

Semi-Annual Report
on Stalprodukt S.A.
Capital Group's Activities
For the period from 1.01.2020 to 30.06.2020

Bochnia, August 2020

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1. Capital Group's Structure

The Stalprodukt S.A. Capital Group embraces the Parent Company and 9 Subsidiary Companies involved in the below-mentioned segments of activity:

- **Stalprodukt-Centrostal Kraków sp. z o.o.** - wholesale and retail trade of metal products
- **Stalprodukt-Wamech sp. z o.o.** - production of steel constructions, spare parts and rendering alteration services, road construction and maintenance, erection of road safety
- **Stalprodukt-Zamość sp. z o.o.** - production of construction woodwork
- **STP Elbud sp. z o.o.** – production of steel constructions and galvanizing services
- **Stalprodukt-Ochrona sp. z o.o.** - personal and property security services
- **Cynk-Mal S.A.** - production of galvanized hoop iron and wire
- **ZGH “Bolesław” S.A.** - excavation of non-ferrous metal ores and zinc and lead production
- **Anew Institute sp. z o.o.** - designing renewable energy sources
- **GO Steel Frydek Mistek a.s.** - production of electrical transformer sheets and cold-rolled sheets

* Companies covered by the merger process (detailed information in p.1.1.)

The Level of Parent Company's Shareholding in Subsidiary Companies is as follows:

- in ZGH “Bolesław” – 94.93 %
- in other companies – 100 % shares each.

The parent company has 2 branches which are production departments of cold-bent profiles:

- a) Stalprodukt S.A. Wydział Profili Giętych P3, ul. Nad Drwiną 10, 30-741 Kraków
- b) Stalprodukt S.A. Wydział Profili Giętych P4, Al. Piaskowa 122, 33-100 Tarnów

The Parent Company's main object of activity is the manufacture of highly processed steel products, i.e. electrical and transformer sheets and strips, cold formed profiles, road safety barriers, toroidal cores and hot- and cold-rolled steel sheets and strips.

The Parent Company and all the Capital Group's Subsidiary Companies were subject to consolidation.

Pursuant to art. 55 of the Accountancy Act as of 29.09.1994 (consolidated text Journal of Laws as of 2018, item 395), the Issuer prepares consolidated financial reports in reference to the periods beginning as of 1 January 2005 in accordance with IFRS.

Additionally, as of 30.06.2020 ZGH “Bolesław” had shareholdings in the following subsidiary companies (in brackets, ZGH' shareholding in share capital of those companies):

- Zinc Smelter - Huta Cynku “Miasteczko Śląskie” S.A. (92.78 %) – production of rectified zinc, lead and cadmium,
- Bol-Therm Sp. z o.o. (100 %) – 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. (99.61 %) – zinc ores mining and concentrate production,
- Agencja Ochrony Osób i Mienia “Karo” Sp. z o.o. (100 %) – bodyguard and property security services.

1.1 Change of the Capital Group's organizational structure during the 1st half of 2020.

- On 9th March 2019 the Extraordinary General Meeting of the companies: Przedsiębiorstwo Robót Drogowych (Highways, Street and Bridge Construction Company) in Olkusz Joint-Stock Company (the acquired company) and 'Boltech' Ltd. (the acquiring company), acting according to Art. 506 cl.1 of the Commercial Companies Code, passed the merger act. The merger took place through an acquisition, without creating new shares or increasing the share capital of the acquiring company and without changing the acquiring company's Articles of the Association (merger through acquisition). The merger was recorded in the Business Register of the National Court Register, for the acquiring company in the District Court in Kraków - Śródmieście, Cracow, 12th Commercial Department of the National Court Register on 1st April, 2019 (day of the merger).
- On 30th May 2019 the boards of the Issuer's three dependent 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.

- There was an increase in the share in the capital of ZGH "Bolesław" S.A. to 94.93% at the end of 2019 against 94.92% at the end of the comparative period. The increase was made as part of the buyout of employee shares of ZGH "Bolesław" S.A.

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- 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 "Bolesław" 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 "Bolesław" 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.
- On 29 April 2020, the Management Board of ZGH "Bolesław" S.A. informed the Issuer about adopting a resolution, dated on the same day, on discontinuing the extraction of zinc-lead ore from the "Olkusz-Pomorzany" Mine as of 31 December 2020. The discontinuation of the extraction is to be construed as the submission of a statement on 31 December 2020 on the relinquishment of their concessions for extraction of ores from "Pomorzany" and parts of "Olkusz" and "Klucze I" deposits. Carrying out the liquidation of the "Olkusz-Pomorzany" Mine in accordance with the liquidation programme is estimated to cost approximately PLN 140 million, which has been included in the ZGH's balance sheet in the form of a provision (PLN 116.8 million) and funds accumulated in the mine liquidation fund (PLN 19.8 million). The closure of the mine will not adversely affect the continuation of the operations of ZGH "Bolesław".

It should be reminded that the above-mentioned deadline for ZGH "Bolesław" S.A. to cease its mining operations is in line with earlier plans.

In particular, this date was specified in the development strategy for the Zinc Segment, published in current report No. 33 of 27.10.2016.

The above information about the ZGH's decision to discontinue mining operations was published on the WSE in Current Report No. 6/2020 on 29 April 2020.

