

Annual report 2020



MAIN PILLARS OF OFZ

Using state-of-the-art technologies, OFZ transforms raw materials into high value-added products which are an integral part of the most commodities that shape modern society. The importance of OFZ goes far beyond the Slovak borders.

01 / PRODUCING QUALITY PRODUCTS

In 2020, OFZ manufactured more than 91,000 tonnes of ferroalloys and cored wires, a decrease of almost 18% compared to the previous year.

02 / SATISFYING CUSTOMERS' NEEDS

In 2020, OFZ sold 81,500 tonnes of ferroalloys and other products including services amounting to almost 90 mil. EUR. The share of revenues from the sale of ferroalloys and cored wires was as follows: Czech Republic (43%), Poland (12%), Slovakia (11%), Italy (9%) and Slovenia (6%).

03 / INVESTING INTO PRODUCTION AND THE ENVIRONMENT

In 2020, OFZ invested into enhancing environmental protection 195,000 EUR. The company invested mainly into improvement of waste water treatment, automation and waste water management, and into minimization of dust generation during raw material handling. For manufacturing process the investments were mainly targeted into the processing of undersized material. Still the other investments were made in the Martin plant and in the business information system.

04 / HUMAN RESOURCES

In 2020, the average wage in OFZ was 1,223 EUR which is 7.5% higher than the average wage paid in the region of Orava.

MAIN PRODUCT GROUPS

FERROALLOYS

OFZ is a diversified manufacturer in Central Europe offering its customers a wide range of silicon and manganese alloys.



CORED WIRES

OFZ is among the most important manufacturers of cored wires in Europe, offering its customers products with a wide range of fillers.



**DIVERSIFIED MANUFACTURER OF FERROALLOYS
IN CENTRAL EUROPE**

MAJOR EUROPEAN MANUFACTURER OF CORED WIRES

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OFZ AS A COMPANY WITH A DIVERSIFIED PRODUCT RANGE

OFZ is a Slovak metallurgical company with significance going far beyond the region of Central Europe. The main strategy for our company is to expand our product portfolio while maintaining sustainable development. The aforementioned is even more apparent in launching new projects in the field of ferroalloys, metals and cored wires production and preparing extensive investments into enhancing environmental protection and power effectiveness.

90 mil. EUR in net turnover

12 kinds of ferroalloys and cored wires manufactured

OFZ, a.s. SLOVAKIA:

PRODUCTION CAPACITY - FERROALLOYS

7 electric arc furnaces: 136,000 tpa

PRODUCTION CAPACITY - CORED WIRES

2 lines: 10,000 tpa



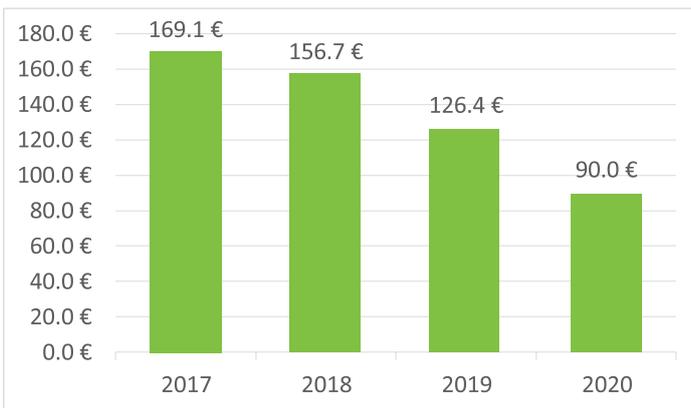
SELECTED FIGURES

mil. EUR	2020	2019	2018	% change 2019-20
Net turnover	90.0	126.4	156.4	-28.8%
Total operating income	107.5	136.6	166.8	-21.3%
Total operating expenses	107.6	152.8	159.9	-29.6%
Operating income	-0.1	-16.1	6.9	---
Earnings before taxes (EBT)	-0.8	-16.1	6.4	---
Earnings after taxes (EAT)	-1.4	-12.7	5.7	---
EBITDA	28	-12.5	9.2	---

Non-current assets	31.1	33.8	34.4	-7.9%
Current assets	62.2	69.1	76.4	-10.1%
Equity	40.7	42.1	54.6	-3.5%
Total liabilities	51.9	60.0	56.3	-13.5%

Average number of employees	406	504	505	-19.4%
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Because of low ferroalloy prices in 2020 and relatively high costs of raw materials, net income of OFZ, a.s. was in the red.



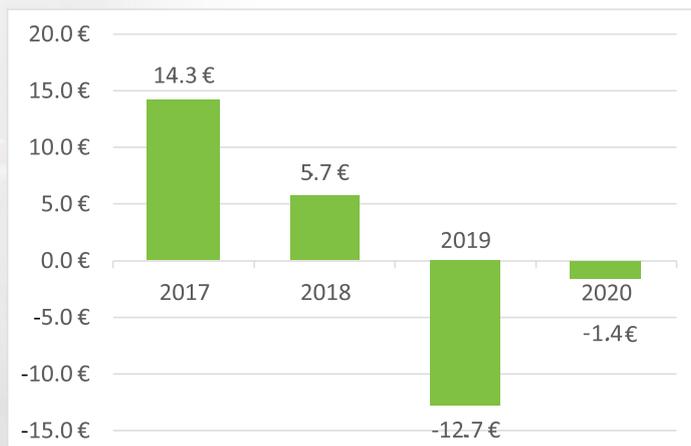
NET TURNOVER (mil. EUR)

OFZ's net turnover fell almost 29% in 2020 to 90 million euros, mainly due to the global COVID pandemic.



EBITDA (mil. EUR)

Despite adverse conditions in global markets, cost-saving measures enabled EBITDA to reach 2.8 million euros.

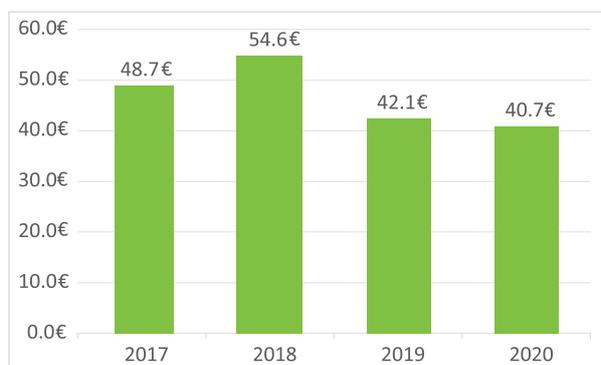
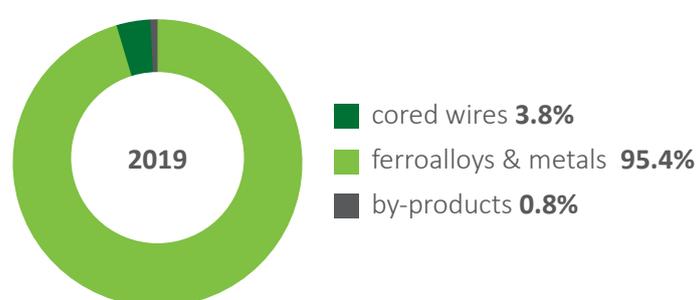
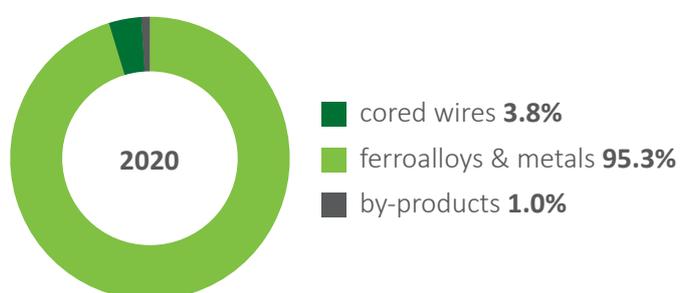


EARNINGS AFTER TAXES (mil. EUR)

Low ferroalloy prices during most of 2020 had a negative impact on after-tax earnings, yet cost-cutting significantly decreased OFZ's net loss compared to the previous year.

