



STALPRODUKT S.A.

# Abridged Consolidated Financial Report for the 3rd Quarter of 2020

Bochnia, November 2020

**I. Consolidated Financial Report for the 3rd quarter of 2020**

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	1 quarter increasingly for the period from 01-01-2020 to 30-09-2020	1 quarter increasingly for the period from 01-01-2019 to 30-09-2019	1 quarter increasingly for the period from 01-01-2020 to 30-09-2020	1 quarter increasingly for the period from 01-01-2019 to 30-09-2019
I. Net sales of products, goods and materials	2 453 550	2 910 974	552 353	675 619
II. Operating profit (loss)	163 845	182 901	36 885	42 450
III. Profit (loss) before taxation	164 520	172 008	37 037	39 922
IV. Net profit (loss)	130 209	131 827	29 313	30 596
- attributable to shareholders of the parent company	122 327	122 232	27 539	28 369
- net profit attributed to non-controlling interests	7 882	9 595	1 774	2 227
V. Net cash flow from operating activities	251 844	239 886	56 696	55 676
VI. Net cash flow from investment activities	-259 957	-184 042	-58 523	-42 715
VII. Net cash flow from financial activities	-63 978	-182 601	-14 403	-42 381
VIII. Total net cash flow	-72 091	-126 757	-16 229	-29 420
IX. Total assets	4 265 032	4 345 081	942 174	1 020 331
X. Liabilities and provisions for liabilities	1 423 956	1 587 056	314 561	372 680
XI. Long-term liabilities	489 193	530 197	108 066	124 503
XII. Short-term liabilities	479 774	620 318	105 985	145 666
XIII. Shareholders' equity	2 841 076	2 758 025	627 612	647 652
- equity attributable to shareholders of the parent	2 731 760	2 650 457	603 464	622 392
- equity attributed to non-controlling interests	109 316	107 569	24 149	25 260
XIV. Share capital	11 161	11 161	2 466	2 621
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)	23,33	23,62	5,25	5,48
XVII. Diluted profit (loss) per ordinary share (PLN)				
XVIII. Book value per share (PLN)	509,13	494,25	112,47	116,06
XIX. Diluted book value per share (PLN)				
XX. Declared or paid-out dividend for one share in (PLN/EUR)		5,00		1,16

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 2019. Other comparable data is presented for the period from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019.
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 30<sup>th</sup> September 2020 and amounting to 4.5268 and 4.2585 for this 31<sup>st</sup> December 2019.
  - 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 4.4420 for 3 quarters of 2020 and PLN 4.3086 for 3 quarters of 2019.
3. In the item XX the amount of the dividend for 1 share to paid out in 2019 by the Issuer.
4. For profit-per-share calculation the number of 5 580 267 shares was adopted.

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

CONSOLIDATED BALANCE SHEET	(thousand x PLN)			
	30.09.2020	30.06.2020	31.12.2019	30.09.2019
<b>Assets</b>				
<b>I. Fixed assets</b>	<b>2 438 877</b>	<b>2 452 955</b>	<b>2 406 886</b>	<b>2 374 458</b>
1. Intangible fixed assets, including	216 635	229 435	207 326	229 879
- right of perpetual land use	127 905	128 553	129 769	124 199
2. Tangible fixed assets	2 048 813	2 080 662	2 052 279	1 992 609
3. Long-term receivables	808	750	703	730
4. Long-term investments	29 492	30 899	36 748	42 726
4.1. Real estate investments	10 047	10 257	10 678	4 014
4.2. Long-term financial assets	3 304	4 524	10 024	38 712
4.3. Investments in associated entities	16 141	16 118	16 046	
5. Long-term prepayments	143 129	111 209	109 830	108 514
5.1. Deferred income tax assets	38 037	39 172	38 521	30 660
5.2. Other prepayments	105 092	72 037	71 309	77 854
<b>II. Current assets</b>	<b>1 826 155</b>	<b>1 841 550</b>	<b>1 938 195</b>	<b>1 909 541</b>
1. Inventories	801 358	780 863	750 740	771 515
2. Short-term receivables	483 424	499 346	590 531	621 213
3. Short-term investments	525 053	527 503	564 338	493 081
3.1. Short-term financial assets	496 920	466 608	477 669	420 671
a) loans	18 163	18 162	18 153	20 157
b) short-term securities	146 347	59 945	55 015	54 686
c) cash and cash equivalents	332 410	388 501	404 501	345 828
3.2. Other short-term investments	28 133	60 895	86 669	72 410
4. Fixed assets intended for sale			48	
5. Short-term prepayments	16 320	33 838	32 538	23 732
<b>Total assets</b>	<b>4 265 032</b>	<b>4 294 505</b>	<b>4 345 081</b>	<b>4 284 000</b>
<b>Liabilities</b>				
<b>I. Shareholders' equity</b>	<b>2 841 076</b>	<b>2 784 671</b>	<b>2 758 025</b>	<b>2 699 667</b>
1. Equity attributable to shareholders of the parent company	2 731 760	2 676 933	2 650 456	2 596 710
1.1. Share capital	11 161	11 161	11 161	11 161
1.2. Exchange differences	4 538	3 730	4 092	5 746
1.3. Reserve capital	764 189	764 170	667 745	619 376
1.4. Reserve capital from revaluation	3 731	26 419	46 280	16 901
1.5. Other reserve capital	1 729 883	1 729 883	1 634 274	1 733 085
1.6. Retained earnings (losses)	95 931	64 403	144 410	88 209
1.7. Net profit (loss)	122 327	77 167	142 494	122 232
2. Capital non-controlling interests	109 316	107 738	107 569	102 957
<b>II. Liabilities and provisions for liabilities</b>	<b>1 423 956</b>	<b>1 509 834</b>	<b>1 587 056</b>	<b>1 584 334</b>
1. Provisions for liabilities	419 892	409 797	414 170	385 714
1.1. Provision for deferred income tax	141 876	140 209	144 842	125 437
1.2. Other provisions	278 016	269 588	269 328	260 277
a) long-term	172 507	174 842	185 380	191 314
b) short-term	105 509	94 746	83 948	68 963
2. Long-term liabilities	489 193	510 300	530 197	561 665
2.1. Long-term credits and loans	76 237	97 643	110 893	126 753
2.2. Other long-term liabilities	116 841	116 542	123 189	138 797
2.3. Contingent liabilities due to the purchase of ZGH	296 115	296 115	296 115	296 115
3. Short-term liabilities	479 774	545 316	620 318	579 876

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

3.1. Short-term credits and loans	33 200	34 795	44 010	40 752
3.2. Current part of long-term credits and loans	20 000	20 000	20 897	22 600
3.3. Trade liabilities	257 574	281 807	337 355	316 938
3.4. Income tax liabilities	37 812	40 884	38 877	3 049
3.5. Other short-term liabilities	131 188	167 830	179 179	196 537
4. Accruals	35 097	44 421	22 371	57 079
<b>Total liabilities</b>	<b>4 265 032</b>	<b>4 294 505</b>	<b>4 345 081</b>	<b>4 284 000</b>
Book value	2 841 076	2 784 671	2 758 025	2 699 667
Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
Book value per share (PLN)	509,13	499,02	494,25	483,79
Diluted number of shares	5 580 267	5 580 267	5 580 267	5 580 267
Diluted book value per share (PLN)	509,13	499,02	494,25	483,79

