The Stalprodukt S.A. Capital Group

Consolidated Financial Report of Stalprodukt S.A. Capital Group for the accounting year 2019

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

Bochnia, April 2020

Selected financial data

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EURO	
	2019	2018	2019	2018
I. Net sales of products, goods and materials	3 816 269	3 956 688	887 133	927 278
II. Operating profit (loss)	203 708	299 847	47 354	70 273
III. Profit (loss) before taxation	200 674	349 004	46 649	81 793
IV. Net profit (loss)	154 488	284 652	35 912	66 712
- attributable to shareholders of the parent company	142 494	270 288	33 124	63 345
- net profit attributed to non-controlling interests	11 994	14 364	2 788	3 367
V. Net cash flow from operating activities	369 994	349 888	86 009	82 001
VI. Net cash flow from investment activities	-235 091	-336 582	-54 649	-78 882
VII. Net cash flow from financial activities	-202 988	-38 755	-47 187	-9 083
VIII. Total net cash flow	-68 085	-25 449	-15 827	-5 964
IX. Total assets	4 345 081	4 357 371	1 020 331	1 013 342
X. Liabilities and provisions for liabilities	1 587 056	1 659 531	372 680	385 937
XI. Long-term liabilities	530 197	497 848	124 503	115 779
XII. Short-term liabilities	620 318	747 289	145 666	173 788
XIII. Shareholders' equity	2 758 026	2 699 840	647 652	627 870
- equity attributable to shareholders of the parent company	2 650 457	2 593 547	622 392	603 151
- equity attributed to non-controlling interests	107 569	106 293	25 260	24 719
XIV. Share capital	11 161	11 161	2 621	2 596
XV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XVI. Profit (loss) for one ordinary share (in PLN)	27,68	51,01	6,43	11,95
XVII. Book value per share (PLN)	494,95	483,82	116,22	112,52
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)	5,00	3,00	1,16	0,70

1. Average exchange rates of zloty in NBP during the periods covered by the financial report and comparable financial data in relation to the Euro and CZK amounted to:
   a) rate of exchange at end of 2019 and 2018, for EUR 4.2585 and 4.3000
   b) the average rate, calculated as the arithmetical average of the exchange rates valid on the last day of each month of the year 2019 and 2018, for EUR 4.3018 and 4.2669
   c) the lowest rate for 2019 and 2018, for EUR 4.2406 and 4.1423 respectively and for CZK 0.1666 for 2019,
   d) the highest rate in 2019 and 2018, for EUR 4.3891 and 4.3978 respectively for CZK 0.1695 for 2019.

2. Basic items of the balance sheet, profit and loss account and cash flow statement were converted into Euro and presented in selected financial data.

For conversion of currency in PLN into Euros, the following rates of EUR were used, according to the following rules:
- items of assets and liabilities were converted into Euros according to the average exchange rate announced by the NBP as at 31.12.2019 and amounting to 4.2585 and 4.3000 as at 31.12.2018 (section 1a),

- items of profit and loss account and cash flows statement were converted into Euros according to the average rate which is an arithmetic average of average EUR rates announced by the NBP on the last day of each month covered by the report and amounting to 4.3018 for the year 2019 and 4.2669 for the year 2018 (section 1b).

3. For profit-per-share calculation the number of 5,580,267 shares was adopted.
4. In item XVIII the dividend-per-share level was presented, as disbursed by the Issuer in 2019 in respect of 2018.

CONSOLIDATED BALANCE SHEET	Note	thousand x PLN	
		2019	2018
Assets			
I. Fixed assets		**2 406 886**	**2 313 530**
1. Intangible assets, including:	1	207 326	171 373
- right of perpetual land use		129 769	80 344
2. Property, plant and equipment	2	2 052 279	1 968 406
3. Long-term receivables		703	630
4. Long-term investments	3	36 748	98 867
4.1. Real estate investments		10 678	7 675
4.2. Intangible and legal assets			
4.3 Long-term financial assets		10 024	75 141
4.4. Investments in affiliated entities		16 046	16 051
4.5. Other long-term investments			
5. Long-term accruals		109 830	74 254
5.1. Assets on account of deferred income tax	4	38 521	31 697
5.2. Other accruals		71 309	42 557
II. Current assets		**1 938 195**	**2 043 841**
1. Stocks	5	750 740	799 798
2. Short-term receivables	6	590 531	629 786
3. Short-term investments	7	564 338	596 005
3.1 Short-term financial assets		477 669	532 511
a) loans		18 153	20 000
b) short-term securities		55 015	39 925
c) monetary resources and their equivalents		404 501	472 586
3.2. Other short-term investments		86 669	63 494
4 Assets held for sale		48	
5. Short-term accruals	8	32 538	18 252
Assets in total		**4 345 081**	**4 357 371**
Liabilities			
I. Equity		**2 758 025**	**2 699 840**
1. Equity assigned to the shareholders of the dominating entity		2 650 456	2 593 547
1.1. Share capital	9	11 161	11 161
1.2. Exchange differences		4 092	2 493
1.3. Supplementary capital	11	667 745	561 927
1.4. Capital from revaluation	12	46 280	65 288
1.5. Other supplementary capitals	13	1 634 274	1 574 552
1.6. Profit (loss) from previous years		144 410	107 838
1.7. Profit (loss) net		142 494	270 288
2. Capital non-controlling interests	14	107 569	106 293
II. Liabilities and provisions for liabilities		**1 587 056**	**1 657 531**
1. Provisions for liabilities	15	414 170	381 328
1.1. Provision on account of deferred income tax		144 842	114 099

1.2. Other provisions		269 328	267 229
a) long-term		185 380	191 867
b) short-term		83 948	75 362
2. Long-term liabilities	16	530 197	497 848
2.1. Long-term credits and loans		110 893	150 839
2.2. Other long-term liabilities		123 189	50 894
Including liabilities under IFRS 16		95 159	
2.3. Contingent liabilities due to the purchase of ZGH		296 115	296 115
3. Short-term liabilities	17	620 318	745 289
3.1. Short-term credits and loans		44 010	160 869
3.2. Short-term part of long-term credits and loans		20 897	20 000
3.3. Liabilities for supplies and services provided		337 355	385 637
3.4. Liabilities on account of current income tax		38 877	24 036
3.5. Other short-term liabilities		179 179	154 747
4. Accrued liabilities	18	22 371	33 066
Liabilities in total		**4 345 081**	**4 357 371**

Book value		**2 758 026**	**2 699 840**
Number of shares (in items)		**5 580 267**	**5 580 267**
Book value for one share (in PLN)	19	**494,25**	**483,82**
Diluted number of shares		**5 580 267**	**5 580 267**
Diluted book value per share (in PLN)		**494,25**	**483,82**

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Note	thousand x PLN	
		2019	2018
I. Net revenue from sale of products, goods and materials, including:		**3 816 269**	**3 956 688**
1. Net revenue from sale of products	20	3 723 765	3 825 184
2. Net revenue from sale of goods and materials	21	92 504	131 504
II. Costs of sold products, goods and materials, including:		**3 333 814**	**3 407 588**
1. Cost of manufacture of sold products	22	3 247 137	3 294 137
2. Value of sold goods and materials		86 677	113 451
III. Profit (loss) gross on sales		**482 455**	**549 100**
IV. Costs of sales		88 526	80 276
V. General administrative costs		154 234	156 999
VI. Profit (loss) on sales		**239 694**	**311 825**
VII. Other operational revenue	23	66 504	28 164
VIII. Other operational costs	24	102 490	40 142
IX. Profit (loss) from operational activity		**203 708**	**299 847**
X. Financial revenue	25	19 732	69 136
XI. Financial costs	26	22 838	20 007
XII. Profit from stakes in associated entities		72	28
XIII. Profit (loss) gross		**200 674**	**349 004**
XIV. Income tax	27	46 186	64 352
XVI. Profit (loss) net, including:	28	**154 488**	**284 652**
1. Attributable to shareholders of the parent company		142 494	270 288
2. Attributed to non-controlling interests		11 994	14 364

Profit net		154 488	284 652
Weighted average number of ordinary shares		5 580 267	5 580 267
The weighted average number of ordinary shares adjusted against own shares		0	0
Profit (loss) for one ordinary share (in PLN)	29	27,68	51,01

TOTAL COMPREHENSIVE CONSOLIDATED INCOME	thousand x PLN		
	Note	2019	2018
Net result		154 488	284 652
The effective part of the cash flow hedging in accordance with IFRS 9		-15 192	192 266
Total Comprehensive Income		**139 296**	**476 918**
Total Comprehensive Income attributable to the parent company shareholders		132 234	452 834
Total Comprehensive Income attributable to non-controlling interests		7 062	24 084

Statement of changes in equity for the period from 1st January to 31st December 2019 and 2018	thousand x PLN								
	Share capital	**Own shares at purchase price**	**Supplementary capital**	**Capital from revaluation**	**Other supplementary capitals**	**Retained profit from previous years**	**Retained profit from current year**	**Capital non-controlling interests**	**Equity in TOTAL**
Balance on this 01.01.2019 (opening balance)	**11 161**	**2 493**	**561 927**	**65 288**	**1 574 552**	**378 126**	**0**	**106 293**	**2 699 840**
Profit distribution			**105 738**		**101 682**	**-207 420**			**0**
Intercapital and consolidation transfer		1 599	80	-3 816	-41 960	90 037		-10 718	**35 222**
Retained earnings from previous years under IFRS 16						-43 872			**-43 872**
Dividend and royalties						-72 461			**-72 461**
Total comprehensive income for period 1.01 - 31.12.2018, including:				-15 192			142 494	11 994	**139 296**
Valuation of hedging transactions				*-15 192*					**-15 192**
Balance on this 31.12.2018 (closing balance)	**11 161**	**4 092**	**667 745**	**46 280**	**1 634 274**	**144 410**	**142 494**	**107 569**	**2 758 025**
Balance on this 01.01.2017 (opening balance)	**11 161**		**490 963**	**-126 978**	**1 477 155**	**292 998**		**90 369**	**2 235 668**
Profit distribution			**74 707**		**81 522**	**-156 229**			**0**
Intercapital and consolidation transfer		2 493	-3 743		15 875	-4 486		1 560	**11 699**
Dividend and royalties						-24 445			**-24 445**
Total comprehensive income for period 1.01 - 31.12.2017, including:				192 266			270 288	14 364	**476 918**
Valuation of hedging transactions				*192 266*					***192 266***
Balance on this 31.12.2017 (closing balance)	**11 161**	**2 493**	**561 927**	**65 288**	**1 574 552**	**107 838**	**270 288**	**106 293**	**2 699 840**

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	2019	2018
Profit before taxation	**200 674**	349 004
Tax paid	-50 211	-55 378
A. Cash flow from operational activity - indirect method		
I. Profit (loss) net		
- income tax paid		
II. Adjustments in total	219 531	56 262
1. Share in (profit) loss net of the subordinate entities valuated with equity method		
2. Depreciation	167 780	149 025
3. Profit (loss) on account of differences in rates	-249	-391
4. Interest and shares in profit (dividend)	14 236	11 560
5. Profit (loss) from investment activity	847	8 419
6. Change of provisions level	5 499	67 013
7. Change of stock level	51 603	-156 336
8. Change of receivables level	45 754	-64 898
9. Change of short-term liabilities level, except for loans and credits	-49 263	18 853
10. Change of accruals level	-14 898	26 791
11. Other adjustments	-1 778	-3 774
12. Adjustment due to deferred income tax		
III. Cash flow net from operational activity	**369 994**	**349 888**
B. Cash flow from investment activity	-235 091	-336 582
I. Revenue	18 266	147 044
1. Sale of intangible and legal assets and property, plant and equipment	572	956
2. Sale of investments in real estates and intangible and legal assets		
3 From financial assets, including:	17 694	146 108
- financial assets sold	16 457	114 837
- dividends and profit share received	0	
- repayment of long-term loans		20 000
- interest received	1 237	1 171
- other inflows from financial assets		9 500
4 . Other investment inflows		
II. Expenses	-253 357	-483 626
1. Acquisition of intangible and legal assets and property, plant and equipment	-243 085	-243 261
2. Investments in real estates and intangible and legal assets		
3 For financial assets, including:	-10 261	-239 946
- financial assets purchased	-9 487	-239 946
- long-term loans granted	-774	
4. Other investment expenses	-11	-419
III. Cash flow net from investment activity	**-235 091**	**-336 582**

C. Cash flow from financial activity	**-202 988**	**-38 755**
I. Revenue	9 594	97 318
1. Net revenue from the issuance of shares and other capital instruments and additional equity contributions		
2. Credits and loans	868	97 318
3. Issuance of debt securities		
4. Other financial revenue	8 726	
II. Expenses	-212 582	-136 073
1. Acquisition of treasury shares		
2. Dividend and other payments for the holders	-35 572	-24 460
3. Other, than the payments for holders, expenses on account of the allocation of profit		
4. Payment of credits and loans	-154 776	-95 910
5. Redemption of debt securities		
6. On account of other financial liabilities		
7. Payment of liabilities on account of financial leasing contracts	-6 421	-2 671
8. Interests	-14 854	-13 032
9. Other financial expenses	-959	0
III. Cash flow net from financial activity	**-202 988**	**-38 755**
D. Net cash flow, total	**-68 085**	**-25 449**
E. Balance sheet change in cash, including:	**-68 085**	**-25 449**
- change in cash due to exchange rates fluctuations	-429	
F. Cash (beginning of period)	**472 586**	**498 037**
G. Cash (end of period), including:	**404 501**	**472 586**
- of limited access and disposal	3 902	1 622

Cash at beginning of the reporting period represent the amount of PLN 472,586 thousand, including cash at hand PLN 227 thousand, on bank accounts PLN 472,359 thousand and at the end of the reporting period PLN 404,502 thousand. Operating activities consist of the basic (main) activities of the Group, i.e. production, trade and service and other not classified as investing or financing activities. Net cash from operating activities is a revised financial result of the Group.

The Group's investment activity is related to acquisition and sale of tangible fixed assets of a financial and proprietary nature (fixed assets, intangible assets, shares and stocks).The Group’s financial activities consist of acquisition and use of equity and foreign capital, including the short and long term credits.

The inconsistency between the status changes declared in the balance sheet and status changes declared in the operating cash flow statement is related to the liabilities and arises from the exclusion of the change in the liabilities relating to the purchases of fixed assets and recognition of the same in the cash flow from investment activities as well as exclusion of the change in the credits and leasing status and recognition of the same in the cash flow from financial activities. The difference in the changes in the status of prepayments arises from the transfer of complete renovations to tangible assets. The difference in the change in inventories results from the transfer of spare parts to fixed assets. The difference in changes in provisions results from the adjustment for input tax.

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

1. General information

Company's identification data

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

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 sales of products are pursued directly by the Company and by the national sales network with departments localized all over the country, managed by the subsidiary company Stalprodukt-Centrostal Kraków Sp. z o.o. based in Bochnia.

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

The Stalprodukt S.A. Capital Group is established for an unlimited time.

The consolidated financial statements are presented for the year 2019, and comparable financial data for the year 2018.

Composition of Management Board's and Supervisory Board

In the period from 01 January 2019 to 31 December 2019, the Stalprodukt Management Board was composed of:

Piotr Janeczek	- President of the Board
Józef Ryszka	- Member of the Board
Łukasz Mentel	- Member of the Board

In the period from 1 January 2019 to 31 December 2019, the Stalprodukt Supervisory Board was composed of:

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

Certified Auditor

Polscy Biegli Sp. z o.o.

Ul. Bema 87 lok U3

01-233 Warszawa

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 of the Parent Company

As of 31.12.2019 r. the shareholders entitled to above 5 % of votes at the General Meeting of Shareholders:

- STP Investment S.A. holding 1 829 319 shares, accounting for 32.78 % of capital share and 5 875 691 votes, accounting for 48.17 % of the total number of votes at the General Meeting of Shareholders.
- Stalprodukt-Profil S.A., holding 579 652 shares, accounting for 10.39 % of capital share 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 19.10 % of capital share and 1 066 100 votes, accounting for 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.	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 Frydek Mistek a.s.	Frydek-Mistek	production of electrical transformer sheets	subsidiary	full consolidation	01.03.2018	100.00	100.00	100.00
10.	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
11.	Karo Sp. z o.o.	Bukowno	Investigative, detective and security-related activities	ZGH "Bolesław" S.A. subsidiary compnany	full consolidation at the level of ZGH Capital Group	01.03.2004	100.00	100.00	94.93
12.	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
13.	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
14.	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
15.	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
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
17.	STP Investment S.A.	Bochnia	financial activity	personal	not applicable	not applicable	0.00	0.00	0.00
18.	F&R Finance Sp. z o.o.	Myślenice, Jawornik	financial activity	personal	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 Group'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 Group operates is the Polish zloty. An exception is the Czech company for which the Czech crown is the functional currency. This Polish zloty is also the currency used in the consolidated financial statements.

Consolidation Method

At the Parent Company's level, all the Capital Group's companies undergo full consolidation.

Compliance with International Financial Reporting Standards

Since 1 January 2005 Stalprodukt S.A., as the issuer of securities admitted to public trading, in accordance with the Accounting Act of 29 September 1994 (full text in the Polish Journal of Laws 2018, item 395 as amended) and based on the resolution of the General Meeting of Shareholders of 30 June 2005, has been preparing separate financial statement in accordance with the IFRS adopted by the European Union and related interpretations published in the form of regulations of the European Commission. The Company applied IFRS 1 "First Adoption of International Financial Reporting Standards" in its annual financial statement for the year that ended on 31 December 2005. The implementation date of the International Financial Reporting Standards was 1 January 2004. These financial statements have been prepared in all material respects in accordance with the IFRS; and to the extent not regulated by the above standards, in accordance with the requirements of the Accounting Act of 29 September 1994 (the Polish Journal of Laws of 2018, item 395 as amended) and the requirements set out in the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by laws of a non-member state (the Polish Journal of Laws of 2018, item 757 as amended). The presented financial statement and comparable financial data take into account the recommendations of the entity authorised to audit.

Assumption of continued business activity

The statement has been prepared on the assumption that the Issuer's and the Group entities' business activities will continue, and no circumstances indicate a threat to the continuation of such activities. As at the date of signing the financial statement, the Company’s Management Board is not aware of any facts or circumstances that would indicate a threat to continue the business activity by the Issuer in the period of 12 months after the balance sheet date.

Functional currency and presentation currency

The functional currency and the basic currency of the economic environment in which the Capital Group entities operate is the Polish zloty. The exception is the Czech company for which the functional currency is the Czech koruna. The Polish zloty is the presentation currency in the financial statement.

