



STALPRODUKT S.A.

Abridged Consolidated Financial Report for the 4th Quarter of 2020

Bochnia, February 2021

I. Consolidated Financial Report for the 4th quarter of 2020

| SELECTED FINANCIAL DATA | thousand x PLN | | thousand x EUR | |
|--|--|--|--|--|
| | 4 quarter(s) increasingly for the period from 01-01-2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019 | 4 quarter(s) increasingly for the period from 01-01-2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019 |
| I. Net sales of products, goods and materials | 3 320 422 | 3 816 269 | 742 126 | 887 133 |
| II. Operating profit (loss) | 211 408 | 203 708 | 47 250 | 47 354 |
| III. Profit (loss) before taxation | 214 227 | 200 674 | 47 881 | 46 649 |
| IV. Net profit (loss) | 173 747 | 154 488 | 38 833 | 35 912 |
| - attributable to shareholders of the parent company | 162 641 | 142 494 | 36 351 | 33 124 |
| - net profit attributed to non-controlling interests | 11 106 | 11 994 | 2 482 | 2 788 |
| V. Net cash flow from operating activities | 350 442 | 369 994 | 78 325 | 86 009 |
| VI. Net cash flow from investment activities | -240 969 | -235 091 | -53 857 | -54 649 |
| VII. Net cash flow from financial activities | -77 582 | -202 988 | -17 340 | -47 187 |
| VIII. Total net cash flow | 31 891 | -68 085 | 7 128 | -15 827 |
| IX. Total assets | 4 342 650 | 4 345 081 | 941 027 | 1 020 331 |
| X. Liabilities and provisions for liabilities | 1 459 793 | 1 587 056 | 316 329 | 372 680 |
| XI. Long-term liabilities | 473 143 | 530 197 | 102 527 | 124 503 |
| XII. Short-term liabilities | 533 060 | 620 318 | 115 511 | 145 666 |
| XIII. Shareholders' equity | 2 882 857 | 2 758 026 | 624 698 | 647 652 |
| - equity attributable to shareholders of the parent | 2 771 266 | 2 650 457 | 600 517 | 622 392 |
| - equity attributed to non-controlling interests | 111 591 | 107 569 | 24 181 | 25 260 |
| XIV. Share capital | 11 161 | 11 161 | 2 419 | 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) | 31,14 | 27,68 | 6,96 | 6,43 |
| XVII. Diluted profit (loss) per ordinary share (PLN) | | | | |
| XVIII. Book value per share (PLN) | 516,62 | 494,95 | 111,95 | 116,22 |
| 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 31st December 2019. Other comparable data is presented for the period from 1st January 2019 to 30th December 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 31st December 2020 and amounting to 4.61485 and 4.2585 for this 31st 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 4.4742 for 4 quarters of 2020 and PLN 4.3018 for 4 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.

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| CONSOLIDATED BALANCE SHEET | (thousand x PLN) | | | |
|--|------------------|------------------|------------------|------------------|
| | 31.12.2020 | 30.09.2020 | 31.12.2019 | 30.09.2019 |
| Assets | | | | |
| I. Fixed assets | 2 424 986 | 2 438 877 | 2 406 886 | 2 374 458 |
| 1. Intangible fixed assets, including | 214 379 | 216 635 | 207 326 | 229 879 |
| - right of perpetual land use | 125 905 | 127 905 | 129 769 | 124 199 |
| 2. Tangible fixed assets | 2 134 599 | 2 048 813 | 2 052 279 | 1 992 609 |
| 3. Long-term receivables | 694 | 808 | 703 | 730 |
| 4. Long-term investments | 28 832 | 29 492 | 36 748 | 42 726 |
| 4.1. Real estate investments | 9 837 | 10 047 | 10 678 | 4 014 |
| 4.2. Intangible assets | | | | |
| 4.3. Long-term financial assets | 2 919 | 3 304 | 10 024 | 38 712 |
| 4.4. Other long-term investments | 16 076 | 16 141 | 16 046 | |
| 5. Long-term prepayments | 46 482 | 143 129 | 109 830 | 108 514 |
| 5.1. Deferred income tax assets | 35 847 | 38 037 | 38 521 | 30 660 |
| 5.2. Other prepayments | 10 635 | 105 092 | 71 309 | 77 854 |
| II. Current assets | 1 917 664 | 1 826 155 | 1 938 195 | 1 909 541 |
| 1. Inventories | 816 965 | 801 358 | 750 740 | 771 515 |
| 2. Short-term receivables | 511 601 | 483 424 | 590 531 | 621 213 |
| 3. Short-term investments | 549 376 | 525 053 | 564 338 | 493 081 |
| 3.1. Short-term financial assets | 530 384 | 496 920 | 477 669 | 420 671 |
| a) loans | 17 222 | 18 163 | 18 153 | 20 157 |
| b) short-term securities | 76 770 | 146 347 | 55 015 | 54 686 |
| c) cash and cash equivalents | 436 392 | 332 410 | 404 501 | 345 828 |
| 3.2. Other short-term investments | 18 992 | 28 133 | 86 669 | 72 410 |
| 4. Short-term prepayments | 1 834 | | 48 | |
| 5. Short-term prepayments | 37 888 | 16 320 | 32 538 | 23 732 |
| Total assets | 4 342 650 | 4 265 032 | 4 345 081 | 4 284 000 |
| Liabilities | | | | |
| I. Shareholders' equity | 2 882 857 | 2 841 076 | 2 758 025 | 2 699 667 |
| 1. Equity attributable to shareholders of the parent company | 2 771 266 | 2 731 760 | 2 650 456 | 2 596 710 |
| 1.1. Share capital | 11 161 | 11 161 | 11 161 | 11 161 |
| 1.2. Exchange differences | 16 112 | 4 538 | 4 092 | 5 746 |
| 1.3. Reserve capital | 764 187 | 764 189 | 667 745 | 619 376 |
| 1.4. Reserve capital from revaluation | -9 382 | 3 731 | 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) | 96 664 | 95 931 | 144 410 | 88 209 |
| 1.7. Net profit (loss) | 162 641 | 122 327 | 142 494 | 122 232 |
| 2. Capital non-controlling interests | 111 591 | 109 316 | 107 569 | 102 957 |
| II. Liabilities and provisions for liabilities | 1 459 793 | 1 423 956 | 1 587 056 | 1 584 334 |
| 1. Provisions for liabilities | 402 556 | 419 892 | 414 170 | 385 714 |
| 1.1. Provision for deferred income tax | 135 989 | 141 876 | 144 842 | 125 437 |
| 1.2. Other provisions | 266 567 | 278 016 | 269 328 | 260 277 |
| a) long-term | 101 095 | 172 507 | 185 380 | 191 314 |
| b) short-term | 165 472 | 105 509 | 83 948 | 68 963 |
| 2. Long-term liabilities | 473 143 | 489 193 | 530 197 | 561 665 |
| 2.1. Long-term credits and loans | 61 953 | 76 237 | 110 893 | 126 753 |
| 2.2. Other long-term liabilities | 115 075 | 116 841 | 123 189 | 138 797 |
| 2.3. Contingent liabilities due to the purchase of ZGH | 296 115 | 296 115 | 296 115 | 296 115 |

