

**REPORT OF THE SUPERVISORY BOARD OF LPP SA  
ON ITS ACTIVITY IN THE FINANCIAL YEAR FROM 1 FEBRUARY 2024 TO 31 JANUARY 2025**

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**I. Composition of the Supervisory Board**

In the period from 1 February 2024 to 31 January 2025, the Supervisory Board was composed of the following persons:

- Miłosz Wiśniewski - Chairman of the Supervisory Board;
- Jagoda Piechocka;
- Alicja Milińska;
- Grzegorz Maria Słupski;
- Piotr Piechocki.

In the same period, from 1 February 2024 to 31 January 2025, the Supervisory Board of LPP SA had one separate committee - the Audit Committee - which was composed of the following persons:

- Grzegorz Maria Słupski - Chairman (as an independent member);
- Miłosz Wiśniewski (as an independent member);
- Piotr Piechocki.

Mr Grzegorz Maria Słupski and Mr Miłosz Wiśniewski fulfilled the statutory independence criteria referred to in Article 129(3) of the Act of 11 May 2017 *on Statutory Auditors, Audit Firms and Public Supervision*, as well as in the 2021 Code of Best Practice for GPW Listed Companies and in Appendix II ("*Profile of an independent non-executive or supervisory director*") to the European Commission Recommendation of 15 February 2005 *on the role of non-executive or supervisory directors in listed companies and their respective board committees*.

Mr Piotr Piechocki is the member of the Supervisory Board of LPP SA, as well as the Audit Committee who has knowledge and skills in the industry in which LPP SA operates. In the years 2012-2017, he co-founded and managed the E-Commerce department in LPP SA, including the responsibility for the overall sale in this channel and the launch of online stores in new markets.

Persons holding the knowledge and skills in the area of accounting or audits of financial statements are as follows:

- Ms Alicja Milińska - an expert in the field of human resources and payroll as well as accounting who gained her knowledge and experience while working as the Chief Accountant of LPP SA from 1995 to 2021, as well as holding the position of a Member of the Management Board of LPP SA in the years 2000-2009;
- Mr Grzegorz Maria Słupski - PhD in economics, entrepreneur and manager, who has created and managed numerous enterprises mainly in the printing, trading and new technology sectors;
- Mr Miłosz Wiśniewski - expert in the field of finance and management who has knowledge and experience acquired while performing the function of Financial Director of Cereal Partners Worldwide and Boryszew SA.

A person with experience and competence in the IT and management sector, which remain inherently linked to the activities carried out by LPP SA, is Ms Jagoda Piechocka, who was employed as the IT Product Manager of the Procter&Gamble group from September 2021 to January 2025, responsible,

among others, for a number of global IT projects. Ms Jagoda Piechocka also works in the investment industry in the real estate and hotel services market.

## II. Activity of the Supervisory Board

### A. Audit Committee

In the period from 1 February 2024 to 31 January 2025, the Audit Committee performed its statutory duties, including, in particular, those specified in Article 130(1) and (2) of the Act of 11 May 2017 on *Statutory Auditors, Audit Firms and Public Supervision*.

During the period under review, the Audit Committee of the Supervisory Board of LPP SA held four meetings on the following dates: 26 March 2024, 10 May 2024, 18 September 2024 and 10 December 2024. The agenda of these meetings was as follows:

