



Stalprodukt S.A.  
Financial Statement of Stalprodukt S.A.  
for Year 2022

Prepared in compliance with the International Financial Reporting  
Standards (IFRS) approved by the European Union

Bochnia, April 2023

## Selected financial data

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EUR	
	2022	2021	2022	2021
I. Net sales of products, goods and materials	2 719 250	1 997 851	580 008	436 450
II. Operating profit (loss)	336 452	232 263	71 764	50 740
III. Profit (loss) before taxation	464 831	257 350	99 147	56 221
IV. Net profit (loss)	398 121	220 063	84 918	48 075
V. Net cash flow from operating activities	229 231	-2 095	48 894	-457
VI. Net cash flow from investment activities	142 685	23 051	30 434	5 036
VII. Net cash flow from financial activities	-151 019	-61 539	-32 212	-13 444
VIII. Total net cash flow	220 897	-40 583	47 117	-8 866
IX. Total assets	2 670 230	2 434 023	569 358	529 204
X. Long-term liabilities	142 046	145 421	30 288	31 617
XI. Short-term liabilities	301 263	347 671	64 237	75 591
XII. Shareholders' equity	2 226 921	1 940 931	474 833	421 997
XIII. Share capital	11 161	11 161	2 380	2 427
XIV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XV. Profit (loss) per ordinary share (PLN)	71,34	39,44	15,22	8,62
XVI. Weighted average number of shares	5 524 271	5 580 267	5 524 271	5 580 267
XVII. Diluted profit (loss) per ordinary share (PLN)	72,07	39,44	15,37	8,62
XVIII. Book value per share (PLN)	399,07	347,82	85,09	75,62
XIX. Diluted book value per share (PLN)	403,12	347,82	85,09	75,62
XX. Declared or paid-out dividend for one share in (PLN/EUR)	12,00	6,00	2,62	1,31

1. Comparable financial data (item IX-XIV and XIII, XIX) was presented pursuant to the requirements of the International Financial Reporting Standards according to the balance for this 31<sup>st</sup> December 2021. Other comparable data is presented for the period from 1<sup>st</sup> January 2021 to 30<sup>th</sup> December 2021.
2. EUR exchange rates according to the following principles were used for the conversion of the currency into PLN:
  - the assets and liabilities items of the balance sheet were converted into EUR according to the average rate announced by the National Bank of Poland for this 31<sup>st</sup> December 2022 and amounting to 4.6899 and 4.5994 for this 31<sup>st</sup> December 2021.
  - the profit and loss account items and the cash flow items were converted into EUR according to the rate being the simple average of the average EUR rates announced by the National Bank of Poland on the last day of each month included in the report and amounting to PLN 4.6883 for 2022 and PLN 4.5775 for 2021.
3. For profit-per-share calculation the number of 5 580 267 shares was adopted.
4. In connection with the share buyback, the diluted earnings per share were based on the weighted average number of shares in the amount of 5,524,271.
5. In the item XX the amount of the dividend for 1 share to paid out in 2022 and 2021 by the Issuer.

## BALANCE SHEET AS 31 DECEMBER 2021

BALANCE SHEET	Note	thousand x PLN	
		2022	2021
<b>Assets</b>			
<b>I. Fixed assets</b>		<b>1 402 775</b>	<b>1 447 423</b>
1. Intangible assets other than goodwill	1	1 783	32 288
2. Tangible fixed assets	2	725 582	745 724
3. Right to use assets (incl. right of perpetual usufruct of land)	3	43 489	83 535
4. Investment real estate	4	107 143	48 533
5. Long-term financial assets	5	511 851	520 440
6. Other long-term financial assets	6	12 927	12 927
7. Long-term receivables			0
8. Deferred tax assets	7	0	3 976
9. Long-term prepayments			0
<b>II. Assets</b>		<b>1 267 455</b>	<b>986 600</b>
<u>Current assets other than assets held for sale</u>		<u>1 267 455</u>	<u>986 600</u>
1. Stocks	8	483 371	459 149
2. Receivables due to supplies and services and other receivables	9	409 401	372 215
3. Cash and cash equivalents	10	373 859	152 963
4. Other short-term investments	11	824	2 273
<u>Assets held for sale</u>			0
<b>Assets in total</b>		<b>2 670 230</b>	<b>2 434 023</b>
<b>Liabilities</b>			
<b>I. Shareholders' Equity</b>		<b>2 226 921</b>	<b>1 940 931</b>
1. Share capital	12	11 161	11 161
2. Capital from the surplus of the issue price above the nominal value	13	8 416	8 416
3. Other capitals			180
4. Retained earnings (including uncovered losses)	14	2 207 344	1 921 174
<b>II. Long-term liabilities</b>		<b>142 046</b>	<b>145 421</b>
1. Provision for deferred income tax	15	61 036	73 556
2. Long-term reserves	16 a,b	5 900	5 331
3. Other long-term non-financial liabilities			0
4. Credits and loans	17	0	10 000
5. Long-term liabilities due to leasing contracts	18	75 110	56 534
<b>III. Current liabilities</b>		<b>301 263</b>	<b>347 671</b>
<u>Short-term liabilities other than those included in groups intended for sale</u>		<u>301 263</u>	<u>347 671</u>
1. Short-term provisions for liabilities	19 a,b	15 908	13 921
2. Credits and loans	20	0	20 000
3. Liabilities due to supplies and services	21	248 219	275 720
4. Current liabilities due to social insurance and taxes other than income tax	22	11 394	10 498
5. Other short-term non-financial liabilities	23	19 887	19 800
6. Liabilities due to income tax			1 063
7. Short-term liabilities due to leasing agreements			0
8. Other short-term financial liabilities		0	0
9. Short-term accruals	24	5 855	6 669
<u>Liabilities included in those intended for sale</u>			0
<b>Total liabilities</b>		<b>443 309</b>	<b>493 092</b>
Book value		2 226 921	1 940 931
Number of shares		5 580 267	5 580 267
Book value per share (PLN)	25	399,07	347,82

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

Weighted average number of shares		5 524 271	5 580 267
Diluted book value per share (in PLN)		403,12	347,82

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Note	thousand x PLN	
		2022	2021
<b>I. Net revenue from sale of products, goods and materials, including:</b>	26	<b>2 719 250</b>	<b>1 997 851</b>
<b>II. Costs of sold products, goods and materials, including:</b>	27	<b>2 205 967</b>	<b>1 663 390</b>
<b>III. Profit (loss) gross on sales</b>		<b>513 283</b>	<b>334 461</b>
IV. Costs of sales		76 292	49 635
V. General administrative costs		60 763	47 258
VII. Other operational revenue	28	58 637	33 673
VIII. Other operational costs	29	98 413	38 978
<b>IX. Profit (loss) from operational activity</b>		<b>336 452</b>	<b>232 263</b>
X. Financial revenue	30	146 832	32 564
XI. Financial costs	31	18 453	7 476
<b>XII. Profit (loss) gross</b>		<b>464 831</b>	<b>257 350</b>
XIII. Income tax	32	66 710	37 287
XIV. Profit (loss) from continuing operations		<b>398 121</b>	<b>220 063</b>
XV. Profit (loss) from discontinued operations		0	0
<b>XVI. Profit (loss) net</b>	33	<b>398 121</b>	<b>220 063</b>

Number of shares		5 580 267	5 580 267
Book value per share (PLN)	34	<b>71,34</b>	<b>39,44</b>
Weighted average number of shares		5 524 271	5 580 267
Diluted book value per share (in PLN)		<b>72,07</b>	<b>39,44</b>

TOTAL COMPREHENSIVE CONSOLIDATED INCOME		thousand x PLN	
	Note	2022	2021
Net result		398 121	220 063
Differences from evaluation			
<b>Total Comprehensive Income</b>		<b>398 121</b>	<b>220 063</b>

## FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

Statement of changes in equity for the period from 1st January to 31st December 2022 and 2021	thousand x PLN					
	Share capital	Capital from the surplus of the issue price above the nominal value	Supplementary capital	Others capitals	Retained profit	Equity in TOTAL
<b>As of 1.01.2022 (opening balance)</b>	<b>11 161</b>	<b>8 416</b>	<b>0</b>	<b>180</b>	<b>1 921 174</b>	<b>1 940 931</b>
Correction for change in presentation				-180	180	0
<b>Condition after conversion on 1.01.2022</b>	<b>11 161</b>	<b>8 416</b>	<b>0</b>	<b>0</b>	<b>1 921 354</b>	<b>1 940 931</b>
Dividend					-66 964	-66 964
Total comprehensive income for period 1.01 - 31.12.2022					398 122	398 122
Other change in equity					-45 168	-45 168
<b>As of 31.12.2022 (End of Period)</b>	<b>11 161</b>	<b>8 416</b>	<b>0</b>	<b>0</b>	<b>2 207 344</b>	<b>2 226 921</b>
<b>As of 01.01.2021 (Beginning of Period)</b>	<b>11 161</b>	<b>0</b>	<b>103 750</b>	<b>1 592 870</b>	<b>46 568</b>	<b>1 754 349</b>
Correction for change in presentation		8 416	-103 750	-1 592 690	1 688 024	0
<b>Condition after conversion on 1.01.2021</b>	<b>11 161</b>	<b>8 416</b>	<b>0</b>	<b>180</b>	<b>1 734 592</b>	<b>1 754 349</b>
Dividend					-33 481	-33 481
Total comprehensive income for period 1.01 - 31.12.2021					220 063	220 063
<b>As of 31.12.2021 (End of Period)</b>	<b>11 161</b>	<b>8 416</b>	<b>0</b>	<b>180</b>	<b>1 921 174</b>	<b>1 940 931</b>

## FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	2021	2020
<b>A. Cash flow from operational activity</b>		
<b>Profit (loss) on the activity of accounts. before tax</b>	<b>464 832</b>	<b>257 350</b>
Income tax paid	75 254	41 848
<b>Total adjustments</b>	<b>-160 347</b>	<b>-217 597</b>
Depreciation,	53 025	50 140
(Gains) losses due to exchange rate differences		0
Interest	5 339	5 705
Shares in profits (dividends)	-143 362	-31 539
Adjustments for losses (gains) on the sale of fixed assets	-106	-73
Adjustments for provisions	-9 965	-4 412
Adjustments for the decrease (increase) in the value of inventories	-24 387	-220 324
Adjustments due to the increase (decrease) due to receivables	-56 024	-130 732
Adjustments for the increase (decrease) in the value of other liabilities related to operating activities	-19 941	108 692
Other adjustments made to reconcile profit (loss)	26 531	385
Adjustments due to deferred tax expense	8 543	4 561
<b>Net cash flow from operating activities</b>	<b>229 231</b>	<b>-2 095</b>
<b>B. Cash flow from investment activity</b>		
Sale of intangible assets and tangible fixed assets	122	832
Sale of financial assets		3 900
Dividends received classified as investing activities	143 362	31 539
Repayment of long-term loans granted	14 500	0
Cash inflow from interest received classified as investing activity	819	505
Purchase of intangible assets and tangible fixed assets	-16 118	-10 622
Acquisition of financial assets		-3 103
Other investment inflows and outflows		
<b>Net cash flow from investment activities</b>	<b>142 685</b>	<b>23 051</b>
<b>C. Cash flow from financial activity</b>		
Proceeds from loans classified as financial activities		0
Other financial inflows / outflows		0
Paid dividends classified as financial activities	-66 963	-33 482
Repayment of credits and loans	-30 000	-20 000
Payment of lease liabilities, classified as financial	-77	-63
Interest paid, classified as financial activity	-6 158	-6 209
Other financial expenses	-2 654	-1 785

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

Purchase of own shares	-45 167	
<b>Net cash flow from financial activities</b>	<b>-151 019</b>	<b>-61 539</b>
<b>Net cash flow (before currency effects)</b>	<b>220 897</b>	<b>-40 583</b>
The effects of changes in exchange rates on cash and cash equivalents		0
<b>Increase (decrease) in cash and cash equivalents</b>	<b>220 897</b>	<b>-40 583</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>152 962</b>	<b>193 545</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>373 859</b>	<b>152 962</b>
Restricted cash and cash equivalents	3 498	10 400

Cash at the beginning of the reporting period amounted to PLN 152,962 thousand, including PLN 50,000 in the cash register and PLN 152,912 thousand on bank accounts, while at the end of the reporting period PLN 373,859 thousand, including PLN 50,000 in the cash register and PLN 373,809 thousand on bank accounts.

Operating activities include the basic (main) activities of the Company, i.e. production, trade and services, as well as other activities not classified as investment and financial activities. Net cash from operating activities is the Company's adjusted financial result. Cash and cash equivalents subject to restrictions are funds on VAT accounts and the social fund in the amount of PLN 3,498 thousand.

The Company's investment activity is related to the purchase and sale of tangible and financial fixed assets (fixed assets, intangible assets, shares and stocks).

The Company's financial activity consists in acquiring and servicing own and external capital, including both short- and long-term loans.

Explanations to cash flows to operating activities:

- in the item Other adjustments made to reconcile the profit (loss) the following were presented:
  - revaluation write-down for fixed assets that lost their economic usefulness in the amount of PLN 13,840 thousand,
  - write-down of long-term investments in the amount of PLN 8,589 thousand;
  - change in energy certificates /included in costs/ in the amount of PLN 4,102 thousand.
- in the item adjustment for decrease (increase) in the value of inventories - adjustment for spare parts in the amount of PLN 165 thousand.
- in the item Adjustments for an increase (decrease) in the value of other liabilities - adjustment for a change in lease liabilities 77 thousand.

## **Additional Information on the adopted accounting principles (policy) and other explanatory information**

### **1. General information**

#### **Company's identification data**

<b>Name:</b>	<b>Stalprodukt S.A.</b>
<b>Legal form:</b>	<b>Joint Stock Company</b>
<b>Seat:</b>	<b>Bochnia, Wygoda 69</b>
<b>Country of Registration:</b>	<b>Poland</b>
<b>Registering Agency:</b>	<b>District Court for Kraków-Śródmieście, National Court Register (KRS) No 0000055209</b>
<b>Basic object of activities:</b>	<b>Production of flat cold rolled sheets Polish Classification of Economic Activities (PKD) No 2432Z</b>

Stalprodukt SA was established on 01.07.1991, in the process of restructuring of Tadeusz Sendzimir Steelworks (now the Branch of ArcelorMittal Poland S.A.), using an innovative path of privatization. The Company started its operations on 01.07.1992, with a 60-percent participation of employees and a 40-percent participation of Tadeusz Sendzimir Steelworks in Krakow. Upon the commencement of business the Company acquired against consideration of HTS materials, inventory, work in progress and finished goods, and equipment and intangible assets of the former Metallurgical Processing Plant HTS. In 1995-1996, the Company purchased all the assets leased from Tadeusz Sendzimir Steelworks, including the right of perpetual usufruct of land, buildings, structures, machinery and equipment.

The Company's shares were introduced into public trading and the stock exchange. They are listed on the Warsaw Stock Exchange since 06.08.1997.

The Company is the manufacturer of highly processed steel products such transformer sheets and strips, cold formed profiles and tubes, hot and cold rolled sheets and strips, road safety barriers and toroidal cores. The production plants are located in Bochnia, Krakow and Tarnow. Significant part of the production goes to export markets, mainly to EU countries.

The sale of products is carried out directly by the Company and through a nationwide distribution network with branches located throughout the country.

Internal organizational units (subsidiaries) which prepare independent financial reports are not included in the Company's enterprise. Stalprodukt S.A. is the Parent Company and prepares a consolidated financial report.

*The Company is established for an unlimited time.*

The consolidated financial statements are presented for the year 2022, and comparable financial data for the year 2021.



### **Composition of Management Board's and Supervisory Board**

In the period from 1 January to 31 December 2022, the Management Board worked in the following composition:

- Mr Piotr Janeczek - President of the Management Board-Chief Executive Officer
- Mr Łukasz Mentel - Member of the Board - Chief Financial Officer

In the period from 1 January to 31 December 2022, The Supervisory Board included:

- Stanisław Kurnik - Chairman
- Sanjay Samaddar - Vice Chairman of the Supervisory Board
- Magdalena Janeczek - Secretary of the Supervisory Board
- Agata Sierpińska-Sawicz - Member of the Supervisory Board
- Romuald Talarek - Member of the Supervisory Board

### ***Certified Auditor***

KPW Audyt Sp. z o.o.

Ul. Tymienieckiego 25c/410

90-350 Łódź

### ***Banks:***

Bank Pekao S.A.

Bank Handlowy w Warszawie S.A.

PKO Bank Polski S.A.

BNP Paribas Bank Polska S.A.

Societe Generale S.A. Oddział w Polsce

### ***Listing on the regulated market***

The Company's shares are traded on the Warsaw Stock Exchange from 06.08.1997 r.

### ***Significant Shareholders***

As of 31.12.2022 r. the shareholders entitled to above 5 % of votes at the General Meeting of Shareholders:

- STP Investment S.A. holding 1,529,319 shares, accounting for a 27.41 %-share in capital and 4,375,691 votes, accounting for 35.87 % of the total number of votes at the General Meeting of Shareholders and through F&R Finanse sp. z o.o. 43,807 shares, accounting for 0.79 %-share in capital and 43,807 votes, accounting for 0.36 % of the total number of votes at the General Meeting of Shareholders, i.e. the total 1,573,126 shares, accounting for a 28.19 %-share in capital and 4,419,498 votes, accounting for 36.23 % of the total number of votes at the General Meeting of Shareholders,
- FCASE Sp. z o.o. Sp. k. holding 243,410 shares, accounting for 4.36 %-share in capital and 1,217,050 votes, accounting for 9.98 % of the total number of votes at the General Meeting of Shareholders,
- Stalprodukt Profil S.A. holding 579,652 shares, accounting for 10.39 %-share in capital and 1,095,488 votes, accounting for 8.98 % of the total number of votes at the General Meeting of Shareholders.

- ArcelorMittal Sourcing a société en commandite par actions holding 1,066,100 shares, accounting for a 19.10 %-share in capital and 1,066,100 votes, accounting for a 8.74 % of the total number of votes at the General Meeting of Shareholders.

### *Subsidiary*

In the reporting year, the Stalprodukt Capital Group embraced the following subsidiary companies and companies consolidated at the level of ZGH "Bolesław" S.A. Additionally, the Parent Company and its subsidiaries also hold shares in the entities, over which they do not hold control, joint control or over which they do not exert significant influence, as determined pursuant to IFRS 10, IFRS11 and IAS 28.

