizing consumer behavior compared to the same period last year, when the shopping panic related to the first wave of Covid-19 broke out. Comparing the first half of 2021 to the corresponding period in

2020, sales in the segment of processed meat and vegetables increased by approx. PLN 1.1 m, i.e. approx. 8.7%.

Sales in the vegetable and fruit preserves category decreased in the analyzed period by approx. PLN 1.2 m to the amount of approx. PLN 4.6 m. The decrease by approx. 20.7% was caused by a reduction in the number of indices produced in order to focus on products with greater market potential and to improve the profitability of this segment.

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

The sales markets of 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	01.01.2021 30.06.2021	01.01.2020- 30.06.2020
Country	74 202	89 798
Exports, including:	7 866	10 707
- European Union countries	2 564	3 188
- other countries	5 302	7 519
Total	82 068	100 505

In the first half of 2021, the value of sales amounted to approx. PLN 74.20 m in the domestic market and approx. PLN 7.87 m in export. In the corresponding period of 2020, those figures were approx. PLN 89.80 m and approx. PLN 10.71 m, respectively.

Other operating income and expenses

OTHER REVENUES

For the period	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
State subsidies	2 065	784
Profit on sale of tangible fixed assets	26	0
Reversal of impairment losses on receivables	48	
Reversal of impairment losses on inventory	17	
Sale of scrap and waste	53	41
Support anti-crisis shield debts unpaid to the Social Insurance Institution		146
Refund of court and bailiff fees	2	0
Compensation and complaints	32	2
Reimbursement of social security contributions	2	3
Other	0	1

Total	**2 245**	**977**

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

Other revenues also include the reversal of write-downs on receivables and inventories as well as the reversal of impairment losses on assets.

In the first half of 2021, as part of the "Anti-crisis Shield", Makarony Polskie SA and Stoczek Natura Sp. z o.o. received support from the Guaranteed Employee Benefits Fund implemented by the Labor Office in the total amount of PLN 1,127 k.

OTHER COSTS

For the period	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Creation of provisions	241	0
Written off receivables	23	227
Release of the provision for revenues from obtaining financing	0	0
Donations	7	0
Penalties and fines	6	137
Court and bailiff fees, adjudicated costs		5
Advertising sponsorship	3	22
Liquidation of damaged and expired inventories	85	249
Write-downs of inventories	0	0
Other	5	0
Total	**370**	**640**

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

Other costs also include the costs of write-downs on the value of assets, not culpable shortages in current assets and losses due to the liquidation of damaged and overdue inventories.

Other financial income and expenses

FINANCIAL INCOMES

For the period	01.01.2021 - 30.06.2021	01.01.2020- 30.06.2020
Interest income, including:	0	15
- interest on loans		
- interest on receivables	0	15
Profits on exchange differences	51	
Profit on disposal of investments - shares		
Other		
Total	51	15

Financial revenues include revenues from received dividends, obtained and accrued interest on late payment of receivables, interest on investment activities in various forms of financial instruments. Financial activities also include foreign exchange profits.

FINANCIAL COSTS

For the period	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
Interest costs, including those relating to:	304	568
- bank loans	202	402
- factoring and leasing costs	36	65
- IFRS-16 interest costs	47	98
- other	19	3
Other financial costs, including:	82	388
- loss due to negative exchange rate differences	0	263
- guarantee	25	17
- discount and bank commission costs	57	63
- other financial costs	0	45
Total	**386**	**956**

Financial costs include costs due to the use of external financing sources, i.e.: loans, borrowings, trade liabilities, financial lease agreements to which the Group is a party and other financial costs. Financial activities also include foreign exchange losses.

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

For the period	01.01.2021 - 30.06.2021	01.01.2020- 30.06.2020
Net profit/loss per share	0.36	0.43
Book value per share in PLN (according to data as of 30.06.2021 and data as of 31.12.2020)	9.57	9.21

For the period	01.01.2021-30.06.2021	01.01.2020-30.06.2020
Net profit/loss from continuing operations attributable to shareholders of the parent	3 352	3 973
Profit/loss on discontinued operations attributable to shareholders of the parent		
Net profit/loss attributable to equity holders of the parent	3 352	3 973
Net profit/loss attributable to ordinary shareholders applied to calculate diluted profit/loss per share	not applicable	not applicable

For the period	01.01.2021 30.06.2021	01.01.2020-30.06.2020
Weighted average number of issued ordinary shares applied to calculate basic earnings/loss per share	9 250 071	9 250 071
Impact of dilution	not applicable	not applicable
Adjusted weighted average number of ordinary shares applied to calculate diluted profit/loss per share	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 mother 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 equity holders of the parent (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 H1 2021, there were no factors diluting the share capital.

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

Share capital

As at 30 June 2021 the share capital of Makarony Polskie SA amounted to PLN 27 750 213 and was divided as follows:

	Type of share	Type of privilege	Number of Shares in units	Nominal value of 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
Total			**9 250 071**		**27 750**			

Information on changes in estimates related to the consolidated financial statements

CHANGES DUE TO PROVISIONS

Changes in provisions H1 2021	Balance as at 01.01.2021	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1 904	4	247	1 661
a) long-term	398	4	4	398
b) short-term	1 506	0	243	1 263
Other provisions, including:	60	274	60	274
- other	60	274	60	274
Total	**1 964**	**278**	**307**	**1 935**

Changes in provisions H1 2020	Balance as at 01.01.2020	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1 412	178	0	1 590
a) long-term	357	75		432
b) short-term	1 055	103	0	1 158
Other provisions, including:	13	1 594	13	1 594
- other	13	1 594	13	1 594
Total	**1 425**	**1 772**	**13**	**3 184**

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 provisions H1 2021	Balance as at 01.01.2021	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	531	150	169	512
Provision for deferred income tax	3 717	172	80	3 809
Asset/Provision after compensation				3 297

Changes in provisions H1 2020	Balance as at 01.01.2020	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	394	436	84	746
Provision for deferred income tax	3 914	834	100	4 648
Asset/Provision after compensation				3 902

The current tax burden is calculated on the basis of the applicable tax regulations. The application of these regulations differentiates the tax profit (loss) from the accounting net profit (loss), in connection with the exclusion of non-taxable revenues and costs that are not tax deductible costs and items of costs and revenues that will not be subject to taxation in a given period. Tax burdens are calculated based on the tax rates applicable in a given financial year - currently 19% - the regulations do not provide for the differentiation of tax rates for future periods.

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. On January 1, 2020, Makarony Polskie SA and Stoczek Natura Sp. z o.o. have chosen a simplified form of paying monthly advances on corporate income tax. As at June 30, 2021, a deferred tax provision in the amount of PLN 136 k was created, as the difference between the paid advances shown in the statement of comprehensive income and the actual tax resulting from the calculated tax base.

WRITE-DOWNS ON ASSETS

Changes in provisions H1 2021	Balance as at 01.01.2021	Creation	Use and release	Balance at the end of the period
Allowances for receivables	535	0	48	487
Write-downs of inventories	209	0	17	192
Write-downs of tangible fixed assets	1 389	0	48	1 341

Changes in provisions H1 2020	Balance as at 01.01.2020	Creation	Use and release	Balance at the end of the period
Allowances for receivables	241	227	0	468
Write-downs of inventories	103	0	0	103
Write-downs of tangible fixed assets	1 484		48	1 436

The Group monitors its assets on an on-going basis; in the event of impairment, the Group makes a revaluation write-down of assets. During the first half of 2021, there were no indications to make a write-down of inventories, receivables and tangible fixed assets.

Long-term and short-term financial liabilities

BANK LOAN LIABILITIES:

	As at 30.06.2021	As at 31.12.2020
up to 1 year	15 277	15 379
More than one year	8 610	11 514
Total	**23 887**	**26 893**

LIABILITIES FROM FINANCE LEASING CONTRACTS

	Total present value of minimum fees	
	as at 30.06.2021	as at 31.12.2020
up to 1 year	1 044	845
within 1 to 5 years	1 032	1 297
Total	**2 076**	**2 142**

As at June 30, 2021, the Group's companies have fixed assets used under leasing agreements. The carrying amount of machinery and equipment, cars and other fixed assets used under financial leasing agreements as at June 30, 2021 was PLN 2,921 k, and as at December 31, 2020 it amounted to PLN 2,879 k.

