



STALPRODUKT S.A.

Abridged Consolidated Financial Report for the 3rd Quarter of 2019

Bochnia, November 2019

I. Consolidated Financial Report for the 3rd quarter of 2019

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	3 quarter(s) increasingly for the period from 01-01-2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01- 2018 to 30-09- 2018	3 quarter(s) increasingly for the period from 01-01-2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01-2018 to 30-09-2018
I. Net sales of products, goods and materials	2 910 974	2 989 641	675 619	702 866
II. Operating profit (loss)	182 901	266 589	42 450	62 675
III. Profit (loss) before taxation	172 008	293 777	39 922	69 067
IV. Net profit (loss)	131 827	242 418	30 596	56 993
- attributable to shareholders of the parent company	122 232	230 895	28 369	54 284
- net profit attributed to non-controlling interests	9 596	11 523	2 227	2 709
V. Net cash flow from operating activities	239 886	258 383	55 676	60 746
VI. Net cash flow from investment activities	-184 042	-225 085	-42 715	-52 918
VII. Net cash flow from financial activities	-182 601	-30 466	-42 381	-7 162
VIII. Total net cash flow	-126 757	2 832	-29 420	666
IX. Total assets	4 284 000	4 308 838	979 513	1 008 765
X. Liabilities and provisions for liabilities	1 584 334	1 621 077	362 249	379 519
XI. Long-term liabilities	561 665	495 853	128 422	116 087
XII. Short-term liabilities	579 876	724 101	132 586	169 523
XIII. Shareholders' equity	2 699 667	2 687 761	617 264	629 246
- equity attributable to shareholders of the parent	2 596 710	2 581 388	593 724	604 342
- equity attributed to non-controlling interests	102 957	106 373	23 541	24 904
XIV. Share capital	11 161	11 161	2 552	2 613
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)	23,62	43,44	5,48	10,21
XVII. Diluted profit (loss) per ordinary share (PLN)				
XVIII. Book value per share (PLN)	483,79	481,65	110,62	112,76
XIX. Diluted book value per share (PLN)				
XX. Declared or paid-out dividend for one share in (PLN/EUR)	5,00	3,00	1,17	0,71

1. Comparable financial data (item IX-XIV and XVIII) was presented pursuant to the requirements of the International Financial Reporting Standards according to the balance for this 31st December 2018. Other comparable data is presented for the period from 1st January 2018 to 30th September 2018.
2. EUR exchange rates according to the following principles were used for the conversion of the currency into PLN:
 - the assets and liabilities items of the balance sheet were converted into EUR according to the average rate announced by the National Bank of Poland for this 30th September 2019 and amounting to 4.3736 and 4.2714 for this 31st December 2018.
 - the profit and loss account items and the cash flow items were converted into EUR according to the rate being the simple average of the average EUR rates announced by the National Bank of Poland on the last day of each month included in the report and amounting to PLN 4.3086 for 3 quarters of 2019 and PLN 4.2535 for 3 quarters of 2018.
3. In the item XX the amount of the dividend for 1 share to paid out in 2019 and 2018 by the Issuer.
4. For profit-per-share calculation the number of 5 580 267 shares was adopted.

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CONSOLIDATED BALANCE SHEET	(thousand x PLN)			
	30.09.2019	30.06.2019	31.12.2018	30.09.2018
Assets				
I. Fixed assets	2 374 458	2 380 694	2 313 530	2 234 074
1. Intangible fixed assets, including	229 879	232 599	171 373	145 573
- right of perpetual land use	124 199	124 641	80 344	82 045
2. Tangible fixed assets	1 992 609	2 002 072	1 968 406	1 940 098
3. Long-term receivables	730	640	630	717
4. Long-term investments	42 726	61 625	98 867	68 104
4.1. Real estate investments	4 014	2 631	7 675	3 009
4.2. Intangible assets				
4.3. Long-term financial assets	38 712	42 917	75 141	65 095
4.4. Other long-term investments		16 077	16 051	
5. Long-term prepayments	108 514	83 758	74 254	79 582
5.1. Deferred income tax assets	30 660	30 660	31 697	60 937
5.2. Other prepayments	77 854	53 098	42 557	18 645
II. Current assets	1 909 541	2 015 966	2 043 841	2 074 764
1. Inventories	771 515	834 202	799 798	731 473
2. Short-term receivables	621 213	646 386	629 786	660 507
3. Short-term investments	493 081	506 341	596 005	635 654
3.1. Short-term financial assets	420 671	443 177	532 511	579 442
a) loans	20 157	20 153	20 000	30 000
b) short-term securities	54 686	45 172	39 925	48 573
c) cash and cash equivalents	345 828	377 852	472 586	500 869
3.2. Other short-term investments	72 410	63 164	63 494	56 212
4. Short-term prepayments	23 732	29 037	18 252	47 130
Total assets	4 284 000	4 396 660	4 357 371	4 308 838
Liabilities				
I. Shareholders' equity	2 699 667	2 591 540	2 699 840	2 687 761
1. Equity attributable to shareholders of the parent company	2 596 710	2 489 525	2 593 547	2 581 388
1.1. Share capital	11 161	11 161	11 161	11 161
1.1. Exchange differences	5 746	1 435	2 493	
1.2. Reserve capital	619 376	669 777	561 927	574 242
1.3. Reserve capital from revaluation	16 901	43 257	65 288	98 331
1.4. Other reserve capital	1 733 085	1 675 053	1 574 552	1 559 299
1.5. Retained earnings (losses)	88 209	-461	107 838	107 460
1.6. Net profit (loss)	122 232	89 303	270 288	230 895
2. Capital non-controlling interests	102 957	102 015	106 293	106 373
II. Liabilities and provisions for liabilities	1 584 334	1 805 120	1 657 531	1 621 077
1. Provisions for liabilities	385 714	376 922	381 328	368 388
1.1. Provision for deferred income tax	125 437	124 698	114 099	96 304
1.2. Other provisions	260 277	252 224	267 229	272 084
a) long-term	191 314	191 531	191 867	196 678
b) short-term	68 963	60 693	75 362	75 406
2. Long-term liabilities	561 665	571 734	497 848	495 853
2.1. Long-term credits and loans	126 753	139 028	150 839	169 870
2.3. Contingent liabilities due to the purchase of ZGH	138 797	136 591	50 894	29 868
2.2. Other long-term liabilities	296 115	296 115	296 115	296 115

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3. Short-term liabilities	579 876	804 735	745 289	724 101
3.1. Short-term credits and loans	40 752	177 971	160 869	146 438
3.2. Current part of long-term credits and loans	22 600	20 000	20 000	20 000
3.3. Trade liabilities	316 938	303 737	385 637	347 606
3.4. Income tax liabilities	3 049	7	24 036	24 146
3.5. Other short-term liabilities	196 537	303 020	154 747	185 911
4. Accruals	57 079	51 729	33 066	32 735
Total liabilities	4 284 000	4 396 660	4 357 371	4 308 838
Book value	2 699 667	2 591 540	2 699 840	2 687 761
Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
Book value per share (PLN)	483,79	464,41	483,82	481,65