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| | | | | |
|--|------------------|------------------|------------------|------------------|
| 3. Short-term liabilities | 533 060 | 479 774 | 620 318 | 579 876 |
| 3.1. Short-term credits and loans | 36 565 | 33 200 | 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 | 283 476 | 257 574 | 337 355 | 316 938 |
| 3.4. Income tax liabilities | 40 577 | 37 812 | 38 877 | 3 049 |
| 3.5. Other short-term liabilities | 152 441 | 131 188 | 179 179 | 196 537 |
| 4. Accruals | 51 035 | 35 097 | 22 371 | 57 079 |
| Total liabilities | 4 342 650 | 4 265 032 | 4 345 081 | 4 284 000 |
| Book value | 2 882 857 | 2 841 076 | 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) | 516,62 | 509,13 | 494,25 | 483,79 |

| CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period | thousand x PLN | | | |
|---|--|--|--|--|
| | IV quarter of 2020 - period from 01-10-2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01-01-2020 to 31-12-2020 | IV quarter of 2019 - period from 01-10-2019 to 31-12-2019 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019 |
| I. Net sales of products, goods and materials, | 866 872 | 3 320 422 | 905 805 | 3 816 269 |
| 1. Net sales of products | 849 446 | 3 244 196 | 904 476 | 3 723 765 |
| 2. Net sales of goods and materials | 17 426 | 76 226 | 1 329 | 92 504 |
| II. Costs of products, merchandise and materials | 753 508 | 2 893 678 | 784 721 | 3 333 814 |
| 1. Production cost of products sold | 737 463 | 2 827 612 | 784 215 | 3 247 137 |
| 2. Value of goods and materials sold | 16 045 | 66 065 | 506 | 86 677 |
| III. Gross profit (loss) on sales | 113 364 | 426 744 | 121 084 | 482 455 |
| IV. Selling costs | 21 533 | 80 403 | 24 724 | 88 526 |
| V. General and administrative costs | 40 024 | 152 838 | 41 680 | 154 234 |
| VI. Profit (loss) on sales | 51 807 | 193 503 | 54 680 | 239 694 |
| VII. Other operating incomes | 60 150 | 138 496 | 39 635 | 66 504 |
| VIII. Other operating costs | 64 394 | 120 591 | 72 630 | 102 490 |
| IX. Operating profit (loss) | 47 563 | 211 408 | 21 685 | 203 708 |
| X. Financial incomes | 6 995 | 21 131 | 6 621 | 19 732 |
| XI. Financial costs | 4 787 | 18 303 | -1 879 | 22 838 |
| XII. Profit from shares in associated entities | -66 | -9 | -134 | 72 |
| XIII. Profit (loss) before taxation | 49 705 | 214 227 | 30 051 | 200 674 |
| XIV. Income tax | 6 169 | 40 480 | 7 296 | 46 186 |
| XV. Net profit (loss) | 43 536 | 173 747 | 22 755 | 154 488 |
| 1. Attributable to shareholders of the parent | 40 313 | 162 641 | 20 314 | 142 494 |
| 2. Attributed to non-controlling interests | 3 223 | 11 106 | 2 441 | 11 994 |
| Profit (loss) net | 43 536 | 173 747 | 22 755 | 154 488 |
| 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) | 7,80 | 31,14 | 4,08 | 27,68 |

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| TOTAL COMPREHENSIVE CONSOLIDATED INCOME for the period | thousand x PLN | | | |
|--|--|--|--|--|
| | IV quarter of 2020 - period from 01-10-2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01-01-2020 to 31-12-2020 | IV quarter of 2019 - period from 01-10-2019 to 31-12-2019 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019 |
| Net result | 43 536 | 173 747 | 22 755 | 154 488 |
| Gain from a bargain purchase | 0 | | 0 | |
| The effective part of the cash flow hedging in accordance with IFRS 9 | 34 998 | -59 872 | 34 194 | -15 192 |
| Total Comprehensive Income | 78 534 | 113 875 | 56 949 | 139 296 |
| Total comprehensive income attributable to the parent company shareholders | 74 552 | 108 102 | 54 062 | 132 234 |
| Total comprehensive income attributed to non-controlling interests | 3 982 | 5 773 | 1 325 | 7 062 |

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| Statement of changes in equity for the period from 1st January to 31st December 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 |
| Balance on this 1.01.2020 (opening balance) | 11 161 | 4 092 | 667 745 | 46 280 | 1 634 274 | 286 904 | | 107 569 | 2 758 025 |
| Profit distribution | | | 95 906 | | 95 609 | -191 515 | | | 0 |
| Intercapital and consolidation transfer | | 12 020 | 536 | 4 210 | | 4 092 | | -7 084 | 13 774 |
| Dividend | | | | | | -2 817 | | | -2 817 |
| Total comprehensive income for period 1.01 - 31.12.2020 | | | | -59 872 | | 0 | 162 641 | 11 106 | 113 875 |
| <i>Valuation of hedging transactions</i> | | | | -59 872 | | | | | -59 872 |
| Balance on this 31.12.2020 (closing balance) | 11 161 | 16 112 | 764 187 | -9 382 | 1 729 883 | 96 664 | 162 641 | 111 591 | 2 882 857 |
| Balance on this 1.01.2019 (opening balance) | 11 161 | 2 493 | 561 927 | 65 288 | 1 574 552 | 378 126 | | 106 293 | 2 699 840 |
| Profit distribution | | | 105 738 | | 101 682 | -207 420 | | | 0 |
| Intercapital and consolidation transfer | | 1 599 | 80 | -3 816 | -41 960 | 46 165 | | -10 718 | -8 650 |
| Dividend | | | | | | -72 461 | | | -72 461 |
| Total comprehensive income for period 1.01 - 31.12.2019 | | | | -15 192 | | | 142 494 | 11 994 | 139 296 |
| <i>Valuation of hedging transactions</i> | | | | -15 192 | | | | | -15 192 |
| Balance on this 31.12.2019 (closing balance) | 11 161 | 4 092 | 667 745 | 46 280 | 1 634 274 | 144 410 | 142 494 | 107 569 | 2 758 025 |

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| CONSOLIDATED CASH FLOW ACCOUNT for the period | thousand x PLN | |
|--|---|---|
| | 4 quarter(s) increasingly for the period from 01- 01-2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01- 01-2019 to 31-12-2019 |
| A. Cash flow from operational activity - indirect method | 350 442 | 369 994 |
| I. Profit (loss) before taxation | 214 527 | 200 674 |
| II. Tax paid | -55 150 | -50 211 |
| III. Total adjustments | 191 065 | 219 531 |
| 1. Share in net (profits) losses of subsidiary entities evaluated by equity method | -9 | |
| 2. Depreciation | 166 817 | 167 780 |
| 3. (Profit) loss from exchange rate fluctuations | 620 | -249 |
| 4. Interest and profit share (dividends) | 8 917 | 14 236 |
| 5. (Profit) loss on investment activities | 8 594 | 847 |
| 6. Change in reserves | 1 039 | 5 499 |
| 7. Change in inventories | -58 901 | 51 603 |
| 8. Change in receivables | 103 347 | 45 754 |
| 9. Change in short-term liabilities, except for loans and credits | -86 637 | -49 263 |
| 10. Change in accruals | 46 105 | -14 898 |
| 11. Other adjustments | 1 173 | -1 778 |
| IV. Net cash flow from operating activities | 350 442 | 369 994 |
| B. Cash flow from investment activity | -240 969 | -235 091 |
| I. Inflows | 79 892 | 18 266 |
| 1. Sales of intangible and tangible fixed assets | 6 365 | 572 |
| 2. Sales of real estate properties and intangible assets | | |
| 3. From financial assets, including: | 73 527 | 17 694 |
| - financial assets sold | 71 730 | 16 457 |
| - dividends and profit share received | | |
| - repayment of long-term loans granted | 1 160 | 0 |
| - interest received | 637 | 1 237 |
| - other inflows from financial assets | | |
| 4. Other investment inflows | | |
| II. Outflows | -320 861 | -253 357 |
| 1. Purchase of intangible and tangible fixed assets | -226 701 | -243 085 |
| 2. Real estate property and intangible assets | | |
| 3. To financial assets, including: | -89 120 | -10 261 |
| - financial assets purchased | -89 120 | -9 487 |
| - long-term loans granted | | -774 |
| 4. Other investment outflows | -5 040 | -11 |
| III. Net cash flow from investment activities | -240 969 | -235 091 |
| C. Cash flow from financial activity | -77 582 | -202 988 |
| I. Inflows | 16 | 9 594 |
| 1. Net inflows from issue of shares, other capital instruments and capital receipts | | |
| 2. Credits and loans | | 868 |
| 3. Issue of debentures | | |
| 4. Other financial inflows | 16 | 8 726 |

