

Translation of the financial statements originally issued in Polish.



# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS of the Relpol Capital Group for the 3rd quarter of 2018



Żary, 15 November 2018

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## I. Consolidated statements of the Relpol Capital Group

### 1. Introduction to the financial statements

#### 1.1 General information about the parent company

**Company name:** “RELPOL” Spółka Akcyjna

**Registered office of the company:** 68-200 Żary, ul. 11-Listopada 37, Lubuskie Voivodeship, Poland.

**Registering authority:** District Court in Zielona Góra, 8th Commercial Division of the National Court Register.

**KRS Number:** 0000088688

**The life of the Company** shall be perpetual.

#### 1.2 Primary business activity of the Company

Relpol S.A. has been manufacturing industrial automation components for 60 years, in particular, electromagnetic relays for various industries, electronics, photovoltaics, railways, electric vehicle charging stations, relays for control and monitoring as well as plug-in sockets for relays. Since 2000, Relpol S.A. has been manufacturing, installing and servicing stationary gamma-neutron radiation monitors and CZIP digital protection systems used in medium-voltage switchgears.

The business model, product groups and their possible applications are described in the report on the Company's and the Capital Group's activities for 2017, in the part concerning non-financial information.

Relpol Elektronik and DP Relpol Altera has also been dealing with the manufacture of relays and sockets. Those companies perform production activities for Relpol S.A. Other subsidiaries are distributors of Relpol S.A. products in Russia, Belarus and Ukraine.

**Core business activity:**

27.12.Z Manufacture of electricity distribution and control apparatus,

#### 1.3 Company's Management

##### Management Board of the Company

Sławomir Bialik - President of the Management Board

Krzysztof Pałgan - Vice-President of the Management Board

On 6 February 2018, the Supervisory Board appointed Sławomir Bialik President of the Company's Management Board (previously he was Vice-President of the Management Board) and Krzysztof Pałgan Vice-President of the Company's Management Board.

Until 6 February 2018, the duties of the President of the Company's Management Board were performed by Adam Ambroziak – temporarily assigned Member of the Supervisory Board.

## Supervisory Board

1. Zbigniew Derdziuk – Chairman of the Supervisory Board
2. Piotr Osiński - Vice-Chairman of the Supervisory Board
3. Adam Ambroziak
4. Agnieszka Trompka
5. Dariusz Daniluk

On 12 June 2018, the General Meeting of the Company appointed Mr. Dariusz Daniluk to the Supervisory Board. Mr. Dariusz Daniluk has been a member of the Supervisory Board since 12 October 2017, when the Supervisory Board, pursuant to the provisions of § 24(4) of the Company's Articles of Association, appointed him to be one of its members by way of co-optation. Mr. Dariusz Daniluk was able to perform his duties until a member of the Supervisory Board was elected by the General Meeting.

### 1.4 Share capital

The share capital amounts to PLN 48,045,965 and consists of 9,609,193 bearer shares of nominal value PLN 5 each. All issued shares are available on the stock market.

The share capital is divided into:

- 360,300 A series bearer shares
- 240,200 B series bearer shares
- 254,605 C series bearer shares
- 18,458 D series bearer shares
- 8,735,630 E series bearer shares

Number of shares and number of votes at the GSM is the same.  
All shares confer the same rights to dividend.

### 1.5 Statement of compliance

The present condensed interim consolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards approved by the European Union (EU IFRS), IAS 34 Interim Financial Reporting, and have been approved by the Management Board of Relpol S.A.

The Management Board of the Parent Company used its best knowledge to apply the standards and interpretations, as well as methods and principles of valuation regarding individual items of the condensed interim consolidated financial statements of the Relpol Capital Group in accordance with EU IFRS as at 30/09/2018. The presented summaries and explanations have been determined with due diligence.

These condensed interim consolidated financial statements consist of:

- interim condensed statement of financial position,
- condensed profit and loss account,
- condensed statement of comprehensive income,
- condensed statement of changes in equity,
- condensed cash flow statement and
- selected notes to the financial statements.

The Group has applied the same accounting principles, data presentation and valuation, which it applied with respect to the annual financial statements ended on 31 December 2017. The statements are available on the website of the Company [WWW.relpol.pl](http://WWW.relpol.pl)

The financial data presented on 31/12/2017 have been examined by an auditor, while the quarterly data have not been audited.

## **2. Applied accounting principles**

### **2.1 General information on the statements**

**Period covered by these statements:** from 01/01/2018 to 30/09/2018

**Comparable data** for the period from 01/01/2017 to 30/09/2017

**Currency:** unless indicated otherwise, all financial data in the statements have been provided in PLN thousand.

#### **Format of the financial statements**

These financial statements have been drawn up on the basis of the historical cost principle, except for the revaluation of buildings, to the valuation of which fair value has been applied.

#### **Approval of the financial statements**

The financial statements for the 3rd quarter of 2018 have been approved by the Management Board and will be published on 15/11/2018.

#### **Significance**

For the purposes of the present financial statements we adopted a significance of 1% of the balance sheet total.

#### **Financial year**

The Company's financial year shall be a calendar year.

#### **Reporting period**

The reporting periods are quarterly periods (at the end of the 1<sup>st</sup> and 3rd quarters of the year), a semi-annual period (at the end of a half-year) and an annual period (at the end of each calendar year).

#### **Place of keeping the account books**

The account books are kept at the registered office of the company in Żary.

#### **Functional and presentation currency**

The functional currency of the parent company and the subsidiary Relpol Elektronik is the Polish zloty.

The functional currency of Relpol Eltim in Russia is the Russian rouble. The statements of that company for the purpose of preparation of consolidated statements are translated into PLN.

The functional currency of Relpol Altera and DP Relpol Altera is the Ukrainian hryvnia. The statements of DP Relpol Altera for the purpose of preparation of consolidated statements are translated into PLN. Relpol Altera is excluded from consolidation.

The functional currency of Relpol M in Belarus is the Belarusian rouble. The company is excluded from consolidation.

The presentation currency of the consolidated financial statements is the Polish zloty. All values in the statements are given in PLN thousand, unless provided otherwise.

## **2.2 Adopted principles of preparation of the statements.**

The present interim condensed consolidated financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 “Interim Financial Reporting”, approved by the European Union.

The information scope of the interim condensed consolidated financial statements is narrower than that of the full financial statements, therefore, it is recommended that they be read in conjunction with the annual consolidated financial statements of the Relpol Capital Group for the financial year 2017, available on the Company’s website [www.relpol.pl](http://www.relpol.pl). Relpol has applied the same accounting principles, as in the case of the preparation of the Consolidated Annual Statements of the Relpol Capital Group for 2017.

The same accounting principles have been applied to all the consolidated companies, except for the adopted new and amended accounting standards. The Capital Group intends to adopt published, but not applicable until the date of publication of these interim condensed consolidated financial statements amendments to IFRS, in accordance with their effective date.

The Group has disclosed detailed information concerning the impact of applying the new and amended IAS/IFRS standards in the consolidated and separate financial statements for the financial year ended 31/12/2017.

The Group has applied IFRS 9 retrospectively, but made use of the possibility of not restating the data for the comparative periods. As a result, the presented comparative data are still based on the accounting principles previously applied by the Group and described in the consolidated financial statements for the year ended 31/12/2017.

The Group decided to implement IFRS 9 as of 01/01/2018 without adjusting comparative data, which means that the data for 2017 and 2018 will not be comparable, while adjustments related to the adjustment of IFRS were introduced as at 01/01/2018 with the reference to equity. The impact of the changes on the consolidated financial statements as at 01/01/2018 is presented below, these changes are not material.

in PLN thousand

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Balance as at 31/12/2017	Changes	Balance as at 01/01/2018
<b>ASSETS</b>			
<b>(Short-term) current assets of which:</b>	<b>57,342</b>	<b>-8</b>	<b>57,334</b>
Total amounts due on account of deliveries and services	24,916	-8	24,908
<b>TOTAL ASSETS</b>	<b>97,210</b>	<b>-8</b>	<b>97,202</b>
<b>LIABILITIES</b>			
<b>Equity attributable to parent company's shareholders</b>	<b>74,922</b>	<b>-7</b>	<b>74,915</b>
Retained profit of which:	26,876	-7	26,869
-Revaluation reserve	329	-7	322
<b>Equity attributable to non-controlling interests</b>	<b>1,247</b>		<b>1,247</b>
<b>Total equity</b>	<b>76,169</b>	<b>-7</b>	<b>76,162</b>
<b>Long-term liabilities of which:</b>	<b>3,941</b>	<b>-1</b>	<b>3,940</b>
Reserves for deferred income tax	1,646	-1	1,645
<b>TOTAL LIABILITIES</b>	<b>97,210</b>	<b>-8</b>	<b>97,202</b>

### Comparison of financial assets and liabilities according to IAS 39 and IFRS 9 as at 01/01/2018

Balance sheet item as at 01/01/2018	IAS 39	IFRS 9			Impact of the change	
	Depreciated cost	Depreciated cost	Fair value through profit or loss		Total	Increase (decrease)
			Result	Other total revenues		
Trade receivables	24,916	24,908	0	0	24,905	-8
- gross value	25,237	25,237	0	0	24,237	0
- revaluation write-off	-321	-329	0	0	-329	-8
Cash	1,533	1,533	0	0	1,533	0
<b>Financial assets</b>	<b>26,449</b>	<b>26,441</b>	<b>0</b>	<b>0</b>	<b>26,441</b>	<b>-8</b>

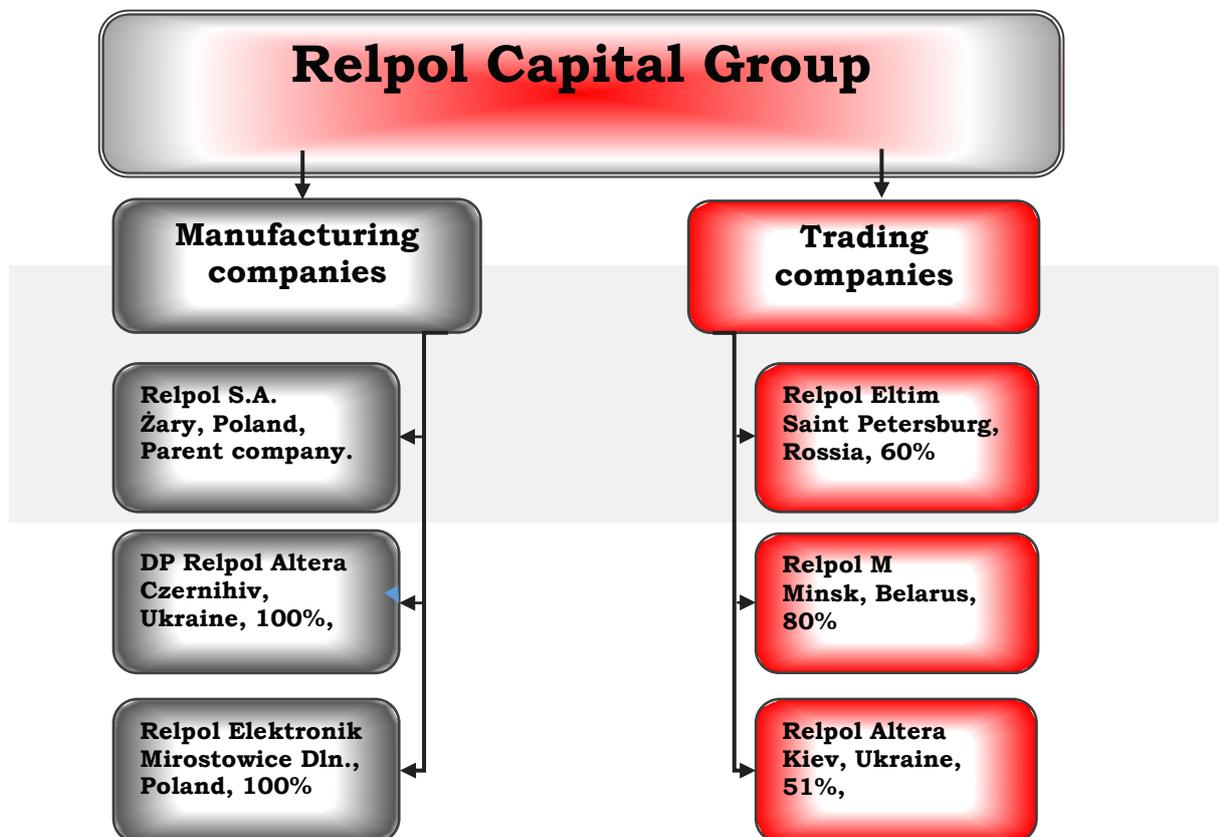
Balance sheet item as at 01/01/2018	IAS 39	IFRS 9		Impact of the change
	Depreciated cost	Depreciated cost	Total	Increase (decrease)
Bank loans	2,798	2,798	2,798	0
Trade liabilities	7,977	7,977	7,977	0
<b>Financial liabilities</b>	<b>10,775</b>	<b>10,775</b>	<b>0</b>	<b>0</b>