Consolidation method

At the level of the parent company, all the companies in the capital group are subject to full consolidation, with the exception of StalNet sp. z o.o. which is consolidated using the equity method.

Hedge accounting method

The analysis of risks and benefits related to the adoption of hedge accounting solutions introduced by IFRS 9 financial instruments in the context of the characteristics of the portfolio of financial instruments in the Capital Group made it possible to decide that hedge accounting should remain in line with IAS 39 "Financial Instruments". The application of IFRS 9 in the part concerning hedge accounting is not expected to have a significant impact on the financial statement of the Group in relation to the concluded transactions. At the same time, the Capital Group monitors the work carried out by the International Accounting Standards Board, including in relation to the date of mandatory application of its provisions relating to the area of hedge accounting.

Hedge accounting shall be used only if the following requirements are met:
- formal documentation has been prepared before the commencement of hedge accounting,
- the planned transaction is highly probable and its characteristics indicate that it is threatened by changes in cash flows that may affect the Group's financial result,
- the effectiveness of the hedge can be reliably measured on the basis of the reliably determined fair value of the hedged item or cash flows related to it and the fair value of the hedging instrument,
- in the reporting period, hedge effectiveness is measured on an ongoing basis and remains at a high level, and does not differ materially from the assumptions adopted in the documented risk management strategy.

The effectiveness measurement consists in comparing changes in the fair value of the hedging instrument with changes in the value of the hedged item. A relationship is

considered effective if the ratio of these two quantities (E) is in the range of 80-125%. The revaluation reserve and adjustment of sales revenues includes an amount not greater than 100% of the change in the fair value of the hedged item. The remainder (if effectiveness is within the range of 100-125%) is recognized as financial revenue or expenses. In case of ineffectiveness of the relationship (E<80% or E>125%), the transaction is reclassified to the category of held-for-trading. For Asian option transactions (clearing to the monthly average price/per rate), effectiveness is measured against the intrinsic value. The time value of hedging options is treated as an instrument held for trading and recognized on an ongoing basis in the profit and loss account.
Derivatives that do not meet the above requirements are classified as financial instruments held for trading.

3. Accounting principles (policy) applied

From 1 January 2005 the Company applies the accounting principles (policy), including the methods of valuation of assets and liabilities, as well as revenue and expenses, determining the financial result and preparing financial statements, in accordance with the IFRS, adopted by the European Union, and in cases not regulated by the IFRS, based on the Accounting Act.

On December 16, 2019, the accounting principles (policy) were updated to take into account the adjustment to the requirements of IFRS 16 regarding leasing.

For a clear and complete understanding of this financial statement, we present below the basic principles for the valuation of assets and liabilities, calculation of the financial result and other accounting principles adopted by the Parent company.

Fixed assets

a) As at the date of implementing the IAS, in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards", the Company adopted the valuation of property, plant and equipment used so far at fair value and decided to use this value as the expected (alleged) cost as at that date. The revaluation was carried out by the company itself with the participation of technical services, based on its own technical and market knowledge, taking into account the previous period of use of the assets, their degree of wear and tear, improvements made, modernisation and repairs. The following useful lives and depreciation rates were adopted for property, plant and equipment used by the Company before the date of the IAS for property, plant and equipment: buildings 20 years (5%), structures 10 years (10%), boilers 5 years (20%), general-purpose machinery and equipment 5 years (20%), metallurgical machinery and equipment 10 years (10%) and other technical equipment 5 years (20%).
The difference (surplus) on account of initial revaluation (revaluation) was recognized in equity as retained profit,

b) items of property, plant and equipment qualifying for recognition as an asset, initially (at the time of taking over for use) are estimated at purchase price or production cost. The initial value of property, plant and equipment includes their purchase price or production cost plus all costs directly attributable to the purchase and adaptation of the asset to its usable condition. The initial value of fixed assets is increased by the amount of expenditure incurred for their improvement (alteration, extension, reconstruction, modernisation),

c) after initial recognition as an asset, an item of property, plant and equipment is carried in the balance sheet according to the cost model, i.e. the cost of acquisition or production less the amount of accumulated depreciation and any accumulated impairment losses. The reduction in depreciation does not apply to land and the right of perpetual usufruct of land, in relation to which no depreciation write-offs are made,

d) each part of an item of property, plant and equipment with a cost that is significant in relation to the cost of the item as a whole and the useful life of that part that is significantly different from the expected useful life of the item as a whole shall be depreciated separately,

e) fixed assets with a unit initial value of up to PLN 10 000 are written off as costs at the moment they are taken into operation,

f) other fixed assets or their separate and significant components are depreciated using the straight-line method on the basis of rates estimated on the basis of their expected useful life, taking into account their residual value, if it is a significant amount. Residual value is the estimated amount an entity would obtain from disposal of an asset after deducting the estimated costs of disposal if the assets were of the age and condition expected to exist after the end of its useful life. No significant residual values have been recognized for the fixed assets used so far. With regard to new investments in machinery and equipment, the Company adopts the period of their economic usefulness of 10 – 20 years.

Depreciation rates are subject to annual verification of their compliance with the economic useful life of fixed assets.

Their residual values, if any, are also subject to verification,

g) fixed assets under construction are valued at the total costs arising directly from their acquisition or production, less impairment losses, if any. Fixed assets under construction are not depreciated until their construction is finished and they are delivered for use,

h) costs of overhauls of fixed assets are capitalised and depreciated in periods equal to the overhauls cycles. Costs of current maintenance of fixed assets and their maintenance affect the financial result of the period in which they were incurred,

i) intangible assets are recognized if they are identifiable, controlled and it is probable that in the future they will result in an inflow of economic benefits to the Company that may be directly related to such assets. An intangible asset is initially measured at cost (of acquisition or production). Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. The general principles for determining initial cost are similar to those for other assets (property, plant and equipment, stock). Intangible assets are carried in the balance sheet at cost less depreciation and accumulated impairment losses (the historical cost model). They are depreciated on a straight-line basis over their useful lives, which should be determined reliably. Intangible assets with an indefinite useful life are not amortised, but tested for impairment. As at the balance sheet date, the useful life of intangible assets is subject to verification,

j) In case of occurrence of premises indicating the possibility of loss of value of owned components of tangible fixed assets and intangible assets, a test for loss of value will be conducted, and the established amounts of revaluation write-offs will decrease the balance sheet value of the asset to which they refer and will be included in the profit and loss account. The amount of revaluation write-downs is determined as the surplus of the balance sheet value of these components over their recoverable value. Recoverable value corresponds to the higher of the following value: net selling price or value in use measured by the generated cash flows of a given asset or cash-generating unit, discounted to its present value using a discount rate reflecting current market prices, the time value of money and the risk related to the given asset.

The amounts of recognized revaluation write-downs are reversed if the reasons for their creation have ceased to exist. The effects of reversal of write-downs are recognized in the profit and loss account as other operating income,

k) loans and long-term receivables are measured at adjusted acquisition cost (amortised cost) using the effective interest rate method, while observing the materiality principle.

Realised profit and loss arising from changes in their value are recognized in the profit and loss account in the period in which they arise,

l) investment properties are valued as fixed assets according to the cost model, ie purchase price or production cost, reduced by the amount of accumulated depreciation (depreciation) and accumulated impairment write-offs,

ł) long-term financial assets in related parties (shares, stocks) are measured at cost less impairment losses,

m) tangible assets used on the basis of financial leasing contracts, which transfer to the beneficiary basically all benefits and risks associated with the possession of assets, are shown in the balance sheet in accordance with the cost model, as are all assets of the tangible assets. Lease charges are divided between financial expenses and reduction of outstanding liability. Financial charges are recorded directly in the profit and loss account. Fixed assets used on the basis of a financial lease contract are amortized during their useful life. Lease agreements in which all risks and profits are retained by the lessor are qualified as operational lease contract. The costs of leasing fees is charged on a linear basis to profit and loss account throughout the effective term of the contract,

n) in accordance with IFRS No. 3, the negative goodwill of a company at the time of its formation is written off once into revenues. Negative goodwill which occurred before the date of transition to the IAS was removed from the balance sheet and written off in full into the undivided result from previous years, thus increasing equity. The negative goodwill that arose after 1 January 2004 is directly charged to the profit and loss account (increase of the financial result).

Current assets

The stock – is valued according to actual purchase prices or production costs, not higher than their net realisation value (net selling prices). The net realisation value is the estimated selling price in the ordinary course of business, less the estimated costs of completing the stock components and the costs necessary to make the sale, including materials, work in progress, semi-finished products, finished products and goods.

The value of stock sale is measured at the weighted average cost
The cost of finished products and work in progress includes the cost of direct materials, labour and other costs, as well as an appropriate margin for indirect production costs determined on the basis of normal production capacity utilisation, excluding borrowing costs.
The following are not classified as manufacturing costs:

- costs resulting from unused manufacturing capacity and manufacturing losses,
- administrative costs not related to bringing the product to the form and location as at the valuation date.

Any write-downs of stock to the net realisable value and any losses in stock are recognized as operating expenses in the period in which the write-down or loss occurred. If the circumstances that caused the decrease in the value of stock cease to exist or if there is clear evidence of an increase in the value of net realisable value, the amount of the previously made write-down is restored (reversal of the write-off). The amount corresponding to the recovery of stock due to an increase in the net realisable value shall be recognized as a reduction in the cost of stock recognized in the profit and loss account during the period in which the recovery occurs.
The Company keeps records of the quantity and value of materials. It is allowed to write off materials in the costs of purchase without any quantitative and value records, provided that the materials are delivered for use immediately after their purchase.
Spare parts for machinery and equipment with an expected service life (of over one year) are presented in the balance sheet under item tangible fixed assets,
a) receivables and short-term trade claims – are recognized according to the amounts initially invoiced, taking into account write-offs for bad debts, charged to other operating costs.

Receivables denominated in foreign currencies are measured at the balance sheet date at the closing rate at that date, while transactions in foreign currencies are measured at the spot exchange rate at the transaction date. Foreign exchange differences resulting from the valuation are recognized in the profit and loss account of the period in which they arise (financial revenue/costs).

In accordance with the adopted accounting principles (policy), impairment losses are created for the following

- domestic receivables not paid within 6 months and export receivables over 9 months,
- disputed receivables and receivables relating to liquidation and bankruptcy proceedings, as well as composition and settlement proceedings,
- interest on receivables, accrued but not paid.

b) cash and cash equivalents recognized in the balance sheet comprise cash at bank and in hand, short-term deposits and other highly liquid instruments. They are valued at their nominal value. Cash and cash equivalents expressed in foreign currencies are valued at the balance sheet date at the closing rate, which is the spot exchange exposure. The resulting foreign exchange differences are recognized as financial income or expenses.

Liabilities

1.1. Equity capital comprises: share capital, supplementary capital, reserve capital, revaluation reserve, undistributed profit/loss from previous years and current period result. All capitals are valued at their nominal value. The value of own shares is deducted from equity.

The share capital is presented in the amount specified in the contract and articles of association and entered in the court register. Declared but not unrealised capital contributions are included as contributions to capital due. The share capital represents ordinary bearer shares and named preference shares.

The supplementary capital is created in the company on a mandatory (statutory) basis and is to be used to cover a possible lack of share capital. According to the Commercial Companies Code, a company must allocate to reserve capital at least 8% of its annual net profit until such time as this capital does not reach 1/3 of the share capital.

The supplementary capital shall be increased by surpluses at the issue of shares above their nominal value and by revaluation differences of fixed assets that have been liquidated or sold. Additionally, the supplementary capital was increased in 2005 due to revaluation of fixed assets to fair value as at the date of transition to the IFRS, as retained earnings.

The remaining reserve capitals are created from profit, the division of which is decided by the General Meeting of Shareholders. These capitals are used to finance investments and working capital and to cover potential losses. The use of these capitals is decided by the General Meeting of Shareholders. A separate item of liabilities in the consolidated financial statements shows minority capital, constituting shares in the equity of subsidiaries, belonging to entities other than those covered by consolidation.

1.2. Bank credits, loans and other financial liabilities (lease) – are measured at amortised cost (adjusted purchase price) using the effective interest rate method, while observing the materiality principle. Interest expense is allocated to appropriate periods and recognized in the profit and loss account.

1.3. Short-term trade liabilities are recognized according to the amounts initially invoiced. Liabilities expressed in foreign currencies are measured at the spot exchange rate, which is the closing rate as at the balance sheet date. Foreign exchange differences arising as a result of valuation are charged to financial revenue or expenses in the profit and loss account.

1.4. Provisions are created if there is:

- a liability (legal or constructive) at the balance sheet date arising from past events,
- the probability of necessity to spend money,
- the possibility of making a reliable estimate.

In accordance with the adopted accounting principles (policy), the Group creates provisions for:

- a temporary difference in income tax expense due to the difference during the recognition of income as earned or expense as incurred under the balance sheet and tax laws and regulations,
- employee benefits (retirement severance pay),
- other provisions for expected or probable losses from business operations, which have a significant impact on the financial result, while observing the materiality principle.

Provisions for income tax are created using the balance sheet liabilities method in relation to all temporary differences occurring as at the balance sheet date between the tax value of assets and liabilities and their balance sheet value disclosed in the financial statements. Deferred tax liabilities are recognized in respect of taxable temporary differences and deferred tax assets are recognized in respect of taxable temporary differences.
Balance sheet value of assets under deferred income tax is reviewed per each balance sheet date and will be reduced accordingly, as much as it has ceased to be likely to achieve taxable income sufficient to partially or totally execute component of assets under deferred income tax.
The difference between the balance of deferred tax liabilities and deferred tax assets at the end and beginning of the reporting period affects the financial result or equity, if the provisions and assets relate to operations settled directly with equity.

Retirement bonus is determined using the actuarial method and its amount depends on the current period of employment, which determines the degree of benefit generation, as well as the employment turnover rate, probability of payment and discount rate. Provisions for employee benefits are settled as at the balance sheet date ending the financial year.

1.5. Prepayments and accruals

The Company recognizes prepayments if the costs incurred relate to future reporting periods. Accruals are recognized at the amount of probable liabilities relating to the current reporting period.

Profit and loss account

1. Revenues from sales include the fair value of revenues from the sale of products, goods and services less the value added tax.

Revenue is recognized in two material categories:

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

Revenue is recognized in the amount in which it is probable that the Company will obtain economic benefits related to a given transaction and when the amount of revenue can be reliably valuated.

2. In accordance with IFRS No. 15, revenues are recognized when a customer obtains control over a good or service. The customer obtains such control when they have the ability to control the use of the good or services and obtain benefits from them.
3. An entity recognizes a contract with the customer covered by this standard only if all of the following criteria are met:

a) the parties have entered into the contract (in writing or verbal form or in accordance with other customary commercial practice) and are obliged to perform their liabilities;
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 and conditions for goods or services to be transferred;
d) the contract has commercial substance (i.e. it can be expected that as a result of the agreement the risk, schedule or amount of future cash flows of the entity will change); and
e) it is probable that the entity will receive a remuneration which it will be entitled to in exchange for goods or services that will be transferred to the customer.

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

Cost of goods and services is presented in two basic categories:

- manufacturing costs of the products sold (including services),

- costs of the goods and materials sold.

Selling expenses include trade costs, representation and advertising costs.
Administrative expenses include the costs of managing the entity and the costs of administration and representation.

5. The financial result is also influenced by:
    - other revenues and operating costs indirectly related to the activity including gains and losses on disposal of non-financial fixed assets, revaluation of non-financial assets, creation and release of provisions for future risk, penalties, fines and damages, receipt or transfer of donations,
    - financial income due to dividends (shares in profits), interest, gains on disposal of investments, revaluation of investments, surplus of positive foreign exchange differences over negative ones,
    - financial cost due to interest, gains on disposal of investments, revaluation of investments, surplus of negative foreign exchange differences over positive ones,
    - mandatory charges of the financial result under corporate income tax.

6. Interest income, accrued on an accrual principle, is subject to a write-off (provision) in its full amount, applying the prudence concept. In the profit and loss account, interest received on a cash basis shall be recognized.

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

Borrowing costs directly related to the acquisition or production of property components requiring a longer period of time to be fit for use or resale are added to the costs of production of such their fixed assets, until the moment of putting these fixed assets to use.
All other borrowing costs are recognized directly in the profit and loss account in the period they were incurred (IAS 23).

8. Income tax reported in the profit and loss account includes a current and a deferred part. Current tax is a tax liability on account of taxation of income for a given financial year, determined using tax rates effective as at the balance sheet date and tax adjustments relating to previous years.

9. The principle of grouping costs by type in the accounts of group 4 was adopted and settling them by type of activity in the accounts of group 5. The Company applies and presents in the report the multiple-step variant of the profit and loss account.

Professional judgement, estimates and assumptions

The preparation of financial statements in accordance with the IFRS requires the Management Board to exercise professional judgement, estimates and assumptions that

affect the adopted principles and the presented values of assets, liabilities, revenue and expenses. Estimates and related assumptions are based on historical experience and other factors that are considered reasonable under given circumstances, and their results provide a basis for professional judgement as to the carrying amount of assets and liabilities that does not directly result from other sources. The actual value may differ from the estimated value. Estimates and related assumptions are subject to ongoing verification. Changes in accounting estimates are recognized in the period in which they are made.
The main assumptions and estimates in the process of applying the accounting principles (policy) concerning the balance sheet figures are as follows:
a) impairment losses,
b) write offs on the stock,
c) provisions for retiring allowances,
d) deferred income tax assets and deferred income tax provisions,
e) the depreciation periods of fixed assets.
The entities analysed the estimates and their changes as at the balance sheet date.

Principles of preparation of consolidated financial statement

a/ the consolidated financial statement and comparable consolidated data was fully consolidated in the following manner:

- the consolidated balance sheet has been prepared by aggregating all asset and liability items of the consolidated entities and eliminating related to mutual settlements, retained earnings in stock and the value of shares in subsidiaries in connection with their share capitals,

- the consolidated profit and loss account and the statement of comprehensive income were prepared by aggregating all items of revenue and expenses for the reporting period of consolidated entities and excluding turnover from mutual transactions and profits retained in inventories,

- the statement of changes in equity has been prepared by aggregating all items of changes in equity of consolidated companies relating to transactions with owners and excluding mutual transactions,

- the consolidated statement of cash flows has been prepared by aggregating all items of the accounts for the reporting period and excluding them from the consolidation procedures of the balance sheet and the profit and loss account.

b/ the consolidated net result comprises the net result of the parent company, the net result of subsidiaries in the part in which the parent company owns these entities and the share in profits in associates in the part in which the parent company owns the associate.