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period	thousand x PLN			
	III quarter of 2019 - period from 01-07-2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01-2019 to 30-09-2019	III quarter of 2016 - period from 01-07-2018 to 30-09-2018	3 quarter(s) increasingly for the period from 01-01-2018 to 30-09-2018
I. Net sales of products, goods and materials, including:	961 222	2 910 974	1 019 363	2 989 641
1. Net sales of products	914 924	2 819 853	988 336	2 891 530
2. Net sales of goods and materials	46 298	91 121	31 027	98 111
II. Costs of products, merchandise and materials sold, including:	848 665	2 549 656	886 624	2 552 763
1. Production cost of products sold	803 082	2 464 020	860 867	2 467 426
2. Value of goods and materials sold	45 583	85 636	25 757	85 337
III. Gross profit (loss) on sales	112 557	361 318	132 739	436 878
IV. Selling costs	22 756	63 723	24 792	57 686
V. General and administrative costs	38 643	114 259	38 616	112 621
VI. Profit (loss) on sales	51 158	183 336	69 331	266 571
VII. Other operating incomes	10 292	28 939	9 488	21 637
VIII. Other operating costs	10 993	29 374	5 306	21 619
IX. Operating profit (loss)	50 457	182 901	73 513	266 589
X. Financial incomes	5 732	13 111	3 662	40 165
- including: profit from the bargain purchase of GO STEEL		0		19 749
XI. Financial costs	9 353	24 211	-1 615	12 977
XII. Profit from shares in associated entities	174			
XII. Profit (loss) before taxation	47 010	172 008	78 790	293 777
XIII. Income tax	11 304	40 181	14 806	51 359
XIV. Net profit (loss)	35 706	131 827	63 984	242 418
1. Attributable to shareholders of the parent company	32 928	122 232	60 920	230 895
2. Attributed to non-controlling interests	2 778	9 595	3 064	11 523
Profit (loss) net	35 706	131 827	63 984	242 418
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267	5 580 267
Profit (loss) for one ordinary share (in PLN)	6,40	23,62	11,47	43,44

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TOTAL COMPREHENSIVE CONSOLIDATED INCOME for the period	thousand x PLN			
	III quarter of 2019 - period from 01-07-2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01-2019 to 30-09-2019	III quarter of 2016 - period from 01-07-2018 to 30-09-2018	3 quarter(s) increasingly for the period from 01-01-2018 to 30-09-2018
Net result	35 706	131 827	63 984	242 418
Gain from a bargain purchase				
The effective part of the cash flow hedging in accordance with IFRS 9	-26 356	-48 387	127 211	220 334
Total Comprehensive Income	9 350	83 440	191 195	462 752
Total comprehensive income attributable to the parent company shareholders	8 875	79 201	181 669	440 036
Total comprehensive income attributed to non-controlling interests	475	4 239	9 526	22 716

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Statement of changes in equity for the period from 1st January to 30th September 2019 and 2018	thousand x PLN								
	Share capital	Exchange differences	Supplementary capital	Revaluation reserve	Other reserve capital	Retained profits	Current year net profit	Capital non-controlling interests	Equity TOTAL
Balance on this 1.01.2019 (opening balance)	11 161	2 493	561 927	65 288	1 574 552	378 126		106 293	2 699 840
Profit distribution			105 738		98 661	-204 399			0
Intercapital and consolidation transfer		3 253	-48 289		59 872	42 053		-12 931	43 958
Dividend						-127 571			-127 571
Valuation of hedging transactions				-48 387		0			-48 387
Total comprehensive income for period 1.01 - 30.09.2019							122 232	9 595	131 827
Balance on this 30.09.2019 (closing balance)	11 161	5 746	619 376	16 901	1 733 085	88 209	122 232	102 957	2 699 667
Balance on this 1.01.2018 (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			8 572		622	-4 864		4 481	8 811
Dividend						-24 445			-24 445
Valuation of hedging transactions				225 309					225 309
Total comprehensive income for period 1.01 - 30.09.2018							230 895	11 523	242 418
Balance on this 30.09.2018 (closing balance)	11 161		574 242	98 331	1 559 299	107 460	230 895	106 373	2 687 761

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CONSOLIDATED CASH FLOW ACCOUNT for the period	thousand x PLN	
	3 quarter(s) increasingly for the period from 01- 01-2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01- 01-2018 to 30-09-2018
A. Cash flow from operational activity - indirect method	239 886	258 383
I. Profit (loss) before taxation	162 413	242 418
II. Tax paid	-35 862	
III. Total adjustments	113 335	15 965
1. Share in net (profits) losses of subsidiary entities evaluated by equity method	9 595	
2. Depreciation	123 858	109 098
3. (Profit) loss from exchange rate fluctuations	11	-469
4. Interest and profit share (dividends)	8 852	10 022
5. (Profit) loss on investment activities	4 554	3 285
6. Change in reserves	-4 163	87 982
7. Change in inventories	30 536	-88 012
8. Change in receivables	8 857	-95 619
9. Change in short-term liabilities except for loans and credits	-73 605	-13 912
10. Change in accruals	2 853	3 590
11. Other adjustments	1 987	
III. Net cash flow from operating activities	239 886	258 383
B. Cash flow from investment activity	-184 042	-225 085
I. Inflows	4 846	134 167
1. Sales of intangible and tangible fixed assets	544	527
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	4 302	133 640
- financial assets sold	4 249	113 188
- dividends and profit share received		
- repayment of long-term loans granted	0	20 000
- interest received	53	452
- other inflows from financial assets		
4. Other investment inflows		
II. Outflows	-188 888	-359 252
1. Purchase of intangible and tangible fixed assets	-180 117	-123 256
2. Real estate property and intangible assets		
3. To financial assets, including:	-8 763	-235 652
- financial assets purchased	-7 989	-235 652
- long-term loans granted	-774	
4. Other investment outflows	0	
III. Net cash flow from investment activities	-8	-344
C. Cash flow from financial activity	-184 042	-225 085
I. Inflows	-182 601	-30 466
1. Net inflows from issue of shares, other capital instruments and capital receipts	10 524	44 059
2. Credits and loans		
3. Issue of debentures	1 268	43 259

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4. Other financial inflows		
II. Outflows	9 256	800
1. Purchase of own shares	-193 125	-74 525
2. Dividends and other dues paid to shareholders		
3. Outflows from profit distribution, other than dues paid to shareholders	-35 526	-24 445
4. Credits and loans repaid		
5. Redemption of debentures	-142 660	-37 252
6. From other financial liabilities		
7. Contractual payments of financial leasing dues		
8. Interest paid	-3 992	-1 860
9. Other financial outflows	-8 905	-10 476
III. Net cash flow from financial activities	-2 042	-492
D. Total net cash flow	-182 601	-30 466
E. Balance sheet change in cash, including:	-126 758	2 832
- change in cash due to exchange rates fluctuations	-126 758	2 832
F. Cash (beginning of period)	-40	
G. Cash (end of period), including:	472 586	498 037
- of limited access and disposal	345 828	500 869
	2 519	

II. Abridged Financial Report for the 3rd quarter of 2019

Selected Financial Data	thousand x PLN		thousand x EUR	
	3 quarter(s) increasingly for the period from 01-01-2019 to 30- 09-2019	3 quarter(s) increasingly for the period from 01-01-2018 to 30- 09-2018	3 quarter(s) increasingly for the period from 01-01-2019 to 30- 09-2019	3 quarter(s) increasingly for the period from 01-01-2018 to 30- 09-2018
I. Net sales of products, goods and materials	1 164 898	1 177 224	270 366	276 766
II. Operating profit (loss)	4 776	42 112	1 108	9 901
III. Profit (loss) before taxation	100 806	136 771	23 396	32 155
IV. Net profit (loss)	97 725	130 167	22 681	30 602
V. Net cash flow from operating activities	90 249	-17 625	20 946	-4 144
VI. Net cash flow from investment activities	85 826	-60 401	19 920	-14 200
VII. Net cash flow from financial activities	-162 881	10 871	-37 804	2 556
VIII. Total net cash flow	13 194	-67 155	3 062	-15 788
IX. Total assets	2 151 697	2 191 689	491 974	513 108
X. Liabilities and provisions for liabilities	467 635	543 261	106 922	127 186
XI. Long-term liabilities	110 505	80 000	25 266	18 729
XII. Short-term liabilities	234 867	358 865	53 701	84 016
XIII. Shareholders' equity	1 684 062	1 648 428	385 052	385 922
XIV. Share capital	11 161	11 161	2 552	2 613
XV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XVI. Profit (loss) per ordinary share (PLN)	17,51	23,33	4,06	5,48
Diluted profit (loss) per ordinary share (PLN)				
XVII. Book value per share (PLN)	301,79	295,40	69,00	69,16
Diluted book value per share (PLN)				
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)	5,00	3,00	1,17	0,71

