

Annual report **2021**



MAIN PILARS 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 2021, OFZ manufactured almost 121,000 tonnes of ferroalloys and cored wires, an increase of more than 32% compared to the previous year.

02 / SATISFYING CUSTOMERS` NEEDS

In 2021, OFZ sold almost 105,000 tonnes of ferroalloys and other products including services amounting to €167.5 mil. The share of revenues from the sale of ferroalloys and cored wires was as follows: Czech Republic (33%), Poland (15%), Slovakia (12%), Italy (11%) and Germany (6%).

03 / INVESTING INTO PRODUCTION AND THE ENVIRONMENT

In 2021, OFZ invested almost 133,000 EUR into enhancing environmental protection. For manufacturing process the investments were mainly targeted into the refining line for production of high purity FeSi or FeSi with low aluminum content. Ecological aspect can be seen in investing into the separation line where skull separation and metal recovery is to take place which in turn will make the manufacturing process more effective and into the dedusting of silica dust micropelletization which should minimize the dust generated during the other production process. Still the other investments were targeted into the furnace charging & feeding, the Martin plant, the purchasing of buildings and into the business information system.

04 / HUMAN RESOURCES

In 2021, the average wage in OFZ was €1,711 which is 43% higher than the average wage paid in the region of Orava and 41 % higher than the average wage in Slovakia.

MAIN PRODUCT GROUPS

FERROALLOYS AND SILICON METAL

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



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
AND SILICON METAL IN CENTRAL EUROPE**

MAJOR EUROPEAN MANUFACTURER OF CORED WIRES

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OFZ AS A COMPANY WITH A DIVERSIFIED PRODUCT RANGE

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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.

€167.5 mil. in net turnover

14 kinds of ferroalloys, silicon metal and cored wires manufactured

OFZ, A.S. SLOVAKIA:

FERROALLOYS PRODUCTION CAPACITY:

7 electric arc furnaces: 140,000 mtpa

CORED WIRES PRODUCTION CAPACITY:

2 lines: 10,000 mtpa

SELECTED FIGURES

Because of high ferroalloy and other product prices in H2 2021, net income of OFZ, a.s. was in the black.

€ mil.	2021	2020	2019	% Change 2021-2020
Net turnover	167.5	90.0	126.4	86.2%
Total operating income	208.5	107.5	136.6	94.0%
Total operating expense	188.3	107.6	152.8	75.1%
Operating income	20.2	-0.1	-16.1	---
Earnings before taxes (EBT)	19.7	-0.8	-16.0	---
Earnings after taxes (EAT)	15.5	-1.4	-12.7	---
EBITDA	23.8	2.8	-12.5	758.0%

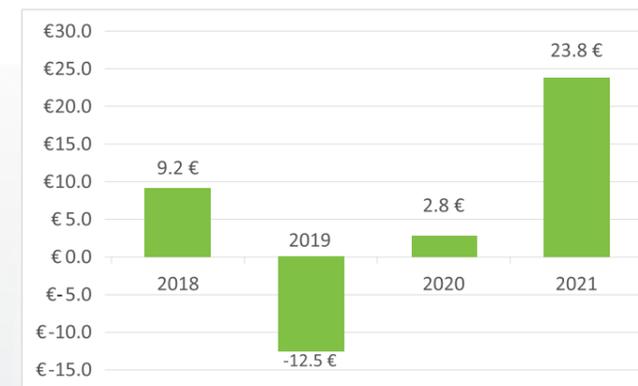
Non-current assets	28.4	31.1	33.8	-8.7%
Current assets	115.1	62.2	69.1	85.1%
Equity	56.0	40.7	42.1	37.9%
Total liabilities	86.7	51.9	60.0	67.1%

Average number of employes	382	406	504	-5.9%
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NET TURNOVER (€ MIL.)

In 2021, OFZ's net turnover increased by almost 86% YOY to €167.5 mil.



EBITDA (€ MIL.)

In 2021, OFZ's EBITDA increased to €23.8 mil. which is an increase by almost €21 mil. YOY.



EARNINGS AFTER TAXES (€ MIL.)

In 2021, OFZ's net income increased from the red into black when compared to the previous year and hit €15.5 mil.



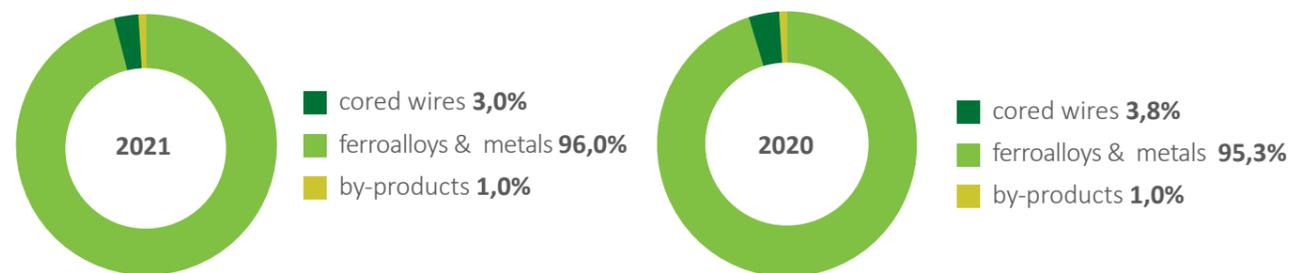


SELECTED FIGURES

Ing. **Branislav Klocok**,
Managing Director, OFZ, a.s.