### Impact of the implementation of IFRS 9 on equity

Adjustment of revaluation write-offs for assets measured at amortised cost:	Retained profit	Equity in total
Trade receivables	-8	-8
Adjustments to deferred tax	1	1
<b>Total</b>	<b>-7</b>	<b>-7</b>

### 3. Capital group structure as at 30/09/2018

Relpol is the parent company in the capital group and prepares consolidated financial statements.



#### 3.1 List of companies included in the financial statements

1. **Relpol S.A.** parent company - full consolidation method.
2. **Relpol Eltim Sp. z o.o.** - full consolidation method. Relpol holds 60% of shares in the company. Relpol Eltim is a distributor of Relpol products in Russia. In the first three quarters of 2018, the Company achieved sales revenues of PLN 8,535 thousand and generated a net profit of PLN 503 thousand. The Company regularly pays a dividend.
3. **Relpol Elektronik Sp. z o.o.** - full consolidation method. A subsidiary with its registered office in Mirowsowice Dolne, with its share capital in the amount of PLN 50 thousand. In the first three quarters of 2018, it achieved sales revenues amounting to PLN 2,713 thousand, with net losses of PLN 49 thousand. The Company renders cooperation services for Relpol S.A.
4. **DP Relpol Altera Sp. z o.o.** - full consolidation method. A subsidiary with its registered office in Chernihiv. The object of the company's business is production only for the needs of Relpol S.A. In the first three quarters of 2018, the company generated PLN 3,177 thousand of sales revenue, with net losses of PLN 423 thousand.

### 3.2 Companies excluded from consolidation

1. **Relpol M Sp. z o.o.** A subsidiary with its registered office in Minsk. The company's share capital amounts to PLN 0.3 thousand, sales revenue in the first three quarters of 2018 amounted to PLN 385 thousand and the net loss PLN 14 thousand. The company is a distributor of Relpol on the Belarussian market.
2. **Relpol Altera Sp. z o.o.** - a subsidiary with its registered office in Kiev. Share capital amounts to PLN 328,5 thousand. Relpol S.A. holds 51% shares in that company. In the first three quarters of 2018, the Company achieved sales revenues of PLN 49,4 thousand and generated a net profit of PLN 2,6 thousand.

Companies excluded from consolidation are foreign, small companies not having a significant impact on the consolidated results. Additionally, including those companies in the consolidation and obtaining information necessary for proper and reliable preparation of consolidated statements compliant with IAS/IFRS and the requirements of the capital market would be connected with disproportionately high costs with regard to the financial situation of those companies.

Relpol has implemented unified accounting and reporting principles in the companies of the capital group covered by consolidation.

### 3.3 List of internal organisational units preparing their financial statements independently.

Relpol does not have any internal organisational units preparing their financial statements independently.

### 3.4 The consolidated financial statements have been prepared with the assumption that the entities of the capital group, with certain exceptions, will continue their operations in the future.

These financial statements were drawn up with the assumption that the company and the capital group will continue its operations as a going concern in the foreseeable future and there are no circumstances indicating a threat to the continuation of its operations. The duration of the capital group shall be unlimited.

#### 4. Consolidated financial statements of the Capital Group

	in PLN thousand	in PLN thousand	in EUR thousand	in EUR thousand
SELECTED FINANCIAL DATA FROM THE FINANCIAL STATEMENTS	3 quarters period from 01/01/2018 to 30/09/2018	3 quarters period from 01/01/2017 to 30/09/2017	3 quarters period from 01/01/2018 to 30/09/2018	3 quarters period from 01/01/2017 to 30/09/2017
<b>PROFIT AND LOSS ACCOUNT</b>				
Net revenues from sales of products, goods and materials	101,583	93,745	23,882	22,023
Profit (loss) on operating activities	8,756	6,619	2,059	1,555
Gross profit (loss)	8,891	6,496	2,090	1,526
Net profit (loss)	7,012	5,171	1,649	1,215
<b>CASH FLOW STATEMENT</b>				
Net cash flows from operating activities	8,823	1,544	2,074	363
Net cash flows from investment activities	-5,139	-2,811	-1,208	-660
Net cash flows from financial activities	-4,062	-2,845	-955	-668
Total net cash flows	-378	-4,112	-89	-965
<b>STATEMENT OF FINANCIAL POSITION</b>				
	Balance as at 30/09/2018	Balance as at 31/12/2017	Balance as at 30/09/2018	Balance as at 31/12/2017
Total assets	103,211	97,210	24,163	23,307
Long-term liabilities	3,760	3,941	880	945
Short-term liabilities	20,337	17,100	4,761	4,100
Equity	79,114	76,169	18,522	18,262
Initial capital	48,046	48,046	11,416	11,519
<b>OTHER</b>				
Number of shares	9,609,193	9,609,193	9,609,193	9,609,193
Number of shares adopted to determine diluted profit	9,609,193	9,609,193	9,609,193	9,609,193
Annualised profit (loss) per one ordinary share (in PLN/EUR)	0.80	0.54	0.19	0.13
Profit (loss) for the reporting period per one ordinary share (in PLN/EUR)	0.73	0.54	0.17	0.13
Book value per share (in PLN/EUR)	8.23	7.93	1.93	1.90
Dividend declared or paid per one share (in PLN/EUR)	0.40	0.40	0.09	0.09

#### Manner of conversion of the amounts included in the table “Selected financial data” into Euro

In order to convert the above amounts we applied an average exchange rate of the National Bank of Poland for Euro applicable for individual balance sheet dates and time frames:

	Average exchange rate for the period from 01/01/2018 to 30/09/2018	Average exchange rate for the period from 01.01.2017 to 30/09/2017	Exchange rate as at 30/09/2018	Exchange rate as at 31.12.2017
EUR/PLN exchange rate	4,2535	4,2566	4,2714	4,1709

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT	in PLN thousand			
	from 01.07.2018 to 30.09.2018 3rd quarter	from 01.01.2018 to 30.09.2018 3 quarters	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters
Net revenues from sales of products, goods and materials	33,759	101,583	30,986	93,745
Manufacturing cost of products, goods and materials sold	26,094	78,097	25,098	73,955
<b>Gross profit (loss) on sales</b>	<b>7,665</b>	<b>23,486</b>	<b>5,888</b>	<b>19,790</b>
Costs of sales	339	932	213	679
General and administrative costs	4,381	13,200	3,425	11,925
<b>Profit (loss) on sales</b>	<b>2,945</b>	<b>9,354</b>	<b>2,250</b>	<b>7,186</b>
Other operating income	805	568	431	137
Other operating costs	343	1,166	269	704
<b>Profit (loss) on operating activities</b>	<b>3,407</b>	<b>8,756</b>	<b>2,412</b>	<b>6,619</b>
Financial income	16	241	294	206
Financial costs	368	106	38	329
<b>Gross profit (loss)</b>	<b>3,055</b>	<b>8,891</b>	<b>2,668</b>	<b>6,496</b>
Taxes	445	1,879	560	1,289
Other charges on profit	0	0	36	36
<b>Net profit (loss) on continued operations</b>	<b>2,610</b>	<b>7,012</b>	<b>2,072</b>	<b>5,171</b>
Net profit (loss) on discontinued operations	0	0	0	0
Net result attributable to non-controlling interests	73	201	24	54
<b>Net profit attributable to shareholders of the parent company of which per 1 share (PLN/piece):</b>	<b>2,537</b>	<b>6,811</b>	<b>2,048</b>	<b>5,117</b>
- ordinary	0.26	0.71	0.21	0.53
- diluted	0.26	0.71	0.21	0.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	in PLN thousand			
	from 01.07.2018 to 30.09.2018 3rd quarter	from 01.01.2018 to 30.09.2018 3 quarters	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters
<b>Net profit (loss) on continued operations</b>	<b>2,610</b>	<b>7,012</b>	<b>2,072</b>	<b>5,171</b>
including net profit/loss on discontinued operations	0	0	0	0
<b>Components of other comprehensive income,</b>	<b>5</b>	<b>45</b>	<b>32</b>	<b>-589</b>
Exchange differences from the translation of subsidiaries	5	45	32	-589
<b>Overall total income</b>	<b>2,615</b>	<b>7,057</b>	<b>2,104</b>	<b>4,582</b>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	in PLN thousand		
	30/09/2018	31/12/2017	30/09/2017
<b>ASSETS</b>			
<b>(Long-term) fixed assets</b>	<b>39,893</b>	<b>39,868</b>	<b>39,358</b>
Tangible fixed assets	31,915	31,385	30,660
Investment property	0	0	0
Intangible assets	7,523	8,020	8,210
Financial assets	376	376	376
Long-term receivables	79	87	112
Deferred tax assets	0	0	0
<b>(Short-term) current assets</b>	<b>63,318</b>	<b>57,342</b>	<b>59,382</b>
Stock	29,650	28,482	27,199
Total amounts due on account of deliveries and services	29,713	24,916	28,206
Other amounts due	2,366	2,007	1,974
Short-term investments	0	0	0
Cash and cash equivalents	1,133	1,533	1,543
Prepayments and accruals	456	404	460
<b>Long-term assets classified as held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>103,211</b>	<b>97,210</b>	<b>98,740</b>
<b>LIABILITIES</b>			
<b>Equity attributable to parent company's shareholders</b>	<b>77,822</b>	<b>74,922</b>	<b>74,859</b>
Initial capital	48,046	48,046	48,046
Retained profit	29,776	26,876	26,813
-Supplementary capital	21,021	19,055	19,055
-Revaluation reserve	301	329	699
-Reserve capital	0	0	0
-Exchange differences from the translation of subsidiaries	-1,529	-1,877	-1,686
-Profit/ loss brought forward	3,172	3,628	3,628
-Result of the current year	6,811	5,741	5,117
<b>Equity attributable to non-controlling interests</b>	<b>1,292</b>	<b>1,247</b>	<b>1,286</b>
<b>Total equity</b>	<b>79,114</b>	<b>76,169</b>	<b>76,145</b>
<b>Long-term liabilities</b>	<b>3,760</b>	<b>3,941</b>	<b>3,907</b>
Interest-bearing bank loans and non-bank loans	0	282	423
Leasing liabilities	436	371	410
Other liabilities	8	29	0
Reserves for deferred income tax	1,703	1,646	1,724
Provision for other liabilities	1,613	1,613	1,350
<b>Short-term liabilities</b>	<b>20,337</b>	<b>17,100</b>	<b>18,688</b>
Trade and similar liabilities	9,493	7,977	8,755
Leasing liabilities	479	347	367
Other liabilities	5,518	4,844	4,311
Current portion of interest-bearing loans and borrowings	3,077	2,516	4,181
Deferred revenue	135	85	0
Provision for other liabilities	1,635	1,331	1,074
<b>TOTAL LIABILITIES</b>	<b>103,211</b>	<b>97,210</b>	<b>98,740</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