1. Comparable financial data (item IX-XIV and XVII) was presented pursuant to the requirements of the International Financial Reporting Standards according to the balance for this 31st December 2018. Other comparable data is presented for the period from 1st January 2018 to 30th September 2018.
2. EUR exchange rates according to the following principles were used for the conversion of the currency into PLN:
 - the assets and liabilities items of the balance sheet were converted into EUR according to the average rate announced by the National Bank of Poland for this 30th September 2019 and amounting to 4.3736 and 4.2714 for this 31st December 2018.
 - the profit and loss account items and the cash flow items were converted into EUR according to the rate being the simple average of the average EUR rates announced by the National Bank of Poland on the last day of each month included in the report and amounting to PLN 4.3086 for 3 quarters of 2019 and PLN 4.2535 for 3 quarters of 2018.
3. In the item XVIII the amount of the dividend for 1 share to paid out in 2019 and 2018 by the Issuer.
4. For profit-per-share calculation the number of 5 580 267 shares was adopted.

Abridged Consolidated Financial Report for the 3rd Quarter of 2019.

BALANCE SHEET	(thousand x PLN)			
	30.09.2019	30.06.2019	31.12.2018	30.09.2018
Assets				
I. Fixed assets	1 524 284	1 532 444	1 507 844	1 500 542
1. Intangible fixed assets, including	115 929	116 017	71 825	44 209
- right of perpetual land use	85 074	85 413	41 033	41 033
2. Tangible fixed assets	824 664	831 097	841 862	857 270
3. Long-term receivables				
4. Long-term investments	581 588	583 227	592 476	597 763
4.1. Real estate investments	54 770	55 225	62 974	65 538
4.2. Intangible assets				
4.3. Long-term financial assets	526 818	528 002	529 502	532 225
4.4. Other long-term investments				
5. Long-term prepayments	2 103	2 103	1 681	1 300
5.1. Deferred income tax assets	2 103	2 103	1 681	1 300
5.2. Other prepayments				
II. Current assets	627 413	646 274	711 028	691 147
1. Inventories	309 853	322 404	377 107	322 464
2. Short-term receivables	250 124	265 935	282 606	282 641
- including trade receivables in excess of 1 year	443	445	575	572
3. Short-term investments	66 265	55 925	51 113	70 617
3.1. Short-term financial assets	64 306	55 842	51 112	70 617
a) loans	23 500	23 500	23 500	31 000
b) short-term securities				
c) cash and cash equivalents	40 806	32 342	27 612	39 616
3.2. Other short-term investments	1 959	83	1	1
4. Short-term prepayments	1 171	2 010	202	15 425
Total assets	2 151 697	2 178 718	2 218 872	2 191 689
Liabilities				
I. Shareholders' equity	1 684 062	1 588 097	1 632 876	1 648 428
1. Share capital	11 161	11 161	11 161	11 161
2. Own shares (stakes) (negative value)				
3. Reserve capital	103 749	104 184	104 184	104 184
4. Reserve capital from revaluation				
5. Other reserve capital	1 500 062	1 500 062	1 402 915	1 402 916
6. Retained earnings (losses)	-28 635	-28 635	-10 432	
7. Net profit (loss)	97 725	1 325	125 048	130 167
II. Liabilities and provisions for liabilities	467 635	590 621	585 996	543 261
1. Provisions for liabilities	109 007	108 409	105 944	98 853
1.1. Provision for deferred income tax	74 809	74 071	71 458	58 821
1.2. Other provisions	34 198	34 338	34 486	40 032
a) long-term	32 720	32 720	32 665	38 993
b) short-term	1 477	1 618	1 821	1 039
2. Long-term liabilities	110 505	119 988	70 000	80 000
2.1. Long-term credits and loans	55 000	65 000	70 000	80 000
2.2. Other long-term liabilities	55 505	54 988		
3. Short-term liabilities	234 867	355 803	404 095	358 865
3.1. Short-term credits and loans		133 648	112 674	106 754
3.2. Current part of long-term credits and	20 000	20 000	20 000	20 000

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loans				
3.3. Trade liabilities	186 635	145 058	243 046	201 207
- including trade payables in excess of 1 year	2 308	2 075	1 979	1 510
3.4. Income tax liabilities				
3.5. Other short-term liabilities	28 231	57 097	28 375	30 904
4. Accruals	13 256	6 421	5 957	5 543
Total liabilities	2 151 697	2 178 718	2 218 872	2 191 689
Book value	1 684 062	1 588 097	1 632 876	1 648 428
Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
Book value per share (PLN)	301,79	284,59	292,62	295,40
Diluted number of shares				
Diluted book value per share (PLN)				

PROFIT AND LOSS ACCOUNT for the period	(thousand x PLN)			
	III quarter of 2019 - period from 01-07-2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01-2019 to 30-09-2019	III quarter of 2016 - period from 01-07-2018 to 30-09-2018	3 quarter(s) increasingly for the period from 01-01-2018 to 30-09-2018
I. Net sales of products, goods and materials, including:	362 006	1 164 898	413 406	1 177 224
1. Net sales of products	301 158	952 331	324 164	980 406
2. Net sales of goods and materials	60 848	212 567	89 242	196 818
II. Costs of products, goods and materials sold, including:	338 178	1 093 134	378 130	1 074 216
1. Production cost of products sold	277 612	882 407	290 801	883 682
2. Value of goods and materials sold	60 566	210 727	87 329	190 534
III. Gross profit (loss) on sales	23 828	71 764	35 276	103 008
IV. Selling costs	12 735	35 491	11 008	27 883
V. General and administrative costs	11 961	32 734	13 510	33 358
VI. Profit (loss) on sales	-868	3 539	10 758	41 767
VII. Other operating incomes	4 276	5 002	3 127	3 425
VIII. Other operating costs	176	3 765	-151	3 080
IX. Operating profit (loss)	3 232	4 776	14 036	42 112
X. Financial incomes	95 061	103 155	94 776	100 771
XI. Financial costs	1 098	7 125	2 230	6 112
XII. Profit (loss) before taxation	97 195	100 806	106 582	136 771
XIII. Income tax	795	3 081	2 021	6 604
XIV. Other statutory reductions in profit (increases in loss)	0			
XIV. Net profit (loss)	96 400	97 725	104 561	130 167
Net profit (loss)	96 400	97 725	104 561	130 167
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267	5 580 267
Profit (loss) per ordinary share (PLN)	17,28	17,51	18,74	23,33
Weighted average predicted number of ordinary shares				
Diluted profit (loss) per ordinary share (PLN)				

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TOTAL COMPREHENSIVE INCOME for the period	(thousand x PLN)			
	III quarter of 2019 - period from 01-07- 2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01-2019 to 30- 09-2019	III quarter of 2016 - period from 01- 07-2018 to 30-09- 2018	3 quarter(s) increasingly for the period from 01-01-2018 to 30- 09-2018
Net result	96 400	97 725	104 561	130 167
Differences from evaluation				
Total Comprehensive Income	96 400	97 725	104 561	130 167