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



“The key factors in the production of ferrous alloys are the price of electricity, the purchasing strategy for raw materials and the ability to offer customers more than just a standard product supply.”

01 How would you evaluate the year 2021 in terms of the development of the Slovak and European metallurgical industry?

For metallurgy, the year 2021 was a very positive. Thanks to the logistic issues we have seen in Asia the prices in Europe were firm and they compensated high energy and input costs. In this view, the year 2022 seems to be more complicated. Very high energy prices in the European Union together with a risk of plummet in ferrous alloy prices due to soaring import from the third countries where energy prices are significantly lower remains an open question.

02 What is the company doing to protect the environment?

OFZ continually works on mitigating the environmental impact of its activities. The major investments into the environmental protection can serve as evidence. In 2021, OFZ made investments into dedusting installed technologies and into reducing a waste generation using separation line.

03 Why have you decided to invest into a separation line?

This investment is closely connected with the promotion of waste-free management in our company. Skulls are among the waste generated from cleaning ladles. The metals can be recovered also from this material which could minimize a waste generation and make our manufacturing process even more effective.

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

The coming year will be the time when we need to prepare ourselves for the lower ferrous alloy prices together with a very uncertain situation in the energy market.



EQUITY (€ MIL.)

In 2021, OFZ's basic equity hit €56.0 mil. which is the highest level in the last four years.



TOTAL LIABILITIES (€ MIL.)

In 2021, OFZ's total liabilities amounted to €86.7 mil. which is an increase when compared to the previous year.

OFZ, A.S. IN 2021



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

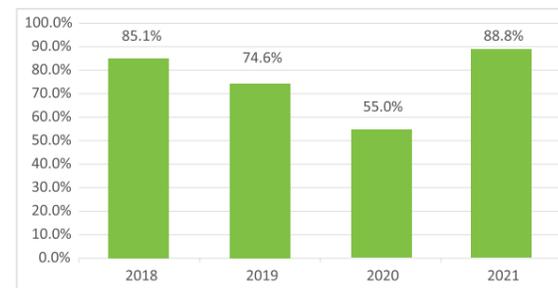
In 2021, OFZ focused on manufacturing traditional alloys with a capacity utilization ratio of almost 89 %. OFZ has also performed two production campaigns of FeSiCa, silicon metal and various grades of FeSi. This is fully aligned

with the company's strategy to manufacture high value-added products. We strongly believe that bringing more products to our customers will be a success in the following years.

Capacity utilization ratio (%) (2018-2021)

In 2021, the ferroalloys made a considerable portion of product range with a 97.6% on the total weight of products. In 2021, the production of ferroalloys increased by almost 33% to almost 118,000 tonnes and cored wires production also increased by more than 15.4% and reached less than 3,000 tonnes.

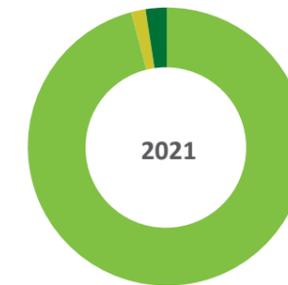
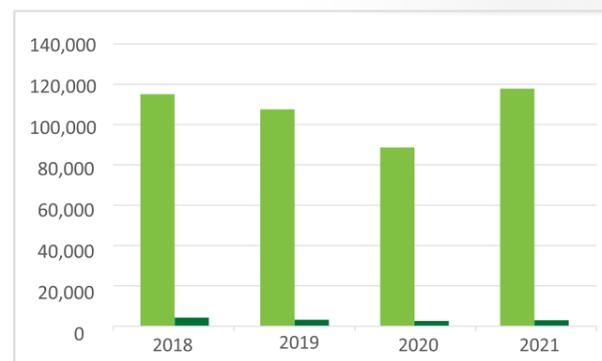
In H2 2022, the energy prices were growing further to the level that forced OFZ to idle all its furnaces. Regarding this adverse market situation, OFZ focused on increasing the trade volume on the top of the other trading activities. OFZ also concentrated on optimization of the working capital and of the other costs to ensure a long-term financial sustainability. A risk of high energy prices persisting in the market is regularly assessed and analyzed so that OFZ could be well-prepared for a longer time span in which this situation can prevail. OFZ has a sufficient funds to ensure ongoing business activities.



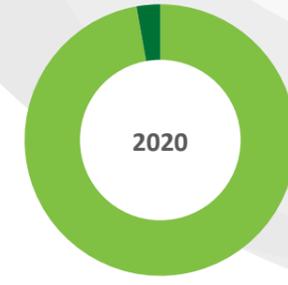
Production (tonnes) (2018-2021)

■ ferroalloys ■ cored wires

Production (thousands tonnes)	2021	2020	2019	% Change 2021-2020
Ferroalloys	117.8	88.6	107.6	32.9%
Cored Wires	3.0	2.6	3.2	15.4%



■ ferroalloys **95.9%**
■ cored wires **2.4%**
■ silicon metal **1.7%**



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

CUSTOMERS

The strategy of diversification stemming from customer needs is a main focus for OFZ. The company decreased a production of cored wires. In 2021, the production of all bulk ferroalloys increased with the production of silicon metal and various grades of FeSi that were added to the existing product range. Among the top priorities for the company are still the flexible delivery schedules and focus on the customer.

INVESTMENTS

In 2021, investments were targeted into several different areas. For manufacturing ferroalloys, the investments were made in the refining and separation lines, in the dedusting of silica dust micropelletization production process, and in the furnace charging & feeding.