2. Selected financial data. Assessment of Economic and Financial Standing

SELECTED FINANCIAL DATA	1st half 2020 increasingly for the period from 01-01-2020 to 30-06-2020	1st half 2019 increasingly for the period from 01-01- 2019 to 30-06- 2019	1st half 2020 increasingly for the period from 01-01-2020 to 30-06-2020	1st half 2019 increasingly for the period from 01-01-2019 to 30-06-2019
I. Net sales of products, goods and materials	1 647 097	1 949 752	370 859	454 700
II. Operating profit (loss)	94 072	132 444	21 181	30 887
III. Profit (loss) before taxation	96 045	124 997	21 625	29 150
IV. Net profit (loss)	81 820	96 120	18 423	22 416

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- attributable to shareholders of the parent company	77 167	89 303	17 375	20 826
- net profit attributed to non-controlling interests	4 653	6 817	1 048	1 590
V. Net cash flow from operating activities	159 618	28 509	35 939	6 648
VI. Net cash flow from investment activities	-141 412	-124 234	-31 840	-28 972
VII. Net cash flow from financial activities	-34 206	991	-7 702	231
VIII. Total net cash flow	-16 000	-94 734	-3 603	-22 093
IX. Total assets	4 294 505	4 345 081	961 600	1 020 331
X. Liabilities and provisions for liabilities	1 509 834	1 587 056	338 073	372 680
XI. Long-term liabilities	510 300	530 197	114 263	124 503
XII. Short-term liabilities	545 316	620 318	122 104	145 666
XIII. Shareholders' equity	2 784 671	2 758 025	623 527	647 652
- equity attributable to shareholders of the parent	2 676 933	2 650 456	599 403	622 392
- equity attributed to non-controlling interests	107 738	107 569	24 124	25 260
XIV. Share capital	11 161	11 161	2 499	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)	14,66	17,22	3,30	4,02
XVII. Diluted profit (loss) per ordinary share (PLN)	14,66	17,22	3,30	4,02
XVIII. Book value per share (PLN)	499,02	494,25	111,74	116,06
XIX. Declared or paid-out dividend for one share in (PLN/EUR)		5,00		1,16

Compared to 31.12.2019, some slight changes took place in the volume of the assets and their financing sources. The assets value decreased by 1.1 %. The current assets decreased by 4.9 %. The equity increased by PLN 21,849 thousand, i.e. by 0.8 %. The liabilities and provisions for liabilities decreased by PLN 70,499 thousand, i.e. by 4.4 %. Compared to 31.12.2019 an increase of the book value per share took place from PLN 494.25 to PLN 498.16.

Assessment of the economic and financial situation

In the 1st half of 2020, compared to the analogical period of 2019, the Stalprodukt S.A. Capital Group recorded an decrease of sales by PLN 302,654 thousand, i.e. by 15.5 %. At the profit-on-sales level PLN 90,433 thousand was achieved, which accounts PLN 41,745 thousand decrease. Whereas at the operating profit level PLN 94,072 thousand was achieved. In the 1st half of 2020, the net profit accounted to PLN 81,820 thousand compared to PLN 96,120 thousand generated in the 1st half of 2019. The difference (amounting to PLN 3,336 thousand) in relation to the initial net profit or loss shown in current report No. 16/2020 of 5 August 2020 and amounting to PLN 78,484 thousand results from the reduction of the provision for deferred income tax in the company of the Zinc Segment.

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 drop in demand for the Group's

products (**more information on the impact of the COVID-19 coronavirus pandemic on the current and future situation of the Company is included in the consolidated interim report - page 40**).

At the same time, in the 2nd quarter, i.e. in the period when the impact of the pandemic was the strongest, both the Group and the Parent Company maintained a positive result on sales as well as on the operational level, and a positive net result was achieved. This was caused by maintaining appropriate trade relations in unfavourable conditions and was additionally supported by the weakening of the Polish zloty against the EUR and the USD, the use of derivatives in the Zinc Segment and lower production costs. In addition, in the first half of the year both the Group and the Parent Company reported very strong cash flows at the operating level, amounting to PLN 159.6 million for the Group and PLN 64.3 million for the Parent Company respectively. As a result, the situation of the Group and the Parent Company in terms of financial liquidity was and is stable. Both the Issuer and the Group maintain appropriate financial liquidity, settle its liabilities towards counterparties, financial institutions and the budget on time.

3. Information on financial instruments

Detailed information on financial instruments in the scope of:

- a) risks: related to changing prices, loan, major obstructions to cash flow and cash flow loss, to which the entity is exposed,
- b) goals and financial risk management methods adopted by the entity, including hedging methods for crucial types of intended transactions to which hedge accounting is applied

have been included in the Stalprodukt S.A. Financial Statement (page 28. "Financial Instruments and Risk Management Assessment").

4. Information on own shares

The issuer did not have own shares.

5. Sales of particular operating segments. Indication of the factors and events, including the non-typical ones, affecting the Abridged Interim Consolidated Financial Report.

OPERATING SEGMENTS the Stalprodukt Capital Group	1st half of 2019	1st half of 2020	Change (2020/2019)
Electrical Sheets Segment			
Segment Revenues <i>Thousand x PLN</i>	464 970	387 879	-16,6%
Segment Result <i>thousand x PLN</i>	47 843	43 639	-8,8%
Segment margin %	10,3%	11,3%	

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Profiles Segment				
Segment Revenues	<i>thousand x PLN</i>	358 040	280 504	-21,7%
Segment Result	<i>thousand x PLN</i>	-1 752	9 850	
Segment margin	%	-0,5%	3,5%	
Zinc Segment				
Segment Revenues	<i>thousand x PLN</i>	972 311	860 830	-11,5%
Segment Result	<i>thousand x PLN</i>	154 133	97 345	-36,8%
Segment margin	%	15,9%	11,3%	
Other Activities Segment of Capital Group				
Segment Revenues	<i>thousand x PLN</i>	154 431	117 885	-23,7%
Segment Result	<i>thousand x PLN</i>	7 570	12 988	71,6%
Segment margin	%	4,9%	11,0%	
Operating segments together				
Segments Revenues	<i>thousand x PLN</i>	1 949 752	1 647 098	-15,5%
Segments Result	<i>thousand x PLN</i>	207 794	163 822	-21,2%
Segments margin	%	10,7%	9,9%	

5.1 Steel Sheets Segment

Electrical Sheets Segment embraces the sales of electrical transformer sheets and cores pursued by Stalprodukt S.A., and also sales of transformer sheets pursued by GO Steel Frydek Mistek a.s.

