Stalprodukt S.A.

The Stalprodukt S.A. Capital Group

Consolidated Financial Report for the 1st half of 2023

Prepared in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union

Bochnia, August 2023

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The Management Board's opinion on the qualified conclusion contained in the Auditing Company's Report on the Abridged Interim Consolidated Financial Report of the Stalprodukt S.A. Capital Group

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Selected Financial Data

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022
I. Net sales of products, goods and materials	2 544 947	3 051 438	551 690	657 255
II. Operating profit (loss)	134 117	346 407	29 074	74 613
III. Profit (loss) before taxation	135 040	340 919	29 274	73 431
IV. Net profit (loss)	82 407	265 971	17 864	57 288
- attributable to shareholders of the parent company	83 582	265 812	18 119	57 254
- net profit attributed to non-controlling interests	-1 175	159	-255	34
V. Net cash flow from operating activities	249 320	71 771	54 047	15 459
VI. Net cash flow from investment activities	-59 536	-4 148	-12 906	-893
VII. Net cash flow from financial activities	-19 218	-49 986	-4 166	-10 767
VIII. Total net cash flow	170 566	17 637	36 975	3 799
IX. Total assets	5 137 602	5 181 355	1 154 440	1 104 790
X. Long-term liabilities	414 735	480 718	93 193	102 500
XI. Short-term liabilities	883 641	864 345	198 558	184 299
XII. Shareholders' equity	3 839 226	3 836 292	862 689	817 990
- equity attributable to shareholders of the parent	3 727 876	3 722 684	837 668	793 766
- equity attributed to non-controlling interests	111 350	113 608	25 021	24 224
XIII. Share capital	11 161	11 161	2 508	2 380
XIV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XV. Profit (loss) for one ordinary share (in PLN)	14,77	47,66	3,20	10,27
XVI. Weighted average number of shares	5 399 598	5 580 267	5 399 598	5 580 267
XVII. Diluted profit (loss) per ordinary share (PLN)	15,26	47,66	3,31	10,27
XVIII. Book value per share (PLN)	688,00	687,47	154,60	146,59
XIX. Diluted book value per share (PLN)	711,02	687,47	159,77	146,59
XX. Declared or paid-out dividend for one share in (PLN/EUR)	15,00	12,00	3,25	2,56

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 2022. Other comparable data is presented for the period from 1st January 2022 to 30th June 2022.
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 30th June 2023 and amounting to PLN 4.4503 and PLN 4.6899 for this 31st December 2022.
   - 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 4.6130 for 1st half 2023 and PLN 4.6427 for 1st half of 2022.
3. For profit-per-share calculation the number of 5 580 267 shares was adopted.
4. In connection with the share buyback, the diluted earnings per share were based on the weighted average number of shares in the amount of 5,399,598.
5. In the item XX the amount of the dividend for 1 share to paid out in 2023 and 2022 by the Issuer.

Consolidated balance sheet for 30.06.2023

CONSOLIDATED BALANCE SHEET	(thousand x PLN)		
	30.06.2023	31.12.2022	30.06.2022
Assets			
I. Fixed assets	**2 347 022**	**2 321 464**	**2 432 422**
1. Intangible assets other than goodwill	155 110	37 278	144 711
2. Goodwill	0	0	0
3. Tangible fixed assets	2 000 681	2 035 023	2 062 386
4. Right to use assets (incl. right of perpetual usufruct of land)	94 646	91 148	83 132
5. Investment real estate	58 019	64 074	39 277
6. Long-term financial assets	16 503	16 393	16 256
7. Other long-term financial assets	12 953	12 953	18 354
8. Long-term receivables	963	942	985
9. Deferred tax assets	200	56 043	59 956
10. Long-term prepayments	7 947	7 610	7 364
II. Current Assets	**2 790 580**	**2 859 891**	**2 866 253**
Current assets other than assets held for sale	*2 790 580*	*2 859 891*	*2 866 253*
1. Stocks	1 122 157	1 253 113	1 288 124
2. Receivables due to supplies and services and other	873 826	973 462	1 012 243
3. Cash and cash equivalents	776 291	605 725	509 891
4. Other short-term investments	18 306	27 591	55 995
Assets held for sale	*0*	*0*	*0*
Assets in total	**5 137 602**	**5 181 355**	**5 298 675**
Liabilities			
Equity capital	**3 839 226**	**3 836 292**	**3 601 761**
I. Equity attributed to shareholders of the parent company	**3 727 876**	**3 722 684**	**3 499 305**
1. Share capital	11 161	11 161	11 161
2. Capital from the surplus of the issue price above the nominal value / agio /	8 416	8 416	8 416
3. Provision for cash flow hedges / revaluation reserve /	1 664	-27 853	-90 345
4. Provision for exchange rate differences resulting from translation	26 524	42 837	34 595
5. Retained earnings / including uncovered losses /	3 680 111	3 688 123	3 535 478
II. Non-controlling interests / Equity attributable to	**111 350**	**113 608**	**102 456**
I. Long-term liabilities	**414 735**	**480 718**	**540 359**
1. Provision for deferred income tax	92 609	149 309	155 803
2. Long-term provisions / including employee benefits /	39 342	43 551	176 154
3. Other long-term liabilities	146	146	0
4. Long-term provision for the costs of decommissioning, rehabilitation and environmental repair costs	114 677	110 446	40 000
5. Accruals and deferred income classified as fixed	43 012	43 368	45 699
6. Credits and loans	3 506	5 736	8 146
7. Long-term liabilities due to leasing contracts	102 449	104 307	78 549
8. Other long-term financial liabilities	18 994	23 855	36 008
II. Current liabilities	**883 641**	**864 345**	**1 156 555**
Short-term liabilities other than those included in groups intended for sale	*883 641*	*864 345*	*1 156 555*
1. Short-term provisions for liabilities	56 362	68 817	89 769

2. Credits and loans	13 952	20 201	34 013
3. Liabilities due to supplies and services	377 868	477 368	573 625
4. Current liabilities due to social insurance and taxes other than income tax	40 183	47 502	41 946
5. Other short-term non-financial liabilities	82 416	79 195	92 179
6. Short-term reserve for the costs of decommissioning, rehabilitation and environmental repair costs	73 245	78 031	0
7. Liabilities due to income tax	188	5 876	11 261
8. Liabilities due to leasing	5 922	7 143	7 890
9. Other short-term financial liabilities	91 105	56 480	189 079
10. Accruals	142 400	23 732	116 793
Liabilities included in those intended for sale	*0*	*0*	*0*
Total Liabilities	**1 298 376**	**1 345 063**	**1 696 914**
Total Assets	**5 137 602**	**5 181 355**	**5 298 675**

Book value	3 839 226	3 836 292	3 601 761
Number of shares	5 580 267	5 580 267	5 580 267
Book value per share (PLN)	688,00	687,47	645,45
Weighted average number of shares	5 399 598	5 524 271	5 580 267
Diluted book value per share (in PLN)	711,02	694,44	645,45

Consolidated profit and loss account for the period 01.01.2023 - 30.06.2023

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period	thousand x PLN	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022
I. Net sales of products, goods and materials	**2 544 947**	**3 051 438**
II. Costs of products, goods and materials	**2 263 040**	**2 543 937**
III. Gross profit (loss) on sales	**281 907**	**507 501**
IV. Selling costs	52 126	60 593
V. General and administrative costs	83 968	82 159
VI. Other operating incomes	153 128	129 945
VII. Other operating costs	164 824	148 287
VIII. Operating profit (loss)	**134 117**	**346 407**
IX. Financial incomes	26 997	23 659
X. Financial costs	26 125	29 165
XI. Profit from shares in associated entities	51	18
XII. Profit (loss) before taxation	**135 040**	**340 919**
XIII. Income tax	52 633	74 948
XIV. Profit (loss) from continuing operations	**82 407**	**265 971**
XV. Profit (loss) on discontinued operations	**0**	0
XVI. Net profit (loss)	**82 407**	**265 971**
1. Attributable to shareholders of the parent company	83 582	265 812
2. Attributed to non-controlling interests	-1 175	159
Book value	82 407	265 971
Number of shares	5 580 267	5 580 267
Book value per share (PLN)	14,77	47,66

Weighted average number of shares	5 399 598	5 580 267
Diluted book value per share (in PLN)	15,26	47,66

Total comprehensive consolidated income for the period 01.01.2023-30.06.2023

TOTAL COMPREHENSIVE CONSOLIDATED INCOME for the period	**thousand x PLN**	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	**1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022**
Net result	82 407	265 971
Other comprehensive income that will not be reclassified to profit or loss, after tax	0	0
Other comprehensive income that will be reclassified to profit or loss, after tax, including:	**16 261**	**38 101**
The effective part of the cash flow hedging in accordance with IFRS 9	32 123	32 820
including the effective portion of cash flow hedge in line with IFRS 9 attributable to minority interest	2 616	*2 552*
gains and losses on translating items in the financial statements of the foreign operations	-15 862	5 281
Gains and losses on the translation of items in the financial statements of the foreign operation attributable to non-controlling interests	-126	*35*
Other comprehensive income	**98 668**	**304 072**
Total comprehensive income together	**98 668**	**304 072**
Comprehensive income attributable to equity holders of the parent	*97 237*	*301 363*
Comprehensive income attributable to minority shareholders	*1 431*	*2 709*

Statement of changes in consolidated equity for the period 01.01.2023 – 30.06.2023

Statement of changes in equity for the period from 1st January to 30th June 20223 and 2022	thousand x PLN							
	Share capital	Capital from the surplus of the issue price above the nominal value/Agio/	Reserve for cash flow hedges / capital from revaluation	Exchange differences from translation	Retained profits	Capital of the parent company	Minority capital	Equity TOTAL
Balance as of 1.01.2023 (opening balance)	**11 161**	**8 416**	**-27 853**	**42 837**	**3 688 123**	**3 722 684**	**113 608**	**3 836 292**
Dividend					-80 993	**-80 993**	-3 689	**-84 682**
Total comprehensive income for 2023			29 517	-15 862	83 582	**97 237**	1 431	**98 668**
Other changes in equity				-451	-10 601	**-11 052**		**-11 052**
Change in equity	**0**	**0**	**29 517**	**-16 313**	**-8 012**	**5 192**	**-2 258**	**2 934**
Balance as of 31.06.2023 (closing balance)	**11 161**	**8 416**	**1 664**	**26 524**	**3 680 111**	**3 727 876**	**111 350**	**3 839 226**

Balance on this 1.01.2022 (opening balance)	**11 161**	**8 416**	**-120 616**	**29 314**	**3 334 513**	**3 262 788**	**108 425**	**3 371 213**
Dividend					-66 963	-66 963	-8 678	**-75 641**
Total comprehensive income for 2022			30 271	5 281	265 812	301 364	2 709	**304 073**
Other changes in equity			0		2 116	2 116	0	**2 116**
Change in equity	***0***	***0***	***30 271***	***5 281***	***200 965***	***236 517***	***-5 969***	***230 548***
Balance as of 31.06.2022 (closing balance)	**11 161**	**8 416**	**-90 345**	**34 595**	**3 535 478**	**3 499 305**	**102 456**	**3 601 761**