The consolidated net result includes:

- profit/loss on business activity, also under other operating revenues and operating costs,
- result on financial operations,
- write-off of subsidiaries goodwill,
- mandatory charges of the financial result under corporate income tax,
- share in net profits (losses) of subsidiaries measured by the equity method,
- profit (loss) of minority.

4. Changes to the applied accounting principles (policy)

The accounting principles applied in order to prepare this financial statement are consistent with those used in the preparation of the entity's financial statement for the year ended on 31 December 2018, except for the following amendments to standards and new interpretations published by the International Accounting Standards Board, approved by the EU and applicable for annual periods beginning on or after 1 January 2019:

- IFRS 16 "Leases" - effective for annual periods beginning on January 1, 2019 or after that date

The Issuer applied IFRS 16 retrospectively with the combined effect of applying the standard recognized on the date of first application (simplified method). The issuer did not transform the comparative data, instead it included the cumulative effect of the first application as an adjustment to the opening balance of retained earnings on the date of the first application. The value of the asset due to the right of perpetual usufruct is PLN 129,769 thousand, and was valued in the amount equal to the liability for lease fees and initial payment. The annual fee due to perpetual usufruct is PLN 4,544 thousand, while depreciation and amortization PLN 2,946 thousand and interests of PLN 4,753 thousand which increases the annual cost by PLN 3,154 thousand. The estimated market value significantly exceeds the book value, and the discounted annual fee in the period to the end of perpetual usufruct, due to its long period, is very sensitive to the adopted level of interest rate. The perpetual usufruct liability defined by IFRS 16 as leasing was measured at the current value of other perpetual usufruct fees (leasing fees) discounted during its useful life. To discount the liability for annual perpetual payments, the interest rate is made up of 10-year bonds and risk premium. The amount of the liability measured was recognized in the statement of financial position, in part related to the revaluation as at the date of transition to IFRS in profit / loss from previous years, and the rest to the right of perpetual usufruct.

Item	2018	2019 (MSSF 16)
Aktywa		
intangible assets	129 424	175 880
including the right of perpetual usufruct of the land	68 892	129 768
the right of perpetual usufruct of in Investment properties	1 686	3 858
Pasywa		
Long-term liabilities, increase due to IFRS16	0	95 159
Short-term liabilities	0	1 225
Profit and Loss Account		
Perpetual usufruct fees	4 351	4 545
Depreciation 2019	0	2 946
financial costs	0	4 753
Impact on the financial result of the current year		-3 154
Impact on retained profits from previous years		-43 651

Apart from the new standard indicated above, other changes do not applyto the Company's operations or will not affect the financial statements. Standards approved by the International Accounting Standards Board for use after January 1, 2019:

- Amendments to IFRS 9 "Financial Instruments" - early repayment right with negative remuneration,
- Amendments to IAS 28: investments in associates "- valuation of long-term investments

Annual program of amendments 2015-2017: Amendments to IFRS 3 "Business combinations" - valuation of shares in joint operations at the time of taking control; amendments to IFRS 11 "Joint Arrangements" - no valuation in joint operations when joint control is taken, amendments to IAS 12 "Income tax" - recognition of tax consequences of dividend payment, Amendments to IAS 23 "Borrowing costs" - classification of liabilities incurred to obtain a qualifying asset

Amendments to IAS 19 'Employee Benefits' - changes to the defined benefit program

IFRIC 23 "Uncertainty Related to Income Taxes"

Other published but not binding standards and interpretations do not apply to the Company's operations or will not affect it. Those are:

- Changes in reference to IFRS Conceptual Framework
- Amendments to IFRS 3 "Business combinations" - project definition

- Amendments to IAS 1 and IAS 8 - definition of the term 'material'
- Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of the IBOR
- IFRS 17 "Insurance contracts"

5. Explanatory notes to the financial statement

The comparative data presented in the notes and notes to the financial statements refers to the certified comparable data.

Intangible assets

NOTE 1a - INTANGIBLE ASSETS	thousand x PLN	
	2019	2018
a) development costs	44 013	39 305
b) goodwill	17 973	18 380
c) concessions, patents, licenses and similar values, including:	13 943	14 874
- computer software	*2 544*	*4 910*
d) other intangible assets	1 628	18 470
e) right to perpetual usufruct of land	129 769	80 344
Total intangible assets	**207 326**	**171 373**

All intangible assets are owned by Stalprodukt. The Company does not hire, rent or lease intangible assets. Research and development works are related to works for the implementation of a project in the scope of renewable energy sources, i.e. the construction of an innovative wind turbine prototype with a vertical axis of rotation, with a capacity of 1.5 MW. In the management's assessment, the conditions for activating works set out in the IAS 38 are met (including the possibility and means for continuing work, the possibility of applying effects and achieving economic benefits in the future).

Goodwill relates to the subsidiaries of ZGH "Bolesław" S.A. The impairment test carried out in the subsidiary Gradir Montenegro did not identify any impairment of its value.

1b NOTE - Changes of intangible assets (by group type)	thousand x PLN						
	a	b	c		d	e	
	cost of completed developmental works	goodwill	concessions, patents, licenses and similar values, including:		other intangible assets	advance payments for intangible assets	Intangible assets, total
				- computer software			
I. gross value of intangible assets at the beginning of the period	**49 862**	**18 380**	**27 657**	**8 354**	**28 736**	**81 123**	**205 758**
1. increase (due to)	**5 144**	**0**	**1 043**	**886**	**36 179**	**109 170**	**151 536**
-valuation under IFRS 16					*68*	*80 620*	*80 688*
- purchase	*5 144*		*1 043*	*886*	*187*		*6 374*
- other						*22 697*	*22 697*
- obtaining free-of-charge right to CO_2 emission					*35 924*		*35 924*
- consolidation correction- transfer to investment properties						**5 853**	**5 853**
2. decrease (due to)	**0**	**0**	**64**	**29**	**14 942**	**57 713**	**72 719**
- liquidation			*64*	*29*			*64*
- sales							*0*
- valuation of perpetual usufruct rights						43 850	43 850
- obtaining free-of-charge right to CO_2 emission					14 942		14 942
- consolidation correction- transfer to investment properties						*13 863*	*13 863*
II. gross value of intangible assets at the end of the period	**55 006**	**18 380**	**28 636**	**9 211**	**49 973**	**132 580**	**284 575**
1. accumulated depreciation (amortization), at the beginning of the period	**10 557**	**0**	**12 783**	**2 893**	**10 266**	**779**	**34 385**
2. depreciation for the period (due to)	**436**		**1 910**	**3 774**	**38 079**	**2 032**	**42 457**
- depreciation allocated to the costs	*436*		*1 974*	*3 799*	*38 079*	*2 032*	*42 521*
- decrease due to liquidation			*64*	*25*			*64*
- increase due to consolidation							*0*
III. accumulated depreciation (amortization) at the end of the period	**10 993**	**0**	**14 693**	**6 667**	**48 345**	**2 811**	**76 842**
1. charges for permanent loss of value at the beginning of the period							**0**
- increase		*407*					*407*
- decrease							
2. write-offs for permanent loss of value at the end of the period		**407**					**407**
IV. net value of intangible assets at the end of the period	**44 013**	**17 973**	**13 943**	**2 544**	**1 628**	**129 769**	**207 326**

All intangible assets are owned by the Company Stalprodukt. The Company does not rent or lease intangible assets, except for the right of perpetual usufruct of land

NOTE 2a - TANGIBLE FIXED ASSETS	thousand x PLN	
	2019	2018
1. fixed assets, including:	**1 769 735**	**1 770 060**
a) land	31 733	31 527
b) buildings, premises, civil engineering objects	572 551	577 820
c) plants and machinery	1 119 210	1 111 011
d) means of transport	26 136	29 579
e) other fixed assets	20 103	20 123
2. fixed assets under construction	**282 557**	**198 346**
3. advance payments on fixed assets under construction	**-12**	
Tangible fixed assets, total	**2 052 279**	**1 968 406**

As of the balance sheet day, the undermentioned real properties owned by the ZGH “Bolesław” S.A. Capital Group, are encumbered by the following mortgages acting as property collaterals:
- contractual mortgage (KWGL1T/00094659/8) amounting to PLN 37 thousand,
- contractual mortgage (ownership right to the industrial building) amounting to PLN 46,195 thousand.

Also tangible fixed assets transfer agreement is in force as of the balance sheet day:
- vibration roller AV 20-2 No ser. 10891 year of production 2008 valued at PLN 66 thousand,
- vibration roller AV 85-2 No ser. 106698/0339 year of production 2008 valued at PLN 199 thousand.

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

Tangible fixed assets are valued according to cost, i.e. the purchase price (production cost) less accumulated depreciation (amortization). As of the balance sheet date no write-offs were made due to impairment of the value of fixed assets, as there was no indication proving it. In the reporting year full consumption of fixed assets was recorded, and a sales volume in respect of all the traded products was by 5.26 % lower than in the previous year.

2b NOTE - CHANGE OF FIXED ASSETS (BY GROUPS)	thousand x PLN					
	- land (including perpetual usufruct)	- buildings, premises, civil engineering objects	- plants and machinery	- means of transport	- other fixed assets	Fixed assets, total
a) gross value of fixed assets at the beginning of the period	31 182	1 178 953	2 181 228	64 656	34 151	3 490 170
b) increase (due to)	205	37 808	124 078	5 705	2 687	170 483
- investment						0
- purchases	205	35 743	87 235	2 500	2 423	128 106
- change of spare parts included in fixed assets			2 598			2 598
- *overhauls*						0
- *consolidation adjustments*						0
- *leasing*			16 379	670	84	17 133
- other / actualities, retraining /		2 065	17 866	2 535	180	22 646
c) decrease (due to)	11	3 221	47 434	1 849	391	52 906
- sale			277	432	2	711
- liquidation		2 594	11 482	749	165	14 990
- retraining / from investment /			60			60
- change in the condition of spare parts in accordance with IAS for fixed assets		577	1 547			2 124
- others - make the values real	11	50	34 068	668	224	35 021
d) gross value of fixed assets at the end of the period	31 376	1 213 540	2 257 872	68 512	36 447	3 607 747
e) accumulated depreciation (amortization), at the beginning of the period		598 129	1 070 199	36 148	13 994	1 718 470
f) depreciation for the period (due to)	-356	39 886	67 799	6 221	2 346	115 896
- depreciation included in costs	0	42 033	105 860	7 896	2 707	158 496
- reduction due to sale		2	175	437	2	616
- reduction due to liquidation		2 033	10 203	712	136	13 084
- increase due to inventory differences	356	25	33 232	414	223	34 250
- increase due to reclassification and consolidation adjustments		87	-5 549	112	0	-5 350
- increase due to the purchase of GO Steel						0
g) accumulated depreciation (amortization) at the end of the period	-356	638 015	1 137 998	42 369	16 340	1 834 366
h) write-offs for permanent loss of value, at the beginning of the period		2 975	661	6	4	3 646
- increase						
- decrease						
i) write-offs for permanent loss of value, at the end of the period		2 975	661	6	4	
j) net value of fixed assets at the end of the period	**31 732**	**572 550**	**1 119 213**	**26 137**	**20 103**	**1 769 735**

The difference in the opening balance sheet results from the demonstration of fixed assets from the combined companies (“Serwis” and “MB”) as an increase in the value of fixed assets taken over by Stalprodukt-Wamech in 2019.

OTE 2c – BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	thousand x PLN	
	2019	**2018**
1. own assets	1 757 693	1 745 848
2. assets used under rental, lease, tenancy or other types of agreements, including leasing agreement, including:	24 784	24 212
- leasing agreement	*24 784*	*24 212*
Total balance sheet fixed assets	**1 769 735**	**1 770 060**

The position ‘tangible fixed assets’, includes technical equipment and machinery and means of transport which are subject to financial leasing. The Company, as the benefiting leaseholder, defined the basic accounting principles referring to leasing in section 3 of this Additional and Explanatory Information. The initial value of the objects of leasing amounts to PLN 30,711 thousand and the net value as of the balance sheet day is PLN 24,784 thousand. The liabilities in respect of the leasing amount to PLN 5,987 thousand, including: long-term ones PLN 3,935 thousand, and short-term ones PLN 2,052 thousand.

Long-term receivables

Long-term receivables as at 31 December 2019 in the amount of PLN 703,000 and as at 31 December 2018 in the amount of PLN 630 thousand constitute construction deposits related to the performance of road works during the warranty period.

NOTE 3a – LONG-TERM INVESTMENT	thousand x PLN	
	2019	**2018**
1) investment properties	**10 678**	**7 675**
2) long-term financial assets	**10 024**	**75 141**
a) stocks and shares	*480*	*6 591*
b) long-term loans	*613*	*13 950*
c) other long-term financial assets	*8 931*	*54 600*
3) Investments in associated entities	**16 046**	**16 051**
Long-term investment, total	**36 748**	**98 867**

The amount of investment properties does not show the loss of value. The value shown in the statement of financial

NOTE 3b - *CHANGES IN LONG-TERM FINANCIAL ASSETS (BY TYPE GROUPS)*	w tys. zł	
	2019	**2018**
1. balance at the beginning of the period, including:	**75 154**	**44 982**
a) shares or stocks	*20 541*	*8 259*
b) loans granted	*0*	*0*

c) other securities	*0*	
d) other long-term financial assets	*54 600*	*36 723*
2. *increases (due to)*	**2 568**	**33 535**
a) in-kind contribution	*0*	
b) purchase of shares	*27*	
c) other long-term financial assets	*1 845*	*20 547*
d) valuation of securities	*0*	*12 988*
e) loans granted	*696*	
3. *decreases (due to)*	**67 697**	**3 376**
a) krótkoterminowych reclassification of securities to short-term	*13 950*	*2 671*
b) reclassification of the loan from long-term to short-term	*83*	
c) sale of shares	*6 150*	
d) reclassification of other financial assets to short-term	*47 514*	
e) transfer to investments in associates	*0*	*39*
e) derecognition of the valuation by equity method	*0*	*666*
4. *balance at the end of the period*	**10 024**	**75 154**

The revenues from "the lease of investment properties" for 2019 amount to PLN 1 317 thousand.

NOTE 3b' - CHANGE IN INVESTMENT PROPERTY	**thousand x PLN**	
	2019	**2018**
balance at the beginning of the period	**7 675**	**3 296**
2. *increases*	**3 744**	**4 792**
- increase in value - development	1 517	4 792
- entry from investments		
- valuation in accordance with IFRS 16 perpetual usufruct right	2 227	
- real estate purchase		
a) *from investments*		
3. *decreases*	**741**	**413**
a) depreciation	*741*	*413*
b) decommissioning (sale) of facilities		
c) reclassification to fixed assets		
4. *balance at the end of the period*	**10 678**	**7 675**

NOTE 3c – SHARES IN SUBSIDIARIES												
	thousands of PLN											
	a	b	c	d	e	f	g	h	i	j	k	l
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	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.	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	15 344	695	14 649	100	100	

8.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	275 581	0	275 581	94,93	94,93	
9.	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	454	0	454	80.00	74.29	
10.	StalNet Sp. z o.o.	Kraków	Internet commerce	shares held by Stalprodukt S.A./personal links	by means of equity method	31.01.2018	39	0	16 085	28.00	28.00	
11.	Go Steel Frydek Mistek a.s.	Frydek-Mistek	production of electrical transformer sheets	subsidiary	full consolidation	01.03.2018	170 618	0	170 618	100	100	

NOTE 3c' – STOCKS OR SHARES OF ZGH "Bolesław" S.A. IN SUBSIDIARY COMPANYS SUBJECT TO CONSOLIDATION

	w tys. zł											
	a	b	c	d	e	f	g	h	i	j	k	l
Lp.	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.	BOLTHERM Sp. z o.o.	Bukowno	Production and distribution of heat, alteration services, production of dolomite aggregates, zinc products, transport- and equipment-reated services	subsidiary	full consolidation	01.03.2004	16 639	-10 445	6 194	100.00	100.00	
2.	Karo Sp. z o.o.	Bukowno	Detective- investigation- and security-related activities	subsidiary	full consolidation	01.03.2004	304		304	100.00	100.00	
3.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	Production and sales of zinc and lead and alloys of these metals	subsidiary	full consolidation	29.09.2010	22 408		22 408	92,82	92,82	
4.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	Excavation and production of zinc and lead concentrates	subsidiary	full consolidation	11.07.2011	154 473	-100 981	53 492	99,61	100,00	

NOTE 3c'' – STOCKS OR SHARES IN AN ASSOCIATED COMPANY										
Lp.	w tys. zł									
	a	b	c	d	e		f	g	h	i
					including:					
	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	book value of shares		- capital held	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
1.	StalNet Sp. z o.o.	Bochnia	Internet commerce	39	57 445	200	28.00	28.00		

NOTE 3d – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION

thousand x PLN

No	a	m							n			o			p	r	s	t
	name of entity	Equity of the unit, including:				Other equity, 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	divi-dends received or receivable from the unit for the last financial year
			- share capital	- called up share capital (nega-tive value)	- supplementary capital		Previous years' profit (loss)	Net profit (loss)		-long-term liabili-ties	- short-term liabilities		- long-term receivables	- short-term receivables				
1.	Stalprodukt -Wamech sp. z o.o.	**18 591**	4 270		0	12 723	-990	2 588	**9 203**	0	5 935	**10 317**	0	10 317	**27 793**	**35 292**		2 900
2.	Stalprodukt -Centrostal sp. z o.o.	**10 555**	10 797		0	1 648	-502	-1 388	**3 577**	2 223	1 058	**3 339**	0	3 339	**14 132**	**5 291**		4 800
3.	Stalprodukt -Zamość sp. z o.o.	**26 177**	2 450			22 127		1 601	**10 493**	2 510	6 954	**7 345**	0	7 345	**36 670**	**63 513**		
4.	Stalprodukt -Ochrona sp. z o.o.	**1 620**	600		0	1 184	-91	-73	**632**	0	632	**1 577**	0	1 577	**2 252**	**5 124**		
5.	STP-Elbud sp. z o.o.	**39 860**	20 613		36 150	2 118	-7 138	-11 883	**28 546**	337	26 742	**19 611**		19 611	**68 406**	**111 635**		
6.	Cynk-Mal S.A.	**31 363**	20 191		22 496		-15 286	3 962	**30 590**	6 454	24 137	**8 404**	0	8 404	**61 954**	**68 479**		
7.	Anew Institute sp. z o.o.	**8 860**	14 649		76	21	-5 184	-702	**3 543**	0	1 272	**126**		126	**12 404**	**1 125**		
8.	ZGH "Bolesław" S.A.	**1 078 538**	166 116		671 789	114 790	-3 286	129 129	**565 477**	56 220	268 343	**213 392**	0	213 392	**1 644 016**	**1 312 927**		94 610
9.	GO Steel Frydek Mistek a.s	**215 281**	203 802				-653	12 133	**88 890**	36 552	52 338	**57 726**	32	57 694	**304 171**	**398 493**		

The Management Board of ZGH "Bolesław" S.A. informed the Issuer on 29/04/2020 of adopting a resolution on the termination of the extraction of zinc - lead ores from the "Olkusz - Pomorzany" Mine on 31/12/2020. The termination of mining means the submission of a statement of surrender owned mining licenses and commencement of the mine liquidation process. The cost of decommissioning the "Olkusz-Pomorzany" mine according to the decommissioning program is estimated at approx. PLN 140 million, which has been included in the balance sheet of ZGH in the form of a created provision (PLN 116.8 million) and funds accumulated on the mine closure fund (PLN 19.8 million). Closing the mine will not adversely affect the continuation of the business of ZGH "Bolesław" S.A.