in PLN thousand

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Retained profit						Equity attributable to parent company's shareholders	Equity attributable to non-controlling interests	Equity total
	Initial capital	Supplementary capital	Revaluation reserve	Profit/loss from previous years	Result of the current year	Exchange differences from the translation of subsidiaries			
<b><i>Balance as at 1 January 2018</i></b>	<b>48,046</b>	<b>19,055</b>	<b>329</b>	<b>9,369</b>	<b>0</b>	<b>-1,877</b>	<b>74,922</b>	<b>1,247</b>	<b>76,169</b>
Coverage of loss		-263	0	263	0	0	0	0	0
Dividend payout	0	0	0	-3 845	0	0	-3,845	-107	-3,952
Revaluation reserve differences	0	22	-21	0	0	0	1	0	1
Profit/loss brought forward	0	2 207	0	-2 207	0	0	0	0	0
Overall total income of which:	0	0	-7	-408	6,811	348	6,744	152	6,896
profit/loss for the period	0	0	0	0	6,811	0	6,811	128	6,939
exchange differences on revaluation of FS	0	0	0	0	0	0	0	0	0
adjustment for the application of IFRS 9 as at 01/01/2018	0	0	-7	0	0	0	-7	0	-7
other total revenues	0	0	0	-408	0	348	-60	24	-36
<b><i>Balance as at 30 September 2018</i></b>	<b>48,046</b>	<b>21,021</b>	<b>301</b>	<b>3,172</b>	<b>6,811</b>	<b>-1,529</b>	<b>77,822</b>	<b>1,292</b>	<b>79,114</b>
<b><i>Balance as at 1 January 2017</i></b>	<b>48,046</b>	<b>16,790</b>	<b>699</b>	<b>9,447</b>	<b>0</b>	<b>-1,097</b>	<b>73,885</b>	<b>1,390</b>	<b>75,275</b>
Coverage of loss	0	-58	0	0	0	0	0	0	0
Share premium	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	-3,843	0	0	-3,843	-53	-3,896
Revaluation reserve differences	0	0	0	0	0	0	0	0	0
Profit/loss brought forward	0	2,265	0	-2,265	0	0	0	0	0
Overall total income of which:	0	0	-370	289	5,741	-780	4,880	-90	4,790
Profit/loss for the period	0	0	0	0	5,741	-18	5,723	-11	5,712
exchange differences on revaluation of FS	0	0	0	0	0	-762	-762	0	-762
other total revenues	0	0	0	289	0	0	-81	-79	-160
<b><i>Balance as at 31 December 2017</i></b>	<b>48,046</b>	<b>19,055</b>	<b>329</b>	<b>3,628</b>	<b>5,741</b>	<b>-1,877</b>	<b>74,922</b>	<b>1,247</b>	<b>76,169</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Retained profit						Equity attributable to parent company's shareholders	Equity attributable to non-controlling interests	Equity total
	Initial capital	Supplementar y capital	Revaluation reserve	Profit/loss from previous years	Result of the current year	Exchange differences from the translation of subsidiaries			
<b><i>Balance as at 01 January 2017</i></b>	<b>48,046</b>	<b>16,790</b>	<b>699</b>	<b>9,447</b>	<b>0</b>	<b>-1,097</b>	<b>73,885</b>	<b>1,390</b>	<b>75,275</b>
Coverage of loss		-58	0	58	0	0	0	0	0
Share premium	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	-3,843	0	0	-3,843	54	-3,789
Revaluation reserve differences	0	0	0	0	0	0	0	0	0
Profit/loss brought forward	0	2,323	0	-2,323	0	0	0	0	0
Overall total income of which:	0	0	0	289	5,117	-589	4,817	-158	<b>4,659</b>
Profit/loss for the period	0	0	0	0	5,117	0	5,117	0	<b>5,117</b>
Other total revenues	0	0	0	289	0	-589	-300	-158	<b>-458</b>
<b><i>Balance as at 30 September 2017</i></b>	<b>48,046</b>	<b>19,055</b>	<b>699</b>	<b>3,628</b>	<b>5,117</b>	<b>-1,686</b>	<b>74,859</b>	<b>1,286</b>	<b>76,145</b>

in PLN thousand				
CONSOLIDATED STATEMENT OF CASH FLOWS	from 01.07.2018 to 30.09.2018 3rd quarter	from 01.01.2018 to 30.09.2018 3 quarters	from 01.07.2017 to 30.09.2017 3rd quarter	from 01.01.2017 to 30.09.2017 3 quarters
<b>A. Cash flows from operating activities (indirect method)</b>	<b>2,547</b>	<b>8,823</b>	<b>2,321</b>	<b>1,544</b>
<b>I. Gross profit (loss)</b>	<b>3,055</b>	<b>8,891</b>	<b>2,668</b>	<b>6,496</b>
<b>II. Total adjustments</b>	<b>-508</b>	<b>-68</b>	<b>-347</b>	<b>-4,952</b>
1. Share in net loss (profit) of undertakings measured under the equity method	0	0	0	0
2. Amortisation and depreciation	1,526	4,427	1,378	4,329
3. Foreign exchange gains (losses)	-73	-23	-29	-89
4. Interest and profit sharing (dividend)	19	56	29	87
5. Profit (loss) on investment activities	0	193	-136	-80
6. Change in provisions	-528	306	-695	-331
7. Change in inventory	-1,376	-1,223	-200	74
8. Change in receivables	-542	-5,234	-670	-8,310
9. Change in short-term liabilities excluding loans and credits	591	2,575	112	193
10. Change in prepayments and accruals	265	-52	-39	-109
11. Income tax paid/refunded	-389	-1,082	-97	-715
12. Other adjustments	-1	-11	0	-1
<b>B. Cash flows from investment activities</b>	<b>-2,157</b>	<b>-5,139</b>	<b>-590</b>	<b>-2,811</b>
<b>I. Inflows</b>	<b>0</b>	<b>24</b>	<b>11</b>	<b>80</b>
1. Sale of intangible assets and tangible fixed assets	0	24	11	80
2. Disposal of investments in real property and in intangible assets	0	0	0	0
3. From financial assets including:	0	0	0	0
4. Other inflows from investment activities, including:	0	0	0	0
<b>II. Outflows</b>	<b>-2,157</b>	<b>-5,163</b>	<b>-601</b>	<b>-2,891</b>
1. Purchase of intangible assets and tangible fixed assets	-2,157	-5,163	-601	-2,891
2. Investments in real property and intangible assets	0	0	0	0
3. For financial assets	0	0	0	0
4. Other outflows from investment activities	0	0	0	0
<b>C. Cash flows from financial activities</b>	<b>-1,876</b>	<b>-4,062</b>	<b>-2,715</b>	<b>-2,845</b>
<b>I. Inflows</b>	<b>810</b>	<b>1,011</b>	<b>1,821</b>	<b>2,942</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0	0	0
2. Credits and loans	810	1,011	1,822	2,938
3. Other inflows from financial activities	0	0	-1	4
<b>II. Outflows</b>	<b>-2,686</b>	<b>-5,073</b>	<b>-4,536</b>	<b>-5,787</b>
1. Purchase of own shares	0	0	0	0
2. Dividend and other payments to shareholders	-3,804	-3,910	-3,898	-3,898
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0	0	0
4. Repayment of credits and loans	1,325	-731	-512	-1,537
5. Redemption of debt securities	0	0	0	0

6. Payment of other financial liabilities	0	0	0	0
7. Payment of liabilities arising from financial leases	-188	-376	-97	-265
8. Interest	-19	-56	-29	-87
9. Other outflows from financial activities factoring	0	0	0	0
<b>D. Total net cash flows</b>	<b>-1,486</b>	<b>-378</b>	<b>-984</b>	<b>-4,112</b>
<b>E. Balance sheet change in cash</b>	<b>-1,505</b>	<b>-400</b>	<b>-996</b>	<b>-4,197</b>
- change in cash due to exchange differences	16	22	13	85
<b>F. Cash opening balance</b>	<b>2,653</b>	<b>1,533</b>	<b>2,539</b>	<b>5,740</b>
- foreign exchange gains and losses	6	21	0	-105
<b>G. Closing balance of cash</b>	<b>1,133</b>	<b>1,133</b>	<b>1,543</b>	<b>1,543</b>
- foreign exchange gains and losses	22	43	13	-20

## 5. Discussion of consolidated results

### 5.1 Summary

SPECIFICATION	from 01/07/2018 to 30/09/2018	from 01.01.2018 to 30/09/2018	from 01/07/2017 to 30/09/2017	from 01.01.2017 to 30/09/2017
Sales revenues in PLN thousand	33,759	101,583	30,986	93,745
Gross profit on sales in PLN '000	7,665	23,486	5,888	19,790
Gross margin on sales (%)	22.70%	23.12%	19.00%	21.11%
EBIDTA in PLN '000	4,933	13,183	3,790	10,948
EBIDTA margin (%)	14.61%	12.98%	12.23%	11.68%
EBIT in PLN '000	3,407	8,756	2,412	6,619
EBIT margin (%)	10.01%	8.62%	7.78%	7.01%
Consolidated net profit	2,610	7,012	2,072	5,171
Net profit margin	7.73%	6.90%	6.69%	5.52%
Net profit attributable to shareholders of the parent company in PLN thousand	2,537	6,811	2,048	5,117

In 2018, the capital group generated very high sales revenues. In Q3 of the current year they were 8.9% higher than in Q3 2017. Cumulatively, from the beginning of the year, they were higher by 8.4% compared to the three quarters of 2017.

The increase in sales was accompanied by an increase in costs. This resulted from the scale of production, increase in raw material prices, increase in salaries and other current costs, as well as a change in the sales structure. The dynamics of the growth rate of costs was lower than the growth rate of revenues, which improved the margins and net result.

Sales on the domestic market in three quarters of 2018 amounted to PLN 29,771,000 and was the highest in relation to the same period in previous years. This indicates an improvement in the situation on the domestic market. Demand for the company's products have increased significantly. The export situation has also been good. Sales on foreign markets amounted to PLN 71,812,000 and has also been record high. In connection with the growing demand for the company's products, the Management Board intends to increase the production capacity of the company's main product groups, and to increase the production area.

In Q3 2018, the capital group generated a net profit of PLN 2,610,000. It is higher by 26% as compared to Q3 2017. Cumulatively from the beginning of the year, the net profit of the capital group amounted to PLN 7,012,000, and is about 36% higher than the profit generated in the same period of 2017. This is mainly due to increased sales and reduced costs.

As compared with 31.12.2017 the capital group has increased its current assets by PLN 5,976,000. Together with the increase in production and sales in the last quarters, the trade receivables from customers and the inventories increased.

In relation to 31.12.2017, the capital group has increased its equity by PLN 2,945,000, which results from the profit earned. As compared to 31.12.2017, liabilities of the capital group have increased by PLN 3,056,000, in particular short-term liabilities. Liabilities in each group of liabilities have increased, including most of the trade liabilities.

