Makarony Polskie

- SPÓŁKA AKCYJNA -

Report of the Management Board on the activities of Makarony Polskie SA and the Makarony Polskie Group in the financial year 2024



Rzeszów, 25 April 2025

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This "Report of the Management Board on the activities of Makarony Polskie S.A. and the Makarony Polskie Group in the financial year 2024" was prepared based on §71(8) of the Regulation of the Minister of Finance on current and periodical information provided by issuers of securities and conditions for recognising as equivalent information required by the laws of a state non-member state of 29 March 2018.

Last year was a good year for our Group, with total consolidated sales revenues of PLN 303.3 million, a net profit of approximately PLN 33.7 million and EBITDA of approximately PLN 56.5 million.

Letter from the President of the Management Board



Dear Sirs,

Dear Shareholders,

As President of the Management Board of Makarony Polskie S.A., it is my pleasure to address this Letter to you and to submit the Annual Report of the Makarony Polskie Group for the financial year 2024.

It is my pleasure to address this Letter of the Management Board of Makarony Polskie S.A. to you and to submit the Annual Report of the Makarony Polskie Group for the financial year 2024.

In 2024, the Makarony Polskie Group continued its stable trend of organic growth. Despite the highly volatile and challenging market environment, the Group grew quantitatively and qualitatively. Total consolidated sales revenue for 2024 was approximately PLN 303.3 million, net profit was approximately PLN 33.7 million and EBITDA was approx. PLN 56.5 million.

Revenues from the sale of products in 2024 are lower than those generated by the Makarony Polskie Group in 2023. This is due, among other things, to reductions in the prices of pasta products implemented by the Group in 2024, dictated by a general market decline in the prices of products made from flour and semolina. The purchase prices of the basic raw material, flour, fell by several hundred zlotys per tonne, which made it necessary to adjust the prices of finished products to the new production costs.

The Group companies made efforts to maintain the desired level of profitability of their operating activities. Production processes were optimised and systematic negotiations were conducted on both the terms of purchase of raw materials and the terms of sale of products. 2024 was also another year, after 2023, of reaping the benefits of the commercialisation of investment projects in machinery carried out in previous years. This allowed the Group to significantly diversify its product portfolio and differentiate it from the competition, particularly in categories such as Novelle health-promoting pasta and So Food ready meals.

Letter from the President of the Management Board

All these measures made it possible to maintain the highest quality of products, develop the portfolio through the implementation of product innovations, achieve high sales and maintain profitability at the level of previous years. The indicators show high profitability and liquidity of the Makarony Polskie Group. Net profitability in 2024 was approximately 11.1%, and EBITDA profitability was approximately 18.6%. The Group's balance sheet position in 2024 was favourable.

The Group's development strategy is based on two pillars. One of them is organic growth generated by new investments in various locations. In the coming years, a large investment programme worth approximately PLN 40.0 million will be implemented at the Makarony Polskie SA production plant in Korpele, which will enable the Company to increase the production of premium pasta and automate the packaging and storage processes. This programme will be implemented under the Polish Investment Zone instrument and in accordance with the decision issued by the Warmia and Mazury Special Economic Zone SA in Q4 2024. It will enable the Company to benefit from a tax exemption of up to PLN 14.5 million. The subsidiary Stoczek Natura Sp. z o.o. is also investing in modern machinery – for approximately PLN 20 million, it is expanding its production capacity for ready meals in trays and doy-packs. The Group companies also systematically invest in the development of R&D centres, which guarantee innovation and the ability to respond quickly to both market trends and customer needs.

The second pillar of Makarony Polskie Group's development, alongside organic growth, is acquisitions. The Group is actively looking for companies to acquire on the market with annual sales of between approximately PLN 80 million and PLN 150 million. We are interested in a manufacturer of dry food products, where we will be able to place, for example, crispbread, breakfast cereals or groats alongside pasta. We are very careful in selecting entities for acquisition, as we respect our shareholders' money. We are ready to carry out a potential acquisition, but we are not hostage to this path of development.

2024 was a good year for the Makarony Polskie Group, both in terms of quantity and quality. The profits generated allow the Management Board to recommend the payment of a dividend for 2024, and the undervaluation of Makarony Polskie SA shares on the Warsaw Stock Exchange prompts the Management Board to consistently pursue a buy-back programme.

The Makarony Polskie Group has been operating in accordance with CSR principles for many years. In 2025, we will publish our ESG Strategy, which will define our strategic goals for sustainable development in the environmental, climate, social and management areas.

I would like to thank the Shareholders for their support and trust.

Letter from the President of the Management Board

I would also like to express my appreciation and respect to our team and the employees of the Makarony Polskie Group companies – your work in these difficult times contributes to building the value of the Group.

With kind regards,

Zenon Daniłowski
President of the Management Board

As at 31 December 2024, the Makarony Polskie Group consisted of three companies: two production and one trading company.

Characteristics of the Makarony Polskie Group

Group's organisational structure

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

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



Makarony Polskie SA is a manufacturer of a wide range of pasta, produced in stamped and rolled technology. 100% of shares In its portfolio, the Company also has products that respond to the trends of pro-health food, such as pasta from spelled, buckwheat, rye flours. The product range is diversified with large forms of pasta intended for stuffing and vegetable pasta made from legumes such as chickpeas, red lentils and green peas. The company has considerable scope to expand its range of pasta made from rare flours such as legumes and the portfolio will be developed in this direction.

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

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

MP Trade Sp. z o.o. develops trade on own account with foreign goods of Polish and foreign producers. The company works in two business fields. The Company's main activity is focused on selling products purchased from external suppliers under the Novelle brand and licensing

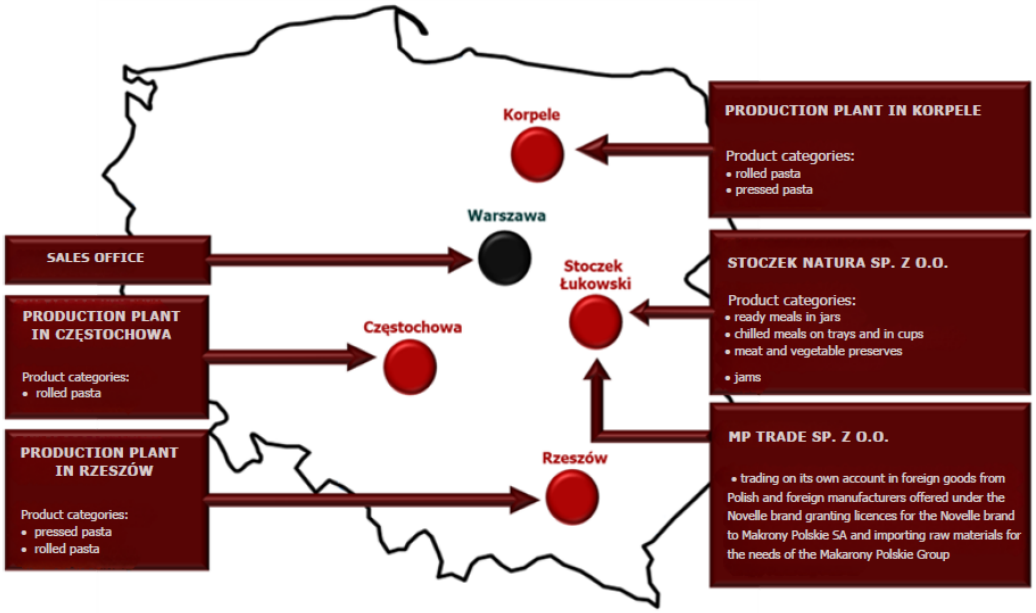
the Novelle brand to Makarony Polskie SA in the production of vegetable noodles and other goods produced within the Makarony Polskie Group. The company also imports raw materials that are used for the Group's needs. The business model adopted by the company creates its value by increasing its brand value on the one hand, and on the other hand develops opportunities for importing raw materials (production is contracted out).

Changes in the organization of the Makarony Polskie Group in 2024

During 2024, there were no changes in the Makarony Polskie Group that would materially affect the Group's structure or organisation.

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

ORGANISATION OF MAKARONY POLSKIE GROUP



Selected market data

The pasta market

The pasta market in Poland is stable, apart from unpredictable events such as pandemics or the war in Ukraine, which have affected its development in recent years. After numerous short-term changes in purchasing dynamics related to the macroeconomic and geopolitical situation, 2024 was characterised by pressure from both retail chains and consumers, who limited their purchases.

For manufacturers, 2024 was a big challenge due to the pressure on price reductions from retail chains and consumers' expectations of price promotions.

The trends with the strongest impact on the pasta market are:

- the macroeconomic situation related to food prices - consumers limit their purchases to baskets of basic needs and products with a long shelf life. As consumers look after their limited budgets, the price of the product is becoming increasingly important in their purchasing decisions;
- clean label, health benefits of meals - consumers are looking for products with natural ingredients, without chemical additives. Additional nutritional values that have a positive impact on the health of the body, e.g. helping to fight lifestyle diseases, are also an important factor in deciding to buy a product;
- plant-based products - a strong trend in the food market is the fashion for healthy eating and various types of diets, such as gluten-free, low-carbohydrate or vegan. This is directly reflected in the product offering - BFY (Better-For-You) products based on whole grains, alternative cereals, legumes or gluten-free ingredients and vegetables are appearing in large numbers, although the development of these types of products has slowed down recently due to consumer wallet constraints;
- product patriotism - consumers attach increasing importance to the country of origin of a product. The country of origin of the product and its ingredients is an important factor influencing purchase. Local products are popular because of their taste as well as the desire to support local producers;
- commitment to the environment - when discussing current market trends, it is impossible not to mention the "zero waste" trend of not wasting food. This is observed not only in the diversification of packaging by producers: standard, family or "portion at a time" type, but also as a social trend promoting responsible shopping (buy as much as you eat) and culinary education on how to make full use of food products. Corporate social and climate responsibility policies and companies' drive towards zero

carbon are also becoming increasingly important in consumers' purchasing decisions;

- convenience - convenience in meal preparation - consumers want to be able to prepare a tasty meal quickly and easily. They are increasingly turning to ready-made meals that are prepared in such a way that they are sufficient for a full portion for one person, e.g. ready-made trays. No food is wasted. You also save energy, water and gas, which is good for the environment, but also for your budget. In addition, you do not buy increasingly expensive products to prepare your meal.

The convenience food market

The ready-made meals market is growing steadily and is still in a relatively early stage of development. The value of this market in Poland in 2024 was approximately PLN 3.5 billion, with nominal growth of approximately 5% (y/y). In the forecast horizon, i.e. 2025-2029, this segment will grow at a compound annual growth rate (CAGR) of 5%. In real terms, the growth rate in this period will be around 2%.

In the long term, the segment's development will be positively influenced by the growing convenience of consumers, fast-paced lifestyles, the increase in the number of single-person households and the development of the offer in the ready meals segment by expanding the number of indexes in various distribution channels. In the following years, further development of the market offer is expected towards greater consumer convenience (convenience trend) and health-promoting (with clean label, all-plant options, increased protein, or moderate amounts of salt or sugar).

The trends with the strongest impact on the ready meal market are:

- the trend towards pro-healthiness and naturalness - the need to eat 'free from...' is increasing along with consumers' level of knowledge and their fear of allergies and preservatives. Consumers are increasingly demanding 'clean label' (ingredients free of artificial additives, flavour enhancers and preservatives) and manufacturers are emphasising the simplicity and health-friendliness of their recipes. It is fashionable to use inspiration from different regions of the world in meals;
- "Transparency" of products - it is desirable that prepared food products, in addition to a clear label and brief product composition, also have packaging that allows consumers to see the meal before making a purchasing decision, such as transparent film;
- Convenience - convenience, ease of use - manufacturers are looking for more and more new solutions to make it easier for the consumer to heat up and consume a dish. Convenience and speed are emphasised by the growing number of takeaway-inspired meal proposals. The category is seeing an increase in the popularity of so-called meal kits (kits enabling the consumer to complete or compose a dish on their own), which stems from the need to compromise between mass-produced ready-

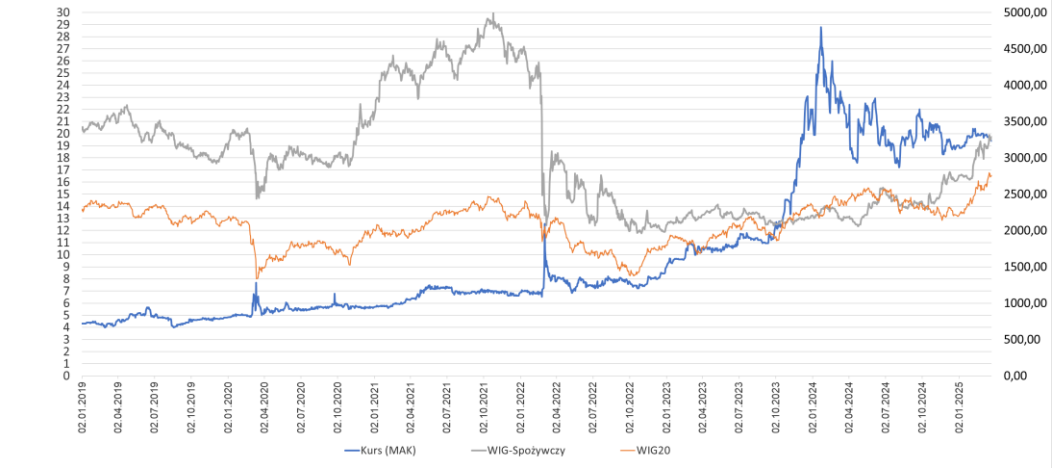
made dishes, devoid of even a shadow of individuality, and the lengthy and often demanding task of cooking from scratch.

- On European markets, a trend has been observed for many years of growth in the ready-meal segment in trays and cups at the expense of a systematic shrinkage of the shelf-stable shelf. In Poland, the so-called dry shelf (shelf-stable) still holds the largest market share, but here, too, the gradual shift of consumers towards the refrigerated shelf is becoming more pronounced. For an increasing number of consumers, ready meals are a convenient and cheaper alternative to a boxed diet;
- Shelf life - consumers look for products with a long shelf life in order to prepare food stocks, to secure their household in times of economic instability;
- an increase in environmental care - the consumer expects the producer to have a sustainable production policy and to minimise the environmental impact (less plastic, recyclable materials). Packaging should be environmentally friendly, made of recyclable materials.
- the macroeconomic situation related to the rising cost of living - consumers are limiting their purchases to a basket of basic needs and products with a long shelf life. As consumers look after their limited budgets, the price of the product is becoming increasingly important in their purchasing decisions;

Makarony Polskie SA on the capital market

Quotations and main indicators

Shares of Makarony Polskie SA have been listed on the Warsaw Stock Exchange since April 2007.



	30.12. 2015	29.12. 2017	30.12. 2019	30.12. 2021	29.12. 2023	30.12. 2024	Change as of 30/12/2015
Makarony Polskie	5.66	4.92	4.80	6.82	21.60	19.00	+236%
WIG20	1,892	2,479	2,151	2,263	2,357	2,194	+16%
WIG-Food	3,411	3,635	3,194	4,468	2,203	2,712	-20%

Dividend policy of Makarony Polskie S.A.

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

- pay shareholders a dividend of PLN 0.75 gross per share, i.e. allocate the amount of PLN 8 280 053.25 for dividend payment,
- allocate the remaining part of the profit of PLN 16 518 400.54 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 24 June 2024, the Annual General Meeting of Makarony Polskie SA adopted resolutions on approving the financial statements for the reporting year 2023 and net profit distribution. By decision of the General Meeting, the net profit for the period from 01 January 2023 to 31 December 2023 was distributed in accordance with the recommendation of the Management Board, i.e. as follows:

- the amount of PLN 8,280,053.25 was earmarked for the payment of dividends to shareholders in the gross amount of PLN 0.75 per share,
- the remaining part of the profit in the amount of PLN 16 518 400.54 was allocated to the Company's supplementary capital.

The dividend date was set for 03 July 2024. The dividend was paid on 12 July 2024. 11,040,071 Company shares were entitled to the dividend.

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

Use of proceeds from the issue

The Company did not issue shares in 2024.

Dialogue with shareholders and investors

The Company considers its presence on the capital market as part of its long-term development strategy. The Company takes steps to build lasting and professional relationships with all capital market participants and to ensure equal access to information for all stakeholder groups.

An important form of the Company's communication with shareholders and investors is the Company's website www.makarony.pl. In the Investor Zone section, the Company publishes information relevant to shareholders and investors on an ongoing basis, e.g. news, calendar of events, current financial results.

The Company has launched an e-mail box relacje@makarony.pl to which all interested shareholders, investors and analysts can send questions on IR issues in the broad sense. Responses and explanations on topics raised by stakeholders are provided by the Company, taking into account the prohibitions under the applicable legislation.

The company also tries to participate in events and congresses aimed at investors, including individual investors. In 2024, the company took part, among others, in the WallStreet 28 Conference in Karpacz organised by the Association of Individual Investors and in the 10th edition of Expo Invest Cuffs in Krakow.

Two weeks before the publication of interim financial reports, the Company does not organise or participate in investor meetings.

The Group's portfolio is constantly adapted to market trends and the needs of its customers - it has recently been enriched by functional products: dietary and health-promoting.

Operations of the Makarony Polskie Group

Main products and services

Assortment of branded products

PASTA

MAKARONY POLSKIE - A brand with a distinct personality, which is part of the popular and stable market trend of promoting native and local food; dedicated to consumers who appreciate good, Polish quality at a reasonable price.



The brand's portfolio includes both traditional egg pasta (rolled, offered as a b-brand with the Abak brand) and pressed pasta, made from common wheat flour and durum wheat flour. The range includes 7 of the most popular forms that have a wide range of uses in the kitchen.



The portfolio of eggless pasta has been expanded with new products in the premium line, i.e. Kitchens of the World made with the best quality durum wheat flour. In addition, the pastas are made on bronze dies, so that their structure is porous and rough, allowing the sauce to hold better. The range includes typically Italian shapes, ideal for baking and stuffing: Shell shaped pasta, spiral noodles, paccheri, bucatini, radiatori, casarecce and tagliatelle. The implementation of further shapes is planned for 2025.





ABAK - a pasta brand aimed at consumers looking for economical products at a good price. From 2022, the 200g egg pasta range will be available, and in the fourth quarter of 2024, the XXL (600g) packs will be available. These products are based on traditional recipes and home-style cooking. The brand's portfolio includes pasta with chicken and quail eggs in the two most popular forms, i.e. sliced and ribboned.

The Group's ambition is for the Makarony Polskie and Abak brands to become a vehicle for sorting out the currently fragmented middle shelf, positioned just below the leader, and taking over the shares currently held by a very large number of small producers.

SORENTI - is a brand created for gourmets of Italian cuisine, with a range of the most popular forms of pasta made from 100% durum wheat flour milled from the highest quality hard-grain wheat.



In the domestic market, the Sorenti brand is mainly active in HoReCa and export and to a lesser extent in the modern channel. The advantage of this brand in an intensifying competitive environment is the affordability of the products. The Sorenti brand is also a very attractive export commodity with high potential for growth and further internationalisation.

NOVELLE – trademark Novelle is a trademark registered with the Polish Patent Office by the MP Trade Sp. z o.o. company.

Novelle is an aspirational brand aimed at consumers inclined to culinary experimentation, dedicated to an innovative line of products responding to food trends firmly rooted in plant-based cuisine. The Group's ambition is for it to be a trend-setting brand in the category of innovative, alternative products to those based on traditional recipes.

The Novelle brand offers pasta made from flours extracted from legumes, tortellini in various flavours, high-protein pasta and functional pasta with dietary and health-promoting properties.

Operations of the Makarony Polskie Group



The legume pasta line is the ideal alternative for those consumers who want to add vegetables to their diet. These are 100% vege (confirmed by V-Label Vegan certification), high-protein, gluten-free products. They are less calorific than traditional wheat pasta thanks to their high protein and fibre content and low carbohydrate content. They are very convenient to use because they are prepared much more quickly and easily than the vegetables they come from.

The line of tortellini pasta, which are small Italian dumplings made from durum wheat flour with eggs and filled with a variety of fillings, is perfect as an accompaniment to soups and salads, or as a main course. Novelle tortellini have recently gained new packaging and new flavours. They are specially produced in Italy to reflect their unique taste and quality. There are now 5 SKUs in the portfolio, in 250g weights, in convenient foil packs. They are prepared without added preservatives and palm oil.



Since 2022, the Novelle brand has been systematically expanded to include pasta of a dietary and health-promoting nature.



The range includes pasta made from 100% spelt flour, 100% rye flour and 100% wholemeal flour (wholemeal pasta).

The Novelle brand portfolio is complemented by a line of functional pasta with added micro and macro elements. The recipes of these pastas were developed by specialists from the Company's R&D Centre in cooperation with scientific units: University of Rzeszów and Poznań University of Life Sciences. Their role is not only to satisfy hunger, but also to support the human body in the prevention of health and the fight against civilisation diseases, as confirmed by clinical studies. Currently, the functional pasta line consists of three pastas: Diabetic which supports the prevention of type 2 diabetes, Cardio which helps prevent cardiovascular diseases, including atherosclerosis, and Fit which is recommended for people who care for a slim figure.



Operations of the Makarony Polskie Group

So Food's tray and bowl dishes are offered to customers on the so-called dry (unrefrigerated) shelf and include several product lines.

In 2024, So Food products were launched in innovative doypack packaging.

CANNED MEAT AND VEGETABLE

The branded range of canned meat and vegetable preparations included ready meals under the Stoczek and Męska Rzecz brands and lard under the Stoczek brand.



Stoczek – the ready meals offered by the Group - classic dinners of Polish cuisine - combine homemade taste with the convenience and speed of their preparation, making them perfectly in line with current trends in the food products market.



