Makarony Polskie

- SPÓŁKA AKCYJNA -

Report of the Management Board on the Activities of the Makarony Polskie Group in H1 2024



Rzeszów, 26 September 2024

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In 1H 2024, the Makarony Polskie Group achieved total sales revenue of approx. PLN 152.4 m, net profit of PLN approx. 18.1 million, while EBITDA reached approx. PLN 30.2 million.

Introduction



Dear Sirs,

Dear Shareholders,

I present to you the Report of the Makarony Polskie Group for 1H 2024.

During the reporting period, our Group achieved total consolidated sales revenues of approximately PLN 152.4 million, net profit of approximately PLN 18.1 million and EBITDA of approximately PLN 30.2 million.

I encourage you to read the full report.

Respectfully yours,

Zenon Daniłowski
President of the Management Board

Makarony Polskie Group consisted of four companies: two production and one trading company.

Characteristics of the Makarony Polskie Group

Group's organisational structure

Makarony Polskie Group („Group") consists of three companies:

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



Makarony Polskie SA is a manufacturer of a 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 So Food brand.

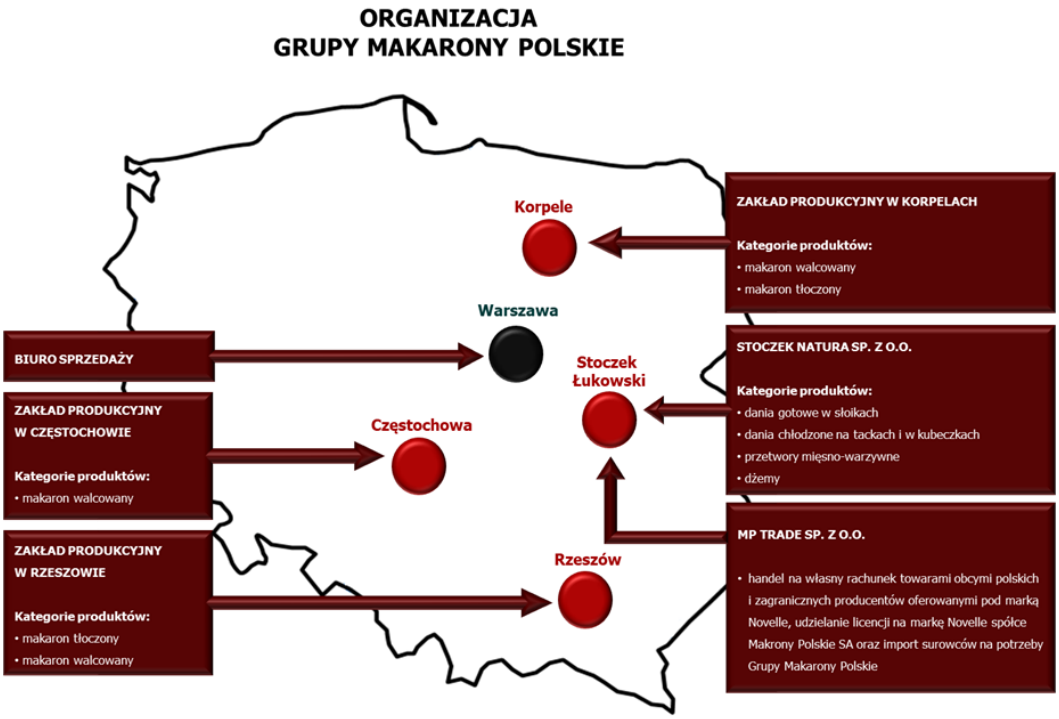
MP Trade Sp. z o.o. develops trade on own account with foreign goods of Polish and foreign producers. The company works in two business fields. The Company's main activity is focused on selling products purchased from external suppliers under the Novelle brand and licensing the Novelle brand to Makarony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

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

Changes in the organization of the Makarony Polskie Group in the reportingperiod

During 1H 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.



Changes in the composition of the management and supervisory bodies

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).

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.

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.

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

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.

Boards of directors of subsidiary companies

Stoczek Natura Sp. z o.o.

As at 30 June 2024 and the date of publication of these statements, the management board of the subsidiary Stoczek Natura Sp. z o.o. was composed of:

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

- 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.

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

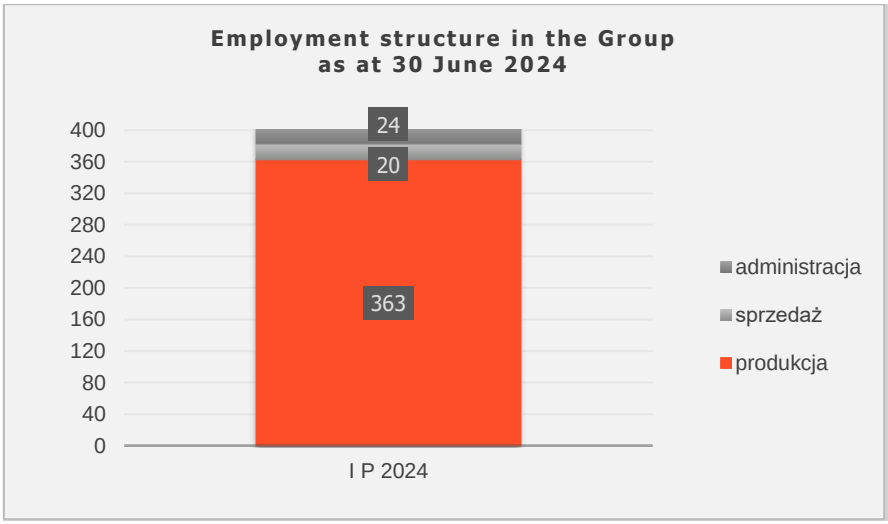
- Marcin Zieliński - President of the Management Board.

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

Employees

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

The employment level as at 30 June 2024 in the Makarony Polskie Group totalled 407 persons (vs. 395 persons at the end of H1 2023).



The Makarony Polskie Group's human resources policy is focused on maintaining high-class specialists and managers who, thanks to their expertise, experience and commitment, ensure

the highest level of implementation of the Group's business objectives, thus guaranteeing constant improvement of the organization and improvement of the quality of the products and services offered.

