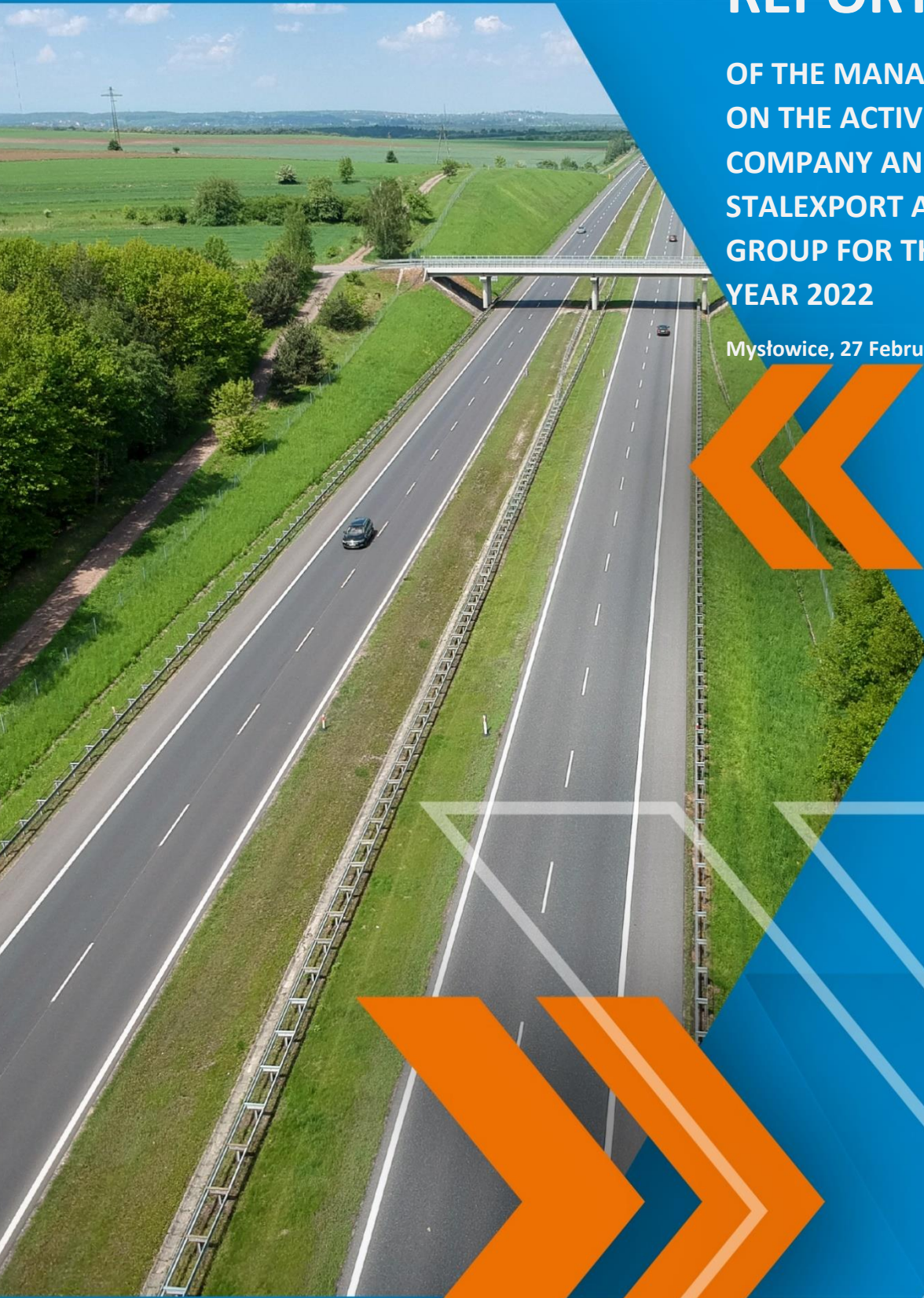


REPORT

OF THE MANAGEMENT BOARD
ON THE ACTIVITIES OF THE
COMPANY AND OF THE
STALEXPORT AUTOSTRADY S.A.
GROUP FOR THE FINANCIAL
YEAR 2022

Mysłowice, 27 February 2023



This document constitutes a translation of the Report of the Management Board on the activities of the Company and the Stalexport Autostrady S.A. Group for 2022, which was originally issued in Polish. In case of ambiguities in interpretation of terminology, the Polish terminology should be treated as binding.

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» DEFINITIONS AND ABBREVIATIONS

The table below presents the definitions of the abbreviations used in this Report.

ADT	Average Daily Traffic
Atlantia	Atlantia S.p.A. with its registered office in Rome (Italy)
Biuro Centrum	Biuro Centrum Sp. z o.o. with its registered office in Katowice
DPSN 2021	“Best Practice of GPW Listed Companies 2021” adopted by resolution No. 13/1834/2021 of the Supervisory Board of GPW on 29 March 2021 and effective as of 1 July 2021.
Ernst & Young	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, entered on the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No. 130
GDDKiA	General Directorate for National Roads and Motorways
GPW	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
Capital Group, Stalexport Autostrady Group, Group	The Stalexport Autostrady S.A. Capital Group with its registered office in Mysłowice
KSH, Commercial Companies Code	Act of 15 September 2000 – Code of Commercial Companies and Partnerships (Polish Journal of Laws Dz.U. of 2000 No. 94 item 1037 as amended)
Pavimental Polska	Pavimental Polska Sp. z o.o. with its registered office in Trzebinia (32-450), at ul. Słowackiego 49
Ordinance on current and periodic information	Ordinance of the Minister of Finance of 29 March 2018 concerning current and periodic information provided by issuers of securities and the conditions for considering as equivalent information required by the law of a non-member state as equivalent (Dz.U. of 2018, item 757).
SAM, Concessionaire	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice
Report	Report of the Management Board on the activities of the Company and of the Stalexport Autostrady S.A. Group for the financial year 2022

Stalexport Autostrady, Company, Issuer	Stalexport Autostrady S.A. with its registered office in Mysłowice
Concession Agreement	The Concession Agreement dated 19 September 1997 on construction by adaptation of the A4 motorway on the following section: Katowice (Murckowska Junction, 340.2 km) – Kraków (Balice Junction, 401.1 km) to the toll motorway standards and motorway operation on this section, including modifications made on the basis of subsequent amendments, the rights and obligations under which were transferred in their entirety from Stalexport Autostrady to SAM on 28 July 2004.
Act on Auditors	Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089)
Act on Offering	Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies (Dz.U. of 2005, item 1539, uniform text)
UOKiK	Office of Competition and Consumer Protection
VIA4	VIA4 Spółka Akcyjna with its registered office in Mysłowice
General Meeting	General Meeting of Shareholders

» PART 1

LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD OF STALEXPORT AUTOSTRADY



Dear Sir, Dear Madam,

Dear Shareholders,

After the years 2020–2021, when we struggled with the economic consequences of the COVID-19 pandemic, hope emerged that the Polish and European economy would get back on the pre-pandemic development track. However, already in February 2022, these hopes were quickly dispelled by Russia's military aggression on Ukraine. In the 21st century, in Europe, war started so close to us. This extremely challenging period has nevertheless seen some uplifting displays of solidarity and help which Polish people provided and continue to provide to refugees from Ukraine and to Ukrainian citizens who have remained in their country. Companies from the Group also joined these efforts to help. Apart from the financial and in-kind support that was provided, during the biggest refugee wave all vehicles with Ukrainian licence plates were exempted from toll on the A4 motorway Katowice-Kraków section managed by us, constituting the main road corridor for refugees from Ukraine. Toll exemptions were also applied to Polish and foreign non-governmental organisations carrying humanitarian aid. The exemption for such organisations was in force until the end of 2022 and will continue to be in force at least until 31 March 2023. The total value of the help provided to Ukrainians and to the non-governmental organisations mentioned above by the operator of the A4 Katowice-Kraków motorway – Stalexport Autostrada Małopolska S.A. – in the form of the toll exemptions mentioned above amounted to over PLN 5.5 million (net).

In terms of the results we achieved in 2022 with regard to our Group's core business, i.e. management and operation of the A4 motorway section indicated above, we recorded an increase in average daily traffic by 9.1% vs 2021, i.e. to the level of 46,770 vehicles per day, including average daily traffic of passenger cars: 38,652 (up by 9.7%) and of heavy goods vehicles 8,118 (up by 6.4%). The highest traffic was recorded in August, with a daily average of 53.9 thousand vehicles. As a result of the above traffic increases, but also as a result of the changes in the toll rates introduced on 4 July 2022, toll revenue also increased vs 2021 by 15%, i.e. to over PLN 409.2 million.

The Stalexport Autostrady Group's revenue from sales in 2022 amounted to PLN 413.9 million, i.e. it was approx. 15% higher than in 2021. The Group's EBIDTA was PLN 191.3 million in 2022, i.e. PLN 14.3 million lower (by approx. 7%) vs 2021, while the Group's net profit was PLN 85.7 million, approx. 10% lower vs 2021 (PLN 95.4 million). The decrease in net profit was driven primarily by the almost 53% higher own cost of sales (PLN -191.4 million in 2022 vs PLN -125.1 million in 2021), which includes costs related to the provisions established for carriageway resurfacing on the A4 Katowice-Kraków (increase by almost 400%, i.e. from PLN 19.7 million in 2021 to PLN 78.3 million in 2022). These significantly higher costs related to the establishing of provisions were related to the carriageway resurfacing on the whole toll section planned for the subsequent years, i.e. until the expiry of the concession on the A4 section managed in 2027 and the takeover of the motorway by the State Treasury. This item also takes into account the price increases in the construction market. Tenders for the works were invited in January 2023. The Concessionaire is also planning a number of other works on the motorway, making sure that the road, once it has been taken over by the State, will not require any renovations and the associated financial expenditures for many years to come. In addition to the resurfacing mentioned above, motorway drainage will be modernised along the entire concession section, the carriageway pavement at three motorway junctions and all emergency crossings will be renovated, three bridges

carrying the motorway and crossing the motorway will also be renovated, renovation works will also be carried out of the concrete road pavement at the toll plazas, and additional rest and service areas will be built. Some of these works are already in progress.

In 2022, the Group's capital expenditures amounted to nearly PLN 70 million (approx. 40% more than in 2021) and were related mainly to construction works performed to modernise motorway drainage and culverts. This higher level of capital expenditures was due, in addition to the more extensive scope of the works carried out, to the significant increase in the costs of construction materials and services.

In 2022, activities continued to be implemented aimed at improving the flow capacity of toll plazas through the dissemination of automatic payment methods. In January 2022, another videotolling (licence plate recognition) application, mPay, was launched. During the year, traffic management was also changed, with the allocation of three toll gates in each direction of travel at two toll plazas: Mysłowice and Balice, to drivers using automatic payment methods (A4Go electronic toll collection and videotolling).

As far as the separate result of Stalexport Autostrady is concerned, the company's sales revenue in 2022 amounted to PLN 4 million and was approx. 8.5% higher vs 2021 (PLN 3.7 million). The source of this revenue is primarily lease of office space and parking spaces in the office building in Katowice. Despite the higher revenue, the Company's net profit was approx. 15% lower than in 2021 and amounted to approx. PLN 49 million. The net result was influenced above all by the Company's 10% lower financial revenue (PLN 56 million in 2022 vs approx. PLN 62.5 million in 2021), the largest item of which included dividends received (approx. PLN 48.3 million in 2022 and PLN 62.1 million in 2021).

With this letter, I would also like to say goodbye to our shareholders and motorway users. In November 2022, after 22 years with Stalexport Autostrady S.A., I decided to retire. My time with the company has been full of challenges, but at the same time it has given me great satisfaction, even though there were some difficult moments, particularly at the start of my work at Stalexport S.A. (the previous business name under which the Company operated), when the Company was going into decline. However, thanks to decisions that were sometimes radical and bold, we have managed to transform the Company into a well-functioning and prosperous enterprise. The A4 Katowice-Kraków route, which had earlier been more of an expressway, became Poland's first motorway thanks to huge financial outlays, a number of investments, and the significant expansion and modernisation of the road infrastructure. This would not have been possible without the enormous commitment and often sacrifice on the part of many people – my colleagues. I would like to thank them wholeheartedly not only for this commitment, for their daily diligent work and creativity, but also for the many years of a positive, friendly atmosphere at work in the company.

I invite you to read the financial statements of Stalexport Autostrady and of the Stalexport Autostrady Group as well as the Management Board's Report on the activities of the Company and of the Group for the financial year 2022.

I would like to thank all shareholders and partners for their interest in Stalexport Autostrady and in its Capital Group. I would also like to thank members of the Supervisory Boards for the good collaboration and support.

Enjoy your reading!

Yours faithfully,

President of the Management Board

CEO

Emil Wąsacz

» PART 2

BASIC INFORMATION ON THE COMPANY AND ON THE STALEXPORT AUTOSTRADY GROUP

2.1. STALEXPORT AUTOSTRADY S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 75 45

Management Board:

Emil Wąsacz –
President of the Management Board,
CEO

Mariusz Serwa –
Vice-President of the Management
Board, CFO

KRS [company reg. no.]: 0000016854
NIP [tax ID]: 634-013-42-11
REGON [statistical no.]: 271936361

Share capital:
PLN 185,446,517.25
(paid-up in full)

www.stalexport-autostrady.pl

Stalexport Autostrady S.A. plays the primary role in the Group which focuses on the upgrade and expansion of motorway infrastructure. The Company was the first Polish company to be granted, in 1997, a concession to implement the pioneering project with regard to the operation, alteration and adaptation of the Katowice-Kraków section of the A4 motorway to toll motorway requirements.

In 2004, the concession was transferred to an entity established specifically for the purpose of implementing the provisions of the Concession Agreement, i.e. Stalexport Autostrada Małopolska S.A.

Since mid-2006, the Company has been part of the Italian Atlantia Group. As at 31 December 2022 and as at the date of the Report, Atlantia held 61.2% of the Company's share capital. For more information about the Atlantia group, visit its website at www.atlantia.it.

Apart from the activities associated with the construction and operation of toll motorways, Stalexport Autostrady also leases out office space in a building it co-owns, located in Katowice.

2.2. STALEXPORT AUTOSTRADY GROUP

The activities of the Company and of the entities belonging to its Capital Group focus primarily on motorway activity. This involves operation and maintenance of the Katowice-Kraków section of the A4 motorway.

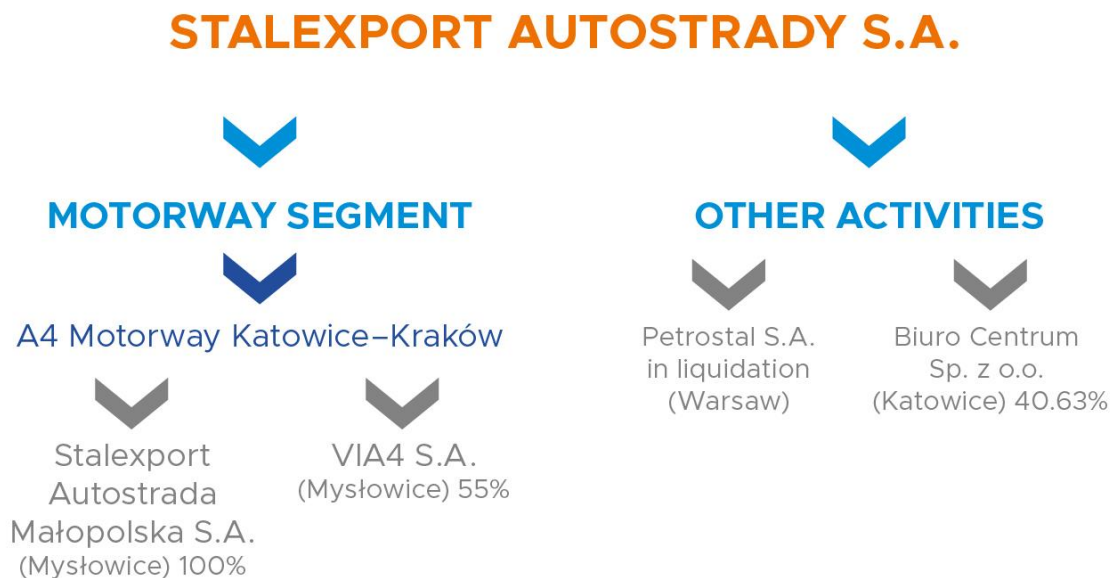
These activities are carried out through the SAM and VIA4 companies.

Additionally, in relation to the fact that Stalexport Autostrady Capital Group co-owns an office building in the centre of Katowice, it provides services related to the leasing of office and parking spaces.

These activities are carried out by the Company itself as the co-owner of the property, as well as by its affiliate Biuro Centrum Sp. z o.o. as the property managing entity.

The chart below presents the organisational structure of Stalexport Autostrady Group broken down into: (i) the core area of activities, i.e. the motorway segment, and (ii) other activities.

FIGURE 1 | ENTITIES BEING PART OF THE STALEXPORT AUTOSTRADY GROUP AS AT 31 DECEMBER 2022



Source: The Company's own compilation

2.3. ENTITIES COVERED BY THE CONSOLIDATION AND THE METHODS OF THEIR CONSOLIDATION

Stalexport Autostrady is the parent company and it draws up the consolidated financial statements. The entities covered by consolidation as at 31 December 2022, except the parent entity, have been described in the following table.

TABLE 1 | ENTITIES BEING PART OF THE GROUP AS AT 31 DECEMBER 2022 (EXCEPT THE COMPANY)

Company name	Registered office	Main area of activity	Company status	Share in capital and in total number of votes	Date of taking control / Acquisition date	Consolidation method
Stalexport Autostrada Małopolska S.A.	Mysłowice	Motorway construction and operation	Subsidiary	100%	1998	Full method
VIA4 S.A.	Mysłowice	Motorway operation	Subsidiary	55%	1998	Full method
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Affiliate	40.63%	1994	Equity method
Petrostal S.A. in liquidation*	Warsaw	Inactive	Subsidiary	100%*	2005	-

**entity not covered by consolidation due to existing limitations regarding control exercise*

Source: The Company's own compilation

The table below includes basic consolidated data of Stalexport Autostrady Group as well as separate data regarding the three major entities belonging to the Group, i.e. Stalexport Autostrady, SAM and VIA4. Apart from the results achieved by the said companies in 2022, for the purpose of comparison, the results are also included achieved by the companies in the corresponding period of the previous year, while as regards the balance sheet data, figures are presented as at 31 December 2022 and as at 31 December 2021.