Męska Rzecz - a brand dedicated to the widest range of consumers in this food category, specially seasoned for male tastes, competing on the shelf with its affordable price. Among the brand's products, consumers will also find large packs of well-known and well-liked canned dishes. Men's favourite dishes as an alternative to those made independently at home.





So Food – the brand under which tray and bowl ready meals are offered. The distinctive features of this assortment group are light packaging (two-chamber trays or bowls), ease and speed of heating meals and the possibility of storing them at room temperature.



The distribution network for this product category is constantly being expanded and the company strives to adapt the brand portfolio to market trends and the ever-changing, highly demanding consumer.

So Food products are offered to customers on the so-called dry (unrefrigerated) shelf. These are heat-treated dishes with a clean label: no colours, no flavour enhancers, no preservatives.

The brand's first two product lines were launched in 2019: Inspired by World Cuisines and Fit Kitchen.



The line of dishes in bowls combines modern packaging and classic 'one-pot' style flavours, e.g. Leczo with sausage, for a quick and convenient meal with a clean label. It is based on vegetables in its composition, making these dishes the perfect meal to supplement the daily portion of vegetables for a healthy body.



The So Food brand portfolio is constantly being expanded with new oriental flavours, separated into the Asian Cuisine line. These are chicken-based meat dishes and vegetarian dishes with meat substitutes. This line is characterised by its unique flavour, thanks to aromatic spice blends.



The brand's portfolio also includes ready meals with pasta. Pasta in Bolognese sauce, Vege Bolognese sauce with pasta, Mediterranean chicken with pasta. The dishes are inspired by World Cuisines and respond to the needs of consumers who are looking for dishes with pasta.





Following the trend of high-protein products, So Food also offers dishes in the Active line. This is a new line dedicated to people who are physically active and looking for dishes with a high protein content. The 380g trays include the dishes: Mexican-style chicken with rice and Asian-style chicken with rice, which contain 30g of protein per serving.



In 2024, the range was expanded to include ready meals in innovative doypack packaging. This is an alternative for people who want to enjoy a variety of flavours without making unnecessary large purchases. The line consists of three popular Asian dishes: Indian chicken, Chinese chicken and Thai chicken. The dishes should be combined with your favourite side dish, e.g. rice or noodles. The dishes come in 400g packs, which are recommended for two people.



According to Nielsen's 2023 report, SoFood's ready-to-eat tray dishes have maintained their position as the sales leader in their category, widening the gap to the next player in the market. This is a very good forecast for the future, which is why the tray ready meals category will be systematically expanded to remain consistent with market trends and customer needs.

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

Private label product range

The Makarony Polskie SA Group has a diverse, professional and modern machinery park in each of its production plants. Combined with the expert knowledge of the employed specialists and the R&D centres, this gives a wide production capacity and enables the Group to offer a wide and varied assortment in the market segments in which it operates. The Group continually focuses on development and competitiveness also through knowledge and quality - e.g. by entering into cooperation with scientific institutions. This makes the Group's offer attractive to many retailers, both at home and abroad.

When developing the product range for the needs of chain stores' private labels, Grupa Makarony Polskie relies on global trends in the fast-moving consumer goods market, in particular:

- health, well-being and lifestyle (enhancing products with functional additives),
- maximising value with high cost of living and limited budgets,
- convenience,
- sustainability, e.g. reducing plastic, reducing food waste (responsible production and sales), local origin,
- minimising consumption of animal protein and replacing it in the diet with plant-based alternatives (e.g. legume-based).

In 2024, as in previous years, the Group diversified its private label product portfolio in the following product areas:

- personalised products – dedicated to a specific group of consumers, meeting their individual needs (high-protein products for men who care about physical fitness, for women who care about their beauty - products with minerals that help fight oxidative stress, for children - pasta with the addition of legume flours rich in protein, vegetables and minerals, in child-friendly shapes)
- health-promoting and beauty, enriched with vitamins and minerals,
- local – produced in a given region, based on raw materials from local producers,
- new shapes and formulations of pasta and new flavours of ready meals,
- premium, high-quality, with the addition of unique ingredients, in limited editions.

Market environment

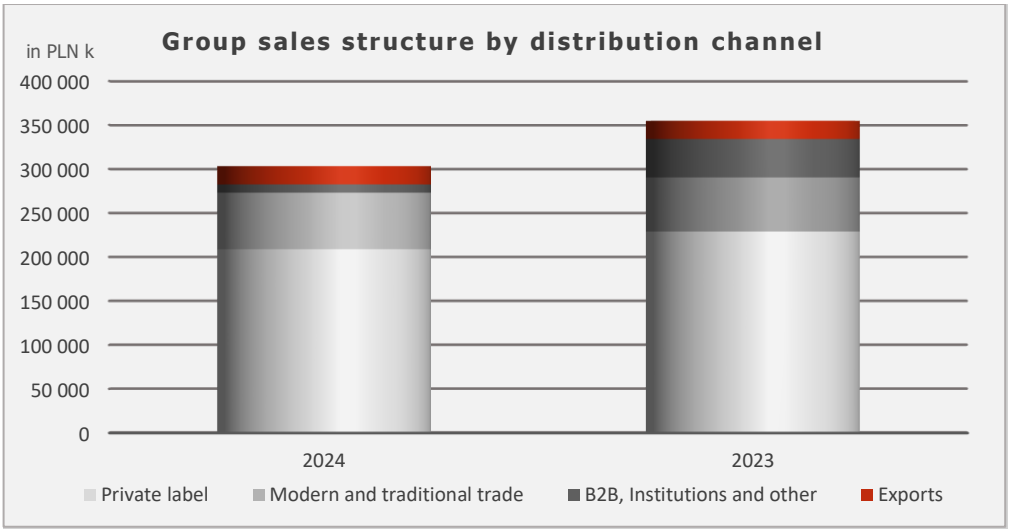
The sales markets of the Makarony Polskie Group can be divided into the domestic market (including private label, traditional trade, modern trade and B2B and institutions) as well as exports (including sales through domestic intermediaries).

In 2024, sales amounted to PLN 303.3 million, including PLN 282.5 million in the domestic market and PLN 20.8 million in exports. In the corresponding period of 2023, these volumes amounted to PLN 354.8 million, PLN 334.1 million and PLN 20.7 million respectively.

(in PLN k)	For the period from 01.01 - 31.12.2024	For the period from 01.01 - 31.12.2023
Domestic sales	282,471	334,126
Exports, including:	20,800	20,718
- European Union countries	12,027	12,207
- other countries	8,773	8,511
Total	**303,271**	**354,844**

In 2024, only two customers exceed the threshold of a 10% share of consolidated sales revenue (branded and private label products combined). These are Jeronimo Dystrybucja Polska with a share of approximately 38.1% and the Lidl Group with a share of approximately 16.9%. The Group companies are in no way formally related to the operators of these chains, and the cooperation is based on partnership principles and is beneficial to the Makarony Polskie Group.

The structure of sales of products and goods by distribution channel is shown in the chart below:



Private label

The private label channel (PL) offering products under the private labels of national chains had the largest share in the Group's revenue (approx. 68.9%).

PL (in PLN k)	2024	2023	y/y
Revenues from sales	208,817	228,858	- 8,8%

The decline of the private label segment in 2024 is mainly due to the decline in the overall price level of food products on the market and a change in the way revenues are allocated to individual sales teams in the Group.

Modern trade, traditional trade and Horeca

Another significant source of income for the Group on the domestic market, accounting for approx. 21.2% of total sales, is the sale of the Group's brands (brands: Makarony Polskie, So Food, Novelle, Męska Rzecz, Stoczek Natura) in the channels of modern trade (MT), traditional trade (TT) and HoReCa:

HN, HN and Horeca (in PLN k)	2024	2023	y/y
Revenues from sales	64,335	61,583	+4,5%

The level of sales of branded products in 2024 amounted to approximately PLN 64.3 million, which represents approximately 4.5 per cent growth compared to 2023.

The level of revenue in the branded products channel in 2024 was mainly influenced by:

- increased sales of the Novelle and SoFood brands,
- expanded distribution of all branded products - new customers were acquired and new indexes were introduced to existing customers.
- Change in the way revenue is allocated to individual sales teams within the Group.

In 2024, the Group plans to develop partnerships and acquire new, previously unsupported local networks and increase sales to customers operating in the e-commerce segment. In addition, the Group aims to improve service among existing customers and numbers by acquiring new customers.

B2B and Institutions

B2B and Institutions accounted for approximately 3.1%, of the Group's total revenue:

B2B and Institutions (in PLN k)	2024	2023	y/y
Revenues from sales	9,319	43,685	-78,7%

Sales in the B2B and Institutions distribution channel in 2024 amounted to approximately PLN 9.3 million and were significantly lower than the 2023 figure. This is due to the completion of institutional contracts and the postponement of new institutional tenders until 2025, as well as a change in the way revenue is allocated to individual sales teams within the Group.

Exports

Exports accounted for approximately 6.9% of the Group's total revenue:

Exports (in PLN k)	2024	2023	y/y
Revenues from sales	20,800	20,718	0,4%

In 2024, the Group's exports remained almost unchanged. This was due to the relative stabilisation of the market in unfavourable market conditions, such as the decline in global food prices, increased competition and the growing strength of the Polish currency, which reduced the price attractiveness of Polish products for foreign customers.

Throughout 2024, export sales were mainly developed in the European Union countries. New product items were introduced to both existing and new customers and business partners.

Significant contracts

Contract between Stoczek Natura Sp. z o.o. and the National Support Centre for Agriculture

On 30 September 2024, the subsidiary Stoczek Natura sp. z o.o. was informed that it had submitted the most favourable offer for the supply of bretonne beans as part of the public procurement procedure entitled Deliveries of foodstuffs within the framework of the European Funds for Food Aid Programme 2021-2027 Subprogramme 2024 - partial task

19 (hereinafter: Proceedings), organised by the National Centre of Agricultural Support ("KOWR).

The contract with KOWR was concluded after the end of the reporting period, in January 2025. By virtue of the concluded Agreement, the Subsidiary Company undertook to deliver Breton beans with the quality requirements specified in the Agreement to partner organisations in the period until 31 August 2025: Federation of Polish Food Banks, Caritas Polska, Polish Social Assistance Committee, Polish Red Cross, Old Catholic Church in Poland (hereinafter: Partner Organisations).

The value of deliveries covered by the content of the Agreement is approximately PLN 18.5 million gross. Payment for the delivered goods will be made by KOWR in monthly cycles. The Agreement is secured by a performance bond in the amount of 10% of the gross contract value, i.e. approximately PLN 1.9 million, valid until 30 November 2025, granted to Stoczek Natura Sp. z o.o. by BNP Paribas Bank Polska SA.

Implementation of a significant investment in the Korpele Plant as part of the Polska Strefa Inwestycji (Polish Investment Zone) instrument

In Q4 2024, Makarony Polskie SA decided to implement a significant development investment in the production plant in Korpele, which will involve the expansion and retrofitting of the production plant. The investment will be carried out under the Polish Investment Zone instrument in accordance with the decision issued by Warmińsko-Mazurska Specjalna Strefa Ekonomiczna SA, acting on behalf of the Minister of Development and Technology. By virtue of the aforementioned decision, the Company acquired the right to public aid in the form of income tax exemption in the maximum amount of PLN 14.5 million.

The investment in question will involve enlarging the production and storage hall and retrofitting it with new technical, production and auxiliary infrastructure, as well as improving in-house logistics. As a result of the investment, production of new products will be launched to meet changing market needs and the development of demand for convenience products.

The investment will be carried out in the period: January 2025. - December 2025 and will be financed from own funds and a bank loan. The total value of the investment will amount to PLN 29.0 million.

Factors relevant to the Group's development are:

- *building competitive advantage through investment in R&D, product, process and organisational innovation*
- *development of business in the private label segment*
- *development of B2B sales channels and institutions*
- *increasing the share and level of distribution in the domestic market*
- *Export development*

Agreements with Jeronimo Martins Polska SA and the Lidl chain

As part of the cooperation between the companies of the Makarony Polskie Group and the Biedronka (Jeronimo Martins Polska SA) and Lidl chains, various types of products produced by the Group are offered in the shops of these chains.

Factors relevant to the development of the Group

Factors influencing the future performance of the Company and the Group

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

- the realisation of a significant development investment in the production plant of Makarony Polskie SA in Korpelach, which will have an impact on the Company's future development prospects and its financial situation,
- investments in new production lines and a research and development center will allow the Group to expand its product range and enter new market segments, both at home and abroad,
- cost and process optimisation measures, e.g. the implementation of MES software within the production facilities will allow for better control of costs and labour intensity of products and improved production accounting, WMS software within the warehouses will improve both warehouse management at all Group locations as well as the system of stock lidding and product flow control, and CMMS software will allow for improved management of the machinery fleet and machinery breakdowns,
- carrying out deep automation and robotisation of packaging processes of pasta products, increasing processing capacity and reducing production costs,
- Makarony Polskie S.A. has a Research and Development Centre for the Pasta Industry, which, in cooperation with scientific institutions, works on developing and implementing innovative technologies for the production of new products: functional, health-promoting, low-processed, easy-to-prepare food, responding to market and nutrition trends,
- the further systematic development of the SoFood brand's range of ready meals in trays and bowls and in new soft packaging formats, in close connection with market trends and the upward trend of this segment, is a good proxy for sales growth in future periods,

- investments in 'green energy' from photovoltaic installations, implemented at all Group sites, will make it possible, on the one hand, to take care of the environment and reduce the Group's carbon footprint and, on the other hand, to reduce the cost intensity of production resulting from increases in electricity prices (the pasta and convenience food production processes are characterised by high energy intensity).

Activity development in the private label segment

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

Development of B2B sales channels and Institutions

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

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

- intensification of marketing activities aimed at increasing the presence of Makarony Polskie, SoFood and Novelle brands on the market,
- strengthening and developing the product portfolio in line with market trends,
- development and implementation of cooperation mechanisms with wholesale customers, retail local networks and network trade, especially in the area of international medium and small networks and convenience networks - as a selective distribution strategy, taking into account the specificity of the categories in which the Group operates,
- focusing on fast and efficient building of brand availability in the modern channel and implementation of an effective distribution policy in the traditional channel,
- intensification of trade marketing activities supporting sales and resale of products and building lasting relationships with customers.

Export development

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

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

Risks and threats 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

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

After a two-year period of dynamic inflationary increases and a reduction in consumers' real purchasing power, the inflationary situation is now slowing down. There is a trend

towards a stabilisation or even decrease in the prices of many food products, including pasta. In Q3 2024, the pressure of retailers' price expectations intensified regardless of the cost structure and market data.

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

Risk related to competition

All areas of Makarony Polskie Group's operations belong to highly competitive segments. There is a risk that the intensified actions of competitors, manifested mainly in the deterioration of trading conditions will affect the profitability and revenues of the Group, may affect the achievement of objectives assumed by the Group. All activities of the competitive environment are monitored and carefully analysed on an ongoing basis, which allows for quick response in the area of possible threats. Q3 2024, is a period of stagnation and reduced consumption in some segments of the food market, including pasta. A commercial risk is the increasing pressure on producers to balance their supply capacity with demand. This results in an aggressive pricing policy that is not correlated with the cost level and the dynamically changing market environment, especially in the group of the so-called 'standard products'. This phenomenon dominated the market throughout 2024 and will challenge the industry in 2025. The Group minimises this risk by diversifying its business and developing innovative products, including through ongoing R&D projects. Such a strategy creates more opportunities to meet volume targets or respond to unfavourable market trends.

Risk of dependence on recipients

A large part of revenues is generated by the Group through cooperation with organized and centrally-decisive retail chains. A possible lack of continuity of cooperation with customers may affect the amount of revenues. Some of the commercial contracts do not contain a strictly defined volume of estimated purchases that the customer will make during the contract period, which has been a fairly common market practice to date. There is a risk that recipients will submit orders that deviate quantitatively from the monthly plans adopted by the Group. This may result in the inability to meet demand or incomplete use of production capacity, which will have an impact on the results. In an effort to minimise such a risk, the Group is developing its own analytical tools and participating in projects, jointly with customers or suppliers, aimed at systematically improving the entire supply chain.

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

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

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

Risk related to changes in raw material and material prices

Makarony Polskie Group consistently strives to implement its strategy in the area of securing the raw material prices with long-term purchase agreements in annual and half-year periods, which helps to limit material decreases in the profitability of the pasta produced. Unfortunately, the current dynamic changes of prices on the global markets make the suppliers more careful and reluctant to enter into such contracts. In H1 of 2024, the majority of raw material contracts were concluded for a maximum period of six months, starting in the third quarter and thus after the harvest period, depending on the raw material for quarterly and six-month periods. This practice is expected to continue until 2025.

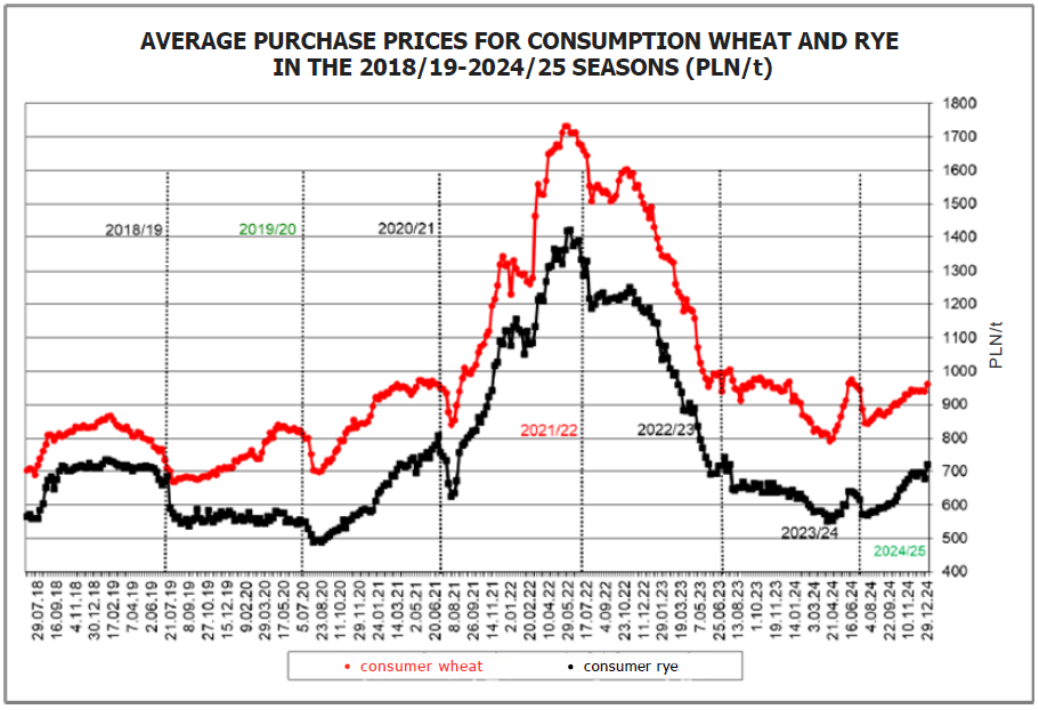
Despite the ongoing hostilities in Ukraine, the wheat market remained relatively stable in 2024. News of large wheat stocks calmed the market and the first quarter ended with stabilised prices. In the middle of the second quarter, it turned out that individual farmers sold a significant part of their wheat, and this translated into an increase in soft wheat prices.

A factor destabilising the supply-demand balance on the Polish market in 2024 was the import of agricultural products from Ukraine, including cereals with often low quality parameters. The situation caused increased tensions in the agricultural segment, and these resulted in blocking actions by state authorities. Despite the embargo, signals of so-called uncontrolled entry of goods across the Polish-Ukrainian border were confirmed. In the first half of 2024, large imports of foodstuffs, including common and durum wheat, from Russia by some EU countries were also observed, which influenced unhealthy competition and periodic destabilisation in the market, especially of pasta producers.

It is worth noting that despite the quantitatively successful wheat harvest in the 2024 season, the available volume of consumer wheat meeting the relevant quality parameters, which are crucial for the proper production process of pasta, was limited. This means that the pasta industry still needs to select suppliers ensuring good quality of the final product with greater commitment and organisational effort.

Factors influencing price changes in future periods will be, in particular, electricity prices, wage costs and Russia's continued aggressive sales policy for soft cereals.

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



Consumer rye Source: Weekly report on the market for cereals, oilseeds and feed materials - Cereal market week 02/2025, Sparks Polska

Prices on the durum wheat market remained fairly stable, albeit at a high level throughout 2024. Although data indicate large stocks of the raw material in warehouses, the market remains far from optimistic about long-term forecasts, despite the bountiful harvests in Canada and the United States. At the same time, the demand for durum wheat and flour produced from it has increased on the European market. It is assumed that durum wheat producers will maintain the price level of the end of 2024 in the first half of 2025.

The market for eggs and egg mass, which in 2023 saw very high price levels unprecedented in the history of trade in these raw materials, was stable in the first three quarters of 2024 with a slight downward trend in prices. In the last week of September,

the situation reversed and prices began to rise. This trend lasted until the end of November. Prices of eggs and egg-based raw materials reached a very high level comparable to 2023. This was certainly influenced by the outbreak of disease (both in Poland and in Western Europe), which would cause the culling of flocks and a reduction in the number of eggs on the market. After a temporary stabilisation in December 2024, further price increases occurred in mid-January 2025, caused by outbreaks of avian influenza. The situation in the following periods will be influenced by factors such as the dynamics of the spread of avian flu outbreaks, increased demand for Polish eggs in Western European countries, EU policy on imports from Ukraine.