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Statement of changes in equity for the period from 1st January to 30th September 2019 and 2018	(thousand x PLN)						
	Share capital	Supplementary capital	Revaluation reserve	Other reserve capital	Retained profits	Current year net profit	Equity TOTAL
Balance on this 01.01.2019 (opening balance)	11 161	104 184		1 402 915	114 616		1 632 876
Profit distribution				97 147	-97 147		0
Change in shares – merger of companies		-434					-434
Dividend					-27 901		-27 901
Profit (loss) from previous years - due to the application of IFRS 16					-18 203		-18 203
Total comprehensive income for period 1.01 - 30.09.2019						97 725	97 725
Balance on this 30.09.2019 (closing balance)	11 161	103 750	0	1 500 062	-28 635	97 725	1 684 063
Balance on this 01.01.2018 (opening balance)	11 161	104 184		1 319 602	100 054		1 535 001
Profit distribution				83 314	-83 314		0
Intercapital transfer							
Dividend					-16 740		-16 740
Total comprehensive income for period 1.01 - 30.09.2018						130 167	130 167
Balance on this 30.09.2018 (closing balance)	11 161	104 184		1 402 916	0	130 167	1 648 428

CASH FLOW ACCOUNT for the period	(thousand x PLN)	
	3 quarter(s) increasingly for the period from 01-01- 2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01- 2018 to 30-09-2018
A. Cash flow from operating activities – indirect method	90 249	-17 625
I. Net profit (loss)	97 725	130 167
II. Total adjustments	-7 476	-147 792
1. Depreciation	38 701	35 588
2. (Profit) loss from exchange rate fluctuations		
3. Interest and profit share (dividends)	-97 235	-92 915
4. (Profit) loss on investment activities	457	1 683
5. Change in reserves	3 062	6 442
6. Change in inventories	67 254	-82 196
7. Change in receivables	32 482	-38 993
8. Change in short-term liabilities except for loans and credits	-58 106	25 798
9. Change in accruals	5 909	-3 199
10. Other adjustments		
III. Net cash flow from operating activities	90 249	-17 625
B. Cash flow from investment activities	85 826	-60 401
I. Inflows	104 792	99 645
1. Sales of intangible and tangible fixed assets	43	38
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	104 749	99 607
- financial assets sold		
- dividends and profit share received	102 311	98 612
- repayments of long-term loans granted		
- interest received	188	245
- other inflows from financial assets	2 250	750
4. Other investment inflows		
II. Outflows	-18 966	-160 046
1. Purchase of intangible and tangible fixed assets	-18 966	-21 086
2. Real estate property and intangible assets		
3. To financial assets, including:		-138 960
- financial assets purchased		-138 960
- long-term loans granted		
4. Other investment outflows		
III. Net cash flow from investment activities	85 826	-60 401
C. Cash flow from financial activities	-162 881	10 871
I. Inflows	0	34 047
1. Net inflows from issue of shares, other capital instruments or capital receipts		
2. Credits and loans		33 247
3. Issue of debentures		
4. Other financial inflows		800
II. Outflows	-162 881	-23 176
1. Purchase of own shares		
2. Dividends and other dues paid to shareholders	-27 901	-16 741

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Additional Information

3. Outflows from profit distribution, other than dues paid to shareholders		
4. Credits and loans repaid	-127 674	
5. Redemption of debentures		
6. From other financial liabilities		
7. Contractual payments of financial lease dues		
8. Interest paid	-5 264	-5 942
9. Other financial outflows	-2 041	-493
III. Net cash flow from financial activities	-162 881	10 871
D. Total net cash flow	13 194	-67 155
E. Balance sheet change in cash	13 194	-67 155
F. Cash (beginning of period)	27 612	106 771
G. Cash (end of period)	40 806	39 616

III. Introductory Information

1. The basic data

Apart from the parent company, the Stalprodukt S.A. Capital Group embraces 9 associated entities accounting for subsidiary companies (in the reporting period the merger of Stalprodukt-Wamech Sp. z o.o., Stalprodukt-Serwis Sp. z o.o., and Stalprodukt-MB Sp. z o.o. was registered). Stalprodukt S.A. holds 100 % of shares in the subsidiary companies, except for Zakłady Górniczo-Hutnicze "Bolesław", where it holds 94.92 % of shares.

As the group's parent company, Stalprodukt S.A., provides operating and development guidelines for the associated entities formed within the framework of the Company's restructuring and expansion of its production, trade and services and organization of its own sales network.

The basic objects of operation of the capital group companies are:

- production of electrical transformer sheets – parent company Stalprodukt S.A., GO Steel Frydek Mistek a.s.
- production of cold formed profiles, road safety barriers as well as cut-to-length cold- and hot-rolled sheets and strips – parent company Stalprodukt S.A.,
- non-ferrous metal ores mining and zinc and lead production – ZGH "Bolesław" S.A. along with its subsidiary companies:
 - Zinc Smelter - Huta Cynku "Miasteczko Śląskie" S.A. – production of rectified zinc, lead and cadmium,
 - Bol-Therm Sp. z o.o. – power supply-, laboratory-, mechanics and construction- related services, transport-equipment and forwarding services, production of dolomite aggregates, zinc products and zinc alloys,
 - Gradir Montenegro d.o.o. – zinc ores mining and concentrate production,
 - Agencja Ochrony Osób i Mienia "Karo" Sp. z o.o. – bodyguard and property security services,
 - PRD Olkusz Sp. z o.o. - construction and repair of roads (a subsidiary of Boltech Sp. z o.o). As of 6.11.2017 it was transformed into a joint stock company.
- trade activities:
 - Stalprodukt-Centrostal Kraków Sp. z o.o., managing the all-Poland sales network with department and trade offices in Gliwice, Włocławek, Wrocław, Szczecin and Radom,
 - Stalprodukt - Zamość Sp. z o.o.,

- other production- and services-related activities:
 - production of galvanized banding steel and wire, as well as steel strips - Cynk-Mal S.A.,
 - production of cold-rolled sheets – GO Steel Frydek Mistek a.s.

- spare parts production and regeneration - Stalprodukt-Wamech Sp. z o.o.,
- installation, repair/renovation and maintenance of machines - Stalprodukt-Serwis Sp. z o.o.,
- structural steel production - STP Elbud Sp. z o.o., Stalprodukt-Wamech Sp. z o.o.,
- galvanizing services - STP Elbud Sp. z o.o. and Cynk-Mal S.A.,
- roads and freeways construction and management – Stalprodukt-Wamech Sp. z o.o.
- bodyguard and property security – Stalprodukt-Ochrona Sp. z o.o.,
- designing equipment related to the use of renewable energy sources – Anew Institute Sp. z o.o.

2. Changes in the Issuer's and Capital Group's Ownership Structure

- On 30th May 2019 the boards of the Issuer's three dependent 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 thousand 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

Abridged Consolidated Financial Report for the 3rd Quarter of 2018. Additional Information

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.

- Within the dependency analysis of the Capital Group, there were premises related to gaining a substantial influence over Stalnet Ltd. (the number of owned shares did not change and the substantial influence was gained as a result of redeeming some of the shares owned by other shareholders). In connection with the above the entity was consolidated through the proprietorship method. In the previous reporting periods shares in the entities had been recorded as long-term investments.