LIABILITIES FROM FINANCE LEASING CONTRACTS - IFRS-16

	Total present value of minimum fees	
	as at 30.06.2021	as at 31.12.2020
up to 1 year - lease	726	551
up to 1 year – Perpetual usufruct right to land	4	4
within 1 to 5 years - lease	1 812	852
in the period over one year - PWUG	1 187	1 192
Total	**3 729**	**2 599**

As at 1 January 2019, Makarony Polskie SA introduced disclosures to fixed assets due to the application of IFRS -16, property, plant and equipment used under leasing agreements.

The balance sheet value of fixed assets due to the lease of premises and the right of perpetual usufruct of land as at June 30, 2021 was PLN 3,650 k, and as at December 31, 2020 it amounted to PLN 2,524 k.

SHORT-TERM FINANCIAL OBLIGATION - POLISH DEVELOPMENT FUND SUBSIDY

	as at 30.06.2021	as at 31.12.2020

up to 1 year	651	675
within 1 to 5 years	837	2 269
Total	**1 488**	**2 944**

As part of the financial shield of the company of Grupa Makarony Polskie SA, it received financial support in the form of subsidies from the Polish Development Fund in the amount of PLN 2,944 k. After meeting the conditions specified in the program, the beneficiary will be partially released from reimbursement (possibility up to 75%).

After the balance sheet date, the companies of the Makarony Polskie Group received decisions from the Polish Development Fund on partial exemption from reimbursement of funds:

- Makarony Polskie SA, by the decision of July 28, 2021, was released from the obligation to return funds in the amount of 50% of the subsidy received.
- Stoczek Natura Sp. z o.o., by the decision of July 29, 2021, was released from the obligation to return funds in the amount of 49% of the subsidy received.

Dividends paid and proposed for payment

Makarony Polskie SA did not pay any dividends in the first half of 2021 and until the publication of this report.

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

- PLN 2,775,021.30 to be used to pay dividends, i.e. to pay a dividend of PLN 0.30 gross per share,
- the remaining part of the profit in the amount of PLN 3,976,963.71 will be allocated to the Company's supplementary capital.

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

On July 7, 2021, the Ordinary General Meeting of Makarony Polskie SA adopted resolutions on the approval of the financial statements for the financial year 2020 and the distribution of net profit, including the payment of a dividend in the amount of PLN 2,775,021.30, i.e. PLN 0.30 gross per share.

The dividend record date was set for 15 July 2021. The dividend will be paid on 30 September 2021. 9,250,071 Company shares are entitled to the dividend.

The Management Board of Makarony Polskie SA decided that in the next financial years it would also try to recommend to the Annual General 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.

Remuneration of members of the Management Board and Supervisory Board of parent company

The total value of remuneration paid to members of the Management Board of Makarony Polskie SA in the first half of 2021 was PLN 442 k, in the same period of 2020 it was the amount of PLN 342 k.

Remuneration of the members of the Supervisory Board of Makarony Polskie SA in the first half of 2021 amounted to PLN 89 k, in the same period of 2020 it was the amount of PLN 75 k.

Members of the Management Board and Supervisory Board of Makarony Polskie SA did not receive any remuneration from subsidiaries. The President of the Management Board of Makarony Polskie SA did not receive any remuneration for performing the function of the President of the Management Board in MP Trade Sp. z o.o. in the first half of 2021, in the corresponding period of 2020, it was the amount of PLN 30 k. (in the period from January to March 31, 2020).

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

Settlement between affiliate and subsidiaries

During the first half of 2021, the companies of the Makarony Polskie Group did not conclude any significant transactions with each other under the terms other than market terms.

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

Affiliate	Sale to related entities - comprehensive income		Purchases from affiliates	
	For the period from 01.01 to 30.06.2021	For the period from 01.01 to 30.06.2020	For the period from 01.01 to 30.06.2021	For the period from 01.01 to 30.06.2020

Parent Company - Makarony Polskie S.A.	147	157	12 723	14 059
from/to Stoczek Sp. z o.o.	140	137	12 716	13 470
from/to MP Trade Sp. z o.o.	7	20	7	589

Affiliate	Receivables from related entities		Liabilities towards affiliates	
	Per day 30.06.2021	Per day 30.06.2020	As at 30.06.2021	As at 30.06.2020
Parent Company - Makarony Polskie S.A.	83	869	2 237	410
- from/to Stoczek Sp. z o.o.	82	863	1 908	168
from/to MP Trade Sp. z o.o.	1	6	329	242

Settlements between subsidiaries

Subsidiaries	Sales between subsidiaries - total revenues		Purchases between subsidiaries	
	For the period from 01.01 to 30.06.2021	For the period from 01.01 to 30.06.2020	For the period from 01.01 to 30.06.2021	For the period from 01.01 to 30.06.2020
Total subsidiary	5	15	5	15
- from/to Stoczek Sp. z o.o.	2	2	3	13
- from/to MP Trade Sp. z o.o.	3	13	2	2

Subsidiaries	Mutual receivables between subsidiaries		Mutual liabilities between subsidiaries	
	Per day 30.06.2021	Per day 30.06.2020	As at 30.06.2021	As at 30.06.2020
Total subsidiary	0	0	0	0
- from/to Stoczek Sp. o.o.	0	0	0	0
from/to MP Trade Sp. z o.o.	0	0	0	0

Information on planned share issues

During the first half of 2021 and until the date of publication of these statements, the Company did not issue any shares.

Series F shares issue

By the end of 2021, the Management Board of the Company plans to issue no more than 1,850,000 series F ordinary bearer shares with a nominal value of PLN 3.00 each. The issue will be addressed to designated investors by private subscription, in accordance with Resolution No. 18 of the Ordinary General Meeting of July 7, 2021 on increasing the share

capital by issuing series F ordinary bearer shares with the exclusion of subscription rights and on amending the Company's Articles of Association. The issue price will be determined by the Supervisory Board in accordance with the guidelines set out in the resolution of the General Meeting - in the amount not lower than the average market price of the Company's shares during the 3 months of trading those shares on the regulated market preceding the date of the Supervisory Board's decision on the determination of the issue price. However, in each case the issue price may not exceed PLN 8.00.

The proceeds from the issue of series F shares will be mainly used to partially finance the acquisition project carried out by the Company, aimed at taking over a competitive pasta manufacturer and achieving the effects of production synergy. The Company also plans to allocate some of the funds raised to the implementation of pro-environmental projects, such as reducing the company's "carbon footprint" by switching to "green energy" and installing photovoltaic panels.

Authorization for the Management Board to purchase own shares of Makarony Polskie SA

On June 18, 2019, the General Meeting of the Company, in response to a request submitted by one of the shareholders, by Resolution No. 16, decided to authorize the Management Board of the Company to purchase ordinary bearer shares of Makarony Polskie SA, with a nominal value of PLN 3.00 each, listed on the main market of the Warsaw Stock Exchange, i.e. the official stock exchange quotation market.

Pursuant to the decision of the General Meeting, the Company is entitled to purchase its own shares, fully paid up, and the maximum number of own shares that the Company may acquire is 1,850,014 shares, with the proviso that the total nominal value of the shares purchased, together with the nominal value of the remaining shares which have not been disposed of by the Company may not exceed 20% of the share capital of the Company. The shares will be purchased in particular for the purpose of: redemption, further resale or exchange.

The granted authorization covers a period of 5 years from the date of adopting the Resolution of the General Meeting, but no longer than until the capital reserve created for the purpose of acquiring own shares is used.

The payment price for one share will be from PLN 6.00 to PLN 8.52, and the total maximum amount of payment for the purchased shares will not exceed the amount of the reserve capital created for this purpose,

The date of commencement and completion of the acquisition of own shares, as well as the terms and conditions for the acquisition of own shares not specified in the General Meeting Resolution, will be announced by the Management Board to the public, pursuant to Article 56

of the Act of July 29, 2005 on public offering (...) and in accordance with the Regulation of the European Parliament and of the Council (EU) No. 596/2014 of April 16, 2014 on market abuse (...),

Under the authorization granted, the Management Board may purchase own shares only as a result of an invitation to submit offers for the sale of shares, which will be implemented through an entity conducting brokerage activities, and the minimum number of shares in each invitation may not be lower than 300,000.

