



## The Stalprodukt S.A. Capital Group

### **Consolidated Financial Report of Stalprodukt S.A. Capital Group for the accounting year 2022**

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

Bochnia, April 2023

## Selected financial data

SELECTED FINANCIAL DATA	thousand x PLN			thousand x EURO		
	2022	2021	Data restated 2021	2022	2021	Data restated 2021
I. Net sales of products, goods and materials	5 904 372	4 674 169	4 674 169	1 259 384	1 021 118	1 021 118
II. Operating profit (loss)	611 229	633 247	621 218	130 373	138 339	135 711
III. Profit (loss) before taxation	598 220	617 133	605 104	127 599	134 819	132 191
IV. Net profit (loss)	480 522	528 729	516 700	102 494	115 506	112 878
- attributable to shareholders of the parent company	474 239	519 522	507 494	101 154	113 494	110 867
- net profit attributed to non-controlling interests	6 285	9 207	9 206	1 341	2 012	2 011
V. Net cash flow from operating activities	339 993	271 813	271 813	72 519	59 380	59 380
VI. Net cash flow from investment activities	-31 151	-122 260	-122 260	-6 644	-26 709	-26 709
VII. Net cash flow from financial activities	-195 371	-93 690	-93 690	-41 672	-20 468	-20 468
VIII. Total net cash flow	113 471	55 863	55 863	24 203	12 204	12 204
IX. Total assets	5 181 355	4 841 895	4 829 866	1 104 790	1 052 723	1 050 108
X. Long-term liabilities	480 718	571 664	571 664	102 500	124 291	124 291
XI. Short-term liabilities	864 345	899 018	899 018	184 299	195 464	195 464
XII. Shareholders' equity	3 836 292	3 371 213	3 359 184	817 990	732 968	730 353
- equity attributable to shareholders of the parent company	3 722 684	3 262 788	3 250 759	793 766	709 394	706 779
- equity attributed to non-controlling interests	113 608	108 425	108 425	24 224	23 574	23 574
XIII. Share capital	11 161	11 161	11 161	2 380	2 427	2 427
XIV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267	5 580 267	5 580 267
XV. Profit (loss) for one ordinary share (in PLN)	86,11	94,75	92,59	18,37	20,70	20,23
XVI. Weighted average number of shares	5 524 271	5 580 267	5 580 267	5 524 271	5 580 267	5 580 267
XVII. Diluted profit (loss) per ordinary share (PLN)	86,98	94,75	92,59	18,55	20,70	20,23
XVIII. Book value per share (PLN)	687,47	604,13	601,98	146,59	131,35	130,88
XIX. Diluted book value per share (PLN)	694,44	604,13	601,98	148,07	131,35	130,88
XX. Declared or paid-out dividend for one share in (PLN/EUR)	12,00	6,00	6,00	2,56	1,31	1,31

- Comparable financial data (item IX-XIV and XIII, XIX) was presented pursuant to the requirements of the International Financial Reporting Standards according to the balance for this 31<sup>st</sup> December 2021. Other comparable data is presented for the period from 1<sup>st</sup> January 2021 to 30<sup>th</sup> December 2021.
- EUR exchange rates according to the following principles were used for the conversion of the currency into PLN:
  - the assets and liabilities items of the balance sheet were converted into EUR according to the average rate announced by the National Bank of Poland for this 31<sup>st</sup> December 2022 and amounting to 4.6899 and 4.5994 for this 31<sup>st</sup> December 2021.
  - the profit and loss account items and the cash flow items were converted into EUR according to the rate being the simple average of the average EUR rates announced by the National Bank of Poland on the last day of each month included in the report and amounting to PLN 4.6883 for 20221 and PLN 4.5775 for 2021.
- For profit-per-share calculation the number of 5 580 267 shares was adopted.
- In connection with the share buyback, the diluted earnings per share were based on the weighted average number of shares in the amount of 5,524,271.
- In the item XX the amount of the dividend for 1 share to paid out in 2022 and 2021 by the Issuer.

CONSOLIDATED BALANCE SHEET	Notes	(thousand x PLN)		
		2022	2021 (Data restated)	01.01.2021 (Data restated)
<b>Assets</b>				
<b>I. Fixed assets</b>		<b>2 321 464</b>	<b>2 382 314</b>	<b>2 423 853</b>
1. Intangible assets other than goodwill	1	37 278	72 415	68 354
2. Goodwill		0	0	17 973
3. Tangible fixed assets	2	2 035 023	2 054 044	2 110 067
4. Right to use assets (incl. right of perpetual usufruct of land)	3	91 148	137 750	150 424
5. Investment real estate	4	64 074	8 027	9 837
6. Long-term financial assets	5	16 393	16 238	16 076
7. Other long-term financial assets	6	12 953	13 408	2 919
8. Long-term receivables		942	842	684
9. Deferred tax assets	7	56 043	68 543	36 884
10. Long-term prepayments	8	7 610	11 047	10 635
<b>II. Current Assets</b>		<b>2 859 891</b>	<b>2 447 552</b>	<b>1 936 497</b>
<u>Current assets other than assets held for sale</u>		2 859 891	2 447 552	1 934 663
1. Stocks	9	1 253 113	995 506	809 943
2. Receivables due to supplies and services and other	10	973 462	844 647	575 345
3. Cash and cash equivalents	11	605 725	492 254	436 391
4. Other short-term investments	12	27 591	115 145	112 984
<u>Assets held for sale</u>	13	0	0	1 834
<b>Assets in total</b>		<b>5 181 355</b>	<b>4 829 866</b>	<b>4 360 350</b>
<b>Liabilities</b>				
<b>Equity capital</b>		<b>3 836 292</b>	<b>3 359 184</b>	<b>2 991 158</b>
<b>I. Equity attributed to shareholders of the parent company</b>		<b>3 722 684</b>	<b>3 250 759</b>	<b>2 879 537</b>
1. Share capital	14	11 161	11 161	11 161
2. Capital from the surplus of the issue price above the nominal value / agio /	15	8 416	8 416	8 416
3. Provision for cash flow hedges / revaluation reserve /	16	-27 853	-120 616	-4 565
4. Provision for exchange rate differences resulting from translation		42 837	29 314	16 052
5. Retained earnings / including uncovered losses /	17	3 688 123	3 322 484	2 848 473
<b>II. Non-controlling interests / Equity attributable to</b>	<b>18</b>	<b>113 608</b>	<b>108 425</b>	<b>111 621</b>
<b>I. Long-term liabilities</b>		<b>480 718</b>	<b>571 664</b>	<b>659 733</b>
1. Provision for deferred income tax	19	149 309	147 435	136 161
2. Long-term provisions / including employee benefits /	20	43 551	177 947	102 687
3. Other long-term liabilities	21	146	225	145
4. Long-term provision for the costs of decommissioning, rehabilitation and environmental repair costs	22	110 446	40 000	199 777
5. Accruals and deferred income classified as fixed	23	43 368	43 528	44 069
6. Credits and loans	24	5 736	20 376	61 936
7. Long-term liabilities due to leasing contracts	25	104 307	103 081	98 619
8. Other long-term financial liabilities	26	23 855	39 072	16 339
<b>II. Current liabilities</b>		<b>864 345</b>	<b>899 018</b>	<b>709 459</b>
<u>Short-term liabilities other than those included in groups intended for sale</u>		864 345	899 018	709 459
1. Short-term provisions for liabilities	27	68 817	109 978	163 665
2. Credits and loans	28	20 201	62 355	56 517

3. Liabilities due to supplies and services	29	477 368	451 455	291 469
4. Current liabilities due to social insurance and taxes other than income tax	30	47 502	41 377	38 979
5. Other short-term non-financial liabilities	31	79 195	77 139	116 648
6. Short-term reserve for the costs of decommissioning, rehabilitation and environmental repair costs	27.1	78 031	0	0
7. Liabilities due to income tax		5 876	3 950	1 621
8. Liabilities due to leasing	32	7 143	8 234	8 364
9. Other short-term financial liabilities	33	56 480	132 649	25 230
10. Accruals	34	23 732	11 881	6 966
Liabilities included in those intended for sale		0	0	0
<b>Total Liabilities</b>		<b>1 345 063</b>	<b>1 470 682</b>	<b>1 369 192</b>
<b>Total Assets</b>		<b>5 181 355</b>	<b>4 829 866</b>	<b>4 360 350</b>

Book value		3 836 292	3 359 184
Number of shares		5 580 267	5 580 267
Book value per share (PLN)	35	687,47	601,98
Weighted average number of shares		5 524 271	5 580 267
Diluted book value per share (in PLN)		694,44	601,98

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Notes	thousand x PLN	
		2022	2021
<b>I. Net revenue from sale of products, goods and materials</b>	36	<b>5 904 372</b>	<b>4 674 169</b>
<b>II. Costs of sold products, goods and materials</b>	37	<b>5 043 355</b>	<b>3 854 437</b>
<b>III. Profit (loss) gross on sales</b>		<b>861 017</b>	<b>819 732</b>
IV. Costs of sales		123 629	84 886
V. General administrative costs		183 368	161 950
VI. Other operational revenue	38	382 344	396 330
VII. Other operational costs	39	325 135	348 008
<b>VIII. Profit (loss) from operational activity</b>		<b>611 229</b>	<b>621 218</b>
IX. Financial revenue	40	26 605	14 736
X. Financial costs	41	39 768	31 013
XI. Profit on shares in associates		154	163
<b>XII. Profit (loss) gross</b>		<b>598 220</b>	<b>605 104</b>
XIII. Income tax	42	117 698	88 404
<b>XIV. Profit (loss) from continuing operations</b>		<b>480 522</b>	<b>516 700</b>
XV. Profit (loss) from discontinued operations		0	0
<b>XVI. Profit (loss) net</b>	43	<b>480 522</b>	<b>516 700</b>
1. Profit (loss) attributable to the owners of the parent company		474 239	507 494
2. Profit (loss) attributable to non-controlling interests		6 283	9 206

Net profit (loss) per share (in PLN / groszy per

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share)

		2022	2021
Net profit (loss) per share (in PLN / groszy per share)	44	86,11	92,59
Earnings per share from continuing operations		86,11	92,59
Earnings per share from discontinued operations		0,00	0,00
Diluted earnings per share		86,98	92,59
Diluted from continuing operations		86,98	92,59
Diluted from discontinued operations		0,00	0,00
Weighted average number of ordinary shares		5 524 271	5 580 267

TOTAL COMPREHENSIVE CONSOLIDATED INCOME for the period		thousand x PLN	
		2022	2021
Net result		480 522	516 700
Other comprehensive income that will be reclassified to profit or loss, after tax		0	0
Other comprehensive income that will be reclassified to profit or loss, after tax, including:		113 864	-112 317
<i>The effective part of the cash flow hedging in accordance with IFRS 9</i>	45	100 341	-125 579
<i>gains and losses on translating items in the financial statements of the foreign operations</i>		13 523	13 262
<b>Other comprehensive income</b>		<b>113 864</b>	<b>-112 317</b>
<b>Total comprehensive income together</b>		<b>594 386</b>	<b>404 383</b>
Comprehensive income attributable to equity holders of the parent		580 525	404 705
Comprehensive income attributable to minority shareholders		13 861	-322

Statement of changes in equity for the period from 1st January to 31st December 2022 and 2021	thousand x PLN							
	Share capital	Capital from the surplus of the issue price above the nominal value / agio /	Reserve for cash flow hedges / revaluation reserve /	Foreign exchange differences from translation	Retained earnings	Capital of the parent company	Capital non-controlling interests	Equity in TOTAL
Balance on this 01.01.2022 (opening balance)	11 161	8 416	-120 616	29 314	3 334 513	3 262 788	108 425	3 371 213
Error correction					-12 029	-12 029		-12 029
Balance on this 01.01.2022 (opening balance)	11 161	8 416	-120 616	29 314	3 322 484	3 250 759	108 425	3 359 184
Dividend					-66 963	-66 963	-8 678	-75 641
Total comprehensive income for year 2022			92 763	13 523	474 239	580 525	13 861	594 386
Other changes in equity					-41 637	-41 637		-41 637
Change in equity			92 763	13 523	365 639	471 925	5 183	477 108
Balance on this 31.12.2022 (closing balance)	11 161	8 416	-27 853	42 837	3 688 123	3 722 684	113 608	3 836 292
Balance on this 01.01.2021 (opening balance)	11 161	8 416	-4 565	16 052	2 770 502	2 801 566	111 621	2 913 187
Error correction					77 971	77 971		77 971
Balance on this 01.01.2021 (opening balance)	11 161	8 416	-4 565	16 052	2 848 473	2 879 537	111 621	2 991 158
Dividend					-33 483	-33 483	-2 874	-36 357
Total comprehensive income for year 2021			-116 051	13 262	507 494	404 705	-322	404 383
Other changes in equity			0			0	0	0
Change in equity	0	0	-116 051	13 262	474 011	371 222	-3 196	368 026
Balance on this 31.12.2021 (closing balance)	11 161	8 416	-120 616	29 314	3 322 484	3 250 759	108 425	3 359 184

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	2022	2021
<b>A. Cash flow from operational activity</b>		
Gross profit (loss)	598 220	605 104
Income tax paid	-116 931	-83 880
Adjustments made to reconcile profit (loss)	-141 296	-249 411
Adjustments for undistributed investment gains accounted for using the equity method	-154	163
Amortization and depreciation adjustments	179 279	177 273
Adjustments due to unrealized gains (losses) on exchange differences	1 503	1 032
Corrections for interest expense	9 044	9 546
Adjustments resulting from dividend income	0	0
Adjustments for losses (gains) on the sale of fixed assets	13 322	-24 636
Adjustments for provisions	-23 796	28 488
Adjustments for the decrease (increase) in the value of inventories	-254 853	-180 507
Adjustments resulting from a decrease (increase) in receivables	-62 087	-268 175
Adjustments for the increase (decrease) in the value of liabilities	-54 111	130 489
Other adjustments made to reconcile profit (loss) and deferred tax	42 604	-118 806
Deferred tax adjustment	7 953	-4 278
<b>Cash flow from operating activities</b>	<b>339 993</b>	<b>271 813</b>
<b>B. Cash flow from investment activity</b>		
Sale of intangible assets and tangible fixed assets	8 570	43 625
Sale of financial assets	233 411	222 589
Dividends received classified as investing activities	3	-
Repayment of long-term loans granted	225	2 500
Cash inflow from interest received classified as investing activity	1 126	533
Purchase of intangible assets and tangible fixed assets	-120 195	-134 282
Acquisition of financial assets	-167 588	-257 323
Other investment inflows and outflows	13 297	98
<b>Net cash flow from investment activities</b>	<b>-31 151</b>	<b>-122 260</b>
<b>C. Cash flow from financial activity</b>		
Purchase of own shares	-45 167	-
Proceeds from loans classified as financial activities	160	3 197
Other financial inflows / outflows	-2 356	-6 900
Paid dividends classified as financial activities	-76 854	-36 094
Repayment of credits and loans	-56 954	-38 965
Payment of lease liabilities, classified as financial activity	-4 013	-4 719
Interest paid, classified as financial activity	-10 187	-10 209
<b>Net cash flow from financial activities</b>	<b>-195 371</b>	<b>-93 690</b>

<b>Net cash flow</b>	<b>113 471</b>	<b>55 863</b>
The effects of changes in exchange rates on cash and cash equivalents	-	-
<b>Increase (decrease) in cash and cash equivalents</b>	<b>113 471</b>	<b>55 863</b>
Cash and cash equivalents at the beginning of the period	<b>492 254</b>	<b>436 391</b>
Cash and cash equivalents at the end of the period	<b>605 725</b>	<b>492 254</b>
Restricted cash and cash equivalents	11 269	21 621

Cash at beginning of the reporting period represent the amount of PLN 492,254 thousand and at the end of the reporting period PLN 605,725 thousand.

Operating activities consist of the basic (main) activities of the Group, i.e. production, trade and service and other not classified as investing or financing activities. Net cash from operating activities is a revised financial result of the Group.

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

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

#### Explanations for flows:

<b>Change in receivables:</b>	<b>5141</b>
- adjustment for a change in receivables from the sale of property, plant and equipment	-79
- change in tax receivables	0
	5220
<b>The change in short-term liabilities, except for loans and credits, results from the following items:</b>	<b>123058</b>
- adjustment for changes in credits and loans	20701
- adjustment for a change in liabilities due to the purchase of tangible fixed assets	-8452
- exclusion of mutual settlements of PRD-Boltech	0
- liability for income tax	300
- payment of lease liabilities	0



- purchase of a financial lease	-1488
- adjustment for a change in liabilities due to revaluation of financial assets with capital	79184
- dividend	-630
- adjustment for a change in other financial liabilities	33441
	0
<b>The change in accruals results from:</b>	<b>-21973</b>
- assets for deferred income tax recognized in capital	-8224
- adjustment resulting from CO2 emission allowances received free of charge	-10522
- adjustment for current income tax	0
.- purchase of fixed assets and intangible assets from subsidies and the National Center for Research and Development	-3227
	0
	0
<b>The value of the item "other adjustments" consists of:</b>	<b>42603</b>
- change in the valuation of financial assets	-4216
- change in valuation of other securities	1402
- free transfer of outlays for fixed assets under construction	-477
- valuation of the transaction left in the revaluation reserve	1395
- revaluation of the right-of-use asset	10339
- CO <sub>2</sub> emission allowances	6508
- write-down of the value of shares	35
- write-down of fixed assets in a subsidiary	8981
- write-down of fixed assets	13840
- purchase of energy certificates	4102
- other adjustments	694

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

### **1. General information**

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Certified Auditor***

KPW Audyt Sp. z o.o.

Ul. Tymienieckiego 25c/410

90-350 Łódź

### ***Banks***

Bank Pekao S.A.

Bank Handlowy w Warszawie S.A.

PKO Bank Polski S.A.

BNP Paribas Bank Polska S.A.