3. Fundamental Principles Governing the Preparation of the Abridged Interim Consolidated Financial Report

The presented Abridged Consolidated Financial Report was prepared in respect of the period from 1 July 2019 to 30 September 2019 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from 1 July 2018 to 30 September 2018 referring to the profit and loss account and the cash flow statement, the balance sheet values reflect the status as of 31 December 2018.

The Group's reporting year is equivalent to the calendar year.

This Abridged Consolidated Financial Report was prepared in line with the International Financial Reporting Standards approved by the European Union and, in particular, with the International Accounting Standard No 34 "Interim Financial Reporting" and was based on the assumption that the Group will be continuing its activities in the predictable future. As of the Financial Report approval day, the Issuer's Management Board does not find any circumstances likely to threaten the continuation of activities pursued by the Capital Group.

The Interim Abridged Consolidated Financial Report does not contain all the information and disclosures required in the consolidated financial report and the additional information sheet mainly contains the explanations of events and changes indispensable for the understanding of the changes in the Group's financial standing and its performance results to have occurred since the end of the previous reporting year.

The Additional Information sheet embraces selected data explaining the facts required by the IAS 34 and the Regulation of the Minister of Finance as of 29.03.2018 r. on current and periodic information to be disclosed by issuers of securities and conditions for recognizing as

equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws 2018, item 757).

If the Additional Information sheet does not contain a description of some events, required by the above mentioned regulations, this shall mean that such events have not occurred during the reporting period.

4. Accounting Principles (Policy)

1. In the quarterly abridged consolidated financial report the accounting principles (policy) used, including the assets and liabilities, income and costs valuation methods as well as calculation methods adopted, were identical with the ones presented in detail in the Consolidated Report 2018.

In the reporting period no essential amendments were introduced into the accounting standards (policy), nor any adjustments were made in respect of the fundamental errors and adopted estimated values which would have significantly affected the Group's property and liquidity standing and its financial result.

2. The changes introduced into the standards and interpretations issued by the International Financial Reporting Standards Council and International Financial Reporting Standards Interpretation Committee, applicable since 1 January 2019 or later, either do not apply to the Stalprodukt Group, or do not significantly affect the heretofore applied accounting policy and assessment of its asset position and financial standing. The numerous changes introduced into the existing accounting standards and interpretation changes, referring to the existing standards, have already been adopted by the International Financial Reporting Standards Council, but not approved by the EU yet and so the same shall take effect at later dates.

The Management Board does not expect the introduction of the above standards and interpretations to significantly affect the accounting principles (policy) applied by the Group, its financial standing and financial result, but the same may still require further additional or amended disclosures to be included in the report. The above mentioned changes were precisely described in the Additional and Explanatory Information sheet appended to the published Consolidated Financial Report for 2018.

3. The information contained in the Consolidated Financial Report was compiled in compliance with the principles pertaining to the assets and liabilities valuation and net financial result measurement, defined as of the balance sheet day, in compliance with IFRS adopted by the European Union and interpretations related thereto, announced in the form of the European Commission Regulations, with the principle of materiality observed.

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4. From January 2019, the Issuer applies IFRS 16 to recognize and present perpetual usufruct as a lease. The impact of IFRS 16 has been described in the consolidated and separate financial statements for 2018 and in the statements for the first half of 2019.

5. Estimated Values

- a deferred income tax reserve allowance was increased by the amount of PLN 913.5 thousand,
- a provision for doubtful receivables was formed amounting to PLN 450.5 thousand, while the one amounting to PLN 495 thousand was released,
- a provision for employee benefits was formed amounting to PLN 3,692.3 thousand, and the provision for employee benefits amounting to PLN 2,849.2 thousand was released,
- a provision for electrical energy origin certificates and CO₂ emissions allowances was formed in the amount of PLN 6,070.7 thousand.
- a provision for repairs was formed in the amount of PLN 1,774.8 thousand, while the one amounting to PLN 142.9 thousand was released,
- other provisions was formed in the amount of PLN 404.2 thousand, while the one amounting to PLN 250.7 thousand was released.

IV. Business Segments

The segment-based reporting was based on IFRS 8 "Operating Segments". The rules governing the Stalprodukt Capital Group's division into operating segments and accounting principles applied in this kind of reporting were described in detail in the last published Consolidated Financial Report for 2018.

Revenues presented in the breakdown into operating segments include only revenues from external customers. There are no transactions between the 3 operating segments (electrotechnical sheet segment, profiles segment and zinc segment). As part of the accounting policy (principles), the "other operations" item was separated to balance the results of the Capital Group. The scope of "other activities" includes assembly services, maintenance services, security, galvanizing services, production of cold rolled steel coils, etc. These services are carried out by the Capital Group companies for external customers and for the needs of individual segments, which in the Issuer's opinion is not a transaction between operating segments. At the same time, taking into account the consolidation principles, revenues from sales under "other activities" made for the benefit of operating segments as carried out within the Capital Group were excluded from consolidation.

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Additional Information

Information on Operating Segments for 3rd quarter of 2019 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	209 727	155 077	523 865	72 553	961 222
Domestic	13 608	113 376	312 195	38 891	478 070
Export	196 119	41 701	211 670	33 662	483 152
Segment Costs	187 139	162 004	458 681	63 597	871 421
Segment Result	22 588	-6 927	65 184	8 956	89 801
Other Operating and Financial Revenues Non-Attributable to the Segment					16 198
Other General, Operating and Financial Costs Non-Attributable to the Segment					58 989
Gross Profit					47 010
Income Tax					11 304
Net Profit					35 706
Segment Assets	1 020 896	726 701	2 164 659	341 084	4 253 340
Assets Non-Attributable to the Segment					30 660
Total Assets					4 284 000
Liabilities	283 542	258 338	660 126	88 213	1 288 219
Contingent Liabilities					296 115
Total Liabilities					1 584 334
Investment Outlays	2 847	793	40 094	6 343	50 077
Depreciation	9 448	4 377	23 237	5 660	42 722

Information on Operating Segments for 3rd quarter of 2018 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	233 258	192 179	501 476	92 450	1 019 363
Segment Costs	199 586	190 957	432 894	87 979	911 416
Segment Result	33 672	1 222	68 582	4 471	107 947
Other Operating and Financial Revenues Non-Attributable to the Segment					13 150
Other General, Operating and Financial Costs Non-Attributable to the Segment					42 307

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Gross Profit					78 790
Income Tax					14 806
Net Profit					63 984
Segment Assets	974 201	781 431	2 167 514	360 375	4 283 521
Assets Non-Attributable to the Segment					25 317
Total Assets					4 308 838
Liabilities	286 788	296 620	639 419	102 135	1 324 962
Contingent Liabilities					296 115
Total Liabilities					1 621 077
Investment Outlays	1 906	408	65 594	8 376	76 284
Depreciation	8 367	4 209	20 654	4 453	37 683

V. Ocena uzyskanych wyników i sytuacja finansowa

In the 3rd quarter of 2019, compared to the analogical period of 2017, the Stalprodukt S.A. Capital Group recorded an decrease of sales by PLN 58,141 thousand, i.e. by 5.7 %. At the profit-on-sales level PLN 51,158 was achieved, which accounts for a 26,2 % decrease. In the 3rd quarter of 2019, the net profit amounted to PLN 35,707 thousand compared to PLN 63,984 thousand generated in the 3rd quarter of 2018.

In the **Electrical Steel Segment**, the sales volumes of transformer sheets were lower by 8.5% compared to the third quarter of 2018, which resulted in a 10.1% decrease in segment sales revenues.

The decrease in sales volumes was largely due to the planned maintenance break at GO Steel Frydek Mistek a.s. The decrease in the margin in relation to the comparative period was caused by a decrease in volumes, a slight price adjustment and an increase in costs, which resulted in an increase in direct and indirect generation costs, primarily electricity and personnel costs. The segment continues to feel price pressure from customers.