No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take- over of control/ joint control/ obtaining a significant impact	percentage of capital held	share of the total number of votes at a general meeting	share-holding of the parent company
1.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	100.00	100.00	100.00
2.	Stalprodukt-Centrostal sp. z o.o. – in liquidation	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	100.00	100.00	100.00
3.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	100.00	100.00	100.00
4.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	100.00	100.00	100.00
5.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	100.00	100.00	100.00
6.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	100.00	100.00	100.00
7.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	100.00	100.00	100.00
8.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	94.93	94.93	94.93
9.	Go Steel a.s.	Frydek-Mistek	production of electrical transformer sheets	subsidiary	full consolidation	01.03.2018	100.00	100.00	100.00
10.	Hotel Ferreus Sp. z o.o.	Kraków	hotel services	subsidiary	full consolidation	09.03.2021	100,00	100,00	100,00

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11.	BOLTECH Sp. z o.o.	Bukowno	heat supplies, alterations/ repair services, production of zinc product dolomite aggregate zinc products, transport- & equipment- related services.	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	01.03.2004	100.00	100.00	94.93
12.	Karo Sp. z o.o.	Bukowno	Investigative, detective and security-related activities	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	01.03.2004	100.00	100.00	94.93
13.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	production and sales of zinc, lead and alloys of these metals	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	29.09.2010	92.82	92.82	88.11
14.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	zinc and lead mining and production of metal concentrates	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	11.07.2011	99.61	99.61	94.56
15.	Polska Technika Zabezpieczeń Sp z o.o.	Warszawa	distribution of construction woodwork	Stalprodukt Zamość Sp. z o.o. subsidiary company	full consolidation	31.12.2015	80.00	74.29	80.00
16.	StalNet Sp. z o.o.	Kraków	Internet commerce	shares held by Stalprodukt S.A./personal links	by means of equity method	31.01.2018	28.00	28.00	28.00

*Related entities*

No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take- over of control/ joint control/ obtaining a significant impact	percentage of capital held	share of the total number of votes at a general meeting	shareholding of the parent company
1.	Stalprodukt-Profil S.A.	Bochnia	trade of metallurgical products	shares held by Stalprodukt S.A./personal links	not applicable	not applicable	19.51	19.51	19.51
2.	F&R Finance Sp. z o.o.	Myślenice, Jawornik	financial activity	personal	not applicable	not applicable	0.00	0.00	0.00
3.	STP Investment S.A.	Bochnia	financial activity	significant shareholder	not applicable	not applicable	0.00	0.00	0.00
4.	FCASE Sp. z o.o. Sp. k.	Myślenice, Jawornik	financial activity	significant shareholder	not applicable	not applicable	0.00	0.00	0.00
5.	ArcelorMittal Sourcing a société en commandite par actions	Luxembor	financial activity	significant shareholder	not applicable	not applicable	0.00	0.00	0.00

## ***2. Compliance with the International Financial Reporting Standards***

From January 1, 2005 Stalprodukt SA, The Issuer of securities, admitted to public trading in accordance with the Accounting Act dated 29 September 1994 (uniform text of Polish Journal of Laws Dz.U. of 2018, item. 395, as amended) and pursuant to the Resolution of AGM dated 30 June 2005, draws up the individual financial statements in accordance with IAS/IFRS, adopted by the European Union and related interpretations published in the form of regulations of the European Commission. The Group applied MSSF1 "the application of the international financial reporting standards for the first time" in the Annual Report for the year ended 31 December 2005. Date of transition to IFRS was 1 January 2004.

These consolidated financial statements have been drawn up in all material respects in accordance with IAS/IFRS, and in the scope not regulated by these standards, as required by the Act of 29 September 1994 on Accounting (Polish Journal of Laws Dz.U. of 2018, item 395, as amended) and in accordance with the requirements specified in the Regulation of the Minister of Finance dated 29 March 2018 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent the information required by the laws of a non-member state (Polish Journal of Laws Dz.U. of 2018, item 757, as amended). The presented financial statements and comparable financial data include recommendations given by an entity authorized to audit.

### ***Assumptions for the Continuation of Economic Activities***

The Report was prepared with the assumption that the Company's economic activities would be continued and no circumstances indicate that such activities are threatened. As of the report signing day, the Company's Management Board does not record any facts or circumstances which would indicate a threat to the continuation of the economic activities to be pursued by the Issuer in the 12-month period following the balance-sheet day.

### ***Functional and Presentation Currency***

The currency in use, as the basic currency of the economic environment in which the Company operates is the Polish zloty. This currency is also the currency used in the consolidated financial statements.

## ***3. Applicable accounting rules (policy)***

Since 01.01.2005, the Company has been applying the accounting rules (policy), including methods of valuation of assets and liabilities, as well as revenues and expenses, determining the financial result and drawing up financial statements in accordance with IFRS, adopted by the European Union, and in matters not governed by IFRS, pursuant to the Polish Accounting Act.

To ensure a clear and full understanding of these financial statements, there are presented below the basic principles of valuation of assets and liabilities, determination of financial result and other accounting policies adopted in the Company.

**Fixed assets**

a) as of the date of transition to international standards, in accordance with MSSF1 "the application of International Financial Reporting Standards for the first time", the Company adopted a valuation of previously used tangible fixed assets at fair value and decided to use this value as expected (implied) cost as of this day. Revaluations were made in-house with technical staff, based on their technical and market knowledge, taking into account the previous lifetime of the assets, the degree of wear and tear, made improvements, modernization and repairs. The following lifetimes and depreciation rates were adopted for the tangible fixed assets used in the Company prior to the date of transition to IFRS: buildings 20 years (5%), structures 10 years (10%), boilers 5 years (20%), machinery and equipment for general use 5 years (20%), metallurgical machinery and equipment 10 years (10%) and other technical equipment 5 years (20%).

Difference (surplus) due to the initial revaluation was applied to equity as retained earnings.

b) items of tangible fixed assets, qualified as assets, initially (at time of adoption for use) are measured at cost or production cost.

The initial value of tangible fixed assets comprises their purchase price or production cost plus any costs directly related to the purchase and adaptation of the asset to a state suitable for production use.

The initial value of fixed assets is increased by the value of the expenditures on their improvement (reconstruction, development, reconstruction, modernization).

c) after the initial recognition of items of tangible fixed assets as assets, they are disclosed on the balance sheet by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation and any accumulated impairment losses. Decrease in amortization does not apply to own land, for which there is no amortization write-offs.

The right of perpetual usufruct of land is depreciated in accordance with IFRS 16.

d) each of the components of tangible fixed assets, purchase price or production cost of which is significant when compared to the purchase price or production cost of the whole item, and the expected lifetime of which differs significantly from the expected lifetime of the whole item, is depreciated separately.

e) assets of the unit initial value up to PLN 3,500 are depreciated once, writing their value off as costs when transferring such assets to use.

f) other fixed assets or their separate and significant components are depreciated with a straight-line method based on rates estimated based on the expected period of use, taking into account the residual value, if the amount is significant. The residual value is the

estimated amount that an entity has obtained from the sale of an asset, after deducting the estimated costs of disposal if the asset was as old and in such condition as expected at the end of its lifetime. There were no significant residual values identified for previously used fixed assets.

The Groups adopts the lifetime of new investments in the form of machinery and equipment 10 - 20 years.

Depreciation rates are reviewed annually for compliance with the economic lifetime of fixed assets. The residual value of fixed assets is also subject to verification.

g) fixed assets under construction are valued in the amount of total costs directly arising in connection with their acquisition or construction, less any impairment losses. Assets under construction are not depreciated until the completion of their construction and putting into use.

h) overhaul costs of fixed assets are capitalized and amortized in equal periods of repair cycles. Maintenance costs of fixed assets and their maintenance affect the result of the financial period in which they are incurred.

i) intangible assets are recognized if it is probable that they will ensure the Company the benefit in the future, which can be directly related to those assets.

They are shown at acquisition or production cost less accumulated amortization and the total amount of any impairment losses. They are amortized with a straight-line method over a period of use, which should be determined reliably. Intangible assets with an indefinite lifetime are not amortized but tested for impairment. The lifetime of intangible assets is subject to verification on the balance sheet date.

The expenses incurred for the acquisition of perpetual usufruct of land are classified by the Company as intangible assets because the title concerned, alike land, does not lose in value and is valid for an indefinite period of time. It is not subject to depreciation or redemption either.

j) if there are any indications of possible loss in value of tangible fixed assets and intangible assets, an impairment test shall be carried out and the determined revaluation write-offs shall reduce the balance sheet value of an asset, to which they refer, and they shall be included in the profit and loss account. The amount of write-downs is determined as the surplus of the balance sheet value of these components over their recoverable value. In accordance with IAS 36, the recoverable amount is the higher of the fair value less costs to sell the asset and its value in use. The amounts of recognized impairment losses are reversed if the reasons for their creation cease to exist. The effects of the reversal of write-downs are recognized in the profit or loss statement as other operating income,

The amounts recognized as revaluation write-offs are reversed if the reasons for their creation cease to appear. The effects of such reversal are recognized in the profit or loss account as other operating income.

k) long-term loans and receivables are measured by the adjusted purchase price (amortized cost) with the use of the effective interest method, observing the principle of materiality.

The realized gains and losses arising from changes in value are recognized in the profit or loss account in the period in which they arose.

l) investment real properties (leased fixed assets) are valued in the same manner as fixed assets by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation (amortization) and accumulated impairment losses.

t) long-term financial assets (shares) are valued at purchase prices less their impairment losses.

m) fixed assets used based on the financial lease agreements that transfer for the beneficiary, all benefits and risks associated with ownership of the assets are generally recognized in the balance sheet according to the cost model, as all tangible fixed assets. Lease fees are divided between financial costs and reduction of outstanding liability balance. Financial costs are recorded directly in the profit and loss account. Fixed assets used based on financial lease agreements are depreciated over their useful life. Agreements classified as operating lease are accounted for as finance leases. The costs of leasing fees are charged to the income statement on a straight-line basis over the period of the agreement,

n) in accordance with IFRS No. 3, negative goodwill at the time of its creation is written off once into revenues. Negative goodwill that arose before the date of transition to IAS was removed from the balance sheet and written off in full in the undistributed result from previous years, thereby increasing equity. Negative goodwill arising after 1 January 2004 is directly related to the profit and loss account (increase of the financial result).

### **Current assets**

Inventories - are valued according to the actual purchase prices or production costs, not higher than their net realization values (net selling prices). Net realization value is the estimated selling price in the ordinary course of business, less estimated costs to complete the inventory item and the costs necessary to make the sale.

Total disbursements are measured by the prices of these items, which were acquired as first (FIFO principle "first in - first out").

Cost of producing finished goods and work in progress includes the cost of direct materials, labour and other costs, as well as the appropriate mark-up of indirect production costs determined on the assumption of normal capacity utilization, excluding borrowing costs.

The production costs do not include costs:

- arising from the unused production capacity and production losses,
- of general management, not associated with developing the product to a form and place in which it is found at the valuation date.

Any write-offs of inventories to net realizable value and all losses of inventories are recognized as operating costs of the period in which the write-off or loss occurred. If the circumstances, which led to the reduction of inventories, cease to prevail or if there is clear evidence of increase in net realization value, the amount of previously made write-off shall be restored (reversal of write-off). The amount corresponding to the restored value of inventories due to higher net realization value, is recognized as a reduction in inventory costs recognized in the profit and loss account in the period in which the value was restored.

The Company keeps a record of material values and quantities. It is allowed to recognize the purchase of materials as costs without keeping the record of values and quantities provided that such materials will be transmitted to use immediately after purchase.

Spare parts for machinery and equipment of long-term lifetime are disclosed in the balance sheet under tangible fixed assets.

a) short-term debts and claims for supplies and services - are recognized according to the amounts originally invoiced including write-offs for bad debt charged to other operating costs.

Denominated in foreign currency receivables are valued on the balance sheet date according to the average rate for that day, for the valuation are assumed the rates of the bank in which the Company has the largest turnover of foreign exchange. While transactions in foreign currencies are valued at the rate of immediate execution at the transaction date. The foreign exchange differences resulting from the valuation are recognized in the profit and loss account, in the period in which they arise (revenues/expenses).

According to the accepted principles (policy), the Company creates revaluation write-offs to:

- national debts not paid within 6 months, and the export receivables of more than 9 months,
- disputed receivables and receivables related to the liquidation and bankruptcy proceedings, as well as arrangements and compositions,
- interest on receivables, accrued but not paid.

b) cash and cash equivalents include cash at bank and in hand, short-term deposits and other instruments with a high degree of liquidity. They are valued at their nominal value. Denominated in foreign currency cash is valued on the balance sheet date at the closing rate, which is the immediate exchange rate. Resulting foreign exchange differences are classified as financial income or expense.



## Equity

**1.1. Equity of the Company includes:** share capital, capital reserve, supplementary capital, revaluation reserve, retained earnings from previous years and the result of the current period. All capital is valued at nominal value. The value of own shares is deducted from equity.

Share capital is included in the amount specified in the contract or statute, and entered in the court register. Declared but not paid capital is recognized as a called-up capital. Share capital represents ordinary bearer shares and privileged registered shares.

Capital is created in the Parent Company obligatorily (by the operation of law) and is intended to cover any lack of share capital. Pursuant to the Commercial Companies Code, the Company must allocate at least 8% of annual net profits to the capital reserve until it reaches one third of the share capital.

The capital reserve is increased by surpluses while the shares are issued above their nominal value and the difference from the revaluation of fixed assets that were liquidated or sold. In addition, the capital reserve was increased in 2005 due to the revaluation of fixed assets to fair value at the date of transition to IFRS, as retained earnings.

Other supplementary capital is created from profit, the distribution of which is determined by the General Meeting of Shareholders. These serve to finance investments and current assets, and cover potential losses. Their use is determined by the General Meeting of Shareholders.

**1.2. Bank credits, loans and other financial liabilities** (leasing) are disclosed at amortized cost (corrected purchase price) with an effective interest rate method, observing the principle of materiality. Interest cost is allocated to the respective periods and disclosed in the profit and loss account.

**1.3. Short-term trade liabilities** are recognized according to the amounts originally invoiced. Liabilities denominated in foreign currencies are valued at the rate of the immediate implementation (exchange), which is the closing price on the balance sheet date. The resulting exchange differences are disclosed in the financial income or expense in the profit and loss account.

**1.4. Provisions** are created when there is:

- an obligation (legal or constructive) on the balance sheet date resulting from past events,
- a probability that funds shall have to be spent,
- a possibility of making a reliable estimate calculation.

According to the accepted principles (policy), the Company creates provisions for:

- temporary income tax differences resulting from the fact that the moment when income was recognised as gained or cost as incurred was different, pursuant to the accounting law and tax regulations,

- employee benefits (retirement),
- other provisions for the expected or probable losses from business operations having a significant influence on earnings, observing the principle of materiality.

**Provision for retirement benefits** is determined with the actuarial method, and its amount depends on the previous period of employment specifying the degree of benefit development and the rotation rate of employment, the likelihood of payment and the discount rate. Provisions for employee benefits are accounted for on the balance sheet date, ending the financial year.

When calculating the basis of remuneration, remuneration paid within 3 months preceding the month in which the leave would be used and paid was taken. When calculating the basis for holiday pay, the basic salary was taken into account, followed by other components of remuneration (bonuses, allowances, remuneration for overtime hours) that employees received in the calculated period. The calculated holiday pay basis for one day was multiplied by the number of days of outstanding leave.

In accordance with the International Accounting Standard No. 19, holiday provisions fall under the category of short-term employee benefits.

**Provision for income taxes** is created using the liability method for all temporary differences existing on the balance sheet date between the tax bases of assets and liabilities and their balance sheet amounts shown in the financial statements. Provision for deferred tax is created in relation to temporary gains, and deferred tax assets are recognized in relation to temporary losses.

In terms of depreciation, the provision (assets) for the differences between the tax and balance sheet depreciation is created for the last reporting period.

The balance sheet value of assets due to the deferred tax is reviewed on the balance sheet date and reduced as appropriate, if gaining the taxable income sufficient to realize the asset due to the deferred income tax is no longer probable. The difference between the balance of provisions and deferred tax assets at the end and the beginning of financial year affects the financial result or equity if the provisions and assets relate to operations settled directly with equity.

#### **1.5. Pre-payments and accruals.**

Group makes prepayments, if they relate to future reporting periods. Accrued expenses payable are made in the amount of probable liabilities attributable to the current reporting period.

**Profit and loss account**

1. Revenues from sales includes the fair value of revenues from sales of products, goods and services, net of tax on goods and services.

Revenues are recognized in two major categories:

- sale of products (including services),
- sale of goods and materials.

Revenues are recognized in the amount in which it is probable that the Company shall gain the economic benefits associated with the transaction and the amount of revenue can be measured reliably.

2. According to IFRS 15 revenues are recognized when the customer obtains control of a good or service. The customer obtains such control when he is able to manage the use of the good or services and gain benefits from them.

3. An entity shall recognize a contract with a customer that is within the scope of this standard only if all of the following criteria are met:

- a) the parties have concluded a contract (in writing, orally or in accordance with other customary commercial practices) and are required to perform their obligations;
- b) the entity is able to identify the rights of each party regarding the goods or services to be transferred;
- (c) the entity is able to identify the payment terms for the goods or services to be transferred;
- d) the contract has economic substance (i.e. the risk, distribution over time or future cash flows of the entity can be expected to change as a result of the contract); and
- (e) it is likely that the entity will receive the consideration that it will be entitled to receive in exchange for goods or services that will be provided to the customer.

4. Cost of products and services sold, goods and materials include costs directly related to their production or purchase.

Own cost is presented as broken down into two basic categories:

- cost of products sold (including services),
- value of goods and materials sold.

Cost of sales includes the costs of trade and the costs of representation and advertising. General and administrative costs include costs associated with managing the unit and the costs of administration and representation.

5. The financial result is also influenced by:

- other operating income and operating expenses indirectly related to the activities in such areas as gains and losses on disposal of non-financial fixed assets, revaluation of non-

financial assets, the creation and termination of provisions for future risks, penalties, fines and compensation, receipt or transfer of donations,

- financial income from dividends (profit sharing), interest, gains on disposal of investments, revaluation of investments, surplus from foreign exchange benefits over foreign exchange losses,

- the financial costs of interest, loss on disposal of investments, revaluation of investments, the surplus of foreign exchange losses on the positive

- mandatory financial burden as a result of income tax.

6. A write-off (provision) in a full amount is created according to the accruals principle, observing the precautionary principle, for interest income. Interest received according to the cash principle is disclosed in the profit and loss account.

7. Operating expenses are recorded in the period to which they relate.

Borrowing costs directly related to the acquisition or construction of assets that require a longer period of time in order to be fit for use or resale, are added to the manufacturing costs of such assets until the hand-over of these assets to use.

All other borrowing costs are disclosed directly in the profit and loss account in the period in which they are incurred (IAS 23).

8. Income tax disclosed in the profit and loss account includes some current and deferred tax. Current tax is the tax liability in respect of taxable income for the given financial year, determined using tax rates applicable on the balance sheet date and tax adjustments for previous years.

There was adopted the principle of cost grouping by type in the accounts under group 4 and settling them by type of activity under group 5. The Company uses and reports the calculation variant of the profit and loss account.

### **Leasing**

Fixed assets used under financial leasing agreements, which transfer to the Company substantially all benefits and risks associated with the possession of assets, are disclosed in the balance sheet acc. to IFRS 16 by the cost model, as all the components of tangible assets. Lease payments are allocated between finance charges and reduction of the outstanding liability. Financial expenses are accounted for directly in the profit and loss account. Fixed assets used under financial leasing are depreciated over their lifetime. Leasing agreements, under which all the risks and benefits are borne by the lessor, are classified as operating leasing agreements. Cost of leasing payments are related linearly in the profit and loss account during the contract period.