In the plastic and cardboard packaging market, from Q1 2024 2024, due to the increase in costs (salaries, fuel, etc.), there was an increase in the prices of plastic and cardboard packaging, and in the following periods of the year, prices in the purchased material categories stabilised. Due to the decline in market demand and thus in production in both paper mills and processing plants in Q4, the cardboard packaging sector entered a phase of struggle for production profitability, which resulted in a temporary reduction in market supply. This consequently forced an increase in the price of paper raw materials in January 2025. Grupa Makarony Polskie constantly monitors the market situation of raw materials and production materials, expands the group of suppliers both in terms of diversifying potential risks and increasing the material security of production plants and to ensure a broad and reliable market insight.

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

In 2024, fruit prices were at a good level for processing, allowing satisfactory sales results. Purchasing of fruit and vegetables is carried out seasonally, in the months when their prices are lowest. Purchased raw materials are stored at optimum prices in the company's warehouses and cold stores. For the first three quarters of 2024, raw materials bought in 2023 were used. In the third quarter of 2024, the company bought the necessary quantities of fruit at stable prices. The 2024 season in terms of fruit purchase was characterised by predictable prices. In 2024, the quoted sugar prices were about 30% lower than in 2023.

Meat is the main raw material influencing the prices of the company's products. The company seeks to secure stocks of this raw material for a period of several months, taking advantage of price decreases in the forecast cycles and thus mitigating the negative impact

of increases on its operations. It thus gained time to adjust the sales prices of finished products to the increased production costs, which is particularly important in the case of retail chains, where the process of implementing price increases is stretched over time. In 2024, the prices of both pork and poultry meat were relatively stable. Prices for poultry meat remain high due to the recent outbreak of poultry diseases, which have affected poultry farms, eliminating them and creating a negative sentiment. The pork market is characterised by a slight decline in demand, which translates into lower prices for raw materials.

Despite the stabilisation of the prices of utilities such as gas and electricity, the Group continues to monitor price forecasts for key raw materials and packaging. Prices for some raw materials and packaging have stabilised. Nevertheless, the market and macroeconomic environment remains very dynamic and volatile, making it crucial to pay close attention to operational optimisation, systematically monitor process efficiency and cost levels, and quickly adjust product selling prices to rising production costs. This radically changes the business relationship between business partners, e.g. the reluctance of suppliers to set fixed commercial terms for longer contract periods (e.g. annual) translates into the risk of operating in the short term and 'uncertainty of tomorrow' for customers.

Risk of variable legal and tax environment

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

Legal factors affecting the Group's operations and the food industry as a whole include both changes in national law, e.g. issues relating to VAT rates on food, as well as legal changes resulting from regulations implemented at European Union level, e.g. implementation of the Single Used Plastic, CSRD directives.

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

Risk of wage pressure

Systematic increases in the level of the minimum wage and the minimum hourly rate on civil law contracts, mean that wage pressure is building up among employees and potential

job applicants. This phenomenon is compounded by the fact that, in recent times, the labour market has increasingly become an employee market. Employers, including Group companies, are increasingly finding it difficult to find suitable candidates for vacant positions, both among specialists and managers, as well as among unqualified people.

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

The dynamics of wage growth also translates into an increase in the prices of services securing the functioning of production and technology. There is an increase in the cost of maintenance services, which must be performed at a high level due to the need to maintain machinery and technological lines in proper condition. For the time being, these are not costs that translate to a large extent into the price of the products offered by the Group, nevertheless the Group's companies forecast such expenses in their budgets and try to alternatively select tools and elements of cooperation that combine the correlation of the quality of services and the optimum price associated with it.

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 Groups's products are each time determined and take into account the current value of exchange rates so as to ensure satisfactory sales profitability.

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

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

Groups/categories of financial instruments	Balance sheet value as at 31.12.2024 PLN k	Currency exposure as at 31.12.2024 PLN k	EUR PLN k	USD PLN k
Financial assets				
Cash and cash equivalents	53,099	1,364	1,364	0
Trade receivables	33,288	1,597	1,597	0
Financial liabilities				
Trade liabilities in total (including advanced payments)	28,565	7,531	7,531	0

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

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

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

Groups/categories of financial instruments	EUR		USD	
	5%	-5%	5%	-5%
	impact on the financial result PLN k		impact on the financial result PLN k	
Financial assets				
Cash and cash equivalents	68.2	-68.2	0	0
Trade receivables (gross)	79.9	-79.9	0	0
Financial liabilities				
Trade liabilities	-376.6	376.6	0	0

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

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

Interest rate risk

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

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

As at 31 December 2024, the Group had a borrowing liability of PLN 8,696 thousand:

Currency	Interest	Loans balance	Including loans	
			Short-term	Long-term
PLN	WIBOR + bank's margin	8,696	3,021	5,675

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

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

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

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

Groups/categories of financial instruments	Balance sheet value as at 31.12.2024	Value at risk as at 31.12.2024	WIBOR
Financial assets			
Cash in hand and at bank	53,099	-	-
Financial liabilities			
Bank loans	8,696	8,696	8,696
Other financial liabilities	1,978	1,978	1,978

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

Groups/categories of financial instruments	Balance sheet value as at 31.12.2023	Value at risk as at 31.12.2023	WIBOR
Financial assets			
Cash in hand and at bank	29,003	0	0
Financial liabilities			
Bank loans	11,710	11,710	11,710
Other financial liabilities	857	857	857

The table below presents the analysis of the sensitivity of the financial result to changes in interest rates as at 31 December 2024:

Interest rate	Deviation assumptions (in percentage points) 31/12/2024		Value at risk as at 31.12.2024 PLN k	Impact on the financial result 31/12/2024	
				PLN k	PLN k
WIBOR	1%	-1%	8,696	-87.0	87.0

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

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

Risk of insolvency

Risk of insolvency means the risk that the Group's contractors will default on their obligations. The Group applies the principle of making transactions with counterparties

whose creditworthiness has been verified and of obtaining, if necessary, an appropriate security as a tool to mitigate the risk of financial loss arising from a breach of agreement. The Group uses financial information available to the public and its own transaction data, assessing the financial condition of its main customers.

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

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

Financial situation of the Makarony Polskie Group

The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards on the assumption that the Group's companies will continue as a going concern, in the foreseeable future and not materially diminished. The Group had no operations that were discontinued during the 2024 financial year.

The financial statements of all entities have been prepared for the same reporting period, using consistent accounting policies. The financial year of the Group companies is the calendar year.

Consolidated entities:

as at 31 December 2024	**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	01 June 2007	28 September 2015
% of the capital held	100%	100%

Discussion of the results

The selected financial data of the Makarony Polskie Group as at 31 December 2024, expressed in thousands of PLN, are as follows:

(in PLN k)	**01.01.2024-31.12.2024**	**01.01.2023-31.12.2023**
Net sales revenue	303,271	354,844
Revenues from sales of other products and services	297,997	348,354
Net revenue from sales of goods and materials	5,274	6,490
Own cost	216,111	256,942
Production costs of products and services sold	212,005	251,437
Value of goods and materials sold	4,106	5,505
Gross profit (loss) on sales	87,160	97,902
Costs of sales	34,095	33,812
General administrative costs	11,646	11,330
Other revenues	4,563	3,352

Other costs	4,577	12,444
Profit (loss) from continued operations	41,405	43,668
Financial incomes	1,496	586
Financial costs	1,377	2,098
Gross profit	41,524	42,156
Income tax	7,858	9,265
Net profit (loss) from continued operations	33,666	32,891
EBITDA (EBIT + depreciation)	56,519	57,820
Number of shares (units)*	10,987 402	11,040 071
Weighted average number of shares (in units) during the financial year*	11,033 043	11,040 071
Profit/loss per ordinary share (in PLN/EUR) *	3.05	2.98
Book value per one share (in PLN/EUR) *****	15.80	13.52

* Number of shares minus the number of equity shares bought and held by the Company

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

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

The sales revenue of the Makarony Polskie Group in 2024 amounted to approximately PLN 303.3 million and was approximately PLN 51.6 million lower compared to the 2023 figure. This is mainly due to the following factors:

- the market environment has become very competitive. Aggressive trading policies and price pressure from retail chains affected the company's operations,
- the sales strategy adopted by the Group is to generate positive margins on all product groups - the decrease in sales was due to price reductions on the products sold, which were related to lower prices of purchased raw materials, especially flour,
- dynamically developing sales of a new line of ready meals in trays and bowls under the SoFood brand and pasta functional products - in H1 2024 these products allowed the Group to generate higher margins with lower sales volumes,
- The Group maintains its financial costs at a safe level at all times. Cost optimisation initiatives are implemented in all areas of the company's operations.

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

Achieved results vs. forecasts

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

Operating segments

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

	For the period from 01.01 - 31.12.2024	For the period from 01.01 - 31.12.2023
Revenues from sales of products	292,330	342,444
Revenues from the sale of services, including:	5,667	5,910
- from lease and storage	4,258	4,477
- service production	1,167	1,258
- transportation services	0	2
- distribution services	135	162
- other services	107	11
Revenues from sale of materials	296	2,716
Revenues from sale of goods	4,978	3,774
Total	**303,271**	**354,844**

The Makarony Polskie Group distinguishes the product groups shown in the table below

(in PLN k)	For the period from 01.01 to 31.03.2024	For the period from 01.01 - 31.12.2023
Pasta	240,392	282,681
Meat and vegetable preserves	51,665	56,176
Vegetable and fruit preserves	6,117	8,320
Total	5,097	7,667
Total	**303,271**	**354,844**

The value of sales in the pasta category decreased by approximately PLN 42.3 million to approximately PLN 240.4 million in 2024. The decrease of approx. 15% compared to 2023 was mainly due to the market-driven decline in the price level of pasta.

Sales of meat and vegetable preparations decreased by approximately PLN 4.5 million in the period under review to approximately PLN 51.7 million. The decrease of approximately 8% (2024 vs. 2023) was the result of lower sales to retail chains. In the analysed period, sales of the new line of ready meals in trays and bowls under the SoFood brand launched

in 2020 developed dynamically. These products have been very well received by customers - in 2024, they consolidated their position as sales leader in their category for another consecutive year.

In the fruit and vegetable preserves segment, the company is recording a 26% year-on-year decline, which is why options for a continued presence in this segment are being analysed. Final decisions should be taken in 2025.

Factors and events, including unusual events, affecting 2024 results

The impact of inflation on consumer behaviour and the food market

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

The ever-increasing cost of living and the systematic increase in the minimum wage are also affecting the financial expectations of employees, who are requesting increases, especially at the turn of the calendar year which has a knock-on effect on income, especially in the first quarter of the year.

In 2024, food companies also had to face the expiry of zero VAT rates on certain food products, which limited their ability to negotiate prices with large retail chains, and this, in turn, had a negative impact on the profitability of operations and sales revenues.

An additional market element was the aggressive promotional activities of many retail chains aimed at increasing demand at the expense of retail margins.

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

Ongoing warfare and the situation on the Polish-Ukrainian border have led to a decline in trade with customers from Ukraine, which has resulted in a decrease in exports to this

market, although since Q3 2024 a gradual increase in orders from customers from Ukraine has been observed.

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

The Management Board of Makarony Polskie SA closely monitors the situation related to the war in Ukraine in order to takes steps to minimize the negative impact on the functioning of the 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.

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

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

Structure of assets and liabilities

The Group's total assets amounted to PLN 253.8 million at 31 December 2024, compared to PLN 238.1 million at 31 December 2023.

Structure of the Group's assets and liabilities

ASSETS	01.01.2024-31.12.2024	01.01.2023-31.12.2023
FIXED ASSETS	**128,412**	**135,644**
Fixed tangible assets	119,940	126,666
Fixed assets with right of use (IFRS-16)	5,644	6,491
Investment real estate 603	0	0
Company goodwill value	188	188
Other intangible assets	2,126	1,983
Assets for deferred income tax	492	310
Other long-term assets	22	6
CURRENT ASSETS	**125,427**	**102,444**
Inventories	28,216	28,719
Short-term receivables	38,844	44,280
Income tax receivables	0	0
Borrowings granted	0	0
Cash and cash equivalents	53,099	29,003
Other short-term assets	384	442
FIXED ASSETS HELD FOR SALE	4,884	0
TOTAL ASSETS	**253,839**	**238,088**

Financial situation of the Makarony Polskie Group

LIABILITIES	01.01.2024-31.12.2024	01.01.2023-31.12.2023
EQUITY	**173,642**	**149,276**
Revaluation capital	33,120	33,120
Supplementary capital	88,271	60,344
Revaluation capital	0	0
Reserve capital	25,000	12,000
Equity shares	- 1,020	0
Retained profit/loss	28,271	43,812
LONG-TERM LIABILITIES	**28,429**	**35,435**
Provision for deferred income tax	2,960	3,878
Long-term bank loans and borrowings	5,675	8,691
Other long-term financial liabilities	0	0
Provision for pensions and similar benefits (long-term)	1,013	1,065
Revenues of future periods - long-term	13,301	15,885
Long-term financial liabilities - leasing	5,480	5,916
SHORT-TERM LIABILITIES	**51,768**	**53,377**
Short-term bank loans and borrowings	3,021	3,019
Other short-term financial liabilities	0	0
Short-term financial liabilities - leasing	2,276	1,508
Short-term liabilities related to fixed assets held for sale	229	0
Other short-term liabilities	33,351	33,476
Income tax liabilities	5,177	7,867
Revenues of future periods - short-term	3,511	2,656
Provision for retirement and similar benefits (short-term)	3,353	2,962
Other short-term provisions	850	1,889
TOTAL LIABILITIES	**80,197**	**88,812**
TOTAL LIABILITIES	**253,839**	**238,088**

Information on key intangible assets

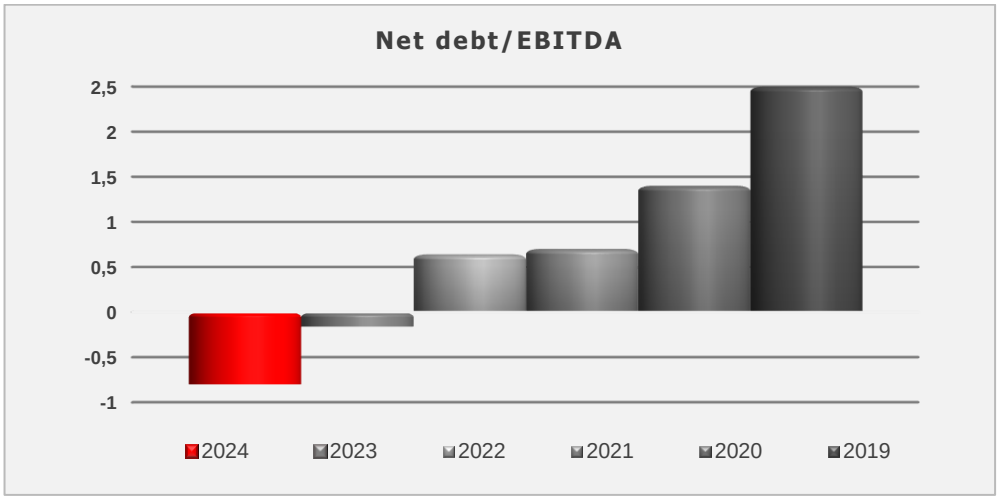
Grupa Makarony Polskie does not have any key intangible assets, i.e. assets that do not have a physical form, on which its business model depends and which are a source of value creation.

Liquidity and management of financial resources and financial risks of the Group

The Makarony Polskie Group manages its economic resources in such a way as to ensure financing of the current activities and the investments in progress using own funds, bank loans, factoring and leasing.

Confirming the full ability to meet obligations in 2024 is:

- generating positive operating cash flow of PLN 48.7 million in 2024,
- to generate EBITDA of approximately PLN 56.5 million in 2024,
- the Group's making of some purchases without the use of trade credit, which are conditional on obtaining financial benefits,
- the realisation of investments and the payment of a dividend in 2024 of approximately PLN 8.3 million (in 2023 of approximately PLN 6.6 million),
- at the end of 2024, the ratio of bank loans to EBITDA remains at a very safe level:



The decrease in the level of net debt to EBITDA to -0.8 was mainly due to the systematic repayment of debt and the Company's conservative credit policy in a high interest rate environment.

In the opinion of the Management Board, there are no risks that would prevent the payment of the liabilities incurred.

The ratio analysis in the assessment of profitability, liquidity and debt indicates a stable financial situation of the Makarony Polskie Group in 2024 in relation to previous periods in terms of profitability, ability to settle liabilities and security of financing current and investment activities.

Deposits and equity investments

During the reporting period, the companies of the Makarony Polskie Group did not make any capital investments.

During 2024, Makarony Polskie S.A. maintained surplus cash on short-term deposits. The value of funds from the deposits at the end of the reporting period was PLN 14.5 million. The interest rates on the deposits did not deviate from market standards.

Subsidiaries Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. had no funds in bank deposits as at 31 December 2024.

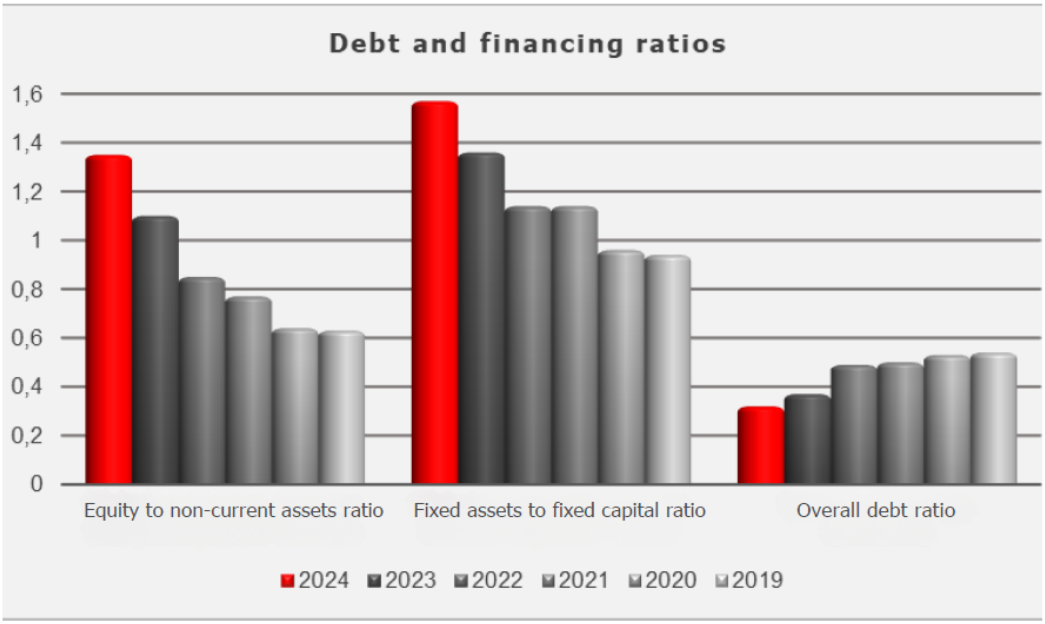
Indicator analysis

The ratio analysis in the assessment of profitability, liquidity and debt indicates that the financial situation of the Makarony Polskie Group in 2024 is stable in relation to previous periods in terms of profitability, ability to settle liabilities and security of financing current and investment activities.

The level of profitability and cash flow generated in the Group allowed, among other things, for: the payment of a dividend to shareholders of approximately PLN 8.3 million (PLN 0.75 per share) in 2024; a number of investments; the purchase of some raw material at an attractive price without trade credit; and the maintenance of a safe level of debt.

