



STALPRODUKT S.A.

# Abridged Consolidated Financial Report for the 1st Quarter of 2021

Bochnia, May 2021

## I. Consolidated Financial Report for the 1st quarter of 2021

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	1 quarter(s) increasingly for the period from 01-01-2021 to 31-03-2021	1 quarter(s) increasingly for the period from 01-01- 2020 to 31-03- 2020	1 quarter(s) increasingly for the period from 01-01-2021 to 31-03-2021	1 quarter(s) increasingly for the period from 01-01-2020 to 31-03-2020
I. Net sales of products, goods and materials	1 010 827	889 859	221 086	202 411
II. Operating profit (loss)	107 452	41 371	23 502	9 410
III. Profit (loss) before taxation	95 048	41 555	20 789	9 452
IV. Net profit (loss)	82 153	31 252	17 968	7 109
- attributable to shareholders of the parent company	78 149	29 055	17 093	6 609
- net profit attributed to non-controlling interests	4 004	2 197	876	500
V. Net cash flow from operating activities	105 539	62 344	23 083	14 181
VI. Net cash flow from investment activities	-92 202	-69 691	-20 166	-15 852
VII. Net cash flow from financial activities	-20 334	-18 733	-4 447	-4 261
VIII. Total net cash flow	-6 997	-26 080	-1 530	-5 932
IX. Total assets	4 451 841	4 360 350	955 269	944 862
X. Liabilities and provisions for liabilities	1 490 550	1 447 163	319 840	313 592
XI. Long-term liabilities	394 141	388 649	84 574	84 218
XII. Short-term liabilities	642 271	604 965	137 818	131 092
XIII. Shareholders' equity	2 961 291	2 913 187	635 429	631 270
- equity attributable to shareholders of the parent	2 848 742	2 801 566	611 279	607 083
- equity attributed to non-controlling interests	112 549	111 621	24 151	24 188
XIV. Share capital	11 161	11 161	2 395	2 419
XV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XVI. Profit (loss) for one ordinary share (in PLN)	14,72	5,60	3,22	1,27
XVII. Diluted profit (loss) per ordinary share (PLN)	14,72	5,60	3,22	1,27
XVIII. Book value per share (PLN)	530,67	522,05	113,87	112,52
XIX. Diluted book value per share (PLN)	530,67	522,05	113,87	112,52
XX. Declared or paid-out dividend for one share in (PLN/EUR)	6,00		1,31	

1. Comparable financial data (item IX-XIV and XVIII) was presented pursuant to the requirements of the International Financial Reporting Standards according to the balance for this 31<sup>st</sup> December 2020. Other comparable data is presented for the period from 1st January 2020 to 31st March 2020.
2. EUR exchange rates according to the following principles were used for the conversion of the currency into PLN:
  - the assets and liabilities items of the balance sheet were converted into EUR according to the average rate announced by the National Bank of Poland for this 31<sup>st</sup> March 2021 and amounting to PLN 4.6603 and PLN 4.6148 for this 31<sup>st</sup> December 2020.
  - the profit and loss account items and the cash flow items were converted into EUR according to the rate being the simple average of the average EUR rates announced by the National Bank of Poland on the last day of each month included in the report and amounting to PLN 4.5721 for 1 quarter of 2021 and PLN 4.3963 for 1 quarter of 2020.
3. For profit-per-share calculation the number of 5 580 267 shares was adopted.
4. In item XX, the amount of the declared dividend per share in 2021 (PLN 6.00) from the profit for 2020 is presented.

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

CONSOLIDATED BALANCE SHEET	(thousand x PLN)			
	31.03.2021	31.12.2020	31.03.2020	31.12.2019
<b>Assets</b>				
<b>I. Fixed assets</b>	<b>2 396 071</b>	<b>2 423 852</b>	<b>2 444 681</b>	<b>2 406 886</b>
1. Intangible fixed assets, including	210 202	212 239	240 920	207 326
- right of perpetual land use	128 006	125 911	129 094	129 769
2. Tangible fixed assets	2 110 383	2 134 580	2 057 301	2 052 279
3. Long-term receivables	684	683	719	703
4. Long-term investments	26 807	28 831	34 617	36 748
4.1. Real estate investments	9 626	9 837	10 467	10 678
4.2. Intangible assets				
4.3. Long-term financial assets	1 124	2 919	8 084	10 024
4.4. Investments in associated entities	16 057	16 075	16 066	16 046
4.5. Other long-term investments				
5. Long-term prepayments	47 995	47 519	111 125	109 830
5.1. Deferred income tax assets	36 903	36 884	38 521	38 521
5.2. Other prepayments	11 092	10 635	72 604	71 309
<b>II. Current assets</b>	<b>2 055 770</b>	<b>1 936 498</b>	<b>1 895 290</b>	<b>1 938 195</b>
1. Inventories	760 822	809 943	692 846	750 740
2. Short-term receivables	612 097	512 891	611 439	590 531
3. Short-term investments	613 482	549 376	550 413	564 338
3.1. Short-term financial assets	606 571	530 383	443 122	477 669
a) loans	17 224	17 221	18 164	18 153
b) short-term securities	159 952	76 770	46 537	55 015
c) cash and cash equivalents	429 395	436 392	378 421	404 501
3.2. Other short-term investments	6 911	18 993	107 291	86 669
4. Fixed assets intended for sale	1 831	1 834	48	48
5. Short-term prepayments	67 538	62 454	40 544	32 538
<b>Total assets</b>	<b>4 451 841</b>	<b>4 360 350</b>	<b>4 339 971</b>	<b>4 345 081</b>
<b>Liabilities</b>				
<b>I. Shareholders' equity</b>	<b>2 961 291</b>	<b>2 913 187</b>	<b>2 786 981</b>	<b>2 758 025</b>
1. Equity attributable to shareholders of the parent company	2 848 742	2 801 566	2 677 296	2 650 456
1.1. Share capital	11 161	11 161	11 161	11 161
1.2. Exchange differences	19 647	16 052	4 226	4 092
1.3. Reserve capital	764 187	764 187	667 745	667 745
1.4. Reserve capital from revaluation	-39 801	-4 565	43 053	46 280
1.5. Other reserve capital	1 729 883	1 729 883	1 634 274	1 634 274
1.6. Retained earnings (losses)	285 516	112 093	287 782	144 410
1.7. Net profit (loss)	78 149	172 755	29 055	142 494
2. Capital non-controlling interests	112 549	111 621	109 685	107 569
<b>II. Liabilities and provisions for liabilities</b>	<b>1 490 550</b>	<b>1 447 163</b>	<b>1 552 990</b>	<b>1 587 056</b>
1. Provisions for liabilities	390 110	402 513	418 039	414 170
1.1. Provision for deferred income tax	137 411	136 161	145 986	144 842
1.2. Other provisions	252 699	266 352	272 053	269 328
a) long-term	100 947	102 686	185 262	185 380
b) short-term	151 752	163 665	86 791	83 948
2. Long-term liabilities	<b>394 141</b>	<b>388 649</b>	<b>522 956</b>	<b>530 197</b>
2.1. Long-term credits and loans	55 821	61 935	104 268	110 893
2.2. Other long-term liabilities	30 516	21 139	27 456	28 030
2.3. Contingent liabilities due to the purchase of	211 610	211 610	296 115	296 115

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ZGH				
2.4. Liabilities arising from the application of IFRS 16	96 194	93 966	95 117	95 159
<b>3. Short-term liabilities</b>	<b>642 271</b>	<b>604 966</b>	<b>555 858</b>	<b>620 318</b>
3.1. Short-term credits and loans	28 004	36 517	38 096	44 010
3.2. Current part of long-term credits and loans	20 000	20 000	20 000	20 897
3.3. Trade liabilities	331 405	291 469	292 529	337 355
3.4. Income tax liabilities	45 520	40 600	37 606	38 877
3.5. Other short-term liabilities	151 204	216 380	167 627	179 179
3.6. Contingent liabilities due to the purchase of ZGH	66 138			
4. Accruals	64 028	51 035	56 137	22 371
<b>Total liabilities</b>	<b>4 451 841</b>	<b>4 360 350</b>	<b>4 339 971</b>	<b>4 345 081</b>
Book value	2 961 292	2 913 187	2 786 981	2 758 025
Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
Book value per share (PLN)	530,67	522,05	499,44	494,25

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period	thousand x PLN		
	I quarter of 2021 period from 01-01- 2021 to 31-03-2021	I quarter of 2020 period from 01-01- 2020 to 31-03-2020	IV quarter of 2020 - period from 01-10- 2020 to 31-12-2020
<b>I. Net sales of products, goods and materials, including:</b>	<b>1 010 827</b>	<b>889 859</b>	<b>866 872</b>
1. Net sales of products	987 351	869 966	849 446
2. Net sales of goods and materials	23 476	19 893	17 426
<b>II. Costs of products, merchandise and materials sold, including:</b>	<b>852 414</b>	<b>780 508</b>	<b>753 508</b>
1. Production cost of products sold	834 112	765 044	737 463
2. Value of goods and materials sold	18 302	15 464	16 045
<b>III. Gross profit (loss) on sales</b>	<b>158 413</b>	<b>109 351</b>	<b>113 364</b>
IV. Selling costs	20 768	20 172	21 533
V. General and administrative costs	37 028	36 428	40 024
<b>VI. Profit (loss) on sales</b>	<b>100 617</b>	<b>52 751</b>	<b>51 807</b>
VII. Other operating incomes	24 211	15 791	60 150
VIII. Other operating costs	17 374	27 171	64 394
<b>IX. Operating profit (loss)</b>	<b>107 452</b>	<b>41 371</b>	<b>47 563</b>
X. Financial incomes	2 724	14 113	6 995
XI. Financial costs	15 112	13 949	4 787
XII. Profit from shares in associated entities	-18	20	-66
<b>XIII. Profit (loss) before taxation</b>	<b>95 048</b>	<b>41 555</b>	<b>49 705</b>
XIV. Income tax	12 895	10 303	6 169
<b>XV. Net profit (loss)</b>	<b>82 153</b>	<b>31 252</b>	<b>43 536</b>
1. Attributable to shareholders of the parent company	78 149	29 055	40 313
2. Attributed to non-controlling interests	4 004	2 197	3 223