ENVIRONMENT

OFZ constantly pays maximum attention to environmental protection of which the investments might serve as strong evidence. In the last couple of years, a major part of direct and indirect investments was targeted into mitigating the impact of metallurgical manufacturing process on the environment.

EMPLOYEES

OFZ focuses on educating and training experts in the field of metallurgy in the long term. In 2021, OFZ in cooperation with local high schools provided special training for 8 students in the field of mechanics & electrotechnics, mechanics of machinery & equipment, toolmaking and electromechanics – high-voltage equipment. OFZ had also 3 students enrolled in dual learning as mechanics, electrotechnicians.

FERROALLOYS

almost **118,000 tonnes** of ferroalloys produced



FERROALLOYS

more than **105,000 tonnes** of ferroalloys sold

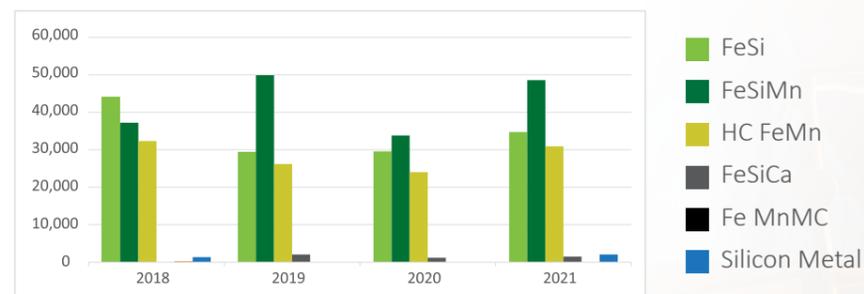
Production of ferroalloys (tonnes) (2019-2021)

In 2021, due to favourable price trends, the highest increase in the production of FeSiMn played a part the total ferroalloy production finally edged higher. Manufacturing of other ferroalloys

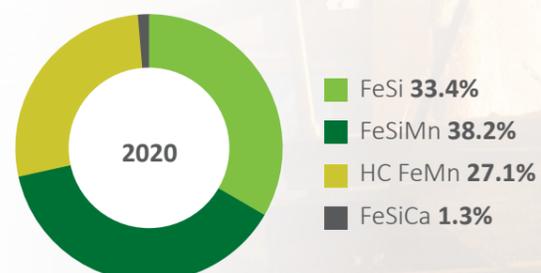
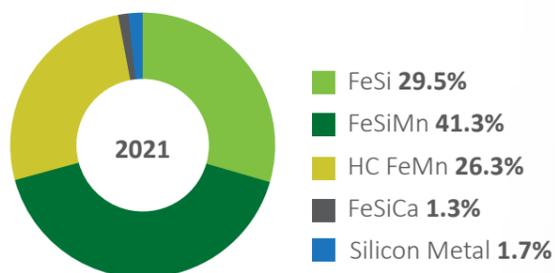
also increased. OFZ performed two production campaigns of FeSiCa and manufactured also silicon metal.

Ferroalloys Production (thousands tonnes)	2021	2020	2019	% Change 2021-2020
FeSi	34.7	29.6	29.4	17.4%
FeSiMn	48.6	33.8	49.9	43.7%
HC FeMn	30.9	24.0	26.2	28.6%
FeSiCa	1.5	1.2	2.1	25.0%
Silicon Metal	2.0	0.0	0.0	na
Total	117.8	88.6	107.6	32.9%

By-Products Generation (thousands tonnes)	2021	2020	2019	% Change 2021-2020
Microsilica SiOxID, CaSi Fume	7	6	7	15.5%
Grasimat	23	26	16	-13.4%
SIMAT	25	21	44	16.4%
Total	54	53	67	1.7%



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

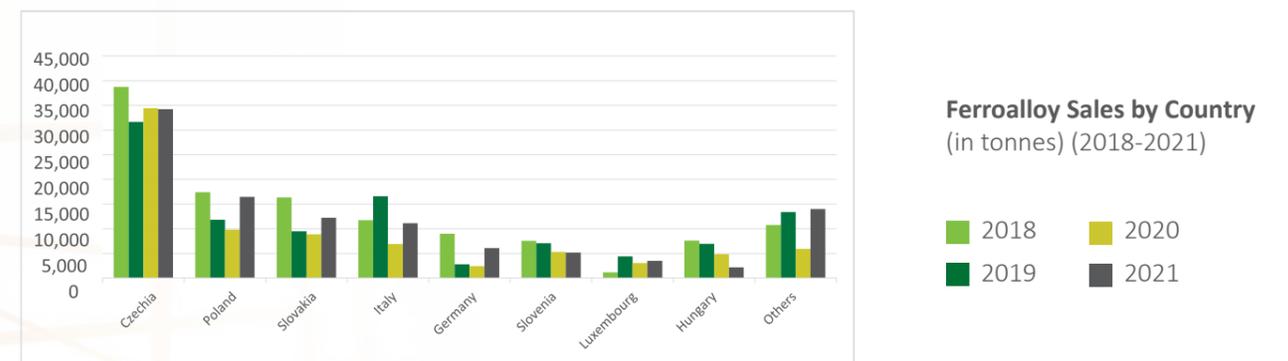


In 2021, sales of ferroalloys and metals increased by 28.7%. The increase has been seen across all bulk alloys except for MC FeMn, other ferroalloys & metals.

