

**Report on the remuneration of Members of the Management Board
and Supervisory Board of Stalprodukt S.A. for 2023**

Bochnia, May 2024

Introduction

This Annual Report on the remuneration of the Management Board and Supervisory Board of Stalprodukt S.A. for 2023 ("Remuneration Report") was prepared pursuant to Art. 90g. Act on public offering and conditions for introducing financial instruments to organized trading and on public companies (Journal of Laws 2024.620, i.e. of April 23, 2024) (the "Act").

The current version of the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of Stalprodukt S.A. ("Policy") was approved on June 15, 2020 by Resolution No. XXXIX/11/2020 of the Ordinary General Meeting of Stalprodukt S.A. This policy is available on the website of Stalprodukt S.A. in the "Investor relations" tab, section: "Corporate governance" (<https://www.stalprodukt.com.pl/en/investor-relations/general-meeting/>).

Pursuant to §7 of the Policy, the Supervisory Board prepares an annual remuneration report and then presents it to the General Meeting, which adopts a resolution on this report. The remuneration report is previously assessed by a statutory auditor in the scope of including the information required pursuant to art. 90 g of paragraphs 1-5 and 8 of the Act.

In addition, in §2 of Resolution No. XXXIX/11/2020, the Ordinary General Meeting authorized the Supervisory Board to detail the elements of the Policy described in art. 90d paragraph 7 of the Act to the extent specified in § 3 points 2.1-2.4 of the Policy. Therefore, at the first meeting of the Supervisory Board of the new term of office, which was held on October 9, 2020, the Supervisory Board introduced new rules and criteria for remunerating Members of the Management Board of the Company, in line with the "Remuneration Policy" adopted by the General Meeting. In particular, by Resolution No. 10/XII/2020, the Supervisory Board adopted the document entitled "Regulations of benefits and remuneration of the Management Board of Stalprodukt S.A., which entered into force on the same day.

The main change - in relation to the previously adopted solutions - consists in resignation from quarterly bonuses for the Management Board and limitation to the payment of an annual bonus. Moreover, the amount of the multiple of average remuneration in the Company for the previous month, which is the basis for the calculation of the basic remuneration of the Management Board members, was limited. Currently, this remuneration ranges from 6 to 10 times the average monthly remuneration for both the president and a member of the Management Board.

Pursuant to the provisions of the "Regulations of Benefits and Remuneration of the Management Board", changes were made to the existing employment contracts with members of the Management Board on October 30, 2020, which entered into force on November 1, 2021.

In connection with the above-mentioned changes to the Management Board remuneration rules, the last quarterly bonus for the Management Board was paid for the results of Q3 2020. In practice, therefore, the new rules for remunerating the Management Board are in force in the Company from Q4 2020.

The detailed scope of information required under Art. 90 g of paragraph 1, points 1) - 8) of the Act.

I. The amount of the total remuneration broken down into components referred to in Art. 90d paragraph 3 point 1 of the Act, and the mutual proportions between these remuneration components.

1.2. Components of the remuneration of the Management Board and Supervisory Board in 2032.

1.2.1. Management

In 2023, the remuneration of Members of the Management Board of Stalprodukt S.A. consisted of the following elements: fixed remuneration, variable remuneration (quarterly and/or annual bonus) and additional benefits.

Note: all remuneration amounts given in this Remuneration Report are gross amounts.

Remuneration of the Board for 20232 in PLN

First name and last name	Base pay	Annual bonus	Total	The share of basic pay in total remuneration
Piotr Janeczek	934 582	249 039	1 183 621	79,0%
Łukasz Mentel	666 632	182 219	848 851	78,5%
Razem	1 601 214	431 258	2 032 472	78,8%

Due to the earlier acquisition of pension rights and the desire to exercise the right to obtain appropriate benefits, Mr. Piotr Janeczek - President of the Management Board submitted an application on October 6, 2023 for termination of the employment contract, which took place on October 24, 2023. The total benefits related to this event (including retirement severance pay, holiday pay and severance pay for termination of the employment contract) amounted to PLN 1,507,561.