Profit (loss) net	82 153	31 252	43 536
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267
Profit (loss) for one ordinary share (in PLN)	14,72	5,60	7,80

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<b>TOTAL COMPREHENSIVE CONSOLIDATED INCOME for the period</b>	<b>thousand x PLN</b>		
	<b>I quarter of 2021 period from 01-01- 2021 to 31-03-2021</b>	<b>I quarter of 2020 period from 01-01- 2020 to 31-03-2020</b>	<b>IV quarter of 2020 - period from 01-10- 2020 to 31-12-2020</b>
Net result	82 153	31 252	43 536
Gain from a bargain purchase			0
The effective part of the cash flow hedging in accordance with IFRS 9	-37 116	-3 400	34 998
<i>including the effective portion of cash flow hedge in line with IFRS 9 attributable to minority interest</i>	<i>3 009</i>		
<i>gains and losses on translating items in the financial statements of the foreign operation</i>	<i>3 595</i>		
<b>Total Comprehensive Income</b>	<b>48 632</b>	<b>27 852</b>	<b>78 534</b>
Total comprehensive income attributable to the parent company shareholders	47 621	26 441	74 552
Total comprehensive income attributed to non-controlling interests	1 011	1 411	3 982

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

Statement of changes in equity for the period from 1st January to 31st March 2021 and 2020	thousand x PLN								
	Share capital	Exchange differences	Supplementary capital	Revaluation reserve	Other reserve capital	Retained profits	Current year net profit	Capital non-controlling interests	Equity TOTAL
<b>Balance on this 1.01.2021 (opening balance)</b>	11 161	16 052	764 187	-4 565	1 729 883	284 848	0	111 621	2 913 187
<b>Profit distribution</b>									0
Dividend									0
Profit from previous years									0
Total comprehensive income for period 1.01 - 31.03.2021		3 579		-34 107			78 149	1 011	48 632
<i>Valuation of hedging transactions</i>				-34 107					-34 107
<i>Other</i>		16		-1 128		668		-84	-528
<b>Balance on this 31.03.2021 (closing balance)</b>	11 161	19 647	764 187	-39 801	1 729 883	285 516	78 149	112 549	2 961 291
<b>Balance on this 1.01.2020 (opening balance)</b>	11 161	4 092	667 745	46 280	1 634 274	286 904		107 569	2 758 025
Intercapital and consolidation transfer									0
Retained earnings from previous years after the application of IFRS 16		134		173		44 750		-81	44 976
Dividend						-43 872			-43 872
Total comprehensive income for period 1.01 - 31.03.2020									0
<i>Valuation of hedging transactions</i>				-3 400			29 055	2 197	27 852
<b>Balance on this 31.03.2020 (closing balance)</b>				-3 400					-3 400
	11 161	4 226	667 745	43 053	1 634 274	287 782	29 055	109 685	2 786 981

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

CONSOLIDATED CASH FLOW ACCOUNT for the period	thousand x PLN	
	I quarter 2021 increasingly for the period from 01-01-2021 to 31-03-2021	I quarter 2020 increasingly for the period from 01-01-2020 to 31-03-2019
<b>Profit before taxation</b>	<b>95 048</b>	<b>41 534</b>
<b>Tax paid</b>	<b>-8 109</b>	<b>-9 588</b>
<b>A. Cash flow from operational activity - indirect method</b>	<b>105 539</b>	<b>62 342</b>
<b>I. Net Profit (loss)</b>		
<b>II. Total adjustments</b>	18 600	30 397
1. Share in net (profits) losses of subsidiary entities evaluated by equity method	-18	20
2. Depreciation	44 206	41 418
3. (Profit) loss from exchange rate fluctuations	177	-230
4. Interest and profit share (dividends)	3 104	3 138
5. (Profit) loss on investment activities	-19 139	-1 633
6. Change in reserves	-14 097	2 336
7. Change in inventories	50 531	58 364
8. Change in receivables	-97 543	-18 632
9. Change in short-term liabilities, except for loans and credits	33 700	-16 115
10. Change in accruals	7 716	-6 223
11. Other adjustments / including deferred tax /	9 963	-32 046
<b>III. Net cash flow from operating activities</b>	<b>105 539</b>	<b>62 342</b>
<b>B. Cash flow from investment activity</b>	<b>-92 202</b>	<b>-69 691</b>
<b>I. Inflows</b>	63 384	21 830
1. Sales of intangible and tangible fixed assets	18 748	87
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	44 636	21 743
- financial assets sold	44 636	21 688
- dividends and profit share received		
- repayment of long-term loans granted		
- interest received		
- other inflows from financial assets		55
4. Other investment inflows		
<b>II. Outflows</b>	-155 586	-91 521
1. Purchase of intangible and tangible fixed assets	-28 272	-79 114
2. Real estate property and intangible assets		
3. To financial assets, including:	-127 300	-12 407
- financial assets purchased	-127 300	-12 407
- long-term loans granted		
4. Other investment outflows		
<b>III. Net cash flow from investment activities</b>	-14	
<b>C. Cash flow from financial activity</b>	-92 202	-69 691
<b>I. Inflows</b>	<b>-20 334</b>	<b>-18 733</b>
1. Net inflows from issue of shares, other capital instruments and capital receipts	124	10
2. Credits and loans		
3. Issue of debentures	75	
4. Other financial inflows		
<b>II. Outflows</b>	49	10
1. Purchase of own shares	-20 458	-18 743

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

2. Dividends and other dues paid to shareholders		
3. Outflows from profit distribution, other than dues paid to shareholders	-13	-11
4. Credits and loans repaid		
5. Redemption of debentures	-14 699	-13 457
6. From other financial liabilities		
7. Contractual payments of financial leasing dues		
8. Interest paid	-2 586	-2 214
9. Other financial outflows	-3 128	-2 850
<b>III. Net cash flow from financial activities</b>	<b>-32</b>	<b>-211</b>
<b>D. Total net cash flow</b>	<b>-20 334</b>	<b>-18 733</b>
<b>E. Balance sheet change in cash, including:</b>	<b>-6 997</b>	<b>-26 080</b>
- change in cash due to exchange rates fluctuations	<b>-6 997</b>	<b>-26 080</b>
<b>F. Cash (beginning of period)</b>		
<b>G. Cash (end of period), including:</b>	<b>436 392</b>	<b>404 501</b>
- of limited access and disposal	<b>429 395</b>	<b>378 421</b>



## II. Abridged Financial Report for the 1st quarter of 2020

Selected Financial Data	thousand x PLN		thousand x EUR	
	1 quarter(s) increasingly for the period from 01-01-2021 to 31- 03-2021	1 quarter(s) increasingly for the period from 01-01-2020 to 31- 03-2020	1 quarter(s) increasingly for the period from 01-01-2021 to 31- 03-2021	1 quarter(s) increasingly for the period from 01-01-2020 to 31- 03-2020
I. Net sales of products, goods and materials	382 483	347 358	83 656	79 011
II. Operating profit (loss)	19 407	5 769	4 245	1 312
III. Profit (loss) before taxation	17 429	4 335	3 812	986
IV. Net profit (loss)	17 429	3 882	3 812	883
V. Net cash flow from operating activities	31 323	11 880	6 851	2 702
VI. Net cash flow from investment activities	-933	-3 459	-204	-787
VII. Net cash flow from financial activities	-7 285	-6 585	-1 593	-1 498
VIII. Total net cash flow	23 105	1 836	5 053	418
IX. Total assets	2 229 340	2 162 912	478 368	466 450
X. Liabilities and provisions for liabilities	457 562	408 563	98 183	88 532
XI. Long-term liabilities	81 536	86 597	17 496	18 765
XII. Short-term liabilities	268 952	217 850	57 711	47 206
XIII. Shareholders' equity	1 771 778	1 754 349	380 185	378 569
XIV. Share capital	11 161	11 161	2 395	2 419
XV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XVI. Profit (loss) per ordinary share (PLN)	3,12	0,70	0,68	0,02
XVII. Diluted profit (loss) per ordinary share	3,12	0,70	0,68	0,02
XVIII. Book value per share (PLN)	317,51	314,38	68,13	68,12
XIX. Diluted book value per share (PLN)	317,51	314,38	68,13	68,12
XX. Declared or paid-out dividend for one share in (PLN/EUR)	6,00		1,31	

1. Comparable financial data (item IX-XIV and XVIII) was presented pursuant to the requirements of the International Financial Reporting Standards according to the balance for this 31<sup>st</sup> December 2020. Other comparable data is presented for the period from 1st January 2020 to 31st March 2020.
2. EUR exchange rates according to the following principles were used for the conversion of the currency into PLN:
  - the assets and liabilities items of the balance sheet were converted into EUR according to the average rate announced by the National Bank of Poland for this 31<sup>st</sup> March 2021 and amounting to PLN 4.6603 and PLN 4.6148 for this 31<sup>st</sup> December 2020.
  - the profit and loss account items and the cash flow items were converted into EUR according to the rate being the simple average of the average EUR rates announced by the National Bank of Poland on the last day of each month included in the report and amounting to PLN 4.5721 for 1 quarter of 2021 and PLN 4.3963 for 1 quarter of 2020.
3. For profit-per-share calculation the number of 5 580 267 shares was adopted.
4. In item XX, the amount of the declared dividend per share in 2021 (PLN 6.00) from the profit for 2020 is presented.

