



MINT OF  
POLAND

SINCE 1766



ANNUAL REPORT 2019

# Annual Report **2019**

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# Letter from the President of the Management Board to the Shareholders of the Mint of Poland

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Ladies and Gentlemen,

Our ability to use competitive advantages to successfully diversify our portfolio, is one of the strongest distinguishing features of our business activity. Over the past year, we have been actively working to make the best use of our knowledge and experience, and to translate them into market empowerment in each business segment.

In the traditional business area, we have focused on stable cooperation with the National Bank of Poland and expansion on international contacts. Trust in our reliability and superior quality resulted in completing deliveries to the Central Bank of Colombia and the Central Bank of Costa Rica. We have also won a tender for the production of platinum medals for the Ministry of Finance – Treasury Department of Thailand. Furthermore, our effective actions resulted in contracts with the Bank of Costa Rica, the Central Bank of Dominican Republic and the Central Bank of Paraguay. In the business field of commemorative coins, we have signed consecutive agreement with the National Bank of Tajikistan, and finalized the sales to the Central Bank of Oman. What is more, after several years of stagnation in cooperation with Ukraine, we have made contracts with three Ukrainian commercial banks. In South America, on the other hand, we have won tenders for production of commemorative coins for the Central Bank of Uruguay and the Central Bank of Nicaragua.

We were likewise pleased with the results of the electronic payments segment. Our contribution to the development of the smart city concept translated into innovative solutions that increased passenger comfort and supported advanced cities – these ones, that put stress on the following elements of the development strategies: efficient public transport, amenities for residents and tourists, green solutions.

Last year we also completed the installation of modern mobile ticket machines in all Warsaw trams. This gave the passengers a possibility to pay with a bank card or smartphone as they traveled. We have been consistently encouraging cooperation in these locations, where we had implemented innovative Open Payment System operating in the formula “choose,

pay and go". In addition to this, we installed 30 new ticket machines in Warsaw (including new metro stations), and created facilities for the residents of Łódź and Warsaw, who – thanks to our intuitive mobile apps – can easily pay for the public transport.

In addition to being innovative in the area of electronic payments, our priority is to ensure the highest level of security for our partners and end-users. At the end of 2019, we were certified to comply with the PCI Data Security Standard (PCI DSS) in the Merchant Level 1 category. The certificate confirms compliance with very strict requirements set by international payment organizations in the field of processing cardholders' data.

Within deliberate business diversification, we have promoted the real estate activity by developing the projects "Mennica Residence II" and "Praga Boulevards" (in Polish: Bulwary Praskie). State-of-the-art office complex "Mennica Legacy Tower" will soon house its first tenants. The aforementioned investment has set a record for the largest office market transaction in Poland. This confirms that we successfully recognize business opportunities and commit to projects that support our activity and enhance our image.

Please feel invited to read the entire financial report of 2019.

Yours faithfully,

Grzegorz Zambrzycki

President of the Management Board, the Mint of Poland

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a series of loops and a final flourish.



# Capital Group of the Mint of Poland

The Capital Group of the Mint of Poland is a leading domestic manufacturer and distributor of coins and medal and engraved products, as well as a prominent player in this segment in global markets. While implementing the strategy of balancing between traditional and modern products, the Capital Group of the Mint of Poland expands its activity in the segment of electronic payments by implementing and servicing the municipal card systems in Poland. From the point of view of creating added value, the real estate segment is the most perspective one.

THE MINT OF POLAND

Mennica Polska od 1766 Sp. z o.o. (The Mint of Poland since 1766) – 100%

Skarbiec Mennicy Polskiej S.A. (The Treasury of the Mint of Poland) – 100%

Mennica Ochrona Sp. z o.o. (security services) – 100%

Mennica Deweloper Sp. z o.o. (real estate) – 100%

Mennica Polska Spółka Akcyjna SKA (real estate) – 50%

Mennica Polska Spółka Akcyjna Tower SKA – 100%  
(real estate) – 100% – Mennica Towers GGH MT

Mennica Towers GGH MT  
Spółka z ograniczoną odpowiedzialnością SKA – 50%



# Shareholders of the Mint of Poland

|                                                                                                            | As at the date of publishing the report |                        |                            | as at 31.12.2019 |                        |                            | as at 31.12.2018 |                        |                            |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------|----------------------------|------------------|------------------------|----------------------------|------------------|------------------------|----------------------------|
|                                                                                                            | number of shares                        | % of the share capital | % of total number of votes | number of shares | % of the share capital | % of total number of votes | number of shares | % of the share capital | % of total number of votes |
| Zbigniew Jakubas with the subsidiaries referred to in Article 87 (1) of the Polish Act on Public Offering. | 25 180 270                              | 49,2%                  | 49,2%                      | 25 180 270       | 49,2%                  | 49,2%                      | 25 180 270       | 49,2%                  | 49,2%                      |
| Nationale-Nederlanden PTE SA                                                                               | 3 830 000                               | 7,5%                   | 7,5%                       | 3 830 000        | 7,5%                   | 7,5%                       | 3 830 000        | 7,5%                   | 7,5%                       |
| PTE PZU SA                                                                                                 | 3 538 420                               | 6,9%                   | 6,9%                       | 3 538 420        | 6,9%                   | 6,9%                       | 3 538 420        | 6,9%                   | 6,9%                       |
| Joanna Jakubas                                                                                             | 2 959 000                               | 5,8%                   | 5,8%                       | 2 959 000        | 5,8%                   | 5,8%                       | 2 959 000        | 5,8%                   | 5,8%                       |
| MetLife PTE SA                                                                                             | 5 116 719                               | 10,0%                  | 10,0%                      | 5 116 719        | 10,0%                  | 10,0%                      | 2 817 591        | 5,5%                   | 5,5%                       |

# Supervisory Board of the Mint of Poland

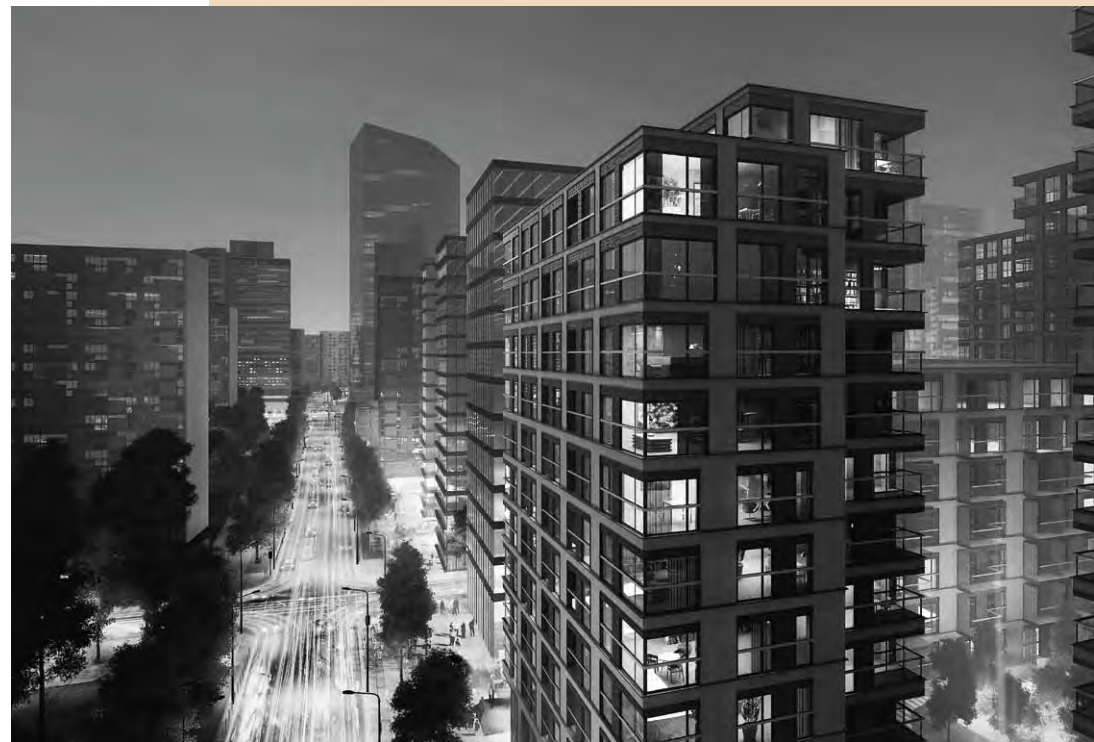
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In the period from 1 January to 15 May 2019 the Supervisory Board operated in the following composition:

- Zbigniew Jakubas – Chairman of the Supervisory Board;
- Piotr Sendeki – Deputy Chairman of the Supervisory Board;
- Paweł Brukszo;
- Jan Woźniak;
- Robert Bednarski.

In the period 15 May to 31 December 2019 the Supervisory Board operated in the following composition:

- Zbigniew Jakubas – Chairman of the Supervisory Board;
- Piotr Sendeki – Deputy Chairman of the Supervisory Board;
- Paweł Brukszo;
- Jan Woźniak;
- Michał Markowski;
- Agnieszka Pyszczyk.







# Key achievements and significant events

## Key achievements and events

Execution of orders for circulation coins for central banks of Costa Rica and Colombia.

Execution of the order for the production of 260 platinum medals for the Ministry of Finance – Treasury Department of Thailand.

Participation of the Mint of Poland in international numismatic events, including its presence at the World Money Fair 2019 in Berlin.

Participation of the Mint of Poland in the 27th Final of the Great Orchestra of Christmas Charity.

## Results

Strengthening of its position on international markets; the continuation of production for existing and newly acquired foreign recipients; deliveries under contracts commissioned by foreign issuers.

Confirmation of the highest quality of mint production in the form of another prestigious contract concluded with an Asian customer.

Presentation of new technological achievements and innovative products, including the "Medusa", "Athena and Minerva" and "Ave, Caesar!" coins.

Free production of gold hearts for the Great Orchestra of Christmas Charity auction and the active participation of the employees of the Mint of Poland in collecting money. PLN 41k was allocated to that noble goal. The auction of the gold heart with number one, manufactured by the Mint of Poland, ended up with a record high price of PLN 1.2m.

Delivery and installation of 583 ticket vending machines in Warsaw's trams under a leasing agreement, combined with several years of service.

Passengers of Warsaw trams gained a possibility to pay for traveling by card or via a smartphone supporting HCE/NFC technology.

Launch of the free "Mint Mobile Warszawa" and "Mint Mobile Łódź" applications.

Passengers of public transport in Warsaw and Łódź can take advantage of the new option of buying tickets online, thanks to the free applications from the Mint of Poland. The passengers can buy one-time transfer, time, day, weekend and group tickets.

Further development of distribution via vending machines as part of the Warsaw City Card.

30 new ticket vending machines were installed, including new underground stations.

Obtaining a certificate of compliance with the PCI Data Security Standard (PCI DSS) in the Merchant Level 1 category.

Certificate confirms the fulfillment of restrictive requirements set by international organizations – payment requirements in the field of cardholder data processing, and thus the maximum level of security of ticket purchase transactions.

"Mennica Residence" – significant advancement within the second stage.

At the end of the year, a total of 338 developer and preliminary contracts were signed, which represents over 99% of the number of apartments. The building, including the elevation, is ready. Finishing works are being executed.

"Praga Boulevards" [in Polish: "Bulwary Praskie"] – significant advancement of the first S1 building.

The S1 building, including the elevation, is ready. Finishing works are underway. In January 2019, the building conditions were obtained for an area of 12 ha. The Building Permit applications are being processed for the following quarters: R, S, N, O and P. The 110kV cable line has been completed. The sale at the end of 2019 closed with the number of 124 signed developer contracts or preliminary contracts, which accounted for 87% of all apartments in the S1 building.

The completion of construction works in the "Mennica Legacy Tower" project and ceremonial topping out.

100% of the leasable space has been commercialized. In the 4th quarter, the Western Building was released. Works on a taller 140-metre building are also being completed.

# Products and services of the Capital Group of the Mint of Poland

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In the discussed period, the business activity of the Capital Group of the Mint of Poland was focused on the following markets:

- mint products (coins and medal and engraved products);
- electronic payments (public transport tickets and parking prepayments coded on the city card, as well as the sale of mobile phone top-ups);
- real estate activities (projects: "Mennica Residence", "Mennica Legacy Tower", "Praga Boulevards" [in Polish: "Bulwary Praskie"], office and warehouse space rent).

## Segment – Mint products

In 2019, the Mint of Poland was carrying out the deliveries of circulation coins of all applicable denominations to the order of the National Bank of Poland, and also produced a few percent more collector coins than a year ago. In foreign trade, it was carrying out deliveries to the Central Bank of Colombia and finalized the production of two denominations of coins for the Central Bank of Costa Rica. At the beginning of 2019, the Mint of Poland also won a tender for the production of platinum medals for the Ministry of Finance – the Department of the Treasury of Thailand. In addition,



the Mint of Poland signed contracts for the production of circulation coins with the Central Bank of Costa Rica, the Central Bank of the Dominican Republic, the Central Bank of Paraguay and collector coins for the National Bank of Tajikistan. It also concluded distribution agreements with three commercial banks in Ukraine and recorded sales to the Central Bank of Oman. In South America, it won two tenders for the production of collector coins for the Central Bank of Uruguay and the Central Bank of Nicaragua.

In the first days of 2019, gold prices were at the level of USD 1,290.00 / t.oz. At the beginning of June, the price of ore soared up to the level of USD 1,546.00 / t.oz. at the beginning of September. At the end of the year, USD 1,514.75 / t.oz.

## Segment – Electronic payments

At the end of September 2019, the Mint of Poland completed the installation of modern mobile ticket vending machines on the board of all Warsaw trams. Thanks to the provided solution, it is possible to pay by bank card and smartphone in every vehicle. Warsaw Trams Company [Spółka Tramwaje Warszawskie] signed a leasing agreement for at least 583 modern ticket vending machines. The order may finally increase by another 178 devices that would be installed in newly purchased trams. Another 30 ticket vending machines were installed in the capital city (including at new underground stations), and the inhabitants of Łódź and Warsaw began to use mobile applications for purchasing tickets (Mint Mobile Warsaw and Mint Mobile Łódź).

