

Translation from the original Polish version. In the event of differences resulting from the translation, reference should be made to the official Polish version.

Interim Condensed Consolidated Financial Statement of the Repol Capital Group for the 3rd quarter of 2019

in accordance with IAS / IFRS



Żary, 14 November 2019

Table of contents

I. Consolidated statements of the Relpol Capital Group	4
1. Introduction to the financial statements	4
2. Applied accounting principles	6
3. Capital group structure as at 30/09/2019	10
4. Consolidated financial statement of the Capital Group	12
5. Discussion of consolidated results	18
II. Notes and additional explanatory notes to the consolidated statements	27
1. Business segments	27
2. The management board's position on feasibility of previously published forecasts for the year. 29	29
3. Shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders, directly or indirectly through subsidiaries.	29
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.	29
5. Proceedings pending before a court, a competent arbitration authority or a public administration authority.....	30
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.	30
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.	30
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.	30
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.....	30
10. Other information regarding events from previous years.	31
11. Other significant events.....	31
12. Contingent liabilities.....	31
13. Financial risk management.....	31
14. Events after the balance sheet date not included in the consolidated financial statements. .	32
15. Employment at the capita group.	32
16. Description of significant achievements and failures of the issuer in the period covered by the statements.	32
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.....	32
18. Explanations regarding seasonal or cyclic nature of the Company's business.	33
19. Information on the issue, redemption and repayment of debt and equity securities in the period covered by the statements.....	33
20. Information on the paid or declared dividend.	33
21. Events that occurred after the balance sheet date which may have a significant impact on the future financial results of Relpol S.A.	33
22. Effects of changes in the Company's structure, including as a result of business combinations, acquisitions or sales of capital group entities, long-term investments, demergers, restructuring and discontinuation of operations.	33
23. Information on changes in contingent liabilities or assets of the Company, which took place after the end of the quarter.	34

24. Information on adjustments on account of provisions and the company’s asset revaluation write-offs.	34
25. Information on assets and provisions for deferred income tax in the capital group.	34
26. Reversal of any provisions for restructuring costs.	35
27. Assets classified as held for sale.	35
28. Liabilities made for the purpose of purchasing tangible fixed assets.	35
29. Litigation settlements.	35
30. Unpaid loans or breach of a loan agreement, for which no corrective action had been taken by the end of the reporting period.	35
31. Transfer between different levels of the fair value hierarchy, which is used to measure the fair value of financial instruments.	35
32. Reclassification of financial assets as a result of changing the purpose of or use of such assets. 36	
33. Change of contingent liabilities and contingent assets.	36
III. Condensed separate statement of Relpol S.A.	37
1. Selected financial data from the separate statements of Relpol S.A.	37
2. Financial statements of Relpol S.A. for the three quarters of 2019.	38
3. Summary of the Company’s activity in the period of three quarters of 2019.	42
4. Notes to the separate statements.	43

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 2018, 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

1. Sławomir Bialik - President of the Management Board
2. Krzysztof Pałgan - Vice-President of the Management Board

There were no changes in the composition of the Management 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 until 11/03/2019
6. Jacek Gdański from 04/04/2019 until 14/06/2019
7. Paweł Młynarczyk from 14/06/2019.

In connection with the resignation from the membership in the Supervisory Board submitted by Mr Dariusz Daniluk on 11/03/2019, the Supervisory Board on 04/04/2019 appointed Mr Jacek Gdański for this position by co-option, who performed these activities until the date of the General Meeting. On 14/06/2019 the term of office of the current Supervisory Board expired and the shareholders appointed the members of the Supervisory Board for the next joint term of office. The Supervisory Board is again composed of: Zbigniew Derdziuk, Piotr Osiński, Adam Ambroziak and Agnieszka Trompka. Mr Paweł Młynarczyk became a new member of the Supervisory Board.

Within the structure of Supervisory Board there operates an Audit Committee and an Remuneration Committee.

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 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 2018, available on the Company's website 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 2018.

The Management Board of the parent company used its best knowledge to apply the standards and interpretations as well as the methods and principles of valuation regarding individual items of the interim condensed consolidated financial statements of the Relpol S.A. in

accordance with EU IFRS as at 30/09/2019. The presented summaries and explanations have been determined with due diligence.

The interim condensed financial statements drawn up as at the date of closing the accounting ledgers or as at any other balance sheet date consist of:

- a condensed consolidated statement of financial position,
- a condensed consolidated profit and loss account,
- a condensed consolidated statement of comprehensive income,
- a condensed consolidated statement of cash flows,
- a condensed statement of changes in consolidated equity,
- notes on the adopted accounting policy and other explanatory notes.

The financial data presented on 31/12/2018 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 01/01/2019 to 30/09/2019.

Comparable data for the period from 01/01/2018 to 30/09/2018.

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 2019 have been approved by the Management Board and will be published on 14/11/2019.

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 1st, 3rd and 4th 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 Polish zloty. Unless indicated otherwise, all financial data in the statements have been provided in PLN thousand. Negative values are displayed by using the minus sign or in parentheses.

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 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.

2.3. The changes to the accounting principles in the consolidated statements

With the exception of the changes described below resulting from the introduction of new standards effective for reporting periods beginning on or after 01/01/2019, the Capital Group prepared the condensed interim consolidated financial statements using the same accounting principles as described in the consolidated financial statements prepared as at 31/12/2018 and for the year ended.

IFRS 16 „Leases”

In January 2016, the International Accounting Standards Board issued the International Financial Reporting Standard 16 “Leases” (“IFRS 16” or “Standard”) which replaced IAS 17 “Leases”, IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”. IFRS 16 specifies the recognition rules pertaining to leases in terms of measurement, presentation and disclosure of information.

IFRS 16 introduces a uniform accounting model for the lessee and requires that the lessee recognise assets and liabilities resulting from each lease exceeding 12 months, unless the value of the underlying asset is low. On the day of commencement, the lessee recognises the asset on account of the right of usufruct of the underlying asset and the lease liability which reflects their obligation to pay leasing fees.

The lessee separately recognises the depreciation of the asset on account of the right of usufruct and the interest on the lease liability. The lessee revalues the lease liability after specific events (e.g. a change in the leasing period or a change in future leasing fees resulting from a change in the index or rate used to determine the said fees). Generally, the lessee recognises the revaluation of the lease liability as an adjustment of the value of the assets on account of the right of usufruct.

IFRS 16 requires both the lessee and the lessor to make broader disclosures than stipulated in IAS 17.

The lessee is entitled to choose either the full or the modified retrospective approach and the transitional provisions contain certain practical solutions.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The Capital Group broke down the current operating lease agreements into groups and identified the categories of agreements previously unrecognised as leases, which may meet the definition of a lease according to IFRS 16.

In particular:

- The Capital Group is a party to cooperation agreements under which it orders the manufacture of products then sold by the Capital Group, providing the cooperating party with full specification and technical requirements concerning these products. The concluded agreements may be terminated with 3 months' notice or at the end of a given calendar year. Cooperating parties are not obliged to produce the ordered batches on specific machines, the agreements do not contain any restrictions regarding the acquisition of other customers by the cooperating parties. The services provided by cooperating parties are available on the market. In connection with the above mentioned features of the concluded agreements, the Capital Group:
 - Considers that these agreements do not meet the definition of a lease because they do not concern the transfer of rights to use full or part of the physical production capacity;
 - Even in the event of orders placed by the Group to cooperating parties, which would result in filling their full production capacity, the Group does not believe that there is sufficient certainty that the cooperation agreement will last longer than 12 months, which would result in the agreement being classified as a short-term agreement.

Taking into account these issues - the Capital Group classifies cooperation agreements as service agreements.

- The Capital Group owns property under perpetual usufruct of land, which in accordance with the new standard will be presented as assets under rights of use, and future fee payments will be discounted and disclosed as a liability. The Capital Group assessed the value of potential liabilities and assets by virtue of the rights to use this property on the basis of the following assumptions:
 - The leasing period will be the period remaining in perpetual usufruct from the date of these financial statements;
 - The lease interest rate of 6.71% was determined as the marginal borrowing rate of the Capital Group. The marginal borrowing rate for the Capital Group was determined on the basis of the margin on current loan agreements included in

the financial statements of the Parent Company, which was extrapolated for the lease period in order to determine the correct value of the liquidity margin.

- Perpetual usufruct payments will remain at the 2018 level (in accordance with paragraph 27.b of the Standard, which indicates that variable lease payments are treated on initial recognition).
- In accordance with paragraph C8.b.2 of the Standard, the Capital Group assumed that the value of the assets on account of the right of use at the time of first application of the Standard would be recognised as an amount equal to the liabilities.

As a result of the assumptions and calculations made, the Capital Group determined the value of leasing liabilities and assets on account of the right of use at PLN 87 thousand.

The capital group decided to implement the standard on January 1, 2019. In accordance with the transitional provisions included in IFRS 16, the new principles were adopted retrospectively with reference to the cumulative effect of the initial application of the new standard to equity as at 1 January 2019. Therefore, comparative data for the financial year 2018 have not been restated (modified retrospective approach).

