

REPORT ON AUDIT PREPARED BY AN INDEPENDENT STATUTORY AUDITOR

**for the General Meeting of Shareholders and the Supervisory Board of the company
Stalprodukt S.A.**

Report on the audit as regards the consolidated annual financial statements

Qualified opinion

We have audited the annual consolidated financial statements of a capital group (Group) in which Stalprodukt S.A. is the parent company (the Parent) containing the consolidated statement of financial position as for December 31, 2021, consolidated profit and loss account and statement of other comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the financial year from January 1, 2021 to December 31 2021 and additional information containing a description of the adopted accounting principles and other explanatory information (consolidated financial statements).

In our opinion, except for the possible consequences of the matter described in the Basis for Qualified Opinion section, the consolidated financial statements:

- presents a reliable and explicit representation of the consolidated property related and financial situation of the Group as at 31 December 2021 and its consolidated financial result as well as consolidated cash flows as regards the financial year which ended on that day following the applicable International Financial Reporting Standards approved by the European Union together with adopted accounting principles (policy);
- is consistent as regards the form and content of the legal provisions applicable in reference to the Group and the statute of the Parent Company.

This opinion is in accordance with the additional report prepared for the Audit Committee issued by our company on the day of issuing this report.

Grounds for the the opinion with a reservation

In the audited period, the Group released the provision for the costs of decommissioning, reclamation and environmental repair costs (in the previous period presented in the financial statements as "contingent liabilities for the purchase of ZGH") created in connection with the acquisition of ZGH "Bolesław" S.A. The total value of the released provision was PLN 237,748 thousand. PLN., of which PLN 160,532 thousand. PLN was recognized in the result for the current period, and the amount of PLN 77,216 thousand. zloty. as error correction retained earnings. The basis for the release of these provisions was their recognition at the level of a subsidiary, i.e. ZGH Bolesław S.A. as at December 31, 2021, which the Company did not make in the report prepared as at December 31, 2020.

In our opinion, the circumstances indicated above, which were the basis for the release of the provision created in previous periods at the level of the consolidated financial statements, do not constitute a correction of an error of understanding in IAS 8.

For the purposes of the audit of the consolidated financial statements for 2021, we have presented a calculation of provisions related to the effects of the closure of the Olkusz-

Pomorzany mine. Until the date of the audit report, we had not received assumptions for the presented estimates, and the timing of the submitted calculations made it impossible to verify them by an expert in the field of mine decommissioning indicated by a certified auditor. Therefore, we are not able to confirm whether the value of the provision in the amount of PLN 154,727 thousand zloty, established at the level of the subsidiary ZGH "Bolesław" S.A. for the decommissioning of the mine has been correctly estimated.

If the Company had recognized the effects of the termination of the contingent liability in full in its financial result, the net profit for 2021 would have been higher by PLN 77,216 thousand.

Our company conducted the audit following the National Standards of Audit in accordance with the International Standards of Audit adopted based on the resolution of the National Council of Statutory Auditors no. 3430/52a/2019 on 21 March 2019 as regards national audit standards and other documents ("NAS") as well as pursuant to the Act issued on 11 May 2017 on statutory auditors, audit companies and public supervision (hereinafter referred to as the "Act on Statutory Auditors" – the Polish Journal of Laws 2020, item 1415, as amended) and EU Regulation No. 537/2014 of 16 April 2014 on detailed requirements for statutory audits of financial statements of public-interest entities ("EU Regulation" - Journal of Laws EU L 158 of 27.05.2014, p. 77, as amended d.). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

Our company is independent in reference to companies within the Group following the Code of Professional Ethics of the International Federation of Accountants (hereinafter referred to as "IFAC Code"). The aforementioned code was adopted based on the resolution of the National Council of Statutory Auditors no. 3431/52a/2019 on 25 March 2019 as regards the professional ethics of statutory auditors and other requirements. Our company fulfilled our ethical obligations following the aforementioned requirements as well as IFAC Code. The key statutory auditor and the audit company remained independent in reference to the Company in the course of conducting the audit in accordance with the independence requirements determined in the Act on Statutory Auditors and EU Regulation.