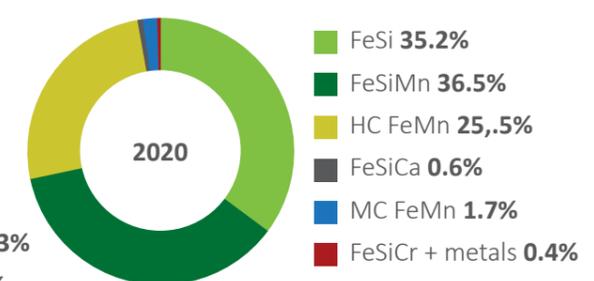
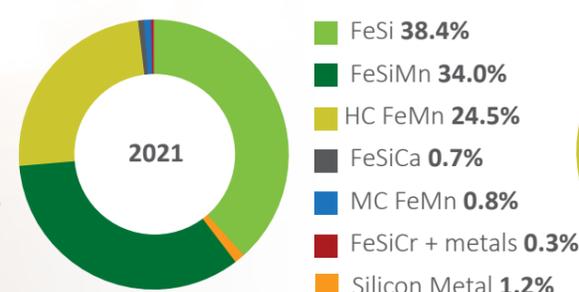
Ferroalloy Sales (thousands tonnes)	2021	2020	2019	% Change 2021-2020
FeSi	34.7	26.8	32.5	29.4%
FeSiMn	40.3	31.0	43.7	30.1%
HC FeMn	28.0	22.1	25.2	26.7%
FeSiCa	0.5	0.4	0.9	52.4%
MC FeMn	0.7	1.0	0.5	-35.2%
Silicon Metal	0.6	0.0	0.7	3 011.1%
FeSiCr + other ferroalloy & metals	0.1	0.2	0.6	-59.5%
Total	104.9	81.5	104.1	28.7%

In 2021, 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 Germany. A considerable

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



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





CORED WIRES

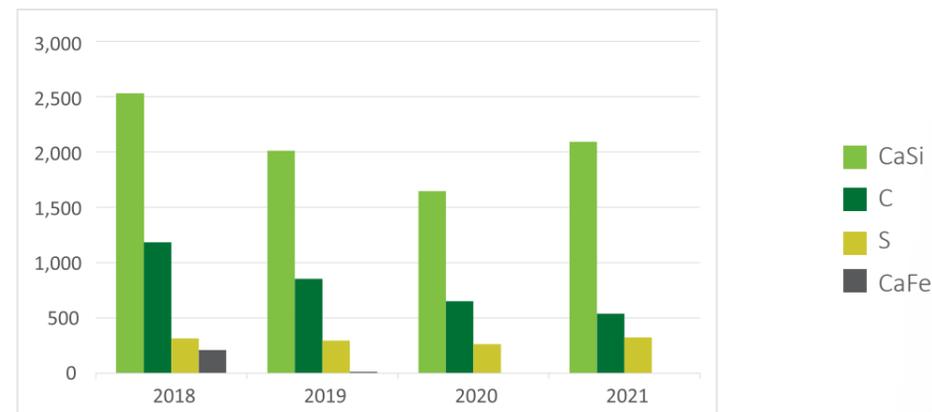
more than **3,000 tonnes** of cored wires produced

Production of Cored Wires (tonnes) (2019-2021)

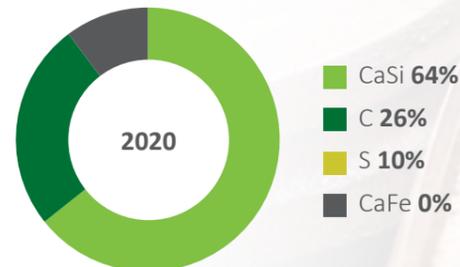
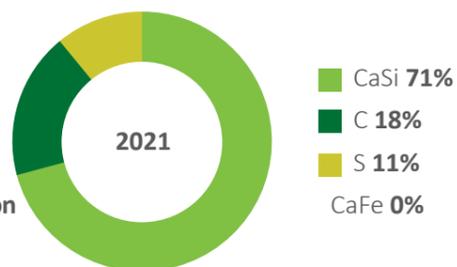
CaSi cored wire also made up the biggest portion of cored wire products in 2021. The production of cored wires increased by 15.4% YOY.

However, the production of cored wire with C filler shrank.

Cored Wire Production (tonnes)	2021	2020	2019	% Change 2021-2020
CaSi	2,092	1,646	2,011	27.1%
C	539	651	853	-17.2%
S	323	263	295	23.0%
CaFe	0	0	13	na
Total	2,954	2,559	3,172	15.4%



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

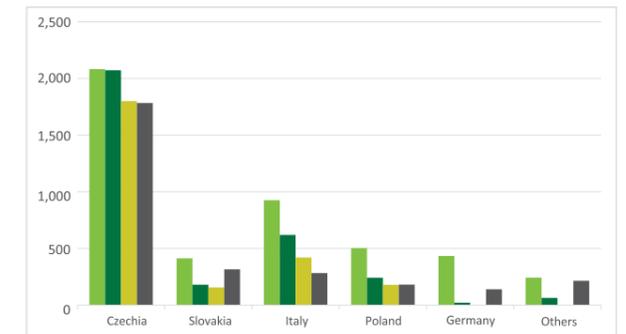


CORED WIRES

3,000 tonnes of cored wires sold

In 2021, OFZ sold almost 3,000 tonnes of cored wires, which was an increase of 14.2% when compared to the previous year. The certain decrease was only apparent in the sales of cored wire with C filler.