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period	thousand x PLN			
	III quarter of 2020 - period from 01-07-2020 to 30- 09-2020	3 quarter(s) increasingly for the period from 01-01-2020 to 30-09-2020	III quarter of 2019 - period from 01-07-2019 to 30- 09-2019	3 quarter(s) increasingly for the period from 01-01-2019 to 30- 09-2019
<b>I. Net sales of products, goods and materials, including:</b>	<b>806 452</b>	<b>2 453 550</b>	<b>961 222</b>	<b>2 910 974</b>
1. Net sales of products	784 900	2 394 750	914 924	2 819 853
2. Net sales of goods and materials	21 552	58 800	46 298	91 121
<b>II. Costs of products, merchandise and materials sold, including:</b>	<b>696 905</b>	<b>2 140 170</b>	<b>848 665</b>	<b>2 549 656</b>
1. Production cost of products sold	679 340	2 090 149	803 082	2 464 020
2. Value of goods and materials sold	17 565	50 021	45 583	85 636
<b>III. Gross profit (loss) on sales</b>	<b>109 547</b>	<b>313 380</b>	<b>112 557</b>	<b>361 318</b>
IV. Selling costs	18 859	58 870	22 756	63 723
V. General and administrative costs	39 425	112 814	38 643	114 259
<b>VI. Profit (loss) on sales</b>	<b>51 263</b>	<b>141 696</b>	<b>51 158</b>	<b>183 336</b>
VII. Other operating incomes	35 824	78 346	10 292	28 939
VIII. Other operating costs	17 315	56 197	10 993	29 374
<b>IX. Operating profit (loss)</b>	<b>69 772</b>	<b>163 845</b>	<b>50 457</b>	<b>182 901</b>
X. Financial incomes	-686	14 136	5 732	13 111
XI. Financial costs	633	13 517	9 353	24 211
XII. Profit from shares in associated entities	23	56	174	207
<b>XIII. Profit (loss) before taxation</b>	<b>68 476</b>	<b>164 520</b>	<b>47 010</b>	<b>172 008</b>
XIV. Income tax	20 086	34 311	11 304	40 181
<b>XV. Net profit (loss)</b>	<b>48 390</b>	<b>130 209</b>	<b>35 706</b>	<b>131 827</b>
1. Attributable to shareholders of the parent company	45 161	122 327	32 928	122 232
2. Attributed to non-controlling interests	3 229	7 882	2 778	9 595

Profit (loss) net	48 390	130 209	35 706	131 827
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267	5 580 267
Profit (loss) for one ordinary share (in PLN)	8,67	23,33	6,40	23,62

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

<b>TOTAL COMPREHENSIVE CONSOLIDATED INCOME for the period</b>	<b>thousand x PLN</b>			
	<b>III quarter of 2020 - period from 01-07-2020 to 30- 09-2020</b>	<b>3 quarter(s) increasingly for the period from 01-01-2020 to 30-09-2020</b>	<b>III quarter of 2019 - period from 01-07-2019 to 30- 09-2019</b>	<b>3 quarter(s) increasingly for the period from 01-01-2019 to 30- 09-2019</b>
Net result	48 390	130 209	35 706	131 827
Gain from a bargain purchase	0		0	
The effective part of the cash flow hedging in accordance with IFRS 9	-73 502	-94 870	-26 356	-48 387
<b>Total Comprehensive Income</b>	<b>-25 112</b>	<b>35 339</b>	<b>9 350</b>	<b>83 440</b>
Total comprehensive income attributable to the parent company shareholders	-23 839	33 547	8 875	79 201
Total comprehensive income attributed to non-controlling interests	-1 273	1 792	475	4 239

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

Statement of changes in equity for the period from 1st January to 30th September 2020 and 2019	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 1.01.2020 (opening balance)</b>	<b>11 161</b>	<b>4 092</b>	<b>667 745</b>	<b>46 280</b>	<b>1 634 274</b>	<b>286 904</b>		<b>107 569</b>	<b>2 758 025</b>
<b>Profit distribution</b>			95 906		95 609	-191 515			<b>0</b>
Intercapital and consolidation transfer		446	538	52 321		3 359		-6 135	<b>50 529</b>
Dividend						-2 817			<b>-2 817</b>
Total comprehensive income for period 1.01 - 30.09.2020				-94 870		0	122 327	7 882	<b>35 339</b>
<i>Valuation of hedging transactions</i>				-94 870					<b>-94 870</b>
<b>Balance on this 30.09.2020 (closing balance)</b>	<b>11 161</b>	<b>4 538</b>	<b>764 189</b>	<b>3 731</b>	<b>1 729 883</b>	<b>95 931</b>	<b>122 327</b>	<b>109 316</b>	<b>2 841 076</b>
<b>Balance on this 1.01.2019 (opening balance)</b>	<b>11 161</b>	<b>2 493</b>	<b>561 927</b>	<b>65 288</b>	<b>1 574 552</b>	<b>378 126</b>		<b>106 293</b>	<b>2 699 840</b>
<b>Profit distribution</b>			<b>105 738</b>		<b>98 661</b>	<b>-204 399</b>			<b>0</b>
Intercapital and consolidation transfer		3 253	-48 289		59 872	42 053		-12 931	<b>43 958</b>
Dividend						-127 571			<b>-127 571</b>
Total comprehensive income for period 1.01 - 30.09.2019				-48 387			122 232	9 595	<b>83 440</b>
<i>Valuation of hedging transactions</i>				-48 387					<b>-48 387</b>
<b>Balance on this 30.09.2019 (closing balance)</b>	<b>11 161</b>	<b>5 746</b>	<b>619 376</b>	<b>16 901</b>	<b>1 733 085</b>	<b>88 209</b>	<b>122 232</b>	<b>102 957</b>	<b>2 699 667</b>

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

CONSOLIDATED CASH FLOW ACCOUNT for the period	thousand x PLN	
	3 quarters 2020 increasingly for the period from 01-01-2020 to 30-09-2020	3 quarters 2019 increasingly for the period from 01-01-2019 to 30-09-2019
<b>A. Cash flow from operational activity - indirect method</b>	<b>251 844</b>	<b>239 886</b>
<b>I. Profit before taxation</b>	164 520	162 413
<b>II. Tax paid</b>	-40 735	-35 862
<b>III. Total adjustments</b>	128 059	113 335
1. Share in net (profits) losses of subsidiary entities evaluated by equity method	56	9 595
2. Depreciation	125 437	123 858
3. (Profit) loss from exchange rate fluctuations	-149	11
4. Interest and profit share (dividends)	8 143	8 852
5. (Profit) loss on investment activities	-2 098	4 554
6. Change in reserves	14 315	-4 163
7. Change in inventories	-48 606	30 536
8. Change in receivables	118 247	8 857
9. Change in short-term liabilities, except for loans and credits	-99 990	-73 605
10. Change in accruals	16 510	2 853
11. Other adjustments	-3 806	1 987
<b>IV. Net cash flow from operating activities</b>	<b>251 844</b>	<b>239 886</b>
<b>B. Cash flow from investment activity</b>	<b>-259 957</b>	<b>-184 042</b>
<b>I. Inflows</b>	44 407	4 846
1. Sales of intangible and tangible fixed assets	502	544
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	43 905	4 302
- financial assets sold	43 816	4 249
- dividends and profit share received		
- repayment of long-term loans granted		0
- interest received	89	53
- other inflows from financial assets		
4. Other investment inflows		
<b>II. Outflows</b>	-304 364	-188 888
1. Purchase of intangible and tangible fixed assets	-165 897	-180 117
2. Real estate property and intangible assets		
3. To financial assets, including:	-133 427	-8 763
- financial assets purchased	-133 427	-7 989
- long-term loans granted		-774
4. Other investment outflows	-5 040	-8
<b>III. Net cash flow from investment activities</b>	<b>-259 957</b>	<b>-184 042</b>
<b>C. Cash flow from financial activity</b>	<b>-63 978</b>	<b>-182 601</b>
<b>I. Inflows</b>	60	10 524
1. Net inflows from issue of shares, other capital instruments and capital receipts		
2. Credits and loans	48	1 268
3. Issue of debentures		
4. Other financial inflows	12	9 256
<b>II. Outflows</b>	-64 038	-193 125
1. Purchase of own shares		
2. Dividends and other dues paid to shareholders	-2 759	-35 526