Consolidated cash flow account for the period 01.01.2022-30.06.2022

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022
A. Cash flow from operational activity		
Gross profit (loss)	**135 040**	**340 919**
Income tax paid	71 930	58 623
Adjustments made to reconcile profit (loss)	**186 210**	**-210 525**
Adjustments for undistributed investment gains accounted for using the equity method	-51	18
Amortization and depreciation adjustments	90 845	88 486
Adjustments due to unrealized gains (losses) on exchange differences	-3 711	620
Corrections for interest expense	3 710	4 991
Adjustments resulting from dividend income	0	0
Adjustments for losses (gains) on the sale of fixed assets	-14 738	5 010
Adjustments for provisions	-31 234	-21 432
Adjustments for the decrease (increase) in the value of inventories	128 164	-289 694
Adjustments resulting from a decrease (increase) in receivables	159 539	-141 590
Adjustments for the increase (decrease) in the value of liabilities	-138 589	136 891
Other adjustments made to reconcile profit (loss) and deferred tax	-11 265	8 104
Deferred tax adjustment	3 540	-1 929
Cash flow from operating activities	**249 320**	**71 771**
B. Cash flow from investment activity		
Sale of intangible assets and tangible fixed assets	3 450	4 086
Sale of financial assets	30 229	186 070
Dividends received classified as investing activities		
Repayment of long-term loans granted		
Cash inflow from interest received classified as investing activity	498	
Purchase of intangible assets and tangible fixed assets	-73 306	-63 217
Loans granted	-21 081	-131 017
Acquisition of financial assets		
Other investment inflows and outflows	674	-70
Net cash flow from investment activities	**-59 536**	**-4 148**
C. Cash flow from financial activity		
Purchase of own shares	0	
Proceeds from loans classified as financial activities	427	854
Other financial inflows / outflows	-4 189	-1 324
Paid dividends classified as financial activities	-75	-11
Repayment of credits and loans	-8 906	-41 425

Payment of lease liabilities, classified as financial activity	-1 938	-3 013
Interest paid, classified as financial activity	-4 537	-5 067
Net cash flow from financial activities	**-19 218**	**-49 986**
Net cash flow	**170 566**	**17 637**
The effects of changes in exchange rates on cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	**170 566**	**17 637**
Cash and cash equivalents at the beginning of the period	**605 725**	**492 254**
Cash and cash equivalents at the end of the period	**776 291**	**509 891**
Restricted cash and cash equivalents	16 854	20 440

Explanations to the statement of cash flows

Change in receivables -	
change of state from income tax	7 534
Explanations for changes in short-term liabilities:	
- adjustment for a change in the balance of loans	2 230
- payment of lease liabilities	1 722
- purchase of a financial lease	-458
- adjustment for a change in liabilities with capital	19 883
- dividend	-80 994
- adjustment for a change in other financial liabilities	29 697
- change in liabilities due to the purchase of tangible fixed assets	9 454
Explanations to the item Other:	-11 266
- change in the valuation of financial assets	-5 250
- change in valuation of other securities	-525
- CO2 emission allowances	-2 839
- exchange differences from valuation	650
- correction for RES certificates of origin	2 164
- transfer of assets of the liquidated company	-5 014
- others	-452

Abridged Financial Report for the 1st half of 2023

Selected Financial Data

Selected Financial Data	thousand x PLN		thousand x EUR	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022
I. Net sales of products, goods and materials	1 120 171	1 432 690	242 829	308 590
II. Operating profit (loss)	61 246	191 618	13 277	41 273
III. Profit (loss) before taxation	179 574	183 673	38 928	39 562
IV. Net profit (loss)	160 768	140 742	34 851	30 315
V. Net cash flow from operating activities	129 934	149 635	28 167	32 230
VI. Net cash flow from investment activities	-15 179	-4 401	-3 290	-948
VII. Net cash flow from financial activities	-4 011	-33 662	-869	-7 251
VIII. Total net cash flow	110 744	111 572	24 007	24 032
IX. Total assets	2 793 340	2 670 230	627 675	569 358
X. Long-term liabilities	139 705	142 046	31 392	30 288
XI. Short-term liabilities	346 941	301 263	77 959	64 237
XII. Shareholders' equity	2 306 695	2 226 921	518 324	474 833
XIII. Share capital	11 161	11 161	2 508	2 380
XIV. Number of shares	5 580 267	5 580 267	5 580 267	5 580 267
XV. Profit (loss) per ordinary share (PLN)	28,81	25,22	6,25	5,43
XI. Weighted average number of shares	5 399 598	5 580 267	5 399 598	5 580 267
XII. Diluted profit (loss) per ordinary share	29,77	25,22	6,45	5,43
XIII. Book value per share (PLN)	413,37	399,07	92,89	85,09
XIX. Diluted book value per share (PLN)	427,20	399,07	95,99	85,09
XX. Declared or paid-out dividend for one share in (PLN/EUR)	15,00	12,00	3,25	2,62

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 2022. Other comparable data is presented for the period from 1st January 2022 to 30th June 2022.
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 30th June 2023 and amounting to PLN 4.4503 and PLN 4.6899 for this 31st December 2022.
   - 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 4.6130 for 1st half 2023 and PLN 4.6427 for 1st half of 2022.
6. For profit-per-share calculation the number of 5 580 267 shares was adopted.
7. In connection with the share buyback, the diluted earnings per share were based on the weighted average number of shares in the amount of 5,399,598.
8. In the item XX the amount of the dividend for 1 share to paid out in 2023 and 2022 by the Issuer.

Balance sheet for 30.06.2023

BALANCE SHEET	thousand x PLN		
	30.06.2023	31.12.2022	30.06.2022
Assets			
I. Fixed assets	**1 406 768**	**1 402 775**	**1 399 489**
1. Intangible assets other than goodwill	6 580	1 783	6 220
2. Tangible fixed assets	704 577	725 582	752 973
3. Right to use assets (incl. right of perpetual usufruct of land)	43 224	43 489	30 955
4. Investment real estate	114 408	107 143	77 935
5. Long-term financial assets	511 851	511 851	511 851
6. Other long-term financial assets	26 127	12 927	12 927
7. Long-term receivables	0	0	0
8. Deferred tax assets	0	0	6 628
9. Long-term prepayments	0	0	0
II. Assets	**1 386 573**	**1 267 455**	**1 253 498**
Current assets other than assets held for sale	**1 386 573**	**1 267 455**	**1 253 498**
1. Stocks	433 748	483 371	514 700
2. Receivables due to supplies and services and other receivables	466 419	409 401	474 260
3. Cash and cash equivalents	484 603	373 859	264 535
4. Other short-term investments	1 803	824	3
Assets held for sale	**0**	**0**	**0**
Assets in total	**2 793 340**	**2 670 230**	**2 652 987**
Liabilities			
I. Shareholders' Equity	**2 306 696**	**2 226 921**	**2 014 710**
1. Share capital	11 161	11 161	11 161
2. Capital from the surplus of the issue price above the nominal value	8 416	8 416	8 416
3. Other capitals	0	0	180
4. Retained earnings (including uncovered losses)	2 287 119	2 207 344	1 994 953
II. Long-term liabilities	**139 705**	**142 046**	**111 394**
1. Provision for deferred income tax	58 738	61 036	73 281
2. Long-term reserves	5 900	5 900	5 332
3. Other long-term non-financial liabilities	0	0	0
4. Credits and loans	0	0	0
5. Long-term liabilities due to leasing contracts	75 067	75 110	32 781
III. Current liabilities	**346 941**	**301 263**	**526 884**
Short-term liabilities other than those included in groups intended for sale	346 941	301 263	526 884
1. Short-term provisions for liabilities	15 296	15 908	9 164
2. Credits and loans	0	0	0
3. Liabilities due to supplies and services	206 064	248 219	387 414
4. Current liabilities due to social insurance and taxes other than income tax	9 530	11 394	10 561
5. Other short-term non-financial liabilities	22 430	19 887	31 797
6. Liabilities due to income tax	0	0	10 680
7. Short-term liabilities due to leasing agreements	0	0	0
8. Other short-term financial liabilities	80 993	0	66 964
9. Short-term accruals	12 627	5 855	10 304
Liabilities included in those intended for sale	0	0	0
Total liabilities	**486 645**	**443 309**	**638 278**

Book value	2 306 695	2 226 921	2 014 710
Number of shares	5 580 267	5 580 267	5 580 267
Book value per share (PLN)	413,37	399,07	361,04

Weighted average number of shares	5 399 598	5 524 271	5 580 267
Diluted book value per share (in PLN)	427,20	403,12	361,04

Profit and loss account for the period 01.01.2023-30.06.2023

PROFIT AND LOSS ACCOUNT for the period	thousand x PLN	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022
I. Net sales of products, goods and materials	**1 120 171**	**1 432 690**
II. Costs of products, goods and materials	**1 005 340**	**1 153 943**
III. Gross profit (loss) on sales	**114 831**	**278 748**
IV. Selling costs	29 251	36 988
V. General and administrative costs	21 554	22 825
VI. Other operating incomes	34 529	17 402
VII. Other operating costs	37 309	44 718
VIII. Operating profit (loss)	**61 246**	**191 618**
IX. Financial incomes	127 365	3 975
X. Financial costs	9 037	11 920
XI. Profit (loss) before taxation	**179 574**	**183 673**
XII. Income tax	18 806	42 931
XIII. Profit (loss) from continuing operations	**160 768**	**140 742**
XIV. Profit (loss) on discontinued operations	**0**	0
XV. Net profit (loss)	**160 768**	**140 742**
Weighted average number of ordinary shares	5 580 267	5 580 267
Profit (loss) per ordinary share (PLN)	**28,81**	**25,22**
Weighted average predicted number of ordinary shares	5 399 598	5 580 267
Diluted profit (loss) per ordinary share (PLN)	**29,77**	**25,22**

Total comprehensive income for the period 01.01.2023-30.06.2023

TOTAL COMPREHENSIVE INCOME for the period	thousand x PLN	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022
Net result	160 768	140 742
		0
Total Comprehensive Income	**160 768**	**140 742**

Statement of changes in equity for the period 01.01.2023-30.06.2023

Statement of changes in equity for the period from 1st January to 30th December 2023 and 2022	thousand x PLN					
	Share capital	Capital from the surplus of the issue price above the nominal value	Supplementary capital	Others capitals	Retained profit	Equity in TOTAL
Condition after conversion on 1.01.2023	**11 161**	**8 416**	**0**	**0**	**2 207 344**	**2 226 921**
Dividend					-80 993	**-80 993**
Total comprehensive income for period 1.01 - 30.06.2023					160 768	**160 768**
Other changes in equity						**0**
As of 30.06.2023 (End of Period)	**11 161**	**8 416**	**0**	**0**	**2 287 119**	**2 306 696**
As of 01.01.2022 (Beginning of Period)	**11 161**	**8 416**	**0**	**180**	**1 921 174**	**1 940 931**
Dividend					-66 963	**-66 963**
Total comprehensive income for period 1.01 - 30.06.2022					140 742	**140 742**
Other changes in equity						
As of 30.06.2022 (End of Period)	**11 161**	**8 416**	**0**	**180**	**1 994 953**	**2 014 710**

Cash flow account for the period 01.01.2023-30.06.2023

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	1st half 2023 increasingly for the period from 01-01-2023 to 30-06-2023	1st half 2022 increasingly for the period from 01-01-2022 to 30-06-2022
A. Cash flow from operational activity		
Profit (loss) on the activity of accounts. before tax	**179 574**	**183 673**
Income tax paid	19 607	36 240
Total adjustments	**-30 033**	**2 201**
Depreciation,	27 116	26 304
(Gains) losses due to exchange rate differences		
Interest	2 626	
Shares in profits (dividends)		3 137
Adjustments for losses (gains) on the sale of fixed assets	-14 206	45
Adjustments for provisions	-2 910	-5 032
Adjustments for the decrease (increase) in the value of inventories	51 158	-54 875
Adjustments due to the increase (decrease) due to receivables	-72 345	-111 118
Adjustments for the increase (decrease) in the value of other liabilities related to operating activities	-20 876	133 809
Other adjustments made to reconcile profit (loss)	-2 894	7 004
Adjustments due to deferred tax expense	2 298	2 927
Net cash flow from operating activities	**129 934**	**149 635**
B. Cash flow from investment activity		
Sale of intangible assets and tangible fixed assets	1 768	
Sale of financial assets	5 259	
Dividends received classified as investing activities		
Repayment of long-term loans granted		
Cash inflow from interest received classified as investing activity		40
Purchase of intangible assets and tangible fixed assets	-7 206	-4 441
Loans granted		
Acquisition of financial assets	-15 000	
Other investment inflows and outflows		
Net cash flow from investment activities	**-15 179**	**-4 401**
C. Cash flow from financial activity		
Proceeds from loans classified as financial activities		
Other financial inflows / outflows		
Paid dividends classified as financial activities		
Repayment of credits and loans		-30 000
Payment of lease liabilities, classified as financial activity	-43	-32

Interest paid, classified as financial activity	-2 626	-3 177
Other financial expenses	-1 342	-453
Purchase of own shares		
Net cash flow from financial activities	**-4 011**	**-33 662**
Net cash flow (before currency effects)	**110 744**	**111 572**
The effects of changes in exchange rates on cash and cash equivalents		0
Increase (decrease) in cash and cash equivalents	**110 744**	**111 572**
Cash and cash equivalents at the beginning of the period	**373 859**	**152 963**
Cash and cash equivalents at the end of the period	**484 603**	**264 535**
Restricted cash and cash equivalents	6 161	5 853

Under Other:	
Correction for free CO_2	-5 058
Correction for RES certificates of origin	2 164
Change in liabilities adjusted by the change in dividends	-80 994

Additional Information (Abridged Consolidated Financial Report for 1st half of 2023)

Introductory Information

The basic data

Apart from the Parent Company, the Stalprodukt S.A. Capital Group embraces 10 entities which constitute subsidiary companies. As of 30.06.2022, Stalprodukt S.A. held 100% shares In its subsidiary companies except for Zakłady Górniczo-Hutnicze „Bolesław" S.A., where it holds 94.93% of shares.