At the end of the year, the Mint of Poland obtained a certificate of compliance with the PCI Data Security Standard (PCI DSS) in the Merchant Level 1 category. It confirms compliance with the stringent requirements set by international payment organizations in the field of cardholder data processing.

## Segment – Real estate

In the quarter of Grzybowska, Żelazna, Pereca and Waliców Streets – on the land where the production and Aurum office buildings were located – the first stage of the "Mennica Residence" project was completed, and currently the development of the second stage with a total residential area of over 24,000 sq m and a commercial space close to 6,000 sq m are underway.

The "Mennica Legacy Tower" project (a modern and technologically advanced office complex with an area of over 65,000 sq m) is currently being occupied by acquired tenants. At the same time, a process of business negotiations with a potential bidder regarding the purchase of the office building is underway, run by Golub GetHouse, which under Mennica Towers GGH MT Sp. z o.o. S.K.A. is responsible for carrying out the investment. The Mint of Poland, as a company jointly controlling the project, will decide on the next steps after receiving the final offer.

The real estate in Żerań, located along Jagiellońska Street, with an area of over 27 ha, on which the "Praga Boulevards" [in Polish: "Bulwary Praskie"] project is being implemented, stands out with its immense potential. The first building with a usable area of approx. 6,500 sq m is under construction, and relevant applications regarding the construction of another five ones with a usable area of approx. 18,000 sq m were submitted. Real estate conditions were also obtained for an area of 12 ha.

|                   | Segment                                                                                                                                                                                                   | Segment                                                                                                                                                                               | Segment                                                                                                                                      |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
|                   | Mint products                                                                                                                                                                                             | Electronic payments                                                                                                                                                                   | Real estate                                                                                                                                  |
| <b>Companies</b>  | Mennica Polska S.A.;<br>Mennica Polska od 1766 Sp. z o.o.*);<br>Skarbiec Mennicy Polskiej S.A.*);                                                                                                         | Mennica Polska S.A.                                                                                                                                                                   | Mennica Polska S.A.;<br>Mennica Polska Spółka Akcyjna S.K.A.;<br>Mennica Polska Spółka Akcyjna Tower S.K.A.;<br>Mennica Deweloper Sp. z o.o. |
| <b>Products</b>   | production and commercial and marketing activities related to circulating coins and collector coins, tokens, bars, medals, decorations, badges, seals, date stamps and other mint goods                   | service of city card systems, the sale of public transport and railway tickets, pre-paid tickets, revenues from parking fares, maintenance services and the sale of technical devices | implementation of development projects and the rental of office and warehouse spaces                                                         |
| <b>Recipients</b> | The National Bank of Poland [Narodowy Bank Polski] and foreign issuers, the domestic and foreign distributors of mint products, collectors, investors, corporate companies interested in token programmes | local government units supporting public transport, railway companies, individual customers                                                                                           | institutional customers and individuals                                                                                                      |
| <b>Markets</b>    | domestic and foreign                                                                                                                                                                                      | domestic                                                                                                                                                                              | domestic                                                                                                                                     |

The diagram shows the current structure of the segments of the Capital Group of Mennica Polska S.A. as at the date of the report, together with jointly controlled entities and associates:



# Financial results of individual business segments

## Financial results of business segments

Profit and loss account for the segments for the period from 1 January to 31 December, 2019

| Items of the statement<br>(in PLN thousand)                                          | Segment<br>Mint<br>products | Segment<br>Electronic<br>payments | Segment<br>Real<br>estate | Items<br>not assigned | Adjustments | Total         |
|--------------------------------------------------------------------------------------|-----------------------------|-----------------------------------|---------------------------|-----------------------|-------------|---------------|
| Revenues from the segment's core operations (sales to external customers)            | 388,720                     | 277,379                           | 3,173                     | 99                    | 0           | 669,371       |
| Segment's core operating expenses (sales to external customers)                      | -351,679                    | -272,620                          | -11,694                   | -8,417                | 0           | -644,410      |
| Segment's core operating expenses (sales to other segments)                          | -6,231                      | -1,744                            | -302                      | -128                  | 8,404       | 0             |
| Other operating revenues and expenses                                                | -57                         | 294                               | 393                       | -336                  | 0           | 294           |
| Result on derivatives related to unrealized sales                                    | 0                           | 0                                 | 0                         | -394                  | 0           | -394          |
| Share in profits / losses of investments estimated with the use of the equity method | 0                           | 0                                 | -1,252                    | -90                   | 0           | -1,341        |
| <b>Operating result</b>                                                              | <b>31,439</b>               | <b>3,309</b>                      | <b>-8,879</b>             | <b>-2,463</b>         | <b>113</b>  | <b>23,520</b> |
| Amortisation                                                                         | -4,130                      | -13,711                           | -2,101                    | -1,040                | 0           | -20,982       |
| <b>EBITDA</b>                                                                        | <b>35,570</b>               | <b>17,021</b>                     | <b>-6,778</b>             | <b>-1,423</b>         | <b>113</b>  | <b>44,502</b> |
| Financial revenues                                                                   |                             |                                   |                           |                       |             | 6,671         |
| Financial costs                                                                      |                             |                                   |                           |                       |             | -20,537       |
| Income tax                                                                           |                             |                                   |                           |                       |             | -10,857       |
| <b>Net financial result</b>                                                          |                             |                                   |                           |                       |             | <b>-1,203</b> |

\* EBITDA - operating profit increased by depreciation costs



## Merger of companies within the mint product segment

As a consequence of corporate decision-making processes undertaken in 2019, on 2 January, 2020, the District Court for the Capital City of Warsaw in Warsaw, the 12th Commercial Division of the National Court Register, by virtue of a decision of 2 January, 2020, made an entry in the register of Mennica Polska S.A. about the merger of the Mint of Poland [in Polish: Mennica Polska S.A.] ("Acquiring Company") with the companies Mennica Polska od 1766 sp.z o.o. ("Acquired Company 1") and Treasury of the Mint of Poland [in Polish: Skarbiec Mennicy Polskiej S.A.] ("Acquired Company 2"). The merger took place in accordance with the provisions of art. 492 § 1 item 1) of the CCC, i.e. by transferring to the Acquiring Company of all the assets of the Acquired Company 1 and the Acquired Company 2 by universal succession (merger by acquisition). Considering that all the shares from which it was possible to exercise the share rights in the share capital of the Acquired Company 1 and the Acquired Company 2 were held by the Acquiring Company, in accordance with art. 515 § 1 of the Commercial Companies Code, the merger took place without increasing the share capital of the Acquiring Company. In accordance with art. 493 § 2 of the CCC, the merger of the companies took place on the day on which the merger was entered in the appropriate register according to the registered office of the Acquiring Company (merger date). This entry resulted in the removal of the Acquired Companies from the register. As a result of the merger, the Acquiring Company – in accordance with art. 494 § 1 of the CCC – entered into all rights and obligations of the Acquired Company 1 and the Acquired Company 2 on the day of the merger.

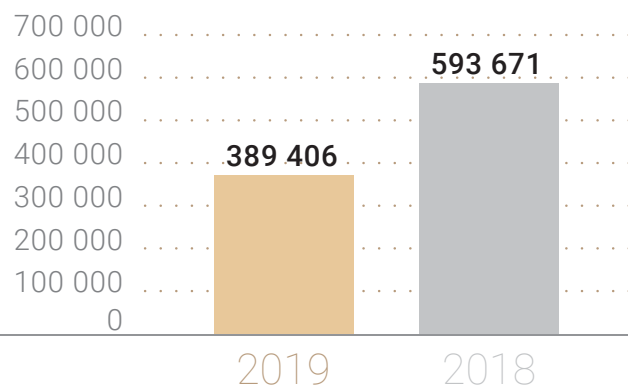
The merger is aimed at simplifying the organizational structure of the Capital Group of the Mint of Poland, facilitating processes, reducing overall costs related to the functioning of several independent entities and enabling free internal flows of goods and services within one entity. In addition, it aims to maximize the competitiveness of the Capital Group of the Mint of Poland in view of the current market environment, and thus enabling reaching synergy from the activities of the merging entities, also in view of changes in the business model and environment for companies in the segment of so-called direct marketing and the requirements of product recipients in the area of the operations of subsidiaries subject to the merger.



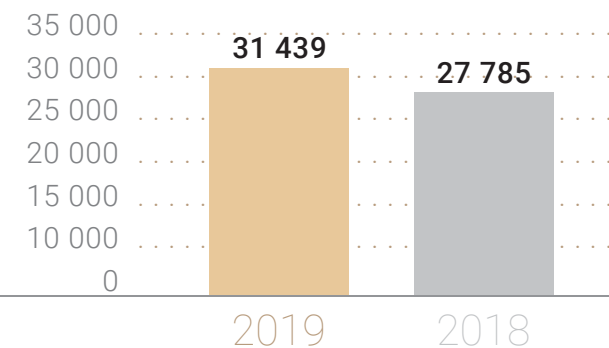
## Segment – Mint products

This segment encompasses:

- Production and sales of all kinds of mint products, including circulation and commemorative coins (including sales of gold and silver tokens), commemorative tokens and all kinds of medal and engraved products (medals, badges, label pins, seals, as well as hallmark and date stamps);
- Trading and marketing activity, particularly associated with promotion and distribution of commemorative coins, commemorative tokens and investment bars.



Revenue in the segment of mint products (expressed in PLN thousand)



Operating results in the segment of mint products (expressed in PLN thousand)

# Domestic coin market

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On the Polish internal coin market, the National Bank of Poland is our direct recipient. Within the discussed period, the Mint of Poland carried out coin deliveries for the National Bank of Poland on the basis of a framework agreement concluded on 11 July 2007, according to which the Mint of Poland should receive an annual collective order for the production and delivery of circulation and collector coins. The agreement specifies due dates of production and delivery of individual orders. In 2019, the Mint of Poland executed similar order volume, as compared to the orders placed by the National Bank of Poland in the preceding year. In terms of circulation coins, we produced coins with face values of 1, 2, 5, 10, 20 and 50 grosz, as well as 1 and 2 zloty (the latter one – bimetallic). In 2016, the contract between the National Bank of Poland and the Royal British Mint for the production of circulation coins with face values of 1, 2 and 5 groszy (manufactured from brass-covered steel) expired. The Mint of Poland took advantage of this opportunity to resume the production of these denominations, which returned to its production in 2017.

In 2019, we conducted a trial production of new technical specifications of 10-, 20-, 50-groszy and 1-zloty coins. Serial production of the above mentioned denominations started in 2020.

In the segment of collector coins executed for the National Bank of Poland in 2019, we manufactured nearly 245 thousand of coins – a few per cent more than

in the preceding year. The Mint of Poland continued to produce coins from the series “History of Polish Coin” – “The Szóstak (six grosz) of John III Sobieski”, as well as from the series “Treasures of Stanislaw August” – “Stephen Bathory”. In 2019, the coin from the series „100<sup>th</sup> Anniversary of Regaining Independence by Poland” was dedicated to Wojciech Korfanty. We have also produced the coins featuring “The Liberation Mound” and “The Monuments of Frombork” from the series “Discover Poland”. The series “The Great Polish Economists” was dedicated to Roman Rybarski. In addition to this, in 2019 we started a new coin series devoted to great Polish actresses: the coin embellished with ceramic insert and digital printing featured Helena Modrzejewska. Noteworthy, coins from the series “The Enduring Soldiers Accursed by the Communists”(decorated with pad printing) were devoted to Łukasz Ciepliński ‘Pług’ and Stanisław Kasznica ‘Wąsowski’, respectively. Furthermore, we executed more than 9 individual projects issued on various individual occasions: “100<sup>th</sup> Anniversary of PKO Bank Polski”, “100<sup>th</sup> Anniversary of the Signing of the State Archives Decree”, “Legislative Sejm of 1919-1922”, coin set “One Hundred Years of the Złoty”, “100<sup>th</sup> Anniversary of the University of Poznań”, “420<sup>th</sup> Anniversary of the Birth of Hetman Stefan Czarniecki”, 450<sup>th</sup> Anniversary of the Union of Lublin, coin set “Prussian Homage, Russian Homage”, “100<sup>th</sup> Anniversary of Polish Military Aviation”, “The Return of Gold to Poland”, “Vilnius Offensive”, “200<sup>th</sup> Anniversary of the Jan Matejko Academy of Fine Arts in Kraków”, “100<sup>th</sup> Anniversary of the Catholic University of Lublin”.

In 2019, the demand for collector coins issued by the National Bank of Poland has not changed significantly as compared to the years 2014-2018. Interest in commemorative coins in a group of traditional end-users remained relatively low and showed a further downward trend. On the other hand, the number of topics covered by commemorative coins increased to large extent. In 2019, the National Bank of Poland issued a record number of 24 topics for silver coins and 10 – for gold coins. Compared to 2018, the number of silver coin topics increased by nine, whereas of gold coins – by four. Total declared mintage of silver commemorative coins was estimated to 317, 500 pieces, whereas of gold coins – to 10, 619 pieces. Declared total mintage, as compared to 2018, increased by 45% and 108%, respectively. Average mintage of individual silver coin issue, estimated for 12,700 pieces, decreased by 13%.

The Mint of Poland produces silver 2-ounce oxidized coins struck with the use of high-relief technique on demand of the Polish numismatic companies. In 2019, we executed 23 projects of these highly popular coins, which gained popularity both on domestic and foreign markets. Interestingly, the Mint of Poland manufactured 2-ounce gold coins with inserts housing the oldest and rarest sorts of rum and cognac.