SELECTED FIGURES

Sales Value of Different Types of Products as a Percentage of Total Sales
(excluding revenues from the sales of services) (EUR)



EQUITY (mil. EUR)

In 2020, OFZ, a.s. recorded only a slight decrease in basic equity.



TOTAL LIABILITIES (mil. EUR)

In 2020, OFZ's total liabilities amounted to 51.9 mil. EUR which is a decrease to the lowest level in the last 4 years.

Ing. Branislav Klocok

Managing Director, OFZ, a.s.

// The COVID pandemic fully demonstrated the EU's resource security vulnerability. //



01 How would you evaluate the year 2020 in terms of the development of the Slovak and European metallurgical industry?

In metallurgy and other industrial sectors, 2020 was a year like no other. The COVID pandemic curbed steel production and in turn demand for ferroalloys virtually collapsed. Although ferroalloy prices bottomed out during the summer holiday season, no substantial rebound was seen until the end of the year. Because countries outside the EU are not required to comply with its strict rules for manufacturing ferroalloys and there are no restrictions on imports, dumping of them by these “third countries” weighed heavily on the market last year. While 2021 looks better due to a strengthening of global prices for our products, input costs still remain an open question. This is one of the reasons why OFZ is diversifying its product range, seeking out alternative sources of raw materials and enhancing technologies, prerequisites for an effective production process.

02 What is the company doing to protect the environment?

OFZ is seeking to mitigate the environmental impact of its activities. OFZ's environmentally responsible behaviour is visible both in zero-waste resource management and in its investment into better air protection with Best Available Technologies (BATs) for removing dust. In 2020, OFZ invested into minimizing the dust generated from handling raw materials, a substantial part of diffuse emissions. The environmental aspect is also evident in OFZ automating its production and distribution of fresh and industrial water and construction of a sedimentary tank for washing quartzite.

03 What have been done for the production process to be more effective?

We have invested into a machine that pneumatically injects ferroalloy fines, closely connected to promoting waste-free management at OFZ. The machine uses fines produced from ferroalloys and injecting them into hot metal during tapping, mainly with silicomanganese (FeSiMn). It comes close to 100%, whether for product recovery and utilization, selling it to end customers or recycling it into production.

04 How do you see the outlook of OFZ in the future?

As in life, good years follow the bad. The forthcoming year is going to be when OFZ has to get ready for both higher ferroalloy prices and higher input costs. Therefore, we need to complete the diversification of our product range and continually reduce our manufacturing costs.



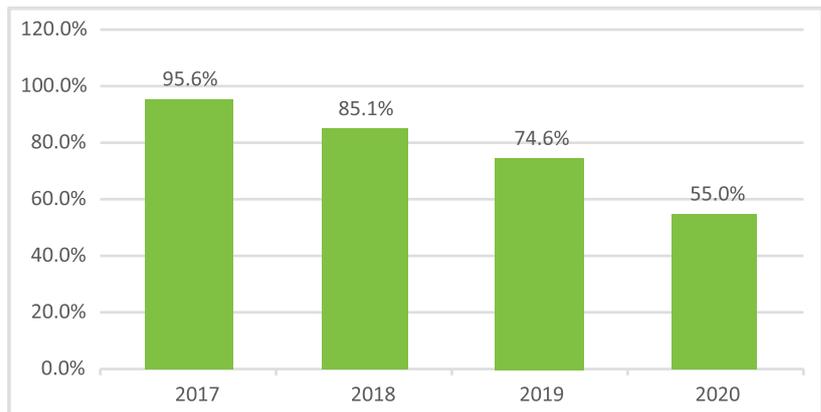
OFZ, A.S. IN 2020

Our target in 2020 was to manufacture traditional alloys with a capacity utilization rate of almost 55%. OFZ also took on a campaign to produce ferro silico calcium, a step that fully aligns with its strategy

to manufacture products with high added value. We strongly believe bringing our customers more products will mean success in future years.

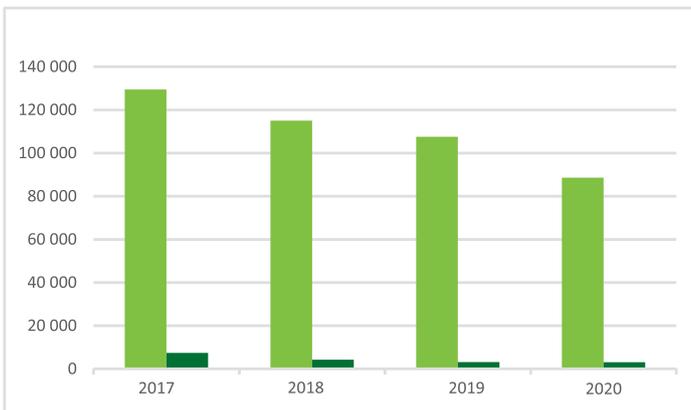
Capacity utilization ratio (%) (2017-2020)

In 2020, ferroalloys comprised 97.2% of total product weight, with production declining 17.6% from the previous year to more than 88,600 tonnes. Cored-wire production likewise fell 19.3% to just over 2,500 tonnes.



Production (tonnes) (2017-2020)

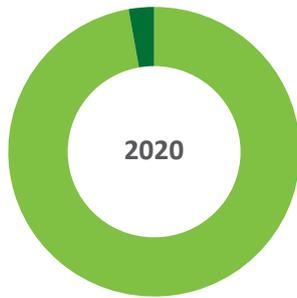
■ ferroalloys ■ cored wires



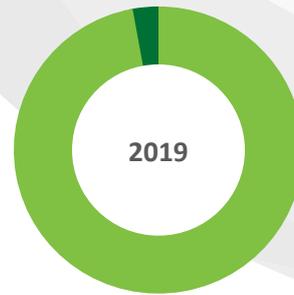
Production (thousands tonnes)	2020	2019	2018	% change 2019-20
Ferroalloys	88.6	107.6	115.0	-17.6%
Cored wires	2.6	3.2	4.2	-19.3%
Total	91.2	110.7	113.7	-17.7%



.....
Different kinds of Products (in tonnes)
as a Percentage of Total Production (%)



■ ferroalloys **97.2%**
 ■ cored wires **2.8%**



■ ferroalloys **97.1%**
 ■ cored wires **2.9%**

CUSTOMERS

OFZ's chief strategy of diversification stems from customer demand. In 2020, production of cored wires was reduced and less silicomanganese and calcium-bearing ferrosilicon were likewise produced, although the manufacture of other products remained more or less at the level of the previous year. Through it all, the top priorities at OFZ continue to include flexible delivery and customer focus.