TABLE 2 | BASIC FINANCIAL DATA OF SELECTED ENTITIES FROM THE GROUP [FIGURES IN '000 PLN]

balance sheet data	Group		Stalexport Autostrady		SAM		VIA4	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Non-current assets	1,071,771	998,383	81,451	80,088	1,054,901	985,245	16,533	15,809
Current assets	359,106	351,970	230,524	242,300	114,902	102,811	22,705	16,571
Total shareholders' equity	820,584	799,019	303,986	314,371	568,439	540,200	15,800	12,377
Non-current payables	310,428	353,754	5,292	3,217	305,999	352,271	11,159	11,805
Current payables	299,865	197,580	2,697	4,800	295,365	195,585	12,280	8,199
Net debt*	-714,940	- 674,249	-218,817	-228,083	-485,244	-436,673	11,621	15,052
performance data	2022	2021	2022	2021	2022	2021	2022	2021
Revenues from sales	413,890	360,162	4,023	3,709	409,206	355,715	61,322	52,269
Gross profit/loss from sales	222,536	235,030	-1,304	-985	196,101	214,156	24,355	18,934
EBITDA**	191,254	205,565	-5,905	-5,958	177,625	196,094	21,005	16,781
EBIT	106,266	125,333	-6,592	-6,620	93,760	117,282	18,097	13,789
Result on financial activities	9,870	-1,718	55,943	62,330	3,516	-714	-480	-370
Net profit/loss	85,669	95,415	48,977	57,723	70,470	88,963	14,190	10,801
EBIT margin***	26%	35%	-164%	-178%	23%	33%	30%	26%
ROE****	10%	12%	16%	18%	12%	16%	90%	87%

* Net debt = total liabilities – provision for capital expenditures – non-current deposits – cash and cash equivalents

**EBITDA = EBIT + depreciation and amortisation

***EBIT margin = EBIT / revenue from sales

**** ROE = net profit / total shareholders' equity

Source: The Company's own compilation

2.4. DESCRIPTION OF OTHER COMPANIES OF THE STALEXPORT AUTOSTRADY GROUP

2.4.1. STALEXPORT AUTOSTRADA MAŁOPOLSKA S.A.

ul. Piaskowa 20
41-404 Mysłówice
tel. +(48) 32 762 75 55

Management Board:

Emil Wąsacz –
President of the Management Board

Mariusz Serwa –
Vice-President of the Management
Board, CFO

Paweł Kocot –
Member of the Management Board

KRS [company reg. no.]: 0000026895
NIP [tax ID]: 634-22-62-054
REGON [statistical no.]: 273796214

Share capital:
PLN 66,753,000
(paid-up in full)

Ownership structure:
100% – Stalexport Autostrady

www.autostrada-a4.pl

SAM was established on the basis of the notarial deed of 19 December 1997 as a company which at that time was intended as a special purpose vehicle in the project consisting in the management of the A4 motorway on the Katowice-Kraków section.

The activities provided for in the Company's Statutes include management of motorway projects as well as all the tasks resulting from the applicable Concession Agreement, which encompasses management of construction, adaptation to the requirements of a toll motorway and operation of the A4 motorway Katowice-Kraków section (the aforementioned concession was initially granted to Stalexport Autostrady, and subsequently transferred to SAM pursuant to the decision of the Minister of Infrastructure of 28 July 2004).

Pursuant to the Concession Agreement, SAM was authorised to collect lease fees and toll for using the above-mentioned motorway section. In line with the provisions of this Concession Agreement, the entity is, in exchange, obliged to provide ongoing maintenance of the motorway and continue other necessary investment tasks.

In 2027, in accordance with the provisions of the Concession Agreement, the aforementioned section of the A4 motorway will return under the State Treasury's management.

SAM finances its operations with the revenue generated from toll collection and other revenue, including the received lease fees.

The Company does not benefit from any subsidies or sureties from the State Treasury.

Selected financial data of SAM are presented in Table no. 2.

2.4.2. VIA4 S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 73 50

Management Board:
Andrzej Gienieczko –

President of the Management Board

Mieczysław Skołożyński –

Vice-President of the Management
Board

KRS [company reg. no.]: 0000162861

NIP [tax ID]: 634-22-98-951

REGON [statistical no.]: 276194390

Share capital:

PLN 500,000

(paid-up in full)

Ownership structure:

55% - Stalexport Autostrady

45% - Egis Road Operation S.A.

(France)

www.via4.pl

The company VIA4 was established on the basis of the notarial deed of 14 May 1998. The business of VIA4 consists in activity related to the operation of the A4 toll motorway on the Katowice-Kraków section. The entity effectively renders its services to its only customer, namely SAM as the entity managing this motorway section pursuant to the Concession Agreement.

For the services it performs, the entity receives lump sum remuneration, the value of which depends mainly on the level of traffic on the motorway and on the inflation rate.

The main tasks performed by VIA4 comprise the services consisting in ongoing operation and maintenance of the A4 toll motorway section (Katowice-Kraków), including: operation of the toll collection system; management of motorway traffic; maintenance, i.e. keeping the motorway facilities in proper technical condition; comprehensive maintenance of the entire motorway right-of-way; winter maintenance of the motorway; management and consulting, in particular with respect to future repairs and renovation of the road surface and projects related to road standard improvement.

VIA4 also carries out equally important tasks related to safety and road traffic: 24/7 motorway patrols, which in cooperation with the Motorway Management Centre ensure possibly quick incident detection; operation of the SOS telephone system along the motorway right-of-way; cooperation with the police and other services in order to ensure unobstructed traffic flow on the motorway in case of collisions, accidents or other incidents.

Selected financial data of VIA4 are presented in Table no. 2.

2.4.3. BIURO CENTRUM SP. Z O.O.

ul. Mickiewicza 29
40-085 Katowice
tel. +(48) 32 207 22 08

Management Board:
Damazy Ćwikowski –
President of the Management Board
Dorota Karolak –
Vice-President of the Management
Board

KRS [company reg. no.]: 0000087037
NIP [tax ID]: 634-10-03422
REGON [statistical no.]: 272254793

Share capital:
PLN 80,000
(paid-up in full)

Ownership structure:
59.37% - WĘGŁOKOKS S.A.
40.63% - Stalexport Autostrady

www.biurocentrum.com.pl

The Biuro Centrum company was established on the basis of the notarial deed of 9 June 1994.

The main business of Biuro Centrum consists in management and maintenance of the office and conference building in Katowice at ul. Mickiewicza 29 co-owned by Stalexport Autostrady (40.47%) and Węgłokoks S.A. (59.53%).

Biuro Centrum guarantees high standards and professionalism in all services concerning property management and maintenance. It has modern organisational, technical and office facilities in place.

The supplementary activities of Biuro Centrum also include catering services in the “Pod wieżami” bistro run by the Company.

» PART 3

INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE FINANCIAL POSITION (CURRENT AND PREDICTED), ASSETS AND FINANCIAL RESULT OF THE GROUP AND OF THEIR CHANGES, AND INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE ISSUER'S AND OF ITS GROUP'S ABILITY TO FULFIL THEIR OBLIGATIONS

3.1. STALEXPORT AUTOSTRADY

3.1.1. PRESENTATION OF FINANCIAL RESULTS

The table below shows the Company's basic financial results achieved in 2022 and comparative figures for the previous year (2021).

TABLE 3 | SELECTED ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME OF STALEXPORT AUTOSTRADY IN 2022 AND 2021 (SEPARATE FIGURES)

'000 PLN	2022	2021	Change [%]
Revenues from sales	4,023	3,709	8%
Cost of sales	-5,327	-4,694	13%
Gross loss on sales	-1,304	-985	32%
Other operating revenue	134	118	14%
General and administrative expenses	-5,397	-5,154	5%
Other operating expenses	-1	-3	-67%
Reversal of loss/(Losses) on impairment of trade receivables and other receivables	-24	-596	-96%
Loss on operating activities (EBIT)	-6,592	-6,620	0%
Financial revenue	56,060	62,454	-10%
Financial expenses	-117	-124	-6%
Balance on financial activities	55,943	62,330	-10%
Profit before taxation	49,351	55,710	-11%
Income tax	-374	2,013	-119%
Net profit	48,977	57,723	-15%

Source: The Company's own compilation based on the Company's separate financial statements

The amount of net profit generated in 2022 was mainly a result of positive financial operations described in more detail in paragraph 3.1.1.3 of the Report.

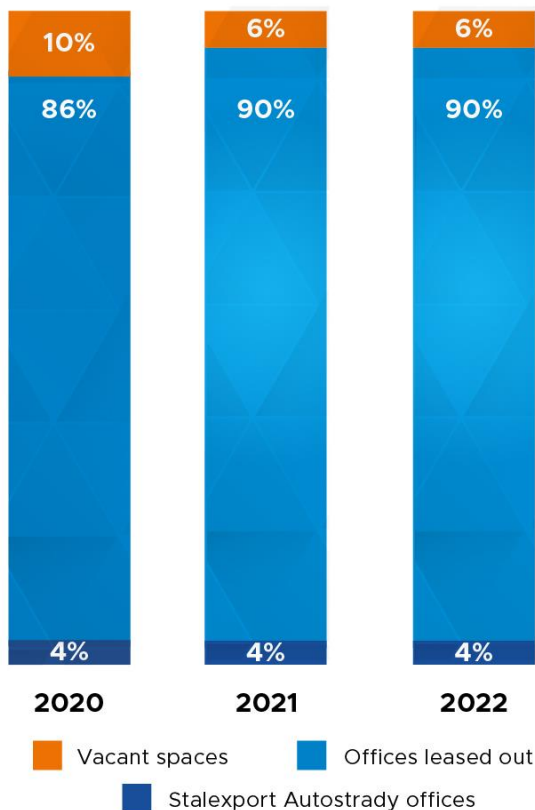
3.1.1.1. AMOUNT AND STRUCTURE OF OPERATING REVENUE

Stalexport Autostrady runs its motorway business through its subsidiaries. Thus, the separate **revenue from sales** generated by the Company includes mainly revenue from services related to the lease of space in the office building in Katowice at ul. Mickiewicza 29 and of parking spaces located next to that office building.

The total revenues generated by Stalexport Autostrady in 2022 from the service involving the lease of investment property amounted to PLN 3,762 thousand vs PLN 3,501 thousand in 2021.

Stalexport Autostrady is a co-owner of the office building in Katowice at ul. Mickiewicza 29. As part of the co-ownership, the Company has at its sole disposal office space of 4,734 m² (and additionally 212 m² of conference rooms), of which 183 m² as at the end of 2022 was occupied by Stalexport Autostrady for its own needs (the same amount as in 2021).

FIGURE 2 | STRUCTURE OF OFFICE SPACE UTILISATION IN THE PROPERTY IN KATOWICE AT UL. MICKIEWICZA 29



Currently, the amount of office space not leased out fluctuates around the minimum level possible from the technical point of view that results from a natural turnover of lessees and preparation (refurbishment or redecoration) of spaces in order to lease them out again to third parties.

The plan for this year is to continue the efforts to maintain the current office space occupancy while preserving the optimum rent rates.

Revenue from contracts with customers, in the amount of PLN 257 thousand, was obtained by the Company mainly by providing IT services to related parties.

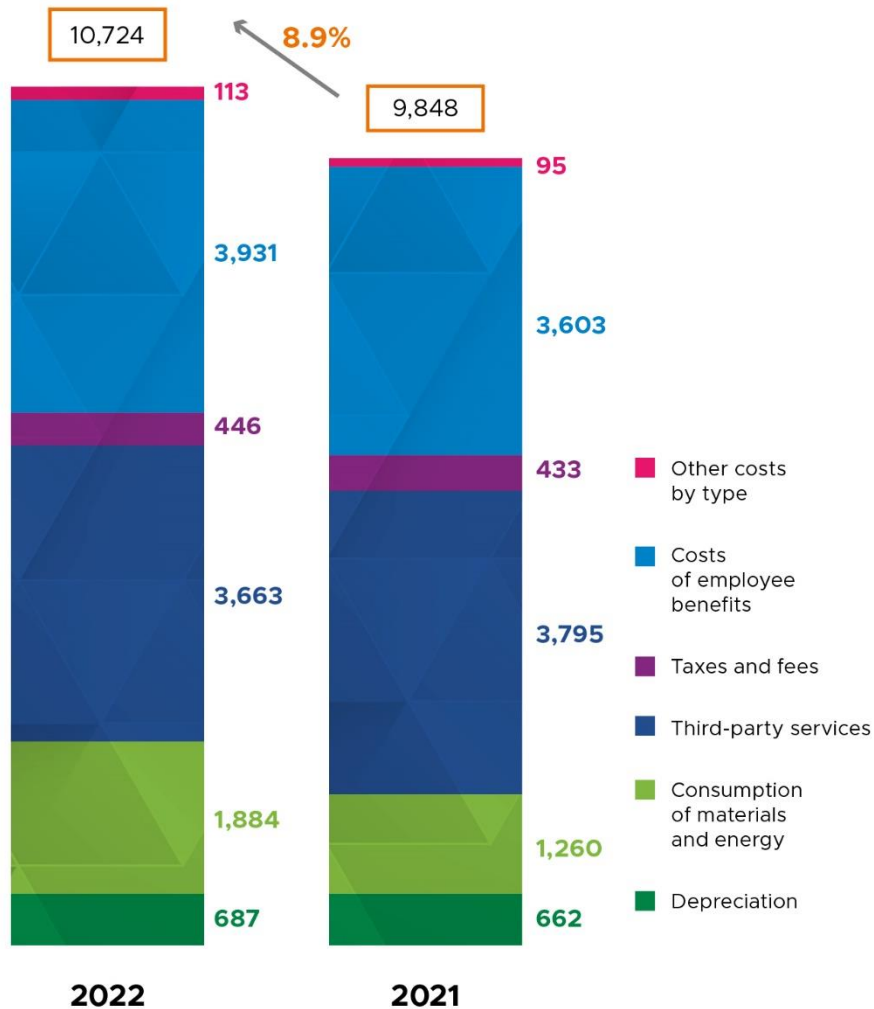
Revenue from other services in 2022 amounted to PLN 4 thousand, and remained at the same level as in the previous year.

Source: The Company's own compilation

3.1.1.2. AMOUNT AND STRUCTURE OF OPERATING EXPENSES

In 2022, the expenses incurred by Stalexport Autostrady – including the cost of sales as well as general and administrative expenses – increased by 8.9%.

FIGURE 3 | STRUCTURE OF COSTS OF THE COMPANY’S OPERATING ACTIVITIES BY TYPE [DATA IN ‘000 PLN]



Source: The Company’s own compilation (in ‘000 PLN)

The largest item of costs by type incurred by Stalexport Autostrady in 2022 was the cost of employee benefits (up by 9.1% vs 2021), including mainly costs of remuneration and movements in employee benefit payables.

The second largest item in the structure of costs by type incurred by Stalexport Autostrady is represented by outsourced services (including, but not limited to property administration, repair, maintenance and cleaning service, property security, rental, lease of office space and consultancy services). These costs decreased by approx. 3.5% in 2022 vs 2021.

In 2022, consumption of materials and energy increased by approx. 49.5% vs the previous year. Depreciation in 2022 increased by 3.8%, while taxes and fees were higher by 3.0%. Other costs by type increased by 18.9%.

In addition, in 2022, other operating expenses amounted to PLN 1 thousand, while losses on impairment of trade receivables and other receivables amounted to PLN 24 thousand.

3.1.1.3. FINANCIAL OPERATIONS

The financial operations of the Company significantly affect the net profit/loss generated by Stalexport Autostrady. This is a consequence of the nature of the activity carried out by the Company (managing the Group). This activity makes it possible to accumulate funds that can subsequently be used for the implementation of potential future investments or for dividend payment.

The figures in this area of operation are influenced to the greatest extent by financial revenue, which in 2022 comprised the following:

- dividends received from subsidiaries (PLN 48,254 thousand);
- interests related to finance lease (PLN 441 thousand);
- interests related to investments consisting in depositing financial resources with banks (PLN 7,315 thousand);
- dividends received from other entities (PLN 50 thousand).

In 2022, total financial revenue amounted to PLN 56,060 thousand and was lower by PLN 6,394 thousand vs the previous year, which resulted from the lower dividend from subsidiaries and higher interest on deposits.

In turn, the amount of financial expenses in 2022 was influenced in a decisive manner by interest on liabilities measured at depreciated cost, including interest on lease liabilities, in the amount of PLN 115 thousand.

3.1.2. ASSETS AND FINANCIAL POSITION

The assets and the financial position of Stalexport Autostrady are presented on the basis of the synthetic statement of financial position shown in the table below. It takes into account the structure of assets and liabilities of the Company and the year-on-year dynamics for particular items.

TABLE 4 | SYNTHETIC REPORT ON THE STATEMENT OF FINANCIAL POSITION OF STALEXPORT AUTOSTRADY AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2021 – SEPARATE FIGURES

in '000 PLN			<i>Dynamics</i>	<i>Structure</i>	
	31 Dec 2022	31 Dec 2021	2022/2021	31 Dec 2022	31 Dec 2021
Non-current assets	81,451	80,088	2%	26%	25%
Current assets	230,524	242,300	-5%	74%	75%
Total shareholders' equity	303,986	314,371	-3%	97%	98%
Non-current payables	5,292	3,217	65%	2%	1%
Current payables	2,697	4,800	-44%	1%	1%
Balance sheet total	311,975	322,388	-3%	100%	100%

Source: The Company's own compilation

3.1.2.1. ASSETS

As far as the structure of **non-current assets** as at the end of 2022 is concerned, the main item consists in the shares of the subsidiary conducting the motorway business, i.e. SAM (PLN 66,753 thousand). In the analysed period, the value of non-current assets was higher than in the previous year. This results from the increase in the value of the investment property (by PLN 1,275 thousand), of finance lease receivables (by PLN 523 thousand) and of other long-term investments (by PLN 2 thousand) and from the decrease in deferred income tax assets (by PLN 334 thousand), in property, plant and equipment (by PLN 101 thousand), and in intangible assets (by PLN 2 thousand).

The amount of **current assets** as at the end of 2022 is determined by cash and cash equivalents (PLN 226,806 thousand), decrease by PLN 9,294 thousand vs 2021). Other items of current assets of Stalexport Autostrady that can be distinguished are short-term finance lease receivables in the amount of PLN 2,014 thousand (increase by PLN 496 thousand), short-term investments in the amount of PLN 1,085 thousand (decrease by PLN 39 thousand), as well as trade and other receivables in the amount of PLN 619 thousand (decrease by PLN 2,939 thousand).

An aggregate analysis of the components of current assets discussed above shows that their total value as at the end of 2022 is PLN 230,524 thousand vs PLN 242,300 thousand as at the end of the previous year, meaning a decrease by PLN 11,776 thousand.

3.1.2.2. LIABILITIES

In 2022, a decrease was recorded in the equity structure with regard to the amount of retained earnings, which amounted to PLN 48,988 thousand as at the end of the year (decrease by PLN 9,961 thousand vs 2021). The above is mainly a consequence of the net profit generated by the Company for the reporting period in the amount of PLN 48,977 thousand as well as of payment of dividend in the amount of PLN 58,950 thousand (from retained earnings). Other reserves and supplementary capital remained at a similar level (PLN 62,302 thousand) as at the end of 2021 (PLN 62,695 thousand).

As at 31 December 2022, the company's total liabilities amounted to PLN 7,989 thousand, down by PLN 28 thousand vs 31 December 2021), which resulted from the increase in the amount of lease payables (by PLN 1,747 thousand), trade payables and other payables (by PLN 71 thousand) and income tax (by PLN 4 thousand), as well as the decrease in employee benefit payables (by PLN 1,850 thousand).

3.2. THE GROUP

3.2.1. PRESENTATION OF FINANCIAL RESULTS

The following table includes basic financial results of the Stalexport Autostrady Group generated in 2022 along with comparative data for the previous year.

TABLE 5 | SELECTED ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME OF THE STALEXPORT AUTOSTRADY GROUP IN 2022 AND 2021 – CONSOLIDATED

'000 PLN	2022	2021	Change [%]
Revenues from sales	413,890	360,162	15%
Cost of sales	-191,354	-125,132	53%
Gross profit on sales	222,536	235,030	-5%
Other operating revenue	6,368	5,072	26%
General and administrative expenses	-119,388	-113,522	5%
Other operating expenses	-3,229	-658	391%
Reversal of losses/(Losses) on impairment of trade receivables and other receivables	-21	-589	-96%
Profit on operating activities (EBIT)	106,266	125,333	-15%
Financial revenue	35,392	1,019	3,373%
Financial expenses	-25,522	-2,737	832%
Balance on financial activities	9,870	-1,718	675%
Share in profit/loss of affiliates	81	15	440%
Profit before taxation	116,217	123,630	-6%
Income tax	-30,548	-28,215	8%
Net profit	85,669	95,415	-10%

Source: The Company's own compilation

In 2022, the Group obtained 15% higher sales revenues compared to the corresponding period of the previous year. It should be noted at this point that the Group's operations in 2021 were influenced by the restrictions in social and economic activity as a result of the COVID-19 pandemic. In 2022, these restrictions did not have material importance.