Stalprodukt S.A., as the parent company in the group, sets directions for the activities and development of subsidiaries established as part of restructuring and taken over to expand production, trade and service activities.

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

- production of electrical transformer sheets – parent company Stalprodukt S.A., GO Steel a.s.
- production of cold formed profiles, road safety barriers as well as cut-to-length cold- and hot-rolled sheets and strips – parent company Stalprodukt S.A.,
- production of zinc and lead and recycling of zinc-bearing waste – ZGH "Bolesław" S.A. along with its subsidiary companies:

- Huta Cynku "Miasteczko Śląskie" S.A. (Zinc Smelter) – production of rectified zinc, lead and cadmium,
- Bol-Therm Sp. z o.o. – power supply-, laboratory-, mechanics and construction-related services, transport-equipmpent and forwarding services, production of dolomite aggregates, zinc products and zinc alloys,
- Gradir Montenegro d.o.o. – mining of zinc ores and zinc concentrate production,
- Agencja Ochrony Osób i Mienia "Karo" Sp. z o.o. – bodyguard and property security services,

- trade activities:

- Stalprodukt - Zamość Sp. z o.o.,

- other production- and services-related activities:

- production of galvanized lightning conductors and wire, as well as galvanized steel strips - Cynk-Mal S.A.,
- production of cold-rolled sheets - GO Steel a.s.
- spare parts production and regeneration - Stalprodukt-Wamech Sp. z o.o.,
- installation, repair/renovation and maintenance of machines - Stalprodukt-Wamech Sp. z o.o.,
- structural steel production - STP Elbud Sp. z o.o., Stalprodukt-Wamech Sp. z o.o.,

- galvanizing services - STP Elbud Sp. z o.o. and Cynk-Mal S.A.,
- roads and freeways construction and management – Stalprodukt-Wamech Sp. z o.o.
- bodyguard and property security – Stalprodukt-Ochrona Sp. z o.o.,
- designing equipment related to the use of renewable energy sources – Anew Institute Sp. z o.o.
- Hotel Ferreus Sp. z o. o. – hotel services (company in suspension).
- Stalprodukt-Centrostal Sp. z o. o. in liquidation (the date of completion of the liquidation process is June 30, 2023).

Changes in the Issuer's and Capital Group's Ownership Structure

In relation to the 1st half of 2022, which is a comparable period to this Consilidated Financial Report, in the 1st half of 2023 the following changes in the structure of the Issuer's Capital Group took place:

1. In September 2022, the Issuer started hotel operations under the Hotel Ferreus brand. As previously announced, a decision was made to suspend the operations of the company established to conduct hotel operations. According to the decision, the activity is conducted directly by the Issuer, i.e. within the approved organizational structure of Stalprodukt S.A.

2. On September 29, 2021, the General Meeting of Shareholders of Stalprodukt-Centrostal Kraków Sp. z o. o. decided to put the company into liquidation. The decision was a consequence of the implementation of the optimization of the distribution channel launched in 2018. On June 28, 2018, an agency agreement was signed with Stalprodukt-Centrostal Kraków Sp. z o. o. Pursuant to its terms, purchases and sales were not made on the subsidiary's own account, but on behalf and for the account of Stalprodukt. On October 1, 2021, Stalprodukt took over the sales teams into its structures, thus the activity of the subsidiary as an Agent was terminated. On June 30, 2023, the liquidation process was completed and the relevant documents were submitted to the National Court Register in order to delete Stalprodukt-Centrostal Kraków Sp. z o. o. Until the date of publication of this report, Stalprodukt-Centrostal Kraków in liquidation Sp. z o. o. has not been removed from the National Court Register.

As a result of the liquidation of this company, Stalprodukt S.A. took over on June 30, 2023 by notarial deed No. 2953/2023 of June 30, 2023. all assets of Stalprodukt-Centrostal Kraków Sp. z o. o. in liquidation with a total value of PLN 14,771 thousand, including:

- right to perpetual usufruct of land together with a building and structures with a total value of PLN 8,630 thousand,
- cash in the amount of PLN 5,259 thousand,
- low-value fixed assets and low-value assets with a total value of PLN 144 thousand,
- doubtful receivables /for which a 100% write-down was created/ in the total amount of PLN 738 thousand.

Subsidiaries and other entities

In the reporting year, the Stalprodukt Capital Group embraced the following subsidiary companies and companies consolidated at the level of ZGH "Bolesław" S.A. Additionally, the Parent Company and its subsidiaries also hold shares in the entities, over which they do not hold control, joint control or over which they do not exert significant influence, as determined pursuant to IFRS 10, IFRS11 and IAS 28.

No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	Nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	The applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	Date of take- over of control/ joint control/ obtaining a significant impact	Percen -tage of capital held	Share of the total number of votes at a general meeting	Share-holding of the parent company
1.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	100.00	100.00	100.00
2.	Stalprodukt-Centrostal sp. z o.o. in liquidation	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	100.00	100.00	100.00
3.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	100.00	100.00	100.00
4.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	100.00	100.00	100.00
5.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	100.00	100.00	100.00
6.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	100.00	100.00	100.00
7.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	100.00	100.00	100.00
8.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	94.93	94.93	94.93
9.	Go Steel a.s.	Frydek-Mistek	production of electrical transformer sheets	subsidiary	full consolidation	01.03.2018	100.00	100.00	100.00
10.	Hotel Ferreus Sp. z o.o.	Kraków	hotel services	subsidiary	full consolidation	09.03.2021	100,00	100,00	100,00

11.	BOLTECH Sp. z o.o.	Bukowno	heat supplies, alterations/ repair services, production of zinc product dolomite aggregate zinc products, transport- & equipment-related services.	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	01.03.2004	100.00	100.00	94.93
12.	Karo Sp. z o.o.	Bukowno	Investigative, detective and security-related activities	ZGH "Bolesław" S.A. subsidiary compnany	full consolidation at the level of ZGH Capital Group	01.03.2004	100.00	100.00	94.93
13.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	production and sales of zinc, lead and alloys of these metals	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	29.09.2010	92.82	92.82	88.11
14.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	zinc and lead mining and production of metal concentrates	ZGH "Bolesław" S.A. subsidiary company	full consolidation at the level of ZGH Capital Group	11.07.2011	99.61	99.61	94.56
15.	Polska Technika Zabezpieczeń sp. z o.o.	Warszawa	distribution of construction woodwork	Stalprodukt Zamość Sp. z o.o. subsidiary company	full consolidation	31.12.2015	84.00	77.14	84.00
16.	StalNet Sp. z o.o.	Kraków	Internet commerce	shares held by Stalprodukt S.A./personal links	by means of equity method	31.01.2018	28.00	28.00	28.00

Related entities

No	**Name (company) of the unit, indicating its legal form**	**Seat**	**Object of the enterprise**	**nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)**	**the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method**	**date of take- over of control/ joint control/ obtaining a significant impact**	**percentage of capital held**	**share of the total number of votes at a general meeting**	**share-holding of the parent company**
1.	Stalprodukt-Profil S.A.	Bochnia	trade of metallurgical products	shares held by Stalprodukt S.A./personal links	not applicable	not applicable	19.51	19.51	19.51
2.	F&R Finance Sp. z o.o.	Myślenice, Jawornik	financial activity	personal	not applicable	not applicable	0.00	0.00	0.00
3.	STP Investment S.A.	Bochnia	financial activity	significant shareholder	not applicable	not applicable	0.00	0.00	0.00
4.	FCASE Sp. z o.o. Sp. k.	Myślenice, Jawornik	financial activity	significant shareholder	not applicable	not applicable	0.00	0.00	0.00

5.	ArcelorMittal Sourcing a société en commandite par actions	Luxembor	financial activity	significant shareholder	not applicable	not applicable	0.00	0.00	0.00

Fundamental Principles Governing the Preparation of the Abridged Interim Consolidated Financial Report

The presented Abridged Consolidated Financial Report was prepared in respect of the period from 1 January 2023 to 30 June 2023 with the use of the full consolidation method, considering all the Group's subsidiaries. The comparable data cover the period from 1 January 2022 to 30 June 2022 referring to the profit and loss account and the cash flow statement, the balance sheet values reflect the status as of 31 December 2022.
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 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.

Accounting Principles (Policy)

1. In the semi-annual 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 2022.

In the reporting period no important changes were introduced into the accounting principles (policy), nor any adjustments were made in respect of the fundamental errors and adopted appraised 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 2023 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 2022.

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.

Estimated values

The estimates for the first half of 2023 refer to the consolidated financial statements:

- Provision for deferred tax was increased by PLN 19,712 thousand, decreased by PLN 24,522 thousand,
- An inventory write-down was created in the amount of PLN 43,493 thousand, and 34,519 thousand were dissolved (including in Stalprodukt SA a write-down for inventories in the amount of PLN 24,032 thousand was created, PLN 24,195 thousand was dissolved),
- A write-down was created for doubtful receivables in the amount of PLN 586 thousand, and resolved in the amount of PLN 703 thousand,
- A provision for employee benefits was created in the amount of PLN 9,342 thousand, and dissolved in the amount of PLN 9,545 thousand,
- A provision was created for energy certificates of origin and CO_2 emission allowances in the amount of PLN 24,710 thousand, and PLN 26,976 thousand was dissolved,
- The provision for the liquidation of mines and sinkholes in the amount of PLN 4,807 thousand was used (in the Zinc segment),

- A provision for repairs settled over time was created in the amount of PLN 37,881 thousand, and dissolved in the amount of PLN 37,881 thousand (in the Zinc Segment),
- A reserve was created for land recultivation in the amount of PLN 266,000 thousand (in the Zinc Segment),
- Other provisions were created for PLN 5,754 thousand (including the provision for the bonus fund, repairs settled over time and for slag), and PLN 15,531 thousand were dissolved (including the provision for the bonus fund, repairs settled over time and for slag, liquidation of fixed assets, water and sewage charges) - Zinc Segment,
- There was no need to create new impairment losses on non-current assets and impairment losses on non-current assets made in previous periods were not reversed.
- There was no need to create impairment losses on long-term financial assets and intangible assets in any of the Group's companies.

Other operating income and expenses include received and redeemed free of charge CO_2 emission rights in the amount of PLN 104,165 thousand in the Zinc Segment and in the amount of PLN 2,529 thousand in Stalprodukt SA.

In order to make the costs of manufacturing products more realistic in the first half of 2023, ZGH "Bolesław" S.A. reduced the costs of purchasing electricity due to compensation for electricity prices in the amount of PLN 49,074 thousand.

The provision for the liquidation of the Olkusz-Pomorzany mine in the first half of 2023 was used in the amount of PLN 4,807 thousand. In the provisions for the costs of decommissioning, recultivation and environmental repair costs, the amount of the provision for land reclamation and removal of old sinkholes in the amount of PLN 4,252 thousand was additionally presented, reserve transferred from other provisions relates to provisions created in Gradir Montenegro d. o.o.