INVESTMENTS

Several different areas were targeted in 2020, with the largest investments made in processing fines from manganese alloy production and to upgrade the Martin plant. In-house logistics was also modernized with the purchase of a machine for loading big bags onto trucks. OFZ also invested into its company car fleet and software.

ENVIRONMENT

OFZ has long given its undivided attention to environmental protection, with its commitment to zero waste strong evidence of its concern for the environment. Priorities continue to be making improvements to its technology and enhancing environmental protection. In 2020, OFZ invested into a machine that recovers manganese alloy fines by dosing them with hot metal. The quality of its wastewater treatment has also been raised, regulation of water management was automated and dust generated from handling raw materials was minimized.

EMPLOYEES

For many years OFZ has been educating and training metallurgy experts and it worked in 2020 with local secondary schools to provide special training for ten young people studying electrical engineering, mechanical engineering and installation of technology. In future, OFZ will be participating in dual education programmes for three students in mechanical and electrical engineering.

FERROALLOYS

Almost **89,000 tonnes** of ferroalloys produced

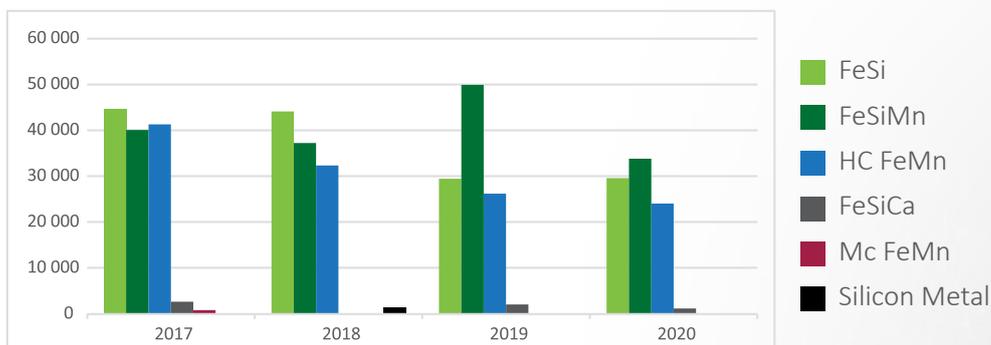
Production of ferroalloys (tonnes) (2018-2020)

Despite unfavourable pricing, silicomanganese production still played a major role in 2020. Even as a significant decrease in the price dragged

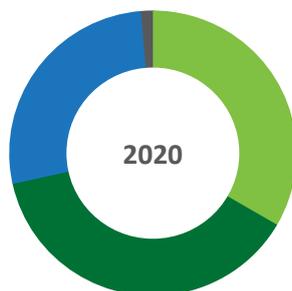
down ferroalloy production, it remained top-ranked among the bulk alloys OFZ produces. The same year, OFZ launched a ferro silico calcium campaign.

Ferroalloy Production (thousands tonnes)	2020	2019	2018	% change 2019-20
FeSi	29.6	29.4	44.1	0.5%
FeSiMn	33.8	49.9	37.2	-32.2%
HC FeMn	24.0	26.2	32.3	-8.2%
FeSiCa	1.2	2.1	0.0	-42.5%
Silicon Metal	0.0	0.0	1.3	na
Total	88.6	107.6	115.0	-17.6%

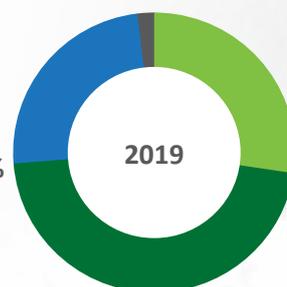
By-Product Manufacturing (thousands tonnes)	2020	2019	2018	% change 2019-20
Microsilica SIOXID, CaSi Fume	6	7	11	-8.4%
Grasimat	26	16	8	58.4%
SIMAT	21	44	39	-52.4%
Total	53	67	58	-21.1%



Different Types of Ferroalloys as a Percentage of Total Production (%)



FeSi **33.4%**
 FeSiMn **38.2%**
 HC FeMn **27.1%**
 FeSiCa **1.3%**



FeSi **27.4%**
 FeSiMn **46.4%**
 HC FeMn **24.3%**
 FeSiCa **1.9%**



FERROALLOYS

More than **81,500 tonnes** of ferroalloys sold

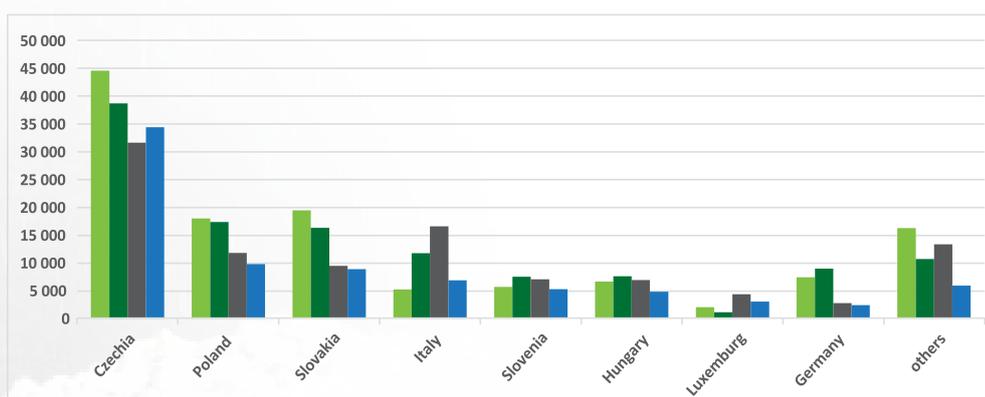


In 2020, ferroalloy and metal sales decreased **21.3 %**. The main reason behind the drop can be attributed to falling silicomanganese sales, even though declining sales were seen across all bulk alloys except medium carbon ferromanganese.

Ferroalloy Sales (thousands tonnes)	2020	2019	2018	% change 2019-20
FeSi	26.8	32.5	40.1	-17.5%
FeSiMn	31.0	43.7	36.7	-29.1%
HC FeMn	22.1	25.2	40.7	-12.3%
FeSiCa	0.4	0.9	0.7	-59.9%
MC FeMn	1.0	0.5	0.5	112.4%
HC FeCr	0.0	0.0	0.0	na
Silicon Metal	0.0	0.7	0.5	-97.3%
FeSiCr + other ferroalloys & metals	0.2	0.6	1.0	-73.8%
Total	81.5	104.1	120.2	-21.7

In 2020, the sales of ferroalloys were mainly targeted on closer markets and Central Europe with a major portion going to the Czech Republic, Poland, Slovakia, Italy and Hungary. A considerable

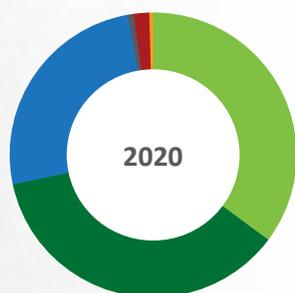
amount of sales was also made to Luxembourg and Germany where OFZ maintained its market share when compared to the previous year.



