

CR No 3 - Confidential information regarding the refusal to accept for examination a cassation appeal by the Supreme Court in Warsaw regarding compensation for mining damage caused by a subsidiary - ZGH "Bolesław" S.A. (disclosed on 26 March 2021 r. at 12:27 hrs) .

Management Board of Stalprodukt S.A. (The "Issuer") publishes the confidential information received today, i.e. on March 26, 2021, from the subsidiary ZGH "Bolesław" S.A. ("the Company") concerning the refusal to accept for examination a cassation appeal brought by ZGH "Bolesław" S.A. on the judgment of the Court of Appeal in Krakow on compensation for mining damages (the Issuer informed about the judgment of the Court of Appeal in the current report No. 3 of March 13, 2020, and about the lodging of a cassation appeal in published periodical reports).

The information received shows that on January 27, 2021 in the case with ref. No III CSK 191/20 The Supreme Court in Warsaw issued a decision refusing to accept for examination a cassation appeal brought by ZGH "Bolesław" S.A. against the judgment of the Court of Appeal in Kraków of March 13, 2020 in the case file no. AGa 527/18, between ZGH "Bolesław" S.A. and Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz. The said decision was delivered to the Company on March 25, 2021.

In this state of affairs, the judgment of the Court of Appeal in Krakow and the judgment of the District Court in Krakow of April 25, 2018, ref. No IX GC 543/13 are binding for the parties.

It should be recalled that in the judgment of the District Court in Kraków of April 25, 2018, there was:

- dismissal of the claim of ZGH "Bolesław" S.A. for establishing the lack of responsibility of these Works for the consequences related to the closure of the Olkusz-Pomorzany mine and possible groundwater contamination;
- recognizing the claim of Przedsiębiorstwo Wodociągów i Kanalizacji as justified in principle.

The above state means that for ZGH "Bolesław" S.A. there are no further remedies available to contest the judgments described above. It was finally and legally decided that ZGH "Bolesław" S.A. are liable for damages to Przedsiębiorstwo Wodociągów i kanalizacji for the effects in terms of water relations related to the future shutdown of the Olkusz-Pomorzany Mine drainage and the resulting cessation of water supply to its channels and for possible contamination of groundwater. In this state of affairs, the case will be referred to the District Court in Krakow, which will decide on the amount of compensation to be due from ZGH "Bolesław" S.A.

Pursuant to the lawsuit, Przedsiębiorstwo Wodociągów i Kanalizacji is claiming PLN 64,604,143.05. The Company points out, however, that the a.m. company incurred expenses for the construction of a new drinking water supply system worth approx. PLN 30 million gross, and the above system is now effectively supplying the Olkusz region with water. In this

state, in the opinion of the Company, the existing water supply system constitutes an alternative solution to the existing water supply with the Company's mine water.

In the opinion of the Company, the amount of possible compensation calculated as the value of the constructed water supply system should be reduced by:

- the value of VAT, as the injured enterprise is a VAT taxpayer;
- the European Union's funding for this system in the amount of approximately PLN 18 million;
- the value of expenditure on investments strictly related to water supply activities (e.g. water treatment).

In this state of affairs, it is currently impossible to precisely define the possible amount of the awarded damages. In the opinion of the Company, the value of the possible compensation should amount to no more than approx. PLN 4-8 million. However, as a precaution, the Company made a write-down of the above claim in the amount of PLN 15 million.

Legal basis: Art. 17 par. 1 of the Market Abuse Regulation of the European Parliament and the (EU) Council No 596/2014 as of 16 April 2014 r. (Market Abuse Regulation MAR) repealing the Directive 2003/6/EC of the European Parliament and the Council as well as Directives of the EU Commission 2003/124/EC, 2003/125/EC and 2004/72/EC.