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

3. Outflows from profit distribution, other than dues paid to shareholders		
4. Credits and loans repaid	-46 430	-142 660
5. Redemption of debentures		
6. From other financial liabilities		
7. Contractual payments of financial leasing dues	-5 074	-3 992
8. Interest paid	-8 231	-8 905
9. Other financial outflows	-1 544	-2 042
<b>III. Net cash flow from financial activities</b>	<b>-63 978</b>	<b>-182 601</b>
<b>D. Total net cash flow</b>	<b>-72 091</b>	<b>-126 758</b>
<b>E. Balance sheet change in cash, including:</b>	<b>-72 091</b>	<b>-126 758</b>
- change in cash due to exchange rates fluctuations		-40
<b>F. Cash (beginning of period)</b>	<b>404 501</b>	<b>472 586</b>
<b>G. Cash (end of period), including:</b>	<b>332 410</b>	<b>345 828</b>
- of limited access and disposal	18 373	2 519



## II. Abridged Financial Report for the 3rd quarter of 2020

Selected Financial Data	thousand x PLN		thousand x EUR	
	1 quarter increasingly for the period from 01-01-2020 to 30-09-2020	1 quarter increasingly for the period from 01-01-2019 to 30-09-2019	1 quarter increasingly for the period from 01-01-2020 to 30-09-2020	1 quarter increasingly for the period from 01-01-2019 to 30-09-2019
I. Net sales of products, goods and materials	952 815	1 164 898	214 501	270 366
II. Operating profit (loss)	27 250	4 776	6 135	1 108
III. Profit (loss) before taxation	60 827	100 806	13 694	23 396
IV. Net profit (loss)	60 086	97 725	13 527	22 681
V. Net cash flow from operating activities	100 174	90 249	22 552	20 946
VI. Net cash flow from investment activities	22 300	85 826	5 020	19 920
VII. Net cash flow from financial activities	-20 382	-162 881	-4 588	-37 804
VIII. Total net cash flow	102 092	13 194	22 983	3 062
IX. Total assets	2 128 182	2 148 481	470 129	504 516
X. Liabilities and provisions for liabilities	388 950	469 336	85 922	110 212
XI. Long-term liabilities	91 316	107 126	20 172	25 156
XII. Short-term liabilities	187 713	251 909	41 467	59 154
XIII. Shareholders' equity	1 739 232	1 679 146	384 208	394 304
XIV. Share capital	11 161	11 161	2 466	2 621
XV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XVI. Profit (loss) per ordinary share (PLN)	10,77	17,51	2,42	3,87
Diluted profit (loss) per ordinary share (PLN)				
XVII. Book value per share (PLN)	311,68	300,91	68,85	70,66
Diluted book value per share (PLN)				
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)		5,00		1,16

5. Comparable financial data (item IX-XIV and XVII) was presented pursuant to the requirements of the International Financial Reporting Standards according to the balance for this 31<sup>st</sup> December 2019. Other comparable data is presented for the period from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019.
6. 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 30<sup>th</sup> September 2020 and amounting to 4.5268 and 4.2585 for this 31<sup>st</sup> December 2019.
  - 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 4.4420 for 3 quarters of 2020 and PLN 4.3086 for 3 quarters of 2019.
7. In the item XVIII the amount of the dividend for 1 share to paid out in 2019 by the Issuer.
8. For profit-per-share calculation the number of 5 580 267 shares was adopted.

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

BALANCE SHEET	(thousand x PLN)			
	30.09.2020	30.06.2020	31.12.2019	30.09.2019
<b>Assets</b>				
<b>I. Fixed assets</b>	<b>1 493 458</b>	<b>1 503 182</b>	<b>1 521 494</b>	<b>1 524 284</b>
1. Intangible fixed assets, including	117 156	117 650	118 340	115 929
- right of perpetual land use	86 149	86 406	86 920	85 074
2. Tangible fixed assets	796 773	805 530	822 231	824 664
3. Long-term receivables				
4. Long-term investments	577 017	577 490	578 411	581 588
4.1. Real estate investments	50 898	51 371	52 317	54 770
4.2. Intangible assets				
4.3. Long-term financial assets	526 119	526 119	526 094	526 818
4.4. Other long-term investments				
5. Long-term prepayments	2 512	2 512	2 512	2 103
5.1. Deferred tax assets	2 512	2 512	2 512	2 103
5.2. Other prepayments				
<b>II. Current assets</b>	<b>634 724</b>	<b>624 893</b>	<b>626 987</b>	<b>627 413</b>
1. Inventories	250 088	274 782	300 833	309 853
2. Short-term receivables	208 584	232 086	251 769	250 124
- including trade receivables in excess of 1 year	291	327	435	443
3. Short-term investments	175 010	116 044	74 080	66 265
3.1. Short-term financial assets	173 263	114 979	73 121	64 306
a) loans	19 550	20 300	21 500	23 500
b) cash and cash equivalents	1 748	1 065	959	1 959
4. Short-term prepayments	1 042	1 981	304	1 171
<b>Total assets</b>	<b>2 128 182</b>	<b>2 128 075</b>	<b>2 148 481</b>	<b>2 151 697</b>
<b>Liabilities</b>				
<b>I. Shareholders' equity</b>	<b>1 739 232</b>	<b>1 707 380</b>	<b>1 679 146</b>	<b>1 684 062</b>
1. Share capital	11 161	11 161	11 161	11 161
2. Reserve capital	103 749	103 749	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)	-28 634	-28 634	-28 634	-28 635
6. Net profit (loss)	60 086	28 234	92 807	97 725
<b>II. Liabilities and provisions for liabilities</b>	<b>388 950</b>	<b>420 694</b>	<b>469 335</b>	<b>467 635</b>
1. Provisions for liabilities	<b>103 224</b>	<b>103 125</b>	<b>105 133</b>	<b>109 007</b>
1.1. Provision for deferred income tax	75 952	75 853	75 325	74 809
1.2. Other provisions	27 272	27 272	29 808	34 198
a) long-term	20 964	20 964	25 948	32 720
b) short-term	6 307	6 308	3 860	1 477
2. Long-term liabilities	<b>91 316</b>	<b>95 602</b>	<b>107 126</b>	<b>110 505</b>
2.1. Long-term credits and loans	35 000	40 000	50 000	55 000
2.2. Long-term liabilities due to the application of IFRS 16	56 316	55 602	57 126	55 505
3. Short-term liabilities	<b>187 713</b>	<b>215 922</b>	<b>251 909</b>	<b>234 867</b>
3.1. Short-term credits and loans	0	0	0	0
3.2. Current part of long-term credits and loans	20 000	20 000	20 000	20 000
3.3. Trade liabilities	138 187	168 592	203 539	186 635

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

- including trade payables in excess of 1 year	3 208	3 025	2 455	2 308
3.4. Income tax liabilities	8 638	5 771		
3.5. Other short-term liabilities	20 888	21 559	28 370	28 231
4. Accruals	<b>6 697</b>	<b>6 045</b>	<b>5 167</b>	<b>13 256</b>
<b>Total liabilities</b>	<b>2 128 182</b>	<b>2 128 075</b>	<b>2 148 481</b>	<b>2 151 697</b>
Book value	1 739 232	1 707 380	1 679 146	1 684 062
Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
Book value per share (PLN)	311,68	305,97	300,91	301,79
Diluted number of shares	5 580 267	5 580 267	5 580 267	5 580 267
Diluted book value per share (PLN)	311,68	305,97	300,91	301,79