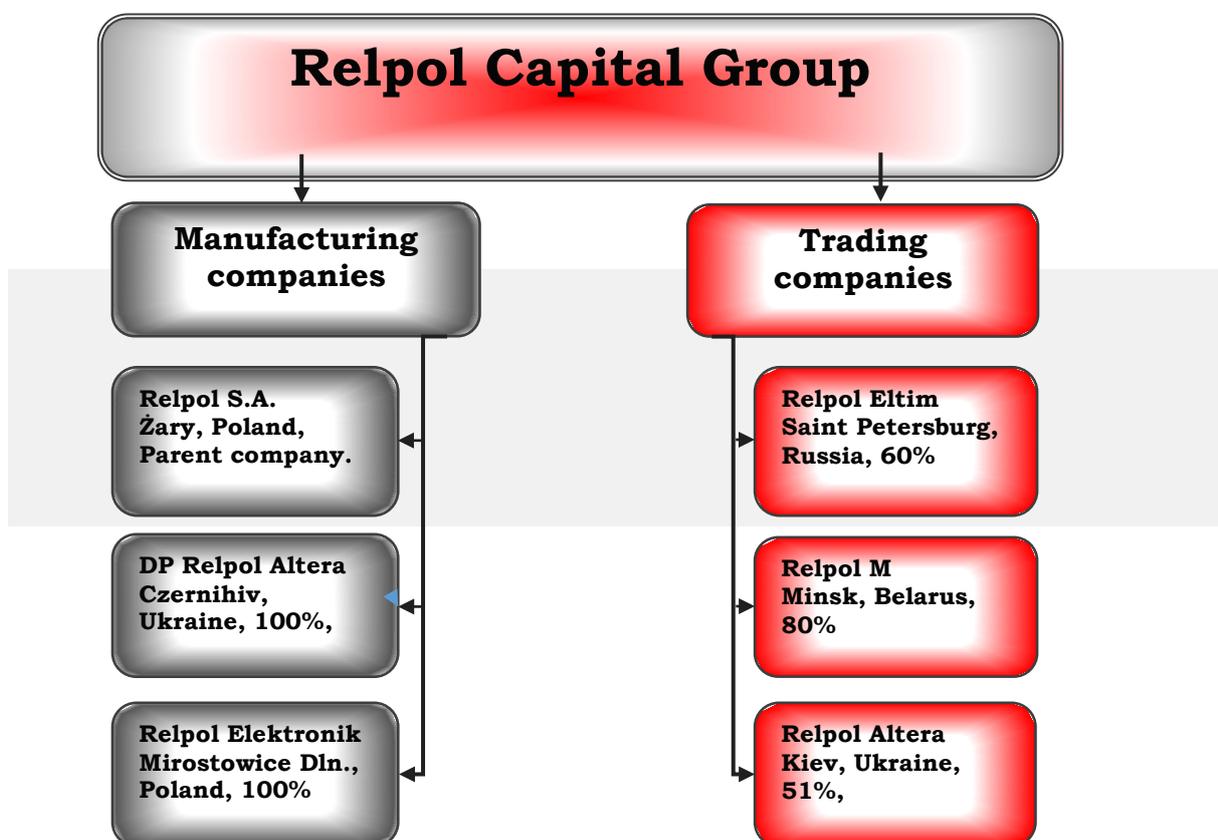
The Capital Group decided to use both possible simplifications in accordance with paragraph C10.c of IFRS 16 and apply the Standard only to agreements longer than 12 months in which the value of the leased asset exceeds USD 5,000.

For lease agreements etc. concluded for an unspecified period of time with a notice period shorter than 12 months, the Capital Group does not consider them as lease agreements.

Apart from the agreements mentioned above, the Capital Group estimates that the impact of the Standard on the financial position of the Capital Group will be insignificant.

3. Capital group structure as at 30/09/2019

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. During the three quarters of 2019 the Company achieved sales revenues of PLN 7.703 thousand and generated a net profit of PLN 133 thousand. The Company regularly pays a dividend.
3. **Relpol Elektronik Sp. z o.o.** - full consolidation method. A subsidiary with its registered office in Miostowice Dolne, with its share capital in the amount of PLN 50 thousand. During the three quarters of 2019 it achieved sales revenues amounting to PLN 2.504 thousand and generated a net profit 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 Czernihiv. The object of the company's business is production only for the needs of Relpol S.A. During the three quarters of 2019 the company

generated PLN 3.743 thousand of sales revenue and incurred a net loss of PLN 386 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. During the three quarters of 2019 the Company achieved sales revenues of PLN 94 thousand and incurred a net loss of PLN 37 thousand. The Management Board of Relpol S.A. in October 2019, has made a decision regarding the commencement of actions aimed at liquidating this company and will submit such a request at the next meeting of Relpol M shareholders
2. **Relpol Altera Sp. z o.o.** - a subsidiary with its registered office in Kiev. Share capital amounts to PLN 418 thousand. Relpol S.A. holds 51% shares in that company. During the three quarters of 2019 it achieved sales revenues amounting to PLN 55 thousand and generated a net profit of PLN 8 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 statement of the Capital Group

SELECTED FINANCIAL DATA FROM THE FINANCIAL STATEMENTS	in PLN thousand	in PLN thousand	in EUR thousand	in EUR thousand
	3 quarters period from 01/01/2019 to 30/09/2019	3 quarters period from 01/01/2018 to 30/09/2018	3 quarters period from 01/01/2019 to 30/09/2019	3 quarters period from 01/01/2018 to 30/09/2018
PROFIT AND LOSS ACCOUNT				
Net revenues from sales of products, goods and materials	96,050	101,583	22,293	23,882
Profit (loss) on operating activities	5,386	8,756	1,250	2,059
Gross profit (loss)	5,492	8,891	1,275	2,090
Net profit (loss)	4,113	7,012	955	1,649
CASH FLOW STATEMENT				
Net cash flows from operating activities	14,006	8,823	3,251	2,074
Net cash flows from investment activities	(7,468)	(5,139)	(1,733)	(1,208)
Net cash flows from financial activities	(5,508)	(4,062)	(1,278)	(955)
Total net cash flows	1,030	(378)	240	(89)
STATEMENT OF FINANCIAL POSITION				
	Balance as at 30/09/2019	Balance as at 31/12/2018	Balance as at 30/09/2019	Balance as at 31/12/2018
Total assets	106,883	106,176	24,438	24,692
Long-term liabilities	5,725	3,835	1,309	892
Short-term liabilities	19,407	21,078	4,437	4,902
Equity	81,751	81,263	18,692	18,898
Initial capital	48,046	48,046	10,985	11,173
OTHER				
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)	0.69	0.99	0.16	0.23
Profit (loss) for the reporting period per one ordinary share (in PLN/EUR)	0.43	0.23	0.10	0.06
Book value per share (in PLN/EUR)	8.51	8.46	1.95	1.97
Dividend declared or paid per one share (in PLN/EUR)	0.42	0.40	0.10	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:

EUR/PLN exchange rate	01/01/2019 30/09/2019	30/09/2019	01/01/2018 30/09/2018	30/09/2018	01/01/2018 31/12/2018	31/12/2018
Average EUR/PLN exchange rate	4.3086	---	4.2535	---	4.2669	---
Average EUR/PLN exchange rate as at:	---	4.3736	---	4.2714	---	4.3000

in PLN thousand

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 to 30/09/2018	from 01/01/2018 to 30/09/2018
Net revenues from sales of products, goods and materials	29,036	96,050	33,759	101,583
Manufacturing cost of products, goods and materials sold	24,388	77,511	26,094	78,097
Gross profit (loss) on sales	4,648	18,539	7,665	23,486
Costs of sales	198	688	339	932
General and administrative costs	4,068	12,401	4,381	13,200
Profit (loss) on sales	382	5,450	2,945	9,354
Other operating income	726	727	805	568
Other operating costs	231	791	343	1,166
Profit (loss) on operating activities	877	5,386	3,407	8,756
Financial income	371	378	16	241
Financial costs	51	272	368	106
Gross profit (loss)	1,197	5,492	3,055	8,891
Taxes	426	1,378	445	1,879
Other charges on profit	1	1	0	0
Net profit (loss) on continued operations	770	4,113	2,610	7,012
Net profit (loss) on discontinued operations	0	0	0	0
Net result attributable to non-controlling interests	33	53	73	201
Net profit attributable to shareholders of the parent company of which per 1 share (PLN/piece):	737	4,060	2,537	6,811
- ordinary	0.08	0.42	0.26	0.71
- diluted	0.08	0.42	0.26	0.71

in PLN thousand

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 to 30/09/2018	from 01/01/2018 to 30/09/2018
Net profit (loss) on continued operations	770	4,113	2,610	7,012
including net profit/loss on discontinued operations	0	0	0	0
Components of other comprehensive income,	136	565	5	45
a) which will not be subsequently reclassified to profit or loss:	0	0	0	0
- adjustment for the application of IFRS 9 as at 01/01/2018	0	0	0	0
- deferred tax	0	0	0	0
b) which will be reclassified subsequently to profit or loss when specific conditions are met	136	565	5	45
- exchange differences from the translation of subsidiaries	136	565	5	45
Overall total income	906	4,678	2,615	7,057

	in PLN thousand		
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Balance as at 30/09/2019	Balance as at 31/12/2018	Balance as at 30/09/2018
ASSETS			
(Long-term) fixed assets	43,220	40,201	39,893
Tangible fixed assets	32,562	32,843	31,915
Right-of-use asset	3,687	0	0
Investment property	0	0	0
Intangible assets	6,526	6,919	7,523
Financial assets	376	376	376
Long-term receivables	69	63	79
Deferred tax assets	0	0	0
(Short-term) current assets	63,663	65,975	63,318
Stock	31,126	31,514	29,650
Total amounts due on account of deliveries and services	27,548	30,371	29,713
Other amounts due	2,259	2,328	2,366
Short-term investments	0	0	0
Cash and cash equivalents	2,423	1,393	1,133
Prepayments and accruals	307	369	456
Long-term assets classified as held for sale	0	0	0
TOTAL ASSETS	106,883	106,176	103,211
LIABILITIES			
Equity attributable to parent company's shareholders	80,313	79,944	77,822
Initial capital	48,046	48,046	48,046
Retained profit	32,267	31,898	29,776
-Supplementary capital	26,117	20,620	21,021
-Revaluation reserve	179	179	301
-Reserve capital	0	0	0
-Exchange differences from the translation of subsidiaries	(939)	(1,504)	(1,529)
-Profit/ loss brought forward	2,850	3,395	3,172
-Result of the current year	4,060	9,208	6,811
Equity attributable to non-controlling interests	1,438	1,319	1,292
Total equity	81,751	81,263	79,114
Long-term liabilities	5,725	3,835	3,760
Interest-bearing bank loans and non-bank loans	0	0	0
Leasing liabilities	1,944	619	436
Other liabilities	280	0	8
Reserves for deferred income tax	1,842	1,652	1,703
Provision for other liabilities	1,659	1,564	1,613
Short-term liabilities	19,407	21,078	20,337
Trade and similar liabilities	9,539	9,625	9,493
Leasing liabilities	836	614	479
Other liabilities	5,364	5,712	5,518
Current portion of interest-bearing loans and borrowings	2,416	2,992	3,077
Deferred revenue	157	95	135
Provision for other liabilities	1,095	2,040	1,635
TOTAL LIABILITIES	106,883	106,176	103,211

