



STALPRODUKT S.A.

Abridged Consolidated Financial Report for the 4th Quarter of 2019

Bochnia, February 2019

I. Consolidated Financial Report for the 4th quarter of 2019

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01-01- 2018 to 31-12- 2018	4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01-01-2018 to 31-12-2018
I. Net sales of products, goods and materials	3 816 779	3 956 688	887 252	927 298
II. Operating profit (loss)	204 585	299 847	47 558	70 273
III. Profit (loss) before taxation	202 058	349 004	46 971	81 793
IV. Net profit (loss)	154 580	284 652	35 934	66 712
- attributable to shareholders of the parent company	142 544	270 288	33 136	63 345
- net profit attributed to non-controlling interests	12 036	14 364	2 798	3 367
V. Net cash flow from operating activities	368 835	349 888	85 740	82 001
VI. Net cash flow from investment activities	-235 994	-336 582	-54 859	-78 882
VII. Net cash flow from financial activities	-200 927	-38 755	-46 708	-9 083
VIII. Total net cash flow	-68 085	-25 449	-15 827	-5 964
IX. Total assets	4 338 860	4 357 371	1 018 870	1 013 342
X. Liabilities and provisions for liabilities	1 580 752	1 659 531	371 199	385 937
XI. Long-term liabilities	523 580	497 848	122 949	115 779
XII. Short-term liabilities	619 453	747 289	145 463	173 788
XIII. Shareholders' equity	2 758 109	2 699 840	647 671	627 870
- equity attributable to shareholders of the parent	2 650 491	2 593 547	622 400	603 150
- equity attributed to non-controlling interests	107 618	106 293	25 271	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)	27,70	51,01	6,44	11,95
XVII. Diluted profit (loss) per ordinary share (PLN)				
XVIII. Book value per share (PLN)	494,26	483,82	116,06	112,52
XIX. Diluted book value per share (PLN)				
XX. Declared or paid-out dividend for one share in (PLN/EUR)	5,00	3,00	1,16	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 31st December 2019 and amounting to 4.2585 and 4.3000 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 4.3018 for 4 quarters of 2019 and PLN 4.2669 for 4 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)			
	31.12.2019	30.09.2019	31.12.2018	30.09.2018
Assets				
I. Fixed assets	2 399 052	2 374 458	2 313 530	2 234 074
1. Intangible fixed assets, including	199 767	229 879	171 373	145 573
- right of perpetual land use	122 210	124 199	80 344	82 045
2. Tangible fixed assets	2 051 915	1 992 609	1 968 406	1 940 098
3. Long-term receivables	703	730	630	717
4. Long-term investments	36 779	42 726	98 867	68 104
4.1. Real estate investments	10 709	4 014	7 675	3 009
4.2. Intangible assets				
4.3. Long-term financial assets	26 070	38 712	75 141	65 095
4.4. Other long-term investments			16 051	
5. Long-term prepayments	109 888	108 514	74 254	79 582
5.1. Deferred income tax assets	38 579	30 660	31 697	60 937
5.2. Other prepayments	71 309	77 854	42 557	18 645
II. Current assets	1 939 807	1 909 541	2 043 841	2 074 764
1. Inventories	751 985	771 515	799 798	731 473
2. Short-term receivables	591 074	621 213	629 786	660 507
3. Short-term investments	564 338	493 081	596 005	635 654
3.1. Short-term financial assets	477 669	420 671	532 511	579 442
a) loans	18 153	20 157	20 000	30 000
b) short-term securities	55 015	54 686	39 925	48 573
c) cash and cash equivalents	404 501	345 828	472 586	500 869
3.2. Other short-term investments	86 669	72 410	63 494	56 212
4. Short-term prepayments	32 410	23 732	18 252	47 130
Total assets	4 338 860	4 284 000	4 357 371	4 308 838
Liabilities				
I. Shareholders' equity	2 758 109	2 699 667	2 699 840	2 687 761
1. Equity attributable to shareholders of the parent company	2 650 491	2 596 710	2 593 547	2 581 388
1.1. Share capital	11 161	11 161	11 161	11 161
1.2. Exchange differences	2 763	5 746	2 493	
1.3. Reserve capital	621 839	619 376	561 927	574 242
1.4. Reserve capital from revaluation	51 095	16 901	65 288	98 331
1.5. Other reserve capital	1 730 760	1 733 085	1 574 552	1 559 299
1.6. Retained earnings (losses)	90 329	88 209	107 838	107 460
1.7. Net profit (loss)	142 544	122 232	270 288	230 895
2. Capital non-controlling interests	107 618	102 957	106 293	106 373
II. Liabilities and provisions for liabilities	1 580 752	1 584 334	1 657 531	1 621 077
1. Provisions for liabilities	415 403	385 714	381 328	368 388
1.1. Provision for deferred income tax	145 603	125 437	114 099	96 304
1.2. Other provisions	269 800	260 277	267 229	272 084
a) long-term	185 380	191 314	191 867	196 678
b) short-term	84 420	68 963	75 362	75 406
2. Long-term liabilities	523 580	561 665	497 848	495 853
2.1. Long-term credits and loans	110 893	126 753	150 839	169 870
2.2. Other long-term liabilities	116 572	138 797	50 894	29 868
2.3. Contingent liabilities due to the purchase of ZGH	296 115	296 115	296 115	296 115
3. Short-term liabilities	619 453	579 876	745 289	724 101