NOTE 3d' – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES

	thousand x PLN																	
	a	m							n			o			p	r	s	t
		Equity of the unit, including:				Other equity, including:			Liabilities and provisions for liabilities of the unit, including:			Receivables of the unit, including:						
No	name of entity		- share capital	called up share capital (negative value)	- supplementary capital		Previous years' profit (loss)	Net profit (loss)		-long-term liabili-ties	- short-term liabilities		- long-term receiva-bles	- short-term receiva-bles	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
1.	BOLTHERM Sp. z o.o.	**59 185**	*16 262*		*47 629*		*-6 054*	*1 348*	**55 210**	*8 328*	*34 770*	**33 617**	*703*	*32 914*	**114 395**	**236 375**		
2.	Karo Sp. z o.o.	**852**	*300*		*535*		*0*	*17*	**1 060**	*39*	*967*	**806**	*0*	*806*	**1 912**	**7 311**		
3.	Huta Cynku Miasteczko Śląskie S.A.	**440 506**	*79 000*		*203 188*	*106 112*	*-7 824*	*60 030*	**156 727**	*39 924*	*81 352*	**115 617**	*0*	*115 617*	**597 233**	**976 595**		
4.	Gradir Montenegro d.o.o.	**32 355**	*93 290*		*0*	*-1 055*	*-62 361*	*2 481*	**82 399**	*59 754*	*18 908*	**3 933**	*0*	*3 933*	**114 753**	**72 046**		

NOTE 3e - Shares in other entities					
	thousand x PLN				
	a	b	c	d	e
No	Name (company) of the entity, indicating its legal form	Seat	Object of the enterprise	Book value of shares	Percentage of capital held
1.	Stalprodukt-Profil S.A.	Bochnia	trade in steel products	80	19,51
2.	Other			362	

In the position ”Other” - unlimited transferability shares (KGHM) are recognized, the ones quoted on the Warsaw Exchange Market, staying in possession of Stalprodukt Wamech S.A. and shares of the metals rolling mill - Walcownia Metali Łabędy S.A. and Economic Initiatives Agency staying in the possession of ZGH ”Bolesław” S.A. Apart from the KGHM shares, all the other stocks (interests) and shares are not stock exchange-quoted and are unrestricted in respect of transfer. All the stocks (interests) expressed in PLN.

NOTE 4 - Change in assets due to deferred income tax	thousand x PLN	
	2019	2018
1. Balance of assets due to deferred income tax, at the beginning of the period, including:	**31 697**	**61 380**
a) attributed to the financial result	*27 816*	*26 368*
b) attributed to equity	*3 880*	*35 012*
2. Increases	***10 722***	***6 236***
a) attributed to financial result of the period in respect of deductible temporary differences (due to)	*10 722*	*6 236*
- appearance of temporary differences	*10 722*	*6 236*
b) attributed to equity in respect of negative temporary differences (due to)	*0*	
3. Decreases	**3 898**	**35 919**
a) attributed to financial result of the period in respect of negative temporary differences (due to)	*3 622*	*3 414*
- reversal of temporary differences	*3 622*	*3 414*
- changes of tax rate	*0*	
b) attributed to equity in respect of negative temporary differences (due to)	*276*	*32 505*
4. Balance of assets due to deferred income tax, at the end of the period, including:	**38 521**	**31 697**
a) attributed to the financial result	*34 918*	*29 190*
b) attributed to equity	*3 604*	*2 507*

NOTE 5 - Inventory	thousand x PLN	
	2019	2018
1. materials	315 210	335 199
2. semi-finished products and work in progress	228 192	216 206
3. finished products, including:	190 729	236 650
Write-off for finished goods	16 609	11 743
4. goods	0	
Inventory, total	**750 740**	**799 798**

As at the balance sheet date, the following charges of inventory apply for regarding materials – a registered pledge agreement to the amount of PLN 20,000 thousand for the benefit of PNB Paribas S.A. and up to PLN 15,000 thousand for Bank Handlowy, and up to PLN 100,000 thousand for Bank PKO BP S.A. and up to PLN 35,000 thousand for Bank Pekao S.A. due to protection of the granted credit limits.
In ZGH, registered pledges of up to PLN 1 million rest on coke inventories to secure the long-term coke sales agreement in favor of Jastrzębska Spółka Węglowa.

In the reporting period, an inventory write-off was made for the amount of PLN 29 587 thousand.

NOTE 6a - Short-term receivables	thousand x PLN	
	2019	2018
1. trade receivables, maturing:	474 546	504 735
- up to 12 months	*474 507*	*504 735*
- above 12 months	*39*	
2. receivables from tax, subsidy, customs, social security and other benefits	23 631	88 324
3. claimed at court	5 924	
4. other	86 429	36 727
Net short-term receivables, total	**590 531**	**629 786**
- write-downs of receivables	13 122	12 409
Gross short-term receivables, total	**603 653**	**642 195**

As at the balance sheet date, the following charges on receivables are binding: silent assignment of receivables for the amount of 10,000 thousand as a collateral for the limit on guarantees and letters of credit at Bank Handlowy S.A. and an indefinite silent assignment of receivables from 11 customers as a security for the limit on guarantees and letters of credit at BNP Paribas Bank Polska SA.

As at the balance sheet day, a transfer of claims from a term deposit account of HCM S.A. is in force in the amount of PLN 20,643 thousand from securing loan agreement No. 216/2016/97 / OW / op / P. Own promissory note guaranteed by the parent company ZGH “Bolesław” as a collateral for loan no. 243/2011 from the National Fund for Environmental Protection and Water Management. A promissory note together with a promissory note declaration as a security for the refund of the redemption value of PLN 1,000,000 from contract No. 1/2016/Wn-06/OZ-UI/U establishing the conditions for the allocation of funds from partial write-off of the loan granted under contract 426/200.

NOTE 6b - Change in short-term receivables write-down	thousand x PLN	
	2019	**2018**
Balance at the beginning of the period	**12 832**	**13 441**
1. increase (due to)	**3 528**	**3 070**
a) provision for doubtful receivables	3 528	3 070
b) consolidation of the ZGH Capital Group	0	
2. decrease (due to)	**3 238**	**4 102**
a) cancellation	0	79
b) release of provision (reserve) for doubtful receivables	317	409
c) exchange rates differences	1 477	1 487
d) adjustment	133	505
e) payment	1 311	1 622
Balance of short-term receivables write-downs at the end of the period	**13 122**	**12 409**

NOTE 6c - Gross short-term receivables (currency structure)	thousand x PLN	
	2019	**2018**
1. in Polish currency	**270 171**	**312 249**
2. in foreign currencies (according to currencies converted into PLN)	**333 482**	**329 946**
a) in EURO	*43 739*	*43 556*
converted into PLN	**186 269**	**187 207**
b) in USD	*37 485*	*37 289*
converted into PLN	**142 869**	**140 175**
c) in CZK	25 920	15 328
converted into PLN	**4 344**	**2 564**
Short-term receivables, total	**603 653**	**642 195**

NOTA 6d - Trade receivables (gross) – maturing as at the balance day:	thousand x PLN	
	2019	**2018**
up to 1 month	*221 816*	*245 796*
above 1 month up to 3 months	*127 204*	*134 433*
above 3 months up to 6 months	*1 136*	*12*
above 6 months up to 1 year	*998*	*318*
above 1 year	*442*	*599*
overdue receivables	*136 073*	*135 987*
Trade receivables, total (gross)	**487 668**	**517 145**
trade receivables write-downs	*13 122*	*12 409*
Trade receivables, total (net)	**474 546**	**504 736**

NOTE 6e - Trade receivables, overdue (gross) – divided into unpaid receivables within the period:	thousand x PLN	
	2019	2018
up to 1 month	*108 523*	*102 742*
above 1 month up to 3 months	*10 027*	*19 501*
above 3 months up to 6 months	*3 960*	*2 554*
above 6 months up to 1 year	*2 558*	*929*
above 1 year	*11 005*	*10 261*
Trade receivables, total (gross)	**136 073**	**135 987**
trade receivables write-downs	*13 122*	*12 409*
Trade receivables, total (net)	**122 951**	**123 578**

NOTE 6f - Disputable and overdue receivables

The total amount of gross short-term receivables, i.e. 487,668 thousand PLN, overdue receivables amount to 136,073 thousand PLN. Disputable overdue receivables did not occur. Overdue receivables only apply to trade receivables. Out of the overdue receivables, only the amount of 13,122 thousand PLN was covered by write-downs. The remaining receivables were not subject to write-downs due to the fact that are justified by the strategy and marketing policies of the parent company and secured by bank guarantees and promissory notes.

NOTE 7a - Short-term investments	thousand x PLN	
	2019	2018
1. cash	**404 502**	**472 586**
a) cash in hand and at bank	*150 345*	*472 586*
b) other cash	*254 157*	
2. loans	**18 153**	**20 000**
3. other short-term investments	**141 684**	**103 419**
a) short-term securities	*55 015*	*39 925*
b) other short-term investments	*86 669*	*63 494*
Short-term financial assets, total	**564 339**	**596 005**

NOTE 7b - CASH AND ITS EQUIVALENTS (currency structure)	thousand x PLN	
	2019	2018
1. in Polish currency	**294 407**	**410 627**
a) including funds on the VAT account	*3 551*	*1 622*
2. in foreign currencies (according to currencies converted into PLN)	**110 094**	**61 959**
a) in EURO	*14 524*	*6 245*
converted into PLN	**61 840**	**26 824**
b) in USD	*12 605*	*9 100*
converted into PLN	**47 882**	**34 217**
c) in CZK	*2 172*	*5 422*
converted into PLN	**362**	**907**
3. other currencies	**10**	**11**
Cash and its equivalents, total	**404 501**	**472 586**

Cash and cash equivalents are invested in secure financial instruments, such as short-term deposits with a term up to 30 days. These deposits are not at risk and ensure the availability of financial resources. The interest rate on deposits negotiated each time, forms significantly above the standard interest rate of deposits. As of the balance sheet day, funds were placed on overnight deposits.

NOTE 8 - Short-term accruals	thousand x PLN	
	2018	2018
1. active cost accruals, including:	**31 340**	**18 252**
a) costs of insurance and subscription	*2 674*	*3 641*
b) staged repairs	*9*	
c) research and development works	*2 134*	*1 305*
d) other	*777*	*1 581*
e) subsidies from the National Center for Research and Development	*0*	
f) costs of preparing new production	*10 466*	*11 725*
f) energy reimbursement settlement	*15 280*	
***2. others* accruals**	**1 198**	
Short-term accruals, total	**32 538**	**18 252**

Write-offs

Asset write-offs due to impairment of value refer to short-term receivables and stocks of finished products. The total value of write-offs as at the balance sheet date amounts to 42,709 thousand PLN, including those concerning receivables of 13,122 thousand PLN and finished products of 29 587 thousand PLN.

During the reporting period there was made a write-off in the amount of 29 587 thousand PLN in scope of inventories of finished products. Write-off due to impairment of doubtful receivables was made in the amount of 3,528 thousand PLN and a part of the previous write-downs in the amount of 3,238 thousand PLN, in connection with payment of receivables, cancellation and adjustments.

NOTA 9 - KAPITAŁ AKCYJNY JEDNOSTKI DOMINUJĄCEJ (STRUKTURA)								
w tys. zł								
Seria / emisja	Rodzaj akcji	Rodzaj uprzywilejowania akcji	Rodzaj ograniczenia praw do akcji	Liczba akcji	Wartość serii/ emisji wg wartości nominalnej	Sposób pokrycia kapitału	Data rejestracji	Prawo do dywidendy (od daty)
A	imienne uprzywilejowane	5 głosów na WZA i podział majątku		71 663	143 326	gotówka	3.07.1991	1.07.1992
A	imienne bez uprzywilejowania	nie uprzywilejowane		1 820	3 640	gotówka	3.07.1991	1.07.1992
B	imienne uprzywilejowane	5 głosów na WZA i podział majatku		281 030	562 060	gotówka	16.11.1993	1.01.1994
B	imienne bez uprzywilejowania	nie uprzywilejowane		14 510	29 020	gotówka	16.11.1993	1.01.1994
C	zwykłe na okaziciela	nie uprzywilejowane		780 000	1 560 000	gotówka	20.10.1994	1.01.1995
D	zwykłe na okaziciela	nie uprzywilejowane		780 000	1 560 000	gotówka	20.10.1994	1.01.1995
E	imienne uprzywilejowane	5 głosów na WZA i podział majątku		1 301 874	2 603 748	gotówka	30.09.1996	1.01.1996
E	imienne bez uprzywilejowania	nie uprzywilejowane		44 370	88 740	gotówka	30.09.1996	1.01.1996
F	zwykłe na okaziciela	nie uprzywilejowane		1 105 000	2 210 000	gotówka	17.12.1996	1.01.1997
G	zwykłe na okaziciela	nie uprzywilejowane		1 200 000	2 400 000	gotówka	13.05.1997	1.01.1997
Liczba akcji, razem				5 580 267				
Kapitał zakładowy, razem					11 160 534			
Wartość nominalna jednej akcji (w zł)		2,00						

NOTE 11– Supplementary capital	thousand x PLN	
	2019	2018
1. from sale of shares above their nominal value	35 054	35 054
2. statutorily created	646	646
3. created in accordance with the statute / articles of association, above the statutorily required (minimum) value	105 738	108 078
4. from subsidies of the shareholders / partners	669	
5. other (by type)	525 638	418 149
a) from revaluation of fixed assets	*307*	*285*
b) from liquidation and revaluation of fixed assets	*180*	*181*
c) from sale of shares	*148*	*148*
d) negative difference between the nominal value and purchase price of own shares	*-26 638*	*-26 638*
e) retained profit	*60 510*	*60 510*
f) retained profit (loss)	*491 131*	*383 558*
Supplementary capital, total	**667 745**	**561 927**

Supplementary capital is mandatory created in the company (by law). According to the Code of Commercial Companies, the company must allocate to the reserve capital at least 8% of annual net profit until the capital reaches 1/3 of share capital. Supplementary capital is increased by the excess over the issue of shares above their nominal value and the difference from the revaluation of fixed assets, which have been liquidated or sold.
The amounts resulting from the subsidiary companies profit distribution are also transferred to the supplementary capital, pursuant to the Resolutions pf the Shareholders' Meeting (subpar. c). Supplementary capital also includes profit from previous years, referring to negative goodwill from previous years and settled in accordance with IFRS, as well as retained profits on revaluation of fixed assets and the right of perpetual usufruct of land, made on the date of transition to IFRS.

NOTE 12 – Revaluation reserve	thousand x PLN	
	2019	2018
1. in respect of the financial instruments valuation	*46 280*	*65 288*
Revaluation reserve, total	**46 280**	**65 288**

NOTE 13 – Other reserve capitals (by appropriation)	thousand x PLN	
	2019	2018
- reserve capital for investments	1 503 016	1 390 770
- reserve capital for financing of current assets	47 145	12 145
- reserve capital for the financing of the own-shares-purchase	51 000	51 000
- other reserve capital	33 113	120 637
Revaluation reserve, total	**1 634 274**	**1 574 552**

Other capital reserves are formed from the profit, whose distribution is determined by the General Meeting of Shareholders at the parent company and General Meetings of Shareholders at subsidiary companies. These capital reserves serve to finance the current assets and cover the potential loss. The use of these reserves is determined by the General Meeting of Shareholders or Meeting of Shareholders.

On 20 June 2016, the General Meeting adopted the Resolution No XXXIII/18/2016, granting the Company an authorization within the meaning of Art. 365 par. 1 subpar. 8 to purchase its own shares with a view to redemption. The maximum number of shares which can be purchased by the Company within the Program equals 200 000 items. The single share purchase price is PLN 250.00. The purchase refers to registered preference shares of A, B and E series. The value of the Program enlarged by the purchase costs equals PLN 51 million. The purchase of the shares may take place within the deadlines and under the terms and conditions defined by the Company's Management Board within two years starting from the time when the Resolution No XXXIII/18/2016 was adopted. The validity period of the resolution expired on 20 June 2018. In case of passing appropriate resolution by the AGM this capital will be transferred to reserve capital.