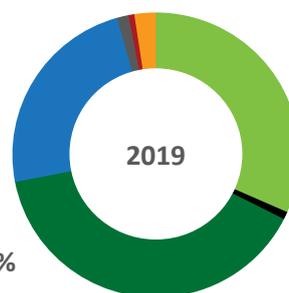
Ferroalloy Sales by Country
(in tonnes)
(2017-2020)

2017 2018
2019 2020

Sales Value of the Different Ferroalloys as a Percentage of Total Ferroalloys Sales (%)



FeSi **35.2%**
FeSiMn **36.5%**
HC FeMn **25.5%**
FeSiCa **0.6%**
MC FeMn **1.7%**
FeSiCr + metals **0.4%**



FeSi **31.6%**
Silicon Metal **0.9%**
FeSiMn **39.5%**
HC FeMn **23.7%**
FeSiCa **1.3%**
MC FeMn **0.7%**
FeSiCr + metals **2.4%**

CORED WIRES

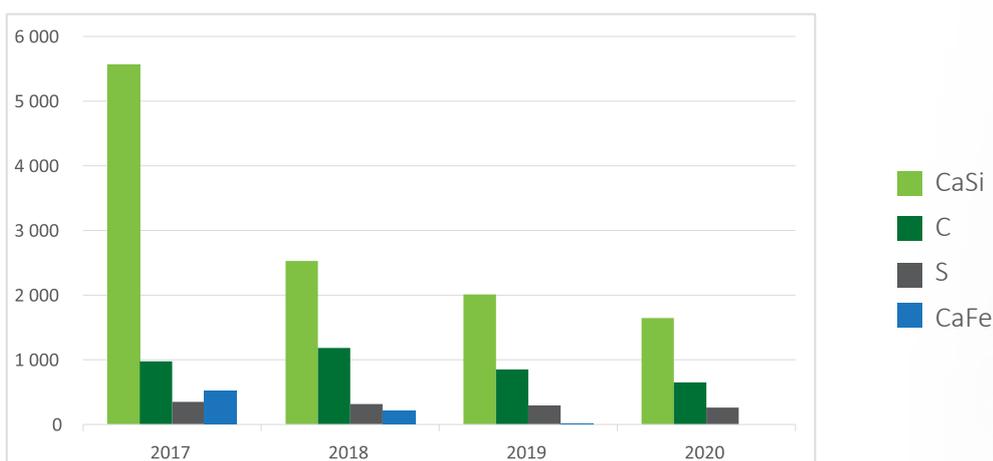
More than **2,500 tonnes**

Production of Cored Wires (tonnes) (2018-2020)

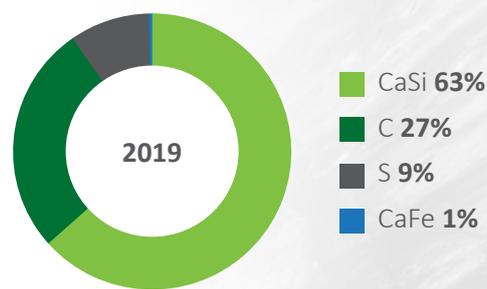
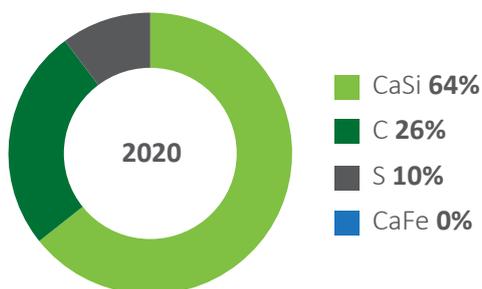
CaSi cored wire also made up the biggest portion of cored wire products in 2020. The production of cored wires decreased by 19.3% YOY.

The production of cored wire with CaSi and C fillers made the biggest decrease.

Cored Wire Production (tonnes)	2020	2019	2018	% change 2019-20
CaSi	1 646	2 011	2 529	-18.2%
C	651	853	1 183	-23.7%
S	263	295	315	-11.0%
CaFe	0	13	210	-100.0%
Total	2 559	3 172	4 236	-19.3%



Different Types of Cored Wires as a Percentage of Total Cored Wires Production (%)



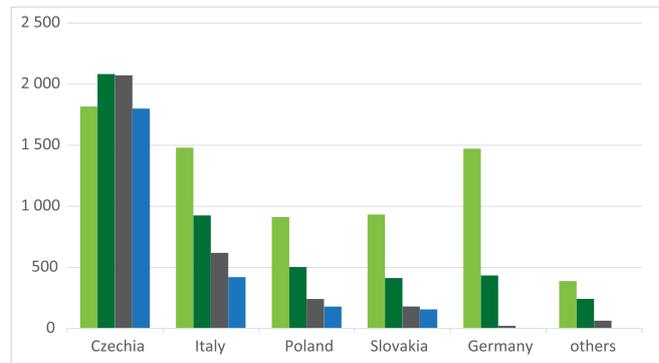


CORED WIRES

2,500 tonnes of cored wires sold

In 2020, OFZ sold more than 2,500 tonnes of cored wires, which was a decrease of more than one fifth when compared to the previous year. The sales of CaSi and C cored wires has seen the biggest decline. The decrease was also apparent in the production of cored wires with other powder fillers.

With the firm place in the steel production, cored wires are also used for alloying and deoxidation of steel and for inoculating and modifying cast iron. The markets for cored wire sales are, to a great extent, similar to countries of ferroalloy sales. In 2020, the major portion of sales were made to the Czech Republic, Italy, Poland and Slovakia.