### **Negative goodwill**

According to IFRS No. 3, negative goodwill at the time of its creation is once written off in revenues. Negative goodwill which arose before the date of transition to IFRS, was removed

from the balance sheet and written off in full in the undistributed profit from previous years, thus increasing equity. Negative goodwill arising after the date of 01.01.2004 is referred directly to the profit and loss account.

### **Professional opinion, estimates and assumptions**

While drawing up the consolidated financial statements in conformity with IFRS, the Management Board has the obligation to express its professional opinion, prepare estimates and assumptions that affect the adopted rules and presented values of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and other factors, which are considered reasonable in the circumstances, and their results provide the basis to express professional opinion as to the balance sheet amounts of assets and liabilities, which do not result directly from other sources. Actual results may differ from the estimate. The estimates and associated assumptions are subject to ongoing review. Changes in accounting estimates are recognized in the period in which they were made.

Key assumptions and estimates in the process of applying the rules (policies) concerning the balance sheet amounts are:

- a) revaluation write-offs of receivables,
- b) revaluation write-offs of inventories,
- c) provisions for retirement /including retirement benefits, unused leaves, bonuses/,
- d) assets and deferred tax liabilities,
- e) periods of depreciation of fixed assets.

### **4. Changes of the applicable accounting rules (policies)**

From January 1, 2022, the Company creates provisions for unused holidays. The amount of the provision is calculated as the quotient of unused days by individual employees and the basis of remuneration. When calculating the basis of remuneration, remuneration paid within 3 months preceding the month in which the leave would be used and paid was taken. When calculating the basis for holiday pay, the basic salary was taken into account, followed by other components of remuneration (bonuses, allowances, remuneration for overtime hours) that employees received in the calculated period. The calculated holiday pay basis for one day was multiplied by the number of days of outstanding leave.

In accordance with the International Accounting Standard No. 19, holiday provisions fall under the category of short-term employee benefits.

### **5. Amendments to the International Financial Reporting Standards effective from January 1, 2022**

The amended standards and interpretations, which will be applied for the first time in 2022, are:

- Amendments to IAS 16 Property, plant and equipment: revenue earned before commissioning,
- Amendments to IAS 37 Onerous Contracts - costs of fulfilling contractual obligations,
- Amendments to IFRS 3 Business combinations - reference to conceptual assumptions and
- Changes resulting from the review of IFRS 2018-2020 – Amendments to IAS 41, IFRS 1, IFRS 16 and IFRS 9 They mainly concern the resolution of inconsistencies and clarification of nomenclature.

The amended standards and interpretations, which are applicable for the first time in 2022, do not have a significant impact on the Company's financial statements.

#### New standards and interpretations published but not yet effective

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but have not yet effective:

- IFRS 14 *Regulatory prepayments and accruals* (published on 30 January 2014) - in accordance with the decision of the European Commission, the process of approving the standard in the preliminary version will not be initiated before the release of the standard in the final version - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on or after January 1, 2016;
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture* (published on 11 September 2014) - work leading to the approval of these amendments has been postponed by the EU indefinitely - the effective date has been postponed by the IASB for an indefinite period;
- IFRS 17 *Insurance Contracts* (published on May 18, 2017) including Amendments to IFRS 17 (published on June 25, 2020) - applicable to annual periods beginning on or after January 1, 2023;
- Amendments to IAS 1: *Presentation of financial statements - Distribution of liabilities into current and long-term and Distribution of liabilities into current and long-term - deferral of the effective date* (published on January 23, 2020 and July 15, 2020, respectively) - until the date of approval of these financial statements, not approved by the EU - applicable for annual periods beginning on or after January 1, 2023;
- Amendments to IAS 1 and Practice Statement 2: *Disclosure of information on accounting principles (policy)* (published on February 12, 2021) - applicable to annual periods beginning on or after January 1, 2023;
- Amendments to IAS 8: *Definition of estimates* (published on February 12, 2021) - applicable to annual periods beginning on or after January 1, 2023;
- Amendments to IAS 12: *Deferred tax on assets and liabilities arising from a single transaction* (published on May 7, 2021) – applicable to annual periods beginning on or after January 1, 2023;

▪Amendments to IFRS 17 *Insurance Contracts: First application of IFRS 17 and IFRS 9 - Comparative information* (published on December 9, 2021) - applicable to annual periods beginning on or after January 1, 2023.

Effective dates are the dates resulting from the content of the standards announced by the International Financial Reporting Council. The dates of application of standards in the European Union may differ from the dates of application resulting from the content of the standards and are announced at the time of approval for use by the European Union.

The changes do not have a significant impact on these financial statements of the Company.

## 6. Notes

NOTE 1a - INTANGIBLE ASSETS	thousands of PLN	
	2022	2021
a) costs of development work		30 601
b) concessions, patents, licenses and similar, including:	1 783	1 687
- computer software	124	
Intangible assets, total	<b>1 783</b>	<b>32 288</b>

All intangible assets are owned by Stalprodukt. The Company does not hire, rent or lease intangible assets.

## FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

1b NOTE - CHANGES TO INTANGIBLE VALUES OTHER THAN COMPANY VALUE (by group type)						
thousands of PLN						
	a	b		c		Intangible assets, total
	cost of completed developmental works	concessions, patents, licenses and similar values, including:		other intangible assets		
			- computer software		CO <sub>2</sub> emission rights	
I. gross value of intangible assets at the beginning of the period	30 601	2 944	979	12 408	6 205	45 953
1. increase (due to)	57	573	39	6 461	6 461	7 091
- investment		573	39			573
- received CO2 emission rights				6 461	6 461	6 461
- change in the balance of development costs	57	-				57
2. decrease (due to)	30 658	0	0	0	0	30 658
- liquidation	30 658					30 658
II. gross value of intangible assets at the end of the period	0	3 517	1 018	18 869	12 666	22 386
III. accumulated depreciation (amortization), at the beginning of the period		1 256	875	12 408	6 205	13 664
1. increase (due to)	0	478	19	6 461	6 461	6 939
- depreciation allocated to the costs		478	19			478
- amortization of CO <sub>2</sub> emission rights				6 461	6 461	6 461
2. decrease (due to)	0	0	0	0	0	0
IV. accumulated depreciation (amortization) at the end of the period	0	1 734	894	18 869	12 666	20 603
V. charges for permanent loss of value at the beginning of the period	0	0	0	0	0	0
VI. write-offs for permanent loss of value at the end of the period	0	0	0	0	0	0
VII. net value of intangible assets at the end of the period	0	1 783	124	0	0	1 783

Reclassification of development works concerned works related to the implementation of a project in the area of renewable energy sources, i.e. construction of a prototype of an innovative wind turbine with a vertical axis of rotation, with a capacity of 1.5 MW. In March 2022, the entire wind farm equipment together with the apparatus was accepted as a fixed asset with a total initial value of PLN 30,658 thousand.



NOTE 2a - TANGIBLE FIXED ASSETS	thousands of PLN	
	2022	2021
1. fixed assets, including:	<b>705 897</b>	<b>727 946</b>
a) land	22 954	20 707
b) buildings, premises, civil engineering objects	230 236	223 532
c) plants and machinery	441 368	472 857
d) means of transport	2 967	3 531
e) other fixed assets	8 372	7 319
2. fixed assets under construction	<b>19 685</b>	<b>17 778</b>
Tangible fixed assets, total	<b>725 582</b>	<b>745 724</b>

Tangible assets are not encumbered with mortgages, registered pledges and ownership transfers.

Tangible fixed assets were measured at cost, i.e. purchase price (production cost) less accumulated depreciation (depreciation) charges. As at the balance sheet date, an impairment loss for property, plant and equipment was made in the amount of PLN 13 840 thousand. The write-off concerned the ANew-B1 wind farm with a capacity of 1.5 MW. The direct premise for the impairment test was the physical damage to the assets, i.e. the failure of the B1 turbine consisting in the detachment of two blades mounted in two wings (out of three working ones), which occurred on January 5, 2023. As a result of the test, it was necessary to check whether the carrying amount is not higher than the recoverable value and make a write-down corresponding to the difference between the recoverable and carrying amount of a given fixed asset.

The preliminary analysis of the collected materials shows that:

- the power plant operated within the permissible operating parameters,
- wing no. 3 was broken first, then no. 2,
- wing No. 1 passed through the same zone without damage, with essentially unchanged rotational speed,
- the breakage of both wings occurred in the same place (from the point of view of the angle of attack of the wing relative to the direction of the wind).

According to the opinion of the head of the team of constructors who designed the wings, all necessary design activities and diligence in verifying the design were completed:

- materials were selected from recognized global manufacturers,
- strength tests of samples were carried out at the manufacturer of the wings made in accordance with the design assumptions,
- supervision over the proper execution of the wings was carried out,
- wings are made according to the latest technology of composites.

Preliminary findings indicate that the cause of the turbine failure was the cumulative fatigue of the two blades, which survived two emergency braking, a lightning strike, and a third blade detachment. Verification of the above However, an internal committee appointed for this purpose will take care of the theses and the exact determination of the causes of the failure.

Delay in the implementation of the project, caused by the need to thoroughly investigate the causes of the failure, order and manufacture new wings, and then replace them, will extend the time to reach the (possible) stage of commercialization of the project. An additional unfavourable factor would be to determine that the cause of the failure are design errors. This fact would have a decisive impact on the decision to continue the project or to abandon its implementation.

NOTE 2b - CHANGE OF FIXED ASSETS (BY GROUPS)	thousand x PLN					
	- land	- buildings, premises, civil engineering objects	- plants and machinery	- means of transport	- other fixed assets	Fixed assets, total
<b>I. gross value of fixed assets at the beginning of the period</b>						
	20 707	418 952	897 698	7 991	11 066	1 356 414
<b>1.increases (due to)</b>	2 247	34 807	6 455	150	1 993	45 652
- from the purchase	2 247			150		2 397
- investments		34 807	6 290		1 993	43 090
- change of state part. order included in accordance with IAS as fixed assets			165			165
- other						0
<b>2. decrease (due to)</b>	0	36 428	1 483	139	0	38 050
- sale				139		139
- liquidation		7 868	132			8 000
- change in the state of major repairs			1 351			1 351
- retraining		28 560				28 560
<b>II. gross value of fixed assets at the end of the period</b>	22 954	417 331	902 670	8 002	13 059	1 364 016
<b>III. accumulated depreciation (amortization), at the beginning of the period</b>	0	195 035	424 842	4 460	3 747	628 084
<b>1. increases (due to)</b>	0	13 347	36 590	700	940	51 577
- depreciation included in costs		13 347	36 590	700	940	51 577
<b>2. decrease (due to)</b>	0	7 447	130	125	0	7 702
- sale				125		125
- liquidation		7 447	130			7 577
<b>IV. accumulated depreciation</b>	0	200 935	461 302	5 035	4 687	671 959

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

(amortization) at the end of the period						
V. impairment losses at the beginning of the period		-385				-385
- increase		385				385
- decrease		13 840				13 840
VI. impairment losses at the end of the period	0	-13 840	0	0	0	-13 840
VII. net value of fixed assets at the end of the period	22 954	230 236	441 368	2 967	8 372	705 897

**Right of use of assets**

NOTA 3 - RIGHT OF USE OF ASSETS /INCLUDING PUWG/	thousand x PLN	
	2022	2021
1. right of perpetual usufruct of land	43 489	83 535
2. used on the basis of a lease, rental or tenancy agreement	0	0
Right to use assets, together	43 489	83 535

NOTA 3b - CHANGE IN THE RIGHT OF USE OF ASSETS /INCLUDING PUWG/ (BY TYPE)	thousand x PLN		
	a	b	Right to use assets, together
	right of perpetual usufruct of land	used on the basis of a lease, rental or tenancy agreement	
I. gross value of the right to use assets at the beginning of the period	101 956		101 956
1.increases (due to)	15 316	0	15 316
- PWUG valuation	15 316		15 316
2. reductions (due to)	57 280	0	57 280
- retraining	57 280		57 280
II. gross value of the right-of-use asset at the end of the period	59 992	0	59 992
III. accumulated depreciation (depreciation) at the beginning of the period	18 421		18 421
1.increases (due to)	473	0	473
- depreciation charged to costs	473		473
2. reductions (due to)	2 391	0	2 391
- retraining	2 391		2 391
IV. accumulated depreciation (depreciation) at the end of the period	16 503	0	16 503
V. write-offs due to permanent loss of value at the beginning of the period	0	0	0

VI. write-offs due to permanent loss of value at the end of the period	0	0	0
VII. net value of the right-of-use asset at the end of the period	43 489	0	43 489

**Investment property**

NOTE 4 - INVESTMENT PROPERTY	w tys. zł	
	2022	2021
a) land	147	147
b) buildings, premises	41 418	40 419
c) buildings	2 142	2 261
d) right of perpetual usufruct of land	63 436	5 706
<b>Investment property, total</b>	<b>107 143</b>	<b>48 533</b>

NOTE 4b - CHANGE IN INVESTMENT PROPERTY	thousand x PLN				
	a	b	s	d	Investment property, total
	land	buildings, premises	buildings	right of perpetual usufruct of land	
<b>I. balance at the beginning of the period</b>	<b>148</b>	<b>40 418</b>	<b>2 261</b>	<b>5 706</b>	<b>48 533</b>
<b>1. increases</b>	<b>0</b>	<b>2 681</b>	<b>161</b>	<b>58 226</b>	<b>61 068</b>
- from the purchase					0
- retraining		2 681	161	58 226	61 068
<b>2. decreases</b>	<b>0</b>	<b>1 682</b>	<b>280</b>	<b>496</b>	<b>2 458</b>
- depreciation		1 682	280	496	2 458
<b>II. balance at the end of the period</b>	<b>148</b>	<b>41 417</b>	<b>2 142</b>	<b>63 436</b>	<b>107 143</b>

Investment properties constitute fixed assets including: the right of perpetual usufruct of land PLN 8,977 thousand, land PLN 148 thousand and buildings and structures PLN 41,417 thousand. These properties are not intended for sale. Total revenues from rent for the year 2022 amounted to PLN 5,144 thousand, while the costs associated with these real properties are estimated approximately at PLN 4,886 thousand. Other Investment properties are properties intended for future investments. For investment properties, the principles of valuation according to cost model, i.e. the purchase price less accumulated depreciation (redemption) and the total amount of any write-offs for impairment. The initial value of investment properties is PLN 145,983 thousand. As at the balance sheet date, the Company did not perform a professional analysis. According to the Company's estimates, the estimated value of investment property as at December 31, 2022 is PLN 167,534 thousand.

**Long-term financial assets**

NOTE 5a - LONG-TERM FINANCIAL ASSETS	thousands of PLN	
	2022	2021
a) shares or stocks	511 851	520 440
b) loans granted	0	0
<b>Long-term financial assets, together</b>	<b>511 851</b>	<b>520 440</b>

The stakes and shares held are not quoted on stock exchanges or regulated markets. They are not characterized with limited transferability. The pledge on the shares of GO Steel a.s. was established

on 23 August 2018 in favour of PKO BP S.A. to secure an investment credit in the amount of PLN 100 000 thousand for refinancing the purchase of shares of the Czech company.

On May 31, 2022, the Company made an early repayment of the loan (in the amount of PLN 25,000 thousand) and the bank released the pledge established on the shares. As at December 31, 2022, these shares are not subject to restricted transferability.

NOTE 5b - CHANGE OF LONG-TERM FINANCIAL ASSETS	thousand x PLN			
	a	b	c	Long-term financial assets, together
	shares or stocks	loans granted	Other long-term financial assets, together	
<b>I. balance at the beginning of the period</b>	<b>520 440</b>			<b>520 440</b>
<b>1. increases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. decreases</b>	<b>8 589</b>	<b>0</b>	<b>0</b>	<b>8 589</b>
- write-down for the impairment of investments	8 589			8 589
<b>II. balance at the end of the period</b>	<b>511 851</b>	<b>0</b>	<b>0</b>	<b>511 851</b>

The decrease by PLN 8,589 thousand results from the write-off of shares held in Anew Institute Sp. z o. o. Due to the subject of the conducted activity, Anew Institute Sp. z o. o. is a special purpose vehicle of a research and development nature, incurring expenditure on works and focusing on the implementation of the basic goal, at the same time it does not show revenues resulting from commercial activities.

NOTE 5c – SHARES IN SUBSIDIARIES												
No	thousands of PLN											
	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustments (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	4 270	0	4 270	100	100	
2.	Stalprodukt-Centrostal sp. z o.o. in liquidation	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	10 797	10 797	0	100	100	
3.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	2 450	0	2 450	100	100	
4.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	600	0	600	100	100	
5.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	20 864	0	20 864	100	100	
6.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	36 916	0	36 916	100	100	
7.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	17 947	17 947	0	100	100	

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

8.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	275 633	0	275 633	94,93	94,93	
9.	Go Steel a.s.	Frydek- Mistek	production of electrical transformer sheets	subsidiary	full consolidation	01.03.2018	170 618	0	170 618	100	100	
10.	Hotel Ferreus Sp. z o.o.	Kraków	hotel services	subsidiary	full consolidation	09.03.2021	500		500	100	100	

NOTE 5c' – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION																			
	thousand x PLN																		
	a	m							n			o			p	r		s	t
	name of entity	Equity of the unit, including:							Liabilities and provisions for liabilities of the unit, including:			Receivables of the unit, including:			Assets of the entity, total	Revenues from sale	value of the shares in the unit not paid by the issuer	dividends received or receivable from the unit for the last financial year	
			- share capital	- called up share capital (nega- tive value)	- supplement ary capital	Other equity, including:				-long- term liabili- ties	- short- term liabilities		- long- term receivab les	- short- term receivable s					
							Previous years' profit (loss)	Net profit (loss)											
1.	Stalprodukt -Wamech sp. z o.o.	19 432	4 270				-110	15 272	8 416	939	7 477	9 796		9 796	27 848	40 161			
2.	Stalprodukt -Centrostal sp. z o.o. in liquidation	13 906	10 797				286	2 823	765		765	2 125		2 125	14 670	1 071			
3.	Stalprodukt -Zamość sp. z o.o.	47 662	2 450				8 614	36 598	12 124	572	11 552	8 754		8 754	59 786	94 182			
4.	Stalprodukt -Ochrona sp. z o.o.	1 284	600				39	645	834		834	1 096		1 096	2 118	5 662			

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

5.	STP-Elbud sp. z o.o.	29 159	20 613				1 882	6 664	28 990	932	28 058	13 209		13 209	58 148	112 254		
6.	Cynk-Mal S.A.	76 754	20 191				23 395	33 168	20 091	5 461	14 630	14 073		14 073	96 845	129 115		
7.	Anew Institute sp. z o.o.	-1 663	17 253				-8 972	-9 944	1 910		1 910	25		25	248	557		
8.	ZGH "Bolesław" S.A.	1 698 058	166 116		-29 339	2 135	100 302	1 458 844	735 856	282 140	453 716	406 851	942	405 909	2 351 642	2 734 261		94 619
9.	GO Steel a.s	349 397	200 154			39 486	96 821	12 936	99 512	48 628	50 884	83 516		83 516	448 909	690 992		48 743
10.	Hotel Ferreus Sp. z o.o.	385	500				-62	-53	4		4	0			389			