## 5.2 Share of the parent company in the results of the group

Relpol S.A. has the largest impact on the results of the capital group. The share of sales of the parent company in consolidated sales for the three quarters of 2018 amounted to 93% and the parent company's net profit amounted to PLN 6,981,000 and has exceeded the consolidated net profit attributable to shareholders of the parent company (PLN 6,811,000). This has influenced the results of subsidiaries and the performed consolidation adjustments and exclusions.

## 5.3 Adjustments and exclusions from consolidation

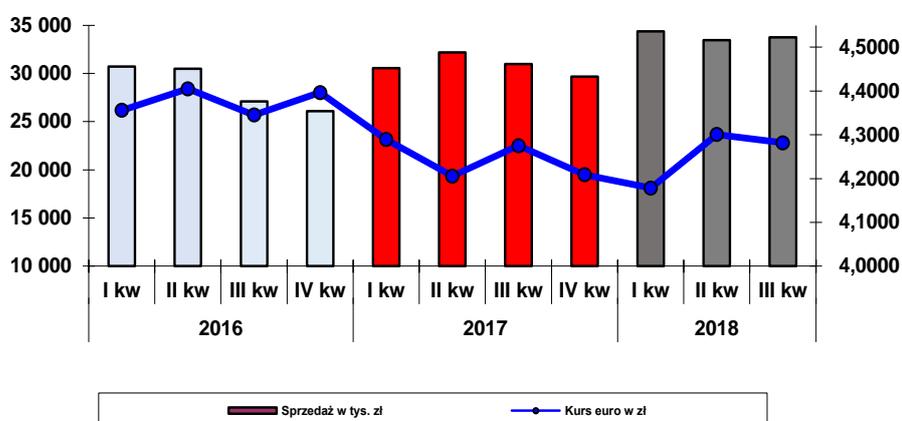
In connection with the mutual trading between the parent company and subsidiaries included in the consolidation, revenues from sales were decreased by PLN 7,543 thousand, and the costs of products and materials sold by PLN 7,683 thousand. Exclusions from consolidation were also performed as regards margin on provisions. The balance sheet does not include mutual, reciprocal receivables and liabilities.

## 5.4 Sales revenues

In Q3 2018 the capital group generated sales revenues amounting to PLN 33,759,000 which constitutes 8.9% growth as compared with Q3 2017. Cumulatively, during the three quarters of 2018 revenues amounted to PLN 101,583,000 and increased by 8.4%.

Sales revenues and exchange rates	from 01.01.2018 to 30.09.2018	from 01.01.2017 to 30.09.2017	The changes Q1-Q3 2018/ Q1-Q3 2017
Sales revenues in PLN thousand	101,583	93,745	+8.4%
Average EUR exchange rate in PLN	4.2535	4.2566	-0.07%
Average USD exchange rate in PLN	3.5688	3.8088	-6.30%
Average RUB exchange rate in PLN	0.0581	0.0655	-11.30%
Average UAH exchange rate in PLN	0.1323	0.1436	-7.87%

Sales revenues in PLN thousand in individual quarters and the average foreign exchange rate for EUR.



The diagram presents the level of sales revenues in individual quarters starting from Q1 2016. Sales revenues generated in 2018 are still at a high and stable level.

This was due to high sales of the parent company, in particular a higher sales volume both in Poland and in exports

## 5.5 Sales structure

in PLN thousand

Description	3rd Q 2018	1-3Q 2018	Share %	3rd Q 2017	1-3Q 2017	Share %
<b>Poland</b>	<b>10,040</b>	<b>29,771</b>	<b>29.31%</b>	<b>9,527</b>	<b>26,843</b>	<b>28.63%</b>
<b>Sales on foreign markets, including among others:</b>	<b>23,719</b>	<b>71,812</b>	<b>70.69%</b>	<b>21,459</b>	<b>66,902</b>	<b>71.37%</b>
Europe, including	21,804	64,850	63.84%	18,637	57,968	61.84%
<i>Germany</i>	12,699	37,939	37.35%	10,973	32,107	34.25%
<i>Russia</i>	2,967	8,832	8.69%	2,202	7,396	7.89%
<i>Italy</i>	557	2,550	2.51%	1,281	4,120	4.39%
Asia	1,344	5,234	5.15%	2,325	6,762	7.21%
North America	285	686	0.68%	327	814	0.87%
South America	181	512	0.50%	64	797	0.85%
Australia and other	105	530	0.52%	106	561	0.60%
<b>Total</b>	<b>33,759</b>	<b>101,583</b>	<b>100.00%</b>	<b>30,986</b>	<b>93,745</b>	<b>100.00%</b>

The capital group has achieved record high sales both on foreign markets and on the domestic market. The largest share in the sales structure at the level of 37% is held by the German market. Sales to the domestic market are in second place with a share of 29%.

In Q3 2018, the sales to Germany was by PLN 1,726,000 higher than in Q3 2017. Cumulatively, from the beginning of the year, it was higher by PLN 5,832,000 i.e. by 18% in

relation to the same period in 2017. Sales to Germany have been successively growing for many years.

Sales to other continents are irregular (these include rare, but relatively large shipments during the year).

On the domestic market, sales were by PLN 513,000,000 higher than in Q3 2017. Cumulatively, since the beginning of the year, it was higher by PLN 2,928,000, i.e. by 11% in relation to the same period in 2017, which results from the increase in demand for industrial automation components and relays used in the photovoltaic market.

### Foreign exchange rates and sales revenues

The situation on the currency market is constantly changing. In the first three quarters of 2018, all exchange rates significant for the capital group, i.e. EUR, USD, ruble and hryvna, were lower than in the same period of 2017. Due to the high share of exports in the sales structure, the level and fluctuation of exchange rates affect the sales volume and ultimately also the entire financial result. The European market represents the largest share in total sales; therefore, the level and fluctuations of the EUR exchange rates are important. As illustrated in the chart below, the Euro exchange rate has fluctuated widely. After rising at the beginning of 2016 and 2017, the Euro started to lose value, reaching its lowest level in Q1 2018. After increases and decreases in subsequent months, the final average exchange rate of the Euro over the 9 months of 2018 was slightly lower than the average rate over the same period of 2017.

#### Average EUR/PLN exchange rate in the period from 04/01/2016 to 30.09.2018



Source: <http://kursy-walut-wykresy.mybank.pl/>

From the end of 2016 to mid-February 2018, the USD exchange rate was on a downward trend. Ultimately, after increases in subsequent years, the average USD exchange rate in 9 months of 2018 was lower by 6.3% as compared to the same period of 2017. The capital group generates about 9% of sales in USD.

### Average USD/PLN exchange rate in the period from 04/01/2016 to 30/09/2018

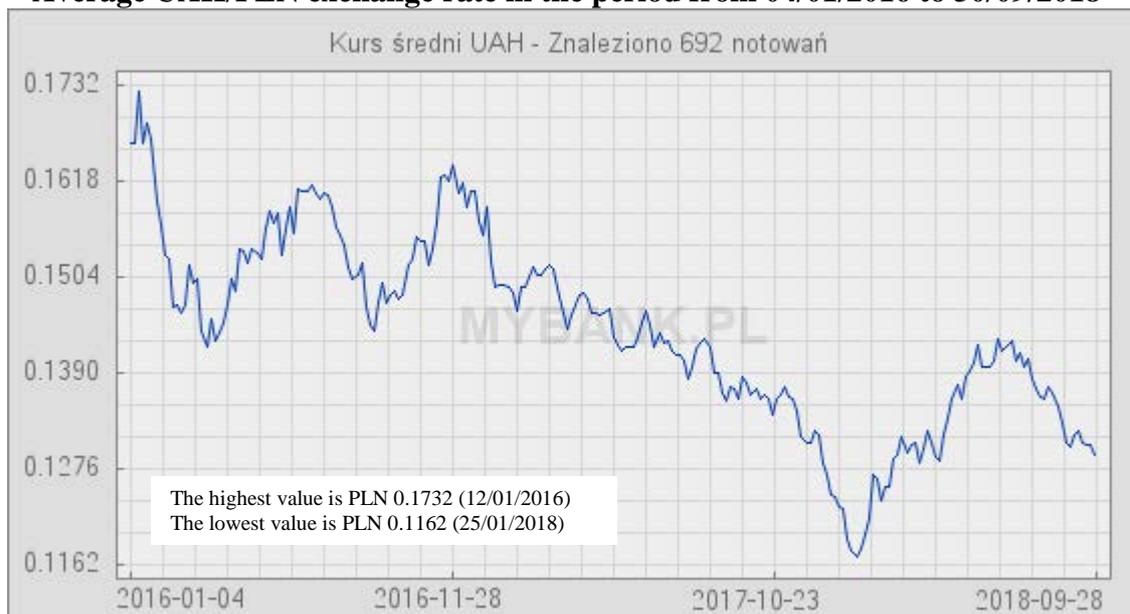


### Average RUB/PLN exchange rate in the period from 04/01/2016 to 30/09/2018



The ruble exchange rate was slightly different than the Euro and the Dollar exchange rates. After large decreases in 2015, the Russian currency made up for losses throughout 2016, and until April 2017. Then, it started to lose value again, which resulted in the average rate of the ruble during 9 months of 2018, when it was by 11.3% lower than its average rate in the same period of 2017. Revenues in the RUB is earned by the Russian company, and is then translated into PLN in the consolidated financial statements.

### Average UAH/PLN exchange rate in the period from 04/01/2016 to 30/09/2018



Source: <http://kursy-walut-wykresy.mybank.pl/>

The hryvna price was in a downward trend throughout 2017, reaching a minimum price on 25.01.2018. Afterwards, however, the currency bounced back a little and remained well below the quotations of 2016 and 2017. Ultimately, the average UAH exchange rate over the 9 months of 2018 was 7.9% lower than the average exchange rate over the same period of 2017.

## 5.6 Result on sales

### 5.6.1 Gross result on sales

In Q3 2018, the gross result on sales came to PLN 7,665,000, and exceeded by 30% the level achieved in Q3 2017. Cumulatively, it amounted to PLN 23,486,000 and was by 18.7% higher than in 9 months of 2017 (PLN 19,790,000).

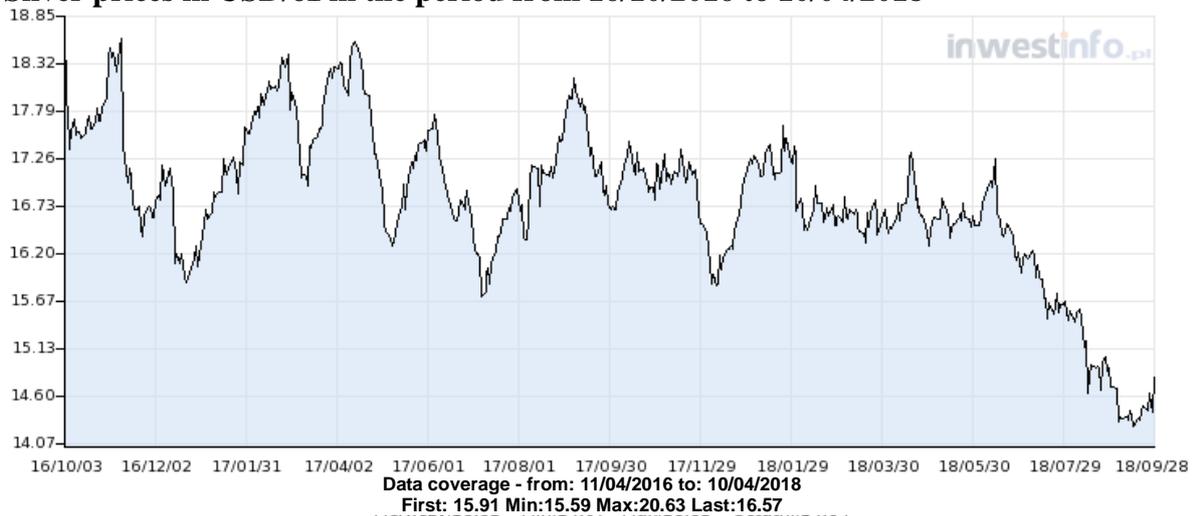
The main factor influencing the result was higher sales and higher sales dynamics in relation to the dynamics of production costs. The sales structure is also changing. As compared with 2016, more products with a lower margin are sold.