The Mint of Poland continues the production of its own commemorative coins dedicated to the collector and occasional market segment, issued within the confines of the “Royalty” program. In 2019, we struck 24 commemorative coins dedicated to domestic market, including coin with a stained glass “Church of St. Francis of Assisi in Cracow”, consecutive coins devoted to Slavic gods, as well as a coin featuring “Pieta” from the series “Masterpieces of Sculpture”. Furthermore, we created a coin with a movable sphere – “The Labyrinth”, a coin with a wooden insert – “500<sup>th</sup> Anniversary of Death of Leonardo da Vinci”, a coin decorated with colorful resin “Aztec Calendar”, as well as an interesting project of “Skull Chapel in Wambierzyce”.



## Domestic market of other mint products

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The situation on the market in terms of traditional medal and engraved products changes instantly. Customers tend to be more and more demanding in the reality of intensified competitiveness. Market position of the Mint of Poland, in an increasingly difficult business environment, is influenced by lowered quality demands, especially among price-driven customers. The Chancellery of the President of the Republic of Poland continues to place orders for the execution and delivery of badges and decorations through public procurement procedures. In a product group of medals, badges, official seals and hallmark stamps, we execute orders mainly based on contracts concluded with traditional customers.

## Domestic market of investment gold

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In 2019, we observed a demand revival in the investment gold market. In particular, in the last two quarters, the prices for the precious metal rose dynamically. This situation translated directly into higher sales at the stationary and online stores of the Mint of Poland. In the Polish bullion gold market prices were racing to new highs. At the turn of August and September, gold hit over 6,000 PLN per ounce. This was an all-time record never seen before. The Mint of Poland holds its position of a sales leader in the domestic investment gold market. Gold bars and ingots with our logo

are the most frequently chosen investment product in Poland. Thanks to cooperation with sales partners, investment products of the Mint of Poland are available at nearly 1,500 distribution points – mainly bank branches, where our customers can safely purchase their gold. Online stores offering investment products of the Mint of Poland attract more and more customers – mainly small investors. In order to address the expectations of large and demanding customers, we are actively looking for cooperation with financial advisors and family offices that are currently gaining their market share in Poland.

Polish customers have little knowledge about investment opportunities in terms of bullion gold. This market gap encouraged us to start cooperation with the Association of Individual Investors. Our mutual mission is to show to small investors the opportunities and benefits of investing their savings in precious metals. We also tend to popularize the brand of the Mint of Poland as the largest distributor of bullion bars and coins on the Polish market.

## Foreign coin market

In terms of foreign sales, the activity of the Mint of Poland concentrates mainly on three product groups, including circulation/collector coins and medals. In the first of the aforementioned groups, we should mention deliveries of two denominations – 50 and 500 peso – struck for the Central Bank of Costa Rica. Sales of circulation coins for central banks constitutes nearly 60% of all foreign sales. At the beginning of 2019, we won a tender for production of platinum medals for the Ministry of Finance – Treasury Department of Thailand. The medals commemorate the coronation ceremony of King Bhumibol Adulyadej. This transaction resulted in nearly 7-million-zloty revenue.

Our activity on foreign markets results in an increased number of public procurements. In the last 12 months, we gained over 45 invitations to tenders. Regardless of well-established market position, the Mint of Poland had not received as many orders in previous years. Strong market competition, particularly with mints producing their own tokens, was the main reason for this.

As part of the tender procedures in 2019, foreign central banks placed three public procurement orders at the Mint of Poland. At the beginning of 2019, we signed a contract with the Central Bank of Costa Rica for the production and delivery of 110 million of circulation coins. Sales within this contract will be implemented until the end of 2020. We also concluded a contract with the Central Bank of the Dominican Republic for the production of 20 million circulation coins. What is more, at the end of 2019, we won a tender with the Republic of Paraguay for the production and delivery of coins manufactured over two consecutive years.



In the product group of commemorative coins, the Mint of Poland cooperates mainly with distributors, banks and issuers. Central banks play a crucial role in this market segment, as they systematically invite the Mint of Poland to participate in tenders for production of silver and gold commemorative coins. We have been cooperating with the National Bank of Tadjikistan for two years. At the end of 2019, we signed a contract for production of 12 commemorative coins from the series "Wildlife of Tadjikistan". The order will be finalized in the second half of 2020. In the first quarter of 2019, we invoiced the Central Bank of Oman that ordered 600 pcs of commemorative coins produced from a precious metal.

After several years of stagnation in cooperation with Ukraine, we have made contracts with three Ukrainian commercial banks. In terms of revenue, it is 40% higher in comparison to contracts concluded with Ukraine in preceding years.

Our activity on foreign markets results in an increased number of customers and recipients. We won two tenders for production of commemorative coins in South America that will be executed in the first half of 2020. The Bank of Uruguay ordered 1,500 pcs of silver coins based on a framework agreement. At the end of the year, we started cooperation with the Central Bank of Nicaragua, which ordered silver and gold commemorative coins. The Mint of Poland offers a variety of occasional and gift products. During last 12 months we created more than 100 monetary products.

**The table below shows selected quantitative information on the segment's operations:**

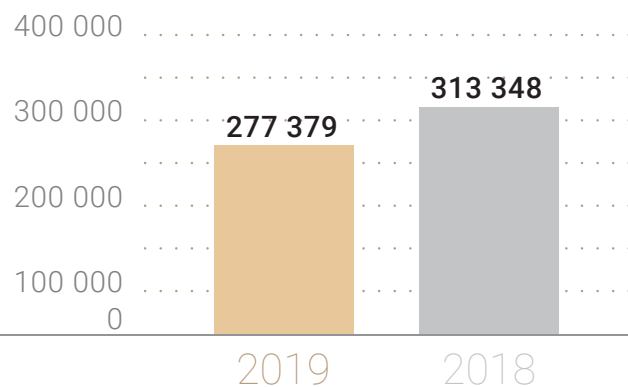
| <b>Segment of mint products</b>                              | <b>2019</b> | <b>2018</b> |
|--------------------------------------------------------------|-------------|-------------|
| Number of coins and commemorative tokens sold (thousand pcs) | 1,270,302   | 1,378,183   |
| Number of customers – circulation coins (based on sales)     | 3           | 6           |
| Number of customers – commemorative coins (based on sales)   | 3,285       | 3,413       |



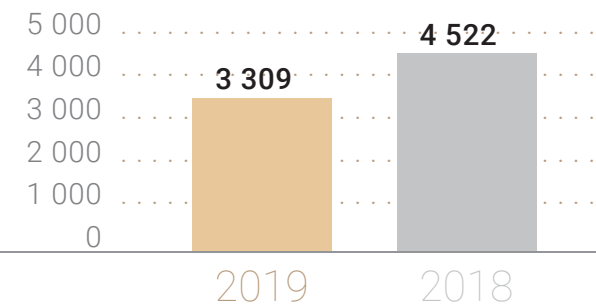
## Segment – Electronic payments

The segment includes supporting city card systems, selling and brokering in the sale of public transport tickets, pre-paid cards, maintenance services and technical devices for handling electronic payments.

The Mint of Poland has been actively developing its business activity on the electronic payments market since 2001. The Electronic Payments Division operates in this area. The company is a leader in Poland in the field of implementation, operation and development of city card systems.



**Revenues from the electronic payments segment** (in PLN thousand)



**Operating result of the electronic payments segment** (in PLN thousand)

The segment includes supporting city card systems, selling and brokering in the sale of public transport tickets, pre-paid cards, maintenance services and technical devices for handling electronic payments.

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In its activities, the Mint of Poland focuses on the market of city services, with a particular focus on the broadly understood public transport market. The basic products and services in the area of electronic payments are:

- public transport tickets in electronic and paper form, as well as other city services in electronic form, including systems for paying fares using payment cards directly in vehicles – the so-called Open Payment System;
- ICT systems for city card management and the sale of city services (mainly public transport tickets) based on proximity cards;
- the implementation and management of the electronic product sales network based on diversified distribution channels: POS terminals, ticket vending machines, e-commerce, mobile payments;
- the distribution of GSM pre-paid mobile top-ups.

In 2019, there was a slight decrease – (by 2% vs last year) in the recognition of gross nominal turnover generated through the systems operated by the Mint of Poland.

The higher decrease in revenues recognized in line with the accounting standards results from the shift in sales from the traditional partner distributors' retail outlets to the vending machine network. In relation to sales through the vending machines, the Company shows net revenues (agent's commission), while in relation to sales through the partner distributors' retail outlets, the Company shows gross revenues (sales of goods). As a consequence, the shift in turnover from this channel to the vending machines results in a decrease in revenue in the accounting terms. This phenomenon has a positive effect on the result, due to the smaller share of costs in the vending machine channel compared to the partner distributors' retail outlets of sale.

In 2019, the Electronic Payments Division was focusing its activity primarily on maintaining ongoing projects, as well as on implementing the project in Warsaw Trams [Tramwaje Warszawskie Sp. z o.o.] and the development of mobile ticket sales systems (proprietary "Mint Mobile" application). In addition, the implementation of the "Open Payment System" proprietary product – a solution used to collect fares for public transport tickets based on proximity card banking technology and an online open central system, was being continued. In the next two editions of the TRANSEXPO International Fair of Public Transport, i.e. in 2016 and in 2018, this system was awarded the medal in the "Fare Collection Systems" category, when it was twice recognized as the most innovative and modern IT solution in public transport. In addition, in March, 2017, the city of Jaworzno was awarded the prestigious "Smart City" award for the Open Payment System implemented by the Mint of Poland.

In the reporting period, the Mint of Poland was continuing works aimed at expanding the sales network of the Electronic Payments Division in currently served cities, as well as at acquiring new local and foreign projects also using the new Open Payment System product.

Efforts were also made to optimize the operational activity and maximize revenues from the sale of public transport tickets. In the reporting period, the Mint of Poland centralized its activities in the key city projects in the area of electronic payments:

- Warsaw City Card,
- "URBAN CARD" Wrocław City Card,
- "PEKA" Poznań Electronic Agglomeration Card,
- Gdańsk City Card,
- Lublin City Card,
- Bydgoszcz City Card,
- Jaworzno City Card,
- Suwałki City Card,
- "Migawka" Łódź City Card,
- the sale of tickets for Warsaw Commuter Railway through a network of ticket vending machines.

In the above projects, electronic products were sold through a network consisting of ticket vending machines, OPS ticket validators, retail outlets equipped with POS terminals, online sales systems and mobile payments. The retail sales network is based on various distribution channels, mainly based on cooperation with the fragmented retail market and network market (Ruch, Kolporter, Żabka, Poczta Polska, other local networks).

Here you can find a brief description of the segment's key projects:

#### **Warsaw City Card**

In the reporting period, the Mint of Poland was continuing the implementation of the Warsaw City Card project. The project has been implemented by the Company in cooperation with the City Transport Board in Warsaw since 2001.

In 2019, the Mint, as the operator of the largest public transport ticket distribution network, was conducting sales through over 1,000 retail outlets, over 450 ticket vending machines, the online sales system and the mobile payment system. In 2019, the Company was continuing its activities consisting in expanding the sales network in Warsaw, while conducting works related to its optimization.

On 14 November, 2018, the Mint of Poland signed a contract with Warsaw Trams for the delivery and operation including service and maintenance of 765 mobile vending machines. In the period from March to September, 2019, the process of successive installation and start up of the devices in vehicles was underway. Currently the project is at the stage of ongoing implementation and the Mint of Poland is providing service support for the devices.

#### **"URBANCARD" Wrocław City Card**

In the reporting period, the Mint of Poland, as the only distributor of public transport tickets in Wrocław, was conducting ticket sales through its own sales network including four Customer Service Offices, over 2,700 mobile ticket vending machines, 159 stationary ticket vending machines, approx. 220 retail outlets, the online sales system and the mobile application. The mobile vending machines allow paying directly in vehicles with the help of payment cards (the so-called Open Payment System).

#### **"PEKA" Poznań Electronic Agglomeration Card**

In the reporting period, the Mint of Poland was continuing the implementation of the project. Ticket distribution was carried out through its own sales network, consisting of 90 stationary ticket vending machines and about 100 sales terminals. The contract was concluded for a period of 10 years until 2024.

### Bydgoszcz City Card

In the discussed period, the Bydgoszcz City Card project was being continued. In October 2018, the Open Payment System was launched which enabled the passengers to pay fares using bank payment cards directly in vehicles. The system covered all public transport vehicles in Bydgoszcz. The sales network currently includes over 300 mobile Open Payment vending machines, about 100 terminals at retail outlets, 13 stationary vending machines and sales via mobile phones and the online store.

### Jaworzno City Card

During this period, the Mint of Poland was continuing the implementation of the Jaworzno City Card project. Currently, the ticket sales network in Jaworzno includes approx. 70 Open Payment ticket vending machines installed in all vehicles and about 60 sales terminals at retail outlets. In the reporting period, the Mint concluded with PKM Jaworzno an annex to the contract, on the basis of which, inter alia, the project duration was extended.

### "Migawka" Łódź City Card

In the discussed period, the project in Łódź was being continued, under which the Mint of Poland runs its own public transport ticket sales network based on sales outlets equipped with terminals. The project is implemented in cooperation with Miejskie Przedsiębiorstwo Komunikacyjne – Łódź Sp. z o.o. In 2016, the Mint of Poland was selected as the operator of the Open Payment pilot programme system in Łódź. As part of the pilot programme, in September, 2017, a fare collection system was launched based on EMV validators accepting contactless bank payment cards. In 2019, work began on expanding the current sales network.

### Gdańsk City Card

In Gdańk, in the reporting period, the Mint was running the sale of tickets using 80 stationary ticket vending machines. In addition, in October, 2018, the pilot Open Payment project was launched to pay fares using bank payment cards directly in vehicles.

### Other city projects: Lublin City Card, Suwałki City Card

In the discussed period, the implementation of projects in Lublin and Suwałki was being continued. These are mature projects in which activities focused on maximizing the sale of public transport tickets through the existing sales network.

