

Report on the activities of the Audit Committee for the financial year 2021

Aspropyrgos, 8 April 2022

To: The shareholders of the Regular General Meeting of SIDMA STEEL S.A.

Dear Shareholders,

In our capacity as Members of the Audit Committee of the Company under the title "**SIDMA STEEL S.A.**" (hereinafter referred to as the "Company"), and in accordance with the provisions of Article 44 of Law 4449 /2017 (hereinafter referred to as the "Law") on the one hand, and the analytical information included in the Disclosures No. 1302/28-4-2017 and 1508/17.7.2020 of the Department of Listed Companies of the Hellenic Capital Market Commission (hereinafter referred to as the "Disclosures") on the other hand, we are presenting below our present Report and disclosing to you, within the scope of the Audit Committee's responsibilities, the findings regarding the subjects regulated by the Law and the aforementioned Disclosures.

OBJECTIVE OF THE COMMITTEE AND MAIN RESPONSIBILITIES

The objective of the Audit Committee is to support the Board of Directors in fulfilling its responsibilities for supervising the audit procedures to monitor compliance with the legal and regulatory framework relating to:

- (a) financial reporting,
- (b) the Internal Control System; and
- (c) supervising the (external) statutory audit of the Company's separate and consolidated financial statements.

More specifically, the Audit Committee's responsibilities include monitoring:

- **the procedure of the statutory audit** of the company's financial statements and informing the Board of Directors on its contribution to accuracy, correctness and completeness of the financial information. The AC shall take into account the supplementary report submitted by the Statutory Auditor, which shall include the results of the external audit and anything else worth reporting to the BoD.
- **the procedure of preparation of financial reporting** by the company's organizational units and sound disclosure of this information to the investors (announcements to the stock exchange, press releases).
- **adequacy and effectiveness** of all the company's **policies, procedures and controls, sound operating, independence and non-restricted activities of the internal audit unit.**

- **independence of the statutory auditors** (period of cooperation, any incompatible non-audit services, level of remuneration). The Statutory Auditor shall annually submit **an independence statement** and discusses with the members of the AC any threat to his/her independence and assurance.
- **Statutory Auditors selection procedure**, which shall be based on a relevant market research with at least two alternative proposals and conducted in a fully justified manner regarding the final selection of the statutory auditor.

COMPOSITION – RULES OF PROCEDURE

The Audit Committee is a committee of the Board of Directors, consisting of three (3) non-executive members of the Board of Directors. The majority of the members of the Audit Committee are independent non-executive members of the Board of Directors in accordance with the provisions of Law 4449/2017.

The composition of this Audit Committee is as follows:

- Gerasimos Vardaramatos, Chairman of the Audit Committee, Independent non-executive member of the Board of Directors.
- Vassilia Manoli, Independent non-executive member of the Board of Directors.
- Panagiotis Konstantinou, Non-executive member of the Board.

The members of the Audit Committee were appointed by the new Board of Directors, at the meeting held on 10 June 2021, as authorised by the Regular General Meeting of Shareholders held on the aforementioned date.

The following members have resigned from the Committee:

- Abraham Moses, Chairman
- Abraham Moses, Member

The members of the Audit Committee fully meet the criteria and independence requirements set out in paragraph 1 of the present Article. All members of the Audit Committee, in accordance with the provisions of paragraph g. 1 of Article 44 of Law 4449/2017, have proven sufficient knowledge of the Company's operating segment and one member has sufficient knowledge in accounting and auditing matters.

MEETINGS

The Audit Committee convenes at the Company's headquarters or via teleconference, in accordance with Article 90 of Law 4548/2018, as effective. The Audit Committee shall convene as often as necessary to effectively perform its duties.

The Committee convened 11 times during the financial year 2021 (01.01.2021 - 31.12.2021). The meetings of the Committee were attended by the Company's

Internal Auditor, and depending on the agenda of the meeting, the Statutory Auditor and the external audit team, the Chief Executive Officer, the Chief Financial Officer and senior management of the Company.

ACTIVITIES OF THE COMMITTEE

The responsibilities of the Committee are defined in **paragraph 3 of Article 44 of Law 4449/2017**. In addition, the Audit Committee has its own separate and updated Rules of Procedure, posted on the Company's website: www.sidma.gr/Investor Relations/Corporate Governance/Audit Committee. The actions of the Committee in contrast to the responsibilities set out in the above provisions are analytically described below.