The General Meeting authorized the Management Board to take all factual and legal actions necessary to acquire own shares in accordance with the adopted Resolution and to define the remaining rules and conditions for the acquisition of own Shares, in the scope not regulated by the Resolution.

For the needs of the acquisition of own shares by the Company, on the basis and within the scope of the authorization granted to the Management Board, a reserve capital of PLN 12.0 m was created. The reserve capital was created by transferring the amount of PLN 12.0 m from the Company's supplementary capital.

Agreements and events material for the Group's operations

Conclusion of a letter of intent and commencement of negotiations regarding a potential share purchase

In April 2021, the Management Board of Makarony Polskie SA disclosed the delayed information of January 7, 2021 regarding the signing of a Letter of Intent with a natural person (hereinafter: "Entrepreneur").

The Letter of Intent concerned the initiation of negotiations aimed at defining the possibilities and rules of a potential acquisition by the Issuer of shares in a limited liability company (hereinafter: "New Company"), resulting from the transformation of the enterprise into a one-person limited liability company (the transformation process is in progress).

The company is taken over by one of the leading Polish manufacturers of rolled pasta, and its sales revenues for 2020 amounted to approx. PLN 48.5 m, compared to PLN 45.67 m of sales revenues for 2019.

The Company delayed the public disclosure of the Confidential Information of January 7, 2021 due to the fact that immediate disclosure of the information could violate the legitimate interests of the Issuer. In the opinion of the Company, disclosing the information at an earlier date could adversely affect any further process related to the negotiations. On the day of making the decision to delay the Confidential Information, i.e. January 7, 2021, the probability of continuing negotiations was, from the Company's point of view, impossible to estimate. As a consequence, the earlier disclosure of the Confidential Information of January 7, 2021 to

the public, could therefore mislead the Company's shareholders as to the actual state of the project. Due to the difficult to predict the result of possible negotiations, the Management Board of the Company decided that the earlier publication of the Confidential Information of January 7, 2021 could result in an incorrect assessment of this information and its impact on the value of the Company.

On June 1, 2021, the Supervisory Board of the Company consented to the implementation of the acquisition project under consideration, provided that the negotiations conducted by the Management Board of the Company are successfully concluded. In addition, the Supervisory Board issued a positive opinion on the Management Board's application regarding the financing of the acquisition project, including the following sources: partly from the Company's own funds, and partly from funds from a bank loan, and partly from funds obtained from increasing the Company's share capital by issuing no more than 1 850,000 series F ordinary bearer shares, excluding subscription rights.

On June 7, 2021, the Management Board of the Company concluded a conditional share purchase agreement with the Entrepreneur. It was established that the conclusion of the agreement transferring the ownership of shares (hereinafter: the "Final Agreement") will occur after the fulfillment of the conditions precedent consisting in the transformation of the enterprise into a one-person limited liability company and obtaining the consent of the President of the Office of Competition and Consumer Protection (hereinafter: "UOKiK") to effect a concentration, but without the fulfillment of those conditions, the conclusion of the Final Agreement will not occur.

The purchase price will be no more than PLN 20.0 m, but immediately before signing the Final Agreement, on the agreed verification date, the final price may be adjusted downwards, based on the closing financial statements of the company, audited by a statutory auditor, if they are not met the financial ratios set in the conditional agreement.

The conclusion of the Final Agreement will occur within 30 business days of the fulfillment of the conditions precedent, but not later than on December 31, 2021.

At the beginning of August, Makarony Polskie SA submitted an application to the President of UOKiK, constituting a notification of the intention of concentration. After conducting the antimonopoly proceedings, at the beginning of September, the President of the Office of Competition and Consumer Protection (UOKiK) consented to the concentration.

The acquisition process is in progress. The Company will inform about the next stages of the process in separate current reports.

Information on concluded and terminated loan and factoring agreements

LONG- AND SHORT-TERM LOANS AND BORROWINGS

	30.06.2021	31.12.2020
- long-term part	8 610	11 514
- short-term part	15 277	15 379
Total	**23 887**	**26 893**

The status of loan and factoring agreements in effect as at 30 June 2021, 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	30 June 2021
Loan contractual value	PLN 5 000 k
Loan period	18.10.2013 – 31.05.2022
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 2 254 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, – surety of Stoczek Natura Sp. z o.o., – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

Makarony Polskie SA concluded an addendum to the overdraft facility agreement with Santander Bank Polska. The addendum to the overdraft facility agreement postpones the repayment date of the liability from May 31, 2021 to May 31, 2022.

– Investment loan at Santander Bank Polska SA

Loan terms and conditions	30 June 2021
Loan contractual value	PLN 13 849 k
Loan period	18.10.2013 – 30.12.2023
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank

Loan balance	PLN 3 249 k
Repayment schedule	The loan will be repaid in 49 monthly installments in the following amounts: 48 installments of PLN 105 k each and the last 49 equalizing installments in the amount of PLN 204 k.
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; – registered pledge on fixed assets (production lines in the plant in Rzeszów) along with the assignment of rights under the insurance policy for the subject-matter of the pledge, – blank promissory note issued by the Company together with a promissory note declaration, – civil law surety of Stoczek Natura Sp. z o.o., – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

– EU investment loan at Santander Bank Polska SA

Loan terms and conditions	30 June 2021
Loan contractual value	PLN 12 121 k
Loan period	07.02.2017 - 28.12.2023
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 2 680 k
Repayment schedule	The loan will be repaid in 37 monthly installments, in the following amounts: 36 installments in the amount of PLN 50 k, 37th installment PLN 9,061 k, the received EU refinancing will reduce the balloon installment
Loan collateral	– joint mortgage up to PLN 18,200 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; – registered pledge on a semi-industrial line for trials and tests along with instrumentation, along with the assignment of rights under the insurance policy for the subject-matter of the pledge, – blank promissory note issued by the Company together with a promissory note declaration, – civil law surety of Stoczek Natura Sp. z o.o., – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

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

– EU investment loan at Santander Bank Polska SA

Loan terms and conditions	30 June 2021

Loan contractual value	PLN 8 000 k
Loan period	15.09.2017 - 31.12.2023
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 1 036 k
Repayment schedule*	The loan will be repaid in 49 principal installments, including 48 installments in the amount of PLN 33 k PLN, 49th installment in the amount of PLN 79 k.
Loan collateral	– joint mortgage up to PLN 2,500 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; – registered pledge on the technological line purchased under the grant project along with the assignment of rights under the insurance policy for the subject-matter of the pledge, – blank promissory note issued by the Company together with a promissory note declaration, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

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

– Revolving loan in Santander Bank Polska SA

Loan terms and conditions	30 June 2021
Loan contractual value	PLN 3 000 k
Loan period	30.09.2019 - 30.09.2022
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 1 364 k
Repayment schedule	The loan will be repaid in 33 monthly installments starting from 31 January 2020 in the amount of PLN 0.09 m
Loan collateral	– joint mortgage up to PLN 4,500 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; – registered pledge on fixed assets (production lines in the plant in Rzeszów) along with the assignment of rights under the insurance policy for the subject-matter of the pledge, – blank promissory note issued by the Company together with a promissory note declaration, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

– Investment loan at Santander Bank Polska SA

Loan terms and conditions	30 June 2021
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 874 k
Repayment schedule	The loan will be repaid in 46 monthly installments in the following amounts: 45 installments of PLN 92 k each and the last 49 equalizing installments in the amount of PLN 275 k.
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.

– Revolving loan in Santander Bank Polska SA

Loan terms and conditions	30 June 2021
Loan contractual value	PLN 1 700 k
Loan period	10.06.2021 – 31.05.2023
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	– *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. –

The loan is intended to finance the current operations of the Company.