Societe Generale S.A. Oddział w Polsce

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

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

### ***Significant Shareholders of the Parent Company***

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

- STP Investment S.A. holding 1,529,319 shares, accounting for a 27.41 %-share in capital and 4,375,691 votes, accounting for 35.87 % of the total number of votes at the General Meeting of Shareholders and through F&R Finanse sp. z o.o. 43,807 shares, accounting for 0.79 %-share in capital and 43,807 votes, accounting for 0.36 % of the total number of votes at the General Meeting of Shareholders, i.e. the total 1,573,126 shares, accounting for a 28.19 %-share in capital and 4,419,498 votes, accounting for 36.23 % of the total number of votes at the General Meeting of Shareholders,

- FCASE Sp. z o.o. Sp. k. holding 243,410 shares, accounting for 4.36 %-share in capital and 1,217,050 votes, accounting for 9.98 % of the total number of votes at the General Meeting of Shareholders,
- Stalprodukt Profil S.A. holding 579,652 shares, accounting for 10.39 %-share in capital and 1,095,488 votes, accounting for 8.98 % of the total number of votes at the General Meeting of Shareholders.
- ArcelorMittal Sourcing a société en commandite par actions holding 1,066,100 shares, accounting for a 19.10 %-share in capital and 1,066,100 votes, accounting for a 8.74 % of the total number of votes at the General Meeting of Shareholders.

### *Subsidiary*

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

### *Subsidiaries and entities consolidated using the full and equity method*

No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take- over of control/ joint control/ obtaining a significant impact	percentage of capital held	share of the total number of votes at a general meeting	shareholding of the parent company
1.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	100.00	100.00	100.00
2.	Stalprodukt-Centrostal sp. z o.o. – in liquidation	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	100.00	100.00	100.00
3.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	100.00	100.00	100.00
4.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	100.00	100.00	100.00
5.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	100.00	100.00	100.00
6.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	100.00	100.00	100.00
7.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	100.00	100.00	100.00

8.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	94.93	94.93	94.93
9.	Go Steel a.s.	Frydek-Mistek	production of electrical transformer sheets	subsidiary	full consolidation	01.03.2018	100.00	100.00	100.00
10.	Hotel Ferreus Sp. z o.o.	Kraków	hotel services	subsidiary	full consolidation	09.03.2021	100,00	100,00	100,00
11.	BOLTECH Sp. z o.o.	Bukowno	heat supplies, alterations/ repair services, production of zinc product dolomite aggregate zinc products, transport- & equipment- related services.	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	01.03.2004	100.00	100.00	94.93
12.	Karo Sp. z o.o.	Bukowno	Investigative, detective and security-related activities	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	01.03.2004	100.00	100.00	94.93
13.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	production and sales of zinc, lead and alloys of these metals	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	29.09.2010	92.82	92.82	88.11
14.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	zinc and lead mining and production of metal concentrates	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	11.07.2011	99.61	99.61	94.56
15.	Polska Technika Zabezpieczeń Sp z o.o.	Warszawa	distribution of construction woodwork	Stalprodukt Zamość Sp. z o.o. subsidiary company	full consolidation	31.12.2015	80.00	74.29	80.00
16.	StalNet Sp. z o.o.	Kraków	Internet commerce	shares held by Stalprodukt S.A./personal links	by means of equity method	31.01.2018	28.00	28.00	28.00

### *Related entities*

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

### *Changes in the capital structure of the Company*

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

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

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

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

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

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

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

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

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

### *2.1. Compliance Statement*

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

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

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

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

### ***2.3. Functional and Presentation Currency***

The currency in use, as the basic currency of the economic environment in which the Group operates is the Polish zloty. An exception is the Czech company for which the Czech crown is the functional currency. This Polish zloty is also the currency used in the consolidated financial statements.

### ***2.4. Consolidation Method***

At the level of the parent company, all entities from the capital group are fully consolidated, except for StalNet sp. z o.o., which is consolidated using the equity method.

### ***2.5. Hedge accounting method***

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

Hedge accounting shall be used only if the following requirements are met:

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

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



Derivatives that do not meet the above requirements are classified as financial instruments held for trading.

### **3. Accounting principles (policy) applied**

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

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

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

#### **3.2. Fixed assets**

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

The difference (surplus) on account of initial revaluation (revaluation) was recognized in equity as retained profit,

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

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

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

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

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

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

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

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

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

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

j) In case of occurrence of premises indicating the possibility of loss of value of owned components of tangible fixed assets and intangible assets, a test for loss of value will be conducted, and the established amounts of revaluation write-offs will decrease the balance sheet value of the asset to which they refer and will be included in the profit and loss account. The amount of revaluation write-downs is determined as the surplus of the balance sheet value of these components over their recoverable value. Recoverable value

corresponds to the higher of the following value: net selling price or value in use measured by the generated cash flows of a given asset or cash-generating unit, discounted to its present value using a discount rate reflecting current market prices, the time value of money and the risk related to the given asset.

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

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

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

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

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

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

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

### **3.3. Current assets**

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

The value of stock sale is measured at the weighted average cost

The cost of finished products and work in progress includes the cost of direct materials, labour and other costs, as well as an appropriate margin for indirect production costs determined on the basis of normal production capacity utilisation, excluding borrowing costs.

The following are not classified as manufacturing costs:

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

Any bonuses for supplies of materials and goods that the company expects to receive from suppliers for a given financial year are booked at the end of the first and second half of the year based on a forecast made after the completion of a certain number of orders.

Any write-downs of stock to the net realisable value and any losses in stock are recognized as operating expenses in the period in which the write-down or loss occurred. If the circumstances that caused the decrease in the value of stock cease to exist or if there is clear evidence of an increase in the value of net realisable value, the amount of the previously made write-down is restored (reversal of the write-off). The amount corresponding to the recovery of stock due to an increase in the net realisable value shall be recognized as a reduction in the cost of stock recognized in the profit and loss account during the period in which the recovery occurs.

The Group keeps records of the quantity and value of materials. It is allowed to write off materials in the costs of purchase without any quantitative and value records, provided that the materials are delivered for use immediately after their purchase.

Spare parts for machinery and equipment with an expected service life (of over one year) are presented in the balance sheet under item tangible fixed assets,

Receivables and short-term trade claims – are recognized according to the amounts initially invoiced, taking into account write-offs for bad debts, charged to other operating costs.

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

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

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

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

### 3.4. Liabilities

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

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

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

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

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

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

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

**Provisions** are created if there is:

- a liability (legal or constructive) at the balance sheet date arising from past events,

- the probability of necessity to spend money,
- the possibility of making a reliable estimate.

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

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

The provision for unused holiday leaves is calculated as follows:

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

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

Provisions for income tax are created using the balance sheet liabilities method in relation to all temporary differences occurring as at the balance sheet date between the tax value of assets and liabilities and their balance sheet value disclosed in the financial statements. Deferred tax liabilities are recognized in respect of taxable temporary differences and deferred tax assets are recognized in respect of taxable temporary differences.

Balance sheet value of assets under deferred income tax is reviewed per each balance sheet date and will be reduced accordingly, as much as it has ceased to be likely to achieve taxable income sufficient to partially or totally execute component of assets under deferred income tax.

The difference between the balance of deferred tax liabilities and deferred tax assets at the end and beginning of the reporting period affects the financial result or equity, if the provisions and assets relate to operations settled directly with equity.

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

### **Prepayments and accruals**

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

### **3.5. Profit and loss account**

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

Revenue is recognized in two material categories:

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

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

In accordance with IFRS No. 15, revenues are recognized when a customer obtains control over a good or service. The customer obtains such control when they have the ability to control the use of the good or services and obtain benefits from them.

An entity recognizes a contract with the customer covered by this standard only if all of the following criteria are met:

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

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

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

- manufacturing costs of the products sold (including services),
- costs of the goods and materials sold.

Selling expenses include trade costs, representation and advertising costs.

Administrative expenses include the costs of managing the entity and the costs of administration and representation.

The financial result is also influenced by:

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

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

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

Borrowing costs directly related to the acquisition or production of property components requiring a longer period of time to be fit for use or resale are added to the costs of production of such their fixed assets, until the moment of putting these fixed assets to use.

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

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

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

### **3.6. Professional judgement, estimates and assumptions**

The preparation of financial statements in accordance with the IFRS requires the Management Board to exercise professional judgement, estimates and assumptions that affect the adopted principles and the presented values of assets, liabilities, revenue and expenses. Estimates and related assumptions are based on historical experience and other factors that are considered reasonable under given circumstances, and their results provide a basis for professional judgement as to the carrying amount of assets and liabilities that does not directly result from other sources. The actual value may differ from the estimated



value. Estimates and related assumptions are subject to ongoing verification. Changes in accounting estimates are recognized in the period in which they are made.

Estimates in the process of applying the accounting principles (policy) regarding the balance sheet values are:

- a) write-offs updating the value of receivables,
- b) write-offs updating the value of inventories,
- c) provisions for retirement benefits,
- d) deferred tax assets and liabilities,
- e) periods of depreciation of fixed assets,
- g) derivative instruments (notes regarding explanations regarding balance sheet items,
- h) other provisions.

The entities analysed the estimates and their changes as at the balance sheet date.

### **3.7. Principles of preparation of consolidated financial statement**

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

- the consolidated balance sheet has been prepared by aggregating all asset and liability items of the consolidated entities and eliminating related to mutual settlements, retained earnings in stock and the value of shares in subsidiaries in connection with their share capitals,
- the consolidated profit and loss account and the statement of comprehensive income were prepared by aggregating all items of revenue and expenses for the reporting period of consolidated entities and excluding turnover from mutual transactions and profits retained in inventories,
- the statement of changes in equity has been prepared by aggregating all items of changes in equity of consolidated companies relating to transactions with owners and excluding mutual transactions,
- the consolidated statement of cash flows has been prepared by aggregating all items of the accounts for the reporting period and excluding them from the consolidation procedures of the balance sheet and the profit and loss account.

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

The consolidated net result includes:

- profit/loss on business activity, also under other operating revenues and operating costs,

- result on financial operations,
- write-off of subsidiaries goodwill,
- mandatory charges of the financial result under corporate income tax,
- share in net profits (losses) of subsidiaries measured by the equity method,
- profit (loss) of minority.

### **3.8. Interim financial report**

Interim financial reporting is prepared in accordance with the adopted accounting principles (policy).

Interim financial report consists of:

- I. Interim condensed consolidated financial statements, which include:
  1. Consolidated statement of financial position (balance sheet) at the end of the period,
  2. Consolidated profit and loss account and statement of comprehensive income for the period,
  3. Consolidated statement of changes in equity for the period,
  4. Consolidated statement of cash flows for the period,
- II. Interim condensed financial statements, which include:
  1. Statement of financial position (balance sheet) at the end of the period,
  2. Profit and loss account and statement of comprehensive income for the period,
  3. Statement of changes in equity for the period,
  4. Statement of cash flows for the period.
- III. Additional information on accounting policy and explanatory information.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and the notes mainly contain explanations of events and changes necessary to understand changes in the Group's financial position and operating results that have occurred since the end of the last financial year.

Additional information includes selected explanatory data required by IAS 34 and the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws 2018, item 757, as amended).

For the purposes of the Warsaw Stock Exchange, the company is required to prepare interim standalone and consolidated financial reports and annual standalone and consolidated financial reports for the following periods:

- a. quarter:
  - a. Q1 - January 1 - March 31
  - b. Q2 - April 1 - June 30
  - c. Q3 - July 1 - September 30
  - d. Q4 - October 1 - December 31

- b. half-year:
  - a. January 1 - June 30
- c. year:
  - a. January 1 - December 31 (corresponds to the financial year).

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

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

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

New standards and interpretations published but not yet effective

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

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

- Amendments to IAS 1 and Practice Statement 2: Disclosure of information on accounting principles (policy) (published on February 12, 2021) - applicable to annual periods beginning on or after January 1, 2023;
- Amendments to IAS 8: Definition of estimates (published on February 12, 2021) - applicable to annual periods beginning on or after January 1, 2023;
- Amendments to IAS 12: Deferred tax on assets and liabilities arising from a single transaction (published on May 7, 2021) - applicable to annual periods beginning on or after January 1, 2023;
- Amendments to IFRS 17 Insurance Contracts: First application of IFRS 17 and IFRS 9 - Comparative information (published on December 9, 2021) - applicable to annual periods beginning on or after January 1, 2023.

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

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

## 5. Explanatory notes to the financial statement

### 5.1.Intangible assets

Intangible assets other than goodwill

NOTE 1a - INTANGIBLE ASSETS OTHER THAN GOODWILL	thousand x PLN	
	2022	2021
a) development costs	11 456	49 007
b) concessions, patents, licenses and similar assets, including:	13 039	13 399
- computer software	3 007	2 494
b) other intangible assets	12 783	10 009
- CO2 emission allowances	12 742	9 946
<b>Total intangible assets</b>	<b>37 278</b>	<b>72 415</b>

All intangible assets are the property of Stalprodukt. The company does not rent, lease or lease intangible assets.

1b NOTE - Changes of intangible assets (by group type)	thousand x PLN					
	a	b		c		Intangible assets, total
	cost of completed development works	concessions, patents, licenses and similar values, including:		other intangible assets		
			- computer software		CO2 emission allowances	
I. gross value of intangible assets at the beginning of the period	65 623	30 722	10 754	177 987	169 521	274 332
1. increase (due to)	4 284	1 731	1 290	215 869	215 635	221 884
- purchase	0	1 480	1 179	0	0	1 480
- investments	0	573	39	0	0	573
- obtaining free-of-charge CO <sub>2</sub> emission allowances	0	0	0	198 257	198 257	198 257
- purchased CO2 emission allowances	0	0	0	17 273	17 273	17 273
- translation differences	0	17	15	0	0	17
- other enhancements	4 284	-339	57	339	105	4 284
2. decrease (due to)	33 624	280	108	155 731	153 796	189 635
- liquidation	2 966	279	107	1 935	0	5 180
- sale	30 658	0	0	0	0	30 658
- redemption of CO <sub>2</sub> emission allowances received free of charge	0	0	0	136 553	136 553	136 553
- redemption of purchased CO <sub>2</sub> emission allowances	0	0	0	17 243	17 243	17 243
- other decreases	0	1	1	0	0	1
II. gross value of intangible assets at the end of the period	36 283	32 173	11 936	238 125	231 360	306 581
III. accumulated amortization (depreciation) at the end of the period	14 363	17 323	8 260	167 979	159 359	199 665
1. increase (due to)	2 196	2 075	762	212 452	212 413	216 723
- depreciation included in costs	2 196	2 053	717	39	0	4 288
- amortization of CO <sub>2</sub> emission allowances	0	0	0	212 413	212 413	212 413
- translation differences	0	11	11	0	0	11
- other enhancements	0	11	34	0	0	11
2. reductions (due to)	2 965	264	93	155 089	153 154	158 318
- sale	0	0	0	0	0	0
- liquidation	2 965	264	93	1 935	0	5 164
- retraining	0	0	0	0	0	0
- CO2 emission allowances	0	0	0	153 154	153 154	153 154

IV. accumulated depreciation (redemption) at the end of the period	<b>13 594</b>	<b>19 134</b>	<i>8 929</i>	<b>225 342</b>	<i>218 618</i>	<b>258 070</b>
V. impairment losses at the beginning of the period	<b>2 252</b>	<b>0</b>	<i>0</i>	<b>0</b>	<i>0</i>	<b>2 252</b>
- increases	8 981	0	<i>0</i>	0	<i>0</i>	8 981
- reductions	0	0	<i>0</i>	0	<i>0</i>	0
VI. write-offs for permanent loss of value at the end of the period	<b>11 233</b>	<b>0</b>	<i>0</i>	<b>0</b>	<i>0</i>	<b>11 233</b>
VII. net value of intangible assets at the end of the period	<b>11 456</b>	<b>13 039</b>	<i>3 007</i>	<b>12 783</b>	<i>12 742</i>	<b>37 278</b>

NOTE 2a - TANGIBLE FIXED ASSETS	thousand x PLN		Data restated	
	2022	2021	2021	01.01.2021
<b>1. fixed assets, including:</b>	<b>1 929 642</b>	<b>1 993 363</b>	<b>1 981 333</b>	<b>1 970 978</b>
a) land	34 916	32 335	32 335	32 007
b) buildings, premises, civil engineering objects	719 376	723 461	723 165	676 265
c) plants and machinery	1 131 696	1 195 607	1 184 596	1 219 267
d) means of transport	19 738	20 000	19 290	24 388
e) other fixed assets	23 916	21 960	21 947	19 051
2. fixed assets under construction	<b>105 381</b>	<b>72 711</b>	<b>72 711</b>	<b>138 511</b>
3. advances for fixed assets under construction	<b>0</b>	<b>0</b>	<b>0</b>	<b>578</b>
<b>Tangible fixed assets, total</b>	<b>2 035 023</b>	<b>2 066 073</b>	<b>2 054 044</b>	<b>2 110 067</b>

Fixed assets under construction include expenditure on exploration and appraisal work related to the exploration and appraisal of zinc and lead ore deposits, which include geological work performed to discover and document the deposit.

The amount of related costs shown in fixed assets under construction as at December 31, 2022 is PLN 6,848 thousand.

As at the balance sheet date, the following real properties of the ZGH Bolesław S.A. Capital Group are encumbered with the following mortgages constituting property security:

- contractual mortgage (KWGL1T/00094659/8-ownership right to land and industrial building) in the amount of PLN 46,195 thousand. PLN (125% of the NFOSiGW loan), the outstanding amount as at December 31, 2022 is PLN 10,196 thousand. ,
- court registered pledge (on a set of movables purchased or manufactured) for the amount of PLN 46,195 thousand. PLN (125% of the NFOSiGW loan) together with the assignment of rights under the insurance policy, the amount to be repaid as at 31/12/2022 is PLN 10,196 thousand. ,

Other tangible fixed assets are not encumbered by mortgages, registered pledges and transfers of ownership.

Tangible fixed assets were valued at cost, ie purchase price (production cost) less accumulated depreciation (redemption).