RESPONSIBILITIES

ACTIONS

Financial reporting procedure and statutory external audit

According to the provisions of Article 44 of Law 4449/2017 and specifically paragraph 3 (a) and (b), the Committee was responsible for:

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| <ul style="list-style-type: none"> - The procedure and timing of the preparation of financial reporting by the Management. | <p>The Committee held meetings with the Company's management and with the relevant executives in order to be informed about the financial reporting procedure and the issues that had an impact on the financial statements.</p> |
| <ul style="list-style-type: none"> - Briefed by the Statutory Auditor on the 2021 annual statutory audit plan prior to its implementation | <p>We assessed the statutory audit plan and ensured that it covered the most significant audit areas, taking into account the Company's key areas of business and financial risk. In this context, meetings were held with the Statutory Auditor and the audit team both - during the planning stage of the audit and during its conduct and the preparation of the Auditor's Reports.</p> |
| <ul style="list-style-type: none"> - The Commission has monitored, evaluated and reviewed the financial reporting | <p>We established that the financial statements were in accordance with the</p> |

procedure, i.e. the mechanisms and systems applied for preparation, flow and dissemination of financial information and other disclosed information by any means (e.g. stock exchange announcements, press releases).

- We have considered and reviewed the most significant matters and risks that could have an effect on the Company's financial statements and significant judgements and estimates made by the management in their preparation.

- We were informed about the procedure of the statutory audit of the Company's financial statements, as well as the contents of the auditor's report and the supplementary report submitted by the Statutory Auditor.

legally required content and framework for their preparation. Moreover, no weaknesses were found in the preparation of the other disclosed information.

In particular, we have thoroughly examined and evaluated the following issues with reference to specific actions on these issues:

1) We determined that the significant judgments, assumptions and estimates made in the preparation of the financial statements are reasonable,

2) We evaluated the recoverability of assets, specifically of the trade receivables,

3) We assessed the recoverability of investments in subsidiaries and the adequacy of impairment losses for them,

4) We reviewed and assessed the accounting treatment of the restructuring of the Company's debt obligations under IFRS 9,

5) We have reviewed the disclosures of the main risks addressed by the company and consider them to be adequate as well as the disclosures required by IFRS regarding the above matters,

6) We have reviewed the transactions with related parties and no unusual transactions were identified.

We are informed of the contents of the Auditor's Report and the Supplementary Report, with a view to their preparation, by the Statutory Auditor. We informed the Board of Directors about the result of the statutory audit and its contribution to accuracy, completeness and correctness of the financial information.

- We reviewed the financial reports prior to their approval by the Board of Directors in order to assess their completeness and consistency with the information brought to our attention and with the accounting principles applied by the Company.

We confirmed completeness and consistency of the financial reports in relation to the information brought to our attention and the accounting principles applied by the company and a recommendation was made to the Board of Directors to approve the Financial Statements prior to publication on the basis of the accounting principles followed.

Internal control and risk management system procedures and internal audit unit

In accordance with the provisions of Article 44 of Law 4449/2017 and specifically paragraph 3 (c), the Committee was responsible for:

- Monitoring, reviewing and evaluating adequacy and effectiveness of the company's policies, procedures and controls regarding the internal control system and the assessment and management of risks related to financial reporting.

The Commission has taken the following actions:

1) Evaluating sound operation of the Internal Audit Unit in accordance with professional standards and the applicable legal and regulatory framework and assessing the operations performed by the Internal Audit Unit, its adequacy and effectiveness, without affecting its independence,

2) Evaluating staffing and organizational structure of the Internal Audit Unit and its potential weaknesses, i.e. whether it lacks the necessary resources, whether it is inadequately staffed with personnel with insufficient knowledge, experience and training,

3) Evaluating the existence or non-existence of constraints on the operations of the Internal Audit Unit, as well as the

independence it should have in order to carry out its operations without obstacles,

4) Reviewing any disclosed information with respect to internal control system and the Company's principal risks and uncertainties with respect to financial reporting,

5) Evaluating the Internal Audit Unit's annual audit plan prior to its implementation, taking into account the main areas of business financial risk and the results of previous audits. Ensuring that the annual audit plan covers the most significant areas of control and systems related to financial reporting,

6) conducting regular meetings with the Head of the Internal Audit Unit on matters within his/her remit and obtaining knowledge of its work and its regular and extraordinary reports, as well as informing the Board of Directors accordingly

7) monitoring the effectiveness of the internal control systems through the work of the Internal Audit Unit and the operations of the Statutory Auditor,

8) reviewing the management of the Company's main risks and uncertainties and periodically reviewing them, evaluating the methods used by the Company to identify and monitor risks, addressing the main risks and uncertainties through the internal control system and the Internal Control Unit, and disclosing them in the published financial information in a proper manner. The main risks for 2022, taking into account the impact and risks of the COVID-19 coronavirus pandemic, are as follows:

- Macroeconomic environment
- Credit risk

- Interest rate risk
- Liquidity risk
- Risk of fluctuating prices of raw materials and
- Foreign exchange risk

On the basis of the above assessments and actions, we have concluded that there are no weaknesses requiring improvement.