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| | | |
|--|----------------|-----------------|
| II. Outflows | -77 598 | -212 582 |
| 1. Purchase of own shares | | |
| 2. Dividends and other dues paid to shareholders | -2 777 | -35 572 |
| 3. Outflows from profit distribution, other than dues paid to shareholders | | |
| 4. Credits and loans repaid | -57 348 | -154 776 |
| 5. Redemption of debentures | | |
| 6. From other financial liabilities | | |
| 7. Contractual payments of financial leasing dues | -5 210 | -6 421 |
| 8. Interest paid | -9 555 | -14 854 |
| 9. Other financial outflows | -2 708 | -959 |
| III. Net cash flow from financial activities | -77 582 | -202 988 |
| D. Total net cash flow | 31 891 | -68 085 |
| E. Balance sheet change in cash, including: | 31 891 | -68 085 |
| - change in cash due to exchange rates fluctuations | 0 | -429 |
| F. Cash (beginning of period) | 404 501 | 472 586 |
| G. Cash (end of period), including: | 436 392 | 404 501 |
| - of limited access and disposal | | |

II. Abridged Financial Report for the 4th quarter of 2020

| Selected Financial Data | thousand x PLN | | thousand x EUR | |
|---|---|---|---|---|
| | 4 quarter(s) increasingly for the period from 01-01-2020 to 31- 12-2020 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31- 12-2019 | 4 quarter(s) increasingly for the period from 01-01-2020 to 31- 12-2020 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31- 12-2019 |
| I. Net sales of products, goods and materials | 1 253 496 | 1 508 581 | 280 161 | 350 686 |
| II. Operating profit (loss) | 33 541 | -4 439 | 7 497 | -1 032 |
| III. Profit (loss) before taxation | 69 317 | 96 053 | 15 493 | 22 329 |
| IV. Net profit (loss) | 67 875 | 92 808 | 15 170 | 21 574 |
| V. Net cash flow from operating activities | 141 301 | 115 108 | 31 581 | 26 758 |
| VI. Net cash flow from investment activities | 26 146 | 79 386 | 5 844 | 18 454 |
| VII. Net cash flow from financial activities | -25 523 | -170 486 | -5 704 | -39 631 |
| VIII. Total net cash flow | 141 924 | 24 008 | 31 721 | 5 581 |
| IX. Total assets | 2 152 575 | 2 148 481 | 466 450 | 504 516 |
| X. Liabilities and provisions for liabilities | 405 554 | 469 336 | 87 881 | 110 212 |
| XI. Long-term liabilities | 86 597 | 107 126 | 18 765 | 25 156 |
| XII. Short-term liabilities | 214 841 | 251 909 | 46 555 | 59 154 |
| XIII. Shareholders' equity | 1 747 021 | 1 679 145 | 378 569 | 394 304 |
| XIV. Share capital | 11 161 | 11 161 | 2 419 | 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) | 12,16 | 16,63 | 2,72 | 3,87 |
| Diluted profit (loss) per ordinary share (PLN) | | | | |
| XVII. Book value per share (PLN) | 313,07 | 300,91 | 67,84 | 70,66 |
| Diluted book value per share (PLN) | | | | |
| XVIII. Declared or paid-out dividend for one share in (PLN/EUR) | | 5,00 | | 1,16 |

- 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 31st December 2019. Other comparable data is presented for the period from 1st January 2019 to 31st December 2019.
- 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 31st December 2020 and amounting to 4.6148 and 4.2585 for this 31st 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 4.4742 for 4 quarters of 2020 and PLN 4.3018 for 4 quarters of 2019.
- In the item XVIII the amount of the dividend for 1 share to paid out in 2019 by the Issuer.
- For profit-per-share calculation the number of 5 580 267 shares was adopted.

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| BALANCE SHEET | (thousand x PLN) | | | |
|---|------------------|------------------|------------------|------------------|
| | 31.12.2020 | 30.09.2020 | 31.12.2019 | 30.09.2019 |
| Assets | | | | |
| I. Fixed assets | 1 480 165 | 1 493 458 | 1 521 494 | 1 524 284 |
| 1. Intangible fixed assets, including | 116 921 | 117 156 | 118 340 | 115 929 |
| - right of perpetual land use | 84 548 | 86 149 | 86 920 | 85 074 |
| 2. Tangible fixed assets | 784 102 | 796 773 | 822 231 | 824 664 |
| 3. Long-term receivables | | | | |
| 4. Long-term investments | 576 544 | 577 017 | 578 411 | 581 588 |
| 4.1. Real estate investments | 50 425 | 50 898 | 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 | 2 598 | 2 512 | 2 512 | 2 103 |
| 5.1. Deferred tax assets | 2 598 | 2 512 | 2 512 | 2 103 |
| 5.2. Other prepayments | | | | |
| II. Current assets | 672 410 | 634 724 | 626 987 | 627 413 |
| 1. Inventories | 246 567 | 250 088 | 300 833 | 309 853 |
| 2. Short-term receivables | 213 202 | 208 584 | 251 769 | 250 124 |
| - including trade receivables in excess of 1 year | 290 | 291 | 435 | 443 |
| 3. Short-term investments | 212 433 | 175 010 | 74 080 | 66 265 |
| 3.1. Short-term financial assets | 211 945 | 173 263 | 73 121 | 64 306 |
| a) loans | 18 400 | 19 550 | 21 500 | 23 500 |
| b) cash and cash equivalents | 193 545 | 153 713 | 51 621 | 40 806 |
| 3.2. Other short-term investments | 488 | 1 748 | 959 | 1 959 |
| 4. Short-term prepayments | 208 | 1 042 | 304 | 1 171 |
| Total assets | 2 152 575 | 2 128 182 | 2 148 481 | 2 151 697 |
| Liabilities | | | | |
| I. Shareholders' equity | 1 747 021 | 1 739 232 | 1 679 146 | 1 684 062 |
| 1. Share capital | 11 161 | 11 161 | 11 161 | 11 161 |
| 2. Own shares (stakes) (negative value) | | | | |
| 3. Reserve capital | 103 749 | 103 749 | 103 749 | 103 749 |
| 4. Reserve capital from revaluation | | | | |
| 5. Other reserve capital | 1 592 870 | 1 592 870 | 1 500 062 | 1 500 062 |
| 6. Retained earnings (losses) | -28 634 | -28 634 | -28 634 | -28 635 |
| 7. Net profit (loss) | 67 875 | 60 086 | 92 808 | 97 725 |
| II. Liabilities and provisions for liabilities | 405 554 | 388 950 | 469 335 | 467 635 |
| 1. Provisions for liabilities | 97 221 | 103 224 | 105 133 | 109 007 |
| 1.1. Provision for deferred income tax | 76 740 | 75 952 | 75 325 | 74 809 |
| 1.2. Other provisions | 20 481 | 27 272 | 29 808 | 34 198 |
| a) long-term | 15 006 | 20 964 | 25 948 | 32 720 |
| b) short-term | 5 475 | 6 308 | 3 860 | 1 477 |
| 2. Long-term liabilities | 86 597 | 91 316 | 107 126 | 110 505 |
| 2.1. Long-term credits and loans | 30 000 | 35 000 | 50 000 | 55 000 |
| 2.2. Other long-term liabilities | 56 597 | 56 316 | 57 126 | 55 505 |
| 3. Short-term liabilities | 214 841 | 187 713 | 251 909 | 234 867 |
| 3.1. Short-term credits and loans | | | | |
| 3.2. Current part of long-term credits and loans | 20 000 | 20 000 | 20 000 | 20 000 |
| 3.3. Trade liabilities | 168 359 | 138 187 | 203 539 | 186 635 |