As at the balance sheet date, an impairment loss on property, plant and equipment was recognized in the amount of PLN 31,785 thousand. In the reporting year, an increase in production volumes of less than 1% was recorded. At the same time, due to the lack of external and internal premises, in the Company's opinion, there were no factors causing the need to recognize impairment losses on segment assets.

As at December 31, 2022, the amount of the write-down on development costs is PLN 11,233 thousand.

The write-off concerned the ANew-B1 wind farm with a capacity of 1.5 MW. The direct premise for the impairment test was the physical damage to the assets, i.e. the failure of the B1 turbine consisting in the detachment of two blades mounted in two wings (out of three working ones), which occurred on January 5, 2023. As a result of the test, it was necessary to check whether the carrying amount is not higher than the recoverable value and make a write-down corresponding to the difference between the recoverable and carrying amount of a given fixed asset.

The preliminary analysis of the collected materials shows that:

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

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

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

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

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



CHANGE OF FIXED ASSETS (BY GROUPS)	thousand x PLN					
	- land (including perpetual usufruct)	- buildings, premises, civil engineering objects	- plants and machinery	- means of transport	- other fixed assets	Fixed assets, total
<b>I. gross value of fixed assets at the beginning of the period</b>	<b>31 979</b>	<b>1 270 940</b>	<b>2 496 494</b>	<b>66 632</b>	<b>42 207</b>	<b>3 908 252</b>
<b>1.increases (due to)</b>	<b>2 581</b>	<b>64 252</b>	<b>92 536</b>	<b>8 194</b>	<b>5 224</b>	<b>172 787</b>
- from the purchase	2 247	21 980	51 163	6 596	2 456	84 442
- investments	0	35 454	9 694	0	2 190	47 338
- retraining	0	0	22 759	230	0	22 989
- revaluation						0
- change of state part. order included in accordance with IAS as fixed assets	0	0	165	0	0	165
- change in the state of major repairs	0	0	0	0	0	0
- exchange rate differences	325	6 325	3 703	346	545	11 244
- other	9	493	5 052	1 022	33	6 609
<b>2. decrease (due to)</b>	<b>0</b>	<b>22 715</b>	<b>30 119</b>	<b>4 448</b>	<b>180</b>	<b>57 462</b>
- sale	0	0	2 716	726	0	3 442
- liquidation	0	18 178	17 243	169	70	35 660
- retraining	0	4 537	10 071	3 553	86	18 247
- revaluation	0	0	0	0	0	0
- change in the condition of spare parts in accordance with IAS for fixed assets	0	0	0	0	0	0
- change in the state of major repairs	0	0	0	0	0	0
- exchange rate differences						0
- other	0	0	89	0	24	113
<b>II. gross value of fixed assets at the end of the period</b>	<b>34 560</b>	<b>1 312 477</b>	<b>2 558 911</b>	<b>70 378</b>	<b>47 251</b>	<b>4 023 577</b>
<b>III. accumulated depreciation (amortization), at the beginning of the period</b>	<b>-356</b>	<b>544 118</b>	<b>1 300 222</b>	<b>46 626</b>	<b>20 243</b>	<b>1 910 853</b>
<b>1. increases (due to)</b>	<b>0</b>	<b>50 000</b>	<b>135 931</b>	<b>5 073</b>	<b>3 165</b>	<b>194 169</b>
- depreciation included in costs	0	45 693	114 192	4 426	2 925	167 236
- retraining	0	0	17 251	0	0	17 251
- revaluation						0
- exchange rate differences	0	3 863	2 407	262	183	6 715
- other	0	444	2 081	385	57	2 967
<b>2. decrease (due to)</b>	<b>0</b>	<b>19 753</b>	<b>21 255</b>	<b>1 775</b>	<b>89</b>	<b>42 872</b>
- sale	0	0	2 718	561	0	3 279
- liquidation	0	17 559	16 282	254	65	34 160
- retraining	0	2 194	2 168	960	0	5 322
- revaluation	0	0	0	0	0	0
- exchange rate differences	0	0	0	0	0	0
- other	0	0	87	0	24	111

<b>IV. accumulated depreciation (amortization) at the end of the period</b>	<b>-356</b>	<b>574 365</b>	<b>1 414 898</b>	<b>49 924</b>	<b>23 319</b>	<b>2 062 150</b>
<b>V. impairment losses at the beginning of the period</b>	<b>0</b>	<b>3 361</b>	<b>665</b>	<b>6</b>	<b>4</b>	<b>4 036</b>
BO correction		<b>296</b>	<b>11 009</b>	<b>710</b>	<b>12</b>	<b>12 027</b>
<b>write-offs impairment at the beginning of the period after adjustment</b>	<b>0</b>	<b>3 657</b>	<b>11 674</b>	<b>716</b>	<b>16</b>	<b>16 063</b>
- increase	0	15 565	668	0	0	16 233
- decrease	0	486	25	0	0	511
<b>VI. impairment losses at the end of the period</b>	<b>0</b>	<b>18 736</b>	<b>12 317</b>	<b>716</b>	<b>16</b>	<b>31 785</b>
<b>VII. net value of fixed assets at the end of the period</b>	<b>34 916</b>	<b>719 376</b>	<b>1 131 696</b>	<b>19 738</b>	<b>23 916</b>	<b>1 929 642</b>

The adjustment of BO concerns the write-off of fixed assets in the subsidiary Gradir Montenegro d o.o. In 2022, the above note presents an adjustment to BO of the value of impairment losses on fixed assets. In accordance with the provisions of IAS 36 regarding the possible impairment of non-current assets and the failure to carry out the test at the level of the subsidiary Gradir, the parent company re-analyzed the impairment test carried out in 2021 and the premises for the impairment loss. The re-analysis indicated the need to include an impairment loss on Gradir's assets in the consolidated financial statements. The amount of the write-down was determined as the difference between the amount of the write-down on the value of Gradir shares, recognized in the standalone report of ZGH "Bolesław" S.A. for 2021, and the lower value of the write-down on goodwill recognized in the consolidated report of the ZGH "Bolesław" Capital Group for 2021. The write-down was included in the report for 2022, however, due to the fact that it concerns 2021, it was settled through equity as the result from previous years. The comparative data for 2021 was appropriately restated in the consolidated financial statements.

## Right to use assets

NOTE 3a - RIGHT TO USE ASSETS / INCLUDING PUWG /	thousand x PLN	
	2022	2021
1. right of perpetual usufruct of land	71 879	121 662
2. used on the basis of a lease, rental or tenancy agreement	19 269	16 088
<b>Right to use assets / including PUWG /, together</b>	<b>91 148</b>	<b>137 750</b>

In accordance with IFRS 16, the right to use assets includes the right of perpetual usufruct of land and the right to use machinery and means of transport / i.e. financial leasing of technical equipment, machines and means of transport /.

NOTE 3a'						
Initial value of the lease of machinery and equipment	Net value as at the balance sheet date	Carrying amount of the perpetual usufruct right assets	Fee for the perpetual usufruct right	Amortization of the perpetual usufruct right	Interest on the lease of the perpetual usufruct right	Amortization of the perpetual usufruct right. lease under IFRS 16
37 466	19 269	71 879	5 570	22 930	4 725	111 450
						Including:
						long-term 104 307
						short-term 7 143

NOTE 3b - CHANGE OF THE RIGHT TO USE ASSETS / INCLUDING PUWG	thousand x PLN		
	a	b	Right to use assets including, together
	right of perpetual usufruct of land	used on the basis of a lease, rental or tenancy agreement	
<b>I. gross value of the right-of-use asset at the beginning of the period</b>	<b>141 420</b>	<b>37 466</b>	<b>178 886</b>
<b>1. increases (due to)</b>	<b>18 650</b>	<b>16 241</b>	<b>34 891</b>
- purchase	0	3 010	3 010
- investment	0	0	0
- PWUG valuation	15 316	0	15 316
- requalification	0	11 642	11 642
- exchange differences	0	1 588	1 588
- other increase	3 334	1	3 335
<b>2. decreases (due to)</b>	<b>70 094</b>	<b>7 601</b>	<b>77 695</b>
- sale	0	0	0
- liquidation	0	1 341	1 341
- PWUG valuation	11 748	0	11 748
- requalification	58 346	5 655	64 001
- exchange differences	0	0	0

- other reductions	0	605	605
<b>II. gross value of the right-of-use asset at the end of the period</b>	<b>89 976</b>	<b>46 106</b>	<b>136 082</b>
<b>III. accumulated depreciation (depreciation) at the beginning of the period</b>	<b>19 758</b>	<b>21 378</b>	<b>41 136</b>
<b>1. increases (due to)</b>	<b>923</b>	<b>8 708</b>	<b>9 631</b>
- depreciation included in costs	751	7 373	8 124
- revaluation	0	0	0
- exchange rate differences	0	850	850
- other increase	172	485	657
<b>2. decrease (due to)</b>	<b>2 584</b>	<b>3 249</b>	<b>5 833</b>
- sale	0	0	0
- revaluation	2 391	1 874	4 265
- exchange rate differences	0	0	0
- other decrease	193	1 375	1 568
<b>IV. accumulated depreciation (depreciation) at the end of the period</b>	<b>18 097</b>	<b>26 837</b>	<b>44 934</b>
<b>V. impairment write-offs at the beginning of the period</b>			<b>0</b>
- increases			0
- decreases			0
<b>VI. write-offs due to permanent loss of value at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VII. the net value of the right-of-use asset at the end of the period</b>	<b>71 879</b>	<b>19 269</b>	<b>91 148</b>

Depreciation of lease fixed assets according to IFRS16 in 2022 for technical equipment and machinery amounts to PLN 5,459 thousand.

NOTE 4a - INVESTMENT PROPERTY	thousand x PLN	
	2022	2021
a) land	116	116
b) buildings, premises	6 758	2 966
c) buildings	4 241	4 945
d) right of perpetual usufruct of land	52 959	0
<b>Investment property, total</b>	<b>64 074</b>	<b>8 027</b>

NOTE 4b - CHANGE IN INVESTMENT PROPERTY	thousand x PLN				
	a	b	s	d	Investment property, total
	land	buildings, premises	buildings	right of perpetual usufruct of land	
<b>I. balance at the beginning of the period</b>	<b>116</b>	<b>2 966</b>	<b>4 945</b>	<b>0</b>	<b>8 027</b>
<b>1. increases</b>	<b>0</b>	<b>5 500</b>	<b>161</b>	<b>58 226</b>	<b>63 887</b>

- reclassification		2 681	161	58 226	61 068
- other increase		2 819			2 819
<b>2. decreases</b>	<b>0</b>	<b>1 708</b>	<b>865</b>	<b>5 267</b>	<b>7 840</b>
- depreciation		1 708	865	496	3 069
- other decrease				4 771	4 771
<b>II. balance at the end of the period</b>	<b>116</b>	<b>6 758</b>	<b>4 241</b>	<b>52 959</b>	<b>64 074</b>

The value of investment properties is not impaired. The value disclosed in the statement of financial position is lower than its fair value.

The initial gross value of investment properties is: PLN7 237 thousand, the cumulative depreciation calculated until December 31, 2022 is: PLN 3069 thousand Depreciation rate from 5.00% to 10.0% determined according to the expected useful life. The value of investment property shows no impairment.

The value of investment property shows no impairment. The value disclosed in the statement of financial position is lower than its fair value.

#### Investments accounted for using the equity method

NOTE 5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	thousand x PLN	
	2022	2021
Shares in Stalnet Sp. z o.o.	16 393	16 238
<b>Investments accounted for using the equity method, together</b>	<b>16 393</b>	<b>16 238</b>

NOTE 6a – OTHER LONG-TERM INVESTMENT	thousand x PLN	
	2022	2021
a) shares and stocks	145	180
b) long-term loans granted	0	221
c) contract of mandate for the purchase of employee shares	12 808	12 808
d) other	0	199
<b>Other long-term investment, total</b>	<b>12 953</b>	<b>13 408</b>

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

NOTE 6b - CHANGE IN OTHER LONG-TERM INVESTMENT	thousand x PLN				
	a	b	s	d	Other long-term investment, total
	shares and stocks	long-term loans granted	securing the purchase order for employee shares of ZGH Bolesław (F&R Finanse Sp. z o.o.)	other	
<b>I. balance at the beginning of the period</b>	<b>180</b>	<b>221</b>	<b>12 808</b>	<b>199</b>	<b>13 408</b>

<b>1. increases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. decreases</b>	<b>35</b>	<b>221</b>	<b>0</b>	<b>199</b>	<b>455</b>
- retraining to short term	0	221	0	199	420
- impairment loss on investments	35	0	0	0	35
<b>II. balance at the end of the period</b>	<b>145</b>	<b>0</b>	<b>12 808</b>	<b>0</b>	<b>12 953</b>

NOTE 6c – STOCKS OR SHARES IN AN ASSOCIATED COMPANY										
Lp.	thousand x PLN									
	a	b	c	d	e		f	g	h	i
	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	book value of shares	including:		Percentage of capital held	Total number of votes at a general meeting	The value of shares not paid by the issuer	Dividends received or receivable for the last financial year
1.	StalNet Sp. z o.o.	Bochnia	Internet commerce	16 393	58 545	200	28.00	28.00	0	0

NOTE 6d - Shares in other entities					
thousand x PLN					
	a	b	c	d	e
No	Name (company) of the entity, indicating its legal form	Seat	Object of the enterprise	Book value of shares	Percentage of capital held
1.	Stalprodukt-Profil S.A.	Bochnia	trade in steel products	80	19,51
2.	Other			362	

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

## Long-term receivables

Long-term receivables as at December 31, 2022 in the amount of PLN 942 thousand and as at December 31, 2021 in the amount of PLN 842 thousand are construction deposits related to the performance of road works during the warranty period and receivables due to Gradir Montenegro in the amount of PLN 130,000 and PLN 130,000, respectively and PLN 144 thousand.

## Deferred income tax assets

Note 7a - Deferred tax assets /Deductible temporary differences/	2022				2021			
	19%	19%	9%	9%	19%	19%	9%	9%
	Calculation basis	Asset amount	Calculation basis	Asset amount	Calculation basis	Asset amount	Calculation basis	Asset amount
Interest	49	9	0	0	0	0	0	0
Exchange rate differences on balance sheet valuation	11 806	2 243	0	0	3 347	636	0	0
Revaluation write-offs	4 122	783	0	0	5 381	1 022	0	0
Lease liabilities	3 966	754	0	0	4 948	940	0	0
Establishing a reserve	100 784	19 149	0	0	102 408	19 458	0	0
Inventory valuation	36 762	6 985	0	0	13 108	2 491	0	0
Provision for the purchase of CO2 emission rights	2 794	531	0	0	0	0	0	0
Derivative transactions	18 887	3 589	0	0	65 002	12 350	0	0
Unpaid salaries, mandate contracts, business trips and social security contributions	20 754	3 943	0	0	21 404	4 067	0	0
Depreciation	14 270	2 711	16 035	1 924	14 217	2 701	8 043	724
Revenue from correcting invoices issued in the following year	0	0	0	0	1 049	199	0	0
Valuation of hedging transactions with equity	19 903	3 782	0	0	99 088	18 827	0	0
Tax loss	81 235	15 435	0	0	5 323	1 011	0	0
Others	29 161	5 541	0	0	21 643	4 112	0	0
Negative temporary differences, total	<b>344 494</b>	<b>65 454</b>	<b>16 035</b>	<b>1 924</b>	<b>356 918</b>	<b>67 814</b>	<b>8 043</b>	<b>724</b>
<b>Gross value of deferred tax assets</b>		<b>67 378</b>		<b>1 924</b>		<b>67 814</b>	<b>0</b>	<b>724</b>
The value of the deferred tax asset recognized in the financial result		55 701		1 924		34 339		724



The value of the deferred tax asset recognized in equity		9 753		0		33 475		0
Exchange differences from conversion		0		0		0		5
<b>The net value of the deferred tax asset, total</b>	<b>67 378</b>				<b>68 543</b>			

<b>Specification to item Other</b>	
- interest on deposits	58
- invoices sent 2023 dot 2022	15 144
- valuation of securities	397
- costs from correcting invoices received in the following year	3 489
- the difference between the balance sheet value and the tax value of the shares	1 049
- write-off to the Price Difference Payment Fund	7 365
- write-down on securities	962
- bank charges included in the costs of the previous year	250
- other	447
<b>Sum</b>	<b>29 161</b>

NOTE 7b - CHANGE IN DEFERRED TAX ASSETS	in thousands zloty	
	2022	2021
<b>1. Deferred tax assets at the beginning of the period, including:</b>	<b>68,543</b>	<b>36,834</b>
a) recognized in the financial result	35,068	32,451
b) charged to equity	33,475	4,383
<b>2. Increase</b>	<b>25,233</b>	<b>35,905</b>
a) recognized in the financial result for the period due to negative temporary differences (due to)	25,233	6,813
- <i>emergence of temporary differences</i>	25,233	1,399
b) recognized in equity due to deductible temporary differences	0	29,092
<b>3. Decrease</b>	<b>27,840</b>	<b>4,089</b>
a) recognized in the financial result for the period due to negative temporary differences (due to)	4,223	4,089
- <i>reversal of temporary differences</i>	4,223	4,022
- <i>changes in the tax rate</i>	0	0
b) recognized in equity due to deductible temporary differences	23,617	0
<b>4. Increases/decreases due to consolidation</b>	<b>1,443</b>	<b>-106</b>
<b>5. Deferred tax assets at the end of the period, including:</b>	<b>67,378</b>	<b>68,543</b>
a) recognized in the financial result	57,625	35,068
b) charged to equity	9,753	33,475

Deferred tax assets and provisions were offset in cases meeting the criteria of IAS 12. The amount of the asset in the amount of PLN 11,334 thousand was offset. After offsetting on the asset side, the amount of PLN 56,043 thousand was shown in the statement of financial position and on the reserve side the amount of PLN 149,309 thousand.