PROFIT AND LOSS ACCOUNT for the period	(thousand x PLN)			
	III quarter of 2020 - period from 01-07-2020 to 30-09-2020	3 quarter(s) increasingly for the period from 01-01-2020 to 30-09-2020	III quarter of 2019 - period from 01-07-2019 to 30-09-2019	3 quarter(s) increasingly for the period from 01-01-2019 to 30-09-2019
<b>I. Net sales of products, goods and materials, including:</b>	<b>298 464</b>	<b>952 815</b>	<b>362 006</b>	<b>1 164 898</b>
1. Net sales of products	234 206	757 116	301 158	952 331
2. Net sales of goods and materials	64 258	195 699	60 848	212 567
<b>II. Costs of products, goods and materials sold, including:</b>	<b>283 754</b>	<b>878 923</b>	<b>338 178</b>	<b>1 093 134</b>
1. Production cost of products sold	221 387	688 077	277 612	882 407
2. Value of goods and materials sold	62 368	190 846	60 566	210 727
<b>III. Gross profit (loss) on sales</b>	<b>14 710</b>	<b>73 892</b>	<b>23 828</b>	<b>71 764</b>
IV. Selling costs	9 085	29 606	12 735	35 491
V. General and administrative costs	8 831	25 861	11 961	32 734
<b>VI. Profit (loss) on sales</b>	<b>-3 206</b>	<b>18 425</b>	<b>-868</b>	<b>3 539</b>
VII. Other operating incomes	4 128	14 774	4 276	5 002
VIII. Other operating costs	327	5 949	176	3 765
<b>IX. Operating profit (loss)</b>	<b>596</b>	<b>27 250</b>	<b>3 232</b>	<b>4 776</b>
X. Financial incomes	31 586	37 714	95 061	103 155
XI. Financial costs	230	4 137	1 098	7 125
<b>XII. Profit (loss) before taxation</b>	<b>31 952</b>	<b>60 827</b>	<b>97 195</b>	<b>100 806</b>
XIII. Income tax	100	741	795	3 081
XIV. Other statutory reductions in profit (increases in loss)	<b>0</b>		0	
<b>XV. Net profit (loss)</b>	<b>31 852</b>	<b>60 086</b>	<b>96 400</b>	<b>97 725</b>
Net profit (loss)	31 852	60 086	96 400	97 725
Weighted average number of ordinary shares	5 580 267	5 580 267	5 580 267	5 580 267
Profit (loss) per ordinary share (PLN)	5,71	10,77	17,28	17,51
Weighted average predicted number of ordinary shares				
Diluted profit (loss) per ordinary share (PLN)				

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

---

<b>TOTAL COMPREHENSIVE INCOME for the period</b>	(thousand x PLN)			
	III quarter of 2020 - period from 01-07- 2020 to 30-09-2020	3 quarter(s) increasingly for the period from 01-01-2020 to 30- 09-2020	III quarter of 2019 - period from 01- 07-2019 to 30-09- 2019	3 quarter(s) increasingly for the period from 01-01-2019 to 30-09-2019
Net result	31 852	60 086	96 400	97 725
Differences from evaluation				
<b>Total Comprehensive Income</b>	<b>31 852</b>	<b>60 086</b>	<b>96 400</b>	<b>97 725</b>

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

Statement of changes in equity for the period from 1st January to 30th September 2020 and 2019	(thousand x PLN)						
	Share capital	Supplementary capital	Revaluation reserve	Other reserve capital	Retained profits	Current year net profit	Equity TOTAL
<b>Balance on this 01.01.2020 (opening balance)</b>	<b>11 161</b>	<b>103 749</b>		<b>1 500 062</b>	<b>64 174</b>		<b>1 679 146</b>
Profit distribution				<b>92 808</b>	<b>-92 808</b>		<b>0</b>
Change in shares – merger of companies							<b>0</b>
Dividend							<b>0</b>
Profit (loss) from previous years - due to the application of IFRS 16							<b>0</b>
Total comprehensive income for period 1.01 - 30.09.2020						60 086	<b>60 086</b>
<b>Balance on this 30.09.2020 (closing balance)</b>	<b>11 161</b>	<b>103 749</b>	<b>0</b>	<b>1 592 870</b>	<b>-28 634</b>	<b>60 086</b>	<b>1 739 232</b>
<b>Balance on this 01.01.2019 (opening balance)</b>	<b>11 161</b>	<b>104 184</b>		<b>1 402 915</b>	<b>114 616</b>		<b>1 632 876</b>
Profit distribution				<b>97 147</b>	<b>-97 147</b>		<b>0</b>
Change in shares – merger of companies		-434					<b>-434</b>
Dividend					-27 901		<b>-27 901</b>
Profit (loss) from previous years - due to the application of IFRS 16					-18 203		
Total comprehensive income for period 1.01 - 30.09.2019						97 725	<b>97 725</b>
<b>Balance on this 30.09.2019 (closing balance)</b>	<b>11 161</b>	<b>103 750</b>	<b>0</b>	<b>1 500 062</b>	<b>-28 635</b>	<b>97 725</b>	<b>1 684 063</b>

CASH FLOW ACCOUNT for the period	(thousand x PLN)	
	3 quarters 2020 increasingly for the period from 01-01-2020 to 30-09-2020	3 quarters 2019 increasingly for the period from 01-01-2019 to 30-09-2019
<b>A. Cash flow from operating activities – indirect method</b>	<b>100 174</b>	<b>90 249</b>
I. Profit before taxation	60 827	97 725
II. Tax paid	-741	
<b>III. Total adjustments</b>	<b>40 088</b>	<b>-7 476</b>
1. Depreciation	39 902	38 701
2. (Profit) loss from exchange rate fluctuations		
3. Interest and profit share (dividends)	-32 583	-97 235
4. (Profit) loss on investment activities	35	457
5. Change in reserves	3 130	3 062
6. Change in inventories	52 593	67 254
7. Change in receivables	43 186	32 482
8. Change in short-term liabilities except for loans and credits	-64 947	-58 106
9. Change in accruals	-48	5 909
10. Other adjustments	-1 180	
III. Net cash flow from operating activities	100 174	90 249
<b>B. Cash flow from investment activities</b>	<b>22 300</b>	<b>85 826</b>
I. Inflows	39 382	104 792
1. Sales of intangible and tangible fixed assets	12	43
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	39 370	104 749
- financial assets sold		
- dividends and profit share received	37 057	102 311
- repayments of long-term loans granted		
- interest received	63	188
- other inflows from financial assets	2 250	2 250
4. Other investment inflows		
II. Outflows	-17 082	-18 966
1. Purchase of intangible and tangible fixed assets	-11 718	-18 966
2. Real estate property and intangible assets		
3. To financial assets, including:	-325	
- financial assets purchased	-25	
- long-term loans granted	-300	
4. Other investment outflows	-5 039	
III. Net cash flow from investment activities	22 300	85 826
<b>C. Cash flow from financial activities</b>	<b>-20 382</b>	<b>-162 881</b>
I. Inflows	0	0
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		
II. Outflows	-20 382	-162 881
1. Purchase of own shares		
2. Dividends and other dues paid to shareholders		-27 901
3. Outflows from profit distribution, other than dues paid to shareholders		

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

---

4. Credits and loans repaid	-15 000	-127 674
5. Redemption of debentures		
6. From other financial liabilities		
7. Contractual payments of financial lease dues	-57	
8. Interest paid	-4 536	-5 264
9. Other financial outflows	-788	-2 041
III. Net cash flow from financial activities	<b>-20 382</b>	<b>-162 881</b>
<b>D. Total net cash flow</b>	<b>102 092</b>	<b>-162 881</b>
<b>E. Balance sheet change in cash</b>	<b>102 092</b>	<b>13 194</b>
<b>F. Cash (beginning of period)</b>	<b>51 621</b>	<b>27 612</b>
<b>G. Cash (end of period)</b>	<b>153 713</b>	<b>40 806</b>

### 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 Frydek Mistek 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.

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

Compared to the first quarter of 2019, there have been changes consisting in simplifying the structure of the Stalprodukt Capital Group as a result of mergers of subsidiaries that have occurred in 2019.

#### 2.1. Merger of the Issuer's subsidiary companies : Stalprodukt-Wamech Sp. z o.o., Stalprodukt-Serwis Sp. z o.o. and Stalprodukt-MB Sp. z o.o.