Gross profit from sales decreased by 5% vs the previous year. The gross result dynamics was influenced by the aforementioned increase in revenue from sales, while on the other hand, cost of sales was 53% higher than in 2021 (more information in paragraph 3.2.1.2 of the Report).

3.2.1.1. AMOUNT AND STRUCTURE OF OPERATING REVENUE

The financial results of the Stalexport Autostrady Group are influenced mainly by the Group’s motorway activity consisting in the management and operation of the toll section of the A4 Katowice-Kraków motorway. This activity is carried out through the Group’s subsidiary SAM under the Concession Agreement it signed, in force until 2027.

The traffic intensity on the concession section of the motorway – particularly as far as heavy goods vehicles are concerned – largely depends on the rate of development of the economy, measured by the gross domestic product (GDP) level.



In 2022, average daily traffic on the concession section of the A4 motorway Katowice-Kraków amounted to 46,770 vehicles and was 9.1% higher than the traffic level recorded in 2021 (42,857 vehicles). Toll revenue in 2022 amounted to PLN 409,206 thousand, representing an increase by 15.0% vs the same period in 2021 (PLN 355,715 thousand).

As far as passenger cars are concerned, Average Daily Traffic increased from 35,225 vehicles in 2021 to 38,652 vehicles in 2022 (a 9.7% increase). Toll revenue from passenger cars in 2022 amounted to PLN 254,141 thousand, i.e. it increased by 13.1% vs 2021 (PLN 224,721 thousand). The difference between the dynamics of change in toll revenue vs the dynamics of change in average daily traffic of passenger vehicles is a result of the change in the toll rates in both 2022 and the comparative year, i.e. 2021, the consistently increasing share of automatic payments (to which lower preferential rates are applied) in the structure of traffic, and the increased traffic related to the armed conflict in Ukraine, partially exempted from toll.

As far as heavy goods vehicles are concerned, Average Daily Traffic increased by approx. 6.4%, i.e. from 7,632 vehicles in 2021 to 8,118 vehicles in 2022. Toll revenue from heavy goods vehicles in 2022 amounted to PLN 155,065 thousand, i.e. it increased by 18.4% vs 2021 (PLN 130,994 thousand). Just like in the case of passenger cars, the rates for heavy goods vehicles changed in 2022 and in the comparative year, i.e. 2021. In addition, preferential rates for automatic payments were abolished.



The tables below show the Average Daily Traffic (ADT) and the toll revenue in 2022 versus 2021, with the relevant dynamics.

TABLE 6 | AVERAGE DAILY TRAFFIC (ADT)

ADT	2022	2021	Change
 Passenger cars	38,652	35,225	9.7%
 Heavy goods vehicles	8,118	7,632	6.4%
Total	46,770	42,857	9.1%

Source: The Company’s own compilation

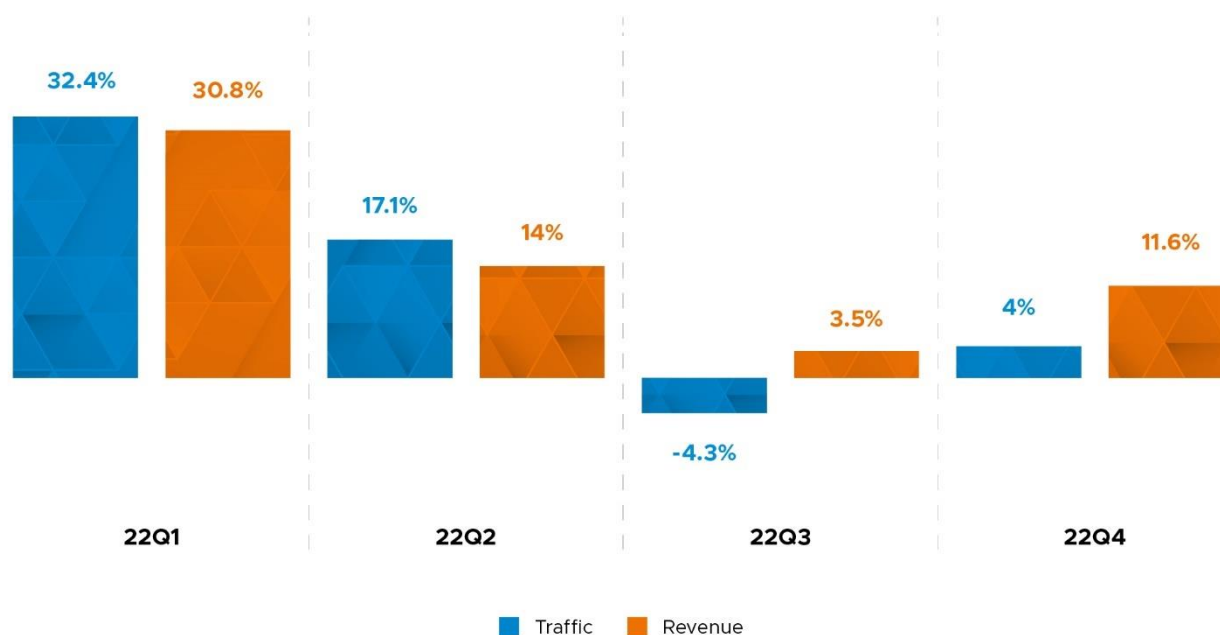
TABLE 7 | TOLL REVENUE

['000 PLN]	2022	2021	Change
 Passenger cars	254,141	224,721	13.1%
 Heavy goods vehicles	155,065	130,994	18.4%
Total	409,206	355,715	15.0%

Source: The Company's own compilation

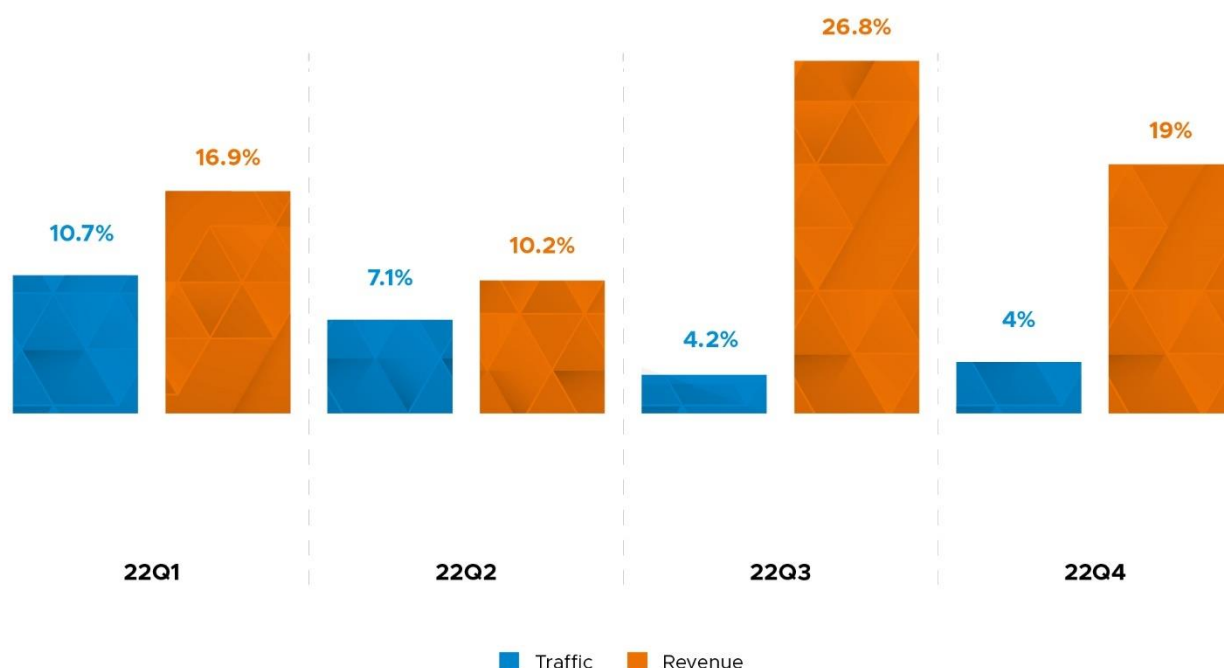
The following figures show the dynamics of Average Daily Traffic (ADT) and of toll revenue in 2022 vs 2021 on a quarterly basis, separately for passenger cars and heavy goods vehicles.

FIGURE 4 | DYNAMICS OF ADT AND OF TOLL REVENUE FOR PASSENGER CARS IN 2022 VS 2021 (QUARTER ON QUARTER OF THE PREVIOUS YEAR)



Source: The Company's own compilation

FIGURE 5 | DYNAMICS OF ADT AND OF TOLL REVENUE FOR HEAVY GOODS VEHICLES IN 2022 VERSUS 2021 (QUARTER ON QUARTER OF THE PREVIOUS YEAR)



Source: The Company's own compilation

The difference in traffic and revenue dynamics between the quarters results from the factors described above. In addition, one should bear in mind that in the first half of last year, social and economic activity was still restricted due to the spread of the SARS-CoV-2 coronavirus and the number of COVID-19 cases, while in the current period the Group recorded a spot increase in traffic at the start of the armed conflict in Ukraine, triggered by the wave of migration and help to Ukrainian citizens. It is worth noting that from 1 March 2022, after prior agreement with the Ministry of Infrastructure, vehicles with Ukrainian licence plates, as well as vehicles or groups of vehicles, declared by Polish non-governmental organisations and by foreign organisations and individuals as carrying aid to Ukrainian citizens, were exempted from toll. The exemption for vehicles with Ukrainian licence plates was in force until 31 May 2022, and it continues to apply to vehicles declared as carrying humanitarian aid.

Apart from toll collection, the Group also obtained revenue from sales related to motorway operation in the amount of PLN 912 thousand, consisting of compensation for damaged motorway infrastructure.

Apart from the motorway activity, revenue from sales of the Stalexport Autostrady Group in the amount of PLN 3,772 thousand was related to the lease of space in the office building located in Katowice, at ul. Mickiewicza 29 and to provision of other services. Compared to 2021, the amount of revenue unrelated to motorway activities increased by 7.4%.

In 2022, other operating revenue amounted to PLN 6,368 thousand and included revenue from the lease of rest and service areas (PLN 4,335 thousand), compensation/damages, contractual penalties, reimbursement of fees and costs of court proceedings (PLN 642 thousand), interest on receivables (PLN 14 thousand), and other (PLN 1,377 thousand).

3.2.1.2. AMOUNT AND STRUCTURE OF OPERATING EXPENSES

In 2022, the operating expenses of the Stalexport Autostrady Capital Group amounted to PLN 313,992 thousand and were 30.9% higher than in the previous year (PLN 239,901 thousand), mainly as a result of the increased cost of establishing provisions for resurfacing (PLN 78,335 thousand in the current period, vs PLN 19,722 thousand in the previous year). The increase in the aforementioned item is a consequence of the rising prices in the construction market. The Company updated the costs of the resurfacing works it is obligated to complete by the end of the concession period. These measures resulted not only in an increase in the cost of establishing the provisions, but also in a deposit into the reserve account for resurfacing, which in turn led to a reduction in the amount of cash constituting the basis for calculation of the "Payments to the State Treasury" (PLN 47,372 thousand in the current period, vs PLN 63,249 thousand in the previous year).

In 2022, the costs of operating activities consisted of the following:

- cost of sales in the amount of PLN 191,354 thousand. The amount corresponding to this cost group was approx. 52.9% higher vs the previous year (PLN 125,132 thousand), mainly as a result of the increased cost of establishing the provisions for resurfacing;
- general and administrative expenses in the amount of PLN 119,388 thousand, which represented an increase by PLN 5,866 thousand (5.2%) vs the previous year, mainly as a result of the decrease in Payments to the State Treasury and the increase in Other third-party services;
- other operating expenses in the amount of PLN 3,229 thousand, influenced by discontinued investments recognised in previous periods as utilisation of the provision for capital expenditures (PLN 1,503 thousand), the loss on disposal/liquidation of property, plant and equipment (PLN 1,221 thousand), donations granted (PLN 257 thousand), claims handling costs (PLN 110 thousand), damages, fees (PLN 107 thousand), non-deductible input VAT (PLN 18 thousand) and other (PLN 13 thousand);
- losses on impairment of trade receivables and other receivables in the amount of PLN 21 thousand.

3.2.1.3. FINANCIAL OPERATIONS

In 2022, the Group recorded a positive balance on financial operations in the amount of PLN 9,870 thousand, i.e. the financial revenues generated (PLN 35,392 thousand) were lower than the financial expenses incurred (PLN 25,522 thousand). The financial revenue was influenced to the largest extent by interest on cash and deposits, amounting respectively to PLN 8,360 thousand and PLN 24,108 thousand. The financial expenses, in turn, were influenced decisively by the discounting of provisions in the amount of PLN 22,750 thousand and by the discounting of the payable related to Concession Fees in the amount of PLN 2,632 thousand.

At this point, it is worth mentioning that in line with the International Accounting Standards as well as the International Financial Reporting Standards, the provisions indicated above are recognised by the Group in the financial statements at their present value. The relevant figure reflects, therefore, the nominal value of the given liability or of the expected expenditure, discounted as at the day the financial statements are prepared, using the market interest rate.

In 2022 the Company generated the positive balance on financial operations recorded in 2022 (PLN 9,870 thousand) in comparison to the negative balance in 2021 (PLN 1,718 thousand).

3.2.2. ASSETS AND FINANCIAL POSITION

The following table includes a synthetic statement of financial position of the Group and its structure as at 31 December 2022. For the sake of comparison, the values of the individual items and their structure as at the end of 2021 are also presented.

TABLE 8 | SYNTHETIC REPORT ON THE STATEMENT OF FINANCIAL POSITION OF STALEXPORT AUTOSTRADY AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2021 – CONSOLIDATED FIGURES

in '000 PLN	Dynamics			Structure	
	31 Dec 2022	31 Dec 2021	2022/2021	31 Dec 2022	31 Dec 2021
Non-current assets	1,071,771	998,383	7%	75%	74%
Current assets	359,106	351,970	2%	25%	26%
Shareholders' equity	820,584	799,019	3%	57%	59%
Non-current payables	310,428	353,754	-12%	22%	26%
Current payables	299,865	197,580	52%	21%	15%
Balance sheet total	1,430,877	1,350,353	6%	100%	100%

Source: The Company's own compilation

3.2.2.1. ASSETS

The largest item in **non-current assets** were non-current investments, whose value had increased as at the end of 2022 to the amount of PLN 633,028 thousand vs PLN 502,727 thousand as at the end of 2021. This resulted mainly from the increase in the value of cash accumulated by SAM in deposit/reserve accounts created in line with the provisions of the Concession Agreement for the purpose of completion of the tasks specifically provided for in the Agreement (including mainly financing of the investment scheme being implemented and resurfacing).

Intangible fixed assets constituted the second largest item, amounting to PLN 347,441 thousand as at the end of 2022. They consisted virtually entirely of concession intangible assets. Their value decreased by PLN 78,927 thousand vs the end of 2021. This decrease is a resultant of (i) the depreciation of concession and other intangible assets (PLN 76,121 thousand), (ii) the decrease in concession intangible assets as a result of revaluation (PLN 3,226 thousand), (iii) acquisition (PLN 1,800 thousand), (iv) sales/liquidation (PLN 1,294 thousand) and (v) transfers to PP&E under construction (PLN 86 thousand).

Other significant items of non-current assets are represented by deferred income tax assets (PLN 49,696 thousand), up by PLN 15,851 thousand, and by property, plant and equipment (PLN 33,906 thousand), up by PLN 4,800 thousand). Deferred income tax assets included items related, among others, to property, plant and equipment as well as the provisions established, set off against the deferred tax provision, related mainly to concession intangible assets.

The largest item in the structure of **current assets** was represented by cash and cash equivalents (PLN 334,504 thousand) whose value showed an increase by PLN 8,321 thousand as at the end of 2022 vs the balance as at the end of 2021. Trade receivables and other receivables constituted another significant item of current assets (PLN 19,950 thousand), down by PLN 906 thousand, mainly as a result of the decrease in receivables from related entities. Apart from the above,

inventories (PLN 3,444 thousand) increased vs the end of 2021 by PLN 124 thousand, while current investments in the amount of PLN 1,085 thousand decreased by PLN 39 thousand vs the end of 2021.

3.2.2.2. LIABILITIES

As at 31 December 2022, the Group's total payables and provisions amounted to PLN 610,293 thousand, of which 50.9% were non-current items. The main items of payables and provisions included the following:

- PLN 357,796 thousand: provision for capital expenditures within Phase II of the investments being implemented on the managed section of the A4 motorway;
- PLN 102,193 thousand: trade and other payables (including Payments to the State Treasury in the amount of PLN 47,372 thousand);
- PLN 89,383 thousand: provision established for planned motorway resurfacing;
- PLN 21,240 thousand: income tax payables;
- PLN 15,371 thousand: other non-current payables, including PLN 8,953 thousand of payables under the Concession Fees;
- PLN 9,454 thousand: value of the toll trips on the A4 Katowice-Kraków motorway sold in the form of the prepaid KartA4 proximity cards and of the A4Go onboard devices, but unused;
- PLN 6,364 thousand: payable related to employee benefits;
- PLN 4,964 thousand: lease payables;
- PLN 3,528 thousand: prepayment related to lease of rest and service areas (MOP) and land for fibre optic cables (concerns the Katowice-Kraków section of the A4 motorway).

3.2.2.3. THE COMPANY'S AND THE GROUP'S MAIN DOMESTIC INVESTMENTS, INCLUDING IN PARTICULAR SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE FIXED ASSETS AND REAL ESTATE, INCLUDING EQUITY INVESTMENTS MADE OUTSIDE THE GROUP OF ITS RELATED ENTITIES WITH A DESCRIPTION OF THE FINANCING METHODS

The capital expenditures incurred by the Group in 2022 amounted to PLN 69,726 thousand and included mainly construction works carried out on the managed Katowice-Kraków section of the A4 motorway. These expenses were mainly related to motorway drainage and modernisation of culverts. Other capital expenditure of the Group pertains mainly to the purchase of the equipment required for the purpose of ongoing motorway maintenance, replacement of office equipment and means of transportation. The above-mentioned value of capital expenditure also includes supervision and design costs. The above amount of capital expenditure takes into account a reduction by PLN 1,503 thousand representing discontinued investments recognised in previous reporting periods as utilisation of the Provision for Phase II capital expenditures.