#### Long-term prepayments

NOTE 8 - LONG-TERM PREPAYMENTS	in thousands zloty	
	2022	2021
a) research and development works	3,655	6,881
b) settlement of construction costs	0	4,166
c) other	3,955	0
<b>Long-term accruals, total</b>	<b>7,610</b>	<b>11,047</b>

Other - Settlements of the deposit of the Aggregate Open-pit Mine - Ujków Stary with ZGH Bolesław.

## 5.2.CURRENT ASSETS

### Inventory

NOTE 9a - Inventory	thousand x PLN	
	2022	2021
1. materials	648 545	482 966
2. semi-finished products and work in progress	264 237	248 700
3. finished products	333 435	236 469
4. goods	6 896	27 371
<b>Inventory, total</b>	<b>1 253 113</b>	<b>995 506</b>

As at the balance sheet date, the following charges of inventory apply for regarding materials – a registered pledge agreement to the amount of PLN 20,000 thousand for the benefit of PNB

Paribas S.A. and up to PLN 15,000 thousand for Bank Handlowy, and up to PLN 100,000 thousand for Bank PKO BP S.A. and up to PLN 35,000 thousand for Bank Pekao S.A. due to protection of the granted credit limits.

In ZGH, registered pledges of up to PLN 1 million rest on coke inventories to secure the long-term coke sales agreement in favor of Jastrzębska Spółka Węglowa.

<b>NOTA 9b - CHANGE IN INVENTORY WRITE-DOWNS</b>		semi-finished products and work in progress	finished products	goods
State at the beginning of the period	<b>6 230</b>	<b>185</b>	<b>12 997</b>	<b>0</b>
-creation	22 927	1 593	36 293	0
-solution	4 346	1 546	36 555	0
Balance at the end of the period	<b>24 811</b>	<b>232</b>	<b>12 735</b>	<b>0</b>

In accordance with IAS 2 point 9 Inventories are measured at purchase price or production cost or at net realizable value, whichever is lower. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of preparing the sale and the estimated costs necessary to make the sale. The net realizable value is the amount that the entity intends to realize on the sale of inventories in the ordinary course of business.

Fair value reflects the price at which the same inventory could be sold on the principal (or most advantageous) market for that inventory in an orderly transaction between market participants at the measurement date. The first of these values (as opposed to the second) is a unit-specific value. The net realizable value of inventories may not equal fair value less costs to sell. Lower net sales prices possible to obtain as at the balance sheet date in relation to production costs are the basic premise for making write-downs on inventories of finished and semi-finished products.

The write-downs created at the beginning of the period are fully reversed, and at the end of each balance sheet/reporting day, new write-downs are created in accordance with the above valuation principles.

#### Trade receivables and other receivables

<b>NOTE 10a - RECEIVABLES DELIVERIES AND SERVICES AND OTHER RECEIVABLES</b>	<b>in thousands zloty</b>	
	<b>2022</b>	<b>2021</b>
<b>1. short-term receivables due to:</b>	<b>880,277</b>	<b>778,712</b>
a) supplies and services, with a repayment period:	685,603	701,199
- up to 12 months	685,566	701,155
- over 12 months	37	44
b) taxes, subsidies, customs duties, social and health insurance and other benefits	182,999	55,054
c) other	11,675	22,458
<b>2. short-term accruals /active RMK/</b>	<b>93,185</b>	<b>65,935</b>
a) costs of insurance, subscriptions, fees	3,082	2,397
b) research and development costs (NCBiR)	1,988	575
c) advance payments, discounts, bonus settlement	20,021	23,438
d) costs of preparing a new production	7,339	8,304
e) costs of subsequent periods /e.g. reimbursement of energy costs/ and other charges	38	149

f) compensation for increase in electricity prices	60,698	30,620
g) other	19	453
<b>Receivables from title supplies and services and other receivables, together</b>	<b>973,462</b>	<b>844,647</b>

As at the balance sheet date, the receivables are encumbered: silent assignment of receivables in the amount of PLN 10,000 thousand as collateral for the limit for guarantees and letters of credit at Bank Handlowy S.A. and silent assignment of receivables from 11 clients for an indefinite amount, as collateral for the limit for guarantees and letters of credit at BNP Paribas Bank Polska S.A. and silent assignment of receivables for the amount of at least PLN 10,000 thousand, which secures the limit at Bank Pekao S.A.

As at December 31, 2022, the transfer of receivables to Coface Poland Factoring Sp. z o. o. based on Factoring Agreement No. 1823/2019. As at December 31, 2022, there is a selective assignment of rights from the receivables insurance policy to Coface Factoring Sp. z o. o. up to the amount of the credit limit granted, i.e. PLN 5,000 thousand.

NOTE 10b - CHANGE IN WRITE-DOWNS ON RECEIVABLES	in thousands zloty	
	2022	2021
State at the beginning of the period	11,936	12,188
<b>1. increase (as a result of)</b>	<b>1,711</b>	<b>662</b>
a) creating a write-down	1,711	662
<b>2. decrease (as a result of)</b>	<b>3,078</b>	<b>923</b>
a) payment	1,144	473
b) correction, cancellation	0	210
c) use	1,688	226
d) redemption	246	14
<b>Balance at the end of the period</b>	<b>10,569</b>	<b>11,926</b>

NOTA 10c - Trade receivables (gross) – maturing as at the balance day:	thousand x PLN	
	2022	2021
0-30 days	443 887	444 751
31-90 days	169 918	191 606
91-180 days	4 803	6 394
181-365 days	1	0
>365 days	1 186	1 202
overdue receivables	76 376	67 173
<b>Trade receivables, total (gross)</b>	<b>696 172</b>	<b>711 127</b>
trade receivables write-downs	10 569	11 926
<b>Trade receivables, total (net)</b>	<b>685 603</b>	<b>699 199</b>

NOTE 10d - Trade receivables, overdue (gross) – divided into unpaid receivables within the period:	thousand x PLN	
	2022	2021
0-30	57 037	37 440
31-90	3 124	13 081
91-180	1 239	3 725
181-365	2 882	459
>365	12 094	12 468
<b>Trade receivables, total (gross)</b>	<b>76 376</b>	<b>67 173</b>
trade receivables write-downs	10 569	11 926

Trade receivables, total (net)	65 807	55 247
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The normal course of sale is related to the period of payment of receivables up to 3 months.

NOTE 10e - Gross short-term receivables (currency structure)	thousand x PLN	
	2022	2021
1. in Polish currency	401 620	232 136
2. in foreign currencies (according to currencies converted into PLN)	489 226	558 502
a) in EURO	63 266	60 273
<b>converted into PLN</b>	<b>297 455</b>	<b>278 123</b>
b) in USD	41 744	67 580
<b>converted into PLN</b>	<b>185 498</b>	<b>274 589</b>
c) in CZK	32 326	31 299
<b>converted into PLN</b>	<b>6 273</b>	<b>5 790</b>
Short-term receivables, total	890 846	790 638

From the total amount of gross short-term receivables, i.e. PLN 890,846 thousand, overdue receivables amount to PLN 76,376 thousand. There are no disputed receivables. Overdue receivables concern only receivables for deliveries, works and services. Out of overdue receivables, write-downs covered the amount of PLN 10,569 thousand. Other overdue receivables were not covered by revaluation write-offs due to the fact that most of them relate to subsidiaries and are justified by the strategy and sales policy of the parent company. However, in relation to other external recipients, overdue payments are allowed in connection with securing these receivables with bank guarantees, sureties and guaranteed promissory notes.

As part of the classification test for the needs of IFRS 9, in order to calculate expected credit losses (ECL) and forecast the amount of the impairment allowance, the amount of expected credit loss was obtained in the amount of PLN 656 thousand.

### Cash and cash equivalents

NOTE 11a - Cash and cash equivalents	thousand x PLN	
	2022	2021
1. cash in hand and at bank	522 979	300 802
including funds accumulated on the VAT account	6 820	14 180
2. other cash	82 746	191 452
<b>Cash and cash equivalents, total</b>	<b>605 725</b>	<b>492 254</b>

Cash is invested in safe financial instruments, ie in current accounts and short-term deposits.

The item Other cash includes bank deposits in the amount of PLN 82,746 thousand.

Cash subject to restrictions /including VAT accounts and ZFŚS accounts/ amounted to PLN 11,269 thousand in 2022 and PLN 21,621 thousand.

NOTE 11b - CASH AND ITS EQUIVALENTS (currency structure)	thousand x PLN	
	2022	2021
1. in Polish currency	249 347	378 087
2. in foreign currencies (according to currencies converted into PLN)	356 378	114 167
a) in EURO	49 409	19 065

<b>converted into PLN</b>	<b>231 732</b>	<b>87 976</b>
b) in USD	25 257	5 279
<b>converted into PLN</b>	<b>113 923</b>	<b>21 489</b>
c) in CZK	55 164	25 363
<b>converted into PLN</b>	<b>10 713</b>	<b>4 692</b>
other currencies into PLN	10	10
<b>Cash and other cash equivalents, total</b>	<b>605 725</b>	<b>492 254</b>

### Other short-term investments

NOTE 12 - OTHER SHORT-TERM INVESTMENTS	w tys. zł	
	2022	2021
1. financial instruments	18 799	2 081
2. short-term securities	7 743	96 070
3. short-term loans	225	14 721
4. RES purchase certificates	824	2 273
5, other	0	0
<b>Other short-term investments, total</b>	<b>27 591</b>	<b>115 145</b>

### Assets held for sale

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

### Revaluation write-offs

Revaluation write-offs	Opening balance (Data restated)	Opening balance	Creation	Solution	Closing balance
Finished goods and materials	19 413	19 413	60 814	42 448	37 779
Fixed assets	6 288	18 315	25 214	511	43 018
Receivables	11 936	11 936	1 711	3 078	10 570
Together	<b>37 637</b>	<b>49 664</b>	<b>87 739</b>	<b>46 036</b>	<b>91 367</b>

### 5.3. EQUITY CAPITAL

#### Share capital

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

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

As a result of the purchase of own shares for redemption, the entity holds 180,669 own shares with a nominal value of PLN 361,000.

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

NOTE 15– Capital from the surplus of the issue price above the nominal value (agio)	thousand x PLN	
	2022	2021
1. from sale of shares above their nominal value	35 054	35 054
2. negative difference between the nominal value and purchase price of own shares	-26 638	-26 638
<b>Capital from the surplus of the issue price, total</b>	<b>8 416</b>	<b>8 416</b>

The capital from the surplus of the issue price is increased by the surplus when shares are issued above their nominal value.

NOTE 16 – Revaluation reserve	thousand x PLN	
	2022	2021
<i>a) Due to the valuation of financial instruments</i>	-25 259	-130 434
<i>including: the amount of deferred tax</i>	7 057	30 611
<i>including: the amount of input income tax</i>	0	0
<i>b) other</i>	-2 594	9 818
<b>Revaluation reserve, total</b>	<b>-27 853</b>	<b>-120 616</b>

## Retained earnings

NOTE 17 - Retained earnings / INCLUDING UNCOVERED LOSSES /	thousand x PLN		
	2022	2021	2021 (Data restated)
1. retained earnings IAS	3 213 886	2 814 993	2 814 990
2. net current profit (loss)	474 237	519 520	507 494
<b>Retained earnings, total</b>	<b>3 688 123</b>	<b>3 334 513</b>	<b>3 322 484</b>

Retained earnings are the profit generated by the Capital Group, which were transferred to the company's reserve and supplementary capital, as well as the profit arising from the revaluation of fixed assets and perpetual usufruct of land, made as at the date of transition to IFRS. As at December 31, 2022, retained earnings include: supplementary capital in the amount of PLN 848,933 thousand; other reserve capitals in the amount of PLN 1,873,317 thousand, previous years' result in the amount of PLN 491,997 thousand and own shares with a nominal value of PLN 361 thousand. Retained earnings are used to finance fixed and current assets and to cover potential losses. The General Meeting decides on the use of these profits.

Retained earnings are profits earned by companies that have been allocated to the supplementary and reserve capital of the companies, as well as the profit arising from the revaluation of fixed assets and the right of perpetual usufruct of land, made as at the date of transition to IFRS.



**Note 18a - ENTITIES WITH NON-CONTROLLING INTERESTS**

No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependen t unit, associate, with specification of direct and indirect relations)	the applied method of consolidatio n/ equity valuation method, or indication that the unit is not subject to consolidatio n/ equity valuation method	date of take- over of control/ joint control/ obtaining a significant impact	percentag e of capital held	share of the total number of votes at a general meeting	share- holding of the parent company
1.	ZGH "Bolesław" S.A.	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	94.93	94.93	94.93
2.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	production and sales of zinc, lead and alloys of these metals	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	29.09.2010	92.82	92.82	88.11
3.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	zinc and lead mining and production of metal concentrates	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	11.07.2011	99.61	99.61	94.56
4.	Polska Technika Zabezpieczeń Sp. z o.o.	Warszawa	distribution of construction woodwork	Stalprodukt Zamość Sp. z o.o. subsidiary company	full consolidation	31.12.2015	80.04	77.14	84.00

NOTE 18b - CHANGE IN NON-CONTROLLING INTEREST	thousand x PLN	
	2022	2021
State at the beginning of the period	108 425	111 621
1. increase (due to)	13 861	492
a) profit sharing	13 861	492
2. decrease (due to)	8 678	3 688
a) dividend payment	8 678	2 817
b) other adjustments	0	871
State at the end of the period	113 608	108 425

## 5.4. LONG-TERM LIABILITIES

### Deferred income tax

Note 19a - DEFERRED INCOME TAX PROVISION /Temporary taxable differences/	2022				2021			
	19%	19%	9%	9%	19%	19%	9%	9%
	Calculation basis	Reserve amount	Calculation basis	Reserve amount	Calculation basis	Reserve amount	Calculation basis	Reserve amount
Interest	458	87	0	0	311	59	0	0
Positive exchange rate differences from the balance sheet valuation	18 841	3 580	0	0	16 362	3 109	0	0
Fixed assets under lease	7 324	1 392	0	0	9 274	1 762	0	0
Fixed assets, differences in balance sheet and tax depreciation	646 817	122 896	0	0	580 802	110 352	0	0
Investment relief	1 688	321	0	0	1 913	363	0	0
Differences in the value of fixed assets	0	0	0	0	27 543	5 233	0	0
Lease exchange rate differences	0	0	0	0	0	0	0	0
Reserves	6 165	1 171	0	0	6 165	1 171	0	0
Costs from correcting invoices issued in the following year	1 428	271	0	0	0	0	0	0
Compensation for the increase in electricity prices	60 698	11 533	0	0	30 620	5 818	0	0
Valuation of hedging transactions	43	8	0	0	373	71	0	0
Others	102 035	19 387	0	0	102 613	19 497	0	0
Positive temporary differences, together	<b>845 497</b>	<b>160 645</b>	<b>0</b>	<b>0</b>	<b>775 976</b>	<b>147 435</b>	<b>0</b>	<b>0</b>
<b>The value of the provision for deferred income tax</b>	<b>0</b>	<b>160 645</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>147 435</b>	<b>0</b>	<b>0</b>
The value of the provision for deferred tax recognized in the financial result	0	150 205	0	0	0	136 932	0	0
Value of deferred tax provision recognized in equity	0	10 440	0	0	0	10 503	0	0
Translation differences	0	0	0	0	0	0	0	0
Exchange differences from conversion	<b>160 645</b>				<b>147 435</b>			

<b>Specification to item Other:</b>	
- Subsidy - government aid for energy prices	100 474
- Income from correcting invoices issued in the following year	1 026
- White certificates received free of charge	506

NOTE 19b - CHANGE IN DEFERRED TAX PROVISION	in thousands zloty	
	2022	2021
<b>1. Deferred tax liability at the beginning of the period, including:</b>	<b>147,435</b>	<b>136,161</b>
a) recognized in the financial result	136,932	125,132
b) charged to equity	10,503	11,029
<b>2. Increase</b>	<b>19,029</b>	<b>36,071</b>
a) recognized in the financial result for the period, including:	19,029	36,071
- Interest	28	
- Exchange rate differences on balance sheet valuation	471	460
- Fixed assets, differences in balance sheet and tax depreciation	12,544	14,927
- Costs from corrective invoices issued in the following year	271	
- Compensation for the increase in electricity prices	5,715	
Others		20,684
b) recognized in equity	0	0
<b>3. Decrease</b>	<b>5,819</b>	<b>24,797</b>
a) recognized in the financial result of the period, including:	5,756	24,271
- Leasing fixed assets	371	
- Investment tax credit	42	
- Differences in the value of fixed assets	5,233	
- Reserve		4,357
Others	110	19,914
b) charged to equity, including:	63	526
- valuation of hedging transactions	63	526
<b>4. Total deferred tax liability at the end of the period</b>	<b>160,645</b>	<b>147,435</b>
a) recognized in the financial result	150,205	136,932
b) charged to equity	10,440	10,503

Aktyw i rezerwa na podatek odroczony został w skompensowany w przypadkach spełniających kryteria MSR 12. Skompensowano kwotę aktywu w wysokości 11.334 tys. zł. Po kompensacie po stronie aktywu w sprawozdaniu z sytuacji finansowej wykazano kwotę 56.043 tys. zł a po stronie rezerwy kwotę 149.309 tys. zł.