On 30th May 2019 the boards of the Issuer's three subsidiary companies, i.e. Stalprodukt-Wamech Ltd., Stalprodukt-Serwis Ltd. and Stalprodukt-MB Ltd. accepted their merger plan and subsequently informed about their intention to merge, providing all the legally-required documentation on their websites on 31st May 2019. The merger of the companies will take place according to art. 492 § 1 point 1) of the Commercial Companies Code, i.e. by transferring all the assets of the companies 'Stalprodukt-Serwis' Ltd. and Stalprodukt-MB Ltd. (the acquired companies) to 'Stalprodukt-Wamech' Ltd. (the acquiring company) for the shares that the acquiring company will hand over to the previous (the only) partner of the acquired companies, increasing simultaneously the share capital of the acquiring company.

Within the framework of the merger the share capital of the acquiring company Stalprodukt-Wamech Ltd. will be raised from the amount of 1,200,000 PLN (read: one million two hundred thousand zlotys) up to the amount of 4,270,000 PLN (read: four million two hundred and seventy thousand zlotys) by issuing 3,070 (read: three thousand and seventy) new shares with the face value equal 1,000 PLN (read: one thousand zlotys) each and with the total face value equal 3,070,000 PLN (read: three million seventy thousand zlotys). These new shares shall be covered by the only company's partner, i.e. Stalprodukt Joint-Stock Company in Bochnia, in return for all its shares in the acquired companies.

The Issuer would also like to inform that the National Court Register recorded the merger of 'Stalprodukt-Serwis' Ltd. (on 18th July, 2019) and 'Stalprodukt-MB' (on 31st July, 2019) in the companies' registers. The merger of the abovementioned

companies was registered by the National Court Register in the register of the acquiring company (Stalprodukt-Wamech Sp. z o.o.) on 3 September 2019.

The objectives of the planned merger are as follows: streamlining the management of the Stalprodukt Capital Group through consolidation of the auxiliary companies in relation to the Issuer (mainly provision of the so-called after-sales services), optimising the companies' operations resulting from combining their technical, financial and human resource potential, decreasing their operational costs as well as gaining the effects of synergy.

3. Compared to the 3rd quarter of 2019, the share in the capital of ZGH "Bolesław" S.A. increased to 94.93% at the end of the 3rd quarter of 2020 against 94.92 % at the end of the comparative period. The increase took place as part of the employee share purchase of ZGH "Bolesław" S.A.
4. On 16 December 2019, the District Court for Kraków-Śródmieście in Kraków, XII Commercial Department of the National Court Register issued a decision (reference number KR.XII NS- REJ.KRS / 017644/19/26) to amend the Entrepreneurship Register of the National Court Register of the Company F&R Finanse sp. z o.o. with its registered office in Jawornik, involving the removal from the register of that company the ZGH "Boleslaw" S.A. as its partner. The company was removed from the register in connection with the redemption of all 12,300 shares held by the ZGH "Bolesław" S.A. in F & R Finanse sp. z o.o. with a nominal value of PLN 6,150,000.00, representing a 19.68% share in the company's share capital. The redemption took place at the request of ZGH "Bolesław" S.A. (voluntary redemption) from net profit, without reducing the share capital, for a total remuneration of PLN 9,254,766.00, i.e. for the remuneration of PLN 752.42 per share. The ZGH "Boleslaw" S.A. assumed that the continuation of shareholding in F&R Finanse sp. z o.o. is pointless and, consequently, it recognized the legitimacy of capitalization of the said shares and allocate obtained in this way funds to the company development objectives.

### **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 July 2020 to 30 September 2020 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from 2020 to 30 September 2019 referring to the profit and loss account and the cash flow statement, the balance sheet values reflect the status as of 31 December 2019.

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 2019.

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 2019.

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.
4. From January 2019, the Issuer applies IFRS 16 to recognize and present perpetual usufruct as a lease. The impact of IFRS 16 has been described in the consolidated and separate financial statements for 2019.

### 5. Estimated Values

1. the deferred tax reserve was increased by PLN 1,809.6 thousand,
2. in the Zinc Segment, a write-off was released for the value of finished goods and semi-finished products in the amount of PLN 19,547.8 thousand,
3. a write-off for doubtful receivables was created in the amount of PLN 201.5 thousand PLN, and dissolved in the amount of PLN 75 thousand, including through the redemption of PLN 33 thousand, and through the payment in the amount of PLN 42 thousand,
4. provision for employee benefits and bonuses of PLN 14,337 thousand was created, and the provision in the amount of PLN 2,495.5 thousand was released (mainly in the Zinc Segment),
5. a provision for energy origin certificates and emission rights was created in the amount of 6,047.4 thousand, and the provision in the amount of PLN 1,147.3 thousand was released,
6. A provision for repairs in the Zinc Segment in the amount of PLN 1,256.4 thousand was created to be settled in time.
7. A provision for liquidation of fixed assets was created in the Zinc Segment in the amount of PLN 2,900.0 thousand (HCM), a provision for a remediation project to prevent damages in the environment in the amount of PLN 1,000.0 thousand, and a provision for costs during the maintenance shutdown in the amount of PLN 1,500.0 thousand, whereas the provision for costs during the maintenance shutdown period in the amount of PLN 6,000.0 thousand was released,
8. A provision for land reclamation was created in the amount of PLN 109 thousand, and dissolved in the amount of 463.6 thousand.

In the consolidated income statement, cumulatively, mainly in the Zinc Segment, in other operating income the amount of PLN 33,105.3 thousand PLN was disclosed due to received

free CO2 emission rights and due to redemption of CO2 emission rights (including Stalprodukt PLN 1,180 thousand), and in other operating costs due to CO2 redemption the amount of PLN 31,925.3 thousand was disclosed.

Stalprodukt S.A. and STP ELBUD Sp. z o.o., due to the decline in sales revenues in the period March-April 2020 compared to March-April 2019, benefited from subsidies to wages, the so called "anti-crisis shield" - by the end of June they received a subsidy in the amount of PLN 6,911 thousand disclosed in other operating income. In the third quarter, the amount of PLN 3,541 thousand was recognized in this respect in other operating income.

#### 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 2019.

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.

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>144 335</b>	<b>134 662</b>	<b>467 540</b>	<b>59 915</b>	<b>806 452</b>
Domestic	12 191	100 999	268 213	47 589	428 992
Export	132 144	33 663	199 327	12 326	377 460
Segment Costs	<b>135 913</b>	<b>134 797</b>	<b>393 421</b>	<b>51 633</b>	<b>715 764</b>
<b>Segment Result</b>	<b>8 422</b>	<b>-135</b>	<b>74 119</b>	<b>8 282</b>	<b>90 688</b>
Other Operating and Financial Revenues Non-Attributable to the Segment					35 161

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

Other General, Operating and Financial Costs Non-Attributable to the Segment					57 373
<b>Gross Profit</b>					<b>68 476</b>
Income Tax					20 086
<b>Net Profit</b>					<b>48 390</b>
Segment Assets	942 783	659 739	2 192 970	431 503	4 226 995
Assets Non-Attributable to the Segment					38 037
Total Assets					4 265 032
Liabilities	234 595	185 721	639 103	68 422	1 127 841
Contingent Liabilities					296 115
Total Liabilities					1 423 956
Investment Outlays	542	855	24 492	2 849	28 738
Depreciation	8 904	5 378	22 957	4 140	41 379