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| | | | | |
|--|------------------|------------------|------------------|------------------|
| - including trade payables in excess of 1 year | 3 539 | 3 208 | 2 455 | 2 308 |
| 3.4. Income tax liabilities | 7 239 | 8 638 | | |
| 3.5. Other short-term liabilities | 19 243 | 20 888 | 28 370 | 28 231 |
| 4. Accruals | 6 895 | 6 697 | 5 167 | 13 256 |
| Total liabilities | 2 152 575 | 2 128 182 | 2 148 481 | 2 151 697 |
| Book value | 1 747 021 | 1 739 232 | 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) | 313,07 | 311,68 | 300,91 | 295,40 |

| PROFIT AND LOSS ACCOUNT for the period | (thousand x PLN) | | | |
|--|---|--|---|--|
| | IV quarter of 2020 - period from 01-10-2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01-01-2020 to 31-12-2020 | IV quarter of 2019 - period from 01-10-2019 to 31-12-2019 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019 |
| I. Net sales of products, goods and materials, including: | 300 681 | 1 253 496 | 343 683 | 1 508 581 |
| 1. Net sales of products | 264 322 | 1 021 438 | 271 843 | 1 224 174 |
| 2. Net sales of goods and materials | 45 359 | 241 058 | 71 840 | 284 407 |
| II. Costs of products, goods and materials sold, including: | 284 129 | 1 163 052 | 325 334 | 1 418 468 |
| 1. Production cost of products sold | 239 736 | 927 813 | 254 101 | 1 136 508 |
| 2. Value of goods and materials sold | 44 393 | 235 239 | 71 233 | 281 960 |
| III. Gross profit (loss) on sales | 16 552 | 90 444 | 18 349 | 90 113 |
| IV. Selling costs | 10 523 | 40 129 | 12 447 | 47 938 |
| V. General and administrative costs | 10 953 | 36 814 | 10 256 | 42 990 |
| VI. Profit (loss) on sales | -4 924 | 13 501 | -4 354 | -815 |
| VII. Other operating incomes | 19 410 | 34 184 | 5 875 | 10 877 |
| VIII. Other operating costs | 8 195 | 14 144 | 10 736 | 14 501 |
| IX. Operating profit (loss) | 6 291 | 33 541 | -9 215 | -4 439 |
| X. Financial incomes | 3 299 | 41 013 | 7 752 | 110 907 |
| XI. Financial costs | 1 100 | 5 237 | 3 289 | 10 414 |
| XII. Profit (loss) before taxation | 8 490 | 69 317 | -4 754 | 96 052 |
| XIII. Income tax | 700 | 1 442 | 164 | 3 245 |
| XIV. Other statutory reductions in profit (increases in loss) | 0 | | 0 | |
| XV. Net profit (loss) | 7 790 | 67 875 | -4 917 | 92 808 |
| Net profit (loss) | 7 790 | 67 875 | -4 917 | 92 808 |
| Weighted average number of ordinary shares | 5 580 267 | 5 580 267 | 5 580 267 | 5 580 267 |
| Profit (loss) per ordinary share (PLN) | 1,40 | 12,16 | -0,88 | 16,63 |
| Weighted average predicted number of ordinary shares | | | | |
| Diluted profit (loss) per ordinary share | | | | |

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| TOTAL COMPREHENSIVE INCOME for the period | (thousand x PLN) | | | |
|--|--|---|--|--|
| | IV quarter of 2020 - period from 01-10- 2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01-01-2020 to 31- 12-2020 | IV quarter of 2019 - period from 01- 10-2019 to 31-12- 2019 | 4 quarter(s) increasingly for the period from 01-01-2019 to 31-12-2019 |
| Net result | 7 790 | 67 875 | -4 917 | 92 808 |
| Differences from evaluation | | | | |
| Total Comprehensive Income | 7 790 | 67 875 | -4 917 | 92 808 |

Abridged Consolidated Financial Report for the 4th Quarter of 2020

| Statement of changes in equity for the period from 1st January to 31st December 2020 and 2019 | (thousand x PLN) | | | | | | |
|---|------------------|-----------------------|---------------------|-----------------------|------------------|-------------------------|------------------|
| | Share capital | Supplementary capital | Revaluation reserve | Other reserve capital | Retained profits | Current year net profit | Equity TOTAL |
| Balance on this 01.01.2020 (opening balance) | 11 161 | 103 750 | 0 | 1 500 062 | 64 174 | | 1 679 147 |
| Profit distribution | | | | 92 808 | -92 808 | | 0 |
| Change in shares – merger of companies | | | | | | | 0 |
| Dividend | | | | | | | 0 |
| Profit (loss) from previous years - due to the application of IFRS 16 | | | | | | | 0 |
| Total comprehensive income for period 1.01 - 31.12.2020 | | | | | | 67 875 | 67 875 |
| Balance on this 31.12.2020 (closing balance) | 11 161 | 103 750 | 0 | 1 592 870 | -28 635 | 67 875 | 1 747 021 |
| Balance on this 01.01.2019 (opening balance) | 11 161 | 104 184 | | 1 402 915 | 114 616 | | 1 632 876 |
| Profit distribution | | | | 97 147 | -97 147 | | 0 |
| Change in shares – merger of companies | | -434 | | | | | -434 |
| Dividend | | | | | -27 901 | | -27 901 |
| Profit (loss) from previous years - due to the application of IFRS 16 | | | | | -18 203 | | -18 203 |
| Total comprehensive income for period 1.01 - 31.12.2019 | | | | | | 92 808 | 92 808 |
| Balance on this 31.12.2019 (closing balance) | 11 161 | 103 750 | 0 | 1 500 062 | -28 635 | 92 808 | 1 679 146 |