Debt and financing ratios

	2024	2023	2022	2021	2020	2019
Equity to non-current assets ratio *(Equity/non-current assets)*	1.35	1.10	0.85	0.77	0.64	0.63
Fixed assets to fixed capital ratio *((Equity + Non-current liabilities)/Fixed assets)*	1.57	1.36	1.14	1.14	0.96	0.94
Overall debt ratio *(Total Liabilities/Total Assets)*	0.32	0.37	0.49	0.50	0.53	0.54



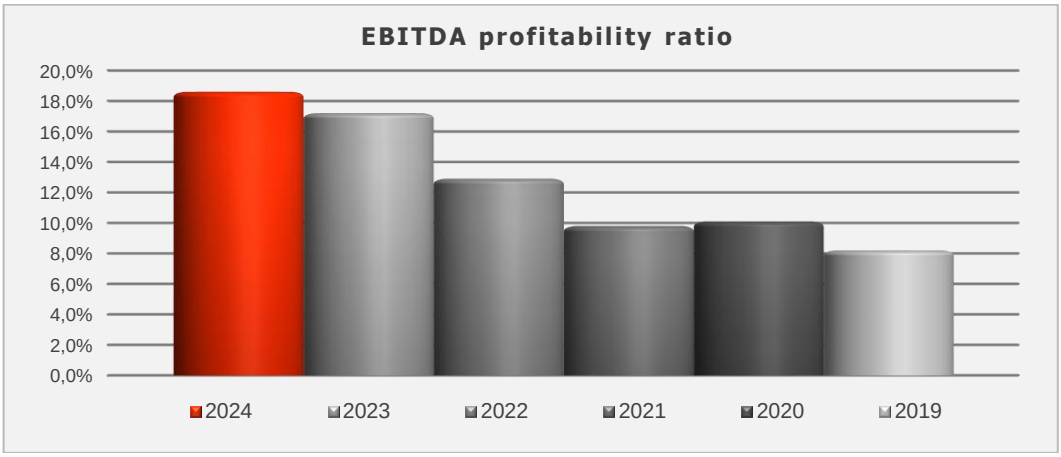
Liquidity indicators

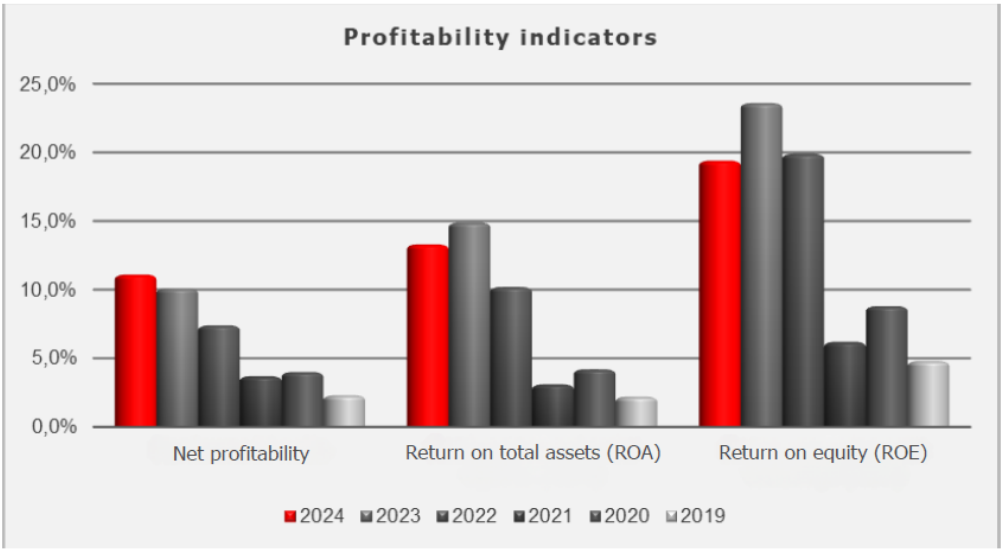
	2024	2023	2022	2021	2020	2019
Current liquidity ratio *(Current assets/Current liabilities)*	2.33	1.92	1.27	1.34	0.90	0.86
Quick liquidity ratio *((Current assets - Inventories - Short-term accruals)/Short-term liabilities)*	1.78	1.37	0.67	0.94	0.44	0.48



Profitability indicators

	2024	2023	2022	2021	2020	2019
Profitability of sales (Gross profit (loss) from sales/net sales revenue)	28,7%	27,6%	22,3%	18,4%	20,2%	22,7%
Operating profitability (Profit (loss) from continuing operations/net sales revenue)	13,7%	12,3%	10,1%	5,1%	6,0%	4,2%
Business profitability (Pre-tax profit (loss) /Net revenue from sales)	13,7%	11,9%	9,2%	4,5%	5,1%	3,3%
Net profitability (Net profit (loss) / Net revenue from sales)	11,1%	9,3%	7,4%	3,7%	4,0%	2,3%
Return on total assets (ROA) (Net profit (loss) / Total assets)	13,3%	13,8%	10,2%	3,1%	4,2%	2,2%
Return on equity (ROE) (Net profit (loss) / equity)	19,4%	22,0%	19,9%	6,2%	8,8%	4,8%
EBITDA profitability (EBITDA/net sales revenue)	18,6%	16,3%	12,9%	9,8%	10,1%	8,2%





Other financial information

Information on concluded and terminated loan and factoring agreements

LONG- AND SHORT-TERM LOANS AND BORROWINGS

	31/12/2024	31/12/2023
- long-term part	5,675	8,691
- short-term part	3,021	3,019
Total	**8,696**	**11,710**

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

– Overdraft in Santander Bank Polska SA

Loan terms and conditions	31 December 2024
Loan contractual value	PLN 5,000 k
Loan period	18.10.2013 – 02.06.2025
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 0 k
Repayment schedule	once on the liability maturity date
Loan collateral	– joint mortgage up to PLN 7,500 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;

	– blank bill of exchange issued by the Company together with a bill of exchange declaration, – registered pledge on inventories with a value not lower than PLN 5,000 k with the assignment of rights under the pledge insurance policy, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

During the reporting period, Makarony Polskie SA concluded annexes to the overdraft agreement with Santander Bank Polska SA. Due to a significant reduction in the value of the loans, the amount of the security in the form of a joint contractual mortgage was reduced from PLN 17,000 k to PLN 7,500 k. The collateral in the form of the Company's real estate and shares in the real estate in Płock was also excluded from the existing joint contractual mortgage due to the planned sale of these properties (the deletion of these mortgages from the land and mortgage registers was made by the court in the first quarter of 2025).

– Investment loan at Santander Bank Polska SA

Loan terms and conditions	31 December 2024
Loan contractual value	PLN 4,400 k
Loan period	10.06.2021 – 30.01.2026
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 1,395 k
Repayment schedule	The loan will be repaid in 41 equal monthly installments in the amount of 107 k each
Loan collateral	– de minimis guarantee in the amount of 80% of the Loan amount; – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed, – blank promissory note issued by the Company together with a promissory note declaration, as colateral for the de minimis guarantee.

– Investment loan at Santander Bank Polska SA

Loan terms and conditions	31 December 2024
Loan contractual value	PLN 12,000 k
Loan period	07.12.2021 – 31.03.2029
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 7,296 k
Repayment schedule	The loan will be repaid in 82 monthly installments in the following amounts: 81 installments of PLN 144 k each and the last 82 equalizing installments in the amount of PLN 96 k each.

Loan collateral	– contractual joint mortgage up to the amount of PLN 18,000 thousand on real estate in Korpele marked with: a) KW No. OL1S/00032815/5, KW No. OL1S/00039349/6, KW No. OL1S/00044965/8 in Korpele together with assignment of rights under the property insurance policy, – the Company's declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.

– Overdraft in BNP Paribas Bank Polska SA

Loan terms and conditions	31 December 2024
Loan contractual value	PLN 7,000 k
Loan period	19.11.2021 - 03.11.2025
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 0 k
Repayment schedule	once on the liability maturity date
Loan collateral	– contractual mortgage up to the amount of PLN 10,500 k on the following real estates: a) KW No. CZ1C/00111425/8 in Częstochowa together with the assignment of rights under the real estate insurance policy, – blank bill of exchange issued by the Company together with a bill of exchange declaration, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

– Factoring agreement (non-recourse) with Santander Factoring Sp. z o.o.

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

During the reporting period, Makarony Polskie SA extended the term of the factor's limit at Santander Factoring Sp. z o.o. from 31 January 2025 to 31 January 2026.

The status of loan agreements in force as at 31 December 2024, to which Stoczek Natura Sp. z o.o. was a party, is presented in the tables below:

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

Credit terms and conditions	31 December 2024
Loan contractual value	PLN 4,000 k
Loan period*	26.10.2023 – 26.10.2025
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 0 k
Repayment schedule	once on the liability maturity date
Loan collateral	– contractual mortgage up to PLN 10,800 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 bill of exchange issued by the Company together with a bill of exchange declaration, – the Company's declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.

Information on loans granted

During 2024, the companies of the Makarony Polskie Group did not grant or use any loans.

Information on guarantees given and received

During 2024, the companies of the Grupa Makarony Polskie did not grant any guarantees. The guarantees received were used by Makarony Polskie SA and Stoczek Natura Sp. z o.o.

The table below shows the guarantees in force at Makarony Polskie SA as at 31 December 2024:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
Santander Bank Polska SA*	457	until 31.03.2027	guarantee securing the Company's contractual obligations under the institutional contract concluded	– joint mortgage of up to PLN 686 thousand on the Company's real estate in Rzeszów (KW no. RZ1Z/00076860/5) and in Płock (KW no. PL1P/00094893/6, KW no. PL1P/00097530/5, KW no. PL1P/00114158/9, KW no. PL1P/00097363/3) together with assignment of rights under the real estate insurance policy; – blank promissory note with promissory note declaration; – the Company's declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.
Santander Bank Polska SA	312	do 20.03.2028	guarantee securing the Company's contractual obligations under the institutional contract concluded	– the Company's declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure in the form of a notarial deed.
Santander Bank Polska SA	396	until 31/12/2024	bid bond securing the bid bond in the tender for an institutional contract	– blank promissory note with a declaration

* During the reporting period, due to a significant reduction in liabilities arising from contracts concluded with Santander Bank Polska SA, the amount of the total contractual mortgage securing, among others, the guarantee in the amount of PLN 457,000 was reduced. The mortgage value was reduced from 18,200,000 PLN to 686,000 PLN. In addition, the security in the form of the Company's real estate and shares in the real estate in Płock was excluded from the existing joint contractual mortgage due to the planned sale of these properties (the deletion of these mortgages from the land and mortgage registers was made by the court in the first quarter of 2025).

During 2024, Makarony Polskie SA benefited from a guarantee in the amount of PLN 157,000 granted by Santander Bank Polska SA, securing the Company's contractual obligations arising from the institutional contract concluded. The guarantee expired in the reporting period due to the beneficiary releasing the guarantee and returning the original document.

The table below shows the guarantees in force at Stoczek Natura Sp. z o.o. as at 31 December 2024:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
BNP Paribas Bank Polska SA	559	until 31.03.2026	guarantee securing the Company's contractual obligations under the institutional contract concluded	– contractual mortgage up to the amount of PLN 10 800 000 on the real estate designated in Land and Mortgage Register No. LU1U/00022979/2 in Stoczek Łukowski together with an assignment of the real estate insurance policy, – blank bill of exchange issued by the company together with a bill of exchange declaration, – declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure in the form of a notarial deed submitted by the company
BNP Paribas Bank Polska SA	604	until 29.02.2028	guarantee securing the Company's contractual obligations under the institutional contract concluded	
BNP Paribas Bank Polska SA	1,222	until 31/08/2027	guarantee securing the Company's contractual obligations under the institutional contract concluded	

During 2024, Stoczek Natura Sp. z o.o. benefited from a guarantee in the amount of PLN 2,235 thousand granted by BNP Paribas Bank Polska SA, securing the contractual obligations of the subsidiary arising from the institutional contract it had concluded. The guarantee expired in the reporting period due to the beneficiary releasing the guarantee and returning the original document.

After the balance sheet date, the subsidiary Stoczek Natura Sp. z o.o. concluded a guarantee with BNP Paribas Bank Polska SA in the amount of PLN 1,852,000 to secure the subsidiary's contractual obligations arising from the institutional contract it had concluded.

During 2024, the companies of the Makarony Polskie Group did not grant or use the sureties received.

Significant transactions entered into by the Company and its subsidiaries with related parties on conditions other than at arm's length

During 2024, the companies of the Makarony Polskie Company did not conclude any significant transactions with each other under the terms other than market terms.

Within the Makarony Polskie Company, individual companies enter into transactions of purchase and sale of products, goods and services among themselves. There are agreements between the companies specifying the terms of cooperation, adapted to the

Group's organizational structure. All transactions are performed under the market terms and conditions.

Off-balance sheet items

Makarony Polskie Group (in PLN k)	31 December 2024	31 December 2023
1. Contingent assets	**3,698**	**3,942**
- received guarantees and sureties	3,550	3,720
- collaterals on assets	0	0
- promissory notes	148	222
2. Contingent liabilities	**59,818**	**96,073**
- for provided guarantees and warranties	0	0
- collaterals on property	52,486	79,482
- promissory note obligations	7,332	16,591
Total off-balance items	**-56,120**	**-92,131**

The values of guarantees received, collaterals, promissory notes, mortgages and other off-balance sheet liabilities in the table above have been presented at maximum values.

Significant proceedings pending before a court, arbitration or public administration body

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.

Events after the balance sheet date that could significantly affect the financial results

There were no other events after the balance sheet date that could significantly affect the financial results.

Summary information about Makarony Polskie S.A.

Discussion of the results

The financial statements of Makarony Polskie S.A. were prepared on the basis of the International Financial Reporting Standards, assuming that the Company will continue its business activities in the foreseeable future and in a not materially diminished scope. The Company did not have any operations that were discontinued during the financial year 2024.

The selected financial data of Makarony Polskie S.A. as at 31 December 2024, expressed in thousands of PLN, are as follows:

(in PLN k)	01.01.2024-31.12.2024	01.01.2023-31.12.2023
Net sales revenue	289,954	302,826
Revenues from sales of other products and services	238,075	242,508
Net revenues from sales of goods and materials	51,879	60,318
Own cost	213,616	225,722
Production costs of products and services sold	164,933	170,616
Value of goods and materials sold	48,683	55,106
Gross profit (loss) on sales	76,338	77,104
Costs of sales	34,304	29,589
General administrative costs	9,631	8,901
Other revenues	3,492	2,444
Other costs	3,574	8,355
Profit (loss) from continued operations	32,321	32,703
Financial incomes	1,433	739
Financial costs	1,350	1,959
Gross profit	32,404	31,483
Income tax	6,254	6,685
Net profit (loss) from continued operations	26,150	24,798
EBITDA (EBIT + depreciation)	45,105	43,290
Number of shares (units)*	10,987 402	11,040,071
Weighted average number of shares (in units) during the financial year*	11,033 043	11,040,071
Profit/loss per ordinary share (in PLN/EUR) *	2.37	2.25
Book value per one share (in PLN/EUR) *****	14.46	12.87

* Number of shares minus the number of equity shares bought and held by the Company

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

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

Revenue in 2024 amounted to approximately PLN 290 million, down by approximately 4.3% compared to 2023, mainly due to a decline in food prices on the market.

The cost of products, services, goods and materials sold in 2024 amounted to approximately PLN 213.6 million (a decrease of approximately 5.4%).

Makarony Polskie SA closed 2024 with a gross profit on sales of approximately PLN 76.3 million (a decrease of approximately PLN 0.77 million compared to 2023), with a gross profit margin of approximately 26.3% (vs. approximately 25.5% in 2023).

The operating result (EBIT) in 2024 amounted to approx. PLN 32.3 million compared to approx. PLN 33.2 million in 2023, which represents a decrease of approx. 2.7%. Profitability at the EBIT level was approximately 11.1% (vs. approximately 10.8% in 2023).

Net profit in 2024 amounted to approx. PLN 26.2 million and is higher than the result in 2023 by approx. PLN 1.3 million (approx. +5.4%). The return on sales calculated at the level of net profit was approximately 9% (vs. approximately 8.2% in 2023).

In 2024, the company recorded EBITDA of approximately PLN 45.1 million, compared to a result of approximately PLN 43.3 million in 2023, an increase of PLN 1.8 million year-on-year, i.e. approximately 4.2%. EBITDA profitability in 2024 was approximately 15.5% vs. approximately 14.3% in 2023.

Market environment

The sales markets of Makarony Polskie S.A. can be divided into the domestic market (including private label, traditional trade, modern trade, Horeca, and B2B and institutions) and export (including sales through domestic intermediaries). The company achieved the following sales revenues in 2024:

in PLN k	2024	2023	y/y
Revenues from sales	289,954	302,826	-4,3%

In 2024, only two customers exceed the threshold of a 10% share of unit sales revenue (branded and private label products combined). These are Jeronimo Dystrybucja Polska with a share of approximately 40% and the Lidl Group with a share of approximately

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

17.2%. The Company is not formally related to the operators of these chains in any way, and the cooperation is based on partnership principles and is beneficial for Makarony Polskie S.A.

Private label

The largest share of the Company's revenue (71.0%) was accounted for by the private label (PL) channel, offering products under private labels of domestic and foreign chains (including sales to a Lidl contractor operating within a single Group in Europe

PL (in PLN k)	2024	2023	y/y
Revenues from sales	205,823	191,908	+7,3%

In 2024, the increase in sales of pasta in the private label segment was mainly related to the incorporation of SAS Sp. z o.o. in mid-2023 and a change in the way revenues are allocated to individual sales teams in the Company.

Modern trade, traditional trade and Horeca

Another significant source of income for the Company, accounting for approx. 20.4%, achieved on the domestic market, is the sale of products in the modern trade (MT), traditional trade (TT) and Horeca channels:

HN and HT (in PLN k)	2024	2023	y/y
Revenues from sales	59,160	50,901	+16,2%

The 16.2% year-on-year increase in sales in this channel is the result of several factors: the expansion of the product ranges of Makarony Polskie and So Food and the development of numerical distribution, as well as the incorporation of SAS Sp. z o.o. to Makarony Polskie SA in mid-2023 and a change in the way revenues are allocated to individual sales teams within the Company.

In 2024, the Company aimed to further develop cooperation with existing customers and improve sales figures by acquiring additional sales volumes.

B2B and Institutions

B2B and Institutions accounted for approximately 1.4%, of the Company's total revenue:

B2B and Institutions (in PLN k)	2024	2023	y/y
Revenues from sales	4,171	40,420	-90%

Sales in the B2B and Institutions distribution channel in 2024 amounted to approximately PLN 4.2 million and were significantly lower than the 2023 figure. This is due to the completion of institutional contracts, the postponement of new institutional tenders to 2025, as well as the incorporation of SAS Sp. z o.o. into Makarony Polskie SA in mid-2023 and a change in the way revenue is allocated to individual sales teams within the Company.

Exports

Exports accounted for approximately 7.2% of the Company’s total revenue:

Exports (in PLN k)	2024	2023	y/y
Revenues from sales	20,800	19,598	+6,1%

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

The increase in exports in 2024 by approx. 6.1% year-on-year was related to the increase in sales of premium products to foreign customers. The growth occurred despite unfavourable market conditions, such as a general decline in global food prices, increased competition and the growing strength of the Polish currency, which reduced the price attractiveness of Polish products for foreign customers.

Throughout 2024, export sales were mainly developed in the European Union countries. New product items were introduced to both existing and new customers and business partners.

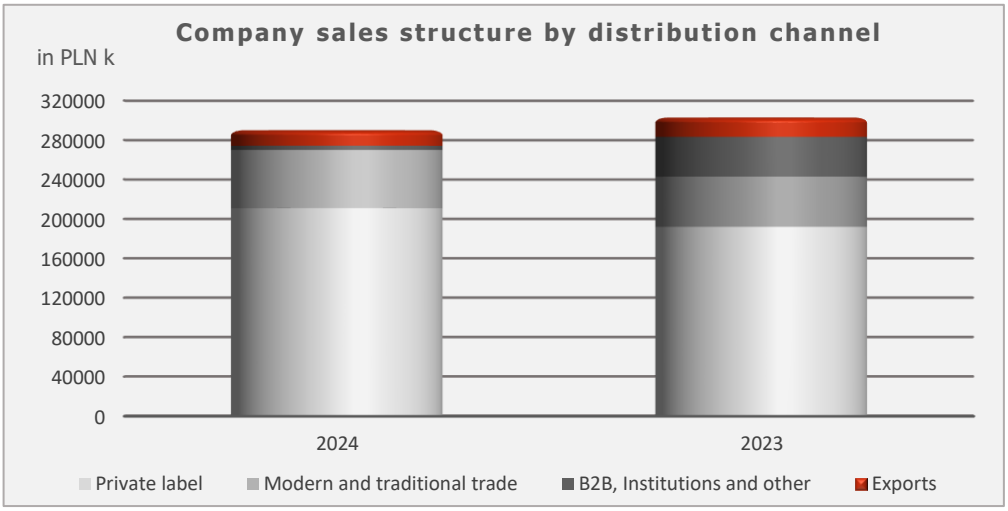
Operating segments

Structure of sales by distribution channel at Makrony Polskie SA

The sales revenue of Makarony Polskie SA in 2024 amounted to 290 million PLN and was approx. 4.3% (approx. 12.9 million PLN) lower compared to the same period in 2023.

This is due to a general decline in food prices on both the Polish and European markets.

The structure of sales of products and goods by distribution channel is shown in the chart below:



Sales revenue by operating segment

(in PLN k)	For the period from 01.01 - 31.12.2024	For the period from 01.01 - 31.12.2023
Pasta	240,637	246,438
Meat and vegetable preserves	40,579	44,220
Vegetable and fruit preserves	6,096	8,279
Total	2,642	3,889
Total	**289,954**	**302,826**

The value of sales in the pasta category decreased by approximately PLN 5.8 million to approximately PLN 240.6 million in 2024. The decrease of approx. 2.4% compared to 2023 was mainly due to the decrease in sales prices.

Sales of meat and vegetable preparations decreased by approximately PLN 3.6 million in the period under review to approximately PLN 40.6 million. The decrease of approximately 8.2% (2024 vs. 2023) was the result of a decline in the selling prices of food products and a change in the structure of the company's product range. During the period under review, sales of the So Food brand of ready-made meals in trays and bowls grew rapidly. These products have maintained a strong sales position in their category for another year in a row.

The segment in which negative dynamics of change were recorded is the processed fruit and vegetable segment. In this segment, the Company is not experiencing growth for another consecutive year, so options for further prospects for a presence in this segment are being analysed. Final decisions should be taken in 2025.

Structure of assets and liabilities

The balance sheet total of Makarony Polskie S.A. was approximately PLN 232.8 million as at 31 December 2024, compared to approximately PLN 220.9 million as at 31 December 2023.

Structure of assets and liabilities

ASSETS	01.01.2024-31.12.2024	01.07.2023-31.12.2023
FIXED ASSETS	**123,777**	**131,547**
Fixed tangible assets	86,048	93,153
Fixed assets - IFRS-16	5,643	6,491
Investment real estate 603	0	0
Company goodwill value	0	0
Other intangible assets	1,984	1,817
Non-current financial assets of which:	30,080	30,080
Shares	30,080	30,080
Borrowings granted	0	0
Assets for deferred income tax	0	0
Other long-term assets	22	6
CURRENT ASSETS	**109,044**	**89,379**
Inventories	16,834	20,159

Short-term receivables	36,077	40,683
Income tax receivables	0	0
Borrowings granted	0	0
Cash and cash equivalents	50,929	28,160
Other short-term assets	320	377
FIXED ASSETS HELD FOR SALE	4,884	0
TOTAL ASSETS	**232,821**	**220,926**

LIABILITIES	**01.01.2024-31.12.2024**	**01.07.2023-31.12.2023**
EQUITY	**158,888**	**142,038**
Revaluation capital	33,120	33,120
Supplementary capital	75,638	52,306
Reserve capital	25,000	12,000
Equity shares	- 1,020	0
Retained profits/losses (profit/loss from previous years)	26,150	44,612
LONG-TERM LIABILITIES	**25,052**	**31,685**
Provision for deferred income tax	2,974	3,889
Long-term bank loans and borrowings	5,675	8,691
Other long-term financial liabilities	0	0
Provision for pensions and similar benefits (long-term)	941	999
Revenues of future periods - long-term	9,983	12,190
Long-term financial liabilities - leasing	5,479	5,916
SHORT-TERM LIABILITIES	**48,881**	**47,203**
Short-term bank loans and borrowings	3,021	3,019
Short-term financial liabilities - leasing	2,276	1,508
Short-term liabilities related to fixed assets held for sale	229	0
Other short-term financial liabilities	0	0
Other short-term liabilities	33,599	30,631
Income tax liabilities	4,251	6,870
Revenues of future periods - short-term	2,207	2,278
Provision for retirement and similar benefits (short-term)	2,606	2,245
Other short-term provisions	692	652
TOTAL LIABILITIES	**73,933**	**78,888**
TOTAL LIABILITIES	**232,821**	**220,926**

The ratio analysis indicates a good financial position of the Makarony Polskie Company in 2024 in terms of profitability, ability to settle liabilities and security of financing current and investment activities.