### Railway projects

In the reporting period, the Mint of Poland was conducting an operator project with Warszawska Kolej Dojazdowa Sp. z o.o., consisting in agency sales of railway tickets through the network of ticket vending machines of the Mint of Poland.

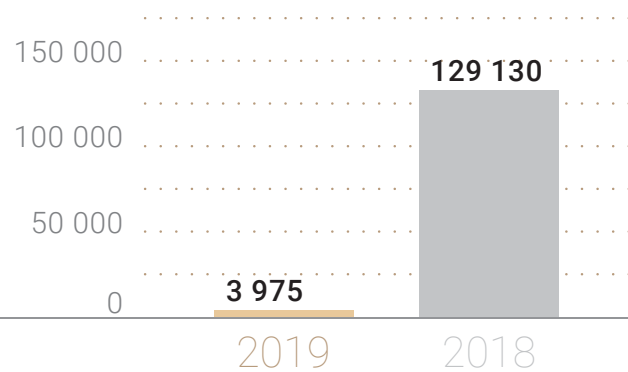
The table below shows selected quantitative information on the segment's operations:

| Electronic payments segment                                                           | 2019        | 2018        |
|---------------------------------------------------------------------------------------|-------------|-------------|
| Nominal value of gross turnover generated by the Mint's systems                       | 829,244,846 | 847,119,337 |
| Number of stationary vending machines involved in contracts at the balance sheet date | 824         | 817         |
| Number of OPS readers involved in contracts as at the balance sheet date              | 3,861       | 3,861       |
| Number of mobile vending machines involved in contracts at the balance sheet date     | 583         | 0           |

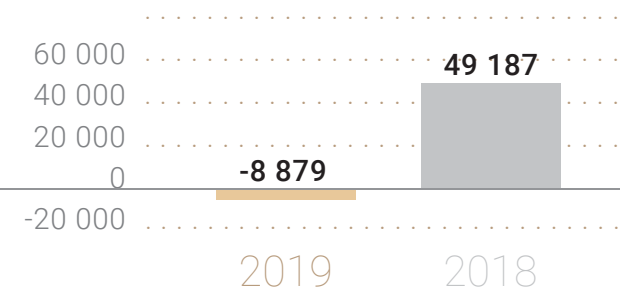
## Segment – Real estate

The segment includes, in particular, the implementation of real estate projects and the rental of office space.

The Mint of Poland implements real estate projects on its own land and rents office and warehouse space in its buildings. In addition, the Company holds shares (directly and indirectly) in the companies: Mennica Polska Spółka Akcyjna S.K.A. and Mennica Towers GGH MT Spółka z Ograniczoną Odpowiedzialnością S.K.A. These companies own land in Warsaw and carry out construction investments.



Revenues from the real estate segment (in PLN thousand)



Operating result of the property development segment (in PLN thousand)

### "Mennica Residence" project

In the real estate project, a total of 530 apartments were designed, with an average area of approx. 50 sq m and a total usable area (apartments and services) of approx. 33,000 sq m. There will be 1-, 2- and 3-room apartments with an area of not bigger than 60 m<sup>2</sup>, and 4-, 5- and 6-room apartments on high floors with an area from 76 sq m to 233 sq m. Parking spaces for cars (cars, motorbikes and bicycles) in an underground three-storey car park were also provided to future residents.

The sale of apartments (within the meaning of signed developer contracts or preliminary sale contracts) as part of the first stage at the end of 2019 closed with the number of 188 signed contracts, which represents 99.5% of all apartments in the first stage of the investment. The total area of sold apartments amounted to 10,285 sq m, which constitutes 98.4% of the total usable floor area of apartments in the first stage of the investment. As part of the second stage, the corresponding sales at the end of 2019 resulted in the number of 338 signed developer contracts or preliminary sale contracts, which represents 99.12% of all apartments in the second stage of the investment. The total area of apartments sold was 15,069 sq m, which is 96.38% of the total usable floor area of apartments in the second stage of the investment.

The attractive architecture and location of the project, as well as the strong image of the Mint of Poland as a solid and trustworthy developer, contributed to commercial success.

The completion of the second stage of the investment is planned for the end of the first half of 2020.





### **"Praga Boulevards" project**

In the reporting period, the Mint of Poland, as the general partner of Mennica Polska Spółka Akcyjna S.K.A., was managing its current operations focusing mainly on the continuation of work on the preparation of a land development project for the land located in Warsaw at Jagiellońska street, with a total area of 276,119 sq m for multi-family and commercial buildings in the form of offices and services. In 2019, after a series of long talks and arrangements with municipal institutions and obtaining the necessary documents (including the environmental decision), the Building Conditions for the area covered by the environmental decision were obtained. Based on the issued Building Conditions, design work was started for the first 3 quarters, for which obtaining the Building Permit is expected at the turn of 2020 and 2021. In the discussed period, 110kV line cabling was carried out, which freed about 4 ha of land for building construction.

In addition, based on the Building Permit obtained at the end of 2018, the construction of the first multi-family building designated S1 (143 residential premises) was carried out. The works are expected to be completed in the first half of 2020. At the end of 2019, the sale closed with the number of 124 signed developer contracts or preliminary sale contracts, which accounts for 87.32% of all apartments in the S1 building.

In the reporting period, proceedings were being continued (based on the Building Conditions obtained in 2018) to issue permits for further buildings S2, S3 and R1, R2, R3 (a total of 323 residential premises). Due to the prolonged procedure concerning the re-assessment of the environmental impact, obtaining further permits for these buildings is expected in the period July – October 2020.

**"Mennica Legacy Tower" project**

The project is implemented as part of Mennica Towers GGH MT Sp. z o.o. S.K.A., in which the Group of the Mint of Poland and the Golub GetHouse developer each have a 50% equity share. The investment is handled by the Golub GetHouse partner, while the Group of the Mint of Poland, jointly with the Golub GetHouse partner, controls the design company in terms of key decisions. The project under development is a modern business centre in Warsaw's Wola district, on the property located at Pereca 21 street. The spatial dominant architecture element will be a 130-metre tower (with 32 office floors) of the Mennica Legacy Tower (MLT). It will be accompanied by a 9-storey building. The total leasable area is around 65,000 sq m, of which approx. 50,000 sq m is in the tower. The project is currently being occupied by already acquired tenants and is in the process of sale to the target investor.

**Commercial space for rent**

In terms of sales revenues in the discussed period, the Company was continuing to rent space in the Mennica Residence and Nefryt building in Annapol. Below there are selected quantitative information about the segment's operations:

| <b>Developer segment</b>                                                            | <b>2019</b> | <b>2018</b> |
|-------------------------------------------------------------------------------------|-------------|-------------|
| Number of apartments sold (according to final notarial deeds) ("Mennica Residence") | 0           | 179         |
| Number of apartments by initial sale, including:                                    | 126         | 94          |
| "Mennica Residence" project                                                         | 23          | 73          |
| "Praga Boulevards" project                                                          | 103         | 21          |





# Strategies and development prospects of the Mint of Poland

Development strategy of the Mint of Poland and its Capital Group is based on the principle of profit maximization with the use of diversification of three main independent business segments: mint products, electronic payments and real estate. Delivering high-quality products and services, maintaining a leading position in innovation and technological advancement constitutes an overarching objective of each of these business segments. In the area of organization and management, our primary strategic task is to improve the quality of the management system and methods implemented in accordance with ISO standards. This happens by creating an employee incentive system, optimization of operational activity and flexible matching of resources and costs with ongoing projects and sales.

Key elements of strategy along with development prospects in the next financial year (specific to individual segments of the Capital Group of the Mint of Poland):

## Segment – Mint products

### Key elements of strategy

- Increased competitiveness in the segment of commemorative and circulation coins achieved by implementation of a wide spectrum of minting techniques: meeting customer needs;
- Development of contemporary and high-end minting techniques that make our sales portfolio more diverse and appealing. This attitude attracts more and more customers and, simultaneously, increases the number of orders placed in the reality of increasingly demanding market of numismatic products;
- Emphasis on providing the highest quality of supplies, security and customer service to the National Bank of Poland – our key customer in the domestic market;

- Strengthening the position in South American and Asian markets;
- Optimization of production processes: constant management improvement in the field of human resources and machine resources;
- Increasing the export share in the segment of circulation coins, maintaining high competitiveness in sales of commemorative coins by combining high quality with attractive price. Intensified activity and participation in tenders organized by central banks;
- Assuring safety, high quality of products and professional customer care in the sales process of investment products (gold bars and bullion coins);
- Active cooperation with customers in terms of product design;
- Diversification of distribution channels.

**Development prospects:**

- Global demand for circulation coins, regardless of increased share of non-cash payments, is not declining;
- According to the Appendix to the Agreement signed with the National Bank of Poland in 2018, the Mint of Poland continues the 2-year production period of all denominations of Polish circulation coins with the production volume of 1 billion pieces annually;
- In the current financial year, the Mint of Poland was invited by numerous central banks to participate in tenders for deliveries of circulation and commemorative coins. Estimated number of all tenders this year: 40.



### Segment - Electronic payments

#### The key elements of the strategy:

- The improvement and optimization of the functioning projects;
- Maintaining the leading position on the market within the portfolio of urban projects;
- The development of the Open Payment System project;
- Searching for new opportunities and development possibilities on domestic and foreign markets in the area of the segment core activity;
- The diversification of distribution channels – as part of already supported projects, the segment has a diversified sales network through which it sells public transport tickets. The sales network consists of various channels tailored to the needs and expectations of customers, including EMV ticket validators, POS terminals, stationary and mobile ticket vending machines, as well as sales via mobile applications and online stores.

#### Development prospects:

- The electronic payments segment carries out long-term contracts in the largest cities in Poland. In the next financial year, the electronic payments segment will be mainly focusing on large urban projects in Warsaw, Wrocław (implementation of a new project under the contract concluded on 8 March, 2017), Poznań, Łódź, Bydgoszcz, Lublin, Gdańsk, Jaworzno, Suwałki and KZK GOP. The deadlines of the existing 3 largest contracts will expire successively in 2022, 2026 and 2024. In addition, in the subsequent periods, we will have been continueing the project for at least 4 years under an agreement with the Warsaw Trams [Warszawskie Tramwaje Sp. z o.o.], regarding the service of 583 mobile ticket vending machines delivered by the Mint of Poland.





### Segment - Real estate

#### The key elements of the strategy:

- Maximizing the added value through the implementation of real estate projects on owned land;
- The continuation of already launched projects and the preparation of further real estate projects in attractive locations in Warsaw;

#### Development prospects:

- As part of the flagship project, which is the Mennica Residence project, 341 apartments will be released to use in the second stage of construction which is currently being implemented. Its sophisticated architecture, attention to detail and a separate passage with its varied greenery make the buildings a new showcase of the Wola district. In the current financial year, the presale of apartments will be continued, and it is planned to complete the investment and to transfer the apartments to the buyers (final sale). As part of the first stage, the ownership of the last 10 apartments remain to be transferred in the current financial year;

- The "Praga Boulevards" [in Polish: "Bulwary Praskie"] project investment, carried out at Mennica Polska Spółka Akcyjna S.K.A., in the area of over 27 ha located between Jagiellońska and Trasa A-K streets, has huge development potential. This area, due to its specificity, including the immediate vicinity of the Vistula river and green areas, will in the future become a characteristic area of the right bank of Warsaw – exposed in the panorama of the city and containing an attractive, multi-functional programme. The expected usable area of multifunctional buildings is about 400,000 sq m. In the current financial year, it is planned to release the first building to use and start the construction of the next quarters. Currently, 142 attractive apartments with various sizes adapted to the current tastes of buyers are being built as part of the first building;
- The third project is the joint implementation (together with the Golub GetHouse developer) within Mennica Towers GGH MT Spółka z Ograniczoną Odpowiedzialnością S.K.A., two office buildings – a modern business centre in Warsaw's Wola district, on the land located at ul.[street] Pereca. The spatial dominant architecture element will be the 130-metre tower (with 32 office floors) named Mennica Legacy Tower (MLT). It will be accompanied by a 9-storey building. The total rental area is nearly 66,000 sq m, of which 51,000 sq m is in the tower itself. The project is in the stage of occupation by already acquired tenants and in the process of sale to the target investor.



# Characteristics of external and internal factors relevant to the development of the Capital Group

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## Internal factors of development

Strengths that distinguish the Capital Group of the Mint of Poland on the market:

### **We are a global market leader in the field of high-end technologies and diversity of applied solutions.**

The Mint of Poland is one of the few mints in the world creating commemorative coins in nearly all available technologies existing on the market, including 3D coins. We apply more than 12 different decorative techniques on our coins: cut-outs of different shapes, colorful ornaments applied on the coin's surface with the use of pad printing and high-quality digital printing hardened with UV-light. We embellish our products with different inserts, selective gilding, oxidizing, copper and ruthenium plating. We also give them different forms and shapes. In 2019, for the first time, we applied 3D-printing to create a coin insert. A coin in the form of a sandglass is a perfect example of this solution. What is more, we produce holographic coins, high-relief coins and large-size coins. Some of them are additionally decorated with laser frosting and micro-reliefs that produce amazing visual results. Furthermore, we protect our silver coins (and coins produced from different alloys) with anti-tarnish nano-layer coating. This attitude is not widely used on the market. Importantly, the combination of different techniques gives us a status of a forerunner, and, presumably, makes us the only mint in the world creating so diversified products. In the beginning of 2019, for the next time we prepared several projects that bewildered the world's mints and the entire coin market. This could be said about a 3D coin in the shape of an egg embellished with synthetic enamel, as well as an ultra-high-relief coin devoted to Nefertiti and decorated with a glass insert and digital printing. Our technical department is prepared to run the project on production of circulation coins decorated with digital printing. Our commemorative tokens are protected with an anti-tarnish coating, too. We can still see a market potential and our chance to introduce new products decorated with antique finish technique.