In our opinion our company obtained adequate and appropriate audit evidence allowing us to provide the grounds for issuing a opinion

Key issues covered by the audit

The key issues cover by the audit include issues which proved to be the most significant during the audit of the consolidated financial statements covering the current reporting period based on our professional experience. They include the most significant risks concerning material misstatement, such as the assessed risks concerning material misstatement due to fraud. Our company referred to the aforementioned issues in the context of our financial statements audit as a whole and during the formulation of our opinion. What is more, we summarized our reaction concerning the discussed risks and in cases where it deemed necessary one presented the most significant observations concerning the discussed risks. We shall not prepare a separate opinion devoted to these issues.

Key issues covered by the audit	How did our audit refer to the discussed issue
<p>In 2021, the Group recognized revenue from contracts with customers in the amount of PLN 4,674,169 thousand.</p> <p>Revenue from contracts with customers is one of the key figures proving the results of the Company's operating activities and indicate the degree of utilization of production capacity, coverage of fixed costs of the conducted activity and are an indicator of market share.</p> <p>There is a risk of misstatement of the financial statements as a result of intentional overestimation of revenues by, for example, recognizing fictitious sales transactions, recognizing sales transactions, recognizing transactions at an incorrect value, and an incorrect reporting period at an incorrect value and an incorrect reporting period.</p> <p>Bearing in mind the above, we decided that this is a key issue for our study.</p>	<p>Our audit procedures included, in particular:</p> <ul style="list-style-type: none"> • understanding and assessment of the internal control system in the sales process, • analysis of sales contracts concluded with key recipients, • independent confirmation with customers of the existence and value of selected items of trade receivables as at the balance sheet date; • test, in terms of the correct recognition in the period, of a selected sample of postings adjusting the value of revenues, recognized in the books of accounts during the audited financial year and after its end;

Liability of the Management Board and Supervisory Board of the Parent Company for the consolidated financial statements

The Management Board of the Parent Company is liable for preparation of the consolidated financial statements. These statements are to present a reliable and clear representation of the material and financial situation and the financial result obtained by the Group following the International Financial Reporting Standards approved by the European Union, adopted accounting principles (policy) and the applicable laws and statute. Additionally, it refers to internal control considered by the Management Board of the Parent Company as necessary to enable the preparation of consolidated financial statements without significant distortion resulting from fraud or error.

In preparing the consolidated financial statements, the Management Board of the Parent Entity is responsible for assessing the Group's ability to continue as a going concern, disclosing, if applicable, matters related to the going concern and adopting the going concern principle as the basis for accounting, except when the Management Board either intends to liquidate the Group, or to discontinue any real business or no alternative to liquidation.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company have the obligation of ensuring that the consolidated financial statements

fulfil the requirements provided for in the Act on Accounting. Members of the Supervisory Board of the Parent Company are liable for supervision of the financial reporting process.

The liability of the statutory auditor for auditing the consolidated financial statements

Our objectives included obtaining reasonable assurance that the consolidated financial statements do not contain any material misstatement due to fraud or error within its full scope as well as the issuance of a report expressing our opinion. Reasonable assurance involves a high level of certainty. Nevertheless, it does not guarantee that an audit following NAS detects the existing significant distortion in each case. Distortions can result from fraud or error and are considered significant if in case of such a discrepancy one can reasonably expect that, individually or together, these distortions can influence users' business decisions undertaken based on these consolidated financial statements.

The concept of materiality is applied by the statutory auditor both in case of planning and conducting the audit as well as while assessing the impact of the discrepancies indicated during the audit and not corrected distortions, if any, as regards the financial statements. Moreover, this applies while formulating the auditor's opinion. Consequently, all opinions and statements included in the audit report refer to the qualitative and value-oriented level of significance determined following the statutory auditor's standards and professional judgement.

