



**Report**  
**of the Supervisory Board of LPP SA**  
**on Remunerations of Members of the Management and Supervisory Boards**  
**for 2022**

# LPP

This report on remunerations of members of the Management and Supervisory Boards of LPP SA with its registered office in Gdańsk ("Company") for 2022 ("Report") has been drawn up under Article 90g(1) of the Act of 29 July 2005 on Public Offering and the Terms and Conditions for Introducing Financial Instruments to Organised Trading and on Public Companies (consolidated text: Journal of Laws of 2022, item 2554, as amended). This Report presents an overall review of remunerations, including, first of all, benefits received by individual members of the Company's governing bodies or payable to them in 2022 in line with the Remuneration Policy for Members of Management and Supervisory Boards, adopted by resolution of the General Meeting of Shareholders no 18 of 18 September 2020 ("Remuneration Policy").



Report of the Supervisory Board of LPP SA on remunerations of Members of the Management and Supervisory Board for 2022

Unless provided otherwise, all figures are given in PLN k.

## **1. Overview**

According to Article 90g of the Public Offering Act<sup>1</sup>, the Supervisory Board of LPP SA draws up an annual report on remunerations, presenting their comprehensive review, including all benefits in any form, received by individual Members of the Management and Supervisory Boards or payable to them in the last financial year in line with the Remuneration Policy. This Report has been drawn up for 2022 and was approved by resolution of the Supervisory Board, dated 25 May 2023, and it will be assessed by a statutory auditor as required under Article 90g(10) of the Public Offering Act.

Unless this report provides otherwise, definitions shall have the meaning as set forth in the Remuneration Policy and the Public Offering Act.

## **2. Remunerations of Members of the Management and Supervisory Boards**

### **2.1. Value of the total remuneration broken down into components and description of their mutual proportions**

Information given below specifies the value of the total remuneration broken down into components referred to in Article 90d(3)(1) of the Public Offering Act (i.e. a description of fixed and variable components of the remuneration as well as bonuses and other cash and non-cash benefits which may be awarded to Members of the Management and Supervisory Boards) and their mutual proportions.

Marek Piechocki, President of the Management Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration - PLN 1.716,45k [amount paid out], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 4,781.52k, therefore, the fixed remuneration constituted 26% of the salary, with the variable remuneration totalling 74% of the salary.

Przemysław Lutkiewicz, Vice-President of the Management Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration - PLN 1.048,88k [amount paid out], no other

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<sup>1</sup> Act of 29 July 2005 on Public Offering and the Terms and Conditions for Introducing Financial Instruments to Organised Trading and on Public Companies [Journal of Laws of 2022, item 2554].

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non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2.967,84k, therefore, the fixed remuneration constituted 26% of the salary, with the variable remuneration totalling 74% of the salary.

Jacek Kujawa, Vice-President of the Management Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration - PLN 1.049,07k [amount paid out], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2.967,84k, therefore, the fixed remuneration constituted 26% of the salary, with the variable remuneration totalling 74% of the salary.

Sławomir Łoboda, Vice-President of the Management Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration - PLN 1.046,89k [amount paid out], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2.967,84k, therefore, the fixed remuneration constituted 26% of the salary, with the variable remuneration totalling 74% of the salary.

Marcin Piechocki, Vice-President of the Management Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration - PLN 1.052,98k [amount paid out], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2.967,84k, therefore, the fixed remuneration constituted 26% of the salary, with the variable remuneration totalling 74% of the salary.

According to the Remuneration Policy, in 2022, Members of the Management Board received the following non-cash benefits (other non-salary benefits): the right to use a company car also for private purposes and access to medical care.

Miłosz Wiśniewski, Chairman of the Supervisory Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration - PLN 35.59k [amount paid out], no other non-salary benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary.

Wojciech Olejniczak, Vice-Chairman of the Supervisory Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration – PLN 24.99k [amount paid out], no other non-

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salary benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary.

Piotr Piechocki, Member of the Supervisory Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration – PLN 23.79k [amount paid out], no other non-salary benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary.

Magdalena Sekuła, Member of the Supervisory Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration – PLN 24,41k [amount paid out], no other non-salary benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary.

Grzegorz Maria Słupski, Member of the Supervisory Board – data for the financial year 01.01.2022 – 31.01.2023: fixed remuneration – PLN 23,79k [amount paid out], no other non-salary benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary.

In 2022, Members of the Supervisory Board received no non-cash benefits.