In order to ensure a optimal level of task and goal fulfilmen, 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 the various organisational units, a systematic identification of future staffing needs and training and development programmes for employees aimed at acquiring the right competences necessary for the organisation.

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.

The Makarony Polskie Group makes every effort to ensure that the recruitment processes conducted are reliable and transparent, while being effective from the Group's point of view. When making decisions about co-operation with candidates, the Group companies are guided by clearly defined selection criteria, such as e.g. professional experience, length of service in the profession, education relevant to the scope of tasks entrusted. The Group hires both women and men of different age ranges, taking into account the assessment of candidates' fulfilment of merit criteria and strives to prevent any form of discrimination.

The Group willingly participates in various types of internship programmes aimed at students and graduates, appreciating the value and competence of young people, their enthusiasm and creativity. It also provides internships for secondary school and university students. In addition, it provides internships financed by the European Union and Poviat Labour Offices for unemployed people.

by age and gender	Employment structure of the Group's employees as at 30 June 2024		
	women	men	together
18-29	11	26	37
30-49	128	95	223
50+	94	53	147

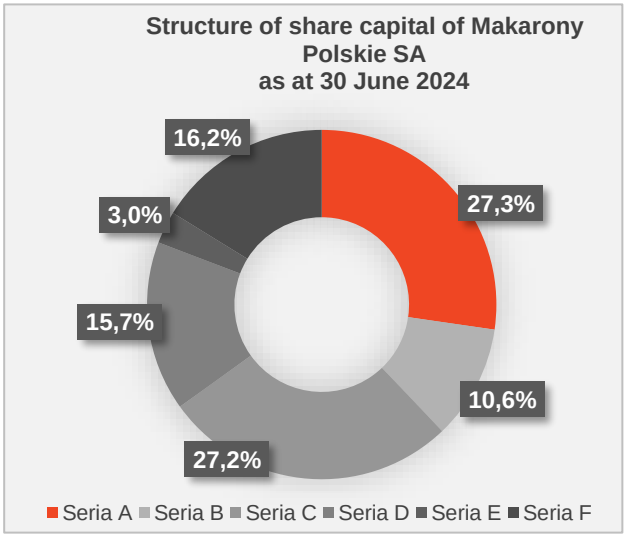
Share capital

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	Shares in share capital		Votes at the General Meeting	
	number	share in %	number	share in %
Mr. Zenon Daniłowski and entities from Grupa PGS, including:	3,641,594	32,99%	3,641,594	32,99%
Praska Giełda Spożywcza SA (former: Agro-Technika SA)	*3,380,000*	*30,62%*	*3,380,000*	*30,62%*
Zenon Daniłowski	*140,000*	*1,27%*	*140,000*	*1,27%*
Polskie Smaki Sp. z o.o.	*121,594*	*1,10%*	*121,594*	*1,10%*
Raya Holding for Technology & Communications S.A.E., including:	3,254,706	29,48%	3,254,706	29,48%
Madova Sp. z o.o.	*3,254,706*	*29,48%*	*3,254,706*	*29,48%*
FUNDACJA RODZINNA SŁOMKOWSCY W ORGANIZACJI	1,169,750	10,60%	1,169,750	10,60%
Equity shares retained by the Company	5,953	0,05%	5,953	0,05%
Other shareholders	2,968 068	26,88%	2,968 068	26,88%
IN TOTAL	**11,040,071**	**100,00%**	**11,040,071**	**100,00%**

The Company is not aware of any information that would indicate changes in the number of shares held by significant shareholders (those with holdings above 5%) during the reporting period.

Changes in shareholdings after 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 treasury 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, as a result of a brokerage order placed by the Company's Management Board on 9 September 2024. The total number of treasury shares purchased and retained by the Company amounts to 5,953 shares, representing approximately 0.05% of the share capital and the same % share in the total number of votes at the General Meeting of Shareholders.

The Company has no other information indicating changes in the number of shares held by significant shareholders (with holdings above 5%) 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	H1 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 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	H1 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.

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.



Characteristics of the Makarony Polskie Group

In 2024, the Company paid a dividend of PLN 0.75 gross per share, amounting to PLN 8.3 million.

	2015-01-02	2017-01-02	2019-01-02	2021-01-04	2023-01-02	2024-01-02	2023-06-28	Change from 02/01/2015
Makarony Polskie SA	6.03	6.45	4.40	5.70	9.00	22.00	20.20	+235%
WIG20	2,309	1,957	2,302	2,009	1,795	2,344	2,555	+11%
WIG-Food	2,452	4,195	3,447	3,716	2,077	2,208	2,578	+5%

Information on dividends at Makarony Polskie

Makarony Polskie SA did not pay a dividend in 1H 2024.

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

In the period from 01 January 2024 to the submission date of this report, the Company did not issue shares.

Authorisation for the Management Board to purchase own shares of Makarony Polskie S.A.

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 treasury 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 treasury shares, as well as the terms and conditions of the acquisition of treasury 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 treasury 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 first order to Trigon Dom Maklerski S.A. to purchase Equity Shares in the quantity of 1,000. 000 units, for a period until 8 December 2024, 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 25 September 2024, a total of 5,953 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 19.49.

The total number of equity shares purchased and retained by the Company is 5,953 shares, representing approximately 0.05% of the share capital and the same % share in the total number of votes at the General Meeting of Shareholders.

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: Large Shells, Large Spits, Paccheri and Bucatini. The line will soon be expanded with Radiatori, Casarecce and Tagliatelle.



ABAK - a pasta brand aimed at consumers looking for economical products at a good price. As of 2022, it includes a line of egg pasta in 200g weights that refer to traditional recipes and home 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 operates mainly 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.

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.



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

According to Nielsen's 2023 report, they maintained their position as sales leader in their category, widening the gap to the next player in the market.