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3.1. Short-term credits and loans	44 428	40 752	160 869	146 438
3.2. Current part of long-term credits and loans	20 000	22 600	20 000	20 000
3.3. Trade liabilities	337 611	316 938	385 637	347 606
3.4. Income tax liabilities	39 129	3 049	24 036	24 146
3.5. Other short-term liabilities	178 285	196 537	154 747	185 911
4. Accruals	22 316	57 079	33 066	32 735
Total liabilities	4 338 860	4 284 000	4 357 371	4 308 838
Book value	2 758 109	2 699 667	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)	494,26	483,79	483,82	481,65

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period	thousand x PLN			
	IV quarter of 2019 - period from 01-10-2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019	IV quarter of 2018 - period from 01-10-2018 to 31-12-2018	4 quarter(s) increasingly for the period from 01-01-2018 to 31-12-2018
I. Net sales of products, goods and materials, including:	905 805	3 816 779	967 047	3 956 688
1. Net sales of products	904 476	3 724 329	933 654	3 825 184
2. Net sales of goods and materials	1 329	92 450	33 393	131 504
II. Costs of products, merchandise and materials sold, including:	784 721	3 334 377	852 058	3 407 588
1. Production cost of products sold	784 215	3 248 235	823 788	3 294 137
2. Value of goods and materials sold	506	86 142	28 270	113 451
III. Gross profit (loss) on sales	121 084	482 404	114 989	549 100
IV. Selling costs	24 724	88 447	22 590	80 276
V. General and administrative costs	41 680	155 939	43 662	156 999
VI. Profit (loss) on sales	54 680	238 016	48 737	311 825
VII. Other operating incomes	39 635	68 574	9 971	28 164
VIII. Other operating costs	72 630	102 005	18 163	40 142
IX. Operating profit (loss)	21 685	204 585	40 545	299 847
X. Financial incomes	6 621	19 732	28 991	69 136
XI. Financial costs	-1 879	22 332	7 029	20 007
XII. Profit from shares in associated entities	-134	73	28	28
XIII. Profit (loss) before taxation	30 051	202 058	62 535	349 004
XIV. Income tax	7 296	47 477	15 385	64 352
XV. Net profit (loss)	22 755	154 580	47 150	284 652
1. Attributable to shareholders of the parent company	20 314	142 544	43 995	270 288
2. Attributed to non-controlling interests	2 441	12 036	3 155	14 364
Profit (loss) net	22 755	154 580	47 150	284 652
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)	4,08	27,70	8,45	51,01

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TOTAL COMPREHENSIVE CONSOLIDATED INCOME for the period	thousand x PLN			
	IV quarter of 2019 - period from 01-10-2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019	IV quarter of 2018 - period from 01-10-2018 to 31-12-2018	4 quarter(s) increasingly for the period from 01-01-2018 to 31-12-2018
Net result	22 755	154 580	47 150	284 652
Gain from a bargain purchase	0			
The effective part of the cash flow hedging in accordance with IFRS 9	34 194	-14 193	-32 658	192 266
Total Comprehensive Income	56 949	140 387	14 492	476 918
Total comprehensive income attributable to the parent company shareholders	54 062	133 269	12 996	452 834
Total comprehensive income attributed to non-controlling interests	1 325	7 118	1 496	24 084

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Statement of changes in equity for the period from 1st January to 31st December 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		270	-45 826		0	44 173		-10 711	-12 094
Dividend					57 547	-127 571			-70 024
Total comprehensive income for period 1.01 - 31.12.2019				-14 193			142 544	12 036	140 387
<i>Valuation of hedging transactions</i>				-14 193					-14 193
Balance on this 31.12.2019 (closing balance)	11 161	2 763	621 839	51 095	1 730 760	90 329	142 544	107 618	2 758 109
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		2 493	-3 743		15 875	-4 486		1 560	11 699
Dividend						-24 445			-24 445
Total comprehensive income for period 1.01 - 31.12.2018				192 266			270 288	14 364	476 918
<i>Valuation of hedging transactions</i>				192 266					192 266
Balance on this 31.12.2018 (closing balance)	11 161	2 493	561 927	65 288	1 574 552	107 838	270 288	106 293	2 699 840