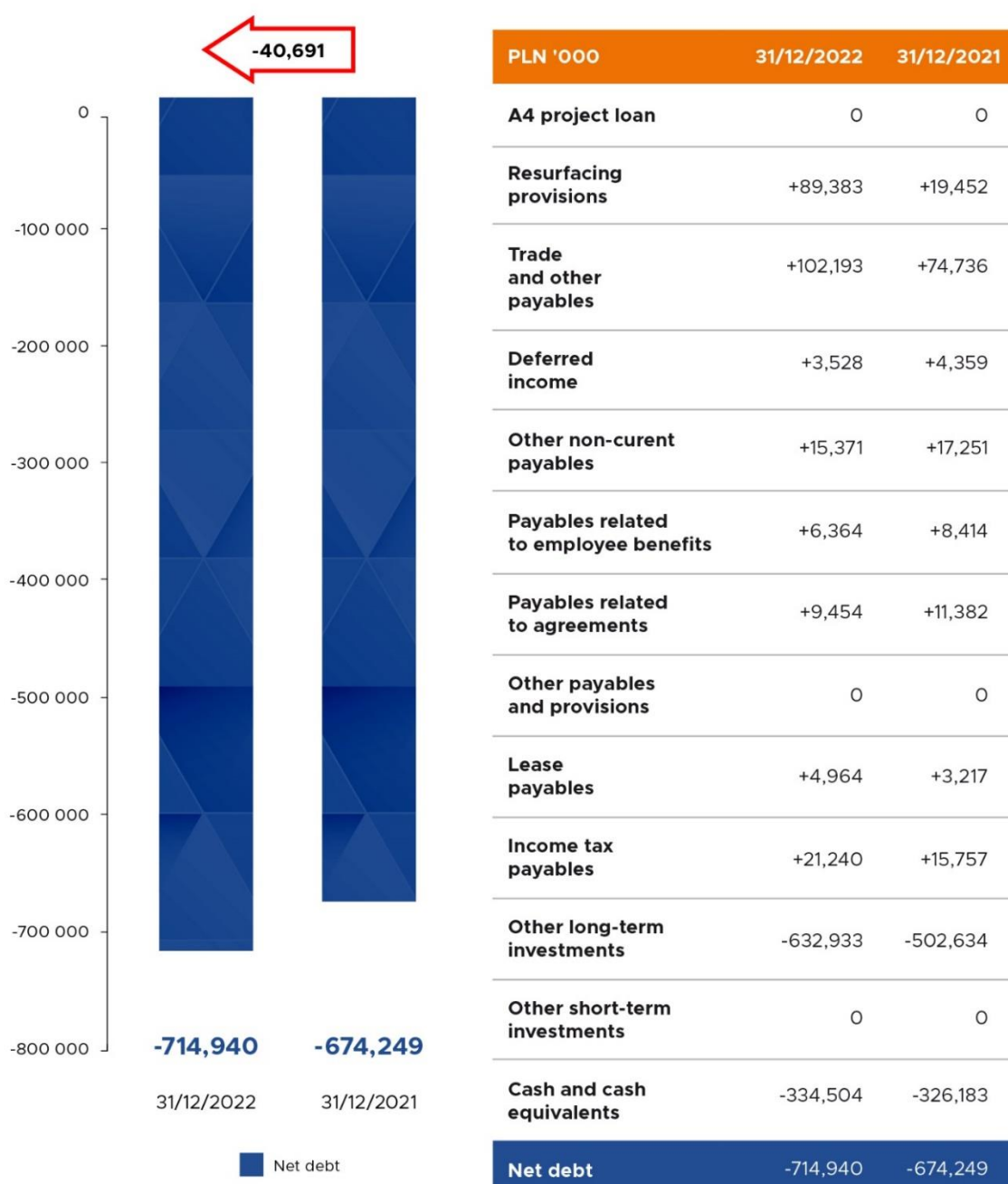
All the above-mentioned investment activities of the Group were allowed for in the capital expenditure budget for 2022 and had been approved earlier by the Supervisory Board of Stalexport Autostrady. At this point, it is worth emphasising that financing of the investment tasks resulting from the Concession Agreement entered into by SAM is secured with own funds generated from the operation of the A4 motorway (toll).

3.2.2.4. NET DEBT

Excluding from the liabilities the provisions for Phase II construction works, the Group's net debt as at the end of 2022 decreased by the amount of approx. PLN 40,691 thousand. The Group's net debt is fundamentally influenced by other long-term investments and by cash in long-term and short-term deposits.

The detailed method of calculation of this ratio and its value in the years 2021–2022 are presented below.

FIGURE 6 | NET DEBT OF THE GROUP (CONSOLIDATED FIGURES) – BALANCE AS AT 31 DECEMBER 2021 AND AS AT 31 DECEMBER 2022



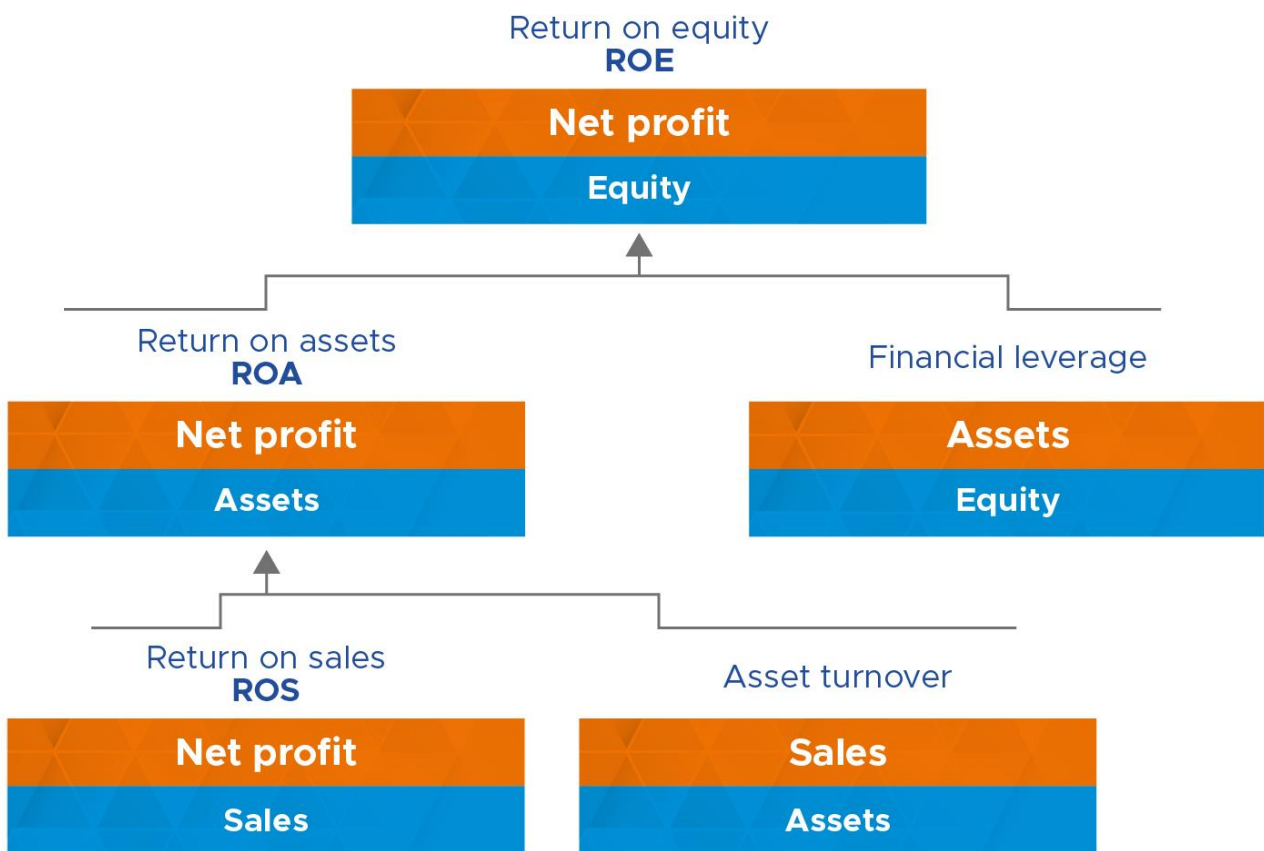
Source: The Company's own compilation

3.2.3. DUPONT ANALYSIS

The DuPont method is based on the assumption that the profitability and the growth rate of a company depend mostly on the efficiency of operational management, investment management, and financing strategy.

The starting point for the analysis is an assessment of the Company's equity performance using the basic value metric, i.e. ROE (calculated as net profit to equity). Subsequently, the ratio was decomposed, making it possible to extend the analysis to the following areas: return on sales, asset management, and finance management.

FIGURE 7 | DUPONT ANALYSIS DIAGRAM



Source: The Company's own compilation based on Sierpińska M., Jachna T. 2000: Ocena przedsiębiorstwa wg standardów światowych

According to the DuPont model, ROE depends on the margins achieved (return on sales – ROS), on asset efficiency (asset turnover), and on the degree of financial leverage. The table below presents a calculation of the ROE value and of the ratios influencing the annual rate of return on equity.

TABLE 9 | RETURN ON EQUITY (ROE), INCLUDING DECOMPOSITION OF THE RATIO – CALCULATIONS FOR THE YEARS 2020-2022

Ratio	2022	2021	2020
Return on equity (ROE)	10.4%	11.9%	10.6%
Return on assets (ROA)	6.0%	7.1%	6.4%
Return on net sales (ROS)	20.7%	26.5%	31.6%
Asset Turnover	0.29	0.27	0.2
Financial Leverage	1.74	1.69	1.65

ROE = net profit / equity

ROA = net profit / total assets

ROS = net profit / sales revenue

Asset turnover = revenue on sales / total assets

Financial leverage = total assets / equity

Source: The Company's own compilation

In the Group's case, ROE is influenced to a significant extent by the return on sales (ROS), which was 20.7% in the analysed period. The decrease in the above-mentioned ratio vs 2021 is mainly due to the higher cost of establishing resurfacing provisions.

ROE is also influenced by the level of applied Financial Leverage, which makes it possible for the company to hold assets significantly exceeding its equity. In the Group's case, financial leverage for the last 3 years was on a similar level, between 1.65 and 1.74.

The Group's revenue is characterised by a relatively high degree of stability and predictability, which is possible owing to the multiannual contract related to the management of the A4 motorway Katowice-Kraków toll section (Concession Agreement). The activity pursued makes it possible to generate a relatively high margin, which is confirmed by the sales margin ratios of over 50% (53.8% in 2022) as well as EBIT of over 20% (25.7% in 2022).

TABLE 10 | PROFITABILITY OF THE STALEXPORT AUTOSTRADY GROUP IN THE YEARS 2020–2022 ON THE INDIVIDUAL LEVELS OF THE ACTIVITY PURSUED

Ratio	2022	2021	2020
Sales margin	53.8%	65.3%	66.8%
EBITDA margin	46.2%	57.1%	54.9%
EBIT margin	25.7%	34.8%	34.6%

Sales margin = gross profit on sales / sales revenue

EBITDA margin = (profit/loss on operating activities excluding depreciation and amortisation and the resurfacing provision) / sales revenue

EBIT margin = operating profit / sales revenue

Source: The Company's own compilation

The Asset Turnover ratio is one of the drivers of ROE, apart from return on sales and finance management efficiency. It shows the efficiency of the investment policy pursued by the Company's Management Board as well as the performance of the individual asset items.

The analysis of the Capital Group's asset turnover was carried out on the basis of the ratios presented in the table below.

TABLE 11 | STALEXPOR AUTOSTRADY GROUP'S PERFORMANCE RATIOS IN THE YEARS 2020–2022

Ratio	2022	2021	2020
Asset Turnover	0.29	0.27	0.2
Working Capital Turnover	6.99	2.33	1.08
Receivables Turnover	20.75	17.27	20.78
Liabilities Turnover	0.68	0.65	0.51

Asset turnover = revenue on sales / total assets

Working capital turnover = sales revenue / (current assets – short-term liabilities and provisions)

Receivables turnover = sales revenue / current receivables

Liabilities turnover = sales revenue / liabilities

Source: The Company's own compilation

In the period discussed here, asset, working capital, receivables and liabilities turnover ratios increased vs 2021. The trends that are visible here are mainly due to an increase in revenue and current liabilities vs 2021.

An analysis of the liquidity and debt ratios included in the table below makes it possible to assess the level of risk related to repayment of current liabilities. The first two ratios compare current payables to current assets which can be used to repay those liabilities. The other ratios reflect the Group's debt.

TABLE 12 | STALEXPOR AUTOSTRADY GROUP'S LIQUIDITY AND DEBT RATIOS IN THE YEARS 2020–2022

Ratio	2022	2021	2020
Current liquidity	1.2	1.78	2.66
Quick liquidity	1.19	1.76	1.52
Debt to assets	0.43	0.41	0.4
Debt to equity	0.74	0.69	0.65
Long-term debt	0.38	0.44	0.47

Current liquidity = current assets / short-term liabilities

Quick liquidity = (short-term receivables + current investments + cash) / short-term liabilities

Debt to assets = liabilities / total assets

Debt to equity = liabilities / equity

Long-term debt = long-term liabilities / equity

In order to calculate the ratios described above, the values of receivables, inventories and liabilities as at the end of each year were used.

Source: The Company's own compilation

In the period under discussion, the current ratio and the quick ratio decreased compared to the previous year. Both ratios were above one, i.e. the level generally recognised as safe. Additionally, it should be pointed out that the Group keeps, in accordance with the Concession Agreement, cash in reserve accounts to cover future liabilities for which provisions were established. These funds are recorded as other non-current investments, so they are not included in the calculations of the above liquidity ratios. Debt ratios remained at a similar level as in the previous year.

» PART 4

ANALYSIS OF THE CORE MARKET OF THE COMPANY'S AND OF THE GROUP'S OPERATION

Taking into account the condition of the road infrastructure and development needs, the Ministry of Infrastructure developed, and the Council of Ministers adopted, in December 2022, the draft "Programme for Construction of National Roads until 2030 (with a perspective until 2033)", hereinafter referred to as the Programme.

The new Programme sets forth the objectives of the transport policy in terms of building the TEN-T road network in the territory of Poland as well as complementary road connections. The total amount of approx. PLN 294.4 billion will be allocated to the implementation of the investments included in the new programme. The financial limit includes new tasks with a value of approx. PLN 187 billion and continued tasks with a value of approx. PLN 104.5 billion, as well as a provision of PLN 3 billion. The programme assumes implementation of road investments along national roads, expressways and motorways with a total length of over 6,100 km. The new investments will include tasks covering a total of 2,600 km, while the continuing tasks, commenced under the already existing road programme, cover a length of over 3,500 km.

The basic source of financing for the investments included in the Programme is the National Road Fund, whose sources in turn include European Union funds. However, the programme still provides for the possibility of implementing investments on the basis of multi-annual contracts in accordance with the Act of 27 October 1994 on toll motorways and the National Road Fund. Entities entrusted with the implementation of tasks under this procedure will obtain potential funding on market conditions, as well as from other instruments and sources available for projects of this type. This opens up the possibility of financing motorways under the Public-Private Partnership (PPP) formula.

» PART 5

OTHER INFORMATION ON THE STALEXPORT AUTOSTRADY GROUP

5.1. INFORMATION ON AGREEMENTS SIGNIFICANT FOR THE GROUP'S ACTIVITY, INCLUDING AGREEMENTS BETWEEN SHAREHOLDERS AS WELL AS INSURANCE, COLLABORATION AND COOPERATION AGREEMENTS THE COMPANY IS AWARE OF

On 4 January 2022, SAM issued a letter of approval for Pavimental Polska tantamount to SAM's acceptance of the tender submitted by Pavimental Polska in the procedure for the performance of the lump sum contract ROM 4610 – "Renovation of bridge structures no. M04, M06, M10P and M10L" (hereinafter: the "Contract").

The net value of the Contract is PLN 35,953,301.90 (hereinafter: the Approved Net Contractual Amount). Under the Contract, bridge structures No. M04, M06, M10P, M10L and M11L on the A4 motorway Katowice-Kraków section will be renovated.

Along with the letter of approval issued by SAM, the agreement was sent to be signed by Pavimental Polska (signed by SAM on 4 January 2022) concerning the performance of the Contract.

According to clause 27.2 of the instructions for bidders, SAM's notification of acceptance of the tender in the letter of approval will be considered tantamount to conclusion of the Contract, until SAM and Pavimental sign the agreement.

The General Conditions for the implementation of the said Contract are provided by the "Conditions of Contract for Plant and Design-Build for Electrical and Mechanical Plant, and for Building and Engineering Works, Designed by the Contractor", First Edition 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract are complemented by the Specific Conditions of Contract. The General Conditions of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

The agreement envisages the following contractual penalties (liquidated damages) for Pavimental Polska:

- delay damages – the liquidated damages limit under Clause 8.7 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for unjustified traffic hindrances – the liquidated damages limit under Clause 8.13 of the Conditions of Contract is 2% of the Approved Net Contractual Price.

On 19 April 2022, SAM issued a letter of approval for Pavimental Polska tantamount to SAM's acceptance of the tender submitted by Pavimental Polska in the procedure for the performance of the lump sum contract "F2b-13-2021 – Alteration of A4 motorway drainage – Part V" (hereinafter: the "Contract").

The net value of the Contract is PLN 50,161,175.44 (hereinafter: the Approved Net Contractual Amount). Under the Contract, a section with a length of approx. 10 km of the A4 Katowice-Kraków motorway drainage system will be altered.

Along with the letter of approval issued by SAM, the agreement was sent to be signed by Pavimental Polska (signed by Pavimental Polska on 19 April 2022) concerning the performance of the Contract, whose provisions are consistent with the form presented in the tender procedure documents.

According to clause 27.2 of the instructions for bidders, SAM's notification of acceptance of the tender in the letter of approval will be considered tantamount to conclusion of the Contract, until SAM and Pavimental sign the agreement.

The General Conditions for the above-mentioned Contract are provided by the “Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer”, first ed. 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract are complemented by the Specific Conditions of Contract. The General Conditions of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

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- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for unjustified traffic hindrances – the liquidated damages limit under Clause 8.13 of the Conditions of Contract is 2% of the Approved Net Contractual Price.

On 26 July 2022, SAM issued a letter of approval for Pavimental Polska tantamount to SAM’s acceptance of the tender submitted by Pavimental Polska in the procedure for the performance of the lump sum contract “HM-5-2022 – Road pavement renovation on motorway junctions and emergency crossings” (hereinafter: the “Contract”).

The net value of the Contract is PLN 72,391,897.60 (hereinafter: the Approved Net Contractual Amount).

The following Works will be performed under the Contract:

- renovation of carriageway road pavement on the “Brzęczkowice” motorway junction with renovation of the M13P and M13L bridge structures at km 349+728,
- renovation of carriageway road pavement on the “Chrzanów”, “Mysłowice” and “Balin” motorway junctions,
- renovation of 15 emergency crossings and of selected 11 technological crossings.

Along with the letter of approval issued by SAM, the agreement was sent to be signed by Pavimental Polska (signed by SAM on 26 July 2022) concerning the performance of the Contract, whose provisions are consistent with the form presented in the tender procedure documents.

According to clause 27.2 of the instructions for bidders, SAM’s notification of acceptance of the tender in the letter of approval will be considered tantamount to conclusion of the Contract, until SAM and Pavimental sign the agreement.

The General Conditions for the above-mentioned Contract are provided by the “Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer”, first ed. 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract are complemented by the Specific Conditions of Contract. The General Conditions of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

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- delay damages – the liquidated damages limit under Clause 8.7 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for unjustified traffic hindrances – the liquidated damages limit under Clause 8.13 of the Conditions of Contract is 2% of the Approved Net Contractual Price.

In the reporting period and until the date of this Report, no other agreements significant for the Group's activity were entered into.

5.2. INFORMATION ON CHANGES IN ORGANISATIONAL OR CAPITAL RELATIONS OF THE GROUP WITH OTHER ENTITIES

No changes in the Group's organisation occurred in the reporting period, including changes as a result of merger of entities, acquisition or loss of control over subsidiaries and long-term investments, or the division, restructuring or discontinuation of activities.

5.3. INFORMATION ON CONCLUSION BY THE COMPANY OR BY ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED PARTIES, IF CONCLUDED ON TERMS OTHER THAN MARKET TERMS

All transactions concluded by the Company or its subsidiaries with related parties were carried out on market terms. However, the Company's Management Board would like to point to several significant transactions between the Company or its subsidiaries and related parties:

- **The Operation and Maintenance Agreement** which was initially entered into in 1998 by and between Stalexport Autostrady and VIA4. The current agreement was entered into by and between **SAM and VIA4** on 22 March 2006.