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

BALANCE SHEET	(thousand x PLN)			
	31.03.2021	31.12.2020	31.03.2020	31.12.2019
<b>Assets</b>				
<b>I. Fixed assets</b>	<b>1 460 515</b>	<b>1 471 502</b>	<b>1 512 793</b>	<b>1 521 494</b>
1. Intangible fixed assets, including	116 622	116 921	117 830	118 340
- right of perpetual land use	84 295	84 548	86 662	86 920
2. Tangible fixed assets	773 887	784 102	814 487	822 231
3. Long-term receivables				
4. Long-term investments	567 408	567 881	577 963	578 411
4.1. Real estate investments	49 952	50 425	51 844	52 317
4.2. Intangible assets				
4.3. Long-term financial assets	517 456	517 455	526 119	526 094
4.4. Other long-term investments				
5. Long-term prepayments	2 598	2 598	2 512	2 512
5.1. Deferred tax assets	2 598	2 598	2 512	2 512
5.2. Other prepayments				
<b>II. Current assets</b>	<b>768 825</b>	<b>691 410</b>	<b>596 903</b>	<b>626 987</b>
1. Inventories	241 769	238 059	251 560	300 833
2. Short-term receivables	263 850	216 211	264 991	251 769
- including trade receivables in excess of 1 year	230	290	331	435
3. Short-term investments	235 506	212 433	75 235	74 080
3.1. Short-term financial assets	235 050	211 945	74 207	73 121
a) loans	18 400	18 400	20 750	21 500
b) cash and cash equivalents	216 650	193 545	53 457	51 621
3.2. Other short-term investments	456	488	1 028	959
4. Short-term prepayments	27 700	24 708	5 118	304
<b>Total assets</b>	<b>2 229 340</b>	<b>2 162 913</b>	<b>2 109 696</b>	<b>2 148 481</b>
<b>Liabilities</b>				
<b>I. Shareholders' equity</b>	<b>1 771 778</b>	<b>1 754 349</b>	<b>1 683 028</b>	<b>1 679 146</b>
1. Share capital	11 161	11 161	11 161	11 161
2. Reserve capital	103 750	103 750	103 749	103 749
3. Reserve capital from revaluation				
4. Other reserve capital	1 592 870	1 592 870	1 500 062	1 500 062
5. Retained earnings (losses)	46 568	-8 275	64 174	-28 634
6. Net profit (loss)	17 429	54 844	3 882	92 808
<b>II. Liabilities and provisions for liabilities</b>	<b>457 562</b>	<b>408 564</b>	<b>426 668</b>	<b>469 335</b>
1. Provisions for liabilities	97 222	97 221	105 529	105 133
1.1. Provision for deferred income tax	76 740	76 740	75 721	75 325
1.2. Other provisions	20 482	20 482	29 808	29 808
a) long-term	15 007	15 007	25 948	25 948
b) short-term	5 475	5 475	3 860	3 860
2. Long-term liabilities	<b>81 536</b>	<b>86 597</b>	<b>102 069</b>	<b>107 126</b>
2.1. Long-term credits and loans	25 000	30 000	45 000	50 000
2.2. Long-term liabilities due to the application of IFRS 16	56 536	56 597	57 069	57 126
3. Short-term liabilities	<b>268 952</b>	<b>217 851</b>	<b>212 046</b>	<b>251 909</b>
3.1. Short-term credits and loans	0	0	0	0
3.2. Current part of long-term credits and	20 000	20 000	20 000	20 000

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loans				
3.3. Trade liabilities	219 171	171 956	161 627	203 539
- including trade payables in excess of 1 year	3 538	3 539	2 590	2 455
3.4. Income tax liabilities				
3.5. Other short-term liabilities	29 780	25 895	30 419	28 370
4. Accruals	<b>9 852</b>	<b>6 895</b>	<b>7 024</b>	<b>5 167</b>
<b>Total liabilities</b>	<b>2 229 340</b>	<b>2 162 913</b>	<b>2 109 696</b>	<b>2 148 481</b>
Net profit (loss)	1 771 778	1 754 349	1 683 028	1 679 146
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267	5 580 267
Profit (loss) per ordinary share (PLN)	317,51	314,38	301,60	300,91
Weighted average predicted number of	5 580 267	5 580 267	5 580 267	5 580 267
Diluted profit (loss) per ordinary share (PLN)	317,51	314,38	301,60	300,91

PROFIT AND LOSS ACCOUNT for the period	(thousand x PLN)		
	I quarter of 2021 - period from 01-01- 2021 to 31-03-2021	I quarter of 2020 - period from 01-01- 2020 to 31-03-2020	IV quarter of 2020 - period from 01-10- 2020 to 31-12-2020
<b>I. Net sales of products, goods and materials, including:</b>	<b>382 483</b>	<b>347 358</b>	<b>300 681</b>
1. Net sales of products	313 694	281 104	264 322
2. Net sales of goods and materials	68 789	66 254	45 359
<b>II. Costs of products, goods and materials sold, including:</b>	<b>344 574</b>	<b>322 469</b>	<b>284 129</b>
1. Production cost of products sold	278 302	258 337	239 736
2. Value of goods and materials sold	66 272	64 132	44 393
<b>III. Gross profit (loss) on sales</b>	<b>37 909</b>	<b>24 889</b>	<b>16 552</b>
IV. Selling costs	10 369	10 672	10 523
V. General and administrative costs	8 323	8 324	10 953
<b>VI. Profit (loss) on sales</b>	<b>19 217</b>	<b>5 893</b>	<b>-4 924</b>
VII. Other operating incomes	334	65	19 410
VIII. Other operating costs	144	189	8 195
<b>IX. Operating profit (loss)</b>	<b>19 407</b>	<b>5 769</b>	<b>6 291</b>
X. Financial incomes	357	120	3 299
XI. Financial costs	2 335	1 554	1 100
<b>XII. Profit (loss) before taxation</b>	<b>17 429</b>	<b>4 335</b>	<b>8 490</b>
XIII. Income tax		453	700
XIV. Other statutory reductions in profit (increases in loss)			
<b>XV. Net profit (loss)</b>	<b>17 429</b>	<b>3 882</b>	<b>7 790</b>
Net profit (loss)	17 429	3 882	7 790
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267
Profit (loss) per ordinary share (PLN)	3,12	0,70	1,40
Weighted average predicted number of ordinary shares	5 580 267	5 580 267	5 580 267
Diluted profit (loss) per ordinary share (PLN)	3,12	0,70	1,40

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TOTAL COMPREHENSIVE INCOME for the period	(thousand x PLN)		
	I quarter of 2021 - period from 01-01-2021 to 31-03-2021	I quarter of 2020 - period from 01- 01-2020 to 31-03- 2020	IV quarter of 2020 - period from 01-10- 2020 to 31-12-2020
Net result	17 429	3 882	7 790
Differences from evaluation			
<b>Total Comprehensive Income</b>	<b>17 429</b>	<b>3 882</b>	<b>7 790</b>

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

Statement of changes in equity for the period from 1st January to 31st March 2021 and 2020	(thousand x PLN)						
	Share capital	Supplementary capital	Revaluation reserve	Other reserve capital	Retained profits	Current year net profit	Equity TOTAL
<b>Balance on this 01.01.2021 (opening balance)</b>	11 161	103 750		1 592 870	46 568		1 754 349
Transfer of profit from previous years							0
Profit (loss) from previous years - due to the application of IFRS 16							0
Dividend							0
Total comprehensive income for period 1.01 - 31.03.2021						17 429	17 429
<b>Balance on this 31.03.2021 (closing balance)</b>	11 161	103 750		1 592 870	46 568	17 429	1 771 778
<b>Balance on this 01.01.2020 (opening balance)</b>	11 161	103 749		1 500 062	64 174		1 679 146
Intercapital transfer							
Profit (loss) from previous years - due to the application of IFRS 16							
Dividend							
Total comprehensive income for period 1.01 - 31.03.2020						3 882	3 882
<b>Balance on this 31.03.2020 (closing balance)</b>	11 161	103 749		1 500 062	64 174	3 882	1 683 028