The balance of the provision for the liquidation of the Olkusz-Pomorzany mine as at June 30, 2023 is PLN 132,922 thousand (of which PLN 73,499 thousand is a provision for damages related to floodplains of forest areas). Provisions were presented in the consolidated statement of financial position of the Capital Group in the following items: long-term provision for decommissioning, recultivation and environmental repair costs (PLN 114,677 thousand) and short-term provision for decommissioning, recultivation and environmental repair costs (PLN 18,245 thousand). Additionally, as at June 30, 2023, in the above-mentioned item: short-term provision for the costs of decommissioning, recultivation and environmental repair costs, a provision was also presented for the amount claimed by PWIK Olkusz Sp. z o. o. in the amount of PLN 55,000 thousand (details related to with the claim are described in item 8 of Other Information).

As at June 30, 2023, the write-down on the value of shares in the subsidiary GRADIR amounts to PLN 130,981 thousand (84.8% of the value of shares). In the first half of 2023, the write-down did not change (the write-down is included in the individual report of ZGH "Bolesław" S.A.). The write-down on the loan granted to the subsidiary GRADIR as at June 30, 2023 is PLN 9,903 thousand (the write-off is included in the individual reports of ZGH "Bolesław" S.A.). The write-down on fixed assets of the subsidiary GRADIR as at June 30, 2023 is PLN 12,027 thousand. In

the first half of 2023, the impairment loss did not change (consolidated report of the ZGH "Bolesław" Capital Group).

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 are following:

According to IFRS 8, an operating segment forms a part of an entity:

- which organizes the business, in connection with which revenues can be obtained and costs incurred,

- the results of which are subject to regular review and assessment by the main body in the entity responsible for decision making and using these results while deciding on the allocation of resources to segments,

- for which there is separate financial information available.

IFRS 8 requires disclosure of operating segments based on internal reports used in managerial accounting.

Using the management approach to segment reporting in Stalprodukt, there are two operating segments distinguished:

- Electrical Sheets Segment DB,
- Profiles Segment DP.

For these segments, there is separate financial information drawn up for the Parent Company that the Management Board of the Company uses to evaluate the results of both segments for the purpose of bonus system, based on coverage margin, and for the purpose of the allocation of resources to a given segment.

Profiles segment includes the following products: cold formed profiles and tubes, road safety barriers and hot and cold rolled sheets and strips.

The segment of electrotechnical sheets includes transformer sheets and toroidal cores, as well as the sale of hydrogen. The zinc segment covers the scope of activity of ZGH "Bolesław" S.A. together with subsidiaries, i.e. mining of zinc-lead ores and production of zinc and lead, as well as related activities. Due to the fact that the share in the total revenues of the Capital Group has decreased, the goods segment has been combined with other activities.

Segment revenues apply only to sales to external customers. Revenues of other segments in the consolidated financial statements are excluded.

Segment costs include the own cost of sales, including the cost of sales resulting from the operations of the segment. Segment costs do not include other operating costs, which can not

be directly attributed (attributed) to the segment, general overheads costs, finance costs and income tax.

Segment result (profit/loss of the segment) is the difference between revenues and costs of the segment.

Segment assets (liabilities) are operating assets (operating liabilities) used by a segment (resulting) in operating activities, which are directly attributable to the segment (intangible assets, tangible fixed assets, inventories, receivables from customers, amounts due to suppliers) or allocated to the segment based on a reasonable basis e.g. share of the segment in sales, profit (other assets and liabilities).

In the first half of 2023, there were no changes in the basis for separating segments or the measurement of segment profit/loss compared to the last annual financial statements. Revenues presented by operating segments include only revenues from external customers. There are no transactions between the 3 operating segments (electrical sheet metal segment, profile segment and zinc segment). As part of the accounting policy (principles), the item "other activities" was separated in order to balance the results of the Capital Group. The scope of "other activities" includes assembly, maintenance, security, galvanizing, etc. These services are provided by the Capital Group companies for external customers and for the needs of individual segments, which in the Issuer's opinion does not constitute transactions between operating segments. At the same time, taking into account the principles of consolidation, revenues from sales under "other activities" made to the operating segments, as realized within the Capital Group, were excluded from consolidation. The tables below present data in PLN thousands.

Information on Operating Segments for 1st half of 2023 (PLN Thousand)

Itemization the first half of 2023	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	**861 529**	**369 496**	**1 145 983**	**167 939**	**2 544 947**
Domestic	44 256	245 716	679 978	124 885	**1 094 835**
Export	817 273	123 780	466 005	43 054	**1 450 112**
- to EU countries	*607 395*	113 793	*411 599*	*35 830*	**1 168 617**
- other exports	*209 878*	9 987	*54 406*	*7 224*	**281 495**
Segment Costs	**679 984**	**395 839**	**1 091 951**	**147 392**	**2 315 166**
Segment Result	**181 545**	**-26 343**	**54 032**	**20 547**	**229 781**
Other Operating and Financial Revenues Non-Attributable to the Segment					180 176
Other General, Operating and Financial Costs Non-Attributable to the Segment					274 917
Gross Profit					**135 040**

Income Tax					52 633
Net Profit					**82 407**
Segment Assets	1 386 745	908 692	2 294 466	547 500	5 137 403
Assets Non-Attributable to the Segment					200
Total Assets					5 137 603
Liabilities	277 637	219 796	532 043	80 979	1 110 455
Provision for decommissioning, recultivation and environmental repair costs			187 922		187 922
Total Liabilities					1 298 377
Investment Outlays	3 042	3 666	46 500	5 479	58 687
Depreciation	20 941	10 024	50 772	9 108	90 845
Creation of an inventory write-down	2 611	5 119	16 757	19 006	43 493
Inventory write-down solution	4 716	4 428	7 462	17 913	34 519

The largest sales were made in the first half of 2023 to Italy and accounted for 11.36% of the Group's sales (19.93% share in sales in exports) and Germany and accounted for 8.77% of the Group's sales (15.38% share in sales in export). In addition, in the case of one customer, sales exceeded 10% of the share in the sales of the Capital Group. The total value of revenues from this client is PLN 271,165 thousand. Sales mainly concerned the zinc segment and other activities.

Information on Operating Segments for 1st half of 2022 (PLN Thousand)

Itemization the first half of 2022	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	**860 742**	**595 374**	**1 376 871**	**218 451**	**3 051 438**
Domestic	46 357	413 406	779 994	175 531	**1 415 288**
Export	814 385	181 968	596 877	42 920	**1 636 150**
- to EU countries	548 459	164 995	559 767	41 239	**1 314 460**
- other exports	265 926	16 973	37 110	1 681	**321 690**
Segment Costs	**626 257**	**525 821**	**1 293 108**	**159 345**	**2 604 530**
Segment Result	**234 485**	**69 553**	**83 763**	**59 106**	**446 908**
Other Operating and Financial Revenues Non-Attributable to the Segment					153 622
Other General, Operating and Financial Costs Non-Attributable to the Segment					259 611
including: Inventory write-downs /recognition minus release/	*-471*	*20 614*	*1044*	*0*	*21 187*
Gross Profit					**340 919**
Income Tax					74 948
Net Profit					**265 971**

Segment Assets	1 294 646	965 029	2 479 945	499 100	5 238 720
Assets Non-Attributable to the Segment					59 955
Total Assets					5 298 675
Liabilities	339 682	268 914	854 624	99 076	1 656 913
Contingent liabilities					40 000
Total Liabilities					1 696 913
Investment Outlays	3 937	1 762	35 162	5 405	46 266
Depreciation	19 615	9 759	50 917	8 195	88 486

The largest sales were made in the first half of 2022 to Germany and accounted for 13.41% of the Group's sales (25.02% share in sales in exports) and Slovakia and accounted for 7.13% of the Group's sales (13.29% share in sales in export). In addition, in the case of one customer, sales exceeded 10% of the share in the sales of the Capital Group. The total value of revenues from this client is PLN 419,603 thousand. Sales mainly concerned the zinc segment and other activities.

Assessment of obtained results and financial situation

In the first half of 2023, compared to the corresponding period of 2022, the Stalprodukt S.A. Capital Group achieved sales revenue lower by PLN 506,491 thousand, i.e. by 16.6%. At the level of gross profit on sales, PLN 281,907 thousand was achieved, against PLN 507 501 thousand in the first half of 2022, which means a decrease by 44.4%. On the other hand, at the level of operating profit, the level of PLN 134,117 thousand was reached against PLN 346,407 thousand, i.e. less by 61.3%.

Net profit in the first half of 2023 amounted to PLN 82,407 thousand. Compared to the first half of 2022, when it amounted to PLN 265,971 thousand, decreased by 69%. With the exception of the profile segment, which recorded a loss, other operating segments recorded in the first half of this year positive results.

In the Electrical Sheets Segment, the sales volume of transformer sheets decreased by 6.5% compared to the first half of 2022. At the same time, the segment's result decreased by PLN 52,940 thousand, i.e. which, apart from market factors, was influenced by the rapid strengthening of the zloty in the second quarter of this year against the euro and the US dollar. The impact of this factor amounted to PLN 14,861 thousand.

In the first half of 2023, the share of HiB sheets at the plant in Bochnia amounted to 25% of the production volume. In addition, as in the first half of 2022, a significant contribution to the segment's result was made by the plant in the Czech Republic.

Despite the improved results, the situation of producers in the European Union is still negatively affected by competition with lower production costs from free-of-charge regions for CO_2 emissions and lower energy costs. Therefore, there is still some uncertainty as to further macroeconomic developments in many markets.

The Issuer forecasts that in the second half of 2023, the correction of prices on the transformer sheet market will continue in relation to the maximum prices from 2022, which will have an impact on narrowing the margins on the segment's products.

Throughout the period, the segment had the organizational, production and financial capacity to conduct operations, both in the plant in Bochnia and in Frýdek-Místek.

On October 9, 2020, the Management Board of ArcelorMittal Poland S.A. ("AMP") made a decision on the permanent closure of steelmaking facilities of the Krakow branch. The blast furnace and steel plant were temporarily shut down in November 2019 due to the decline in steel demand and large import volumes of steel products from outside the EU. The decision was dictated by structural reasons such as: the lack of effective measures to protect the European steel market, further increase of duty-free quotas for imports of steel products from outside the EU with a decrease in demand for steel and high energy costs.

The Issuer's Management Board emphasizes that this decision does not have a direct negative impact on the supply of input 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 with the schedule and production needs of the Company. Nevertheless, the long-term cooperation relations between both entities, 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 supplies for the Electrical Sheets Segment are the reason that the decision to completely shut down the steelmaking facilities of the Krakow AMP steelworks and the failure to implement a development project ensuring the supply of the highest-performance transformer sheets charge 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 input material needs for the Electrical Sheets Segment of Stalprodukt, the announcement of the Management Board of AMP also mentions investmentsin 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 steel.

Extension of the protection period for the European transformer sheets market for another 5 years

On 14 January, 2022, the COMMISSION IMPLEMENTING REGULATION (EU) 2022/58 was published, imposing a definitive anti-dumping duty on imports of certain grain-oriented flat-rolled silicon electrical steel products originating in the People's Republic of China, Japan, the Republic of Korea, the Russian Federation and the United States of America, following the review of expiration of funds, pursuant to Art. 11 sec. 2 of the European Parliament and Council Regulation (EU) 2016/1036.

The above Commission Regulation maintains the mechanism of minimum import prices and price levels for individual product groups (differing in the level of magnetic loss), as set out in the original Implementing Regulation, i.e. No 2015/1953 of 29 October 2015.

The review of expiration of funds procedure was carried out at the request of the EUROFER Association, representing 2 European grain oriented sheet producers, i.e. ThyssenKrupp Electrical Steel and Stalprodukt S.A.

Grain-oriented electrical sheets are a key component in the production of transformer cores. They are also essential for the maintenance and expansion of the EU energy network and for the further development of the e-mobility sector.