The Operation and Maintenance Agreement was entered into for the term of the Concession Agreement (until 2027) and concerns strictly defined works connected with the A4 concession project, including toll collection services and current maintenance and operation of the motorway (including winter maintenance). The contractual level of the operator's remuneration in the term of the agreement separates in a long term the risk of impact of frequent market price fluctuations on maintenance and operation costs as well as ensures continuity of services and operation through the many years of implementation of the investment project. In 2022, the value of the transactions between SAM and VIA4 under the above-mentioned Agreement amounted to PLN 60,198 thousand.

Considering the specificity and the scope of the above-mentioned agreement and the fact that the market for services of that kind is very limited, it is difficult to compare the provisions of the Operation and Maintenance Agreement to the terms which it is possible to obtain on what is referred to as the free market.

Nevertheless, in the opinion of the Company's Management Board, the above-mentioned Agreement was entered into on market terms and its provisions do not differ from the terms which might have been obtained if it had been signed with an entity not belonging to the Group.

- **The Agreement on Operation Services** related to the office facility located in Katowice at ul. Mickiewicza 29 of 1 March 2000, as amended, concluded between Biuro Centrum and the co-owners of the office building, including the Company, and the Car Park Management Agreement related to the car park located next to the said office building of 1 October 2009 concluded between the **Company and Biuro Centrum**.

The Company incurred maintenance costs and costs related to security and functioning of the said office facility and car park, and all the expenses mentioned above were made through Biuro Centrum. The total amount of said expenses in 2022 attributable to the Company was PLN 4,487 thousand.

- **Toll collection system repair & maintenance services** performed by **Movyon S.p.A.** (formerly **Autostrade Tech S.p.A.**, part of the Atlantia capital group until 5 May 2022) for **SAM and VIA4**.

As part of the gradual phasing out of the period of support and maintenance in 2018 within the framework of the Toll Collection Equipment Replacement (WUPO) contract, the repair & maintenance services for the toll

collection system were performed on the basis of separate agreements. Currently, SAM is authorised to contract out investment tasks related to the development of the toll collection system under the service agreement. In 2022, as part of the above-mentioned contract works were performed for instance related to the introduction of more dedicated lanes for A4Go electronic toll collection and videotolling, integration with more videotolling service and EETS providers, replacement of toll booths, development of a disaster recovery environment, replacement of the Hardware Security Module (HSM) and implementation of new signage, including variable-message signs for dedicated lanes. The value of the investment expenditures for the tasks contracted out under the Software Service Agreement amounted to PLN 8,866 thousand in 2022 (including PLN 2,000 thousand until 30 April 2022).

In the opinion of the Company's Management Board, the said services were performed in accordance with market terms not diverging from the terms which could have been obtained had the services been rendered by an entity not belonging to the Group.

- **The contract between SAM and Pavimental Polska** (the latter was part of the Atlantia capital group until 5 May 2022) **for resurfacing on motorway sections with a total length of 42.4 km, performance of bridge works related to resurfacing and reconstruction of a part of the linear drainage in the central reservation.**

The contractor in this case was selected on the basis of a tendering procedure. The contract was entered into for the amount of PLN 49,689 thousand on 4 February 2019, and the time set for completion of the works envisaged by the contract is 600 days from the initial date, i.e. from 25 February 2019.

In 2019, the mobilisation period ended and works commenced. By the end of 2022, more than a dozen variation orders had been issued, including, among others, one variation order in 2021 significantly extending the scope of the works to include road pavement renovation on the "Jeleń" junction. Taking into account all the variation orders, the total value of the contract increased to PLN 69,954 thousand. The total net value of the works invoiced by the contractor under this contract amounts to PLN 68,716 thousand (98.23% of the contractual value), of which the amount of PLN 2,409 thousand invoiced in 2022 (including PLN 227 thousand until 30 April 2022).

Taking into consideration the procedure for the selection of the entity to implement the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- **Contract between SAM and Pavimental Polska** (the latter was part of the Atlantia capital group until 5 May 2022) **for alteration of A4 motorway drainage – Part IV involving alteration of drainage for 13 catchment areas in the Małopolskie voivodeship.**

The contractor in this case was selected on the basis of a tendering procedure. The contract was entered into for the amount of PLN 64,730 thousand on 25 June 2020, and the time set for completion of the works envisaged by the contract is 800 days from the initial date, i.e. from 27 July 2020.

In 2020, the mobilisation period ended and works commenced. Taking into account all the variation orders, the total value of the contract increased to PLN 75,253 thousand. The total net value of the works invoiced by the contractor under this contract amounts to PLN 71,200 thousand (94.61% of the contractual value), of which PLN 43,826 thousand was invoiced in 2022 (including PLN 14,250 thousand until 30 April 2022).

Taking into consideration the procedure for the selection of the entity to implement the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- **Contract between SAM and Pavimental Polska** (the latter was part of the Atlantia capital group until 5 May 2022) **for the Renovation of bridge structures no. M04, M06, M10P and M10L.**

The contractor in this case was selected on the basis of a tendering procedure. The contract was entered into for the amount of PLN 35,953 thousand on 4 January 2022, and the time set for completion of the works envisaged by the contract is 650 days from the initial date, i.e. from 1 February 2022.

In H1 2022, the mobilisation period ended and works commenced. The total net value of the works invoiced by the contractor under this contract amounts to PLN 12,579 thousand (34.99% of the contractual value), of which the whole amount was invoiced in 2022 (including PLN 1,657 thousand until 30 April 2022).

Taking into consideration the procedure for the selection of the entity to implement the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- **Contract between SAM and Pavimental Polska** (the latter was part of the Atlantia capital group until 5 May 2022) **for Alteration of A4 motorway drainage – Part V involving alteration of drainage for 17 catchment areas in the Małopolskie voivodeship.**

The contractor in this case was selected on the basis of a tendering procedure. The contract was entered into for the amount of PLN 50,161 thousand on 19 April 2022, and the time set for completion of the works envisaged by the contract is 660 days from the initial date, i.e. from 23 May 2022.

In H2 2022, mobilisation activities ended and works commenced. The total net value of the works invoiced by the contractor under this contract amounts to PLN 6,681 thousand (13.32% of the contractual value), of which the whole amount was invoiced in 2022.

Taking into consideration the procedure for the selection of the entity to implement the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

5.4. INFORMATION REGARDING AGREEMENTS ON CREDITS AND LOANS INCURRED AND TERMINATED IN THE FINANCIAL YEAR

In 2022, the Company, just like the other entities from the Capital Group, did not incur any new loans or credit. No credit or loan agreement was terminated in that period either.

5.5. INFORMATION ON LOANS GRANTED IN THE FINANCIAL YEAR, INCLUDING LOANS GRANTED TO RELATED PARTIES

In 2022, the Company, just like the other entities from the Capital Group, did not grant any loans to related parties or to entities not belonging to the Group.

5.6. INFORMATION ON SURETIES AND GUARANTEES GRANTED AND RECEIVED IN THE FINANCIAL YEAR, INCLUDING ONES GRANTED TO RELATED PARTIES

In 2022, the Company did not grant or receive any sureties or guarantees. As at the end of 2022, the Company did not have any contingent liabilities.

In 2022, SAM obtained performance guarantees related to construction works and guarantees securing trade receivables resulting from agreements with issuers of fleet and fuel cards and electronic toll collection service providers.

5.7. INFORMATION ON ISSUANCE OF SECURITIES INCLUDING DESCRIPTION OF THE USE OF THE PROCEEDS FROM THE ISSUE BY THE COMPANY

In 2022, the Company, similarly to other entities of the Group, did not issue any securities.

5.8. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS PRESENTED IN THE ANNUAL REPORT AND PREVIOUSLY PUBLISHED FINANCIAL RESULT FORECASTS FOR THE FINANCIAL YEAR

Neither the Company nor the Group published any financial result forecasts for 2022.

5.9. EVALUATION (WITH JUSTIFICATION) OF THE MANAGEMENT OF RISK AND FINANCIAL RESOURCES, TAKING INTO ACCOUNT THE ABILITY TO REPAY LIABILITIES INCURRED AND DETERMINATION OF POTENTIAL THREATS AND ACTIONS THE STALEXPORT AUTOSTRADY GROUP HAS TAKEN OR INTENDS TO TAKE TO PREVENT SUCH THREATS

Currently, there are no threats related to the liquidity risk. The free funds held by the Company are fully sufficient to pay off the remaining liabilities. Currently, free funds are kept in bank deposits or in debt securities guaranteed by a bank, which generates additional financial revenue.

5.10. INVESTMENT PLANS FEASIBILITY ASSESSMENT

The amount of the funds held and the predicted cash flows from operating activities make it possible to determine the absence of threats to the timely performance by the Group of the investment works defined in the Concession Agreement.

Detailed information concerning the construction works currently in progress can be found in note 35 to the Group's consolidated financial statements.

5.11. ASSESSMENT OF THE FACTORS AND EXTRAORDINARY EVENTS AFFECTING THE COMPANY'S AND THE GROUP'S OPERATING RESULTS IN THE REPORTING PERIOD, WITH DETERMINATION OF THE DEGREE OF IMPACT OF THESE FACTORS OR EXTRAORDINARY EVENTS ON THE ACHIEVED RESULT

In the reporting period, no extraordinary events occurred influencing the result of the Group's business activity.

5.12. INFORMATION ON EVENTS SIGNIFICANTLY INFLUENCING THE COMPANY'S AND THE GROUP'S ACTIVITY, OCCURRING IN THE REPORTING PERIOD AND AFTER ITS END

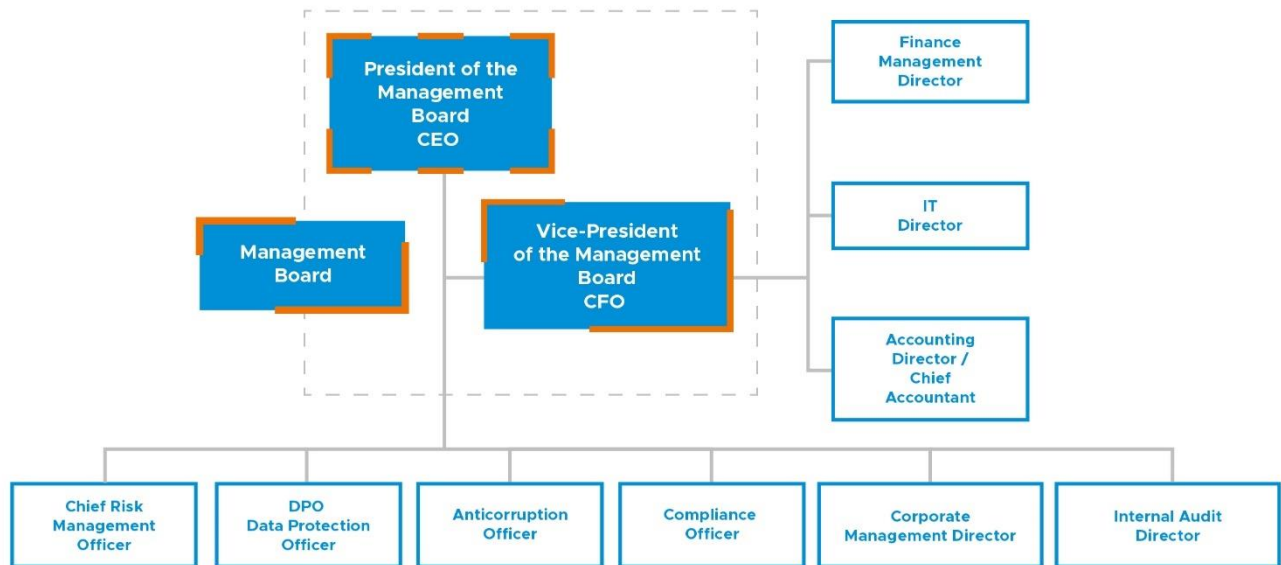
Neither in the reporting year nor after its end were any events recorded having a significant influence on the activities of the Company or of the Group.

5.13. CHANGES TO THE BASIC PRINCIPLES OF MANAGEMENT OF THE COMPANY'S BUSINESS AND INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE EMPLOYMENT SITUATION OF THE STALEXPORT AUTOSTRADY GROUP

Organisational structure of Stalexport Autostrady

The Company's organisational structure did not change in 2022. The Company's organisational chart as at 31 December 2022 is presented in the figure below.

FIGURE 8 | ORGANISATIONAL CHART OF STALEXPORT AUTOSTRADY S.A. AS AT 31 DECEMBER 2022.



Source: The Company's own compilation

The Company's headcount as at 31 December 2022 was 26 (7% FTE) and thus remained unchanged vs 31 December 2021.

The structure of the Group together with a description of the entities it includes is presented in part 2 of the Report.

(i) Employment in the Group

As at 31 December 2022, the Stalexport Autostrady Group had 329 employees, including 5 executive officers (members of management boards) and 23 middle management employees (directors and managers). For the sake of comparison, as at 31 December 2021, the Stalexport Autostrady Group had 325 employees, including 5 executive officers (members of management boards) and 22 middle management employees (directors and managers).

The increase in the Group's headcount recorded as at 31 December 2022 vs 31 December 2021 (in terms of the number of persons), amounting to approx. 1.23%, is primarily due to the slight increase in employment in the employee group (SAM) and in the toll collection staff group (VIA4).

5.14. INFORMATION REGARDING AGREEMENTS BETWEEN THE COMPANY AND THE MANAGING PERSONS PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE MADE REDUNDANT WITHOUT AN IMPORTANT REASON OR IF THEY ARE DISMISSED OR MADE REDUNDANT BECAUSE OF THE COMPANY'S MERGER BY ACQUISITION

On 28 November 2022, Mr Emil Wąsacz resigned from the function of President of the Management Board of Stalexport Autostrady, effective as of 28 February 2023. On the same date, the Company entered into an agreement with Mr Emil Wąsacz, providing for the payment of (1) severance payment in the amount of 6 months' basic remuneration and (2) an additional voluntary severance payment in the gross amount of PLN 52,350.00 plus 3 months' base remuneration.

In the case of Mr Mariusz Serwa, on the other hand, the agreement concluded with him provides for payment of an additional benefit corresponding to 6 months' remuneration if the contract is terminated by the Company, except termination for reasons attributable to Mr Serwa.

5.15. CHANGES IN THE COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY AND OF THE GROUP IN THE REPORTING PERIOD

Stalexport Autostrady

The changes in the composition of management and supervisory bodies of the Company are described in paragraph 7.14.

SAM

(i) Management Board:

No changes occurred in the composition of the Management Board in the reporting period and until the date of preparation hereof. It continued to be composed of the following persons:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-President of the Management Board,
- Paweł Kocot – Member of the Management Board.

(ii) Supervisory Board:

No changes occurred in the composition of the Supervisory Board of SAM in the reporting period and until the date of preparation of the Report. It continues to be composed of the following:

- Stefano Bonomolo – Chairman of the Supervisory Board,
- Massimo Di Casola – Deputy Chairman of the Supervisory Board,
- Marco Stocchi Grava – Secretary of the Supervisory Board.

VIA4

(i) Management Board:

No changes occurred in the composition of the Management Board of VIA4 in the reporting period and until the date of preparation hereof. It continued to be composed of the following persons:

- Andrzej Gienieczko – President of the Management Board,
- Mieczysław Skołyżyński – Vice-President of the Management Board

(ii) Supervisory Board

No changes occurred in the composition of the Supervisory Board of VIA4 S.A. in the reporting period and until the date of preparation of the Report. It continued to be composed of the following:

- Mariusz Serwa – Chairman of the Supervisory Board,
- Emmanuelle Freneat – Deputy Chairperson of the Supervisory Board,
- Krzysztof Bernatowicz,
- Stefano Bonomolo,
- Massimo Di Casola,
- Carlo Ciattoni.

BIURO CENTRUM

No changes occurred in the composition of the Management Board and of the Supervisory Board of Biuro Centrum in the reporting period and until the date of preparation of the Report.

(i) Management Board

In the period from 1 January 2022 until the date of preparation of the Report, the Management Board of Biuro Centrum was composed of the following persons:

- Damazy Ćwikowski – President of the Management Board,
- Dorota Karolak – Vice-President of the Management Board.

(ii) Supervisory Board

In the period from 1 January 2022 until the date of preparation of the Report, the Supervisory Board was composed of the following persons:

- Krzysztof Rewers – Chairman of the Supervisory Board,
- Katarzyna Bijak – Deputy Chairman of the Supervisory Board,
- Aleksandra Biela – Secretary of the Supervisory Board.

5.16. REMUNERATION OF THE MANAGING AND SUPERVISING PERSONS OF STALEXPORT AUTOSTRADY

Pursuant to the Statutes of Stalexport Autostrady, the rules for the Management Board members' remuneration payment are defined by the Supervisory Board. The total remuneration paid to the Company's managing persons, i.e. members of the Management Board, in 2022, amounted to PLN 3,945.42 thousand. The total remuneration of the Company's managing persons obtained for being members of subordinated entities' bodies in the same period amounted to PLN 1,273.36 thousand. Detailed information regarding the amount of remuneration of the Company's managing persons in 2022 is presented in the table below.

TABLE 13 | REMUNERATION PAID IN 2022 TO PERSONS MANAGING THE COMPANY [‘000 PLN]

No.	Given name and surname	Function in the Company	Remuneration, rewards or benefits paid within the Company	Remuneration amounts received as members of subordinated entities' bodies	TOTAL
1.	Emil Wąsacz	President of the Management Board CEO	2,817.29	565.96	3,383.25
2.	Mariusz Serwa	Vice-President of the Management Board CFO	1,128.13	707.40	1,835.53
TOTAL			3,945.42	1,273.36	5,218.78

Source: The Company's own compilation

The remuneration amounts presented in the table above include payment of the amount of PLN 177.69 thousand on account of the annual reward paid in 2022 and concerning the year 2021, covered by a provision charged to 2021, and payment of PLN 3,081.89 related to the long-term incentive plan, covered by a provision charged to the period from 2019 to 2021.

The provision for the Management Board's annual reward for 2022 in the amount of PLN 207.32 thousand and additionally the provision for payment related to the long-term incentive plan in the part concerning 2022 in the amount of PLN 1,214.42 thousand were charged to 2022.

Pursuant to the Statutes of Stalexport Autostrady, the rules for the Supervisory Board members' remuneration payment are defined by the General Meeting.

In 2022, the total remuneration paid to the members of the Company's Supervisory Board amounted to PLN 197.09 thousand. Detailed information regarding the amount of remuneration paid to individual persons being members of the Supervisory Board of Stalexport Autostrady in that period is presented in the table below.

TABLE 14 | REMUNERATION PAID IN 2022 TO MEMBERS OF THE COMPANY'S SUPERVISORY BOARD ['000 PLN]

No.	Given name and surname	Function in the Supervisory Board of Stalexport Autostrady	Remuneration amount
1.	Roberto Mengucci	Chairman	did not receive remuneration
2.	Tomasz Dobrowolski	Deputy Chairman	101.96
3.	Marco Stocchi Grava	Secretary	did not receive remuneration
4.	Stefano Bonomolo	Member	did not receive remuneration
5.	Nicola Bruno	Member	did not receive remuneration
6.	Massimo Di Casola	Member	did not receive remuneration
7.	Andrzej Kaczmarek	Member	95.13
8.	Enrica Marra	Member	did not receive remuneration
TOTAL			197.09

Source: The Company's own compilation

There are no incentive or bonus programmes based on the Company's capital, including programmes based on senior bonds, convertible bonds, warrants (in cash, in kind or any other form), paid, due or potentially due to the Company's managing and supervising persons.