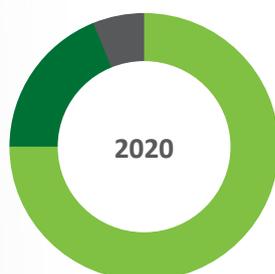


Cored Wired Sales

- 2017 (Light Green)
- 2018 (Dark Green)
- 2019 (Grey)
- 2020 (Blue)

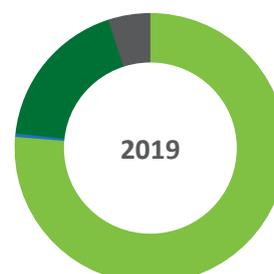
Cored Wired Sales (tonnes)	2020	2019	2018	% change 2019-20
CaSi	1 627	2 022	2 855	-19.5%
C	667	870	1 182	-23.3%
S	263	295	331	-10.8%
CaFe	0	21	233	-100.0%
Total	2 557	3 207	4 601	-20.3%

Sales Value of Different Cored Wires as a Percentage of Total Cored Wires Sales (%)



2020

- CaSi 75%
- C 19%
- S 6%
- CaFe 0%



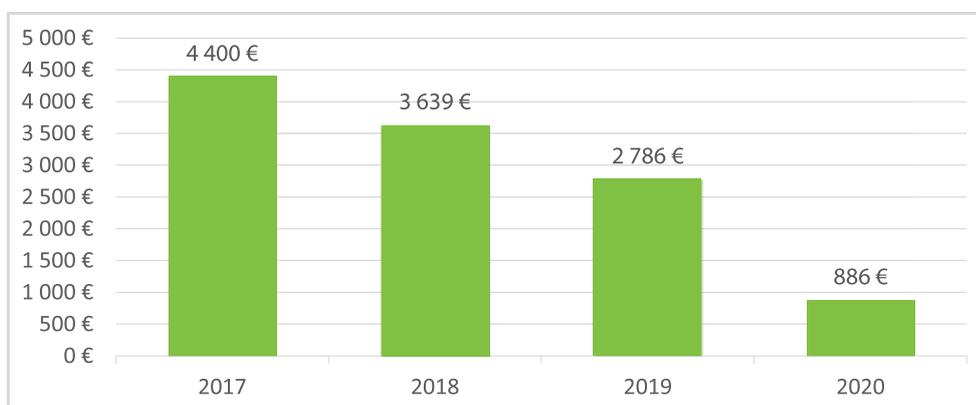
2019

- CaSi 76%
- C 18%
- S 5%
- CaFe 1%

INVESTMENTS & RESEARCH

886 thousands EUR invested

Capital investment fell almost 68% from 2019 to 2020 mainly due to unfavourable conditions in the industrial production sector.



**OFZ, a.s.
and Trends
in Investments**
(thousands EUR)

Capital was invested during 2020 mainly in the injection of fines into hot metal, upgrading the plant in Martin, a big bag loading machine, a sedimentation tank for washing quartzite, automation of fresh and industrial water production and control, software systems and in the company's car fleet.

Investments (thousands EUR)	2020
Processing of the fine material	191 €
Investments into the Martin plant	190 €
MERLO machine	79 €
Other investments	427 €
Total	886 €

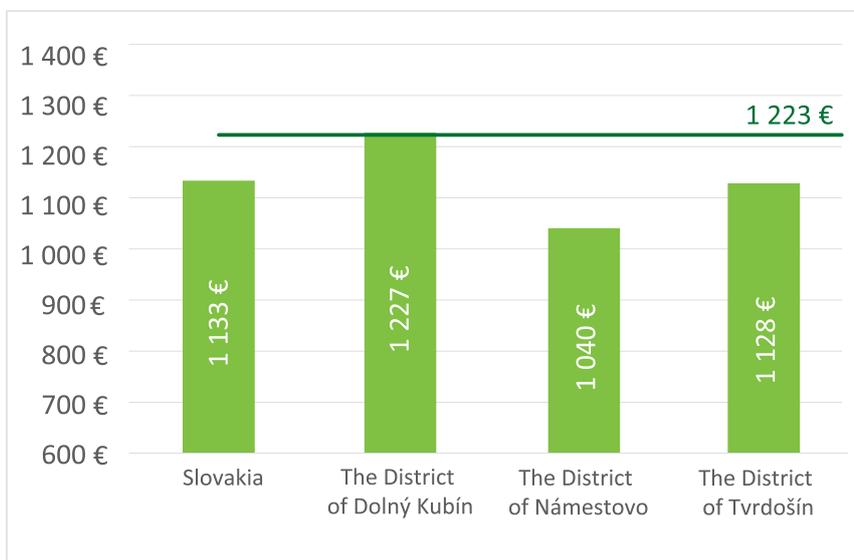
No research and development projects were launched in 2020. Instead, OFZ's innovations mainly focused on better processing of ferroalloy fines.

EMPLOYEES

406 employees, average wage 1,223 EUR

OFZ keeps a close eye on continuous improvement of the working conditions and quality of the working place. The average number of employees in 2020 decreased

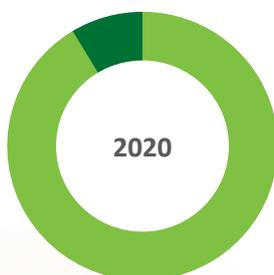
by almost 20%. The average wage was still higher than the average wage paid in the region of Orava.



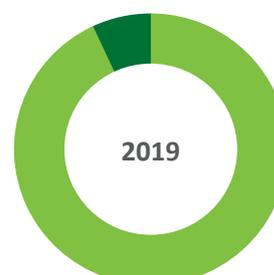
Average Wages & Salaries Compared with Slovakia (2020)

■ Average wages & salaries in Slovakia (€)

Management as a Percentage of Total Workforce (%)



■ Management **8.6 %**
■ Other staff **91.4 %**

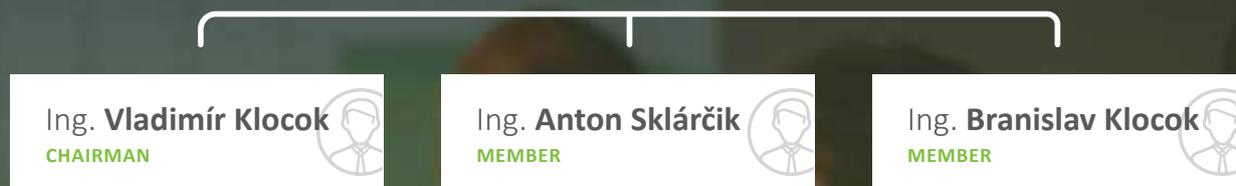


■ Management **6.9 %**
■ Other staff **93.1 %**

OFZ continued providing and promoting social activities for its employees. Total costs for statutory training and education, reconditioning stays and meals for employees reached almost € 280,000.

COMPANY BODIES

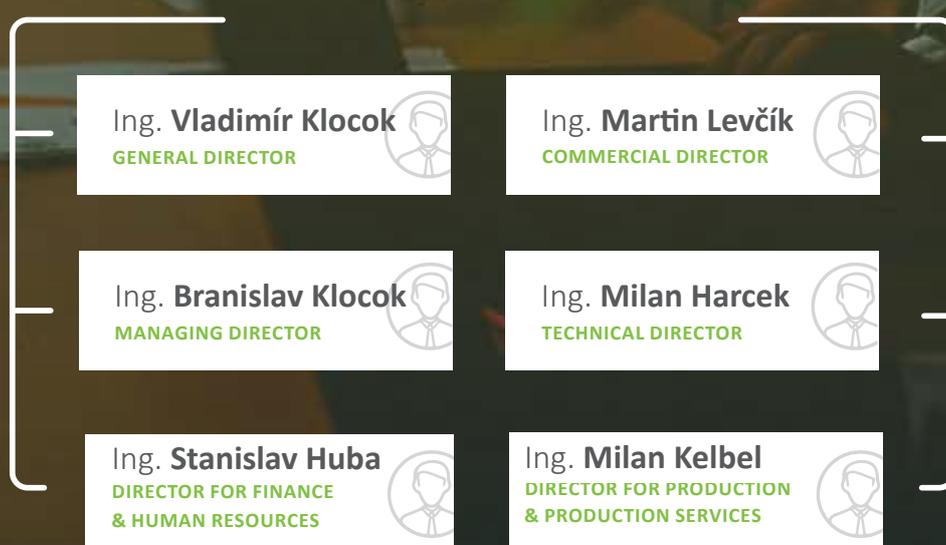
BOARD OF DIRECTORS



SUPERVISORY BOARD



COMPANY MANAGEMENT



FINANCIAL SITUATION

net turnover **90.0** mil. EUR

net loss after taxes **-1.4** mil. EUR

Declining ferroalloy and cored-wire prices in 2020 led to OFZ reporting a net after-tax loss of 1.4 million euros, while earnings after

interest, taxes, depreciation and amortization reached 2.8 million euros. Net turnover fell almost 29% from the previous year.