According to Axel Eggert, CEO of EUROFER: “The EU's energy security and climate goals can only be achieved by maintaining a viable European GOES industry." He also added that GOES is a strategic top-shelf product, and the European Union cannot be dependent on foreign steel mills located in Asia, Russia or the United States in terms of supplies. In the opinion of the Management Board of Stalprodukt, the current level of market prices for grain-oriented sheets is significantly higher than the minimum prices specified in the Regulation, which makes the minimum price mechanism irrelevant to the market. However, a drop in prices cannot be ruled out in the future. It is then that the minimum import prices should allow - European producers of transformer sheets, including Stalprodukt and its subsidiary GO Steel a.s. - maintain the profitability of sales of these products.

In the Profiles Segment, a 24% decrease in sales was recorded compared to the first half of 2022. In addition, the segment generated sales revenue lower by PLN 225,878 thousand, i.e. by 37.9%. The reason for such declines is a significant weakening of demand on the segment's products and price decreases compared to the first half of 2022. The above had a negative impact on the segment's results. As a consequence, the Segment recorded a loss of - PLN 26,343 thousand. The Issuer does not expect a significant improvement in the coming quarters related to the difficult macroeconomic situation in the industries in which its clients operate.

In the first half of 2023, the net revenue of **the Zinc Segment** amounted to PLN 1,145,983 thousand and compared to the corresponding period of the previous year, in which sales amounted to PLN 1,376,871 thousand, were lower by 16.7%. When analyzing the dynamics of the profit and loss account items, which allows to determine the direction and intensity of changes in factors affecting the results achieved in the current year, the following should be noted:

- a decrease in the PLN price of zinc by 25% this year from PLN 16,272/t (in the first half of 2022) to PLN 12,195/t (in the first half of 2023),
- an increase in the premium on the sale of zinc and zinc alloys in ZGH,
- y/y decrease in unit prices of energy factors (coke, coke breeze and gas). In the ZGH Capital Group, the value consumption in coke/coke breeze processes decreased by 26%, and gas consumption by 35%,
- recognition of the costs of unused production capacity in the amount of PLN 7,883 thousand,
- surplus of negative exchange differences over positive ones PLN 11,464 thousand,

- the value of the "expensive" sulphide concentrate from the stock used in the second quarter at ZGH, the value of which was higher by a total of PLN 19,800 thousand compared to current prices.

SALE OF THE ZGH GROUP

- sales of zinc in the first half of 2023 amounted to 69.7 thousand tons and was lower by 7.1 thous. tones (- 9.3%) compared to sales recorded in the first half of 2022.
- sales of silver (Dore's metal) in the first half of 2023 amounted to 222.5 thousand ounces and was lower by 82.7 thousand ounces (- 27.1%) compared to recorded sales in the first half of 2022.
- sales of refined lead in the first half of 2023 amounted to 4.7 thousand tons and was lower by 0.508 thous. tones (- 9.8%) compared to the same period in 2022.

SMELTERS' PRODUCTION

- **zinc production** in the first half of 2023 amounted to 75.5 thousand tons and was lower by 4.1 tons (-5,1%) compared to the 1st half of 2022.
- **production of refined lead** in the first half of 2023 amounted to 8.0 thousand tons and was at a comparable level y/y.
- **silver production (Dore's metal)** in the first half of 2023 amounted to 133,2 thousand ounces and was lower by 9.6 thousand ounces (-6.7%) compared to the 1st half of 2022.

Apart from concentrates from the processing of imported ore, ZGH "Bolesław" S.A. produces concentrates based on zinc-bearing waste. The volume of production of these concentrates in the first quarter of 2023 amounted to 12.5 thousand tons of zinc and lead in total, and in the comparable period of the previous year it was 12.2 thousand tons of metal in these concentrates. These concentrates are the feedstock to Huta Cynku "Miasteczko Śląskie".

MACRO ENVIRONMENT

The zloty is getting stronger, the dollar is getting cheaper - this is how the second quarter of 2023 could be summed up. On the last day of June, the zloty continued its upward trend and recovered against the major currencies. On the last day of June, the dollar (USD) was valued at 4.1066, in turn, for the euro (EUR) you had to pay 4.4503. Compared to the peak recorded in September last year, this means a discount of over 20%, and in autumn the American currency was valued at over PLN 5. The highest price per ton of zinc (LME zinc cash-settlement) on the London Metal Exchange in the first half of 2023 is USD 3,509 (January 27) and the lowest was $2,224 (25th of May). At the end of June 2023, zinc stocks in warehouses registered on the LME amount to approx. 81,000 tons. For day On June 30, the price of the metal used to galvanize steel is $2,363 per ton, which means a decrease in the price of USD 1,146 compared to the January high.

The projected zinc prices according to Reuters publication for 2023 are USD 3,140 per tonne.

Converted to PLN, the price of zinc was PLN 12,195 / tonne and was 25% lower than in the first quarter of 2022, when it reached an average of PLN 16,272 / tonne.

Converted into PLN, the lead price was PLN 9,120 / tonne and was 2% lower than in the first quarter of 2022, when it reached an average of PLN 9,617 / tonne.
Converted into PLN, the price of silver was PLN 3,158 / kg, and was at a comparable level year on year - in the previous year on average PLN 3,220 / kg.

ENERGY FACTORS MARKET

On the Polish Power Exchange Market (TGE) in March 2023, compared to the previous month, the prices of electricity and gas fell both on the spot and futures markets.

Electricity (stock market data)

There is a lot of uncertainty in the market, which translates into a significant valuation of risk in futures contracts. Spot (daily) contracts are characterized by high price volatility, which oscillate in the range of PLN 200 - 800/MWh. The main influence here is the generation of energy from renewable energy sources - the higher the energy price, the lower the energy price. In June, the price of electricity on the spot market increased on the Polish Power Exchange (TGE), and futures contracts became cheaper. In June 2023, the volume-weighted average electricity price on the Day-Ahead Market (DAM) was PLN 550.93/MWh, an increase of PLN 57.86/MWh compared to the average price in the previous month. June turned out to be the second month in a row in which futures declined in value. On the Futures Market for Products with Electricity Delivery (RTPE), the weighted average price of an annual contract with baseload delivery in 2024 (BASE_Y-24) was PLN 661.64/MWh in June 2023. This means a decrease by PLN 39.53/MWh compared to the corresponding price of this contract in May this year.

Gas (market data)

Recently, we have been observing significant drops in gas prices on the Polish and European exchanges. Currently (April 24, 2023), gas prices on the Polish Power Exchange Market for delivery in May 2023 are around PLN 200/MWh, while the price of this fuel in August 2022 was PLN 1,500/MWh. This state of affairs is mainly due to: a warm winter (much above the long-term average), lower industrial demand, high gas stocks and LNG supplies (mainly from the United States), which have largely replaced imports from Russia.

The volume-weighted average price on the DAMiBg was PLN 153.25/MW, while on the RTPG the weighted average price of a contract with delivery in 2024 (GAS_BASE_Y-24) was in June this year PLN 243.45/MWh, i.e. PLN 13.50/MWh less than the corresponding price of this contract in May 2023.

Legislation (major changes)

At the end of 2022, the following entered into force:

a) Act freezing electricity prices, which sets the maximum price for companies from the SME sector and public consumers at PLN 785/MWh and introduces the obligation for energy

producers and trading companies to pay write-offs to the Price Difference Fund in the case of applying margins higher than 1% - 3 %,

b) amendment of the system regulation regarding the functioning of the power system, which introduces new rules for pricing electricity on the Balancing Market. In practice, the above act is intended to translate into lower electricity prices on the wholesale market. Both laws are temporary and remain in force until the end of 2023.

In practice, the above mentioned acts are intended to translate into lower electricity prices on the wholesale market. Both laws are temporary and remain in force until the end of 2023.

Main factors affecting the results achieved by the segment:

- concerns about a potential global recession,
- development of zinc quotations,
- exchange rate developments,
- prices of electricity, coke and natural gas,
- prices of CO_2 emission allowances.

NET SALES FROM CONTRACTS WITH CUSTOMERS	in PLN thousand		
	1st half of 2023	1st half of 2022	1st half of 2021
Revenues: Transformer Sheet Segment	**861 529**	**860 742**	**452 654**
Opening and closing balance			
1. receivables	168 844	190 403	109 940
2. assets under contracts			
3. contract liabilities			
4. revenues recognised in the reporting period concerning liabilities			
Revenues: Profile Segment	**369 496**	**595 374**	**435 553**
Opening and closing balance			
1. receivables	78 113	157 372	140 201
2. assets under contracts			
3. contract liabilities			
4. revenues recognised in the reporting period concerning liabilities			
Revenues: Zinc Segment	**1 145 983**	**1 376 871**	**1 111 345**
Opening and closing balance			
1. receivables	210 639	320 851	260 012
2. assets under contracts			
3. contract liabilities			
4. revenues recognised in the reporting period concerning liabilities			

Financial instruments and risk management assessment

Characteristics of financial instruments and rules for their valuation

Under IFRS 9 a Financial Instrument is any contract that gives rise to a financial asset in one entity and a financial liability or an equity instrument in another. Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised from the accounting books when the rights to receive cash flows from financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The main financial instruments used by the Group include bank credits and short-term deposits, as well as derivative instruments recognized in accordance with the hedging policy. The main purpose of these instruments is to raise funds for business activities and to hedge cash flows. The companies also have other financial instruments, such as cash, trade payables that arise directly in the course of their operations and long-term loans. In addition, the Companies hold shares in other entities, which constitute long-term investments.

Financial instruments at the time of entry into accounting books are measured at a cost (purchase price), which is the fair value of the payment made. Transaction costs directly attributable to the transaction are recognized at the initial cost of the financial instruments.

After initial recognition at fair value, financial instruments are classified into one out of three categories and measured as follows:

1) financial instruments measured at amortised cost,
2) financial instruments measured at fair value, and revaluation gains/losses are recognized in profit or loss.
3) financial instruments valued at the fair value through financial result.

Re 1) Financial instruments measured at amortised cost using the effective interest rate method to calculate interest. These instruments are held to maturity and include investments with fixed or determinable payments and fixed maturity that the company intends and has the ability to hold to maturity (receivables, loans). Impairment losses are recognised in accordance with the accounting policy and presented in a note to the financial statements.

Trade credit risk is mitigated by actions related to the selection of counterparties with good creditworthiness, setting credit limits for them, payment hedging policy and their ongoing monitoring in accordance with the applicable procedures. Therefore, the exposure of the Capital Group companies to the risk of bad debts is insignificant. Credit risk should be properly assessed by making appropriate bad debt provisions in the books.

The Company and entities from the capital group classify customers into risk groups on the basis of the adopted classification, based on the adopted methods of division into risk groups. Groups determine the level of risk from low (group 10) to the highest (group 0). Write-offs on items measured at amortised cost are determined on the basis of historical data according to the division into groups, grouped probability of credit risk and past customer behaviour.

Re 2) Financial instruments measured at fair value, and revaluation gains/losses are recognized in profit or loss. The method of valuation is applied in the case of financial assets whose cash flows constitute only payments from capital and interest, are maintained in order to collect contractual cash flows and for the purpose of sale, and which are measured at fair value. Interest income on such financial assets is calculated using the effective interest rate method. Impairment losses are recognised in accordance with the adopted accounting principles.

Re 3) Financial assets valued at the fair value by financial result. Assets that do not meet the criteria to be measured at amortised cost (item 1) and at fair value by other income (item 2) are measured by profit or loss. Gains or losses on fair value measurement of investments are recognized in profit or loss. These include trade receivables subject to factoring for liquidity management purposes when the terms of a factoring contract result in the discontinuation of the recognition of receivables or loans that do not meet the SPPI test.

A financial instrument is derecognised from the balance sheet when the entity loses control over the contractual rights constituting the financial instrument; this is usually the case when the instrument is sold or when all cash flows attributable to the instrument are transferred to an independent third party.