NOTE 14 – CHANGE IN MINORITY INTEREST	thousand x PLN	
	2019	2018
Balance at the beginning of the period	**106 293**	**90 369**
1. increases (due to)	**11 994**	**15 924**
a) profit distribution	*11 994*	*14 364*
b) consolidating		*1 560*
2. decrease (due to)	**10 718**	
a) dividend payment		
b) consolidating	*10 718*	
Minority interest status at the end of reporting period	**107 569**	**106 293**

NOTE 14a - Data of entities in which Stalprodukt SA holds less than 100% of shares (data in PLN thousand)	**Grupa ZGH**	**PTZ**	**Stalnet**
% of shares	94,93	74,29	28,00
Cash flow net from operational activity	222 944	46	
Cash flow net from investment activity	-185 658	-2	
Cash flow net from financial activity	-127 413	0	
Total assets	2 244 837	1 495	72 466
Total current assets	1 131 439	1 494	1 216
Liabilities and provisions	697 032	1 277	15 020
Profit net	153 879	-508	260

NOTE 15a - CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX	thousand x PLN	
	2019	2018
1. The balance of deferred income tax, at the beginning of the period, including:	**114 099**	**90 029**
a) attributed to financial result	85 320	86 998
b) attributed to equity	28 779	3 031
2. Increases (due to)	**26 061**	**39 313**
a) attributed to financial result of the period	**26 061**	**12 059**
b) differences between the depreciation entered in the balance sheet and tax depreciation	22 059	9 627
c) exchange differences	**56**	1 069
d) others reserves	3 946	1 363
e) attributed to shareholders' equity	**10 432**	**27 254**
f) correction from previous years 2005-2009	10 432	10 432
g) valuation of hedging transactions	**0**	16 822
3. Decreases	**5 749**	**15 243**
a) attributed to the financial result due to positive temporary differences (due to)	**1 000**	13 737
- reversal of temporary differences (use of reserves for deferred income tax)	**1 000**	13 737
b) attributed to the financial result due to positive temporary differences (due to)	**4 749**	1 506
- valuation of hedging transactions	1 014	1 485
- other	3 735	210
4. Balance of reserve at the end of the period, total	**144 842**	**114 099**
a) attributed to the financial result	**120 891**	85 320
b) attributed to equity	**23 951**	28 779

NOTE 15b - CHANGE IN THE BALANCE OF OTHER NON-CURRENT PROVISIONS	thousand x PLN	
	2019	2018
1. balance at the beginning of period	**191 913**	**158 569**
2. increase (due to)	**15 745**	**47 904**
a) creation of a provision for the retirement severance pays	*8 684*	*12 296*
b) creation of a provision for the recultivation of a settling tank and settling ponds	*477*	*474*
c) creation of a provision for closure of a mine	*0*	
d) creation of a provision for guarantee repairs	*0*	
e) creation of other reserves	*6 584*	*1 774*
f) creation of provision due to GO STEEL purchase, including:	*0*	*33 360*
- "Earn-out" remuneration	*0*	*14 595*
- liabilities due to the HRC contract	*0*	*18 765*
3. solution (due to)	**22 278**	**14 606**
a) transfer to current provisions	*692*	*439*
b) given retirement severance pays	*6 735*	*7 912*
c) decrease of a provision due to the HRC contract	*6 255*	*6 255*
d) for other reasons	*8 596*	
4. balance at the end of period	**185 380**	**191 867**

The "Earn-out" remuneration is a component of the price associated with the purchase of the shares of GO Steel Frydek Mistek a.s. and denotes the seller's right to 50% of share pursuant to the assumed above level of EBITDA in the valuation prepared for the transaction in the period of 4 consecutive years, with the reservation that the total amount of payments due to this may not exceed EUR 3 500 thousand. This amount constitutes contingent liabilities and is measured at fair value. A provision was created for the entire amount.

The liability under the HRC contract denotes the Company's liability to purchase an additional 50 thousand tonnes of hot-rolled sheet per year for 3 years, on market conditions that do not deviate from the standard purchase conditions. This value was estimated by the Seller to be EUR 4 500 thousand and constitutes fair value. A provision was created for the entire amount. In 2019, due to fulfilment of the liability, release of provisions was made for the amount of PLN 6 255 thousand.

NOTE 15c - CHANGE IN THE BALANCE OF OTHER CURRENT PROVISIONS (BY TITLE)	thousand x PLN	
	2018	2017
1. balance at the beginning of period	**65 171**	**95 306**
2. increase (due to)	**73 169**	**46 584**
a) transfer from non-current provisions to current provisions	*3 301*	*2 605*
b) creation of a provision for future liabilities	*52 508*	*34 079*
c) creation of a provision for the retirement severance pays	*414*	*326*
d) creation of other reserves	*16 946*	*9 574*
3. use (due to)	**42 533**	**45 292**
a) of other liabilities	*42 533*	*45 292*
4. solution (due to)	**20 445**	**31 427**
a) given retirement severance pays	*3 137*	*726*
b) other	*17 308*	*30 701*
5. balance at the end of period	**75 362**	**65 171**

The planned liquidation of zinc and lead ore mining in the region of Olkusz-Pomorzany within the next few years, and thus the cessation of drainage of underground mine workings of ZGH Bolesław S.A. has certain consequences, including, among others, the change of the source of drinking water for the supply of the inhabitants of the Olkusz region. Having the above in mind, Water and Sewage Company Ltd Olkusz developed a solution for water supply of the Olkusz region and implemented the necessary investment projects. Within the framework of these investment projects, four water intakes in Kolbark and Cieślin were built or modernised, and the connection of these water intakes with the newly built main network to the existing main networks was established. The cost of execution of the investment projects in question amounted to PLN 17.3 million. On 12 June 2013 the Company filed a petition with the Regional Court in Kraków to determine the lack of liability for damages with ZGH "Bolesław" S.A. for failure to discharge water after the termination of the Pomorzany mine, deterioration of groundwater quality and restoration of natural water relations in the areas of the Olkusz, Bolesław and Klucze communes, after the mine was sunk. On the other hand, on 6 February 2014, Water and Sewage Company Ltd Olkusz filed a lawsuit with the Regional Court in Kraków for damages for mining damage or the Company's commitment to supply water for human consumption and industrial purposes for payment of the said amount. On 7 March 2014 The Company filed a lawsuit with the Regional Court in Kraków to dismiss all claims as unfounded. At the hearing on 5.09.2014 the court ordered that the two cases be joined for joint examination. On 25.04.2018, the Court announced the preliminary verdict, in which it dismissed the entire claim for determination submitted by ZGH "Bolesław" SA and considered the action of Sewage Company Ltd as a rule. In view of the unfavourable judgement, on 8.10.2018 an appeal was filed to the Court of Appeals I Civil Department in Kraków. on 13.03.2020 the Court of Appeal in Kraków issued the judgement in the case with ref.no AGa 527/18, between ZGH "Bolesław" S.A. and Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o. o. in Olkusz, in which it dismissed the appeal of ZGH "Bolesław" S.A. against the judgement of the Regional Court in Krakow of 25.04.2018 to the case with reference number IX GC 543/13, as well as ordered that the ZGH "Bolesław" S.A. shall pay the costs of proceedings at law in the amount of PLN 8,100 for the benefit of Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. Consequently, the ruling of the Regional Court is final and binding.

As indicated above, the interlocutory judgement is final, determining the fact of liability. The amount of compensation has not been determined, which shall be the subject of further proceedings. At the moment, the Przedsiębiorstwo Wodociągów i Kanalizacji is claiming the sum of PLN 64,604,143.05 and this is the highest amount of the principal liability amount that may be charged to the Company. The amount of compensation, if any, is influenced by the value of expenditures for alternative sources of water supply, which amount to approx. PLN 30 million. Another problem is the issue of Community co-funding, which, in the Company's opinion, shall reduce the amount claimed. At this stage the amount of any damages awarded cannot be currently determined in detail.

ZGH "Bolesław" S.A. will consider lodging a cassation appeal against the above-mentioned judgment, about which it will inform in a separate notification, after receiving the written justification of the Court of Appeal.

In connection with the fact that at ZGH "Bolesław" S.A. holds a liability for damages, in 2015 a provision of PLN 15 million was created. As at December 31, 2019, this provision was not used or terminated.

Other contingent liabilities relate to the following court disputes whose value as at the balance sheet date was impossible to estimate or materially insignificant:

- by civil action of Cabarkap Nikola, a former Gradir employee, who was injured in 2012 as a result of an accident at work. The plaintiff in his lawsuit of 18/12/2019 demands a change in the court judgment in Pljevlja Syg 514/2018 of 25/04/2019, so that instead of paying the monthly pension from 18/12/2019 to the age of 75 (average life expectancy in Montenegro),

a one-off amount was paid that is to be established by a court expert. At the end of the period, the Company is in the process of preparing a response to the lawsuit.
- civil action by Nemanja Novakovic, a former employee of Gradir. The plaintiff claims compensation for the period 2008-2012. The value of the claims was determined by the expert, in subsequent stages of the proceedings, at EUR 864.35 (PLN 3,681.30). At the last sitting, the Court in Niksic issued a judgment of Syg.2000/2018, obliging the Company to pay in respect of compensation for loss of salary, amount of EUR 555.87 including court costs EUR 221.00 (PLN 941.13) and interest. On December 19, 2019, Gradir appealed against the above judgment to the higher court in Podgorica. The plaintiff's attorney also lodged a complaint, in part regarding the costs of court proceedings. At the end of the period in question, the judgment is not final, pending the verdict of the Court in Podgorica.

NOTE 16a - Long-term liabilities	thousand x PLN	
	2019	2018
1. credits and loans	**110 893**	**150 839**
2. in respect of issued debt securities	**0**	
3. other financial liabilities, including:	**116 584**	**33 878**
b) financial lease agreements	*114 232*	*18 516*
c) hedging transactions agreements/ collateral agreements	*2 352*	*15 362*
4. other (according to type)	**6 605**	**17 016**
a) other	*4 588*	*14 442*
b) geological information fee	*1 051*	*2 574*
c) mining license fee	*966*	
5. contingent liabilities due to the purchase of ZGH	**296 115**	**296 115**
Long-term liabilities, total	**530 197**	**497 848**

NOTE 16b - Long-term liabilities, maturing as at the balance sheet date	thousand x PLN	
	2019	2018
a) above 1 year to 3 years	*113 790*	*166 905*
b) above 3 to 5 years	*30 457*	*13 135*
c) above 5 years	*89 835*	*21 693*
d) contingent liabilities due to the purchase of ZGH	*296 115*	*296 115*
Long-term liabilities, total	**530 197**	**497 848**

NOTE 16c - Long-term liabilities (currency structure)	thousand x PLN	
	2019	2018
1. in Polish currency	**512 902**	**471 333**
2. in foreign currency (by currency and converted into PLN)	**17 295**	**26 515**
a) in EUR currency	*42*	
after conversion into PLN thousand	**179**	
b) in USD currency	*0*	
after conversion into PLN thousand	**0**	
c) in CZK	*204 608*	*158 488*

converted into PLN	**17 117**	**26 515**
Long-term liabilities, total	**530 197**	**497 848**

NOTE 16d - NON-CURRENT LIABILITIES (BY CREDITS AND LOANS)

Name (the company) of the entity with indication of legal form	Registered office	The amount of the credit/loan by			contracts	Outstanding amount of credit / loan				Interest conditions	The repayment date	Securities	Other
		thousand x PLN	currency	unit	currency	thousand x PLN	currency	unit	currency				
PKO Bank Polski S.A.	Warsaw	100 000	PLN	in thousand	PLN	50 000	PLN	in thousand	PLN	wibor+margin	30.06.2023	promissory note, pledge on GO Steel shares	Investment credit refinancing the purchase of GO Steel shares
NFEP&WM	Warsaw	36 956	PLN	in thousand	PLN	19 116	PLN	in thousand	PLN	3.50% per year	30.06.2025	Blank bill of exchange with a bill of exchange declaration, mortgage on the property on which the project is executed, court registered pledge on a set of items purchased or created within the investment project execution	of which short-term part (payable in 2020) in the amount of PLN 4 ,460,000
Voivodeship Fund for Environmental Protection and Water Management	Katowice	20 388	PLN	in thousand	PLN	16 311	PLN	in thousand	PLN	0,95 times the rediscount rate on bills of exchange, announced on 1 January of each consecutive year, not less than 3.00%	15.12.2028	Transfer of receivables from the term deposit account in the amount of PLN 20,643,200	of which short-term part (payable in 2020) in the amount of PLN 2,038,826.5
National Fund for Environmental Protection in Warsaw	Warsaw	42 162	PLN	in thousand	PLN	21 969	PLN	in thousand	PLN	3.50% per year	20.12.2022	blank promissory note with "no protest" clause and blank promissory note agreement	
Voivodeship Fund for Environmental Protection and Water Management P/114/15/21	Kraków	4 743	PLN	in thousand	PLN	1 329	PLN	in thousand	PLN	3.60% per year	15.12.2022	Agreement on the assumption of rights and obligations, blank bill of exchange agreement	
ING Bank Śląski Spółka Akcyjna	Katowice	4 700	PLN	in thousand	PLN	1 268	PLN	in thousand	PLN	wibor+margin	30.04.2022	registered pledge and assignment of rights under the insurance policy - bending centre P4, bending centre RAS, blank bill of exchange	
ING Bank Śląski Spółka Akcyjna	Katowice	1 800	PLN	in thousand	PLN	900	PLN	in thousand	PLN	wibor+margin	30.06.2023	registered pledge and assignment of rights under the insurance policy - Salvagnini machine, blank bill of exchange	

Current liabilities

NOTE 17a - CURRENT LIABILITIES	thousand x PLN	
	2019	2018
1. credits and loans, including:	**64 907**	**180 869**
a) non-current in the repayment period	*20 897*	*20 000*
2. due to issuing debt securities	**0**	
3. due to dividends	**438**	
4. other financial liabilities, including:	**29 245**	**17 130**
a) due to leasing	*8 202*	*3 176*
b) due to entering into a currency option transaction	*15 807*	*13 954*
c) other	*5 236*	
5. due to deliveries and services, with maturity period:	**337 355**	**385 637**
a) up to 12 months	*334 900*	*383 658*
b) over 12 months	*2 455*	*1 979*
6. advance payments received for deliveries	**2 524**	**1 078**
7. due to taxes, duties, insurances and other considerations	**38 878**	**64 242**
8. due to remuneration	**25 600**	**25 054**
9. other (by title)	**121 371**	**62 355**
a) Employee Benefit Fund (ZFŚS)	*9 396*	*9 273*
b) savings and loans plan for employees (PKZP)	*1 236*	*1 242*
c) PZU (insurance group)	*1 229*	*1 006*
d) fund for the liquidation of the mining plant;	*19 968*	*18 601*
e) investment settlements	*62 193*	*24 364*
f) other	*27 349*	*7 869*
Current liabilities, in total	**620 318**	**745 289**

NOTE 17b - CURRENT LIABILITIES (CURRENCY COMPOSITION)	thousand x PLN	
	2019	2018
1. in Polish currency.	**476 860**	**621 844**
2. in foreign currencies (by currency and after conversion into PLN)	**143 457**	**123 445**
a) in EUR currency	*23 144*	*18 500*
after conversion into PLN thousand	**98 716**	**79 474**
b) in USD currency	*6 820*	*5 999*
after conversion into PLN thousand	**26 012**	**22 387**
c) in CZK currency	111 741	129 015
after conversion into PLN thousand	**18 729**	**21 584**
Current liabilities, in total	**620 318**	**745 289**

NOTE 17c - CURRENT LIABILITIES ARISING FROM CREDITS AND LOANS													
in PLN thousand													
Name (business name) of the entity	Registered office	The amount of the credit/loan in accordance with the Agreement				The amount of the outstanding credit/loan				Interest conditions	Date of repayment	Securities	Other
		thousand x PLN	in currency	unit	currency	x thousand	in currency	unit	currency				
Bank PekaO S.A.	Warsaw	100 000	PLN	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	30 September 2021	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	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	3 July 2020 / 29 January 2021	blank bill of exchange, pledge on stock, transfer of dues	Limit on the overdraft facility and short-term guarantee of PLN 50 000 thousand valid up to 01 2021, long-term guarantee PLN 15 000 thousand valid up to 07 2020
Bank BGŻ BNP Paribas S.A.	Warsaw	50 000	PLN	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	30 September 2020	blank bill of exchange, secret transfer of dues, pledge on stock	Current account credit, limit on guarantees and letters of credit. In the context of the limit, Stalprodukt Wamech has a limit up to PLN 2 000 thousand
Societe Generale S.A.	Warsaw	15 000	PLN	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	30 April 2020	none	Credit 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	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	13 January 2021	promissory note, pledge on stocks	Overdraft facility limit of PLN 90 000 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 20 000 thousand including STP Elbud PLN 10 000 thousand and Centrostal PLN 10 000 thousand
PKO Bank Polski S.A.	Warsaw	100 000	PLN	thousand	PLN	20 000	PLN	thousand	PLN	wibor+margin	30 June 2023	promissory note, pledge on GO Steel shares	Investment credit refinancing the purchase of shares of GO Steel
WFOŚiGW	Warszawa	4 460	PLN	thousand	PLN	4 460	PLN	thousand	PLN	3.50 % per annum	31 December 2019	A blank promissory note together with a promissory note declaration, mortgage on the property on which the project is carried out, a registered pledge on a set of items purchased or produced as part of the project, and assignment of an insurance policy	A loan granted by NFOŚiGW in the amount of PLN 36,956,250.00 - short-term part (to be repaid in 2019)
WFOŚiGW	Katowice	2 039	PLN	thousand	PLN	2 039	PLN	thousand	PLN	0,95 of the rediscount rate on bills of exchange announced on 1 January of each consecutive year, not less than 3.00 % p.a.	31 December 2020	Transfer of receivables from the term deposit account in the amount of PLN 20,643,200	WFOŚiGW loan in the amount of PLN 20,388,266.26 - short-term part (to be repaid in 2019)
National Fund for Environmental Protection in Warsaw	Warszawa	42 162	PLN	thousand	PLN	6 214	PLN	thousand	PLN	3.50% per annum	20 December 2022	blank promissory note with a "no protest" clause and a bill of exchange note declaration	
WFOŚiGWP/114/15/21	Kraków	4 743	PLN	thousand	PLN	677	PLN	thousand	PLN	3.60% per annum	15 December 2022	An agreement on acquisition of rights and liabilities, a bill of exchange agreement	
WFOŚiGWP/115/15/21	Kraków	891	PLN	thousand	PLN	178	PLN	thousand	PLN	3.60% per annum	15 December 2020	An agreement on acquisition of rights and liabilities, a bill of exchange agreement	