Proposed Settlement of Earnings for the Current Accounting Period (as of December 31, 2020)

Item	2020
Net loss	-1 414 479 €
Loss compensation from retained earnings	-1 414 479 €

Proposed Settlement of Earnings for the Preceding Accounting Period (as of December 31, 2019)

Item	2019
Net loss	-12 704 632 €
Loss compensation from retained earnings	-12 704 632 €

Equity Participations & Interests of OFZ, a.s. in Subsidiaries (as of December 31, 2020)

Legal Entity	Equity Interest (%)
ESI, s.r.o. Istebné	100.00%
OFZ Novokuzneck	100.00%
OFZ Bukovina	60.00%

Profit and Loss Statement (as of December 31, 2020) 1/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
*	Net turnover (part of accounting Class 6 according to the Act)	01	89 962 650	126 385 211
**	Operating income - total (lines 03 to 09)	02	107 489 952	136 629 801
I.	Revenue from the sale of merchandise (604, 607)	03	5 138 554	10 209 407
II.	Revenue from the sale of own products (601)	04	74 828 695	99 754 581
III.	Revenue from the sale of services (602, 606)	05	9 908 861	16 328 931
IV.	Changes in internal inventory (+/- acct. grp. 61)	06	2 064 277	1 151 768
V.	Own work capitalized (acct. grp. 62)	07	4 794 166	1 659 879
VI.	Revenue from the sales of non-current intangible assets, property, plant, equipment, and raw materials (641, 642)	08	2 978 458	2 076 627
VII.	Other operating income (644, 645, 646, 648, 655, 657)	09	7 776 941	5 448 608
**	Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26	10	107 574 075	152 760 850
A.	Costs of merchandise sold (504, 507)	11	5 100 608	9 704 059
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	77 276 683	112 703 986
C.	Value adjustments to inventory (+/-) (505)	13		
D.	Services (acct. grp. 51)	14	4 913 177	7 644 493
E.	Personnel expenses- total (lines 16 to 19)	15	8 856 431	11 049 105
E. 1.	Wages and salaries (521, 522)	16	6 266 898	7 808 195
2.	Remuneration of board members of the company or cooperatives (523)	17		
3.	Social security expenses (524, 525, 526)	18	2 296 883	2 836 261
4.	Social expenses (527, 528)	19	292 650	404 649
F.	Taxes and fees (acct. grp. 53)	20	233 595	245 466
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (line 22 + line 23)	21	3 464 125	3 316 593
G. 1.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (551)	22	3 464 125	3 316 593
2.	Value adjustments to non-current intangible assets and PP & E (+/-) (553)	23		
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24	1 340 798	1 498 248
I.	Value adjustments to receivables (+/-) (547)	25	87 320	540 217
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557))	26	6 301 338	6 058 683
***	Profit/loss from operations (line 02 - line 10)	27	-84 123	-16 131 049
*	Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)	28	9 444 085	-947 972
**	Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44	29	893 609	610 320
VIII.	Revenue from the sale of securities and shares (661)	30		

Profit and Loss Statement (as of December 31, 2020) 2/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
IX.	Income from non-current financial assets (line 32 to 34)	31		
IX. 1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32		
2.	Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A)	33		
3.	Other income from securities and ownership interests (665A)	34		
X.	Income from current financial assets- total (line 36 to 38)	35		
X. 1.	Income from current financial assets in affiliated accounting entities (666A)	36		
2.	Income from current financial assets within a participating interest, except for the income of affiliated accounting entities (666A)	37		
3.	Other income from current financial assets (666A)	38		
XI.	Interest income (line 40 + line 41)	39	86 540	92 293
XI. 1.	Interest income from affiliated accounting entities (662A)	40	67 217	62 483
2.	Other interest income (662A)	41	19 323	29 810
XII.	Exchange rate gains (663)	42	414 790	344 869
XIII.	Gains on the revaluation of securities and income from derivative transactions (664, 667)	43	392 279	173 158
XIV.	Other income from financial activities (668)	44		
**	Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54	45	1 628 821	439 278
K.	Securities and shares sold (561)	46		
L.	Expenses related to current financial assets (566)	47		
M.	Value adjustments to financial assets (+/-) (565)	48		
N.	Interest expenses (line 51 + line 52)	49	123 423	152 325
N. 1.	Interest expenses related to affiliated accounting entities (562A)	50		
2.	Other interest expenses (562A)	51	123 423	152 325
O.	Exchange rate losses (563)	52	1 005 401	104 365
P.	Loss on the revaluation of securities and expenses related to derivative transactions (564, 567)	53	378 285	122 182
Q.	Other expenses related to financial activities (568, 569)	54	121 712	60 406
***	Profit/loss from financial activities (+/-) (line 29 - line 45)	55	-735 212	171 042
****	Profit/loss for the accounting period before taxes (+/-) (line 27 + line 55)	56	-819 335	-15 960 007
R.	Income tax (line 58 + line 59)	57	595 144	-3 255 375
R. 1.	Income tax- current (591, 595)	58	31	249
2.	Income tax- deferred (+/-) (592)	59	595 113	-3 255 624
S.	Transfer of net profit/net loss shares to partners (+/-596)	60		
****	Profit/loss for the accounting period after taxes (+/-) (line 56 - line 57 - line 60)	61	-1 414 479	-12 704 632