As at each balance sheet date, the Company assesses whether there are objective premises for impairment of a given component of financial assets or a group of financial assets. Such indications include, but are not limited to, serious financial difficulties of the debtor, the disappearance of an active market for a given financial instrument, adverse changes in the economic, legal and market environment of the issuer of a financial instrument, and persistence of a significant decline in the fair value of the instrument. When such evidence exists, the impairment loss should be estimated and an impairment loss should be recognized.

Derivative financial instruments are initially recognized in the books at cost and then measured at fair value. Changes in the fair value of derivative financial instruments are recognized immediately in the statement of total income, as the Parent Company does not use instruments that would qualify as hedge accounting. The Group companies, on the other hand, due to the specific nature and nature of their business model use hedge accounting.

The financial instruments used by the Parent Company are forward currency contracts related to sales and purchase contracts. The Company also occasionally uses forward currency contracts and currency options to protect against currency risk. Fair value of derivatives traded on regulated markets and securities available for sale is determined on the basis of quoted market prices as at the balance sheet date.

In order to estimate the fair value of derivatives whose prices are not quoted on regulated markets and other financial instruments, the Companies apply various methods and assumptions based on market conditions prevailing at each balance sheet date. Normally, market quotes or dealers' quotes are used for specific or similar instruments. Other techniques, such as option pricing models or the discounted value of future estimated cash flows, are used to determine the fair value of other instruments.

The main types of risk arising from financial instruments are interest rate risk, liquidity risk, credit risk and currency risk.

As regards foreign currency receivables and liabilities, the Parent Company uses hedging against natural currency risk, as sales in particular currencies are offset by purchases, any open position (short or long) closes within two to three weeks and its value is insignificant in relation to total turnover. Given the stable financial situation and the predominance of financing with own funds and trade liabilities, the liquidity risk is low. The Company's objective is to maintain a balance between continuity and flexibility of financing by the selection and use of various sources of financing.

Item	Category acc. to IFRS 9	the 1st halt of 2023	2022	the 1st halt of 2022
Shares and stocks	*fair value through financial result*	145	145	181
Trade receivables (net)	*amortised cost*	643 972	685 603	814 384
Other receivables (without public-law)	*amortised cost*	9 637	11 675	31 641
Loans given	*amortised cost*	214	225	14 950
Securities	*fair value*	3 541	7 742	30 633
Including: Treasury bonds		0		
Corporate bonds		0		23 246
Investment fund shares		3 541		7 387
Cash and cash equivalents	*fair value through financial result*	776 292	605 725	509 891
Total financial assets		**1 433 801**	**1 311 115**	**1 401 680**
Trade liabilities	*amortised cost*	377 868	477 368	573 625
Credits and loans	*amortised cost*	13 952	25 937	42 159
Total financial liabilities		**391 820**	**503 305**	**615 784**

Classification of financial instruments using the fair value hierarchy

The fair value hierarchy of financial instruments is comprised of the following levels: Level 1 - quoted prices in an active market for identical assets or liabilities, Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. based on prices), Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). Under this classification, Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This category includes the valuation of securities and corporate bonds.

The purpose and policy of risk management and measurement methods.

The Group's Companies are 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 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.
The main assumption of the ZGH "Bolesław" S.A. strategy with respect to hedging is to reduce the sensitivity of revenues to a decrease in the price of zinc, lead and silver and the USD exchange rate. The smaller the level of security for the Company's exposure, the more sensitive it is to price drops. The lack of hedge results in full discovery of the change in the exchange price of zinc, lead, silver and the exchange rate of the dollar, and in the event of a drop in the price to the level below the break-even point, significant losses, difficult to cover from any funds, especially in the period of longer maintenance of the low price level.

The strategy of ZGH "Bolesław" S.A. is based on the use of financial instruments offered by banks and allowing to hedge prices on the commodity market and exchange rate on the currency market. ZGH "Bolesław" S.A. uses hedging consisting in the transfer of risk through the use of short hedge method, which provides protection against the drop of metal prices and USD exchange rate. The derivatives used differ according to the type of market risk being hedged.

The main risks associated with the operations of the Capital Group companies are as follows:
a) credit and contractual risk,
b) liquidity risk,
c) market risk, including:
- interest rate risk,
- currency risk.

Credit and contractual risk

The credit risk in the Company is limited by the current examination of the creditworthiness of the counterparties, by accepting appropriate collaterals (bank guarantees, letters of credit, bills of exchange, sureties) and by constant monitoring of overdue receivables. For the purpose of ongoing control, the sales and finance departments are required to apply the rules set forth in the credit and debt recovery procedures. These procedures determine the selection of counterparties, setting credit limits and the procedure in case of overdue receivables.

As part of the classification test for the purposes of IFRS 9, in order to calculate expected credit losses (ECL) and forecast the amount of impairment losses on receivables, the Company uses i.a. the following parameters:

- Counterparty Rating - it is subject to verification in terms of the availability of a rating published by an external rating agency.
- Curve of cumulative PD parameters (probability of default parameter used for the calculation of expected credit loss) for a given borrower, determined on the basis of market curves of Credit Default Swap (CDS) contracts obtained from Reuters, which quantify market expectations regarding the potential possibility of default for a given rating

In accordance with the adopted classification criteria, based on the Fitch Ratings rating, the client is classified into one of the three risk groups as in the table below:

Risk group	Rating	Risk level
I	AAA	low
	AA+	
	AA	
	AA-	
	A+	
	A	
	A-	
II	BBB+	average
	BBB	
	BBB-	
	BB+	
	BB	
	BB-	
	B+	
	B	
	B-	
III	CCC+	high
	CCC	
	CCC-	
	CC	
	C	
	D	

Group's share in sales revenues of operating segments in the 1st half of 2023					
Segment	**Group I**	**Group II**	**Group III**	**Others**	**Total**
Electrotechnical sheets	48%	52%	0%	0%	100%
Profiles	99%	1%	0%	0%	100%
Zinc	20%	76%	4%	0%	100%

Due to the consistent credit risk management policy, the predominant share in the balance of receivables and sales of low risk groups I and II, maintaining a high level of collateral for the granted limits, the amount of the expected credit loss based on the above assumptions is PLN 268 thousand and is immaterial in relation to the scale of the business. The amount exposed to risk is equal to the balance sheet value of short-term receivables increased by the issued guarantees and sureties, fair value of derivative instruments transactions and adjusted by accepted hedges (only in the form of bank guarantees of payments and letters of credit), as well as receivables from related companies. This amount amounts to PLN 626,505 thousand. It should be noted that the average value of the overdue receivables ratio for the parent company (excluding subsidiaries) for 6 months 2023 (calculated as the ratio of overdue receivables to the total balance of trade receivables) for the Company amounts to 5,5 0%.

THE HEDGINGS ADOPTED			thousand x USD/EUR/PLN					
			30.06.2023			30.06.2022		
No.	Hedging type	Risk type	Amount	Currency	PLN	Amount	Currency	PLN
1	Bank guarantees and letters of credit	credit /contractual	2 300	PLN	**2 300**	1 231	PLN	**1 231**
2	Bank guarantees and letters of credit	credit /contractual	11 280	EUR	**50 199**	8 960	EUR	**41 939**
3	Bank guarantees and letters of credit	credit/contractual	5 001	USD	**20 537**	1 095	USD	**4 908**
4	Sureties	credit/contractual	0	PLN	**0**	2 600	PLN	**2 600**
5	Sureties	credit/contractual	21 300	EUR	**94 791**	19 450	EUR	**91 037**
6	Sureties	credit/contractual	2 000	USD	**8 213**	2 000	USD	**8 965**
7	Pledges and mortgages	credit/contractual	0	PLN	**0**	23 807	PLN	**23 807**
8	Pledges and mortgages	credit/contractual	33 880	PLN	**33 880**	0	PLN	**0**
	Total value of securities in PLN				**209 921**			**174 487**

It should be stated that the majority of recipients of Capital Group companies are clients with whom there has been a continuous cooperation for many years. At present, the companies do not have any restructured receivables, i.e. receivables towards the customers with whom it has agreed to postpone payment. Taking into consideration the above, the credit quality of the trading book should be described as good.

Contractual risk arises when a contract for the sale of goods under specified delivery conditions is concluded with the customer, which results in a liability on the part of the supplier towards the counterparty to release a given batch of goods, but, at the same time, to fulfil this liability the supplier must commence the production before full payment is made. The resulting situation is followed by the risk being borne by the supplier that the finished goods will not be collected by the counterparty.

The contractual risk occurs in the Companies generally only in the case of accepting orders for non-standard products and is assessed by the person accepting the order. It is limited by accepting appropriate securities, either by accepting partial or full prepayment for the ordered goods, before commencing production.

Liquidity risk

Liquidity risk management refers to the control over financial flows and securing external funding opportunities, in particular: receivables collection and security in the form of credit lines.

In the current financial standing of the Parent Company, with a clear advantage of financing with own funds, liquidity risk is minimized at wide range. However, keeping in mind the

substantial capital expenditures, with the aim of protection, the Parent Company maintains granted limits on working capital loans, based on agreements reached with cooperating banks. All credit lines which were described in a detailed fashion in the last consolidated financial report for 2022 are active and are extended by banks within relevant time limits.

Market Risk

Exchange Rates Risk

The exchange rate risk can be defined as the unfavourable impact of exchange rates on the Group's results. The following balance sheet positions are exposed to this kind of risk: granted loans, cash deposits and interest-bearing external financing sources.

The decrease of interest rates will result in the decrease of revenue from the interest on the granted loans and free cash flow. This will be accompanied by the reduction of costs related to external financing. The increase of interest rates will stimulate the increase of proceeds from the granted loans and free cash flow. This will be accompanied by the increase of costs related to external financing.

Both the loans, cash and the investment credit are based on variable interest rate (WIBOR, WIBID).

Currency Risk

EUR is the main currency used both in the exports and intra-community transactions. Considering the risk from EUR/PLN currency fluctuations, the Parent Company uses natural hedging as its sales from individual periods are balanced by the purchases expressed or denominated in EUR. Additionally, the currency position is being constantly monitored. It happens that during a 2-3-week period it is open (short or long), however, its value is insignificant in relation to the turnover.

USD is another currency in which settlements are made. The currency position is being constantly monitored.

The nature of the activities pursued by the subsidiary company - ZGH "Bolesław" S.A. (production and USD sales of LME-quoted zinc and lead) forces the Company to pursue an active hedging policy against the currency-related risk. The Company secures its position, constantly monitoring the changes in raw material prices and currency exchange rates. Hedging itself against the currency exchange rate risk, the subsidiary company applies: forward transactions, average-rate forward transactions, options or option strategies (interrelations were shown for the period from April 2022 to October 2024).

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 30.06.2023 r.			**PLN thousand**		
Cash Flow Hedging	forward	$9 700 000,00	-675	-675	risk from USD/PLN exchange rates
Cash Flow Hedging	option strategies (synthetic forward)	€ 600 000,00	87	87	risk from EUR/PLN exchange rates

Risk from Changing Raw Material Prices

In the Stalprodukt S.A. Capital Group the subsidiary ZGH "Bolesław" S.A. pursues an active commodity (Zn and Pb) risk management policy, using various derivative instruments. For metal prices risk management the following transactions are concluded: swap transactions (fixed to float, float to float), options or option strategies, forward contracts. Relationships were determined for the period from April 2022 to October 2024 year.

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 30.06.2023 (zinc)			**PLN thousand**		
Cash Flow Hedging	swap	2 400	3 297	3 297	Price Change Risk Zn LME in PLN
Active commodity hedging instruments as of 31.12.2023 (lead)			**PLN thousand**		
Cash Flow Hedging	swap	500	-15	-15	Price Change Risk Pb LME in PLN
Active commodity hedging instruments as of 31.12.2023 (silver)			**PLN thousand**		
Cash Flow Hedging	swap	0	0	0	Price Change Risk Ag LMBA

ZGH "Bolesław" S.A. and its Subsidiaries' Exposure to Market Risks

The GK Bolesław's exposure to market risks in 2023 is as follows:

- Zinc - approx. 75 480 tons
- Lead - approx. 10 800 tons
- Silver - approx. 671 800 Ozs
- Currency - approx. USD 265 000 000

Currency exposure is closely connected with the price levels of metals (original exposure) and may be subject to fluctuations in case of their changes. Apart from the metal prices, currency exposure contains premiums achieved on the market when selling zinc, zinc alloys, and led. The above mentioned exposures are based on budget estimations for 2023, i.e. $3000 LME Zn, $2250 LME Pb, $22/ozs LBM.