In the **Electrical Sheets Segment**, the sales volumes of transformer sheets were recorded at a level lower by 11.9% as compared to the 1st half of 2019, which, with a simultaneous drop in prices, resulted in a decrease in the segment's sales revenues by PLN 77,091 thousand, i.e. 16.5%. The drop in prices was partly offset by the weakening of the zloty against the Euro and the US dollar. The share of HIB sheets in the sales volume from the Bochnia plant reached 18%, i.e. 5.6 thousand tonnes. Due to the above and thanks to the reduction of the segment's costs in the 1st half of 2020, the segment's

margin, despite a significant drop in revenues, reached a level higher than in the 1st half of 2019, i.e. 11.3% against 10.3%.

At the same time, it should be stressed that the segment continues to experience significant price pressure from customers due to overproduction on a global scale. The situation of producers in the European Union is aggravated by competition with lower production costs from the regions without any charges for CO₂ emissions and lower energy costs.

In the Issuer's opinion, in the 1st half of 2020, the situation related to the level of orders from the segment customers was satisfactory. Despite local restrictions on operations, customers from Italy and Spain were active throughout the whole period, served by both the Bochnia and Frydek-Mistek plants. 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 (including the policy of producers from the countries where the pandemic ended), as well as the period of suspension of the upstream activity in ArcelorMittal Poland S.A. Kraków Branch.

Throughout the entire period, the segment had the organisational, production and financial capacity to conduct operations.

Market situation

The coronavirus pandemic and its tragic consequences have not missed any region of the world. The economic collapse has affected all major markets. According to analysts' forecasts, the return of global economies to pre-crisis levels may not take place until the end of 2021. The imbalance in the supply-demand balance has also affected the electrical sheet industry, which, like other segments of the economy, is also struggling with sharp declines.

In the first quarter and at the beginning of the second quarter, the grain-oriented electrical sheet (GOES) market in Europe and North America did not initially experience the effects of the epidemic as severely as other industries. During the first quarter, despite the pandemic, European customers placed orders as before. In the early weeks of the pandemic, there was even a sudden increase in demand for transformer sheets in Europe. The effects of the sudden stimulation of demand were a consequence of the expected disruption in supply chains executed by non-European suppliers. However, the change in demand triggered by the pandemic had short-term effects, while none of the major European customers felt any disruption in the execution of the supply chain by suppliers from the Far East.

It was only at the end of the second quarter that the market started to feel the effects of the Covid-19 pandemic. A large number of energy projects in all parts of the world were suspended, so interest in grain-oriented electrical sheet (GOES) dropped dramatically. Chinese producers also got back in the game intensely, continuing production during the culmination of the epidemic in their country, and aggressively offering stored quantities in the second quarter of the year. Prices started to fall significantly, and June's supply negotiations in the second half of the year were already taking place in an atmosphere of inevitable reductions.

After several quarters of price adjustments, it seemed that the market had stabilised to some extent and the supply/demand gap had been closed. There was a decline in warehouse levels, which allowed for a change in the trend and a certain price rebound in the grain-oriented sheet market. It was at that time

that COVID-19 emerged and aroused reluctance to investments, influenced a decisive correction of raw material prices (e.g. oil) and fundamentally changed the perception of the near future.

5.2 Profiles Segment

The Profiles Segment embraces the sales of cold formed profiles (tubes and sections) road safety barriers and hot-rolled and cold-rolled steel sheets and strips (products of steel service centers). These activities are pursued by the Stalprodukt S.A. production plants localized in Bochnia, Kraków and Tarnów.

In the **Profile Segment**, a 15.7% 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 77,536 thousand, i.e. by 21.6%. 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. The increased demand felt in the 1st quarter of 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 profit of PLN 9.8 million in comparison with the loss of PLN 1.7 million in 2019.

Market situation

The production activities in the EU steel pipe industry are closely linked to sectors such as construction, automotive, metal and mechanical engineering. The second half of 2019 saw moderate decreases after a period of fluctuation - both increases and decreases between the second half of 2018 and the first half of 2019. However, the downward trend was dramatically exacerbated by the Covid-19 pandemic. The pandemic in March 2020 resulted in a very sharp drop in steel pipe production, which affected the negative result of the whole first quarter of this year.

The production of pipes in Poland in the period January-May 2020 according to HIPH data was 305 thousand tonnes (a decrease by 11%), including the production of cold-bent sections reaching 128 thousand tonnes, which means a 9% decrease in relation to the same period in 2019.

Apparent consumption of pipes in the above period fell by 19% and amounted to 387 thousand tonnes, however, the situation for individual product groups differed: for seamless pipes the biggest decrease was recorded, as much as 26% (68 thousand tonnes), for welded pipes a 17% decrease was recorded (320 thousand tonnes), including a 10% decrease for cold-formed sections (170 thousand tonnes).

Exports of pipes in the first quarter fell by 7% to 206 thousand tonnes, with 47 thousand tonnes of cold-formed sections being exported (which means a decrease of 6%).

During the first five months of this year, 116 thousand tonnes of cold-formed hollow sections and pipes corresponding to our production were imported to Poland. This result in terms of volume is more than 9% lower than in the corresponding period in 2019.