– Overdraft in Bank Gospodarstwa Krajowego

Loan terms and conditions	30 June 2021
Loan contractual value	PLN 6 000 k
Loan period*	14.06.2013 – 30.07.2021
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 5 419 k

Repayment schedule	once on the liability maturity date
Loan collateral	– joint mortgage up to PLN 9,000 on the following real estates: a) in the Land and Mortgage Register no. CZ1C/00111425/8, located in Częstochowa along with the assignment of rights from the property insurance policy, a) in KW No. LU1U/00022979/2 located in Stoczek Łukowski (property of Stoczek Natura Sp. z o.o.) with the assignment of rights from the property insurance policy; – blank promissory note issued by the Company together with a promissory note declaration, – authorization to a current account kept at the Bank, – surety of Stoczek Natura Sp. z o.o., – statement of the Company and the Guarantor on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed (up to PLN 9 m).

In the first half of 2021, Makarony Polskie SA concluded appendixes to the overdraft facility agreement with Bank Gospodarstwa Krajowego, which introduced the following changes to the agreement:

- adjusting the value of collateral to the Bank's loan exposure,
- the liability repayment date was postponed until September 30, 2021.

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

Terms of the agreement	30 June 2021
Contractual value	PLN 5 500 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 2 340 k
Contract collateral	– irrevocable power of attorney to the account, – blank promissory note with a promissory note declaration

Makarony Polskie SA concluded with Santander Factoring Sp. z o.o. addendum to the factoring agreement. The addendum to the factoring agreement adjusts the margin level to the current market conditions.

The status of loan agreements in effect as at 30 June 2021, for which Stoczek Natura Sp. z o.o. was a party to the agreements, is presented in the tables below:

– Overdraft in Bank Gospodarstwa Krajowego

Loan terms and conditions	30 June 2021
Loan contractual value	PLN 3 000 k
Loan period*	16.11.2017 – 16.11.2021
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank

Loan balance	PLN 2 910 k
Repayment schedule	once on the liability maturity date
Loan collateral	– contractual mortgage up to PLN 4,500 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, – authorization to a current account kept at the Bank, – registered pledge on the set of machines and devices (located in the plant in Stoczek Łukowski), along with the assignment of rights under the insurance policy for the subject-matter of the pledge, – surety of Makarony Polskie SA, – statement of the company and the Guarantor on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed (up to PLN 4.5 m).

– Investment loan at Bank Gospodarstwa Krajowego*

Loan terms and conditions	30 June 2021
Loan contractual value	PLN 4 812 k
Loan period	08.07.2019 – 08.05.2025
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 4 099 k
Repayment schedule	in 54 monthly installments, 53 of which are equal principal installments in the amount of PLN 90 k each starting from 30 November 2020 and the last 54 leveling installment in the amount of PLN 42 k.
Loan collateral	– contractual mortgage up to PLN 7,218 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, – authorization to a current account kept at the Bank, – registered pledge on the set of machines and devices (located in the plant in Stoczek Łukowski), along with the assignment of rights under the insurance policy for the subject-matter of the pledge, – blank promissory note issued by the Company together with a promissory note declaration, – surety of Makarony Polskie SA, – statement of the company and the Guarantor on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed (up to PLN 9.6 m).

In the first half of 2021, the company concluded addendum to the investment loan agreement, which introduced the following amendments to the agreement:

- adjusting the value of collateral to the Bank's loan exposure,
- clarification of the provisions of the company's obligations towards the bank.

* Loans taken by Stoczek Natura Sp. z o.o. in Bank Gospodarstwa Krajowego in July 2019, are intended to finance the investment related to the project entitled "Increase of competitiveness of Stoczek Natura Sp. o.o. implementation of innovative solutions by modernizing the line for the production of ready meals in jars and cans and introducing new, innovative products on trays to the company's offer. As part of the project, Stoczek Natura Sp. z o.o. completed the purchase of fixed assets and modernization of production premises.

INFORMATION ON LOANS GRANTED

As at 30 June 2021, Makarony Polskie SA granted its subsidiary Stoczek Natura Sp. z o.o. short-term loan in the amount of PLN 2.00 m with the repayment date falling on 31 December 2021 (one-off repayment until the maturity date of the liability). The interest rate on the loan was determined based on market conditions.

In the first half of 2021, Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. did not grant any borrowings.

Sureties and guarantees

INFORMATION ON GRANTED AND RECEIVED GUARANTIES

In H1 2021, the Group companies did not grant any guarantees, and Makarony Polskie SA and Stoczek Natura Sp. z o.o. used the granted guarantees.

The list of guarantees in force at Makarony Polskie SA as at 30 June 2021 is illustrated in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
Santander Bank Polska SA	1 011	until 28.12.2021	guarantee securing the Company's obligations under the agreement for sales and storing pasta, under the contract concluded with Governmental Agency for Strategic Reserves	– joint mortgage up to the amount of PLN 1517 k on real estate marked with KW No. RZ1Z/00076860/5 in Rzeszów and KW No. PL1P/00094893/6 in Płock, together with the assignment of rights under the real estate insurance policy, – blank promissory note with a promissory note declaration
Santander Bank Polska SA	157	until 31.01.2024	guarantee securing the Company's obligations under the agreement for storing pasta, under the contract concluded with Governmental Agency for Strategic Reserves	– blank promissory note with a promissory note declaration

Statement of guarantees applicable in Stoczek Natura Sp. z o.o. as at 30 June 2021 is shown in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
Bank Gospodarstwa Krajowego	504	until 13.12.2021	guarantee securing the Company's obligations under the agreement for storing ready-made meals, under the contract concluded with Governmental Agency for Strategic Reserves	– - contractual mortgage up to PLN 756 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, – blank promissory note issued by the Company together with a promissory note declaration, – authorization to a current account kept at the Bank, – surety of Makarony Polskie SA,
Bank Gospodarstwa Krajowego	1 549	until 15.12.2021	guarantee securing the Company's obligations under the agreement for storing ready-made meals, under the contract concluded with Governmental Agency for Strategic Reserves	– contractual mortgage up to PLN 2323 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, – blank promissory note issued by the Company together with a promissory note declaration, – authorization to a current account kept at the Bank, – surety of Makarony Polskie SA,
Bank Gospodarstwa Krajowego	24	until 25.03.2022	guarantee securing the Company's obligations under the agreement for storing preserves, under the contract concluded with Governmental Agency for Strategic Reserves	– blank promissory note issued by the Company together with a promissory note declaration, – authorization to a current account kept at the Bank,
Bank Gospodarstwa Krajowego	725	Until 31.08.2023	guarantee securing the Company's obligations under the agreement for storing preserves, under the contract concluded with Governmental Agency for Strategic Reserves	– contractual mortgage up to PLN 1088 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, – blank promissory note issued by the Company together with a promissory note declaration, – authorization to a current account kept at the Bank, – surety of Makarony Polskie SA, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil

				Procedure, in the form of a notarial deed (up to PLN 1.5 m).

INFORMATION ON GRANTED AND RECEIVED SURETIES

Makarony Polskie SA granted sureties to the subsidiary company Stoczek Natura Sp. z o.o., and their status as at 30 June 2021 is presented below:

External liabilities	Creditor name	Amount of surety in PLN k	Expiration date	Balance of secured liabilities in PLN k as at 30.06.2021
Surety of overdraft facility in the amount of PLN 3.0 m	Bank BGK	4 500	16.05.2022	2 910
Surety of investment loan in the amount of PLN 4.8 m	Bank BGK	4 812	08.11.2025	4 099
Bank guarantee in the amount of PLN 0.5 m	Bank BGK	504	13.06.2022	-
Bank guarantee in the amount of PLN 1.5 m	Bank BGK	1 549	15.06.2022	-
Bank guarantee in the amount of PLN 0.7 m	Bank BGK	725	29.02.2024	-

Makarony Polskie SA received remuneration for granting sureties.

Stoczek Natura Sp. z o.o. granted sureties to the parent company Makarony Polskie SA, and their status as at 30 June 2021 is presented below:

External liabilities	Creditor name	Amount of surety in PLN k	Expiration date	Balance of the secured liabilities in PLN k as at 30.06.2021
Credit surety in the current account in the amount of PLN 5.0 m	Santander Bank Polska SA	15 366	30.12.2026	2 254
Investment loan guarantee in the amount of PLN 13.8 m	Santander Bank Polska SA			3 249
Surety of overdraft facility in the amount of PLN 6.0 m	Bank BGK	6 000	30.12.2021	5 419
Surety for an EU investment loan in the amount of PLN 12.1 m	Santander Bank Polska SA	12 121	applies until the subsidy is settled	2 680

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

In the first half of 2021, MP Trade Sp. z o.o. did not grant any sureties.