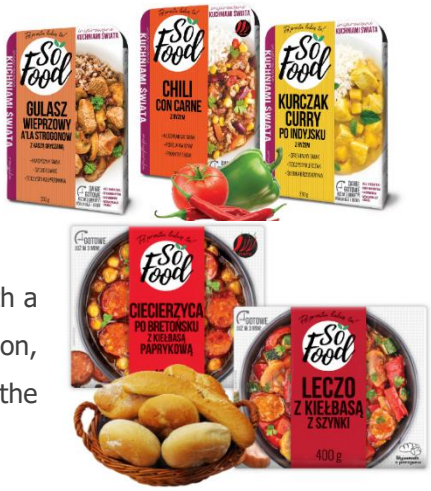
So Food – the brand under which tray and bowl ready meals are offered. The distinctive features of this assortment group are light packaging (two-chamber trays or bowls), ease and speed of heating meals and the possibility of storing them at room temperature.



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.

In 2022, the So Food brand's portfolio was expanded by the Polish Cuisine line. The inspiration to prepare this line was a consumer survey conducted at the end of 2021, in which many consumers declared their interest in Polish Cuisine dishes. This is why our portfolio has been enriched with Ham in mushroom sauce, Loin in leek and horseradish sauce, Turkey in plum sauce and Ham in mustard sauce.



In 2023, the So Food brand portfolio has been expanded with two new lines. The first is Asian cuisine, which includes chicken-based meat dishes and one vegetarian dish with a meat substitute. This is an oriental line characterised by a unique taste, thanks to aromatic spice blends.

The line is gradually being expanded with new products, including dishes that are very popular with consumers, i.e. Chicken Curry.



The second is ready-made dishes with pasta. Pasta in Bolognese sauce, Vege sauce Bolognese with pasta, Mediterranean Chicken with pasta and Pasta with Chicken in sauce with pineapple and mango. 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.



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.

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.

In developing its assortment for the needs of private labels, the Makarony Polskie Group is based on global trends in the food 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 H1 2024, the Group expanded its private label product portfolio with:

- high protein products ,
- health and beauty products enriched with vitamins and minerals,
- products dedicated to children,
- regional products,
- new shapes of 'everyday' pasta.

Market environment

General market trends

The pasta market

The pasta market in Poland shows stability, although random events such as the Covid-19 pandemic, high inflation and the war in Ukraine have affected its development in recent years. After numerous short-term shifts in purchasing dynamics related to the macroeconomic and geopolitical situation, H1 2024 is under pressure from both retail chains and the consumer, who is reducing their purchases.
For producers, H1 2024 is challenging due to downward pressure on prices from retail chains as well as consumers' expectation 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 meal market is growing all the time. The value of this market in Poland in 2023 was approximately PLN 3.2 billion, with nominal growth of approximately 6% (y/y). Such high dynamics were influenced by the increased volume potential of the market (increase in the number of residents due to the influx of refugees from Ukraine) and dynamic price growth. According to estimates, the value of the market will grow by around 7.6% on average per year (CAGR 2023-2028). The estimated value of the market in 2025 will reach nearly PLN 3.95 billion.

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;

Sales markets of the Makarony Polskie Group

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

For the period	Q2 of 2024	H1 of 2024	Q2 of 2023	H1 of 2023
Country	65,523	142,469	87,297	172,352
Exports, including:	5,593	9,954	5,857	9,913
- European Union countries	3,143	6,038	3,738	6,325

- other countries	2,450	3,916	2,119	3,588
Total	71,116	152,423	93,154	182,265

In H1 2024, the value of sales amounted to approximately PLN 142.4 million on the domestic market and approximately PLN 10.0 million in exports. In the corresponding period of 2023, these figures amounted to approximately PLN 172.4 million and approximately PLN 9.9 million respectively.

In Q2 2024, the value of sales amounted to approximately PLN 65.5 million on the domestic market and approximately PLN 5.6 million in exports. In the corresponding period of 2023, these volumes amounted to approximately PLN 87.3 million and approximately PLN 5.8 million respectively.

Significant contracts

During H1 2024 and up to the publication date of this report, the Company has not entered into any agreements that meet the criteria of a significant agreement.

Factors relevant to the development of the Group

The Makarony Polskie Group's sales revenue in H1 2024 was PLN 152.4 million, down by approximately 16% on H1 2023 (by approximately PLN 29.9 million). 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.

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

- 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).

cActivity development in the private label segment

- diversifying and enriching the offer addressed to new and existing customers with pro-health and functional products products from the new rolled line, as well as products of Stoczek natura Sp. z o.o. (including ready meals in trays and in bowls),

- special campaigns, seasonal listings of branded products in discount stores,
- activities aimed at improving the profitability of the sales channel, including optimization measures in the area of packaging, taking into account the principles of sustainable development.
- developing relationships with key customers in this segment through guided joint research projects in the area of new product development.

Development of B2B sales channels and Institutions

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

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

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

Export development

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

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

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

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

- due to the unrestricted inflow of raw materials and materials, a ban on the import of grain and grain products, including flour, from the territory of Ukraine was introduced in 2023, which closed the possibility of developing cooperation with suppliers from the Ukrainian market in the situation of products for which there is no alternative on the domestic market,
- The ongoing warfare and the situation on the Polish-Ukrainian border also affected the decline in trade with Ukrainian customers, which was reflected in a decrease in exports to this market, although a gradual increase in orders from Ukrainian customers was observed in 2Q.

Immediately after the outbreak of war in Ukraine, additional procedures were implemented in the Makarony Polskie Group to secure the continuity of production and to mitigate the risk of shortages of raw material, packaging and staff shortages. These procedures are systematically validated and modified depending on the needs and situation in Ukraine.

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

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

At this moment, despite the war going on, it is difficult to predict the further situation in Ukraine and its impact on the situation of the Company and the Makarony Polskie Group, but

it should be stated that as of today, the impact, both in the area of export sales and purchase of raw materials, is not significant. Other, internal national factors have a much greater impact on the situation of the food business in Poland.

The impact of inflation on consumer behaviour and the food market

The macroeconomic situation related to inflation 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 increasing cost of living has also affected the financial expectations of employees, who have requested increases at the beginning of 2024, which has had an impact on revenues, particularly in Q1 2024.

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.