**NOTE 5d – SHARES IN SUBSIDIARIES**

No	thousands of PLN											
	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdepend ent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take- over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustments (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	BOLTHERM Sp. z o.o.	Bukowno	heat supplies, alterations/ repair services, production of zinc product dolomite aggregate zinc products, transport- & equipment- related services.	subsidiary company	full consolidation	01.03.2004	16 639	-10 445	6 194	100	100	



FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

2.	Karo Sp. z o.o.	Bukowno	Investigative, detective and security-related activities	subsidiary company	full consolidation	01.03.2004	304		304	100	100	
3.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	production and sales of zinc, lead and alloys of these metals	subsidiary company	full consolidation	29.09.2010	22 408		22 408	92,82	92,82	
4.	Gradir Montenegro d.o.o.	Novaka Ramowa	zinc and lead mining and production of metal concentrates	subsidiary company	full consolidation	11.07.2011	154 473	-130 981	23 492	99,61	100	
5.	PTZ Sp. z o.o.	Warszawa	distribution of construction woodwork	subsidiary company	full consolidation at the level of Stalprodukt-Zamość Sp. z o.o.	31.12.2015	469	0	469	84	77,14	

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

NOTE 5d' – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES																		
No	name of entity	thousand x PLN																
		m							n			o			p	r	s	t
		Equity of the unit, including:							Liabilities and provisions for liabilities of the unit, including:			Receivables of the unit, including:			Assets of the entity, total	Revenues from sale	value of the shares in the unit not paid by the issuer	dividends received or receivable from the unit for the last financial year
			- share capital	called up share capital (negative value)	- supplementary capital	Other equity, including:							- long-term receivables	- short-term receivables				
							Previous years' profit (loss)	Net profit (loss)		-long-term liabilities	- short-term liabilities							
1.	BOLTHERM Sp. z o.o.	63 142	16 262				1 589	45 291	54 639	12 328	42 311	33 815	812	33 003	117 781	287 701		
2.	Karo Sp. z o.o.	1 310	300				176	834	994	43	951	999	0	999	2 305	8 098		
3.	Huta Cynku Miasteczko Śląskie S.A.	457 492	79 000		-13 961		16 226	376 227	228 482	46 216	182 266	205 006	0	205 006	671 460	1 361 541		
4.	Gradir Montenegro d.o.o.	38 629	93 290			2 133	5 560	-62 354	58 702	39 365	19 337	3 082	130	2 952	97 332	76 071		
5.	PTZ Sp. z o.o.	315	500				78	-263	962		962	468		468	1 449	3 986		

NOTE 6 – OTHER LONG-TERM FINANCIAL ASSETS	thousands of PLN	
	2022	2021
a) shares or stocks	119	119
b) long-term loans granted	0	0
c) other long-term financial assets	12 808	12 808
Other Long-term financial assets, together	12 927	12 927

The amount of PLN 12,808 thousand is the balance from F&R Finanse Sp. z o. o. under the contract for the purchase of employee shares of a subsidiary after March 16, 2020. In addition, the Issuer holds small amounts of shares in 7 entities for which a 100% write-down was created due to their impairment.

NOTE 6a – STOCKS OR SHARES IN AN ASSOCIATED COMPANY									
thousands of PLN									
a	b	c	d	e		f	g	h	i
Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	book value of shares	including:		Percentage of capital held	Total number of votes at a general meeting	The value of shares not paid by the issuer	Dividends received or receivable for the last financial year
					- capital held				
Stalprodukt Profil S.A.	Bochnia	Internet commerce	80		410	19.51%	19.51		

NOTE 6c' – STOCKS OR SHARES IN AN ASSOCIATED COMPANY									
w tys. zł									
a	b	c	d	e		f	g	h	i
Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	book value of shares	including:		Percentage of capital held	Total number of votes at a general meeting	The value of shares not paid by the issuer	Dividends received or receivable for the last financial year
					- capital held				
StalNet Sp. z o.o.	Bochnia	Internet commerce	16 393	58 545	200	28.00	28.00		

## Deferred Income Tax assets

Note 7a - ASSETS ON ACCOUNT OF DEFERRED INCOME TAX /Deductible temporary differences/	in thousand zlotys	
	2022	2021
- Exchange rate differences on balance sheet valuation	3,376	1 487
- Write-downs	1,211	1 596
- Leasing liabilities	0	0
- Creation of a provision	12,744	3 813
- Stock valuation	24,697	10 195
- Provision for the purchase of CO2 emission allowances	2,794	
- Unpaid remuneration for mandate contracts, business trips and social security contributions	4,414	3 833
<b>Negative temporary differences, total</b>	<b>49,236</b>	<b>20 924</b>
The value of the deferred tax asset recognized in the financial result (19%)	9,355	3 976
Value of deferred tax asset recognized in equity (19%)	0	0
<b>Total deferred tax asset</b>	<b>9,355</b>	<b>3 976</b>

NOTE 7b - Change in assets due to deferred income tax	thousands of PLN	
	2022	2021
1. Balance of assets due to deferred income tax, at the beginning of the period, including:	<b>3 976</b>	<b>2 598</b>
a) attributed to the financial result	3 976	2 598
b) attributed to equity	0	
2. Increases	<b>5 379</b>	<b>1 975</b>
a) attributed to financial result of the period in respect of deductible temporary differences (due to)	5 379	1 975
- appearance of temporary differences	5 379	1 975
b) attributed to equity in respect of negative temporary differences (due to)		
3. Decreases	<b>0</b>	<b>597</b>
a) attributed to financial result of the period in respect of negative temporary differences (due to)		597
- reversal of temporary differences	0	597
- changes of tax rate		
b) attributed to equity in respect of negative temporary differences (due to)	0	0
4. Balance of assets due to deferred income tax, at the end of the period, including:	<b>9 355</b>	<b>3 976</b>
a) attributed to the financial result	9 355	3 976
b) attributed to equity	0	

The sum of tax losses for 2017-2019 is PLN 61,427 thousand, in 2022, the remaining loss from previous years in the amount of PLN 8,781 thousand was deducted.

The deferred tax asset and provision in the statement of financial position were disclosed on the balance side of the provision in the amount of PLN 61,036.

#### CURRENT ASSETS OTHER THAN ASSETS HELD FOR SALE

NOTE 8a – Inventory	thousands of PLN	
	2022	2021
1. materials	281 494	225 447
2. semi-finished products and work in progress	84 657	88 182
3. finished products	110 512	128 783
4. goods	6 708	16 737
Inventory, total	<b>483 371</b>	<b>459 149</b>

As of the balance sheet day, materials are subject to a registered pledge up to the amount of PLN 20 000 thousand in favor of PNB Paribas S.A., up to the amount of PLN 15 000 thousand in favor of Bank Handlowy S.A., up to the amount of PLN 100 000 thousand in favor of Bank PKO BP S.A. and up to the amount of PLN 35 000 thousand in favor of Bank PeKaO S.A., securing the granted credit limits.

NOTE 8b - CHANGE IN INVENTORY WRITE-DOWNS	materials	semi-finished products and work in progress	finished products	goods
<b>Balance at the beginning of the period</b>	<b>74</b>	<b>158</b>	<b>10 038</b>	<b>0</b>
- creation	15 595		29 662	
- solution	71	158	30 602	
<b>Balance at the end of the period</b>	<b>15 598</b>	<b>0</b>	<b>9 098</b>	<b>0</b>

In accordance with IAS 2 point 9 Provisions are measured at purchase price or production cost or at net realizable value, whichever is lower. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of preparing the sale and the estimated costs necessary to make the sale. The net realizable value is the amount that the entity intends to realize on the sale of inventories in the ordinary course of business. Fair value reflects the price at which the same inventory could be sold on the principal (or most advantageous) market for that inventory in an orderly transaction between market participants at the measurement date. The first of these values (as opposed to the second) is a unit-specific value. The net realizable value of inventories may not equal fair value less costs to sell. Lower net sales prices possible to obtain as at the balance sheet date in relation to production costs are the basic premise for making write-downs on inventories of finished and semi-finished products. The write-downs created at the beginning of the period are fully reversed, and at the end of each balance sheet/reporting day, new write-downs are created in accordance with the above valuation principles.

**Trade and other receivables**

<b>NOTE 9a – TRADE AND OTHER RECEIVABLES</b>	<b>thousand x PLN</b>	
	<b>2021</b>	<b>2020</b>
1. from related parties	<b>32 385</b>	<b>21 666</b>
1.1 trade receivables, maturing:	32 385	21 666
- up to 12 months	32 385	21 666
- above 12 months		
1.2. receivables from other entities	<b>301 750</b>	<b>194 545</b>
a) trade receivables, maturing:	270 453	174 700
- up to 12 months	270 453	174 410
- above 12 months		290
b) receivables from tax, subsidy, customs, social security and other benefits	26 491	14 546
c) other	4 806	5 299
2. loans		
3. short-term accruals /active RMK/	<b>334 135</b>	<b>216 211</b>
a) costs of insurance, subscriptions, fees	1 992	2 100
b) settlement of the bonus		
c) other		
<b>Trade and other receivables, total</b>	<b>336 127</b>	<b>218 311</b>

As of the balance sheet date applies charge of receivables: silent assignment duties in the amount of PLN 10 000 thousand, which constitutes security of the limit for guarantees and letters of credit in Bank Handlowy S.A. and the undetermined amount of the silent cession of claims from 11 customers, as security for a limit on guarantees and letters of credit in BNP Paribas Bank Polska S.A. and silent assignment duties in the amount of PLN 10 000 thousand, which constitutes security of the limit in Bank PeKaO S.A

<b>NOTE 9b – Change in short-term receivables write-down</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
Balance at the beginning of the period	<b>1 992</b>	<b>2 100</b>
1. increase (due to)	<b>535</b>	<b>221</b>
a) creating a write-down	535	221
2. decrease (due to)	<b>245</b>	<b>329</b>
a) payment	210	237
b) redemption	35	92
Balance of short-term receivables write-downs at the end of the period	<b>2 282</b>	<b>1 992</b>

<b>NOTE 9c – Trade receivables (gross) – maturing as at the balance day:</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
0-30 days	198 911	147 583
31-90 days	113 858	133 928
91-180 days	0	0
181-365 days	0	0

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>365 days	0	227
overdue receivables	32 908	23 668
delivery advances	6 668	561
balance sheet valuation	-2 653	-1 136
Trade receivables, total (gross)	<b>349 692</b>	<b>304 831</b>
write-downs on trade receivables	2 282	1 992
Trade receivables, total (net)	<b>347 410</b>	<b>302 839</b>

The normal course of sales is connected with the time interval for repayment of receivables up to 3 months.

NOTE 9d – Trade receivables, overdue (gross) – divided into unpaid receivables within the period:	thousands of PLN	
	2022	2021
0-30 days	27 102	17 684
31-90 days	2 038	2 703
91-180 days	313	1 175
181-365 days	151	179
>365 days	3 304	1 927
Trade receivables, total (gross)	<b>32 908</b>	<b>23 668</b>
trade receivables write-downs	2 282	1 992
Trade receivables, total (net)	<b>30 626</b>	<b>21 676</b>

NOTE 9e – Gross short-term receivables (currency structure)	thousands of PLN	
	2022	2021
1. in Polish currency	<b>147 158</b>	<b>182 612</b>
2. in foreign currencies (according to currencies converted into PLN)	<b>262 243</b>	<b>189 603</b>
a) in EURO	42 593	32 806
converted into PLN	<b>200 569</b>	<b>151 782</b>
b) in USD	13 607	9 264
converted into PLN	<b>61 674</b>	<b>37 821</b>
other currencies into PLN	0	0
Short-term receivables, total	<b>409 401</b>	<b>372 215</b>

Out of the total amount of gross short-term receivables, i.e. PLN 386,904 thousand, overdue receivables amount to PLN 23,668 thousand. Disputable overdue receivables did not occur. Overdue receivables only apply to trade receivables. Out of the overdue receivables, only the amount of PLN 1,992 thousand was covered by write-downs. The remaining outstanding receivables were not adjusted with revaluation write-offs due to the fact that most of them related to subsidiary companies and are justified by the Parent Company's strategy and sales policy. However, as far as other external recipients are concerned, overdues are admissible because the receivables are secured with bank guarantees, sureties and guaranteed/ avalized bills of exchange. As part of the classification test for the needs of IFRS 9, in order to calculate expected credit losses (ECL) and forecast the amount of the impairment allowance, the amount of expected credit loss was obtained in the amount of PLN 264 thousand.

**Cash and cash equivalents**

NOTA 10a- CASH AND CASH EQUIVALENTS	w tys. zł	
	2022	2021
a) cash in hand and on accounts	373 859	152 963
- including funds accumulated on the VAT account	1 525	6 340
Short-term financial assets, together	<b>373 859</b>	<b>152 963</b>

Cash is invested in safe financial instruments, i.e. short-term deposits with maturities of up to 30 days. These deposits are risk-free and ensure access to financial resources. The interest rate on deposits negotiated each time is much higher than the standard interest rate on deposits. As at the balance sheet date, the funds were placed in overnight deposits.

NOTE 10b – Cash and equivalents (currency structure)	thousands of PLN	
	2022	2021
1. in Polish currency	<b>123 568</b>	<b>82 064</b>
2. in foreign currencies (according to currencies converted into PLN)	<b>250 291</b>	<b>70 899</b>
a) in Euro	41 236	13 369
converted into thousand PLN	<b>193 396</b>	<b>61 779</b>
b) in USD	12 295	2 231
converted into thousand PLN	<b>56 895</b>	<b>9 120</b>
other currencies into PLN	0	0
Cash and other pecuniary assets, total	<b>373 859</b>	<b>152 963</b>

**Other short-term investments**

NOTA 11 - OTHER SHORT-TERM INVESTMENTS	w tys. zł	
	2022	2021
b) certificates for the purchase of RES	824	2 273
<b>Other short-term investments, total</b>	<b>824</b>	<b>2 273</b>

**Assets held for sale**

Assets held for sale - as at 31 December 2022 - were not present.

**Write-offs**

Asset write-offs due to impairment of value refer to long-term financial assets, which constitute long-term investments (stocks and shares in other entities) and short-term receivables and stocks of finished products. The total value of write-downs as at the balance sheet date is PLN 40,816 thousand, including receivables of PLN 2,282 thousand, finished products PLN 9,098 thousand, for input materials PLN 15,596 thousand, for fixed assets PLN 13,840 thousand (detailed description on page 28 under note 2a). In the reporting period, a write-down was created for finished goods in the amount of PLN 29,661 thousand and a write-down of PLN 30,760 thousand was reversed. Write-downs on inventories created at the beginning of the period are dissolved in full, and new write-downs are created at the end of each balance sheet day in accordance



with the valuation principles. A write-down was made for doubtful receivables and interest in the amount of PLN 535 thousand and a part of previous write-offs in the amount of PLN 245 thousand was reversed, in connection with the payment of receivables, cancellations and corrections.

NOTE 12 - Share capital of the parent company (structure)								
thousand x PLN								
Series/issue	Type of shares	Share preference type	Type of limitation of rights to shares	Number of shares	Value of a series/issue according to nominal value	Manner of capital coverage	Registration date	The right to dividend (since)
A	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		71 663	143 326	cash	3.07.1991	1.07.1992
A	registered shares without preference	Non-preference		1 820	3 640	cash	3.07.1991	1.07.1992
B	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		281 030	562 060	cash	16.11.1993	1.01.1994
B	registered shares without preference	Non-preference		14 510	29 020	cash	16.11.1993	1.01.1994
C	ordinary bearer shares	Non-preference		780 000	1 560 000	cash	20.10.1994	1.01.1995
D	ordinary bearer shares	Non-preference		780 000	1 560 000	cash	20.10.1994	1.01.1995
E	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		1 301 874	2 603 748	cash	30.09.1996	1.01.1996
E	registered shares without preference	Non-preference		44 370	88 740	cash	30.09.1996	1.01.1996
F	ordinary bearer shares	Non-preference		1 105 000	2 210 000	cash	17.12.1996	1.01.1997
G	ordinary bearer shares	Non-preference		1 200 000	2 400 000	cash	13.05.1997	1.01.1997
Number of shares, total				5 580 267				
Share capital, total					11 160 534			
Nominal value of one share (in PLN)		2,00						

Preference as to assets means that in the case the Company is liquidated, the assets remaining after the creditors have been satisfied, primarily serve to cover the nominal amount in respect of all the shares, and the rest of the assets are equally distributed to cover the preference shares.

As a result of the purchase of own shares for redemption, the entity holds 180,669 own shares with a nominal value of PLN 361,000. The price for which one share was purchased is PLN 250. The basis for the purchase of shares was the authorization granted by the Ordinary General Meeting of Stalproukt S.A. on June 23, 2022 (Resolution No. XLI/14/2022 on the purchase by the Company of its own shares for redemption). The purpose of the buyback of own shares is their redemption and reduction of the Company's share capital.

**Capital from the surplus of the issue price above the nominal value**

NOTA 13 - CAPITAL FROM THE SURPLUS OF THE ISSUE PRICE ABOVE THE NOMINAL VALUE	w tys. zł	
	2022	2021
1. from the sale of shares above their nominal value	35 054	35 054
2. negative difference between the nominal value and the purchase price of own shares	-26 638	-26 638
Total capital from the surplus issue price	<b>8 416</b>	<b>8 416</b>

Capital from the surplus of the issue price is increased by the surplus when delivering shares above their nominal value.

**Retained earnings**

NOTA 14 - RETAINED EARNINGS	w tys. zł	
	2022	2021
1. retained earnings from IFRS	1 809 222	1 701 111
2. net profit (loss) for the current year	398 122	220 063
Retained earnings, together	<b>2 207 344</b>	<b>1 921 174</b>

Retained earnings are the profit generated by the company, which was allocated to the company's reserve and supplementary capital, as well as the profit arising from the revaluation of fixed assets and the right of perpetual usufruct of land, made as at the date of transition to IFRS.

As at December 31, 2022, retained earnings include: supplementary capital in the amount of PLN 95,153 thousand; other reserve capitals in the amount of PLN 1,722,525 thousand, previous years' result in the amount of PLN 8,275 thousand and own shares with a nominal value of PLN 361 thousand. Retained earnings are used to finance fixed and current assets and to cover potential losses. The General Meeting decides on the use of these profits.

**LONG-TERM LIABILITIES****Deferred income tax**

Note 15a- DEFERRED INCOME TAX LIABILITY /Temporary taxable differences/	in thousand zlotys	
	2022	2021
- Interest		
- Positive exchange differences from the balance sheet valuation	87	
- Leasing fixed assets		
- Fixed assets		
- Value of depreciated assets and PWUG in WG		
- Depreciation	370,394	387,137
- Investment tax credit		
- Differences in the value of fixed assets		
- Foreign exchange differences on leasing		
- Reserve		
- Costs from corrective invoices issued in the following year		
- Compensation for the increase in electricity prices		
- Valuation of hedging transactions		

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- Others		
<b>Positive temporary differences, together</b>	<b>370,481</b>	<b>387,137</b>
The value of the deferred tax provision recognized in the financial result (19%)	59,959	63,124
Value of deferred tax provision recognized in equity (19%)	10,432	10,432
<b>Deferred tax liability, total</b>	<b>70,391</b>	<b>73,556</b>

The deferred tax provision was reduced in the statement of financial position by the deferred tax asset and disclosed in the amount of PLN 61,036 thousand.