The production process involves the use of steel and metal details containing, among others, copper, silver, gold, as well as pieces made of plastic. Therefore, the level of gross result on sales and the level of margins are largely influenced by the prices of raw materials, especially those containing copper and precious metals. The prices of raw materials are determined at the stock exchange in London, and the company has no impact on them. The prices of the basic raw materials used for production of Relpol products in 2017 were subject to great fluctuations. The diagrams below shows how the quotations of these raw materials have changed over the last 24 months.

### Copper prices in USD/t in the period from 16/10/2016 to 10/04/2018



### Silver prices in USD/oz in the period from 16/10/2016 to 10/04/2018



### Gold prices in USD/oz in the period from 16/10/2016 to 10/04/2018



### 5.6.2 Net result on sales

Net result on sales in Q3 2018 amounted to PLN 2,945,000, which in relation to Q3 2017 (PLN 2,250,000) means an increase by 30%. Cumulatively, from the beginning of the year, the net sales result amounted to PLN 9,354,000 and was also 30% higher. As mentioned above, this was due to higher sales and higher sales dynamics in relation to the dynamics of the cost of production.

### 5.7 Other operating activities

Other operating activity in Q3 2018 improved the result of the Capital Group by PLN 462,000.00. In Q3 2017, the result on other operating activities was also positive and amounted to PLN 162,000.00. Cumulatively, from the beginning of the year, the result on other operating activity was negative and in the period of 9 months of 2018 amounted to PLN -598,000.00, and in 2017 it was PLN -567,000.00.

The items of revenues and costs of other operating activity are presented in the table below.

in PLN thousand

<b>Other operating income</b>	<b>from 01.07.2018 to 30.09.2018</b>	<b>from 01.01.2018 to 30.09.2018</b>	<b>from 01.07.2017 to 30.09.2017</b>	<b>from 01.01.2017 to 30.09.2017</b>
Profit on disposal of tangible fixed assets	47	67	0	80
Decrease of inventory write-offs	104	265	10	30
Decrease of liability write-offs	115	161	2	7
Provision for unused holidays	454	6	408	0
Other (including consolidation adjustments)	85	69	11	20
<b>Total other operating income</b>	<b>805</b>	<b>568</b>	<b>431</b>	<b>137</b>

<b>Other operating costs</b>	<b>from 01.07.2018 to 30.09.2018</b>	<b>from 01.01.2018 to 30.09.2018</b>	<b>from 01.07.2017 to 30.09.2017</b>	<b>from 01.01.2017 to 30.09.2017</b>
Receivables revaluation write-off	0	115	170	188
Inventory revaluation write-off	298	499	62	228
Creation of a provision for unused holidays	0	0	0	58
Donations	23	46	10	82
Scrapped inventory	19	42	17	111
Other (including consolidation adjustments)	3	464	10	37
<b>Total other operating costs</b>	<b>343</b>	<b>1,166</b>	<b>269</b>	<b>704</b>

### 5.8 Financial activity

Financial activity in Q3 2018 has decreased the result of the capital group by PLN 352,000.00. In the same period of 2017, the result of financial activity was positive and amounted to PLN 256,000.00. Cumulatively, since the beginning of 2018, the result on financial activities improved the result of the capital group by PLN 135,000.00, and in 2017 decreased it by PLN 123,000.00.

The items of revenues and costs of financial activity are presented in the table below.

in PLN thousand

	from 01.07.2018 to 30.09.2018	from 01.01.2018 to 30.09.2018	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017
Interest	9	14	11	161
Reversal of foreign exchange write-offs				
Net foreign exchange gains	0	210	273	0
Solution write-downs	0	0	0	17
Other (including consolidation adjustments)	7	17	10	-28
<b>Total financial revenues</b>	<b>16</b>	<b>241</b>	<b>294</b>	<b>206</b>

	from 01.07.2018 to 30.09.2018	from 01.01.2018 to 30.09.2018	from 01.07.2017 to 30.09.2017	from 01.01.2017 to 30.09.2017
Interest	14	44	24	74
Net foreign exchange losses	339	0	0	222
Financial costs on account of financial lease agreements	6	13	4	14
Other (including consolidation adjustments)	9	49	10	-19
<b>Total financial costs</b>	<b>368</b>	<b>106</b>	<b>38</b>	<b>329</b>

## 5.9 Net result

In Q3 2018, the net result of the capital group was PLN 2,610,000 and was higher by 26% than the result in Q3 2017 (PLN 2,072,000). Net profit attributable to the shareholders of the parent company amounted to PLN 2,537,000 as compared with PLN 2,048,000 for the previous year. Cumulatively for 9 months of 2018, the net profit of the capital group was higher by approx. 36%. This was influenced by the factors described in section 5.6 a above, as well as other operating and financial activities.

## 6. Ratio analysis

### Profitability ratios

Ratio	Calculation method	Size	
		1-3 Q 2018	1-3 Q 2017
Gross margin on sales	Gross result on sales/ sales * 100%	23.12%	21.11%
Margin on sales	Result on sales/ sales *100%	9.21%	7.66%
Net return on sales	Net result/ sales *100%	6.90%	5.52%
ROE	Net result for 12 months/ average value of equity *100%	9.90%	6.99%
ROA	Net result for 12 months/ average value of assets *100%	7.61%	5.42%

Gross margin on sales is 2 percentage points higher than in the three quarters of 2017 as a result of increased sales. Return on Sales increased by 1.6 percentage points. ROA improved by 2.2 percentage points, and ROE by 2.9 percentage points.

### Level of debt

Ratio	Calculation method	Size	
		1-3 Q 2018	1-3 Q 2017
Overall level of debt	Liabilities + provisions/assets * 100%	23.35%	22.88%
Financing with fixed capital	(equity+ long-term liabilities+ long-term provisions)/assets *100%	80.30%	81.07%
Equity-to-fixed-assets ratio	Equity/ Fixed assets*100%	198.32%	193.47%

The debt of the Capital Group is comparable to the balance as at the end of the 1st quarter of 2017

### Liquidity ratios

Ratio	Calculation method	Size	
		1-3 Q 2018	1-3 Q 2017
Current liquidity	Current assets / short-term liabilities	3.11	3.18
Quick liquidity	Current assets - inventories / short-term liabilities	1.66	1.72
Level of working capital	Current assets - short-term liabilities/sales) * 90	114	117

Liquidity ratios remain at a high, stable level. The group has no problems with the discharge of liabilities.

### Efficiency ratios

Ratio	Calculation method	Size	
		1-3 Q 2018	1-3 Q 2017
Asset turnover ratio	Sales for 12 months/average asset level	1.31	1.23
Inventory cycle	Average level of inventories/cost of products and goods sold) * number of days in the period	97	98
Receivables cycle	Average level of trade receivables/sales) * number of days in the period	76	71
Liabilities cycle	Average level of trade liabilities/cost of products and goods sold) * number of days in the period	32	28

A long cycle of stock turnover results from the nature of the industry in which the group operates. This cycle decreased by 1 day. The receivables cycle increased by 5 days and the liabilities cycle increased by 4 days.

## II. Notes and additional explanatory notes to the consolidated statements

### 1. Business segments

Operating segment is a component of an entity:

- (a) who engages in an economic activity, from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- c) for which discrete financial information is available.

According to the requirements of IFRS 8, operating segments should be identified on the basis of internal reports on these elements, which are regularly verified by persons deciding about the allocation of resources to a given segment and evaluating its financial results.

In view of the above, it has to be concluded, that the capital group operates on the market of components of industrial automatics and it is its main operating segment.

Segment revenues and profits/losses	Revenues		Profit/loss in the segment	
	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017
Components of industrial automatics	98,486	91,373	21,994	18,625
Other segments	3,097	2,372	1,492	1,165
<b>Total from continued operations</b>	<b>101,583</b>	<b>93,745</b>	<b>23,486</b>	<b>19,790</b>

<b>Unallocated items</b>	Costs of sales	932	679
	Costs of management and administration	13,200	11,925
	<b>Profit (loss) on sales</b>	<b>9,354</b>	<b>7,186</b>
	Other operating income	568	137
	Other operating costs	1,166	704
	<b>Profit (loss) on operating activities</b>	<b>8,756</b>	<b>6,619</b>
	Financial income	241	206
	Financial costs	106	329
	<b>Profit (loss) on continued operations</b>	<b>8,891</b>	<b>6,496</b>
	Taxes	1,879	1,289
	Other charges on profit	0	36
	<b>Net profit (loss) on continued operations</b>	<b>7,012</b>	<b>5,171</b>
	Net result on discontinued operations	0	0
	Net result on sold activities	0	0
<b>Net result</b>	<b>7,012</b>	<b>5,171</b>	
Net result attributable to non-controlling interests	201	54	

<b>Net profit attributable to shareholders of the parent company</b>	<b>6,811</b>	<b>5,117</b>
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<b>Assets and liabilities of the segments</b>	<b>from 01/01/2018 to 30/09/2018</b>	<b>from 01/01/2017 to 30/09/2017</b>
Components of industrial automatics	99,013	94,171
Other segments	3,822	4,193
<b>Total assets of the segments</b>	<b>102,835</b>	<b>98,364</b>

For the purpose of monitoring the results obtained in the operating segment and for the purpose of allocation of resources to the reporting segments, the Group allocated all assets, except for the investments in associated entities and assets on account of current and deferred income tax.

The Group has no possibility of separating accounts payable pertaining to individual operating segments.

The geographic structure of revenues was presented above in point 5.5

## **2. The management board's position on feasibility of the previously published forecasts for the year.**

Forecasts for the capital group of Relpol for 2018 were not published.

## **3. Shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders, directly or indirectly through subsidiaries.**

The ownership structure of the share capital of Relpol S.A, as at 15 November 2018, that is as at the date of submission of the quarterly consolidated statements for the 3rd Q of 2018:

Shareholder	Number of shares held (pcs)	Number of votes at the General Shareholders' Meeting	Share in total number of votes at the General Shareholders' Meeting	Nominal value of shares held (in PLN thousand)	Percentage in the share capital	<i>Change with regard the statements for 1 H 2018 (23/08/2018)</i>
Ambroziak Adam	3,171,000	3,171,000	33.00%	15,855	33.00%	0
Altus TFI S.A.	2,027,358	2,027,358	21.10%	10,137	21.10%	0
Rockbridge TFI S.A.	959,772	959,772	9.99%	4,799	9.99%	0
Osiński Piotr	613,943	613,943	6.34%	3,070	6.39%	+5,000
Raiffeisen TFI S.A.	569,467	569,467	5.93%	2,847	5.93%	0

**4. Statement of changes in the number of the company's shares held or the rights to them (options) by managing and supervising persons, according to the information held by the company.**

According to the information held by the company, the number of the company's shares held by the Members of the Management Board and the Supervisory Board as at 15/11/2018 is as follows:

<b>Management Board of Relpol S.A</b>	Number of shares held (pcs)	Share in total number of votes at the General Meeting	Nominal value of shares held (in PLN thousand)
Sławomir Bialik	0	0%	0
Krzysztof Pałgan	0	0%	0

<b>Supervisory Board of Relpol S.A</b>	Number of shares held (pcs)	Share in total number of votes at the General Meeting	Nominal value of shares held (in PLN thousand)
Ambroziak Adam	3,171,000	33.00%	15,855
Osiński Piotr	613,943	6.39%	3,070

Other members of the Supervisory Board do not hold any shares of Relpol S.A.