As at 31 December 2024, non-current assets amounted to approximately PLN 123.8 million (approximately 53.2% of total assets), compared to approximately PLN 131.5 million at the end of 2023 (an increase of approximately 5.9% vs. the end of 2023).

Current assets amounted to approximately PLN 109.0 million as at 31 December 2024 and increased by approximately 22.0% compared to the end of 2023 (approximately PLN 19.7 million). This increase was mainly due to an increase in cash by approximately PLN 22.8 million.

Equity at the balance sheet date was approximately PLN 158.9 million, representing approximately 68.2% of the value of liabilities, and increased by approximately 11.9% compared to a value of approximately PLN 142.0 million at the end of 2023.

Non-current liabilities amounted to approximately PLN 25.1 million and decreased by approximately 20.9% compared to the balance at the end of 2023 (approximately PLN 31.7 million).

Current liabilities as at 31 December 2024 amounted to approximately PLN 48.9 million and increased compared to the balance at the end of 2023 of approximately PLN 47.2 million.

Information on key intangible assets

Makarony Polskie SA does not have any key intangible assets, i.e. assets that do not have a physical form, on which its business model depends and which are a source of value creation.

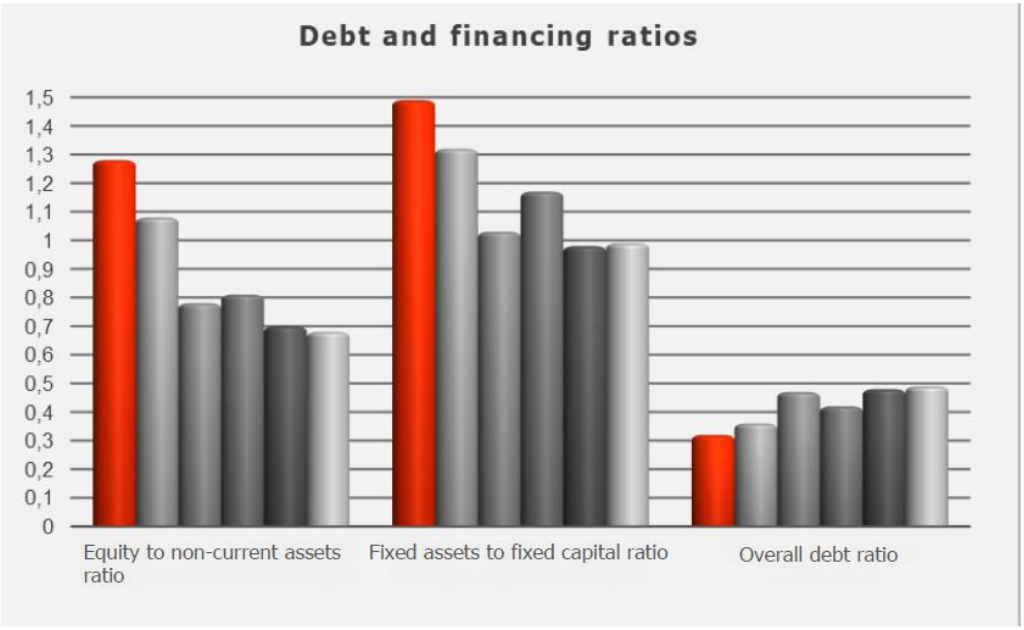
Indicator analysis

The ratio analysis for the assessment of profitability, liquidity and debt indicates a stable financial situation for Makarony Polskie in 2024 in terms of profitability, ability to settle liabilities and security of financing current and investment activities.

The level of profitability and cash flow generated by the company allowed, among other things, for: the payment of a dividend of approximately PLN 8.3 million to shareholders in 2024; a number of investments; the purchase of some raw material at an attractive price without trade credit; and the maintenance of a safe level of debt.

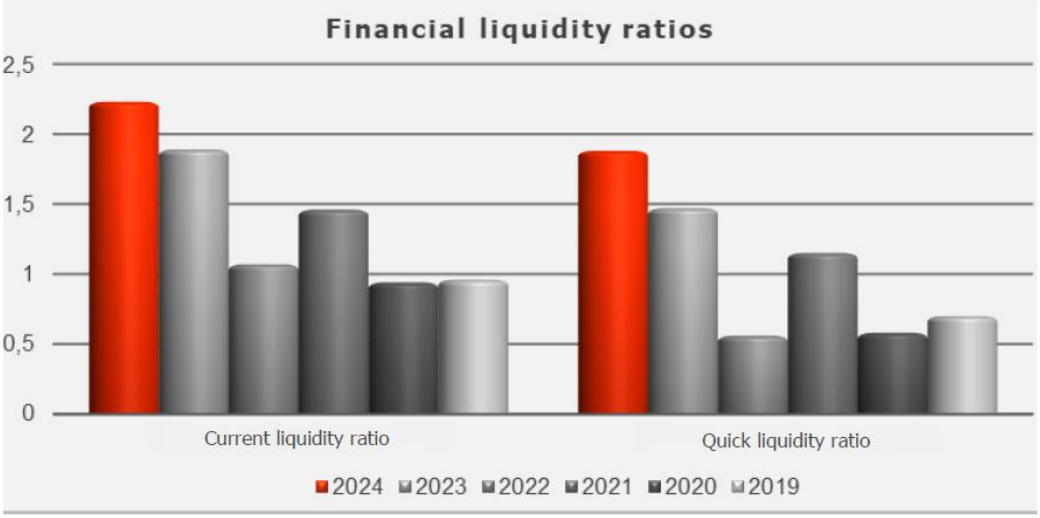
Debt and financing ratios

	2024	2023	2022	2021	2020	2019
Equity to non-current assets ratio *(Equity/non-current assets)*	1.28	1.08	0.78	0.81	0.70	0.68
Fixed assets to fixed capital ratio *((Equity + Non-current liabilities)/Fixed assets)*	1.49	1.32	1.03	1.17	0.98	0.99
Overall debt ratio *(Total Liabilities/Total Assets)*	0.32	0.36	0.47	0.42	0.48	0.49



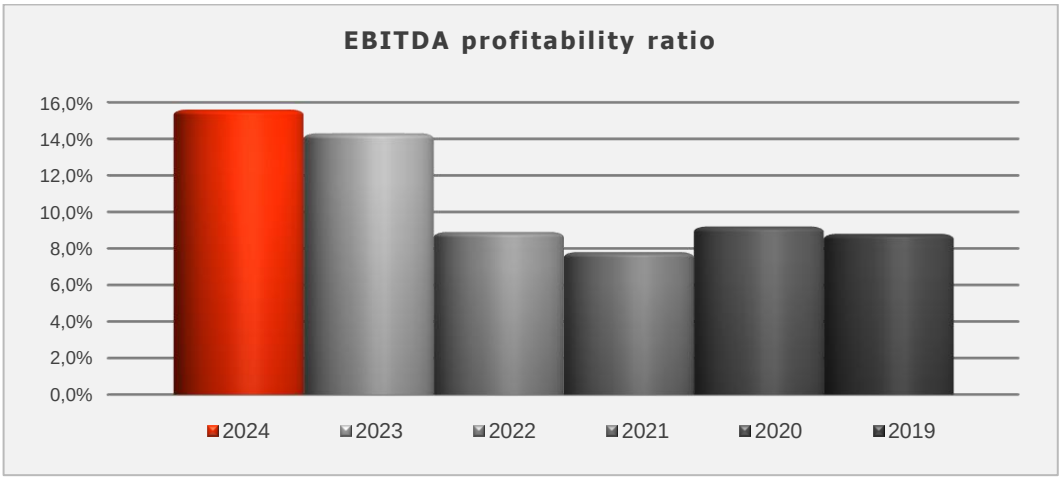
Liquidity indicators

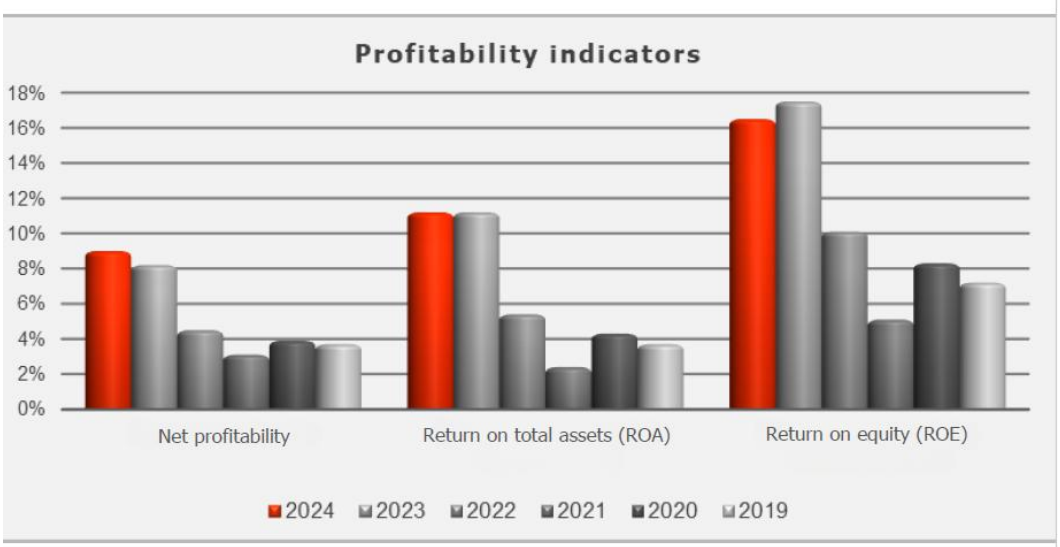
	2024	2023	2022	2021	2020	2019
Current liquidity ratio *(Current assets/Current liabilities)*	2.23	1.89	1.07	1.46	0.94	0.96
Quick liquidity ratio *((Current assets - Inventories - Short-term accruals)/Short-term liabilities)*	1.89	1.47	0.56	1.15	0.58	0.70



Profitability indicators

	2024	2023	2022	2021	2020	2019
Profitability of sales (Gross profit (loss) from sales/net sales revenue)	26,3%	25,5%	19,8%	17,4%	19,6%	21,8%
Operating profitability (Profit (loss) from continuing operations/net sales revenue)	11,1%	10,8%	6,3%	3,9%	5,8%	5,3%
Profitability of the business (Gross profit (loss) / Net sales revenue)	11,2%	10,4%	5,5%	3,8%	5,0%	4,7%
Net profitability (Net profit (loss) / Net revenue from sales)	9,0%	8,2%	4,5%	3,1%	3,9%	3,7%
Return on total assets (ROA) (Net profit (loss)/Total assets)	11,2%	11,2%	5,4%	2,4%	4,3%	3,7%
Return on equity (ROE) (Net profit (loss) / Shareholders' equity)	16,5%	17,5%	10,1%	5,1%	8,3%	7,2%
EBITDA profitability (EBITDA/net sales revenue)	15,6%	14,3%	8,9%	7,8%	9,2%	8,8%





Off-balance items

Makarony Polskie SA (in PLN k)	31 December 2024	31 December 2023
1. Contingent assets	**1,313**	**1,148**
- received guarantees and sureties	1,165	926
- collaterals on assets	0	0
- promissory notes	148	222
2. Contingent liabilities	**46,633**	**82,479**
- for provided guarantees and warranties	0	0
- collaterals on property	41,686	68,682
- promissory note obligations	4,947	13,797
Total off-balance items	**-45,320**	**-81,331**

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.

In 2024, the Company applied the set of corporate governance principles "Good Practices of Companies Listed on the WSE 2021".

Corporate governance

Corporate governance statement

Makarony Polskie S.A. applies the principles of corporate governance contained in the document "Best Practices of WSE Listed Companies 2021" ("DPSN") adopted by resolution of the Exchange Supervisory Board No. 13/1834/2021 of 29 March 2021. The document containing the set of principles is available on the Warsaw Stock Exchange's website http://corp-gov.gpw.pl.

In accordance with DPSN 2021, on 31 July 2021, Makarony Polskie SA published "Information on the status of the company's application of the principles contained in the Collection of Good Practices of Companies Listed on the WSE 2021". Makarony Polskie SA informed about non-application of 13 principles: 1.3.1., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 2.9., 2.11.6., 4.1., 4.3., 4.4., 6.2., 6.4. In accordance with the comply or explain formula, the Company published an explanation of non-application of the indicated principles.

Explanations by the Company on how to apply the specific principles contained in the set of "Good Practices of Companies Listed on the WSE 2021", with reference to the year 2024:

- *1.3. 1.3 The company also considers ESG topics in its business strategy, in particular including: 1.3.1. environmental issues, including metrics and risks related to climate change and sustainability issues;*

  The principle is not applied.

  Company comment: The principle is partially applied by the Company. Among its development directions, the Company envisages, inter alia, taking measures to meet environmental requirements and to reduce the negative impact of its operational activities on the environment. The Company carries out production activities and has a regulated formal and legal status with regard to the use of the environment. The Company respects the legal requirements and regulations relating to the above areas. The Company's strategy does not currently include quantitative metrics on sustainability issues, particularly in the context defined by the CSRD. During the financial year 2024, Makarony Polskie SA entered into an agreement with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp. k. for the provision of advisory services related to sustainable development in the Makarony Polskie Group, including the development of an ESG strategy for the Makarony Polskie Group, including the development of objectives and metrics and the identification of risks related to sustainable development factors.

- 1.4. *In order to ensure proper communication with stakeholders, with regard to the business strategy adopted, the company shall post on its website information on the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, defined by metrics, financial and non-financial. Information on the ESG strategy should, inter alia:*
  The principle is not applied.
  Company comment: The principle is partially applied by the Company. The Company includes information on the directions and goals of its long-term development in periodical and current reports. These reports are published, among others, on the Company's website, but at the moment both the development strategy of the Makarony Polskie Group and the website do not contain all the information required by this principle, e.g. measurable indicators of sustainable development have not been published.

- 1.4.1. *explain how climate change issues are taken into account in the decision-making processes of the company and its group entities, indicating the resulting risks;*
  The principle is not applied.
  Company comment : The Company in its decision-making processes strives to respect the requirements and legislation relating to climate issues, however, this area is not formally and measurably covered by the Company's currently adopted and implemented business strategy.

- 1.4.2. *present the value of the pay equity ratio paid to its employees, calculated as a percentage of the difference between the average monthly pay (including bonuses, prizes and other allowances) of women and men for the last year, and present information on the actions taken to eliminate any inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is planned to be achieved.*
  The principle is not applied.
  Company comment: The company is carrying out the necessary analyses and making efforts to avoid a wage gap.

- 2.1. *The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy shall define the objectives and criteria for diversity in areas such as, inter alia, gender, field of study, specialist knowledge, age and professional experience, and indicate when and how the achievement of these objectives will be monitored. With regard to gender diversity, a condition for ensuring the diversity of the company's bodies is that the proportion of minorities in the respective body is no less than 30%.*

The principle is not applied.

Company comment: The Company has not developed a formalised diversity policy with regard to the Company's authorities. With regard to the members of the Company's authorities, the selection of persons serving as members of the Supervisory Board and the Management Board is made by the shareholders and the Supervisory Board, respectively, guided by ownership decisions, corporate decisions and professionalism. In accordance with the Company's practice, the key selection criterion is the competence of the person needed to perform the function. The criterion of ensuring diversity in the Company's governing bodies in 2024 was applied on an ancillary basis.

- 2.2. *2.2 Those deciding on the election of the members of the company's management or supervisory boards should ensure the comprehensiveness of these bodies by selecting diversity in their composition, allowing, inter alia, for the achievement of a target minimum minority participation rate set at not less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.*

  The principle is not applied.

  Company comment: The principle is partially applied by the Company. With regard to members of the Company's authorities, the selection of persons serving as members of the Supervisory Board and the Management Board is made by the shareholders and the Supervisory Board, respectively, guided by ownership decisions, corporate decisions and principles of professionalism. In accordance with the Company's practice, the key selection criterion is the competence of the person concerned.
- 2.9. *2.9 The chairperson of the supervisory board should not combine his or her function with the chairmanship of the board's audit committee.*

  The principle was partially applied in 2024 and is applied as at the date of publication of the 2024 report.

  Company comment: In the 10th term of office of the Company's Supervisory Board, the Chairman of the Supervisory Board and the Chairman of the Audit Committee was the same person. In the 11th term of office of the Company's Supervisory Board, the functions of the chairman of the supervisory board and the chairman of the audit committee were divided between different persons.
- 2.11. *In addition to the statutory activities, once a year the supervisory board shall prepare and present an annual report to the ordinary general meeting for approval. The report referred to above shall include at least:*

  2.11.6 *information on the degree of implementation of the diversity policy with respect to the management board and the supervisory board, including the achievement of the objectives referred to in principle 2.1.*

The principle is not applied.

Company comment: The Company has not developed a formalised diversity policy in relation to the Company's authorities and its key managers.

- 4.1. *The company should enable shareholders to participate in the general meeting by means of electronic communication (e-general meeting) if this is justified by the shareholders' expectations communicated to the company, provided that the company is able to provide the technical infrastructure necessary for holding such a general meeting.*

  The principle is not applied.

  Company comment: In the opinion of the Board, incurring such costs is not justified by the Company's shareholding structure.
- 4.3. *The Company shall provide publicly available real-time transmission of the general meeting.*

  The principle is not applied.

  Company comment: In the opinion of the Board, incurring such costs is not justified by the Company's shareholding structure.
- 4.4. *Representatives of the media shall be allowed to be present at general meetings.*

  The principle is not applied.

  Company comment: In the opinion of the Board of Directors, at the moment, the presence of media representatives at general meetings is not justified by the Company's shareholding structure.
- 6.2. *ncentive programmes should be designed in such a way that, inter alia, they make the level of remuneration of the members of the company's board of directors and its key managers dependent on the actual long-term situation of the company in terms of financial and non-financial performance and long-term growth in shareholder value and sustainability, as well as the stability of the company's operations.*

  The principle is not applied.

  Company comment: The principle is partially applied. The Company's bodies endeavour to ensure that incentive programmes are designed in such a way as to make the level of remuneration of the members of the Management Board and key managers of the Company dependent, inter alia, on the actual, long-term situation in terms of financial results and long-term growth of shareholder value, as well as the stability of the Company's operations. At present, however, the link between incentive systems and non-financial results, as well as elements of sustainable development, is limited (due to, among other things, the lack of a formal approach to this element and measurable indicators related to it in the company's strategy for 2024).
- 6.4. *The board performs its tasks on a continuous basis, and therefore the remuneration of board members must not depend on the number of meetings held.*

The remuneration of the members of the committees, in particular the audit committee, should take into account the additional workload related to the work of these committees.

The principle was partially applied in 2024 and is applied as at the date of publication of the 2024 report.

Company comment: The remuneration system for the Supervisory Board of the 10th term, adopted by the General Meeting in 2022, does not make the remuneration of Supervisory Board members dependent on the number of meetings held, while members of the audit committee did not receive additional remuneration related to their work on this committee.

The remuneration system for the Supervisory Board of the 11th term, adopted by the General Meeting in 2024, established fixed monthly remuneration for members of the Supervisory Board, independent of the number of meetings held, and additional remuneration for members of the Audit Committee related to their work on that committee (in a fixed monthly amount, independent of the number of Audit Committee meetings).

Internal control and risk management system in the preparation of financial statements

Makarony Polskie S.A. as the Parent Company prepares standalone and consolidated financial statements based on the generally applicable legal regulations and internal regulations. The accounting books are kept based on the principles adopted and approved for application by the Company's Management Board, i.e. Accounting Policy and Chart of Accounts consistent with IFRS, which are updated as needed. Subsidiaries are obliged to implement and apply internal documents consistent with those of the parent company. The accounting books of the Group companies are maintained in an ERP system, and access to IT resources is limited by privileges for a specific group of employees.

The Company constantly monitors significant legal, tax, economic, operational, etc. risks that determine the general directions of the Makarony Polskie Group's activities.

The Company's Board of Directors is responsible for the Company's internal control system and its effectiveness in the process of preparing financial statements and periodic reports prepared in accordance with the law and published in accordance with the rules of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities (...).

The primary objective of the Company's designed system of internal control over financial reporting is to ensure the adequacy and accuracy of the financial information contained in the financial statements and interim reports.

The Accounting Team is responsible for the preparation of the financial statements and periodic financial reporting; the Finance Team is responsible for the day-to-day management reporting of the Company and the Group. In presenting financial data in financial statements, periodic financial reports and other reports presented to investors, the Company applies consistent accounting policies.

The financial data underlying the financial statements and interim reports are derived from the Company's monthly financial and operational reporting. After the accounting closure of each calendar month, the Finance Team, together with the Management Board, analyses the Company's financial performance against assumptions and taking into account business segments. Identified errors are corrected on an ongoing basis in the Company's books in accordance with the accounting policy adopted.