### Long-term reserves

NOTE 20 - CHANGE IN THE BALANCE OF OTHER NON-CURRENT PROVISIONS / INCLUDING EMPLOYEE BENEFITS /	thousand x PLN	
	2022	2021
a) provision for employee benefits	38 434	45 243
- retirement and disability benefits	17 365	20 850
- awards, bonuses	20 979	24 031
- other employee benefits, including unused holidays	90	362
b) provision for the liquidation of the Olkusz-Pomorzany mine*	0	128 255
c) other long-term provisions	5 117	4 449
<b>Long-term reserves, together</b>	<b>43 551</b>	<b>177 947</b>

### Other long-term non-financial liabilities

NOTE 21 - OTHER LONG-TERM NON-FINANCIAL LIABILITIES	thousand x PLN	
	2022	2021
a) fee for using geological information	0	0
b) the value of perpetual usufruct rights to land not settled free of charge	146	0
c) others	0	225
<b>Other long-term liabilities together</b>	<b>146</b>	<b>225</b>

Long-term provision for the costs of decommissioning the Olkusz Pomorzany mine created at the level of a consolidated entity

NOTE 22- LONG-TERM RESERVE FOR DECOMMISSIONING, RECLAMATION AND ENVIRONMENTAL REPAIR COSTS	thousand x PLN	
	2022	2021
- long-term provision for decommissioning, reclamation and environmental repair costs	110 446	40 000
<b>Total long-term reserve</b>	<b>110 446</b>	<b>40 000</b>

In 2021, the provision for the liquidation of the Olkusz Pomorzany mine was presented in Other long- and short-term provisions. Due to the fact that this provision is largely related to the removal of environmental damage resulting from the liquidation of the mine in 2022, the presentation of this provision was changed to the item Long-term and short-term provision for reclamation costs and environmental repair costs. Presentation in note below.

NOTE 22' - CHANGE IN LONG-TERM PROVISIONS (BY TYPE)	in thousands zloty				
	a	b	c	d	Long-term reserves, total
	Provision for employee benefits	Provision for decommissioning of the Olkusz-Pomorzany mine*	Provision for decommissioning, reclamation and environmental repair costs	Other long-term provisions	
<b>1. state at the beginning of the period</b>	<b>45,243</b>	<b>128,255</b>	<b>40,000</b>	<b>4,449</b>	<b>217,947</b>
<b>2. increase (as a result of)</b>	<b>1,105</b>	<b>0</b>	<b>132,444</b>	<b>795</b>	<b>134,344</b>
a) creating a reserve	1,105	0	610	795	2,510
b) other increases	0	0	3,579	0	3,579
c) transfer from the position of provision for the liquidation of the Olkusz-Pomorzany mine*	0	0	128,255	0	128,255
<b>3. decrease (as a result of)</b>	<b>7,914</b>	<b>128,255</b>	<b>61,998</b>	<b>128</b>	<b>198,295</b>
a) dissolution of the reserve	5,127	0	0	0	5,127
b) use	0	0	0	0	0
c) transfer from long-term reserves at subsidiary level	2,668	0	21,998	0	24,666
d) transfer from long-term to short-term provisions at the consolidation level	0	0	40,000	0	40,000
e) other reductions	119	0	0	128	247
f) reclassification to the item long-term provision for decommissioning, reclamation and environmental repair costs	0	128,255	0	0	128,255
<b>4. State at the end of the period</b>	<b>38,434</b>	<b>0</b>	<b>110,446</b>	<b>5,116</b>	<b>153,996</b>

### Accruals and deferred income

NOTE 23 - ACCRUALS AND DEFERRED INCOME CLASSIFIED AS NON-CURRENT	thousand x PLN	
	2022	2021
a) remission of a loan from WFOŚiGW (Provincial Fund for Environmental Protection and Water Management)	0	1
b) remission of a loan from WFOŚiGW (Provincial Fund for Environmental Protection and Water Management)	5 184	5 640
c) subsidy	69	3 183
d) settlement of the project co-financed by the National Center for Research and Development	37 894	34 666
e) others	221	38
<b>Accruals and deferred income classified as non-current, together</b>	<b>43 368</b>	<b>43 528</b>

## Credits and loans

NOTE 24 - NON-CURRENT LIABILITIES (BY CREDITS AND LOANS)										
Borrower	Borrower		Credit/loan amount according to the agreement		The amount of the credit/loan remains to be repaid		Interest conditions	The repayment date	Securities	Other
Unit name	Unit name	Seat	thousand x PLN	currency	unit	currency				
ZGH "Bolesław" S.A.	PLN National Fund for Environmental Protection and Water Management Warsaw	Warszawa	36 956	PLN	in thousand	PLN	3.50% per year	30.06.2025	Blank bill of exchange with a bill of exchange declaration, mortgage on the property on which the project is executed, court registered pledge on a set of items purchased or created within the investment project execution	of which short-term part (payable in 2023) in the amount of PLN 4,460,000

## Long-term liabilities from lease agreements

NOTE 25 - LONG-TERM LIABILITIES FROM LEASE AGREEMENTS	w tys. zł	
	2022	2021
a) title right of perpetual usufruct of land	93 957	89 441
b) title means of transport, machinery, leasing equipment	10 350	13 640
<b>Long-term liabilities from lease agreements, total</b>	<b>104 307</b>	<b>103 081</b>

Liability due to financial leasing in the amount of PLN 93,957 thousand (IFRS 16 measurement) result from perpetual usufruct defined in IFRS 16 as leasing. This liability was measured at the present value of the remaining fees for perpetual usufruct (lease payments) discounted over the period of its use. An interest rate of 5% was used to discount the liability for annual perpetual fees, including the risk-free rate and the risk premium. The remaining amount, i.e. PLN 10,350 thousand results from financing the purchase of fixed assets.

## Other long-term financial liabilities

NOTE 26 - OTHER LONG-TERM FINANCIAL LIABILITIES	in thousands zloty	
	2022	2021
a) due to hedging transactions	3,003	38,926
b) the tax liability of the subsidiary in the Czech Republic	20,852	
c) other	0	146
<b>Other long-term financial liabilities, total</b>	<b>23,855</b>	<b>39,072</b>

## Long-term liabilities supplementary information

NOTES 26' - LONG-TERM LIABILITIES WITH REMAINING PERIOD FROM THE BALANCE SHEET DATE in PLN thousand	2022			2021		
	Credits and loans	Liabilities due to leasing agreements	Other financial liabilities	Credits and loans	Liabilities due to leasing agreements	Other financial liabilities
a) over 1 year to 3 years	5,736	13,110	23,855	20,376	11,583	38,926
b) over 3 to 5 years	0	2,435	0	0	2,791	0
c) over 5 years	0	88,763		0	88,707	146
<b>Long-term commitments, together</b>	<b>5,736</b>	<b>104,307</b>	<b>23,855</b>	<b>20,376</b>	<b>103,081</b>	<b>39,072</b>

NOTE 26'' - LONG-TERM LIABILITIES (Currency structure)	thousand x PLN	
	2022	2021
1. in Polish currency	447 557	525 271
2. in foreign currencies (according to currencies converted into PLN)	33 161	46 393
a) in EURO	893	778
<b>converted into PLN</b>	<b>4 189</b>	<b>3 579</b>
b) in USD	0	0
<b>converted into PLN</b>	<b>0</b>	<b>0</b>
c) in CZK	149 188	231 426
<b>converted into PLN</b>	<b>28 972</b>	<b>42 814</b>
<b>Long-term liabilities, total</b>	<b>480 718</b>	<b>571 664</b>

## 5.5. SHORT-TERM LIABILITIES

### Short-term provisions for liabilities

NOTE 27 - SHORT-TERM PROVISIONS FOR LIABILITIES	in thousands zloty	
	2022	2021
<b>a) provision for employee benefits</b>	<b>30,073</b>	<b>16,938</b>
- retirement and disability benefits	3,502	3,516
- awards, bonuses	8,900	13,422
- other employee benefits, including unused holidays	17,671	0

<b>b) other short-term provisions</b>	<b>38,744</b>	<b>93,040</b>
Indemnification	2,791	0
- provision for the liquidation of the "Olkusz-Pomorzany" mine	0	41,472
- purchase of a certificate of origin for electricity	10,555	15,385
- purchase of CO2 emission allowances	5,951	0
- repairs settled over time	3,500	0
- future liabilities	650	7,313
- provision for demolition, remediation of the stream and contaminated soil	0	12,348
-others	15,297	16,522
<b>Short-term provisions for liabilities, total</b>	<b>68,817</b>	<b>109,978</b>

<b>Other item specification</b>	
- Provision for the variable part of the concession fee	561
- Reserve for employee awards	1,270
- Provision for fixed assets	4,100
- Provision for the environmental damage prevention remediation project	3,949
- Provision for the soil remediation project	4,000
- Bonus Reserve	896
- Provision for white gas certificates	89
- Provision for the elimination of sinkholes	35
-Other	397
<b>Total</b>	<b>15,297</b>

<b>NOTE 27.1- SHORT-TERM PROVISION FOR DEMOLITION, RECLAMATION COSTS AND ENVIRONMENTAL REPAIR COSTS</b>	<b>in thousands zloty</b>	
	<b>2022</b>	<b>2021</b>
- short-term provision for decommissioning, reclamation and environmental repair costs at the level of the subsidiary	23,031	0
- short-term provision for decommissioning, reclamation and environmental repair costs at the consolidated level*	55,000	
<b>Total short-term provision for decommissioning and reclamation costs</b>	<b>78,031</b>	<b>0</b>

\*Including at the level of a subsidiary PLN 15,000 thousand.

<b>NOTE 27' - CHANGE IN SHORT-TERM PROVISIONS FOR LIABILITIES (BY TYPE)</b>	<b>in thousands zloty</b>			
	<b>a</b>	<b>b</b>	<b>c</b>	<b>Short-term reserves, total</b>
	<b>Provision for employee benefits</b>	<b>Provision for decommissioning, reclamation and environmental repair costs</b>	<b>Other short-term provisions</b>	
<b>1. state at the beginning of the period</b>	<b>16,938</b>	<b>0</b>	<b>93,040</b>	<b>109,978</b>
<b>2. increase (as a result of)</b>	<b>28,032</b>	<b>99,005</b>	<b>126,900</b>	<b>253,937</b>
a) creating a reserve	20,950	0	126,900	147,850
b) transfer from long-term reserves at subsidiary level	7,082	17,533	0	24,615
c) transfer from long-term reserves at the consolidation level	0	40,000	0	40,000
d) transfer from the position of provision for the liquidation of the "Olkusz-Pomorzany" mine	0	41,472	0	41,472
<b>3. decrease (as a result of)</b>	<b>14,897</b>	<b>20,974</b>	<b>181,196</b>	<b>217,067</b>
a) dissolution of the reserve	1,727	0	105,793	107,520
b) use of the reserve for the liquidation of the "Olkusz-Pomorzany" mines	8,384	20,974	0	29,358
c) purchase of a certificate of origin for electricity	0	0	0	0
d) use	4,786	0	33,931	38,717
e) reclassification to the item Provision for decommissioning, reclamation and environmental repair costs	0	0	41,472	41,472
<b>4. State at the end of the period</b>	<b>30,073</b>	<b>78,031</b>	<b>38,744</b>	<b>146,848</b>



In 2021, the provision for the liquidation of the Olkusz Pomorzany mine was presented in Other long- and short-term provisions. Due to the fact that this provision is to a large extent related to the removal of environmental damage resulting from the liquidation of the mine in 2022, the presentation of this provision was changed to the item Long-term and short-term provision for reclamation costs and environmental repair costs. Presentation in note above.

## Credits and loans

NOTE 28 - SHORT-TERM LIABILITIES RELATING TO CREDITS AND LOANS										
Credit taker/Loan taker	Credit lender / Loan lender		Credit/loan amount according to the agreement		Credit/loan amount to be repaid		Interest terms	Repayment date	Security	Other
Name of entity	Name of entity	Head office	in thousands zloty	currency	in thousands zloty	currency				
Stalprodukt SA	Bank Pekao S.A.	Warszawa	100,000	PLN		PLN	vibor+margin	30.09.2023	Blank promissory note, pledge on inventory, tacit assignment of receivables	Overdraft limit for guarantees and letters of credit. Within the limit, Capital Group companies have limits up to PLN 28,000 thousand. (PLN 13,000 thousand Stp Elbud and PLN 15,000 thousand Cynk Mal S.A.)
STALPRODUKT SA	Bank Handlowy S.A.	Warszawa	65,000	PLN		PLN	vibor+margin	28.09.2023	Blank promissory note, pledge on inventory, assignment of receivables	Overdraft credit limit and short term warranty PLN 50,000 thousand, long-term guarantee PLN 15,000 thousand
STALPRODUKT SA	BNP Paribas Bank Polska S.A.	Warszawa	50,000	PLN		PLN	vibor+margin	22.12.2023	Blank promissory note, tacit assignment of receivables, pledge on inventory	Credit limit in the current account, guarantees and letters of credit. Within the limit, Stalprodukt Wamech has a limit of up to PLN 5,000,000
STALPRODUKT SA	Société Generale S.A.	Warszawa	15,000	PLN		PLN	vibor+margin	30.05.2023	None	Credit limit in the current account and for guarantees and letters of credit up to PLN 15,000 thousand
STALPRODUKT SA	PKO Bank Polski S.A.	Warszawa	150,000	PLN		PLN	vibor+margin	13.01.2025	Promissory note, pledge on inventory	Overdraft limit PLN 82,000 thousand PLN and the limit for guarantees and letters of credit PLN 40,000 thousand. Under the limit, companies from the Capital Group have a limit of up to PLN 28,000 thousand, of which STP

										Elbud PLN 18,000 thousand and GO Steel PLN 10,000 thousand
Go Steel a.s.	PKO Bank Polski S.A.	Warszawa	10,000	PLN		PLN	vibor+margin	13.01.2025	promissory note, pledge on inventory	Overdraft under the trilateral agreement Stalprodukt, STP ELBUD, GO STEEL
Stalprodukt Wamech Sp. z o.o.	BNP Paribas Bank Polska S.A.	Warszawa	5,000	PLN	160	PLN	vibor+margin	22.12.2023		Within the limit of Stalprodukt S.A.
ZGH "Bolesław" S.A.	NFOŚ and GW	Warszawa	36,956	PLN	4,460	PLN	3.50 % per annum	30.06.2025	Blank promissory note with a promissory note declaration, mortgage on the property on which the project is implemented, court registered pledge on a set of items purchased or produced as part of the project and assignment of an insurance policy	NFOŚiGW loan in the amount of PLN 36,956,250.00 - short-term part (to be repaid in 2023)
ZGH "Bolesław" S.A.	Credit Agricole CA Bank S.A	Wroclaw	15,000	PLN/EUR/USD		PLN/EUR/USD	vibor+margin	30.10.2023	Statement on submission to enforcement pursuant to Art. 777 Code of Civil Procedure	Credit in the form of a debit balance in a current account available in PLN, USD and EUR
ZGH "Bolesław" S.A.	PKO Bank Polski S.A.	Warszawa	20,000	PLN/EUR/USD		PLN/EUR/USD	vibor+margin	31.12.2023	Statement on submission to enforcement pursuant to Art. 777 Code of Civil Procedure	Credit in the form of a multi-purpose credit limit - can be used interchangeably in PLN, USD, EUR
ZGH "Bolesław" S.A.	Bank Pekao S.A.	Warszawa	15,000	PLN/EUR/USD		PLN/EUR/USD	vibor+margin	30.09.2023	Statement on submission to enforcement pursuant to Art. 777 Code of Civil Procedure	Overdraft - credit limit - can be used interchangeably in PLN, USD, EUR
ZGH "Bolesław" S.A.	ING Bank Śląski S.A.	Katowice	30,000	PLN/EUR/USD		PLN/EUR/USD	vibor+margin	31.10.2023	Statement on submission to enforcement pursuant to Art. 777 Code of Civil Procedure	Overdraft - credit limit - can be used interchangeably in PLN, USD, EUR

ZGH "Bolesław" S.A.	ING Bank Śląski S.A.	Warszawa	10,000	USD		USD	vibor+margin	31.10.2023	Assignment of receivables	
ZGH "Bolesław" S.A.	Bank Pekao S.A.	Warszawa	40,000	PLN		PLN	vibor+margin	30.09.2023	Assignment of receivables	
ZGH "Bolesław" S.A.	BNP Paribas Bank Polska S.A.	Warszawa	20,000	PLN		PLN	vibor+margin	22.12.2023	Assignment of receivables	
STP Elbud Sp. z o.o.	Bank Pekao S.A.	Krakow.	13,000	PLN	8,745	PLN	vibor+margin	30.09.2023	power of attorney to dispose of bank accounts and a declaration of submission to enforcement	Limit for guarantees, letters of credit and overdraft under a trilateral agreement between Stalprodukt, CYNK MAL, STP ELBUD
STP Elbud Sp. z o.o.	PKO Bank Polski S.A.	Warszawa	18,000	PLN	6,652	PLN	vibor+margin	13.01.2025	a blank promissory note and a declaration of submission to enforcement, a clause deducting receivables from accounts maintained at PKO BP SA	Limit for guarantees, letters of credit and overdraft under the trilateral agreement Stalprodukt, STP ELBUD, GO STEEL
Cynk-Mal S.A.	Bank Pekao S.A.	Warszawa	15,000	PLN			vibor+margin	30.09.2023	<ul style="list-style-type: none"> <li>• power of attorney to administer the Credit taker's accounts maintained by Bank PeKaO S.A.;</li> </ul>	
									<ul style="list-style-type: none"> <li>• the Credit taker's statement on voluntary submission to enforcement;</li> <li>• securing loan repayment by assuming joint and several liability for the liability.</li> </ul>	
Stalprodukt-Zamość Sp. z o.o.	ING Bank Śląski Spółka Akcyjna	Katowice	1,800	PLN	180	PLN	vibor+margin	30.06.2023	Registered pledge and assignment of rights under an insurance policy - Salvagnini machine, blank	Long-term in the repayment period

									promissory note	
Polska Technika Zabezpieczeń Sp z o.o.	Polski Fundusz Rozwoju	Warszawa	84	PLN	4	PLN	0	16.07.2025		COVID loan to keep jobs
Short-term liabilities due to credits and loans, total					20,201					

### Short-term liabilities due to supplies and services

NOTE 29 - SHORT-TERM LIABILITIES DUE TO DELIVERIES AND SERVICES (ACCORDING TO THE MATURITY PERIOD)	in thousands zloty	
	2022	2021
a) up to 12 months	477,368	451,455
b) over 12 months	0	0
<b>Short-term liabilities due to supplies and services together</b>	<b>477,368</b>	<b>451,455</b>