WFOŚIGWP/116/15/21	Kraków	1 105	PLN	thousand	PLN	220	PLN	thousand	PLN	3.60% per annum	15 December 2020	An agreement on acquisition of rights and liabilities, a bill of exchange agreement	
Credit Agricole Bank Polska Spółka Akcyjna	Wrocław	5 000	interchangeably PLN, USD, EUR	thousand	PLN	0	PLN, USD, EUR	thousand	USD	wibor+margin	30 October 2020	declaration on submitting to enforcement, following the procedure set out in Article 777 of the Civil Procedure Code (KPC)	
PKO BP S.A.	Warsaw	10 000	interchangeably PLN, USD, EUR	thousand	PLN	0	-	thousand	PLN	wibor+margin	11 October 2019	declaration on submitting to enforcement, following the procedure set out in Article 777 of the Civil Procedure Code (KPC)	
Bank PeKaO S.A.	Warsaw	15 000	interchangeably PLN, USD, EUR	thousand	PLN	0	PLN	thousand	USD	wibor+margin	30 September 2020	declaration on submitting to enforcement, following the procedure set out in Article 777 of the Civil Procedure Code (KPC)	
ING Bank Śląski Spółka Akcyjna	Katowice	30 000	interchangeably PLN, USD, EUR	thousand	PLN	0	-	thousand	PLN	wibor+margin	31 October 2022	declaration on submitting to enforcement, following the procedure set out in Article 777 of the Civil Procedure Code (KPC)	
ING Bank Śląski Spółka Akcyjna	Warsaw	10 000	interchangeably PLN, USD,	thousand	PLN	0	-	thousand	PLN	wibor+margin	31 October 2020	assignment of receivables	
Bank PeKaO S.A.	Warsaw	30 000	PLN	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	30 September 2019	assignment of receivables	
Bank PeKaO S.A.	Warsaw	15 000	PLN	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	30 September 2020	assignment of receivables	
PekaoS.A.	Kraków	13 000	PLN	thousand	PLN	2 600	PLN	thousand	PLN	wibor+margin	31 December 2020	bill of exchange with bill of exchange agreement, power of attorney, surety of Stalprodukt S.A., mortgage on land	Non-current in the repayment period
PekaoS.A.	Kraków	13 000	PLN	thousand	PLN	8 214	PLN	thousand	PLN	wibor+margin	30 September 2021	power of attorney to dispose of bank accounts and statement on submission to enforcement proceedings	Limit for guarantees, letters of credit and overdraft under a three-party contract between Stalprodukt, CYNK MAL, STP ELBUD
PKO BP S.A.	Warsaw	10 000	PLN	thousand	PLN	3 186	PLN	thousand	PLN	wibor+margin	13 January 2021	blank promissory note and statement on submission to enforcement, clause of deduction of receivables from accounts maintained at PKO BP S. A.	Limit for guarantees, letters of credit and overdraft under the three-party contract Stalprodukt , STP ELBUD, GO Steel
BGŻ BNP PARIS Bank S.A.	Warsaw	2 000	PLN	thousand	PLN	1 146	PLN	thousand	PLN	wibor+margin	30 September 2020		Within the limit of Stalprodukt S.A.
Bank PeKaO S.A.	Warsaw	15 000	PLN	thousand	PLN	14 677	PLN	thousand	PLN	wibor+margin	30 September 2021	• power of attorney to dispose of the Borrower's accounts with Bank PeKaOS.A.; • Borrower's declaration on voluntary submission to enforcement; • securing the repayment of the credit by accepting joint and several liability for the obligations under the Contract for a multi-purpose credit line.	
ING Bank Śląski Spółka Akcyjna	Katawice	10 000	PLN	thousand	PLN	0	-	thousand	PLN	wibor+margin	31 March 2020	pledge…………………………………………………………	
ING Bank Śląski Spółka Akcyjna	Katawice	4 700	PLN	thousand	PLN	936	-	thousand	PLN	wibor+margin	30 April 2022	pledge	pledge
ING Bank Śląski Spółka Akcyjna	Katawice	1 800	PLN	thousand	PLN	360	-	thousand	PLN	wibor+margin	30 June 2023	pledge ………………………………………………………	pledge
PKO BP S.A.	Warsaw	10 000	PLN	thousand	PLN	0	PLN	thousand	PLN	wibor+margin	13 January 2021	pledge …………………………………………………………	Pledge

NOTE 18 - Accruals	thousand x PLN	
	2019	2018
1. disclosed deferred income		
a) long-term (by titles)		
b) short-term (by titles)		
- other		
2. deferred income	**22 371**	**33 066**
a) long-term (by titles)	**18 182**	**14 301**
- National Fund for Environmental Protection and Water Management loan write-off	*6 554*	*7 690*
- technical solutions – extraction of Indium, German and Tin	*3 235*	*2 271*
- subsidy	*8 393*	*4 340*
b) short-term (by titles)	**4 189**	**18 765**
- received advances	*1 199*	*1 887*
- subsidy NCBiR	*1 899*	*1 898*
- certificates CO_2 and other	*1 091*	*14 980*
Other accruals, total	**22 371**	**33 066**

NOTE 19 - Book value per 1 share

The book value per 1 ordinary share was calculated as the ratio of equity to the number of shares (2,758,026 thousand PLN: 5,580,267 shares = 494.25 PLN).

NOTE 20 a - NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousand x PLN	
	2019	2018
- transformer sheets	*862 492*	*799 533*
- toroidal cores	*11 178*	*13 797*
- steel sheets, hot-rolled and cold-rolled strips	*35 129*	*48 198*
- cold formed profiles	*505 509*	*542 863*
- road barriers	*114 400*	*126 179*
- steel structures, including door and door frames	*107 316*	*139 516*
- galvanized banding steel and galvanized wire	*55 883*	*60 029*
-zinc	*964 485*	*935 272*
- alloys	*634 468*	*734 875*
- flotation galena	*120 719*	*66 296*
- suplhuric acid	*14 997*	*14 490*
- dolomite	*19 734*	*24 323*
- Zn-Pb-Ag concentrate	*156*	*-1 189*
- refined lead	*111 977*	*105 091*
- Dore metal	*38 830*	*39 552*
- other products	*46 134*	*80 224*
- services	*80 357*	*96 135*
Net revenues from sales of products, total	**3 723 765**	**3 825 184**

NOTE 20b - NET INCOME FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	thousand x PLN	
	2019	2018
a) country	**1 976 717**	**2 069 606**
- transformer sheets	*56 445*	*46 828*
- toroidal cores	*5 021*	*7 082*
- steel sheets, hot-rolled and cold-rolled strips	*32 588*	*42 887*
- cold formed profiles	*364 728*	*371 530*
- road barriers	*83 526*	*98 012*
- steel structures, including door and door frames	*99 867*	*130 684*
- galvanized banding steel and galvanized wire	*31 635*	*35 348*
-zinc	*509 382*	*471 002*
- alloys	*564 798*	*625 104*
- suplhuric acid	*8 097*	*7 847*
- dolomite	*19 734*	*24 323*
- refined lead	*96 451*	*79 944*
- concentrate	*156*	*-1 189*
- others	*39 552*	*45 130*
- services	*64 737*	*85 074*
b) export	**1 747 048**	**1 755 578**
- transformer sheets	*806 047*	*752 705*
- toroidal cores	*6 157*	*6 715*
- steel sheets and hot- and cold-rolled strips	*4 007*	*5 311*
- cold formed profiles	*140 781*	*171 333*
- road barriers	*30 874*	*28 298*
- steel structures, including door and door frames	*7 449*	*8 832*
- galvanized banding steel and galvanized wire	*24 248*	*24 681*
-zinc	*455 103*	*464 270*
- alloys	*69 670*	*109 771*
- flotation galena	*120 719*	*66 287*
- suplhuric acid	*6 900*	*6 643*
- refined lead	*15 526*	*25 147*
- Dore metal	*38 830*	*39 552*
- other products	*5 116*	*34 972*
- services	*15 620*	*11 061*
Net income from sales of products, total	**3 723 765**	**3 825 184**

NOTE 21a -Net revenues from sales of goods and materials (material structure – types of activities)	thousand x PLN	
	2019	2018
a) goods	*55 613*	*67 918*
b) technological waste	*29 340*	*36 154*
c) other materials	*7 551*	*27 432*
Net revenues from sales of goods and materials, total	**92 504**	**131 504**

NOTE 21b - Net revenues from sales of goods and materials (TERRITORIAL STRUCTURE)	thousand x PLN	
	2019	2018
1. country	**77 607**	**121 253**
a) goods	*41 741*	*67 918*
b) technological waste	*29 339*	*36 154*
c) other materials	*6 527*	*17 181*
2.) export	**14 897**	**10 251**
a) goods	*669*	
b) other materials	*14 228*	*10 251*
Net revenues from sales of goods and materials, total	**92 504**	**131 504**

NOTE 22 - Costs by type – cost of manufacture of products sold	thousand x PLN	
	2019	2018
1. amortization	**167 658**	**149 025**
2. consumption of materials and energy	**2 488 423**	**2 472 412**
3. external services	**365 490**	**318 377**
4. taxes and fees	**47 601**	**58 234**
5. payroll	**457 330**	**485 016**
6. social insurance and other benefits	**123 637**	**125 068**
7.other costs by type (due to)	**21 513**	**19 809**
a) business trips	*2 403*	*3 007*
b) property insurance	*4 509*	*4 867*
c) representation and advertising	*3 849*	*4 230*
d) trainings	*1 275*	*1 362*
e) other	*9 477*	*6 343*
Costs by type, total	**3 671 652**	**3 627 941**
Change in stocks, products and accruals	-138 284	-74 822
Cost of manufacture of goods produced for own purposes (negative value)	-4 667	-19 067
Internal rotation	-38 803	-2 640
Selling costs (negative value)	**-88 526**	**-80 276**
General and administrative costs	**-154 234**	**-156 999**
Cost of manufacture of products sold	**3 247 137**	**3 294 137**

NOTE 23 - Other operating revenues	thousand x PLN	
	2019	2018
1. profit from transfer of non-financial fixed assets	**49**	**11 953**
2. reversed provisions (due to)	**2 697**	**6 454**
a) doubtful receivables	*676*	*353*
b) retirement benefits and payroll	*1 292*	*4 558*
c) predicted CO_2 emissions, energy origin certificates	*0*	*980*
d) other provisions	*408*	*563*
e) revaluation of inventories	*321*	
3. other, including:	**63 567**	**9 754**
a) payment of adjudicated court fees	*55*	*26*
b) revenues due to not collected payroll	*0*	
c) refund from the State Fund for Rehabilitation of the Disabled	*166*	*221*
d) received compensation	*817*	*1 042*
e) revenue from revaluation of fixed assets	*0*	
f) surplus in working capital	*220*	*216*
g) lease revenues	*465*	*282*
h) value of write-off to liabilities	*873*	*42*
i) revenues from surrendering CO2 emission allowances	*36 720*	*4 100*
j) other	*24 251*	*3 825*
4. subsidies	**191**	**3**
Other operating revenues, total	**66 504**	**28 164**

NOTE 24 - Other operating costs	thousand x PLN	
	2019	2018
1. loss from transfer of non-financial fixed assets	**997**	**3 772**
2. revaluation of non-financial assets	**24 203**	**3 564**
3. reserves (due to)	**47 289**	**13 413**
a) doubtful receivables	*1 754*	*1 520*
b) bonus for clinics	*2 084*	*1 224*
c) landfill reclamation	*55*	*55*
d) compensations/damages	*367*	*343*
e) finished products value reduction	*3 558*	*2 596*
f) mining plant liquidation	*164*	*2 726*
g) employee benefits	*-9*	*4 532*
h) reclamation of post-excavation areas	*422*	*417*
i) energy origin certificates	*38 792*	
4. other, including:	**30 001**	**19 393**
a) donations and optional contributions	*875*	*1 066*
b) costs of court proceedings	*378*	*329*
c) penalties, fines, compensations	*226*	*506*
d) shortages in financial resources	*187*	*180*
e) value of written-off receivables	*0*	
f) value of fixed assets liquidation	*604*	*2 726*

g) cost of unutilized production capacity	*341*	
h) costs of road barrier tests	*1 248*	*1 264*
i) lease costs	*2 741*	*1 394*
j) value of scrapped materials	*10 117*	*11 675*
k) others	*13 284*	*253*
Other operating costs, total	**102 490**	**40 142**

NOTE 25 - Financial revenues	thousand x PLN	
	2019	2018
1. revenues due to interests	**8 719**	**10 559**
2. exchange rate differences (the excess of negative over positive)	**2 669**	**12 946**
a) realized	*2 523*	*8 487*
b) unrealized	*145*	*4 459*
3. released provisions, due to	**6 375**	**6 997**
a) interests	*120*	*742*
b) fulfilment of commitments due to the HRC Agreement	*6 255*	*6 255*
4. other, including:	**1 969**	**38 634**
a) dividend received	*0*	
b) balance-sheet valuation of investments	*1 067*	*2 802*
c) profit from bargain purchase	*777*	19 749
d) adjusted purchase price of shares consolidated by equity method	*119*	15 983
e) other	*6*	*100*
Financial revenues, total	**19 732**	**69 136**

NOTE 26 - Financial expenses	thousand x PLN	
	2019	2018
1. due to credits and loans	**10 708**	**13 712**
2. other interests	**5 766**	**958**
W tym odsetki od leasingu – MSSF 16	**4 753**	
3. Loss on disposal of investments	**0**	**3 346**
4. released provisions, due to	**175**	**514**
a) accrued but not paid interests	*175*	*514*
5. other, including	**6 189**	**1 477**
a) surplus of negative exchange rate differences over the positive ones	*-368*	*1 313*
b) unrealised exchange rate differences	*6 176*	*164*
c) other	*381*	
Financial expenses, total	**22 838**	**20 007**

NOTE 27 - Current and deferred income tax	thousand x PLN	
	2019	2018
1. Gross profit (loss)	200 675	349 004
2. Consolidation adjustments	34 704	
3. Differences between gross profit (loss) prior to income tax (by titles)	-44 074	-57 544
- companies' gross loss	-14 801	*16 481*
- amortization of tangible and intangible deductible expenses	-26 382	
- donations and voluntary contributions	1 288	*925*
- provision for receivables	887	

- release of provision for retirement benefits	-13 720	*-8 344*
- PFRON	6 384	*3 492*
- leasing instalment	-3 796	*-2 106*
- write-off from revaluation of inventories and long-term investments	27 235	*-304*
- cost regarding provisions for retirement benefits	19 149	*13 600*
- costs of assets liquidation	449	
- cash and accounts balance sheet valuation	852	*-9 455*
- social insurance for November and December '2017' and paid in January and February '2018'	-11 688	*-6 977*
- social insurance for November and December '2018' and paid in January and February '2019'	9 883	*5 797*
- costs of representation	1 884	*1 969*
- reconciliation of losses from previous years	-15 090	
- dividends received	-36 649	*-36 649*
- provision for claims	6 385	*-1 249*
- other	3 656	
4. Taxable income	191 305	291 460
5. Income tax at the rate 19%	44 597	55 378
6. Tax increases, exemptions, deductions and abatements	-7 397	
7. Current income tax disclosed in tax declaration for the period, including:	44 597	55 378
- disclosed in profit and loss account	46 185	*64 352*
8. Deferred income tax due to temporary differences	2 301	8 974

NOTE 28a - PROFIT (LOSS) NET	thousand x PLN	
	2019	**2018**
a) parent company net profit (loss)	*92 808*	*125 048*
b) subsidiary companies net profit (loss)	*163 931*	*222 455*
c) consolidation adjustments	*-102 251*	*-82 600*
d) profit from bargain purchase		*19 749*
Profit (loss) net	**154 488**	**284 652**

NOTE 28 b - PROFIT SPLIT

Net profit for the financial year 2018 amounting of 125,047,737.82 PLN:
- reserve capital 97,146,402.82
- dividend 27,901,335.00.

Net profit for the financial year 2019 amounting of **92,807,837.99** PLN is proposed to be transferred in full to reserve capital.

NOTE 29 - Profit per 1 share

For the calculation of profit per one common share, the stock of 5,580,267 items. The Company does not have a complex capital structure (stock options, warrants and other), and in scope of profit split the preferred shares do not differ from ordinary bearer shares. Therefore, no ratio of diluted profit per ordinary share is not calculated. Profit (loss) for one ordinary share was PLN 27.68.

6. 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 three operating segments distinguished:

- Electrical Sheets Segment DB,
- Profiles Segment DP,
- Zinc Segment.

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.

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 Zinc Segment embraces the object of activities pursued by ZGH "Bolesław" S.A. jointly with the subsidiary companies, i.e. excavation of zinc-lead ores production of zinc and lead as well as related activities.

The Segment of Goods was accounted jointly with Other Activities, Due to the fact that its Capital Group's sales share was decreased.

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).

The same accounting principles, including the methods of valuation, which are presented under par. 3 of this Information, taking into account the above findings, are applicable for reporting by segments.

Required information on operating segments for the year 2019 and comparable period was estimated and presented in the following tables (in thous. PLN):

Itemization 2019	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	**873 670**	**655 038**	**1 994 622**	**292 939**	**3 816 269**
Domestic	61 466	480 842	1 267 809	**244 208**	2 054 325
Export	812 204	174 196	726 813	**48 731**	1 761 944
Segment Costs	**789 358**	**667 700**	**1 692 879**	**272 403**	**3 422 340**
Segment Result	**84 312**	**-12 662**	**301 743**	**20 536**	**393 929**
Other Operating and Financial Revenues Non-Attributable to the Segment					86 309
Other General, Operating and Financial Costs Non-Attributable to the Segment					279 564
Gross Profit					**200 674**
Income Tax					46 186
Net Profit					**154 488**
Segment Assets	996 454	700 807	2 244 837	364 465	4 306 562
Assets Non-Attributable to the Segment					38 520
Total Assets					4 345 082
Liabilities	285 079	225 687	697 032	83 143	1 290 941
Contingent Liabilities					296 115
Total Liabilities					1 587 056
Investment Outlays	11 804	2 710	176 817	26 980	218 311
Depreciation	38 292	17 691	92 141	18 284	166 408

Itemization 2018	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	813 330	738 259	2 012 301	392 798	3 956 688
Domestic	53 910	533 317	1 274 875	339 008	2 201 110
Export	759 420	204 942	737 426	53 790	1 755 578
Segment Costs	704 927	737 221	1 674 485	371 231	3 487 864
Segment Result	**108 403**	**1 038**	**337 816**	**21 567**	**468 824**
Other Operating and Financial Revenues Non-Attributable to the Segment					97 023
Other General, Operating and Financial Costs Non-Attributable to the Segment					216 843
Gross Profit					**349 004**
Income Tax					64 352
Net Profit					**284 652**
Segment Assets	982 533	791 892	2 169 969	382 579	4 326 973
Assets Non-Attributable to the Segment					30 398
Total Assets					4 357 371
Liabilities	294 628	299 193	659 829	109 766	1 363 416
Contingent Liabilities					296 115
Total Liabilities					1 659 531
Investment Outlays	7 530	2 638	186 045	34 519	230 732
Depreciation	33 643	17 231	80 489	17 662	149 025

7. 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	2019	2018
Shares and stocks	*fair value through financial result*	441	20 541
Trade receivables (net)	*amortised cost*	474 546	504 736
Other receivables (without public-law)	*amortised cost*	86 429	36 727
Cash and cash equivalents	*fair value through financial result*	404 501	472 586
Loans	*amortised cost*	18 153	20 000
Securities	*fair value through*	55 015	53 875
Total financial assets		**1 039 085**	**1 108 465**
Trade liabilities	*amortised cost*	337 355	385 637
Credits and loans	*amortised cost*	175 800	331 762
Total financial liabilities		**513 155**	**717 399**

Other financial assets in the amount of PLN 94,640 thousand and financial liabilities in the amount of PLN 23,876 thousand recognized under hedge accounting are described in detail in the paragraph: Explanations to balance sheet items related to derivative instruments.

As at 31/12/2019, fair values do not differ from book values. As at 31.12.2019, the qualification test did not show any significant impact of IFRS 9 on the value of receivables, and the measurement of loans granted at amortized cost showed no significant differences.

The purpose and policy of risk management and measurement methods.