The current main directions of import (by country of dispatch) are as follows:

- for profiles with a wall thickness of over 2 mm: Italy (28%), Ukraine (13%) and Belarus (11%);
- for profiles with a wall thickness of less than 2 mm: Belarus (39%), Ukraine (26%) and the Czech Republic (11%);
- for pipes with a diameter of less than 168.3 mm: Ukraine (24%), Italy (23%), Romania (19%) and Bulgaria (10%);
- for pipes with diameters from 168.3 mm to 406.4 mm: Ukraine (47%), Italy (25%).

The share of Stalprodukt in the apparent consumption of cold-formed sections in the country is currently estimated at around 30%.

Steel pipe industry forecast for 2020-2021

Production in the EU steel pipe industry is expected to be strongly influenced by the stagnation in the industry that affected the EU after the COVID-19 outbreak, with visible effects at least until the end of the second quarter of 2020.

It can be assumed that after the removal of protective measures and the end of the pandemic - at a time and pace that is currently impossible to establish - Eurofer's forecasts for demand for large welded pipes from the oil and gas sector remain very weak. The main regional projects from which large EU welded pipe producers could benefit have been put on hold and little progress has been made in the last few months to address the political and commercial issues hindering the completion of some specific pipeline projects. The recent collapse in global demand for oil (and oil prices) compounds these difficulties.

Forecasts for demand from other segments of the steel pipe market, including structural pipes, will remain quite weak even after the return to normal business conditions. This in turn may have a positive impact on production from the 1st quarter of 2021 onwards. Demand from the construction sector is likely to recover, although most likely at a slightly lower growth rate. Eurofer forecasts that demand for pipes in the automotive and engineering sectors will remain rather weak, even if these sectors return to normal production and disruption in supply chains is resolved. Similarly, the chair and office furniture manufacturing sector, which has so far fallen victim to remote working constraints, may be affected by demand constraints.

Import pressure on EU steel pipe markets will remain high, especially in the popular commercial pipe segment.

5.3 The Zinc Segment

The Zinc Segment embraces the operational scope of ZGH “Bolesław” S.A. along with its subsidiary companies, i.e. excavation of zinc and lead ores, zinc and lead production as well as related activities.

In the 1st half of 2020, the net revenues of the **Zinc Segment** amounted to PLN 860.8 million and were by nearly 11.5% lower than in the corresponding period of the previous year, where sales amounted to PLN 972.3 million. The main reasons for the decrease in revenues were worse zinc quotations by 25% and lead quotations by 10%, with a more favourable exchange rate which partially offset the dynamics of this decrease. The sales volume of flotation galena was also lower by 28%, as a result of mining of lower quality ore. In the 1st half of 2020, the segment's profit was PLN 97,345 thousand and was lower by PLN 56,788 thousand compared with the corresponding period of 2019, i.e. by 36.8%. The coronavirus-related stagnation in many areas of the world economy generally reduced demand for metals and thus their prices.

The prices for the basic metals (on LME) bought by ZGH “Bolesław” S.A. were as follows in 1st half of 2019 and in 1st half of 2020:

Metal	Average price (USD/tons) 1st half of 2019	Average price (USD/tons) 1st half of 2020	Change (%)
zinc	2 732	2 047	-25.1
lead	1 962	1 762	-10.2
silver (USD/oz.)	15,2	16,65	9.5

Metal prices converted to the PLN currency:

Metal	Average price (PLN/tons) 1st half of 2019	Average price (PLN/tons) 1st half of 2020	Change (%)
zinc	10 377	8 174	-21.2
lead	7 458	7 043	-5.6
silver (USD/oz.)	57,9	66,5	14.9

- **METALLURGICAL PRODUCTION.**
 - **zinc production reached 81.2 thousand tonnes** and was higher by 4.4 thousand tonnes (6%) compared to the 1st half of 2019.
 - **refined lead production reached 8.6 thousand tonnes** and was lower by 0.2 thousand tonnes (2%) than in the 1st half of 2019.
 - **silver production (Dore metal) reached 10.0 tonnes** and was higher by 0.8 tonnes (9%) than in the 1st half of 2019.

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The economic situation of the ZGH “Bolesław” Group in the 1st half of 2020 was good despite a significant drop in zinc and lead prices on the stock exchange compared to the 1st half of 2019. Sales revenues fell by nearly 11.5% and operating costs fell by 7%. In the 1st half of this year, the segment’s margin amounted to 11.3% and was lower than the margin on sales for the 1st half of 2019 (15.8%).

The decrease in margin in the current period is mainly due to:

- a significant drop in the metal stock market prices.
- lower sales volume of flotation galena and refined lead.

The partial offsetting of the decrease in the margin on sales was influenced by:

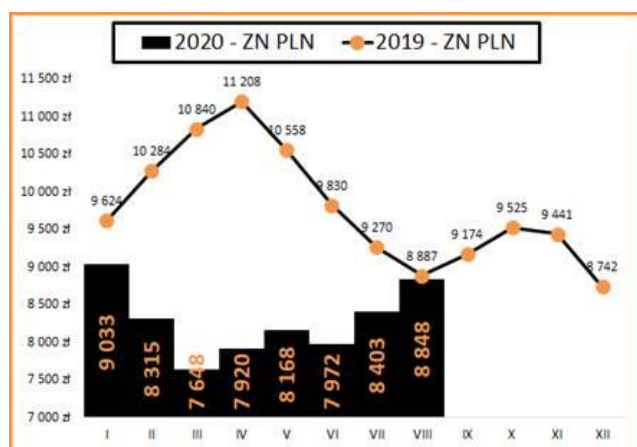
- an increase in the volume of sales of zinc and zinc alloys (by 3.5 thousand tonnes),
- hedging transactions
- lower prices for coke, fine coke and anthracite.