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

Risk related to competition

All areas of Makarony Polskie Group's operations belong to highly competitive segments. There is a risk that the intensified actions of competitors, manifested mainly in the deterioration of trading conditions will affect the profitability and revenues of the Group, may affect the achievement of objectives assumed by the Group. All activities of the competitive environment are monitored and carefully analysed on an ongoing basis, which allows for quick response in the area of possible threats. The first half of 2024, like 2023, will be a period of stagnation and even 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 has been on the market since the second half of 2023 and is estimated to continue until at least the end of 2024. The Group minimises this risk by diversifying its business and developing innovative products, including through ongoing R&D projects. This strategy provides the Group with greater opportunities to meet volume production targets despite unfavourable market trends.

Risk of dependence on recipients

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

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

The stagnant market is forcing shops and retail chains to take aggressive measures to stimulate consumption and attract customers through promotions, shelf price reductions, often against the level of producer inflation. The gap between market expectations and producers' expectations 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.

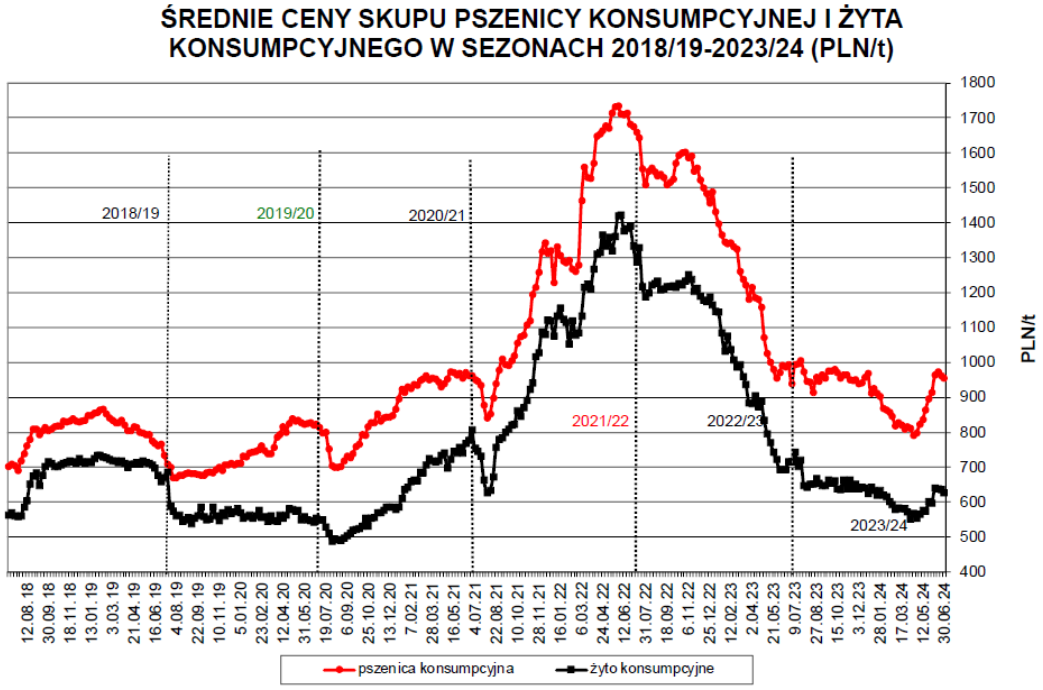
Despite the ongoing hostilities in Ukraine, the situation on the wheat market was rather stable in Q1 of 2024. News of large wheat stocks calmed the market and the first quarter ended with stabilised prices. In the middle of the second quarter, it turned out that individual farmers sold a significant 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 2023 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 successful wheat harvest in terms of quantity, in the 2023/24 season the available volume of consumer wheat meeting the appropriate and key quality parameters for the correct pasta production process is limited. This means that the pasta industry still needs to select suppliers ensuring good quality of the final product with greater commitment and organisational effort.

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 27/2024, Sparks Polska

Prices in the durum wheat market in the first half of 2024 have remained fairly stable, albeit at high levels. This price level is expected to continue into the third quarter of 2024 although the market remains far from reticent about long-term forecasts. At the same time, there has been an increase in European market demand for durum wheat and semolina flour, which is forecast to result in the lowest stock levels of this commodity in several years at the end of the cereal season. However, news of another very fertile durum wheat harvest led to a calming of the market and stabilisation of prices.

The market for eggs and egg pulp, which in 2023 recorded very high price levels, unprecedented in the history of trade in these raw materials, was stable in the first half of 2024 with a gentle downward trend in prices. This was certainly heavily influenced by the absence of major disease outbreaks, which would have resulted in flock culls and reduced egg volumes on the market. The situation in subsequent periods will be influenced by factors such as the dynamics of the spread of avian influenza outbreaks, increased demand for Polish eggs in Western European countries and EU policy on imports from Ukraine.

The market for film and cardboard packaging remained stable in 2023, recording slight price adjustments depending on the business situation of suppliers. In H1 2024, due to cost increases (wages, fuel, etc.), there was an increase in the price of film and cardboard packaging. The Makarony Polskie Group continuously monitors the market situation of raw

materials and production materials, and expands the group of suppliers both for the sake of diversification of potential risks and increasing material security of production plants and for ensuring broad and authoritative market discernment.

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

In 2023, fruit prices were at a good level for processing, allowing satisfactory sales results. Purchasing of fruit and vegetables is carried out seasonally, in the months when their prices are lowest. Purchased raw materials are stored at optimum prices in the company's warehouses and cold stores. In the first half of 2024, raw material that was contracted in 2023 is used for jam production so margins are predictable. However, fruit prices are forecast to increase in the 2024 season which will translate into prices and margins in the second half of 2024.

Meat is the main raw material influencing the prices of the company's products. The company seeks to secure stocks of this raw material for a period of several months, taking advantage of price decreases in the forecast cycles and thus mitigating the negative impact of increases on its operations. It thus gained time to adjust the sales prices of finished products to the increased production costs, which is particularly important in the case of retail chains, where the process of implementing price increases is stretched over time. Poultry meat prices are recording increases in the second half of 2024. Prices are always at a higher level during the summer months due to the reduced supply of raw material. The company protects itself by buying raw material earlier in the winter and spring months at the price bottom.