### Information on Operating Segments for 3rd quarter of 2019 (PLN thousand)

Itemization	Operating Segments				Total
	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	
Segment Revenues	<b>209 727</b>	<b>155 077</b>	<b>523 865</b>	<b>72 553</b>	<b>961 222</b>
Domestic	13 608	113 376	312 195	38 891	478 070
Export	196 119	41 701	211 670	33 662	483 152
<b>Segment Costs</b>	<b>187 139</b>	<b>162 004</b>	<b>458 681</b>	<b>63 597</b>	<b>871 421</b>
<b>Segment Result</b>	<b>22 588</b>	<b>-6 927</b>	<b>65 184</b>	<b>8 956</b>	<b>89 801</b>
Other Operating and Financial Revenues Non-Attributable to the Segment					16 031
Other General, Operating and Financial Costs Non-Attributable to the Segment					58 821
<b>Gross Profit</b>					<b>47 011</b>
Income Tax					11 304
<b>Net Profit</b>					<b>35 707</b>
Segment Assets	1 020 896	726 701	2 164 659	341 084	4 253 340
Assets Non-Attributable to the Segment					30 660
Total Assets					4 284 000
Liabilities	283 542	258 338	660 126	88 213	1 290 219
Contingent Liabilities					296 115

Total Liabilities					1 586 334
Investment Outlays	2 847	793	40 094	6 343	50 077
Depreciation	9 448	4 377	23 237	5 660	42 722

## V. Evaluation of obtained results and financial situation

In the third quarter of 2020, compared to the same period of 2019, the Stalprodukt S.A. Capital Group achieved sales revenues lower by PLN 154,263 thousand, i.e. by 16.1%. At the level of profit on sales, PLN 51,263 thousand was achieved, against PLN 51,158 thousand in the third quarter of 2019. On the other hand, the level of operating profit PLN 69,772 thousand was achieved, against PLN 50,457 thousand, an increase by 19,315 thousand, i.e. 38.3%. Net profit in the third quarter of 2020 amounted to PLN 48,390 thousand compared to the third quarter of 2019, when it amounted to PLN 35,706 thousand, which means an increase by 12,684 thousand, i.e. by 35.5%.

However, the impact of the COVID-19 pandemic, which had no significant impact on the 1st quarter of 2020, became apparent in the 2nd part of the first half of 2020. It had the most significant impact on the decrease in sales revenue recorded in all segments of the Group's operations, as well as in other operations. It was caused primarily by the lockdown of the Polish economy, but also the economies which are the target markets for particular segments and the related decrease in demand for the Group's products.

At the same time, in the third quarter, i.e. in the period in which the impact of the pandemic was the strongest so far, the Capital Group maintained a positive result both on sales and at the operating level, and also achieved a positive net result. It was caused by maintaining proper trade relations in unfavourable conditions.

Contrary to the second quarter, the appreciation of the zloty against EUR and USD had a negative impact on the level of revenues and profitability. In the third quarter, the reduction in direct and indirect production costs was continued.

In the third quarter, both the Group and the parent company reported very strong cash flows at the operating level, amounting to PLN 251.8 million (cumulatively for the period of 9 months) for the Group and PLN 100.2 million for the parent company.

Therefore, the situation of the Capital Group and the parent company in terms of financial liquidity has been and is stable. Both the Issuer and the Capital Group maintain adequate financial liquidity, pays their liabilities to contractors, financial institutions and the budget on time.

In the **Electrical Sheets Segment**, the sales volumes of transformer sheets were lower by 37% compared to the 3rd quarter of 2019, which resulted in a decrease in the segment's sales revenues by PLN 65,392 thousand, i.e. 31.2%. The decline in prices was partially offset by the depreciation of the zloty against the euro and the US dollar compared to the rates from the third quarter of 2019.



Such a drastic drop in sales revenues resulted mainly from the decline in demand for the segment's products related to the suspension or postponement of investments by transformer users. In the opinion of the Issuer, weaker demand is related to the level of uncertainty as to the further development of the macroeconomic situation on many markets.

At the same time, despite a significant drop in revenues, thanks to the reduction of the segment's costs, in the third quarter of 2020, the segment's margin reached a positive level and amounted to 5.8%.

The Issuer emphasizes that the segment still experiences significant price pressure on the part of customers due to overproduction on a global scale. The situation of producers in the European Union, the competition with lower production costs is intensified from regions free of charge for CO2 emissions and lower energy costs.

Throughout the period, the segment had the organizational, production and financial capacity to conduct operating activities. 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 connection with subsequent waves of the pandemic.

On October 9, 2020 The Management Board of ArcelorMittal Poland S.A. ("AMP") announced its intention to permanently shut down the steelmaking operations of the Krakow branch. The blast furnace and steel plant were temporarily shut down in November 2019 due to a decline in 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 input materials for the Company's needs, as they were already taken over by other mills of the ArcelorMittal Group a few months ago 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 Kraków 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 close down the steelmaking operations of AMP's Kraków steelworks should be assessed as unfavourable 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 needs of input materials for the Electrical Sheets Segment of Stalprodukt, the announcement of the Management Board of AMP also mentions investments in the steel plant in Dąbrowa



Górnica, including projects enabling the production of steel grades that will be used in the further production of grain oriented electrical steel.

According to the Issuer, the unfavourable environment in which the Electrical Sheets Segment operates does not create grounds for expecting an improvement in the situation in the further part of 2020. It is difficult to accurately assess the impact of the coronavirus pandemic itself on the situation of the Segment's customers, but it will certainly still 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 operations of the Electrical Sheets Segment.

### **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 USA were introduced by the Commission Implementing Regulation (EU) 2015/1953 of October 29, 2015 for a period of 5 years. The main solutions adopted in the field of safeguard measures were anti-dumping duties and the minimum import price mechanism.

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

The European Commission initiated the proceeding and a relevant 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 lead to 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 notice.

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

Taking into account the current conditions of the global transformer sheet market, ie significant overproduction, competition from Asian and Russian producers and protective measures introduced against imports by other countries (China, the United States), the decision made by the European Commission is important for the continued operation of the Stalprodukt Electrical Sheets Segment.

In the **Profile Segment**, a 11.7 % drop in volume sales was recorded in relation to the 1st half of 2019. At the same time, the segment generated sales revenues lower by PLN 20,415 thousand, i.e. by 13.2 %. The Profile Segment was most affected by the situation related to

the closure of the Polish economy, as well as the economies of foreign target markets. Increased demand felt in early 2020, collapsed at the turn of April and May and was caused by the closure of production and plants that are customers of the segment. In particular, areas related to the automotive, furniture and steel construction industries should be mentioned. The product group of road barriers performed positively in the segment; the concluded road contracts were and are being continued, and the Issuer has adequate material, financial and personnel resources allowing it to perform its contractual tasks. Despite a significant decrease in sales revenues in relation to the comparative period, the segment recorded a slight loss compared to the corresponding period, i.e. PLN 135 thousand. PLN 6.9 million loss in 2019.

At the same time, the Issuer would like to emphasise that previous expectations as to the systemic solution of 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, due to, among others, (relatively) high quotas. Imports of steel products (including, among others, pipes and profiles manufactured by Stalprodukt) into the European Union market significantly affect the competitive position of Union producers.

In the third quarter of 2020, the Zinc Segment's net revenues amounted to PLN 467,540 thousand, and in relation to the corresponding period of the previous year, in which sales amounted to PLN 523 865 thousand, were lower by 10.8%.

The main reasons for the decline in revenues were:

- lower sales volume of zinc. The sale of zinc amounted to 38.5 thousand tonnes and was lower by 3.7 thousand tonnes (-9%) compared to sales in the third quarter of 2019,
- lower sales volume of flotation galena by 23% (-1.6 thousand tons) as a result of the exploitation of lower-quality ore from the Olkusz-Pomorzany mine and the lack of production of Pb concentrate at Gradir Montenegro d.o.o.,
- worse lead prices by 8%,
- strengthening of the zloty against the dollar.

The improvement in the macro situation in the third quarter of 2020 contributed to the reversal of the write-down in the amount of PLN 19.5 million compared to the level at June 30, 2020. The amount of the write-off also resulted from processing bonuses (TC on the market), the increase of which improved the profitability of mills, thus reducing the added value on the side of mines (concentrate producers). As a result, the Zinc Segment generated a profit on core operations of PLN 74.1 million and was higher by PLN 8.9 million than the profit in the third quarter of 2019, i.e. by 13.7%.