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			
<u>Balance as at 1 January 2019</u>	48,046	20,620	179	12,603	0	(1,504)	79,944	1,319	81,263
Coverage of loss	0	0	0	0	0	0	0	0	0
Share premium account	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	(4,215)	0	0	(4,215)	0	(4,215)
Revaluation reserve differences	0	0	0	0	0	0	0	0	0
Distribution of net result for the previous year	0	5,497	0	(5,497)	0	0	0	0	0
Overall total income of which:	0	0	0	(41)	4,060	565	4,584	119	4,703
- profit/loss for the period	0	0	0	0	4,060	0	4,060	53	4,113
- exchange differences on revaluation of FS	0	0	0	(41)	0	565	524	0	524
- other total revenues	0	0	0	0	0	0	0	66	66
<u>Balance as at 30 September 2019</u>	48,046	26,117	179	2,850	4,060	(939)	80,313	1,438	81,751
<u>Balance as at 1 January 2018</u>	48,046	19,055	329	9,369	0	(1,877)	74,922	1,247	76,169
Coverage of loss	0	(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	58	(58)	0	0	0	0	0	0
Distribution of net result for the previous year	0	1,770	0	(1,770)	0	0	0	0	0
Other	0	0	0	(477)	0	0	(477)	(244)	(721)
Overall total income of which:	0	0	(92)	(145)	9,208	373	9,344	423	9,767
- profit/loss for the period	0	0	0	0	9,208	0	9,208	278	9,486
- exchange differences on revaluation of FS	0	0	0	(145)	0	0	(145)	145	0
- adjustment for the application of IFRS	0	0	(7)	0	0	0	(7)	0	(7)
- other total revenues	0	0	(85)	0	0	373	288	0	288
<u>Balance as at 31 December 2018</u>	48,046	20,620	179	3,395	9,208	(1,504)	79,944	1,319	81,263

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				
<i>Balance as at 1 January 2018</i>	48,046	19,055	329	9,369	0	(1,877)	74,922	1,247	76,169	
Coverage of loss	0	(263)	0	263	0	0	0	0	0	
Share premium account	0	0	0	0	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	
Distribution of net result for the previous year	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)	
<i>Balance as at 30 September 2018</i>	48,046	21,021	301	3,172	6,811	(1,529)	77,822	1,292	79,114	

in PLN thousand				
CONSOLIDATED STATEMENT OF CASH FLOWS	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 to 30/09/2018	from 01/01/2018 to 30/09/2018
A. Cash flows from operating activities (indirect method)	7,838	14,006	2,547	8,823
I. Gross profit (loss)	1,197	5,492	3,055	8,891
II. Total adjustments	6,641	8,514	(508)	(68)
1. Amortisation and depreciation	1,649	4,742	1,526	4,427
2. Foreign exchange gains (losses)	(126)	16	(73)	(23)
3. Interest and profit sharing (dividend)	24	89	19	56
4. Profit (loss) on investment activities	(447)	(788)	0	193
5. Change in provisions	(676)	(769)	(528)	306
6. Change in inventory	790	559	(1,376)	(1,223)
7. Change in receivables	5,072	3,255	(542)	(5,234)
8. Change in short-term liabilities excluding loans and credits	181	1,506	591	2,575
9. Change in prepayments and accruals	55	62	265	(52)
10. Income tax paid/refunded	120	(157)	(389)	(1,082)
11. Other adjustments	(1)	(1)	(1)	(11)
B. Cash flows from investment activities	(3,104)	(7,468)	(2,157)	(5,139)
I. Inflows	447	788	0	24
1. Sale of intangible assets and tangible fixed assets	447	547	0	24
2. From investment activities	0	241	0	0
II. Outflows	(3,551)	(8,256)	(2,157)	(5,163)
1. Purchase of intangible assets and tangible fixed assets	(3,551)	(8,256)	(2,157)	(5,163)
2. Other outflows from investment activities	0	0	0	0
C. Cash flows from financial activities	(4,381)	(5,508)	(1,876)	(4,062)
I. Inflows	0	0	810	1,011
1. Credits and loans	0	0	810	1,011
2. Other inflows from financial activities	0	0	0	0
II. Outflows	(4,381)	(5,508)	(2,686)	(5,073)
1. Purchase of own shares	0	0	0	0
2. Dividend and other payments to shareholders	(4,046)	(4,165)	(3,804)	(3,910)
3. Repayment of credits and loans	49	(576)	1,325	(731)
4. Payment of liabilities arising from financial leases	(360)	(678)	(188)	(376)
5. Interest	(24)	(89)	(19)	(56)
6. Other outflows from financial activities factoring	0	0	0	0
D. Total net cash flows	353	1,030	(1,486)	(378)
E. Balance sheet change in cash	352	1,030	(1,505)	(400)
- change in cash due to exchange differences	0	0	16	22
F. Cash opening balance	2,071	1,393	2,653	1,533
- foreign exchange gains and losses	1	1	6	21
G. Closing balance of cash	2,423	2,423	1,133	1,133
- foreign exchange gains and losses	0	0	22	43
- with limited disposability	0	10	0	0

5. Discussion of consolidated results

5.1 Summary

SPECIFICATION	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018	Change
Sales revenues in PLN thousand	96,050	101,583	-5.45 %
Gross profit on sales in PLN thousand	18,539	23,486	-21.06 %
Gross margin on sales (%)	19.30%	23.12%	-3.82 p.p.
EBIDTA in PLN '000	10,128	13,183	-23.17%
EBIDTA margin (%)	10.54%	12.98%	-2.44 p.p.
EBIT in PLN '000	5,386	8,756	-38.49 %
EBIT margin (%)	5.61%	8.62%	-3.01 p.p.
Consolidated net profit	4, 113	7,012	41.34%
Net profit margin	4.28%	6.90%	-2.62 p.p.
Net profit attributable to shareholders of the parent company in PLN thousand	4,060	6,811	-40.39%

During the three quarters of 2019, the Capital Group achieved sales revenues of PLN 96,050 thousand and they were 5.5% lower than those achieved in the same period of 2018. The lower revenues and high production costs resulted in lower margins and net profit. The financial results were affected by the market situation. No extraordinary events occurred.

The drop in sales occurred on the European and Asian markets. Sales to the Polish market amounted to PLN 26,842 thousand and were 10% lower than in the first three quarters of 2018. This was due to the low level of investments in the Polish energy sector and a drop in demand from distribution customers. The weaker economic situation in the Polish industrial sector was also confirmed by PMIs. In October 2019, the PMI reading was 45.6 points, the lowest since mid-2009. This indicates the deepening of the crisis in the Polish industrial sector. An increase in PMI above 50 points is only a sign of economic recovery. A decrease in sales was also recorded to other European countries, which is also related to the market situation. In Germany, in October 2019, the PMI was 42.1 points, the second lowest reading since June 2009. As in Poland, orders, production and inventories declined and delivery times were shortened. The PMI for the Euro-area industry was 45.9 in October 2019. According to J.P. Morgan surveys, PMI readings for the global industrial market, where business sentiment has slightly improved, are slightly better and after expansion in more than a dozen of the 32 countries surveyed, this index slightly increased to 49.8 points.¹ The data are shown in the diagram below.

The slowdown in the economy is felt most strongly on the European market, but it will not change the direction of development and the branches of industry in which the Relpol Group's products are used will still be receptive to these solutions and products.

The increase in personnel costs, service costs and the need to meet the competitiveness of activities in many industries will lead to automation of production.

¹ <https://www.markiteconomics.com/Public/Home/PressRelease/f211439278174b239f65c3a6051a2db6>

On the other hand, care for the natural environment will lead to the development of industry related to renewable energy sources, such as photovoltaics. The electromobility industry will grow and this, in turn, will entail the need to reconstruct and expand energy networks.

According to the Company's Management Board, the development of building automation systems, rail transport and consumer goods such as household appliances will also need relays and sockets. And the products developed, manufactured and introduced to the market by the Relpol Capital Group are and will be used in all of those areas.

The development of the renewable energy sources market is increasingly visible in the level and structure of sales revenues of Relpol S.A. It is estimated that approximately 15% of its sales revenues are generated by applications used in this market segment.

In the period of three quarters of 2019, the Capital Group generated a net profit of PLN 4,113 thousand, which compared to the profit of the same period of 2018 (PLN 7,012 thousand) means a decrease by 41%. This results from lower sales, persistently high production costs and net loss incurred by the subsidiary.

