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Report of the Supervisory Board of LPP SA on Remunerations of Members of the Management Board and the Supervisory Board for 2023

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This report on remunerations of members of the Management and Supervisory Boards of LPP SA with its registered office in Gdańsk (the "Company") for 2022 (the "Report") has been drawn up under Article 90g 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 amend) and comprises an overall review of remunerations, including, first of all, benefits received by individual members of the governing bodies or payable to them in 2023 in line with the Remuneration Policy for Members of the Management Board and the Supervisory Board of LPP SA, adopted by resolution of the General Meeting of Shareholders no 20 of 30 June 2023 ("Remuneration Policy").

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

1. Introduction

In accordance with Article 90g of the *Public Offering Act*¹, 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 Board and the Supervisory Board or payable to them in the last financial year in line with the Remuneration Policy. This Report has been drawn up for 2023.

The Report was approved by resolution of the Supervisory Board of 10 May 2024 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 Board and the Supervisory Boards

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

Information presented 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 in-kind benefits which may be awarded to Members of the Management Board and the Supervisory Board) and their mutual proportions.

Marek Piechocki, President of the Management Board – data for the financial year 01.02.2023 – 31.01.2024, fixed remuneration: PLN 1,713.57 thousand [amount disbursed], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 3,434.34 thousand, therefore, the fixed remuneration constituted 33% of the salary, with the variable remuneration totalling 67% of the salary.

Przemysław Lutkiewicz, Vice-President of the Management Board – data for the financial year 01.02.2023 – 31.01.2024, fixed remuneration: PLN 1,045.75 thousand [amount disbursed], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2,126.02 thousand, therefore, the fixed remuneration constituted 33% of the salary, with the variable remuneration totalling 67% of the salary.

Jacek Kujawa, Vice-President of the Management Board – data for the financial year 01.02.2023 – 31.01.2024, fixed remuneration: PLN 1,772.77 thousand [amount disbursed], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2,126.02 thousand, therefore, the fixed remuneration constituted 27% of the salary, with the variable remuneration totalling 73% of the salary. Jacek Kujawa, Vice-President of the Management Board acted in the capacity of the Member of the Management Board until 10 October 2023.

Sławomir Łoboda, Vice-President of the Management Board – data for the financial year 01.02.2023 –

¹ 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 2024, item 620, as amended].

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31.01.2024, fixed remuneration: PLN 1,043.79 thousand [amount disbursed], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2,126.02 thousand, therefore, the fixed remuneration constituted 33% of the salary, with the variable remuneration totalling 67% of the salary.

Marcin Piechocki, Vice-President of the Management Board – data for the financial year 01.02.2023 – 31.01.2024, fixed remuneration: PLN 1,043.67 thousand [amount disbursed], no other non-salary benefits, variable share-based remuneration offered under the incentive scheme for Members of the Management Boards, totalling PLN 2,126.02 thousand, therefore, the fixed remuneration constituted 33% of the salary, with the variable remuneration totalling 67% of the salary.

Mikołaj Wezdecki, Vice-President of the Management Board – data for the financial year 01.02.2023 – 31.01.2024, fixed remuneration: PLN 283.86 thousand [amount disbursed], no other non-salary benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary. Mikołaj Wezdecki was appointed to the Management Board on 17 November 2023.

According to the Remuneration Policy, in 2023, Members of the Management Board received the following in-kind 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 01.02.2023 – 31.01.2024, fixed remuneration: PLN 36.93 thousand [amount disbursed], no other in-kind 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 01.02.2023 – 31.01.2024, fixed remuneration: PLN 14.78 thousand [amount disbursed], no other in-kind benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary. Wojciech Olejniczak acted in the capacity of the Member of the Company Supervisory Board until 30 June 2023.

Piotr Piechocki, Member of the Supervisory Board – data for the financial year 01.02.2023 – 31.01.2024, fixed remuneration: PLN 25.63 thousand [amount disbursed], no other in-kind 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 01.02.2023 – 31.01.2023, fixed remuneration: PLN 15.77 thousand [amount disbursed], no other in-kind benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary. Magdalena Sekuła acted in the capacity of the Member of the Company Supervisory Board until 31 May 2023.

Grzegorz Słupski, Member of the Supervisory Board – data for the financial year 01.02.2023 – 31.01.2024, fixed remuneration: PLN 24.66 thousand [amount disbursed], no other in-kind benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary.

Alicja Milińska, Member of the Supervisory Board – data for the financial year 01.02.2023 – 31.01.2023, fixed remuneration: PLN 2.48 thousand [amount disbursed], no other in-kind benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary. Alicja Milińska was appointed to the Company Supervisory Board on 30 June 2023.

Jagoda Piechocka, Member of the Supervisory Board – data for the financial year 01.02.2023 – 31.01.2023, fixed remuneration: PLN 4.97 thousand [amount disbursed], no other in-kind benefits, no variable remuneration, therefore, the fixed remuneration constituted 100% of the salary. Jagoda

Piechocka was appointed to the Company Supervisory Board on 2 June 2023.

In 2023, Members of the Supervisory Board received no in-kind benefits.

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

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

In 2022, Members of the Management Board and the 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 Board and the Supervisory Board of LPP SA. In accordance with the principles of the Remuneration Policy, Members of the Management Board and the Supervisory Board received the fixed part of the remuneration, described in clause 2.1 above. In relation to Members of the Management Board, remuneration terms and conditions, including rules for receiving and awarding a variable part of the remuneration due for 2023, were determined by the Supervisory Board in accordance with the Remuneration Policy, with due consideration of the criteria referred to in clause 2.3 below.