## **2.2. Compliance with the Remuneration Policy and Correlation between the Value of Remunerations and Attainment of the Company's Long-Term Results**

Below, this Report clarifies how a total remuneration is compliant with the Remuneration Policy, including how it contributes to the attainment of the Company's long-term results.

In 2022, Members of the Management and Supervisory Boards were remunerated in line with the Remuneration Policy adopted by the General Meeting with a view to determining the principles and policies governing remunerations of Members of the Management and Supervisory Boards of LPP SA. In accordance with the Remuneration Policy, Members of the Management and Supervisory Boards received the fixed part of the remuneration, set forth in point 2.1 above. For Members of the Management Board, remuneration terms and conditions, including rules for receiving and awarding a variable part of the remuneration due for 2022, were determined by the Supervisory Board in accordance with the Remuneration Policy, with due consideration of the criteria referred to in point 2.3 below.

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The solutions adopted in the Remuneration Policy contribute to the execution of a business strategy, long-term interests and stability of the Company, including the attainment of expected economic results, the Company's actual long-term financial position, a long-term growth of its value for stockholders and stability of its operations by, among others, establishing a relation, following the rules set forth in the Incentive Scheme, between the variable part of remunerations of Members of the Management Board (in the form of shares) and the results attained.

The detailed criteria are described in point 2.3 below.

## **2.3. Application of Result Criteria**

Below, this Report incorporates information on how result criteria are applied.

Members of the Management Board are paid a basic fixed remuneration (comprising payments and bonuses owed to persons eligible under the Remuneration Policy for their function and work performed as well as their liability level) which is not subject to the result criteria or evaluation of a given person's work performance. Variable benefits in the form of the awarded right to acquire the Company's shares are based on the Incentive Scheme. Members of the Management Board may also be awarded a variable remuneration in the form of an annual bonus the value of which depends on the results gained. Such bonus may be paid either in cash or in kind. The decision on awarding the annual bonus, including determination of the terms and conditions for its disbursement, falls within the scope of competence of the Supervisory Board. Proportions of the fixed and variable parts of remunerations of Members of the Management Board may vary due to the fact that the value of the variable part is correlated with the results attained. In 2022, no annual bonuses were awarded or paid. However, eligible persons were granted rights to subscribe to shares under the Incentive Scheme as referred to hereinbelow.

## **2.4. Changes in Remunerations and the Company's Results y/y**

Below, the Report provides y/y and overall information on changes in remunerations of Members of the Company's governing bodies, its results and the average remuneration of LPP SA employees other than Members of the Management and Supervisory Boards. Data is given for 2022 and previous years covered by the duty to prepare a remuneration report, in a comparative form.

## Management Board:

Marek Piechocki, President of the Management Board, change y/y 2022 vs 2021: in terms of fixed remuneration components: +1,7%, in terms of variable remuneration components: +100%, change in the total remuneration: +285 %,

Przemysław Lutkiewicz, Vice-President of the Management Board, change y/y 2022 vs 2021: in terms of fixed remuneration components: +2,2%, in terms of variable remuneration components: +100%, change in the total remuneration: +291 %,

Jacek Kujawa Vice, President of the Management Board, change y/y 2022 vs 2021: in terms of fixed remuneration components: +2,1%, in terms of variable remuneration components: +100%, change in the total remuneration: +291%,

Sławomir Łoboda, President of the Management Board, change y/y 2022 vs 2021: in terms of fixed remuneration components: +1,9%, in terms of variable remuneration components: +100%, change in the total remuneration: +291%.

The variable remuneration received by the Management Board in 2022 had the form of shares offered under the incentive scheme, totalling 1,818, i.e., respectively: Marek Piechocki – 522 shares, Przemysław Lutkiewicz – 324 shares, Jacek Kujawa – 324 shares, Sławomir Łoboda – 324 shares, Marcin Piechocki – 324 shares. Due to the fact that, in 2021, Members of the Management Board received no variable remuneration, its value in 2022, compared to the preceding year, increased by 100% for each Board Member.

Data on changes in the remuneration of Marcin Piechocki, Vice-President of the Management Board, is not given due to the fact that he joined the Management Board in 2021.

## Supervisory Board:

Miłosz Wiśniewski, Chairman of the Supervisory Board, change y/y 2022 vs 2021: -7%.

Wojciech Olejniczak, Vice-Chairman of the Supervisory Board, change y/y 2022 vs 2021: -26%.

Piotr Piechocki, Member of the Supervisory Board, change y/y 2022 vs 2021: -22%.

Magdalena Sekuła, Member of the Supervisory Board, change y/y 2022 vs 2021: -20%.