Despite the stabilisation of the prices of utilities such as gas and electricity, the Group continues to monitor price forecasts for key raw materials and packaging. It is estimated that the prices of some raw materials and packaging will fall and inflation will no longer be as high as in 2023; nevertheless, markets will still take a long time to stabilise after the disruption caused by the Covid-19 pandemic and the outbreak of war in Ukraine. Due attention to operational optimisation, systematic monitoring of process efficiencies and cost levels, as well as rapid adjustment of product sales prices to the rising costs of their manufacture, are of key importance. This radically changes the business relationship between business partners, e.g. the reluctance of suppliers to set fixed commercial terms for longer contract periods (e.g. one year) translates the risk of operating in the short term and the 'uncertainty of tomorrow' into customers.

Risk of variable legal and tax environment

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

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

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

The table presents the currency structure for given classes of financial instruments as at 30 June 2024:

Groups/categories of financial instruments	Balance sheet value as at 30.06.2024 PLN k	Currency exposure as at 30.06.2024 PLN k	EUR PLN k	USD PLN k
Financial assets				
Cash and cash equivalents	46,510	792	792	0
Trade receivables	30,104	1,183	1,183	0
Financial liabilities				
Trade liabilities	27,135	7,425	7,425	

The table presents the analysis of the sensitivity of the financial result to changes in exchange rates as at 30 June 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	39.6	-39.6	0.0	0.0
Trade receivables (gross)	59.2	-59.2	-	-
Financial liabilities				
Trade liabilities	- 371.3	371.3	-	-

Interest rate risk

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

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

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

As at 30 June 2024, the Group had a liability due to loans taken out, in the amount of PLN 10,499 k:

Currency	Interest	Loans balance	Including loans	
			Short-term	Long-term
PLN	WIBOR + bank's margin	10,499	3,316	7,183

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

The structure of financial instruments exposed to interest rate risk as at 30 June 2024 is shown in the table below:

Groups/categories of financial instruments	Balance sheet value as at 30.06.2024 PLN k	Value at risk as at 30.06.2024 PLN k	WIBOR PLN k
Financial assets			
Cash in hand and at bank	46,510	-	-
Financial liabilities			
Bank loans	10,499	10,499	10,499
Other financial liabilities	2,438	2,438	2,438

The table below presents the analysis of the sensitivity of the financial result to changes in interest rates as at 30 June 2024:

Interest rate	Deviation assumptions (in percentage points) 30 June 2024		Value at risk as at 30.06.2024 PLN k	Impact on the financial result 30 June 2024 PLN k	
WIBOR	1%	-1%	10,499	- 105.0	105.0

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 position

Principles for the preparation of the consolidated financial statements

The 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 in a substantially undiminished manner. Factors and risks with a significant impact on the financial results in the first half of 2024 and in subsequent periods

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 30 June 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	1 June 2007	28 September 2015
% of the capital held	100%	100%

Presentation of the Group's results

Grupa Makarony Polskie	Q2 of 2024	H1 of 2024	Q2 of 2023	H1 of 2023
Net sales revenue	**71,116**	**152,423**	**93,154**	**182,265**
Revenues from sales of other products and services	70,221	150,022	89,443	177,995
Net revenues from sales of goods and materials	895	2,401	3,711	4,270
Own cost	**50,594**	**106,269**	**69,167**	**136,290**
Production costs of products and services sold	49,829	104,429	66,010	132,544
Value of goods and materials sold	765	1,840	3,157	3,746
Gross profit (loss) on sales	**20,522**	**46,154**	**23,987**	**45,975**
Costs of sales	6,337	17,060	8,192	17,412
General administrative costs	3,034	5,561	3,699	5,859
Other revenues	855	1,583	1,268	1,669
Other costs	1,354	2,416	2,048	3,000
Profit (loss) from continued operations	**10,652**	**22,700**	**11,316**	**21,373**

Financial incomes	346	627	276	370
Financial costs	354	725	560	1,300
Gross profit (loss)	**10,644**	**22,602**	**11,032**	**20,443**
Income tax	1,992	4,487	1,836	3,958
Profit (loss) from continued operations, in this attributable to:	**8,652**	**18,115**	**9,196**	**16,485**
Shareholders of the parent Company	8,652	18,115	9,196	16,485
Basic net result per share in PLN	0.78	1.64	0.83	1.49
Diluted net result per share in PLN	0.78	1.64	0.83	1.49
Other total net income/loss	0	0	0	0
Total net income, in this attributable to:	8,652	18,115	9,196	16,485
Shareholders of the parent Company	8,652	18,115	9,196	16,485
Non-controlling shares				

The first half of 2024 was characterised by increased price pressure from retail chains and an aggressive pricing policy from competitors. This situation forced manufacturers to constantly and reliably control cost factors in order to maintain an appropriate level of production profitability.

The Group focused on optimising production at its three production sites and adapting its commercial offer to changing trends and market conditions. In the first half of 2024, the Group focused on optimising its production capacity, modernising its machinery stock and developing its competence in production technology.

The value of consolidated revenue of the Makarony Polskie Group in 1H 2024 amounted to PLN 152.4 million and was lower by approximately 16.4% compared to 1H 2023. Cost of goods, services, goods and materials sold in 1H 2024 was approximately PLN 106.3 million (down by approximately 22%). Cost of sales amounted to approximately PLN 17 million in H1 2024 and were down by approximately PLN 0.4 million compared to H1 2023. Operating profit (EBIT) in H1 2024 was approximately PLN 22.7 million compared to PLN 21.4 million in H1 2023 (an increase of approximately 6%). Net profit in H1 2024 amounted to approximately PLN 18.1 million and is higher than the result of H1 2023 by approximately PLN 1.6 million (+9.7%).

At the end of H1 2024, the Group recorded EBITDA of approximately PLN 30.2 million, compared with the result of approximately PLN 28.4 million in H1 2023, an increase of approximately PLN 1.8 million year-on-year. Return on sales calculated at the level of net profit amounted to approximately 11.9% in H1 2024.