Evaluation of the impact of the coronavirus pandemic on the zinc market.

According to CRU data, in the 2nd quarter of 2020, mining output without China fell by as much as 21% y/y, and with the Middle Kingdom by 13% y/y. In fact, this impact can be considered even greater, as the “pre-COVID” forecasts assumed an increase of 6.4%.

The virus proved to have a much smaller impact on steel mills, as a deficit of concentrates was recorded in the 2nd quarter of this year. This allowed TC to return to around USD 180 per tonne.

Despite the regular inflow of metal to stock exchange warehouses (whose current level is over 225 thousand tonnes), the price of zinc is increasing after it slightly exceeded PLN 8 thousand in the 2nd quarter and was PLN 300 lower than the price in the 1st quarter. At present (i.e. in August), for the first time this year, the price has a chance to equal the one from a year ago, as it reached PLN 8,848.



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In the rocketing of prices of base metals (zinc, copper, nickel), as always, China plays the most important role. The Middle Kingdom launched investments in infrastructure, which automatically increased demand for metals. The data indicate that both the construction and automotive industries have rebounded after the March collapse.

China appears to be prepared to provide the input for a growing demand and a resurgent economy. In April, the import of concentrates reached 450 thousand tonnes, and in May over 350 thousand tonnes. But outside China, the return to full capacity is much slower. Based on the data for May this year, it should be concluded that the trade in galvanised steel has decreased by as much as 41%.

5.4 Group's Other Activities Segment

The segment of other activity of the Group does not constitute a separate segment according to IFRS 8, it is only a supplement to the profit and loss account in the scope of revenues from other sources of activity besides 3 reported operating segments. It includes sales of products, goods and services by the following entities: STP Elbud Sp. z o.o., Cynk-Mal S.A., Stalprodukt-Zamość Sp. z o.o., Stalprodukt-Serwis Sp. z o.o., Stalprodukt-Wamech Sp. z o.o. and Stalprodukt-MB Sp. z o.o.

The revenues of the Other Activities Segment decreased by 23.7% in the reporting period and its margin was 11.0%.

5.5 The Group's Sales Structure as divided into operational segments

Product range	2019		2020	
	value (PLN thousand)	share (%)	Value (PLN thousand)	share (%)
Electrical Steel Segment	464 970	23,8	387 879	23,5
Bent Profile Segment	358 040	18,4	280 504	17,0
Zinc Segment	972 311	49,9	860 830	52,3
CG's other activities	154 431	7,9	117 885	7,2
Total	1 949 752	100,0	1 647 098	100,0

6. A concise description of the Issuer's important accomplishments or failures in the reporting period, including the list of the most important events relating to the Issuer

- The rapid development of the COVID-19 pandemic and the introduction of administrative restrictions on economic and social life led in the 1st half of 2020 to a strong recession in both the global economy and Poland. Obviously, this factor had the greatest impact on the situation in terms of revenues and profits/losses generated by the Stalprodukt Group.

The GDP decline (especially in the 2nd quarter of 2020, when it was 8.2% y/y and when the economic impact of the pandemic started to be increasingly felt) is the result of three interlinked negative factors: lower spending by households and businesses in response to the fall in their income and increased uncertainty, constraints on the functioning of the industries and sectors

directly affected by the restrictions and a reduction in foreign demand.

- Sold production of industry and retail sales were below the previous year's levels. Construction and assembly production was slightly higher than in the 1st half of the previous year, which was a result of a significant increase in the 1st quarter of this year. Average employment in the enterprise sector decreased compared to the 1st half of the previous year; the registered unemployment rate increased. In June this year, improvements in some areas were observed. Production in the industry was slightly higher than a year ago; the decrease in construction and assembly production and retail sales was lower. The mood of traders and consumers in July was already clearly less pessimistic than in previous months.
- Despite a significant decrease in revenues in all reported operating segments (by 15.5% in total), resulting from a drastic reduction in the scale of operations by the Group's customers due to the coronavirus pandemic, the Company's Management Board positively assesses the results achieved in particular segments.
 - The Sheets Segment recorded a decrease of 8.8%, with the Segment's margin increasing from 10.3% to 11.3%;
 - the results of the Profile Segment improved significantly (PLN 9,850 thousand in the reporting period compared to the loss of PLN 1,752 thousand in the 1st half of 2019);
 - the results of the Zinc Segment decreased to the greatest extent, by as much as 36.8% compared to the 1st half of 2019, due to a significant drop in the stock market prices of this metal; the drop was 25.1% in the US dollar and 21.2% in PLN terms.

7. Basic threats and risks related to the remaining months of the financial year

The effects of the coronavirus pandemic will have the greatest impact on the economic situation in Poland and worldwide over the next few months at least.

a) impact of the coronavirus pandemic on the economic situation

According to the International Monetary Fund forecast, the world is facing an unprecedented global recession of 4.9%, which means a downward revision of its April forecast (-3%), with the US economy facing a recession of -8% and the Euro area -10.2%, followed by a rebound in 2021.

The European Commission published its summer forecast at the beginning of July with a slightly less pessimistic outlook, i.e. a recession of 8.3% in the EU and 8.7% in the Euro area in comparison with Eurostat figures for the 1st quarter of 2020, which already shows a decrease of -3.2% quarter-over-quarter (-2.6% year-over-year) in the EU in the first quarter of this year.

b) impact of the coronavirus pandemic on the steel market

Crude steel production in the 1st half of 2020

According to **Worldsteel Association** data, world crude steel production was 873.1 million tonnes in the first six months of 2020. This result represents a 6% decrease compared to the same period in 2019.

The European Union's crude steel production in the first half of 2020 was 68.3 million, which is as much as 18.7% less compared to the same period in 2019.