### ZINC, LEAD AND SILVER MARKET.

The coronavirus-related stagnation in many areas of the world economy has generally reduced the demand for metals and thus their prices.

#### Q3 2020

average zinc cash settlement price on the London Metal Exchange 2,335 USD / ton

average lead cash settlement price on the London Metal Exchange 1,873 USD / ton

average silver prices on the London Bull Market 24.26 USD / troz (779.86 USD / kg)

The average USD / PLN exchange rate (NBP) was 3.8022

#### Q3 2019

average zinc cash settlement price on the London Metal Exchange 2,348 USD /ton

average lead cash settlement price on the London Metal Exchange 2,028 USD / ton

average silver prices on the London Bullion Market 16.98 USD / troz (545.87 USD / kg)

The average USD / PLN exchange rate (NBP) was 3.8831

Converted into PLN, the price of zinc was 8,872 PLN /ton and was 3% lower than in the third quarter of 2019, when it reached an average of 9,118 PLN /ton. Calculated in PLN, the price of lead was 7,122 PLN/ton and was 10% lower than in the third quarter of 2019, when it reached an average of 7,874 PLN /ton.

Converted into PLN, the price of silver was 2,965 PLN/kg, which means an increase of 40% compared to the same period last year - on average 2,120 PLN/kg.

### PRODUCTION

- **zinc production reached 37.8 thousand tonnes** and was lower by 3.4 thousand tonnes (8%) compared to the 3rd quarter of 2019.
- **refined lead production reached 4.3 thousand tonnes** and was lower by 0.5 thousand tonnes (10%) than in the 3rd quarter of 2019.
- **silver production (Dore metal) reached 4.7 tonnes** and was higher by 0.1 tonnes (2%) than in the 3rd quarter of 2019.

## VI. 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.

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

Depending on the type and size of risk, the Company complies with the appropriate instruments for the diagnosis, assessment and hedging.

As of 30 September 2020, 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 30 September 2020 they held the following hedging measures active (the connections have been planned for the period from July 2020 to March 2022):

### 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 30.09.2020 r.</b>			<b>PLN thousand</b>		
Cash Flow Hedging	forward	\$ 64 460 575,00	-69	-69	risk from USD/PLN exchange rates
Cash Flow Hedging	forward	€ 300 000,00	-14	-14	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 30.09.2020 (zinc)</b>			<b>PLN thousand</b>		
Cash Flow Hedging	swap	5 875	1 113	1 113	Price Change Risk Zn LME PLN
Cash Flow Hedging	swap (USD)	13 425	13 026	13 679	Price Change Risk Zn LME USD
Cash Flow Hedging	option strategies (collar)	3 000	1 435	1 391	Price Change Risk Zn LME
Cash Flow Hedging	put	1 500	1 628	1 391	Price Change Risk Zn LME
Cash Flow Hedging	call	1 500	-193	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	120 000	-509	-509	Price Change Risk Ag LMBA

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

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

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	30.09.2020	30.09.2019
Long-Term investments	2 211	15 115
Short-Term Investments	172 732	125 137
<b>TOTAL, including:</b>	<b>174 943</b>	<b>140 252</b>
a) valuation of derivative transactions	28 596	85 566
b) securities	146 347	54 686

Explanation to Item: Liabilities pertaining to hedging instruments	PLN thousand	
	30.09.2020	30.09.2019
Contracts for Hedging Transactions	358	9 418
Conclusions of Currency Option Transactions	6 586	44 465
Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers	4 783	4 779
<b>TOTAL</b>	<b>11 727</b>	<b>58 662</b>

### Valuation of Derivative Transactions

Valuation of Derivative Transactions	PLN thousand			
	30.09.2020		30.09.2019	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	18 839	2 676	83 709	3 371
Commodity Transactions - Lead	0	0	1 234	0
Currency Transactions - USD/PLN EUR/PLN	9 517	8 302	623	55 228
Commodity Transactions- Silver	240	749	0	62
<b>Total</b>	<b>28 596</b>	<b>11 727</b>	<b>85 566</b>	<b>58 661</b>

### Division of Hedging Instruments

Division of Hedging Instruments	PLN thousand			
	30.09.2020		30.09.2019	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
<b>Hedging Instruments</b>	<b>25 485</b>	<b>9 849</b>	<b>83 805</b>	<b>52 105</b>
Commodity Transactions - zinc	18 238	2 011	81 948	1 928
Commodity Transactions - lead	0	0	1 234	0
Currency Transactions - USD/PLN, EUR/PLN	7 007	7 089	623	50 115
Commodity Transactions - Silver	240	749	0	62
<b>Trade Instruments</b>	<b>3 111</b>	<b>1 877</b>	<b>1 761</b>	<b>6 557</b>
Commodity Transactions- zinc	601	665	1 761	1 443
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	2 510	1 212	0	5 114
Commodity Transactions - silver	0	0	0	0
<b>Total</b>	<b>28 596</b>	<b>11 726</b>	<b>85 566</b>	<b>58 662</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.

Derivative Transactions Presented in the Profit and Loss Account:	PLN thousand	
	30.09.2020	30.09.2019
Sales of Products Adjustment	55 988	6 477
Sales of Goods Adjustments	0	0
Revaluation of Investments	-2 298	-6 534
Gains/Loss on Sale of Investments	2 362	-3 326
<b>Total</b>	<b>56 052</b>	<b>-3 383</b>

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	30.09.2020	30.09.2019
Commodity Transactions	73 291	-488
Currency Transactions	-30 145	-9 172
<b>Total</b>	<b>43 146</b>	<b>-9 660</b>

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	30.09.2020	30.09.2019
Sales Increase	87 456	28 006
Sales Decrease	-31 468	-21 529
<b>TOTAL</b>	<b>55 988</b>	<b>6 477</b>

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	PLN thousand	
	30.09.2020	30.09.2019
<b>Valuation of Open Hedging Instruments:</b>	<b>15 591</b>	<b>30 818</b>
- Zn	16 182	79 145
- Pb	0	1 227
- USD/PLN	-68	-49 631
- Ag	-509	-62
- EUR/PLN	-14	139
<b>Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:</b>	<b>154</b>	<b>0</b>
- Zn	154	0
- Pb	0	0
- USD/PLN		0
<b>TOTAL</b>	<b>15 745</b>	<b>30 818</b>

## VII. Other Information

**The impact of the coronavirus pandemic on the Group's operations in the third quarter of 2020 was different for individual operating segments.**

In the **Electrical Sheets Segment**, this impact was the most noticeable, mainly due to the reduced demand for transformer sheets, which is related to the suspension or postponement of investments by transformer recipients. In the opinion of the Issuer, the weakening of demand is related to the high level of uncertainty as to the further development of the macroeconomic situation in many world markets.

The result of the above was a significant (i.e. by 31.2%) decrease in sales revenues in this segment compared to the third quarter of 2019, recorded both by Stalprodukt S.A. and GO Steel Frydek Mistek a.s

In the **Profiles Segment**, the decrease in sales revenues was much lower and amounted to 13.2%.

After the collapse of sales in this segment in the second quarter of this year, caused by the lockdown of the Polish economy and foreign target markets, the situation in the third quarter clearly improved in this respect. The Segment's operation was suspended for 2 weeks in August, but it was a typical summer break at Stalprodukt S.A. for several years now.

There is an increased absenteeism of employees related to compulsory quarantine and home isolation (as at the date of publication of this report, 85 people are covered by these two segments). However, no increased absences related to childcare and sick leave of employees were observed.

The COVID-19 pandemic had no significant impact on the financial results of the **Zinc Segment** in the reporting period. There is also no decreased demand for products of this segment.