The audit does not cover assurance as regards the future profitability of the Group or the efficiency or effectiveness of the Management Board of the Parent Company exercising its obligations currently or in the future.

Our company applies professional judgment and maintain professional scepticism in the course of the audit following the NAS as well as:

- our company identifies and assesses risks as regards material misstatement of the consolidated financial statements resulting from fraud or error, plans and conducts audit procedures related to these risks and collects audit evidence adequate and sufficient for providing grounds our opinion. The risk of not indicating a significant misstatement resulting from fraud is greater than that the one resulting from the error – the fraud can involve conspiracy, falsification, omissions on purpose, misrepresentation or avoiding internal control;
- our company understands the internal control which is appropriate as regards the audit to plan audit procedures suitable under particular circumstances does not express an opinion on the effectiveness of the internal control within the Parent Company;
- our company assesses the suitability of the applied accounting principles (policy) and the reasonableness of accounting estimates as well as disclosures conducted by the Management Board of the Parent company;
- our company draws conclusions as regards the suitable manner in which the Parent Company's Management Board comply with the principle of continuing the business activity as an accounting grounds. It evaluates, based on the audit evidence, whether there is material uncertainty as regards the events or conditions which could undermine the ability of the Group to continue business activity. If one concludes that there is significant uncertainty, it is required to indicate that in our auditor's report in reference to disclosures in the consolidated financial statements. If such disclosures

are inadequate, the company modifies our opinion. Our conclusions result from audit evidence collected prior to the date of our audit report. Nevertheless, events or conditions in the future can result in the Group terminating its business activity;

- the company assesses the overall presentation, structure and content of the consolidated financial statements. This includes disclosure and whether the consolidated financial statements represent corresponding transactions and events in a manner providing a reliable presentation;
- our company collects sufficient relevant audit evidence as regards the financial information of entities or businesses activities realized within the Group with the purpose of issuing an opinion concerning the consolidated financial statements. Our obligations include managing, supervising and conducting the analysis of the Group. Our company is solemnly liable for our audit opinion.

Our company provides the Supervisory Board operating within the Parent Company with information on, inter alia, planned scope and time of the audit as well as significant findings resulting from the audit. This covers all significant weaknesses concerning internal control identified during the audit.

Our company ensures the Supervisory Board operating within the Parent Company that our auditors complied with the applicable ethical requirements as regards independence. We are to inform the Committee about all relationships and which one could reasonably expect to pose a threat to our independence. Where it is applicable, we report security measures we applied.

As regards the issues forwarded to the Supervisory Board operating within the Parent Company, we identified the issues which proved the most significant during the audit of the consolidated financial statements covering current reporting period. Consequently, we considered these issues to be key audit issues. Our company describes the aforementioned issues in our statutory auditor's report, unless legal provisions or regulations prohibit public disclosure. In exceptional circumstances our company can conclude that a particular issue should not be disclosed in our report as one could reasonably expect that the negative consequences would outweigh the benefits of such information from the perspective of the public interest.

Other information, including a report on business activity

Other information includes a report on the business activity of the Group covering the financial year which ended on 31 December 2021 ("Report on business activity") together with a statement on corporate order (together referred to as "Other information") which constitute separate parts of this Report as well as the Annual Report covering the financial year which ended on 31 December 2021 ("Annual Report") (together referred to as "Other information").

Liability of the Management Board and Supervisory Board of the Parent Company

The Management Board of the Parent Company is liable for preparation of the Report on the activities of the Group in accordance with legal provisions.

The Management Board of the Parent Company as well as the members of the Supervisory Board of the Parent Company have to ensure that the Report on the activities of the Group fulfils the requirements provided for in the Act on Accounting.

Liability of the statutory auditor

Our opinion concerning the audit as regards the consolidated financial statements does not cover Other Information. In connection with the audit of the consolidated financial statements, it is our responsibility to read the Other Information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise it appears substantially distorted. If, on the basis of the work performed, we find material misstatement in Other Information, we are required to disclose this in our audit report. Our obligation, in accordance with the requirements of the Act on statutory auditors, is also to issue an opinion on whether the activity report has been prepared in accordance with the regulations and whether it is consistent with the information contained in the financial statements. In addition, we are required to inform whether the Group has included the required information in its statement on the application of corporate governance.

