

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, 2022, 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, 2022 to December 31 2022 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 2022 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 27 April 2023.

Grounds for the the opinion with a reservation

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
Recognition of sales revenue According to the shareholders, one of the main criteria for evaluating the activities of the Parent Company and the Capital Group is sales revenue.	<ul style="list-style-type: none"> • We gained understanding of the sales process. • We assessed the compliance of the applied accounting policy with respect to revenue recognition. • We analyzed sales revenues in 2022 to identify unusual transactions. • We verified the existence, completeness and commensurability of revenues on a selected sample.
Recognition of significant parts of the Capital Group and analysis of their financial data	Analysis of financial statements of subsidiaries and opinions on audits of financial statements of Group entities, as well as information prepared by statutory auditors auditing Group entities - for the purposes of auditing the consolidated financial statements

Another thing is the scope of the study

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by a statutory auditor acting on behalf of another audit firm, who expressed a qualified opinion on these statements on April 29, 2022.

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 are obliged to ensure that the consolidated financial statements meet the requirements provided for in the Accounting Act of September 29, 1994 ("Accounting Act" - i.e. Journal of Laws of 2023, item 120 as amended). Members of the Parent Company's Supervisory Board are responsible for overseeing 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 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:

- report on the Group's activities for the financial year ended December 31, 2022 ("Report on activities") along with a statement on the application of corporate governance and the statement on non-financial information referred to in Art. 55 section 2b of the Accounting Act, which are separate parts of this report,
- the consolidated report on payments to public administration in question in art. 63g of the Accounting Act, for the financial year ended December 31, 2022 ("Payment report"),

and the Annual Report for the financial year ended December 31, 2022 ("Annual Report") (together, "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 and members of the Supervisory Board of the Parent Company are obliged to ensure that the Report on the Group's activities, including its separate parts, and the Report on payments meet the requirements provided for in the Accounting Act.

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.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we confirm that the Group has prepared a statement on non-financial information referred to in Art. 55 sec. 2b of the Accounting Act as a separate part of the Report on activities.

We have not performed any assurance work on the non-financial statement and we do not express any assurance regarding it.

Report on other legal and regulatory requirements

Opinion on the compliance of the marking of the consolidated financial statements, prepared in a uniform electronic reporting format, with the requirements of the regulation on technical standards regarding the specification of a uniform electronic reporting format.

In connection with the audit of the consolidated financial statements, we were engaged to perform a reasonable assurance engagement in order to express an opinion on whether the consolidated financial statements of the Group as at and for the year ended 31 December 2022, prepared in a uniform electronic reporting format, contained in a file named stp_2022-12-31_pl.zip ("ESEF consolidated financial statements"), has been marked in accordance with the requirements set out in Commission Delegated Regulation (EU) No. 2019/815 of December 17, 2018, supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for the specification of a uniform electronic reporting format (Official Journal EU L 143 of 29/05/2019, p. 1, as amended) ("ESEF Regulation").

Identification of criteria and description of the subject of the service

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 labeling requirements and technical requirements regarding the specification of the uniform electronic reporting format, which are set out in the ESEF Regulation.

This responsibility includes the selection and use of appropriate XBRL tags, using the taxonomy set out in these regulations. The responsibility of the Management Board of the Parent Company also includes designing, implementing and maintaining an internal control system ensuring the preparation of consolidated financial statements in the ESEF format, free of material non-compliance with the requirements of the ESEF Regulation.

Members of the Supervisory Board of the Parent Company are responsible for overseeing the financial reporting process, which also includes the preparation of financial statements in accordance with the format resulting from applicable law.

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 performed the service in accordance with the National Standard on Assurance Services Other than Audit and Review 3001PL - "Audit of financial statements prepared in a uniform electronic reporting format" adopted by the resolution of the National Council of Statutory Auditors No. 1975/32a/2021 of December 17, 2021 (hereinafter: "KSUA 3001PL") and, where applicable, in accordance with the National Standard on Assurance Services Other than Audit and Review 3000 (Z) in the wording of the International Standard on Assurance Engagements 3000 (Revised) - "Assurance services other than audits or reviews of historical financial information" adopted by the resolution of the National Council of Statutory Auditors No. 3436/52e/2019 of April 8, 2019, as amended died (hereinafter: "KSUA 3000 (Z)").

This standard requires the auditor to plan and perform procedures in such a way as to obtain reasonable assurance that the consolidated financial statements in ESEF format have been prepared in accordance with specified criteria.

Reasonable assurance is a high level of assurance, but it does not guarantee that an engagement conducted in accordance with KSUA 3001PL and, where applicable, in accordance with KSUA 3000(Z) will always detect a material misstatement that exists. The procedures selected depend on the auditor's judgment, including the auditor's assessment of

the risks of material misstatement due to fraud or error. In assessing these risks, the auditor considers internal control related to the preparation of ESEF consolidated financial statements in order to design appropriate procedures to provide the auditor with sufficient and appropriate evidence in the circumstances. The assessment of the functioning of the internal control system was not carried out in order to express an opinion on the effectiveness of its operation.

Summary of the performed work

The procedures planned and performed by us 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 of the information marked on a selected sample contained in the consolidated financial statements in the ESEF format to the audited consolidated financial statements;
- using a specialized IT tool, assessing the fulfillment of technical standards regarding the specification of a uniform electronic reporting format, assessing the completeness of marking information in the consolidated financial statements in the 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 base our opinion on the compliance of the label with the requirements of the ESEF Regulation.

Ethical requirements, including independence

When performing the service, the statutory auditor and the audit firm complied with the independence and other ethical requirements set out in the IESBA Code. The IESBA Code is based on the fundamental principles of honesty, objectivity, professional competence and due diligence, confidentiality and professional conduct. We have also complied with other independence and ethical requirements that apply to this assurance engagement in Poland.

Quality control requirements

The audit firm applies national quality control standards. In accordance with the requirements of the national quality control standards, the audit firm has designed, implemented and applied a quality management system, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on compliance with the requirements of the ESEF Regulation

The basis for the opinion of the statutory auditor are the issues described above, therefore the opinion should be read taking into account these issues.

In our opinion, the consolidated financial statements in the ESEF format have been marked up, 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.

Non-audit services that we provided to the Group in the audited period are listed in part I, point 31 of the Report on the Group's activities.

Selection an auditing company

We were appointed to audit the Group's consolidated financial statements by virtue of the resolution of the Parent Company's Supervisory Board of June 20, 2022. We are auditing the Group's consolidated financial statements for the first time.

The key statutory auditor responsible for the audit, the result of which is this independent statutory auditor's report, is Krzysztof Warczak, acting on behalf of KPW Audyt Sp. z o.o. with headquarters in Łódź (90-350), at street Tymienieckiego 25C/410 entered on the list of audit firms under number 4116, on behalf of which the key statutory auditor has audited the financial statements.

Krzysztof Warczak

Key Statutory Auditor, Reg. No. 11939

Łódź, 27 April 2023