The company constantly performs activities aimed at increasing the production and sales volumes of HiB grade sheets, thanks to which in the third quarter of 2019 there was an increase to less than 3,000. tons in relation to 2 thous. tonnes in the third quarter of 2018.

In the **Profile Segment**, the volume of sales dropped by 13% compared to the third quarter of 2018. At the same time, the segment generated sales revenues lower by PLN 37 102 thousand. PLN, i.e. by 19.3%. The constant negative relation of input prices to the prices of finished products, and above all, the persistent significant level of imports negatively affected the segment's result. This resulted in a significant decline in sales volumes, in addition, prices for finished products of the segment remained under the pressure of imported products throughout the whole period. The segment recorded a loss. At the same time, the Issuer would like to emphasize that earlier expectations regarding a systemic

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solution to the issue of dumped imports, which may have a positive impact on the situation of the company and steel processors, have not been fully resolved, due to among others (relatively) high quota amounts. Excessive imports of steel products (including, among others, pipes and profiles manufactured by Stalprodukt) into the European Union market have a significant impact on the competitive position of EU producers.

In the 3rd quarter of 2018 the Zinc Segment's net sales amounted to PLN 523.9 million and increased by 4.5 % in relation to the comparable period in the previous year when the sales amounted to PLN 501 million. The sales figure is affected by the LME metal prices, USD exchange rates and the achieved sales volumes.

The prices for the basic metals bought by ZGH "Bolesław" S.A. were as follows:

3rd Quarter of 2019

Average LME zinc price: 2 348 USD/ton
Average LME lead price: 2 028 USD/ton
Average LME silver price: 17.0 USD/oz.
USD exchange rate: PLN 3.8831

3rd Quarter of 2018

Average LME zinc price: 2 537 USD/ton
Average LME lead price: 2 104 USD/ton
Average LBM silver price: 15 USD/oz.
USD exchange rate: PLN 3.7018

As expressed in PLN, the zinc price decreased by 3%, from PLN 9,406 in the third quarter of 2018 to PLN 9,118 in the current period. As expressed in PLN, the price of lead increased by 1% from PLN 7,798 in the third quarter of 2018 to PLN 7,874 in the current period. As expressed in PLN, the price of an ounce of silver increased by 18.6% from PLN 55.6 in the third quarter of 2018 to PLN 65.9 in the current period.

In the third quarter of this year the sale has been higher by 6% than in the third quarter of 2018. About 81% of the ZGH Group's turnover depended on the price of zinc. In 2019, the sales volume of lead and lead concentrates increased by 30%. About 6% of the ZGH Group's turnover depended on the price of lead. Silver sales in the third quarter of 2019 were 6% lower than the volume of the third quarter of 2018. About 6% of the ZGH Group's turnover depended on the price of silver.

The decrease in the margin in the current period was mainly due to:

- decrease in zinc stock prices,
- increase in operating expenses, including electricity, personnel costs.

The partial offset of the decrease in sales margin was influenced by:

- higher sales volume of zinc and lead products,
- hedging transactions.

VI. Financial instruments and risk management assessment

The Parent Company is exposed to various types of financial risks - including changes in market prices of debt and equity instruments, fluctuations of currencies and interest rates. The overall financial risk management program of the Issuer focuses on the unpredictability of financial markets and seeks to minimize the potential negative effects on the Parent 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.

As of 30 September 2019, the subsidiary companies belonging to the Zinc Segment were applying cash flow hedge accounting for commodity and currency swaps in accordance with the rules described in the Annual Report. As of 30 September 2019 they held the following hedging measures active (the connections have been planned for the period from January 2019 to September 2021):

1) currency

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 30.09.2019 r. PLN thousand					
Cash Flow Hedging	forward	\$ 140 090 700,00	-49 631	-49 631	risk from USD/PLN exchange rates
Cash Flow Hedging	forward	€ 1 500 000,00	139	139	risk from EUR/PLN exchange rates

2) raw material

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 30.09.2019 (zinc) PLN thousand					
Cash Flow Hedging	swap	10 225	9 745	9 745	Price Change Risk Zn LME PLN
Cash Flow Hedging	swap (USD)	36 825	66 511	66 520	Price Change Risk Zn LME USD
Cash Flow Hedging	option strategies (collar)	9 000	3 754	2 880	Price Change Risk Zn LME
Cash Flow Hedging	put	4 500	5 328	2 880	Price Change Risk Zn LME
Cash Flow Hedging	call	4 500	-1 574	0	Price Change Risk Zn LME
Active commodity hedging instruments as of 30.09.2019 (lead) PLN thousand					
Cash Flow Hedging	swap	1 275	910	910	Price Change Risk Pb LME PLN

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Cash Flow Hedging	swap (USD)	0	0	0	Price Change Risk Pb LME USD
Cash Flow Hedging	option strategies (collar)	600	324	317	Price Change Risk Pb LME
Cash Flow Hedging	put	300	324	317	Price Change Risk Pb LME
Cash Flow Hedging	call	300	0	0	Price Change Risk Pb LME
Active commodity hedging instruments as of 30.09.2019 (silver)			PLN thousand		
Cash Flow Hedging	swap	60 000	-62	-62	Price Change Risk Ag LMBA

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	30.09.2019	30.09.2018
Long-Term investments	15 115	57 748
Short-Term Investments	125 137	104 785
TOTAL, including:	140 252	162 533
a) valuation of derivative transactions	85 566	109 302
b) securities	54 686	53 231

Explanation to Item: Liabilities pertaining to hedging instruments	PLN thousand	
	30.09.2019	30.09.2018
Contracts for Hedging Transactions	9 418	11 318
Conclusions of Currency Option Transactions	44 465	24 993
Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers	4 779	420
TOTAL	58 662	36 731

Valuation of Derivative Transactions

Valuation of Derivative Transactions	PLN thousand			
	30.09.2019		30.09.2018	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	83 709	3 371	80 261	22 147
Commodity Transactions - Lead	1 234	0	6 922	129
Currency Transactions - USD/PLN EUR/PLN	623	55 228	22 119	14 455
Commodity Transactions- Silver	0	62	0	0
Total	85 566	58 661	109 302	36 731

Division of Hedging Instruments

Division of Hedging Instruments	PLN thousand	
	30.09.2019	30.09.2018

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	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Hedging Instruments	83 805	52 105	103 425	34 058
Commodity Transactions - zinc	81 948	1 928	74 667	21 713
Commodity Transactions - lead	1 234	0	6 923	128
Currency Transactions - USD/PLN, EUR/PLN	623	50 115	21 835	12 217
Commodity Transactions - Silver	0	62	0	0
Trade Instruments	1 761	6 557	5 877	2 673
Commodity Transactions- zinc	1 761	1 443	5 593	434
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	0	5 114	284	2 239
Commodity Transactions - silver	0	0	0	0
Total	85 566	58 662	109 302	36 731

Financial Report Presentation of Applied Derivative Instruments

The result of the hedging instruments valuation, in its portion recognized as 'effective hedging', is taken to the capital revaluation reserve. Asian options, aimed at hedging the Company against the change of time value, are taken to costs or to financial revenues. The trade instruments valuation result is taken to costs or financial revenues. The result from the application of hedging instruments is used to adjust the hedged item (sales). The result from the application of trade instruments is taken to costs or financial revenues.