5.17. INFORMATION ON ALL PAYABLES RESULTING FROM PENSIONS AND SIMILAR BENEFITS FOR FORMER MANAGING OR SUPERVISING PERSONS OR FORMER MEMBERS OF ADMINISTRATIVE BODIES AND ON LIABILITIES INCURRED IN RELATION TO SUCH PENSIONS

There are no payables in the Company or in the Group resulting from pensions and similar benefits for former managing or supervising persons or former members of administrative bodies, or any payables incurred in relation to such pensions.

5.18. INFORMATION ON THE COMPANY'S OWN SHARES

The Company does not hold any of its own shares.

5.19. INFORMATION ON THE COMPANY'S BRANCH OFFICES

The Company does not have branch offices.

5.20. THE COMPANY'S SHARES AND THE RELATED COMPANIES' SHARES HELD BY PERSONS MANAGING AND SUPERVISING STALEXPORT AUTOSTRADY

The number and nominal value of shares of Stalexport Autostrady and of related parties held by persons managing and supervising the Company is provided based on representations made by the relevant persons. The figures as at 31 December 2022 and as at the date of this Report are presented in the table below.

TABLE 15 | NUMBER AND NOMINAL VALUE OF SHARES OF STALEXPORT AUTOSTRADY AND OF RELATED PARTIES HELD BY PERSONS MANAGING AND SUPERVISING THE COMPANY (AS AT 31 DECEMBER 2022 AND AS AT THE DATE OF THIS REPORT)

No.	Given name and surname	Name of person/entity	Number of shares [units]	Nominal value
1.	Emil Wąsacz	Stalexport Autostrady	59,000	PLN 44,250

Source: The Company's own compilation based on representations made by the persons managing and supervising the Company

5.21. INFORMATION ON AGREEMENTS THE COMPANY IS AWARE OF (INCLUDING THOSE ENTERED INTO AFTER THE BALANCE SHEET DATE), WHICH IN THE FUTURE MAY RESULT IN CHANGES IN PROPORTIONS OF THE SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS

The Company is not aware of any agreements concluded, as a result of which changes may take place in the future in the proportions of shares held by the existing shareholders.

5.22. INFORMATION ON THE CONTROL SYSTEM REGARDING EMPLOYEE SHARE SCHEMES

No employee share schemes function in Stalexport Autostrady or in other companies from the Group.

5.23. INFORMATION ON THE CONTRACT WITH THE AUDITING FIRM ON THE AUDIT OR REVIEW OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

(i) Stalexport Autostrady

In accordance with the powers stipulated in the Statutes of the Company, the Supervisory Board entrusted the audit of the financial statements of the Company and of the consolidated financial statements of the Stalexport Autostrady S.A. Group for 2022 to Ernst & Young Audyty Polska spółka z ograniczoną odpowiedzialnością sp.k., entered on the list of entities authorised to audit financial statements under number 130.

On 18 June 2021, the Company signed a contract with Ernst & Young related to the audit and review of the financial statements and to the performance of procedures with regard to the evaluation of the annual reports on remuneration of the Management Board and of the Supervisory Board in the years 2021–2022.

The total remuneration of Ernst & Young for the audit and review of the financial statements for 2022 was set at the net amount of PLN 96.7 thousand, including remuneration for work related to the following:

- review of the interim separate and consolidated financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2022: PLN 32.2 thousand;
- audit of the annual separate and consolidated financial statements of the Company for 2022: PLN 64.5 thousand.

Remuneration for the performance of procedures in relation to the evaluation of the annual report on the remuneration of the Management Board and of the Supervisory Board for 2022 was set at the amount of PLN 10 thousand.

The limit for additional costs subject to reimbursement in relation to the above services was set at 10%.

The total remuneration of Ernst & Young for the audit and review of the financial statements for 2021, in turn, amounted to PLN 75.2 thousand including remuneration for work related to the following:

- review of the interim separate and consolidated financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2021: PLN 26.8 thousand;
- audit of the annual separate and consolidated financial statements of the Company for 2021: PLN 48.4 thousand.

Remuneration for the performance of procedures in relation to the evaluation of the annual report on the remuneration of the Management Board and of the Supervisory Board for 2021 was set at the amount of PLN 10 thousand.

The limit for additional costs subject to reimbursement was set at 10% and the actual additional costs amounted to PLN 3 thousand.

(ii) SAM

In accordance with the powers stipulated in the Statutes of SAM, the audit of the financial statements of SAM for 2022 was entrusted to the Ernst & Young Company by the company's Supervisory Board.

On 25 June 2021, SAM signed a contract with Ernst & Young concerning the following:

- review of the Condensed financial statements or audit of the condensed financial statements for the periods of 6 months ending on 30 June 2021 and 30 June 2022;
- audit of the financial statements for the periods of 12 months ending on 31 December 2021 and 31 December 2022;

The total remuneration of Ernst & Young for the audit of the financial statements for 2022 was set at the net amount of PLN 75.2 thousand, including remuneration for the following:

- audit of the condensed financial statements made for the period of 6 months ended on 30 June 2022: PLN 32.2 thousand;

- audit of the financial statements for the period of 12 months ended on 31 December 2022: PLN 43 thousand.

The limit for additional costs subject to reimbursement was set at 10%.

The total remuneration of Ernst & Young for the audit of the financial statements for 2021 amounted to PLN 97.2 thousand (net), including remuneration for the following:

- audit of the condensed financial statements made for the period of 6 months ended on 30 June 2021: PLN 32.2 thousand;
- audit of the financial statements for the period of 12 months ended on 31 December 2021: PLN 65 thousand.

The limit for additional costs subject to reimbursement was set at 10% and the actual additional costs amounted to PLN 2 thousand.

(iii) VIA4

In accordance with the powers stipulated in the Statutes of VIA4, audit of the financial statements of VIA4 for 2022 was entrusted by the Supervisory Board (by way of resolution no. 15/2021 of 13 April 2021) to Ernst & Young Audyt Polska Sp. z o.o. sp.k. (hereinafter: Ernst & Young). On 28 June 2021, VIA4 signed a contract with Ernst & Young on the audit of the financial statements in the years 2021–2022.

The total remuneration of Ernst & Young for the audit of the financial statements for 2022 was set at the net amount of PLN 69.9 thousand, including remuneration for work related to the following:

- audit of the interim financial statements for the period of 6 months ended on 30 June 2022: PLN 26.9 thousand;
- audit of the annual financial statements for 2022: PLN 43 thousand.

The limit for additional costs subject to reimbursement was set at 10%, not more than PLN 6.99 thousand. The actual additional costs amounted to PLN 2.59 thousand.

The total remuneration of Ernst & Young for the audit of the financial statements for 2021 amounted to PLN 69.9 thousand (net), including remuneration for work related to the following:

- audit of the interim financial statements for the period of 6 months ended on 30 June 2021: PLN 26.9 thousand;
- audit of the annual financial statements for 2021: PLN 43 thousand.

The limit for additional costs subject to reimbursement was set at 10% and the actual additional costs amounted to PLN 345.

(iv) Biuro Centrum

In accordance with the powers determined in the Articles of Association of Biuro Centrum, the Supervisory Board entrusted the audit of the financial statements of Biuro Centrum for 2022 to Audytorzy i Doradcy Sp. z o.o. with its registered office in Katowice (hereinafter: Audytorzy i Doradcy), entered on the list of auditing firms under no. 3.130 and entered in the register of entrepreneurs kept by the District Court in Katowice, Commercial Division of the National Court Register, under KRS no.: 0000260564

The contract on the audit of the separate financial statements of Biuro Centrum for 2022 was signed on 10 November 2022. The remuneration to be received by Audytorzy i Doradcy under that contract will amount to PLN 13.5 thousand (net).

The contract on the audit of the separate financial statements of Biuro Centrum for 2021 was signed on 12 November 2020 with PKF Consult. The remuneration which PKF Consult received in relation to that amounted to PLN 12.2 thousand (net).

5.24. INFORMATION ON SIGNIFICANT PROCEEDINGS BEFORE THE COURT, THE AUTHORITY COMPETENT FOR THE ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION AUTHORITY RELATED TO THE COMPANY'S OR ITS SUBSIDIARY'S PAYABLES OR RECEIVABLES.

Neither the Company nor its subsidiaries are parties to any significant proceedings in course before a common court, an arbitration court or public administration authorities.

» PART 6

INFORMATION ON THE STRATEGY ADOPTED FOR THE DEVELOPMENT OF THE COMPANY AND OF ITS GROUP AND ON ACTIVITIES UNDERTAKEN TO IMPLEMENT THAT STRATEGY IN THE PERIOD COVERED BY THE REPORT WITH A DESCRIPTION OF THE PROSPECTS FOR DEVELOPMENT OF THE COMPANY'S BUSINESS AT LEAST IN THE FOLLOWING YEAR ALONG WITH A DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS, AND CHARACTERISATION OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF THE STALEXPORT AUTOSTRADY GROUP

6.1. INFORMATION ON THE STRATEGY ADOPTED FOR THE DEVELOPMENT OF THE COMPANY AND OF ITS GROUP AND ON ACTIVITIES UNDERTAKEN TO IMPLEMENT THAT STRATEGY IN THE PERIOD COVERED BY THE REPORT WITH A DESCRIPTION OF THE PROSPECTS FOR DEVELOPMENT OF THE COMPANY'S BUSINESS AT LEAST IN THE FOLLOWING YEAR

Within the framework of its internal development strategy, the Group has been making and will continue to make efforts to improve the quality of services provided to the motorway users by way of improvements of the toll collection system, allowing the customers to diversify the range of toll payment methods. These efforts are intended to improve the flow capacity at the toll plazas and to shorten the transaction time. An example of such activities undertaken on the part of the Stalexport Autostrady Group was the pioneer project (among toll motorway concessionaires in Poland) implemented in 2016, consisting in the introduction of an electronic toll collection system using the microwave technology (in accordance with European Union directives) under the commercial name of "A4Go", making it possible to drive through the toll plazas operated on the A4 Katowice-Kraków section more conveniently and faster compared to using traditional payment methods.

It was possible to implement this project thanks to the experience of the companies from the Atlantia capital group in the electronic toll collection sector. Drawing further on this experience, in 2019 the Group undertook actions aimed at introducing more electronic payment forms. As a result of these activities, videotolling was introduced in July 2019 using the AutoPay app, and in 2020 a newer and more user-friendly online store was launched for "A4Go" (www.a4go.pl). Subsequently, the videotolling function was also made available through apps such as SkyCash (in July 2020), IKO PKO BP (in February 2021), and mPay (in January 2022), as well as to Orlen fleet card users (in May 2021) and Shell fleet card users (in April 2022).

Work is also in progress as well as talks with other partners for the purpose of further expansion of access to electronic forms of payment. The technological solutions applied may in the future enable the users of the new Polish toll collection system (e-TOLL) to travel on the motorway section managed by the Group – this is referred to as domestic interoperability. The introduction of this functionality is subject to appropriate arrangements with the Public Authority being the owner of e-TOLL.

6.2. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS, AND CHARACTERISATION OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF THE COMPANY AND OF THE STALEXPORT AUTOSTRADY GROUP

The fundamental risks and threats and the external and internal factors significant for the operation of the Group and of the Company can be divided into three basic areas related to the following:

- **the A4 Katowice-Kraków project in progress.**

In this area, the prevalent risks as well as economic and financial factors are those related to the overall economic situation and to the current situation on the construction works market, including the increase in the prices of such works, as well as risks of political and legal nature.

The **overall economic situation** in Poland has an impact mainly on the number of vehicles using the A4 motorway (this factor affects mainly the heavy goods vehicle traffic), and thus on the level of revenue from toll collection generated by the Concessionaire. The Group reduces this risk by means of an adequate (optimal) pricing policy and by taking actions aimed at improving the customer service quality on the motorway section managed by the Group by the improvement of the toll collection system currently in progress, allowing the customers to diversify the available range of toll payment methods.

As far as the **construction works market** is concerned, a buoyant mood on that market increases the prices of construction services and decreases the profitability of the A4 Katowice-Kraków project, while in the period of downturn on that market, the Group can negotiate more favourable conditions for the execution of the necessary works, thus keeping more funds available to the shareholders. The Company seeks to reduce the risk within this area by active management, within the scope of powers granted to it under the Concession Agreement, of the schedule of the construction works planned and carried out.

Institutional and legal instability of the environment regulating the infrastructure sector in Poland is the main factor from the **political and legal risk** group. The Company seeks to counteract these risks for instance by promoting best practices and solutions aimed at creating an appropriate legal framework for the execution of infrastructure projects and by actively participating in the public debate regarding new legislative solutions. This risk group also includes the potential actions aimed at amending the existing law, which may affect the revenue or expense level of the A4 Katowice-Kraków project. It is worth emphasising at this point that the Concession Agreement includes provisions which make it possible to claim compensation from the State Treasury if the public authority performs activities that adversely affect the profitability of the A4 Katowice-Kraków project.

The time frame for the functioning of the A4 Katowice-Kraków, combined with a buoyant mood on the labour market, may create the risk of not ensuring sufficient resources of suitably qualified personnel. The Company intends to take measures to curb the emergence of the above-mentioned risk by creating appropriate loyalty and retention programmes for employees.

Additional risks are also related to the decision of the Polish Office of Competition and Consumer Protection (hereinafter UOKiK) of 2008, in which the Office stated, among other things, that the Concessionaire's practice restricted competition by "imposing unfair prices for using the toll section of the motorway in the amount specified in the price list, despite repair works being carried out at the same time on that section, resulting in major traffic disruption" and ordered that these practices be ceased. When performing future renovation works causing substantial traffic disruption, the Concessionaire should take into account the provisions of that decision in its toll rate policy. The Company reduced this risk by introducing the following documents for application: (i) the Rules of performance of works causing traffic disruption on the motorway and (ii) the Principles of charging reduced toll rates if construction/renovation works are being performed between the toll plazas leading to the failure to meet the motorway standard.

On 10 February 2023 the Company was informed that the Concessionaire received on the same day from the Director of the Branch Office of Competition and Consumer Protection in Katowice (hereinafter "Director of the Branch Office"), acting under the authority of the President of the Office of Competition and Consumer Protection (hereinafter "President of the Office"), a request to submit certain information and documents in connection with the preliminary investigation conducted before the President of the Office with the purpose of preliminarily determination whether, in connection with the rules for determining and collecting tolls for the use of the A4 Katowice-Kraków motorway, the provisions of the Act on competition and consumer protection may have been infringed, justifying the initiation of antimonopoly proceedings (hereinafter "the "Request").

The Concessionaire has provided or will provide the President of the Office with the information specified in the Request.

- **lease of office space and investment of the funds held**

Within this scope, the risks that should be mentioned are those related to the overall economic situation and to the investment climate, as well as to the market interest rate risk.

The **overall economic situation** in Poland directly affects the office space lease market and thus the size of the vacant (not leased) space and the rent rates. The Company reduces this risk by applying a flexible pricing policy and by making other efforts to increase the attractiveness of the office space and to improve the safety of its users. Furthermore, the Company makes constant efforts to win new lessees.

As a result of the revenue structure and of the nature of the business, the Company's financial results are burdened by an **interest rate risk**. This risk is related to the volatility of the financial markets and manifests itself in changes in the value of money. Stalexport Autostrady reduces this risk by diversifying the terms of the deposits in which the Company invests its funds.

- **all activities generally performed by the Group.**

The institutional and legal instability of the environment, mentioned above, affects not only the implementation of the A4 Katowice-Kraków project, but also all of the Company's and of the Group's activities, with particular emphasis on the functioning of Stalexport Autostrady as a public company. The Company seeks to counteract these risks by constantly monitoring all changes to legal regulations (both national and EU ones), by using consultancy services provided by companies specialising in the given fields, by participation of the Management Board and of the employees responsible for the given area of the Company's business in training courses and conferences related to the new regulations, and by implementing appropriate procedures and best practices, both in the Company and in the entire Group.

Apart from the risks described above, which have accompanied the Company's business for many years now, a new **risk related to the spread of the SARS-CoV-2 coronavirus and of COVID-19 infections** appeared in 2020.

The **SARS-CoV-2** pandemic caused a past decline in vehicle traffic on the A4 motorway as well as in toll revenue. At the time, the Company adopted a number of measures to keep business continuity, including among other things introducing partly remote work and reducing the extent of direct contact of its employees, assuring personal protection equipment for employees, and having employees tested for the virus.

The **SARS-CoV-2** pandemic did not disrupt the supply chain of goods and services for the Company or for the Group's companies, nor did it cause a lack of resources, including personnel, determining their functioning. As at the time of preparation of this report, the Company does not identify any threat to its business continuity.

The results of the spread of the SARS-CoV-2 coronavirus and of COVID-19 infections had and may continue to have a significant impact on the Group's future operational and financial results as well as on the Group's business due to the fact that the vast majority of the Group's revenues is represented by toll revenues from the section of the A4 motorway Katowice-Kraków, managed by SAM. Thus, the Group's results will be impacted by all changes in traffic on said motorway section caused by the spread of the SARS-CoV-2 coronavirus and of COVID-19 infections, which may be influenced by the following, among other things:

- a) guidelines and restrictions of state bodies and institutions aimed at reducing the spread of the SARS-CoV-2 coronavirus, including among other things introducing restrictions in passenger and heavy goods vehicle traffic in the national territory or for international road transport by the Polish state or by neighbouring countries
- b) macroeconomic consequences of the pandemic for the Polish economy, including prospects for stable GDP growth.

The effective extent of the future impact of the consequences of the spread of the SARS-CoV-2 coronavirus (or another virus with similar effects) and of COVID-19 infections on the Company's and on the Group's business is unknown in the Management Board's opinion, and depends on factors which are beyond the Company's control.

Another risk that emerged in February 2022 is the **armed conflict in Ukraine**, whose course and whose impact on the overall economic situation are currently difficult to predict. As at the time of preparation of this report, no threat to business continuity has been identified. However, the Group will systematically monitor the impact of the political and economic situation in Ukraine on the Group's activities, including its future financial position and financial results.

The proper identification of risks in all the above-mentioned areas of the Company's, the Group's and their owners' activities, as well as the determination of the acceptable level of risk are the responsibility of the Management Board, supported with regard to the above by the Chief Risk Management Officer, appointed both at the level of Stalexport Autostrada and at the level of the subsidiaries.

» PART 7

REPRESENTATION OF THE MANAGEMENT BOARD OF STALEXPORT AUTOSTRADY ON THE COMPANY'S COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

7.1. INTRODUCTION

In compliance with the obligation stipulated in §70(4)(5) of the Ordinance concerning current and periodic information, the Management Board of Stalexport Autostrady publishes this statement of compliance by the Company with the corporate governance rules specified in the DPSN 2021 collection in the period from 1 January 2022 until 31 December 2022.

7.2. COLLECTION OF CORPORATE GOVERNANCE PRINCIPLES THE COMPANY IS SUBJECT TO AND ITS PUBLIC AVAILABILITY

The Management Board of Stalexport Autostrady represents that the corporate governance rules the Company was subject to in 2022, i.e. the DPSN 2021, are publicly available on the following websites:

- of the Warsaw Stock Exchange (www.corp-gov.gpw.pl);
- of the Polish Association of Stock Exchange Issuers (www.seg.org.pl);
- of the Company (www.stalexport-autostrady.pl).

7.3. COLLECTION OF CORPORATE GOVERNANCE PRINCIPLES THE COMPANY WAS ALLOWED TO DECIDE TO APPLY VOLUNTARILY AND ITS PUBLIC AVAILABILITY

The collection of corporate governance principles which the Company decided voluntarily to comply with comprises the following documents in force at the Atlantia S.p.A Capital Group:

- Code of Ethics,
- Compliance Program,
- Anticorruption Policy,
- Whistleblowing Procedure.