| CASH FLOW ACCOUNT for the period | (thousand x PLN) | |
|--|---|---|
| | 4 quarter(s) increasingly for the period from 01-01- 2020 to 31-12-2020 | 4 quarter(s) increasingly for the period from 01-01- 2019 to 31-12-2019 |
| A. Cash flow from operating activities – indirect method | 141 301 | 115 108 |
| I. Net profit (loss) | 67 875 | 96 053 |
| Tax paid | | |
| II. Total adjustments | 73 426 | 19 055 |
| 1. Depreciation | 52 754 | 51 605 |
| 2. (Profit) loss from exchange rate fluctuations | 0 | 10 |
| 3. Interest and profit share (dividends) | -32 719 | -94 514 |
| 4. (Profit) loss on investment activities | -2 663 | 662 |
| 5. Change in reserves | -2 873 | -811 |
| 6. Change in inventories | 56 309 | 77 820 |
| 7. Change in receivables | 38 568 | 30 837 |
| 8. Change in short-term liabilities except for loans and credits | -36 539 | -39 566 |
| 9. Change in accruals | 1 769 | -3 743 |
| 10. Other adjustments | -1 180 | -3 245 |
| III. Net cash flow from operating activities | 141 301 | 115 108 |
| B. Cash flow from investment activities | 26 146 | 79 386 |
| I. Inflows | 47 198 | 108 469 |
| 1. Sales of intangible and tangible fixed assets | 5 484 | 58 |
| 2. Sales of real estate properties and intangible assets | | |
| 3. From financial assets, including: | 41 715 | 108 411 |
| - financial assets sold | | |
| - dividends and profit share received | 37 057 | 102 311 |
| - repayments of long-term loans granted | | |
| - interest received | 657 | 1 100 |
| - other inflows from financial assets | 4 000 | 5 000 |
| 4. Other investment inflows | | |
| II. Outflows | -21 052 | -29 083 |
| 1. Purchase of intangible and tangible fixed assets | -15 088 | -29 083 |
| 2. Real estate property and intangible assets | | |
| 3. To financial assets, including: | 0 | 0 |
| - financial assets purchased | -25 | 0 |
| - long-term loans granted | -900 | |
| 4. Other investment outflows | -5 039 | |
| III. Net cash flow from investment activities | 26 146 | 79 386 |
| C. Cash flow from financial activities | -25 523 | -170 486 |
| I. Inflows | 0 | 0 |
| 1. Net inflows from issue of shares, other capital instruments or capital receipts | | |
| 2. Credits and loans | 0 | 0 |
| 3. Issue of debentures | | |
| 4. Other financial inflows | 0 | 0 |
| II. Outflows | -25 523 | -170 486 |
| 1. Purchase of own shares | | |
| 2. Dividends and other dues paid to shareholders | 0 | -27 901 |

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| | | |
|--|----------------|-----------------|
| 3. Outflows from profit distribution, other than dues paid to shareholders | | |
| 4. Credits and loans repaid | -20 000 | -132 674 |
| 5. Redemption of debentures | | |
| 6. From other financial liabilities | | |
| 7. Contractual payments of financial lease dues | -55 | -54 |
| 8. Interest paid | -4 995 | -8 897 |
| 9. Other financial outflows | -471 | -958 |
| III. Net cash flow from financial activities | -25 523 | -170 486 |
| D. Total net cash flow | 141 924 | 24 008 |
| E. Balance sheet change in cash | 141 924 | 24 008 |
| F. Cash (beginning of period) | 51 621 | 27 612 |
| G. Cash (end of period) | 193 545 | 51 621 |

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

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.

In connection with the above, on 16 December 2020, the necessary changes were made to the statutes of GO Steel Frydek Mistek a.s., with the simultaneous change of the company's name to GO Steel a.s. These changes entered into force on 1 January 2021.

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 October 2020 to 31 December 2020 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from 1 October 2019 to 31 December 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 2020 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.

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.

4. Estimated Values

- a provision for deferred tax was created in the amount of PLN 3,894 thousand, and resolved in the amount of PLN 2,699 thousand,
- write-off for inventories of finished goods and semi-finished products in the amount of PLN 7,333 thousand was released;
- a write-down for doubtful receivables was created in the amount of PLN 998 thousand, and dissolved in the amount of PLN 612 thousand, including through the redemption of PLN 340 thousand, and through the payment of PLN 272 thousand,
- a provision for retirement benefits and bonuses in the amount of PLN 19,943 thousand was created, and dissolved in the amount of PLN 30,361 thousand,
- a provision was created for certificates of energy origin and emission rights in the amount of PLN 2,165 thousand, and dissolved in the amount of PLN 8,050 thousand,
- in the zinc segment a provision was created for mine liquidation in the amount of PLN 10,024 thousand,
- a bonus fund in the amount of PLN 6,211.0 thousand was created in the zinc segment,
- and it was dissolved for the amount of PLN 840 thousand,
- a provision for land reclamation was released in the amount of PLN 1,025 thousand,
- a provision created in connection with the purchase of GO STEEL in the amount of PLN 6,255 thousand was released (performance of the obligation under the HRC agreement in 2020).

The amount of PLN 46,633 thousand was demonstrated in other operating income in the consolidated statement of operation in the Zinc Segment from received free of charge CO₂ emission allowances and from redemption of CO₂ emission allowance, and in other operating expenses due to the cancellation of CO₂, the amount of PLN 45,453 thousand has been demonstrated.

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.

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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 4th quarter of 2020 (PLN thousand)

| Itemization | Operating Segments | | | | Total |
|--|---------------------------|------------------|----------------|------------------|------------------|
| | Electrical Sheets Segment | Profiles Segment | Zinc Segment | Other Activities | |
| Segment Revenues | 174 064 | 150 082 | 483 978 | 58 748 | 866 872 |
| Domestic | 15 739 | 98 876 | 278 996 | 49 648 | 443 259 |
| Export | 158 325 | 51 206 | 204 982 | 9 100 | 423 613 |
| Segment Costs | 170 061 | 146 750 | 404 880 | 53 350 | 775 041 |
| Segment Result | 4 003 | 3 332 | 79 098 | 5 398 | 91 831 |
| Other Operating and Financial Revenues Non-Attributable to the Segment | | | | | 67 080 |
| Other General, Operating and Financial Costs Non-Attributable to the Segment | | | | | 109 206 |
| Gross Profit | | | | | 49 705 |
| Income Tax | | | | | 6 169 |
| Net Profit | | | | | 43 536 |
| Segment Assets | 961 600 | 639 527 | 2 235 604 | 470 073 | 4 306 804 |
| Assets Non-Attributable to the Segment | | | | | 35 847 |
| Total Assets | | | | | 4 342 651 |
| Liabilities | 263 942 | 208 953 | 613 800 | 76 984 | 1 163 679 |
| Contingent Liabilities | | | | | 296 115 |
| Total Liabilities | | | | | 1 459 794 |
| Investment Outlays | 1 362 | 687 | 113 417 | 3 693 | 119 159 |
| Depreciation | 10 889 | 4 729 | 23 025 | 2 737 | 41 380 |