Then, the Supervisory Board adopted a resolution on concluding a new employment contract with Mr. Piotr Janeczek. This agreement was concluded on October 26, 2023 and is valid until the end of the current term of office of the Management Board, i.e. until the date of the Ordinary General Meeting of Stalprodukt S.A. approving the financial statements for 2025. The other terms of the employment contract have not changed.

1.2 Supervisory Board

In 2022, the remuneration of Members of the Supervisory Board of Stalprodukt S.A. consisted of a fixed cash remuneration, based on the appointment and due to the performed function, i.e. chairman, vice-chairman, secretary or member of the Supervisory Board of Stalprodukt S.A.

These rules were defined in Resolution No. XXXIX/11/2020 of the General Meeting of Stalprodukt S.A. on June 15, 2020. According to these rules, members of the Supervisory Board, depending on their function, receive remuneration in the following amount:

- Chairman of the Supervisory Board - monthly remuneration in the amount of the average monthly wage in the Company for the previous month, multiplied by a factor of 1.4;
- Vice-chairman and secretary of the Supervisory Board - monthly remuneration in the amount of the average monthly wage in the Company for the previous month, multiplied by a factor of 1.2;
- Member of the Supervisory Board - monthly remuneration in the amount of the average monthly wage in the Company for the previous month, multiplied by a factor of 1.1.

In addition, a member of the Supervisory Board who is also a member of the Audit Committee receives an additional monthly remuneration in the form of an additional monthly gross amount, increased by 20% in relation to the above-mentioned levels of remuneration.

Remuneration of the Supervisory Board

First name and last name	Base pay for 2023
Stanisław Kurnik	129 820
Sanjay Samaddar ²⁾	0
Magdalena Janeczek	136 771
Agata Sierpińska-Sawicz	126 338
Romuald Talarek	122 399
Total	515 328

²⁾ Due to the internal regulations in force at ArcelorMittal Poland S.A., Mr. Sanjay Samaddar resigned from receiving remuneration for performing the function of a member of the Supervisory Board of Stalprodukt.

Members of the Management Board for the management of the Company and performance of functions in the management body, as well as Members of the Supervisory Board for the performance of functions in the supervisory body, may not receive from the Company any cash and non-monetary remuneration other than those described above. The above does not apply to members of the Supervisory Board who do not meet the criteria of being independent from the Company, who may also receive remuneration for the employment relationship between them and the Company (there are no such persons in the current term of the Supervisory Board).

1.3 Additional cash benefits received by the Management Board and Supervisory Board

One member of the Management Board and two members of the Supervisory Board joined the Employee Capital Plans (Polish “PPK”) program and therefore receive additional cash benefits in the form of payment by the Employer of a part of the contribution to the PPK.

The table below contains the annual list of payments to PPK from the Employer (data in PLN).

First name and last name	Function	Payment to the PPK in 2023
Łukasz Mentel	Member of the Board	12 542
Magdalena Janeczek	Member of the Supervisory Board	2 003
Agata Sierpińska-Sawicz	Member of the Supervisory Board	1 836

In 2023, members of the Management Board used civil liability insurance, paid by the Company. The cost of the annual premium in this respect amounted to PLN 24,000.

1.4 Non-cash benefits

Moreover, members of the Management Board receive non-cash benefits in the form of concluded contracts for the use of company cars for private purposes, settled by a flat-rate tax paid by members of the Management Board. The lump sum amounts to PLN 400/month.

2. Explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the company.

The current rules of remuneration for the Management Board are more transparent than the previous ones, as they cover only the basic salary and the annual bonus of up to 30 percent. basic salary. In the opinion of the Supervisory Board, these amounts are in reasonable proportions to each other. These principles are also consistent with the restructured management remuneration system, which also assumes the payment of an annual bonus and its maximum level.