The above documents were accepted for application subject to the provision that they shall be in force without any changes, unless their provisions are contrary to the Polish law.

All the above documents are available on the Company's website (www.stalexport-autostrady.pl).

7.4. ALL INFORMATION CONCERNING THE CORPORATE GOVERNANCE PRACTICES APPLIED BY THE COMPANY EXCEEDING THE REQUIREMENTS PROVIDED FOR BY THE NATIONAL LAW, TOGETHER WITH INFORMATION ON THE CORPORATE GOVERNANCE PRACTICES APPLIED BY THE COMPANY

On 28 December 2020, the Company adopted the "Whistleblowing Procedure", in accordance with the guidelines in force in the Atlantia Group, subject to the following provisions: (1) its content has been adapted to the organisational structure in force in the Company; (2) the procedure applies without changes, provided that its provisions are not

contrary to the provisions of the Polish law; (3) if the procedure refers to provisions of the Italian law or of international law, this should be deemed as reference to the provisions of the Polish law or of international law applicable in the relevant area, if Poland is a party to the relevant international agreements or conventions. This procedure replaced the previously applicable “Notification Procedure”. The Whistleblowing Procedure was updated three times in the years 2021–2022 (most recently on 26 August 2022).

7.5. EXTENT TO WHICH THE COMPANY DEPARTED FROM THE PROVISIONS INCLUDED IN THE ABOVE-MENTIONED COLLECTION OF CORPORATE GOVERNANCE PRINCIPLES, IDENTIFICATION OF THOSE PROVISIONS AND EXPLANATION OF THE REASONS FOR THE DEPARTURE

Pursuant to §29(3) of the Rules of Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange], on 30 July 2021, the Company submitted, via the Electronic Information Database (EBI), information on the status of application by Stalexport Autostrady of the principles included in the collection entitled “Best Practice of GPW Listed Companies 2021” [DPSN 2021] adopted by resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange of 29 March 2021, which entered into force on 1 July 2021. This information was updated twice. According to the last update the Company does not apply 11 principles of DPSN 2021, i.e. the principles with the following numbers: 1.3.1, 1.3.2, 1.4, 1.4.1, 1.4.2, 1.6, 2.1, 2.2, 2.4, 3.2, 6.2.

The DPSN 2021 principles from which the Company departed are presented in the table below, with an explanation of the reasons.

TABLE 16 | PRINCIPLES IN FORCE FROM 1 JULY 2021 FROM WHICH THE COMPANY DEPARTED WITH AN EXPLANATION OF THE REASONS FOR THE DEPARTURE

Principle no. (DPSN 2021)	Principle contents	Reasons for the Company’s departure from the principle
1.3.1	Companies integrate ESG factors in their business strategy, including in particular: environmental factors, including measures and risks relating to climate change and sustainable development	The Company does not have a formalised business strategy that would take into account ESG aspects. However, taking into account the importance of such aspects, it intends to undertake actions aimed at developing such a strategy and subsequently implementing it by mid-2024.
1.3.2	social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees’ rights, dialogue with local communities, customer relations.	Explanation why this principle is not applied: same as for item 1.3.1.
1.4	To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities	Explanation why this principle is not applied: same as for item 1.3.1.

	and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:	
1.4.1	explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks	Explanation why this principle is not applied: same as for item 1.3.1.
1.4.2	present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.	Explanation why this principle is not applied: same as for item 1.3.1.
1.6	Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and media representatives. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.	<p>The Company holds a meeting for investors once a year, after publication of the statements for the previous year.</p> <p>The Company sees no need to increase the frequency of meetings with investors because:</p> <ul style="list-style-type: none"> • the Company's activity is characterised by high predictability of revenues and expenses: <ul style="list-style-type: none"> – the dominant share of revenues and expenses is generated by the multi-annual motorway concession project with a history of over 20 years of vehicle traffic, toll rates and revenues; – in addition, quarterly reports include information on the development of traffic and revenues in the respective quarters; • during the meeting with investors, the Company presents its investment plan for the current year, allowing the investors to obtain information on investment expenditures or to estimate the latter.
2.1	Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of	Taking into account the size of the activity carried out and guided by the principle of adequacy, the Company has not drawn up and does not implement a policy of diversity. The main criteria for evaluation applied when selecting members of the Company's bodies and its key managers are qualifications, expertise, and professional experience of the individual candidates, confirming that they are prepared to perform the

	<p>corporate bodies, the participation of the minority group in each body should be at least 30%.</p>	<p>relevant function in terms of their knowledge concerning the relevant field.</p>
2.2	<p>Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.</p>	<p>Explanation why this principle is not applied: same as for item 2.1.</p>
2.4	<p>The supervisory board and the management board vote in an open ballot unless otherwise required by law.</p>	<p>Application of the principle with regard to Supervisory Board resolutions would require an amendment to the Company's Statutes and to the Regulations of the Supervisory Board.</p>
3.2	<p>Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.</p>	<p>Separate organisational units are included in the organisational structure of Stalexport Autostrady S.A. responsible for the performance of tasks in the following individual systems or functions:</p> <ul style="list-style-type: none"> • compliance supervision, for which a Compliance Officer was appointed in the Company; • risk management, for which a Chief Risk Management Officer was appointed; • internal audit, for which an Internal Audit Director was appointed. <p>Whereas the Management Board of Stalexport Autostrady S.A. is responsible for the system of internal control and its effectiveness.</p>
6.2	<p>Incentive schemes should be structured in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.</p>	<p>The principle is applied with regard to the members of the Management Board. Incentive schemes for key managers who are not members of the Management Board at the same time result from the Rules of Remuneration in force at the Company.</p>

Source: The Company's own compilation

7.6. THE GROUP'S EXPENDITURES ALLOCATED TO SOCIAL OBJECTIVES

TABLE 17 | DONATIONS MADE BY THE GROUP'S COMPANIES IN 2022

No.	Donee name	Donor name	Public benefit organisation	Amount	Objective
1.	The Great Orchestra of Christmas Charity Foundation	SAM	yes	PLN 5,000	30 th Finale of the Great Orchestra of Christmas Charity
2.	Volunteer Fire Brigade in Bolęcin	SAM	no	PLN 3,500	Purchase of firefighting equipment
3.	School and Kindergarten Complex No. 2 in Katowice	SAM	no	PLN 5,000	Purchase of materials for the school library
4.	Primary School No. 1 in Siewierz	SAM	no	PLN 15,000	Purchase of school furniture
5.	"Cordis" Hospice Civic Association	SAM	yes	PLN 6,202.52	Covering the costs of purchase of medicines
6.	"Eye to Eye with Cancer" Foundation	SAM	yes	PLN 7,000	Cancer prevention activities
7.	Volunteer Fire Brigade in Zalas	SAM	no	PLN 5,000	Purchase of rescue equipment
8.	Polish Humanitarian Action	SAM	yes	PLN 60,000	Aid to victims of the war in Ukraine
9.	Foundation for Cardiac Surgery Development	SAM	yes	PLN 10,000	"Cardiac Prosthesis for Children" project
10.	"Cordis" Hospice Civic Association	SAM	yes	PLN 11,444.48	Covering the costs of purchase of medicines and medical supplies
11.	Association of Graduates and Friends of the Secondary School of Music in Katowice	SAM	no	PLN 3,000	Organisation of an international composer competition
12.	Siepomaga Foundation	SAM	yes	PLN 10,000	Rehabilitation of a firefighter from the Balice Volunteer Fire Brigade
13.	"House of Guardian Angels" Association for Children and Youth	SAM	yes	PLN 6,300	Helping children from underprivileged backgrounds

14.	Spark Foundation	SAM	yes	PLN 6,300	Helping children with cancer
15.	Sosnowiec Hospice	SAM	yes	PLN 6,300	Assistance to people with serious illnesses
16.	“Eye to Eye with Cancer” Foundation	VIA4	yes	PLN 2,000	Cancer prevention activities
17.	The Great Orchestra of Christmas Charity Foundation	VIA4	yes	PLN 5,000	30. Finale of the Great Orchestra of Christmas Charity
18.	Volunteer Fire Brigade in Grojec	VIA4	no	PLN 5,800	Purchase of firefighter uniforms
19.	Volunteer Fire Brigade in Grojec	VIA4	no	PLN 55,750	Purchase of firefighter uniforms and of special equipment subsequently handed over to Ukrainian regional administration
20.	Volunteer Fire Brigade in Balice	VIA4	no	PLN 3,200	Purchase of a special firefighter uniform
21.	Sosnowiec Hospice	VIA4	yes	PLN 6,848.64	25 th Anniversary of the Hospice (handing over flash drives)
22.	Volunteer Fire Brigade in Świętochłowice	VIA4	no	PLN 3,000	Financing the purchase of a banner for the Municipal State Fire Brigade Headquarters
23.	Volunteer Fire Brigade in Chrzanów	VIA4	no	PLN 5,000	Ongoing maintenance of the State Fire Brigade headquarters
24.	Siepomaga Foundation	VIA4	yes	PLN 10,000	Rehabilitation of a firefighter from the Balice Volunteer Fire Brigade
25.	Volunteer Fire Brigade in Dąbrówka Mała	Biuro Centrum	no	PLN 1,000	Refurbishment of the fire station in connection with the Volunteer Fire Brigade receiving refugees from Ukraine
TOTAL				PLN 257,645.64	

Source: The Company's own compilation

TABLE 18 | GROUP COMPANIES' SPONSORSHIP EXPENDITURES IN 2022

No.	Sponsored entity	Sponsor	Amount	Objective
1.	Józef Dietl Award Foundation	SAM	PLN 6,000	Józef Dietl Award Gala in Krakow
2.	"House of Guardian Angels" Association for Children and Youth	SAM	PLN 15,000	"Legendary Space Match with the Angels" in Katowice
3.	"House of Guardian Angels" Association for Children and Youth	SAM	PLN 20,000	Social campaign during the European Economic Congress in Katowice
4.	Silesian Philharmonic	VIA4	PLN 15,000	10 th International Henryk Górecki Days
TOTAL			PLN 56,000	

Source: The Company's own compilation

7.7. DESCRIPTION OF THE BASIC ATTRIBUTES OF THE COMPANY'S SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT AS REGARDS THE PROCESS OF DRAWING UP SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Stalexport Autostrady is responsible for the system of internal control and its effectiveness. The system of internal control and risk management with regard to the process of drawing up financial statements involves the procedures for drawing up and approval of financial statements in force in Stalexport Autostrady. The system makes it possible to monitor the liabilities and to control the costs and the achieved results on a systematic basis. The financial data underlying the financial statements and the periodic reports come from the accounting and financial system IMPULS in which documents are recorded in line with the Company's accounting policy based on the International Accounting Standards.

The financial statements are drawn up by the financial and accounting staff under the control of the Company's Chief Accountant and they are subsequently verified by the Vice-President of the Management Board – CFO in cooperation with the Finance Management Director and their final contents are approved by the Management Board by way of a resolution.

The financial statements approved by the Management Board are audited by a statutory auditor selected by the Supervisory Board of the Company. Subsequently, pursuant to § 18(2)(1) of the Company's Statutes, the Supervisory Board, following the recommendation of the Audit Committee, verifies each year whether the audited financial statements of the Company and of the Group are consistent with the books and documents and whether they reflect the real situation, and notifies the shareholders of the results of this verification in its annual report.

The Company systematically monitors changes required under external laws and regulations concerning the stock exchange reporting requirements and prepares to implement them suitably in advance.

7.8. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY SIGNIFICANT BLOCKS OF SHARES AND THE NUMBER OF SHARES HELD BY THESE SHAREHOLDERS, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RELATED TO THOSE SHARES AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY

The shareholders holding, according to the best knowledge of the Company, at least 5% of the total number of votes at the Stalexport Autostrady General Meeting as at 31 December 2022 and as at the date of this Report are listed in the table below.

TABLE 19 | LIST OF STALEXPORT AUTOSTRADY SHAREHOLDERS HOLDING SIGNIFICANT BLOCKS OF THE COMPANY'S SHARES (AS AT 31 DECEMBER 2022 AND AS AT THE DATE OF THE REPORT)

Name of person/entity	Number of ordinary bearer shares [units]	Share in the share capital [%]	Number of votes at the General Meeting [units]	Share in the total number of votes at the General Meeting [%]
Atlantia	151,323,463	61.20%	151,323,463	61.20%
TFI PZU	12,406,475	5.02%	12,406,475	5.02%

Source: The Company's own compilation based on notifications received by the Company from shareholders pursuant to Articles 69 and 69a in conjunction with Article 87 of the Act on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies.

7.9. HOLDERS OF ANY SECURITIES GIVING SPECIAL CONTROL RIGHTS AND A DESCRIPTION OF THESE RIGHTS

No shares of Stalexport Autostrady provide shareholders with special control rights towards the Company.

7.10. INFORMATION ON ALL LIMITATIONS REGARDING EXERCISING THE VOTING RIGHT, SUCH AS THE LIMITATION OF EXERCISING THE VOTING RIGHT BY THE HOLDERS OF A SPECIFIED PART OR NUMBER OF VOTES, TIME LIMITATIONS REGARDING EXERCISING THE VOTING RIGHTS OR PROVISIONS UNDER WHICH THE CAPITAL RIGHTS RELATED TO THE SECURITIES ARE SEPARATED FROM THE HOLDING OF SECURITIES

The shares of Stalexport Autostrady are not subject to any limitations as far as exercising the right to vote related to the shares is concerned.

7.11. INFORMATION ON ALL LIMITATIONS REGARDING TRANSFERRING THE OWNERSHIP RIGHTS TO THE COMPANY'S SECURITIES

The shares of Stalexport Autostrady are not subject to any limitations as far as the transfer of the ownership right is concerned.

7.12. DESCRIPTION OF THE RULES OF APPOINTING AND DISMISSING MANAGING PERSONS AND THEIR POWERS, IN PARTICULAR THE RIGHT TO DECIDE ON THE ISSUANCE OR BUYBACK OF SHARES

Pursuant to §10 of the Statutes of Stalexport Autostrady, the Company's Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board, while the other Management Board members are appointed by the Supervisory Board upon a motion of the President of the Management Board.

The powers of the Management Board are defined by the Statutes of the Company and by the Regulations of the Management Board issued on the basis of those Statutes, as well as by the Commercial Companies Code and by other generally applicable laws. The Statutes of Stalexport Autostrady and the Regulations of the Management Board are available on the corporate website of Stalexport Autostrady (www.stalexport-autostrady.pl).

7.13. AMENDMENTS TO THE COMPANY'S STATUTES

Amendments to the Statutes of the Company are made in accordance with the rules specified in the Commercial Companies Code. The Statutes of Stalexport Autostrady do not stipulate otherwise in this respect, except for §5(2) which concerns material change of the objects of the Company. In such a case, the Statutes do not stipulate the necessity to buy out the shareholders that do not agree to the amendment.

7.14. THE GENERAL MEETING'S RULES OF PROCEDURE AND ITS BASIC POWERS WITH A DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND THE WAY OF EXERCISING SUCH RIGHTS, IN PARTICULAR THE RULES RESULTING FROM THE REGULATIONS OF THE GENERAL MEETING IF SUCH REGULATIONS WERE ADOPTED, UNLESS INFORMATION IN THIS RESPECT RESULTS DIRECTLY FROM THE LAW

General meetings of Stalexport Autostrady are held in line with the rules described in the Commercial Companies Code, in the Statutes and in the "Rules of participation in the General Meeting of Stalexport Autostrady S.A. with its registered office in Mysłowice using means of electronic communication" (hereinafter: the "Rules of the e-GM"), passed by the Supervisory Board on 21 May 2020, and they do not diverge from the rules applied by other companies listed on the Warsaw Stock Exchange. In particular, apart from the shareholders, the members of the Management Board and of the Supervisory Board of the Company as well as guests, including experts invited by the body convening the General Meeting, may attend the General Meeting. A representative of the Company's statutory auditor attends the General Meetings whose agenda comprises financial matters of the Company, and provides explanations during such Meetings.

General Meetings are convened in the manner and according to the rules stipulated in the generally applicable regulations. This means that the notice convening the General Meeting is published on the website of Stalexport Autostrady (www.stalexport-autostrady.pl) not later than 26 days before the date of the general meeting. Moreover, in accordance with §19 of the Ordinance on current and periodic information, the Company provides, in the form of a current report, all the information related to the convening of the General Meeting, required by that regulation.

The shareholders holding shares of Stalexport Autostrady on the 16th day before the date of the General Meeting, which is the record date, are entitled to take part in the General Meeting. The basis for permitting a shareholder to attend the General Meeting is the placing of that shareholder on the list made available to the Company by Krajowy Depozyt Papierów Wartościowych S.A. [National Securities Depository] not later than one week before the date of the General Meeting.

The General Meetings are held in the Company's registered office or in Katowice and the specific rules of procedure are specified for them in the Rules of the General Meeting of Stalexport Autostrady. The Rules of the General Meeting currently in force are available on the corporate website of Stalexport Autostrady. The above-mentioned Rules specify

in particular the scope of rights of the shareholders (in relation to the most important right that is exercised by them, i.e. participation in the General Meeting) and the way such rights are exercised, the rules of appointing the Chairman of the GM, the tasks of the Chairman of the GM and his duties.

Pursuant to Article 406⁵ of the Commercial Companies Code, if those convening the Meeting so decide, participation in the General Meeting is possible using means of electronic communication and comprises: (i) bidirectional communication in real time between all the persons participating in the General Meeting, located in a place different than the venue of the General Meeting, and (ii) the voting right exercised personally or by proxy before or during the General Meeting. In this case, participation in the General Meeting involves using a dedicated IT platform, with the shareholder having the possibility of exercising the voting right by way of an instant text messaging service.

The specific principles of participation in the General Meeting using means of electronic communication are set forth in the Rules of the e-General Meeting and in the notice convening the General Meeting.

The current Rules of participation in the General Meeting using means of electronic communication are available on the corporate website of Stalexport Autostrady.

Pursuant to §24 of the Company's Statutes, resolutions of the General Meeting are required in particular in the case of the following:

- 1) approval, upon review, of the Management Board's report on the Company's activities and of the financial statements for the previous financial year;
- 2) distribution of profit/covering of losses;
- 3) acknowledgement of the fulfilment of duties by members of the Management Board and members of the Supervisory Board;
- 4) disposal and lease of the enterprise or of its organised part and establishment of a limited right in rem over them;
- 5) issuing of convertible bonds or senior bonds;
- 6) review and approval of the financial statements of the Stalexport Autostrady Group;
- 7) amendment to the Company's Statutes, including change of the objects of the Company, share capital increase or decrease and redemption of shares;
- 8) material change of the objects of the Company;
- 9) dissolution and liquidation of the Company;
- 10) Company's merger, demerger and transformation;
- 11) appointment of members of the Supervisory Board after their number has been determined for the given term of office and their dismissal;
- 12) determination of the remuneration rules for the appointed members of the Supervisory Board.

7.15. DESCRIPTION OF THE OPERATION OF THE MANAGING, SUPERVISORY OR ADMINISTRATIVE BODIES OF THE COMPANY AND OF THEIR COMMITTEES, WITH AN INDICATION OF THE COMPOSITION AND OF CHANGES TAKING PLACE IN THEM OVER THE LAST FINANCIAL YEAR

(i) Management Board

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board, and the other Management Board members are appointed

by the Supervisory Board upon a motion of the President of the Management Board. The joint term of office of the Management Board members lasts three consecutive years, and their mandates expire on the day of holding of the General Meeting approving the financial statements for the last full financial year of performance of the function of Management Board member.