### Liabilities due to insurance social security and taxes other than income tax

NOTE 30 - LIABILITIES RELATING TO SOCIAL SECURITY AND TAXES OTHER THAN INCOME TAX	in thousands zloty	
	2022	2021
a. VAT	5,907	3,698
b. Social Insurance Company [ZUS]	25,519	25,180
c. PFRON State Fund of Rehabilitation of Handicapped People	402	386
d. others	15,673	12,113
<b>Liabilities due to social security and taxes other than income tax, together</b>	<b>47,502</b>	<b>41,377</b>

<b>Specification for items other</b>	
- Income tax from individuals	4,079
- liability for price difference payment funds	7,366
- settlement with uc - duty and other fees	1,579
- mining fee	176
- sub.income from physical persons for the next month (person.pay fund)	304
- for the abstraction of groundwater, state-owned water management	96
- waste storage - marshal's office	93
- emission of pollutants into the air - u.marszałk	646
- others	1,334
<b>Total</b>	<b>15,673</b>

### Other short-term non-financial liabilities

NOTE 31 - OTHER SHORT-TERM NON-FINANCIAL LIABILITIES	in thousands zloty	
	2022	2021
<b>a) advance payments received for deliveries</b>	<b>4,213</b>	<b>2,461</b>
<b>b) due to remuneration</b>	<b>30,145</b>	<b>27,703</b>
<b>c) other (by title)</b>	<b>44,836</b>	<b>46,976</b>
-ZFŚS Employee Benefit Fund	7,396	9,362
-PKZP Employee Savings and Loan Association	847	431
- insurance	861	682
- mine liquidation fund	323	318
- investment settlements	23,317	19,730
-others	12,093	16,453
<b>Other short-term non-financial liabilities, total</b>	<b>79,195</b>	<b>77,139</b>

<i>Specification for other item</i>	
- fee for using the environment	740
- other settlements related to payroll deductions	555
- deposits	505
- dividends	1,701
- settlements for projects	1,945
- main liabilities - court cases	220
- settlement of liabilities with intermediaries	3,084
- others	3,343
<b>TOTAL</b>	<b>12,093</b>

#### Short-term liabilities due to leasing agreements

NOTE 32 - SHORT-TERM LIABILITIES DUE TO LEASE AGREEMENTS	in thousands zloty	
	2022	2021
a) due to right of perpetual usufruct of land	1,256	1,360
b) due to means of transport, machines and equipment in leasing	5,887	6,874
<b>Short-term liabilities due to lease contracts, together</b>	<b>7,143</b>	<b>8,234</b>

#### Other short-term financial liabilities

NOTE 33 - OTHER SHORT-TERM FINANCIAL LIABILITIES	in thousands zloty	
	2022	2021
a) on account of dividends	0	583
b) due to hedging transactions	56,430	132,066
c) other	50	0
<b>Other short-term financial liabilities, total</b>	<b>56,480</b>	<b>132,649</b>

NOTE 34 - SHORT-TERM PREPAYMENTS	thousand x PLN	
	2022	2021
1. accrued expenses	0	0
2. accrued income from:	23 732	11 881
a) cancellation of the loan from WFOŚ and GW	457	0
b) cancellation of the loan from NFOŚ and GW	0	457
(c) subsidies	6 362	6 426
d) settlement of the project co-financed by the National Center for Research and Development	3 141	2 291
e) advance payments received	3 246	2 617
f) CO <sub>2</sub> emission allowances received free of charge	10 522	
g) other	4	90
<b>Short-term accruals, total</b>	<b>23 732</b>	<b>11 881</b>

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

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

The total subsidy amount is PLN 12 539 923.

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

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

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

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

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

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



### Short-term liabilities supplementary information

NOTES 34' - SHORT-TERM LIABILITIES WITH REMAINING PERIOD FROM THE BALANCE SHEET DATE in thous.	2022				2021			
	Credits and loans	Liabilities due to leasing agreements	Liabilities due to supplies and services	Other financial liabilities	Credits and loans	Liabilities due to leasing agreements	Liabilities due to supplies and services	Other financial liabilities
0-30	15,591	4,050	370,402	3,151	23,903	4,401	329,607	9,763
31-90	1,205	1,446	95,578	16,112	1,878	1,490	110,168	32,021
91-180	1,175	236	1,843	21,645	1,382	264	249	33,341
181-365	2,230	1,411	251	15,572	8,724	2,079	12	57,524
>365	0	0	3,946	0	26,468	0	2,948	0
overdue liabilities	0	0	5,348	0	0	0	8,472	0
<b>Short-term liabilities, total</b>	<b>20,201</b>	<b>7,143</b>	<b>477,368</b>	<b>56,480</b>	<b>62,355</b>	<b>8,234</b>	<b>451,455</b>	<b>132,649</b>

NOTE 34'' - SHORT-TERM LIABILITIES (currency structure)	thousand x PLN	
	2022	2021
1. in Polish currency	660 980	643 657
2. in foreign currencies (according to currencies converted into PLN)	203 365	255 361
a) in EURO	22 600	24 156
<b>converted into PLN</b>	<b>105 887</b>	<b>111 423</b>
b) in USD	17 575	30 313
<b>converted into PLN</b>	<b>77 413</b>	<b>123 073</b>
c) in CZK	103 183	112 785
<b>converted into PLN</b>	<b>20 038</b>	<b>20 865</b>
<b>other currencies into PLN</b>	<b>27</b>	<b>0</b>
Short-term liabilities, total	<b>864 345</b>	<b>899 018</b>

<b>NOTE 35 - Book value per 1 share</b>
The book value per 1 ordinary share was calculated as the ratio of equity to the number of shares (PLN 3,836,292 thousand: 5,580,267 shares = PLN 687.47).
The diluted book value per ordinary share was calculated as the ratio of equity to the weighted average number of shares (PLN 3,836,292 thousand: 5,524,271 shares = PLN 694.44)

## 5.6. REVENUES AND COSTS

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

NOTA 36a - REVENUES FROM THE SALE OF PRODUCTS, GOODS AND MATERIALS	w tys. zł	
	2022	2021
1. net revenues from the sale of products	5 713 691	4 532 147
2. net revenues from the sale of goods and materials	190 680	142 022
<b>Total net revenues from sales</b>	<b>5 904 372</b>	<b>4 674 169</b>

NOTE 36a' - NET REVENUE FROM SALES OF PRODUCTS, GOODS AND MATERIALS BY COUNTRY	in thousands			
	2022		2021	
	POLAND	2,700,340	POLAND	2,377,794
	GERMANY	748,410	GERMANY	558,563
	ITALY	455,321	ITALY	292,772
	SLOVAKIA	396,339	SLOVAKIA	237,824
	THE CZECH REPUBLIC	251,196	THE CZECH REPUBLIC	228,510
	AUSTRIA	204,222	AUSTRIA	114,694
	JAPAN	171,075	UNITED ARAB EMIRATES	57,645
	SPAIN	119,240	INDIA	37,390
	MEXICO	91,193	CROATIA	35,980
	CROATIA	77,330	SWEDEN	33,720
	Other countries	689,706	Other countries	699,277
<b>Total net revenue from sales of products, goods and materials</b>		<b>5,904,372</b>		<b>4,674,169</b>

<b>NOTE 36b - NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)</b>	<b>thousand x PLN</b>	
	<b>2022</b>	<b>2021</b>
- transformer sheets	1 755 258	1 058 484
- toroidal coreshydrogen	24 563	15 769
- hydrogen	17 647	4 982
- steel sheets, hot-rolled and cold-rolled strips	98 948	117 273
- cold formed profiles	795 443	731 670
- road barriers	140 843	116 198
- steel structures, including door and door frames	137 667	21 213
- galvanized banding steel and galvanized wire	116 267	97 450
-zinc	1 288 902	1 068 162
- alloys	1 030 513	879 176
- flotation galena	8 271	19 657
- sulphuric acid	37 033	17 779
- dolomite	5 877	6 671
- Zn-Pb-Ag concentrate	0	24
- refined lead	103 434	126 173
- Dore metal	55 341	85 374
- other products	28 276	90 497
- services	69 408	75 594
<b>Net revenues from sales of products, total</b>	<b>5 713 691</b>	<b>4 532 147</b>

<b>NOTE 36c - NET INCOME FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)</b>	<b>thousand x PLN</b>	
	<b>2022</b>	<b>2021</b>
<b>a) country</b>	<b>2 535 598</b>	<b>2 259 735</b>
- transformer sheets	83 183	61 336
- toroidal cores	7 234	4 974
- hydrogen	17 647	4 982
- steel sheets, hot-rolled and cold-rolled strips	72 459	81 619
- cold formed profiles	543 585	509 584
- road barriers	90 617	72 564
- steel structures, including door and door frames	123 230	15 629
- galvanized banding steel and galvanized wire	74 088	56 831
-zinc	633 982	523 770
- alloys	724 156	694 340
- flotation galena	0	0
- sulphuric acid	19 680	8 596
- dolomite	5 877	6 671
- concentrate	0	24
- refined lead	69 899	89 215

- Dore metal	41	0
- others	23 868	77 975
- services	46 053	51 627
<b>b) export</b>	<b>3 178 093</b>	<b>2 272 412</b>
- transformer sheets	1 672 075	997 148
- toroidal cores	17 329	10 795
- hydrogen	0	0
- steel sheets and hot- and cold-rolled strips	26 488	35 654
- cold formed profiles	251 858	222 086
- road barriers	50 226	43 634
- steel structures, including door and door frames	14 437	5 584
- galvanized banding steel and galvanized wire	42 179	40 619
-zinc	654 920	544 392
- alloys	306 358	184 836
- flotation galena	8 271	19 657
- sulphuric acid	17 353	9 183
- dolomite	0	0
- concentrate	0	0
- refined lead	33 535	36 958
- Dore metal	55 300	85 374
- other products	4 408	12 522
- services	23 355	23 967
<b>Net income from sales of products, total</b>	<b>5 713 691</b>	<b>4 532 147</b>

<b>NOTE 36d -Net revenues from sales of goods and materials (material structure – types of activities)</b>	<b>thousand x PLN</b>	
	<b>2022</b>	<b>2021</b>
a) goods	122 137	70 927
b) technological waste	54 202	47 027
c) other materials	14 340	24 068
<b>Net revenues from sales of goods and materials, total</b>	<b>190 680</b>	<b>142 022</b>

<b>NOTE 36e - Net revenues from sales of goods and materials (TERRITORIAL STRUCTURE)</b>	<b>thousand x PLN</b>	
	<b>2022</b>	<b>2021</b>
<b>1. country</b>	<b>164 743</b>	<b>118 057</b>
a) goods	96 218	46 997
b) technological waste	54 224	47 027
c) other materials	14 301	24 033
<b>2.) export</b>	<b>25 937</b>	<b>23 964</b>
a) goods	25 922	23 929
b) other materials	0	0
c) other materials	15	35

Net revenues from sales of goods and materials, total	190 680	142 022
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### Costs of products, goods and materials sold

NOTE 37a - Costs of products, goods and materials sold, including:	w tys. zł	
	2022	2021
1. manufacturing cost of products sold	4 907 458	3 743 473
2. value of goods and materials sold	135 897	110 964
Costs of products, goods and materials sold, total	5 043 355	3 854 437

NOTE 37b - Costs by type – cost of manufacture of products sold	thousand x PLN	
	2022	2021
1. amortization	178 907	172 456
2. consumption of materials and energy	4 124 613	3 129 259
3. external services	420 038	328 578
4. taxes and fees	45 212	45 950
5. payroll	435 782	398 615
6. social insurance and other benefits	114 901	106 408
7. other costs by type (due to)	70 385	31 264
a) business trips	2 504	1 561
b) property insurance	4 539	4 098
c) representation and advertising	3 267	1 873
d) trainings	13 936	520
e) adjustment of the value of inventories	40 451	0
f) other	5 688	23 211
<b>Costs by type, total</b>	<b>5 389 840</b>	<b>4 212 529</b>
Change in stocks, products and accruals	-161 712	-204 716
Cost of manufacture of goods produced for own purposes (negative value)	-10 545	-15 767
Internal rotation	-3 128	-1 739
<b>Selling costs (negative value)</b>	<b>-123 629</b>	<b>-84 886</b>
<b>General and administrative costs</b>	<b>-183 368</b>	<b>-161 950</b>
<b>Cost of manufacture of products sold</b>	<b>4 907 458</b>	<b>3 743 473</b>

NOTE 38 - Other operating revenues	thousand x PLN	
	2022	2021
1. profit from transfer of non-financial fixed assets	7 703	39 929
2. revaluation of financial assets	105	0
3. subsidies	101 687	1 213
4. reversed provisions (due to)	20 272	15 775
a) retirement benefits and payroll	1 643	1 313
b) predicted CO <sub>2</sub> emissions, energy origin certificates	13 898	13 796
c) other provisions	4 731	666
<b>5. other, including:</b>	<b>252 577</b>	<b>339 413</b>
a) revenues due to not collected payroll	51	191
b) refund from the State Fund for Rehabilitation of the Disabled	106	135

c) received penalties, fines, compensation	2 547	2 155
d) surplus in current assets	247	150
e) rental income	782	691
f) redemption of CO2 emission allowances	187 093	140 936
g) write-off into subsidy income in proportion to depreciation	2 701	2 160
h) reversal of inventory write-downs	30 522	11 622
i) reversal of write-downs on receivables	710	85
j) termination of the contingent liability	0	160 531
k) due to contract of mandate	3 113	1 038
l) sale of waste, scrap	19 069	15 137
m) other	5 636	4 582
incl. Covid	119	36
<b>Other operating income, total</b>	<b>382 344</b>	<b>396 330</b>

<b>Specification for other item</b>	
- recycled materials liquidation of mines Pomeranian	101
- resolution of court cases	252
- income from a redeemed loan	457
- revenues from Reimbursement of fees for excluding forest land	417
- revenues from the release of provisions for mine closure	277
- income from changes in the value of the right-of-use asset	194
- reversal of the write-down reducing the value of tangible fixed assets	385
-others	3,553
<b>Total</b>	<b>5,636</b>

The item Other includes a write-off of the subsidy in proportion to depreciation.

The subsidy item includes a subsidy for energy-intensive entities. In the Stalprodukt S.A. Capital Group, Huta Cynku Miasteczko Śląskie S.A. received such a subsidy in the amount of PLN 100,474 thousand. The subsidy was recognized in the result for 2022 in accordance with IAS 20 §16 and §21 in order to maintain the commensurability of revenues and costs.

NOTE 39 - OTHER OPERATING EXPENSES	in thousands zloty		after conversion
	2022	2021	2021
<b>1. loss on disposal of non-financial fixed assets</b>	<b>760</b>	<b>10</b>	<b>10</b>
<b>2. revaluation of non-financial assets</b>	<b>25,273</b>	<b>1,681</b>	<b>13,710</b>
<b>3. created provisions (due to)</b>	<b>35,198</b>	<b>46,850</b>	<b>46,850</b>
a) retirement benefits	1,898	346	346
b) customer bonus	896	203	203
c) liquidation of a mining plant	0	33,066	33,066
d) reclamation of post-mining areas	540	449	449
e) energy certificates of origin and CO2 emission allowances	18,698	12,435	12,435
f) other reserves	13,166	351	351
<b>4. other, including:</b>	<b>263,904</b>	<b>287,438</b>	<b>287,438</b>
a) donations and voluntary contributions	1,119	1,533	1,533
b) costs of legal proceedings	148	72	72
c) penalties, fines, compensation	450	156	156
d) shortages in working capital	1,149	510	510
e) costs of unused production capacity	1,591	877	877
f) costs of testing road barriers	1,459	548	548
g) lease costs	1,028	958	958

h) mining plant decommissioning costs	0	9,961	9,961
i) repair costs related to the damage	103	1,347	1,347
j) depreciation of fixed assets financed from external NKUP sources	2,701	2,157	2,157
k) value of scrapped materials	16,027	14,743	14,743
l) redemption of the granted CO2 emission allowance	187,093	140,936	140,936
k) reduction in the value of finished and semi-finished products	43,167	17,414	17,414
m) creation of write-downs on receivables	567	309	309
n) other	7,302	95,917	95,917
<b>Other operating expenses, total</b>	<b>325,135</b>	<b>335,979</b>	<b>348,008</b>

<b>NOTE 40 - Financial revenues</b>	<b>thousand x PLN</b>	
	<b>2022</b>	<b>2021</b>
1. interest income, including:	<b>8 331</b>	<b>1 688</b>
2. profit on disposal of investments	<b>9</b>	<b>0</b>
3. exchange rate differences (the excess of negative over positive)	<b>17 452</b>	<b>13 026</b>
a) realized	21 796	16 176
b) unrealized	-4 344	-3 151
4. released provisions, due to	<b>813</b>	<b>22</b>
a) dividend received	0	0
b) balance-sheet valuation of investments	767	0
c) other	45	22
<b>Financial revenues, total</b>	<b>26 605</b>	<b>14 736</b>

<b>NOTE 40' - FINANCIAL REVENUE FROM INTEREST</b>	<b>in thousands zloty</b>	
	<b>2022</b>	<b>2021</b>
- interest on delays in paying invoices	1,014	541
- interest on loans granted	819	488
- due interest on funds in the bank account, deposit	5,452	418
- other interest	1,046	241
<b>Financial income from interests total</b>	<b>8,331</b>	<b>1,688</b>

<b>NOTE 41 - FINANCING COSTS</b>	<b>in thousands zloty</b>	
	<b>2022</b>	<b>2021</b>
1. for interest	9,845	10,506
2. loss on disposal of investments	21,091	14,564
3. surplus of exchange rate losses over positive ones	6,801	2,787
4. other, including commissions and fees for banking services	2,030	3,156
<b>Financial costs, total</b>	<b>39,768</b>	<b>31,013</b>

<b>NOTE 41' - FINANCIAL COSTS DUE TO INTEREST</b>	<b>in thousands zloty</b>	
	<b>2022</b>	<b>2021</b>
- interest on credits and loans	2,595	5,049
- interest on leasing	5,979	4,835
- others	1,271	622

Financial costs due to percentage total	9,845	10,506
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NOTE 42 - CURRENT AND DEFERRED INCOME TAX	in thousands zloty	
	2022	2021
1. Gross profit (loss)	739,279	582,115
Consolidation adjustment	-141,059	44,506
2. Differences between gross profit (loss) and income tax base (by title)	-63,990	-154,708
a) accounting revenues not classified as taxable	-314,685	-271,969
b) tax revenues not classified as accounting	31,691	10,410
c) costs that are not tax deductible	474,888	165,928
d) tax costs not included in accounting costs	-243,576	-10,772
e) deductible loss from previous years	-12,307	-48,305
3. Other amounts increasing the tax base - adjustment for losses of subsidiaries	79,632	0
4. The income tax base, including:	613,862	471,913
- 19% income tax base	604,973	470,247
- income tax base 9%, 12%, 15%	8,889	1,665
5.1 Income tax at the rate of 19%	114,944	90,551
5.2 Income tax at the rate of 9%, 12%, 15%	1,109	150
6. Deferred income tax	1,624	6,621
7. Income tax liability, shown in the statement of profit or loss	117,697	88,403
8. Effective income tax rate	19.67%.	14.33%.
9. Tax difference resulting from permanent differences between the gross profit and the tax base	-4,615	28,685
10. Difference between tax at 19% and other rates	580	166.59
11. Effective tax rate after taking into account the differences in points 9 and 10	19.00%.	19.00%.