Information on Operating Segments for 4th quarter of 2019 (PLN thousand)

| Itemization | Operating Segments | | | | Total |
|--|---------------------------|------------------|----------------|------------------|----------------|
| | Electrical Sheets Segment | Profiles Segment | Zinc Segment | Other Activities | |
| Segment Revenues | 198 973 | 141 921 | 499 021 | 65 890 | 905 805 |
| Domestic | 11 913 | 107 838 | 287 626 | 25 204 | 432 581 |
| Export | 187 062 | 34 083 | 211 396 | 40 683 | 473 224 |
| Segment Costs | 185 092 | 142 904 | 416 481 | 61 968 | 809 445 |
| Segment Result | 13 881 | -3 983 | 82 540 | 3 922 | 96 360 |
| Other Operating and Financial Revenues Non-Attributable to the Segment | | | | | 46 122 |
| Other General, Operating and Financial Costs Non-Attributable to the Segment | | | | | 112 431 |
| Gross Profit | | | | | 30 051 |
| Income Tax | | | | | 7 296 |
| Net Profit | | | | | 22 755 |
| Segment Assets | 996 454 | 700 807 | 2 233 929 | 369 092 | 4 300 281 |
| Assets Non-Attributable to the Segment | | | | | 38 579 |
| Total Assets | | | | | 4 338 861 |
| Liabilities | 285 079 | 225 687 | 690 722 | 83 148 | 1 284 636 |
| Contingent Liabilities | | | | | 296 115 |
| Total Liabilities | | | | | 1 580 751 |
| Investment Outlays | 5 689 | 1 201 | 79 592 | 8 512 | 94 994 |
| Depreciation | 9 646 | 4 562 | 23 799 | 4 543 | 42 550 |

V. Ocena uzyskanych wyników i sytuacja finansowa

In the 4th quarter of 2020, compared to the analogical period of 2019, the Stalprodukt S.A. Capital Group recorded a decrease of sales by PLN 38,933 thousand, i.e. by 4.3 %. At the level of profit on sales, PLN 51,807 thousand was achieved, against PLN 54,680 thousand in the fourth quarter of 2019. On the other hand, at the operating profit level, it was PLN 47,563 thousand against PLN 21,685 thousand, an increase by PLN 28,878 thousand, i.e. by 119.3 %. The net profit in the fourth quarter of 2020 amounted to PLN 43,536 thousand compared to the fourth quarter of 2019, when it amounted to PLN 22,755 thousand this means an increase by PLN 20,781 thousand, i.e. by 91.3 %.

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 fourth quarter. For the period of 2020, the operating cash flows

for the Capital Group amounted to PLN 350.4 million, and for the parent company PLN 141.3 million.

In the Electrical Sheets Segment, the sales volumes of transformer sheets were 12% lower than in April 2019, which resulted in a decrease in the segment's sales revenues by PLN 24,909 thousand, i.e. by 12.5%. The drop in prices was partially offset by the depreciation of the zloty against the euro and the US dollar compared to the rates from the fourth quarter of 2019.

A decrease in sales revenues, similar as in the third quarter of this year, resulted mainly from the decline in demand for the segment's products related to the suspension or postponement of investments by transformer users. Weakening demand, in the opinion of the Issuer, is related to the level of uncertainty as to the further development of the macroeconomic situation on many markets. At the same time, compared to the third quarter of 2020, the segment's sales volumes increased by 22%. The drop in demand in the second half of 2020 resulted in increased price competition in the segment, which, together with a significant decrease in volumes, was responsible for lowering margins on sales.

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 is intensified by competition with lower production costs originating 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 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.

The Profiles Segment recorded an increase in sales volume compared to the fourth quarter of 2019 by 3.4%. At the same time, the Segment's sales revenues were higher by PLN 8,161 thousand, i.e. by 5.7%. The Segment of Profiles was most affected by the situation related to the closure of the Polish economy and the economies of foreign target markets. Increased demand felt at the beginning of 2020, collapsed at the turn of April and May and was caused by the closing of production and plants being the Segment's customers. In particular, areas related to the automotive, furniture and steel construction industries should be mentioned. The road barrier product group performed positively in the segment; the concluded road contracts were and are being continued, and the Issuer has adequate material, financial and personnel facilities allowing for the performance of contractual tasks. In relation to the comparative period, the segment recorded a profit compared to the corresponding period, i.e. PLN 3,332 thousand against PLN 3,983 thousand loss in the fourth quarter of 2019. In addition, it should be emphasized that despite the difficult situation related to the pandemic, the Profiles Segment recorded a positive result in the entire year 2020 at the level of PLN 13,048 thousand compared to a loss of PLN 12,662 thousand in 2019.

At the same time, the Issuer would like to emphasize that the previous expectations as to a systemic solution to the issue of dumped imports, which could have a positive impact on the situation of the Company and steel processors, have not been fully resolved, e.g. due to the (relatively) high quota amounts. The import of steel products (including tubes and profiles manufactured by Stalprodukt) to the European Union market significantly affects the competitive position of the EU producers.

In the fourth quarter of 2020, **the Zinc Segment's** net revenues amounted to PLN 483,978 thousand and compared to the same period last year, in which sales amounted to PLN 499,021 thousand, were lower by 3.0%.

The prices of zinc and lead at the LME make it necessary to update the valuation of stocks of finished and semi-finished products at ZGH "Bolesław" S.A. to market net selling prices. The amount of the impairment loss as at 31 December 2020 was PLN 0.2 million. The amount of the write-off is a result of processing bonuses (market TC), the increase of which improves the profitability of smelters, thus lowering the added value on the side of mines (concentrate producers). Improvement of the macro situation in the fourth quarter of 2020 resulted in the reversal of the write-off in the amount of PLN 6.0 million in relation to the state as at 30 September 2020.

In the fourth quarter of 2020, an impairment loss on the valuation of semi-finished inventories and finished products amounted to PLN -20.7 million, and as at 31 December 2019 (PLN -23.4 million).

As a result, the Zinc Segment generated a result of PLN 79.1 million, compared to PLN 82.5 million in the fourth quarter of 2019.

In the fourth quarter of 2020, there was a decrease in ore extraction by 11.8 % in the Segment's mines compared to the corresponding period of the previous year. At the same time, the zinc content in the ore extracted from the Olkusz-Pomorzany mine increased from 2.55 % in the fourth quarter of 2019 to 3.89 % in the fourth quarter of 2020, and the lead content from 1.21 % to 1.95 %, respectively. The higher metal content in ore in the fourth quarter of this year is the result of extracting the so-called protective pillars.

PRODUCTION

- **zinc production reached 41.4 thousand tonnes** and was lower by 86 tonnes (-0,2 %) compared to the 4th quarter of 2019.
- **refined lead production reached 4.9 thousand tonnes** and was lower by 0.3 thousand tonnes (+7.6 %) than in the 4th quarter of 2019.
- **silver production (Dore metal) reached 5.6 tonnes** and was higher by 0.4 tonnes (+7.5 %) than in the 4th 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. Depending on the type and size of risk, the Company complies with the appropriate instruments for the diagnosis, assessment and hedging.