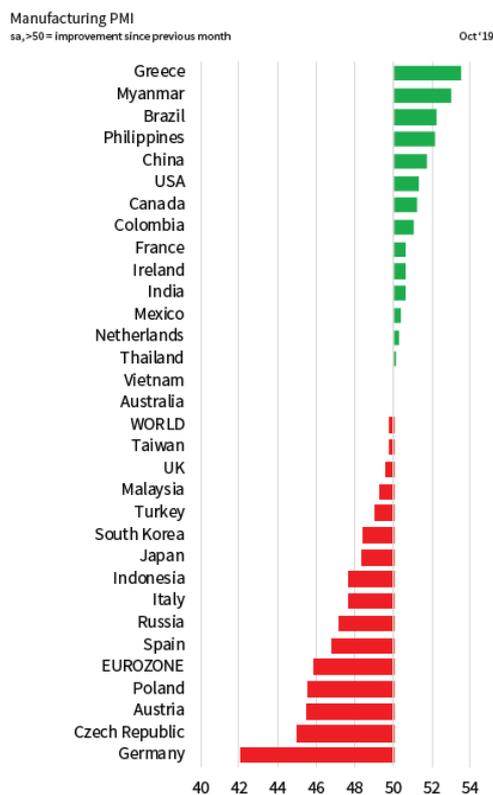
Compared to 31 December 2018, fixed assets increased by PLN 3,019 thousand, mainly due to the purchase and lease of fixed assets. However, current assets decreased by PLN 2,312 thousand mainly due to a decrease in receivables. Cash increased by PLN 1,030 thousand. In the liabilities of the balance sheet of the Capital Group, the equity and liabilities increased slightly. At the same time, long-term liabilities (mainly lease liabilities) increased by PLN 1,890 thousand, and short-term liabilities decreased by PLN 1,971 thousand (of which PLN 945 thousand was a provision for other liabilities and PLN 576 thousand - bank credit facilities). In 2018, the Company paid out a dividend in the amount of PLN 3,844 thousand, and in 2019 it was PLN 4,036 thousand.

5.2 Share of parent company in the result of the capital group

Relpol S.A. has the greatest impact on the results of the capital group. The share of sales of the parent company in consolidated sales during the three quarters of 2019 was 93%. In the case of net result, net profit of Relpol S.A. was by 14% higher than the consolidated net profit attributable to the shareholders of the parent company.

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 7,381 thousand, and the costs of products and materials sold by PLN 7,249 thousand. Exclusions from



Sources: J.P.Morgan, IHS Markit, Commonwealth Bank, Unicredit Bank Austria, Caixa, Davivienda, BME, HPI, AIB, Jibun Bank, NEW, AERCE, Istanbul Chamber of Industry, CIPS.

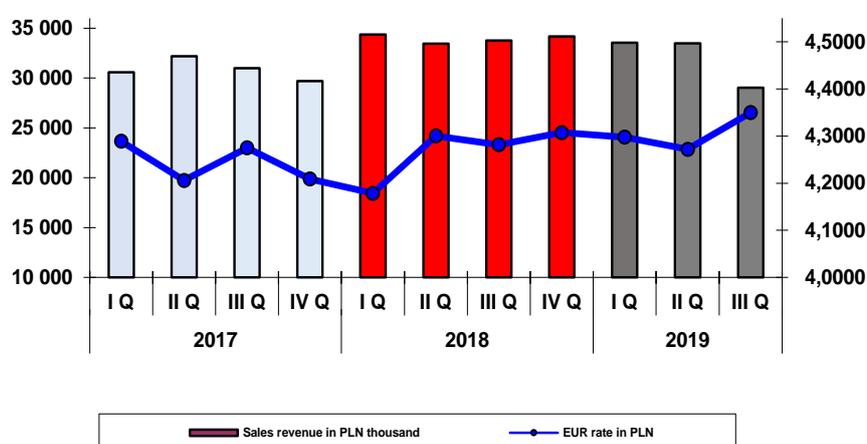
consolidation were also performed as regards margin on provisions and dividends. The balance sheet does not include mutual reciprocal receivables and liabilities.

5.4 Sales revenues

In the period of three quarters of 2019, the Capital Group generated PLN 96,050 thousand of sales revenues, which constitutes a 5.5% decrease as compared to the same period of 2018. The revenues generated in Q3 2019 amounted to PLN 29,036 thousand and were 14% lower than in Q3 2018. This was due to a decline in demand on the domestic market, in Germany, Russia and Asia.

The diagram below presents sales revenues in particular quarters, starting from Q1 2017.

Sales revenues in PLN thousand and the average level of the euro exchange rate on a quarterly basis.



5.5 Sales structure

Description	in PLN thousand			
	from 01/01/2019 to 30/09/2019	Share %	from 01/01/2018 to 30/09/2018	Share %
Poland	26,842	27.95%	29,771	29.31%
Sales on foreign markets, including among others:	69,208	72.05%	71,812	70.69%
Europe, including	63,150	65.75%	64,850	63.84%
<i>Germany</i>	27,982	29.13%	37,939	37.35%
<i>Russia</i>	7,959	8.29%	8,832	8.69%
<i>Italy</i>	2,491	2.59%	2,550	2.51%
Asia	3,377	3.51%	5,234	5.15%
North America	1,160	1.21%	686	0.68%
South America	808	0.84%	512	0.50%
Australia and other	713	0.74%	530	0.52%
Total	96,050	100.00%	101,583	100.00%

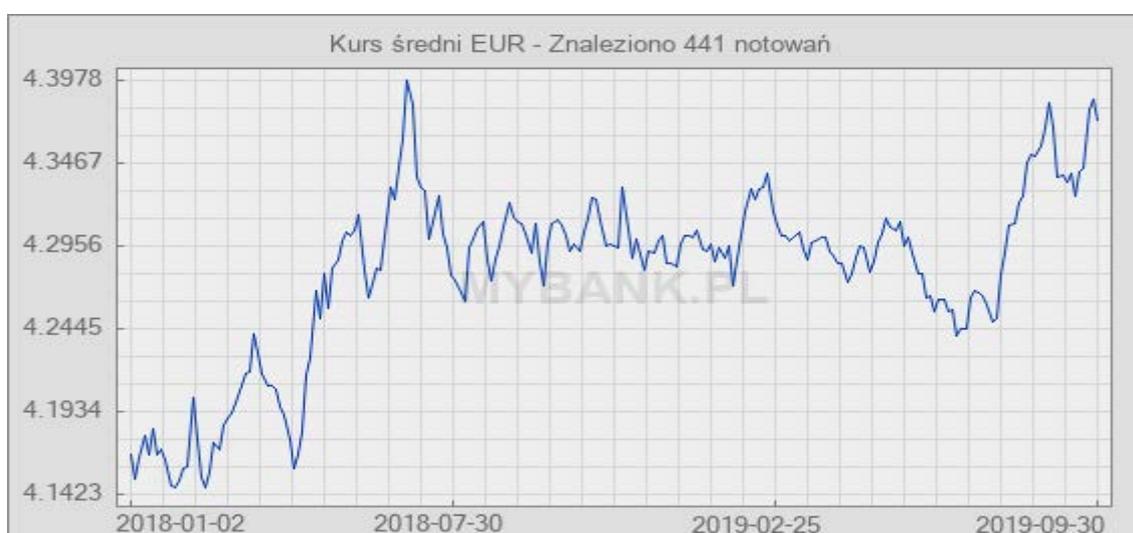
Approximately 72% of the sales revenues are generated by foreign markets. The biggest share in the sales structure of 29% is held by the German market. Sales to this market decreased by 26%. Sales in Poland and Russia were lower by approx. 10%. Sales to the domestic market are in second place with a share of 28%. Sales to Asia were 35% lower. Sales to other continents are irregular (these include rare, but relatively large shipments during the year).

Currency exchange rates and sales revenues

Sales revenues and exchange rates	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018	Change I-III Q 2019/ I-III Q 2018
Sales revenues in PLN thousand	96,050	101,583	-5.5%
Average EUR exchange rate in PLN	4.3086	4.2535	+1.3%
Average USD exchange rate in PLN	3.8426	3.5688	+7.7%
Average RUB exchange rate in PLN	0.0593	0.0581	+2.1%
Average UAH exchange rate in PLN	0.1472	0.1323	+11.3%

The situation on the currency market is constantly changing. The EUR, USD, RUB and UAH exchange rates were higher than in the comparable period of 2018. Due to the high share of exports in the sales structure, the level and fluctuations of exchange rates affect the sales volume and ultimately also the entire financial result. The European market represents the largest share in sales, therefore, the level and fluctuations of the EUR exchange rates are important. The EUR exchange rate, as shown in the diagram below, was subject to considerable fluctuations. The EUR exchange rate was the lowest at the beginning of 2018, and then in mid-2018, there was a large rebound to about PLN 4.40. The next four quarters were marked by exchange rate fluctuations ranging from PLN 4.28 to PLN 4.30. The second strong rebound to about PLN 4.38 was recorded in Q3 2019. Finally, the average EUR exchange rate in the three quarters of 2019 was 1.3% higher than in the same period of 2018.

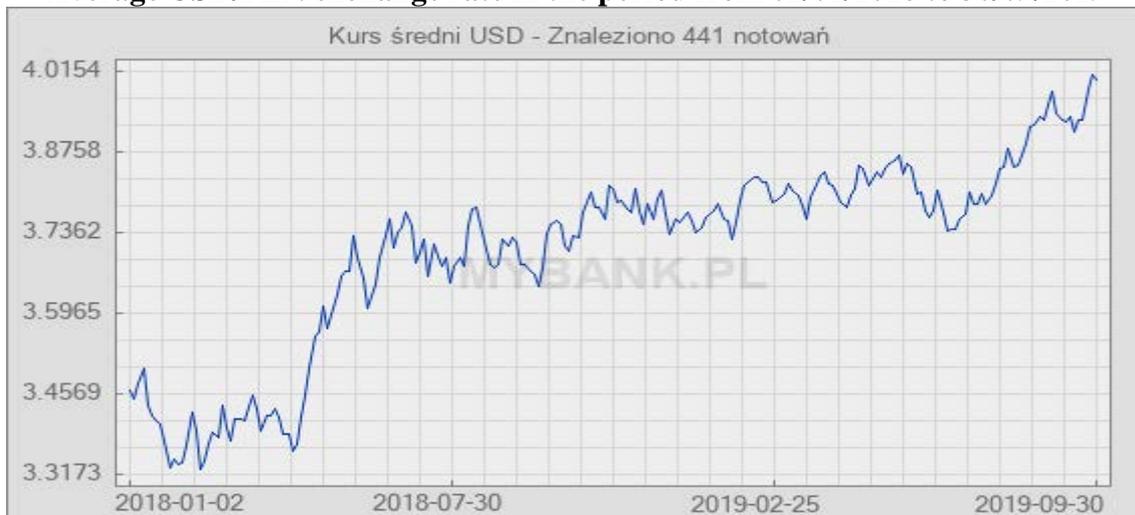
Average EUR/PLN exchange rate in the period from 02/01/2018 to 30/09/2019



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

The USD exchange rate, after low quotations in Q1 2018, rebounded to the level of about PLN 3.74 and remained within the range of PLN 3.65 - 3.85 for over a year. The third quarter of 2019 saw a new rebound and an increase in the exchange rate of this currency to PLN 4.02. Ultimately, the average USD exchange rate in the three quarters of 2019 was 7.7% higher than in the same period of 2018. The Capital Group generates approximately 8% of its sales in USD.