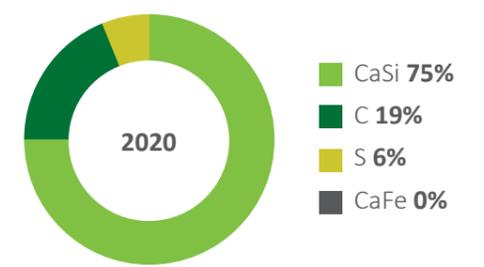
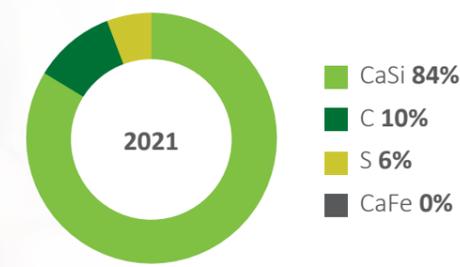
With the firm place in the steel production, cored wires are also used for alloying and deoxidation of steel and for inoculating and modifying cast iron. The markets for cored wire sales are, to a great extent, similar to countries of ferroalloy sales. In 2021, the major portion of sales were made to the Czech Republic, Slovakia, Italy, Poland and Germany.



Cored Wired Sales

Cored Wired Sales (tonnes)	2021	2020	2019	% Change 2021-2020
CaSi	2,069	1,627	2,022	27.2%
C	517	667	870	-22.4%
S	333	263	295	26.7%
CaFe	0	0	21	na
Total	2,920	2,557	3,207	14.2%

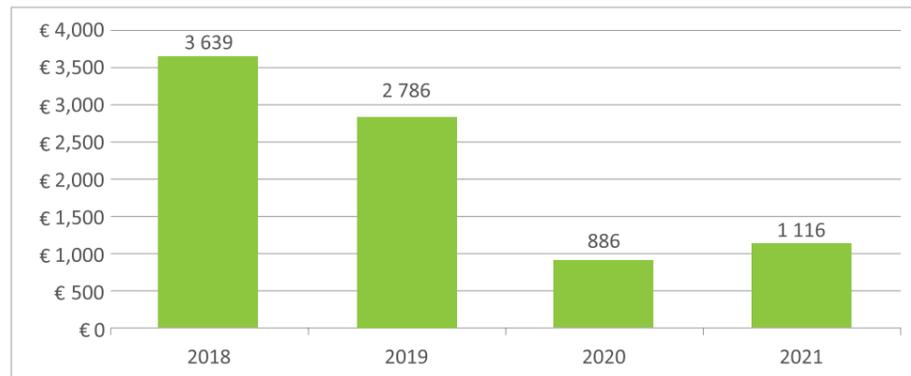
Sales Value of Different Cored Wires as a Percentage of Total Cored Wires Sales (%)



INVESTMENTS & RESEARCH

€1.116 mil. invested

The funds reserved for investment projects increased in 2021 when compared to the year 2020. Thus, the total amount of investments increased by almost 26 %.



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

Investments (thousands EUR)	2021
Purchasing storing & warehousing hall	€191
Investing into the Martin plant	€186
Renewing car fleet	€141
Information system	€92
Separation line	€72
Refining line	€34
Furnace charging	€31
Micropelletization dedusting	€27
Other investments	€343
Total	€1,116

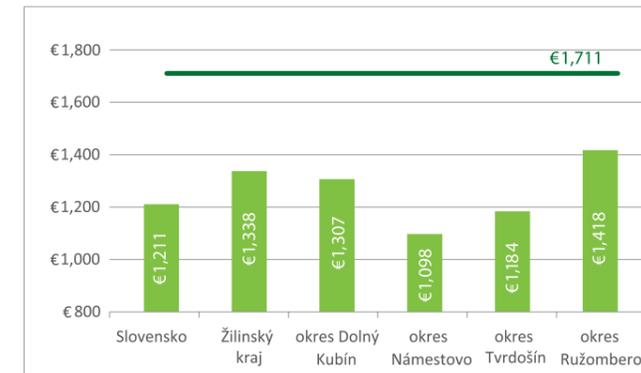
In 2021, OFZ did not implement any research & development project. The main innovation concentrated on the separation line.

EMPLOYEES

382 employees, average wage € 1,711

OFZ keeps a close eye on continuous improvement of the working conditions and quality of the working place. The average number of employees in 2021

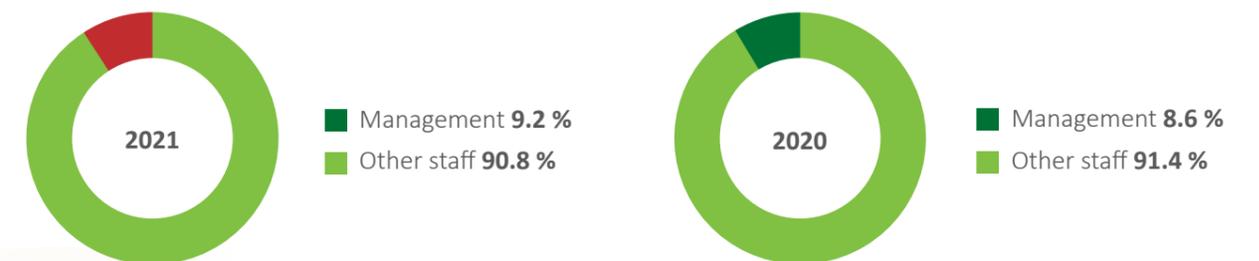
decreased by 6%. However, the OFZ's average wage increased by almost 40% and is the highest wage paid in the region of Orava.