### **We are proud of our 250-year history**

The Mint of Poland was established in 1766 by King Stanisław August Poniatowski, who had an aim to create a mint that would produce the most beautiful and distinguishable coins in the Old Continent. Today, the Mint of Poland is a leading manufacturer of coins and numismatic products, known for its innovative and extraordinary projects in both Poland and Europe.

## We win many prizes and distinctions for our products

Nearly every year brings us new prizes and distinctions that confirm strong position of the Mint of Poland on the international level. We successfully combine the highest standards of quality with diversified offer aimed at a wide spectrum of end-users. We implement all technological solutions appearing on the market.

Thirteenth edition of a prestigious numismatic contest "Coin Constellation" brought us five prizes and distinctions for coins issued in 2019. We stood on the podium in five categories. "The Year of the Pig" (face value: 1 dollar) from the series "Chinese Callendar" took the first place in the "Best Souvenir Coin" category. Silver coin-earrings "Egyptian Queen Nefertiti" (face value: 200 CFA francs) took the third place in the same category. The "Qianlong «Wanshou Lianyan» Vase" (face value: 100 dollars) was the second "Gold Coin of the Year", whereas "Maternity in Art" (face value: 1,000 CFA francs) became the third "Silver Coin of the Year". The third place in the "Coin classic" category was awarded to "Henry Valois – Treasures of King Stanislaw August" (face value: 500 zloty). The aforementioned success confirms that the achievements from previous years were built on strong foundations.

In 2018, products of the Mint of Poland were distinguished mainly in the "Coin Classic" category (silver 10-zloty coin Nicolaus Copernicus from the series "Great Polish Economists", "Original Technology" – 2nd place for the multi-award-winning 10-dollar coin "Tsar Kolokol" and the "Unique Concept" (3rd place for the silver 2-dollar coin "Earthquake"). In April of the same year, we won four prizes during the 30th edition of the Mint Directors Conference. This was an unprecedented achievement during this important event which gathers the most valued experts from the monetary field; they appreciated not only the technological advancement of our products, but also their high artistic value. The first prize in the gold coin category was granted to the "Qing Dynasty Vase" coin. The highest place on the podium in the silver coin category was given to "Ares". The "Tsar Kolokol" was yet another coin that received the highest prize in its category. We also received recognition for a packaging designed to encourage collecting – a cross-shaped box of original form and functionality offered with the numismatic set "Way of the Cross". The packaging can hang on a wall allowing an effective display of one's collection.

## We take active part in the world's branch events

The Mint of Poland is an active member of the Mint Directors Conference Technical Committee (MDC-TC) where we broaden our know-how through cooperation with leaders in the field of monetary production. In 2019, the Mint of Poland discussed the technologies of tool production, protection of silver coins against tarnishing, as well as process enhancement during the operation of minting presses.

Representatives of the Mint of Poland take part in international events dedicated to the production of commemorative and circulation coins. This year seven members of the Mint of Poland participated in the Technical Forum during the World Money Fair in Berlin. In previous years, we presented our accomplishments in terms of the production of 3D coins manufactured with the use of a new technology. The world's first coin with an element curved by more than 90 degrees arose particular interest among the fair participants.

The Mint of Poland is active in numerous fields, including the Mint Directors Conference Technical Committee (MDC-TC), Mint Directors Working Group (MDWG) and Technical Sub Group (TSG).

Coin Constellation 2019 in Moscow was yet another occasion to present our achievements. We also participated in the Coin Conference in Rome, TEMAN and Mint Director's Conference in Singapore.



### **We are concentrated on innovation and high quality of our products**

Success achieved by “Fortuna Redux” – the world’s first coin in the shape of a cylinder introduced in 2013 and highly priced during international competitions – became a spur to continue the development of innovative projects. In consecutive years we created coins in the shape of mini-cylinder, a pyramid-shaped coin, coin in the shape of a cube and tryptich (embellished with original decorations), as well as in the shape of a score – a curved sheet of paper – dedicated to Frederic Chopin. A coin in the shape of a sphere, manufactured in both proof and oxidized quality from 999-sterling silver from 7 ounces of precious metal, was yet another truly innovative project. The same can be said about 7-ounce gold-plated, oxidized or proof coin in the shape of an egg. In 2017, the Mint of Poland manufactured for the Bank of Lebanon a series of coins in the shape of a hemisphere, a prism and a bell. The coin from the series “Imperial Fabergé Eggs” featuring the Trans-Siberian Railway was a tremendous success among the customers. This year we are continuing our outstanding innovative projects. It is worth mentioning that for the first time such coins were ordered by the National Bank of Poland: gold and silver coins in the shape of a sphere were issued to commemorate the 100th anniversary of regaining independence by Poland. This issue was highly popular among Polish coin collectors. During the World Money Fair in Berlin we presented two coins struck with highly difficult technology: a coin in the shape of a Colosseum and a coin featuring the mythological Medusa (the latter manufactured with the use of new concept – connection of ultra-high relief and a silver cast insert. This year we present the “Clover Leaf Egg” with elements decorated with synthetic enamel. We also continue to produce coins in the technology of ultra-high relief coated with antique finish.

### **We continue the best traditions in the segment of engraved and medal products**

The Mint of Poland is a traditional producer of state decorations made for the Chancellery of the President of the Republic of Poland. We continue the best traditions of Polish medallic art, making the highest-quality commemorative medals commissioned by state and local government authorities, public institutions, unions and associations as well as companies and plants of various branches of the economy. Products such as state decorations, badges, stamps, medals, seals, date stamps have a well-established market position for years. These are traditional products of the Mint of Poland and their sale constitutes a significant share in the entire domestic market. The position of the Company in this product group is determined by many years of experience, high quality of products and customer attachment to the Company as a reliable, responsible manufacturer and supplier. In the case of official seals with the image of the state emblem, the Mint of Poland has been the only entity authorized to make them since 1926.

### **We are a key participant in the Polish collector coins market**

We distribute coins of the National Bank of Poland [Narodowy Bank Polski] and collector coins of foreign issuers for domestic recipients. We work with collectors and numismatic organizations.

### **We enjoy high reputation and experience on foreign markets**

The Mint of Poland has gained vast experience and recognition as a reliable and trustworthy producer of coins on the foreign market. Cooperation with the largest distributors of collector coins in the world is continued. Central and commercial banks are key customers, among others from Russia, Georgia, Belarus and Ukraine. In total, we cooperate with nearly 100 distribution companies around the world. Conducting a stable pricing policy, responding quickly and effectively to customers’ demands are the most important factors causing attachment and willingness to continue

cooperation. The vast majority of our customers declare that we are their most important supplier. The Mint of Poland is one of the leaders on the world market of circulation and collector coins. From year to year, the portfolio of recipients is expanding with new countries, and we already operate on almost every continent.

### **We are a national leader in the production and distribution of gold investment bars**

The Group of the Mint of Poland is the only producer of gold bars in Poland and provides comprehensive support for the distribution of investment products. The Mint of Poland offers its customers a full range of investment products made of gold, available at any time. We have the ability to produce bars of non-standard weight or a non-standard shape, such as the investment bar in the shape of a dice. Another distinguishing feature in this area is the management in the Capital Group of the Mint of Poland a wide range of distribution channels, such as an online investment platform, the branches of reputable banks and direct sales from the headquarters. The Mint of Poland guarantees the safe storage of gold bars in its treasury and the repurchase of gold at market prices.

### **We are the market leader of city card system operators in Poland**

We service over a million cards throughout the country, which are the carriers of public transport tickets and fees for other city services. We operate systems in Warsaw, Wrocław, Poznań, Gdańsk, Bydgoszcz, Lublin, Jaworzno, Suwałki and Łódź. In 2019, we were strengthening our position by acquiring new projects as well as the development and optimization of the sales network in the currently implemented projects.

### **We have the best developed and technologically advanced sales network in the country and know-how enabling the distribution of various electronic services and products**

The Mint of Poland has the largest and most modern city card service network in Poland, consisting of over 4,700 stationary and mobile ticket vending machines (including EMV validators), 2,500 POS terminals as well as e-commerce and m-commerce channels. We have the appropriate know-how as well as organizational and financial facilities, which allows us to use the emerging opportunities on the market of city card systems. In 2016, we developed, and in 2017 we implemented the "Open Payment System" – a proprietary solution enabling passengers to pay fares for journeys by public transport directly using bank payment cards.

### **We have great potential on the development market**

The Mint of Poland, having, directly or through its special purpose vehicles, shares in attractive properties, also implements and prepares real estate projects. The flagship project is the Mennica Residence project. It is a complex of modern residential buildings, located along the newly designed pedestrian passage, with a separate internal courtyard and diverse greenery at different levels, which will soon become a showcase of the district. The tallest building has fifteen storeys. The property has been designed for individual and institutional customers. A clear division between service functions (first two storeys) and residential (storeys above) was assumed. On the ground floor, in addition to service areas, there are halls leading to the residential parts, and from the intersection of Grzybowska and Żelazna Streets there is the main entrance lobby to two corner towers and the fitness area, equipped with its own terrace from the inner courtyard. The buildings are classified in the medium-high segment, while for more demanding customers there are spacious penthouses or two-storey apartments. The three-level underground garage will have parking spaces for cars, motorbikes and bicycles. As part of both stages of construction, a total of 530 apartments are being built.

The second project is the joint implementation (together with the Golub GetHouse developer) within Mennica Towers GGH MT Spółka z Ograniczoną Odpowiedzialnością S.K.A., of a modern business centre in Warsaw's Wola district, on the property located at Pereca 21 street. The spatial dominant architecture element will be the 130-metre tower (with 32 office floors) named Mennica Legacy Tower (MLT). It is accompanied by a 9-storey building. The total rental area is close to approx. 65,000 sq m, of which approx. 50,000 sq m is in the tower itself.

Another undertaking is the project called "Praga Boulevards" [in Polish: "Praga Bulwary"], being implemented as part of the company Mennica Polska Spółka Akcyjna S.K.A. This project covers the area located between Jagiellońska and Trasa A-K streets and the planned Krasiński's Bridge road. It is a large area of over 27 ha. The immediate vicinity of the Vistula river creates enormous opportunities for revitalization and activation of this post-industrial area. This area, due to its specificity, will in the future become a characteristic area of the right bank of Warsaw – exposed in the panorama of the city and containing an attractive multi-functional programme. Its location allows for the harmonious combination of urban functions with recreational areas on the Vistula's bank located in the immediate vicinity of Natura 2000. Thus, it creates the opportunity to create new attractive places in public space not only on the scale of the district, but also of the whole city. The expected usable area of multifunctional buildings is about 400,000 sq m.

### **We have a certified quality management system, environmental protection and health & safety regulations**

The parent company in the Group, the Mint of Poland, has a certified quality management system in accordance with the requirements of the standard ("good practice") established by the PN-EN ISO 9001:2015-10 standard, an environmental protection management system in accordance with the PN-EN ISO 14001:2015-09 standard and a health&safety management system in accordance with the standard PN-N-18001:2004 in the scope of:

- the design, production and storage of circulation and collector coins, monetary products, investment bars and engraved and medal products,
- the design, implementation, maintenance and development of electronic payment systems of public transport.

### **We have a stable and reliable economic and financial situation**

Our valuable assets, high levels of the ratios of financing assets with equity, safe liquidity ratios, stable profitability and effective financial risk management make the Mint of Poland a reliable, sound and trustworthy business partner.

## External development factors

The most important external factors related to the specificity of the operations of the Mint of Poland and its Capital Group include the following:

- demand for circulation coins by the National Bank of Poland [in Polish: Narodowy Bank Polski] and foreign central banks alike;
- market demand for new collector coins;
- the strength of potential competitors on the coin market;
- improving the banking system and introducing non-cash turnover in transactions, which may partially limit turnover using coins and indirectly affect their slower consumption;
- funds allocated by local governments and local government companies for the modernization of public transport ticket systems;
- the pace of implementing electronic tickets in other agglomerations in Poland;
- the development of a system of non-cash micropayments and pre-paid transactions;
- the situation on foreign numismatic markets and potential export markets for circulation coins;
- the monetary integration of EU Member States and Poland's accession to the EURO zone, which will stimulate the demand for production of EURO coins;
- the development of conjuncture in the property market;
- the development of costs of labour resources in the real estate segment.



# Social responsibility of the Mint of Poland

The Capital Group of the Mint of Poland is committed to social and charity activities. These initiatives are designed to support people at risk of exclusion, but also to protect cultural heritage and patronage over media and cultural events. The Group also supports initiatives promoting health protection.

## The Great Orchestra of Christmas Charity

During the 27<sup>th</sup> Final of the Great Orchestra of Christmas Charity, the volunteers of the Mint of Poland collected PLN 41,000. The stand of the Mint of Poland stood near the main stage in Warsaw's Parade Square [in Polish: Plac Defilad]. On site, our minter was striking commemorative tokens by manually. As every year, the Mint of Poland also supported the foundation by producing gold hearts of approx. 4.5 grams. This year the record was broken – the heart with the number 1 was auctioned for PLN 1.2m.

## Run to get blood and bone marrow [in Polish: Wybiegaj krew i szpik]

The "Run to get blood and bone marrow" campaign, organized by the "Give Yourself to Others" Association [in Polish: Stowarzyszenie Dać Siebie Innym], aims to build awareness of the need to donate blood and marrow. On 20 June, 2019, at the PGE National Stadium, a run with a distance of 1 to 5 laps around the crown of the stadium was organized. Time was not measured, and each participant could adjust the length of the route to their capabilities. For the first 250 participants, the Mint of Poland minted commemorative medals.

## Andrzej Wojciechowski Award from Radio ZET

Since 2005, the award has been granted to the authors of journalistic materials, behind preparation of which is courage in seeking the truth, breaking stereotypes and objectivity. The Mint of Poland sponsored this event for the third time. For all finalists, the Mint of Poland minted commemorative medals, and for the winner it founded a cash award of PLN 50,000. In 2019, Andrzej Wojciechowski Award from Radio ZET was given to brothers Marek and Tomasz Sekielski for the documentary film "Don't tell anyone" [in Polish: "Tylko nie mów nikomu"].