Off-balance items

Change in contingent liabilities or contingent assets that has occurred since the end of the last financial year:

Off-balance sheet items (in PLN k)	30 June 2021	31 December 2020
1. Contingent assets	**3 970**	**4 219**
- received guarantees and sureties	3 970	4 219
- collaterals on assets	0	0
- bills of exchange	0	0
2. Contingent liabilities	**168 696**	**173 244**
- for provided guarantees and warranties	0	0
- collaterals on property	107 869	109 481
- promissory note obligations	60 827	63 763
Total off-balance items	**- 164 726**	**- 169 025**

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

Material events and transactions after the balance sheet date that may affect the Group's future financial results.

On July 07, 2021, the Ordinary General Meeting of Makarony Polskie SA adopted resolutions on the approval of the financial statements for the financial year 2020 and the distribution of

net profit, including the payment of a dividend in the amount of PLN 2,775,021.30, i.e. PLN 0.30 gross per share.

After the balance sheet date, there were no material events that could significantly affect the financial results of the Group.

Other material events and transactions

In the first half of 2021, there were no material events or transactions other than those above described that required disclosure in these financial statements of the Group.



CONDENSED SEPARATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01.01.2021 TO 30.06.2021

Legal basis for preparation of consolidated financial statements

Declaration of compliance and the basis for preparing the statements

The condensed financial statements of Makarony Polskie SA Company were prepared on the basis of the International Accounting Standards as approved by the European Union (EU) and related interpretations announced in the form of implementing regulations of the European Commission (hereinafter referred to as "IFRS"), applicable to interim financial reporting as approved by European Union (IAS 34 "Interim Financial Reporting") pursuant to Article 45 paragraph 1a of the Accounting Act (Journal of Laws of 2021, item 217 as amended) and regulations issued on its basis and in accordance with the requirements set out in the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws of 2018, item 757) published and in force at the time of preparation of these condensed consolidated financial statements. The interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the Company's financial statements for the year ended December 2020.

Basis for valuation

The presented condensed financial statements have been prepared in accordance with the historical cost principle, except for the valuation to fair value of some assets, i.e. assets purchased as part of the purchase transaction of Abak Sp. z o.o. and investment land .

Functional and presentation currency

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

Unless indicated otherwise, the financial data is denominated in PLN k.

Accounting principles applied and the basis for preparing the statements

The accounting principles used to prepare the interim condensed financial statements are consistent with those applied to the preparation of the annual financial statements for the year ended 31 December 2020 (published on 15 April 2021). The company's financial year is the calendar year.

Makarony Polskie SA prepares financial statements according to IAS/IFRS.

Duration of the Company operation is not limited.

Publication and approval of the financial statements

These condensed financial statements were reviewed by an auditing company and approved by the Management Board for publication on September 29, 2021.

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

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

Changes to the rules for preparing financial statements

The accounting principles (policy) used to prepare these separate financial statements for the 6-month period ended June 30, 2021 are consistent with those applied to the preparation of the annual separate financial statements for the financial year ended December 31, 2020, except for the changes described below.

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

Changes resulting from amendments to IFRS

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

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

Amendments to these standards were published on August 27, 2020 and supplement the first phase of changes in reporting resulting from the reform of interbank reference rates of September 2019. The amendments apply to annual periods beginning on or after January 1,

2021. The amendments in the second phase focus on the impact they will have on the valuation of, e.g., financial instruments, leasing liabilities, and the replacement of the existing reference rate with a new rate resulting from the reform.

The Company applied the revised standards from January 1, 2021.

In addition, from January 1, 2021, after adoption by the European Commission in October 2020, the amendment to IFRS 16 Leases: Covid-19 reliefs. The amendment was published on May 28, 2020 and is effective for annual periods beginning on or after June 1, 2020, with early application permitted. The amendment introduces a simplification in IFRS 16, which allows not to recognize a modification of a lease agreement in the event that there were (in the period until June 30, 2021) changes in payments related to the Covid-19 pandemic or other reliefs were granted to lessees changing the original financial terms of lease agreements due to the pandemic.

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

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

Rules applied

For the preparation of these condensed interim financial statements, the accounting principles have been applied unamended with respect to the principles applied in the preparation of the annual financial statements for 2020, (- note Declaration of compliance with regulations)

The new standards and interpretations that came into force in 2021 did not have a significant impact on the accounting principles applied by the Company.

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

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

- deferred tax assets (companies recognize assets for deferred tax based on the assumption that a tax profit shall be obtained in the future allowing its utilization; deterioration of the obtained tax results in the future could cause that such assumption would be unjustified),
- valuation of assets with an indefinite useful life.
- the adopted marginal loan rate and the lease term for agreements with an indefinite period of validity due to the implementation of IFRS 16.

At present, the Company does not see any significant risk of impairment of assets, including in particular assets subject to impairment tests. As at December 31st, the Company performs annual impairment tests of an intangible asset with an indefinite useful life. The relevant tests, in accordance with the applicable rules, were made as at the end of 31 December 2020.

As at the balance sheet date, the premises for impairment of assets were analyzed. In the opinion of the Management Board, as at the balance sheet date, i.e. 30.06.2021, there were no indications of a potential impairment of the ABAK brand and the value of shares in subsidiaries.

Going Concern

The financial statements of Makarony Polskie SA Company have been prepared on the assumption that the business will be continued in the foreseeable future and not significantly reduced. The Company did not conduct operations which were discontinued in the first half of 2021.

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

The impact of the COVID-19 pandemic on the operations of Makarony Polskie S.A. Company.

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

- pressure from the business environment, including government authorities to maintain a stable level of prices, as well as the reluctance of key recipients to implement increases under concluded agreements, delayed the implementation of new sales prices, allowing the Company to partially compensate for the increase in cost factors. The above issues had an impact on the reduction of profitability at the level of gross profit on sales from 19.8% in 2020 to 17.8% in the first half of 2021;
- due to the decline in economic turnover caused by the COVID 19 pandemic, the company decided to use public aid under the guaranteed employee benefits fund provided by the provincial labor office with the aim of protecting jobs by subsidizing

the remuneration of employees not subject to downtime, economic downtime or reduced working hours. As at the balance sheet date, the support received was PLN 907.5 k.

Due to the ongoing Covid-19 epidemic, additional security procedures and security measures have been implemented in the company to secure the continuity of production and reduce the risk of the virus spreading among the crew members. These procedures are systematically validated and modified depending on the needs and the evolution of the epidemiological situation.

In the opinion of the Management Board, there are no threats in the Company that would make it impossible to pay its liabilities. The Company has no problems with the repayment of receivables by its contractors (no changes in the collection of receivables were identified).

The Company has not identified an increase in the valuation risks and the deposition of inventories. As at the publication date of the statements, the Company does not identify any significant risks of failure to meet the financial covenants included in loan agreements in connection with the COVID-19 pandemic. The Management Board of Makarony Polskie SA carefully monitors the situation related to the COVID-19 pandemic and takes steps to minimize the negative impact on the functioning of the Company 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 does not threaten the continuation of the Group's operations in the next periods. After the balance sheet date, there were no other events that could significantly affect the financial statements of the Company.

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

Makarony Polskie SA Company did not publish financial forecasts for the year 2021.

Factors and risks with a significant impact on the financial results in the first half of 2021 and in subsequent periods

The current financial situation of the Company, its production potential and market position create opportunities for further development, however, there are many factors, especially those of an external nature, which indirectly affect and may directly or indirectly affect the financial results achieved in subsequent years. These factors are described in the condensed consolidated financial statements of the Makarony Group.

Selected financial data Makarony Polskie SA

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 (Journal of Laws of 2018, item 757).

- items of the statement of financial position have been converted at the average exchange rate announced by the National Bank of Poland as at the balance sheet date (30 June 2021, EUR 1 = PLN 4.5208; 31 December 2020: EUR 1 = PLN 4.6148)
- 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 H1 2021 = PLN 4.5472 and at the end of each month of H1 2020 = PLN 4.4413.