Average Wages & Salaries Compared with Slovakia (2021)

■ Average wages & salaries in Slovakia
■ Average wages & salaries at OFZ, a.s. €

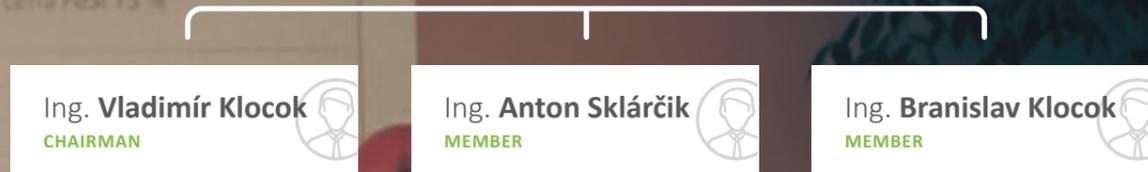
Management as a Percentage of Total Workforce (%)



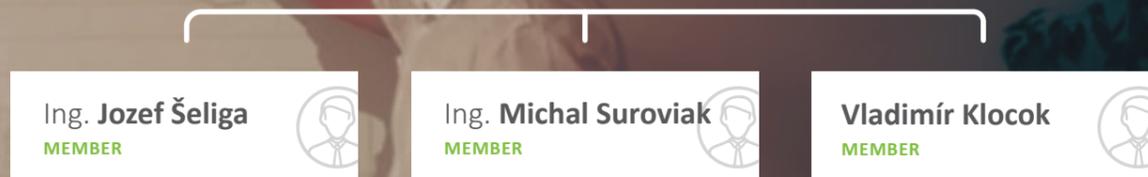
In 2021, the company continued in supporting the social activities for its employees. The total amount paid for legal social costs for training & education, recovery stays and the canteen reached more than €328,000.

COMPANY BODIES

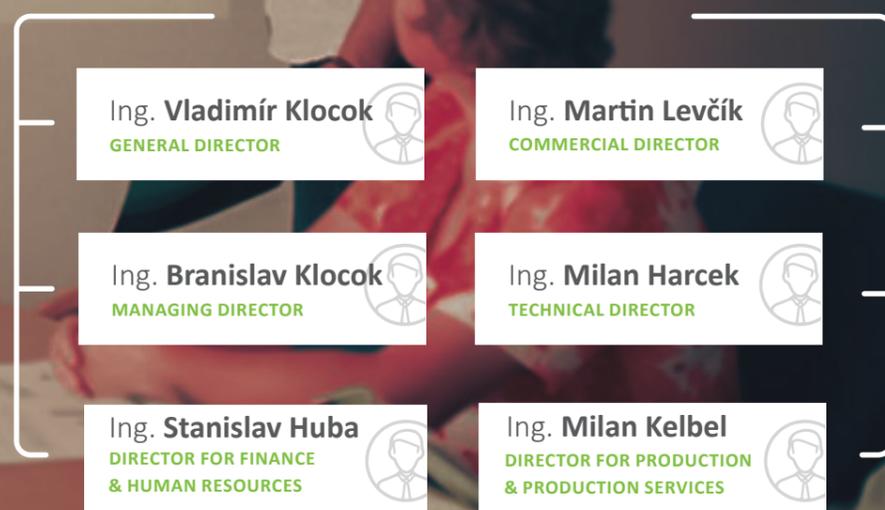
BOARD OF DIRECTORS



SUPERVISORY BOARD



COMPANY MANAGEMENT



FINANCIAL SITUATION

net turnover **€167.5 mil.**

In H2 2021, due to a positive trajectory in prices for ferroalloys and cored wires, OFZ achieved

a net income after taxes together with EBITDA in the black numbers.

Proposed Settlement of Earnings for the Current Accounting Period (as of December 31, 2021)

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

Item	2021	Item	2020
Net income	€15,480,576	Net loss	(€1,414,479)
Distribution to retained earnings	€15,480,576	Loss compensation from retained earnings	(€1,414,479)

Equity Participations & Interests of OFZ, a.s. in Subsidiaries (as of December 31, 2021)