Data on changes in the remuneration of Grzegorz Maria Słupski is not given due to the fact that he joined the Supervisory Board in 2021.

	Results*			
Group's revenue	1.02.2019 - 31.01.2020	1.02.2020 - 31.01.2021	1.02.2021 - 31.01.2022	1.02.2022 - 31.01.2023
	9,899,243	7,848,079	11,338,788	15,926,504
		-20.7%	+44.48%	+40.46%
Group's net financial result	1.02.2019 - 31.01.2020	01.02.2020 - 31.01.2021	01.02.2021 - 31.01.2022	01.02.2022 - 31.01.2023
	421,039	-190,130	953,522	1,093,541
		-145.2%	+601.51%	+14.68%
EBITDA	1.02.2019 - 31.01.2020	01.02.2020 - 31.01.2021	01.02.2021 - 31.01.2022	01.02.2022 - 31.01.2023
	1,899,456	1,296,717	2,265,704	2,473,549
		+35.5%	+74.73%	+9.17%
Average payroll salary	1.02.2019 - 31.01.2020	01.02.2020 - 31.01.2021	01.02.2021 - 31.01.2022	01.02.2022 - 31.01.2023
	6.8	6.6	6.843	7.671
		-4.6%	+3.68%	+12%

\* The detailed description of the criteria adopted for "results" is given in point 2.3 above.

## 2.5. Value of Remunerations Paid by Entities belonging to the LPP SA Group

In 2022, Members of the Management and Supervisory Boards received no remunerations or other benefits from the LPP SA Group companies.

Under the Remuneration Policy, Members of the Company's governing bodies are permitted to be employed in companies belonging to the LPP Group under employment contracts or other civil law agreements for a specified or unspecified period of time, be appointed to the governing bodies of such subsidiaries and be remunerated for the above.

## 2.6. Financial Instruments Awarded or Offered

According to the Remuneration Policy adopted, Members of the Management Board may be awarded financial instruments under the Incentive Scheme.

In the financial year 1.02.2021 – 31.01.2022, Members of the Management Board received benefits in the form of ordinary bearer shares. According to the 2021 Incentive Scheme, under share subscription agreements dated 12.05.2022, Members of the Management Board were awarded 1,818 ordinary bearer shares of the M series of the nominal value of PLN 2.00 per share, as follows: Marek Piechocki – 522 shares, Przemysław Lutkiewicz – 324 shares, Jacek Kujawa – 324 shares, Sławomir Łoboda – 324 shares, Marcin Piechocki – 324 shares.

As at the date of preparing this Report, there were also awarded rights to subscribe to shares under the Incentive Scheme for the financial year 1.02.2022 – 31.01.2023. According to the 2022 Incentive Scheme, under share subscription agreements dated 10.05.2023, Members of the Management Board were awarded 949 ordinary bearer shares of the M series of the nominal value of PLN 2.00 per share, as follows: Marek Piechocki – 273 shares, Przemysław Lutkiewicz – 169 shares, Jacek Kujawa – 169 shares, Sławomir Łoboda – 169 shares, Marcin Piechocki – 169 shares. As at the date of preparing this Report, the shares were not registered in the National Securities Depository.

## **2.7. Return of Variable Remuneration Components**

In the reported period, the Company did not exercise the option of returning variable remuneration components.

## **2.8. Deviations from the Procedure for Implementation and Application of the Remuneration Policy**

When implementing the Remuneration Policy and in the reported period, the Company did not deviate from the procedure for implementing the Remuneration Policy as referred to in Article 90f of the Public Offering Act.

## **2.9. Benefits for the Closest Relatives of Members of LPP's Governing Bodies**

According to the Policy adopted, remunerations of Members of the Management and Supervisory Boards comprise no cash or non-cash benefits awarded to their closest relatives as referred to in Article 90g(5) of the Public Offering Act.

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## **3. Shareholders' Advisory Resolution**

According to Article 90g(6) of the Public Offering Act, the general meeting adopts a resolution providing an opinion on the remuneration report. This resolution is advisory in nature. The last resolution providing an opinion on the report on remunerations of Members of Management and Supervisory Boards in 2021, i.e. resolution no 20 of the Ordinary General Meeting of Shareholders of LPP SA dated 20.05.2022, providing an opinion on the Supervisory Board's Remuneration Report, incorporated a positive opinion on the above-mentioned report, incorporating no remarks, reservations or recommendations concerning the Remuneration Policy executed by the Company. Consequently, there were no grounds for implementing changes arising from the opinion of the General Meeting of Shareholders.

Supervisory Board of LPP SA