Selected financial data	30 June 2021 (in PLN k)	30 June 2020 (in PLN k)	June 30, 2021 (in EUR k)	June 30, 2020 (in EUR k)
Revenues from sale of products, services, goods and materials	75 794	92 650	16 668	20 861
Profit (loss) from continued operations	3 265	5 173	718	1 165
Gross profit (loss)	3 011	4 429	662	997
Net profit (loss) from continued operations	2 388	3 480	525	784
EBIT	3 265	5 173	718	1 165
EBITDA (EBIT + depreciation)	6 350	8 043	1 396	1 811
Net cash flows from operating activities	2 953	5 596	649	1 260
Net cash flows from investment activities	- 1 530	- 5 117	- 336	- 1 152
Net cash flows from financial activities	- 1 289	- 876	- 283	- 197
Total net cash flows	134	- 397	29	- 89
Total assets ***	155 327	155 836	34 358	33 769
Liabilities and provisions for liabilities ***	71 134	74 031	15 735	16 042
Long-term liabilities ***	30 663	32 616	6 783	7 068
Short-term liabilities ***	40 471	41 415	8 952	8 974
Equity ***	84 193	81 805	18 623	17 727
Share capital ***	27 750	27 750	6 138	6 013
Number of shares (units)	9 250 071	9 250 071	9 250 071	9 250 071
Weighted average number of shares (in units) during the current financial year	9 250 071	9 250 071	9 250 071	9 250 071
Profit/loss per ordinary share (in PLN/EUR) *	0.26	0.38	0.06	0.09
Book value per one share (in PLN/EUR)**	9.10	8.84	2.01	1.92

* Net profit/loss per ordinary share = net result/weighted average number of shares in the period
** Book value per one ordinary share = equity/number of shares at a given balance sheet date
*** Comparable data regarding the statement of financial position as at 31 December 2020

Condensed statement on total revenues of Makarony Polskie SA

Makarony Polskie SA	01.01.2021 30.06.2021	01.01.2020- 30.06.2020
Incomes from sales	**75 794**	**92 650**
Revenues from sale of other products and services	58 534	72 219
Net income from the sale of materials and goods	17 260	20 431
Own cost	**62 317**	**74 327**
Production costs of products and services sold	46 601	55 519
Value of goods and materials sold	15 716	18 808
Gross profit (loss) on sales	**13 477**	**18 323**
Costs of sale	9 380	10 974
General administrative costs	2 326	2 225
Other revenues	1 730	672
Other costs	236	623
Profit (loss) from continued operations	**3 265**	**5 173**
Financial incomes	53	48
Financial costs	307	792
Profit (loss) on business activity	**3 011**	**4 429**
Gross profit (loss)	**3 011**	**4 429**
Income tax - current part	664	612
Income tax - deferred part	- 41	337
Net profit (loss)	**2 388**	**3 480**
In this attributable to:		
Shareholders of the parent Company	2 388	3 480
Non-controlling shares		
Basic net result per share in PLN	0.26	0.38
Diluted net result per share in PLN	0.26	0.38
Other total net income/loss		
Total net income	**2 388**	**3 480**
Total net income attributable to:		
Shareholders of the parent Company	2 388	3 480
Non-controlling shares		

Condensed statement of other comprehensive net income - application of hedge accounting

Makarony Polskie SA	01.01.2021 30.06.2021	01.01.2020- 30.06.2020
Total net income	2 388	3 480
Profit/loss due to application of hedge accounting		
Total net income	2 388	3 480

Condensed statements of the financial position of Makarony Polskie SA

ASSETS	30 June 2021	31 December 2020	30 June 2020
FIXED ASSETS	**116 863**	**116 891**	**112 852**
Tangible fixed assets	77 152	78 249	73 516
Fixed assets - IFRS-16	3 650	2 524	3 639
Investment real estate	603	603	603
Other intangible assets	5 358	5 390	4 934
Goodwill			
Long-term financial assets, including	30 080	30 080	30 080
Shares	30 080	30 080	30 080
Borrowings granted	0	0	0
Assets for deferred income tax	0	0	0
Other long-term assets	20	45	80
CURRENT ASSETS	**38 464**	**38 945**	**43 293**
Inventories	14 762	15 046	14 523
Short-term receivables	20 900	21 273	26 196
Corporate income tax receivables	0	0	0
Borrowings granted	2 003	2 006	2 005
Cash and cash equivalents	506	374	311
Other short-term assets	293	246	258
ASSETS FOR SALE	**0**	**0**	**0**
TOTAL ASSETS	**155 327**	**155 836**	**156 145**

LIABILITIES	30 June 2021	31 December 2020	30 June 2020
EQUITY	**84 193**	**81 805**	**80 846**
Share capital	27 750	27 750	27 750
Supplementary capital	35 303	35 303	32 362
Reserve capital	12 000	12 000	12 000
Retained profits/losses (profit/loss from previous years)	6 752	0	5 254
Net result	2 388	6 752	3 480
LONG-TERM LIABILITIES	**30 663**	**32 616**	**34 202**
Provision for deferred income tax	2 901	2 942	3 587
Long-term bank loans and borrowings	5 580	7 949	9 469
Long-term financial obligation - Polish Development Fund subsidy	399	1 104	0
Provision for pensions and similar (long-term)	340	336	370
Revenue of future periods - long-term	17 413	16 944	17 117
Long-term financial liabilities - leasing	1 031	1 297	836
Long-term financial liabilities - IFRS-16	2 999	2 044	2 823
SHORT-TERM LIABILITIES	**40 471**	**41 415**	**41 097**
Short-term bank loans and borrowings	11 297	11 336	8 992
Short-term financial obligation - Polish Development Fund subsidy	337	368	1 472
Short-term financial liabilities - leasing	1 033	826	689
Short-term financial liabilities - IFRS-16	730	555	903

Financial liabilities due to dividends	0	0	0
Other short-term liabilities	23 838	24 999	25 815
Corporate income tax liabilities	13	1 001	102
Revenue from future periods - short-term	2 037	1 149	1 131
Provision for retirement and similar benefits (short-term)	941	1 181	797
Other short-term provisions	245	0	1 196
TOTAL LIABILITIES	**71 134**	**74 031**	**75 299**
TOTAL LIABILITIES	**155 327**	**155 836**	**156 145**

Condensed statement of cash flows of Makarony Polskie SA

Makarony Polskie SA	01.01.2021 30.06.2021	01.01.2020- 30.06.2020
Profit/loss before tax	**3 011**	**4 429**
Adjustments by items:	**- 58**	**1 167**
Depreciation	3 085	2 870
Profits/losses on exchange differences	2	-7
Interest expense and income	212	402
Profit/loss from investing activities	-15	-21
Change in provisions	8	1 364
Change in inventories	284	- 3 868
Change in receivables	404	- 555
Change in liabilities and accruals	- 1 478	1 918
Corporate income tax paid/refunded	- 1 653	- 936
Other adjustments	- 907	0
Cash flows from net operating activities	**2 953**	**5 596**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	466	21
Interest income	21	33
Expenses for the purchase of property, plant and equipment and intangible assets	- 2 017	- 5 171
Expenses for the purchase of financial assets	0	0
Proceeds from the repayment of loans	0	0
Borrowings granted	0	0
Net cash flows from investing activities	**- 1 530**	**- 5 117**
Cash flows from financial activities		
Proceeds from loans and borrowings	1 207	2 637
Proceeds - Polish Development Fund subsidy	0	1 472
Repayment of loans and borrowings	- 3 615	- 9 856
Payment of liabilities under financial lease agreements	- 852	- 828
Interest paid	- 231	- 435
Other financial revenues - subsidy	2 202	6 134
Net cash flows from financial activities	**- 1 289**	**- 876**
Increase/decrease in cash and cash equivalents	134	- 397
Cash, cash equivalents and overdrafts at the beginning of the period	**374**	**701**
Foreign exchange gains/losses on the valuation of cash, cash equivalents and overdrafts	2	7
Cash, cash equivalents and overdrafts at the end of the period	**506**	**311**