Achieved results vs. forecasts

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

Operating segments of the Group

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

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

	Q2 of 2024	H1 of 2024	Q2 of 2023	H1 of 2023
Revenues from sales of products	69,216	147,481	87,936	174,942
Revenues from the sale of services, including:	1,005	2,541	1,507	3,053
- service production	265	531	326	666
- for lease, storage	517	1,745	1,063	2,248
- other	223	265	118	139
Revenues from sale of materials	7	11	2,562	2,578
Revenues from sale of goods	888	2,390	1,149	1,692
Total	**71,116**	**152,423**	**93,154**	**182,265**

In H1 2024, the Group recorded a decrease in sales revenue of approximately 16.4% compared to H1 2023. Sales revenue amounted to approximately PLN 152.4 million in this period.

The Group's revenue in Q2 2024 amounted to PLN 71.1 million and was approximately 23.7% lower than in the same period in 2023.

Sales revenue by operating segment

In the first half of 2024, the Makarony Polskie Group carried out sales according to the following product groups, achieving the following revenues on this account:

	Q2 of 2024	H1 of 2024	Q2 of 2023	H1 of 2023
Pasta	55,901	120,218	72,653	147,020
Meat and vegetable preserves	13,254	26,910	14,648	25,880
Vegetable and fruit preserves	1,210	3,167	2,042	4,224
Total	751	2,128	3,811	5,141
Total	**71,116**	**152,423**	**93,154**	**182,265**

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

Revenues from sales of the Makarony Polskie Group in 1H 2024 amounted to PLN 152.4 million and were lower by approximately 16.4% compared to 1H 2023 (by approximately PLN 29.8 million).

Revenues from sales in the pasta category in 1H 2024 increased by approximately PLN 26.8 million to approximately PLN 120.2 million. The decrease in sales of approximately 18.2 per cent was mainly due to a decrease in customer prices resulting from the stabilisation of raw material prices in the markets, aggressive trading policies of competitors and pressure from the chains for lower prices due to their low price policy.

Comparing H1 2024 to the same period in 2023, gross profit on sales in the pasta segment increased by approximately PLN 0.2 million.

The Group's sales in the processed meat and vegetable segment increased by approximately PLN 1 million in the analysed period to approximately PLN 26.9 million. (an increase of approximately 4%).

Comparing H1 2024 to the same period in 2023, the gross sales result in the meat and vegetable preparations segment increased by approximately PLN 0.4 million.

Sales of the vegetable and fruit preserves category amounted to approximately PLN 3.2 million (a reduction of approximately PLN 1.1 million compared to H1 2023).

Structure of the Group's assets and liabilities

ASSETS	30 June 2024	31.12.2023	30.06.2023
FIXED ASSETS	**135,864**	**135,644**	**140,368**
Fixed tangible assets	126,915	126,666	128,120
Fixed assets - IFRS-16	6,344	6,491	3,294
Investment real estate 603	0	0	603
Company goodwill value	188	188	2,863
Other intangible assets	2,135	1,983	5,449
Long-term financial assets	0	0	0
Assets for deferred income tax	276	310	23
Other long-term assets	6	6	16
CURRENT ASSETS	**114,936**	**102,444**	**102,390**
Inventories	32,872	28,719	38,902
Short-term receivables	35,128	44,280	50,905
Corporate income tax receivables	0	0	2
Borrowings granted	0	0	0
Cash and cash equivalents	46,510	29,003	12,041
Other short-term assets	426	442	540
ASSETS FOR SALE		0	
TOTAL ASSETS	**250,800**	**238,088**	**242,758**

LIABILITIES	30 June 2024	31.12.2023	30.06.2023
EQUITY	**159,111**	**149,276**	**132,870**
Revaluation capital	33,120	33,120	33,120
Supplementary capital	88,271	60,344	60,344
Reserve capital	25,000	12,000	12,000
Revaluation capital	0	0	0
Retained profits/losses (profit/loss from previous years)	12,720	43,812	27,406
LONG-TERM LIABILITIES	**32,546**	**35,435**	**36,425**
Provision for deferred income tax	3,083	3,878	3,980
Long-term bank loans and borrowings	7,183	8,691	11,090
Other long-term financial liabilities	0	0	0
Provision for pensions and similar (long-term)	1,005	1,065	926
Revenues of future periods - long-term	14,597	15,885	17,155
Long-term financial liabilities - leasing	6,678	5,916	3,274
SHORT-TERM LIABILITIES	**59,143**	**53,377**	**73,463**
Short-term bank loans and borrowings	3,316	3,019	10,519
Other short-term financial liabilities 368	0	0	93
Short-term financial liabilities - leasing	2,223	1,508	1,116
Financial liabilities due to dividend	8,280	0	6,624
Other short-term liabilities	32,793	33,476	44,490
Corporate income tax liabilities	3,508	7,867	3,058
Revenues of future periods - short-term	3,098	2,656	2,605
Provision for retirement and similar benefits (short-term)	3,576	2,962	2,765

Other short-term provisions	2,349	1,889	2,193
TOTAL LIABILITIES	**91,689**	**88,812**	**109,888**
TOTAL LIABILITIES	**250,800**	**238,088**	**242,758**

The Group's total assets as at 30 June 2024 amounted to approximately PLN 250.8 million compared to approximately PLN 238.1 million as at 31 December 2023 and to PLN 242.7 million as at 30 June 2023.

As at 30 June 2024, non-current assets stood at - c. PLN 135.8 million.

Current assets amounted to approximately PLN 114.9 million at 30 June 2024 and increased by approximately 12.2% compared to 30 June 2023 (approximately PLN 102.4 million) and 12.2% compared to 31 December 2023 (approximately PLN 102.4 million). The largest changes within current assets occurred in receivables (down by approximately PLN 9.1 million, i.e. by approximately 20.6% compared with the end of 2023) and cash (up by approximately PLN 17.5 million, i.e. by approximately 60.3% compared with the end of 2023).

Shareholders' equity at the balance sheet date amounted to approximately PLN 159.1 million and increased by approximately 19.7% compared to 30 June 2023 (approximately PLN 132.9 million) and approximately 6.5% compared to 31 December 2023 (approximately PLN 149.3 million). The change was due to a consolidated profit for 2023 of approximately PLN 32.9 million and a profit for the first half of 2024 of PLN 18.1 million.

Non-current liabilities amounted to c. 32.5 million and decreased by c. 10.7% compared to 30 June 2023 (c. 36.4 million) and 8.2% compared to 31 December 2023 (c. 35.4 million), mainly due to a decrease in long-term loans (c. -3.9 million).