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

Profit and Loss Statement (as of December 31, 2021) 1/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
*	Net turnover (part of accounting Class 6 according to the Act)	01	167 500 807	89 962 650
**	Operating income - total (lines 03 to 09)	02	208 534 849	107 489 952
I.	Revenue from the sale of merchandise (604, 607)	03	2 280 017	5 138 554
II.	Revenue from the sale of own products (601)	04	157 562 775	74 828 695
III.	Revenue from the sale of services (602, 606)	05	7 573 025	9 908 861
IV.	Changes in internal inventory (+/- acct. grp. 61)	06	14 806 378	2 064 277
V.	Own work capitalized (acct. grp. 62)	07	7 627 191	4 794 166
VI.	Revenue from the sales of non-current intangible assets, property, plant, equipment, and raw materials (641, 642)	08	1 767 317	2 978 458
VII.	Other operating income (644, 645, 646, 648, 655, 657)	09	16 918 146	7 776 941
**	Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26	10	188 311 219	107 574 075
A.	Costs of merchandise sold (504, 507)	11	2 150 122	5 100 608
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	144 216 049	77 276 683
C.	Value adjustments to inventory (+/-) (505)	13		
D.	Services (acct. grp. 51)	14	8 649 186	4 913 177
E.	Personnel expenses- total (lines 16 to 19)	15	11 482 606	8 856 431
E. 1.	Wages and salaries (521, 522)	16	8 183 204	6 266 898
2.	Remuneration of board members of the company or cooperatives (523)	17		
3.	Social security expenses (524, 525, 526)	18	2 958 585	2 296 883
4.	Social expenses (527, 528)	19	340 817	292 650
F.	Taxes and fees (acct. grp. 53)	20	198 065	233 595
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (line 22 + line 23)	21	3 421 871	3 464 125
G. 1.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (551)	22	3 421 871	3 464 125
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	1 412 295	1 340 798
I.	Value adjustments to receivables (+/-) (547)	25	317 204	87 320
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557))	26	16 463 821	6 301 338
***	Profit/loss from operations (line 02 - line 10)	27	20 223 630	-84 123
*	Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)	28	34 834 029	9 444 085
**	Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44	29	844 531	893 609
VIII.	Tržby z predaja cenných papierov a podielov (661)	30		

Profit and Loss Statement (as of December 31, 2021) 2/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
VIII.	Revenue from the sale of securities and shares (661)	30		
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	84 989	86 540
XI. 1.	Interest income from affiliated accounting entities (662A)	40	66 141	67 217
2.	Other interest income (662A)	41	18 848	19 323
XII.	Exchange rate gains (663)	42	367 220	414 790
XIII.	Gains on the revaluation of securities and income from derivative transactions (664, 667)	43	392 322	392 279
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	1 331 389	1 628 821
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	592 962	123 423
N. 1.	Interest expenses related to affiliated accounting entities (562A)	50		
2.	Other interest expenses (562A)	51	592 962	123 423
O.	Exchange rate losses (563)	52	216 728	1 005 401
P.	Loss on the revaluation of securities and expenses related to derivative transactions (564, 567)	53	413 547	378 285
Q.	Other expenses related to financial activities (568, 569)	54	108 152	121 712
***	Profit/loss from financial activities (+/-) (line 29 - line 45)	55	-486 858	-735 212
****	Profit/loss for the accounting period before taxes (+/-) (line 27 + line 55)	56	19 736 772	-819 335
R.	Income tax (line 58 + line 59)	57	4 256 196	595 144
R. 1.	Income tax- current (591, 595)	58	2 964 116	31
2.	Income tax- deferred (+/-) (592)	59	1 292 080	595 113
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	15 480 576	-1 414 479

Balance Sheet (as of December 31, 2021) 1/6

CLASS	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
			Gross Adjustment	Net for Current Period	Net for Pre-vious Period
	TOTAL ASSETS line 002 + line 033 + line 074	001	183 280 210	143 649 701	93 352 588
			39 630 509		
A.	Non-current assets line 003 + line 011 + line 021	002	66 283 694	28 379 803	31 088 726
			37 903 891		
A.I.	Non-current Intangible assets - total (lines 004 to 010)	003	1 013 991	219 157	222 072
			794 834		
A.I.1.	Capitalized development costs (012)- /072, 091A/	004			
2.	Software (013)- /073, 091 A/	005	823 123 603 966	219 157	222 072
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	128 566 128 566		
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	53 511 832	17 393 601	19 934 882
			36 118 231		
A.II.1.	Land (031)- 092A	012	528 581	528 581	479 201
2.	Structures (021)- /081, 092A/	013	18 649 854 10 422 632	8 227 222	8 711 577
3.	Machinery (022)- /082, 092A/	014	33 430 586 25 665 186	7 765 400	9 753 158
4.	Perennial crops (025)- /085, 092A/	015	5 989 1 092	4 897	5 401
5.	Livestock (026)- /086, 092A/	016			
6.	Other property, plant & equipment (029, 02X, 032)- /089, 08X, 092A/	017	118 175 29 321	88 854	88 853
7.	Acquisition of property, plant & equipment (042)-094	018	626 567	626 567	796 691
8.	Advance payments made for property, plant & equipment (052)-095A	019	152 080	152 080	100 000
9.	Value adjustment to acquired assets (+/-097) +/-098	020			

Balance Sheet (as of December 31, 2021) 2/6

CLASS	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
			Gross Adjustment	Net for Current Period	Net for Pre-vious Period
A.III.	Non-current financial assets - total (lines 022 to 029)	021	11 757 871	10 767 045	10 931 772
			990 826		
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A)- /096A/	022	296 573	296 573	401 300
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.	Loans to affiliated accounting entities (066A)- 096A	025	11 453 331 982 859	10 470 472	10 530 472
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	116 845 075	115 118 457	62 186 795
			1 726 618		
B.I.	Inventory - total (lines 035 to 040)	034	51 424 834	51 424 834	29 007 227
B.I.1.	Raw material (112,119, 11X)- /191, 19X/	035	16 386 439	16 386 439	12 532 374
2.	Work-in-progress and semi-finished products (121,122, 12X) - /192,193, 19X/	036	1 917 105	1 917 105	1 481 397
3.	Finished goods (123) – /194/	037	28 394 791	28 394 791	14 024 122
4.	Animals (124) – /195/	038			
5.	Merchandise (132, 133, 13X, 139) – /196, 19X/	039	1 282 780	1 282 780	961 769
6.	Advance payments made for inventory (314A) – /391A/	040	3 443 719	3 443 719	7 565