Average USD/PLN exchange rate in the period from 02/01/2018 to 30/09/2019



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

The RUB exchange rate was slightly different than the EUR and the USD exchange rates. In 2018, this currency was highly overestimated three times. Then, from the beginning of 2019, it was in an upward trend, reaching its peak at the end of Q3 2019. Finally, the average RUB exchange rate in the three quarters of 2019 was 2.1% higher than the exchange rate in the comparable period of 2018. Revenues in the RUB are earned by the Russian company, and are then translated into PLN in the consolidated financial statements.

Average RUB/PLN exchange rate in the period from 02/01/2018 to 30/09/2019



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

The UAH exchange rate was the lowest in January 2018, and then it showed an upward trend in which, after a slight weakening in the second half of 2018, it remained until the

end of Q3 2019. Finally, the average UAH exchange rate in the three quarters of 2019 was 11.3% higher than the average exchange rate in the same period of 2018.

Average UAH/PLN exchange rate in the period from 02/01/2018 to 30/09/2019



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

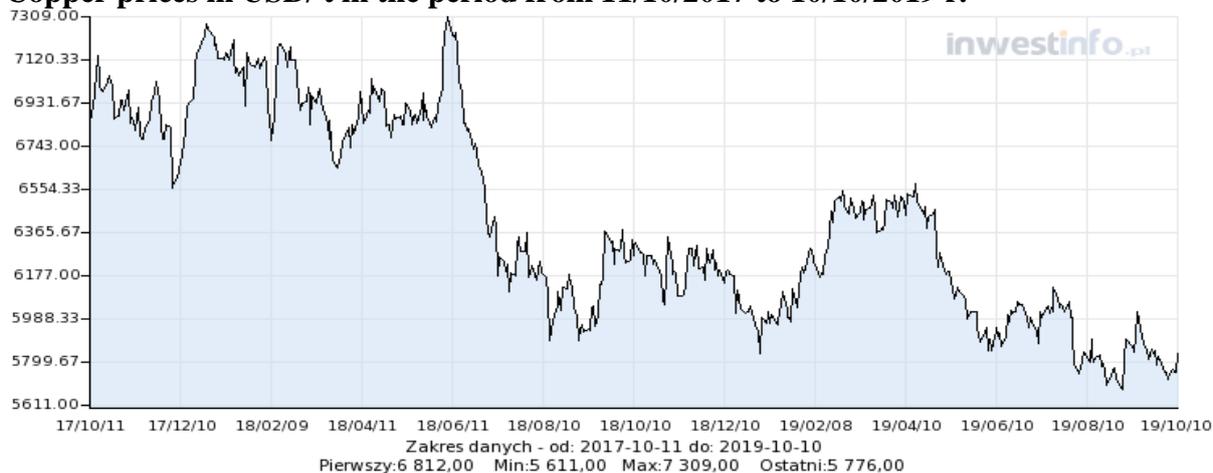
5.6 Result on sales

5.6.1 Gross result on sales

In the three quarters of 2019 the consolidated gross result on sales amounted to PLN 18,539 thousand and was 21% lower than the result achieved in the same period of 2018 (PLN 23,486 thousand). The main factor influencing the result was lower sales and high costs.

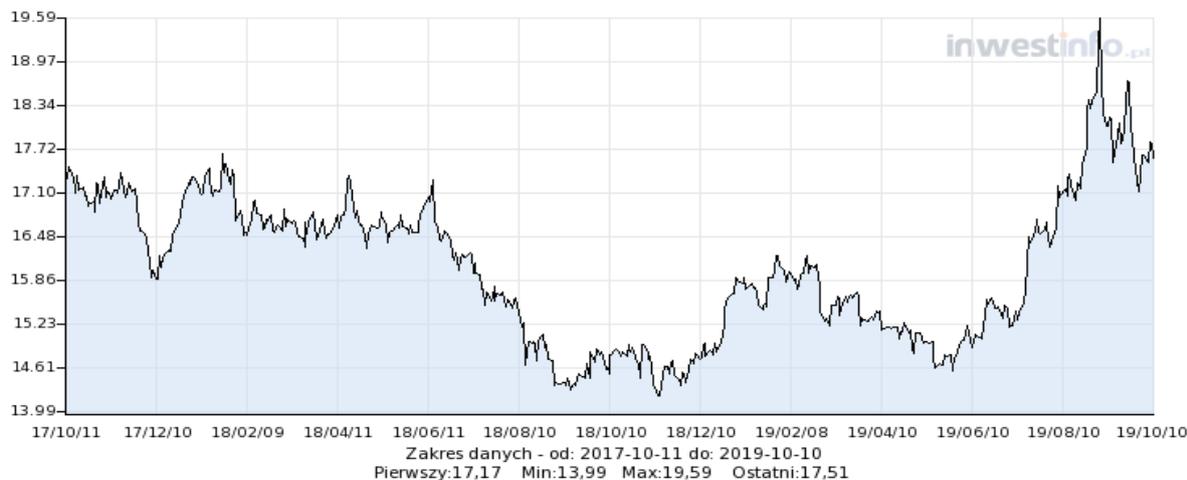
The production process uses steel and metal details containing, among others, copper, silver, gold and plastic details. Therefore, the prices of raw materials and materials, especially those with copper and precious metals, have a significant impact on the level of gross profit on sales and the level of margins. Raw material prices are set at the London Stock Exchange and the company has no influence on them. Prices of basic raw materials used in the production of Relpol products fluctuated significantly, as shown in the following charts.

Copper prices in USD/ t in the period from 11/10/2017 to 10/10/2019 r.



Source: <http://www.investinfo.pl/surowce/notowania-surowcow/wykres/Miedz.htm>

Silver price in USD/ oz in the period from 11/10/2017 to 10/10/2019



Gold price in USD/ oz in the period from 11/10/2017 to 10/10/2019



5.6.2 Net result on sales

The consolidated net result on sales in the three quarters of 2019 amounted to PLN 4,113 thousand, which in relation to the three quarters of 2018 r. (PLN 7,012 thousand) means a decrease by 41%. As above, this was due to lower sales and continuing high operating costs.

5.7 Other operating activities

Other operating activities in the three quarters of 2019 decreased the result of the capital group by PLN 64 thousand. In the three quarters of 2018 the result on other operating activities was also negative and amounted to PLN -598 thousand. The largest item of expenses are inventory write-downs.

Main items of revenues and costs of other operating activities.

in PLN thousand

Other operating income	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 do 30/09/2018	from 01/01/2018 do 30/09/2018
Profit on disposal of tangible fixed assets	(4)	96	47	67
Decrease of inventory write-downs	117	354	104	265
Reduction of write-downs on receivables	19	45	115	161
Resolved reserves for holiday leaves	489	0	454	6
Contractual penalties and damages received	75	113	0	0
Others (including consolidation adjustments)	30	119	85	69
Total other operating income	726	727	805	568

Other operating costs	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 do 30/09/2018	from 01/01/2018 do 30/09/2018
Receivables revaluation write-own	1	68	0	115
Inventory write-down	118	377	298	499
Revaluation write-off for research and development	0	0	0	215
Establishment of a reserve for unused holidays	0	20	0	0
Donations	16	43	23	46
Expired or written off receivables	68	68	0	0
Scrapped inventory	5	17	19	42
Other (including consolidation adjustments)	23	198	3	249
Total other operating costs	231	791	343	1,166

5.8 Financial activities

Financial activities in the three quarters of 2019 increased the result of capital group by PLN 106 thousand. In the same period of 2018 the result of financial activity was also positive and amounted to PLN 135 thousand.

Main items of income and costs on financial activities

in PLN thousand

Financial income	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 to 30/09/2018	from 01/01/2018 to 30/09/2018
Interest	2	8	9	14
Excess of foreign exchange gains over foreign exchange losses	362	111	0	210
Other (including consolidation adjustments)	7	259	7	17
Total financial income	371	378	16	241

Financial costs	from	from	from	from
	01/07/2019 to 30/09/2019	01/01/2019 to 30/09/2019	01/07/2018 to 30/09/2018	01/01/2018 to 30/09/2018
Interest	14	58	14	44
Excess of foreign exchange losses over foreign exchange gains	0	0	339	0
Financial costs arising from financial lease agreements	11	35	6	13
Other (including consolidation adjustments)	26	179	9	49
Total financial costs	51	272	368	106

5.9 Net result

In the three quarters of 2019 the net profit of the capital group amount to PLN 4,113 thousand and was 41% lower than the result in the three quarters of 2018 (PLN 7,012 thousand). Net profit attributable to shareholders of the parent company amounted to PLN 4,060 thousand against PLN 6.811 thousand a year earlier. It was influenced by the factors described above in item 5.6 as well as other operational and financial activities.

6. Ratio analysis

Profitability ratios

Ratio	Calculation method	Amount	
		30/09/2019	30/09/2018
Gross return on sales	Gross result on sales/ sales * 100%	19.30%	23.12%
Return on sales	Result on sales/ sales *100%	5.67%	9.21%
Net return on sales	Net result/ sales *100%	4.28%	6.90%
ROE	Net result for 12 months/ average value of equity *100%	8.11%	9.90%
ROA	Net result for 12 months/ average value of assets *100%	6.15%	7.61%

Gross profit margin is by 3.8 percentage points lower than as of 30 December 2018, which results from lower sales and high production costs. Return on sales decreased by 3.5 percentage points. Due to lower net profit for the period of 12 months, ROA and ROE ratios decreased.