CASH FLOW ACCOUNT for the period	(thousand x PLN)	
	1 quarter 2021 increasingly for the period from 01-01-2021 to 31-03-2021	1 quarter 2020 increasingly for the period from 01-01-2020 to 31-03-2020
<b>A. Cash flow from operating activities – indirect method</b>	<b>31 323</b>	<b>11 880</b>
<b>I. Profit before taxation</b>	<b>17 429</b>	<b>4 335</b>
<b>Tax paid</b>	0	0
<b>II. Total adjustments</b>	<b>13 894</b>	<b>7 545</b>
1. Depreciation	12 442	12 910
2. (Profit) loss from exchange rate fluctuations		
3. Interest and profit share (dividends)	2 196	1 477
4. (Profit) loss on investment activities	-143	
5. Change in reserves	0	396
6. Change in inventories	-4 090	49 305
7. Change in receivables	-47 639	-13 222
8. Change in short-term liabilities except for loans and credits	51 162	-39 920
9. Change in accruals	-34	-2 948
10. Other adjustments	0	-453
<b>III. Net cash flow from operating activities</b>	<b>31 323</b>	<b>11 880</b>
<b>B. Cash flow from investment activities</b>	<b>-933</b>	<b>-3 459</b>
<b>I. Inflows</b>	<b>143</b>	<b>791</b>
1. Sales of intangible and tangible fixed assets	143	
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:		41
- financial assets sold		
- dividends and profit share received		
- repayments of long-term loans granted		
- interest received		
- other inflows from financial assets		750
4. Other investment inflows		
<b>II. Outflows</b>	<b>-1 076</b>	<b>-4 250</b>
1. Purchase of intangible and tangible fixed assets	-1 076	-4 225
2. Real estate property and intangible assets		
3. To financial assets, including:		-25
- financial assets purchased		-25
- long-term loans granted		
4. Other investment outflows		
<b>III. Net cash flow from investment activities</b>	<b>-933</b>	<b>-3 459</b>
<b>C. Cash flow from financial activities</b>	<b>-7 285</b>	<b>-6 585</b>
<b>I. Inflows</b>	<b>0</b>	<b>0</b>
1. Net inflows from issue of shares, other capital instruments or capital receipts		
2. Credits and loans		
3. Issue of debentures		
4. Other financial inflows		
<b>II. Outflows</b>	<b>-7 285</b>	<b>-6 585</b>
1. Purchase of own shares		
2. Dividends and other dues paid to shareholders		
3. Outflows from profit distribution, other than dues paid to shareholders		

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

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4. Credits and loans repaid	-5 000	-5 000
5. Redemption of debentures		
6. From other financial liabilities		
7. Contractual payments of financial lease dues	-60	
8. Interest paid	-2 194	-1 516
9. Other financial outflows	-31	-69
<b>III. Net cash flow from financial activities</b>	<b>-7 285</b>	<b>-6 585</b>
<b>D. Total net cash flow</b>	<b>23 105</b>	<b>1 836</b>
<b>E. Balance sheet change in cash</b>	<b>23 105</b>	<b>1 836</b>
<b>F. Cash (beginning of period)</b>	<b>193 545</b>	<b>51 621</b>
<b>G. Cash (end of period)</b>	<b>216 650</b>	<b>53 457</b>
- funds on the VAT account	11 183	444

### III. Introductory Information

#### 1. The basic data

Apart from the parent company, the Stalprodukt S.A. Capital Group embraces 9 associated entities accounting for subsidiary companies. Stalprodukt S.A. holds 100 % of shares in the subsidiary companies, except for Zakłady Górniczo-Hutnicze "Bolesław", where it holds 94.93 % of shares.

As the group's parent company, Stalprodukt S.A., provides operating and development guidelines for the associated entities formed within the framework of the Company's restructuring and expansion of its production, trade and services and organization of its own sales network.

The basic objects of operation of the capital group companies are:

- production of electrical transformer sheets – parent company Stalprodukt S.A., GO Steel a.s.
- production of cold formed profiles, road safety barriers as well as cut-to-length cold- and hot-rolled sheets and strips – parent company Stalprodukt S.A.,
- non-ferrous metal ores mining and zinc and lead production – ZGH "Bolesław" S.A. along with its subsidiary companies:
  - Zinc Smelter - Huta Cynku "Miasteczko Śląskie" S.A. – production of rectified zinc, lead and cadmium,
  - Bol-Therm Sp. z o.o. – power supply-, laboratory-, mechanics and construction-related services, transport-equipment and forwarding services, production of dolomite aggregates, zinc products and zinc alloys,
  - Gradir Montenegro d.o.o. – zinc ores mining and concentrate production,
  - Agencja Ochrony Osób i Mienia "Karo" Sp. z o.o. – bodyguard and property security services,
- trade activities:
  - Stalprodukt-Centrostal Kraków Sp. z o.o., managing the all-Poland sales network with department and trade offices in Gliwice, Włocławek, Wrocław, Szczecin and Radom,
  - Stalprodukt - Zamość Sp. z o.o.,
- other production- and services-related activities:
  - production of galvanized banding steel and wire, as well as steel strips - Cynk-Mal S.A.,
  - production of cold-rolled sheets – GO Steel Frydek Mistek a.s.
  - spare parts production and regeneration - Stalprodukt-Wamech Sp. z o.o.,



- installation, repair/renovation and maintenance of machines - Stalprodukt-Serwis Sp. z o.o.,
- structural steel production - STP Elbud Sp. z o.o., Stalprodukt-Wamech Sp. z o.o.,
- galvanizing services - STP Elbud Sp. z o.o. and Cynk-Mal S.A.,
- roads and freeways construction and management – Stalprodukt-Wamech Sp. z o.o.
- bodyguard and property security – Stalprodukt-Ochrona Sp. z o.o.,
- designing equipment related to the use of renewable energy sources – Anew Institute Sp. z o.o.,
- Hotel Ferreus Sp. z o.o. - hotel services.

### **2. Changes in the Issuer's and Capital Group's Ownership Structure**

In relation to the 1st quarter of 2020, which is a comparable period to the 1st quarter of 2021, the following changes in the structure of the Issuer's Capital Group took place:

1. In connection with the entry into force in the Czech Republic on 1 January 2021 of the amendment to the act on commercial companies 33/2020 Sb and in order to avoid problems related to the interpretation of the new regulations, Stalprodukt S.A., as the sole shareholder of GO Steel Frydek-Mistek as, decided to change the existing internal structure of the company (the so-called monistic system, with the statutory director and management board) to a dual system (in which the management board and supervisory board operate), i.e. a system also known in Poland under the provisions of the Commercial Companies Code.
2. Due to the completion by the Company of the construction of the 5-star Ferreus Hotel in Kraków, on March 9, 2021, the articles of association of the company Hotel Ferreus Sp. z o.o. were drawn up. The share capital of this company is PLN 500 thousand and is divided into 500 shares with a nominal value of 1 thousand PLN each, which were fully covered by Stalprodukt S.A. as its sole partner). In May 2021, it is planned to submit an application to the National Court Register for company registration. The company Hotel Ferreus Sp. z o.o. was established to conduct hotel activities on the basis of a lease agreement for the facility in question. Due to the coronavirus pandemic, the Company withheld from opening the hotel. The currently expected date of commencement of operations is third quarter of 2021. The facility has a permit for use by the County Construction Supervision Inspector – Powiat township district, and a positive position in the field of fire protection of the Municipal Commander of the State Fire Service in Krakow. The hotel has a total of 71 accommodation units. The total planned expenditure on its construction based on the investor's cost estimates was determined at the level of PLN 66 million. The expenditure actually incurred amounted to PLN 58.9 million.

### **3. Fundamental Principles Governing the Preparation of the Abridged Interim Consolidated Financial Report**

The presented Abridged Consolidated Financial Report was prepared in respect of the period from 1 January 2021 to 31 March 2021 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from 1 January 2020 to 31 March 2020 referring to the profit and loss account and the cash flow statement, the balance sheet values reflect the status as of 31 December 2020.

The Group's reporting year is equivalent to the calendar year.

This Abridged Consolidated Financial Report was prepared in line with the International Financial Reporting Standards approved by the European Union and, in particular, with the International Accounting Standard No 34 "Interim Financial Reporting" and was based on the assumption that the Group will be continuing its activities in the predictable future. As of the Financial Report approval day, the Issuer's Management Board does not find any circumstances likely to threaten the continuation of activities pursued by the Capital Group.

The Interim Abridged Consolidated Financial Report does not contain all the information and disclosures required in the consolidated financial report and the additional information sheet mainly contains the explanations of events and changes indispensable for the understanding of the changes in the Group's financial standing and its performance results to have occurred since the end of the previous reporting year.

The Additional Information sheet embraces selected data explaining the facts required by the IAS 34 and the Regulation of the Minister of Finance as of 29.03.2018 r. on current and periodic information to be disclosed by issuers of securities and conditions for recognizing as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws 2018, item 757).

If the Additional Information sheet does not contain a description of some events, required by the above mentioned regulations, this shall mean that such events have not occurred during the reporting period.

### **4. Accounting Principles (Policy)**

1. In the quarterly abridged consolidated financial report the accounting principles (policy) used, including the assets and liabilities, income and costs valuation methods as well as calculation methods adopted, were identical with the ones presented in detail in the Consolidated Report 2020.

In the reporting period no essential amendments were introduced into the accounting standards (policy), nor any adjustments were made in respect of the fundamental errors and adopted estimated values which would have significantly affected the Group's property and liquidity standing and its financial result.

2. The changes introduced into the standards and interpretations issued by the International Financial Reporting Standards Council and International Financial Reporting Standards Interpretation Committee, applicable since 1 January 2019 or later, either do not apply to the Stalprodukt Group, or do not significantly affect the heretofore applied accounting policy and assessment of its asset position and financial standing. The numerous changes introduced into the existing accounting standards and interpretation changes, referring to the existing standards, have already been adopted by the International Financial Reporting Standards Council, but not approved by the EU yet and so the same shall take effect at later dates.