Our company obtained the report on the activities performed by the Group prior to the date of this audit report. The Annual Report is to be available after this date. If our company discovers a significant distortion concerning the Annual Report, it shall be obliged to inform the Supervisory Board of the Parent Company.

Opinion on the Report on activities

In our opinion based on the activities performed during the audit, the Report on the activities of the Group:

- was realized observing the Art. 49 of the Act on Accounting and paragraph 70 of the Regulation of the Minister of Finance issued on 29 March 2018 as regards current and periodic information published by issuers of securities and on conditions for considering the information as equivalent if required by legal provisions of non-member state (“Current Regulation concerning Current Information” – Journal of Laws published in 2018, item 757, as amended);
- is consistent with the information covered by the consolidated financial statements.

What is more, based on our the knowledge concerning the Group and the environment it operates in which our company obtained during our audit, one declares that no significant distortions were identified as regards the Report on the activities of the Group.

Opinion on the statement on the application of corporate governance

In our opinion, in the statement on the application of corporate governance, the Group included the information specified in paragraph 70 section 6 point 5 of the Regulation on current information. Moreover, in our opinion, the information specified in section 70 section 6 point 5 lit. c-f, h and lit. and, of this Regulation, contained in the statement on the application of corporate governance, comply with applicable regulations and the information contained in the financial statements.

Report on other legal and regulatory requirements

Opinion on the compliance of the labeling of the consolidated financial statements with the requirements of the Single European Electronic Format ("ESEF")

In connection with the audit of the consolidated financial statements, we were engaged by the Management Board of the Parent Company under the contract for the audit of the consolidated financial statements to provide a reasonable assurance service in order to express an opinion on whether the consolidated financial statements of the Group as at and for the year ended December 31, 2021, prepared in a uniform electronic reporting format, included in the file named: stalprodukt.zip ("consolidated financial statements in the ESEF format") has been marked in accordance with the requirements set out in Article 4 of the Commission Delegated Regulation (EU) No 2019/815 of 17 December 2018 supplementing Directive 2004/109 / EC of the European Parliament and the Council with regard to regulatory technical standards for the specification of a single electronic reporting format ("ESEF Regulation").

Description of the subject of the engagement and applicable criteria

The consolidated financial statements in the ESEF format have been prepared by the Management Board of the Parent Entity in order to meet the technical requirements for the specification of a uniform electronic reporting format and labeling, which are set out in the ESEF Regulation.

The subject of our assurance service is the compliance of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation, and the requirements of specified therein constitute, in our opinion, appropriate criteria for our opinion

Responsibility of the Management Board of the Parent Company and the Supervisory Board

The Management Board of the Parent Company is responsible for the preparation of the consolidated financial statements in the ESEF format in accordance with the technical requirements for the specification of a uniform electronic reporting format, which are set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags using the taxonomy specified in the ESEF Regulation. The responsibility of the Management Board also includes the design, implementation and maintenance of the internal control system ensuring the preparation of the consolidated financial statements in the ESEF format free from material inconsistencies with the requirements of the ESEF Regulation and its marking in accordance with these requirements. in accordance with the format resulting from legal provisions.

Responsibility of the statutory auditor

Our goal was to express an opinion, based on the assurance service performed, giving reasonable assurance whether the consolidated financial statements in the ESEF format were labeled, in all material aspects, in accordance with the requirements of the ESEF Regulation.

We have provided our service in accordance with the National Standard on Attestation Services Other than the Audit and Review 3001pl - audit of financial statements prepared in a uniform electronic form of reporting ("KSUA 3001pl") and, where appropriate, with the

National Standard on Attestation Services Other than the International Audit and Review 3000 (Z) Attestation Services Standard 3000 (amended) - "Assurance services other than audits and reviews of historical financial information" issued by the National Council of Statutory Auditors ("KSUA3000 (Z)". These standards oblige us to comply with ethical requirements, plan and perform procedures in order to obtain reasonable assurance, whether the consolidated financial statements in the ESEF format are labeled, in all material respects, according to the specified criteria.