NOTE 15b - CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX	thousands of PLN	
	2022	2021
1. The balance of deferred income tax, at the beginning of the period, including:	<b>73 556</b>	<b>76 739</b>
a) attributed to financial result (due to)	63 124	66 307
- difference between balance and taxable amortization	63 124	61 723
b) attributed to equity	10 432	10 432
- differences between balance sheet depreciation and tax depreciation	10 432	10 432
2. Increases	<b>0</b>	<b>0</b>
3. Decreases	<b>3 165</b>	<b>3 183</b>
a) recognized in the financial result (due to)	3 165	3 183
- reversal of temporary differences (use of the provision for deferred income tax)	3 165	3 183
4. Balance of reserve at the end of the period, total	<b>70 391</b>	<b>73 556</b>
a) attributed to the financial result	59 959	63 124
b) attributed to equity	10 432	10 432

NOTE 16a- LONG-TERM PROVISIONS /INCLUDING FOR EMPLOYEE BENEFITS/	in thousands zloty	
	2022	2021
a) provision for employee benefits	<b>5,350</b>	<b>4,891</b>
- retirement and disability benefits	5,350	4,891
b) other long-term provisions	<b>550</b>	<b>440</b>
- land reclamation	550	440
<b>Long-term reserves, together</b>	<b>5,900</b>	<b>5,331</b>

NOTE 16b – Change of the balance of other long-term reserves	w tys. zł		
	a	b	Long-term reserves, together
	provision for employee benefits	other long-term provisions	
1. balance at the beginning of period	4 891	440	5 331
2. increase (due to)	459	110	569
a) creation of a provision	459	110	569
3. solution (due to)	0	0	0
4. balance at the end of period	5 350	550	5 900

Other long-term non-financial liabilities

As at the balance sheet date – none

### Credits and loans

On May 31, 2022, the Company made an early repayment of the loan (in the amount of PLN 25,000 thousand), granted in 2018 by PKO Bank Polski S.A. in the amount of PLN 100,000 thousand PLN to refinance the purchase of shares in Go Steel a.s.

### Long-term liabilities due to leasing contracts

NOTE 18- LONG-TERM LIABILITIES ON ACCOUNT OF LEASE AGREEMENTS	in thousands zloty	
	2022	2021
a) due to the right of perpetual usufruct of land	75,110	56,534
b) due to the means of transport, machinery, leasing equipment		
<b>Long-term liabilities due to lease contracts, together</b>	<b>75,110</b>	<b>56,534</b>

Long-term liabilities due to leasing contracts (acc. to IFRS 16 valuation) result from perpetual usufruct defined in IFRS 16 as leasing. This liability has been appraised at the present value of other perpetual usufruct fees (leasing fees), discounted over the period of its use. An interest rate of 5% was used to discount the liability for annual perpetual fees, consisting of the interest rate on 10-year bonds (as at the date of implementation of IFRS16) and the risk premium. The amount of the valued liability was recognized in the statement of financial position, in the related part with revaluation as at the date of transition to IAS in profit/loss from previous years, and the remaining part to the right to perpetual usufruct.

NOTES 18' - LONG-TERM LIABILITIES WITH REMAINING PERIOD FROM THE BALANCE SHEET DATE	2022		2021	
	Credits and loans	Liabilities due to leasing agreements	Credits and loans	Liabilities due to leasing agreements
a) over 1 year to 3 years		271	10,000	212
b) over 3 to 5 years		204		165
c) over 5 years		74,635		56,157
<b>Long-term commitments, together</b>	<b>0</b>	<b>75,110</b>	<b>10,000</b>	<b>56,534</b>

NOTE 18" - LONG-TERM LIABILITIES (CURRENCY STRUCTURE)	in thousands zloty	
	2022	2021
<b>1. in Polish currency</b>	<b>142,046</b>	<b>145,421</b>
<b>Long-term liabilities, total</b>	<b>142,046</b>	<b>145,421</b>

**ZOBOWIĄZANIA KRÓTKOTERMINOWE****Krótkoterminowe rezerwy na zobowiązania**

NOTA 19a - KRÓTKOTERMINOWE REZERWY NA ZOBOWIĄZANIA	w tys. zł	
	2022	2021
<b>a) rezerwa na świadczenia pracownicze</b>	<b>7 421</b>	<b>1 372</b>
- odprawy emerytalne i rentowe	920	992
- nagrody, premie i inne świadczenia pracownicze	6 501	380
<b>b) pozostałe rezerwy krótkoterminowe</b>	<b>8 487</b>	<b>12 549</b>
- zakup świadectwa pochodzenia energii elektrycznej i CO <sub>2</sub>	7 591	2 790
- rezerwa z tyt. zakupu GO Steel	0	9 556
- inne w tym na CO <sub>2</sub>	896	203
<b>Krótkoterminowe rezerwy na zobowiązania, razem</b>	<b>15 908</b>	<b>13 921</b>

NOTA 19b - ZMIANA STANU KRÓTKOTERMINOWYCH REZERW NA ZOBOWIĄZANIA (WG TYTUŁÓW)	w tys. zł		
	a	b	Rezerwy krótkoterminowe, razem
	Rezerwa na świadczenia pracownicze	Pozostałe rezerwy krótkoterminowe	
<b>1. stan na początek okresu</b>	<b>1 372</b>	<b>12 549</b>	<b>13 921</b>
<b>2. zwiększenia (z tytułu)</b>	<b>7 421</b>	<b>19 596</b>	<b>27 017</b>
a) utworzenie rezerwy	7 421	19 596	27 017
b) przeniesienie z rezerw długoterminowych			0
c) inne zwiększenia			0
<b>3. zmniejszenia (z tytułu)</b>	<b>1 372</b>	<b>23 658</b>	<b>25 030</b>
a) rozwiązanie rezerwy	247	9 556	9 803
b) wykorzystanie	1 125	14 102	15 227
c) inne zmniejszenia			
<b>4. stan na koniec okresu</b>	<b>7 421</b>	<b>8 487</b>	<b>15 908</b>

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NOTE 20 - CURRENT LIABILITIES ARISING FROM CREDITS AND LOANS													
Name (business name) of the entity	Registered office	in PLN thousand											
		The amount of the credit/loan limit in accordance with the Agreement*				The amount of the outstanding credit/loan				Interest conditions	Date of repaym ent	Securities	Other
		thousand x PLN	in currency	unit	currency	thousand x PLN	in currency	unit	currency				
Bank PekaO S.A.	Warsaw	100,000	PLN	in thousand	PLN	0	PLN	in thousand	PLN	wibor+margin	30 Sept.2023	blank bill of exchange, pledge on stock, secret transfer of dues	Limit on the overdraft facility, limit on guarantees and letters of credit. In the context of the limit, the Companies of the Capital Group have limits up to PLN 28 000 thousand (PLN 13 000 thousand Stp Elbud and PLN 15 000 thousand Cynk Mal S.A.)
Bank Handlowy S.A.	Warsaw	65,000	PLN	in thousand	PLN	0	PLN	in thousand	PLN	wibor+margin	28 Sept.2023	blank bill of exchange, pledge on stock, transfer of dues	Limit on the overdraft facility and short-term guarantee of PLN 50 000 thousand, long- term guarantee PLN 15 000 thousand
Bank BGŻ BNP Paribas S.A.	Warsaw	50,000	PLN	in thousand	PLN	0	PLN	in thousand	PLN	wibor+margin	22 Oct. 2023	blank bill of exchange, secret transfer of dues, pledge on stock	Limit on the overdraft facility, limit on guarantees and letters of credit. In the context of the limit, Stalprodukt Wamech has a limit up to PLN 5 000 thousand
Societe Generale S.A.	Warsaw	15,000	PLN	in thousand	PLN	0	PLN	in thousand	PLN	wibor+margin	30 May 2023	none	Limit on the overdraft facility and on guarantees and letters of credit up to PLN 15 000 thousand
PKO Bank Polski S.A.	Warsaw	150,000	PLN	in thousand	PLN	0	PLN	in thousand	PLN	wibor+margin	13 Jan. 2025	promissory note, pledge on stocks	Overdraft facility limit of PLN 85 000 thousand and limit on guarantees and letters of credit of PLN 40 000 thousand. In the context of the limit of the companies of the Capital Group have a limit of up to PLN 28 000 thousand including STP Elbud PLN 18 000 thousand and GO Steel PLN 10 000 thousand
Current liabilities arising from credits and loans, total						0							

\* The loan amount is the value of the multi-purpose line available as at December 31, 2022. As at the balance sheet date, the credit lines were not used.

**Liabilities due to supplies and services**

NOTE 21- LIABILITIES DUE TO SUPPLY AND SERVICES	in thousands zloty	
	2022	2021
<b>1. towards related entities</b>	<b>13 860</b>	<b>24 808</b>
- up to 12 months	13 860	24 808
- over 12 months		
<b>2. towards other units</b>	<b>234 359</b>	<b>250 912</b>
- up to 12 months	234 359	250 912
- over 12 months		
<b>Trade payables, total</b>	<b>248 219</b>	<b>275 720</b>

**Current liabilities due to social security and taxes other than income tax**

NOTE 22 - CURRENT LIABILITIES RELATING TO SOCIAL SECURITY AND TAXES OTHER THAN INCOME TAX	in thousands zloty	
	2022	2021
a) VAT	663	1 539
b) Social Security	8 694	7 179
c) PFRON State Fund of Rehabilitation of Handicapped People	162	144
d) other	1 875	1 636
<b>Liabilities due to social security and taxes other than income tax, together</b>	<b>11 394</b>	<b>10 498</b>

**Other short-term non-financial liabilities**

NOTE 23 - OTHER SHORT-TERM NON-FINANCIAL LIABILITIES	w tys. zł	
	2022	2021
1. advances for deliveries	1 261	833
2. for remuneration	10 027	9 211
4. other (by title)	8 599	9 756
- social Fund	5 982	7 083
- PKZP	323	303
- insurance	111	115
- received deposit	2 006	2 006
- the remaining	177	249
<b>Other short-term non-financial liabilities, together</b>	<b>19 887</b>	<b>19 800</b>

**Accruals**

NOTE 24 - ACCRUALS	thousands of PLN	
	2022	2021
- subsidies	4 453	4 436
- advances received	1 398	2 233
- other	4	
<b>Other accruals, total</b>	<b>5 855</b>	<b>6 669</b>



The subsidy is related to carrying out and financing a project in the area of renewable energy sources, i.e. construction of an innovative prototype of a wind turbine with a vertical 1.5 MW axis rotor. The project concerned obtained financing from the National Centre for Research and Development with a pilot enterprise *DEMONSTRATOR +*. Supporting scientific research and development works in demonstration scale”.

A respective agreement was signed in December 2013, and the planned completion date for the project is 30.06.2018. The final report was also submitted to the NCBiR, which was adopted on February 18, 2020.

The total subsidy amount is PLN 12 539 923.

The construction of the prototype is carried out under the contract of December 10, 2013 for the execution and financing of the above-mentioned project, concluded by a consortium which, apart from the Company, includes the Stanisław Staszic AGH University of Science and Technology in Kraków and ANew Institue Sp. z o. o

After resolving the technical problems of the power plant wing, which occurred in October 2018, and then after its repair and modernising the path, *as well as the modification and replacement of the external rocker arms of the supporting trolleys*, the power plant was commissioned in the first quarter of 2021.

In 2021, the construction acceptance of the power plant was carried out and a confirmation was obtained from the Provincial Inspector of Building Supervision in Katowice, authorizing the plant to operate. In addition, a notification was made to PINB in Tarnowskie Góry and a confirmation was obtained authorizing the operation of the ŚN 21 kV cable line supplying the power plant from TAURON network.

Completion of construction was reported to the Headquarters of the Air Traffic Services of the SRRP and received confirmation of the notification.

In March 2022, the turbine was accepted as a fixed asset. In May 2022, an agreement was signed with AMC VIBRO Sp. z o. o. for the launch of the system for determining the power curve and optimizing the turbine control. On January 5, 2023, another failure occurred, resulting in the breaking off of two turbine blades. Preliminary findings indicate that the cause of the turbine failure was the cumulative fatigue of the two blades, which survived two emergency braking, a lightning strike, and a third blade detachment. The verification of the above-mentioned thesis and the exact determination of the causes of the failure will, however, be carried out by an internal committee appointed for this purpose.

Delay in the implementation of the project, caused by the need to thoroughly investigate the causes of the failure, order and manufacture new wings, and then replace them, will extend the time to reach the (possible) stage of commercialization of the project. An additional unfavourable factor would be to determine that the cause of the failure are design errors. This fact would have a decisive impact on the decision to continue the project or to abandon its implementation. The current state of knowledge does not allow for the assumption of a commercialization forecast (entry included in the "Implementation report under the NCRD pilot project entitled *Support for scientific research and development on a demonstration scale Demonstrator+*" of July 16, 2020 ). The choice of the method of commercialization will be possible after determining the causes of the failure, the method and costs of its repair, and after conducting tests and appropriate certifications .

NOTES 34' - SHORT-TERM LIABILITIES WITH REMAINING PERIOD FROM THE BALANCE SHEET DATE in thous.	2022		2021	
	Credits and loans	Liabilities due to leasing agreements	Credits and loans	Liabilities due to leasing agreements
0-30		179 149		190 901
31-90		60 884		73 969
91-180		691		122
181-365		8		11
>365		3 830	20 000	2 832
overdue liabilities		1 196		1 152
balance sheet valuation		-87		-357
billing of goods and materials		2 548		7 090
<b>Total trade payables (gross)</b>	<b>0</b>	<b>248 219</b>	<b>20 000</b>	<b>275 720</b>

NOTE 24'' - SHORT-TERM LIABILITIES (currency structure)	thousand x PLN	
	2022	2021
1. in Polish currency	258 143	294 517
2. in foreign currencies (according to currencies converted into PLN)	43 120	53 154
a) in EURO	8 825	11 483
<b>converted into PLN</b>	<b>41 341</b>	<b>53 140</b>
b) in USD	382	3
<b>converted into PLN</b>	<b>1 752</b>	<b>11</b>
<b>other currencies into PLN</b>	<b>27</b>	<b>3</b>
Short-term liabilities, total	301 263	347 671

**NOTE 25 - Book value per 1 share**

The book value per 1 ordinary share was calculated as the ratio of equity to the number of shares (PLN 2,226,921 thousand: 5,580,267 shares = PLN 399.07).

The diluted book value per ordinary share was calculated as the ratio of equity to the weighted average number of shares (PLN 2,226,921 thousand: 5,524,271 shares = PLN 403.12)

**Revenues from the sale of products, goods and materials**

NOTA 26a - REVENUES FROM THE SALE OF PRODUCTS, GOODS AND MATERIALS	w tys. zł	
	2022	2021
1. net revenues from the sale of products	2 294 094	1 631 871
2. net revenues from the sale of goods and materials	425 156	365 980
<b>Total net revenues from sales</b>	<b>2 719 250</b>	<b>1 997 851</b>

NOTE 26 b - NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousands of PLN	
	2022	2021
1. transformer sheets	1 216 436	675 050
including: from related parties		
2. toroidal cores	24 563	15 769
including: from related parties		
3. hydrogen	33 609	10 794
including: from related parties	15 962	5 813
4. steel sheets, hot-rolled and cold-rolled strips	61 634	63 180
including: from related parties	1 697	5 341
5. cold formed profiles	806 025	742 945
including: from related parties	10 582	11 275
6. road barriers	141 440	116 350
including: from related parties	597	152
7. services	10 387	7 783
including: from related parties	6 696	6 129
Net revenues from sales of products, total	2 294 094	1 631 871
including: from related parties	35 534	28 710

NOTE 26c -NET SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	thousands of PLN	
	2022	2021
1. domestic	790 845	712 818
a) transformer sheets	53 534	42 779
b) toroidal cores	7 234	4 974
c) hydrogen	17 647	4 982
d) steel sheets, hot-rolled and cold-rolled strips	57 404	59 277
e) cold formed profiles	554 167	520 859
f) road barriers	91 214	72 716
g) services	9 645	7 231
2. export	1 503 249	919 053
a) transformer sheets	1 162 902	632 271
b) toroidal cores	17 329	10 795
c) hydrogen	15 962	5 812
d) steel sheets, hot-rolled and cold-rolled strips	4 230	3 903
e) cold formed profiles	251 858	222 086
f) road barriers	50 226	43 634
g) services	742	552
Net income from sales of products, total	2 294 094	1 631 871

NOTE 26c - NET INCOME FROM SALES OF PRODUCTS BY COUNTRY	thousands of PLN			
	2022		2021	
	POLAND	790 845	POLAND	712 818
	GERMANY	325 964	GERMANY	204 854
	ITALY	233 704	ITALY	159 795

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	SLOVAKIA	171 075	SLOVAKIA	71 676
	THE CZECH REPUBLIC	91 193	THE CZECH REPUBLIC	63 074
	AUSTRIA	77 330	AUSTRIA	57 645
	JAPAN	75 632	UNITED ARAB EMIRATES	42 900
	SPAIN	71 291	INDIA	37 390
	MEXICO	66 046	CROATIA	35 980
	CROATIA	58 230	SWEDEN	31 973
	Other countries	332 784	Other countries	213 766
<b>Net income from sales of products, total</b>		<b>2 294 094</b>		<b>1 631 871</b>

<b>NOTE 26d – Net sales of goods and materials (material structure – types of activities)</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
1. goods	<b>374 747</b>	<b>322 636</b>
including: from related parties	371 838	319 306
2. technological waste	<b>48 260</b>	<b>41 228</b>
including: from related parties	7	0
3. other materials	<b>2 149</b>	<b>2 116</b>
including: from related parties	17	10
Net revenues from sales of goods and materials, total	<b>425 156</b>	<b>365 980</b>
including: from related parties	371 862	319 316

<b>NOTE 26e -NET SALES OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
1. domestic	<b>106 212</b>	<b>95 804</b>
a) goods	55 803	52 460
b) technological waste	48 260	41 228
c) other materials	2 149	2 116
2. export	<b>318 944</b>	<b>270 176</b>
a) goods	318 944	270 176
Net income from sales of products, total	<b>425 156</b>	<b>365 980</b>

<b>NOTE 26e' - NET INCOME FROM SALES OF GOODS AND MATERIALS BY COUNTRY</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
THE CZECH REPUBLIC	318 944	270 176
POLAND	106 212	95 804
<b>Net income from sales of goods and materials by country, total</b>	<b>425 156</b>	<b>365 980</b>

NOTE 24e - NET REVENUE FROM SALES ON THE BASIS OF CONTRACTS WITH CUSTOMERS	thousand x PLN	
	2022	2021
<b>Revenues: Transformer Sheet Segment</b>	<b>1 274 608</b>	<b>695 800</b>
Balances at the beginning and end of the period	0	0
1. receivables	222 915	159 225
2. contract assets	0	0
3. contract liabilities	0	0
4. revenues recognized in a given statement period regarding liabilities	0	0
<b>Revenues: Profile Segment</b>	<b>1 009 099</b>	<b>922 475</b>
Balances at the beginning and end of the period		
1. receivables	95 202	110 303
2. contract assets	0	0
3. contract liabilities	0	0
4. revenues recognized in a given statement period regarding liabilities	0	0

Jednostka ujmuje umowę z klientem objętą zakresem MSSF 15 tylko wówczas, gdy spełnione są wszystkie następujące kryteria:

- strony umowy zawarły umowę (w formie pisemnej, ustnej lub zgodnie z innymi zwyczajowymi praktykami handlowymi) i są zobowiązane do wykonania swoich obowiązków;
- jednostka jest w stanie zidentyfikować prawa każdej ze stron dotyczące dóbr lub usług, które mają zostać przekazane;
- jednostka jest w stanie zidentyfikować warunki płatności za dobra lub usługi, które mają zostać przekazane;
- umowa ma treść ekonomiczną (tzn. można oczekiwać, że w wyniku umowy ulegnie zmianie ryzyko, rozkład w czasie lub kwota przyszłych przepływów pieniężnych jednostki); oraz
- jest prawdopodobne, że jednostka otrzyma wynagrodzenie, które będzie jej przysługiwało w zamian za dobra lub usługi, które zostaną przekazane klientowi.