The Management Board does not expect the introduction of the above standards and interpretations to significantly affect the accounting principles (policy) applied by the Group, its financial standing and financial result, but the same may still require further additional or amended disclosures to be included in the report. The above mentioned changes were precisely described in the Additional and Explanatory Information sheet appended to the published Consolidated Financial Report for 2020.

3. The information contained in the Consolidated Financial Report was compiled in compliance with the principles pertaining to the assets and liabilities valuation and net financial result measurement, defined as of the balance sheet day, in compliance with IFRS adopted by the European Union and interpretations related thereto, announced in the form of the European Commission Regulations, with the principle of materiality observed.

### 5. Estimated Values

Estimated values in the first quarter of 2021:

- A provision for employee benefits was created in the amount of PLN 4,081 thousand, and dissolved in the amount of PLN 2,865 thousand;
- A provision was created for certificates of origin for energy and emission rights in the amount of PLN 9,292 thousand and dissolved in the amount of 13,013 thousand;
- A provision was created for land reclamation in the amount of PLN 112 thousand;
- A provision for repairs was created in the amount of PLN 17,177 thousand, and dissolved in the amount of 10,671 thousand (provision created as accruals);
- Reversal of doubtful receivables write-down in the amount of PLN 362 thousand was resolved, including through the cancellation of receivables PLN 164 thousand;
- In the Zinc Segment, a write-down was created for the value of inventories of finished and semi-finished products in the amount of PLN 35 thousand;
- A provision for deferred tax was increased by PLN 1,263 thousand. In the standalone profit and loss account, no provision for deferred tax was created due to the reversal of the difference between the balance sheet and tax net value of fixed assets;
- Other provisions were created for the amount of PLN 324 thousand, and were dissolved for the amount of 253 thousand.

Additionally, at the operational level, the following are included:

In other operating income, the sale of liquidated fixed assets (mainly scrap in connection with the liquidation of fixed assets in the old electrolysis hall) was recognized on balance in the amount of PLN 18.6 million.

Additionally, costs related with the maintenance of the mine during the liquidation process are included in other operating expenses for the first quarter of 2021, which amounted to PLN 5.8 million. These costs were not included in the provisions at the level of subsidiary. At the same time, due to the qualified opinion on the revaluation of the value related to the mine decommissioning reserve at the consolidated level and in line with the expert's position, this reserve was not used. Termination or use will take place after updating the amount of provisions, in accordance with the above-mentioned position, in agreement with the subsidiary. At the same time, the subsidiary used the provision for mine decommissioning in the first quarter in the amount of PLN 24.3 million.

In addition, the subsidiary included in other operating expenses the amount of compensation in the amount of PLN 6.0 million, estimated for the first quarter of 2021, which was recognized in operating expenses as a reduction in the cost of electricity consumption in order to make the cost of manufacturing products in this period more realistic. At the same time, a write-down for the same amount was created against other operating costs. Recognition of the entire amount of compensation for the subsidy to electricity prices only in December significantly distorts the production costs for that month and affects the value of inventories as at the balance sheet date.

### **IV. Business Segments**

The segment-based reporting was based on IFRS 8 "Operating Segments". The rules governing the Stalprodukt Capital Group's division into operating segments and accounting principles applied in this kind of reporting were described in detail in the last published Consolidated Financial Report for 2020.

Revenues presented in the breakdown into operating segments include only revenues from external customers. There are no transactions between the 3 operating segments (electrical sheet segment, profiles segment and zinc segment). As part of the accounting policy (principles), the "other operations" item was separated to balance the results of the Capital Group. The scope of "other activities" includes assembly services, maintenance services, security, galvanizing services, production of cold rolled steel coils, etc. These services are carried out by the Capital Group companies for external customers and for the needs of individual segments, which in the Issuer's opinion is not a transaction between operating segments. At the same time, taking into account the consolidation principles, revenues from sales under "other activities" made for the benefit of operating segments as carried out within the Capital Group were excluded from consolidation.

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

### Information on Operating Segments for 1st quarter of 2021 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	<b>212 337</b>	<b>177 578</b>	<b>554 440</b>	<b>66 472</b>	<b>1 010 827</b>
Domestic	14 868	124 405	310 486	51 395	<b>501 154</b>
Export	197 469	53 173	243 954	15 077	<b>509 673</b>
<b>Segment Costs</b>	<b>195 711</b>	<b>158 351</b>	<b>461 154</b>	<b>57 967</b>	<b>873 183</b>
<b>Segment Result</b>	<b>16 626</b>	<b>19 227</b>	<b>93 286</b>	<b>8 505</b>	<b>137 644</b>
Other Operating and Financial Revenues Non-Attributable to the Segment					26 936
Other General, Operating and Financial Costs Non-Attributable to the Segment					69 532
<b>Gross Profit</b>					<b>95 048</b>
Income Tax					12 895
<b>Net Profit</b>					<b>82 153</b>
Segment Assets	1 004 825	680 043	2 248 422	481 648	4 414 938
Assets Non-Attributable to the Segment					36 903
Total Assets					4 451 841
Liabilities	295 862	234 223	596 423	86 293	1 212 802
Contingent Liabilities					277 748
Total Liabilities					1 490 550
Investment Outlays	1 318	340	10 298	5 092	17 048
Depreciation	9 329	4 656	26 177	4 044	44 206

### Information on Operating Segments for 1st quarter of 2020 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	<b>210 862</b>	<b>153 863</b>	<b>459 613</b>	<b>65 521</b>	<b>889 859</b>
Domestic	14 360	113 415	262 299	52 780	442 854

## Abridged Consolidated Financial Report for the 1st Quarter of 2021.

Export	196 502	40 448	197 314	12 741	447 005
<b>Segment Costs</b>	<b>194 798</b>	<b>149 021</b>	<b>398 683</b>	<b>58 179</b>	<b>800 680</b>
<b>Segment Result</b>	<b>16 064</b>	<b>4 842</b>	<b>60 930</b>	<b>7 342</b>	<b>89 179</b>
Other Operating and Financial Revenues Non-Attributable to the Segment					29 924
Other General, Operating and Financial Costs Non-Attributable to the Segment					77 548
<b>Gross Profit</b>					<b>41 555</b>
Income Tax					10 303
<b>Net Profit</b>					<b>31 252</b>
Segment Assets	899 685	634 351	2 275 397	492 018	4 301 451
Assets Non-Attributable to the Segment					38 520
Total Assets					4 339 971
Liabilities	258 215	204 420	718 926	75 314	1 256 875
Contingent Liabilities					296 115
Total Liabilities					1 552 990
Investment Outlays	1 203	182	29 299	4 352	35 035
Depreciation	9 547	4 446	22 696	5 090	41 779

### V. Evaluation of obtained results and financial situation

In the first quarter of 2021, compared to the corresponding period of 2020, the Stalprodukt S.A. Capital Group achieved sales revenues higher by PLN 120,968 thousand, i.e. by 13.6%. At the level of profit on sales PLN 100,617 thousand was achieved against PLN 52,751 thousand in the first quarter of 2020. On the other hand, at the operating profit level, it was PLN 107,452 thousand against PLN 41,371 thousand, an increase by PLN 66,081 thousand, i.e. by 159.7%. Net profit in the first quarter of 2021 it amounted to PLN 82,153 thousand compared to the first quarter of 2020, when it amounted to PLN 31,252 thousand which means an increase by PLN 50,901 thousand, i.e. by 162.9%. The Capital Group recorded positive results in all operating segments. At the same time, both the Capital Group and the parent company maintained strong cash flows from operating activities in the first quarter. For the first quarter of 2021, the operating cash flows for the Capital Group amounted to PLN 105.5 million, and for the parent company PLN 31.3 million.

In the Electrical Sheets Segment, the sales volumes of transformer sheets were lower by 4% compared to Q1 2020, at the same time due to the increase in prices and an increase in the share of sheets with higher parameters, an increase in sales revenues by 0.7% was recorded. However, compared to the fourth quarter of 2020, an increase in sales volumes was recorded by 17%. In the first quarter of 2021, 4.6 thousand tonnes were produced of HiB sheets, which accounts for approx. 23% of the production volume of the plant in Bochnia. The period of the first quarter was a time of improvement in market conditions, including the recovery of demand and an increase in prices. Compared to the second half of 2020, there was a slight improvement in the market conditions for the segment's operation.

The situation of producers in the European Union is negatively affected by competition with lower production costs coming from the regions free of charge for CO<sub>2</sub> emissions and lower energy costs. Hence, there is still some degree of uncertainty about the further development of the macroeconomic situation in many markets.

Throughout the entire period, the segment had the organizational, production and financial capacity to conduct operating activities, both at the plants in Bochnia and in Frydek-Mistek. The development of the situation in the segment will be closely related to the impact of the pandemic on foreign markets, the reaction of the authorities of individual countries and the development of the situation in relation to successive waves of the pandemic.

On 9 October 2020 The Management Board of ArcelorMittal Poland S.A. ("AMP") announced its intention to permanently shut down the primary operations of the Krakow branch. The blast furnace and steel plant were temporarily shut down in November 2019 due to falling steel demand and a large volume of imports of steel products from outside the EU. The current decision is dictated by such structural reasons as: the lack of effective measures to protect the European steel market, further increase of duty-free quotas for imports of steel products from outside the EU with a decrease in demand for steel, and high energy costs.