Condensed statement of changes in equity of Makarony Polskie SA

For the period from 1 January 2021 to 30 June 2021

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2021	**27 750**	**35 303**	**12 000**		**6 752**	**81 805**
Distribution of profit/loss coverage						
Profit distribution - dividend payment						
Other total income						
Net result after H1 2021				2 388		2 388
Balance as of June 30, 2021	**27 750**	**35 303**	**12 000**	**2 388**	**6 752**	**84 193**

For the period from 1 January 2020 to 31 December 2020

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2020	**27 750**	**32 362**	**12 000**	**0**	**5 254**	**77 366**
Distribution of profit/loss coverage		2 941			- 2 941	
Profit distribution - dividend payment					- 2 313	- 2 313
Other total income						
Net profit/loss in 2020				6 752		6 752
Balance as at 31 December 2020	**27 750**	**35 303**	**12 000**	**6 752**	**0**	**81 805**

For the period from 1 January 2020 to 30 June 2020

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2020	**27 750**	**32 362**	**12 000**		**5 254**	**77 366**
Distribution of profit/loss coverage						
Profit distribution - dividend payment						
Other total income						
Net result after H1 2020				3 480		3 480
Balance as of June 30, 2020	**27 750**	**32 362**	**12 000**	**3 480**	**5 254**	**80 846**

Additional notes

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

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

	01.01.2021 - 30.06.2021	01.01.2020 – 30.06.2020
Revenues from sales of products	56 434	69 454
Proceeds from the sale of services, including:	2 100	2 765
- marketing and distribution services	30	35
- manufacturing services	863	1 313
- for lease and storage	1 175	1 392
- for administrative and office services	18	23
- other	14	2
Revenues from sale of materials	2 206	5 023
Revenues from sale of goods	15 054	15 408
Total	**75 794**	**92 650**

The sales revenues of Makarony Polskie SA Company in the first half 2021 amounted to PLN 75.79 m and were by approx. PLN 16.86 m lower than in the corresponding period of 2020.

Operating segments

In the first half of 2021, Makarony Polskie Company carried out sales according to the following product groups, achieving the following revenues on this account:

	For the period from 01.01 30.06.2021	For the period 01.01.2020 - 30.06.2020
Pasta	58 376	71 360
Meat and vegetable preserves	9 346	9 438
Vegetable and fruit preserves*	4 597	5 349
Other	3 475	6 503
Total	**75 794**	**92 650**

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

Basic information about operating segments:

H1 2021	Pasta	Meat and vegetable preserves	Vegetable and fruit preserves	Other	Total segments
Revenues					
Sales to external customers	58 376	9 346	4 597	3 475	75 794
Sales between segments					
Total revenues	58 376	9 346	4 597	3 475	75 794
Costs					
Segment costs	47 275	8 218	4 438	2 386	62 317
Profits or losses of segments (gross result on sales)	11 101	1 128	159	1 089	13 477

H1 2020	Pasta	Meat and vegetable preserves	Vegetable preserves and stuffing	Other	Total segments
Sales to external customers	71 360	9 438	5 349	6 503	92 650
Sales between segments					
Total revenues	71 360	9 438	5 349	6 503	92 650
Segment costs	55 988	8 418	4 930	4 991	74 327
Profits or losses of segments (gross result on sales)	15 372	1 020	419	1 512	18 323

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

For the period	01.01.2021 30.06.2021	01.01.2020 - 30.06.2020
Country	67 928	81 943
Exports, including:	7 866	10 707
- European Union countries	2 564	3 188
- other countries	5 302	7 519
Total	**75 794**	**92 650**

The sales markets 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).

In the first half of 2021, the value of sales amounted to PLN 67.93 m in the domestic market and PLN 7.87 m in export. In the corresponding period of 2020, those figures were PLN 81, 94 m and PLN 10.71 m, respectively.

Other operating income and expenses

OTHER REVENUES

For the period	01.01.2021-30.06.2021	01.01.2020-30.06.2020
State subsidies	1 579	603
Profit on sale of tangible fixed assets	15	21
Reversal of impairment losses on receivables	48	
Sale of scrap and waste	51	41
Compensation and complaints	34	3
Reimbursement of social security contributions	3	3
Refund of court and bailiff fees	0	0
Other	0	1
Total	**1 730**	**672**

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

Other revenues also include the reversal of write-downs on receivables and inventories as well as the reversal of impairment losses on assets.

OTHER COSTS

For the period	01.01.2021 - 30.06.2021	01.01.2020 30.06.2020
Creation of provisions	115	0
Write-down of receivables	23	227
Write-downs of inventories	0	0
Donations	0	0
Contractual penalties	6	136
Court and bailiff fees, etc.	0	5

Litigation costs	5	0
Sponsoring	0	9
Liquidation of damaged and expired inventories	83	246
Other	4	
Total	**236**	**623**

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

Other costs also include the costs of write-downs on the value of assets, not culpable shortages in current assets and losses due to the liquidation of damaged and overdue inventories.

Other financial income and expenses

FINANCIAL INCOMES

For the period	01.01.2021 - 30.06.2021	01.01.2020- 30.06.2020
Interest income, including:	19	48
- interest on loans	19	33
- interest on receivables	0	15
Profits on exchange differences	34	0
Profit on disposal of investments - shares	0	0
Other	0	0
Total	**53**	**48**

Financial revenues include revenues from received dividends, obtained and accrued interest on late payment of receivables, interest on investment activities in various forms of financial instruments. Financial activities also include foreign exchange profits.

FINANCIAL COSTS

For the period	01.01.2021- 30.06.2021	01.01.2020 30.06.2020
Interest costs, including those relating to:	250	435
- bank loans	149	274
- factoring and leasing costs	35	63
- costs on liabilities	19	
- IFRS-16 interest costs	47	98
- other	0	0
Other financial costs, including:	57	357

- loss due to negative exchange rate differences	0	249
- commissions, guarantee	57	46
- discount costs	0	17
- other financial costs	0	45
Total	**307**	**792**

Financial costs include costs due to the use of external financing sources, i.e.: loans, borrowings, trade liabilities, financial lease agreements to which the Company is a party and other financial costs. Financial activities also include foreign exchange losses.

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

For the period	01.01.2021-30.06.2021	01.01.2020 - 30.06.2020
Net profit/loss per share	0.26	0.38
Book value per share in PLN (according to data as of 30.06.2021 and data as of 31.12.2020)	9.10	8.84

For the period	01.01.2021-30.06.2021	01.01.2020 30.06.2020
Net profit/loss from continuing operations attributable to shareholders of the parent	2 388	3 480
Profit/loss on discontinued operations attributable to shareholders of the parent		
Net profit/loss attributable to equity holders of the parent	2 388	3 480
Net profit/loss attributable to ordinary shareholders applied to calculate diluted profit/loss per share	not applicable	not applicable

For the period	01.01.2021-30.06.2021	01.01.2020-30.06.2020
Weighted average number of issued ordinary shares applied to calculate basic earnings/loss per share	9 250 071	9 250 071
Impact of dilution	not applicable	not applicable
Adjusted weighted average number of ordinary shares applied to calculate diluted profit/loss per share	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 mother 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 equity holders of the parent (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 first half of 2021, 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 changes in estimates related to the separate financial statements

CHANGES DUE TO PROVISIONS

Changes in provisions H1 2021	Balance as at 01.01.2021	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1 517	4	240	1 281
a) long-term	336	4	0	340
b) short-term	1 181	0	240	941
Other provisions, including:	0	245	0	245
- other	0	245	0	245
Total	1 517	249	240	1 526

Changes in provisions H1 2020	Balance as at 01.01.2020	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	999	168	0	1 167
a) long-term	300	70	0	370
b) short-term	699	98	0	797
Other provisions, including:	0	1 196	0	1 196
- other	0	1 196	0	1 196
Total	999	1 364	0	2 363

The Company pays 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 provisions H1 2021	Balance as at 01.01.2021	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	398	122	136	384

Provision for deferred income tax	3 340	26	81	3 285
Asset/Provision after compensation				2 901

Changes in provisions H1 2020	Balance as at 01.01.2020	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	275	340	56	559
Provision for deferred income tax	3 525	718	97	4 146
Asset/Provision after compensation				3 587

The current tax burden is calculated on the basis of the applicable tax regulations. The application of these regulations differentiates the tax profit (loss) from the accounting net profit (loss), in connection with the exclusion of non-taxable revenues and costs that are not tax deductible costs and items of costs and revenues that will not be subject to taxation in a given period. Tax burdens are calculated based on the tax rates applicable in a given financial year - currently 19% - the regulations do not provide for the differentiation of tax rates for future periods.