Większość produktów Spółki jest wytwarzana na podstawie zamówień przyjętych uprzednio od klientów. Oznacza to, iż wyroby gotowe nie są sprzedawane z otwartego magazynu, ale produkowane w dedykowanych parametrach na potrzeby konkretnego odbiorcy. Przy podejmowaniu decyzji o akceptacji zamówienia do rozważenia pozostają nie tylko obszary obejmujące możliwości technologiczne, moce przerobowe, dostępność wsadu do produkcji, ale również kwestie związane z prognozowaną ekspozycją na ryzyko kontraktowe i kredytowe.

Zobowiązania będące częścią umów z klientami, mają oczekiwany czas trwania nieprzekraczający roku.

#### Costs by type

NOTA 27a - COSTS OF PRODUCTS, GOODS AND MATERIALS SOLD	w tys. zł	
	2022	2021
1. manufacturing cost of products sold	1 802 159	1 308 631
2. value of goods and materials sold	403 808	354 759
<b>Total costs of products, goods and materials sold</b>	<b>2 205 967</b>	<b>1 663 390</b>

<b>NOTE 27b – Costs by type – cost of manufacture of products sold</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
1. amortization	53 025	50 141
2. consumption of materials and energy	1 570 404	1 199 389
3. external services	153 335	113 326
4. taxes and fees	13 362	14 662
5. payroll	120 825	103 424
6. social insurance and other benefits	29 274	24 622
7. other costs by type (due to)	15 052	16 138
a) business trips	530	104
b) property insurance	667	550
c) representation and advertising	332	64
d) other	13 523	15 420
<b>Costs by type, total</b>	<b>1 955 277</b>	<b>1 521 702</b>
Change in stocks, products and accruals	-12 441	-114 249
Cost of manufacture of goods produced for own purposes (negative value)	-3 622	-1 930
Selling costs (negative value)	-76 292	-49 635
General and administrative costs	-60 763	-47 257
<b>Cost of manufacture of products sold</b>	<b>1 802 159</b>	<b>1 308 631</b>

**Other operating income and expenses**

<b>NOTE 28 – Other operating revenues</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
1. gain on disposal of non-financial fixed assets	0	650
2. reversed provisions (due to)	15 227	14 594
a) retirement benefits	746	684
b) energy origin certificates and purchase of CO2 emission rights	13 898	13 796
c) for bonuses	203	114
d) for payroll	380	
3. other, including:	43 410	18 429
a) received penalties, fines, compensation	527	537
b) surplus in current assets	227	139
c) redemption of CO2 emission allowances	6 461	5 025
d) reversal of inventory write-downs	30 075	11 621
e) reversal of write-downs on receivables	28	10
f) operating income not listed separately	4 050	1 062
g) other	2 042	35
<b>Other operating revenues, total</b>	<b>58 637</b>	<b>33 673</b>

<b>NOTE 29 – Other operating costs</b>	<b>thousands of PLN</b>	
	<b>2022</b>	<b>2021</b>
1.	721	0
2. reserves (due to)	27 336	12 984
a) doubtful receivables retirement benefits	1 131	346

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b) energy origin certificates and purchase of CO2 emission rights	18 698	12 435
c) customer bonus	896	203
d) unused holidays	6 501	
e) other	110	
2. other, including:	<b>70 356</b>	<b>25 994</b>
a) donations	77	59
b) costs of legal proceedings	3	1
c) penalties, fines, damages	129	58
d) shortages in working capital	1 130	486
e) costs of unused production capacity	1 591	685
f) costs of testing road barriers	1 459	548
g) value of scrapped materials and products	40	382
h) redemption of the granted CO2 emission allowance	6 461	5 025
i) reduction in the value of finished and semi-finished products	43 167	17 414
j) creation of write-downs on fixed assets	13 840	
k) creating write-downs on receivables	22	49
i) other	2 437	1 287
Other operating costs, total	<b>98 413</b>	<b>38 978</b>

NOTE 30 – Financial revenues	thousands of PLN	
	2022	2021
1. revenues due to interests, including	<b>3 470</b>	<b>1 024</b>
a) from related parties	819	503
b) from other entities	2 651	521
2. exchange rate differences (the excess of negative over positive)	<b>0</b>	<b>0</b>
3. other, including:	<b>143 362</b>	<b>31 540</b>
a) dividend received	143 362	31 540
Financial revenues, total	<b>146 832</b>	<b>32 564</b>

The General Meeting of Shareholders of ZGH "Bolesław" S.A. held on 20 June 2022 adopted a resolution on the payment of dividend from the result for the financial year 2021. The amount of the profit allocated to the dividend was PLN 6 per share. The amount of dividend received was PLN 94,619 thous. dividends were included in the Issuer's standalone result.

General Meeting of Shareholders of GO Steel a.s. on June 28, 2022, adopted a resolution on the payment of dividend from the result for the financial year 2021. The amount from the profit allocated for dividend is CZK 250 million (PLN 48,743 thousand), and the dividend payment date was set for July 29, 2022. The amount of the received dividend was included in the Company's standalone result.

NOTE 31 – Financial expenses	thousands of PLN	
	2022	2021
1. due to credits and loans	<b>661</b>	<b>3 127</b>
a) from related parties		
b) from other entities	661	3 127

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2. other interests	4 196	3 219
a) from related parties		
b) from other entities	4 196	3 219
including interest on leasing	3 800	3 082
3. exchange rate differences (the excess of negative over positive), including	3 288	1 130
a) realized		
b) unrealized /balance sheet valuation/	3 288	1 130
4. released provisions, due to	8 589	0
5. other, including	1 719	
Financial expenses, total	18 453	7 476

The write-down on the investment relates to the write-down of shares in Anew Institute Sp. z o. o. Due to the subject of the conducted activity, Anew Institute Sp. z o. o. is a special purpose vehicle of a research and development nature, incurring expenditure on works and focusing on the implementation of the basic goal, at the same time it does not show revenues resulting from commercial activities. The value of assets held by the subsidiary is mostly related to the costs of development works, patents and design and executive documentation. Due to the prolonged certification stage caused by the failure of the Anew B1 wind turbine on January 5, 2023, the result of the impairment test in the subsidiary was a write-down of intangible assets. Therefore, the parent company made a write-down of the value of shares in the subsidiary in the amount of PLN 8,589 thousand.

Settlement of exchange rate differences	thousands of PLN	
	2022	2021
1. positive exchange rate differences, including	53 546	15 780
a) realized	53 546	15 780
2. negative exchange rate differences	49 636	14 732
a) realized	49 636	14 732
Balance of exchange differences arising on settlements, translated into reduced production costs of the products sold	3 910	1 048

Current and deferred income tax

NOTE 32 - CURRENT AND DEFERRED INCOME TAX	in thousands zloty	
	2022	2021
1. Gross profit (loss)	464,831	257,350
2. Differences between gross profit (loss) and income tax base (by title)	-68,759	-36,930
a) accounting revenues not classified as taxable	196,063	63,245
- released provisions for receivables		10
- released provisions for employee benefits, including retirement benefits	1,125	684
-released other provisions /for certificate of origin energy and CO <sub>2</sub> /	13,898	13,910
- accrued and unpaid interest on receivables	368	98
- released write-offs for fixed assets	385	
- released write-downs on inventories	30,074	11,621
- free CO <sub>2</sub> emission allowances	6,461	5,025
- dividends received	143,362	31,540
- received subsidies		



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- unrealized foreign exchange gains	87	357
- revenues from revaluation of fixed assets		
- others	303	
<b>b) tax revenues not classified as accounting</b>	<b>178</b>	<b>133</b>
- realized foreign exchange gains		
- interest paid on receivables accrued in previous years		
- others	178	133
<b>c) costs that are not tax deductible</b>	<b>171,406</b>	<b>99,384</b>
- write-downs on receivables	368	98
- impairment losses on fixed assets	13,840	
- write-downs on long-term investments	8,589	
- inventory write-downs	44,759	18,099
- receivables written off		
- depreciation of fixed assets	53,024	50,140
- created provisions for receivables		
- created provisions for employee benefits	7,632	726
- other reserves created /including RES and CO <sub>2</sub> /	19,705	12,638
- accrued and unpaid interest on liabilities		
- interest on leasing	3,800	3,800
- interest and penalty payments to the budget		
- contractual penalties and damages	129	68
- donations made	77	59
- insurance premiums for a passenger car, the value of which exceeds PLN 150,000.	2	2
- unrealized foreign exchange losses	3,375	1,487
-costs of representation	42	21
- unpaid salaries	210	
- unpaid ZUS contributions for XI and XII	4,414	3,833
-PFRON	1,804	1,749
- redemption of free CO <sub>2</sub>	6,461	5,025
- others	3,175	1,639
<b>d) tax costs not included in accounting costs</b>	<b>35,500</b>	<b>42,356</b>
- paid salaries due for the previous year		
-paid ZUS contributions for XI and XII of the previous year	3,720	3,082
- realized foreign exchange losses		
- interest paid on liabilities accrued in previous years		
- tax depreciation	31,412	36,193
- fee for perpetual usufruct	3,800	3,081
- other /bonus settlement/	-3,432	
<b>e) loss from previous years</b>	<b>8,781</b>	<b>30,713</b>
<b>4. Tax base for income tax 19%</b>	<b>396,072</b>	<b>220,553</b>
<b>5. Income tax at the rate of 19%</b>	<b>75,254</b>	<b>41,905</b>
<b>6. Increases, omissions, exemptions, deductions and reductions of tax</b>		
<b>7. Deferred income tax</b>	<b>8,544</b>	<b>4,618</b>
<b>8. Income tax liability, shown in the statement of profit or loss</b>	<b>66,710</b>	<b>37,287</b>

The effective tax rate calculated by the method of dividing the tax shown in the income statement into gross profit is 14.35%. After adjusting for permanent differences - balance sheet revenues and costs, which will never become tax revenues and expenses, amounting to PLN 21,608 thousand, the effective tax rate would be 19.00%

**NOTE 33 – PROFIT DISTRIBUTION**

The net profit for the financial year 2021 in the amount of PLN **220,062,879.55** was divided by the General Meeting as follows:

- retained profit 153,099,675.55
- dividend 66,963,204.00.

Proposed distribution of the net profit for the reporting period in the amount of PLN **398,121,895.02**:

- retained profit 317,127,925.02
- dividend 80,993,970.00.

**NOTE 34 – Profit per 1 share**

5,580,267 shares were used to calculate earnings per ordinary share. Earnings per ordinary share amounted to PLN 71.34. As part of the buyback of own shares for redemption carried out in 2022, the Company purchased 180,669 shares. The weighted average number of shares was 5,524,281 and the diluted earnings per share were PLN 72.07.

## 7. Financial statement of an energy enterprise

The activity of the energy company is regulated by the provisions of the Act of 10 April 1997 on Energy law (i.e. the Journal of Laws of 2018, item 755, as amended). Pursuant to Article 44 of the aforementioned Act, the Company is obliged to prepare and disclose financial reports on energy activities, including balance sheet and profit and loss account. The financial statements for the financial year 2022 have been drawn up on the basis of accounting records kept in accordance with art. 44, section 1 of the Energy Law. Individual items of the profit and loss account were separated for each type of energy activity directly from accounts or accounting records. In case of a balance sheet, the assignment of amounts to individual items results either directly from the kept records (e.g. tangible fixed assets) or using the distribution key, i.e. the share of sales from the licensed activity in the total sale of the Company.

The difference between the total of assets and liabilities resulting from the breakdown of balance sheet items using the distribution key has been included in the equity.

<b>Balance sheet - the activity in the area of generation, distribution and sales of electricity.</b>	Electricity generation		<i>Electricity distribution</i>		<i>Sales of electricity</i>	
	<i>The figures presented in the Polish zloty</i>					
	31.12.2022 r.	31.12.2021 r.	31.12.2022 r.	31.12.2021 r.	31.12.2022 r.	31.12.2021 r.
<b>Assets</b>	<b>803 572,71</b>	<b>872 382,47</b>	<b>220 667,14</b>	<b>234 315,46</b>	<b>198 004,17</b>	<b>114 934,61</b>
<b>I. Fixed assets</b>	<b>803 572,71</b>	<b>872 382,47</b>	<b>165 181,28</b>	<b>176 081,92</b>	<b>0,00</b>	<b>0,00</b>
1. Intangible fixed assets, including						
- right of perpetual land use						

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

2. Tangible fixed assets	803 572,71	872 382,47	165 181,28	176 081,92		
3. Long-term receivables						
4. Long-term investments						
4.1. Real estate investments						
4.2. Intangible assets						
4.3. Long-term financial assets						
4.4. Other long-term investments						
5. Long-term prepayments						
5.1. Deferred income tax assets						
5.2. Other prepayments						
<b>II. Current assets</b>	<b>0,00</b>	<b>0,00</b>	<b>55 485,86</b>	<b>58 233,53</b>	<b>198 004,17</b>	<b>114 934,61</b>
1. Inventories						
2. Short-term receivables			55 485,86	58 233,53	198 004,17	114 934,61
3. Short-term investments						
3.1. Short-term financial assets						
a) loans						
b) short-term securities						
c) cash and cash equivalents						
3.2. Other short-term investments						
4. Short-term prepayments						
<b>Total assets</b>	<b>803 572,71</b>	<b>872 382,47</b>	<b>220 667,14</b>	<b>234 315,46</b>	<b>198 004,17</b>	<b>114 934,61</b>
<b>Liabilities and Shareholder's Equity</b>						
<b>I. Shareholders' Equity</b>	<b>803 572,71</b>	<b>872 382,47</b>	<b>205 045,27</b>	<b>219 134,00</b>	<b>182 410,78</b>	<b>97 246,89</b>
1. Share capital						
2. Own shares (stakes) (negative value)						
3. Reserve capital	864 249,86	932 960,82	219 134,00	217 525,54	97 246,89	45 164,53
4. Reserve capital from revaluation						
5. Other reserve capital						
6. Retained earnings (losses)						
7. Net profit (loss)	-60 677,15	-60 578,36	-14 088,73	1 608,46	85 163,89	52 082,36
<b>II. Liabilities and provisions for liabilities</b>	<b>0,00</b>	<b>0,00</b>	<b>15 621,87</b>	<b>15 181,46</b>	<b>15 593,39</b>	<b>17 687,72</b>
1. Provisions for liabilities						
1.1. Provision for deferred income tax						
1.2. Other provisions						
a) long-term						
b) short-term						
2. Long-term liabilities						
2.1. Long-term credits and loans						
2.2. Other long-term liabilities						
3. Short-term liabilities			15 621,87	15 181,46	15 593,39	17 687,72
3.1. Short-term credits and loans						
3.2. Current part of long-term credits and loans						
3.3. Trade liabilities			15 621,87	15 181,46	15 593,39	17 687,72
3.4. Income tax liabilities						

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

3.5. Other short-term liabilities						
4. Accruals						
<b>Total liabilities</b>	<b>803 572,71</b>	<b>872 382,47</b>	<b>220 667,13</b>	<b>234 315,46</b>	<b>198 004,17</b>	<b>114 934,61</b>

Profit and loss account - the activity in the area of generation, distribution and sales of electricity.	Electricity generation		Electricity distribution		Sales of electricity	
	The figures presented in the Polish zloty					
	31.12.2022 r.	31.12.2021 r.	31.12.2022 r.	31.12.2021 r.	31.12.2022 r.	31.12.2021 r.
I. Net sales of products, goods and materials, including:	0,00	0,00	215 764,09	209 581,68	591 546,80	362 192,74
1. Net sales of products	0,00	0,00	215 764,09	209 581,68	591 546,80	362 192,74
2. Net sales of goods and materials						
II. Costs of products, goods and materials sold, including:	59 340,36	59 538,69	225 031,48	203 015,73	473 187,53	289 326,00
1. Production cost of products sold	59 340,36	59 538,69	225 031,48	203 015,73	473 187,53	289 326,00
2. Value of goods and materials sold						
III. Gross profit (loss) on sales	-59 340,36	-59 538,69	-9 267,39	6 565,95	118 359,27	72 866,74
IV. Selling costs						
V. General and administrative costs	1 336,78	1 039,67	4 821,34	4 957,49	13 218,37	8 567,38
VI. Profit (loss) on sales	-60 677,15	-60 578,36	-14 088,73	1 608,46	105 140,89	64 299,36
VII. Other operating incomes						
VIII. Other operating costs						
IX. Operating profit (loss)	-60 677,15	-60 578,36	-14 088,73	1 608,46	105 140,89	64 299,36
X. Financial incomes						
XI. Financial costs						
XII. Profit (loss) before taxation	-60 677,15	-60 578,36	-14 088,73	1 608,46	105 140,89	64 299,36
XIII. Income tax					19 977,00	12 217,00
XIV. Net profit (loss)	-60 677,15	-60 578,36	-14 088,73	1 608,46	85 163,89	52 082,36

<b>Balance sheet - the activity in the area of generation, distribution and sales of heat energy</b>	Production of heat energy		Distribution of heat energy		Sales of heat energy	
	The figures presented in the Polish zloty					
	31.12.2022r.	31.12.2021r.	31.12.2022r.	31.12.2021r.	31.12.2022r.	31.12.2021r.
Assets						
I. Fixed assets	133 897,09	125 946,80	58 492,16	58 203,87		
1. Intangible fixed assets, including						
- right of perpetual land use						