The Group’s Companies are 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 assumption of the ZGH "Bolesław" S.A. strategy with respect to hedging is to reduce the sensitivity of revenues to a decrease in the price of zinc, lead and silver and the USD exchange rate. The smaller the level of security for the Company's exposure, the more sensitive it is to price drops. The lack of hedge results in full discovery of the change in the exchange price of zinc, lead, silver and the exchange rate of the dollar, and in the event of a drop in the price to the level below the break-even point, significant losses, difficult to cover from any funds, especially in the period of longer maintenance of the low price level.

The strategy of ZGH "Bolesław" S.A. is based on the use of financial instruments offered by banks and allowing to hedge prices on the commodity market and exchange rate on the currency market. ZGH "Bolesław" S.A. uses hedging consisting in the transfer of risk through the use of short hedge method, which provides protection against the drop of metal prices and USD exchange rate. The derivatives used differ according to the type of market risk being hedged.

The main risks associated with the operations of the Capital Group companies are as follows:

a) credit and contractual risk,

b) liquidity risk,

c) market risk, including:

- interest rate risk,
- currency risk,

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.

In order to perform a classification test for the purposes of IFRS 9, to determine the ratio of non-performance of liabilities and forecast the amount of the allowance for receivables, an analysis of turnover with customers was carried out in the period from January to December 2018. The Company conducts a credit risk management policy based on the Credit Procedure, which defines the rules for granting credit limits. In the process of risk identification, customers are assigned to a specific group determining its level, and if the level is too low to accept the limit applied for, negotiations are undertaken in order to obtain hedge.

In accordance with the adopted criteria for classifying customers into risk groups, based on the financial standing, the analysed ratios are assigned (in accordance with the matrix) points. The sum of points determines the customer's qualification to one of the ten risk groups as in the table below:

Risk group	Subgroup	The sum of points from ... to		Rating for customers in the zinc segment	Risk level
I	10	60	58	AAA	none
	9	57	54	AA	low
	8	53	51	A	low
	7	50	48	BBB	low
II	6	47	45	BB	average
	5	44	40	BB	average
	4	39	35	B	average
III	3	34	30	CCC	average
	2	29	20	CC	significant
	1	19	14	C	significant
	0	13	0	D	insolvency

Group's share in balances of receivables from operating segments as at 31.12.2018					
Segment	**Group I**	**Group II**	**Group III**	**Others**	**Total**
Electrotechnical sheets	61%	24%	15%	0%	100%
Profiles	35%	42%	18%	5%	100%
Zinc	100%	0%	0%	0%	100%

Group's share in sales revenues of operating segments in 2019					
Segment	**Group I**	**Group II**	**Group III**	**Others**	**Total**
Electrotechnical sheets	57%	24%	14%	6%	100%
Profiles	32%	40%	18%	11%	100%
Zinc	100%	0%	0%	0%	100%

Due to the consistent credit risk management policy, the predominant share in the balance of receivables and sales of low risk groups I and II, maintaining a high level of security for the granted limits and the lack of significant write-downs in previous periods, the amount of the write-down calculated on the basis of the calculated ratio of non-performance of liabilities is insignificant in relation to the scale of the Company's business. The amount exposed to risk is equal to the balance sheet value of short-term receivables increased by the issued guarantees and sureties, fair value of derivative instruments transactions and adjusted by accepted hedges, as well as receivables from related companies. This amount amounts to PLN 554,306 thousand. It should be noted that the average value of the overdue receivables ratio for the parent company (excluding subsidiaries) for 12 months 2019 (calculated as the ratio of overdue receivables to the total balance of trade receivables) for the Company amounts to 14.0%.

THE HEDGINGS ADOPTED			thousand x USD/EUR/PLN					
			2019			2018		
No.	Hedging type	Risk type	Amount	Currency	PLN	Amount	Currency	PLN
1	Bank guarantees and letters of credit	credit /contractual	42	PLN	**42**	417	PLN	**417**
2	Bank guarantees and letters of credit	credit /contractual	3 300	EUR	**14 053**	4 140	EUR	**17 802**
3	Bank guarantees and letters of credit	credit/contractual	5 769	USD	**21 909**	7 826	USD	**29 423**
4	Sureties	credit/contractual	0	PLN	**0**	3 499	PLN	**3 499**
5	Sureties	credit/contractual	14 850	EUR	**63 239**	15 130	EUR	**65 059**
6	Sureties	credit/contractual	0	USD	**0**	0	USD	**0**
7	Pledges and mortgages	credit/contractual	19 008	PLN	**19 008**	5 039	PLN	**5 039**
8	Pledges and mortgages	credit/contractual	500	EUR	**2 129**	500	EUR	**2 150**
	Total value of securities in PLN				**120 380**			**123 389**

Liquidity risk

Liquidity risk management refers to the control over financial flows and securing external funding opportunities, in particular: receivables collection and security in the form of credit lines.

In the current financial standing of the Group, with a clear advantage of financing with own funds, liquidity risk does not occur. However, keeping in mind the substantial capital expenditures, with the aim of protection, the Parent Company maintains granted limits on working capital loans, based on agreements reached with cooperating banks.

The details concerning the credit line limits, credit-to-debt ratios and the remaining conditions were presented in 17c note.

Market Risk

Exchange Rates Risk

The exchange rate risk can be defined as the unfavourable impact of exchange rates on the Group'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 31.12.2019 the following data were provided in the Consolidated Balance Sheet:

loans granted – PLN 18,153 thousand,

cash – PLN 404,502 thousand,

long-term credits and loans – PLN 110,893 thousand,

short-term credits and loans – PLN 64,907 thousand.

The decrease of interest rates will result in the decrease of revenue from the interest on the granted loans and free cash flow. This will be accompanied by the reduction of costs related to external financing. The increase of interest rates will stimulate the increase of proceeds from the granted loans and free cash flow. This will be accompanied by the increase of costs related to external financing.

Both the loans, cash and the investment credit are based on variable interest rate (WIBOR, WIBID). The gross result's sensitivity to the increase of interest rates was presented below:

SENSITIVITY TO EXCHANGE RATE RISKS	in thousand PLN	
	2019	2018
Exchange rate increase by 50 basis points		
Impact on the gross result	1,237	904
Exchange rate decrease by 50 basis points		
Impact on the gross result	-1 237	-904

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 Parent 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.

As of 31.12.2019, 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 6c and 17b notes, respectively.

SENSITIVITY TO CURRENCY RISKS	in thousand PLN	
	2019	2018
PLN STREANGTHENING to USD & EUR by 5%		
Impact on gross result	15 694	11 284
PLN WEAKENING to USD & EUR by 5%		
Impact on gross result	-15 694	-11 284

The nature of the activities pursued by the subsidiary company - ZGH “Bolesław” S.A. (production and USD sales of LME-quoted zinc and lead) forces the Company to pursue an active hedging policy against the currency-related risk. The Company secures its position, constantly monitoring the changes in raw material prices and currency exchange rates.

Hedging itself against the currency exchange rate risk, the subsidiary company applies: forward transactions, average-rate forward transactions, options or option strategies. Relationships were determined for the period from June 2019 to December 2021 year.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active currency hedging instruments as of 31.12.2019			PLN thousand		
Cash Flow Hedging	forward	$104 643 600,00	-18 786	-18 786	risk from USD/PLN exchange rates
Cash Flow Hedging	forward	€ 1 200 000,00	223	223	risk from EUR/PLN exchange rates
Cash Flow Hedging	option strategies		0	0	risk from USD/PLN exchange rates

Risk from Changing Raw Material Prices

In the Stalprodukt S.A. Capital Group the subsidiary ZGH "Bolesław" S.A. pursues an active commodity (Zn and Pb) risk management policy, using various derivative instruments. For metal prices risk management the following transactions are concluded: swap transactions (fixed to float, float to float), options or option strategies, forward contracts. Relationships were determined for the period from June 2019 to December 2021 year.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active commodity hedging instruments as of 31.12.2019 (zinc)			PLN thousand		
Cash Flow Hedging	swap	13 775	14 488	14 488	Price Change Risk Zn LME in PLN
Cash Flow Hedging	swap in USD	26 575	63 627	63 465	Price Change Risk Zn LME in USD
Cash Flow Hedging	Option strategies (collar)	9 000	7 018	6 687	Price Change Risk Zn LME
Cash Flow Hedging	put	4 500	7 383	6 687	Price Change Risk Zn LME
Cash Flow Hedging	call	4 500	-365	0	Price Change Risk Zn LME
Active commodity hedging instruments as of 31.12.2019 (lead)			PLN thousand		
Cash Flow Hedging	swap	700	1 314	1 314	Price Change Risk Pb LME in PLN
Cash Flow Hedging	swap in USD	0	0	0	Price Change Risk Pb LME in USD
Cash Flow Hedging	Option strategies (collar)	0	0	0	Price Change Risk Pb
Cash Flow Hedging	put	0	0	0	Price Change Risk Pb
Cash Flow Hedging	call	0	0	0	Price Change Risk Pb
Active commodity hedging instruments as of 31.12.2019 (silver)			PLN thousand		
Cash Flow Hedging	swap	75 000	-204	-204	Price Change Risk Ag LMBA

ZGH "Bolesław" S.A. and its Subsidiaries' Exposure to Market Risks

The GK Bolesław's exposure to market risks in 2020 is as follows:

- Zinc - approx. 94 600 tons
- Lead - approx. 17 300 tons
- Silver - approx. 506 000 Ozs
- Currency - approx. USD 299 000 000

The currency risk exposure is very strictly dependent on the metal price levels (primary exposure) and may undergo fluctuations in the case they change. Apart from the metal price levels, the currency risk exposure also includes the sales bonuses achieved in zinc and lead alloy transactions.

Currency exposure is closely connected with the price levels of metals (original exposure) and may be subject to fluctuations in case of their changes. Apart from the metal prices, currency exposure contains premiums achieved on the market when selling zinc, zinc alloys, and led. The above mentioned exposures are based on budget estimations for 2020, i.e. $2400 LME Zn, $2000 LME Pb, $17/ozs LBM.

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.

Whereas considering the nature of the pursued activities, the subsidiary company ZGH "Bolesław" S.A. applies hedge accounting based on the internal procedures prepared in compliance with the International Accounting Standards. The risk management policy is based on the decisions issued by the Risk Committee. The details are defined in the ZGH "Bolesław" S.A.'s Hedging Policy, approved by the Management Board with the Resolution 2/2011 dated 14 January 2011. In order to hedge itself against metal price fluctuations, the Company concludes swap transactions, options or option strategies and forward contracts. The market risk management details are clearly defined in the risk management procedure. The Financial Division is divided into two main blocks, i.e. the Front Office with its executive unit– Risk Management Department, supervising officer – Financial Director and the Back Office with its executive unit – Hedge Accounting Department with Chief Accountant as a supervising officer.

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	31.12.2019	31.12.2018
Long-Term investments (Note 3a)	8 931	68 499
Short-Term Investments (Note 7a)	140 724	103 418
TOTAL, including:	**149 655**	**171 917**

a) valuation of derivative transactions	94 640	118 042
b) securities	55 015	53 875

Explanation Referring to the Item: Liabilities (Payables) in respect of:	PLN thousand	
	31.12.2019	31.12.2018
Contracts for Hedging Transactions (Note 16a)	2 352	15 362
Conclusions of Currency Option Transactions (Note 17a)	15 806	13 954
Adjustment by the amount of settlements with brokers in respect of the finalized transactions	5 718	-1 089
TOTAL	**23 876**	**28 227**

Valuation of Derivative Transactions	PLN thousand			
	31.12.2019		31.12.2018	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	88 941	2 184	100 939	5 749
Commodity Transactions - Lead	1 314	0	5 602	54
Currency Transactions - USD/PLN EUR/PLN	4 385	21 489	11 501	22 424
Commodity Transactions- Silver	0	204	0	0
Total	**94 640**	**23 877**	**118 042**	**28 227**

Securities	PLN thousand	
	31.12.2019	31.12.2018
Obligacje Skarbu Państwa	**9 209**	**9 383**
Obligacje Skarbu Państwa FL	**3 967**	**3 908**
Shares in Investment Funds	**41 839**	**40 584**
- Płynnościowy plus	0	962
- Generali Korona Dochodowy	10 452	0
- Unikorona Pieniężny	0	10 070
- Generali Korona Dochodowy FL	1 035	0
- Generali Oszczednosciowy FL	4 341	0
- Generali Oszczednosciowy	10 331	0
- Unioszczędnościowy FL	0	4 253
- Unioszczędnościowy	0	10 108
- Unikatywny Pieniężny	0	15 191
- Generali Aktywny Dochodowy	15 680	0
Total	**55 015**	**53 875**

Division of Hedging Instruments	PLN thousand			
	31.12.2019		31.12.2018	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Hedging Instruments	**90 833**	**23 315**	**114 274**	**26 501**
Commodity Transactions - zinc	*86 777*	*1 807*	*97 568*	*5 067*
Commodity Transactions - lead	*1 314*	*0*	*5 602*	*54*
Currency Transactions - USD/PLN, EUR/PLN	*2 742*	*21 304*	*11 104*	*21 380*
Commodity Transactions - Silver	*0*	*204*	*0*	*0*
Trade Instruments	**3 807**	**561**	**3 769**	**1 726**
Commodity Transactions- zinc	*2 164*	*376*	*3 371*	*682*
Commodity Transactions - lead	*0*	*0*	*0*	*0*
Currency Transactions - USD/PLN, EUR/PLN	*1 643*	*185*	*398*	*1 044*
Commodity Transactions - silver	*0*	*0*	*0*	*0*
Total	**94 640**	**23 876**	**118 043**	**28 227**

Financial Report Presentation of Applied Derivative Instruments

Derivative Transactions Presented in the Profit and Loss Account:	PLN thousand	
	31.12.2019	31.12.2018
Sales of Products Adjustment	*18 506*	*-68 173*
Sales of Goods Adjustments	*0*	*0*
Revaluation of Investments	*1 067*	*2 438*
Gains/Loss on Sale of Investments	*778*	*-3 345*
Total	**20 351**	**-69 080**

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	31.12.2019	31.12.2018
Commodity Transactions	*25 048*	*-103 654*
Currency Transactions	*-14 381*	*19 707*
Total	**10 667**	**-83 947**

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	31.12.2019	31.12.2018
Sales Increase	*46 587*	*45 252*
Sales Decrease	*-28 081*	*-113 425*
TOTAL	**18 506**	**-68 173**

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	PLN thousand	
	31.12.2019	31.01.2018
Valuation of Open Hedging Instruments:	**67 187**	**87 195**
- Zn	*84 640*	*91 995*
- Pb	*1 314*	*5 477*

- USD/PLN	*-18 786*	*-10 838*
- Ag	*-204*	*0*
- EUR/PLN	*223*	*561*
Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:	**847**	**-407**
- Zn	*847*	*-407*
- Pb	*0*	*0*
- USD/PLN		*0*
TOTAL	**68 034**	**86 788**

8. Capital management

Capital management is pursued at the Parent Company's level.

The policy exercised by the Management Board of the Issuer assumes the maintenance of strong capital base in order to maintain the confidence of investors, creditors and the market, and the ability to continue and further develop the Group's activities, including the realization of planned investments. Following this policy and internal procedures, the Parent Company monitors the size, structure and profitability of total equity and current capital (working) on the basis of economic ratios existing in the Parent Company.

In 2019, the Parent Company properly managed the capital, since the objectives associated also with liquidity were met. Basic ratios concerning capital structure and working capital management, as defined in the financial plan reached the expected values, which enabled the achievement of the Parent Company's objectives, its smooth and reliable operation, and to raise funds for further development.

FINANCIAL LEVERAGE RATIO	**in thousand PLN**	
	2019	**2018**
Debt	*175 321*	*360 635*
Cash	*-404 501*	*-472 586*
Net Debt	*-229 180*	*-111 951*
Equity	*2 758 025*	*2 699 840*
Net Debt Relation to Equity	**-8,31%**	**-4,15%**

Debt is understood as long-term and short-term debt presented in the notes 16a and 17a.

In the reporting period the increase of net profit per share was recorded, the maximization of which is a strategic goal for Stalprodukt. The net profit per share decreased from PLN 51.01 in 2018 to PLN 27.68 in 2019.

Changes in equity for the years 2019 and 2018 are presented in the "Statement of changes in equity," which forms an integral part of the annual consolidated financial statements.

In 2019, 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, didn't change and is taking out 0.63.

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 Parent Company maintained a substantial amount of cash on bank accounts, deposing 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 capital management is run independently by the subsidiary Management Boards, applying the policy adopted by the Parent Company, subject to its supervision and monitoring.

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.

9. Other information and notes

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) degree of the Issuer's participation in management is 94.93 % in ZGH “Bolesław”, and 100% in other related parties,

b) the Issuer's and associated companies' mutual receivables and liabilities have been presented in the Tables below.

Items 2019	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.			262	2 361
Stalprodukt-Wamech sp. z o.o.	272	7 891	1 820	13 898
Stalprodukt-Centrostal sp. z o.o.	26	1 256	459	4 437
Stalprodukt-Serwis sp. z o.o.			460	4 295
Stalprodukt-Zamość sp. z o.o.	839	417	5 716	1 650
Stalprodukt-Ochrona sp. z o.o.	25	1 452	213	4 283
STP Elbud sp. z o.o.	243	3 011	2 259	23 665
Anew Institute sp.z o.o.	20			1 130
ZGH „Bolesław" S.A.		20		121
Cynk-Mal S.A.	3 992	1 197	29 853	5 484
GO Steel Frydek Mistek a.s.	27 053	8 450	222 688	50 564

Moreover, in 2019 some transactions were also finalized with the entities in which the Company holds shares: Stalnet Sp. z o.o.- sales PLN 459 thousand, costs PLN 174 thousand; receivables PLN 5 thousand, liabilities PLN 15 thousand; Stalprodukt-Profil S.A. sales PLN 425 thousand, receivables PLN 31 thousand. Under the contract to perform a specific task, the balance towards F&R Finanse Sp. z o.o. amounts PLN 12 808 thousand. These were typical market transactions.