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CONSOLIDATED CASH FLOW ACCOUNT for the period	thousand x PLN	
	4 quarter(s) increasingly for the period from 01- 01-2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01- 01-2018 to 31-12-2018
A. Cash flow from operational activity - indirect method	368 835	349 888
I. Profit (loss) before taxation	202 069	349 004
II. Tax paid	-51 087	-55 378
III. Total adjustments	217 854	56 262
1. Share in net (profits) losses of subsidiary entities evaluated by equity method		
2. Depreciation	166 408	149 025
3. (Profit) loss from exchange rate fluctuations	-262	-391
4. Interest and profit share (dividends)	13 728	11 560
5. (Profit) loss on investment activities	845	8 419
6. Change in reserves	6 425	67 013
7. Change in inventories	50 358	-156 336
8. Change in receivables	45 237	-64 898
9. Change in short-term liabilities, except for loans and credits	-47 783	18 853
10. Change in accruals	-14 026	26 791
11. Other adjustments	-3 076	-3 774
IV. Net cash flow from operating activities	368 835	349 888
B. Cash flow from investment activity	-235 994	-336 582
I. Inflows	18 057	147 044
1. Sales of intangible and tangible fixed assets	621	956
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	17 436	146 108
- financial assets sold	16 457	114 837
- dividends and profit share received		
- repayment of long-term loans granted	0	20 000
- interest received	979	1 771
- other inflows from financial assets		9 500
4. Other investment inflows		
II. Outflows	-254 052	-483 626
1. Purchase of intangible and tangible fixed assets	-243 935	-243 261
2. Real estate property and intangible assets		
3. To financial assets, including:	-10 106	-239 946
- financial assets purchased	-9 591	-239 946
- long-term loans granted	-619	
4. Other investment outflows	-11	-419
III. Net cash flow from investment activities	-235 994	-336 582
C. Cash flow from financial activity	-200 927	-38 755
I. Inflows	9 594	97 318
1. Net inflows from issue of shares, other capital instruments and capital receipts		
2. Credits and loans	868	97 318
3. Issue of debentures		
4. Other financial inflows	8 726	

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II. Outflows	-210 521	-136 073
1. Purchase of own shares		
2. Dividends and other dues paid to shareholders	-35 572	-24 460
3. Outflows from profit distribution, other than dues paid to shareholders		
4. Credits and loans repaid	-154 776	-95 910
5. Redemption of debentures		
6. From other financial liabilities		
7. Contractual payments of financial leasing dues	-4 971	-2 671
8. Interest paid	-14 244	-13 032
9. Other financial outflows	-959	0
III. Net cash flow from financial activities	-200 927	-38 755
D. Total net cash flow	-68 085	-25 449
E. Balance sheet change in cash, including:	-68 085	-25 449
- change in cash due to exchange rates fluctuations	-386	
F. Cash (beginning of period)	472 586	498 037
G. Cash (end of period), including:	404 501	472 586
- of limited access and disposal		

II. Abridged Financial Report for the 4th quarter of 2019

Selected Financial Data	thousand x PLN		thousand x EUR	
	4 quarter(s) increasingly for the period from 01-01-2019 to 31- 12-2019	4 quarter(s) increasingly for the period from 01-01-2018 to 31- 12-2018	4 quarter(s) increasingly for the period from 01-01-2019 to 31- 12-2019	4 quarter(s) increasingly for the period from 01-01-2018 to 31- 12-2018
I. Net sales of products, goods and materials	1 508 581	1 591 713	350 686	373 037
II. Operating profit (loss)	-4 439	33 097	-1 032	7 757
III. Profit (loss) before taxation	96 053	133 475	22 329	31 281
IV. Net profit (loss)	92 808	125 048	21 574	29 307
V. Net cash flow from operating activities	115 109	-24 996	26 758	-5 930
VI. Net cash flow from investment activities	79 386	-58 943	18 454	-13 814
VII. Net cash flow from financial activities	-170 486	4 780	-39 631	1 192
VIII. Total net cash flow	24 008	-79 159	5 581	-18 552
IX. Total assets	2 148 481	2 218 872	504 516	516 017
X. Liabilities and provisions for liabilities	469 336	585 996	110 212	133 852
XI. Long-term liabilities	107 126	70 000	25 156	16 279
XII. Short-term liabilities	251 909	404 095	59 154	93 976
XIII. Shareholders' equity	1 679 145	1 632 876	394 304	382 165
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) per ordinary share (PLN)	16,63	22,41	3,87	5,25
Diluted profit (loss) per ordinary share (PLN)				
XVII. Book value per share (PLN)	300,91	292,62	70,66	68,49
Diluted book value per share (PLN)				
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)	5,00	3,00	1,16	0,70

- 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 2019. Other comparable data is presented for the period from 1st January 2018 to 31st December 2018.
- 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 31st December 2019 and amounting to 4.2585 and 4.3000 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 4.3018 for 4 quarters of 2019 and PLN 4.2669 for 4 quarters of 2018.
- In the item XVIII the amount of the dividend for 1 share to paid out in 2019 and 2018 by the Issuer.
- For profit-per-share calculation the number of 5 580 267 shares was adopted.

