

## Report of the Audit Committee of STS Holding S.A. for 2022

### 1. Composition of the Audit Committee and assessment of its competence to perform the entrusted tasks

The Audit Committee was appointed by Resolution No. 1/2021 of the Supervisory Board of STS Holding S.A. of 2 November 2021.

Composition From the beginning of its operation and in the period from 1 Jan 2022 to 31 Dec 2022, the Audit Committee was composed of:

1. Ms Milena Olszewska – Miszuris - Chairperson of the Audit Committee
2. Mr Zbigniew Eugeniusz Juroszek
3. Ms Elżbieta Spyra.

The composition of the Audit Committee has not changed by the date of the Report.

Throughout its operation, the Audit Committee has been meeting the statutory requirements, i.e. the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight and has been acting in accordance with the Code of Best Practice for WSE listed companies 2021.

Ms Milena Olszewska-Miszuris meets the criteria for independence within the meaning of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight and the additional criterion set out in Rule 2.3 of the Best Practices for WSE Listed Companies 2021, as she has no real and significant connections with a shareholder holding at least 5% of the total number of votes in the company. Ms Milena Olszewska-Miszuris has knowledge and skills in accounting or auditing financial statements, which she acquired during her studies, along with international certificates in the field of finance and practice as a stock analyst and member of supervisory boards, which meets the requirements of Art. 129 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight. At the same time, the Company complies with Rule 2.9 of the Best Practice for WSE Listed Companies 2021, as the Chairman of the Supervisory Board does not lead the work of the Audit Committee.

Ms Elżbieta Spyra also meets the criteria for independence within the meaning of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight, as well as an additional criterion included in Best Practices for WSE Listed Companies 2021. Mr Zbigniew Juroszek has knowledge and skills in the scope of gambling industry, which he acquired while sitting on the Supervisory Board of STS S.A. As a result, the composition of the Audit Committee complies with the requirements set out in Art. 129 of the Act on Statutory Auditors, Audit Firms and Public Oversight, and the Audit Committee has the competence to carry out the activities entrusted to it.

## **2. Principles and mode of operation of the Audit Committee of STS Holding S.A.**

The Audit Committee of STS Holding S.A. operates based on the Rules of Procedure of the Audit Committee adopted by the Supervisory Board of STS Holding S.A. The Audit Committee performs the activities provided for in Article 130 of the Act on Statutory Auditors, Audit Firms and Public Oversight.

The tasks of the Audit Committee include in particular:

1. monitoring the financial reporting process, the effectiveness of internal supervision systems and risk management systems and internal audit, including financial reporting and the performance of financial audit activities, in particular, conducting an audit by the audit firm, taking into account all requests and findings of the Agency resulting from the inspection carried out at the audit firm,
2. controlling and monitoring the independence of the statutory auditor and the auditing firm, in particular when services other than auditing are provided to the public interest entity by the audit firm,
3. informing the Supervisory Board about the results of the audit and explaining how the audit contributed to the reliability of financial reporting in the Company, as well as what the role of the Audit Committee played in the audit process,
4. assessing the auditor's independence and approving the auditor to provide permitted non-audit services to the Company,
5. developing the policy for selecting an auditing firm to conduct the audit,
6. developing the policy concerning the provision of permitted non-audit services by the audit firm, by entities related to the audit firm and by a member of the audit firm's network,
7. determining the procedure for the selection of an audit firm by the public interest entity,
8. presenting to the Supervisory Board the recommendation referred to in Art. 16 sec. 2 of Regulation No. 537/2014, in accordance with the policies referred to in points 5 and 6 (recommendation regarding the appointment of statutory auditors or an audit firm),
9. submitting recommendations aimed at ensuring reliability of the financial reporting process in the Company.

The Audit Committee may request, without the intermediation of the Supervisory Board, from the Company's Management Board to provide information, explanations and documents necessary to perform the Committee's tasks. In order to perform its duties, the Committee may examine all documents, request reports and explanations from the Management Board and employees of the Company, review the Company's assets and control current and planned expenses of the Company. The Committee may request the Supervisory Board to order specific control activities in the Company.

In the period from 1 January 2022 to 31 December 2022, 10 meetings of the Audit Committee were held on the following dates: 05.01.2022, 01.02.2022, 21.02.2022, 19.04.2022, 27.04.2022, 14.07.2022, 31.08.2022, 28.10.2022, 18.11.2022, 19.12.2022. The meetings were

held remotely using means of direct remote communication. In addition, voting by the Audit Committee took place by circulation on 10 January 2022 and 6 September 2022.