FINANCIAL STATEMENT OF STALPRODUKT S.A. FOR YEAR 2022

2. Tangible fixed assets	133 897,09	125 946,80	58 492,16	58 203,87		
3. Long-term receivables						
4. Long-term investments						
4.1. Real estate investments						
4.2. Intangible assets						
4.3. Long-term financial assets						
4.4. Other long-term investments						
5. Long-term prepayments						
5.1. Deferred income tax assets						
5.2. Other prepayments						
<b>II. Current assets</b>					<b>10 000,00</b>	<b>8 000,00</b>
1. Inventories						
2. Short-term receivables					10 000,00	8 000,00
3. Short-term investments						
3.1. Short-term financial assets						
a) loans						
b) short-term securities						
c) cash and cash equivalents						
3.2. Other short-term investments						
4. Short-term prepayments						
<b>Total assets</b>	<b>133 897,09</b>	<b>125 946,80</b>	<b>58 492,16</b>	<b>58 203,87</b>	<b>10 000,00</b>	<b>8 000,00</b>
<b>Liabilities and Shareholder's Equity</b>						
<b>I. Shareholders' Equity</b>	<b>133 897,09</b>	<b>125 946,80</b>	<b>58 492,16</b>	<b>58 203,87</b>	<b>10 000,00</b>	<b>8 000,00</b>
1. Share capital						
2. Own shares (stakes) (negative value)						
3. Reserve capital	133 897,09	125 946,80	58 492,16	58 203,87	132 357,00	78 379,00
4. Reserve capital from revaluation						
5. Other reserve capital						
6. Retained earnings (losses)						
7. Net profit (loss)	0,00	0,00	0,00	0,00	-122 357,00	-70 379,00
<b>II. Liabilities and provisions for liabilities</b>						
1. Provisions for liabilities						
1.1. Provision for deferred income tax						
1.2. Other provisions						
a) long-term						
b) short-term						
2. Long-term liabilities						
2.1. Long-term credits and loans						
2.2. Other long-term liabilities						
3. Short-term liabilities						
3.1. Short-term credits and loans						
3.2. Current part of long-term credits and loans						
3.3. Trade liabilities						
3.4. Income tax liabilities						

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3.5. Other short-term liabilities						
4. Accruals						
<b>Total liabilities</b>	<b>133 897,09</b>	<b>125 946,80</b>	<b>58 492,16</b>	<b>58 203,87</b>	<b>10 000,00</b>	<b>8 000,00</b>

Profit and loss account – the activity in the area of generation, distribution and sales of heat energy	Production of heat energy		Distribution of heat energy		Sales of heat energy	
	The figures presented in the Polish zloty					
	31.12.2022r.	31.12.2021r.	31.12.2022r.	31.12.2021r.	31.12.2022r.	31.12.2021r.
I. Net sales of products, goods and materials, including:	472 440,00	347 447,00	52 494,00	38 606,00	402 577,00	315 674,00
1. Net sales of products	472 440,00	347 447,00	52 494,00	38 606,00	402 577,00	315 674,00
2. Net sales of goods and materials						
II. Costs of products, goods and materials sold, including:	472 440,00	347 447,00	42 494,00	38 606,00	524 934,00	386 053,00
1. Production cost of products sold	472 440,00	347 447,00	42 494,00	38 606,00	524 934,00	386 053,00
2. Value of goods and materials sold						
III. Gross profit (loss) on sales	0,00	0,00	0,00	0,00	-122 357,00	-70 379,00
IV. Selling costs						
V. General and administrative costs						
VI. Profit (loss) on sales	0,00	0,00	0,00	0,00	-122 357,00	-70 379,00
VII. Other operating incomes						
VIII. Other operating costs						
IX. Operating profit (loss)	0,00	0,00	0,00	0,00	-122 357,00	-70 379,00
X. Financial incomes						
XI. Financial costs						
XII. Profit (loss) before taxation	0,00	0,00	0,00	0,00	-122 357,00	-70 379,00
XIII. Income tax						
XIV. Net profit (loss)	0,00	0,00	0,00	0,00	-122 357,00	-70 379,00

## 8. Reporting by segments

According to IFRS 8, an operating segment forms a part of an entity:

- which organizes the business, in connection with which revenues can be obtained and costs incurred,
- the results of which are subject to regular review and assessment by the main body in the entity responsible for decision making and using these results while deciding on the allocation of resources to segments,
- for which there is separate financial information available.

IFRS 8 requires disclosure of operating segments based on internal reports used in managerial accounting.

Using the management approach to segment reporting in Stalprodukt, there are two operating segments distinguished:

- Electrical Sheets Segment DB,
- Profiles Segment DP.

For these segments, there is separate financial information drawn up for the Parent Company that the Management Board of the Company uses to evaluate the results of both segments for the purpose of bonus system, based on coverage margin, and for the purpose of the allocation of resources to a given segment. For the purposes of the consolidated financial statements, these data are subject to transformation in the segment of profiles.

Revenues presented as divided into operating segments include only revenues from external customers. There are no transactions between 2 operating segments (electrical steel segment, sections segment).

Profiles segment includes the following products: cold formed profiles and tubes, road safety barriers and hot and cold rolled sheets and strips.

Transformer sheets segment includes transformer metal sheets and toroidal cores.

The financial statement discloses the goods as not meeting the quantitative criterion for determining the segments, along with other services under "other activities" to balance the results of the Company.

Segment revenues apply only to sales to external customers. Revenues of other segments in the consolidated financial statements are excluded.

Segment costs include the own cost of sales, including the cost of sales resulting from the operations of the segment. Segment costs do not include other operating costs, which can not be directly attributed (attributed) to the segment, general overheads costs, finance costs and income tax.

Segment result (profit/loss of the segment) is the difference between revenues and costs of the segment.

Segment assets (liabilities) are operating assets (operating liabilities) used by a segment (resulting) in operating activities, which are directly attributable to the segment (intangible assets, tangible fixed assets, inventories, receivables from customers, amounts due to suppliers) or allocated to the segment based on a reasonable basis e.g. share of the segment in sales, profit (other assets and liabilities).

Itemization 2022	Segments			Total
	Electrical Sheets Segment	Profiles Segment	Other Activities	
Segment revenues	<b>1 274 608</b>	<b>1 009 099</b>	<b>435 544</b>	<b>2 719 251</b>
Domestic sales	78 415	702 784	115 858	<b>897 057</b>
Export	1 196 193	306 315	319 686	<b>1 822 194</b>
- to EU countries	730 822	276 116	319 514	<b>1 326 452</b>

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- other exports	465 371	30 199	172	<b>495 742</b>
Segment costs	<b>914 200</b>	<b>952 864</b>	<b>415 194</b>	<b>2 282 258</b>
<b>Segment result</b>	<b>360 408</b>	<b>56 235</b>	<b>20 350</b>	<b>436 993</b>
Other operating income and financial income not assigned to the segment				205 469
Other general operational costs and financial costs associated to the segment				177 630
<b>Gross profit</b>				<b>464 832</b>
Income tax				66 710
<b>Net profit</b>				<b>398 122</b>
Segment assets	1 144 643	1 001 265	524 322	2 670 230
Assets not assigned to the segment				0
Total assets				2 670 230
Liabilities	212 788	168 457	62 063	443 308
Contingent liabilities				0
Total liabilities				443 308
Capital expenditures	7 182	9 361	1 271	17 814
Depreciation	30 468	19 661	2 897	53 025
Creation of an inventory write-down	4 819	24 842	15 596	45 257
Inventory write-down solution	814	29 946	71	30 831

The largest sales outside the Capital Group were made in 2022 to Italy and accounted for 11.99% of sales (17.89% share in foreign sales and 24.57% in sales to EU countries), Germany and accounted for 8.59% of sales (12.83% share in foreign sales and 17.62% in sales to EU countries). In addition, in the case of two customers, the sale was close to 10% of the share in sales (PLN 267,195 thousand and PLN 264,024 thousand, respectively). Sales concerned the segment of transformer sheets.

Itemization 2021	Segments			Total
	Electrical Sheets Segment	Profiles Segment	Other Activities	
Segment revenues	<b>695 800</b>	<b>922 475</b>	<b>379 575</b>	<b>1 997 850</b>
Domestic sales	52 735	652 852	103 060	<b>808 647</b>
Export	643 065	269 623	276 515	<b>1 189 203</b>
- to EU countries				
- other exports				
Segment costs	<b>550 730</b>	<b>795 645</b>	<b>366 650</b>	<b>1 713 025</b>
<b>Segment result</b>	<b>145 070</b>	<b>126 830</b>	<b>12 925</b>	<b>284 825</b>



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Other operating income and financial income not assigned to the segment				66 237
Other general operational costs and financial costs associated to the segment				93 711
<b>Gross profit</b>				<b>257 351</b>
Income tax				37 287
<b>Net profit</b>				<b>220 064</b>
Segment assets	870 099	778 643	260 746	1 909 488
Assets not assigned to the segment				524 535
Total assets				2 434 023
Liabilities	236 682	187 373	69 035	493 091
Contingent liabilities				0
Total liabilities				493 091
Capital expenditures	2 912	6 610	2 865	12 387
Depreciation	29 581	18 747	1 814	50 141

The largest sales outside the Capital Group were made in 2021 to Italy and accounted for 10.25% of sales (17.23% share in foreign sales and 20.90% in sales to EU countries), Germany and accounted for 8.00% of sales (13.44% share in foreign sales and 16.30% in sales to EU countries). In 2021, no customer exceeded the threshold of 10% share in sales revenues.

## 9. Financial instruments and risk management assessment

### *Characteristics of financial instruments and rules of their valuation*

Under IFRS 9 a Financial Instrument is any contract that gives rise to a financial asset in one entity and a financial liability or an equity instrument in another. Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised from the accounting books when the rights to receive cash flows from financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The main financial instruments used by the Group include bank credits and short-term deposits, as well as derivative instruments recognized in accordance with the hedging policy. The main purpose of these instruments is to raise funds for business activities and to hedge cash flows. The companies also have other financial instruments, such as cash, trade payables that arise directly in the course of their operations and long-term loans. In addition, the Companies hold shares in other entities, which constitute long-term investments.

Financial instruments at the time of entry into accounting books are measured at a cost (purchase price), which is the fair value of the payment made. Transaction costs directly attributable to the transaction are recognized at the initial cost of the financial instruments.

After initial recognition at fair value, financial instruments are classified into one out of three categories and measured as follows:

- 1) financial instruments measured at amortised cost,

- 2) financial instruments measured at fair value, and revaluation gains/losses are recognized in profit or loss.
- 3) financial instruments valued at the fair value through financial result.

Re 1) Financial instruments measured at amortised cost using the effective interest rate method to calculate interest. These instruments are held to maturity and include investments with fixed or determinable payments and fixed maturity that the company intends and has the ability to hold to maturity (receivables, loans). Impairment losses are recognised in accordance with the accounting policy and presented in a note to the financial statements.

Trade credit risk is mitigated by actions related to the selection of counterparties with good creditworthiness, setting credit limits for them, payment hedging policy and their ongoing monitoring in accordance with the applicable procedures. Therefore, the exposure of the Capital Group companies to the risk of bad debts is insignificant. Credit risk should be properly assessed by making appropriate bad debt provisions in the books.

The Company and entities from the capital group classify customers into risk groups on the basis of the adopted classification, based on the adopted methods of division into risk groups. Groups determine the level of risk from low (group 10) to the highest (group 0). Write-offs on items measured at amortised cost are determined on the basis of historical data according to the division into groups, grouped probability of credit risk and past customer behaviour.

Re 2) Financial instruments measured at fair value, and revaluation gains/losses are recognized in profit or loss. The method of valuation is applied in the case of financial assets whose cash flows constitute only payments from capital and interest, are maintained in order to collect contractual cash flows and for the purpose of sale, and which are measured at fair value. Interest income on such financial assets is calculated using the effective interest rate method. Impairment losses are recognised in accordance with the adopted accounting principles.

Re 3) Financial assets valued at the fair value by financial result. Assets that do not meet the criteria to be measured at amortised cost (item 1) and at fair value by other income (item 2) are measured by profit or loss. Gains or losses on fair value measurement of investments are recognized in profit or loss. These include trade receivables subject to factoring for liquidity management purposes when the terms of a factoring contract result in the discontinuation of the recognition of receivables or loans that do not meet the SPPI test.

A financial instrument is derecognised from the balance sheet when the entity loses control over the contractual rights constituting the financial instrument; this is usually the case when the instrument is sold or when all cash flows attributable to the instrument are transferred to an independent third party.

As at each balance sheet date, the Company assesses whether there are objective premises for impairment of a given component of financial assets or a group of financial assets. Such indications include, but are not limited to, serious financial difficulties of the debtor, the disappearance of an active market for a given financial instrument, adverse changes in the economic, legal and market environment of the issuer of a financial instrument, and persistence of a significant decline in the fair value of the instrument. When such evidence exists, the impairment loss should be estimated and an impairment loss should be recognized.

Derivative financial instruments are initially recognized in the books at cost and then measured at fair value. Changes in the fair value of derivative financial instruments are recognized immediately in the statement of total income, as the Parent Company does not use instruments that would qualify as hedge accounting. The Group companies, on the other hand, due to the specific nature and nature of their business model use hedge accounting.

The financial instruments used by the Parent Company are forward currency contracts related to sales and purchase contracts. The Company also occasionally uses forward currency contracts and currency options to protect against currency risk. Fair value of derivatives traded on regulated markets and securities available for sale is determined on the basis of quoted market prices as at the balance sheet date.

In order to estimate the fair value of derivatives whose prices are not quoted on regulated markets and other financial instruments, the Companies apply various methods and assumptions based on market conditions prevailing at each balance sheet date. Normally, market quotes or dealers' quotes are used for specific or similar instruments. Other techniques, such as option pricing models or the discounted value of future estimated cash flows, are used to determine the fair value of other instruments.

The main types of risk arising from financial instruments are interest rate risk, liquidity risk, credit risk and currency risk.

As regards foreign currency receivables and liabilities, the Parent Company uses hedging against natural currency risk, as sales in particular currencies are offset by purchases, any open position (short or long) closes within two to three weeks and its value is insignificant in relation to total turnover. Given the stable financial situation and the predominance of financing with own funds and trade liabilities, the liquidity risk is low. The Company's objective is to maintain a balance between continuity and flexibility of financing by the selection and use of various sources of financing.

Item	Category acc. to IFRS 9	2022	2021	2020
<i>Shares and stocks</i>	<i>fair value through financial result</i>	119	119	119
Trade receivables (net)	<i>amortised cost</i>	347 409	302 839	196 365
<i>Other receivables (without</i>	<i>amortised cost</i>	6 732	4 806	5 299

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<i>public-law)</i>				
loans granted	<i>amortised cost</i>	0	14 500	18 400
Cash and cash equivalents	<i>fair value through financial result</i>	373 859	152 963	193 545
<b>Total financial assets</b>	<i>amortised cost</i>	<b>728 119</b>	<b>475 227</b>	<b>413 728</b>
trade liabilities	<i>amortised cost</i>	248 218	275 720	171 956
credits and loans	<i>amortised cost</i>	0	30 000	50 000
<b>Total financial liabilities</b>		<b>248 218</b>	<b>305 720</b>	<b>221 956</b>

As at 31/12/2022, fair values do not differ from book values. As at 31.12.2021, the qualification test did not show any significant impact of IFRS 9 on the value of receivables.

#### Fair value hierarchy

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the assessment date.

Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

#### The purpose and policy of risk management and measurement methods.

The Company is exposed to various types of financial risks - including changes in market prices of debt and equity instruments, fluctuations of currencies and interest rates. The overall financial risk management program of the Issuer focuses on the unpredictability of financial markets and seeks to minimize the potential negative effects on the Company's financial results. The Department of Financial and Risk Management, supervised by the Finance Director, manages the risk in the Parent Company. The main objective is to minimize the negative effects of external changes on the results obtained by the Company. Depending on the type and size of risk, the Company complies with the appropriate instruments for the diagnosis, assessment and hedging.

The main risks associated with the activities of the Company include:

- a) credit risk and contractual risk,
- b) liquidity risk,
- c) market risk, including:
  - interest rate
  - currency

**Credit and contractual risk**

The credit risk in the Company is limited by the current examination of the creditworthiness of the counterparties, by accepting appropriate collaterals (bank guarantees, letters of credit, bills of exchange, sureties) and by constant monitoring of overdue receivables. For the purpose of ongoing control, the sales and finance departments are required to apply the rules set forth in the credit and debt recovery procedures. These procedures determine the selection of counterparties, setting credit limits and the procedure in case of overdue receivables.

As part of the classification test for the purposes of IFRS 9, in order to calculate expected credit losses (ECL) and forecast the amount of impairment losses on receivables, the Company uses i.a. the following parameters:

- Counterparty Rating - it is subject to verification in terms of the availability of a rating published by an external rating agency.
- Curve of cumulative PD parameters (probability of default parameter used for the calculation of expected credit loss) for a given borrower, determined on the basis of market curves of Credit Default Swap (CDS) contracts obtained from Reuters, which quantify market expectations regarding the potential possibility of default for a given rating

In accordance with the adopted classification criteria, based on the Fitch Ratings rating, the client is classified into one of the three risk groups as in the table below:

Grupa ryzyka	Rating	Poziom ryzyka
I	AAA	Niski
	AA+	
	AA	
	AA-	
	A+	
	A	
	A-	
II	BBB+	Średni
	BBB	
	BBB-	
	BB+	
	BB	
	BB-	
	B+	
	B	
	B-	
III	CCC+	Wysoki
	CCC	
	CCC-	
	CC	
	C	
	D	

Group's share in sales revenues of operating segments in 2021					
Segment	Group I	Group II	Group III	Others	Total
Electrical sheets	38%	62%	0%	0%	100%
Profiles	99%	1%	0%	0%	100%
Other Activities	100%	0%	0%	0%	100%

Due to the consistently pursued credit risk management policy, the dominant share in the balance of receivables from low-risk groups I and II, maintaining a high level of collateral for the granted limits, the amount of the expected credit loss based on the above assumptions is PLN 264 thousand and is insignificant in relation to the scale of the Company's operations. On the other hand, the amount at risk is equal to the carrying amount of the balance of short-term receivables increased by guarantees issued and sureties granted, the fair value of derivative transactions and adjusted by accepted collateral (only in the form of bank payment guarantees and letters of credit), as well as receivables from subsidiaries. This amount is PLN 338,891 thousand, It should be noted that the average value of the overdue receivables ratio for the parent company (without subsidiaries) for 12 months of 2022 (calculated as the ratio of overdue receivables to the total balance of trade receivables) for the Company is 7.0%.

The table below contains all accepted collateral related to the credit risk management policy.

THE HEDGINGS ADOPTED			thousands x USD/EUR/PLN					
			31.12.2022			31.12.2021		
No.	Hedging type	Risk type	Amount	Currency	PLN	Amount	Currency	PLN
1	Bank guarantees and letters of credit	credit/contractual	2 000	PLN	2 000	109	PLN	109
2	Bank guarantees and letters of credit	credit/contractual	10 480	EUR	49 150	6 760	EUR	31 092
3	Bank guarantees and letters of credit	credit/contractual	820	USD	3 609	1 645	USD	6 679
4	Sureties	credit/contractual	0	PLN	0	0	PLN	0
5	Sureties	credit/contractual	18 000	EUR	84 418	17 500	EUR	80 490
6	Sureties	credit/contractual	2 000	USD	8 804	0	USD	0
7	Pledges and mortgages	credit/contractual	20 257	PLN	20 257	21 616	PLN	21 616
8	Bills of exchange	credit/contractual	31 030	PLN	31 030	0	PLN	0
	<b>Total value of securities in PLN</b>				<b>199 268</b>			<b>139 986</b>

AMOUNT AT CREDIT RISK	w tys. zł	
	31.12.2022	31.12.2021
1. Balance sheet value of the receivables balance	390 158	346 942
2. Issued guarantees and letters of credit	22 438	18 968
3. Fair value of derivative transactions		
4. Collaterals accepted	48 529	139 986
5. Receivables towards related entities	25 176	32 385
Amount at risk	<b>338 891</b>	<b>193 539</b>

\*only bank guarantees and letters of credit were used for the calculation

It should be noted that most of the recipients are customers with whom cooperation has been going on for many years.