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BALANCE SHEET	(thousand x PLN)			
	31.12.2019	30.09.2019	31.12.2018	30.09.2018
Assets				
I. Fixed assets	1 521 494	1 524 284	1 507 844	1 500 542
1. Intangible fixed assets, including	118 340	115 929	71 825	44 209
- right of perpetual land use	86 920	85 074	41 033	41 033
2. Tangible fixed assets	822 231	824 664	841 862	857 270
3. Long-term receivables				
4. Long-term investments	578 411	581 588	592 476	597 763
4.1. Real estate investments	52 317	54 770	62 974	65 538
4.2. Intangible assets				
4.3. Long-term financial assets	526 094	526 818	529 502	532 225
4.4. Other long-term investments				
5. Long-term prepayments	2 512	2 103	1 681	1 300
5.1. Deferred tax assets	2 512	2 103	1 681	1 300
5.2. Other prepayments				
II. Current assets	626 987	627 413	711 028	691 147
1. Inventories	300 833	309 853	377 107	322 464
2. Short-term receivables	251 769	250 124	282 606	282 641
- including trade receivables in excess of 1 year	435	443	575	572
3. Short-term investments	74 080	66 265	51 113	70 617
3.1. Short-term financial assets	73 121	64 306	51 112	70 617
a) loans	21 500	23 500	23 500	31 000
b) cash and cash equivalents	51 621	40 806	27 612	39 616
3.2. Other short-term investments	959	1 959	1	1
4. Short-term prepayments	304	1 171	202	15 425
Total assets	2 148 481	2 151 697	2 218 872	2 191 689
Liabilities				
I. Shareholders' equity	1 679 145	1 684 062	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	103 749	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)	-28 634	-28 635	-10 432	
7. Net profit (loss)	92 807	97 725	125 048	130 167
II. Liabilities and provisions for liabilities	469 336	467 635	585 996	543 261
1. Provisions for liabilities	105 133	109 007	105 944	98 853
1.1. Provision for deferred income tax	75 325	74 809	71 458	58 821
1.2. Other provisions	29 808	34 198	34 486	40 032
a) long-term	25 948	32 720	32 665	38 993
b) short-term	3 860	1 477	1 821	1 039
2. Long-term liabilities	107 126	110 505	70 000	80 000
2.1. Long-term credits and loans	50 000	55 000	70 000	80 000
2.2. Other long-term liabilities	57 126	55 505		
3. Short-term liabilities	251 909	234 867	404 095	358 865
3.1. Short-term credits and loans			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	203 539	186 635	243 046	201 207
- including trade payables in excess of 1 year	2 455	2 308	1 979	1 510
3.4. Income tax liabilities				
3.5. Other short-term liabilities	28 370	28 231	28 375	30 904
4. Accruals	5 168	13 256	5 957	5 543
Total liabilities	2 148 481	2 151 697	2 218 872	2 191 689
Book value	1 679 145	1 684 062	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)	300,91	301,79	294,49	295,40

PROFIT AND LOSS ACCOUNT for the period	(thousand x PLN)			
	IV quarter of 2019 - period from 01-10-2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019	IV quarter of 2018 - period from 01-10-2018 to 31-12-2018	4 quarter(s) increasingly for the period from 01-01-2018 to 31-12-2018
I. Net sales of products, goods and materials, including:	343 683	1 508 581	414 489	1 591 713
1. Net sales of products	271 843	1 224 174	314 395	1 294 801
2. Net sales of goods and materials	71 840	284 407	100 094	296 912
II. Costs of products, goods and materials sold, including:	325 334	1 418 468	391 663	1 465 879
1. Production cost of products sold	254 101	1 136 508	293 150	1 176 832
2. Value of goods and materials sold	71 233	281 960	98 513	289 047
III. Gross profit (loss) on sales	18 349	90 113	22 826	125 834
IV. Selling costs	12 447	47 938	13 635	41 518
V. General and administrative costs	10 256	42 990	13 005	46 363
VI. Profit (loss) on sales	-4 354	-815	-3 814	37 953
VII. Other operating incomes	5 875	10 877	917	4 342
VIII. Other operating costs	10 736	14 501	6 118	9 198
IX. Operating profit (loss)	-9 215	-4 439	-9 015	33 097
X. Financial incomes	7 752	110 907	7 698	108 460
XI. Financial costs	3 289	10 414	1 970	8 082
XII. Profit (loss) before taxation	-4 754	96 052	-3 296	133 475
XIII. Income tax	164	3 245	1 823	8 427
XIV. Other statutory reductions in profit (increases in loss)	0			
XV. Net profit (loss)	-4 917	92 808	-5 119	125 048
Net profit (loss)	-4 917	92 808	-5 119	125 048
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267	5 580 267
Profit (loss) per ordinary share (PLN)	-0,88	16,63	-0,92	22,41
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)			
	IV quarter of 2019 - period from 01-10- 2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01-01-2019 to 31- 12-2019	IV quarter of 2018 - period from 01- 10-2018 to 31-12- 2018	4 quarter(s) increasingly for the period from 01-01-2018 to 31-12-2018
Net result	-4 917	92 808	-5 119	125 048
Differences from evaluation				
Total Comprehensive Income	-4 917	92 808	-5 119	125 048