A slight increase was recorded only in Bulgaria (by 0.3%), with the biggest decrease (100%) in production being recorded in Croatia, followed by France (by 26.6%), Spain (by 26.4%) and Greece (by 25.5%).

Poland recorded a 16.1% decrease in steel production, which means that production reached 4,020 million tonnes.

Asia produced 642 million tonnes of crude steel, representing a 3% decrease in the first half of 2019. China produced more than 499 million tonnes of crude steel (an increase of 1.4%).

North America's crude steel production in the first six months of 2020 was 50.2 million tonnes, representing a decrease of 17.6% compared to the first half of 2019. The CIS produced 48.9 million tonnes of crude steel in the first six months of 2020, representing a decrease of 4.1% compared to the first half of 2019.

Apparent consumption of steel in the European Union

The apparent consumption of steel in the EU fell by 12% year-over-year in the 1st quarter of 2020 (which is the fifth quarter in a row, after a 10.8% decrease in the 4th quarter of 2019) and was 37.6 million tonnes. The data for the first quarter of 2020 reflect a further deterioration in demand for steel due to negative factors that had already occurred in previous quarters and led to a sharp decline in steel consumption.

In addition, although only partially reflected in actual consumption data, the beginning of the Covid-19 pandemic also affected steel consumption from the second half of March this year. The worsening business situation in the steel-using sectors, leading to a more rapid than expected reduction in stocks in the second quarter of 2019, reflecting weaker business confidence and expectations, has seriously affected demand for steel in 2020. The challenges faced by the EU steel sector have become more acute, with even more negative effects on market conditions.

As a result, the sustained decline in demand for steel has led to a fifth consecutive year-over-year decline in EU domestic supplies in the 1st quarter of 2020 (i.e. -8%, the same as in the fourth quarter of 2019).

After a significant decline of 24% in the fourth quarter of 2019, the downward trend in imports from third countries continued in the first quarter of 2020, falling by 20% year-over-year. This corresponds to 8.4 million tonnes in absolute terms, representing 21.2% of EU steel demand (historical, a decrease from 23.5% in the 1st quarter of 2018).

As in preceding quarters, developments in total imports continued to conceal distortions at the individual product level. These are essentially caused by the design of the current safeguard mechanism, and which has resulted in a rush to maximise quarterly quota allowances by several key exporters to the EU such as Turkey and China. Despite the current uncertainty on the magnitude of the

COVID-19 pandemic, the length and intensity of which is unprecedented, it is expected that once normal market conditions will be restored and steel demand will pick up again. The main challenge is that persisting import pressure - resulting from continued stockpiling and capacity expansion by major non-EU exporting countries - will, in essence, penalise EU steel producers.

Although the wide uncertainty and the unprecedented nature of the crisis have made the preparation of reliable forecasts more complicated than ever, Eurofer experts assume that market conditions will not improve before the fourth quarter of 2020 or early 2021. Much will depend on the length of the industrial lockdown in steel-using sectors that has

almost put a stop to new steel orders (on the supply side).

The blocking measures have been removed or substantially alleviated almost throughout the EU, allowing for restarting in some automotive and other sectors. The ability of governments to alleviate the huge economic and social costs of the pandemic so as to support demand will also play a key role. However, restarting normal industrial activity after the end of the pandemic will not lead to a rapid return to usual output volumes. Consumer demand, due to the huge social disruption caused by the pandemic, is likely to remain low throughout 2020. It will take time before the end of industrial lockdown leads to substantial output increases.

Due to the factors described above, EUROFER predicts that the apparent consumption of steel will fall from 153 million tonnes in 2019 to 128 million tonnes in 2020, i.e. by 16.3%.

c) the period of protection of the EU market for transformer sheets coming to an end

The measures to protect the EU market against excessive imports of transformer sheets introduced by the European Commission in 2015 for a period of 5 years will apply until October 2020. Although their effectiveness has been quite limited, it is expected that their expiry will result in an even greater influx of material, especially from directions such as Russia or China, which are the world's largest producers of sheet metal, and sheet metal prices will fall.

Competition in this market will therefore be further intensified, with negative consequences for Stalprodukt's operations. In view of the above, the Company, together with another European producer of transformer sheets, submitted a request for an "expiry review" in order to maintain the existing market protection measures.

d) postponing the restarting of the blast furnace in the Kraków Branch of ArcelorMittal Poland S.A.

Due to the spreading coronavirus epidemic, on 17 March this year, the Management Board of ArcelorMittal Poland postponed the restarting of the blast furnace in Kraków. According to the communication, the decision not to start the unit on the previously planned date was due to the uncertainties associated with the spread of COVID-19 in Europe and the fact that the Company could not predict how the situation would develop. Some of ArcelorMittal Poland's customers closed their plants or limited orders.

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The Issuer emphasises that further interruption of the operation of the steelworks in the Kraków Branch of ArcelorMittal Poland does not have a direct negative impact on the supplies of batch products for the needs of the Company, as these supplies have been taken over by other steel mills of the ArcelorMittal Group and are being effected according to the schedule and production needs of the Company. Nevertheless, many years of cooperation links between both entities, advantageous (due to the proximity of the plant) logistics of deliveries from AMP Kraków Branch and high importance of this plant in securing supplies of hot-rolled sheets for the Electrotechnical Sheets Segment cause that the longer shut-down of the raw material part of ArcelorMittal Poland should be assessed as unfavourable from the point of view of ensuring optimal functioning of the Company.

8. Management Board's Standpoint on Potential Realization of Previously Published Forecasts

The Capital Group does not publish any forecasts of financial results.