As of 31 December 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 June 2021 to December 2023):

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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 |
|---|---------------------------------------|------------------|--|--|--|
| Active currency hedging instruments as of 31.12.2020 r. PLN thousand | | | | | |
| Cash Flow Hedging | forward | \$ 91 812 575,00 | 11 355 | 11 355 | risk from USD/PLN exchange rates |
| Cash Flow Hedging | forward | € 2 400 000,00 | 85 | 85 | 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) | € 3 600 000,00 | -167 | -168 | 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 |
|--|-----------------------------------|----------------|--|--|--|
| Active commodity hedging instruments as of 31.12.2020 (zinc) PLN thousand | | | | | |
| Cash Flow Hedging | swap | 18 125 | -4 487 | -4 487 | Price Change Risk Zn LME PLN |
| Cash Flow Hedging | swap (USD) | 24 000 | -11 289 | -11 289 | Price Change Risk Zn LME USD |
| Cash Flow Hedging | option strategies (collar) | 300 | 265 | 0 | Price Change Risk Zn LME |
| Cash Flow Hedging | put | 1 500 | 391 | 0 | Price Change Risk Zn LME |
| Cash Flow Hedging | call | 1 500 | -126 | 0 | Price Change Risk Zn LME |
| Active commodity hedging instruments as of 31.12.2020 (lead) PLN thousand | | | | | |
| 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 |
| Active commodity hedging instruments as of 31.12.2020 (silver) PLN thousand | | | | | |
| Cash Flow Hedging | swap | 105 000 | -1 253 | -1 253 | 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 | |
|---|---------------|----------------|
| | 31.12.2020 | 31.12.2019 |
| Long-Term investments | 2 034 | 8 931 |
| Short-Term Investments | 95 273 | 140 724 |
| TOTAL, including: | 97 307 | 149 655 |
| a) valuation of derivative transactions | 20 537 | 94 640 |
| b) securities | 76 770 | 55 015 |

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| Explanation to Item: Liabilities pertaining to hedging instruments | PLN thousand | |
|---|---------------|---------------|
| | 31.12.2020 | 31.12.2019 |
| Contracts for Hedging Transactions | 1 816 | 2 352 |
| Conclusions of Currency Option Transactions | 24 658 | 15 806 |
| Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers | 421 | 5 718 |
| TOTAL | 26 895 | 23 876 |

Valuation of Derivative Transactions

| Valuation of Derivative Transactions | PLN thousand | | | |
|---|------------------|----------------------------------|------------------|----------------------------------|
| | 31.12.2020 | | 31.12.2019 | |
| | Financial Assets | Financial Liabilities (Payables) | Financial Assets | Financial Liabilities (Payables) |
| Commodity Transactions - Zinc | 4 748 | 23 470 | 88 941 | 2 184 |
| Commodity Transactions - Lead | 0 | 0 | 1 314 | 0 |
| Currency Transactions - USD/PLN EUR/PLN | 15 756 | 2 138 | 4 385 | 21 489 |
| Commodity Transactions- Silver | 33 | 1 287 | 0 | 204 |
| Total | 20 537 | 26 895 | 94 640 | 23 877 |

Division of Hedging Instruments

| Division of Hedging Instruments | PLN thousand | | | |
|--|------------------|----------------------------------|------------------|----------------------------------|
| | 31.12.2020 | | 31.12.2019 | |
| | Financial Assets | Financial Liabilities (Payables) | Financial Assets | Financial Liabilities (Payables) |
| Hedging Instruments | 17 597 | 23 089 | 90 833 | 23 315 |
| Commodity Transactions - zinc | 4 411 | 19 923 | 86 777 | 1 807 |
| Commodity Transactions - lead | 0 | 0 | 1 314 | 0 |
| Currency Transactions - USD/PLN, EUR/PLN | 13 153 | 1 879 | 2 742 | 21 304 |
| Commodity Transactions - Silver | 33 | 1 287 | 0 | 204 |
| Trade Instruments | 2 941 | 3 805 | 3 807 | 561 |
| Commodity Transactions- zinc | 337 | 3 547 | 2 164 | 376 |
| Commodity Transactions - lead | 0 | 0 | 0 | 0 |
| Currency Transactions - USD/PLN, EUR/PLN | 2 604 | 258 | 1 643 | 185 |
| Commodity Transactions - silver | 0 | 0 | 0 | 0 |
| Total | 20 538 | 26 894 | 94 640 | 23 876 |

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

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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 | |
|---|---------------|---------------|
| | 31.12.2020 | 31.12.2019 |
| Sales of Products Adjustment | 55 310 | 18 506 |
| Sales of Goods Adjustments | 0 | 0 |
| Revaluation of Investments | -3 262 | 1 067 |
| Gains/Loss on Sale of Investments | 3 999 | 778 |
| Total | 56 047 | 20 351 |

| Cash Result from Reconciliation of Derivative Instruments: | PLN thousand | |
|--|---------------|---------------|
| | 31.12.2020 | 31.12.2019 |
| Commodity Transactions | 95 961 | 25 048 |
| Currency Transactions | -31 985 | -14 381 |
| Total | 63 976 | 10 667 |

| Sales of Products Adjustment Related to Application of Hedging Instruments: | PLN thousand | |
|---|---------------|---------------|
| | 31.12.2020 | 31.12.2019 |
| Sales Increase | 92 784 | 46 587 |
| Sales Decrease | -37 474 | -28 081 |
| TOTAL | 55 310 | 18 506 |

| Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax) | PLN thousand | |
|--|---------------|---------------|
| | 31.12.2020 | 31.12.2019 |
| Valuation of Open Hedging Instruments: | -5 757 | 67 187 |
| - Zn | -15 776 | 84 640 |
| - Pb | 0 | 1 314 |
| - USD/PLN | 11 355 | -18 786 |
| - Ag | -1 253 | -204 |
| - EUR/PLN | -83 | 223 |
| Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item: | 0 | 847 |
| - Zn | 0 | 847 |
| - Pb | 0 | 0 |
| - USD/PLN | 0 | 0 |
| TOTAL | -5 757 | 68 034 |

VII. Other Information

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

Information on the impact of the coronavirus pandemic on the activities of the Group's individual operating segments is presented below.

It should be noted that transformer sheets, as the most global product in Stalprodukt's offer, were the first product to experience market shocks caused by the influence of COVID-19, which had a direct impact on the results of the Electrical Sheets Segment. The dangers related to the volatile sales market, while they may not be very noticeable in the case of the domestic market, are visible in the export markets served, where the vast majority of the sales volumes of transformer sheets are located. The difficult situation caused by the pandemic was felt especially in countries such as Italy, Germany, Spain, the United States and India.

The portfolio of customers has been created over the years in such a way as to eliminate all possible emerging market risks. Nevertheless, the pandemic related to the development of the COVID-19 coronavirus had a negative impact on sales. The portfolio of customers, which in recent quarters was based almost 100 per cent on end users of Stalprodukt sheets in the form of transformer producer groups, transformer or core producers - effectively eliminating intermediate companies or typical commercial companies - does not provide the Group with complete control over the situation related to the development of the pandemic. The introduced restrictions had an impact on limitations in the production processes of Stalprodukt's customers. Restrictions in commercial contacts also prevent obtaining complete information on the functioning of the market, trends, expectations and forecasts.

In the Profiles Segment, sales in Q4 2020 were higher, both in terms of value and quantity, than in the same period of 2019. The impact of COVID-19 on sales in the reporting period was therefore lower than in the previous quarters of 2020. In this segment, the coronavirus pandemic had the greatest impact on the work related to the installation of road barriers. These mainly concerned companies of Stalprodukt's subcontractors, in which the absenteeism of employees resulted in delays in the implementation of road contracts. These delays, however, did not have a significant impact on the assessment of the material, financial and personal capacity of the Issuer to fulfill its contractual obligations.