Reasonable certainty is a high level of assurance, but it does not guarantee that the service carried out in accordance with KSUA3001pl and appropriate KSUA 3000 (Z) will always detect an existing material misstatement (material non-compliance with the requirements).

The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement, whether due to fraud or error. In making the assessment of these risks, the auditor shall take into account the internal control related to the preparation of the consolidated financial statements in the ESEF format and its labeling in order to plan appropriate procedures to provide the auditor with sufficient evidence appropriate to the circumstances. The assessment of the functioning of the internal control system was not carried out to express an opinion on its operating effectiveness.

Quality control and ethical requirements

We apply the provisions of the resolution of the National Council of Statutory Auditors on the principles of internal quality control in the wording of the International Standard on Quality Control 1 and in accordance with it we maintain a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Professional Accountants (including the International Standards of Independence) issued by the Council of International Ethical Standards for Accountants and adopted by resolution of the National Council of Statutory Auditors, which is based on the fundamental principles of honesty, objectivity, professional competence and due diligence, confidentiality and professionalism.

Summary of the performed work

The procedures planned and performed by us were aimed at obtaining reasonable assurance whether the consolidated financial statements in the ESEF format were labeled, in all material respects, in accordance with the applicable requirements. Our procedures included, among others:

- obtaining an understanding of the process of preparing consolidated financial statements in the ESEF format, including the process of selecting and applying the XBRL markers by the Group and ensuring compliance with the ESEF Regulation, including an understanding of the internal control mechanisms related to this process;
- reconciliation, on a selected sample, of the tagged information contained in the consolidated financial statements in the ESEF format to the audited consolidated financial statements;

- assessment of compliance with the technical standards regarding the specification of a single electronic reporting format, including the use of the XHTML format, using a specialized IT tool and with the support of an IT expert;
- assessment of the completeness of the marking of information in the consolidated financial statements in ESEF format with XBRL tags;
- assessment of whether the XBRL tags from the taxonomy specified in the ESEF Regulation have been properly applied and whether the extensions of the taxonomy have been properly used in situations where the underlying taxonomy specified in the ESEF Regulation has not identified relevant elements;
- assessment of the correctness of anchoring the applied taxonomy extensions in the basic taxonomy specified in the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the procedures performed, the consolidated financial statements in the ESEF format have been labeled, in all material respects, in accordance with the requirements of the ESEF Regulation.

Declaration concerning provision of services not covered by the audit of financial statements

Based on our best of our knowledge and belief the services not covered by audit concerning the financial statements presented to the Group and controlled companies comply with legal provisions and regulations effective in Poland. Our company did not provide non-audit services prohibited based on the Art. 5 section 1 of the EU Regulation and the Art.136 of the Act on statutory auditors.

We declare that we have not provided the Group with non-audit services, which are prohibited under Art. 5 (1) of the EU Regulation 537/2014 and art. 136 of the Act on statutory auditors.

Selection an auditing company

Our company was appointed to audit the financial statements of the Group based on a resolution issued by the Supervisory Board of the Parent Company on 03 July 2020. We are auditing the Company's financial statements for the third time. We have been auditing the consolidated financial statements of the Group continuously, starting from the financial year ended on December 31, 2018, i.e. for 4 consecutive years.

Renata Lubowicka is the key statutory auditor responsible for the audit. This audit resulted in this independent statutory auditor's report acting for Polscy Biegli Sp. z o.o. with its register office in Warsaw located at ul. Józefa Bema 87 lok. 3U entered into the register auditing companies under number 4159 with key statutory auditor auditing the consolidated financial statements on behalf of the aforementioned entity

Document signed by

Renata Lubowicka

Key Statutory Auditor reg. no. 11041
Date: 2022.04.29