In addition, according to the "Remuneration Policy", one of the criteria for the payment of the variable part of the remuneration taken into account is the level of implementation of the business strategy. Such an approach to the evaluation of the work of the Management Board is conducive to the accomplishment of long-term goals by the Company, its sustainable development and the increase of the value of the Company for shareholders, while achieving favorable financial results.

In addition, in the opinion of the Supervisory Board, taking into account also non-financial aspects when paying out the variable part of the remuneration allows better care for the long-term and sustainable development of the Company, which thus secures the expectations of many stakeholders, allows to limit the negative social effects of the conducted activity, including minimizing the impact on the natural environment.

3. Information on how the performance criteria have been applied

In the currently applicable Regulations for remunerating the Management Board, financial and economic criteria are the basis for evaluating the work of the Management Board. The most important of them include such economic figures as e.g. the degree of implementation of the sales plan (in terms of quantity and value), changes in revenues from the sale of products, changes in costs in relation to changes in the value of sales, yields, changes in financial results in relation to the plan and the previous year, and a number of financial measures, such as liquidity ratios, profitability, debt and ability to service debt, operational efficiency and their changes in relation to the plan. In assessing the work of the Management Board, the Supervisory Board also takes into account extraordinary events occurring in the company's environment, on the market and other factors independent of the activities of the Management Board.

When determining the amount of the variable part of the Management Board's remuneration, the Supervisory Board took into account the very good level of financial and sales results achieved by both Stalprodukt S.A. and the Capital Group in 2022. The Company's operating profit increased in 2022 compared to 2021 by 44, 8%, net profit increased by 80.9% and EBITDA increased by 37.9%. Achieving such good results was the result of effective actions of the Management Board in difficult market conditions. Additionally, through proper management of the Capital Group, the Company's Management Board also indirectly contributed to the very good results of the companies from the Group, in which the parent company is Stalprodukt S.A. As a result, the operating profit and EBITDA generated by the Group in 2022 were only slightly lower than in the previous year, while the Group's net profit decreased by 7.0% in this period. Due to the above, the Supervisory Board granted the Management Board an annual bonus of the maximum amount, i.e. 30% of the fixed remuneration received in 2022.

4. Information on changes, on an annual basis, in remuneration, company results and average remuneration of employees of this company who are not members of the management board or the supervisory board, in the period of at least the last five financial years, in total, in a manner enabling comparison.

Comparison of changes in the remuneration of the Management Board, Supervisory Board and average remuneration in the Company (in PLN).

Years	Remuneration of Management Board (in PLN)*	Change (current year vs. previous year)	Remuneration of Supervisory Board (in PLN)	Change (current year vs. previous year)	Average wage of an employee (in PLN)	Change (current year vs. previous year)
2019	4 642 690	33,7%	370 888	16,2%	5 625	6,1%
2020	2 790 623	-39,9%	324 483	-12,5%	5 160	-8,3%
2021²⁾	1 777 269	-36,3%	399 840	23,2%	6 035	17,0%
2022	1 879 611	5,8%	481 156	20,3%	7 231	19,8%
2023	2 032 472	15,0%	515 328	7,10%	7 511	3,9%

²⁾ from April 28, 2020, the Company's Management Board consists of 2 people, hence the differences in the amount of remuneration of the Management Board between 2019-2020 and 2021-2023.

Stalprodukt S.A. results in the years 2019-2023 (data in PLN thousand) and their percentage changes in individual years

Stalprodukt S.A.	2019	2020	2021	2022	2023	2020/2019	2021/2020	2022/2021	2023/2022
Gross profit (loss) on sales	90 113	87 915	334 461	513 283	147 250	-2,44%	280,4%	53,5%	-71,3%
Operating profit (loss) (EBIT)	-4 439	22 918	232 263	336 452	48 600	-	913,5%	44,9%	-85,6%
EBITDA	47 166	75 672	282404	389 477	103 057	60,44%	273,2%	37,9%	-73,5%
Net profit (loss)	92 808	54 844	220 063	398 121	219 648	-40,91%	301,3%	80,9%	-44,8%