Level of debt

Ratio	Calculation method	Amount	
		30/09/2019	30/09/2018
Overall level of debt	Liabilities + provisions/assets * 100%	23.51%	23.35%
Financing with fixed capital	(equity+ long-term liabilities+ long-term provisions)/assets *100%	81.84%	80.30%
Equity-to-fixed-assets ratio	Equity/ Fixed assets*100%	189.15%	198.32%

The debt of the capital group increased by PLN 1.035 thousand compared to the 30/09/2018 and by PLN 219 thousand compare to the 31/12/2018. Equity capital is almost twice as large as non-current assets.

Liquidity ratios

Ratio	Calculation method	Amount	
		30/09/2019	30/09/2018
Current liquidity	Current assets / short-term liabilities	3.28	3.11
Quick liquidity	Current assets - inventories / short-term liabilities	1.68	1.66
Level of working capital	Current assets - short-term liabilities/sales) * 270	126	114

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

Efficiency ratios

Ratio	Calculation method	Amount	
		30/09/2019	30/09/2018
Asset turnover ratio	Sales for 12 months/average asset level	1.22	1.31
Inventory cycle	Average level of inventories/cost of products and goods sold) * number of days in the period	111	97
Receivables cycle	Average level of trade receivables/sales) * number of days in the period	84	76
Liabilities cycle	Average level of trade liabilities/cost of products and goods sold) * number of days in the period	34	32

A long cycle of stock turnover results from the nature of the industry in which the group operates. This cycle increased by 14 days. The receivables turnover cycle increased by 8 days and the liabilities turnover cycle by 2 days.

II. Notes and additional explanatory notes to the consolidated statements

1. Business segments

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 the capital group operates on the market of components of industrial automatics and it is its main operating segment.

Segment revenues and profits/losses	in PLN thousand			
	Revenues		Profit/loss in the segment	
	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018
Components of industrial automatics	92,883	98,486	17,269	21,994
Other segments	3,167	3,097	1,270	1,492
Total from continued operations	96,050	101,583	18,539	23,486

Unallocated items	Costs of sales	688	932
	Costs of management and administration	12,401	13,200
	Profit (loss) on sales	5,450	9,354
	Other operating income	727	568
	Other operating costs	791	1,166
	Profit (loss) on operating activities	5,386	8,756
	Financial income	378	241
	Financial costs	272	106
	Profit (loss) on continued operations	5,492	8,891
	Taxes	1,378	1,879
	Other charges on profit	1	0
	Net profit (loss) on continued operations	4,113	7,012
	Net result on discontinued operations	0	0
	Net result on sold activities	0	0
	Net result	4,113	7,012
	Net result attributable to non-controlling interests	53	201
	Net profit attributable to shareholders of the parent company	4,060	6,811

Assets and liabilities of the segments	in PLN thousand	
	30.09.2019	30.09.2018
Components of industrial automatics	101,859	99,013
Other segments	4,648	3,822
Total assets of the segments	106,507	102,835

In order to monitor the results achieved in the operating segment and for the purposes of allocating resources to reportable segments, the Group assigns all its assets, except for investments in associates and assets in virtue of current and deferred income tax.

The Group has no possibility of separating liabilities regarding individual segments.

The geographic structure of revenues was presented above in point 5.5

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

Forecasts for the capital group of Relpol for 2019 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 13 November 2019.

Shareholder	Number of shares (pcs)	Number of votes at the General Shareholders' Meeting	Share in total number of votes at the General Shareholders' Meeting	Nominal value of shares (in PLN thousand)	Percentage in the share capital	Change with regard the statements for 1H 2019 (22.08.2019)
Ambroziak Adam	3,171,000	3,171,000	33.00%	15,855	33.00%	0
Rockbridge TFI S.A	2,663,403	2,663,403	27.72%	13,317	27.72%	0
Osiński Piotr	613,943	613,943	6.39%	3,070	6.39%	0
Others	3,160,847	3,160,847	32.89%	15,804	32.89%	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 13/11/2019 is as follows:

Management Board of Relpol S.A	Number of shares (pcs)	Number of right to shares (pcs)	Number of bonds (pcs)	% share in total number of votes at the General Meeting
Sławomir Bialik	0	0	0	0%
Krzysztof Pałgan	0	0	0	0%

Supervisory Board of Relpol S.A	Number of shares (pcs)	Number of right to shares (pcs)	Number of bonds (pcs)	% share in total number of votes at the General Meeting
Ambroziak Adam	3,171,000	0	0	33.00%
Osiński Piotr	613,943	0	0	6.39%

Other members of the Supervisory Board do not hold any shares of Relpol S.A. In 2019, there were no changes in the ownership of the company's shares by the Management Board and the Supervisory Board of the company.

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

In the period from 01/01/2019 to 30/09/2019 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 01/01/2019 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.

From 01/01/2019 to the date of publication of the financial statements 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 include:

- effective production management,
- implementation of planned sales,
- implementation of signed commercial contracts,
- covering production lines,
- increasing market share based on your product offer,
- acquiring new customers on current and new markets,
- rationalization of the commercial goods offer,
- acquiring new customers for CZIP Pro,
- acquiring new contractors for a relay for solar inverters,
- acquiring new clients and areas for radiation protection systems,
- improvement of product profitability,
- effective launch of new products on the market.

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 30/09/2019 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 2018. The statements were published on 25/04/2019 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 capita group.

Employees employed on the basis of employment contracts	Average from 01/01/2019 to 30/09/2019	Average from 01/01/2018 to 30/09/2018
Relpol S.A.	469	471
Relpol Eltim	11	11
DP Relpol Altera	262	279
Relpol Elektronik	67	66
Other companies	4	6
Total Group	813	833

Employment at the capital group decreased by 20 persons. In addition to employees with a contract of employment, the parent company and Relpol Elektronik use employee outsourcing services. In the 2019 on average 55 persons performed work in such a manner and in the 2018 it was 76 persons.

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

In 2019, Relpol S.A. was ranked second in the 11th Edition of the Lubuskie Business Leader Competition, in the “Large Enterprise” category, receiving a statuette and the Lubuskie Business Leader Certificate.

The competition was organised by Zachodnia Izba Przemysłowo-Handlowa (Western Chamber of Commerce and Industry) and Gazeta Lubuska under the patronage of the Marshal’s Office of the Lubuskie Voivodeship.

In the period covered by the statements, no other key achievements or failures were identified.



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.

From 01/01/2019 to the date of publication of the financial the parent company did not issue any shares, redeem or repay any debt and equity securities.

20. Information on the paid or declared dividend.

On 14/06/2019, the General Meeting of Relpol adopted a resolution to allocate 44.73% of the net profit for 2018 to dividend payment. The dividend record date (D) was set at 07/08/2019, and the dividend payment date (P) at 22/08/2019.

Dividend declared or paid by subsidiaries:

- Relpol Eltim: dividend in the amount of RUB 5,000 thousand was paid from the profit for 2018, dividend in the amount of RUB 2,725 thousand was paid from the profit for 2017.

- Relpol Elektronik: the amount of PLN 60 thousand was allocated to dividend from the profit for 2018. The dividend is paid in monthly instalments of PLN 10 thousand each.

The dividend received by Relpol S.A. from its subsidiaries was excluded from the consolidated financial statements as part of 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 this consolidated quarterly report, there are no other events that could significantly affect the future results of the Company and the Capital Group.

22. Effects of changes in the Company's structure, including as a result of business combinations, acquisitions or sales of capital group entities, long-term investments, demergers, restructuring and discontinuation of operations.

In 2019, there were no changes in the structure of the Company or Capital Group. There were no acquisitions, purchases, sales, mergers or demergers of entities. None of the operations were discontinued. Changes may occur in the following months of 2019 or 2020 as Relpol S.A. is conducting activities aimed at liquidation of Relpol M. The liquidation of this company will not have a major impact on the future results of Relpol S.A. and the entire Capital Group.

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

After 30/09/2019 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.

in PLN thousand

Balance of asset revaluation write-offs	Balance as at 01/01/2019	Turnover in I-IX 2019.			Balance as at 30/09/2019
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and intangible assets	3,082	0	0	0	3,082
II. Long-term receivables revaluation write-off	0	0	0	0	0
III. Long-term asset revaluation write-off - shares in related entities	621	0	0	0	621
IV. Stock revaluation write-off	1,872	455	48	470	1,839
V. Trade receivable revaluation write-off	235	49	0	72	258
VI. Revaluation write-off on short-term financial assets	67	3	18	6	52
Total	5,877	507	66	548	5,852

in PLN thousand

Provisions	Balance as at 01/01/2019	Turnover in I-IX 2019			Balance as at 30/09/2019
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	2,014	0	0	0	2,014
II. Other provisions, including for future liabilities:	1,590	856	916	922	740
- for holiday leaves	740	685	0	747	802
- other	850	171	916	175	-62
Total	3,604	856	916	922	2,754

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

in PLN thousand

	30.09.2019	30.09.2018
Deferred income tax asset	1,756	1,412
Deferred income tax provision	3,598	3,115
Excess of provision over asset	-1,842	-1,703

In the consolidated statement of financial position, the deferred income tax asset and deferred income tax provision are presented in the net amount, i.e. the provisions less the asset.

26. Reversal of any provisions for restructuring costs.

In period from 01/01/2019 to 30/09/2019 no provisions for restructuring costs were reversed.

27. Assets classified as held for sale.

As at 30/09/2019 the capital group did not have tangible assets held for sale.

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

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

29. Litigation settlements.

The Capital Group is not a party to any litigation proceedings, the losing of which would have a significant effect 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 52 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	52	52
Total amount of granted loans							52
revaluation write-off							52
Net loan value							<u>0</u>

The parent company in the period of three quarters of 2019 did not have any loans granted to it by the subsidiaries.