**5. Proceedings pending before a court, a competent arbitration authority or a public administration authority.**

In the period from 1/01/2018 to 30/09/2018 no proceedings regarding liabilities or receivables of the issuer the value of which amounts to at least 10% of equity were initiated before a court or a public administration body.

**6. Information on the parent company or its subsidiary entering into one or more transactions with related parties, if individually or jointly they are significant and have been concluded on non-arm's length conditions.**

From 01/01/2018 to the date of publication of the financial statements Relpol S.A. and its subsidiaries did not enter into any transactions with related parties which would be significant and would be concluded pursuant to the terms and conditions other than market terms. Transactions of Relpol S.A. with related entities were presented in the table after separate statements of the company.

**7. Information on credit or loan sureties or guarantees granted by the parent company or its subsidiary to a single entity or its subsidiary, if the total value of existing sureties or guarantees is equivalent to at least 10% of the Company's equity.**

No guarantees constituting an equivalent of at least 10% of equity capitals were granted.

**8. Information relevant for the assessment of the staffing, property, financial situation, the Group's financial result and their changes, as well as information**

**that is material for assessing the ability of the parent company to discharge its liabilities.**

There were no other situations or events, other than those described in these statements which would be of significant importance for the assessment of the staffing, property, financial situation of the group and would be material for the assessment of the parent company's ability to discharge its liabilities.

**9. Indication of the factors, that, in the issuer's view, will affect its financial performance in the perspective of at least the next quarter.**

The greatest impact on the Group's financial performance, at least in the perspective of the next quarter, will have macroeconomic factors, independent of companies and internal factors.

External factors include:

- values and fluctuations of exchange rates,
- domestic and foreign economic situation,
- prices of raw materials (copper, silver, gold, crude oil),
- expenditure for domestic and foreign investments,
- development of renewable energy sources,
- development of the photovoltaic industry,
- demand for the systems of radiological protection.

Internal factors dependent on the company include mainly:

- realisation of the planned sales,
- realisation of the concluded commercial contracts,
- occupancy of production lines,
- adjustment of costs to the current economic situation on the market,
- increase of market share based on the offered products,
- obtaining new customers on the existing and new markets,
- rationalisation of the commercial product offer,
- obtaining new customers for CZIP Pro,
- promotion and obtaining contractors for a transmitter for solar inverters,
- obtaining new customers and area for systems of radiological protection,
- improvement of profitability of the products,

**10. Other information regarding events from previous years.**

All significant events were described in the statements.

**11. Other significant events.**

All other significant events were included in these financial statements.

**12. Contingent liabilities.**

As at 30/09/2018 there were no contingent liabilities.

### 13. Financial risk management.

The Parent Company, while conducting its business activity, analyses monitors and assesses the risk factors which may affect the current and future financial situation of the capital group. As a result of the performed monitoring there are action taken to minimize the effect of individual risk factors on the activity of the company and capital group.

The parent company identified the following risk factors:

1. Interest rate risk.
2. Credit risk.
3. Liquidity risk.
4. Foreign exchange risk.
5. Macroeconomic risk.
6. Risk of dependency on a large recipient.
7. Capital management risk and other risks.

The description of the above risks and their impact on the activity of the company was presented in the annual statements of the company and the capital group for 2017. The statements were published on 25/04/2018 and are available on the website of the company at [https://www.relpol.pl/pl/Relacje-Inwestorskie/Raporty/Raporty-okresowe/\(param\\_0\)/option\\_17](https://www.relpol.pl/pl/Relacje-Inwestorskie/Raporty/Raporty-okresowe/(param_0)/option_17)

### 14. Events after the balance sheet date not included in the consolidated financial statements.

All events have been included in the financial statements.

### 15. Employment at the Capital Group.

Employees employed on the basis of employment contracts	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017
Relpol S.A.	471	475
Relpol Eltim	11	11
DP Relpol Altera	279	234
Relpol Elektronik	66	73
Other companies	6	6
<b>Total Group</b>	<b>833</b>	<b>799</b>

Average employment in the Capital group has increased by 34 employees. An increase occurred in a production company in Ukraine, and slight decreases in domestic companies. Apart from employees employed on the basis of an employment contract the parent company and Relpol Elektronik benefit from employee outsourcing services. In 9 months of 2018, an average of 76 persons performed work in this manner, as compared to 61 persons in 2017.

**16. Description of significant achievements and failures of the issuer in the period covered by the statements.**

In the period covered by the statements there were no key achievements or failures.

**17. Description of factors and events, and in particular of an unusual nature, having a significant impact on the achieved financial results of the Company.**

There were no atypical factors or events, which would have a significant effect on the achieved financial results and which would have not been described in these statements.

**18. Explanations regarding seasonal or cyclic nature of the Company's business.**

While analysing the level of sales in individual quarters and the orders placed by the customers, it may be concluded that there is no visible seasonality. There are periods in which turnover is lower than in other months, i.e. during summer months or in the period around Christmas or New Year's Day, but these are not very significant differences to be described as seasonal nature of the business.

**19. Information on the issue, redemption and repayment of debt and equity securities in the period covered by the statements.**

In the first three quarters of 2018, the parent company did not issue any shares, redeem or repay any debt and equity securities.

**20. Information on the paid or declared dividend.**

The General Meeting of the Company on 12.06.2018 adopted a resolution on payment of dividend from net profit for 2017 at the level of PLN 3,844,000 i.e. PLN 0.40 gross per share. The Dividend was paid on 22.08.2018. The same dividend was paid by Relpol in 2017.

In 2018, Relpol Eltim paid out dividend from the profit for 2017. Whereas in 2017, Relpol Eltim and DP Relpol Altera paid out a dividend from the profit for 2016. Relpol S.A. received PLN 87,000.00 of dividends from its subsidiaries in 2018 and PLN 512,000.00 in 2017. The amounts of dividends paid by the subsidiaries to Relpol S.A. are excluded from consolidation adjustments.

**21. Events that occurred after the balance sheet date which may have a significant impact on the future financial results of Relpol S.A.**

Apart from the information presented in these quarterly consolidated report there are no other significant events.

## 22. Effects of changes in the structure of the Company, including as a results of business entities combination, takeover or sale of capital group entities, long-term investments, division, restructuring and discontinuation of operations.

In 2018, there were no changes in the structure of the company or the capital group. There were no takeovers, acquisitions, sales, combinations or divisions of entities. None of the activities was discontinued.

## 23. Information on changes in contingent liabilities or assets of the Company, which took place after the end of the quarter.

After 30/09/2018 there were no significant changes regarding contingent liabilities or assets.

## 24. Information on adjustments on account of provisions and the company's asset revaluation write-offs.

Balance of asset revaluation write-offs	Balance as at 01/01/2018	Turnover in I-IX 2018			Balance as at 30/09/2018
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and intangible assets	2,567	0	0	0	2,567
II. Long-term receivables revaluation write-off	0	0	0	0	0
III. Long-term asset revaluation write-off - shares in related entities	1,040	0	0	0	1,040
IV. Stock revaluation write-off	1,724	393	193	624	1,762
V. Trade receivable revaluation write-off	321	158	0	119	282
VI. Other receivables revaluation write-off	8	0	0	0	8
VII. Revaluation write-off on receivables claimed in court	0	0	0	0	0
VIII. Revaluation write-off on short-term financial assets	97	9	0	15	103
<b>Total</b>	<b>5,757</b>	<b>560</b>	<b>193</b>	<b>758</b>	<b>5,762</b>

Provisions	Balance as at 01/01/2018	Turnover in I-IX 2018			Balance as at 30/09/2018
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	2,015	0	0	0	2,015
II. Other provisions, including for future liabilities:	929	977	643	1,924	1,233
- for holiday leaves	631	846	0	916	701
- other	298	131	643	1,008	532
<b>Total</b>	<b>2,944</b>	<b>977</b>	<b>643</b>	<b>1,924</b>	<b>3,248</b>

## 25. Information on assets and provisions for deferred income tax in the capital group

	30/09/2018	30/09/2017
Deferred income tax asset	1,412	1,368
Deferred income tax provision	3,115	3,092
Excess of provision over asset	<b>-1,703</b>	<b>-1,724</b>

In the consolidated statement of financial position the asset and provision for deferred income tax is presented per account balance.

## 26. Reversal of any provisions for restructuring costs.

In the period from 01/01/2018 to 30/09/2018 no provisions for restructuring costs were reversed.

## 27. Assets classified as held for sale.

As at 30/09/2018 the group did not have tangible fixed assets held for sale.

## 28. Liabilities made for the purpose of purchasing tangible fixed assets.

The Capital Group did not make any liabilities for the purpose of purchasing tangible fixed assets.

## 29. Litigation settlements.

The Capital Group does not run any cases at law, the loss of which would have a significant impact on future financial results.

## 30. Unpaid loans or breach of a loan agreement, for which no corrective action had been taken by the end of the reporting period.

Credits and loans taken out by Relpol are repaid in accordance with the terms and conditions of the bank agreements.

Relpol, as the parent company, granted a loan to its subsidiary Relpol Altera, the loan as principal was repaid. There is interest to be repaid in the amount of PLN 103 thousand. The amount is subject to revaluation write-off.

Loans granted to the subsidiary	Amount of the loan granted in foreign currency	Amount of the loan granted in PLN	Interest rate	Date of conclusion of the loan agreement	Date of repayment of the loan in accordance with the agreement	Interest calculated on the loans granted in PLN	Status of loans in PLN
Relpol Altera	0 USD	0	5.50%	12.12.2005	31.12.2016	103	103
<b>Total amount of granted loans</b>							103
revaluation write-off							103
<b>Net loan value</b>							<b>0</b>

The parent company in the first three quarters of 2018 did not have any loans granted to it by the subsidiaries.

**31. Transfers between different levels of the fair value hierarchy, which is used to measure the fair value of financial instruments.**

None.

**32. Reclassification of financial assets as a result of changing the purpose of or use of such assets.**

None.

**33. Change of contingent liabilities and contingent assets.**

None.