Results of the Stalprodukt S.A. Capital Group in the years 2019-2023 (data in PLN thousand) and their percentage changes in individual years

Stalprodukt S.A. Capital Group	2019	2020	2021	2022	2023	2020/2019	2021/2020	2022/2021	2023/2022
Gross profit (loss) on sales	482 455	421 962	819 732	861 017	337 324	-12,5%	94,3%	5,0%	-60,8%
Operating profit (loss) (EBIT)	203 708	196 084	621 218	611 229	109 204	-3,7%	216,8%	-1,6%	-82,1%
EBITDA	371 488	362 907	798 261 ³⁾	790 508	290 583	-2,3%	120,0% ³⁾	-1,0% ³⁾	-63,2%
Net profit (loss)	154 488	183 776	516 700 ⁴⁾	480 522	87 175	19,0%	181,2%	-7,0%	-81,9%

³⁾ Correction of incorrectly stated EBITDA for 2021 (and therefore the percentage changes in this indicator in the period 2021/2020 and 2022/2021) in the Remuneration Report prepared for 2022.

5. The amount of remuneration from entities belonging to the same capital group within the meaning of the Act of September 29, 1994 on accounting (Journal of Laws of 2023, item 120, consolidated text of January 16, 2023).

Wysokość wynagrodzenia otrzymanego przez członków Zarządu i Rady Nadzorczej od podmiotów należących do Grupy Kapitałowej Stalprodukt przedstawiona została w poniższej tabeli (dane w zł). The remuneration is related to the performance of the function of members of the supervisory boards of these entities

Name and Surname	Position	Remuneration for 2023
Piotr Janeczek	President of the Management Board	134 408
Łukasz Mentel	Member of the Management Board	118 801

None of the members of the Supervisory Board served as a member of the Management Board or the Supervisory Board in subsidiaries of Stalprodukt S.A.

6. The number of granted or offered financial instruments and the main conditions for the exercise of rights from these instruments, including the price and date of exercise and their changes

In 2023, neither the members of the Management Board nor the Supervisory Board were granted or offered any financial instruments.

7. Information on the use of the option to demand the return of variable remuneration components

In accordance with the "Remuneration Policy", the rules for calculating, paying and possibly returning overpaid variable remuneration for a Management Board Member are determined by the resolutions of the Supervisory Board, and in the case of concluding an employment contract or a managerial contract, also these documents. The "Remuneration policy" also provides that if the Supervisory Board confirms the validity of the notification, the Management Board Member will be obliged to return the overpaid amount of the variable part of the remuneration. A member of the Management Board is obliged to accept in writing the rules of settling overpaid advances by means of a set-off.

8. Information on deviations from the procedure for implementing the remuneration policy and derogations applied pursuant to Art. 90f, including an explanation of the rationale and procedure, and an indication of the elements from which the exceptions were applied.

As a rule, the "Remuneration Policy" does not contain any exceptions to its implementation.

9. Explanation of how the resolution referred to in para. 6 or the discussion referred to in par. 7, referring to the previous report about salaries.

By Resolution No. XLII/11/2023 of June 27, 2023, the Ordinary General Meeting of the Company issued a positive opinion on the "Annual on remuneration of members of the Management Board and Supervisory Board of Stalprodukt S.A. for 2022. Considering the above, the resolution expressing an

opinion on the previous Remuneration Report has been included in this Report in such a way that this Report presents the required information in a manner identical to the previous “Report on the remuneration”.

Chairman of the Supervisory Board
Stanisław Kurnik

Vice-Chairman of the Supervisory Board
Sanjay Samaddar

Secretary of the Supervisory Board
Magdalena Janeczek

Member of the Supervisory Board
Agata Sierpińska-Sawicz

Member of the Supervisory Board
Romuald Talarek

Bochnia, 16 May 2024