## Support of those who are at risk of exclusion

The Mint of Poland was involved in dozens of different events organized for the benefit of children and youth. Among them there were numerous charity campaigns and initiatives consisting in making a donation to sick and disabled children. Traditionally, the Mint of Poland took patronage over sporting events, including the 19<sup>th</sup> edition of the "Kiliński's Sabre" World Cup organized by the Integral Sports Club [in Polish: Integralny Klub Sportowy] of the University of Physical Education [in Polish: Akademia Wychowania Fizycznego – AWF], Physical Culture Association [in Polish: Stowarzyszenie Kultury Fizycznej].

## The Mint of Poland is a patron of culture

The Mint of Poland is involved in numerous events aimed at protecting cultural heritage and disseminating knowledge about the art of minting. Cooperation with prestigious institutions, such as the National Bank of Poland, the Royal Łazienki Museum, the Royal Castle in Warsaw – the Museum, or the Wawel Royal Castle not only supports the development of culture, but also promotes medal-making art to a wider audience. Such non-profit image activities included:

- Organization of the exhibition "Treasures of the Mint of Poland" at the Royal Castle in Warsaw – Museum on 18-19 May, 2019. Selected medals and dies from the 18<sup>th</sup> century series with the images of Polish kings were presented. The originator of this unique issue was Stanisław August Poniatowski himself. The Mint of Poland borrowed exhibits free of charge so as to support the organization of this event.
- Support for the activities of the Royal Łazienki Museum during the International Museum Day. The Mint of Poland, as a partner of the event, organized additional attractions, such as a show of minting art at a specially built stand. The commemorative tokens minted manually by the minter were extremely popular.
- The creation and free transfer of a replica of the "Cracoviae Merenti" lost medal awarded to Ms Krystyna Zachwatowicz-Wajda and Mr Andrzej Wajda for special services to the city of Cracow. On 5 July, 2019, in the "Manggha" Museum of Japanese Art and Technology in Cracow, the employees of the Mint of Poland had the honour to provide the replica that will eventually be in the archive of materials related to the work of the eminent film director.
- The Mint of Poland took part in the organization of Open Days of the National Bank of Poland in Gdańsk. The event was associated with the celebration of the hundredth anniversary of the adoption of the name "złoty" for the currency of the Polish Commonwealth. The Mint of Poland enriched the event by providing monetary dies from the collections of the Numismatic Cabinet unknown to the wider public.
- Participation in the 25th World Olympic Collectors' Fair organized by the Polish Olympic Committee. At the Mint of Poland's stand, event participants could see selected coins and numismatic items on sports topics. The educational materials presenting the process of creating medals were also prepared. On the example of the award medal "For merits to the Polish Olympic Committee", the stages of the medalist's work were shown, from the artist's design to the finished product.

# Consolidated statement of financial standing

| CONSOLIDATED STATEMENT OF FINANCIAL STANDING<br>(in PLN thousand)                           | 31.12.2019     | 31.12.2018     |
|---------------------------------------------------------------------------------------------|----------------|----------------|
| <b>ASSETS</b>                                                                               |                |                |
| <b>Fixed assets</b>                                                                         |                |                |
| Tangible fixed assets                                                                       | 138,201        | 145,188        |
| Tangible fixed assets due the right to use                                                  | 3,581          |                |
| Intangible assets                                                                           | 15,155         | 14,450         |
| Intangible assets due to the right to use                                                   | 5,338          |                |
| Investment properties                                                                       | 20,753         | 21,417         |
| Investments in associated companies and co-subsi-<br>diaries valued using the equity method | 12,153         | 14,495         |
| Other long-term investments                                                                 | 135,530        | 130,181        |
| Deferred tax assets                                                                         | 1,559          | 5,605          |
| Other fixed assets                                                                          | 2,051          | 2,133          |
| <b>Total fixed assets</b>                                                                   | <b>334,321</b> | <b>333,469</b> |

| CONSOLIDATED STATEMENT OF FINANCIAL STANDING<br>(in PLN thousand)   | 31.12.2019     | 31.12.2018     |
|---------------------------------------------------------------------|----------------|----------------|
| <b>Current assets</b>                                               |                |                |
| Inventory                                                           | 356,397        | 253,155        |
| Inventory due to the right to use                                   | 69,658         |                |
| Other short-term investments                                        | 64,288         | 53,573         |
| Deferred tax receivables                                            | 127            | 17             |
| Trade receivables and other                                         | 34,850         | 54,042         |
| Cash and cash equivalents                                           | 110,528        | 120,080        |
| <b>Total current assets</b>                                         | <b>635,848</b> | <b>480,867</b> |
| <b>Total assets</b>                                                 | <b>970,169</b> | <b>814,336</b> |
| <b>LIABILITIES</b>                                                  |                |                |
| <b>Equity</b>                                                       |                |                |
| Share capital                                                       | 51,138         | 51,138         |
| Capital from the issue of shares above their nominal value          | 14,047         | 14,047         |
| Revaluation reserve                                                 | 4,381          | 4,381          |
| Supplementary capital                                               | 552,718        | 502,103        |
| Other reserve capitals                                              | 37,418         | 37,418         |
| Retained earnings                                                   | -154,346       | -53,545        |
| <b>Equity attributable to the Shareholders of the Parent Entity</b> | <b>505,356</b> | <b>555,542</b> |
| Non-controlling interest                                            | 53,122         | 55,277         |
| <b>Total equity</b>                                                 | <b>558,478</b> | <b>610,819</b> |



| CONSOLIDATED STATEMENT OF FINANCIAL STANDING<br>(in PLN thousand) | 31.12.2019     | 31.12.2018     |
|-------------------------------------------------------------------|----------------|----------------|
| <b>Commitments</b>                                                |                |                |
| Commitments due to leasing                                        | 7,228          | 82             |
| Commitments due to the employee benefits                          | 3,303          | 2,736          |
| <b>Long-term commitments</b>                                      | <b>10,531</b>  | <b>2,818</b>   |
| Lease commitments                                                 | 70,741         | 24             |
| Income tax commitments                                            | 1,841          | 1,281          |
| Trade and other commitments                                       | 319,883        | 190,747        |
| Reserves                                                          | 5,545          | 3,071          |
| Commitments due to the employee benefits                          | 3,150          | 5,576          |
| <b>Total short-term commitments</b>                               | <b>401,160</b> | <b>200,699</b> |
| <b>Total commitments</b>                                          | <b>411,691</b> | <b>203,517</b> |
| <b>Total liabilities</b>                                          | <b>970,169</b> | <b>814,336</b> |

# Consolidated profit and loss statement

| CONSOLIDATED PROFIT AND LOSS STATEMENT<br>(in PLN thousand)                                                                          | For the period<br>of 12 months ended<br>31.12.2019 | For the period<br>of 12 months ended<br>31.12.2018 |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Net sales revenues                                                                                                                   | 669,372                                            | 1,036,610                                          |
| Cost of goods sold                                                                                                                   | -601,670                                           | -909,961                                           |
| Result on derivatives concerning executed sales                                                                                      | -4,494                                             | 1,034                                              |
| Selling expenses                                                                                                                     | -14,860                                            | -13,687                                            |
| General and administrative expenses                                                                                                  | -23,386                                            | -28,409                                            |
| Other operating revenues                                                                                                             | 2,095                                              | 761                                                |
| Other operating expenses                                                                                                             | -1,801                                             | -5,718                                             |
| Result on derivatives concerning unrealized sales                                                                                    | -395                                               | 224                                                |
| Share in the profits / losses of investments valued using the equity method                                                          | -1,341                                             | -1,078                                             |
| <b>Operating profit</b>                                                                                                              | <b>23,520</b>                                      | <b>79,776</b>                                      |
| Financial revenues                                                                                                                   | 6,671                                              | 15,678                                             |
| Financial costs                                                                                                                      | -20,537                                            | -1,049                                             |
| <b>Result on financial activities</b>                                                                                                | <b>-13,866</b>                                     | <b>14,629</b>                                      |
| <b>Profit before tax</b>                                                                                                             | <b>9,654</b>                                       | <b>94,405</b>                                      |
| Income tax                                                                                                                           | -10,857                                            | -29,034                                            |
| <b>TOTAL NET PROFIT / (LOSS)</b>                                                                                                     | <b>-1,203</b>                                      | <b>65,371</b>                                      |
| Attributable to:                                                                                                                     |                                                    |                                                    |
| Parent Entity's Shareholders                                                                                                         | 952                                                | 67,394                                             |
| Non-controlling interests                                                                                                            | -2,155                                             | -2,023                                             |
| <b>Net profit on continuing operations per share attributable to the Parent Entity's Shareholders<br/>(basic and diluted) in PLN</b> | <b>0.02</b>                                        | <b>1.32</b>                                        |

# Consolidated statement of comprehensive income

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>(in PLN thousand)                                                | For the period<br>of 12 months ended 31-12-2019 | For the period<br>of 12 months ended 31-12-2018 |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b>Consolidated net profit (loss)</b>                                                                              | <b>-1,203</b>                                   | <b>65,371</b>                                   |
| <b>Items subject to reclassification to profit/loss account in the future:</b>                                     |                                                 |                                                 |
| - change of the equitable value of financial assets available for sale                                             |                                                 |                                                 |
| - income tax on items subject to reclassification                                                                  |                                                 |                                                 |
| <b>Other net comprehensive income</b>                                                                              |                                                 |                                                 |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                                                  | <b>-1,203</b>                                   | <b>65,371</b>                                   |
| <i>Attributable to:</i>                                                                                            |                                                 |                                                 |
| <i>Shareholders of the Parent Entity</i>                                                                           | <i>952</i>                                      | <i>67,394</i>                                   |
| <i>Non-controlling interest</i>                                                                                    | <i>-2,155</i>                                   | <i>-2,023</i>                                   |
| <b>Total income per share attributable to the Shareholders of the Parent Entity<br/>(basic and diluted) in PLN</b> | <b>0.02</b>                                     | <b>1.32</b>                                     |

# Consolidated cash flow statement

| CONSOLIDATED CASH FLOW STATEMENT<br>(in PLN thousand) | For the period<br>of 12 months ended<br>31-12-2019 | For the period<br>of 12 months ended<br>31-12-2018 |
|-------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| <b>Net profit (loss) for the period</b>               | <b>-1,203</b>                                      | <b>65,371</b>                                      |
| <b>Adjustments</b>                                    | <b>80,079</b>                                      | <b>10,433</b>                                      |
| Amortization                                          | 20,983                                             | 22,514                                             |
| Profit / (loss) from the investment activity          | 17,562                                             | -7,775                                             |
| Profit / (loss) from the sale of fixed assets         | 6                                                  | -12                                                |
| Interest                                              | -5,345                                             | -3,549                                             |
| Income tax                                            | 10,858                                             | 29,034                                             |
| Change in receivables                                 | 17,243                                             | 15,347                                             |
| Change in provision                                   | -103,347                                           | 118,136                                            |
| Change in trade payables and others                   | 127,867                                            | -148,136                                           |
| Change in reserves and employee benefits              | 615                                                | -973                                               |
| Tax paid                                              | -6,362                                             | -14,153                                            |
| <b>Net cash on the operating activity</b>             | <b>78,876</b>                                      | <b>75,804</b>                                      |

| CONSOLIDATED CASH FLOW STATEMENT<br>(in PLN thousand)      | For the period<br>of 12 months ended<br>31-12-2019 | For the period<br>of 12 months ended<br>31-12-2018 |
|------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| <b><i>Cash flows from the investment activity</i></b>      |                                                    |                                                    |
| Proceeds from the sale of intangible and tangible assets   | 34                                                 | 45                                                 |
| Proceeds from the sale of financial assets                 | 7,400                                              |                                                    |
| Dividends received                                         |                                                    |                                                    |
| Expenses on the purchase of intangible and tangible assets | -11,299                                            | -31,461                                            |
| Expenses on the purchase of investment properties          | -62                                                | -676                                               |
| Expenses on the purchase of financial assets               | -33,340                                            | -113,720                                           |
| <b>Net cash on the investment activity</b>                 | <b>-37,266</b>                                     | <b>-145,812</b>                                    |
| <b><i>Cash flows from the financial activity</i></b>       |                                                    |                                                    |
| Dividends and other distributions paid to the owners       | -51,138                                            | -51,138                                            |
| Repayment of credits and loans                             |                                                    | -296                                               |
| Payments of finance lease agreements                       | -24                                                | -19                                                |
| Loans granted                                              |                                                    |                                                    |
| <b>Net cash on financial activity</b>                      | <b>-51,162</b>                                     | <b>-51,453</b>                                     |
| <b>Balance sheet change in cash, including:</b>            | <b>-9,552</b>                                      | <b>-121,461</b>                                    |
| <b><i>Balance sheet change in cash, including:</i></b>     | <b>-9,552</b>                                      | <b>-121,461</b>                                    |
| <b>Cash at the beginning of the period</b>                 | <b>120,080</b>                                     | <b>241,541</b>                                     |
| <b>Cash at the end of the period</b>                       | <b>110,528</b>                                     | <b>120,080</b>                                     |