Balance Sheet (as of December 31, 2020) 1/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Pre-vious Period
	TOTAL ASSETS line 002 + line 033 + line 074	001	129 310 219	93 352 588	102 954 518
			35 957 631		
A.	Non-current assets line 003 + line 011 + line 021	002	65 706 189	31 088 726	33 752 905
			34 617 463		
A.I.	Non-current Intangible assets - total (lines 004 to 010)	003	920 799	222 072	254 327
			698 727		
A.I.1.	Capitalized development costs (012)- /072, 091A/	004			
2.	Software (013)- /073, 091 A/	005	729 496	222 072	254 327
			507 424		
3.	Valuable rights (014)- /074, 091A/	006	62 302		
			62 302		
4.	Goodwill (015)- /075, 091A/	007			
5.	Other non-current intangible assets (019, 01X)- /079, 07X, 091A/	008	129 001		
			129 001		
6.	Acquisition of non-current intangible assets (041)-093	009			
7.	Advance payments made for non-current intangible assets (051) – 095A	010			
A.II.	Property, plant & equipment - total (lines 012 to 020)	011	52 862 792	19 934 882	22 744 111
			32 927 910		
A.II.1.	Land (031)- 092A	012	479 201	479 201	742 901
2.	Structures (021)- /081, 092A/	013	18 394 709	8 711 557	9 326 576
			9 683 132		
3.	Machinery (022)- /082, 092A/	014	32 966 789	9 753 158	11 696 979
			23 213 631		
4.	Perennial crops (025)- /085, 092A/	015	5 989	5 401	5 905
			588		
5.	Livestock (026)- /086, 092A/	016			
6.	Other property, plant & equipment (029, 02X, 032)- /089, 08X, 092A/	017	119 413	88 854	88 854
			30 559		
7.	Acquisition of property, plant & equipment (042)-094	018	796 691	796 691	782 896
8.	Advance payments made for property, plant & equipment (052)-095A	019	100 000	100 000	100 000
9.	Value adjustment to acquired assets (+/-097) +/-098	020			

Balance Sheet (as of December 31, 2020) 2/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Previous Period
A.III.	Non-current financial assets - total (lines 022 to 029)	021	11 922 598	10 931 772	10 754 467
			990 826		
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A)- /096A/	022	401 300	401 300	463 995
2.	Shares and ownership interests with a participating interest, except for affiliated accounting entities (062A) – 096A	023	7 303		
			7 303		
3.	Other available-for-sale securities and ownership interests (063A)- /096A/	024	664		
			664		
4.	PLoans to affiliated accounting entities (066A)- 096A	025	11 513 331	10 530 472	10 290 472
			982 859		
5.	Loans with a participating interest, except for affiliated accounting entities (066A)-/096A/	026			
6.	Other loans (067A)- /096A/	027			
7.	Debt securities and other non-current financial assets (065A, 069A, 06XA)- /096A/	028			
8.	Loans and other financial assets with a remaining maturity of 1 year (066A, 067A, 069A, 06XA)- /096A/	029			
9.	Bank accounts with a notice period exceeding 1 year (22XA)	030			
10.	Acquisition of non-current financial assets (043)- /096A/	031			
11.	Advance payments made for non-current financial assets (053)- /095A/	032			
B.	Current assets line 034 + line 041 + line 053 + line 066 + line 071	033	63 526 963	62 186 795	69 140 170
			1 340 168		
B.I.	Inventory - total (lines 035 to 040)	034	29 007 227	29 007 227	30 742 817
B.I.1.	Raw material (112,119, 11X)- /191, 19X/	035	12 532 374	12 532 374	13 681 021
2.	Work-in-progress and semi-finished products (121,122, 12X) - /192,193, 19X/	036	1 481 397	1 481 397	1 484 267
3.	Finished goods (123) – /194/	037	14 024 122	14 024 122	11 956 975
4.	Animals (124) – /195/	038			
5.	Merchandise (132, 133, 13X, 139) – /196, 19X/	039	961 769	961 769	3 132 109
6.	PAdvance payments made for inventory (314A) – /391A/	040	7 565	7 565	488 445

Balance Sheet (as of December 31, 2020) 3/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Pre-vious Period
B.II.	Non-current receivables - total (line 042 + lines 046 to 052)	041	5 173 938	5 173 938	5 877 680
B.II.1.	Trade receivables - total (lines 043 to 045)	042	473 100	473 100	520 600
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	043	473 100	473 100	520 600
1. b.	Trade receivables within a participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	044			
1. c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	045			
2.	Net value of contract (316A)	046			
3.	Other receivables from affiliated accounting entities (351A) - /391A)	047			
4.	Other receivables within a participating interest, except for receivables from affiliated accounting entities (351A)- /391A/	048			
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA)- /391A/	049			
6.	Receivables related to derivative transactions (373A, 376A)	050			
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A)- /391A/	051			61 129
8.	Deferred tax asset (481A)	052	4 700 838	4 700 838	5 295 951
B.III.	Current receivables - total (line 054 + line 058 to line 065)	053	24 892 645	23 552 477	27 737 606
B.III.1.	Trade receivables - total lines 055 to 057	054	19 283 553	18 232 153	20 788 559
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	055	2 090 617 911 869	1 178 748	1 865 173
1. b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	056			
1. c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	057	17 192 936 139 531	17 053 405	18 923 386
2.	Net value of contract (316A)	058			
3.	Other receivables from affiliated accounting entities (351A) - /391A)	059	3 692 277 288 768	3 403 509	3 381 468

Balance Sheet (as of December 31, 2020) 4/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Pre-vious Period
4.	Other receivables within a participating interest, except for receivables from affiliated accounting entities (351A)- /391A/	060			
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA)- /391A/	061	7 026	7 026	7 026
6.	Social security receivables (336A)- /391A/	062			
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347)- /391A/	063	1 249 418	1 249 418	2 934 990
8.	Receivables related to derivative transactions (373A, 376A)	064			
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A)- /391A/	065	660 371	660 371	625 563
B.IV.	Current financial assets - total (lines 067 to 070)	066	3 684 725	3 684 725	2 583 667
B.IV.1	Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA)- /291A, 29XA/	067			
2.	Current financial assets not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA)- /291A, 29XA/	068	3 684 725	3 684 725	2 583 667
3.	Own shares and own ownership interests (252)	069			
4.	Acquisition of current financial assets (259, 314A)- /291A/	070			
B.V.	Financial accounts (line 72 + line 73)	071	768 428	768 428	2 198 400
B.V.1.	Cash (211, 213, 21X)	072	29 458	29 458	63 490
2.	Bank accounts (221A, 22X, +/- 261)	073	738 970	738 970	2 134 910
C.	Accruals/deferrals - total (lines 075 to 078)	074	77 067	77 067	61 443
C.1.	Prepaid expenses- long-term (381A, 382A)	075	11 010	11 010	18 338
2.	Prepaid expenses- short-term (381A, 382A)	076	61 186	61 186	36 361
3.	Accrued income- long-term (385A)	077			
4.	Accrued income- short-term (385A)	078	4 871	4 871	6 744