The following actions were taken during the meetings of the Audit Committee:

- discussing statutory auditors' offers for the audit of separate and consolidated financial statements of STS Holding S.A. for 2021 and 2022 and a meeting with statutory auditors, representatives of two audit firms,
- getting acquainted with the Recommendation and Statements of the Management Board of STS Holding S.A. regarding the selection of a statutory auditor,
- developing and adopting the recommendation of the Audit Committee regarding the selection of a statutory auditor/audit firm,
- discussion concerning the list of policies and procedures of STS Holding S.A.,
- meetings with representatives of Grant Thornton to discuss the audit strategy for the STS Holding S.A. Group of Companies for 2021 and 2022, as well as the status of the audit of STS S.A. and the review of the consolidated semi-annual statements and the audit of the separate semi-annual statements,
- discussing the statutory duties of the Audit Committee imposed by the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight and the following documents:
  - "Good practices for public interest entities regarding the rules for the appointment, composition and functioning of the audit committee" issued on 24 December 2019 by the Office of the Financial Supervision Authority,
  - "Best Practices of Audit Committees 2021" issued by the Polish Institute of Directors Foundation [Polski Instytut Dyrektorów-PID] and
  - "Exemplary annual work plan of the audit committee" issued by the Association of Independent Members of Supervisory Boards in January 2022,
- setting the schedule of work of the Audit Committee in 2022,
- development of the Procedure for selecting a statutory auditor/audit firm and updating the Policy for selection of a statutory auditor/audit firm as well as implementation of their provisions, review of the Rules of Procedure of the Audit Committee, i.a. to include emergency mechanisms in the event of loss of independence or powers by the statutory auditor/audit firm,
- monitoring and confirming the independence of the statutory auditor/audit firm,
- meeting with representatives of the Company regarding internal control systems,
- discussion with the Finance Director on quarterly results and periodic reports,
- adopting a resolution of the Audit Committee with a recommendation for the Supervisory Board regarding the reports for 2021,
- monitoring the Company's information policy in the context of disclosure obligations and the implementation of the Best Practices for WSE Listed Companies 2021,

- acknowledgment of the independence of the members of the Audit Committee,
- analysis of the annual transparency report published by the Grant Thornton audit firm in accordance with the requirement of Art. 13 of Regulation 537/201,
- discussion of the review of agreements between STS Holding S.A. and the audit firm,
- discussion of the list of audit firms to be asked for quotation for 2023 and 2024,
- reviewing the amendments to the Code of Commercial Companies and Partnerships, which became effective on 13 October 2022, and formulating possible conclusions for the Supervisory Board.

### **3. Assessment of the effectiveness of the Audit Committee's activities**

The Audit Committee assesses that in 2022 it performed its activities in accordance with statutory requirements, effectively addressing legal requirements, good practices and the requirements of the Company's corporate documents. The work of the Audit Committee was carried out on a regular basis, and meetings were held as needed, at a frequency ensuring ongoing discussion of any emerging issues.

The Audit Committee monitored the financial reporting process on an ongoing basis by holding meetings with representatives of both the audit firm and the Company, as well as it monitored the effectiveness of internal control systems and risk management systems, including those in the area of financial reporting. The Audit Committee remained in constant contact with both the representatives of the Company, in particular the Financial Director and the Chief Accountant, as well as the audit company, monitoring the audit team's performance of financial audit activities, both auditing and reviewing financial statements.

In addition, the Audit Committee performed its statutory function and supported the Supervisory Board in selecting an audit firm to audit separate and consolidated financial statements for 2021 and 2022 by conducting interviews with representatives of audit firms and preparing a written recommendation for the Supervisory Board. In addition, the Audit Committee developed the Procedure for selecting a statutory auditor/audit firm and prepared an update of the Policy for selecting a statutory auditor/audit firm.

In 2022, the Audit Committee was therefore performing its advisory and support function towards the Supervisory Board of the Company, informing the Supervisory Board on an ongoing basis about all activities carried out.

#### 4. The basis for submitting a report on activities to the Supervisory Board

This Report has been prepared in accordance with Art. 14 sec. 1. of the Rules of Procedure of the Audit Committee of STS Holding S.A. and for the purpose of supporting the Supervisory Board in the implementation of rules 2.11.1 and 2.11.2 of the Best Practices for WSE Listed Companies 2021 regarding the content of the Supervisory Board's Report on the activities for 2022.

Katowice, 26 May 2023

Signatures:

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Milena Olszewska-Miszuris

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Ms Elżbieta Spyra

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Zbigniew Juroszek