Derivative Transactions Presented in the Profit and Loss Account:	PLN thousand	
	30.09.2019	30.09.2018
Sales of Products Adjustment	6 477	-64 986
Sales of Goods Adjustments	0	0
Revaluation of Investments	-6 534	3 495
Gains/Loss on Sale of Investments	-3 326	-1 193
Total	-3 383	-62 684

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	30.09.2019	30.09.2018
Commodity Transactions	-488	-100 845
Currency Transactions	-9 172	21 621
Total	-9 660	-79 224

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	30.09.2019	30.09.2018
Sales Increase	28 006	38 206
Sales Decrease	-21 529	-103 192
TOTAL	6 477	-64 986

Status of Capital from Revaluation Related to Application of	PLN thousand
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Hedge Accounting (excluding Deferred Tax)	30.09.2019	30.09.2018
Valuation of Open Hedging Instruments:	30 818	68 895
- Zn	79 145	52 647
- Pb	1 227	6 629
- USD/PLN	-49 631	8 723
- Ag	-62	896
- EUR/PLN	139	0
Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:	0	-33
- Zn	0	-33
- Pb	0	0
- USD/PLN		0
TOTAL	30 818	68 862

VII. Other Information

- In the 3rd quarter of 2019, the Capital Group did not experience any seasonality consequences. During the reporting period no other positions were recorded, significantly affecting the assets, liabilities, equity, net profit or cash flow, which would be untypical in terms of their kind, volume/size or frequency.
- As of the balance sheet day, the Stalprodukt S.A. Capital Group holds the below mentioned off-balance-sheet contingent liabilities:
 - guarantees of good workmanship concerning the production and assembly of road barriers totaling PLN 17 946 thousand, and endorsement of a blank promissory note amounting to PLN 13 000 thousand, issued by STP Elbud Sp. z o.o. in order to secure the investment credit granted by Bank Pekao S.A.,
 - guarantees and sureties (avals) granted by ZGH "Bolesław" amounting to PLN 1 547.5 thousand,
 - ZGH "Bolesław" S.A. issued a bill of exchange in connection with the agreement concluded with the National Center for Research and Development, amounting to PLN 38.8 million (wash tubs hall investment project) for subsidizing the project within the Intelligent Development operating program (Number of Agreement POIR.01.01.02-00-0159/16-00),
 - no hedging's securing the financing banks in respect of the signed credit agreements, which were disclosed in the 2018 report, were subject to change.
- The pending bankruptcy and composition proceedings cover the Group's receivables totaling PLN 3,987 thousand, wherein Stalprodukt's share amounts to PLN 743 thousand and ZGH "Bolesław"'s - PLN 3,244 thousand.

During the reporting period, no other essential proceedings were instituted or pending before the courts or government agencies, concerning any liabilities or receivables,

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which might exert a significant influence on the Group's future results and its financial standing.

4. As of the Report submission day, the shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders are:
 - STP Investment S.A. holding 1 829 319 shares, accounting for a 32.78 %-share in capital 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 %-share in capital and 1 095 488 votes, accounting for 8.98 % of the total number of votes at the General Meeting of Shareholders.
 - ArcelorMittal Sourcing a société en commandite par actions holding 1 066 100 shares, accounting for a 19.10 %-share in capital and 1 066 100 votes, accounting for a 8.74 % of the total number of votes at the General Meeting of Shareholders.
5. As of the Report submission day, the ownership statuses of management and supervision officers in respect of the Issuer's shares are as follows:
 - a/ management officers:
 - Piotr Janeczek 115 053 shares of nominal value: PLN 230 106,
 - Józef Ryszka 504 shares of nominal value: PLN 1 008,
 - Łukasz Mentel 100 shares of nominal value: PLN 200.
 - b/ supervision officers:
 - Janusz Bodek 61 974 shares of nominal value: PLN 123 948.

In the period pending from the date of issuance of the previous periodic report, no changes occurred in respect of the shareholding status of the managing and supervising officers.

Moreover, Piotr Janeczek indirectly holds, i.e. through:

- STP Investment S.A. - 1 829 319 shares, accounting for a 32.78 %-share in capital 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. - 579 652 shares, accounting for a 10.39 %-share in capital and 1 095 488 votes, accounting for 8.98 % of the total number of votes at the General Meeting of Shareholders,
- F&R FINANSE sp. z o.o. – 43 807 shares, accounting for a 0.79 %-share in capital and 43 807 votes, accounting for 0.36 % of the total number of votes at the General Meeting of Shareholders,
- Stalnet sp. z o.o. – 135 564 shares, accounting for a 2.43 %-share in capital and 383 572 votes, accounting for 3.14 % of the total number of votes at the General Meeting of Shareholders,

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i.e. the total of 2 588 342 shares, accounting for a 46.38 %-share in capital and 7 398 558 votes, accounting for 60.65 % of the total number of votes at the General Meeting of Shareholders.

Considering the shares directly held by Mr. Piotr Janeczek, he holds a total of (i.e. directly and indirectly) 2 703 395 Stalprodukt S.A. shares, accounting for a 48.45 %-share in capital and 7 973 471 votes, accounting for 65.36 % of the total number of votes at the General Meeting of Shareholders.

6. Apart from the typical and routine transactions, concluded in line with market conditions, with the capital group- associated companies, resulting from the on-going operating activities, neither the Stalprodukt Company, nor its subsidiaries concluded any other transactions with associated companies during the reporting period.
7. The total value of the Issuer's transactions with associated companies in the period from 01.07.2019 to 30.09.2019 and in the comparable period from 01.07.2018 to 30.09.2018 is presented in the Table below.

Items the 3rd quarter of 2019	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
ZGH "Bolesław" S.A.	0	20	0	44
Anew Institute sp. z o.o.	0	0	0	8
Stalprodukt-MB sp. z o.o.	0	0	54	533
Stalprodukt-Wamech sp. z o.o.	229	5 218	449	3 168
Stalprodukt-Centrostal sp. z o.o.	53	1 290	114	49
Stalprodukt-Serwis sp. z o.o.	0	0	106	1 078
Stalprodukt-Zamość sp. z o.o.	975	422	1 480	425
Stalprodukt-Ochrona sp. z o.o.	20	1 317	49	1 086
STP Elbud sp. z o.o.	363	5 114	637	7 054
Cynk-Mal S.A.	5 686	740	8 768	994
GO STEEL Frydek Mistek a.s.	23 376	5 479	44 541	9 714

Moreover, in the 3rd quarter of 2019 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o.- revenue PLN 11 thousand, costs PLN 36 thousand; receivables PLN 0 thousand, liabilities PLN 15 thousand; Stalprodukt-Profil S.A. revenue PLN 2 thousand, costs PLN 0 thousand, receivables PLN 0 thousand, liabilities: PLN 0 thousand. These were market-type transactions. The receivables in respect of F&R Finanse Sp. z o.o. amount to PLN 12 808 thousand.

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Items the 3rd quarter of 2018	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	36	1 630	274	1 290
Stalprodukt-Wamech sp. z o.o.	134	1 886	323	2 517
Stalprodukt-Centrostal sp. z o.o.	53	6	128	24 369
Stalprodukt-Serwis sp. z o.o.	64	1 069	158	1 335
Stalprodukt-Zamość sp. z o.o.	1 891	122	3 126	157
Stalprodukt-Ochrona sp. z o.o.	20	918	48	1 148
STP Elbud sp. z o.o.	531	5 524	916	8 151
Anew Institute sp. z o.o.				476
ZGH "Bolesław" S.A.		21		111
Cynk-Mal S.A.	8 204		9 191	2 801
GO STEEL Frydek Mistek a.s.	35 516	2 347	54 152	5 578

Moreover, in the 3rd quarter of 2018 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o.- revenue PLN 12 thousand, costs PLN 81 thousand; receivables PLN 5 thousand, liabilities PLN 33 thousand; Stalprodukt-Profil S.A. revenue PLN 8 thousand, costs PLN 0 thousand, receivables PLN 0 thousand, liabilities: PLN 0 thousand. These were market-type transactions. The receivables in respect of F&R Finanse Sp. z o.o. amount to PLN 12 771 thousand.