The preparation of financial statements and interim reports begins after the results of the completed month/period have been reviewed and approved by the Board. The Company's periodic reports are prepared by the finance and accounting services under the supervision of the Chief Accountant (based on the financial data contained in the periodic financial reporting) and the staff of the Finance Team and are reviewed by the Company's Board of Directors, the Head of the Finance Team, the Sales and Development Director and the Company Director.

The annual separate and consolidated financial statements of the Group companies are audited by an independent auditor. The half-yearly separate and consolidated financial statements of Group companies are reviewed by an independent auditor.

Within the Supervisory Board of Makarony Polskie S.A., there is an Audit Committee, appointed from among the Board members. The Audit Committee monitors the Company's financial reporting processes, the effectiveness of the internal control and risk management systems and internal audit (including financial reporting), as well as the performance of financial audit activities, in particular the audit of the Company's financial statements by the audit firm, taking into consideration all conclusions and findings of the Audit Oversight Committee resulting from the audit conducted at the given audit firm.

The members of the Audit Committee are in direct contact with the auditor conducting the audit of the financial statements of Makarony Polskie S.A., they inform the Supervisory Board about the results of the audit of the Company's financial statements and provide explanations on how the audit contributed to the integrity of financial reporting in the Company, and what was the role of the Audit Committee in the audit process.

In the final stage, the final assessment of the financial statements is also made by the Supervisory Board of Makarony Polskie SA.

Information on rules for changing the entity authorised to audit financial statements

In accordance with §19 c) of the Articles of Association of Makarony Polskie S.A., the selection of the statutory auditor to audit the Company's financial statements falls within the competence of the Supervisory Board. The selection is made based on the recommendation of the Audit Committee.

The rules for changing the entity authorised to audit the financial statements are set out in §4 of the Company's Supervisory Board Regulations. The Company has a Policy for the Selection of the Auditing Firm and a Procedure for the Selection of the Auditing Firm, which were developed by the Audit Committee of the Supervisory Board.

The selection of the audit firm is made taking into account the principle of rotation of the audit firm and the key statutory auditor in such a way the maximum duration of statutory audit engagements carried out by the same audit firm or an audit firm affiliated with that audit firm or any member of a network operating in the European Union to which those audit firms belong does not exceed ten years, and the key statutory auditor has not performed a statutory audit at the Company for a period exceeding five years

The first contract for the audit of the financial statements shall be concluded with an audit firm for a period of not less than two years, with the possibility of extension for further periods of at least two years, taking into account the rules on the rotation of the audit firm and the key statutory auditor resulting from legal provisions. The key auditor may, after the expiry of the maximum period, perform a statutory audit of the Company again after at least three years from the end of the last statutory audit. The audit firm may accept a statutory audit engagement from the Company again after at least four years from the expiry of the maximum duration of the engagement.

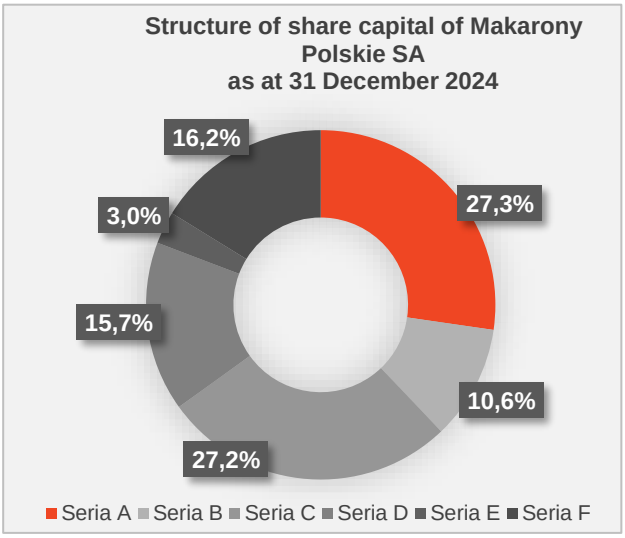
Share capital

Share Capital of Makarony Polskie SA,

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

Structure of the Company's share capital:

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



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

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

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

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

Shareholder	Equity in share capital		Votes at the General Meeting	
	number	share in %	number	share in %
Mr. Zenon Daniłowski and entities from Grupa PGS, including:	3,641,594	32,99%	3,641,594	32,99%
Praska Giełda Spożywcza SA (former: Agro-Technika SA)	*3,380,000*	*30,62%*	*3,380,000*	*30,62%*
Zenon Daniłowski	*140,000*	*1,27%*	*140,000*	*1,27%*
Polskie Smaki Sp. z o.o.	*121,594*	*1,10%*	*121,594*	*1,10%*
Raya Holding for Technology & Communications S.A.E., including:	3,254,706	29,48%	3,254,706	29,48%
Madova Sp. z o.o.	*3,254,706*	*29,48%*	*3,254,706*	*29,48%*
FUNDACJA RODZINNA SŁOMKOWSCY W ORGANIZACJI	1,169,750	10,60%	1,169,750	10,60%
Equity shares retained by the Company*	115,140	1,04%	115,140	1,04%
Other shareholders*	2,858,881	25,89%	2,858,881	25,89%
IN TOTAL	**11,040,071**	**100,00%**	**11,040,071**	**100,00%**

* Information regarding the Company's shares acquired and retained by the Company and other shareholders in connection with the systematic purchase of the Company's shares conducted by the Company, reported as of April 22, 2025.

Changes in shareholdings during the reporting period

1. On 3 July 2024, the Company received notifications of changes in the ownership of shares and votes at the Company's general meeting from:
   - Ms Elżbieta Słomkowska, partner in a civil partnership, acting on behalf of the partners of ZPH Elpast Elżbieta i Grzegorz Słomkowscy s.c. - concerning a decrease in the shareholding in the Company from 10.6% to 0% in the Company's share capital and votes at the General Meeting,
   - Fundacja Rodzinna Słomkowscy w organizacji - concerning an increase in the shareholding in the Company from 0% to 10.6% in the Company's share capital and votes at the General Meeting.

2. In September 2024, the Company commenced the repurchase of equity shares carried out during trading sessions on the main market of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie SA), through Dom Maklerski Trigon SA. The total number of equity shares acquired and retained by the Company during

   the reporting period amounted to 62,471 shares, representing approximately 0.57% of the share capital and the same % of the total number of votes at the General Meeting of Shareholders.

Changes in shareholdings after the reporting period

Between 1 January 2025 and 24 April 2025, as part of the Company's share buyback programme carried out through Dom Maklerski Trigon SA, 13,780 shares were purchased during trading sessions on the main market of the Warsaw Stock Exchange, representingapprox. 0.13% of the share capital and the same percentage of the total number of votes at the General Meeting of Shareholders .

The Company is not aware of any other information which would indicate changes in the number of shares held by significant shareholders (holding blocks of shares above 5%) during the reporting period and in the period up to 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.

Shares held by Members of the Management Board

Number and nominal 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	2024		2023	
	number of shares	nominal value	number of shares	nominal value
Zenon Daniłowski*	140,000	420,000	140,000	420,000

* President of the Management Board Zenon Daniłowski is associated with the following companies: Praska Giełda Spożywcza SA and Polskie Smaki Sp. z o.o., which also hold the Company's shares; the total number of shares in 2023 as at the report publication date is 3,641,594 shares with a value of PLN 10,924,782 and has not changed compared to the shares held as at the date of publication of the interim report for the reporting year 2022.

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

Shares held by members of the Supervisory Board

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

Member of the Supervisory Board	2024		2023	
	number of shares	nominal value	number of shares	nominal value
Ahmed Khalil	0	0	0	0
Dorota Podedworna-Tarnowska,	0	0	0	0
Marek Rocki	0	0	0	0
Michał Słomkowski	0	0	0	0
Roman Sobiecki	0	0	0	0
Wiesław Wasilewski	29,012	87,036	26,782	80,346

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

Shares in subsidiaries

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

Right to decide to issue or buy back shares

Pursuant to §9 of the Company's Articles of Association, the share capital may be increased and decreased in accordance with the principles and procedures set out in the Commercial Companies Code, as well as by way of a public offering under the terms of the Act of 29

July 2005 on Public Offering and the Conditions for Introducing Financial Instruments to an Organised Trading System and on Public Companies, as amended.

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

On 24 June 2024, the General Meeting of the Company, in response to the proposal made by the Management Board of the Company, by Resolution No. 26, resolved to authorise the Management Board of the Company to acquire ordinary bearer shares of Makarony Polskie S.A., 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 listing market.

Pursuant to the decision of the General Meeting, the Company is authorised to purchase its own fully paid-up Shares, with the maximum number of equity shares that the Company may purchase being 1,000 000 shares, with the proviso that the total nominal value of the shares purchased, together with the nominal value of the remaining shares that have not been sold by the Company, may not exceed 20% of the Company's share capital. 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.

In accordance with the resolution of the General Meeting, the payment price per share will range from PLN 6.00 to PLN 25.00 and the total maximum payment for the acquired shares will not exceed the amount of the reserve capital created for this purpose.

The date of commencement and termination of the acquisition of equity shares, as well as the terms and conditions of the acquisition of equity shares not specified in the Resolution of the General Meeting, the Management Board is obliged to communicate each time to the public, in accordance with Article 56 of the Act of 29 July 2005 on public offering (...) and in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (...).

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 purpose of carrying out the acquisition of equity shares by the Company, on the basis and within the limits of the authorisation granted to the Management Board, a reserve capital of PLN 25.0 million was created. The reserve capital was created by transferring an amount of PLN 25.0 million from the Company's reserve capital.

Pursuant to a resolution of the General Meeting, the Management Board, guided by the interests of the Company, may, after consulting the Supervisory Board, terminate the acquisition of equity shares before the end of the authorisation and, with the consent of the General Meeting, abandon the acquisition of equity shares in part or in whole, provided that information on such decisions is to be made public by the Management Board in the manner prescribed by the Act on Offering and the Ordinance.

Buyback of equity shares

On 9 September 2024, the Management Board of the Company, acting within the boundaries and on the basis of the authorisation granted by the Annual General Meeting by Resolution No. 26 of 24 June 2024 regarding the authorisation of the Management Board of the Company to buyback its equity shares, adopted the Regulations of the Makarony Polskie S.A. Equity Share Buyback Programme.

The adopted Regulations define detailed conditions of the Company's equity share buyback and its content was made public by current report no. 14/2024 of 9 September 2024. Pursuant to the Regulations, the Company may acquire its equity shares for cancellation, further resale, conversion, as well as for any other purpose in accordance with Resolution No. 26 of the Ordinary General Meeting of the Company of 24 June 2024 and Article 362 § 8 of the Commercial Companies Code.

On 9 September 2024, the Company's Management Board entered into a framework Agreement with the investment company Trigon Dom Maklerski S.A. to buy back 1,000,000 equity shares of Makarony Polskie S.A. for the period until 30 June 2026 at a price not lower than PLN 6.00 and not higher than PLN 20.00 per share.

At the same time, the Company's Management Board decided to start purchasing Equity Shares as part of transactions concluded on the regulated market of the Warsaw Stock Exchange S.A. by submitting the further orders to Trigon Dom Maklerski S.A. to purchase Equity Shares in the quantity of 1,000. 000 units, for a period until 08 June 2025, at a price of not less than PLN 6.00 and not more than PLN 20.00 per share, under the conditions set out in the provisions of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards regulatory technical standards on conditions applicable to buy-back programmes and stabilisation measures and national legislation.

Equity shares are purchased on the official stock exchange listing market operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie SA) as a result of brokerage orders. The total number of equity shares purchased under the order referred to above may not exceed 1,000,000 (in words: one million) units, representing 9.06% of the value of the Company's share capital.

In the period from 9 September 2024 to 31 December 2024, a total of 52,669 own shares of Makarony Polskie SA (PLMKRNP00015) with a nominal value of PLN 3 each were purchased for the Company's account at an average unit share price of PLN 19.32.

The total number of equity shares purchased and retained by the Company until 22 April 2025 amounts to 115,140 shares, representing approximately 1,04 % of the share capital and the same % share in the total number of votes at the General Meeting of Shareholders.

Rules of amending the Statute of Makarony Polskie S.A.

The Articles of Association of Makarony Polskie S.A., as currently in force, do not have any provisions on amending the Articles of Association that differ from the provisions of the Code of Commercial Companies.

Pursuant to Article 430 of the Commercial Companies Code, amendments to the Articles of Association require a resolution by the General Meeting and an entry in the register. A resolution of the General Meeting on amendments to the Articles of Association requires a majority of ¾ of the votes cast - Article 415 of the Commercial Companies Code.

The Articles of Association of Makarony Polskie S.A. are available on the Company's website www.makarony.pl.

General Meeting

Essential powers of the General Meeting

The General Meeting is competent to decide on matters relating to the organisation and operation of the Company, subject to the cases set out in the Commercial Companies Code and the Company's Articles of Association.

Manner of operation of the General Meeting

The General Meeting operates in accordance with the Code of Commercial Companies, the Company's Articles of Association and the Regulations of the General Meeting of Makarony Polskie S.A. adopted by Resolution No. 24 of the Annual General Meeting of Makarony Polskie S.A. of 28 June 2016.

The Ordinary General Meeting is convened annually by the Management Board and takes place within six months after the end of each financial year. An Extraordinary General Meeting is convened by the Management Board on its own initiative, by the Supervisory Board if it deems it advisable to convene a General Meeting, or by shareholders representing at least half of the share capital or at least half of the total votes in the Company.

The General Meeting shall be held at the Company's registered office or at another place in the Republic of Poland. The place and date of the General Meeting shall be chosen to enable the widest possible range of shareholders to attend.

General Meetings shall be convened in the manner prescribed for the communication of current information by public companies, together with an announcement on the Company's website www.makarony.pl.

The General Meeting is capable of adopting resolutions irrespective of the number of shares represented at it, unless the Commercial Companies Code provides otherwise. Subject to the provisions of Article 404 of the Commercial Companies Code, the General Meeting may adopt resolutions only on the matters provided for in the Commercial Companies Code and the Articles of Association and included in the agenda of a given Meeting.

Resolutions of the General Meeting shall be adopted by an absolute majority of the votes cast, unless otherwise stipulated by mandatory provisions of law or the Articles of Association.

Voting takes place in public. A secret ballot shall be ordered by the Chairman of the General Meeting in personal matters and at the request of a shareholder. The right to request a secret ballot shall not be used when passing resolutions on matters of order. The Meeting may waive the secrecy of the vote on matters relating to the election of the committees it appoints.

Shareholders' rights

The rights of shareholders and the manner in which they are exercised at the General Meeting are set out in the Commercial Companies Code, the Articles of Association and the Regulations of the General Meeting.

Shareholders representing at least half of the Company's share capital or at least half of the votes in the Company have the right to convene an Extraordinary General Meeting.

Only persons who are shareholders of the Company 16 days before the date of the General Meeting (record date) have the right to participate in the General Meeting. Shareholders have the right to participate in the General Meeting in person or by proxy. Each shareholder has the right to speak on matters on the agenda.

A description of the procedures for participation in the General Meeting and the exercise of voting rights is included each time in the notice of the General Meeting.

General Assembly in 2024

For the financial year 2024, the Annual General Meeting of Makarony Polskie SA was held on 24 June. The following matters were discussed at the Meeting:

- Consideration and approval of the financial statements of Makarony Polskie SA for the financial year 2023,
- to consider and approve the report of the Management Board on the activities of the Company and the Makarony Polskie Group in the financial year 2023,
- To consider and approve the consolidated financial statements of the Makarony Polskie Group for the financial year 2023,
- distribution of net profit for the financial year 2023 and distribution of profit from previous years disclosed in the Company's balance sheet prepared as at 31 December 2023,
- Consideration of the report of the Supervisory Board of Makarony Polskie SA for the financial year 2023,
- discharging the members of the Company's Management Board for the performance of their duties in the financial year 2023,
- granting discharge to the members of the Company's Supervisory Board for the performance of their duties in the financial year 2023,
- Adoption of a resolution on expressing an opinion on the Report of the Supervisory Board on remuneration of the Members of the Management and Supervisory Boards of Makarony Polskie S.A. for the financial year 2023,

- adoption of a new Remuneration Policy for Members of the Management Board and Supervisory Board of Makarony Polskie SA
- determination of the number of members of the Supervisory Board of Makarony Polskie SA for the 11th term of office, election of members of the Supervisory Board and determination of the rules and amount of remuneration for members of the Supervisory Board,
- authorisation of the Management Board to acquire own shares of Makarony Polskie SA and creation of a reserve capital for the acquisition of own shares.

The content of the resolutions of the Annual General Meeting was published in current report No. 10/2024 of 24 June 2024 and is available on the company's website www.makarony.pl.

The members of the Management Board and the Supervisory Board attended the General Meeting in such a composition as to be able to provide substantive answers to the shareholders' questions asked during the Meeting.

During 2024, the Company's Management Board did not convene any Extraordinary General Meetings. The Company's shareholders and members of the Supervisory Board also did not submit any requests to convene a General Meeting.

Supervisory Board

The Supervisory Board of Makarony Polskie S.A. operates on the basis of the Code of Commercial Companies, the Articles of Association of the Company and the Regulations of the Supervisory Board adopted by Resolution No. 25 of the Annual General Meeting of Makarony Polskie S.A. of 28 June 2016.

Principles for appointing and dismissing members of the Supervisory Board

The Supervisory Board of the Company consists of between 5 and 7 members, appointed and dismissed by the General Meeting.

The term of office of the Supervisory Board is two years. The mandates of the members of the Supervisory Board expire on the date of the Annual General Meeting approving the Company's financial statements for the last full financial year of their office. If, during the

term of office of the Company's Supervisory Board, a supplementary or extending election is made, the mandate of the newly-appointed member of the Supervisory Board expires simultaneously with the mandates of the other members of the Company's Supervisory Board.

Candidates put forward as members of the Supervisory Board shall be justified to enable the General Meeting to make an informed choice. The members of the Supervisory Board shall be selected in such a way that they have the necessary education and life experience to enable them to properly assess the Company's operations and to properly perform their functions on the Supervisory Board and the Audit Committee, and in such a way that at least two members of the Supervisory Board are persons free of connections with the Company and the Company's shareholders or employees.

Members of the Board are entitled to remuneration according to the rules set by the General Meeting.

The Supervisory Board elects a President from among its members, who directs the work of the Board. The Supervisory Board may also appoint Vice-President and a Secretary.

Competences of the Supervisory Board

The Supervisory Board exercises constant supervision over the Company's activities in all areas of its business. The powers of the Supervisory Board include:

- evaluating the financial statements and the report of the Board of Directors as to their conformity with the books and documents and with the facts, as well as the proposals of the Board of Directors concerning the distribution of profits and the coverage of losses, and submitting an annual written report to the General Meeting on the results of this evaluation,
- approving annual financial plans for the Company and controlling their implementation,
- the appointment of an auditor to audit the Company's financial statements,to
- grant consent to incur obligations or make dispositions which, on the basis of one or more related legal actions - exceed the amount of 10% of the Company's equity calculated according to the last balance sheet of the Company approved by the General Meeting, unless they are provided for in the Company's annual financial plan approved by the Supervisory Board,
- to approve the disposal of the Company's assets, the value of which exceeds 10% (in words: ten per cent) of the total value of the Company's equity calculated according to the last Company's balance sheet approved by the General Meeting, unless they have

been provided for in the Company's annual financial plan approved by the Supervisory Board,

- consent to incurring liabilities or making dispositions which, on the basis of one or more related legal actions, exceed 10% of the Company's equity calculated according to the last balance sheet of the Company approved by the General Meeting, unless provided for in the Company's annual financial plan approved by the Supervisory Board,
- appointing and dismissing the Company's Management Board or individual members thereof,
- appointment and dismissal of the Company's Management Board or its individual members,
- determine the terms and conditions of remuneration of the Company's Management Board and the amount of remuneration of its individual members,
- representing the Company in contracts between it and a Board Member, as well as in a dispute between the Company and such person.

The Supervisory Board has the right to examine all activities of the Company, request reports, explanations and information from the Management Board and employees, inspect books and documents (including financial ones), request access to all premises of the Company (§10 of the Regulations of the Supervisory Board), and the Members of the Supervisory Board are obliged to be guided in their actions by the good and interest of the Company (§6(1) of the Regulations of the Supervisory Board).

The forms of work of the Board are meetings, control activities and participation in the Company's authorities.

Composition of the Supervisory Board

Since 01 January 2024 to 24 June 2024 the Supervisory Board was composed of:

- Roman Sobiecki - President of the Supervisory Board,
- Ahmed Khalil - Vice-President of the Supervisory Board,
- Marek Rocki - Member of the Supervisory Board,
- Michał Słomkowski - Member of the Supervisory Board,
- Wiesław Wasilewski - Member of the Supervisory Board.

On 24 June 2024, in connection with the end of the tenth term of the Supervisory Board, the Annual General Meeting of the Company appointed a Supervisory Board of the eleventh term. The number of the Members of the Supervisory Board of the tenth term was determined as 6 people.

The following persons were appointed to the Supervisory Board of 11th term:

- Ahmed Khalil,
- Dorota Podedworna-Tarnowska,
- Marek Rocki,
- Michał Słomkowski,
- Roman Sobiecki,
- Wiesław Wasilewski.

The Supervisory Board of the 10th term was constituted on 24 June 2024. Mr Roman Sobiecki became President of the Supervisory Board and Mr Ahmed Khalil became Vice-President of the Supervisory Board.

From 24 June 2024 to the date of publication of these statements, the Supervisory Board was composed of:

- Roman Sobiecki - President the Supervisory Board (dependent member),
- Mr Ahmed Khalil - Vice-President of the Supervisory Board (dependent member),
- Dorota Podedworna-Tarnowska - Member of the Supervisory Board (independent member),
- Marek Rocki - Member of the Supervisory Board (dependent member),
- Michał Słomkowski - Member of the Supervisory Board (independent member),

Wiesław Wasilewski - Member of the Supervisory Board (independent member).