Items 2018	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	31	1 433	761	4 637
Stalprodukt-Wamech sp. z o.o.	141	2 556	1 353	9 802
Stalprodukt-Centrostal sp. z o.o.	54	3 378	166 119	26 303
Stalprodukt-Serwis sp. z o.o.	77	1 246	686	5 532
Stalprodukt-Zamość sp. z o.o.	1 529	85	5 897	662
Stalprodukt-Ochrona sp. z o.o.	23	740	211	3 589
STP Elbud sp. z o.o.	291	4 055	2 951	28 560
Anew Institute sp.z o.o.		384		208
ZGH „Bolesław" S.A.		20		336
Cynk-Mal S.A.	5 390		32 350	10 277
GO Steel Frydek Mistek a.s.	45 193	7 162	207 249	20 356

Moreover, in 2018 some transactions were also finalized with the entities in which the Company holds shares: Stalnet Sp. z o.o.- sales PLN 667 thousand, costs PLN 324 thousand; receivables PLN 5 thousand, liabilities PLN 33 thousand; Stalprodukt-Profil S.A. sales PLN 632 thousand, receivables PLN 31 thousand. Under the contract to perform a specific task, the balance towards F&R Finanse Sp. z o.o. amounts PLN 12 804 thousand. These were typical market transactions.

10. Changes in the Issuer's Ownership Structure

In comparison to 2018, constituting a comparable period to this consolidated financial statement, the following changes occurred in the structure of the Issuer's Capital Group:

1. On 30th May 2019 the boards of the Issuer's three subsidiary companies, i.e. Stalprodukt-Wamech Ltd., Stalprodukt-Serwis Ltd. and Stalprodukt-MB Ltd. accepted their merger plan and subsequently informed about their intention to merge, providing all the legally-required documentation on their websites on 31st May 2019. The merger of the companies will take place according to art. 492 § 1 point 1) of the Commercial Companies Code, i.e. by transferring all the assets of the companies 'Stalprodukt-Serwis' Ltd. and Stalprodukt-MB Ltd. (the acquired companies) to 'Stalprodukt-Wamech' Ltd. (the acquiring company) for the shares that the acquiring company will hand over to the previous (the only) partner of the acquired companies, increasing simultaneously the share capital of the acquiring company.

   Within the framework of the merger the share capital of the acquiring company Stalprodukt-Wamech Ltd. will be raised from the amount of 1,200,000 PLN (read: one million two hundred thousand zlotys) up to the amount of 4,270,000 PLN (read: four million two hundred and seventy thousand zlotys) by issuing 3,070 (read: three thou and seventy) new shares with the face value equal 1,000 PLN (read: one thousand zlotys) each and with the total face value equal 3,070,000 PLN (read: three million seventy thousand zlotys). These new shares shall be covered by the only company's partner, i.e. Stalprodukt Joint-Stock Company in Bochnia, in return for all its shares in the acquired companies.

   The Issuer would also like to inform that the National Court Register recorded the merger of 'Stalprodukt-Serwis' Ltd. (on 18th July, 2019) and 'Stalprodukt-MB' (on 31st July, 2019) in the companies' registers. The merger of the abovementioned companies was registered by the National Court Register in the register of the acquiring company (Stalprodukt-Wamech Sp. z o.o.) on 3 September 2019.

   The objectives of the planned merger are as follows: streamlining the management of the Stalprodukt Capital Group through consolidation of the auxiliary companies in relation to the Issuer (mainly provision of the so-called after-sales services), optimising the companies' operations resulting from combining their technical, financial and human resource potential, decreasing their operational costs as well as gaining the effects of synergy.
2. There was an increase in the share in the capital ZGH "Bolesław" S.A. to 94.93% at the end of 2019 against 94.92% at the end of the comparative period. The increase took place as part of the purchase of employee shares of ZGH "Bolesław" S.A.

3. On 16 December 2019, the District Court for Kraków-Śródmieście in Kraków, XII Commercial Department of the National Court Register issued a decision (reference number KR.XII NS- REJ.KRS / 017644/19/26) to amend the Entrepreneurship Register of the National Court Register of the Company F&R Finanse sp. z o.o. with its registered office in Jawornik, involving the removal from the register of that company the ZGH "Boleslaw" S.A. as its partner. The company was removed from the register in connection with the redemption of all 12,300 shares held by the ZGH "Bolesław" S.A. in F & R Finanse sp. z o.o. with a nominal value of PLN 6,150,000.00, representing a 19.68% share in the company's share capital. The redemption took place at the request of ZGH "Bolesław" S.A. (voluntary redemption) from net profit, without reducing the share capital, for a total remuneration of PLN 9,254,766.00, i.e. for the remuneration of PLN 752.42 per share. The ZGH "Boleslaw" S.A. assumed that the continuation of shareholding in F&R Finanse sp. z o.o. is pointless and, consequently, it recognized the legitimacy of capitalization of the said shares and allocate obtained in this way funds to the company development objectives.
4. On 9th March 2019 the Extraordinary General Meeting of the companies: Przedsiębiorstwo Robót Drogowych (Highways, Street and Bridge Construction Company) in Olkusz Joint-Stock Company (the acquired company) and 'Boltech' Ltd. (the acquiring company), acting according to Art. 506 cl.1 of the Commercial Companies Code, passed the merger act. The merger took place through an acquisition, without creating new shares or increasing the share capital of the acquiring company and without changing the acquiring company's Articles of the Association (merger through acquisition). The merger was recorded in the Business Register of the National Court Register, for the acquiring company in the District Court in Kraków - Śródmieście, Cracow, 12th Commercial Department of the National Court Register on 1st April, 2019 (day of the merger).

In the structure of the Issuer's Capital Group, no other mergers, acquisition or sale of units, long-term investments, division, restructuring or discontinuance of an operation occurred, except for those mentioned in this statement.

11. Other information

Differences between the annual statement and the QSr_4/2019 report

SPECIFICATION	thousand x PLN		
	2019	IV 2019	difference
Profit and loss account			
I. Net revenue from sale of products, goods and materials	3 816 269	3 816 779	-510
II. Cost of sold products, goods, and materials	3 333 814	3 334 377	-563
III. Sales profit	239 694	238 016	1 678
IV. Operating profit	203 708	204 585	-877

V. Gross profit	200 674	202 058	-1 384
VI. Net profit	154 488	154 580	-92
Balance			
I. Fixed assets	**2 406 886**	**2 399 052**	**7 834**
1. Intangible assets	207 326	199 767	7 559
2. Tangible fixed assets	2 052 279	2 051 915	364
3. Long-term investments	36 748	36 779	-31
4. Long-term prepayments and accruals	109 830	109 888	-58
II. Current assets	**1 938 195**	**1 939 807**	**-1 612**
1. Stock	750 740	751 985	-1 245
2. Receivables	590 531	591 074	-543
3. Short-term investments	564 338	564 338	0
4. Assets held for sale	48		48
5. Short-term prepayments and accruals	32 538	32 410	128
Total assets	**4 345 081**	**4 338 860**	**6 221**
I. Equities	**2 758 025**	**2 758 109**	**-84**
II. Liabilities and provisions	**1 587 056**	**1 580 752**	**6 304**
Total equity and liabilities	**4 345 081**	**4 338 860**	**6 221**

Other data necessary to prepare the consolidated financial statement refer to the following exclusions and adjustments:

SPECIFICATION	thousand x PLN	
	2019	2018
shares	510 350	510 859
intangible assets	5 853	13 891
fixed assets	46 451	49 111
stock	0	0
investment properties	52 317	62 974
receivables and liabilities	63 612	74 849
revenue from the sale of goods	251 200	441 771
revenue from the sale of products	154 670	125 296
the value of goods sold	251 200	441 771
cost of manufacture of products sold	154 670	123 295
cost of sales	0	2 002
interest	199	749
loans	3 500	6 500
dividend	102 312	98 612
bargain purchase profit	0	19 749
adjusted purchase price of consolidated shares using the equity method	16 046	15 984

Events related to previous years included in the consolidated financial statement of the ZGH Bolesław S.A. Capital Group:

1) refund of excise duty related to electricity: PLN 4,152 thousand
2) updating the periods of use of fixed assets: PLN 4,352 thousand

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

In connection with the announcement of the Office of the Polish Financial Supervision Authority of 12 March 2020 regarding the recommendations of the European Securities and Markets Authority on the impact of the spread of the COVID-19 coronavirus on the situation of stock exchange issuers, information on the impact of this event on operations and financial results of the Company is provided below (this information was also provided in the form of stock exchange report No. 4/2020 on April 24, 2020).

To date, the impact of the COVID-19 Coronavirus pandemic on the Issuer's operations has been limited. The Company did not have any problems with supplying batch products (mainly hot rolled coils, supplied mainly by a local producer) and other raw materials necessary for conducting production activities.

The production in both basic Steel Product Segments (i.e. Electrical Sheets and Profiles) is ongoing and continuous. The problem is, however, the increased absenteeism associated with childcare and employees sick leave. The Management Board monitors the situation in this respect on an ongoing basis and strives to provide the necessary staff on production lines.

The above circumstances did not adversely affect the Company's financial liquidity and its ability to pay its liabilities. They did not significantly affect the Q1 financial results of 2020.

The Management Board of the Company emphasizes, however, that the negative impact of the Coronavirus pandemic will become apparent in April and at least in the next two months of the second quarter of this year. This assessment results from a noticeable decrease or withdrawal of orders by the Company's clients, especially in the Profile Segment; this applies to both domestic and foreign sales. This factor will certainly have a negative impact on the level of sales revenues possible to achieve in the near future, which in turn will contribute to a decrease in the Company's financial results. Based on the available information, the Management Board estimates the anticipated decrease in unit sales revenue at 20%, calculated as the ratio of total turnover over the next two months, i.e. March and April this year. compared to the total analogous turnover of 2 calendar months of the previous year. However, the Board is not able to accurately assess the impact of this situation on the forecast results for the second quarter of 2020.

Due to the desire to limit the negative effects of the pandemic on the future activities of the parent company, and also to ensure the protection of jobs, today, i.e. on 24 April, 2020, the

Stalprodukt Board signed an agreement with the trade unions operating in the Company. Pursuant to this agreement, from 1 May 2020, the working time and the remuneration of all employees of the Company will be reduced by 20 %.

This agreement was concluded for a period of 3 months. In connection with the above, and also taking into account the available financial resources resulting from the solutions provided for in the so-called Anti-crisis shield (the Act of 2 March, 2020 on special solutions related to the counteracting, preventing and eradicating of COVID-19, other infectious diseases and crisis situations caused by them and the Act of 31 March, 2020 amending the above Act), the Company will put forward a request to the Provincial Labour Office to support entrepreneurs to protect jobs from the Guaranteed Employee Benefits Fund.

The Management Board of Stalprodukt S.A. also informs that appropriate procedures have already been implemented in the Company in March this year to reduce the risk of Coronavirus infection. They include, among others: compulsory quarantine of employees returning from abroad and those who may have had contact with infected persons, temperature measurement of persons entering the premises of the plant or restrictions on business contacts, personal protective equipment has also been provided. Some employees also took up remote work.

The Company's Management Board, as at the date of publication of this report (i.e. 15 May 2020), is not able to more accurately assess the impact of the spread of the Coronavirus pandemic on the Company's future operations and financial results. In the event of a change in the current situation, the Issuer will update the information contained in this report.

In the opinion of the Issuer's Management Board, the above events did not cause the need to make adjustments to the financial statements for the first quarter of 2020. They also do not pose a threat to the Company's going concern as at the date of this report. Although this situation is still changing, so far the Management Board of the Company has not noted its noticeable impact on the sales or supply chain of the entity. However, this situation will change in the second quarter of 2020, which is why the Issuer's Management Board will continue to monitor the potential impact of the coronavirus pandemic on an ongoing basis and will take all possible steps to mitigate any negative effects on the Company's operations.

Joint ventures with other entities

The subsidy is related to the implementation and financing of a project in the area of renewable energy sources, i.e. the construction of a prototype of an innovative wind turbine with a vertical axis of rotation, with a capacity of 1.5 MW.
The project was co-financed by the National Centre for Research and Development within the framework of the pilot project *Support for scientific research and development on the demonstration scale DEMONSTRATOR+.* The relevant contract was signed in December 2013 and the planned completion date of the project according to the contract no. UOD-DEM-1-

153/001 and later Annexes is 30.06.2018. The final report was also submitted to the NCBiR, which was adopted on February 18, 2020.
The total amount of the grant is PLN 12,539,923.
As part of a consortium (which – apart from the Company - includes the AGH University of Science and Technology in Krakow and ANew Institue Sp.z o.o.), established
by agreement of December 10, 2013 for the implementation and financing of the abovementioned project, due to the turbine failure during its testing, repair work was necessary to perform, which in 2019 included:
- wing repair,
- replacement of bolts in central nodes.

The strengthening of pylons that will be completed in the first half of 2020 still remains to be implemented. In addition, actions were taken to obtain administrative permits for the use of the facility.

Remuneration of managing and supervising persons

1. Remuneration, including awards, paid to managing and supervising persons in the parent company amounted to PLN 3,792 thousand in 2018 and PLN 5,014 thousand in 2019, including the remuneration of the Management Board respectively: PLN 3,473 and PLN 4,643 thousand and the remuneration of the Supervisory Board PLN 319 thousand and 371 thousand.
2. The remuneration of the Company's managing and supervising persons for performing functions in the governing bodies of subsidiaries amounted to PLN 397 thousand in 2018, including: managing persons PLN 340 thousand and supervising persons PLN 57 thousand, while in 2019 – PLN 336 thousand, including managing persons PLN 296 thousand and supervising persons PLN 40 thousand.

Events after the balance sheet date

On 29 April.2020 the Management Board of ZGH "Bolesław" S.A. ("the Company") informed the Issuer that it had adopted a resolution on the termination of mining of zinc and lead ores in "Olkusz - Pomorzany" Mine on 31 December 2020. The termination of mining shall be understood as submission of the statement, as of 31 December 2020, on the renunciation of its concessions for mining zinc and lead ores from the "Pomorzany" deposit, as well as parts of "Olkusz" and "Klucze I" deposits.
The cost of carrying out the liquidation of the "Olkusz-Pomorzany" Mine in accordance with the liquidation programme is estimated by the Company to be approximately PLN 140 million, which is included in the Company's balance sheet in the form of a provision (PLN 116.8 million) and funds accumulated in the mine liquidation fund (PLN 19.8 million). The closure of the mine will not negatively affect a continuation of ZGH "Bolesław" S.A. business.

In addition, a provision in the amount of PLN 296.1 million was created in the consolidated statement of financial position, intended, among others, for liquidation of the mine and covering any damages related thereto.
In the opinion of the parent entity's Management Board, the assets of the "Olkusz-Pomorzany" mine do not constitute a separate type of activity. They are presented as part of the Zinc Segment's assets and do not generate significant financial flows separate from the Zinc Segment.
At the same time, the Issuer's Management Board would like to underline that the above mentioned deadline for ZGH "Bolesław" S.A. to cease its mining operations is in line with its earlier plans. In particular, this date was specified in the development strategy for the Zinc Segment, published in current report no. 33 of 27 October 2016.
The above information about ZGH's decision to terminate mining operations was provided to the WSE in current report no. 6/2020 on April 29, 2020.

Other information

1. In 2019, the Stalprodukt Capital Group did not discontinue any activities of any kind.

2. In the reporting period, the Group incurred capital expenditures in the amount of PLN 218,311 thousand. Including the amount of PLN 133,624 thousand for environmental protection. The planned capital expenditures for 2020 will amount to approximately PLN 300,000 thousand. Capital expenditures will be used to finance property, plant and equipment.

3. In the reporting year, the Group did not carry out any joint ventures with other entities, except for those mentioned in item 12 of this statement "Other information - joint ventures with other entities".

4. Average employment:

   - in 2019 the total number of employed persons was 6 499,

   - in 2018 the total number of employed persons was 6 481.

5. Neither the Parent Company nor its subsidiaries granted advances, credits, loans, guarantees and sureties to members of the Management Board and Supervisory Board, except for loans from the Company Social Benefits Fund.
6. The remuneration of the auditing company amounted to:
   - for the review of the half-yearly separate financial statement - PLN 18,000;
   - for the review of the half-yearly consolidated financial statement - PLN 16,000;

   In addition, the price for the audit of the annual financial statements will be:
   - separate financial statement - PLN 45,000;
   - consolidated financial statement - PLN 22,000.

7. The bankruptcy and composition proceedings in progress include the Group's receivables for the total amount of PLN 3,977 of which PLN 743 thousand falls to Stalprodukt S.A. and ZGH "Bolesław” S.A. PLN 3,234 thousand. In the reporting period, no other significant proceedings concerning liabilities or receivables, which could have a significant impact on the future results and financial situation of the Group, were initiated or are pending before a court or a public administration authority.

8. As at the balance sheet date, Stalprodukt S.A. Capital Group has the following off-balance sheet contingent liabilities:

  - performance guarantee related to the manufacture and installation of road barriers with a total value of PLN 15,888 thousand and a blank promissory note surety of PLN 13,000 thousand issued by STP Elbud Sp. z o.o. to secure an investment credit granted by Bank Pekao S.A.
  - guarantees and sureties of promissory note granted by ZGH "Bolesław" S.A. in the amount of PLN 1,547.5 thousand.
  - ZGH "Bolesław" S.A. issued a promissory note in connection with the contract concluded with the National Centre for Research and Development for the amount of PLN 38.8 million (investment in the bathtub hall) for co-financing the project under the operational programme intelligent development (contract No. POIR.01.01.01.02-00-0159/16-00).

    - ZGH "Bolesław" S.A. in the IV quarter of 2019 established in the form of bank guarantees a collateral for claims of the waste holder in favour of the Marshal of the Małopolska Province in the total amount of PLN 9,132,100. The collateral in the amount of PLN 9,111.0 thousand applies to the installation of rotary kilns used for the production of zinc concentrate from waste zinc-bearing materials in a roll down process. The second collateral in the amount of PLN 21.1 thousand applies to installations used for the production of electrolytic zinc and its alloys.

9. No other significant events were recorded, apart from those related to previous years, included in the annual consolidated financial statement as at 31.12.2019, which distorted the image of the business activity of the financial year 2019.

10. After 31.12.2019, apart from the information contained in this report and in the report of the Management Board of the parent company, no other events not included in the consolidated financial statement for 2019 occurred, which could significantly affect the situation in the Group and its future financial results.

11. No financial statement and comparable financial data adjusted for inflation are presented because the cumulative average annual inflation rate over the last three years did not reach 100%.

12. On April 28, 2020, a Member of the Management Board, Marketing Director, Józef Ryszka, resigned from the position of the Board Member effective as of April 29, 2020. The reason for resignation was reaching retirement age and acquiring retirement rights.

13. This consolidated financial statement of Stalprodukt S.A. Capital Group for 2019 was approved for publication by the Management Board of the Parent Company on 30 April 2020.

Bochnia, 30 April 2020.

The person authorised to
keep accounting books

Head of the Accounting
and Tax Department

………………………..	………………………..
Łukasz Mentel Member of the Management Board Chief Financial Officer	Piotr Janeczek President of the Management Board Chief Executive Officer