# Consolidated statement of changes in equity

| CONSOLIDATED STATEMENT<br>OF CHANGES IN EQUITY<br>(in PLN thousand) | Share<br>capital | Own<br>shares | Capital from the issue<br>of shares above their<br>nominal value | Supple-<br>mentary<br>capital | Revaluation reserve                    |                                                                  | Remaining<br>reserve<br>capital | Retained<br>profits | Shareholders' equity<br>attributable<br>to the Shareholders<br>of the Parent Entity | Non-controlling<br>interest | Total<br>shareholders'<br>equity<br>revaluation<br>of assets held for sale |
|---------------------------------------------------------------------|------------------|---------------|------------------------------------------------------------------|-------------------------------|----------------------------------------|------------------------------------------------------------------|---------------------------------|---------------------|-------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------|
|                                                                     |                  |               |                                                                  |                               | revaluation of assets<br>held for sale | revaluation of<br>the collection of<br>the Numismatic<br>Cabinet |                                 |                     |                                                                                     |                             |                                                                            |
| <b>Shareholders' equity as of 01.01.2019</b>                        | 51,138           |               | 14,047                                                           | 502,103                       |                                        | 4,381                                                            | 37,418                          | -53,545             | 555,542                                                                             | 55,277                      | 610,819                                                                    |
| <b>Total comprehensive income, including:</b>                       |                  |               |                                                                  |                               |                                        |                                                                  |                                 | 952                 | 952                                                                                 | -2,155                      | -1,203                                                                     |
| <b>- net profit</b>                                                 |                  |               |                                                                  |                               |                                        |                                                                  |                                 | 952                 | 952                                                                                 | -2,155                      | -1,203                                                                     |
| <b>Payment of a dividend</b>                                        |                  |               |                                                                  |                               |                                        |                                                                  |                                 | -51,138             | -51,138                                                                             |                             | -51,138                                                                    |
| <b>Distribution of the financial result</b>                         |                  |               |                                                                  | 50,616                        |                                        |                                                                  |                                 | -50,616             |                                                                                     |                             |                                                                            |
| <b>Shareholders' equity as of 31.12.2019</b>                        | 51,138           |               | 14,047                                                           | 552,718                       |                                        | 4,381                                                            | 37,418                          | -154,346            | 505,356                                                                             | 53,122                      | 558,478                                                                    |

# Financial standing of the Capital Group of the Mint of Poland

| SELECTED CONSOLIDATED FINANCIAL DATA                                                                                                   | for the period of 12 months ended |            | for the period of 12 months ended |            |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------|-----------------------------------|------------|
|                                                                                                                                        | (in PLN thousand)                 |            | (in KEUR)                         |            |
|                                                                                                                                        | 31.12.2019                        | 31.12.2018 | 31.12.2019                        | 31.12.2018 |
| Net revenues from sales                                                                                                                | 669,372                           | 1,036,610  | 155,603                           | 242,942    |
| Operating profit                                                                                                                       | 23,520                            | 79,776     | 5,468                             | 18,696     |
| Gross profit                                                                                                                           | 9,654                             | 94,405     | 2,244                             | 22,125     |
| Net profit / (loss)                                                                                                                    | -1,203                            | 65,371     | -280                              | 15,320     |
| Total net profit attributable to the Parent Entity's Shareholders                                                                      | 952                               | 67,394     | 221                               | 15,795     |
| <b>Total net profit per ordinary share attributed to the Shareholders of the Parent Entity - (in PLN/EUR)</b>                          |                                   |            |                                   |            |
| - ordinary / diluted                                                                                                                   | 0.02                              | 1.32       | 0.00                              | 0.31       |
| <b>Net profit from continuing operations per one ordinary share attributed to the Shareholders of the Parent Entity - (in PLN/EUR)</b> |                                   |            |                                   |            |
| - ordinary / diluted                                                                                                                   | 0.02                              | 1.32       | 0.00                              | 0.31       |
| Net cash flows from operating activities                                                                                               | 78,876                            | 75,804     | 18,336                            | 17,766     |
| <b>Total cash flows</b>                                                                                                                | -9,552                            | -121,461   | -2,220                            | -28,466    |

## SELECTED CONSOLIDATED FINANCIAL DATA

|                                              | (in PLN thousand) |            | (in KEUR)  |            |
|----------------------------------------------|-------------------|------------|------------|------------|
|                                              | 31.12.2019        | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Total assets                                 | 970,169           | 814,336    | 227,820    | 189,381    |
| Short-term liabilities                       | 401,160           | 200,699    | 94,202     | 46,674     |
| Equity                                       | 558,478           | 610,819    | 131,144    | 142,051    |
| Number of shares – in units                  | 51,138,096        | 51,138,096 | 51,138,096 | 51,138,096 |
| Weighted average number of shares – in units | 51,138,096        | 51,138,096 | 51,138,096 | 51,138,096 |
| Book value per share (in PLN/EUR)            | 10.92             | 11.95      | 2.57       | 2.78       |

**For items in the statement of the comprehensive income and statement of cash flows**

*The average exchange rate, calculated as the arithmetic average of the rates prevailing on the last day of each month in the period*

|            | 31.12.2019 | 31.12.2018 |
|------------|------------|------------|
| <b>EUR</b> | 4.3018     | 4.2669     |

**For items in the statement of the financial standing**

*Exchange rate applicable as at*

|            | 31.12.2019 | 31.12.2018 |
|------------|------------|------------|
| <b>EUR</b> | 4.2585     | 4.3000     |



# The structure of the individual balance sheet

The basic ratios of the balance sheet structure of the issuer are included in the table below:

| SPECIFICATION            | 31.12.2019<br>(in PLN thousand) | 31.12.2019<br>(w %) | 31.12.2018<br>(in PLN thousand) | 31.12.2018<br>(w %) | 31.12.2019/31.12.2018<br>Dynamics (%) |
|--------------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------------|
| <b>Total assets</b>      | <b>704,873</b>                  | <b>100.0</b>        | <b>656,631</b>                  | <b>100.0</b>        | <b>107.3</b>                          |
| Non-current assets       | 369,534                         | 52.4                | 349,382                         | 53.2                | 105.8                                 |
| Current assets           | 335,339                         | 47.6                | 307,249                         | 46.8                | 109.1                                 |
| Inventory                | 164,407                         | 23.3                | 98,541                          | 14.6                | 172.1                                 |
| Liabilities              | 32,132                          | 4.6                 | 59,362                          | 9.0                 | 54.1                                  |
| Short-term investments   | 138,800                         | 19.7                | 152,346                         | 23.2                | 91.1                                  |
| <b>Total liabilities</b> | <b>704,873</b>                  | <b>100.0</b>        | <b>656,631</b>                  | <b>100.0</b>        | <b>107.3</b>                          |
| Shareholders' equity     | 375,025                         | 53.2                | 436,995                         | 66.6                | 85.8                                  |
| Liabilities and reserves | 329,848                         | 46.8                | 219,636                         | 33.4                | 150.2                                 |
| Long-term liabilities    | 14,992                          | 2.1                 | 4,966                           | 0.8                 | 301.2                                 |
| Short-term liabilities   | 314,856                         | 44.7                | 214,670                         | 32.7                | 146.7                                 |

# Assessment of the Capital Group's return

The formation of the particular ratios of return of the Company in the period covered by the analysis presented in the table below:

| RATIOS OF RETURN                        | 2019                             |                                        | 2018                             |                                        |
|-----------------------------------------|----------------------------------|----------------------------------------|----------------------------------|----------------------------------------|
|                                         | Data based on the IFRS statement | Data based on the standardized account | Data based on the IFRS statement | Data based on the standardized account |
| 1. Net sales revenues (in PLN thousand) | 669,372                          | 669,372                                | 1,036,610                        | 1,036,610                              |
| Return on gross sales                   | 9.4%                             | 9.4%                                   | 12.3%                            | 12.3%                                  |
| Return on net sales                     | 3.7%                             | 3.7%                                   | 8.3%                             | 8.3%                                   |
| Return on operating                     | 3.5%                             | 3.6%                                   | 7.7%                             | 7.7%                                   |
| Return on EBITDA                        | 6.6%                             | 6.7%                                   | 9.9%                             | 9.8%                                   |
| Return on net profit                    | -0.2%                            | 1.7%                                   | 6.3%                             | 5.6%                                   |
| Total return on assets (ROA)            | -0.1%                            | 1.2%                                   | 7.4%                             | 6.5%                                   |
| Return on equity (ROE)                  | -0.2%                            | 2.0%                                   | 10.8%                            | 9.6%                                   |

- *Return ratios – ratios of corresponding amounts of profits to net sales of products, goods and materials;*
- *Return on assets (ROA) – a ratio of net profit to average assets (arithmetic mean of the states at the beginning and end of the analysed period);*
- *Return on equity (ROE) – a ratio of net profit to average equity (arithmetic mean of the states at the beginning and end of the analysed period).*

In the discussed period, the return ratios reached lower levels compared to the same period of the previous year. This was mainly due to the phase of implementation of real estate projects in the discussed period, however, without final sale, which will take place in future periods. In the same period of 2018, the final sale of the first 141 apartments in the "Mennica Residence I" project were recorded, and they were characterized by a higher return compared to sales within the remaining business segments.

# Factors having an unusual impact on the financial result achieved

In the table below, for analytical purposes, and in particular for the proper determination of return ratios characteristic for the business activity profile of the Capital Group, adjustments have been made to exclude unusual and one-off events affecting the statutory financial result:

| Selected financial data adjusted for untypical and one-off events (in PLN thousand) | for the period from 01-01-2019 do 31-12-2019 |                |           |                      | for the period from 01-01-2018 do 31-12-2018 |               |           |                      |
|-------------------------------------------------------------------------------------|----------------------------------------------|----------------|-----------|----------------------|----------------------------------------------|---------------|-----------|----------------------|
|                                                                                     | Data based on the IFRS statement             | Adjustments    | No.       | Standardized account | Data based on the IFRS statement             | Adjustments   | No.       | Standardized account |
| Sales revenues                                                                      | 669,372                                      |                |           | 669,372              | 1,036,610                                    |               |           | 1,036,610            |
| Cost of goods sold                                                                  | -606,164                                     |                |           | -606,164             | -908,927                                     |               |           | -908,927             |
| Gross profit on sales                                                               | 63,208                                       |                |           | 63,208               | 127,683                                      |               |           | 127,683              |
| Cost of sales                                                                       | -14,860                                      |                |           | -14,860              | -13,687                                      |               |           | -13,687              |
| General administration expenses                                                     | -23,386                                      |                |           | -23,386              | -28,409                                      |               |           | -28,409              |
| Net sales profit                                                                    | 24,962                                       |                |           | 24,962               | 85,587                                       |               |           | 85,587               |
| Other revenues/ (operating costs)                                                   | 1,442                                        | <b>-395</b>    | <b>1.</b> | -1,046               | -5,811                                       | <b>-224</b>   | <b>1.</b> | -6,035               |
| Profit on the operating activity                                                    | 23,520                                       |                |           | 23,916               | 79,776                                       |               |           | 79,552               |
| Return on the operating activity                                                    | 3.5%                                         |                |           | 3.6%                 | 7.7%                                         |               |           | 7.7%                 |
| Amortization                                                                        | 20,983                                       |                |           | 20,983               | 22,514                                       |               |           | 22,514               |
| EBITDA                                                                              | 44,503                                       |                |           | 44,898               | 102,290                                      |               |           | 102,066              |
| EBITDA return                                                                       | 6.6%                                         |                |           | 6.7%                 | 9.9%                                         |               |           | 9.8%                 |
| Revenues/ (net) financial expenses                                                  | -13,866                                      | <b>-15,220</b> | <b>2.</b> | 1,354                | 14,629                                       | <b>-8,849</b> | <b>2.</b> | 5,780                |
| Gross profit                                                                        | 9,654                                        |                |           | 25,270               | 94,405                                       |               |           | 85,332               |
| Income tax                                                                          | -10,857                                      | <b>-2,967</b>  | <b>3.</b> | -13,824              | -29,034                                      | <b>1,724</b>  | <b>3.</b> | -27,310              |
| Net profit                                                                          | 1,203                                        |                |           | 11,445               | 65,371                                       |               |           | 58,022               |
| Net return                                                                          | 0.2%                                         |                |           | 1.7%                 | 6.3%                                         |               |           | 5.6%                 |

The following adjustments were made in the "Adjustments" columns for events of unusual or one-off nature, for both the analyzed period of 2019 and 2018:

1. The adjustment in 2019 consists of the following factors:

- (1) A negative result on derivatives related to unrealized sales in the amount of PLN 395k;
- (2) Financial cost resulting from a decrease in the price of shares of Enea S.A. PLN 15,220k;
- (3) Deferred tax resulting from the above factors.

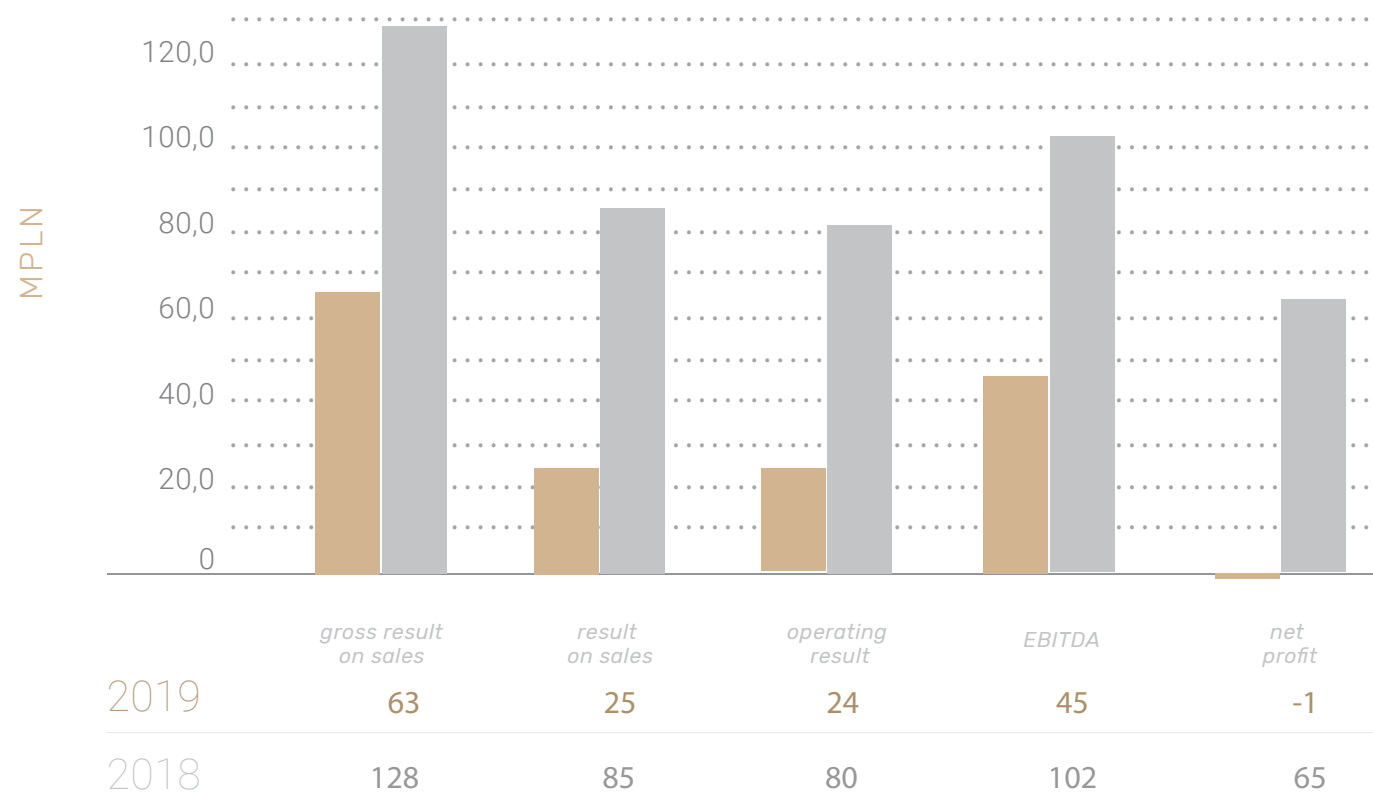
2. The following factor influences the adjustment in 2018:

- (1) A positive result on derivatives related to unrealized sales in the amount of PLN 224k;
- (2) Financial income resulting from a decrease in the price of shares in Enea S.A. PLN 8,849k;
- (3) Deferred tax resulting from the above factors.