### Net profit (loss)

NOTE 43 - NET PROFIT (LOSS).	in thousands zloty		After conversion
	2022	2021	2021
a) net profit (loss) of the parent company	398,122	220,063	220,063
b) net profit (loss) of subsidiaries	280,863	179,966	167,937
c) consolidation adjustments	-198,463	128,700	128,700
d) profit from a bargain purchase	0	0	
Net profit (loss)	480,522	528,729	516,700

NOTE 43a - PROFIT DISTRIBUTION - 2021	PLN
Proposed distribution of net profit for the reporting period in the amount of PLN 220,062,879.55:	
- reserve capital (retained earnings)	PLN 153.099.675,55
- dividend	66 963 204.00
- dividend per share	12.00



## Profit/loss per share

### NOTA 44 - Profit per 1 share

5,580,267 shares were used to calculate earnings per ordinary share. Earnings per ordinary share amounted to PLN 86.11. As part of the buyback of own shares for redemption carried out in 2022, the Company purchased 180,669 shares. The weighted average number of shares was 5,524,281 and the diluted earnings per share were PLN 86.98.

## 5.7. Total income

NOTE 45-TOTAL INCOME	in thousands	
	2022	2021
Net result	480,522	516,700
The effective part of a cash flow hedge in accordance with IFRS9	100,341	-125,579
Including: The effective portion of the cash flow hedge in accordance with IFRS 9 attributable to minority shareholders	7,575	-9,582
gains and losses arising from the translation of items in the financial statements of a foreign operation	13,523	13,262
Including: Gains and losses arising from the translation of items in the financial statements of a foreign operation attributable to non-controlling interests	34	-8
Total Income together	594,386	404,383
Total income attributable to shareholders of the parent company	580,525	404,705
Total income attributable to minority shareholders	13,861	-322

## 5.8. Reporting by segments

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

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

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

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

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

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

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

Transformer sheets segment includes transformer metal sheets and toroidal cores.

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

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

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

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

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

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

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

Required information on operating segments for the year 2022 and comparable period was estimated and presented in the following tables (in thous. PLN):

Itemization 2022	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	<b>1 797 468</b>	<b>996 223</b>	<b>2 694 388</b>	<b>416 292</b>	<b>5 904 372</b>
Domestic	108 064	689 909	1 578 227	324 140	<b>2 700 340</b>
Export	1 689 404	306 314	1 116 160	92 151	<b>3 204 029</b>
	<i>1 127 330</i>	<i>276 116</i>	<i>1 042 793</i>	<i>70 489</i>	<b>2 516 728</b>
	<i>578 036</i>	<i>30 199</i>	<i>73 368</i>	<i>5 699</i>	<b>687 302</b>
Segment Costs	<b>1 314 245</b>	<b>952 864</b>	<b>2 597 038</b>	<b>302 837</b>	<b>5 166 984</b>
<b>Segment Result</b>	<b>483 223</b>	<b>43 359</b>	<b>97 350</b>	<b>113 455</b>	<b>737 388</b>
Other Operating and Financial Revenues Non-Attributable to the Segment					409 103

Other General, Operating and Financial Costs Non-Attributable to the Segment					548 271
<b>Gross Profit</b>					<b>598 220</b>
Income Tax					117 698
<b>Net Profit</b>					<b>480 522</b>
Segment Assets	1 382 086	900 208	2 354 130	488 889	5 125 313
Assets Non-Attributable to the Segment					56 042
Total Assets					5 181 355
Liabilities	292 419	231 498	547 380	85 289	1 156 586
Provision for decommissioning, recultivation and environmental repair costs			188 477		188 477
Total Liabilities					1 345 063
Investment Outlays	12 567	9 361	104 083	10 616	136 627
Depreciation	40 046	19 661	103 254	16 319	179 279
Creation of an inventory write-down	14 243	24 842	6 133	15 596	60 814
Inventory write-down solution	6 662	29 946	5 769	71	42 448

The largest sales were made in 2022 to Germany and accounted for 12.68% of the Capital Group's sales (23.36% share in export sales) and Italy and accounted for 7.71% of the Capital Group's sales (14.21% share in export sales ). In addition, in the case of one customer, sales exceeded 10% of the share in the sales of the Capital Group. The total value of revenues from this client is PLN 689,082 thousand. Sales mainly concerned the zinc segment and other activities.

Itemization 2021	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	<b>1 079 235</b>	<b>905 707</b>	<b>2 321 429</b>	<b>367 798</b>	<b>4 674 169</b>
Domestic	71 292	636 084	1 399 664	270 754	<b>2 377 794</b>
Export	1 007 943	269 623	921 765	97 044	<b>2 296 375</b>
Segment Costs	<b>866 749</b>	<b>782 648</b>	<b>1 989 528</b>	<b>300 399</b>	<b>3 939 324</b>
<b>Segment Result</b>	<b>212 486</b>	<b>123 059</b>	<b>331 901</b>	<b>66 904</b>	<b>734 845</b>
Other Operating and Financial Revenues Non-Attributable to the Segment					276 549
Other General, Operating and Financial Costs Non-Attributable to the Segment					394 262
<b>Gross Profit</b>					<b>617 132</b>
Income Tax					88 405
<b>Net Profit</b>					<b>528 727</b>
Segment Assets	1 173 276	821 143	2 362 067	419 990	4 776 477

Assets Non-Attributable to the Segment					68 543
Total Assets					4 845 022
Liabilities	288 557	228 441	830 896	82 788	1 430 682
Contingent Liabilities					40 000
Total Liabilities					1 470 682
Investment Outlays	7 717	6 610	92 864	9 235	116 426
Depreciation	37 613	18 747	104 815	15 868	177 043

The largest sales were made in 2021 to Germany and accounted for 11.95% of the Capital Group's sales (24.32% share in export sales) and Italy and accounted for 6.26% of the Capital Group's sales (12.75% share in export sales ). In addition, in the case of one customer, sales exceeded 10% of the share in the sales of the Capital Group. The total value of revenues from this client is PLN 632,215 thousand. Sales mainly concerned the zinc segment and other activities.

## 5.9. Financial instruments and risk management assessment

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

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

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

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

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

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

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

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

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

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

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

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

As at each balance sheet date, the Company assesses whether there are objective premises for impairment of a given component of financial assets or a group of financial assets. Such indications include, but are not limited to, serious financial difficulties of the debtor, the disappearance of an active market for a given financial instrument, adverse changes in the economic, legal and market environment of the issuer of a financial instrument, and

persistence of a significant decline in the fair value of the instrument. When such evidence exists, the impairment loss should be estimated and an impairment loss should be recognized.

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

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

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

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

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

Item	Category acc. to IFRS 9	2021	2020
<i>Shares and stocks</i>	<i>fair value through financial result</i>	181	442
Trade receivables (net)	<i>amortised cost</i>	701 199	442 445
<i>Other receivables (without public-law)</i>	<i>amortised cost</i>	22 458	9 818
Cash and cash equivalents	<i>amortised cost</i>	492 253	436 392
<i>Loans</i>	<i>amortised cost</i>	14 721	17 222
<i>Securities</i>	<i>amortised cost</i>	96 069	76 770
<b>Total financial assets</b>		<b>1 326 881</b>	<b>983 089</b>
<i>Trade liabilities</i>	<i>amortised cost</i>	451 455	291 469
<i>Credits and loans</i>	<i>amortised cost</i>	82 731	118 452
<b>Total financial liabilities</b>		<b>534 186</b>	<b>409 921</b>

As at December 31, 2021, the fair values did not differ from the book values. As at December 31, 2022, the qualification test did not show a significant impact of IFRS 9 on the value of receivables, and the measurement of loans granted at amortized cost showed no significant differences.

Fair value of shares determined at level 3.

The fair value of the securities was set at level 2.

Fair value hierarchy

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

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

This category includes the valuation of securities (Generali and Quercus) as well as corporate bonds and hedging instruments (swaps and forwards).

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

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

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

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

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

and USD exchange rate. The derivatives used differ according to the type of market risk being hedged.

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

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

#### *Credit and contractual risk*

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

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

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

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

Risk group	Rating	Risk level
I	AAA	low
	AA+	
	AA	
	AA-	
	A+	
	A	
	A-	
II	BBB+	average
	BBB	
	BBB-	
	BB+	
	BB	
	BB-	
	B+	



	B	
	B-	
III	CCC+	high
	CCC	
	CCC-	
	CC	
	C	
	D	

Group's share in balances of receivables from operating segments as at 31.12.2022					
Segment	Group I	Group II	Group III	Others	Total
Electrotechnical sheets	45%	55%	0%	0%	100%
Profiles	99%	1%	0%	0%	100%
Zinc	10%	89%	0%	0%	100%

Due to the consistently pursued credit risk management policy, the dominant share in the balance of receivables from low-risk groups I and II, maintaining a high level of collateral for the granted limits, the amount of the expected credit loss based on the above assumptions is PLN 656 thousand and is insignificant in relation to the scale of the Company's operations.

On the other hand, the amount at risk is equal to the carrying amount of the balance of short-term receivables increased by guarantees issued and sureties granted, the fair value of derivative transactions and adjusted by accepted collateral (only in the form of bank payment guarantees and letters of credit), as well as receivables from subsidiaries. This amount is PLN 748,528 thousand. , It should be noted that the average value of the overdue receivables ratio for the parent company (without subsidiaries) for 12 months of 2022 (calculated as the ratio of overdue receivables to the total balance of trade receivables) for the Company is 7.0%.

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

THE HEDGINGS ADOPTED			thousand x USD/EUR/PLN					
			31.12.2022			31.12.2021		
No.	Hedging type	Risk type	Amount	Currency	PLN	Amount	Currency	PLN
1	Bank guarantees and letters of credit	credit /contractual	2 000	PLN	2 000	109	PLN	109
2	Bank guarantees and letters of credit	credit /contractual	11 180	EUR	52 433	7 460	EUR	34 312
3	Bank guarantees and letters of credit	credit/contractual	820	USD	3 609	1 645	USD	6 679
4	Sureties	credit/contractual	0	PLN	0	0	PLN	0

5	Sureties	credit/contractual	20 100	EUR	94 267	19 600	EUR	90 148
6	Sureties	credit/contractual	2 000	USD	8 804	0	USD	0
7	Pledges and mortgages	credit/contractual	20 257	PLN	20 257	21 616	PLN	21 616
8	Pledges and mortgages	credit/contractual	31 030	PLN	31 030	0	PLN	0
	<b>Total value of securities in PLN</b>				<b>212 400</b>			<b>152 864</b>

### Liquidity risk

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

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

The details concerning the credit line limits, credit-to-debt ratios and the remaining conditions were presented in 28 note.

### Market Risk

#### **Exchange Rates Risk**

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

As of 31.12.2022 the following data were provided in the Consolidated Balance Sheet:

loans granted – PLN 0,

cash – PLN 605,725 thousand,

long-term credits and loans – PLN 5,736 thousand,

short-term credits and loans – PLN 20,201 thousand.

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

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

Due to the higher value of assets depending on the value of interest rates, possible increases in interest rates will have a positive impact on the financial result of the period.

SENSITIVITY TO EXCHANGE RATE RISKS	in thousand PLN	
	2022	2021
Exchange rate increase by 50 basis points		
Impact on the gross result	5 798	4 210
Exchange rate decrease by 50 basis points		
Impact on the gross result	-5 798	-4 210

### Currency Risk

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

USD is another currency in which settlements are made. The currency position is being constantly monitored.

As of 31.12.2022, the sensitivity of balance sheet positions, expressed in EUR and USD, to currency risks is only slight in relation to the scale of the pursued activities. Należność, środki różnicowe oraz standardy walutowe odpowiednio: w notach 10e, 11b oraz 34”.

SENSITIVITY TO CURRENCY RISKS	in thousand PLN	
	2022	2021
PLN STRENGTHENING to USD & EUR by 5%		
Impact on gross result	32 000	19 066
PLN WEAKENING to USD & EUR by 5%		
Impact on gross result	-32 000	-19 066

The nature of the activities pursued by the subsidiary company - ZGH “Bolesław” S.A. (production and USD sales of LME-quoted zinc and lead) forces the Company to pursue an active hedging policy against the currency-related risk. The Company secures its position, constantly monitoring the changes in raw material prices and currency exchange rates. Hedging itself against the currency exchange rate risk, the subsidiary company applies: forward transactions, average-rate forward transactions, options or option strategies. Relationships were determined for the period from April 2022 to October 2024 year.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active currency hedging instruments as of 31.12.2022			PLN thousand		
Cash Flow Hedging	forward	\$57 120 000,00	-27 416	-27 416	risk from USD/PLN exchange rates

Cash Flow Hedging	forward	€ 0,00	0	0	risk from EUR/PLN exchange rates
Cash Flow Hedging	option strategies		0	0	risk from USD/PLN exchange rates
Cash Flow Hedging	option strategies (forward synthetic)	€ 1 200 000,00	-224	-224	risk from EUR/PLN exchange rates

### Risk from Changing Raw Material Prices

In the Stalprodukt S.A. Capital Group the subsidiary ZGH “Bolesław” S.A. pursues an active commodity (Zn and Pb) risk management policy, using various derivative instruments. For metal prices risk management the following transactions are concluded: swap transactions (fixed to float, float to float), options or option strategies, forward contracts. Relationships were determined for the period from April 2022 to October 2024 year.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
<b>Active commodity hedging instruments as of 31.12.2022 (zinc)</b>			<b>PLN thousand</b>		
Cash Flow Hedging	swap	4 800	-9 351	-9 351	Price Change Risk Zn LME in PLN
Cash Flow Hedging	swap in USD	9 600	1 322	1 322	Price Change Risk Zn LME in USD
<b>Active commodity hedging instruments as of 31.12.2022 (lead)</b>			<b>PLN thousand</b>		
Cash Flow Hedging	swap	925	-1 471	-1 471	Price Change Risk Pb LME in PLN

### ZGH “Bolesław” S.A. and its Subsidiaries' Exposure to Market Risks

The GK Bolesław's exposure to market risks in 2023 is as follows:

- Zinc - approx. 75 480 tons
- Lead - approx. 10 800 tons
- Silver - approx. 671 800 Ozs
- Currency - approx. USD 265 000 000

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

Currency exposure is closely connected with the price levels of metals (original exposure) and may be subject to fluctuations in case of their changes. Apart from the metal prices, currency exposure contains premiums achieved on the market when selling zinc, zinc alloys, and lead. The above mentioned exposures are based on budget estimations for 2023, i.e. \$3000 LME Zn, \$250 LME Pb, \$22/ozs LBM.

### *Security accounting*

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

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

### *Explanations Referring to Balance Sheet Items Related to Derivative Instruments*

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	31.12.2022	31.12.2021
Long-Term investments	0	199
Short-Term Investments	26 541	98 149
<b>TOTAL, including:</b>	<b>26 541</b>	<b>98 348</b>
a) valuation of derivative transactions	18 799	2 280
b) securities	7 742	96 068

Explanation Referring to the Item: Liabilities (Payables) in respect of:	PLN thousand	
	31.12.2022	31.12.2021
Contracts for Hedging Transactions (Note 16a)	3 003	38 926
Conclusions of Currency Option Transactions (Note 17a)	56 430	132 066
Adjustment by the amount of settlements with brokers in respect of the finalized transactions	-1 904	-5 154
<b>TOTAL</b>	<b>57 529</b>	<b>165 838</b>

Valuation of Derivative Transactions	PLN thousand			
	31.12.2022		31.12.2021	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	18 336	10 962	91	117 322
Commodity Transactions - Lead	0	1 471	0	2 263
Currency Transactions - USD/PLN EUR/PLN	463	45 096	1 520	46 254

Commodity Transactions- Silver	0	0	669	0
<b>Total</b>	<b>18 799</b>	<b>57 529</b>	<b>2 280</b>	<b>165 839</b>

Securities	PLN thousand	
	31.12.2022	31.12.2021
Corporate bonds:	<b>0</b>	<b>61 878</b>
-PKO Bank Hipoteczny S.A	0	23 456
-PEKAO Faktoring S.A	0	19 983
-PKO Leasing S.A	0	18 440
<b>Shares in Investment Funds</b>	<b>7 742</b>	<b>34 190</b>
- Quercus Ochrony Kapitału	2 065	2 006
- Quercus Obligacje Skarbowe	2 465	2 796
- Quercus Dłużny Krótkoterminowy	3 095	2 995
- General Korona Obligacje	1	0
- Generali Korona Dochodowy FL	1	0
- Generali Oszczędnościowy	1	0
- Generali Aktywny Dochodowy	114	26 393
<b>Total</b>	<b>7 742</b>	<b>96 068</b>

#### Fair value hierarchy

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This category includes the valuation of securities (Generali and Quercus) and corporate bonds.