In the reporting period (and until the date of preparation of the Report), the composition of the Company's Management Board did not change and was as follows:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-President of the Management Board.



Emil Wąsacz – President of the Management Board



Mariusz Serwa – Vice-President of the Management Board

On 28 November 2022, Mr Emil Wąsacz handed in his resignation as President of the Management Board of the Company, effective as of 28 February 2023.

On 31 January 2023, the Company's Supervisory Board appointed Mr Andrzej Kaczmarek (as at the date of the Report, member of the Company's Supervisory Board).

The Management Board operates on the basis of applicable provisions of the law, including the Commercial Companies Code and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the Management Board adopted its own Regulations, setting forth its detailed rules of procedure. These Regulations are available on the corporate website of Stalexport Autostrady (www.stalexport-autostrady.pl).

(ii) Supervisory Board

Pursuant to §14 of the Company's Statutes, the Supervisory Board is composed of 5 to 9 persons appointed for a joint term of office of three years. The General Meeting appoints and dismisses members of the Supervisory Board having previously determined their number for the given term of office.

In the period from 1 January 2022 to 4 April 2022, the Supervisory Board operated in the following composition:

1. Roberto Mengucci – Chairman of the Supervisory Board,
2. Tomasz Dobrowolski – Deputy Chairman of the Supervisory Board,
3. Stefano Bonomolo,
4. Nicola Bruno,

5. Massimo Di Casola,
6. Andrzej Kaczmarek.

On 4 April 2022, the Ordinary General Meeting of Stalexport Autostrady elected the following members of the Supervisory Board for the subsequent term:

1. Stefano Bonomolo,
2. Nicola Bruno,
3. Tomasz Dobrowolski,
4. Andrzej Kaczmarek,
5. Enrica Marra,
6. Roberto Mengucci,
7. Marco Stocchi Grava.

On 6 May 2022, the members of the Supervisory Board of Stalexport Autostrady S.A. elected the Chairman, Deputy Chairman and Secretary of the Supervisory Board.

In the period from 4 April 2022 until the date of this Report, the Supervisory Board of Stalexport Autostrady operated in the following composition:

1. Roberto Mengucci – Chairman of the Supervisory Board,
2. Tomasz Dobrowolski – Deputy Chairman of the Supervisory Board,
3. Marco Stocchi Grava – Secretary of the Supervisory Board,
4. Stefano Bonomolo,
5. Nicola Bruno,
6. Andrzej Kaczmarek,
7. Enrica Marra.

The Supervisory Board operates on the basis of applicable provisions of the law, including the Commercial Companies Code and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the Supervisory Board adopted its own Regulations, constituting its rules of procedure. They are available on the corporate website of Stalexport Autostrady (www.stalexport-autostrady.pl). The Supervisory Board operates on the basis of applicable provisions of the law, including the Commercial Companies Code and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the Supervisory Board adopted its own Regulations, constituting its rules of procedure. They are available on the corporate website of Stalexport Autostrady (www.stalexport-autostrady.pl).

▪ **Supervisory Board Committees**

The following committees function within the Supervisory Board: The Remuneration Committee and the Audit Committee, operating as advisory and opinion-forming bodies for the Supervisory Board,

In the reporting period, they were composed of the following members:

Remuneration Committee:

- Stefano Bonomolo – Chairman,
- Tomasz Dobrowolski – Deputy Chairman,

- Andrzej Kaczmarek.

Audit Committee:

- Tomasz Dobrowolski – Chairman,
- Nicola Bruno – Deputy Chairman,
- Andrzej Kaczmarek.

The Supervisory Board's committees operate pursuant to the regulations adopted by the Supervisory Board forming Enclosures to the Regulations of the Supervisory Board. These Regulations are also available from the corporate website of the Company (www.stalexport-autostrady.pl).

(iii) Detailed information concerning the Audit Committee and the selection and work of the auditing firm

- **Persons meeting the statutory criteria of independence**

Mr Tomasz Dobrowolski and Mr Andrzej Kaczmarek meet the criteria of independence envisaged for independent Audit Committee members, referred to in Article 129(3) of the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089), and §3(5) of the Rules of the Audit Committee, and the **criteria of independence envisaged for independent Remuneration Committee members**, referred to in Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, taking into account the guidelines included in the DPSN 2021.

- **Persons who have knowledge and skills in the field of accounting or auditing of financial statements, with an indication of how they acquired them**

Mr Nicola Bruno and Mr Andrzej Kaczmarek have knowledge and skills in the field of accounting or auditing of financial statements (which they confirmed by submitting the appropriate declarations, and which result from their education (Mr Nicola Bruno), and from experience and many years of professional practice (Mr Nicola Bruno, Mr Andrzej Kaczmarek). Detailed information concerning the qualifications and experience of the Supervisory Board members mentioned above is available on the Company's corporate website (www.stalexport-autostrady.pl).

- **Persons who have knowledge and skills with regard to the sector in which the Issuer operates, with an indication of how they acquired them**

Mr Tomasz Dobrowolski, Mr Nicola Bruno and Mr Andrzej Kaczmarek have knowledge and skills with regard to the sector in which the Company operates, which they acquired in the course of their professional career, for instance during work or performance of services for other entities from the Atlantia Group. Detailed information concerning the qualifications and experience of the Supervisory Board members mentioned above is available on the Company's corporate website (www.stalexport-autostrady.pl).

- **Information on whether the auditing firm which audited the Issuer's financial statements performed permitted services other than auditing and whether, in relation to that, the independence of that auditing firm was assessed and whether consent was given to the performance of such services**

On 18 June 2021, the Audit Committee assessed the independence of the auditing firm (Ernst & Young) and consented to the performance, for Stalexport Autostrady by Ernst & Young, of the following permitted services other than auditing:

- a) performing reviews of the condensed separate interim financial statements of Stalexport Autostrady for the periods of 6 months ending on 30 June 2021 and 30 June 2022, drawn up in accordance with the IFRS/IAS;

- b) performing reviews of the condensed consolidated interim financial statements of the Stalexport Autostrady Group for the periods of 6 months ending on 30 June 2021 and 30 June 2022, drawn up in accordance with the IFRS/IAS;
- c) performing reviews with regard to the consolidated financial information of the Stalexport Autostrady Group drawn up as at 30 June 2021 and 30 June 2022, in accordance with the accounting policy of the Atlantia S.p.A. Group;
- d) performing reviews with regard to the consolidated financial information of the Stalexport Autostrady Group drawn up as at 31 December 2021 and 31 December 2022, in accordance with the accounting policy of the Atlantia S.p.A. Group;
- e) evaluation of the report on remuneration of Management Board and Supervisory Board Members for 2021 and for 2022 with regard to the inclusion therein of the information required pursuant to Article 90g, paragraphs 1–5 and 8 of the Act on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies.
 - **Main assumptions underlying the policy developed to select the auditing firm to perform the audit and the policy of performance, by the auditing firm performing the audit, by entities related to that auditing firm and by a member of the auditing firm’s network, of permitted services other than auditing**

On 16 October 2017, the Audit Committee and the Company’s Supervisory Board, operating pursuant to:

- Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089) and
- Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC,

adopted the following documents for application:

- Policy of selecting the statutory auditor/auditing firm to carry out the audit of the financial statements of Stalexport Autostrady S.A.,
- Policy of performance, for Stalexport Autostrady S.A., of permitted services other than auditing by the statutory auditor/auditing firm carrying out the audit, by their related entities or by a member of the auditing firm’s network,
- Procedure of selecting the statutory auditor/auditing firm to carry out the audit of the financial statements of Stalexport Autostrady S.A.

The above-mentioned documents are available on the corporate website of Stalexport Autostrady (www.stalexport-autostrady.pl).

The Company is guided by the following principles when selecting the statutory auditor/auditing firm:

1. The Company assesses the proposals submitted by statutory auditors/auditing firms in accordance with the criteria set forth in the tender documentation on the basis of transparent and non-discriminatory selection criteria and prepares a report containing the conclusions from the selection procedure, approved by the Audit Committee.
2. The Company does not restrict the possibilities of presenting a proposal to the auditing firms and in no way does it exclude from participation in the procedure auditing firms that obtained less than 15% of their total remuneration related to audit from entities of public interest in Poland in the preceding calendar year, or exclude the possibility of entrusting the audit of financial statements to more than one auditing firm.
3. The Company is free to determine the selection procedure and may conduct direct negotiations with the interested auditing firms during the selection procedure.

4. It is considered unacceptable and invalid in the procedure of selection of statutory auditors/auditing firms to include, in the contracts entered into by the Company with third parties, any clauses that restrict the possibility of selecting the statutory auditor/auditing firm, for the purposes of auditing the Company. The Company is obliged to notify directly and immediately the competent authorities about any attempts made by third parties to impose such a contractual clause or to influence the Supervisory Board's decision concerning the selection of the statutory auditor/auditing firm in any other inappropriate manner.
- **Information on whether the recommendation concerning the selection of the auditing firm to perform the audit complied with the conditions in force, and if the selection of the auditing firm did not involve renewal of a contract on the auditing of financial statements – whether the recommendation was made following a selection procedure organised by the Issuer that met the criteria in force**

On 2 March 2021, the Company's Supervisory Board adopted a resolution on the selection of the previous statutory auditor/auditing firm to audit the financial statements of Stalexport Autostrady S.A. for the years 2021–2022. The Audit Committee's recommendation concerning this was drafted following a selection procedure organised by the Companies in compliance with the applicable criteria.

- **Number of Audit Committee meetings held**

The Audit Committee held 11 minuted meetings and adopted 7 resolutions during the financial year.

(iv) Proxies

Pursuant to Article 371 §4 of the Commercial Companies Code, proxies are appointed by the Company's Management Board. In the reporting period, the Company did not have any proxies.

» PART 8

CONCLUSION

Concluding the presentation of the Report, we would like to emphasise that the Stalexport Autostrady Capital Group, operating in the motorway sector, has sound financial bases that guarantee the stability of its business, as well as provide opportunities for implementation of future projects related to the construction and management of motorways.

27 February 2023

Date

Emil Wąsacz

President of the Management Board, CEO

*Signed with a qualified
electronic signature*

27 February 2023

Date

Mariusz Serwa

Vice-President of the Management Board, CFO

*Signed with a qualified
electronic signature*

» PART 9

MANAGEMENT BOARD'S REPRESENTATIONS AND INFORMATION

- 9.1. MANAGEMENT BOARD'S REPRESENTATION SETTING FORTH THAT, ACCORDING TO THEIR BEST KNOWLEDGE, THE ANNUAL FINANCIAL STATEMENTS AS WELL AS THE COMPARABLE DATA HAVE BEEN DRAWN UP IN LINE WITH THE APPLICABLE ACCOUNTING STANDARDS AND THEY GIVE A TRUE, FAIR AND CLEAR VIEW OF THE COMPANY'S ASSETS AND FINANCIAL POSITION AND OF ITS FINANCIAL RESULT, AND THAT THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY GIVES A TRUE PRESENTATION OF THE COMPANY'S DEVELOPMENT, ACHIEVEMENTS AND POSITION, INCLUDING A DESCRIPTION OF THE MAJOR THREATS AND RISKS**

Representation

We hereby represent that, according to our best knowledge, the annual financial statements of the Company for 2022 and the comparable data have been drawn up in line with the applicable accounting standards and they give a true, fair and clear view of the assets and financial position of Stalexport Autostrady as well as of its financial profit or loss.

At the same time, we represent that the annual Management Board's Report on the Activities of Stalexport Autostrady S.A. in 2022 gives a true presentation of the Company's development, achievements and position, including a description of the major risks and threats.

27 February 2023

Date

Emil Wąsacz

President of the Management Board, CEO

27 February 2023

Date

Mariusz Serwa

Vice-President of the Management Board, CFO

9.2. MANAGEMENT BOARD’S REPRESENTATION SETTING FORTH THAT, ACCORDING TO THEIR BEST KNOWLEDGE, THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS WELL AS THE COMPARABLE DATA HAVE BEEN DRAWN UP IN LINE WITH THE APPLICABLE ACCOUNTING STANDARDS AND THEY GIVE A TRUE, FAIR AND CLEAR VIEW OF THE GROUP’S ASSETS, FINANCIAL POSITION AND FINANCIAL RESULT, AND THAT THE MANAGEMENT BOARD’S REPORT ON THE ACTIVITIES OF THE GROUP GIVES A TRUE PRESENTATION OF THE GROUP’S DEVELOPMENT, ACHIEVEMENTS AND POSITION, INCLUDING A DESCRIPTION OF THE MAJOR THREATS AND RISKS

Representation

We hereby represent that, according to our best knowledge, the annual consolidated financial statements of the Company for 2022 and the comparable data have been drawn up in line with the applicable accounting standards and they give a true, fair and clear view of the assets and financial position of the Stalexport Autostrady Group as well as of its financial profit or loss.

At the same time, we represent that the annual Management Board’s Report on the Activities of the Stalexport Autostrady S.A. Group for the financial year 2022 gives a true presentation of the Capital Group’s development, achievements and position, including a description of the major risks and threats.

27 February 2023

Date

Emil Wąsacz

President of the Management Board, CEO

27 February 2023

Date

Mariusz Serwa

Vice-President of the Management Board, CFO

9.3. MANAGEMENT BOARD'S INFORMATION, MADE ON THE BASIS OF THE SUPERVISORY BOARD'S REPRESENTATION CONCERNING THE SELECTION OF THE AUDITING FIRM TO AUDIT THE ANNUAL FINANCIAL STATEMENTS AND THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS, IN ACCORDANCE WITH THE REGULATIONS, INCLUDING THOSE CONCERNING THE SELECTION AND THE PROCEDURE OF AUDITING FIRM SELECTION:

Acting on the basis of §70(1)(7) and §71(1)(7) of the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information transmitted by issuers of securities and on the conditions of considering as equivalent the information required under provisions of the law of a state other than a Member State, as well as of the representation of the Supervisory Board of Stalexport Autostrady, we hereby inform you that:

- a) the selection of the auditing firm performing the audit of the annual financial statements and of the annual consolidated financial statements was made in accordance with the regulations, including those concerning the selection and the procedure of selecting the auditing firm;
- b) the auditing firm and the members of the team performing the audit complied with the conditions required for the preparation of an impartial and independent report on the audit of the annual financial statements and of an impartial and independent report on the audit of the annual consolidated financial statements in accordance with the regulations in force, the standards of exercising the profession and the principles of professional ethics;
- c) the applicable regulations in force are complied with in the Company with regard to auditing firm and key statutory auditor rotation as well as the obligatory grace periods;
- d) the Issuer has a policy in place with regard to auditing firm selection and a policy with regard to the performance for the issuer by the auditing firm, an entity related to the auditing firm or a member of its network of additional services other than auditing, including services conditionally exempted from the prohibition of performance by the auditing firm.

27 February 2023

Date

Emil Wąsacz

President of the Management Board, CEO

27 February 2023

Date

Mariusz Serwa

Vice-President of the Management Board, CFO

ENCLOSURE

Enclosure no. 1 Selected financial data of Stalexport Autostrady

Enclosure no. 2 Selected financial data of the Stalexport Autostrady Capital Group

ENCLOSURE NO. 1

SELECTED FINANCIAL DATA OF STALEXPORT AUTOSTRADY

Financial data concerning the separate financial statements of Stalexport Autostrady for the period of 12 months ended on 31 December 2022

	'000 PLN		'000 EUR	
	2022	2021	2022	2021
Revenue	4,023	3,709	858	811
Loss on operating activities	(6,592)	(6,620)	(1,406)	(1,447)
Profit before taxation	49,351	55,710	10,526	12,175
Net profit for the period	48,977	57,723	10,447	12,615
Weighted average number of shares as at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Earnings per ordinary share (in PLN/EUR)	0.20	0.23	0.04	0.05
Diluted earnings per ordinary share (in PLN/EUR)	0.20	0.23	0.04	0.05
Net cash from operating activities	(5,024)	(5,304)	(1,072)	(1,159)
Net cash from investment activities	55,201	264,271	11,774	57,753
Net cash from financial activities	(59,470)	(158,374)	(12,685)	(34,610)
Total net cash flow	(9,293)	100,593	(1,982)	21,983
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Total assets	311,975	322,388	66,521	70,093
Non-current assets	81,451	80,088	17,367	17,413
Current assets	230,524	242,300	49,153	52,681
Total payables	7,989	8,017	1,703	1,743
Non-current payables	5,292	3,217	1,128	699
Current payables	2,697	4,800	575	1,044
Total shareholders' equity	303,986	314,371	64,817	68,350

Source: The Company's own compilation

The selected financial data were converted into EUR in accordance with the following principles:

- the individual items of the consolidated statement of comprehensive income and of the consolidated cash flow statement the years 2022 and 2021 at the rate constituting the arithmetic mean of the average exchange rates published by the National Bank of Poland in force as at the last day of each month in the business period, i.e. respectively 4.6883 PLN/EUR and 4.5759 PLN/EUR;
- the individual items of assets and liabilities: at the average exchange rate published by the National Bank of Poland, as at the balance sheet date, i.e. respectively 4.6899 PLN/EUR as at 31 December 2022 and 4.5994 PLN/EUR as at 31 December 2021.

ENCLOSURE NO. 2

SELECTED FINANCIAL DATA OF THE STALEXPORT AUTOSTRADY CAPITAL GROUP

Financial data concerning the consolidated financial statements of Stalexport Autostrady for the period of 12 months ended on 31 December 2022

	'000 PLN		'000 EUR	
	2022	2021	2022	2021
Revenue	413,890	360,162	88,281	78,708
Profit on operating activities	106,266	125,333	22,666	27,390
Profit before taxation	116,217	123,630	24,789	27,018
Net profit for the period	85,669	95,415	18,273	20,852
Net profit attributable to the owners of the Parent Entity	79,284	90,555	16,911	19,790
Weighted average number of shares as at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Earnings per share of the Parent Entity's owners (in PLN/EUR)	0.32	0.37	0.07	0.08
Diluted earnings per share of the Parent Entity's owners (in PLN/EUR)	0.32	0.37	0.07	0.08
Net cash from operating activities	227,847	180,536	48,599	39,454
Net cash from investment activities	(155,188)	78,310	(33,101)	17,114
Net cash from financial activities	(64,338)	(162,526)	(13,723)	(35,518)
Net cash flows, total	8,321	96,320	1,775	21,049
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Total assets	1,430,877	1,350,353	305,098	293,593
Non-current assets	1,071,771	998,383	228,527	217,068
Current assets	359,106	351,970	76,570	76,525
Total payables	610,293	551,334	130,129	119,871
Non-current payables	310,428	353,754	66,191	76,913
Current payables	299,865	197,580	63,938	42,958
Total shareholders' equity	820,584	799,019	174,968	173,722
Equity of the owners of the Parent Entity	813,474	793,449	173,452	172,511
Non-controlling shares	7,110	5,570	1,516	1,211
Share capital	185,447	185,447	39,542	40,320

Source: The Company's own compilation

The selected financial data were converted into EUR in accordance with the following principles:

- a) the individual items of the consolidated statement of comprehensive income and of the consolidated cash flow statement the years 2022 and 2021 at the rate constituting the arithmetic mean of the average exchange rates published by the National Bank of Poland in force as at the last day of each month in the business period, i.e. respectively 4.6883 PLN/EUR and 4.5759 PLN/EUR;*
- b) the individual items of assets and liabilities: at the average exchange rate published by the National Bank of Poland, as at the balance sheet date, i.e. respectively 4.6899 PLN/EUR as at 31 December 2022 and 4.5994 PLN/EUR as at 31 December 2021.*