31. Transfer 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 statement 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 period from 01/01/2019 to 30/09/2019	3 quarters period from 01/01/2018 to 30/09/2018	3 quarters period from 01/01/2019 to 30/09/2019	3 quarters period from 01/01/2018 to 30/09/2018
PROFIT AND LOSS ACCOUNT				
Net revenues from sales of products, goods and materials	89,481	94,701	21,037	22,264
Profit (loss) on operating activities	5,515	8,451	1,297	1,987
Gross profit (loss)	5,982	8,690	1,406	2,043
Net profit (loss)	4,658	6,981	1,095	1,641
CASH FLOW STATEMENT				
Net cash flows from operating activities	12,678	8,745	2,981	2,056
Net cash flows from investment activities	(7,266)	(5,045)	(1,708)	(1,186)
Net cash flows from financial activities	(5,379)	(3,997)	(1,265)	(940)
Total net cash flows	33	(297)	8	(70)
STATEMENT OF FINANCIAL POSITION				
	Balance as at 30/09/2019	Balance as at 31/12/2018	Balance as at 30/09/2019	Balance as at 31/12/2018
Total assets	100,807	101,248	23,600	23,546
Long-term liabilities	5,699	3,877	1,334	902
Short-term liabilities	16,977	19,862	3,975	4,619
Equity	78,131	77,509	18,292	18,025
Initial capital	48,046	48,046	11,169	11,173
OTHER				
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)	0.70	0.94	0.16	0.22
Profit (loss) for the reporting period per one ordinary share (in PLN/EUR)	0.48	0.24	0.11	0.06
Book value per share (in PLN/EUR)	8.13	8.07	1.90	1.88
Dividend declared or paid per one share (in PLN/EUR)	0.42	0.40	0.10	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:

EUR/PLN exchange rate	01/01/2019 30/09/2019	30/09/2019	01/01/2018 30/09/2018	30/09/2018	01/01/2018 31/12/2018	31/12/2018
Average EUR/PLN exchange rate	4.3086	---	4.2535	---	4.2669	---
Average EUR/PLN exchange rate as at:	---	4.3736	---	4.2714	---	4.3000

2. Financial statements of Relpol S.A. for the three quarters of 2019.

CONDENSED PROFIT AND LOSS ACCOUNT	in PLN thousand			
	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 to 30/09/2018	from 01/01/2018 to 30/09/2018
Net revenues from sales of products, goods and materials	27,111	89,481	31,599	94,701
Manufacturing cost of products, goods and materials	22,202	72,263	24,445	72,859
Gross profit (loss) on sales	4,909	17,218	7,154	21,842
Costs of sales	188	581	329	900
General and administrative costs	3,706	11,140	4,048	12,006
Profit (loss) on sales	1,015	5,497	2,777	8,936
Other operating income	708	721	720	528
Other operating costs	235	703	359	1,013
Profit (loss) on operating activities	1,488	5,515	3,138	8,451
Financial income	364	586	14	320
Financial costs	32	119	362	81
Net profit (loss) on continued operations	1,820	5,982	2,790	8,690
Taxes	473	1,324	382	1,709
Other charges on profit	0	0	0	0
Net profit (loss) on continued operations	1,347	4,658	2,408	6,981
Net profit (loss) on discontinued operations	0	0	0	0
Net profit (loss) of which per 1 share (PLN/piece):	1,347	4,658	2,408	6,981
- ordinary	0.14	0.48	0.25	0.73
- diluted	0.14	0.48	0.25	0.73

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	in PLN thousand			
	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 to 30/09/2018	from 01/01/2018 to 30/09/2018
Net profit (loss) on continued operations	1,347	4,658	2,408	6,981
including net profit/loss on discontinued operations	0	0	0	0
Components of other comprehensive income, including:	0	0	0	(7)
a) which will not be subsequently reclassified to profit or loss,	0	0	0	(7)
- adjustment for the application of IFRS 9 as at 01/01/2018	0	0	0	(8)
- deferred tax	0	0	0	1
b) which will be reclassified subsequently to profit or loss when specific conditions are met,	0	0	0	0
Overall total income	1,347	4,658	2,408	6,974

CONDENSED STATEMENT OF FINANCIAL POSITION	in PLN thousand		
	30/09/2019	31/12/2018	30/09/2018
ASSETS			
(Long-term) fixed assets	42,136	39,158	38,877
Tangible fixed assets	31,469	31,791	30,890
Right-of-use asset	3,687	0	0
Investment property	0	0	0
Intangible assets	6,526	6,919	7,523
Financial assets	385	385	385
Long-term receivables	69	63	79
Deferred tax assets	0	0	0
(Short-term) current assets	58,671	62,090	59,353
Stock	30,152	30,535	28,646
Total amounts due on account of deliveries and services	25,940	28,910	27,945
Other amounts due	2,073	2,110	2,141
Short-term investments	0	0	0
Cash and cash equivalents	199	166	165
Prepayments and accruals	307	369	456
Long-term assets classified as held for sale	0	0	0
Current assets in total	58,671	62,090	59,353
<u>TOTAL ASSETS</u>	<u>100,807</u>	<u>101,248</u>	<u>98,230</u>
LIABILITIES			
Equity	78,131	77,509	75,548
Initial capital	48,046	48,046	48,046
Retained profit:	30,085	29,463	27,502
-Supplementary capital	25,234	20,247	20,211
-Revaluation reserve	193	193	310
- Profit/ loss brought forward	0	0	0
- Result of the current year	4,658	9,023	6,981
Long-term liabilities	5,699	3,877	3,796
Interest-bearing bank loans and non-bank loans	0	0	0
Leasing liabilities	1,944	619	436
Other liabilities	280	0	8
Deferred revenue	0	0	0
Reserves for deferred income tax	1,932	1,715	1,764
Reserves for other liabilities and other charges	1,543	1,543	1,588
Short-term liabilities	16,977	19,862	18,886
Trade and similar liabilities	7,869	9,362	8,915
Leasing liabilities	836	614	479
Other liabilities	4,664	4,972	4,735
Short-term part of interest-bearing long-term bank loans and non-bank loans	2,416	2,992	3,077
Deferred revenue	157	95	135
Reserves for other liabilities and other charges	1,035	1,827	1,545
<u>TOTAL LIABILITIES</u>	<u>100,807</u>	<u>101,248</u>	<u>98,230</u>

in PLN thousand

CONDENSED STATEMENT OF CHANGES IN EQUITY	Initial capital	Retained profit			Equity total	
		Supplementary capital	Revaluation reserve	Profit/loss from previous years		
<i>Balance as at 01/01/2019</i>	48,046	20,247	193	9,023	0	77,509
Coverage of loss	0	0	0	0	0	0
Share premium	0	0	0	0	0	0
Dividend payout	0	0	0	(4,036)	0	(4,036)
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	4,987	0	(4,987)	0	0
Overall total income including:	0	0	0	0	4,658	4,658
- profit/loss for the period	0	0	0	0	4,658	4,658
<i>Balance as at 30/09/2019</i>	48,046	25,234	193	0	4,658	78,131

<i>Balance as at 01/01/2018</i>	48,046	17,982	338	6,052	0	72,418
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	58	(58)	0	0	0
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	(87)	0	9,023	8,936
- profit/loss for the period	0	0	0	0	9,023	9,023
- adjustment for the application of IFRS 9 as at 01/01/2018	0	0	(7)	0	0	(7)
<i>Balance as at 31/12/2018</i>	48,046	20,247	193	0	9,023	77,509

<i>Balance as at 01/01/2018</i>	48,046	17,982	338	6,052	0	72,418
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	6,974
- adjustment for the application of IFRS 9 as at 01/01/2018	0	0	(7)	0	0	(7)
<i>Balance as at 30/09/2018</i>	48,046	20,211	310	0	6,981	75,548

	in PLN thousand			
CONDENSED STATEMENT OF CASH FLOWS	from 01/07/2019 to 30/09/2019	from 01/01/2019 to 30/09/2019	from 01/07/2018 to 30/09/2018	from 01/01/2018 to 30/09/2018
A. Cash flows from operating activities (indirect method)	7,510	12,678	3,665	8,745
I. Gross profit (loss)	1,820	5,982	2,790	8,690
II. Total adjustments	5,690	6,696	875	55
1. Share in net loss (profit) of undertakings measured under the equity method	0	0	0	0
2. Amortisation and depreciation	1,612	4,637	1,479	4,319
3. Foreign exchange gains (losses)	35	62	25	22
4. Interest and profit sharing (dividend)	(6)	(113)	19	(31)
5. Profit (loss) on investment activities	(447)	(788)	0	193
6. Change in provisions	(612)	(792)	(451)	227
7. Change in stock	333	383	(1,330)	(1,138)
8. Change in receivables	3,842	3,001	(250)	(4,889)
9. Change in short-term liabilities excluding loans and credits	726	316	1,432	2,342
10. Change in prepayments and accruals	55	62	265	(52)
11. Income tax paid/refunded	152	(72)	(314)	(938)
12. Other adjustments	0	0	0	0
B. Cash flows from investment activities	(3,074)	(7,266)	(2,156)	(5,045)
I. Inflows	477	990	0	111
1. Sale of intangible assets and tangible fixed assets	447	547	0	24
2. From financial assets	30	443	0	87
- dividends and shares in profits	30	202	0	87
- other inflows	0	241	0	0
3. Other inflows from investment activities	0	0	0	0
II. Outflows	(3,551)	(8,256)	(2,156)	(5,156)
1. Purchase of intangible assets and tangible fixed assets	(3,551)	(8,256)	(2,156)	(5,156)
2. Other outflows from investment activities - investment advances	0	0	0	0
C. Cash flows from financial activities	(4,371)	(5,379)	(1,917)	(3,997)
I. Inflows	0	0	810	1,011
1. Credits and loans	0	0	810	1,011
2. Other inflows from financial activities	0	0	0	0
II. Outflows	(4,371)	(5,379)	(2,727)	(5,008)
1. Purchase from a shares	0	0	0	0
2. Dividend and other payments to shareholders	(4,036)	(4,036)	(3,845)	(3,845)
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0	0	0
4. Repayment of credits and loans	49	(576)	1,325	(731)
5. Payment of other financial liabilities	0	0	0	0
6. Payment of liabilities arising from financial leases	(360)	(678)	(188)	(376)
7. Interest	(24)	(89)	(19)	(56)
8. Other outflows from financial activities factoring	0	0	0	0