At present, the company does not have restructured receivables, i.e. receivables from customers with whom it has concluded an agreement on deferred payment. Considering the above, the credit quality of the trading book should be described as good.

Contractual risk arises when a contract for the sale of goods has been concluded with a customer on specific delivery terms, which results in the supplier's obligation to deliver a specific batch of goods to the customer, and in order to fulfil this obligation, the supplier must start production before receiving full payment. The resulting situation results in the supplier bearing the risk of failure to collect the finished goods by the contractor.

Contract risk occurs in the Companies basically only in the case of accepting orders for non-standard products and is assessed by the person accepting the order. It is limited by accepting appropriate securities, or by accepting a partial or full prepayment for ordered goods before the start of production.

### **Liquidity risk**

Liquidity risk management boils down to controlling financial flows and securing the possibility of external financing, in particular: collection of receivables and collateral in the form of credit lines.

In the current good financial condition of the company, in which there is a definite advantage of financing with equity, the liquidity risk is minimized to a large extent. However, in order to secure it, the company, on the basis of agreements signed with cooperating banks, has been granted limits for working capital loans. Details on the amount of credit lines, use and other conditions are presented in Note 20.

**Market Risk****Exchange Rates Risk**

The exchange rate risk can be defined as the unfavourable impact of exchange rates on the Company's results. The following balance sheet positions are exposed to this kind of risk: granted loans, cash deposits and interest-bearing external financing sources.

As of 31.12.2022 the Company had:

loans granted in the amount of – lack,

cash – PLN 373,859 thousand,

short-term revolving loans – no use

long-term loans – lack,

The increase of interest rates will result in the increase of revenue from the interest on the granted loans and free cash flow. At the same time, there will be an increase in costs related to external financing. Due to the structure of the balance sheet as at 31 December 2022, the risk of an increase in interest rates does not pose a threat related to an increase in the costs of financing financial debt.

Both the loans, cash and the investment credit are based on variable interest rate (WIBOR, WIBID).

Due to the greater value of the balance sheet liabilities, the potential increases of interest rates will have a negative impact on the period's financial result.

SENSITIVITY TO EXCHANGE RATE RISKS	in thousand PLN	
	2022	2021
Exchange rate increase by 100 basis points		
Impact on the gross result	3 739	1 375
Exchange rate decrease by 100 basis points		
Impact on the gross result	-3 739	-1 375

Additionally, the Company shows in the balance sheet long-term liabilities in the amount of PLN 75,110 thousand with the title lease contracts (IFRS 16 measurement) result from perpetual usufruct defined in IFRS 16 as lease. This liability was measured at the present value of the remaining fees for perpetual usufruct (leasing fees) discounted over the period of its use. To discount the liability for annual perpetual fees, an interest rate of 5% was used, which consists of the interest rate on 10-year bonds and the risk premium. If a higher interest rate is adopted for the measurement of this liability, there will be a decrease in the current value on this account.



### Currency Risk

EUR is the main currency used both in the exports and intra-community transactions. Considering the risk from EUR/PLN currency fluctuations, the Company uses natural hedging as its sales from individual periods are balanced by the purchases expressed or denominated in EUR. Additionally, the currency position is being constantly monitored. It happens that during a 2-3-week period it is open (short or long), however, its value is insignificant in relation to the turnover.

USD is another currency in which settlements are made. The currency position is being constantly monitored. In contrast to 2021, in 2022 its position was mostly characterized as open short position due to the increased USD purchases.

As of 31.12.2022, the sensitivity of balance sheet positions, expressed in EUR and USD, to currency risks is only slight in relation to the scale of the pursued activities. The currency-expressed receivables and liabilities were presented in 9e, 10b and 24'' notes, respectively.

SENSITIVITY TO CURRENCY RISKS	in thousand PLN	
	2022	2021
PLN WEAKENING to USD & EUR by 5%		
Impact on gross result	23 205	10 311
PLN STRENGTHENING to USD & EUR by 5%		
Impact on gross result	-23 205	-10 311

### Security accounting,

Due to the small value of the used derivatives, the Group does not keep security accounting. The balance sheet values of particular financial instruments should be considered fair because their valuation carried out by amortized cost (amortized purchase price), using the effective valuation method, showed insignificant differences.

## 10. Capital management

FINANCIAL LEVERAGE RATIO	in thousand PLN	
	2022	2021
<i>Debt</i>		30 000
<i>Cash</i>	-373 859	-152 963
<i>Net Debt</i>	-373 859	-122 963
<i>Equity</i>	2 226 921	1 940 931
<b>Net Debt Relation to Equity</b>	<b>-16,79%</b>	<b>-6,35%</b>

Debt is understood as long- and short-term debt presented in note 20 and in credits and loans. At the end of 2022, the balance sheet shows net cash (negative net debt).

In 2022, the Company correctly managed its capital, as the ratios related to liquidity were maintained at a good level. The basic ratios related to the capital structure and working capital management specified in the financial plan reached the expected values, which enabled the Company to achieve its goals, operate efficiently and reliably, and raise funds for further development.

In the reporting period a slight increase of the net profit per share took place. The net profit per 1 share amounted to PLN 71.34 in 2022 against PLN 39.44 in 2021.

Changes in equity for the years 2022 and 2021 are presented in the "Statement of changes in equity," which forms an integral part of the annual consolidated financial statements.

In 2022, there was a slight decrease in the share of equity in the financing of the Company. The equity ratio, calculated as the ratio of equity to total liabilities, increased and is taking out 0.83.

The ability to manage working capital increases profitability and reduces the risk of cash shortages. In this respect, the following activities of the Issuer should be noted in particular:

- The Parent Company manages the receivables by assessing the customers' financial standings, setting credit limits and securities, monitoring claims and collections, if any, in accordance with applicable procedures. The result of proper risk management in this regard is keeping overdue receivables at a minimum level
- The main objective of the Company's inventory management is to assess the costs and benefits and their balance. The measures to ensure the continuity and regularity of supply and diversification of sources of feedstock supply to the timely implementation of procurement and maintenance of stocks at an optimal level, are systematically taken.
- The Company maintained a substantial amount of cash on bank accounts, depositing them in profitable and safe short-term deposits, due to the need to finance current expenses resulting from operating activities, as well as the planned capital expenditures.

The proper management of capital is evidenced by the fact that the Group reached a satisfactory liquidity throughout the reporting period timely fulfilled its obligations with respect to the staff, budget and suppliers.

## **11. Other information and notes**

### ***Data on related companies***

Transactions between the Company Stalprodukt and its subsidiaries rely on constant mutual provision of supplies and services necessary for current operations. These are typical and routine transactions concluded at arm's length within the Group and under the conditions resulting from current operations. Other significant transactions with related parties, namely the transfer of rights and obligations for valuable consideration and free of charge did not occur.

The parties are considered to be related if one of the parties has the ability to control another party or significantly influence operating and financial decisions taken by another party. To recognize a given entity as a related entity, the Company applies the principles defined in IAS 24, considering the nature of the relation and its impact on the entity's result and its financial standing.

a) The total value of the Issuer's transactions with associated companies in the period from 01.01.2022 to 31.12.2022 and in the comparable period from 01.01.2021 to 31.12.2021 is presented in the Table below.

Items 2022 (PLN thousand)	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
ZGH "Bolesław" S.A.	8	39	7	225
Huta Cynku "Miasteczko Śląskie" S.A.	5	39	17	214
Boltech sp. z o.o.		3		7
Anew Institute sp. z o.o.	3	0	14	557
Stalprodukt-Wamech sp. z o.o.	371	7 753	3 438	24 606
Stalprodukt-Zamość sp. z o.o.	1 826	22	12 226	333
Stalprodukt-Ochrona sp. z o.o.	27	1 001	253	4 809
STP Elbud sp. z o.o.	358	3 308	3 417	32 413
Cynk-Mal S.A.	3 807	1 339	52 883	10 324
GO Steel a.s.	18 727	341	335 303	88 291
Hotel Ferreus sp. z o.o.	2	0	16	18
PTZ sp. z o.o.	1	0	13	0
Stalprodukt-Centrostal sp. z o.o. in liquidation	36	0	77	12

Items 2021 (PLN thousand)	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
ZGH "Bolesław" S.A.		22		106
Huta Cynku "Miasteczko Śląskie" S.A.	8		10	15
Boltech sp. z o.o.				
Anew Institute sp. z o.o.				56
Stalprodukt-Wamech sp. z o.o.	395	6 908	2 807	20 630
Stalprodukt-Zamość sp. z o.o.	1 778	85	13 411	305
Stalprodukt-Ochrona sp. z o.o.	28	831	242	4 108
STP Elbud sp. z o.o.	254	4 161	3 525	23 954
Cynk-Mal S.A.	3 050	2 147	51 278	7 855
GO Steel a.s.	26 853	9 670	276 565	98 352

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Hotel Ferreus sp. z o.o.	2		9	
PTZ sp. z o.o.	2		4	
Stalprodukt-Centrostal sp. z o.o. in liquidation	10	969	420	6 000

b) The total value of the Issuer's transactions with associated companies in the period from 01.01.2022 to 31.12.2022 and in the comparable period from 01.01.2021 to 31.12.2021 is presented in the Table below.

Associated entities:

Items 2022	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Receivables	Liabilities
Stalnet Sp. z o.o.	5	15	575	144

Items 2021	PLN thousand			
	Mutual settlements		Mutual income and costs	
	receivables	liabilities	revenues	costs
Stalnet Sp. z o.o.	5	15	303	144

c) The total value of the Issuer's transactions with Entities with joint control or significant influence over the entity in the period from 01.01.2022 to 31.12.2022 and in the comparable period from 01.01.2021 to 31.12.2021 is presented in the Table below.

Entities with joint control or significant influence over the entity:

Items 2022	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Receivables	koszty
Stalprodukt-Profil S.A.	0	0	301	0
STP Investment S.A.	0	0	11	0

Items 2021	PLN thousand			
	Mutual settlements		Mutual income and costs	
	receivables	liabilities	revenues	costs
Stalprodukt-Profil SA.	2	0	236	0
STP Investment SA	1	0	11	0

- d) joint ventures in which the entity is a partner in a joint venture - there were no transactions
- e) key management personnel of the entity or its parent company - no transactions occurred
- f) other related entities - there were no transactions

*Estimated values*

In the period of 2022, in addition to standard estimates, the following events were made, presented in the notes to this report:

- The provision for deferred tax was reduced by PLN 2,890 thousand.
- An inventory write-down was created in the amount of PLN 45,257 thousand and PLN 30,831 thousand were dissolved.
- A write-down was created for doubtful receivables in the amount of PLN 535 thousand and the amount of PLN 245 thousand was resolved.
- A provision for employee benefits was created in the amount of PLN 7,632 thousand and resolved in the amount of PLN 1,126 thousand (including for retirement severance pay in the amount of PLN 1,131 thousand and PLN 746 thousand was released, the provision for bonuses in the amount of PLN 380 thousand was released and a provision for unused leaves was created in the amount of PLN 6,501 thousand),
- A provision was created for energy certificates of origin and CO2 emission allowances in the amount of PLN 18,698 thousand and dissolved in the amount of PLN 13,899 thousand.
- A provision for land reclamation was created - PLN 110,000.
- Other provisions were created PLN 896 thousand.
- A write-down on fixed assets was created in the amount of PLN 13,840 thousand.

*Changes in the capital structure of the Company*

In comparison to 2021, constituting a comparable period to this financial statement, the following changes occurred in the structure of the Issuer's Capital Group:

1. Due to the completion by the Company of the construction of the 5-star Ferreus Hotel in Kraków, on March 9, 2021, the articles of association of the company Hotel Ferreus Sp. z o.o. were drawn up. The share capital of this company is PLN 500 thousand and is divided into 500 shares with a nominal value of 1 thousand PLN each, which were fully covered by Stalprodukt S.A. as its sole partner.

On June 17, 2021, the National Court Register registered the company. The company Hotel Ferreus Sp. z o.o. was established to conduct hotel activities on the basis of a lease agreement for the facility in question. Due to the coronavirus pandemic, the Company withheld the launch of the hotel. The currently expected date of commencement of operations is the 1st quarter of 2022. The facility has a permit for use by the County Construction Supervision Inspector - Grodzki County, and a positive position in the field of fire protection of the Municipal Commander of the State Fire Service in Krakow. The hotel has a total of 71 accommodation units. The total planned expenditure on its construction based on the investor's cost estimates was determined at the level of PLN 66 million. The expenditure actually incurred amounted to PLN 58.9 million. Despite the establishment of a special purpose vehicle, the Issuer's Management Board decided to conduct hotel operations directly through Stalprodukt S.A., which was launched on September 1, 2022. On September 29, 2021, 2.

2. The General Meeting of Shareholders of Stalprodukt - Centrostal Kraków Sp. z o.o. adopted a resolution to put the company into liquidation. This decision is a consequence of the optimization of the distribution channel started in 2018. On June 28, 2018, an agency agreement was signed with Stalprodukt -Centrostal Kraków Sp. z o.o. Pursuant to its terms, the purchases and sales were not made for the subsidiary's own account, but for and on behalf of Stalprodukt. At that time the first stage of reorganization of the distribution business also took place, i.e. the takeover of the warehouses from Stalprodukt-Centrostal Kraków and their inclusion in the structures of the Stalprodukt's marketing director division.

In turn, on October 1, 2021, Stalprodukt took over the commercial teams in their structures and the scope of their tasks, thus the activity of the subsidiary as an Agent was terminated.

The changes introduced in the distribution of the Profiles Segment products are aimed at improving the efficiency of finished goods warehouse management and reducing the costs related to the sales network, as well as increasing the segment's sales efficiency.

In the opinion of the Management Board, this decision does not constitute a discontinuation of operations in accordance with the International Accounting Standards.

In the structure of the Issuer's Capital Group in 2022, there were no other mergers, acquisitions or sale of units, long-term investments, division, restructuring or abandonment of operations, except for those listed in this report.

### **Impact of the COVID-19 coronavirus pandemic on the Company's situation**

When assessing the impact of the COVID-19 coronavirus on the Issuer's operations, it should be emphasized that in 2022 no impact on the operations of operating segments was observed.

### **Events after the balance sheet date**

In the reporting period and after December 31, 2022, until the preparation of these financial statements for 2022, there were no other important events, apart from those listed in this report and in the report of the Management Board, that could significantly affect the entity's situation and its results ( including future) financial results. The Management Board of the entity also does not have any other information that, in its opinion, is significant for the assessment and changes in the personnel, property and financial situation, as well as information relevant for assessing the possibility of meeting its obligations.

### **Information on the political and economic situation in the territory of Ukraine and its potential impact on the activities of the issuer and its capital group.**

Stalprodukt S.A. and the companies of the Capital Group do not have any assets in Ukraine.

Stalprodukt conducts a very limited commercial activity with customers in Ukraine and Russia. The share of these customers in the Company's sales structure is insignificant. Sales value to countries accounted for 0.22% in 2020 and 0.25% in 2021. For the first 2 months of 2022, until the beginning of the armed conflict, it amounted to 0.03% of sales revenue. The main direction of supply of input materials for Stalprodukt (including, above all, hot-rolled sheets) are steel mills belonging to the ArcelorMittal concern, located in Poland and Western Europe. The Company only makes supplementary purchases of feedstock from smelters in Ukraine and Russia (this applies only to the Profiles Segment). Valuable purchases from the above countries accounted for 5.94% in 2020 and 9.73% in 2021 of material purchases, respectively. For the first 2 months of 2022 until the start of the armed conflict, the value of purchases accounted for 5.96% of total material purchases. In the opinion of the Company, these values are not material items and do not have a negative impact on the Company's financial situation. As at the date of this report, these are the only effects of the political and economic situation in Ukraine that may affect the Issuer's operations. Due to the high dynamics of the development of the situation, it is difficult to predict other possible financial effects that may occur in the long term.

### *Other information*

1. In 2022, no activity conducted by the Issuer was abandoned.
2. There were no significant events relating to previous years included in the annual financial statements as at 31.12.2022, which distort the picture of the activities of the financial year 2022.
3. During the reporting period the Company incurred capital expenditures of PLN 17,814 thousand. Planned capital expenditures for 2023 amounts to about PLN 89,700 thousand. Capital expenditures shall be used to finance intangible fixed assets.
4. As of the balance sheet day, Stalprodukt S.A. has off-balance sheet contingent liabilities:
  - performance bonds concerning the production and installation of road safety barriers totalling PLN 22,394 thousand.
5. The average employment in occupational groups:
  - in 2022, total employment equalled 1,334 people, including 1,037 blue-collar and related workers, and 297 white-collar workers,
  - in 2021, total employment equalled 1,365 people, including 1,090 blue-collar and related workers, and 275 white-collar workers.
6. Gross remuneration, including bonuses, paid to members of the management board in the company and subsidiaries in 2022 amounted to:

	Basic salary	Performance bonus	Remuneration due to performing functions in the authorities of subordinated entities	Total
Piotr Janeczek	865 472	217 251	132 383	1 215 106
Łukasz Mentel	623 866	173 022	123 720	920 608
<b>Total</b>	<b>1 489 338</b>	<b>390 273</b>	<b>256 103</b>	<b>2 135 714</b>

7. Gross remuneration of members of the Supervisory Board and in the Company's subsidiaries for performing functions in 2022 amounted to:

	Allowance	Remuneration due to performing functions in the authorities of subordinated entities	Total
Stanisław Kurnik	121 479		121 479
Sanjay Samaddar	0		0
Magdalena Janeczek	127 897		127 897
Agata Sierpiska-Sawicz	117 242		117 242
Romuald Talarek	114 538		114 538
<b>Total</b>	<b>481 156</b>		<b>481 156</b>

8. The remuneration for the audit company was:
- for the review of the semi-annual separate statement – PLN 25,000;
  - for the review of the semi-annual consolidated statement – PLN 23,000.
- In addition, the price for auditing annual financial statements shall be:
- separate financial statement – PLN 60,000;
  - consolidated financial statement – PLN 30,000.
9. Both, Stalprodukt S.A. and its subsidiaries did not give advances, credits, loans and guarantees or sureties to members of the Management Board and the Supervisory Board, except for loans from the Social Fund.
10. After 31.12.2022, in addition to the information contained in this report and the report of the Management Board, there were no other events not included in the financial statements for the year 2022, which could materially affect the situation in the Company and its future financial results.
11. The financial statements and comparable financial data, adjusted for inflation, are not presented because the cumulative average inflation rate over the last three years of operation has not reached 100%.
12. The Issuer, as the Parent Company, draws up the consolidated financial statements under the full method, including all the subsidiaries therein.

These financial statements of Stalprodukt S.A. for 2022 was approved for publication by the Management Board of the Company on 27 April 2023.

Bochnia, 27 April 2023.

The person authorised to keep accounting books

.....  
Head of the Accounting and Tax Department

.....  
Łukasz Mentel  
Member of the Board  
Financial Director

.....  
Piotr Janeczek  
Chairman of the Board  
Chief Executive Officer