Balance Sheet (as of December 31, 2020) 5/6

Class	LIABILITIES	No.	Current Accounting Period €	Preceding Accounting Period €
	TOTAL EQUITY AND LIABILITIES line 080 + line 101 + line 141	079	93 352 588	102 954 518
A	Equity line 081+ line 085+ line 086 + line 087 + line 090 + line 093 + line 097 + line 100	080	40 652 371	42 135 534
A.I.	Share capital - total (r. 082 to 084)	081	33 400 000	33 400 000
A.I.1.	Share capital (411 or +/-491)	082	33 400 000	33 400 000
2.	Change in share capital +/- 419	083		
3.	Unpaid share capital (/-/353)	084		
A.II.	Share premium (412)	085		
A.III.	Other capital funds (413)	086		
A.IV.	Legal reserve funds (line 088 + line 089)	087	2 607 275	2 607 275
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	088	2 607 275	2 607 275
2.	Reserve fund for own shares and own ownership interests (417A, 421A)	089		
A.V.	Ostatné fondy zo zisku (r. 091 + r. 092)	090		
A.V.1.	Statutory funds (423, 42X)	091		
2.	Other funds (427, 42X)	092		
A.VI.	Differences from revaluation - total (lines 094 to 096)	093	162 872	231 557
A.VI.1.	Differences from the revaluation of assets and liabilities (+/- 414)	094	162 872	231 557
2.	Investment revaluation reserves (+/- 415)	095		
3.	Difference from the revaluation in the event of mergers, amalgamation into a separate accounting entity, or demerger (+/- 416)	096		
A.VII.	Net profit/loss of previous years (line 098 + line 099)	097	5 896 703	18 601 334
A.VII.1.	Retained earnings from previous years (428)	098	5 896 703	18 601 334
2.	Accumulated losses from previous years (/-/429)	099		
A.VIII.	Net profit/loss for the accounting period after taxes +/- line 001 - (line 081 + line 085 + line 086 + line 087 + line 090 + line 093 + line 097 + line 101 + line 141)	100	-1 414 479	-12 704 632
B.	Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140	101	51 881 776	59 950 897
B.I.	Non-current liabilities - total (line 103 + lines 107 to 117)	102	172 780	405 395
B.I.1.	Non-current trade liabilities (lines 104 to 106)	103	112 778	156 047
1.a.	Trade liabilities to affiliated accounting entities (321A, 475A, 476A)	104		
1.b.	Trade liabilities within a participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A)	105		
1.c.	Other trade liabilities (321A, 475A, 476A)	106	112 778	156 047
2.	Net value of contract (316A)	107		
3.	Other liabilities to affiliated accounting entities (471A, 47XA)	108		
4.	Other liabilities within a participating interest, except for liabilities to affiliated accounting entities (471A, 4XA)	109		
5.	Other non-current liabilities (479A, 47XA)	110		

Balance Sheet (as of December 31, 2020) 6/6

Class	LIABILITIES	No.	Current Accounting Period €	Preceding Accounting Period €
6.	Long-term advance payments received (475A)	111		
7.	Long-term bills of exchange to be paid (478A)	112		
8.	Bonds issued (473A /- 255A)	113		
9.	Liabilities related to social fund (472)	114	3 528	13 362
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115	56 474	235 986
11.	Non-current liabilities related to derivative transactions (373A, 377A)	116		
12.	Deferred tax liability (481A)	117		
B.II.	Long-term provisions (line 119 + line 120)	118		
B.II.1.	Legal provisions (451A)	119		
2.	Other provisions (459A, 45XA)	120		
B.III.	Long-term bank loans (461A, 46XA)	121	2 817 838	4 471 306
B.IV.	Current liabilities - total (line 123 + line 127 + line 135)	122	32 397 149	35 198 313
B.IV.1.	Trade liabilities - total (lines 124 to 126)	123	4 958 410	7 403 966
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124		
1.b.	Trade liabilities within a participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125		
1.c.	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	4 958 410	7 403 966
2.	Net value of contract (316A)	127		
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128		
4.	Other liabilities within a participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	129		
5.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	26 630 000	26 630 000
6.	Liabilities to employees (331, 333, 33X, 479A)	131	331 440	419 677
7.	Liabilities related to social security (336A)	132	233 248	292 195
8.	Tax liabilities and subsidies (341, 342, 3543, 344, 345, 346, 347, 34X)	133	51 540	76 995
9.	Liabilities related to derivative transactions (373A, 377A)	134	10 328	4 304
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	182 183	371 176
B.V.	Short-term provisions (line 137 + line 138)	136	12 906 729	14 310 318
B.V.1.	Legal provisions (323A, 451A)	137	5 813 081	5 677 270
2.	Other provisions (323A, 32X, 459A, 45XA)	138	7 093 648	8 633 048
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139	3 587 280	5 565 565
B.VII.	Short-term financial borrowings (241, 249, 24X, 473A, /-/255A)	140		
C.	Accruals/deferrals (lines 142 to 145)	141	818 441	868 087
C.1.	Accrued expenses- long-term (383A)	142		
2.	Accrued expenses- short-term (383A)	143	11 102	14 204
3.	Deferred income- long-term (384A)	144	764 280	807 338
4.	Deferred income- short-term (384A)	145	43 059	46 545

SUPPLEMENT TO THE INDEPENDENT AUDITOR'S REPORT

**on the Annual Report
of company OFZ, a.s.
for the year ended December 31, 2020**

/ To the Shareholders, Supervisory Board and Board of Directors of company /

Pursuant to Act No. 423/2015 Coll., Article 27 (6)

I. We have audited the financial statements prepared on May 31, 2021 of the company OFZ, a.s. (the "Company") as at 31 December 2020 presented from page 27 of the accompanying annual report of the Company. We issued an Auditor's Report on the Audit of Financial Statements dated June 25, 2021 in the wording as follows:

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements prepared on May 31, 2021 of the company OFZ, a.s., which comprise the balance sheet as at December 31, 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements prepared on May 31, 2021 give a true and fair view of the financial position of the Company as at December 31, 2020, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management

Management is responsible for the preparation of the financial statements to give a true and fair view in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

II. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report– Supplement to the Independent Auditor's Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

We evaluated whether the Company's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of the financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2020 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Company and its position, obtained in the audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received after the date of issuance of this auditor's report.

Piestany, November 18, 2021

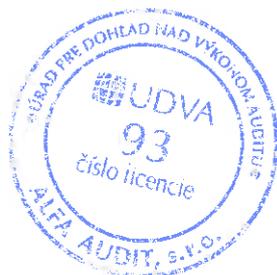


ALFA AUDIT, s.r.o.

Auditing company, license No. 93

Dipl. Ing. Jarmila B o k o r o v a

Responsible auditor License No. 175



OFZ, a.s. is a company with more than 60 years of ferroalloy production history, a material without which steel production would not be possible.

OFZ, a. s. is a company where natural resources are transformed into products that have long been known for their premium quality. OFZ, a.s. is also a company with a presence in Central Europe.

OFZ, a.s. uses modern technologies that protect the environment to ensure sustainable development for future generations.

OFZ, a. s. - changing more than just the properties of steel



FERROALLOYS

are used for alloying and deoxidation of steel, for the inoculating and modifying of cast iron. OFZ, a.s. manufactures a great variety of Mn and Si alloys.



CORED WIRES

are used for alloying and deoxidation of steel, for the inoculating and modifying of cast iron. OFZ, a.s. manufactures a great variety of cored wires with different types of powder fillers.



BY-PRODUCTS

The production of by-products through waste-free manufacturing processes is undoubtedly an integral part of the company. By-products can be used as additives to concrete, and as refractory materials, in the building industry and for ground completion.



SILICON METAL

is used for the production of aluminium alloys, in the chemical and photovoltaic industry and for the production of semiconductors. OFZ, a.s. manufactures different grades of silicon metal.