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Statement of changes in equity for the period from 1st January to 31st December 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		
Total comprehensive income for period 1.01 - 31.12.2019						92 808	92 808
Balance on this 31.12.2019 (closing balance)	11 161	103 750	0	1 500 062	-28 635	92 808	1 679 146
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				-1	1		0
Dividend					-16 741		-16 741
Profit (loss) from previous years					-10 432		-10 432
Total comprehensive income for period 1.01 - 31.12.2018						125 048	125 048
Balance on this 31.12.2018 (closing balance)	11 161	104 184	0	1 402 915	-10 432	125 048	1 632 876

CASH FLOW ACCOUNT for the period	(thousand x PLN)	
	4 quarter(s) increasingly for the period from 01-01- 2019 to 31-12-2019	4 quarter(s) increasingly for the period from 01-01- 2018 to 31-12-2018
A. Cash flow from operating activities – indirect method	115 108	-24 996
I. Net profit (loss)	96 053	133 475
Tax paid	0	0
II. Total adjustments	19 055	-158 471
1. Depreciation	51 605	48 000
2. (Profit) loss from exchange rate fluctuations	10	
3. Interest and profit share (dividends)	-94 514	-92 530
4. (Profit) loss on investment activities	662	5 226
5. Change in reserves	-811	2 860
6. Change in inventories	77 820	-136 839
7. Change in receivables	30 837	-38 959
8. Change in short-term liabilities except for loans and credits	-39 566	65 108
9. Change in accruals	-3 743	-2 910
10. Other adjustments	-3 245	-8 427
III. Net cash flow from operating activities	115 108	-24 996
B. Cash flow from investment activities	79 386	-58 943
I. Inflows	108 469	111 335
1. Sales of intangible and tangible fixed assets	58	49
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	108 411	111 286
- financial assets sold		
- dividends and profit share received	102 311	98 612
- repayments of long-term loans granted		
- interest received	1 100	1 564
- other inflows from financial assets	5 000	11 110
4. Other investment inflows		
II. Outflows	-29 083	-170 278
1. Purchase of intangible and tangible fixed assets	-29 083	-31 181
2. Real estate property and intangible assets		
3. To financial assets, including:	0	-139 097
- financial assets purchased	0	-138 597
- long-term loans granted		-500
4. Other investment outflows		
III. Net cash flow from investment activities	79 386	-58 943
C. Cash flow from financial activities	-170 486	4 780
I. Inflows	0	90 000
1. Net inflows from issue of shares, other capital instruments or capital receipts		
2. Credits and loans	0	90 000
3. Issue of debentures		
4. Other financial inflows	0	0
II. Outflows	-170 486	-85 220
1. Purchase of own shares		
2. Dividends and other dues paid to shareholders	-27 901	-16 741

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3. Outflows from profit distribution, other than dues paid to shareholders		
4. Credits and loans repaid	-132 674	-60 833
5. Redemption of debentures		
6. From other financial liabilities		
7. Contractual payments of financial lease dues	-54	
8. Interest paid	-8 897	-7 646
9. Other financial outflows	-958	0
III. Net cash flow from financial activities	-170 486	4 780
D. Total net cash flow	24 008	-79 159
E. Balance sheet change in cash	24 008	-79 159
F. Cash (beginning of period)	27 612	106 771
G. Cash (end of period)	51 621	27 612

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. Stalprodukt S.A. holds 100 % of shares in the subsidiary companies, except for Zakłady Górniczo-Hutnicze "Bolesław", where it holds 94.93 % 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,
- 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

1. 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 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. 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. Compared to the IV quarter of 2018, the share in the capital of ZGH "Bolesław" S.A. increased to 94.93% at the end of the IV quarter of 2019 against 94.92 % at the end of the comparative period. The increase took place as part of the employee share purchase of ZGH "Bolesław" S.A.
4. 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.