Committees of the Supervisory Board

As part of the Supervisory Board of Makarony Polskie S.A., in accordance with the legal regulations, there is an Audit Committee.

For the time being, there are no plans in the Company to establish Supervisory Board committees other than those required by law. This is supported by the Company's status, the composition of the shareholding, as well as organisational and economic considerations, including the need for additional administrative and legal services for such committees.

AUDIT COMMITTEE

The Audit Committee of Makarony Polskie S.A. operates on the basis of the applicable legal regulations and the Regulations of the Audit Committee adopted by Resolution No. 5 of the Supervisory Board of Makarony Polskie S.A. of 18 October 2017.

The size of the Audit Committee is determined by the Supervisory Board, which also appoints the members of the Audit Committee and designates its Chairman. The minimum size of the Audit Committee is 3 persons.

The members of the Audit Committee are appointed from among the members of the Supervisory Board in such a way that:

- the majority of the members of the Audit Committee, including its Chairman, were independent members,
- the Audit Committee included at least one Member with knowledge and skills in accounting or auditing and at least one Member with knowledge and skills in the industry in which the Company operates.

The term of office of a Member of the Audit Committee expires on the expiry of his or her mandate on the Supervisory Board. Any member of the Audit Committee may also be dismissed by the Supervisory Board at any time.

In the event of the expiry of the mandate of a Supervisory Board Member elected to the Audit Committee before the expiry of the term of office of the entire Supervisory Board, or his or her resignation from the Audit Committee, the Supervisory Board shall supplement the composition of the Committee by electing a new member of the Audit Committee for the period until the expiry of the term of office of the Supervisory Board.

The tasks of the Audit Committee include in particular:

- monitoring:
  - the Company's financial reporting processes,
  - the effectiveness of internal control and risk management systems and internal audit, including on financial reporting,
  - the performance of auditing activities, in particular the audit of the Company's financial statements by the audit firm, taking into account any conclusions and findings of the Audit Oversight Committee arising from the audit of the audit firm concerned;
- controlling and monitoring the independence of the auditor and the audit firm carrying out the audit of the Company's financial statements (in particular, where services other than the audit are also provided to the Company by that audit firm);
- informing the Supervisory Board of the results of the audit of the Company's financial statements and explaining how this audit contributed to the integrity of the Company's financial reporting and what the Committee's role was in the audit process;
- assessing the independence of the auditor and audit firm carrying out the audit of the Company's financial statements and approving the provision by them of permitted

services to the Company which do not constitute an audit of the Company's financial statements;

- developing a policy for the selection of an audit firm to audit the Company's financial statements;
- developing a policy for the provision to the Company by the audit firm auditing the Company's financial statements, by affiliates of the audit firm and by a member of the audit firm's network (within the meaning of generally applicable regulations) of permitted services that do not constitute an audit of the Company's financial statements;
- determining the procedure for the selection of the audit firm to audit the Company's financial statements;
- making recommendations to the Supervisory Board on the selection of a statutory auditor or audit firm to audit the Company's financial statements. The recommendation should meet the requirements indicated in Regulation No. 537/2014 and the Act on Statutory Auditors;
- making recommendations to the Supervisory Board and the Executive Board to ensure the integrity of the Company's financial reporting process.

In the course of its work, the Audit Committee may:

- without the mediation of the Supervisory Board, request information, explanations and the transmission of documents necessary for the performance of its tasks,
- request that the key auditor discuss with the Audit Committee or the Board of Directors the key issues arising from the audit that are listed in the supplementary report referred to in Article 11 of Regulation No. 537/2014.

Composition of the Audit Committee

From 01 January 2024 to 24 June 2024, the Audit Committee of the Supervisory Board of the tenth term was composed of:

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

On 24 June 2024 the Supervisory Board of the 11th term appointed from among its members the Audit Committee composed of:

- Dorota Podedworna-Tarnowska - Chairwoman of the Audit Committee (independent member),
- Michał Słomkowski - Member of the Audit Committee (independent member),
- Wiesław Wasilewski - Member of the Audit Committee (dependent 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.

Dorota Podedworna-Tarnowska – Doctor of Economics (degree obtained with honours). Head of the Department of Axiology and Value Measurement at the Institute of Value Management at the College of Business Administration at the Warsaw School of Economics. Member of the Senate of the Warsaw School of Economics. She has authored and co-authored numerous publications on corporate finance and capital markets. She has won awards and distinctions from the SGH Rector for her scientific and organisational activities. From 2013 to 2015, she served as Undersecretary of State - Deputy Minister at the Ministry of Finance, overseeing, among other things, public debt management, financial market regulation, accounting and auditing and the Accounting Standards Committee. At the same time, she served as President of the Polish Audit Supervision Committee and President of the Export Insurance Policy Committee.
Ms Dorota Podedworna-Tarnowska is a graduate in finance and banking from the Warsaw School of Economics. She is also a graduate of the Postgraduate Studies in Taxation and Tax Law at the University of Warsaw, the International Faculty Program at IESE Business School in Barcelona. She has completed a number of courses in auditing, accounting and investing. In 2012, she completed a research internship in the finance department at the New York University Stern School of Business.

Mr Michał Słomkowski holds a university degree. He graduated his studies at Leon Kozminski University with a Bachelor's degree in BBA Finance and Accounting and a Master's degree in Finance and Accountancy, specialising in corporate finance. . He also completed postgraduate studies at the Institute of Spatial Management and Housing and Leon Kozminski Academy - Real Estate Management. He has vast experience in controlling, labour performance and costs management.

Mr Wiesław Wasilewski graduated from the Higher School of Engineering in Radom, Faculty of Economics and Organisation, and completed postgraduate studies at the University of Warmia and Mazury, Faculty of Economic Sciences, majoring in EU Funds Management. Since 2002, he has been the owner of Big-Pol Fundusze Pomocowe, a consulting company specialising in large investment projects mainly in the dairy, fruit and vegetable, meat, grain processing and milling, livestock and pet food, spirit and oil industries. The main areas of activity are the construction and modernisation of production and storage areas, modernisation and purchase of machinery and equipment, computerisation and robotisation of production and storage processes, laboratories and analysers. He

specialises in the supervision of investment planning, obtaining full financing (including EU subsidies), accounting for the funds obtained and monitoring the effects of the investment, financial, accounting and tax consultancy, implementation of product, process, technological and organisational innovations. Author of publications in food and industry press, including Przegląd Mleczarski, Gospodarka mięsna, Przemysł owocowo-warzywny i fermentacyjny, Agrotrendy, Poradnik rolniczy, Czysta Energia. Speaker at many conferences and seminars, e.g. during Polagra, Food Practic, Euromlecz, Bio Expo.

Work of the Audit Committee in the 2024 financial year and in respect of 2025

In the financial year 2024, the Audit Committee held four meetings convened by the Chairman and Chairwoman of the Audit Committee, devoted to the performance of the audit committee's duties, which focused in particular on:

- Adoption of the annual report on the Audit Committee's activities in 2023,
- cooperation with the auditor in the course of the audit of the financial statements for the 2023 financial year, and to control and monitor the independence of the auditor and the audit firm auditing the Company's financial statements,
- monitoring the Company's financial reporting processes, the effectiveness of internal control and risk management systems and internal audit, including with regard to financial reporting,
- informing the Supervisory Board of the results of the audit of the Company's financial statements and explaining how this audit contributed to the integrity of the Company's financial reporting and what the Committee's role was in the audit process,
- assessing the independence of the statutory auditor and audit firm auditing the Company's financial statements.
- initiation of the procedure for selecting an audit firm to review and audit the financial statements of Makarony Polskie SA with its registered office in Rzeszów and the Makarony Polskie Capital Group for the reporting periods 2025-2027.

After the end of the 2024 financial year, the Audit Committee held two meetings convened by the Chairwoman of the Audit Committee, which focused in particular on:

- Cooperation with the auditor during the audit of the financial statements for the 2024 financial year,
- preparation of Information for the Supervisory Board on the results of the audit of the financial statements of the Company and the Makarony Polskie Group, together with an explanation of how this audit contributed to the reliability of the financial reporting, and what was the role of the Audit Committee during the audit,
- Adoption of the annual report on the Audit Committee's activities in 2024,

The object of the permanent activities of the Audit Committee is to monitor the work related to the process of preparation and revision of the Company's financial statements. The Audit Committee monitored the correctness of the preparation of the Company's financial statements for the 2024 financial year, cooperating in this respect with the Company's Management Board and remaining in contact with the auditor auditing the statements, i.e. BDO Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Warsaw.

Policies on the selection and cooperation with the auditor developed by the Audit Committee

The Audit Committee adopted:

- "Policy for the selection of the audit firm to carry out the statutory audit of the financial statements of Makarony Polskie S.A. based in Rzeszów and of the Makarony Polskie Capital Group" dated 27 April 2023, according to which the selection of the audit firm is made in accordance with the following principles:
  - by the Company's Supervisory Board after reviewing the recommendation of the Audit Committee,
  - sufficiently in advance so that the audit contract can be signed in time for the audit firm to participate in the inventory of significant assets,
  - paying particular attention to the need to maintain the independence of the audit firm and the statutory auditor, in particular the Audit Committee, when making its recommendation to the Company's Supervisory Board, shall take into account the extent of the services performed by the audit firm and the statutory auditor during the last five years preceding the selection of the audit firm,
  - control and monitoring of the auditor's and audit firm's independence by the Audit Committee are carried out at each stage of the procedure for selecting the audit firm to audit and review the financial statements indicated above,
  - the selection of the audit firm shall be made taking into account the experience of the audit firm with regard to the statutory audit of the financial statements of public interest entities, including companies listed on the Warsaw Stock Exchange,
  - The selection of the audit firm is made taking into account the principle of rotation of the audit firm and the key statutory auditor in such a way the maximum duration of statutory audit engagements carried out by the same audit firm or an audit firm affiliated with that audit firm or any member of a network operating in the European Union to which those audit firms belong does not exceed ten years, and the key statutory auditor has not performed a statutory audit at the Company for a period exceeding five years,
  - the key statutory auditor, after the expiry of the maximum statutory period for

auditing financial statements, may again perform a statutory audit at the Company after at least 3 years from the completion of the last statutory audit,
- the audit firm may re-accept a statutory audit engagement with the Company after a period of at least 4 years from the expiry of the maximum duration of the engagement,
- the first audit contract shall be concluded with the audit firm for a period of not less than two years with the possibility of renewal for further periods of at least two years, taking into account the statutory rotation rules of the audit firm and the key auditor.

- "Policy on the provision of permitted non-audit services by the audit firm auditing the financial statements of Makarony Polskie S.A. based in Rzeszów and the Makarony Polskie Capital Group, by entities affiliated with the audit firm and by a member of the audit firm's network" of 18 October 2017, which provides that:
  - the statutory auditor or audit firm - performing statutory audits of the Company or an affiliate of the audit firm or any member of the network to which the statutory auditor or audit firm belongs - does not directly or indirectly provide to the Company or its affiliates any prohibited services that are not audit or auditing activities,
  - Prohibited services are not services specified in Article 136(2) of the Act of 11 May 2017 (as amended) on statutory auditors, audit firms and public oversight.
  - the provision of permitted services is only possible to the extent not related to the Company's tax policy, following an assessment of independence risks and safeguards by the Audit Committee and approval by the Audit Committee,
  - where appropriate, the Audit Committee issues guidelines for such services.

Audit Committee approval of the auditor's provision of additional services

In FY2024 and in the period up to the publication date of this report, the audit firm auditing the financial statements of Makarony Polskie S.A. did not provide any permitted non-audit services to the companies of the Makarony Polskie Group.

Recommendation of the Audit Committee on the selection of the audit firm

In the financial year 2024, Makarony Polskie SA did not select an auditor.

Remuneration Policy for Supervisory Board Members

The remuneration of the members of the Supervisory Board is determined by the General Meeting, in accordance with the Company's Articles of Association and the Remuneration

Policy for Members of the Management Board and Supervisory Board of Makarony Polskie SA adopted by the General Meeting. During 2024, the following was in force:

- Remuneration Policy (...) of 24 September 2020 – for the period from 1 January 2024 to 23 June 2024,
- Remuneration Policy (...) of 24 June 2024 – for the period from 24 June 2024 to 31 December 2024.

In 2024, the Members of the Supervisory Board received a fixed monthly remuneration in accordance with the remuneration system of the Supervisory Board of Makarony Polskie SA adopted on [...]

- by resolution no. 23 of the Ordinary General Meeting of 30 June 2022 - in the period from 1 January 2024 to 23 June 2024;
- by resolution no. 25 of the Annual General Meeting of 24 June 2024 – in the period from 24 June 2024 to 31 December 2024.

Information on the remuneration paid to members of the Company's Supervisory Board is presented in the table below and is included in the consolidated financial statements in note 39 and in the separate financial statements in note 38.

First name and surname	Function	For the period from 01.01 - 31.12.2024	For the period from 01.01 - 31.12.2023
Roman Sobiecki	President of the Supervisory Board of the 10th and 11th terms	39	36
Ahmed Khalil	Vice-President of the Supervisory Board of the 10th and 11th terms	36	35
Wiesław Wasilewski	Member of the Supervisory Board of the 10th and 11th terms	34	30
Marek Rocki	Member of the Supervisory Board of the 10th and 11th terms	30	30
Michał Słomkowski	Member of the Supervisory Board of the 10th and 11th terms	34	30
Dorota Podedworna-Tarnowska,	Member of the Supervisory Board of the 11th term	22	0
Total		**195**	**161**

The company has no liabilities arising from pensions or benefits of a similar nature for former supervisors or liabilities incurred in connection with such pensions.

Supervisory boards of subsidiaries

There are no Supervisory Boards in the Group's subsidiaries. The authorities in the subsidiaries Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. are the Shareholders' Meeting and the Management Board.

Management Board

Principles for appointing and dismissing members of the Management Board

According to the provisions of the Articles of Association of Makarony Polskie S.A., the Management Board of the Company consists of one to three members, including the President and the Vice-President, who are appointed and dismissed by the Supervisory Board.

The term of office of the members of the Executive Board shall be two years. Members of the Management Board may be appointed for successive two-year terms. The terms of office of members of the Management Board expire in accordance with Article 369 §4 of the Commercial Companies Code. If, during the term of office of the Company's Management Board, a supplementary or extending election is made, the mandate of the newly appointed Management Board member expires at the same time as the mandates of the other members of the Company's Management Board.

Competences of the Management Board

The Management Board represents the Company externally and decides on all matters that, in accordance with the Company's Articles of Association and mandatory legal provisions, have not been reserved to the competence of the Company's other bodies.

Declarations of intent on behalf of the Board are made by:

- in the case of a one-person board, one person,
- in the case of a multi-member Board, two Board Members jointly or a Board Member together with a Proxy.

As at the date of publication of this report, the function of proxies in the Company is performed by:

- Grażyna Kozielec - since 31 May 2012

- Beata Majewska-Karp - since May 31st 2012
- Witold Żarek - since 4 March 2013
- Marcin Zieliński - since 19 November 2019
- Artur Woźniak - as of 15 September 2021.

The proxies granted are cumulative - a proxy may only represent the Company acting jointly with another proxy or a member of the Management Board.

Composition of the Management Board

In the period from 01 January 2024 to the publication of these statements, the Management Board of the Company was composed of one member. The function of the President of the Management Board is performed by Zenon Daniłowski.

Division of responsibilities among Board Members

The Board of Directors of the Company is a single member.

Remuneration Policy for Board Members

In accordance with the Company's Articles of Association, members of the Management Board receive remuneration whose amount is determined by the Supervisory Board acting within the framework of the Remuneration Policy for Members of the Management Board and Supervisory Board of Makarony Polskie SA adopted by the General Meeting, which sets out the rules for determining the remuneration system for members of the Company's governing bodies. During 2024, the following was in force:

- Remuneration Policy (...) of 24 September 2020 – for the period from 1 January 2024 to 23 June 2024,
- Remuneration Policy (...) of 24 June 2024 – for the period from 24 June 2024 to 31 December 2024.

The remuneration system of the President of the Management Board is based on a fixed part (basic remuneration under the employment contract) and an incentive variable part.

During 2024, the variable part of the remuneration for performing the function was calculated based on the EBITDA (operating profit + depreciation) generated by the Makarony Polskie Group in the quarter to which the remuneration related, disclosed in the published interim reports covering the given quarter; in accordance with Resolution No. 13 of the Supervisory Board of 19 May 2023. During the reporting period, the President of

the Management Board also received additional remuneration for activities performed for the Company while serving as President of the Management Board in the financial year 2023, granted by Resolution No. 4 of the Supervisory Board of 24 May 2024.

During the period covered by these financial statements, the Group companies did not conclude any agreements with management personnel providing for compensation in the event of their resignation or dismissal from their position without valid reason or if their dismissal or resignation was due to a merger of the company through acquisition.

In the financial year 2024, as well as in the period until the publication date of this report, Makarony Polskie S.A. did not run any employee share schemes.

Information on the remuneration paid to the members of the Company's Management Board is presented in the table below and is included in the consolidated financial statements in note 39 and in the separate financial statements in note 38.

First name and surname	Function	For the period from 01.01 - 31.12.2024		For the period from 01.01 - 31.12.2023	
		fixed	variable	fixed	variable
Zenon Daniłowski	President of the Board	720	1,289	780	1,217
	Total	**2,009**		**1,997**	

The company does not have any liabilities arising from pensions or benefits of a similar nature for former officers or former members of administrative bodies, nor any liabilities incurred in connection with such pensions.

Boards of directors of subsidiary companies

Stoczek Natura Sp. z o.o.

As at 31 December 2024 and the date of publication of these statements, the management board of the subsidiary Stoczek Natura Sp. z o.o. was composed of:

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

The function of Proxy in Stoczek Natura Sp. z o.o. is performed by:

- Alicja Hinz - since 05 October 2001.

The commercial power of attorney granted is joint and several, as the commercial proxy may represent the Company only when acting jointly with another commercial proxy or Management Board member.

MP Trade Sp. z o.o.

As at 31 December 2024 and the date of publication of these statements, the management board of the subsidiary Sto Sp. z o.o. was composed of:

- Marcin Zieliński - President of the Management Board.

There were no proxies appointed in MP Trade Sp. z o.o. as at 31 December 2024 and at the date of publication of this report.

Other information

Information on cooperation with the auditor

The Supervisory Board of Makarony Polskie S.A. selectedBDO Spółka z ograniczoną odpowiedzialnością sp.k. based in Warsaw as the statutory auditor to review and statutorily audit the financial statements of the companies of the Makarony Polskie Group in the financial years 2023-2024.

BDO Spółka z ograniczoną odpowiedzialnością sp.k. is registered on the list of audit firms kept by the Polish Audit Supervision Agency under number 3355 and entered in the register of entrepreneurs of the National Court Register under number KRS 0000729684.

The companies of the Makarony Polskie Group have previously used the services of BDO Spółka z ograniczoną odpowiedzialnością sp.k. for the audit of the annual reports in the financial years 2018-2022.

On 28 June 2023, Makarony Polskie S.A. concluded an agreement with the aforementioned auditor concerning the review of the condensed financial statements for the first half of the financial year and the audit of the Company's and the Group's financial statements for the financial year 2023-2024.

The fees payable to BDO Spółka z ograniczoną odpowiedzialnością sp.k. for the audit of the financial statements for the financial year 2024 in Makarony Polskie S.A. amounts to PLN 189.6 thousand in total (PLN 62.6 thousand for the review of the standalone and consolidated semi-annual report, PLN 127.0 thousand for the audit of the financial statements of Makarony Polskie S.A. and the Makarony Polskie Group for 2024).

The fees payable to BDO Spółka z ograniczoną odpowiedzialnością sp.k. for the audit of the financial statements for the financial year 2023 in Makarony Polskie S.A. amounts to PLN 202.0 thousand in total (PLN 81.0 thousand for the review of the standalone and consolidated semi-annual report, PLN 121 thousand for the audit of the financial statements of Makarony Polskie S.A. and the Makarony Polskie Group for 2023).

The Group is committed to operating in a sustainable and responsible manner when conducting business.

Corporate social responsibility

Corporate social responsibility is the responsible way in which a company operates in the social, economic and natural space. The concept of social responsibility is changing, evolving and still subject to public debate. Today, CSR (Corporate Social Responsibility) is not only an idea, but also an approach to management. CSR implies the rational management of enterprises and assets, with respect for the rights of citizens and employees, as well as social co-existence.



When creating the development strategy and implementing the business targets, the Makarony Polskie Group endeavours to conduct its operating activity taking into account the principles of CSR, i.e. taking into consideration the needs and requirements of widely understood social and environmental interests in the company's environment. Activities in this area focus mainly on:

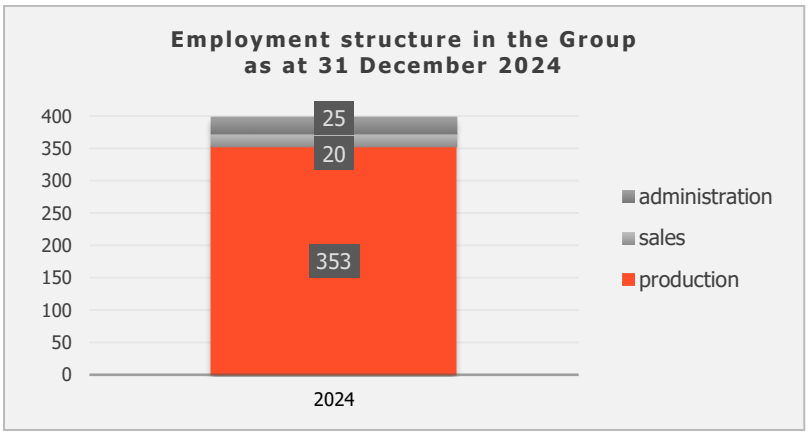
- building stable and long-term relationships with all stakeholders,
- pursuing a socially responsible policy expressed in support for local and charitable initiatives, sports and cultural patronage,
- creating an exceptional team and a friendly working environment,
- reducing the company's impact on the environment.