Current liabilities at 30 June 2024 amounted to approximately PLN 59.1 million and decreased by approximately 19.6% compared to 30 June 2023 (approximately PLN 73.5 million) and 10.7% compared to 31 December 2023 (approximately PLN 53.4 million), mainly due to a decrease in short-term bank loans and other current liabilities.

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 H1 of 2024 is:

- generating positive cash flows from operating activities of approximately PLN 25.3 million,
- realisation by the Group of some purchases without the use of trade credit, in order to reduce financial costs,
- realisation of investments(in H1 2024, capital expenditure of PLN 4.8 million),
- at the end of June 2024, the net debt to EBITDA ratio is negative, meaning that the Company is generating surplus cash.

In the opinion of the Management Board, there are no threats that would make it impossible to settle the contracted liabilities. The Group's indebtedness may increase in future periods as a result of the expenditure associated with capital projects.

Other financial information

Information on loans granted

During H1 2024, the companies of the Makarony Polskie Group did not grant any loans.

Information on guarantees given and received

During H1 2024, guarantees received were used by Makarony Polskie SA and Stoczek Natura Sp. z o.o.

A summary of the guarantees in force at Makarony Polskie SA as at 30 June 2024 is shown in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
Santander Bank Polska SA	457	until 31.03.2027	guarantee securing the Company's contractual obligations under the institutional contract concluded	– joint mortgage of up to PLN 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.

A summary of the guarantees in force at Stoczek Natura Sp. z o.o. as at 30 June 2024 is shown in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
BNP Paribas Bank Polska SA	2,235	until 31.12.2024	guarantee securing the Company's contractual 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	559	until 31.03.2026	guarantee securing the Company's contractual obligations under the institutional contract concluded	
BNP Paribas Bank Polska SA	604	until 29.02.2028	guarantee securing the Company's contractual obligations under the institutional contract concluded	

Information on guarantees granted and received

During H1 2024, the companies of the Makarony Polskie Group did not grant warranties and did not make use of warranties.

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

During the first half of 2024, the companies of the Makarony Polskie Group 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 on market terms and conditions.

Off-balance sheet items

The values of guarantees received, collateral, promissory note commitments, mortgages and other off-balance-sheet commitments in the following tables are presented in maximum values.

Makarony Polskie Group (in PLN k)	30 June 2024	31 December 2023
1. Contingent assets	**4,389**	**3,942**
- received guarantees and sureties	4,167	3,720
- collaterals on assets	0	0
- promissory notes	222	222
2. Contingent liabilities	**71,204**	**96,073**
- for provided guarantees and warranties	0	0
- collaterals on property	61,986	79,482
- promissory note obligations	9,218	16,591
Total off-balance items	**-66,815**	**-92,131**

Makarony Polskie SA (in PLN k)	30 June 2024	31 December 2023
1. Contingent assets	**991**	**1,148**
- received guarantees and sureties	769	926
- collaterals on assets	0	0
- promissory notes	222	222
2. Contingent liabilities	**57,006**	**82,479**
- for provided guarantees and warranties	0	0
- collaterals on property	51,186	68,682
- promissory note obligations	5,820	13,797
Total off-balance items	**-56,015**	**-81,331**

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 events after the balance sheet date that could significantly affect the financial results.

In September 2024, Makarony Polskie S.A. commenced the repurchase of treasury shares described in detail in this report, carried out within the limits and based on the authorisation granted to the Management Board of the Company by the Ordinary General Meeting of Makarony Polskie S.A. by Resolution No. 26 of 24 June 2024 on authorising the Management Board of the Company to purchase treasury shares and based on the Regulations of the Issuer's Equity Share Repurchase Programme adopted and published by the Management Board of the Company on 9 September 2024.

Financial results of Makarony Polskie SA

Characteristics of basic economic and financial figures of Makarony Polskie S.A.

Makarony Polskie SA	Q2 of 2024	H1 of 2024	Q2 of 2023	H1 of 2023
Revenues from sales	**68,370**	**145,624**	**72,213**	**138,552**
Revenues from sales of other products and services	55,634	118,957	53,987	108,906
Net revenues from sales of materials and goods	12,736	26,667	18,226	29,646
Own cost	**49,807**	**105,442**	**55,768**	**108,177**
Production costs of products and services sold	37,649	80,422	39,314	81,146
Value of goods and materials sold	12,158	25,020	16,454	27,031
Gross profit (loss) on sales	**18,563**	**40,182**	**16,445**	**30,375**
Costs of sales	7,967	17,894	6,726	14,513
General administrative costs	2,661	4,656	2,824	4,372
Other revenues	808	1,430	805	1,141
Other costs	843	1,763	1,509	2,363
Profit (loss) from continued operations	**7,900**	**17,299**	**6,191**	**10,268**
Financial incomes	349	589	221	259
Financial costs	348	711	442	1,006
Gross profit (loss)	**7,901**	**17,177**	**5,970**	**9,521**
Income tax	1,496	3,420	997	1,849
Profit (loss) from continued operations, in this attributable to:	**6,405**	**13,757**	**4,973**	**7,672**
Shareholders of the parent Company	6,405	13,757	4,973	7,672
Basic net result per share in PLN	0.58	1.25	0.45	0.69
Diluted net result per share in PLN	0.58	1.25	0.45	0.69
Other total net income/loss	0	0	0	0
Total net income, in this attributable to:	**6,405**	**13,757**	**4,973**	**7,672**
Shareholders of the parent Company	6,405	13,757	4,973	7,672
Non-controlling shares				

The value of the Company's revenue in H1 2024 amounted to PLN 145.6 million and was approximately PLN 7.1 million higher than in H1 2023 (approximately 5.1%). This increase was mainly due to the fact that the revenue generated by SAS Sp. z o.o. was not included in H1 2023 as the base year.

The incorporation of SAS into Makarony Polskie S.A. took place on 26 June 2023, so for almost the whole of 1H 2023, Makarony Polskie S.A. and SAS Sp. z o.o. carried out parallel business activities, and sales revenue at SAS was not combined with the revenue of Makarony Polskie S.A. as an entity.