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 October 2019 to 31 December 2019 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from 1 October 2018 to 31 December 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.
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 10,035 thousand, while the one amounting to PLN 6,862 thousand was released,
- a provision for doubtful receivables was formed amounting to PLN 1.282 thousand, while the one amounting to PLN 46 thousand was released,
- The stock write-down was created in the amount of PLN 25,400 thousand, including PLN 23,196 thousand in the zinc segment
- a provision for employee benefits was formed amounting to PLN 20,077 thousand, and the provision for employee benefits amounting to PLN 9,581 thousand was released,
- a provision for electrical energy origin certificates and CO₂ emissions allowances was formed in the amount of PLN 8,080 thousand, while the one amounting to PLN 7,010 thousand was released,
- A provision for the mine closure in the amount of PLN 4,916 thousand was created and released in the amount of PLN 4,849 thousand.
- The provisions created in connection with the purchase, GO STEEL, in the amount of PLN 6,255 thousand (performance of the obligation under the HRC agreement in 2019) has been released.
- Other provisions - increase of PLN 6,524 thousand and decrease of PLN 671 thousand.

The amount of PLN 30,375 thousand was demonstrated in other operating income in the consolidated statement of operation in the Zinc Segment from received free of charge CO₂ emission allowances and from redemption of CO₂ emission allowance, and in other operating expenses due to the cancellation of CO₂, the amount of PLN 30 375 thousand has been demonstrated.

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 (electrical 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.

Information on Operating Segments for 4th quarter of 2019 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	198 973	141 921	499 021	65 890	905 805
Domestic	11 913	107 838	287 626	25 204	432 581
Export	187 062	34 083	211 396	40 683	473 224
Segment Costs	185 092	142 904	416 481	61 968	809 445
Segment Result	13 881	-3 983	82 540	3 922	96 360
Other Operating and Financial Revenues Non-Attributable to the Segment					46 122
Other General, Operating and Financial Costs Non-Attributable to the Segment					112 431
Gross Profit					30 051
Income Tax					7 296
Net Profit					22 755
Segment Assets	996 454	700 807	2 233 929	369 092	4 300 281
Assets Non-Attributable to the Segment					38 579
Total Assets					4 338 861
Liabilities	285 079	225 687	690 722	83 148	1 284 636

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Contingent Liabilities					296 115
Total Liabilities					1 580 751
Investment Outlays	5 689	1 201	79 592	8 512	94 994
Depreciation	9 646	4 562	23 799	4 543	42 550

Information on Operating Segments for 4th quarter of 2018 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	202 460	180 297	489 3400	94 950	967 047
Domestic	16 300	131 295	295 064		
Export	186 160	48 358	194 276		
Segment Costs	184 798	183 823	414 540	91 487	874 648
Segment Result	17 662	-3 526	74 800	3 463	92 399
Other Operating and Financial Revenues Non-Attributable to the Segment					22 979
Other General, Operating and Financial Costs Non-Attributable to the Segment					52 843
Gross Profit					62 535
Income Tax					15 385
Net Profit					47 150
Segment Assets	982 533	791 892	2 169 144	386 736	4 330 305
Assets Non-Attributable to the Segment					30 398
Total Assets					4 360 703
Liabilities	294 628	299 193	655 583	109 766	1 359 170
Contingent Liabilities					296 115
Total Liabilities					1 655 285
Investment Outlays	3 715	708	50 601	9 746	64 770
Depreciation	9 521	4 587	20 675	5 144	39 927

V. Ocena uzyskanych wyników i sytuacja finansowa

In the 4th quarter of 2019, compared to the analogical period of 2018, the Stalprodukt S.A. Capital Group recorded an decrease of sales by PLN 61,242 thousand, i.e. by 6.3 %. At the profit-on-sales level PLN 54,680 was achieved, which accounts for a 12,2 % increase. At the operating profit level, on the other hand, PLN 21,685 thousand was achieved. The lower result at the operating level was mainly due to the write-down of stocks in the zinc segment

in connection with the valuation to the market value. Net profit in the IV quarter of 2019 amounted to PLN 22 755 thousand against PLN 47 150 thousand in the IV quarter of 2018.

The Electrical Sheets Segment recorded sales volumes of transformer sheets at the level higher by 8.5% compared to the IV quarter of 2018, which, along with falling prices, led to a decrease in revenues from the sale of the segment by PLN 3 487 thousand, i.e. 1.72%. The decrease in the margin in relation to the comparative period was caused by price adjustment and increase in costs, which resulted in an increase in direct and indirect costs of generating primarily electricity and in personnel costs. The segment continues to see price pressure from customers caused by global overproduction. The situation of producers in the European Union is aggravated by competition with lower production costs from the regions without fees for CO2 emissions and lower energy costs.

The company constantly conducts activities aimed at increasing the production and sales of HiB grade sheets, thanks to which in the whole of 2019 half more sheets were sold in this grade than in the same period last year.