In the fourth quarter of 2020, an increase in absenteeism was recorded in the parent entity (including both above-mentioned operating segments) compared to the corresponding period of the previous year. This increase by 1.85% was mainly caused by the second wave of cases related to the COVID-19 pandemic.

During this period, a total of 213 employees were subject to statutory isolation or quarantine as a result of contact with infected persons. However, the recorded increases in absenteeism were lower than in the spring of last year.

Analyzing the epidemiological situation in the last quarter of 2020 and the forecasts of the increase in the incidence in the spring period and the information about the 3rd wave of the coronavirus pandemic, the peak of which is expected at the turn of March and April 2021, the Issuer forecasts an increase in absenteeism in this period at the level recorded in Q4 2020

In 2020, the Zinc Segment did not feel the impact of the coronavirus pandemic on the sales volume of zinc, as zinc smelters work mainly for the needs of the construction industry, and this was relatively good (unlike the situation of galvanizing plants in Western Europe, which mainly serve the automotive industry, and therefore they felt pandemic very painfully).

Due to the above, the sale of zinc by the Segment was at a good level. A fairly large stock of products at ZGH "Bolesław" at the end of the year was caused by preparations for the launch of a new electrolysis plant and the need to have a full range of products (zinc and alloys) for customer service. It was caused by the belief that after the new electrolysis plant is put into operation, the produced zinc will be of lower quality for some time (about 1 month). However, this was not the case and stock levels are currently being reduced.

In the case of lead sales, the main recipient of which is the automotive industry, the impact of the pandemic was particularly visible at the turn of the first and second half of 2020 (May-July). In the following months, however, the situation improved.

Other Information

1. In the 4th 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 16 644 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 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.

- 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 3,992 thousand, wherein Stalprodukt's share amounts to PLN 743 thousand and ZGH "Bolesław"'s - PLN 3,249 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.

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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 01.10.20 to 31.12.2020 and in the comparable period from 01.10.2019 to 31.12.2019 is presented in the Table below.

| Items the 4th quarter of 2020 | PLN thousand | | | |
|-----------------------------------|--------------------|-------------|---------------------------|-------|
| | Mutual settlements | | Mutual revenues and costs | |
| | Receivables | Liabilities | Revenues | Costs |
| Stalprodukt-Wamech sp. z o.o. | 442 | 7 323 | 731 | 7 079 |
| Stalprodukt-Centrostal sp. z o.o. | 54 | 1 083 | 118 | 881 |
| Stalprodukt-Zamość sp. z o.o. | 1 724 | 60 | 2 643 | 95 |
| Stalprodukt-Ochrona sp. z o.o. | 26 | 817 | 62 | 995 |
| STP Elbud sp. z o.o. | 641 | 3 788 | 935 | 6 051 |
| Anew Institute sp. z o.o. | 20 | 32 | 0 | 62 |
| Cynk-Mal S.A. | 111 | 725 | 2 815 | 1 427 |
| ZGH "Bolesław" S.A. | | 11 | 0 | 31 |
| GO STEEL Frydek Mistek a.s. | 19 324 | 2 846 | 37 399 | 6 256 |

Moreover, in the 4th 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 1 thousand, liabilities PLN 14 thousand; Stalprodukt-Profil S.A. revenue PLN 3 thousand. The receivables in respect of F&R Finance Sp. z o.o. amount to PLN 12 808 thousand. These were market-type transactions.

| Items the 4th quarter of 2019 | PLN thousand | | | |
|-----------------------------------|--------------------|-------------|---------------------------|--------|
| | Mutual settlements | | Mutual revenues and costs | |
| | Receivables | Liabilities | Revenues | Costs |
| Stalprodukt-Wamech sp. z o.o. | 272 | 7 891 | 706 | 6 234 |
| Stalprodukt-Centrostal sp. z o.o. | 26 | 1 256 | 119 | 2 069 |
| Stalprodukt-Zamość sp. z o.o. | 839 | 417 | 1 061 | 429 |
| Stalprodukt-Ochrona sp. z o.o. | 25 | 1 452 | 57 | 1 189 |
| STP Elbud sp. z o.o. | 243 | 3 011 | 595 | 4 701 |
| Anew Institute sp. z o.o. | 20 | | | 648 |
| Cynk-Mal S.A. | 3 992 | 1 197 | 5 549 | 1 337 |
| ZGH "Bolesław" S.A. | | 20 | | 23 |
| GO STEEL Frydek Mistek a.s. | 32 470 | 23 694 | 68 461 | 31 130 |

Moreover, in the 4th quarter of 2019 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; liabilities PLN 15 thousand; Stalprodukt-Profil S.A. revenue PLN 3 thousand. The receivables in

respect of F&R Finanse Sp. z o.o. amount to PLN 12 808 thousand. These were market-type transactions.

7. In the reporting period the Group made investment outlays on the purchase and formation of tangible fixed assets amounting to PLN 119,159 thousand. No significant fixed asset components have been disposed of during the reporting period.
8. On 22 October 2020, Stalprodukt sold, under a sale agreement, the right of perpetual usufruct of the property consisting of the land plot no. 126/12 with an area of 4,291 m² and the ownership of the warehouse building with an area of 3,240 m² located at ul. Silnikowa 10 in Warsaw (formerly ul. Traktorzystów) for the gross amount of PLN 6,457,500.00. The property in question has not been used for the Issuer's business activities for several years.
9. By the annex of 21 October 2020, the value of the loan granted under the agreement of 6 December 2018 to Anew Institute Sp. z o.o. was increased. The loan bears interest, in addition, a commission has been established for the Lender for its disbursement. Pursuant to the agreement, it was granted for the period until 30 June 2021.
10. In connection with the commenced at ZGH "Bolesław" S.A. on 1st January 2021 the liquidation of the Olkusz-Pomorzany Mine, the Management Board of this company conducts the process of employment restructuring, adapting it to the level of current needs, especially those related to the technical liquidation of the mine. It should be emphasized that the process of dismissal employees was initiated in the second half of the 2020, when out of the total number of 817 employees, 123 people left under the agreements of the parties. Thus, the state of employment in the mine as of December 31, 2020, amounted to 694 people. In January 2021, another 350 people left the mine, including:
 - 47 employees were transferred to the Company's smelter,
 - 303 people were made redundant, of which about 150 employees - pursuant to agreements signed by the company - were taken over by other mining companies,As a result of the above activities, the employment in the mine at the end of January 2021 was 344 people.
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, 9th Economic Department (joint case file No IX GC 543/13) issued judgments in both of the above mentioned cases:

- a. 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;

- b. 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 13 March 2020.

On 28 July 2020, the company ZGH "Bolesław" S.A. filed a cassation appeal against the above judgment. The case files have been referred to the Supreme Court and are awaiting a decision on the acceptance of the case.

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 PLN 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 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.
15. During the reporting period and following 31.12.2020 until the preparation of the Abridged Consolidated Report for the 4th 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.

16. 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 4th Quarter of 2020".
17. No additional information was appended to the Abridged Consolidated Financial Report for the 4th quarter of 2020 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.
18. This Abridged Consolidated Financial Report for the 4th quarter of 2020 was approved for publication by parent Company's Management Board on 26.02.2021.

.....
Łukasz Mentel

Member of the Management Board
– Financial Director

.....
Piotr Janeczek

President of the Management Board – CEO