In H1 2024, the unconsolidated sales revenue of Makarony Polskie SA, due to the

incorporation finalised in 2023, includes both items.

Cost of goods, services, merchandise and materials sold in H1 2024 was approximately PLN 105.4 million, down approximately 2.5% compared to H1 2023. Costs of sales amounted to approximately PLN 17.9 million and increased by approximately PLN 3.4 million (approx. 23.3%) compared with the same period in 2023.

The operating result (EBIT) in H1 2024 was approximately PLN 17.3 million compared with PLN 10.3 million in H1 2023 (an increase of approximately 68.0%). Net profit was approximately PLN 13.8 million, up by approximately PLN 6.0 million (approximately 79.0%). The rationale for changes in these figures is the same as for changes in the amount of revenue at Makarony Polskie SA (merger with SAS Sp. z o.o. in mid-2023).

Structure of assets and liabilities of Makarony Polskie S.A.

ASSETS	30 June 2024	31.12.2023	30.06.2023
FIXED ASSETS	**131,725**	**131,547**	**132,649**
Fixed tangible assets	93,313	93,153	93,298
Fixed assets - IFRS-16	6,344	6,491	3,294
Investment real estate 603	0	0	603
Other intangible assets	1,982	1,817	5,359
Company goodwill value			
Non-current financial assets of which	30,080	30,080	30,080
Shares	30,080	30,080	30,080
Borrowings granted	0	0	0
Assets for deferred income tax	0	0	0
Other long-term assets	6	6	15
CURRENT ASSETS	**102,003**	**89,379**	**91,931**
Inventories	24,173	20,159	28,868
Short-term receivables	33,101	40,683	49,068
Corporate income tax receivables	0	0	0
Borrowings granted	0	0	2,011
Cash and cash equivalents	44,353	28,160	11,492
Other short-term assets	376	377	492
ASSETS FOR SALE	**0**	0	**0**
TOTAL ASSETS	**233,728**	**220,926**	**224,580**

LIABILITIES	30 June 2024	31.12.2023	30.06.2023
EQUITY	**147,515**	**142,038**	**124,912**
Revaluation capital	33,120	33,120	33,120
Supplementary capital	75,638	52,306	52,306
Reserve capital	25,000	12,000	12,000
Retained profits/losses (profit/loss from previous years)	13,757	44,612	27,486

LONG-TERM LIABILITIES	**29,014**	**31,685**	**31,631**
Provision for deferred income tax	3,125	3,889	4,015
Long-term bank loans and borrowings	7,183	8,691	10,199
Other long-term financial liabilities	0	0	0
Provision for pensions and similar (long-term)	938	999	872
Revenues of future periods - long-term	11,090	12,190	13,271
Long-term financial liabilities - leasing	6,678	5,916	3,274
SHORT-TERM LIABILITIES	**57,199**	**47,203**	**68,037**
Short-term bank loans and borrowings	3,316	3,019	5,506
Other short-term financial liabilities 368	0	0	31
Short-term financial liabilities - leasing	2,223	1,508	1,116
Financial liabilities due to dividends	8,280	0	6,624
Other short-term liabilities	33,203	30,631	46,014
Corporate income tax liabilities 0	2,858	6,870	2,520
Revenues of future periods - short-term	2,199	2,278	2,227
Provision for retirement and similar benefits (short-term)	2,771	2,245	2,143
Other short-term provisions	2,349	652	1,856
TOTAL LIABILITIES	**86,213**	**78,888**	**99,668**
TOTAL LIABILITIES	**233,728**	**220,926**	**224,580**

The Makarony Polskie Company's total assets as at 30 June 2024 amounted to approximately PLN 233.7 million compared to approximately PLN 221 million as at 31 December 2023 and to PLN 224.6 million as at 30 June 2023.

As at 30 June 2024, non-current assets stood at - c. PLN 131.7 million.

Current assets at 30 June 2024 amounted to approximately PLN 102 million and increased by approximately 11.0% compared to 30 June 2023 (approximately PLN 91.9 million) and approximately 47.0% compared to 31 December 2023 (approximately PLN 89.4 million). The largest changes within current assets occurred in receivables (down by approximately PLN 7.6 million, i.e. by approximately 18.6% compared with the end of 2023), inventories (up by approximately PLN 4.0 million, i.e. by approximately 20.0% compared with the end of 2023) and cash (up by approximately PLN 16.2 million compared with the end of 2023).

Shareholders' equity at the balance sheet date amounted to approximately PLN 147.5 million and increased by approximately 18.0% compared to 30 June 2023 (approximately PLN 124.9 million) and approximately 3.9% compared to 31 December 2023 (approximately PLN 142 million).

Non-current liabilities amounted to approximately 29.0 million and decreased by approximately 8.3% compared to 30 June 2023 (approximately PLN 31.6 million) and approximately 8.4% compared to 31 December 2023 (approximately PLN 31.7 million), mainly due to a decrease in long-term loans of approximately PLN 3.0 million.

Financial position

Current liabilities at 30 June 2024 amounted to approximately PLN 57.2 million and decreased by approximately 15.9% compared to 30 June 2023 (approximately PLN 68.0 million) and increased by approximately 21.2% compared to 31 December 2023 (approximately PLN 47.2 million), mainly due to an increase in financial liabilities from dividends and corporate income tax liabilities.

Statements by the Management Board

Statement on the reliability of the preparation of the financial statements

The Management Board of Makarony Polskie S.A. seated in Rzeszów declares that to the best of its knowledge, the semi-annual condensed financial statements of the Makarony Polskie Group - standalone and consolidated - for the period of the first 6 months of the financial year 2024 ended 30 June 2024 and the comparable data were prepared in accordance with the binding accounting principles and that they reflect in a true, reliable and clear way the material and financial situation of the Company and the Makarony Polskie Group and their financial result.

The report of the Management Board from the activities of the Company and the Makarony Polskie Group for the period from 01 January 2024 to 30 June 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.

Approval of the financial statements

This Management Report on the activities of the Makarony Polskie S.A. Capital Group was approved for release by the Management Board of the Parent on 26 September 2024.

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)

tel. 17 875 30 10; fax 17 875 30 20

You are welcome to contact us by e-mail:

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