In terms of income tax, the Company is subject to general regulations in this area. The Company 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 has chosen a simplified form of paying monthly advances on corporate income tax.

WRITE-DOWNS ON ASSETS

Changes in provisions H1 2021	Balance as at 01.01.2021	Creation	Use and release	Balance at the end of the period
Allowances for receivables	435	0	48	387
Write-downs of inventories	53	0	0	53
Write-downs of tangible fixed assets	0	0	0	0

Changes in provisions H1 2020	Balance as at 01.01.2020	Creation	Use and release	Balance at the end of the period
Allowances for receivables	146	227	0	373
Write-downs of inventories	86	0	0	86
Write-downs of tangible fixed assets	0	0	0	0

The Company monitors its assets on an on-going basis; in the event of impairment, it makes a revaluation write-down of assets. During the first half of 2021, there were no premises for a write-down of inventories and trade receivables.

Long-term and short-term financial liabilities

BANK LOAN LIABILITIES:

	As at 30.06.2021	As at 31.12.2020
up to 1 year	11 297	11 336
More than one year	5 580	7 949
Total	16 877	19 285

LIABILITIES FROM FINANCE LEASING CONTRACTS

	Total present value of minimum fees	
	as at 30.06.2021	as at 31.12.2020
up to 1 year	1 033	826
within 1 to 5 years	1 031	1 297
Total	2 064	2 123

As at June 30, 2021, the company has fixed assets used under lease agreements. The carrying amount of machinery and equipment, cars and other fixed assets used under financial leasing agreements as at June 30, 2021 was PLN 2,895 k, and as at December 31, 2020 it amounted to PLN 2,847 k.

LIABILITIES FROM FINANCE LEASING CONTRACTS - IFRS-16

	Total present value of minimum fees	
	as at 30.06.2021	as at 31.12.2020
up to 1 year - lease	726	551
up to 1 year – Perpetual usufruct right to land	4	4
within 1 to 5 years - lease	1 812	852
in the period over one year - PWUG	1 187	1 192
Total	3 729	2 599

As at 01 January 2019, Makarony Polskie SA introduced disclosures to fixed assets due to the application of IFRS -16, property, plant and equipment used under lease agreements.

The balance sheet value of fixed assets due to the lease of premises and the right of perpetual usufruct of land as at June 30, 2021 was PLN 3,650 k, and as at December 31, 2020 it amounted to PLN 2,524 k.

SHORT-TERM FINANCIAL OBLIGATION - POLISH DEVELOPMENT FUND SUBSIDY

	as at 30.06.2021	as at 31.12.2020
up to 1 year	337	368
within 1 to 5 years	399	1 104
Total	736	1 472

As part of the financial shield, in 2020 Makarony Polskie SA received financial support in the form of a subsidy from the Polish Development Fund in the amount of PLN 1,472 k.

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

After the balance sheet date, Makarony Polskie SA, by the decision of July 28, 2021, was released from the obligation to return funds in the amount of 50% of the subsidy received.

OTHER FINANCIAL LIABILITIES - HEDGE ACCOUNTING

The Company has liabilities due to loans for which interest is calculated on the basis of a variable interest rate, and therefore there is a risk of an increase in these rates in relation to the conclusion of the contract. In the reporting period, the company did not use an interest rate hedging instrument.

Remuneration of members of the Management Board and Supervisory Board of Makarony Polskie SA

The total value of remuneration paid to members of the Management Board of Makarony Polskie SA in the first half of 2021 was PLN 442 k, in the same period of 2020 it was the amount of PLN 342 k.

Remuneration of the members of the Supervisory Board of Makarony Polskie SA in the first half of 2021 amounted to PLN 89 k, in the same period of 2020 it was the amount of PLN 75 k.

Members of the Management Board and Supervisory Board of Makarony Polskie SA did not receive any remuneration from subsidiaries. The President of the Management Board of Makarony Polskie SA did not receive any remuneration for performing the function of the

President of the Management Board in MP Trade Sp. z o.o. in the first half of 2021, in the corresponding period of 2020, it was the amount of PLN 30 k. (in the period from January to March 31, 2020).

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

Settlement between related entities

During the first half of 2021, Makarony Polskie Company did not conclude any significant transaction under the terms other than market terms.

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

Affiliate	Sale to related entities - comprehensive income		Purchases from affiliates	
	For the period from 01.01 to 30.06.2021	For the period from 01.01 to 30.06.2020	For the period from 01.01 to 30.06.2021	For the period from 01.01 to 30.06.2020
Parent Company - Makarony Polskie S.A.	147	157	12 723	14 059
from/to Stoczek Sp. z o.o.	140	137	12 716	13 470
from/to MP Trade Sp. z o.o.	7	20	7	589

Affiliate	Receivables from related entities		Liabilities towards affiliates	
	Per day 30.06.2021	Per day 30.06.2020	As at 30.06.2021	As at 30.06.2020
Parent Company - Makarony Polskie S.A.	83	869	2 237	410
- from/to Stoczek Sp. z o.o.	82	863	1 908	168
from/to MP Trade Sp. z o.o.	1	6	329	242

Information on planned share issues

During the first half of 2021 and until the date of publication of these statements, the Company did not issue any shares.

Information on the planned issue of series F shares by the Company has been described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

Agreements and events material for the Company's operations

Agreements and events significant for the Company's operations are described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

Information on credits and loans taken out by Makarony Polskie SA

LOANS CONTRACTED, INCLUDING THEIR MATURITY DATES

	As at 30.06.2021	As at 31.12.2020
up to 1 year	11 297	11 336
more than one year	5 580	7 949
Total	16 877	19 285

Loan agreements concluded by Makarony Polskie SA as at June 30, 2021 are described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

INFORMATION ON LOANS GRANTED

As at 30 June 2021, Makarony Polskie SA granted its subsidiary Stoczek Natura Sp. z o.o. short-term loan in the amount of PLN 2.00 m with the repayment date falling on 31 December 2021 (one-off repayment until the maturity date of the liability). The interest rate on the loan was determined based on market conditions.

Guarantees and sureties

Information on guarantees and sureties granted and received by Makarony Polskie SA as at June 30, 2021 has been described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

Off-balance items

Change in contingent liabilities or contingent assets that has occurred since the end of the last financial year:

Off-balance sheet items (in PLN k)	30 June 2021	31 December 2020
1. Contingent assets	**36 655**	**36 904**
- received guarantees and sureties	34 655	34 904
- collaterals on assets		

- bills of exchange	2 000	2 000
2. Contingent liabilities	**130 984**	**134 985**
- for provided guarantees and warranties	12 090	12 090
- collaterals on property	79 555	81 167
- promissory note obligations	39 339	41 728
Total off-balance items	**- 94 329**	**- 98 081**

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.

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

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

Material events and transactions after the balance sheet date that may affect the Company's future liabilities and financial results.

By the end of 2021, the Management Board of the Company plans to issue no more than 1,850,000 series F ordinary bearer shares with a nominal value of PLN 3.00 each.

Information on the planned issue of series F shares by the Company has been described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

On July 07, 2021, the Ordinary General Meeting of Makarony Polskie SA adopted resolutions on the approval of the financial statements for the financial year 2020 and the distribution of net profit, including the payment of a dividend in the amount of PLN 2,775,021.30, i.e. PLN 0.30 gross per share.

After the balance sheet date, there were no material events that could significantly affect the financial results of the Company.

Other material events and transactions

In the first half of 2021, there were no material events or transactions other than those described that required disclosure in these financial statements of the Group.

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Grażyna Kozielec
Chief accountant

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Zenon Daniłowski
President of the Management Board

Rzeszów, 29 September 2021