### III. Condensed separate statements of Relpol S.A.

#### 1. Selected financial data from the separate statements of Relpol S.A.

SELECTED FINANCIAL DATA FROM THE SEPARATE STATEMENTS	in PLN thousand	in PLN thousand	in EUR thousand	in EUR thousand
	3 quarters from 01/01/2018 to 30/09/2018	3 quarters from 01/01/2017 to 30/09/2017	3 quarters from 01/01/2018 to 30/09/2018	3 quarters from 01/01/2017 to 30/09/2017
<b>PROFIT AND LOSS ACCOUNT</b>				
Net revenues from sales of products, goods and materials	94,701	87,855	22,264	20,640
Profit (loss) on operating activities	8,451	6,597	1,987	1,550
Gross profit (loss)	8,690	6,528	2,043	1,534
Net profit (loss)	6,981	5,289	1,641	1,243
<b>CASH FLOW STATEMENT</b>				
Net cash flows from operating activities	8,745	1,929	2,056	453
Net cash flows from investment activities	-5,045	-2,291	-1,186	-538
Net cash flows from financial activities	-3,997	-2,795	-940	-657
Total net cash flows	-297	-3,160	-70	-742
<b>STATEMENT OF FINANCIAL POSITION</b>				
	Balance as at 30/09/2018	Balance as at 31/12/2017	Balance as at 30/09/2018	Balance as at 31.12.2017
Total assets	98,230	92,381	22,997	22,149
Long-term liabilities	3,796	4,006	889	960
Short-term liabilities	18,886	15,957	4,421	3,826
Equity	75,548	72,418	17,687	17,363
Initial capital	48,046	48,046	11,248	11,519
<b>OTHER</b>				
Number of shares	9,609,193	9,609,193	9,609,193	9,609,193
Number of shares adopted to determine diluted profit	9,609,193	9,609,193	9,609,193	9,609,193
Annualised profit (loss) per one ordinary share (in PLN/EUR)	0.81	0.63	0.19	0.15
Profit (loss) for the reporting period per one ordinary share (in PLN/EUR)	0.25	0.12	0.06	0.03
Book value per share (in PLN/EUR)	7.86	7.54	1.85	1.80
Dividend declared or paid per one share (in PLN/EUR)	0.40	0.40	0.09	0.10

#### Manner of conversion of the amounts included in the table "Selected financial data" into Euro

In order to convert the above amounts we applied an average exchange rate of the National Bank of Poland for Euro applicable for individual balance sheet dates and time frames:

	Average exchange rate for the period from 01/01/2018 to 30/09/2018	Average exchange rate for the period from 01/01/2017 to 30/09/2017	Exchange rate as at 30/09/2018	Exchange rate as at 31/12/2017
EUR/PLN exchange rate	4,2535	4,2566	4,2714	4,1709

## 2. Financial statements of Relpol S.A. for the three quarters of 2018 r.

in PLN thousand according to IAS

CONDENSED PROFIT AND LOSS ACCOUNT	from 01/07/2018 to 30/09/2018 3rd quarter	from 01/01/2018 to 30/09/2018 3 quarters	from 01/07/2017 to 30/09/2017 3rd quarter	from 01/01/2017 to 30/09/2017 3 quarters
Net revenues from sales of products, goods and materials	31,599	94,701	29,238	87,955
Manufacturing cost of products, goods and materials	24,445	72,859	23,706	69,491
<b>Gross profit (loss) on sales</b>	<b>7,154</b>	<b>21,842</b>	<b>5,532</b>	<b>18,464</b>
Costs of sales	329	900	202	646
General and administrative costs	4,048	12,006	3,090	10,660
<b>Profit (loss) on sales</b>	<b>2,777</b>	<b>8,936</b>	<b>2,240</b>	<b>7,158</b>
Other operating income	720	528	431	159
Other operating costs	359	1,013	272	720
<b>Profit (loss) on operating activities</b>	<b>3,138</b>	<b>8,451</b>	<b>2,399</b>	<b>6,597</b>
Financial income	14	320	361	255
Financial costs	362	81	32	324
<b>Net profit (loss) on continued operations</b>	<b>2,790</b>	<b>8,690</b>	<b>2,728</b>	<b>6,528</b>
Taxes	382	1,709	547	1,239
Other charges on profit	0	0	0	0
<b>Net profit (loss) on continued operations</b>	<b>2,408</b>	<b>6,981</b>	<b>2,181</b>	<b>5,289</b>
Net profit (loss) on discontinued operations	0	0	0	0
<b>Net profit (loss) of which per 1 share (PLN/piece):</b>	<b>2,408</b>	<b>6,981</b>	<b>2,181</b>	<b>5,289</b>
- ordinary	0.25	0.73	0.23	0.55
- diluted	0.25	0.73	0.23	0.55

in PLN thousand

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	from 01/07/2018 to 30/09/2018 3rd quarter	from 01/01/2018 to 30/09/2018 3 quarters	from 01/07/2017 to 30/09/2017 3rd quarter	from 01/01/2017 to 30/09/2017 3 quarters
<b>Net profit (loss) on continued operations</b>	<b>2,408</b>	<b>6,981</b>	<b>2,181</b>	<b>5,289</b>
including net profit/loss on discontinued operations	0	0	0	0
<b>Components of other comprehensive income, including:</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>0</b>
<b>a) which will not be subsequently reclassified to profit or loss,</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>0</b>
Actuarial gains and losses				
Adjustment for the application of IFRS 9 as at 01/01/2018	0	-8	0	0
Deferred tax	0	1	0	0
<b>b) which will be reclassified subsequently to profit or loss when specific conditions are met,</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall total income</b>	<b>2,408</b>	<b>6,974</b>	<b>2,181</b>	<b>5,289</b>

CONDENSED STATEMENT OF FINANCIAL POSITION	30/09/2018	in PLN thousand according to IAS	
		31/12/2017	30/09/2017
<b>ASSETS</b>			
<b>(Long-term) fixed assets</b>	<b>38,877</b>	<b>38,788</b>	<b>38,187</b>
Tangible fixed assets	30,890	30,296	29,480
Investment property	0	0	0
Intangible assets	7,523	8,020	8,210
Financial assets	385	385	385
Long-term receivables	79	87	112
Deferred tax assets	0	0	0
<b>(Short-term) current assets</b>	<b>59,353</b>	<b>53,593</b>	<b>55,257</b>
Stock	28,646	27,508	26,273
Total amounts due on account of deliveries and services	27,945	23,362	26,640
Other amounts due	2,141	1,835	1,260
Short-term investments	0	0	0
Cash and cash equivalents	165	484	624
Prepayments and accruals	456	404	460
<b>Long-term assets classified as held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets in total</b>	<b>59,353</b>	<b>53,593</b>	<b>55,257</b>
<b>TOTAL ASSETS</b>	<b>98,230</b>	<b>92,381</b>	<b>93,444</b>
<b>LIABILITIES</b>			
<b>Equity</b>	<b>75,548</b>	<b>72,418</b>	<b>72,023</b>
Initial capital	48,046	48,046	48,046
Retained profit:	27,502	24,372	23,977
-Supplementary capital	20,211	17,982	17,982
-Revaluation reserve	310	338	706
- Profit/ loss brought forward	0	0	0
- Result of the current year	6,981	6,052	5,289
<b>Long-term liabilities</b>	<b>3,796</b>	<b>4,006</b>	<b>3,976</b>
Interest-bearing bank loans and non-bank loans	0	282	423
Leasing liabilities	436	371	410
Other liabilities	8	29	0
Deferred revenue	0	0	0
Reserves for deferred income tax	1,764	1,736	1,813
Reserves for other liabilities and other charges	1,588	1,588	1,330
<b>Short-term liabilities</b>	<b>18,886</b>	<b>15,957</b>	<b>17,445</b>
Trade and similar liabilities	8,915	7,394	8,097
Leasing liabilities	479	347	367
Other liabilities	4,735	4,296	3,748
Short-term part of interest-bearing long-term bank loans and non-bank loans	3,077	2,516	4,181
Deferred revenue	135	85	0
Reserves for other liabilities and other charges	1,545	1,319	1,052
<b>TOTAL LIABILITIES</b>	<b>98,230</b>	<b>92,381</b>	<b>93,444</b>

in PLN thousand according to IAS

CONDENSED STATEMENT OF CHANGES IN EQUITY	Initial capital	Retained profit			Equity total	
		Supplementary capital	Revaluation reserve	Profit/loss from previous years		Result of the current year
<b><i>Balance as at 01/01/2018</i></b>	<b>48,046</b>	<b>17,982</b>	<b>338</b>	<b>6,052</b>	<b>0</b>	<b>72,418</b>
Coverage of loss	0	0	0	0	0	0
Share premium	0	0	0	0	0	0
Dividend payout	0	0	0	-3,845	0	-3,845
Adjustment of a fundamental error	0	0	0	0	0	0
Revaluation reserve differences	0	22	-21	0	0	1
Valuation of shares	0	0	0	0	0	0
Profit/loss brought forward	0	2,207	0	-2,207	0	0
Overall total income including:	0	0	-7	0	6,981	6,974
- Profit/loss for the period	0	0	0	0	6,981	6,981
- Adjustment for the application of IFRS 9 as at 01/01/2018	0	0	-7	0	0	-7
<b><i>Balance as at 30/09/2018</i></b>	<b>48,046</b>	<b>20,211</b>	<b>310</b>	<b>0</b>	<b>6,981</b>	<b>75,548</b>

<b><i>Balance as at 01/01/2017</i></b>	<b>48,046</b>	<b>15,659</b>	<b>706</b>	<b>6,166</b>	<b>0</b>	<b>70,577</b>
Coverage of loss	0	0	0	0	0	0
Share premium	0	0	0	0	0	0
Dividend payout	0	0	0	-3,843	0	-3,843
Adjustment of a fundamental error	0	0	0	0	0	0
Revaluation reserve differences	0	0	0	0	0	0
Valuation of shares	0	0	0	0	0	0
Profit/loss brought forward	0	2,323	0	-2,323	0	0
Overall total income including:	0	0	-368	0	6,052	5,684
Profit/loss for the period	0	0	0	0	6,052	6,052
<b><i>Balance as at 31/12/2017</i></b>	<b>48,046</b>	<b>17,982</b>	<b>338</b>	<b>0</b>	<b>6,052</b>	<b>72,418</b>

<b><i>Balance as at 01/01/2017</i></b>	<b>48,046</b>	<b>15,659</b>	<b>706</b>	<b>6,166</b>	<b>0</b>	<b>70,577</b>
Coverage of loss	0	0	0	0	0	0
Share premium	0	0	0	0	0	0
Dividend payout	0	0	0	-3,843	0	-3,843
Adjustment of a fundamental error	0	0	0	0	0	0
Revaluation reserve differences	0	0	0	0	0	0
Valuation of shares	0	0	0	0	0	0
Profit/loss brought forward	0	2,323	0	-2,323	0	0
Overall total income including:	0	0	0	0	5,289	5,289
Profit/loss for the period	0	0	0	0	5,289	5,289
<b><i>Balance as at 30/09/2017</i></b>	<b>48,046</b>	<b>17,982</b>	<b>706</b>	<b>0</b>	<b>5,289</b>	<b>72,023</b>