9. Indication of the Shareholders, holding directly or indirectly through the subsidiary companies, at least 5% of the general number of votes at the Issuer's General Meeting as of the Semi-Annual Report's date of issue, as well as indication of changes in the shareholding structure in respect of the Issuer's substantial blocks of shares in the period pending from the submission day of the previous periodic report.

- a) Shareholders entitled directly to at least 5% of the general number of votes at the General Meeting of Shareholders
- STP Investment S.A. holding 1 829 319 shares, accounting for a 32.78 %-share in capital and 5 875 691 votes, accounting for 48.17 % 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 1 097 488 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.

10. Compilation the Issuer's shareholding status or entitlements thereto exercised by the Issuer's managing or supervising officers as of the Semi-Annual Report's date of issue accompanied by the changes in the shareholding structure, in the period pending from the submission day of the previous periodic report, separately for each of the persons concerned

a) Managerial Officers

Name and surname	Updated number of shares of Stalprodukt S.A. (as of 28.08.2020)	Number of previously held shares of Stalprodukt S.A. (as of 15.05.2020)	Changes in the Issuer's Ownership Structure
Piotr Janeczek	115 053	115 053*	Did not occur
Łukasz Mentel	100	100	Did not occur

*The above information includes the Company shares held directly by Mr. Piotr Janeczek. It should also be noted that as at the date of submitting the previous interim report (i.e. 15 May 2020) Mr. Piotr Janeczek held indirectly, i.e. through:

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- STP Investment S.A. holding 1 829 319 shares, accounting for a 32.78 %-share in capital and 5 875 691 votes, accounting for 48.17 % 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 1 097 488 votes, accounting for 8.98 % of the total number of votes at the General Meeting of Shareholders,
- F&R FINANSE sp. z o.o. holding 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,
- Stalnet sp. o.o. (wspólnie z p. Haliną Orłowską) holding 135 564 shares, accounting for 2.43 %-share in capital and 383 572 votes, accounting for 3.14 % of the total number of votes at the General Meeting of Shareholders,

i.e. the total of 2 588 342 shares, accounting for a 46.38 %-share in capital and 7 398 558 votes, accounting for 60.65 % of the total number of votes at the General Meeting of Shareholders.

Considering the shares directly held by Mr. Piotr Janeczek, he holds a total of (i.e. directly and indirectly) 2 703 395 Stalprodukt S.A. shares, accounting for a 48.45 %-share in capital and 7 973 471 votes, accounting for 65.36 % of the total number of votes at the General Meeting of Shareholders.

On 18 June 2020, the Company received a notification from Mr. Piotr Janeczek referred to in Article 69(1) in connection with Article 69a of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. According to this notification, Mr. Piotr Janeczek sold by way of a donation:

- 1) of all shares held by me in STP Investment S.A. I indirectly disposed of the block of shares held by STP Investment S.A. in the Issuer, i.e.:
 - a) 866,671 bearer shares of the Issuer constituting 15.53% of the share capital and entitling to 866,671 votes at the Issuer's General Meeting, constituting 7.10% of the total votes,
 - b) 1,355 registered non-preferred shares constituting 0.024% of the share capital and entitling to 1,355 votes at the Issuer's General Meeting, constituting 0.011% of the total votes,
 - c) 1,010,593 registered preferred shares to the right to vote (in the ratio of 5 votes per one share) of the Issuer, constituting 18.11% of the share capital and entitling to 5,052,965 votes at the Issuer's General Meeting, constituting 41.42% of the total votes,
 - d) and shares held through F&R FINANSE sp. z o.o. with its registered office in Jawornik, a subsidiary of STP Investment S.A.: 43,807 bearer shares of the Issuer constituting 0.79% of the share capital and entitling to 43,807 votes at the Issuer's General Meeting, constituting 0.36% of the total votes,
- 2) of all shares held by me in STALPRODUKT – PROFIL S.A. I indirectly disposed of the block of shares held by STALPRODUKT – PROFIL S.A. in the Issuer, i.e.:

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- a) 492,759 bearer shares of the Issuer constituting 8.83% of the share capital and entitling to 492,759 votes at the Issuer's General Meeting, constituting 4.04% of the total votes,
 - b) 128,959 registered preferred shares to the right to vote (in the ratio of 5 votes per one share) of the Issuer, constituting 2.31% of the share capital and entitling to 644,795 votes at the Issuer's General Meeting, constituting 5.29% of the total votes,
 - c) 1 (one) registered non-preferred share constituting 0.000018% of the share capital and entitling to 1 vote at the Issuer's General Meeting, constituting 0.000008% of the total votes,
- 3) of all shares held by me in STALNET sp. z o.o. I indirectly disposed of the block of shares held by STALNET sp. z o.o. in the Issuer, i.e.:
- a) 73,560 bearer shares of the Issuer constituting 1.32% of the share capital and entitling to 73,560 votes at the Issuer's General Meeting, constituting 0.60% of the total votes,
 - b) 62,002 registered preferred shares to the right to vote (in the ratio of 5 votes per one share) of the Issuer, constituting 1.11% of the share capital and entitling to 310,010 votes at the Issuer's General Meeting, constituting 2.54% of the total votes,
 - c) 2 (two) registered non-preferred shares constituting 0.000036% of the share capital and entitling to 2 votes at the Issuer's General Meeting, constituting 0.000016% of the total votes.

Currently, i.e. as of the date of submitting this interim report, Mr. Piotr Janeczek holds:

- a) 114,965 registered preferred shares to the right to vote (in the ratio of 5 votes per 1 share), constituting 2.06% of the Company's share capital and entitling to 574,825 votes at the Company's General Meeting, constituting 4.71% of the total votes in the Company,
- b) 88 registered non-preferred shares constituting 0.001577% of the Company's share capital and entitling to 88 votes at the Company's General Meeting, constituting 0.000721% of the total votes in the Company,

i.e. in total: 115,053 bearer shares of the Issuer constituting 2.06% of the Issuer's share capital and entitling to 574,913 votes at the General Meeting, constituting 4.71% of the total votes.