D. Total net cash flows	65	33	(408)	(297)
E. Balance sheet change in cash	64	33	(433)	(319)
- change in cash due to exchange differences	1	0	25	22
F. Cash opening balance	135	166	598	484
- foreign exchange gains and losses	0	1	18	21
G. Closing balance of cash	199	199	165	165
- foreign exchange gains and losses	1	1	43	43
- with limited disposability	0	10	0	0

3. Summary of the Company's activity in the period of three quarters of 2019.

Selected individual financial data

SPECIFICATION	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018	Change
Sales revenues in PLN thousand	89,481	94,701	-5.51 %
Gross profit on sales in PLN '000	17,218	21,842	-21.17 %
Gross margin on sales (%)	19.24%	23.06%	-3.82 p.p.
EBIDTA in PLN '000	10,152	12,770	-20.50 %
EBIDTA margin (%)	11.35%	13.48%	-2.13% p.p.
EBIT in PLN '000	5,515	8,451	-34.74 %
EBIT margin (%)	6.16%	8.92%	-2.76 p.p.
Net profit	4,658	6,981	-33.28 %
Net profit margin	5.21%	7.37%	-2.16 p.p.

Sales revenues generated by the Company in the first three quarters of 2019 were 5.5% lower than in the same period of 2018. In Q3 they were 14.2% lower than in Q3 2018. This is due to the deterioration of the market situation in Poland and Germany, as described in more detail on pages 18-19 when discussing the results of the Capital Group. No extraordinary events occurred.

The persistently high level of production costs resulted in a reduction of margins. Gross profit margin decreased by 3.8 percentage points and net profit margin by 2.2 percentage points. The Company's net profit in the first three quarters of 2019 amounted to PLN 4,658 thousand and is lower by 33.3% (PLN 6,981 thousand) when compared to the first three quarters of 2018. Liquidity ratios still remain at a high, stable level.

Compared to 31 December 2018, the Company's equity increased by PLN 622 thousand. Long-term liabilities, mainly finance lease liabilities, increased by PLN 1,822 thousand, and short-term liabilities decreased by PLN 2,885 thousand.

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.

in PLN thousand				
Segment revenues and profits/losses	Revenues		Profit/loss in the segment	
	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018
Components of industrial automatics	86,314	91,604	15,635	20,350
Other segments	3,167	3,097	1,583	1,492
Total from continued operations	89,481	94,701	17,218	21,842
Unallocated items				
Costs of sales			581	900
Costs of management and administration			11,140	12,006
Profit (loss) on sales			5,497	8,936
Other operating income			721	528
Other operating costs			703	1,013
Profit (loss) on operating activities			5,515	8,451
Financial income			586	320
Financial costs			119	81
Profit (loss) on continued operations			5,982	8,690
Taxes			1,324	1,709
Other charges on profit			0	0
Net profit (loss) on continued operations			4,658	6,981
Net result on discontinued operations			0	0
Net result on sold activities			0	0
Net result			4,658	6,981

in PLN thousand

Assets and liabilities of the segments	30/09/2019	30/09/2018
Components of industrial automatics	98,427	94,023
Other segments	4,648	3,822
Total assets of the segments	103,075	97,845

in PLN thousand

Other information on segments	Amortisation and depreciation		Increase of fixed assets	
	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018	from 01/01/2019 to 30/09/2019	from 01/01/2018 to 30/09/2018
Components of industrial automatics	4,365	4,070	8,722	3,975
Other segments	272	249	75	103
Total continued operations	4,637	4,319	8,797	4,078

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

in PLN thousand

Balance of asset revaluation write-offs	Balance as at 01/01/2019	Turnover in I-III 2019			Balance as at 30/09/2019
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and similar	3,082	0	0	0	3,082
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	1,542	450	48	470	1,514
V. Trade receivable revaluation write-off	227	49	0	72	250
VI. Revaluation write-off on short-term financial assets	67	3	18	6	52
Total	5,958	502	66	548	5,938

in PLN thousand

Provisions	Balance as at 01/01/2019	Turnover in I-III 2019			Balance as at 30/09/2019
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	1,989	0	0	0	1,989
II. Other provisions (including for future liabilities)	1,381	731	902	841	589
- for holiday leaves	542	648	0	668	562
- other	839	83	902	173	27
Total	3,370	731	902	841	2,578

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

	in PLN thousand	
	30/09/2019	30/09/2018
Deferred income tax asset	1,666	1,351
Deferred income tax provision	3,598	3,115
Excess of provision over asset	-1,932	-1,764

In the statement of financial position, the deferred income tax asset and deferred income tax provision are presented in the net amount, i.e. the provisions less the asset.

4.4 Transaction 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Relpol-Altera sp. z o.o.	0	0	0	0	0	0	0	0	52	103	0	0	0	0
DP Relpol Altera *	0	18	3,773	3,763	0	0	0	0	0	18	113	95	0	0
Relpol-M j.v	0	276	0	0	0	0	0	107	0	0	0	0	0	0
Relpol-Eltim Sp. z o.o.*	1,104	1,068	0	0	160	87	274	265	0	0	0	0	0	0
Relpol Elektronik*	0	0	2,503	2,713	60	0	0	0	0	0	154	289	0	0
Total	1,104	1,362	6,276	6,476	220	87	274	372	52	121	267	384	0	0

* 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 to the accounting principles in the separate statements

IFRS 16 „Leases”

In January 2016, the International Accounting Standards Board issued the International Financial Reporting Standard 16 “Leases” (“IFRS 16” or “Standard”) which replaced IAS 17 “Leases”, IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”. IFRS 16 specifies the recognition rules pertaining to leases in terms of measurement, presentation and disclosure of information.

IFRS 16 introduces a uniform accounting model for the lessee and requires that the lessee recognise assets and liabilities resulting from each lease exceeding 12 months, unless the value of the underlying asset is low. On the day of commencement, the lessee recognises the asset on account of the right of usufruct of the underlying asset and the lease liability which reflects their obligation to pay leasing fees.

The lessee separately recognises the depreciation of the asset on account of the right of usufruct and the interest on the lease liability. The lessee revaluates the lease liability after specific events (e.g. a change in the leasing period or a change in future leasing fees resulting from a change in the index or rate used to determine the said fees). Generally, the lessee recognises the revaluation of the lease liability as an adjustment of the value of the assets on account of the right of usufruct.

IFRS 16 requires both the lessee and the lessor to make broader disclosures than stipulated in IAS 17.

The lessee is entitled to choose either the full or the modified retrospective approach and the transitional provisions contain certain practical solutions.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The Company broke down the current operating lease agreements into groups and identified the categories of agreements previously unrecognised as leases, which may meet the definition of a lease according to IFRS 16.

In particular:

- The Company is a party to cooperation agreements under which it orders the manufacture of products then sold by the Company, providing the cooperating party with full specification and technical requirements concerning these products. The concluded agreements may be terminated with 3 months' notice or at the end of a given calendar year. Cooperating parties are not obliged to produce the ordered batches on specific machines, the agreements do not contain any restrictions regarding the acquisition of other customers by the cooperating parties. The services provided by cooperating parties are available on the market. In connection with the above mentioned features of the concluded agreements, the Company:
 - Considers that these agreements do not meet the definition of a lease because they do not concern the transfer of rights to use full or part of the physical production capacity;
 - Even in the event of orders placed by the Company to cooperating parties, which would result in filling their full production capacity, the Company does not believe that there is sufficient certainty that the cooperation agreement will last longer than 12 months, which would result in the agreement being classified as a short-term agreement.

Taking into account these issues - the Company classifies cooperation agreements as service agreements.

- The Company owns property under perpetual usufruct of land, which in accordance with the new standard will be presented as assets under rights of use, and future fee payments will be discounted and disclosed as a liability.
The Company assessed the value of potential liabilities and assets by virtue of the rights to use this property on the basis of the following assumptions:
 - The leasing period will be the period remaining in perpetual usufruct from the date of these financial statements;
 - The lease interest rate of 6.71% was determined as the marginal borrowing rate of the Company. The marginal borrowing rate for the Company was determined on the basis of the margin on current loan agreements included in the financial statements of the Parent Company, which was extrapolated for the lease period in order to determine the correct value of the liquidity margin.
 - Perpetual usufruct payments will remain at the 2018 level (in accordance with paragraph 27.b of the Standard, which indicates that variable lease payments are treated on initial recognition).
 - In accordance with paragraph C8.b.2 of the Standard, the Company assumed that the value of the assets on account of the right of use at the time of first application of the Standard would be recognised as an amount equal to the liabilities.

As a result of the assumptions and calculations made, the Company determined the value of leasing liabilities and assets on account of the right of use at: PLN 87 thousand.

The Company decided to implement the standard on 01/01/2019. According to the transitional provisions included in IFRS 16, the new principles were adopted retrospectively with reference to the cumulative effect of the initial application of the new standard to equity as at 1 January 2019. Therefore, comparative data for the financial year 2018 have not been restated (modified retrospective approach).

The Company decided to use both possible simplifications in accordance with paragraph C10.c of IFRS 16 and apply the Standard only for contracts longer than 12 months, in which the value of the leased asset exceeds USD 5,000.

The company, for lease agreements etc. concluded for an indefinite period with a notice period shorter than 12 months - does not recognise them as leasing contracts.

Apart from the aforementioned agreements, the influence of the standard on the financial position of the Company is insignificant.

Signatures of the Members of the Management Board:

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

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