The Issuer's Management Board emphasizes that this decision does not have a direct negative impact on the supply of ram material products for the Company's needs, as they have already been taken over by other mills of the ArcelorMittal Group and are carried out in accordance with the schedule and production needs of the Company. Nevertheless, the long-term cooperation relations between both entities, the favorable (due to the close location of the steelworks) logistics of deliveries from the Krakow branch of AMP and the great importance of this plant in securing the supply of hot-rolled sheets for the Electrical Sheets Segment make the decision to completely shut down the primary operations of the Kraków steelworks of AMP should be assessed as unfavorable from the point of view of ensuring the optimal functioning of the Company.

What is particularly important from the point of view of securing the raw materials needs for the Stalprodukt's Electrical Sheets Segment, the statement of the Management Board of AMP also mentions investments in the steel plant in Dąbrowa Górnicza, including projects

enabling the production of steel grades that will be used in the further production of grain-oriented electrical steels.

It is difficult to precisely assess the impact of the coronavirus pandemic itself on the situation of the Segment's customers, but it will certainly continue to be felt and in the event of further spread of the pandemic, it may contribute to a further decline in orders and sales compared to last year. However, apart from the coronavirus pandemic, the general market situation and regulatory activities have an equally significant or even greater impact on the activities of the Electrical Sheets Segment. The Management Board of the Issuer recognizes the decision of the European Commission on a possible extension (in force until October 2020) of measures to protect the EU transformer steels market as a particularly important factor that will affect the future operation and results of the Segment. Stalprodukt submitted to the European Commission, together with another European producer, an application for an "expiry review" of the existing measures.

### **Initiation of an expiry review of the anti-dumping measures**

The EU market protection measures against excessive imports of transformer sheets from China, Japan, Korea, Russia and the United States of America were introduced by the Commission Implementing Regulation (EU) 2015/1953 of 29 October 2015 for a period of 5 years. The main solutions adopted in the area of safeguard measures were anti-dumping duties and the minimum import price mechanism.

On 29 July 2020, the European Steel Association ("Eurofer") submitted an expiry review request on behalf of the Union producers.

The European Commission initiated the proceeding and a notice (No 2020 / C 366/11) was published in the Official Journal of the European Union on 30 October 2020. The expiry review will determine whether the expiry of the measures would be likely to result in a continuation or recurrence of dumping of the product under review originating in the countries concerned and to a continuation or recurrence of injury to the Union industry.

An investigation is normally completed within 12 months, and in any event no later than within 15 months from the date of publication of the above-mentioned notices.

The expiry review can only result in the repeal or the continuation of the existing measures. If they are maintained, they will likely be valid for another five years. An expiry review may not lead to a change in the level or form of the appropriations.

Taking into account the current conditions of the world market of transformer sheets, i.e. significant overcapacity, competition from Asian and Russian producers and protective measures against import by other countries (China, the United States), the decision made by the European Commission is of significant importance for the continued operation of the Stalprodukt Electrical Sheets Segment.



In the Profiles Segment, there was a decrease in quantitative sales compared to the first quarter of 2020 by 9.7%. At the same time, the segment's sales revenues were higher by PLN 23,715 thousand, i.e. by 15.4%. In addition, the Segment recorded a result of PLN 19,227 thousand. Both the increase in revenues and profitability of the segment were caused by significant price increases, both in relation to the period of the first quarter of 2020 and the fourth quarter of 2020.

At the same time, the Issuer would like to emphasize that previous expectations for a systematic solution to the issue of dumped imports, which may have a positive impact on the situation of the company and steel processors, have not been fully resolved, including due to (relatively) high quota amounts. Imports of steel products (including, among others, tubes and profiles manufactured by Stalprodukt) on the European Union market significantly affect the competitive position of EU producers.

In the first quarter of 2021, the Zinc Segment's net revenues amounted to PLN 554.4 million and in relation to the corresponding period of the previous year, in which sales amounted to PLN 459.6 million, were 20% higher.

- sales of zinc in Q1'21 amounted to 43.0 thousand tonnes and was higher by 2.2 thous. tonnes compared to sales recorded in Q1'20;
- sales of silver (Dore's metal) in Q1'21 amounted to 214.6 thousand ounces and was higher by 44.4 thousand ounce compared to sales recorded in Q1'20;
- sales of refined lead in Q1'21 amounted to 3.4 thousand tons and was higher
- by 0.7 thousand tonnes compared to the same period of 2020;
- in the first quarter of 2021, the revenues of the Zinc Segment are increased by one-off sales from the stock of mine concentrate (flotation galena) in the amount of 5.0 thousand tonnes.

The prices of basic metals for the ZGH "Bolesław" Group were as follows:

1st Quarter 2021

average zinc cash settlement quotations on the London Metal Exchange: 2,753 USD / tonne

London Metal Exchange lead cash settlement average of 2,018 USD / tonne

average silver prices on the London Bullion Market USD 26.20 / ounce (USD 842.4 / kg)

the average USD / PLN exchange rate (NBP) amounted to 3.7759

1st Quarter 2020

average zinc cash settlement quotations on the London Metal Exchange: 2,128 USD / tonne

average London Metal Exchange cash settlement lead: 1,847 USD / tonne

average silver prices on the London Bullion Market USD 16.90 / troz (543.5 USD / kg)

the average USD / PLN exchange rate (NBP) was 3.9237

Converted to PLN, the price of zinc was PLN 10,391 / tonne and was 25% higher than in the first quarter of 2020, when it reached an average of PLN 8,318 / tonne. Converted into PLN, the lead price

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was PLN 7,611 / tonne and was 5% higher than in the first quarter of 2020, when it reached an average of PLN 7,231 / tonne. Converted into PLN, the price of silver was PLN 3,181 / kg, which means an increase by 49% compared to the corresponding period of the previous year - on average PLN 2,132 / kg.

In the first quarter of 2021, metallurgical production amounted to, respectively:

- zinc production in Q1'21 amounted to 40.2 thousand tonnes and was lower by 969 tonnes compared to Q1'20;
- production of refined lead in Q1'21 amounted to 4.7 thousand tonnes and was higher by 505 tonnes compared to Q1'20;
- silver production (Dore's metal) in Q1'21 amounted to 8.4 tons and was higher by 3.3 tons compared to Q1'20

ZGH "Bolesław" S.A. apart from concentrates from the processing of imported ore, produces concentrates based on zinc-bearing waste. The amount of these concentrates in the first quarter of 2021 was higher than the production realized in the corresponding period of 2020. These concentrates are the feedstock to Huta Cynku "Miasteczko Śląskie" [Miasteczko Śląskie Zinc Smelter] and Huta "Bolesław" ["Boleslaw" Zinc Smelter].

### V. Financial instruments and risk management assessment

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

As of 31 March 2021, the subsidiary companies belonging to the Zinc Segment were applying cash flow hedge accounting for commodity and currency swaps in accordance with the rules described in the Annual Report. As of 31 March 2021 they held the following hedging measures active (the connections have been planned for the period from January 2021 to December 2023):

#### 1) Currency

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
<b>Active currency hedging instruments as of 31.12.2021 r. PLN thousand</b>					
Cash Flow Hedging	forward	\$ 115 837 810,00	-14 029	-14 029	risk from USD/PLN exchange rates

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Cash Flow Hedging	forward	€ 2 100 000,00	-20	-20	risk from EUR/PLN exchange rates
Cash Flow Hedging	option strategies		0	0	risk from USD/PLN exchange rates
Cash Flow Hedging	option strategies (synthetic forward)	€ 3 300 000,00	-216	-217	risk from EUR/PLN exchange rates

### 2) raw material

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
<b>Active commodity hedging instruments as of 31.03.2021 (zinc)</b>			<b>PLN thousand</b>		
Cash Flow Hedging	swap	24 475	-18 758	-18 758	Price Change Risk Zn LME PLN
Cash Flow Hedging	swap (USD)	27 800	-13 427	-13 437	Price Change Risk Zn LME USD
Cash Flow Hedging	option strategies (collar)	0	0	0	Price Change Risk Zn LME
Cash Flow Hedging	put	0	0	0	Price Change Risk Zn LME
Cash Flow Hedging	call	0	0	0	Price Change Risk Zn LME
<b>Active commodity hedging instruments as of 31.03.2020 (lead)</b>			<b>PLN thousand</b>		
Cash Flow Hedging	swap	0	0	0	Price Change Risk Pb LME PLN
Cash Flow Hedging	swap (USD)	0	0	0	Price Change Risk Pb LME USD
Cash Flow Hedging	option strategies (collar)	0	0	0	Price Change Risk Pb LME
Cash Flow Hedging	put	0	0	0	Price Change Risk Pb LME
Cash Flow Hedging	call	0	0	0	Price Change Risk Pb LME
<b>Active commodity hedging instruments as of 31.03.2020 (silver)</b>			<b>PLN thousand</b>		
Cash Flow Hedging	swap	232 500	2 488	2 488	Price Change Risk Ag LMBA

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

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	31.03.2021	31.03.2020
Long-Term investments	277	6 947
Short-Term Investments	166 405	152 800
<b>TOTAL, including:</b>	<b>166 682</b>	<b>159 747</b>
a) valuation of derivative transactions	6 731	113 210
b) securities	159 951	46 537