Security accounting,

The Parent Company does not keep security accounting. The balance sheet values of particular financial instruments should be considered fair because their valuation carried out by amortized cost (amortized purchase price), using the effective valuation method, showed insignificant differences.

Whereas considering the nature of the pursued activities, the subsidiary company ZGH "Bolesław" S.A. applies hedge accounting based on the internal procedures prepared in compliance with the International Accounting Standards. The risk management policy is based on the decisions issued by the Risk Committee. The details are defined in the ZGH "Bolesław" S.A.'s Hedging Policy, approved by the Management Board with the Resolution 2/2011 dated

14 January 2011. In order to hedge itself against metal price fluctuations, the Company concludes swap transactions, options or option strategies and forward contracts. The market risk management details are clearly defined in the risk management procedure. The Financial Division is divided into two main blocks, i.e. the Front Office with its executive unit– Risk Management Department, supervising officer – Financial Director and the Back Office with its executive unit – Hedge Accounting Department with Chief Accountant as a supervising officer.

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	**PLN thousand**	
	30.06.2023	**30.06.2022**
Long-Term investments	82	5 139
Short-Term Investments	18 089	41 267
TOTAL, including:	**18 171**	**46 406**
a) valuation of derivative transactions	14 630	15 774
b) securities	3 541	30 633

Explanation to Item: Liabilities pertaining to hedging instruments	**PLN thousand**	
	30.06.2023	**30.06.2022**
Contracts for Hedging Transactions	89	35 861
Conclusions of Currency Option Transactions	10 111	112 373
Adjustment pertaining to the amount resulting from the closed transactions settlements with brokers	2 700	-5 962
TOTAL	**12 900**	**142 272**

Valuation of Derivative Transactions	**PLN thousand**			
	30.06.2023		**30.06.2022**	
	Financial Assets	**Financial Liabilities (Payables)**	**Financial Assets**	**Financial Liabilities (Payables)**
Commodity Transactions - Zinc	13 727	103	15 230	54 655
Commodity Transactions - Lead	0	15	137	460
Currency Transactions - USD/PLN EUR/PLN	903	12 782	125	87 157
Commodity Transactions- Silver	0	0	282	0
Total	**14 630**	**12 900**	**15 774**	**142 272**

Division of Hedging Instruments	**PLN thousand**			
	30.06.2023		**30.06.2022**	
	Financial Assets	**Financial Liabilities (Payables)**	**Financial Assets**	**Financial Liabilities (Payables)**
Hedging Instruments	**3 794**	**1 099**	**15 429**	**135 762**
Commodity Transactions - zinc	*3 297*	*0*	*15 230*	*54 655*
Commodity Transactions - lead	*0*	*15*	*137*	*460*
Currency Transactions - USD/PLN, EUR/PLN	*497*	*1 084*	*62*	*80 647*
Commodity Transactions - Silver	*0*	*0*	*0*	*0*

Trade Instruments	**10 836**	**11 800**	**344**	**6 510**
Commodity Transactions- zinc	*10 430*	*103*	*0*	*0*
Commodity Transactions - lead	*0*	*0*	*0*	*0*
Currency Transactions - USD/PLN, EUR/PLN	*406*	*11 697*	*62*	*6 510*
Commodity Transactions - silver	*0*	*0*	*282*	*0*
Total	**14 630**	**12 899**	**15 773**	**142 272**

Derivative Transactions Presented in the Profit and Loss Account:	**PLN thousand**	
	30.06.2023	**30.06.2022**
Sales of Products Adjustment	*-9 512*	*-102 913*
Sales of Goods Adjustments	*0*	*0*
Revaluation of Investments	*646*	*-3 609*
Gains/Loss on Sale of Investments	*-1 181*	*-7 214*
Total	**-10 047**	**-113 736**

Cash Result from Reconciliation of Derivative Instruments:	**PLN thousand**	
	30.06.2023	**30.06.2022**
Commodity Transactions	*7 492*	*-43 641*
Currency Transactions	*-18 942*	*-65 885*
Total	**-11 450**	**-109 526**

Sales of Products Adjustment Related to Application of Hedging Instruments:	**PLN thousand**	
	30.06.2023	**30.06.2022**
Sales Increase	*3 821*	*2 726*
Sales Decrease	*-13 333*	*-105 639*
TOTAL	**-9 512**	**-102 913**

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	**PLN thousand**	
	30.06.2023	**30.06.2022**
Valuation of Open Hedging Instruments:	**2 674**	**-120 334**
- Zn	*7 195*	*-39 425*
- Pb	*-15*	*-323*
- USD/PLN	*-4 593*	*-79 904*
- Ag	*0*	*0*
- EUR/PLN	*87*	*-682*
Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:	**0**	**0**
- Zn	*0*	*0*
- Pb	*0*	*0*
- USD/PLN	*0*	*0*
TOTAL	**2 674**	**-120 334**

The result from the valuation of hedging instruments in the part considered as effective hedging is transferred to the revaluation reserve. In the case of Asian options designated for hedging, changes in time value are recognized as financial costs or income. The result from the valuation of commercial instruments is recognized in financial costs or income. The result from the

implementation of hedging instruments adjusts the hedged item (sales revenues). The result from the implementation of commercial instruments is recognized as financial costs or income.

Securities

Securities	w tys. zł	
	30.06.2023	30.06.2022
Corporate bonds:	**0**	**23 246**
-PKO Bank Hipoteczny S.A	0	9 871
-PKO Leasing S.A	0	13 375
Shares in Investment Funds:	**3 541**	**7 387**
- Quercus Ochrony Kapitału	102	1 993
- Quercus Obligacje Skarbowe	100	2 334
- Quercus Dłużny Krótkoterminowy	101	2 950
- Generali Korona Obligacje	1 044	0
- Generali Korona Dochodowy	1 034	0
- Generali Oszczędnościowy	1 040	0
- Generali Aktywny Dochodowy	120	110
TOTAL	**3 541**	**30 633**

Fair value hierarchy

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This category includes the valuation of securities (Generali and Quercus) and corporate bonds.

Information on the political and economic situation in Ukraine and its potential impact on the activities of the Issuer and its Capital Group.

Stalprodukt S.A. and the companies of the Capital Group do not own any assets in Ukraine. The Stalprodukt company conducts a very limited commercial activity with customers in Ukraine and Russia. The share of these customers in the Company's sales structure is insignificant. The main direction of supply of input materials for the Segment of transformer sheets are steel mills belonging to the ArcelorMittal group, located in Poland and Western Europe.

The Issuer only makes additional purchases of feedstock from steelworks in Ukraine (this applies only to the Profile Segment).

The zinc segment does not import raw materials for the production of products from the above-mentioned countries, therefore it does not currently identify any risk regarding the inability to obtain raw materials for the production of its products.

At the same time, the Management Board declares that as at the time of submitting this report, there are no significant disruptions in the scope of: decreased revenues, loss of customers or shortage of employees. The solvency, liquidity and collection of receivables also remain

unchanged, and price fluctuations in the case of the zinc segment are secured in the form of forward transactions.

As at the date of this report, these are the only effects of the political and economic situation in Ukraine that may affect the Issuer's operations. Due to the high dynamics of the development of the situation, it is difficult to predict other possible financial consequences that may occur in the long term. In the opinion of the Issuer, these values do not constitute material items and do not adversely affect the financial situation of the Stalprodukt S.A. Capital Group.

The impact of the coronavirus COVID-19 pandemic on the situation of the Company

When assessing the impact of the COVID-19 coronavirus on the Issuer's operations, it should be emphasized that in the first half of 2023, no impact on the operations of operating segments was observed.

Other Information

1. In the first half of 2023, the effects of seasonality did not occur in the Capital Group. In the reporting period, there were also no other items significantly influencing assets, liabilities, equity, net profit and cash flows, which would be unusual due to their type, 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:
   - guarantee of good workmanship concerning the production and assembly of road barriers totaling PLN 23,637 thousand
   - guarantees and sureties (avals) granted by ZGH “Bolesław” amounting to PLN 17,366 thousand,
   - ZGH “Bolesław” S.A. issued a bill of exchange in connection with the agreement concluded with the National Center for Research and Development, amounting to PLN 60.5 million for subsidizing the project,
   - ZGH "Bolesław" S.A. in the IV quarter of 2019 established in the form of bank guarantees a collateral for claims of the waste holder in favour of the Marshal of the Małopolska Province in the total amount of PLN 9,582,100. The collateral in the amount of PLN 9,111.0 thousand applies to the installation of rotary kilns used for the production of zinc concentrate from waste zinc-bearing materials in a roll down process. The second collateral in the amount of PLN 21.1 thousand applies to installations used for the production of electrolytic zinc and its alloys. The third, in the amount of PLN 450 thousand includes an installation for the processing of waste in the recovery process.
   - no bank collaterals, which were disclosed in the 2022 report, were subject to change in respect of the banks financing the credit agreements.

3. The pending bankruptcy and composition proceedings cover the Group's receivables totalling PLN 9,089 thousand, wherein Stalprodukt's share amounts to PLN 1,327 thousand and ZGH ”Bolesław”'s - PLN 7,762 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,

   - FABIOS S.A. holding directly 56,610 registered preference shares, accounting for 1.01%-share in capital and 283,050 votes, accounting for 2.32 % of the total number of votes at the General Meeting of Shareholders and through FCASE Sp. z o. o. Sp. k. 243,410 registered preference shares accounting for 4.36%-share in capital and 1,217,050 votes, accounting for 9.98 % of the total number of votes at the General Meeting of Shareholders, i.e. a total of 300,020 shares, accounting for 5.38%-share in capital and 1 500 100 votes, accounting for 12.30 % of the total number of votes at the General Meeting of Shareholders,

   - Stalprodukt Profil S.A. holding 579,652 shares, accounting for 10.39 %-share in capital and 1,095,488 votes, accounting for 8.98 % of the total number of votes at the General Meeting of Shareholders,

   - ArcelorMittal Sourcing a société en commandite par actions holding 1,066,100 shares, accounting for a 19.10 %-share in capital and 1,066,100 votes, accounting for a 8.74 % of the total number of votes at the General Meeting of Shareholders.

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

a/ management officers:

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

b/ supervision officers:

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

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

5. Apart from the typical and routine transactions, concluded in line with market conditions, with the capital group - associated companies, resulting from the ongoing operating activities, neither the Stalprodukt Company, nor its subsidiaries concluded any other transactions with associated companies during the reporting period.

Transactions with related parties

a) The total value of the Issuer's transactions with associated companies in the period from 01.01.2023 to 30.06.2023 and in the comparable period from 01.01.2022 to 30.06.2022 is presented in the Table below.