During the financial year 2024, Makarony Polskie SA entered into an agreement with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp. k. Agreement for the provision of consulting services related to sustainable development support for the Makarony Polskie Group, including the development of an ESG strategy for the Makarony Polskie Group..

Employees

The Makarony Polskie Group consistently implements the employment optimisation programme implemented in 2013. The programme assumes stabilisation of employment in permanent positions at the necessary minimum level and making employment in production plants more flexible by making its level dependent on changes in the production volume. The basis for such a solution is constant attention to the proper organisation of work (e.g. implementation of Lean Manufacturing) and efficiency in the use of human resources.

The Makarony Polskie Group, in accordance with the adopted policy, maintains the total employment at the minimum necessary level. The Group's headcount as at 31 December 2024 was 398 (vs. 404 people at the end of 2023 and 403 people at the end of 2022).



Diversity policy

The personnel policy of the Makarony Polskie Group is aimed at retaining high-class specialists and managers who, thanks to their knowledge, experience and commitment, ensure the highest level of implementation of the Group's business objectives set for them, thus guaranteeing continuous improvement of the organisation and enhancement of the quality of the offered products and provided services. Makarony Polskie S.A. has not developed a formalised diversity policy in relation to the Company's authorities and its key managers. From the current status of the Company, there is no obligation to report this element.

Human resource planning and recruitment

The current labour market requires employers to place increasing emphasis on optimising processes, using human resources effectively and responding quickly to changes. In order to ensure a high level of task and goal fulfilment in the dynamic world of VUCA, the Makarony Polskie Group takes steps towards effective human resources planning, even before the actual demand in this respect occurs. The Group has implemented and conducts, in close cooperation with the heads of individual organisational units, systematic identification of future human resources needs.

When recruiting and selecting candidates, the Group makes every effort to ensure that the recruitment process is transparent and employee-friendly and effective for the company. When deciding to engage with candidates, the Group's companies endeavour to act in a transparent manner, guided by professional experience, length of service in the profession,

education held in accordance with the scope of the tasks assigned. The Group hires both women and men of different age ranges, taking into account the assessment of candidates' fulfilment of merit criteria, and seeks to prevent any form of discrimination.

by age and gender	Employment structure of the Group's employees as at 31 December 2024		
	women	men	together
18-29	10	26	36
30-49	123	98	221
50+	88	53	141

When recruiting members of its team, the Makarony Polskie Group relies on candidates who are passionate about their work. It looks for people who are not afraid of new challenges, who are ready to constantly develop their skills and who are eager to share their knowledge. For specialist and managerial positions, we prefer people who represent a high level of professionalism, are enterprising, committed, focused on professional development, derive satisfaction from their work and are able to cooperate with other people.

In caring for the development of human resources, the Makarony Polskie Group first tries to recruit internally, due to the fact that internal promotions (horizontal and vertical) allow it to retain in the organisation people who are committed, have extensive experience and desired qualifications. In the absence of suitable internal candidates, the Group conducts recruitment processes aimed at external candidates, using recruitment sources appropriate to the profile of the vacant position, including headhunting companies, career offices, student and pupil internships and work placements, publications on the company website, online portals, social media, participation in job fairs as an exhibitor, and through District Employment Offices (including job fairs organised by these offices).

Recruitment processes are carried out in compliance with the Group's confidentiality rules and internal procedures.

Internships and apprenticeships

The Makarony Polskie Group values the value and competence of young people, their enthusiasm and creativity, which is why it strives to enable people entering the labour market to gain practical skills in the course of the company's current operations. It willingly participates in various internship programmes aimed at students and graduates. It enables secondary school and university students to undergo apprenticeships. It also cooperates with County Labour Offices in organising internships for the unemployed. Interns have the

opportunity to learn about the company's organisation and the functioning of its organisational units. The best interns are offered long-term employment.

In 2024, one person took advantage of student internships organised by Makarony Polskie SA at its production plant in Rzeszów (lasting approx. 1.5 months), in cooperation with the University of Information Technology and Management in Rzeszów.

As part of cooperation with educational institutions, visits by students and pupils to the Group's plants are also organised, during which people at the beginning of their professional careers have the opportunity to learn about, for example, the specifics of production processes in a food processing plant and talk to company experts from various fields.

Training

The Makarony Polskie Group attaches great importance to the effective use of human resources. An important element of this process is to ensure professional development of the employees and constant improvement of their professional qualifications through specialist training and competence development programmes. In implementing activities in this area, the Group relies mainly on external specialist training and specially prepared, closed competence development programmes, which in the Group's opinion are the best investment in employees.

The Makarony Polskie Group regularly organises training courses aimed at developing the so-called 'soft skills' of employees in the areas of stress management, communication improvement, team leadership and change management. The Group's employees also benefit from training aimed at updating and expanding their 'hard' knowledge in areas necessary for the effective performance of their duties in a changing technical, technological, quality and legal environment, organised both internally and through external open training courses.

The Makarony Polskie Group also supports self-education and professional development of its employees, particularly in areas that are consistent with the scope of their current or planned job duties and are therefore also important from the Group's perspective, not only by offering opportunities for subsidising education, but also, for example, by providing access to industry and training platforms where employees can expand their competences and skills in areas of interest to them.

It is important to implement the skills acquired in the workplace, as well as to share knowledge within and between individual employee teams. With this in mind, the Group also uses the approach of periodically organising internal conferences to design various forms of training, whereby Group employees become trainers or co-leaders - thus developing their own competencies and sharing their knowledge with others.

Remuneration scheme

The incentive remuneration system adopted in the Group assumes that employees receive remuneration consisting of a fixed part (basic salary) and a variable part (including bonuses and rewards) awarded depending on their contribution, commitment and the level of achievement of objectives/tasks set for employees by their superiors.

Base salaries are a product of the rank of the position held, the contribution of the job, responsibilities, qualifications and experience. The Group values individual positions, taking care to maintain a competitive level of remuneration that allows it to recruit people with the desired qualifications and experience, based on best market practice.

Variable remuneration depends on the level of achievement of individual objectives/tasks set by superiors, the commitment of individual employees, their conscientiousness and diligence in performing their work, the improvement of productivity and quality of work, and specific achievements in the performance of tasks set by superiors. Its purpose is to motivate employees to achieve high performance in line with the Group's business interests.

The remuneration system implemented in the Group ensures effective support of business activities and the implementation of the development strategy. The variable part of the remuneration system ensures that it is flexible, adaptable to the needs of the organisation. Such a remuneration system makes it possible to effectively translate the Group's objectives to managers and then cascade the objectives further to employees.

There were no significant changes to the remuneration system adopted by the Group in 2024.

HEALTH AND SAFETY

The Makarony Polskie Group, as a responsible employer, is also committed to ensuring safe working conditions for its employees. Individual Group companies have their own Occupational Health and Safety Policies in place. In accordance with the regulations in force in this regard, in order to protect the health and life of employees, the Group's companies carry out health and safety training, provide initial and periodical medical examinations, employ staff with the required qualifications, and equip these people with the appropriate personal protection equipment.

In 2024, eleven light work accidents were reported in the Group. For each incident, a thorough analysis of its causes is carried out in order to implement appropriate corrective and/or remedial measures to minimise the likelihood and risk of similar potentially dangerous situations occurring in the future. This is crucial to ensuring the safety of employees and the proper functioning of the company.

At a time of constant uncertainty related to the macroeconomic and geopolitical situation, the Makarony Polskie Group strives to give its employees a sense of security and adapt working conditions to the changing environment:

- formal and practical solutions have been implemented to enable the fulfilment of duties in a remote form, with regard to organisational units where such a possibility exists, which makes it possible to ensure continuity of tasks in situations when, for some reason, work cannot be performed at the employee's standard workplace,
- provided employees with the opportunity to take advantage of private healthcare packages offered by a medical company that cooperates with the Group in this regard, as well as subsidised sports cards.

Environment

The Group consistently works to minimise its environmental impact in every area of its operations.



The Group's activities focus, among other things, on the rational use of water and energy, reducing carbon dioxide emissions, minimising the amount of wastewater and waste generated through continuous improvement of production processes, the use of modern, energy-efficient and high-performance production lines, ensuring that machinery and equipment are in good condition, and creating new products and packaging in accordance with eco-design principles. The Group's companies exercise due diligence in segregating waste into appropriate fractions. The Group conducts educational and informational activities to raise the environmental awareness of its staff, including reducing energy consumption by encouraging them to switch off computers and turn off lights or reduce the number of printouts. Information activities are also carried out vis-à-vis customers, e.g. infographics are placed on product packaging to facilitate improved segregation and recycling by indicating the type of packaging fraction.

The Makarony Polskie Group strives to systematically conduct and develop circular economy (CE) activities as part of its operations, e.g. by recycling not only production raw materials, but also substandard products and waste.
Useful waste is returned to the technological process, e.g. so-called pasta crumbs (deformed pasta), which are ground and reused in the production process as an additive to pasta. Non-reusable waste is recycled outside the organisation, e.g. substandard pasta is sold as feed to

animal breeders, while waste dough, which is a mixture of flour and water with a moisture content of approx. 30%, is sent to a distillery, where it is used in the R3 recovery process (organic waste recovery) and serves as a raw material for the production of dehydrated ethyl alcohol.

The Group companies continuously invest in solutions that minimise the negative impact of the Group's operations on the natural environment, including reducing the environmental impact of production plants through investments in 'green energy' from renewable energy sources/PV, which on the one hand reduces production costs and on the other has a positive impact on reducing the organisation's carbon footprint; increasing the efficiency and reducing the energy intensity of production processes; and systematic disposal of electronic waste and segregation and recycling of waste generated during production. At the Stoczek Natura Sp. z o.o. plant, a project is underway to replace the existing coal-fired boiler room with a modern gas-fired boiler room.

Market

This is why the Makarony Polskie Group continuously modernises its plants, has state-of-the-art production lines and an extensive production process control system, and continuously invests in the acquisition and implementation of modern technologies.

Makarony Polskie SA has a Research and Development Centre for the Pasta Industry, where the Group's employees, based on their own expertise and in cooperation with scientific institutions, work on the development of innovative technologies for the production of new products: functional, health-promoting, low-processed and easy-to-prepare foods. Examples of product innovations implemented by the R&D Centre include not only functional pasta (supporting the human body in the fight against lifestyle diseases, available on the market since 2023), but also, for example, Beauty pasta, which helps the body maintain healthy hair and nails, and High Protein pasta, which is a valuable source of protein.

The main objective of the projects implemented by Stoczek Natura Sp. z o.o. is to increase the company's competitiveness and innovation on the domestic and foreign markets through the introduction of technological and product innovations (including products with pro-health values, targeted at a new group of consumers). The company has successfully added to its portfolio, among other things, So Food ready meals in trays and bowls, which maintain a strong position in their segment. In 2024, it expanded its portfolio with ready meals in innovative doypack packaging.

Each production process that takes place in the plants of the Makarony Polskie Group is strictly supervised by the company's Quality Control Teams, which take care of compliance of the products with the requirements of food standards and the company's high quality standards. Both raw materials and finished products are tested in detail in the company's laboratories, and periodically they are also tested in independent accredited external laboratories.

In order to meet the legal requirements regarding foodstuff safety, the companies of the Makarony Polskie Group have implemented and certified quality systems meeting the requirements of the international IFS (International Food Standard). The quality systems cover the entire production process from the receipt of raw materials to the release of finished products.



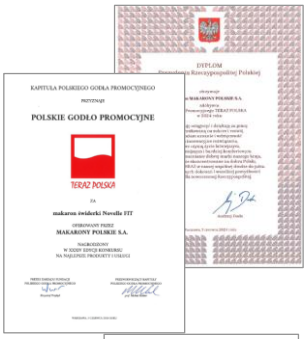
Cooperation with scientific institutions, research laboratories, suppliers of raw materials, machinery and packaging is systematically developed in order to improve their products and production processes.

The Group's achievements in this area are reflected in the awards and accolades received by our companies and products.

Winner of the 34th edition of the 'Teraz Polska' competition for Makarony Polskie SA and Novelle Fit pasta

Makarony Polskie SA and its Novelle Fit pasta, part of its health-promoting product line, were winners of the 34th edition of the 'Teraz Polska' competition, which aims to identify Polish products and services of the highest quality.





Regional Leader title for Novelle Fit pasta

At the beginning of 2024, Novelle Fit pasta was awarded the title of Leader of the Podkarpackie Province in the food products category as a functional pasta supporting a balanced diet and maintaining proper energy metabolism.



Society

The Makarony Polskie Group is involved in the life of local communities in the localities where its production plants and sales offices are located. It actively supports activities and initiatives for the development of culture, education and sport. It gets involved in charity and social actions. It provides support to public benefit organisations and foundations.

In 2024, Makarony Polskie took part in the 'Made in Rzeszów' promotional campaign organised by the City of Rzeszów. The initiative aims to promote the city, local businesses and the economic potential of the region, as well as to attract the attention of potential investors. Packages with local products are handed out by city officials during official meetings: both to guests visiting Rzeszów and during visits of Rzeszów local government officials in Poland and abroad. The company donated products that were included in the 'Made in Rzeszów' promotional set.



It also donated funds to the Association for the Development of the Local Community of the City of Łańcut for the implementation of its statutory objectives, which include the promotion of physical culture and sport, and activities supporting the development of local communities and societies.



In April 2024, the Makarony Polskie Group companies sponsored the regional stage of the 'National First Aid Championships of the Polish Red Cross' for secondary school students, organised in Rzeszów. The Group funded prizes for participants and volunteers taking part in the Championships.

Cooperation with schools and universities

The Group companies maintain long-term relations with the academic community, as exemplified by the cooperation of Makarony Polskie SA with the University of Rzeszów and the University of Life Sciences in Poznań in the field of R&D, or with the Warsaw School of Economics and the University of Information Technology and Management in Rzeszów, as well as the cooperation of Stoczek Natura Sp. z o.o. with the University of Life Sciences in Lublin.

Well-planned cooperation contributes to building strong relationships between education and business, which brings long-term benefits for both sides.



During 2024, Makarony Polskie SA organised a nationwide art competition called ‘Pasta Art’, aimed at pupils and students of art, art and graphic design schools. The competition task was to create an original work that presents and promotes pasta in a surprising way, leaving the participants complete creative freedom. The competition jury, composed of a group of independent experts, selected the winners who best captured the spirit of the competition and showed pasta in a completely new light. The winners and runners-up received cash prizes and small gifts funded by the Company.



Charity

For many years, the Group has been carrying out various charity activities at the local and national level, providing support both directly to children in need (e.g. Christmas and Santa Claus campaigns, support for holidays), and to institutions such as hospices, social assistance centres, orphanages, associations for the elderly and the sick, therapy workshops for the disabled, foundations, scout associations, schools.



In 2024, in connection with the flood that hit the western provinces of Poland, Makarony Polskie SA actively joined in providing product assistance to flood victims, donating over 4 tonnes of pasta for this purpose.

The company's products were distributed to those affected in the areas of Kłodzko, Nysa and Prudnik (as part of a campaign organised by the Kaufland chain), as well as in the Opole region (as part of relief efforts coordinated by the Opole Region Traders Foundation).

Patronage and sponsorship of culture and sport

The Makarony Polskie Group sponsors cultural and sporting events, both nationwide and local.

The International Song Festival "Carpathia Festival" in Rzeszów is an event of worldwide scope, in the sponsorship of which Makarony Polskie SA regularly participates. In 2024, the Company became the Main Patron of the 20th anniversary edition of this event.

The festival is organised by the City of Rzeszów, the Vocal Arts Centre in Rzeszów and Estrada Rzeszowska. Over the years, it has promoted many of today's vocal stars and enjoys

unflagging popularity. The main prize for the winner is funding for the release of an album or the costs of organising a concert tour, an invitation to a concert in the next edition of the Festival and a commemorative statuette.

Makarony Polskie SA and Stoczek Natura Sp. z o.o. have once again joined in sponsoringthe Rzeszów Juwenalia organised by the Rzeszów University of Technology and the Higher School of Law and Administration.

The Group companies also supported the Rzeszów Student Culture Festivalorganised by the University of Rzeszów and the University of Information Technology and Management.

Makarony Polskie SA also joined in the organisation of other student events in towns and cities near its production plants: the Częstochowa Student Festival organised by the Częstochowa University of Technology and the Jan Długosz University in Częstochowa, and the Olsztyn Kortowiada organised by students of the University of Warmia and Mazury in Olsztyn.

In 2024, Makarony Polskie SA became a strategic sponsor of the National Final of the 41st Olympiad of Young Agricultural Producers, which took place during the AgroTech Agricultural Technology Fair in Kielce. The Olympiad was organised by the Wici Rural Youth Association.



Makarony Polskie SA is a regular sponsor of the Jaroszczak-Lech Beach Volleyball Team. In 2024, the team finished the season in second place in the national ranking, winning, among others, the gold medal in the qualifying tournament for the Polish Championships Enea Plaża Wolności, second place in the Orlen Beach Volley Tour tournament in Przysucha and fourth place in the final tournament of the Polish Championships.

During 2024, Makarony Polskie SA cooperated with the Jurund Szczytno Running Club for another year in a row, providing financial and product support for local sports initiatives, including the 7th Mazurski Bieg na Kulce and the 33rd Jurand Marathon, as well as by donating pasta for the preparation of regenerative meals for runners of the Szczytno III half marathon and the PoKolei 5km run.

It also supported the second edition of the Polish Diaspora Sports Stars Avenue. The project is being developed in one of the alleys of the Park of Unity of the Polish Diaspora with the Motherland in Rzeszów to commemorate outstanding Polish and Polish diaspora athletes who have achieved great success in promoting our country on the international stage, but who do not necessarily currently live in Poland. During the gala in 2024, three commemorative plaques were unveiled honouring representatives of volleyball and basketball: Doug Beal, Jan Such and the late Zdzisław Myrda.



During 2024, Stoczek Natura Sp. z o.o. continued its support for the LKS Dwernicki sports club in Stoczek Łukowski, donating funds for the organisation of the 24th National Run 'Grzmią pod Stoczkiem Armaty' (Cannons Thunder Under Stoczek). It supported the Stoczkowskie Towarzystwo Sportowe AVES (AVES Stoczek Sports Association) by becoming one of the sponsors of the 12th International Rock&Volleyball Volleyball Tournament. It provided financial support to LKS Grodzisk Krzymosze for the functioning of the club and to the OSP Orchestra in Stoczek Łukowski for the purchase of instruments and other musical accessories. It also provided financial support to the Municipal Cultural Centre in Stoczek Łukowski for the organisation of the Sport & Fun Festival and the 51st Sejmik of Rural Theatre Groups.



Statements by the Management Board

Statement on the fairness of the preparation of the consolidated financial statements

The Management Board of Makarony Polskie S.A. declares that to the best of its knowledge, the annual consolidated financial statements of the Makarony Polskie Group for the financial year ended 31 December 2024 and the comparable data were prepared in accordance with the binding accounting principles and that they reflect in a true, reliable and clear manner the material and financial situation of the Makarony Polskie Group and its financial result.

Statement on the reliability of the preparation of the separate financial statements

The Management Board of Makarony Polskie S.A. based in Rzeszów declares that to the best of its knowledge, the annual standalone financial statements of Makarony Polskie S.A. for the financial year ended 31 December 2024 and the comparable data were prepared in accordance with the binding accounting principles and that they reflect in a true, reliable and clear manner the material and financial situation of Makarony Polskie S.A. and its financial result.

Statement on the reliability of the report on the activities of the Company and the Makarony Polskie Group

The Management Board of Makarony Polskie S.A. declares that to the best of its knowledge the report of the Management Board on the activities of Makarony Polskie S.A. and the Makarony Polskie Group in the financial year 2024, ended 31 December 2024, contains a true picture of the development, achievements and situation of the Company and the Group, including the description of basic threats and risks.

Statement on the selection and selection procedure of the audit firm

The Management Board of Makarony Polskie S.A., based on the statement of the Supervisory Board of Makarony Polskie S.A. on the selection of the auditing company that will audit the annual standalone financial statement of Makarony Polskie S.A. and the consolidated financial statement of the Makarony Polskie Group for the financial year 2024 ended 31 December 2024, informs that:

1. The audit firm BDO Spółka z ograniczoną odpowiedzialnością sp.k. based in Warsaw was selected to audit the annual financial statements of Makarony Polskie S.A. and the consolidated financial statements of the Makarony Polskie Group, in accordance with the regulations including the selection and procedure for the selection of the auditing company,
2. the selected audit firm and the members of the audit team met the conditions for the preparation of an impartial and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and professional ethics,
3. at Makarony Polskie S.A. the binding regulations related to the rotation of the audit firm and the key statutory auditor and the mandatory grace periods are complied with,
4. Makarony Polskie S.A. has a policy regarding the selection of the audit firm and a policy regarding the provision of additional non-audit services to Makarony Polskie S.A. by the audit firm, an entity related to the audit firm or a member of its network, including services conditionally exempted from the audit firm's ban.

Approval of the financial statements

This Report of the Management Board on the activities of Makarony Polskie S.A. and the Makarony Polskie Group in the financial year 2024 was approved for release by the Management Board of the Parent on 25 April 2025.

Zenon Daniłowski
President of the Management Board

Information about company

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

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

Share capital: PLN 33,120,213 (fully paid up)

You are welcome to contact us by e-mail:
relacje@makarony.pl

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