In the **Profile Segment**, the volume of sales dropped by 20% compared to the fourth quarter of 2018. At the same time, the segment generated sales revenues lower by PLN 38,376 thousand, i.e. by 27 %.

In the IV quarter, the economic downturn in Europe was felt, which has been reflected in decreasing demand, off sales of stocks with simultaneous reduction of purchases. At the same time, significant price drops did not result in demand increase, and consumers and distributors strived to close the year with as low as possible levels of stocks.

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 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. 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 4th quarter of 2019 the Zinc Segment's net sales amounted to PLN 499.0 million and increased by 2 % in relation to the comparable period in the previous year when the sales amounted to PLN 489.3 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:

4th Quarter of 2019

Average LME zinc price: 2,388 USD/ton

Average LME lead price: 2,045 USD/ton
Average LME silver price: 17.3 USD/oz.
USD exchange rate: PLN 3.8741

4th Quarter of 2018

Average LME zinc price: 2,631 USD/ton
Average LME lead price: 1,964 USD/ton
Average LBM silver price: 14.5 USD/oz.
USD exchange rate: PLN 3.7671

As expressed in PLN, the zinc price decreased by 7%, from PLN 9,914 in the fourth quarter of 2018 to PLN 9,231 in the current period. As expressed in PLN, the price of lead increased by 7% from PLN 7,399 in the fourth quarter of 2018 to PLN 7,912 in the current period. As expressed in PLN, the price of an ounce of silver increased by 22% from PLN 54.8 in the fourth quarter of 2018 to PLN 67.1 in the current period.

In the fourth quarter of this year the sale has been higher by 4% than in the third quarter of 2018, zinc and zinc products. About 77% of the ZGH Group's turnover depended on the price of zinc. In the 4th quarter of 2019, the sales volume of lead and lead concentrates increased by 83%. About 16% of the ZGH Group's turnover depended on the price of lead. Silver sales in the fourth quarter of 2019 were at a similar level to sales in the fourth quarter of 2018. About 9% of the ZGH Group's turnover depended on the price of silver.

Metallurgical production in the IV quarter of this year compared to the IV quarter of 2018 was at a comparable level:

- zinc 41.5 thous. tons (in the previous year 41.4 thousand tons),
- refined lead 4.6 thous. tons (4.9 thousand tons in the previous year),
- silver (Dore's metal) 5.2 tons (5,1 tons in the previous year).

The level of margin in the Zinc Segment during the IV quarter was mainly influenced by:

- increase in lead and silver stock prices,
- higher sales volume of lead products,
- positive adjustment from hedging transactions,
- lower operating costs resulting from the inclusion of compensation to electricity prices

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

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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 June 2019 to December 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 31.12.2019 r. PLN thousand					
Cash Flow Hedging	forward	\$ 104 643 600,00	-18 786	-18 796	risk from USD/PLN exchange rates
Cash Flow Hedging	forward	€ 1 200 000,00	223	223	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 31.12.2019 (zinc) PLN thousand					
Cash Flow Hedging	swap	13 775	14 488	14 488	Price Change Risk Zn LME PLN
Cash Flow Hedging	swap (USD)	26 575	63 627	63 465	Price Change Risk Zn LME 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 PLN
Cash Flow Hedging	swap (USD)	0	0	0	Price Change Risk Pb LME USD
Cash Flow Hedging	option strategies (collar)	0	0	0	Price Change Risk Pb LME
Cash Flow Hedging	put	0	0	0	Price Change Risk Pb LME
Cash Flow Hedging	call	0	0	0	Price Change Risk Pb LME
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

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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	8 931	68 499
Short-Term Investments	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 to Item: Liabilities pertaining to hedging instruments	PLN thousand	
	31.12.2019	31.12.2018
Contracts for Hedging Transactions	2 352	15 362
Conclusions of Currency Option Transactions	15 806	13 954
Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers	5 718	-1 089
TOTAL	23 876	28 227

Valuation of Derivative Transactions

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

Division of Hedging Instruments

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

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	
	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	0
TOTAL	68 034	86 788

VII. Other Information

1. In the 4th 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.
2. 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 15 888 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),
 - 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.
 - 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.
3. The pending bankruptcy and composition proceedings cover the Group's receivables totaling PLN 3,977 thousand, wherein Stalprodukt's share amounts to PLN 743 thousand and ZGH "Bolesław"'s - PLN 3,234 thousand.

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

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 %-

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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 01.10.2019 to 31.12.2019 and in the comparable period from 01.10.2018 to 31.12.2018 is presented in the Table below.