	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
Items the first half of 2023	Receivables	Liabilities	Revenues	Costs
ZGH “Bolesław” S.A.	60	63	115	185
Huta Cynku "Miasteczko Śląskie" S.A.	3		5	107
Boltech sp. z o.o.		1		2
Anew Institute sp. z o.o.	2		9	
Stalprodukt-Wamech sp. z o.o.	513	6 760	1 879	12 849
Stalprodukt-Zamość sp. z o.o.	2 096	74	4 679	147
Stalprodukt-Ochrona sp. z o.o.	24	1 186	157	2 759
STP Elbud sp. z o.o.	259	6 115	1 600	14 005
Cynk-Mal S.A.	4 314	2 181	6 310	6 181
GO Steel a.s.	28 601	2 532	144 131	26 422
Hotel Ferreus sp. z o.o.	2		8	
PTZ sp. z o.o.	3		8	
Stalprodukt-Centrostal sp. z o.o. in liquation			17	

	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
Items the first half of 2022	Receivables	Liabilities	Revenues	Costs
ZGH “Bolesław” S.A.	0	19	0	108
Huta Cynku "Miasteczko Śląskie" S.A.				91
Boltech sp. z o.o.				
Anew Institute sp. z o.o.	80		7	124

Stalprodukt-Wamech sp. z o.o.	554	5 292	1 743	10 732
Stalprodukt-Zamość sp. z o.o.	2 505	61	7 093	208
Stalprodukt-Ochrona sp. z o.o.	22	943	128	2 217
STP Elbud sp. z o.o.	272	6 638	1 884	16 798
Cynk-Mal S.A.	14 795	8	32 937	5 363
GO Steel a.s.	31 433	12 465	194 829	70 599
Hotel Ferreus sp. z o.o.	2	18	8	18
PTZ sp. z o.o.	1		7	
Stalprodukt-Centrostal sp. z o.o. in liquation	6		25	12

b) The total value of the Issuer's transactions with associated companies in the period from 01.01.2023 to 30.06.2023 and in the comparable period from 01.01.2022 to 30.06.2022 is presented in the Table below.

Associated entities:

Items the first half of 2023	**PLN thousand**			
	Mutual settlements		**Mutual revenues and costs**	
	receivables	**liabilities**	**revenues**	**costs**
Stalnet Sp. z o.o.	1	15	24	72

Items the first half of 2022	**PLN thousand**			
	Mutual settlements		**Mutual income and costs**	
	receivables	**liabilities**	**revenues**	**costs**
Stalnet Sp. z o.o.	5	15	23	72

c) The total value of the Issuer's transactions with Entities with joint control or significant influence over the entity in the period from 01.01.2022 to 31.12.2022 and in the comparable period from 01.01.2021 to 31.12.2021 is presented in the Table below.

Entities with joint control or significant influence over the entity:

Items the first half of 2023	**PLN thousand**			
	Mutual settlements		**Mutual revenues and costs**	
	receivables	**liabilities**	**revenues**	**costs**
Stalprodukt-Profil S.A.	1		6	
STP Investment S.A.	1		5	

Items the first half of 2022	**PLN thousand**			
	Mutual settlements		**Mutual income and costs**	
	receivables	**liabilities**	**revenues**	**costs**
Stalprodukt-Profil SA.	3	0	6	0
STP Investment SA	1	0	5	0

7. In the reporting period, the Group incurred capital expenditure for the purchase and production of property, plant and equipment in the amount of PLN 58,687 thousand, of which the most important item is: Construction of a cogeneration gas source - PLN 30,589 thousand.
   During the reporting period, no significant item of fixed assets was sold.

8. An important proceeding in court is a lawsuit filed by Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz against the ZGH "Bolesław" S.A. Company for payment of mining damages in the amount of PLN 64,015,224.00 (file reference number IX GC 99/14).

   On 25.04.2018, the Regional Court of Kraków, 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.

On July 28, 2020, the company ZGH "Bolesław" S.A. filed a cassation appeal against the above judgment. The Supreme Court in Warsaw By a decision of January 27, 2021, refused ZGH "Bolesław" S.A. accepting a cassation appeal for examination. In this state, the case will be reviewed by the District Court, which will determine the amount of compensation.

On September 16, 2021, the Order of the District Court, IX Commercial Division in Kraków, of August 30, 2021, was submitted, obliging PWiK Sp. z o.o. to submit a pleading within one month from the delivery of a copy of this ordinance, and ZGH "Bolesław" S.A. to submit, within one month from the date of delivery of the copy of the pleading from PWiK Sp. z o.o.

On November 15, 2021. ZGH "Bolesław" S.A. issued a letter to the Court with a request to oblige PWiK sp.z o.o. to submit to the Court and the party documents and information related to the technical operation of the water supply network. The District Court, by order dated 10 December 2021, granted the request and obliged PWiK sp.z o.o. to submit such information or submit a letter that he will not submit it. From the substantive point of view, it is important that in the letter referred to above, PWiK sp.z o.o. limited the claim by approx. 10,000 thousand PLN and is currently demanding the amount of PLN 54 839 thousand.

On December 10, 2021, a pleading from PWiK Sp. z o.o. was received. It does not contain the information requested by ZGH "Bolesław" S.A. in a letter of November 15, 2021. In this state, the preparation of the pleading / pleadings containing the current position of ZGH "Bolesław" S.A. is underway.

On February 28, 2022, ZGH Bolesław S.A. submitted their position on the matter. The letter contained a motion to dismiss the claim, as well as formal and evidentiary motions. The basis for submitting a motion to dismiss the claim is the indication that PWiK sp.z o.o. has not suffered any damage in terms of civil law, i.e. there has been no financial loss. Further allegations were raised, boiling down to the fact that the possible damage may not be the own expenditure on the investment made, and there is no damage in the scope of the so-called stage II, where no expenses were incurred, and their incurring is not settled and justified. On March 17, 2022, PWiK sp.z o.o. submitted another letter in the case. On April 5, 2022, the District Court in Krakow called on the parties to the dispute to consider mediation in the case.

On July 15, 2022, the District Court in Kraków issued a Decision on the admission of evidence from the Institute's opinion on the legitimacy and amount of the damage suffered so far by PWiK Sp. z o.o., as well as future planned expenses. On September 22, 2022 a pleading of ZGH "Bolesław" S.A. was delivered to the District Court in Krakow - a request for evidence in the field of evidence from the opinion of the Institute. In a letter of November 8, 2022, the District Court called on the parties' attorneys to indicate further proposals of the entity that would undertake the preparation of the opinion. At the request of the Court, ZGH "Bolesław" S.A. in the letter of December 14, 2022 indicated the Silesian University of Technology in Gliwice, Faculty of Environmental and Energy Engineering, Department of Water and Sewage Engineering. In turn, PWiK Sp. z o.o. proposed 3 universities. The information portal of the District Court in Kraków

shows that a letter from the Court was sent to the Silesian University of Technology in Gliwice, Faculty of Environmental and Energy Engineering, Department of Water and Sewage Engineering requesting to loan of the case files for a month in order to prepare an opinion.
Despite the search for an expert who would provide an opinion in this case for about 2 years, subsequent scientific entities (universities or institutes) refuse to allow the court to conduct it. In this state, the District Court issued a decision of June 23, 2023, in which it referred the case to mediation at the Arbitration Court at the Solicitor General of the Republic of Poland, and the court set a mediation duration of 3 months. Both parties to the case did not oppose mediation, but the plaintiff (PWiK) expressed skepticism. In this state, it is difficult to assess the chances of success of mediation. It will certainly result in further court actions taking place at the turn of 2023/2024.
As at June 30, 2023, the amount of provisions in the subsidiary and at the level of the consolidated financial statements covers 100% of the amount from the lawsuit. The amount was presented in the statement of financial position under the item "short-term provision for decommissioning, recultivation and environmental repair costs".

9. 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.

10. 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.

11. On June 28, 2023, Stalprodukt S.A. granted a loan to the subsidiary STP ELBUD Sp. z o. o. in the amount of PLN 15 million to repay the loan liability under a multi-purpose line. The loan was granted for a period of 5 years, with straight-line amortization and on market terms.

12. In the Issuer's assessment, the factors likely to affect the Group's results at least in the perspective of the coming quarter, shall be:
    - development of input prices as well as prices and demand for Stalprodukt's products, in particular for transformer sheets,
    - price developments for zinc concentrate,
    - developments in the prices of zinc and lead on the LME and silver on the LBM,
    - exchange rate developments,
    - price developments of electricity and energy raw materials,
    - price developments and availability of gas,
    - prices of CO2 emission allowances.

13. The General Meeting of Shareholders on June 27, 2023 adopted a resolution on dividend payment for the financial year 2022:
    - the amount allocated for dividend payment was PLN 80,993,970.00.

- the value of the dividend per share was PLN 15.00 gross.
- the dividend covered 5,399,598 shares of the Company.
- the date of determining the right to dividend was July 3, 2023.
- the dividend was paid on July 17, 2023.

14. On June 26, 2023, the Ordinary Meeting of Shareholders of Cynk-Mal S.A. adopted a resolution on the payment of a dividend in the amount of PLN 20,000 thousand. The dividend date was set for July 1, 2023. The dividend will be recognized in the parent company's results in the third quarter of 2023.

15. On June 26, 2023, the Ordinary Meeting of Shareholders of Stalprodukt-Zamość Sp. z o. o. adopted a resolution on the payment of dividend in the amount of PLN 12,500 thousand. The dividend date was set for June 28, 2023. The dividend was recognized as a result of the parent company in the first half of 2023.

16. On June 20, 2023, the Ordinary General Meeting of ZGH Bolesław S.A. adopted a resolution on the division of the net profit generated by the Company in the financial year 2022 in the amount of PLN 135,341,005.97 (in words: one hundred thirty-five million three hundred forty-one thousand five zlotys 97/100) in such a way that the amount of PLN 49,834,800.00 (in words: forty-nine million, eight hundred and thirty-four thousand, eight hundred zlotys 00/100) is allocated to the payment of dividend to Shareholders, and the amount of PLN 85,506,205.97 (in words: eighty-five million, five hundred and six thousand, two hundred and five zlotys, 97/100) is excluded from division among Shareholders and allocated entirely to the Company's supplementary capital. The dividend date is September 15, 2023. The dividend will be paid to Shareholders by the Company on December 8, 2023. The dividend will be recognized as a result of the parent company in the third quarter of 2023.

17. On June 28, 2023, the General Meeting of GO Steel a.s. adopted a resolution on the division of the net profit generated by the Company in the financial year 2022, of which the amount of CZK 500,000,000.00 (in words: five hundred million Czech crowns 00/100), which is the equivalent of PLN 94,200,000.00 (in words: ninety-four million two hundred thousand PLN 00/100), calculated on the basis of the average exchange rate published by the National Bank of Poland on June 28, 2023), was intended for the payment of dividend to the Issuer, whose share in the Company's share capital is 100%. The dividend date was set for June 28, 2023. Payment of dividend by GO Steel a.s. will take place on August 25, 2023. The dividend was recognized in the results of the parent company in the first half of 2023.

18. As a result of the settlement of the first tranche of the purchase of shares offered in response to the "Offer to purchase shares of Stalprodukt S.A." (the "Offer"), announced on September 1, 2022, and the second tranche announced on November 16, 2022, the ownership was transferred and settlement of the Company's purchase of 180,669 own shares. The transfer of ownership of shares between shareholders and the Company took place outside the regulated market through Dom Maklerski BDM S.A. based in Bielsko-Biała and settled within the deposit and settlement system of the National Depository for Securities S.A. The basis for the purchase of shares was the authorization granted by the Ordinary General Meeting of Stalprodukt S.A. on June 23, 2022 (Resolution No. XLI/14/2022 on the acquisition of own shares by the Company for the purpose of

redemption). The purpose of the purchase of own shares was to redeem them and reduce the Company's share capital. On June 27, 2023, the Ordinary General Meeting of Stalprodukt S.A. adopted Resolution No. XLII/12/2023 on the redemption of own shares purchased by the Company and Resolution No. XLII/13/2023 on the reduction of the share capital. As of the date of preparation of this report, there is no decision of the National Court Register regarding the reduction of the share capital.

19. During the reporting period and following 30.06.2023 until the preparation of the Abridged Consolidated Report for the 1st half of 2023 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.
20. 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), the Issuer does not submit its separate the semi-annual standalone report. This Report constitutes a supplement to the Abridged Consolidated Report rendered as the „Stalprodukt S.A. Abridged Financial Report for the 1st half of 2023".

21. No additional information was appended to the Abridged Consolidated Financial Report for the 1st half of 2023 as, during the reporting period, no other events, concerning the separate report, took place, apart from the ones referred to herein.

22. This Abridged Consolidated Financial Report for the 1st half of 2023 was approved for publication by parent Company's Management Board on 30.08.2023.

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Łukasz Mentel	Piotr Janeczek
Member of the Management Board – Financial Director	President of the Management Board – CEO