The solutions adopted in the Remuneration Policy contribute to implementing the business strategy, long-term interests and stability of the Company, including the achievement of the economic performance targets, the Company's actual long-term financial position and the long-term growth of shareholder value as well as the stability of the company's operations, among others, by linking, based on the terms of the Incentive Scheme, the variable share-based portion of the remuneration of members of the Management Board to the results achieved.

The detailed criteria are described in clause 2.3 below.

2.3. Application of Results Criteria

Below, this Report incorporates information on how the performance 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(award) 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 the remuneration of Members of the Management Board may vary due to the fact that the value of the variable part is correlated with the results achieved. In 2023, no annual bonuses were awarded or paid. However, eligible persons were granted rights to subscribe to shares under the Incentive Scheme as referred to hereinafter in this Report.

2.4. Changes in Remunerations and the Company's Results YoY

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Below, the Report provides YoY 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 Board and the Supervisory Board. The data refers to 2023 and previous years covered by the obligation to prepare a remuneration report, in a comparative form.

Management Board:

Marek Piechocki, President of the Management Board, change in terms of fixed remuneration components YoY, 2023 vs 2022: 0%.

Marek Piechocki, Vice-President of the Management Board, change in terms of fixed remuneration components YoY, 2023 vs 2022: 0%.

Jacek Kujawa - Vice-President of the Management Board, change in terms of fixed remuneration components YoY, 2023 vs 2022: -26%. The change results from performing the function in the Company Management Board until 10 October 2023.

Sławomir Łoboda - Vice-President of the Management Board, change in terms of fixed remuneration components YoY, 2023 vs 2022: 0%.

Marcin Piechocki - Vice-President of the Management Board, change in terms of fixed remuneration components YoY, 2023 vs 2022: -1%. The change results from the fact of using the paternity leave.

The variable remuneration received by the Management Board in 2023 had the form of shares offered under the incentive scheme, totalling 949, i.e., respectively: Marek Piechocki – 273 shares, Przemysław Lutkiewicz – 169 shares, Jacek Kujawa – 169 shares, Sławomir Łoboda – 169 shares, Marcin Piechocki – 169 shares. The level of the variable remuneration in 2023, compared to the preceding year, decreased by 28% for each Member of the Management Board.

Data on changes in the remuneration of Mikołaj Wezdecki, Vice-President of the Management Board, is not provided due to the fact that Mikołaj Wezdecki started to act as a Member of the Management Board in 2023.

Supervisory Board:

Miłosz Wiśniewski - Chairman of the Supervisory Board, change YoY 2023 vs 2022: 4%.

Wojciech Olejniczak, Vice-Chairman of the Supervisory Board, change YoY 2023 vs 2022: -41%. The change results from the termination of Wojciech Olejniczak's function on the Supervisory Board as of 30 June 2023.

Piotr Piechocki, Member of the Supervisory Board, change YoY 2023 vs 2022: 8%.

Magdalena Sekuła - Member of the Supervisory Board, change YoY 2023 vs 2022: -35%. The change results from the termination of Magdalena Sekuła's function on the Supervisory Board as of 31 May 2023.

Grzegorz Słupski - Member of the Supervisory Board, change YoY 2023 vs 2022: 4%.

Data on changes in the remuneration of Alicja Milińska i Jagoda Piechocka is not provided due to the fact of appointment of Ms Milińska and Ms Piechocka to the Supervisory Board in 2023.

	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	1.02.2023 - 31.01.2024
	9,899,243	7,848,079	11,338,788	15,926,504	17,406,224
		-20.7%	+44.48%	+40.46%	+9.29%

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	1.02.2023 - 31.01.2024
	421,039	-190,130	953,522	1,093,541	1,612,002
		-145.2%	+601.51%	+14.68%	+47.41%
EBITDA	1.02.2019 - 31.01.2020	01.02.2020 - 31.01.2021	01.01.2022 - 31.01.2022	01.02.2022 - 31.01.2023	1.02.2023 - 31.01.2024
	1,899,456	1,296,717	2,265,704	2,473,549	3,664,818
		+35.5%	+74.73%	+9.17%	+48.16%
Average payroll salary	1.02.2019 - 31.01.2020	01.02.2020 - 31.01.2021	01.01.2022 - 31.01.2022	01.02.2022 - 31.01.2023	1.02.2023 - 31.01.2024
	6,8	6,6	6,843	7,671	8,342
		-4.6%	+3.68%	+12%	+9%

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

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

In 2023, Members of the Management Board and the Supervisory Board 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

In accordance with the Remuneration Policy adopted, Members of the Management Board may be awarded financial instruments under the Incentive Scheme.

In the financial year 1.02.2022 -31.01.2023, Members of the Management Board received benefits in the form of ordinary bearer shares. Under the 2022 Incentive Scheme, based on share subscription agreements of 10 May 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.

2.7. Return of Variable Remuneration Components

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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*.

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 of advisory nature. The last resolution providing an opinion on the report on remunerations of Members of Management Board and the Supervisory Boards in 2022, i.e. resolution no 7 of the Ordinary General Meeting of Shareholders of LPP SA of 30 June 2023, providing an opinion on the Supervisory Board's Remuneration Report, included 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.

In view of the foregoing, in the financial year covered by this Report, the Company and its Group continued to implement the assumptions arising from the adopted Remuneration Policy.

Supervisory Board of LPP SA