In the analyzed period, apart from the factors described above, there were no other significant events of a one-off or unusual nature.

# Capital Group

## Financial results for 2019 vs 2018





# Report of an independent statutory auditor on the audit for the General Meeting and the Supervisory Board of the Mint of Poland

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## Audit report on the annual consolidated financial statements

### Opinion

We have audited the annual consolidated financial statements of the capital group in which the parent entity is the Mint of Poland [in Polish: Mennica Polska S.A.] ("Parent Entity") ("Group") containing the consolidated statement of financial standing as at 31 December, 2019 and the consolidated profit and loss statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended on that day and the additional information including a description of the adopted accounting policies and other explanatory information ("consolidated financial statements").

In our opinion, the attached consolidated financial statements:

- present a fair and clear picture of the Group's consolidated financial standing as at 31 December, 2019 and its consolidated financial result and consolidated cash flows for the financial year ended on that day in accordance with the applicable International Financial Reporting Standards approved by the European Union and the adopted principles (policy) of accounting;
- are consistent in terms of form and content with the laws applicable to the Group and the Parent Entity's statute.

This opinion is consistent with the additional report for the Audit Committee which we issued on 23 March, 2020.

**Basis for the opinion**

Our audit was conducted in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards by the National Council of Statutory Auditors (in Polish: Krajowa Rada Biegłych Rewidentów – KSB) and in accordance with the Act of 11 May, 2017 on statutory auditors, audit companies and public oversight ("Act on Statutory Auditors" – Journal of Laws of 2019, item 1421, as amended) and EU Regulation no. 537/2014 of 16 April, 2014 on specific requirements regarding statutory audit of the financial statements of public-interest entities ("EU Regulation" – Journal of Laws EU L158). Our responsibility in accordance with these standards is further described in the section of our report *"Responsibility of the statutory auditor for auditing the consolidated financial statements"*.

We are independent of the Group's Companies in accordance with the Code of Ethics for Professional Accountants (the 'IFAC Code') of the International Federation of Accountants adopted by resolutions of the National Council of Statutory Auditors and other ethical requirements that apply to auditing financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the audit, the key statutory auditor and the audit firm remained independent of the parent Company in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

The key audit matters are matters which, in our professional judgment, were the most significant when auditing the consolidated financial statements for the current reporting period. These matters include the most significant assessed risks of material misstatement, including the assessed types of risks of material misstatement due to fraud. We have addressed these matters in the context of our audit of the consolidated financial statements as a whole and while formulating our opinion, and we have summarized our response to these risks, and in those cases where we deemed appropriate, we have presented the most important observations related to these risks. We do not express a separate opinion on these matters.

**Potential tax liabilities**

A company belonging to the Capital Group is a party to pending tax proceedings. The appropriate recognition of the results of pending proceedings against the company belonging to the Capital Group in the consolidated financial statements, both in terms of value and position of the report, is the subject of a significant judgment of the Management Board.

**Disclosures in the financial statements**

Disclosures in the financial statements



**The Statutory Auditor's procedures in response to the identified risk**

Our auditing procedures included in particular:

- understanding and assessing the internal control environment concerning the result assessment process of ongoing disputes, their disclosures and classification in the consolidated financial statements,
- the analysis of the assumptions of the Parent Entity's Management Board regarding the possibility of a tax liability in the future,
- the review of the meetings' minutes of the Parent Entity's Management Board and Supervisory Board,
- the analysis of audit documentation and familiarization with the opinions of external tax advisers, obtained by the Parent Entity, regarding potential occurrence of the tax liability,
- in relation to the approach adopted by the Management Board of the Parent Entity, we assessed whether there are premises or circumstances indicating that the approach adopted by the Management Board is inappropriate,
- the assessment of the correctness of the disclosure presented in the financial statements of the Capital Group.

**Responsibility of the Parent Entity's Management Board and Supervisory Board for the consolidated financial statements**

The Management Board of the Parent Entity is responsible for preparing the consolidated financial statements, which present a decent and clear picture of the financial standing and the financial result of the Group in accordance with the International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy) and applicable laws and the statute, and also for internal control, which the Management Board of the Parent Entity considers necessary to enable the preparation of consolidated financial statements that do not contain a material misstatement due to fraud or error.

When preparing the consolidated financial statements, the Management Board of the Parent Entity is responsible for assessing the Group's ability to continue as a going concern, disclosing, if applicable, matters related to being a going concern and for adopting the going concern principle as the basis for accounting, except when the Management Board either plans to liquidate the Group, or cease to operate, or there is no real alternative to liquidation or abandonment of the business activity.

The Management Board of the Parent Entity and the members of the Parent Entity's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements provided for in the Act of 29 September, 1994 on accounting ("Accounting Act" – Journal of Laws of 2019, item 351, as amended). The members of the Parent Entity's Supervisory Board are responsible for overseeing the financial reporting process.

**The statutory auditor's responsibility for the audit of the consolidated financial statements**

Our goals are to obtain reasonable assurance that the consolidated financial statements as a whole do not contain a material misstatement due to fraud or error, and to issue an audit report containing our opinion. Rational certainty is a high level of certainty but does not guarantee that an audit carried out in accordance with the National Council of Statutory Auditors will always detect an existing material misstatement. Misstatements may arise from fraud or error and are considered material if it can reasonably be expected to individually or collectively influence the economic decisions of users based on these consolidated financial statements.

The concept of materiality is used by the statutory auditor both in planning and conducting the audit, as well as in assessing the impact of the misstatements recognized during the audit and uncorrected misstatements, if any, on the financial statements, as well as in formulating the statutory auditor's opinion. Therefore, all opinions and statements contained in the audit report are expressed taking into account the qualitative and valuable level of materiality determined in accordance with the audit standards and the statutory auditor's professional judgment.

The scope of the audit does not include ensuring as to the future profitability of the Group or to the efficiency or effectiveness of conducting its affairs by the Management Board of the Parent Entity at present or in the future.

During the study compliant with the National Council of Statutory Auditors' principles, we use professional judgment and maintain professional skepticism, as well as we:

- identify and assess the risks of a material misstatement of the consolidated financial statements due to fraud or error, we design and perform audit procedures which address those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than that resulting from error because fraud may involve collusion, forgery, deliberate omissions, misrepresentation or the circumvention of internal control;
- gain an understanding of the internal control relevant to the audit so as to design audit procedures which are appropriate in the given circumstances, but not to express an opinion on the effectiveness of the Group's internal control;
- assess the appropriateness of the accounting principles (policy) used and the reasonableness of the accounting estimates and related disclosures made by the Parent Entity's Management Board;
- draw a conclusion about the appropriateness of the Parent Entity's Management Board's application of the going concern principle as the basis for accounting and, based on the audit evidence obtained, whether there is significant uncertainty related to events or conditions that may cast doubt on the Group's ability to continue as a going concern. If we come to the conclusion that there is a significant uncertainty, we are required to pay attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on audit evidence obtained by the date of the preparation of our statutory auditor's report, however, future events or conditions may cause the Group to cease to operate as a going concern;

- assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present underlying transactions and events in a manner that ensures reliable presentation;
- obtain sufficient appropriate audit evidence about the financial information of entities or business operations within the Group to express an opinion on the consolidated financial statements. We are responsible for managing, supervising and conducting the audit of the Group and remain solely responsible for our opinion on the audit.

We provide the Parent Entity's Supervisory Board with information on, inter alia, the planned scope and time of conducting the audit and significant audit findings, including any significant weaknesses in the internal control that we identify during the audit.

We make a statement to the Parent Entity's Supervisory Board that we have complied with the relevant ethical requirements regarding independence and that we will inform them of all relationships and other matters that could reasonably be considered a threat to our independence, and, where applicable, we inform about the safeguards applied.

From among the matters referred to the Supervisory Board of the Parent Entity, we determined those matters that were the most significant during the audit of the consolidated financial statements for the current reporting period, and therefore we considered them to be the key audit matters. We describe these matters in our statutory auditor's report, unless laws or regulations prohibit public disclosure or when, in exceptional circumstances, we determine that the matter should not be reported in our report because it would reasonably be expected that the negative consequences would outweigh the benefits of such information for the public interest.

### **Other information, including the report on operations**

Other information includes the report on the Group's operations for the financial year ended 31 December, 2019 ("Report on operations") together with the statement on the application of corporate governance referred to in art. 49b section 1 of the Accounting Act, which is a separate part of this report, and the Annual Report for the financial year ended 31 December, 2019 ("Annual Report") (together "Other Information").

### **Responsibility of the Parent's Management Board and Supervisory Board**

The Management Board of the Parent Entity is responsible for preparing Other Information in accordance with legal regulations.

The Management Board of the Parent Entity and members of the Parent Entity's Supervisory Board are required to ensure that the Report on the Group's operations, together with a separate part, meet the requirements provided for in the Accounting Act.

**Statutory Auditor's responsibility**

Our opinion on the audit of the consolidated financial statements does not include Other Information. In connection with our audit of the consolidated financial statements, it is our responsibility to review Other Information, and in so doing, to consider whether other information is not materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially distorted. If, based on the work performed, we find material misstatements in Other Information, we are required to report on this in our audit report. In accordance with the requirements of the Act on Statutory Auditors, it is also our obligation to issue an opinion whether the report on the Group's operations has been prepared in accordance with the provisions and whether it is consistent with the information contained in the consolidated financial statements. In addition, we are required to provide an opinion on whether the Group has included the required information in its corporate governance statement.

We obtained a report on the operations of the Group before the date of this audit report, and the Annual Report will be available after that date. In the event that we find a material misstatement in the Annual Report, we are required to inform the Parent Entity's Supervisory Board.

**Opinion on the report on operations**

On the basis of the work carried out during the audit, in our opinion, the Report on the Group's operations:

- has been prepared in accordance with art. 49 of the Accounting Act and paragraph 71 of the Regulation of the Minister of Finance of 29 March, 2018 on current and periodic information published by the issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state ("Current Information Regulation" – Journal of Laws of of 2018, item 757);
- is consistent with the information contained in the consolidated financial statements.

In addition, in the light of the knowledge about the Group and its environment obtained during our audit, we declare that we did not identify any material misstatements in the Report on the Group's operations.

**The opinion on the statement on the application of corporate governance**

In our opinion, in the statement on the application of corporate governance, the Group has included all the information specified in paragraph 70 section 6 point 5 of the Current Information Regulation. In addition, in our opinion, the information indicated in paragraph 70 section 6 point 5 letters c-f, h and letter i of this Regulation contained in the statement on the application of corporate governance is in accordance with the applicable provisions and information contained in the consolidated financial statements.

**Information on non-financial information**

In accordance with the requirements of the Act on Statutory Auditors, we confirm that the Group has made a statement on non-financial information referred to in art. 49b section 1 of the Accounting Act as a separate part of the Report on the operations of the Group.

We have not carried out any assurance work regarding the non-financial statement and we do not express any assurance about it.

**Report on other legal and regulatory requirements****Declaration on services provided that are not an audit of the financial statements**

To the best of our knowledge and belief, we declare that the non-audit services which we have provided to the Group are in accordance with the law and regulations in force in Poland and that we have not provided non-audit services that are prohibited under art. 5 section 1 of the EU Regulation and art. 136 of the Act on Statutory Auditors.

**Selection of the auditing company**

We were selected for the first time to audit the Group's consolidated financial statements by way of a resolution of the Parent Entity's Supervisory Board of 23 May, 2018. We have been auditing the consolidated financial statements of the Group continuously since the financial year ended 31 December, 2018, i.e. for the next two years

The key statutory auditor responsible for the audit, which results in this statutory auditor's report, is Anna Bernaziuk, PhD.

Anna Bernaziuk, PhD, Statutory Auditor No. in the register 173

23<sup>th</sup> of March, 2020, Warsaw.

André Helin, PhD, ("Current Information Regulation" – Journal of Laws of of President of the Management Board of the General Partner, Statutory Auditor registration number 90004



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## ANNUAL REPORT 2019

The issuer of all Polish coins is  
**National Bank of Poland.**