Statutory Auditors evaluation and selection procedure

The Audit Committee appointed the same Auditing Firm for FY 2021, and submitted the proposal to the Annual General Meeting of Shareholders. With regard to the auditors, the Audit Committee conducted:

- (a) monitoring their operations in the context of the statutory audit of the financial statements for the FY 2021,
- (b) evaluating their performance and independence, in accordance with paragraph (a), (b) evaluating their performance and independence, in accordance with paragraph (c), (d) evaluating their performance and independence, in accordance with paragraph (e), (e) evaluating their performance and independence, in accordance with paragraph (f). 3e of Article 44 of Law 4449/2017, Law 4706/2020 and paragraph 3e of Article 44 of Law 4449/2017, as well as paragraph 3e of Law 4706/2020. 6 of Article 26 and Articles 5, 6, 21, 22, 23, 23, 26 and 27 of Regulation (EU) No 537/2014.
- (c) confirming their independence, impartiality, objectivity and integrity as well as the effectiveness of the audit procedure, based on relevant professional standards and regulatory requirements.

SUSTAINABLE DEVELOPMENT POLICY FOLLOWED BY SIDMA STEEL S.A.

In accordance with the provisions of Article 44 par. 1 of Law 4449/2017, as replaced by the provisions of article 74 par. 4 para. 9 of Law 4706/2020, the Audit Committee is required to include in the annual report to the Annual General Meeting a description of the sustainable development policy followed by the Company.

SIDMA STEEL has incorporated the principles of Sustainable Development into its business activities and the way it operates, recognizing that these principles are a prerequisite for its long-term development. Care for the health and safety of employees, respect for and protection of the environment, comprehensive coverage of customer needs and harmonious coexistence with the local communities in which it operates are the main themes of the Company's Sustainable Development.

The Sustainable Development Policy is in compliance with the Company's values of responsibility, integrity, transparency, efficiency and innovation. The Policy is determined by the Senior Management, which commits to:

- implement the Sustainable Development Policy at all levels and sectors of the Company's activities
- strict compliance with the applicable legislation and full implementation of the standards, policies, internal guidelines and relevant procedures applied by the Company, as well as other requirements arising from voluntary agreements, which the Company endorses and accepts.
- open, two-way communication with stakeholders in order to identify and record their needs and expectations.
- provide a healthy and safe working environment for its employees, associates and all visitors.
- protect human rights and provide a working environment of equal opportunities, without discrimination.
- continuous effort to reduce its environmental footprint through the implementation of responsible actions and prevention measures in accordance with Best Available Techniques.
- cooperate and support of the local community, in order for the Company to contribute to the sustainable development of the local areas where it operates.
- constant pursuit of creating added value for its stakeholders

In order to fulfill the above commitments, the Company, on a voluntary basis, designs and implements the relevant programs, while at the same time setting strategic priorities that focus on the following Sustainable Development axes:

Economic Development and Corporate Governance

The Company strives to achieve positive financial results, applies a system of sound corporate governance, evaluates and manages business risks in order to safeguard the interests of shareholders.

It develops procedures and takes measures both - to enhance transparency and prevent and combat corruption.

Market

The Company aims to achieve the optimal and complete customer satisfaction and invests in research and development, in order to provide new products and solutions of high quality and added value, thus improving its position in the constantly evolving business environment. In addition, the Company expects responsible business conduct from its suppliers and partners.

Human Resources - Health and Safety at Work

The Company respects and supports internationally recognized human rights and applies policies of fair remuneration, meritocracy and equal opportunities for all its human resources,

without discrimination and with respect to diversity. At the same time, it offers opportunities for development through on-going training and systematic evaluation of its human resources.

Care to provide a healthy and safe working environment is an issue of high importance to the Company.

Environment

In the domain of environmental management, the Company applies the precautionary principle and takes systematic actions in order to minimize its environmental footprint. The Company operates respecting the principles of the circular economy by ensuring the optimal management of natural resources, promoting recycling of metals, use of secondary raw materials and following practices applied for disposal of discarded materials, taking into account the "circularity" of the management work.

Local Community

The Company has built up a close relationship based on dialogue and cooperation with the local community – it fully supports the local community and responds sensitively to the issues of its concern. The Company designs and implements actions that respond to the basic needs of the society, in the areas of employment, development, education, health, environment and culture. It encourages volunteering and supports initiatives aimed at sustainable development of the local community.

We remain at your disposal for any additional information or clarification.

Yours sincerely,

The Chairman of the Audit Committee

The members

Gerasimos Vardaramatos

Vassilia Manolis

Panagiotis Konstantinou