Division of Hedging Instruments	PLN thousand			
	31.12.2022		31.12.2021	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
<b>Hedging Instruments</b>	<b>2 702</b>	<b>39 843</b>	<b>1 638</b>	<b>162 622</b>
Commodity Transactions - zinc	2 640	10 669	91	117 077
Commodity Transactions - lead	0	1 471	0	2 263
Currency Transactions - USD/PLN, EUR/PLN	62	27 703	878	43 282
Commodity Transactions - Silver	0	0	669	0
<b>Trade Instruments</b>	<b>16 097</b>	<b>17 686</b>	<b>642</b>	<b>3 216</b>
Commodity Transactions- zinc	15 696	293	0	244
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	401	17 393	642	2 972
Commodity Transactions - silver	0	0	0	0
<b>Total</b>	<b>18 799</b>	<b>57 529</b>	<b>2 280</b>	<b>165 838</b>

### Financial Report Presentation of Applied Derivative Instruments

Derivative Transactions Presented in the Profit and Loss Account:	PLN thousand	
	31.12.2022	31.12.2021
Sales of Products Adjustment	-178 315	-54 252
Sales of Goods Adjustments	0	0
Revaluation of Investments	967	-2 546
Gains/Loss on Sale of Investments	-19 934	-14 564
<b>Total</b>	<b>-197 282</b>	<b>-71 362</b>

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	31.12.2022	31.12.2021
Commodity Transactions	-124 421	-61 586
Currency Transactions	-77 023	-1 623
<b>Total</b>	<b>-201 444</b>	<b>-63 209</b>

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	31.12.2022	31.12.2021
Sales Increase	4 138	8 133
Sales Decrease	-182 453	-62 385
<b>TOTAL</b>	<b>-178 315</b>	<b>-54 252</b>

### 5.10. Capital management

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

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

In 2020, the Parent Company properly managed the capital, since the objectives associated also with liquidity were met. Basic ratios concerning capital structure and working capital management, as defined in the financial plan reached the expected values, which enabled the achievement of the Parent Company's objectives, its smooth and reliable operation, and to raise funds for further development.

Debt is understood as long-term and short-term debt presented in the notes 24 and 28.

FINANCIAL LEVERAGE RATIO	in thousand PLN	
	2022	2021
Debt	25 937	82 731
Cash	-605 725	-492 254
Net Debt	-579 788	-409 523
Equity	3 836 292	3 359 184
<b>Net Debt Relation to Equity</b>	<b>-15,11%</b>	<b>-12,19%</b>

In the reporting period the increase of net profit per share was recorded, the maximization of which is a strategic goal for Stalprodukt. The net profit per share decreased from PLN 86.11 in 2022 to PLN 94.75 in 2021.

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

In 2022, there was a slight decrease in the share of equity in the financing of the Company. The equity ratio, calculated as the ratio of equity to total liabilities, didn't change and is taking out 0.74.

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

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

The capital management is run independently by the subsidiary Management Boards, applying the policy adopted by the Parent Company, subject to its supervision and monitoring.

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

#### 5.11. Transactions with entities related to the Capital Group

##### *Related companies data*

Transactions between Stalprodukt and its subsidiaries consist in continuous mutual provision of supplies and services necessary for current operations. These are typical and routine transactions, concluded on market terms within the capital group and on terms resulting from current operating activities. Other significant transactions with related parties, i.e. transfer of rights and obligations for consideration and free of charge, did not occur.

Entities are considered related if one of the entities has the ability to control the other entity or exert significant influence on the operational or financial decisions made by the other entity. To recognize a given entity as a related entity, the Company applies the principles of



IAS 24, taking into account the nature of the relationship and its impact on the entity's result and financial position.

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

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

Items 2021 (PLN thousand)	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
ZGH "Bolesław" S.A.		22		106
Huta Cynku "Miasteczko Śląskie" S.A.	8		10	15
Boltech sp. z o.o.				
Anew Institute sp. z o.o.				56
Stalprodukt-Wamech sp. z o.o.	395	6 908	2 807	20 630
Stalprodukt-Zamość sp. z o.o.	1 778	85	13 411	305
Stalprodukt-Ochrona sp. z o.o.	28	831	242	4 108
STP Elbud sp. z o.o.	254	4 161	3 525	23 954
Cynk-Mal S.A.	3 050	2 147	51 278	7 855
GO Steel a.s.	26 853	9 670	276 565	98 352
Hotel Ferreus sp. z o.o.	2		9	
PTZ sp. z o.o.	2		4	
Stalprodukt-Centrostal sp. z o.o. in liquidation	10	969	420	6 000

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

Associated entities:

Items 2022	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Receivables	Liabilities
Stalnet Sp. z o.o.	5	15	47	144

Items 2021	PLN thousand			
	Mutual settlements		Mutual income and costs	
	receivables	liabilities	revenues	costs
Stalnet Sp. z o.o.	5	15	47	144

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

Entities with joint control or significant influence over the entity:

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

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

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

## 5.12. IMPACT OF THE CORONA VIRUS COVID-19 PANDEMIC ON THE COMPANY'S SITUATION

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

### **5.13. EVENTS AFTER THE BALANCE SHEET DATE**

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

### **5.14. INFORMATION ON THE POLITICAL AND ECONOMIC SITUATION IN THE TERRITORY OF UKRAINE AND ITS POTENTIAL IMPACT ON THE ACTIVITIES OF THE ISSUER AND ITS CAPITAL GROUP.**

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

### **5.15. ACTION FOR PAYMENT OF COMPENSATION FOR MINING DAMAGES**

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, 9<sup>th</sup> 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. The company appealed against the judgment.

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. The company appealed against the judgment.

On 13.03.2020 the Court of Appeal in Kraków issued the judgement in the case with ref.no AGa 527/18, between ZGH "Bolesław" S.A. and Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o. o. in Olkusz, in which it dismissed the appeal of ZGH "Bolesław" S.A. against the judgement of the Regional Court in Krakow of 25.04.2018 to the case with reference number IX GC 543/13, as well as ordered that the ZGH "Bolesław" S.A. shall pay the costs of proceedings at law in the amount of PLN 8,100 for the benefit of Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. Consequently, the ruling of the Regional Court is final and binding.

The above status means that at the moment it has been ruled by a legally-binding decision that ZGH "Boleslaw" S.A. is liable for damages to the Przedsiębiorstwo Wodociągów i Kanalizacji for the consequences in terms of water relations, connected to the future exclusion of the Mine Olkusz Pomorzany drainage and due to this, the discontinuation of water supply to their channels and for possible groundwater pollution.

On July 28, 2020, the company ZGH "Bolesław" S.A. filed a cassation appeal against the above judgment. The Supreme Court in Warsaw By a decision of January 27, 2021, refused ZGH "Bolesław" S.A. accepting a cassation appeal for examination. In this state, the case will be reviewed by the District Court, which will determine the amount of compensation.

On September 16, 2021, the Order of the District Court, IX Commercial Division in Kraków, of August 30, 2021, was submitted, obliging PWiK Sp. z o.o. to submit a pleading within one month from the delivery of a copy of this ordinance, and ZGH "Bolesław" S.A. to submit, within one month from the date of delivery of the copy of the pleading from PWiK Sp. z o.o.

On November 15, 2021. ZGH "Bolesław" S.A. issued a letter to the Court with a request to oblige PWiK sp.z o.o. to submit to the Court and the party documents and information related to the technical operation of the water supply network. The District Court, by order dated 10 December 2021, granted the request and obliged PWiK sp.z o.o. to submit such information or submit a letter that he will not submit it. From the substantive point of view, it is important that in the letter referred to above, PWiK sp.z o.o. limited the claim by

approx. 10,000 thousand PLN and is currently demanding the amount of PLN 54 839 thousand.

On December 10, 2021, a pleading from PWiK Sp. z o.o. was received. It does not contain the information requested by ZGH "Bolesław" S.A. in a letter of November 15, 2021. In this state, the preparation of the pleading / pleadings containing the current position of ZGH "Bolesław" S.A. is underway.

On February 28, 2022, ZGH Bolesław S.A. submitted their position on the matter. The letter contained a motion to dismiss the claim, as well as formal and evidentiary motions. The basis for submitting a motion to dismiss the claim is the indication that PWiK sp.z o.o. has not suffered any damage in terms of civil law, i.e. there has been no financial loss. Further allegations were raised, boiling down to the fact that the possible damage may not be the own expenditure on the investment made, and there is no damage in the scope of the so-called stage II, where no expenses were incurred, and their incurring is not settled and justified. On March 17, 2022, PWiK sp.z o.o. submitted another letter in the case. On April 5, 2022, the District Court in Krakow called on the parties to the dispute to consider mediation in the case.

On July 15, 2022, the District Court in Kraków issued a Decision on the admission of evidence from the Institute's opinion on the legitimacy and amount of the damage suffered so far by PWiK Sp. z o.o., as well as future planned expenses. On September 22, 2022 a pleading of ZGH "Bolesław" S.A. was delivered to the District Court in Krakow - a request for evidence in the field of evidence from the opinion of the Institute.

A provision of PLN 55,000 thousand was created for the entire amount of the claim. The provision was presented in the short-term provision for decommissioning, recultivation and environmental repair costs in the consolidated statement of financial position.

#### **5.16. Joint ventures with other entities**

The subsidy is related to the implementation and financing of a project in the area of renewable energy sources, i.e. the construction of a prototype of an innovative wind turbine with a vertical axis of rotation, with a capacity of 1.5 MW. The project was co-financed by the National Centre for Research and Development within the framework of the pilot project *Support for scientific research and development on the demonstration scale DEMONSTRATOR+*. The relevant contract was signed in December 2013 and the planned completion date of the project according to the contract no. UOD-DEM-1-153/001 and later Annexes is 30.06.2018. The final report was also submitted to the NCBiR, which was adopted on February 18, 2020. The total amount of the grant is PLN 12,540 thousand.

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

After the failure of the power plant wing, which occurred in October 2018, was repaired and the path modernized, as well as the modification and replacement of the external rocker arms of the supporting trolleys, the power plant was commissioned in the first quarter of 2021.

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

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

At the same time, it should be emphasized that the current state of knowledge does not allow for the assumption of a commercialization forecast (entry included in the "Report on the implementation as part of the NCBR pilot project entitled Support for scientific research and development works in the Demonstrator + demonstration scale" of July 16, 2020). The choice of the method of commercialization will be possible after conducting tests and appropriate certification.

#### 5.17. Differences between the annual report and the QSr\_4 / 2021 report

SPECIFICATION	in thous. zloty		
	there was	there is	difference
<b>Profit and loss account</b>			
<i>I. Sales revenues</i>	4,674,094	4,674,169	75
<i>II. Costs of products, goods and materials sold</i>	3,853,932	3,854,437	505
<i>III. Overhead costs</i>	162,478	161,950	-528
III. Other operating income	236,237	396,330	160,093
IV. Other operating cost	200,788	335,979	135,191
V. Financial revenue	14,710	14,736	26
VI. Financial costs	30,744	31,013	269
<i>VII. Operating profit</i>	608,246	633,247	25,001
<i>VIII. Gross profit</i>	592,375	617,133	24,758
<i>IX. Net profit</i>	501,712	528,729	27,017
<b>Balance</b>			
<b>I. Fixed assets</b>	<b>2,424,986</b>	<b>2,394,343</b>	<b>-30,643</b>
Intangible assets	72,885	72,415	-470
Tangible assets	2,081,748	2,066,073	-15,675

Right to use assets	122,754	137,750	14,996
Other long-term financial assets	817	13,408	12,591
<b>II. Current assets</b>	<b>1,917,664</b>	<b>2,447,552</b>	<b>529,888</b>
<i>Inventory assets</i>	<i>987,269</i>	<i>995,506</i>	<i>8,237</i>
<i>Payables</i>	<i>786,285</i>	<i>844,647</i>	<i>58,362</i>
<i>Cash</i>	<i>488,782</i>	<i>492,254</i>	<i>3,472</i>
<b>Total assets</b>	<b>4,823,436</b>	<b>4,841,895</b>	<b>18,459</b>
<b>I. Equity</b>	<b>3,338,986</b>	<b>3,371,213</b>	<b>32,227</b>
I. Equity attributable to shareholders of the parent company	3,230,580	3,262,788	32,208
Retained earnings	3,302,304	3,334,513	32,209
II. Equity attributable to non-controlling interests	108,406	108,425	19
<b>III. Liabilities and provisions for liabilities</b>	<b>1,484,450</b>	<b>1,470,682</b>	<b>-13,768</b>
<b>Total liabilities</b>	<b>4,823,436</b>	<b>4,841,895</b>	<b>18,459</b>

#### 5.18. Events relating to previous years included in the consolidated financial statements

In 2021, the subsidiary ZGH "Bolesław" S.A. performed an impairment test of assets and made a write-down on the value of shares in the subsidiary Gradir Montenegro in the amount of PLN 30,000 thousand. Therefore, in the consolidated financial statements for 2021, a write-down of the remaining amount of goodwill in the amount of PLN 17,973 thousand was made.

Re-analysis of the test carried out in 2021, in accordance with the provisions of IAS 36, indicated impairment of non-current assets in the subsidiary Gradir Montenegro. Due to the fact that the impairment test for fixed assets was not performed at the level of the subsidiary, the impairment loss was recognized in the consolidated financial statements for 2022. The amount of the write-off in the amount of PLN 12,027 thousand was settled through equity, as the result from previous years. Appropriate transformations were made in the report in order to present comparative data for 2021. Additionally, the changes are presented in the notes: 2a, 2b, 39 and 43.

#### 5.19. Value of remuneration, awards or benefits paid, due or potentially due, separately for each manager and supervisor

##### 1. Value of remuneration of executives (in PLN):

	Basic salary	Performance bonus	Remuneration due to performing functions in the authorities of subordinated entities	Total
Piotr Janeczek	865 472	217 251	132 383	1 215 106

Łukasz Mentel	623 866	173 022	123 720	<b>920 608</b>
<b>Total</b>	<b>1 489 338</b>	<b>390 273</b>	<b>256 103</b>	<b>2 135 714</b>

2. Value of remuneration of officers (in PLN):

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

The above information is consistent with the Company's knowledge as at the date of the report.

## 5.20. Other information

1. In 2022, the Stalprodukt Capital Group did not discontinue any activities of any kind.
2. There were no significant events related to the previous years included in the annual financial statements as at December 31, 2022 that would distort the image of the activities of the financial year 2022.
3. In the reporting period, the Group incurred capital expenditures in the amount of PLN 136,627 thousand. Including the amount of PLN 2,781 thousand for environmental protection. The planned capital expenditures for 2023 will amount to approximately PLN 360,000 thousand. Capital expenditures will be used to finance property, plant and equipment.
4. In the reporting year, the Group did not carry out any joint ventures with other entities, except for those mentioned in item 11 of this statement "Other information - joint ventures with other entities".
5. Average employment in occupational groups amounted to:  
In 2022, the total employment will be 5,093 people,  
In 2021, it will employ 5,410 people.
6. As at the balance sheet date, Stalprodukt S.A. Capital Group has the following off-balance sheet contingent liabilities:
  - performance guarantee related to the manufacture and installation of road barriers with a total value of PLN 22,394 thousand,



- guarantees and sureties for bills of exchange granted by ZGH "Bolesław" S.A. in the amount of PLN 17,333 thousand,
  - ZGH "Bolesław" S.A. issued promissory notes in connection with the concluded contracts for financing investment projects with the National Centre for Research and Development for the amount of PLN 60.5 million.
  - ZGH "Bolesław" S.A. issued a promissory note in connection with the contract concluded with the National Centre for Research and Development for the amount of PLN 60.5 million
  - 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 9,582,000. 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 security in the amount of PLN 21.1 thousand relates to installations for the production of electrolytic zinc and its alloys, and the third in the amount of PLN 450 thousand includes an installation for the processing of waste in the recovery process.
7. In December 2022, the European Commission approved a Polish aid program worth EUR 1.1 billion (PLN 5.1 billion) aimed at supporting energy-intensive companies. The scheme was approved under the State Aid Temporary Crisis Framework. The program provided the opportunity for energy-intensive companies to apply for compensation for increases in electricity and gas prices. Huta Cynku "Miasteczko Śląskie" benefited from the program: S.A., which received support from the National Fund for Environmental Protection and Water Management in the amount of PLN 100,474,488.94. This amount was included in the result for 2022 in accordance with IAS 20 §16 and §21 in order to maintain the commensurability of revenues and costs.
8. The remuneration of the auditing company amounted to:
- for the review of the half-yearly separate financial statement - PLN 25,000;
  - for the review of the half-yearly consolidated financial statement - PLN 23,000;
- In addition, the price for the audit of the annual financial statements will be:
- separate financial statement - PLN 60,000;
  - consolidated financial statement - PLN 30,000.
9. Neither the Parent Company nor its subsidiaries granted advances, credits, loans, guarantees and sureties to members of the Management Board and Supervisory Board, except for loans from the Company Social Benefits Fund.
10. No financial statement and comparable financial data adjusted for inflation are presented because the cumulative average annual inflation rate over the last three years did not reach 100%.

11. The Company, as the parent company, prepares consolidated financial statements using the full consolidation method and covers all subsidiaries.

This consolidated financial statement of Stalprodukt S.A. Capital Group for 2022 was approved for publication by the Management Board of the Parent Company on 27 April 2023.

Bochnia, 27 April 2023

The person authorised to  
keep accounting books

Head of the Accounting  
and Tax Department

.....  
Łukasz Mentel  
Member of the  
Management Board  
Chief Financial Officer

.....  
Piotr Janeczek  
President of the  
Management Board  
Chief Executive Officer