8. In the reporting period the Group made investment outlays on the purchase and formation of tangible fixed assets amounting to PLN 50 077 thousand. No significant fixed asset components have been disposed of during the reporting period.
9. On 19 June 2019, the General Meeting of Shareholders adopted a resolution on the disbursement of dividend from the 2018 financial result. The profit amount appropriated for the dividend amounts to PLN 27 901 335.00, which, considering the number of shares: 5 580 267 items, yields PLN 5.00 per share. The dividend record date is fixed on 1 July 2018, and the dividend disbursement date was fixed on 16 July 2019.
10. The General Meeting of ZGH "Bolesław" S.A. Shareholders held on 18 June 2019 adopted a resolution on the dividend disbursement for the fiscal year 2018. The profit-based amount appropriated for the dividend is PLN 6.00 per share, the dividend disbursement date was fixed on 22 July 2018. The dividend amount of PLN 94 609 866.00 shall be recognized in the Issuer's separate result for the 3rd quarter of 2018.
11. An important proceeding in court is a lawsuit filed by Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz against the ZGH "Bolesław" S.A. Company for payment of

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mining damages in the amount of PLN 64,015,224.00 (file reference number IX GC 99/14).

On 25.04.2018, the Regional Court of Kraków, 9th Economic Department (joint case file No IX GC 543/13) issued judgements in both of the above mentioned cases:

1. regarding the suit brought by Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz against the Company for the payment of compensation in the amount of PLN 64,015,224.00 (File No IX GC 99/14) issued a preliminary judgement, recognizing the action of PWiK sp. z o.o. in Olkusz as justified as a matter of principle. The potential amount of the compensation shall be subject to further proceedings and may total the maximum of PLN 64 million. In connection with the referenced lawsuit, already in 2015, the Company formed a provision amounting to PLN 15 million.
2. regarding the suit brought by the Company against PWiK sp. z o.o. in Olkusz for declaratory action seeking to establish that the Company is not liable for the lack of water supplies resulting from the mine dewatering activities after the mine liquidation and that the Company is not liable for the pollution of the existing or former water intakes, PWiK sp. z o.o. (File No IX GC 543/13), issued a judgement dismissing the action.

Both judgements are not final and absolute yet. In accordance with the earlier declaration, on 08.10.2018, the ZGH "Bolesław" S.A. Company appealed against both of the judgements to the Appeal Court of Kraków, 1st Civil Department, with the intermediation of the Regional Court of Kraków.

The Issuer informed about the above mentioned judgements and the standpoint of the ZGH "Bolesław" S.A. company in the case, in the Current Report No 6 dated 25.04.2018. The Issuer shares the opinion of the subsidiary company ("Company") contained in the report concerned, which was provided below:

- a) from the beginning of 2017 onwards, PWiK sp. z o.o. ceased to use the mining waters, provided by the Company, in its activities as defined in the Articles of Association. Starting from that moment, PWiK sp. z o.o. has exclusively used its own independently-constructed water supply system, based, in particular, on the Kolbark, Cieślin and Bydlin water intakes. The above intakes seem to sufficiently secure the Olkusz region's water supply,*
- b) what is recognized as damages in the case concerned, is the value of the outlays made by PWiK sp. z o.o. in order to build the new water supply system. It should be pointed out that, considering the present condition, as for today PWiK sp. z o.o. expended around gross PLN 29 million to this end. These funds were used for the construction of the above mentioned water intakes and water distribution pipelines.*

Therefore, at the present moment, this is how much the damages total and not PLN 64 million,

- c) in the Company's assessment, the potential compensation amount should be rendered as a net amount (exclusive of VAT, which PWiK sp. z o.o. may deduct). The present status means that the above mentioned amount should be reduced by 23%,*
- d) while building the water supply system, PWiK sp. z o.o. benefited from the EU extra funding amounting to 60-80% of the project value. In the Company's assessment, the adversary has not sustained any loss in this respect,*
- e) determining the compensation amount, one should exclude investments related to the water supply activities, e.g. water chlorination equipment, UV irradiation,*
- f) the above issues shall, most probably, be the object of further proceeding, including the valuations to be made by the experts.*

Moreover, it should be reminded that the issue of contingent liabilities related to the acquisition of ZGH "Bolesław" S.A. was described in detail in the Stalprodukt S.A. Consolidated Financial Report for the year 2013 (item 11. Settlement of the ZGH "Bolesław" S.A. purchase price). The contingent liabilities were defined as resulting from the risks identified by the Acquirer and related, among others, to: the "Olkusz-Pomorzany" mine liquidation costs and liability for the mining damages. The amount resulting from the above mentioned estimates totaled PLN 296 115 thousand. This amount was entered in the Balance Sheet as of 31.12.2013 in the position "Contingent liabilities due to the purchase of ZGH "Bolesław" S.A".

- 12. During the reporting period and within the submission of the present quarterly report, neither the Parent Company, nor its subsidiaries, granted any sureties, loans, credits or guaranties, apart from the ones referred to herein.
- 13. On 12 November, 2019, the most important supplier of charge products for the Company - ArcelorMittal Poland S.A. - published an official announcement about "temporary suspension of blast furnace and steel works" in the Krakow branch of this company. It should be emphasized that ArcelorMittal Poland announced this intention in May 2019 (although the raw material part was not actually cut off at that time). The Issuer then published a current report (No. 5/2019) which is a comment of the Management Board on this information. The Management Board acknowledges that the Company's position presented in this report is still valid. Similarly, it considers binding the declarations made by the representatives of ArcelorMittal Poland S.A. and ArcelorMittal Europe Flat Products regarding ensuring the continuity of supplies of charge materials to the Company in the context of the announced decision.
- 14. In the Issuer's assessment, the factors likely to affect the Group's results at least in the perspective of the coming quarter, shall be:
 - fluctuations of charge prices and demand for Stalprodukt's products,

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- fluctuations of the LME zinc and lead prices and LBM silver prices ,
 - fluctuations of currency exchange rates.
15. During the reporting period and following 30.09.2019 until the preparation of the Abridged Consolidated Report for the 3rd quarter 2019 no other important events took place, apart from the ones mentioned herein, which might significantly affect the Group's standing and its financial results. The Issuer does not possess any other information, which, in his opinion, is essential for the assessment and changes in the Group's staffing level, assets structure and financial standing, or information essential for the assessment of its potential capacity to settle the liabilities incurred.
16. Pursuant to par. 62, subpar. 1 of the Regulation of the Minister of Finance as of 29.03.2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognizing as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws 2018, item 757 with subsequent amendments), the Issuer does not submit its separate quarterly report. This Report constitutes a supplement to the Abridged Consolidated Report rendered as the "Stalprodukt S.A. Mid-Year Abridged Financial Report for the 3rd Quarter of 2019".
17. No additional information was appended to the Abridged Consolidated Financial Report for the 3rd quarter of 2019 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.
18. This Abridged Consolidated Financial Report for the 3rd quarter of 2019 was approved for publication by parent Company's Management Board on 15.11.2019.

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Łukasz Mentel
Member of the Management Board
– Financial Director

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Józef Ryszka
Member of the Management Board
– Marketing Director

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Piotr Janeczek
President of the Management Board – CEO