in PLN thousand according to IAS

CONDENSED STATEMENT OF CASH FLOWS	from 01/07/2018 to 30/09/2018 3rd quarter	from 01/01/2018 to 30/09/2018 3 quarters	from 01/07/2017 to 30/09/2017 3rd quarter	from 01/01/2017 to 30/09/2017 3 quarters
<b>A. Cash flows from operating activities (indirect method)</b>	<b>3,665</b>	<b>8,745</b>	<b>2,509</b>	<b>1,926</b>
<b>I. Gross profit (loss)</b>	<b>2,790</b>	<b>8,690</b>	<b>2,728</b>	<b>6,528</b>
<b>II. Total adjustments</b>	<b>875</b>	<b>55</b>	<b>-219</b>	<b>-4,602</b>
1. Share in net loss (profit) of undertakings measured under the equity method	0	0	0	0
2. Amortisation and depreciation	1,479	4,319	1,347	4,207
3. Foreign exchange gains (losses)	25	22	13	85
4. Interest and profit sharing (dividend)	19	-31	-44	-425
5. Profit (loss) on investment activities	0	193	-136	-80
6. Change in provisions	-451	227	-678	-285
7. Change in stock	-1,330	-1,138	-254	-60
8. Change in receivables	-250	-4,889	-731	-7,983
9. Change in short-term liabilities excluding loans and credits	1,432	2,342	516	713
10. Change in prepayments and accruals	265	-52	-39	-109
11. Income tax paid/refunded	-314	-938	-213	-665
12. Other adjustments	0	0	0	0
<b>B. Cash flows from investment activities</b>	<b>-2,156</b>	<b>-5,045</b>	<b>-517</b>	<b>-2,291</b>
<b>I. Inflows</b>	<b>0</b>	<b>111</b>	<b>84</b>	<b>592</b>
1. Sale of intangible assets and tangible fixed assets	0	24	11	80
2. Disposal of investments in real property and in intangible assets	0	0	0	0
3. From financial assets including: - dividend and profit sharing	0	87	73	512
4. Other inflows from investment activities, including:	0	0	0	0
<b>II. Outflows</b>	<b>-2,156</b>	<b>-5,156</b>	<b>-601</b>	<b>-2,883</b>
1. Purchase of intangible assets and tangible fixed assets	-2,156	-5,156	-601	-2,883
2. Investments in real property and intangible assets	0	0	0	0
3. For financial assets including:	0	0	0	0
4. Other outflows from investment activities - investment advances	0	0	0	0
<b>C. Cash flows from financial activities</b>	<b>-1,917</b>	<b>-3,997</b>	<b>-2,660</b>	<b>-2,795</b>
<b>I. Inflows</b>	<b>810</b>	<b>1,011</b>	<b>1,822</b>	<b>2,938</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	810	1,011	1,822	2,938
2. Credits and loans	0	0	0	0
3. Other inflows from financial activities	0	0	0	0
<b>II. Outflows</b>	<b>-2,727</b>	<b>-5,008</b>	<b>-4,482</b>	<b>-5,733</b>
1. Purchase of own shares	0	0	0	0
2. Dividend and other payments to shareholders	-3,845	-3,845	-3,844	-3,844
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0	0	0
4. Repayment of credits and loans	1,325	-731	-512	-1,537
6. Payment of other financial liabilities	0	0	0	0

7. Payment of liabilities arising from financial leases	-188	-376	-97	-265
8. Interest	-19	-56	-29	-87
9. Other outflows from financial activities factoring	0	0	0	0
<b>D. Total net cash flows</b>	<b>-408</b>	<b>-297</b>	<b>-668</b>	<b>-3,160</b>
<b>E. Balance sheet change in cash</b>	<b>-433</b>	<b>-319</b>	<b>-681</b>	<b>-3,245</b>
- change in cash due to exchange differences	25	22	13	85
<b>F. Cash opening balance</b>	<b>598</b>	<b>484</b>	<b>1 305</b>	<b>3,869</b>
- foreign exchange gains and losses	18	21	-33	-105
<b>G. Closing balance of cash</b>	<b>165</b>	<b>165</b>	<b>624</b>	<b>624</b>
- foreign exchange gains and losses	43	43	-20	-20

### 3. Summary of the Company's activity in the first three quarters of 2018

#### Selected individual financial data

SPECIFICATION	from 01/01/2018 to 30/09/2018	from 01.01.2018 to 30/09/2018	from 01/01/2017 to 30/09/2017	from 01.01.2017 to 30/09/2017
Sales revenues in PLN thousand	31,599	94,701	29,238	87,955
Gross profit on sales in PLN '000	7,154	21,842	5,523	18,464
Gross margin on sales (%)	22.64%	23.06%	18.89%	20.99%
EBIDTA in PLN '000	4,617	12,770	3,746	10,804
EBIDTA margin (%)	14.61%	13.48%	12.81%	12.28%
EBIT in PLN '000	3,138	8,451	2,399	6,597
EBIT margin (%)	9.93%	8.92%	8.20%	7.50%
Net profit	2,408	6,981	2,181	5,289
Net profit margin	7.62%	7.37%	7.46%	6.01%

### 4. Notes to the separate statements.

#### 4.1 Operating segments for the parent company Relpol S.A.

Operating segment is a component of an entity:

- who engages in an economic activity, from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

According to the requirements of IFRS 8, operating segments should be identified on the basis of internal reports on these elements, which are regularly verified by persons deciding about the allocation of resources to a given segment and evaluating its financial results.

In view of the above, it has to be concluded, that Relpol operates on the market of components of industrial automatics and it is its main operating segment.

Segment revenues and profits/losses	Revenues		Profit/loss in the segment	
	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017
Components of industrial automatics	91,604	85,583	20,350	17,299
Other segments	3,097	2,372	1,492	1,165
<b>Total from continued operations</b>	<b>94,701</b>	<b>87,955</b>	<b>21,842</b>	<b>18,464</b>
<b>Unallocated items</b>				
Costs of sales			900	646
Costs of management and administration			12,006	10,660
<b>Profit (loss) on sales</b>			<b>8,936</b>	<b>7,158</b>
Other operating income			528	159
Other operating costs			1,013	720
<b>Profit (loss) on operating activities</b>			<b>8,451</b>	<b>6,597</b>
Financial income			320	255
Financial costs			81	324
<b>Profit (loss) on continued operations</b>			<b>8,690</b>	<b>6,528</b>
Taxes			1,709	1,239
Other charges on profit			0	0
<b>Net profit (loss) on continued operations</b>			<b>6,981</b>	<b>5,289</b>
Net result on discontinued operations			0	0
Net result on sold activities			0	0
<b>Net result</b>			<b>6,981</b>	<b>5,289</b>

Assets and liabilities of the segments	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017
Components of industrial automatics	93,112	88,866
Other segments	3,822	4,193
<b>Total assets of the segments</b>	<b>96,934</b>	<b>93,059</b>

Other information on segments	Amortisation and depreciation		Increase of fixed assets	
	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017	from 01/01/2018 to 30/09/2018	from 01/01/2017 to 30/09/2017
Components of industrial automatics	4,070	3,947	3,975	2,094
Other segments	249	260	103	34
<b>Total continued operations</b>	<b>4,319</b>	<b>4,207</b>	<b>4,078</b>	<b>2,128</b>

#### 4.2 Information on adjustments on account of provisions and the company's asset revaluation write-offs.

Balance of asset revaluation write-offs	Balance as at 01/01/2018	Turnover in I-IX 2018			Balance as at 30/09/2018
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and similar	2,567	0	0	0	2,567
II. Long-term receivables revaluation write-off	0	0	0	0	0
III. Long-term asset revaluation write-off - shares in related entities	1,040	0	0	0	1,040
IV. Stock revaluation write-off	1,386	389	193	624	1,428
V. Trade receivable revaluation write-off	321	158	0	119	282
VI. Other receivables revaluation write-off	8	0	0	0	8
VII. Revaluation write-off on receivables claimed in court	0	0	0	0	0
VIII. Revaluation write-off on short-term financial assets	97	9	0	15	103
<b>Total</b>	<b>5,419</b>	<b>556</b>	<b>193</b>	<b>758</b>	<b>5,428</b>

Provisions	Balance as at 01/01/2018	Turnover in I-IX 2018			Balance as at 30/09/2018
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	1,995	0	0	0	1,995
II. Other provisions (including for future liabilities)	912	899	643	1,768	1,138
- for holiday leaves	620	768	0	760	612
- other	292	131	643	1,008	526
<b>Total</b>	<b>2,907</b>	<b>899</b>	<b>643</b>	<b>1,768</b>	<b>3,133</b>

#### 4.3 Information on assets and provisions for deferred income tax at the company.

	30/09/2018	30/09/2017
Deferred income tax asset	1,351	1,279
Deferred income tax provision	3,115	3,092
Excess of provision over asset	<b>-1,764</b>	<b>-1,813</b>

In the statement of financial position the asset and provision for deferred income tax is presented per account balance.

#### 4.4 Transactions of Relpol S.A. with related parties

Name of the entity	Sales to related parties		Purchases from related parties		Dividends		Total amounts due on account of deliveries and services		Other receivables		Amounts due on account of deliveries and services		Other liabilities	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Relpol-Altera Sp. z o.o.	0	0	0	0	0	0	0	0	103	102	0	0	0	0
DP Relpol Altera *	18	107	3,763	2,201	0	0	0	0	18	0	0	386	0	0
Relpol-M j.v	276	295	0	0	0	0	107	35	0	0	0	0	0	0
Relpol-Eltim Sp. z o.o.*	1,068	1,135	0	0	87	73	265	346	0	0	0	0	0	0
Relpol Elektronik*	0	0	2,713	2,210	0	0	0	0	0	0	289	321	0	0
<b>Total</b>	<b>1,362</b>	<b>1,537</b>	<b>6,476</b>	<b>4,411</b>	<b>87</b>	<b>73</b>	<b>372</b>	<b>381</b>	<b>121</b>	<b>102</b>	<b>289</b>	<b>707</b>	<b>0</b>	<b>0</b>

\* consolidated companies. The table shows transactions with these companies, but in the consolidated statements the mutual turnover of these companies was excluded through consolidation adjustments.

#### 4.5 Changes in the accounting principles applied in the separate statements

A description of changes resulting from the adoption of new standards has been presented in section 2.2 above of these statements.

		in PLN thousand	
STATEMENT OF FINANCIAL POSITION	Balance as at 31/12/2017	Changes	Balance as at 01/01/2018
<b>ASSETS</b>			
<b>(Short-term) current assets including:</b>	<b>53,593</b>	<b>-8</b>	<b>53,585</b>
Total amounts due on account of deliveries and services	23,362	-8	23,354
<b>TOTAL ASSETS</b>	<b>92,381</b>	<b>-8</b>	<b>92,373</b>
<b>LIABILITIES</b>			
<b>Equity</b>	<b>72,418</b>	<b>-7</b>	<b>72,411</b>
Retained profit including:	24,372	-7	24,365
-Revaluation reserve	338	-7	331
<b>Long-term liabilities including:</b>	<b>4,006</b>	<b>-1</b>	<b>4,005</b>
Reserves for deferred income tax	1,736	-1	1,735
<b>TOTAL LIABILITIES</b>	<b>92,381</b>	<b>-8</b>	<b>92,373</b>

#### Comparison of financial assets and liabilities according to IAS 39 and IFRS 9 as at 01/01/2018

Balance sheet item as at 01/01/2018	IAS 39	IFRS 9			Impact of the change	
	Depreciated cost	Depreciated cost	Fair value through profit or loss		Total	Increase (decrease)
			Result	Other total revenues		
Trade receivables	23,362	23,354	0	0	23,354	-8
- gross value	23,683	23,683	0	0	23,683	0
- revaluation write-off	-321	-329	0	0	-329	-8
Cash	484	484	0	0	484	0
<b>Financial assets</b>	<b>23,846</b>	<b>28,838</b>	<b>0</b>	<b>0</b>	<b>28,838</b>	<b>-8</b>

Balance sheet item as at 01/01/2018	IAS 39	IFRS 9		Impact of the change
	Depreciated cost	Depreciated cost	Total	Increase (decrease)
Bank loans	2,798	2,798	2,798	0
Trade liabilities	7,394	7,394	7,394	0
<b>Financial liabilities</b>	<b>10,192</b>	<b>10,192</b>	<b>10,192</b>	<b>0</b>

### Impact of the implementation of IFRS 9 on equity

Adjustment of revaluation write-offs for assets measured at amortised cost:	Retained profit	Equity in total
Trade receivables	-8	-8
Adjustments to deferred tax	1	1
<b>Total</b>	<b>-7</b>	<b>-7</b>

Signatures of the Members of the Management Board:

.....  
Krzysztof Pałgan  
Vice-President of the Management Board

.....  
Sławomir Bialik  
President of the Management Board

Żary, dated 15 November 2018