Balance Sheet (as of December 31, 2021) 3/6

CLASS	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
			Gross Adjustment	Net for Current Period	Net for Pre-vious Period
a	b	c			
B.II.	Non-current receivables - total (line 042 + lines 046 to 052)	041	3 834 358	3 834 358	5 173 938
B.II.1.	Trade receivables - total (lines 043 to 045)	042	425 600	425 600	473 100
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	043	425 600	425 600	473 100
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			
8.	Deferred tax asset (481A)	052	3 408 758	3 408 758	4 700 838
B.III.	Current receivables - total (line 054 + line 058 to line 065)	053	46 032 229 1 726 618	44 305 611	23 552 477
B.III.1.	Trade receivables - total lines 055 to 057	054	37 112 808 1 382 866	35 729 942	18 232 153
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	055	2 344 164 1 242 674	1 101 490	1 178 748
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	34 768 644 140 192	34 628 452	17 053 405
2.	Net value of contract (316A)	058			
3.	Other receivables from affiliated accounting entities (351A) - /391A/	059	3 645 931 343 752	3 302 179	3 403 509

Balance Sheet (as of December 31, 2021) 4/6

CLASS	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
			Gross Adjustment	Net for Current Period	Net for Pre-vious Period
a	b	c			
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	4 658 607	4 658 607	1 249 418
8.	Receivables related to derivative transactions (373A, 376A)	064	7 773	7 773	
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	065	600 084	600 084	660 371
B.IV.	Current financial assets - total (lines 067 to 070)	066	15 340 530	15 340 530	3 684 725
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	15 340 530	15 340 530	3 684 725
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	213 124	213 124	768 428
B.V.1	Cash (211, 213, 21X)	072	56 169	56 169	29 458
2.	Bank accounts (221A, 22X, +/- 261)	073	156 955	156 955	738 970
C.	Accruals/deferrals - total (lines 075 to 078)	074	151 441	151 441	77 067
C.1.	Prepaid expenses- long-term (381A, 382A)	075	9 930	9 930	11 010
2.	Prepaid expenses- short-term (381A, 382A)	076	135 461	135 461	61 186
3.	Accrued income- long-term (385A)	077			
4.	Accrued income- short-term (385A)	078	6 050	6 050	4 871

Balance Sheet (as of December 31, 2021) 5/6

Class	LIABILITIES	No.	Current Accounting Period €	Preceding Accounting Period €
	TOTAL EQUITY AND LIABILITIES line 080 + line 101 + line 141	079	143 649 701	93 352 588
A	Equity line 081+ line 085+ line 086 + line 087 + line 090 + line 093 + line 097 + line 100	080	56 046 312	40 652 371
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.	Other funds created from profit (line 091 + line 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	76 238	162 872
A.VI.1.	Differences from the revaluation of assets and liabilities (+/- 414)	094	76 238	162 872
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	4 482 223	5 896 703
A.VII.1.	Retained earnings from previous years (428)	098	4 482 223	5 896 703
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	15 480 576	-1 414 479
B.	Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140	101	86 704 495	51 881 776
B.I.	Non-current liabilities - total (line 103 + lines 107 to 117)	102	191 438	172 780
B.I.1.	Non-current trade liabilities (lines 104 to 106)	103	69 508	112 778
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	69 508	112 778
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, 2021) 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	32 868	3 528
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115	89 062	56 474
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	1 164 370	2 817 838
B.IV.	Current liabilities - total (line 123 + line 127 + line 135)	122	42 319 057	32 397 149
B.IV.1.	Trade liabilities - total (lines 124 to 126)	123	10 966 857	4 958 410
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	20 370	
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	10 946 487	4 958 410
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	908 411	331 440
7.	Liabilities related to social security (336A)	132	573 978	233 248
8.	Tax liabilities and subsidies (341, 342, 3543, 344, 345, 346, 347, 34X)	133	3 140 093	51 540
9.	Liabilities related to derivative transactions (373A, 377A)	134		10 328
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	99 718	182 183
B.V.	Short-term provisions (line 137 + line 138)	136	23 132 976	12 906 729
B.V.1.	Legal provisions (323A, 451A)	137	16 019 032	5 813 081
2.	Other provisions (323A, 32X, 459A, 45XA)	138	7 113 944	7 093 648
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139	19 896 654	3 587 280
B.VII.	Short-term financial borrowings (241, 249, 24X, 473A, /-/255A)	140		
C.	Accruals/deferrals (lines 142 to 145)	141	898 894	818 441
C.1.	Accrued expenses- long-term (383A)	142		
2.	Accrued expenses- short-term (383A)	143	10 414	11 102
3.	Deferred income- long-term (384A)	144	721 222	764 280
4.	Deferred income- short-term (384A)	145	167 258	43 059

SUPPLEMENT TO THE INDEPENDENT AUDITOR'S REPORT

on the Annual Report
of company OFZ, a.s.
for the year ended December 31, 2021

/ 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 of the company OFZ, a.s. (the "Company") as at 31 December 2021 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 20, 2022 in the wording as follows:

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the company OFZ, a.s., which comprise the balance sheet as at December 31, 2021, 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 give a true and fair view of the financial position of the Company as at December 31, 2021, 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.

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, December 23, 2022




ALFA AUDIT, s.r.o.
Auditing company, license No. 93
Dipl. Ing. Jarmila Bokorova
Responsible auditor License No. 175

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 2021 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

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. 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.