On the other hand, the current situation causes much greater absenteeism both by sick people and those in quarantine, which may adversely affect the possibility of implementing production plans in the mining part of ZGH, as well as in other departments of this company and its subsidiaries. Currently, the impact is not significant, but the situation may deteriorate.

In addition, the current development of the coronavirus pandemic coincides with the start-up of the new Electrolysis Plant, scheduled for the 47th week of this year. Although at present all related operations are proceeding as planned, it is difficult to predict how the situation will develop in the coming days.

In conclusion, it should be emphasized that the coronavirus pandemic has not caused significant disruptions in the continuity of production in all operating segments so far, but

the situation in terms of the level of absenteeism has deteriorated in the 4th quarter due to the growing wave of coronavirus infections and the resulting further restrictions.

### Other Information

1. In the 3rd quarter of 2020, 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 16 010 thousand, and endorsement of a blank promissory note amounting to PLN 13 000 thousand, issued by STP Elbud Sp. z o.o. in order to secure the investment credit granted by Bank Pekao S.A.,
  - guarantees and sureties (avals) granted by ZGH "Bolesław" amounting to PLN 1 867 thousand,
  - ZGH "Bolesław" S.A. issued a bill of exchange in connection with the agreement concluded with the National Center for Research and Development, amounting to PLN 66.0 million for subsidizing the project,
  - 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 9,582,100. 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 includes a waste processing installation in the recovery process.
  - no hedging's securing the financing banks in respect of the signed credit agreements, which were disclosed in the 2019 report, were subject to change.
3. The pending bankruptcy and composition proceedings cover the Group's receivables totaling PLN 3,991 thousand, wherein Stalprodukt's share amounts to PLN 743 thousand and ZGH "Bolesław" - PLN 3,248 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 01.07.2020 to 30.09.2020 and in the comparable period from 01.07.2019 to 30.09.2019 is presented in the Table below.

## Abridged Consolidated Financial Report for the 3rd Quarter of 2020.

Items the 3rd quarter of 2020	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
ZGH "Bolesław" S.A.	0	21	0	26
Anew Institute sp. z o.o.	0	12	0	125
Stalprodukt-Wamech sp. z o.o.	327	4 687	602	4 982
Stalprodukt-Centrostal sp. z o.o.	53	1 025	119	834
Stalprodukt-Serwis sp. z o.o.	1 730	47	2 607	93
Stalprodukt-Zamość sp. z o.o.	21	764	53	1 016
Stalprodukt-Ochrona sp. z o.o.	406	3 473	756	4 902
Cynk-Mal S.A.	3 392	238	6 484	748
GO STEEL Frydek Mistek a.s.	20 780	6 803	52 611	9 708

Moreover, in the 3rd quarter of 2020 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o.- revenue PLN 11 thousand, costs PLN 36 thousand; receivables PLN 5 thousand, liabilities PLN 15 thousand; Stalprodukt-Profil S.A. revenue PLN 2 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 3rd quarter of 2019	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
ZGH "Bolesław" S.A.	0	20	0	44
Anew Institute sp. z o.o.	0	0	0	8
Stalprodukt-MB sp. z o.o.	0	0	54	533
Stalprodukt-Wamech sp. z o.o.	229	5 218	449	3 168
Stalprodukt-Centrostal sp. z o.o.	53	1 290	114	49
Stalprodukt-Serwis sp. z o.o.	0	0	106	1 078
Stalprodukt-Zamość sp. z o.o.	975	422	1 480	425
Stalprodukt-Ochrona sp. z o.o.	20	1 317	49	1 086
STP Elbud sp. z o.o.	363	5 114	637	7 054
Cynk-Mal S.A.	5 686	740	8 768	994
GO STEEL Frydek Mistek a.s.	23 376	5 479	44 541	9 714

Moreover, in the 3rd quarter of 2019 transactions were concluded with the companies in which the Company holds shares: Stalnet Sp. z o.o.- revenue PLN 11 thousand, costs PLN 36 thousand; receivables PLN 0 thousand, liabilities PLN 15 thousand; Stalprodukt-Profil S.A. revenue PLN 2 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 28,738 thousand. No significant fixed asset components have been disposed of during the reporting period.
8. The General Meeting of ZGH „Bolesław” S.A. Shareholders held on 23 June 2020 adopted a resolution on the dividend disbursement for the fiscal year 2019. The profit-based amount appropriated for the dividend is PLN 2.00 per share. The dividend disbursement date was fixed on 24 July 2020. The dividend amount of PLN 31,539,738.00 shall be recognized in the Issuer’s separate result for the 3rd quarter of 2020.
9. The General Meeting of “Huta Cynku Miasteczko S.A. Shareholders held on 25 June 2020 adopted a resolution on the dividend disbursement for the fiscal year 2019. The profit-based amount appropriated for the dividend is PLN 2.00 per share, i.e. PLN 15,800 thousand. The dividend disbursement date was fixed on 21 July 2020.
10. By annex of 21 October 2020, the value of the loan granted under the agreement of 06/12/2018 to Anew Institute Sp. z o.o. was increased to PLN 1.4 million. The loan bears interest and a commission was established for the Lender for its disbursement. According to the agreement, it was granted for a period until 30/06/2021.
11. 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.

As indicated above, the interlocutory judgement is final, determining the fact of liability. The amount of compensation has not been determined, which shall be the subject of further proceedings. At the moment, the Przedsiębiorstwo Wodociągów i Kanalizacji is claiming the sum of PLN 64,604,143.05 and this is the highest amount of the principal liability amount that may be charged to the Company. The amount of compensation, if any, is influenced by the value of expenditures for alternative sources of water supply, which amount to approx. PLN 30 million. Another problem is the issue of Community co-funding, which, in the Company's opinion, shall reduce the amount claimed. At this stage the amount of any damages awarded cannot be currently determined in detail.

The above information about the judgment of the Court of Appeal was treated by the Management Board of the Issuer as confidential information and disclosed to the public in current report no. 3/2020 on March 13, 2020.

In addition, it should be mentioned 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 (point 11. Settlement of the purchase price of ZGH "Bolesław" S.A.). Contingent liabilities have been defined as arising from the risks identified by the acquirer, including, among others, the costs of decommissioning the "Olkusz-Pomorzany" mine and liability for mining damages. The total amount resulting from the above estimates amounted to 296 115 thousand. This amount was presented in the balance sheet as at 31 December 2013 in the item "contingent liabilities due to the purchase of ZGH" Bolesław "S.A.".

12. 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.
13. 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.
14. In connection with the remuneration policy adopted by the AGM of Stalprodukt (ResolutionXXXIX / 11/2020 of June 15, 2020), on October 28, 2020, the Supervisory Board adopted new Regulations for benefits and remuneration of the Management Board, adjusting its provisions to the applicable Remuneration Policy. In particular, the fixed part of the remuneration of the President of the Management Board was reduced to the level specified in the above-mentioned resolution.  
Another change adopted by the Supervisory Board and resulting from the Remuneration Policy concerns the payment of the variable part of the Management Board remuneration (the so-called "bonus"). Until now, members of the Management Board were assessed and rewarded based on quarterly results. Pursuant to the new rules, the variable part of the remuneration may be paid only once a year, i.e. based on the assessment of the results achieved in the previous financial year.
15. 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 effects of the COVID-19 epidemic 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 results achieved by the Group in the coming months or even quarters will certainly 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, so it is difficult to estimate its anticipated effects.
16. During the reporting period and following 30.09.2020 until the preparation of the Abridged Consolidated Report for the 3rd quarter 2020 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.
17. 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 3rd Quarter of 2020".

18. No additional information was appended to the Abridged Consolidated Financial Report for the 3rd quarter of 2020 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.
19. This Abridged Consolidated Financial Report for the 3rd quarter of 2020 was approved for publication by parent Company's Management Board on 13.11.2020.

.....  
Łukasz Mentel  
Member of the Management Board  
– Financial Director

.....  
Piotr Janeczek  
President of the Management Board – CEO