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Explanation to Item: Liabilities pertaining to hedging instruments	PLN thousand	
	31.03.2021	31.03.2020
Contracts for Hedging Transactions	11 855	2 800
Conclusions of Currency Option Transactions	52 951	62 806
Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers	-2 012	-11 427
<b>TOTAL</b>	<b>62 794</b>	<b>54 179</b>

### Valuation of Derivative Transactions

Valuation of Derivative Transactions	PLN thousand			
	31.03.2021		31.03.2020	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	682	39 463	111 334	4 539
Commodity Transactions - Lead	0	0	907	0
Currency Transactions - USD/PLN EUR/PLN	3 522	23 292	76	49 640
Commodity Transactions- Silver	2 527	39	893	0
<b>Total</b>	<b>6 731</b>	<b>62 794</b>	<b>113 210</b>	<b>54 179</b>

### Division of Hedging Instruments

Division of Hedging Instruments	PLN thousand			
	31.03.2021		31.03.2020	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
<b>Hedging Instruments</b>	<b>6 678</b>	<b>50 650</b>	<b>109 838</b>	<b>45 188</b>
Commodity Transactions - zinc	682	32 876	107 962	1 991
Commodity Transactions - lead	0	0	907	0
Currency Transactions - USD/PLN, EUR/PLN	3 469	17 734	76	43 197
Commodity Transactions - Silver	2 527	40	893	0
<b>Trade Instruments</b>	<b>53</b>	<b>12 144</b>	<b>3 373</b>	<b>8 990</b>
Commodity Transactions- zinc	0	6 586	3 373	2 548
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	53	5 558	0	6 442
Commodity Transactions - silver	0	0	0	0
<b>Total</b>	<b>6 731</b>	<b>62 794</b>	<b>113 211</b>	<b>54 178</b>

### **Financial Report Presentation of Applied Derivative Instruments**

The result of the hedging instruments valuation, in its portion recognized as 'effective hedging', is taken to the capital revaluation reserve. Asian options, aimed at hedging the Company against the change of time value, are taken to costs or to financial revenues. The trade instruments valuation result is taken to costs or financial revenues. The result from the application of hedging instruments is used to adjust the hedged item (sales). The result from the application of trade instruments is taken to costs or financial revenues.

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Derivative Transactions Presented in the Profit and Loss Account:	PLN thousand	
	31.03.2021	31.03.2020
Sales of Products Adjustment	-2 325	21 990
Sales of Goods Adjustments	0	0
Revaluation of Investments	-11 493	-9 048
Gains/Loss on Sale of Investments	321	2 131
<b>Total</b>	<b>-13 497</b>	<b>15 073</b>

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	31.03.2021	31.03.2020
Commodity Transactions	-2 116	19 652
Currency Transactions	3 637	-9 202
<b>Total</b>	<b>1 521</b>	<b>10 450</b>

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	31.03.2021	31.03.2020
Sales Increase	3 088	30 384
Sales Decrease	-5 413	-8 394
<b>TOTAL</b>	<b>-2 325</b>	<b>21 990</b>

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	PLN thousand	
	31.03.2021	31.03.2020
<b>Valuation of Open Hedging Instruments:</b>	<b>-43 973</b>	<b>64 502</b>
- Zn	-32 195	105 823
- Pb	0	907
- USD/PLN	-14 029	-43 033
- Ag	2 488	893
- EUR/PLN	-237	-88
<b>Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>-43 973</b>	<b>64 502</b>

### Securities

Papiery wartościowe	w tys. zł	
	31.03.2021	31.03.2020
<b>Obligacje Skarbu Państwa</b>	<b>0</b>	<b>9 209</b>
<b>Obligacje Skarbu Państwa FL</b>	<b>0</b>	<b>3 967</b>
<b>Obligacje korporacyjne</b>	<b>117 987</b>	<b>0</b>
<b>Investment fund participation units:</b>	<b>41 964</b>	<b>33 361</b>
- Quercus Ochrony Kapitału	2 003	3
- Quercus Obligacje Skarbowe	3 091	1 008

- Generali Aktywny Dochodowy FL	1 358	1 330
- Quercus Dłużny Krótkoterminowy	3 000	0
- Generali Korona Dochodowy FL	5 562	1 035
- Generali Oszczednosciowy FL	0	4 341
- Generali Oszczednosciowy	0	10 233
- Generali Aktywny Dochodowy	26 950	15 411
<b>TOTAL</b>	<b>159 951</b>	<b>46 537</b>

## VI. Other Information

### The impact of the coronavirus COVID-19 pandemic on the operating activities and financial situation of the Issuer and the Capital Group

#### Electrical Sheets Segment

In the first quarter of this year, 43 Segment employees have been in quarantine, home isolation or childcare in connection with the coronavirus pandemic. This did not adversely affect the continuity and planned level of production and sales of the Segment's products.

#### Profiles Segment

In the first quarter of this year only 29 Segment employees were in quarantine, home isolation or childcare in connection with the coronavirus pandemic. This did not adversely affect the continuity and planned level of production and sales of the Segment's products.

#### Zinc Segment

In the first quarter of 2021, the activities of the Zinc Segment were not exposed to high risk associated with the COVID-19 pandemic. The Management Board of the largest entity in this Segment - ZGH "Bolesław" S.A. - has taken a number of steps to reduce the risks of the COVID-19 pandemic in order to ensure continuity of production, supply chain or adequate human resources. In the opinion of the Management Board of ZGH, the COVID-19 pandemic did not have a significant impact on the entity, as well as on the entire Zinc Segment, and most likely this impact will remain insignificant in the near future.

Summing up the impact of the COVID-19 coronavirus on the activities of the Issuer and its Group, it should be emphasized that it is becoming weaker and weaker; compared to the 4th quarter of 2020, the number of employees on sick leave or in quarantine due to coronavirus has clearly decreased. The Management Board of Stalprodukt does not see any threats on this account for the sale - the plants of recipients of products of all operating segments do not face any significant restrictions in their activities. It seems that, provided that the vaccination program is implemented as planned, it will positively reduce the number of patients suffering from COVID-19 (both in Poland, as well as abroad), which should have a positive effect on the "unfreezing" of subsequent sectors of the economy.

### Other Information

1. In the 1st quarter of 2021, the Capital Group did not experience any seasonality consequences. During the reporting period no other positions were recorded, significantly affecting the assets, liabilities, equity, net profit or cash flow, which would be untypical in terms of their kind, volume/size or frequency.
2. As of the balance sheet day, the Stalprodukt S.A. Capital Group holds the below mentioned off-balance-sheet contingent liabilities:
  - guarantees of good workmanship concerning the production and assembly of road barriers totaling PLN 17,295 thousand,
  - guarantees and sureties (avals) granted by ZGH "Bolesław" amounting to PLN 5,794 thousand,
  - ZGH "Bolesław" S.A. issued a promissory note in connection with the contract concluded with the National Center for Research and Development for the amount of PLN 60.5 million for co-financing investment projects,
  - ZGH "Bolesław" S.A. in the IV quarter of 2019 established in the form of bank guarantees a collateral for claims of the waste holder in favour of the Marshal of the Małopolska Province in the total amount of PLN 9,582 thousand. The collateral in the amount of PLN 9,111.0 thousand applies to the installation of rotary kilns used for the production of zinc concentrate from waste zinc-bearing materials in a roll down process. The second collateral in the amount of PLN 21.1 thousand applies to installations used for the production of electrolytic zinc and its alloys. The third, in the amount of PLN 450 thousand PLN includes an installation for the processing of waste in the recovery process.
  - no hedging's securing the financing banks in respect of the signed credit agreements, which were disclosed in the 2020 report, were subject to change.
3. The pending bankruptcy and composition proceedings cover the Group's receivables totaling PLN 4,056 thousand, wherein Stalprodukt's share amounts to PLN 743 thousand and ZGH "Bolesław" - PLN 3,313 thousand.

During the reporting period, no other essential proceedings were instituted or pending before the courts or government agencies, concerning any liabilities or receivables, which might exert a significant influence on the Group's future results and its financial standing.

4. As of the Report submission day, the shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders are:
  - STP Investment S.A. holding 1,529,319 shares, accounting for a 27.41 %-share in capital and 4,375,691 votes, accounting for 35.87 % of the total number of votes at the General Meeting of Shareholders and through F&R Finanse sp. z o.o. 43,807

- shares, accounting for 0.79 %-share in capital and 43,807 votes, accounting for 0.36 % of the total number of votes at the General Meeting of Shareholders,
- i.e. the total 1,573,126 shares, accounting for a 28.19 %-share in capital and 4,419,498 votes, accounting for 36.23 % of the total number of votes at the General Meeting of Shareholders,
- FCASE Sp. z o.o. Sp. k. holding 300,010 shares, accounting for 5.38 %-share in capital and 1,500,050 votes, accounting for 12.30 % of the total number of votes at the General Meeting of Shareholders,
  - Stalprodukt Profil S.A. holding 579,652 shares, accounting for 10.39 %-share in capital and 1,095,488 votes, accounting for 8.98 % of the total number of votes at the General Meeting of Shareholders.
  - ArcelorMittal Sourcing a société en commandite par actions holding 1,066,100 shares, accounting for a 19.10 %-share in capital and 1,066,100 votes, accounting for a 8.74 % of the total number of votes at the General Meeting of Shareholders.

As of the Report submission day, the ownership statuses of management and supervision officers in respect of the Issuer's shares are as follows:

a/ management officers:

- Piotr Janeczek 115,053 shares of nominal value: PLN 230,106,
- Łukasz Mentel 100 shares of nominal value: PLN 200.

b/ supervision officers:

- Stanisław Kurnik 2,900 shares of nominal value: PLN 5,800.