The Issuer informed about the above transaction in current report No. 12/2020 of 18/06/2020.

b) Supervisory Officers

Name and surname	Updated number of shares of Stalprodukt S.A. (as of 28.08.2020)	Number of previously held shares of Stalprodukt S.A. (as of 15.05.2020)	Changes in the Issuer's Ownership Structure
Stanisław Kurnik*	2 900	-	Did not occur

* Mr. Stanisław Kurnik has been a member of the Stalprodukt Supervisory Board since June 15, 2020.

The remaining Members of the supervisory Board did not hold any shares of Stalprodukt S.A.

11. Indication of significant proceedings pending in court, agency proper for arbitration proceedings, or public administration agency, related to the liabilities or receivables of the Company or its subsidiary.

The significant proceedings pending in court is the case brought by Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz against the ZGH "Bolesław" S.A. Company for mining damages to be paid in the amount of PLN 64,015,224.00 (File No IX GC 99/14).

On 25.04.2018, the Regional Court of Cracow, 9th Economic Department (cases jointly designated with file No IX GC 543/13) issued judgements in the following cases regarding the subsidiary company, i.e. ZGH "Bolesław" S.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 judgement, 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 judgement is not final and legally binding. The company appealed against the judgment.
- 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 judgement dismissing the action. The judgement is not final and legally binding. 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.

ZGH "Bolesław" S.A. shall consider bringing cassation appeal against the judgement described above, about which it shall inform in a separate notice, having received a written justification from the Court of Appeal.

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.

On 28/07/2020, ZGH "Bolesław" S.A. filed a cassation appeal against the above judgement. However, until the date of publication of this report, no confirmation of its acceptance for consideration by the Supreme Court has been received.

Moreover, it should be reminded that the issue of contingent liabilities related to the acquisition of ZGH "Bolesław" S.A. was described in detail in the Stalprodukt S.A. Consolidated Financial Report for the year 2013 (item 11. Settlement of the ZGH "Bolesław" S.A. purchase price). The contingent liabilities were defined as resulting from the risks identified by the Acquirer and related, among others, to: the "Olkusz-Pomorzany" mine liquidation costs and liability for the mining damages. The amount resulting from the above mentioned estimates totaled PLN 296 115 thousand. This amount was entered in the Balance Sheet as of 31.12.2013 in the position "Contingent liabilities due to the purchase of ZGH "Bolesław" S.A".

12. Information on a transaction or many transactions concluded by the Issuer or the Issuer's subsidiary with associated companies if such transactions were based on conditions other than market conditions.

The transactions with associated companies in the 1st half of 2020 are concerned with:

- sales of products and goods to the companies within the Stalprodukt Capital Group,
- rendering services to Stalprodukt S.A. by its subsidiary companies.

Detailed data was disclosed in the financial statements

It should be stressed that these were typical and routine transactions, arising from the on-going operating activities and rendered on a continuous basis. These transactions are based on market conditions.

13. Information on credit or loan sureties or guarantees granted by the Issuer or the Issuer's subsidiary – jointly to one entity or a subsidiary controlled by the entity if the total value of the existing sureties or guarantees is significant.

In the reporting period, the Stalprodukt Company and its subsidiary companies did not grant any loans or credits, guarantees or sureties, jointly amounting to at least 10 % of the Issuer's equity.

14. Other information that, in the Issuer's opinion, are essential for the assessment of the situation in the area of human resources, property and financial standing, financial result and changes thereof, as well as information that are essential for the assessment of the Issuer's capacity to settle its liabilities.

All the information essential for the assessment of the staffing, property and financial standing, financial result and changes thereof and essential for the assessment of the Group's capacity to settle its liabilities, are included herein or in the „Additional Information” sheet.

15. The factors, that in the Issuer's assessment, are likely to affect its results in the perspective of, at least, the next quarter.

In the Issuer's assessment, the factors likely to affect the Group's results in the perspective of, at least, 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. Composition of Management Board's and Supervisory Board

Management Board Composition

In the period from 1 January 2020 to 29 August 2020, the Stalprodukt Management Board was composed of:

Piotr Janeczek	- President of the Board
Józef Ryszka	- Member of the Board
Łukasz Mentel	- Member of the Board

Due to resignation of Mr. Józef Ryszka from the position of a Member of the Management Board of Stalprodukt effective as of 29 April 2020, in the period from 29 April 2020 the Company's Management Board is composed of 2 persons:

Piotr Janeczek	- President of the Board
Łukasz Mentel	- Member of the Board

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Supervisory Board Composition

In the period from 1 January 2020 to 15 June 2020, the Stalprodukt Supervisory Board was composed of:

Janusz Bodek	- Chairman of the Supervisory Board
Sanjay Samaddar	- Vice-Chairman of the Supervisory Board
Magdalena Janeczek	- Secretary
Agata Sierpińska-Sawicz	- Member
Romuald Talarek	- Member

Due to the expiry of the previous term of the Supervisory Board, on 15 June 2020, by virtue of Resolutions No. XXXIX/15a/2020- XXXIX/15e/2020 the General Meeting of Stalprodukt S.A. appointed members of the Supervisory Board for a new, joint term of office. It is composed of the following members:

Stanisław Kurnik
Sanjay Samaddar
Magdalena Janeczek
Agata Sierpińska-Sawicz
Romuald Talarek

The present Report on the Activities of the Stalprodukt S.A. Capital Group was approved for publication by the parent company's Management Board on 28.08.2020.

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

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