Items the 4th quarter of 2019	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-Wamech sp. z o.o.	272	7 891	706	6 234
Stalprodukt-Centrostal sp. z o.o.	26	1 256	119	2 069
Stalprodukt-Zamość sp. z o.o.	839	417	1 061	429
Stalprodukt-Ochrona sp. z o.o.	25	1 452	57	1 189
STP Elbud sp. z o.o.	243	3 011	595	4 701
Anew Institute sp. z o.o.	20			648
Cynk-Mal S.A.	3 992	1 197	5 549	1 337
ZGH "Bolesław" S.A.		20		23
GO STEEL Frydek Mistek a.s.	32 470	23 694	68 461	31 130

Moreover, in the 4th quarter of 2019 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o.- revenue PLN 12 thousand, costs PLN 36 thousand; receivables PLN 0 thousand, liabilities PLN 15 thousand; Stalprodukt-Profil S.A. revenue PLN 3 thousand, costs PLN 0 thousand, receivables PLN 0 thousand, liabilities: PLN 0 thousand. The receivables in respect of F&R Finanse Sp. z o.o. amount to PLN 12 808 thousand. These were market-type transactions.

Items the 4th quarter of 2018	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	31	1 433	100	1 017
Stalprodukt-Wamech sp. z o.o.	141	2 556	342	2 629
Stalprodukt-Centrostal sp. z o.o.	54	1 378	121	1 219
Stalprodukt-Serwis sp. z o.o.	77	1 246	177	1 470
Stalprodukt-Zamość sp. z o.o.	1 529	85	2 374	91
Stalprodukt-Ochrona sp. z o.o.	23	740	55	705
STP Elbud sp. z o.o.	291	4 055	864	7 036
Anew Institute sp. z o.o.		384		111

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ZGH "Bolesław" S.A.		20		33
Cynk-Mal S.A.	5 390		8 806	866
GO STEEL Frydek Mistek a.s.	45 193	7 162	77 557	10 971

Moreover, in the 4th quarter of 2018 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o. - revenue PLN 11 thousand, costs PLN 81 thousand; receivables PLN 5 thousand, liabilities PLN 33 thousand; Stalprodukt-Profil S.A. revenue PLN 3 thousand, costs PLN 0 thousand, receivables PLN 0 thousand, liabilities: PLN 0 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 market-type transactions.

8. In the reporting period the Group made investment outlays on the purchase and formation of tangible fixed assets amounting to PLN 94 994 thousand. No significant fixed asset components have been disposed of during the reporting period.
9. In the reporting period, the Capital Group received compensation for the increase in electricity costs. The value of compensation settled as a result of the ZGH Capital Group amounted to PLN 15 million, whereas Stalprodukt S.A. received the amount of PLN 11 million. These amounts were recognized in the IV quarter of 2019.
10. 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 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 judgments 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 judgment, 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 judgment dismissing the action.

Both judgments 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 judgments 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 judgments 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,*
11. 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.
 12. On 3 February 2020, the Management Board of ArcelorMittal Poland announced the decision to restart the raw material part of the Kraków steelworks, which was temporarily stopped at the end of November 2019 due to deteriorating market conditions. According to the published notice, restarting the blast furnace and steel mill in Kraków will take place in mid-March, although the final date will depend on the time needed for preparations. Although the suspension of steel works at the Kraków branch of ArcelorMittal Poland did not adversely affect the supply of charge products carried out for the needs of the Company, due to the strong cooperative links between the two entities, the favourable logistics of deliveries from the Kraków branch and the

great importance of this steel mill in securing hot rolled sheet supplies for the Segment of Electrical steel sheets, the Issuer's Management Board welcomes the decision taken by ArcelorMittal Poland S.A.

13. On 21 November 2019 Stalprodukt, as the leader of the Consortium (which also includes the Academy of Mining and Metallurgy in Krakow as a research unit), signed an agreement with the National Centre of Research and Development for co-financing the research and development project being implemented by the Company, entitled "the Development of a non-destructive testing system carried out in a continuous manner together with the development of software controlling the operation of a linear welding machine based on the analysis of mechanical parameters of a linear welding". The project is implemented under the Intelligent Development Operational Programme. The amount of the financial support for expenses incurred by the Company is PLN 809 thousand, while the total value of the project is - PLN 4,071 thousand.
14. The aim of the project is to develop and implement a comprehensive non-destructive testing system into the production technology, enabling adjustment of the parameters of the process of welding sections with high-frequency currents to ensure high quality and strength of section welding without the need for random destructive tests.
15. 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,
 - fluctuations of the LME zinc and lead prices and LBM silver prices ,
 - fluctuations of currency exchange rates.
16. During the reporting period and following 31.12.2019 until the preparation of the Abridged Consolidated Report for the 4th 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.
17. 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 4th Quarter of 2019".

18. No additional information was appended to the Abridged Consolidated Financial Report for the 4th quarter of 2019 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.
19. This Abridged Consolidated Financial Report for the 4th quarter of 2019 was approved for publication by parent Company's Management Board on 28.02.2020.

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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

.....
Piotr Janeczek
President of the Management Board – CEO