In the period pending from the date of issuance of the previous periodic report, no changes occurred in respect of the shareholding status of the managing and supervising officers.

5. Apart from the typical and routine transactions, concluded in line with market conditions, with the capital group- associated companies, resulting from the on-going operating activities, neither the Stalprodukt Company, nor its subsidiaries concluded any other transactions with associated companies during the reporting period.
6. The total value of the Issuer's transactions with associated companies in the period from 01.01.2021 to 31.03.2021 and in the comparable period from 01.01.2020 to 31.03.2020 is presented in the Table below.

Items the 1st quarter of 2021	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
ZGH "Bolesław" S.A.		41		46
Anew Institute sp. z o.o.				19
Stalprodukt-Wamech sp. z o.o.	345	4 234	748	4 208
Stalprodukt-Centrostal sp. z o.o.	55	1 178	125	958
Stalprodukt-Zamość sp. z o.o.	2 340	79	2 423	71



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Stalprodukt-Ochrona sp. z o.o.	27	780	68	933
STP Elbud sp. z o.o.	126	3 878	656	5 435
Cynk-Mal S.A.	5 046	1 370	6 367	1 648
GO Steel a.s.	22 750	8 834	53 451	13 913

Moreover, in the 1st quarter of 2021 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o.- revenue PLN 12 thousand, costs PLN 36 thousand; receivables PLN 5 thousand, liabilities PLN 15 thousand; Stalprodukt-Profil S.A. revenue PLN 3 thousand, costs PLN 0 thousand, receivables PLN 0 thousand, liabilities: PLN 0 thousand. These were market-type transactions. The receivables in respect of F&R Finanse Sp. z o.o. amount to PLN 12 808 thousand.

Items the 1st quarter of 2020	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-Wamech sp. z o.o.	402	4 750	728	4 635
Stalprodukt-Centrostal sp. z o.o.	55	1 109	116	902
Stalprodukt-Zamość sp. z o.o.	2 089	214	2 372	197
Stalprodukt-Ochrona sp. z o.o.	24	739	62	930
STP Elbud sp. z o.o.	478	3 734	740	4 987
Anew Institute sp. z o.o.	0			60
Cynk-Mal S.A.	0	24		27
ZGH "Bolesław" S.A.	6 089	1 736	7 098	1 411
GO STEEL Frydek Mistek a.s.	28 930	5 645	53 230	10 237

Moreover, in the 1st quarter of 2020 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o.- revenue PLN 12 thousand, costs PLN 36 thousand; receivables PLN 5 thousand, liabilities PLN 15 thousand; Stalprodukt-Profil S.A. revenue PLN 3 thousand, costs PLN 0 thousand, receivables PLN 0 thousand, liabilities: PLN 0 thousand. These were market-type transactions. The receivables in respect of F&R Finanse Sp. z o.o. amount to PLN 12 808 thousand.

7. In the reporting period the Group made investment outlays on the purchase and formation of tangible fixed assets amounting to PLN 17,048 thousand. No significant fixed asset components have been disposed of during the reporting period.
8. An important proceeding in court is a lawsuit filed by Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz against the ZGH "Bolesław" S.A. Company for payment of mining damages in the amount of PLN 64,015,224.00 (file reference number IX GC 99/14).

On 25.04.2018, the Regional Court of Kraków, 9<sup>th</sup> Economic Department (joint case file No IX GC 543/13) issued judgments in both of the above mentioned cases:

1. regarding the suit brought by Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz against the Company for the payment of compensation in the amount of PLN 64,015,224.00 (File No IX GC 99/14) issued a preliminary judgment,

recognizing the action of PWiK sp. z o.o. in Olkusz as justified as a matter of principle. The potential amount of the compensation shall be subject to further proceedings and may total the maximum of PLN 64 million. In connection with the referenced lawsuit, already in 2015, the Company formed a provision amounting to PLN 15 million. The company appealed against the judgment.

2. regarding the suit brought by the Company against PWiK sp. z o.o. in Olkusz for declaratory action seeking to establish that the Company is not liable for the lack of water supplies resulting from the mine dewatering activities after the mine liquidation and that the Company is not liable for the pollution of the existing or former water intakes, PWiK sp. z o.o. (File No IX GC 543/13), issued a judgment dismissing the action. The company appealed against the judgment.

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

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

On July 28, 2020, the company ZGH "Bolesław" S.A. filed a cassation appeal against the above judgment. On January 27, 2021 in the case of reference number no. III CSK 191/20 Supreme Court in Warsaw, issued a decision refusing to accept for examination a cassation appeal brought by ZGH "Bolesław" S.A. against the judgment of the Court of Appeal in Kraków of March 13, 2020 in the case file ref. AGa 527/18, between ZGH "Bolesław" S.A.

and Przedsiębiorstwo Wodociągów i Kanalizacji sp.z o.o. in Olkusz. The said decision was delivered to the Company on March 25, 2020. The above information about the judgment of the Court of Appeal was treated by the Issuer's Management Board as confidential information and made public in the current report No. 3/2020 on March 13, 2020. Moreover, it should be noted that the above-mentioned judgment is directly related to the issue of contingent liabilities related to the acquisition of ZGH "Bolesław" S.A., which was described in detail in the consolidated financial statements of Stalprodukt S.A. for 2013 (item 11. Settlement of the purchase price of ZGH "Bolesław" S.A.). Contingent

liabilities have been defined as resulting from the risks identified by the taking over entity connected with the costs of decommissioning the "Olkusz-Pomorzany" mine and liability for mining damage and water supplies in the Olkusz region. Total amount resulting from the above estimates amounted to PLN 296,115 thousand. This amount was presented in the balance sheet as at December 31, 2013 in the item "contingent liabilities due to the purchase of ZGH" Bolesław "S.A."

9. In connection with the provisions of the perpetual usufruct agreement, Stalprodukt was obliged to implement the investment consisting in the extension, superstructure and reconstruction along with a change in the use of the existing technical, social and administrative facility located at Wadowicka 14 in Krakow. Considering the poor technical condition of the facility, the solutions that do not meet the modern tenants' requirements and the limitations of the project itself (the building is over 40 years old), in the Company's opinion such modernization was ineffective and futile. Therefore, Stalprodukt took appropriate steps to obtain a permit for the demolition of the existing facility and the necessary change of the purpose of perpetual usufruct. Thanks to the efforts undertaken by the Company, on January 20, 2021, Regulation No. 139/2001 of the President of the City of Krakow was issued on the consent to change the purpose of the right of perpetual usufruct of real estate owned by the State Treasury and remaining in perpetual usufruct by Stalprodukt SA, which no longer obliges perpetual usufruct user for the implementation of the above project of expansion and superstructure of the above-mentioned building. In April this year a notarial deed was signed changing the perpetual usufruct agreement, thus the formal obstacle in the way of obtaining a permit for the demolition of the old technical and social building disappeared. As at December 31, 2020, the balance of fixed assets in the Company's books related to the above-mentioned in the building amounted to PLN 1,155 thousand.
10. Neither the Issuer nor its Capital Group's entities issued, redeemed or paid any debt or other capital securities, apart from the ones referred to herein.
11. During the reporting period and within the submission of the present quarterly report, neither the Parent Company, nor its subsidiaries, granted any sureties, loans, credits or guaranties, apart from the ones referred to herein.
12. In the Issuer's assessment, the factors likely to affect the Group's results at least in the perspective of the coming quarter, shall be:
  - fluctuations of charge prices and demand for Stalprodukt's products,
  - fluctuations of the LME zinc and lead prices and LBM silver prices ,
  - fluctuations of currency exchange rates
  - the result of the procedure conducted by the European Commission on the maintenance of protective measures for the EU market of transformer sheets,

- the effects of the COVID-19 pandemic on the Group's operations, which as at the date of publication of this report are difficult to predict, but their importance for the level of revenues and the results achieved by the Group in the coming months or even quarters may be significant. The impact of the epidemic will depend on many factors (including regulatory issues, restrictions imposed by state authorities) or the degree of development of the epidemic itself, hence it is difficult to estimate its expected effects at present.
13. During the reporting period and following 31.03.2021 until the preparation of the Abridged Consolidated Report for the 1st quarter 2021 no other important events took place, apart from the ones mentioned herein, which might significantly affect the Group's standing and its financial results. The Issuer does not possess any other information, which, in his opinion, is essential for the assessment and changes in the Group's staffing level, assets structure and financial standing, or information essential for the assessment of its potential capacity to settle the liabilities incurred.
  14. Pursuant to par. 62, subpar. 1 of the Regulation of the Minister of Finance as of 29.03.2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognizing as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws 2018, item 757 with subsequent amendments), the Issuer does not submit its separate quarterly report. This Report constitutes a supplement to the Abridged Consolidated Report rendered as the "Stalprodukt S.A. Mid-Year Abridged Financial Report for the 1st Quarter of 2021".
  15. No additional information was appended to the Abridged Consolidated Financial Report for the 1st quarter of 2021 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.
  16. This Abridged Consolidated Financial Report for the 1st quarter of 2021 was approved for publication by parent Company's Management Board on 14.05.2021.

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Łukasz Mentel  
Member of the Management Board  
– Financial Director

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Piotr Janeczek  
President of the Management Board – CEO