Date of the Audit Committee meeting	Agenda
26 March 2024	<ol style="list-style-type: none"> <li>1. Opening of the Audit Committee meeting, drawing up the attendance list, stating that the Audit Committee has been duly convened and is capable of adopting resolutions.</li> <li>2. Meeting with the key statutory auditor auditing the separate financial statements of LPP SA and the consolidated financial statements of the LPP SA Group for the financial year from 1 February 2023 to 31 January 2024 in order to present and discuss the financial audit process and the conclusions arising therefrom.</li> <li>3. Assessment of the fulfilment of the requirements for the selection of the audit firm auditing the annual financial statements of LPP SA and the annual consolidated financial statements of the LPP SA Group for the financial year from 1 February 2023 to 31 January 2024.</li> <li>4. Assessment of the independence of the auditor and the audit firm auditing the financial statements of LPP SA and the consolidated financial statements of LPP SA Group.</li> <li>5. Evaluation of the financial reporting process for the financial year from 1 February 2023 to 31 January 2024.</li> <li>6. Evaluation of the process of financial auditing activities, in particular the audit for the financial year from 1 February 2023 to 31 January 2024.</li> <li>7. Presentation of information on activities implemented in the financial year from 1 February 2023 to 31 January 2024.</li> <li>8. Assessment of the effectiveness of internal control and risk management systems and internal audit in the year from 1 February 2023 to 31 January 2024.</li> <li>9. Presentation and assessment of the report of the Management Board on the activities of the Company's Group in the financial year from 1 February 2023 to 31 January 2024 with regard to its compliance with the books, documents and facts.</li> <li>10. Presentation and assessment of the separate financial statements of LPP SA for the year from 1 February 2023 to 31 January 2024 with regard to its compliance with the books, documents and facts.</li> <li>11. Presentation and assessment of the consolidated financial statements of LPP SA for the financial year from 1 February 2023 to 31 January 2024 with regard to its compliance with the books, documents and facts.</li> <li>12. Adoption of information for the Supervisory Board on the results of the audit of the separate financial statements and the consolidated financial statements for the financial year from 1 February 2023 to 31 January 2024, its impact on the reliability of the financial reporting and the role of the Audit Committee in this process.</li> </ol>

	13 Closing of the Audit Committee meeting.
10 May 2024	<ol style="list-style-type: none"> <li>1. Opening of the Audit Committee meeting, drawing up the attendance list, stating that the Audit Committee has been duly convened and is capable of adopting resolutions.</li> <li>2. Assessment of the Bylaws of the Audit Committee in terms of adequacy, in particular the compliance of the provisions of the Bylaws with the applicable laws and other applicable regulations.</li> <li>3. Adoption of the report on activities of the Audit Committee in the financial year ended 31 January 2024.</li> <li>4. Revision of the Tax Strategy Report and the Report on the Assessment of Tax Risks for the financial year ended 31 January 2024.</li> <li>5. Closing of the Audit Committee meeting.</li> </ol>
18 September 2024	<ol style="list-style-type: none"> <li>1. Opening of the Audit Committee meeting, drawing up the attendance list, stating that the Audit Committee has been duly convened and is capable of adopting resolutions.</li> <li>2. Presentation by the Management Board of the interim condensed consolidated report of the LPP SA Group for H1 from 1 February 2024 to 31 July 2024, containing the interim condensed separate financial statements of LPP SA.</li> <li>3. Presentation by the key statutory auditor of the conclusions arising from the report on the review of the interim condensed consolidated report of the LPP SA Group for the six months from 1 February 2024 to 31 July 2024 and the opinion on the audit of the separate interim condensed financial statements of LPP SA</li> <li>4. Presentation by the key auditor of the audit plan for the annual financial statements.</li> <li>5. Closing of the Audit Committee meeting.</li> </ol>
10 December 2024	<ol style="list-style-type: none"> <li>1. Opening of the Audit Committee meeting, drawing up the attendance list, stating that the Audit Committee has been duly convened and is capable of adopting resolutions.</li> <li>2. Presentation of results for Q3 2024 by the Management Board, including information on financial risk management.</li> <li>3. Meeting with the auditor in connection with the preliminary audit for the 2024/2025,</li> <li>4. Adoption of the internal auditor's action plan for 2025.</li> <li>5. Adoption of the work schedule for the Audit Committee in 2025.</li> <li>6. Closing of the Audit Committee meeting.</li> </ol>

Summing up the foregoing, it should be indicated that as part of the meetings held, the Audit Committee monitored the financial reporting process, the effectiveness of the internal control, internal audit and risk management systems, including with regard to financial reporting and the performance of financial auditing activities. The Audit Committee also controlled and monitored the independence of the key auditor and the audit firm. The Audit Committee also assessed the requests for approval for the use of authorised services other than auditing by the audit firm or the statutory auditor.

## **B. Supervisory Board**

In the period from 1 February 2024 to 31 January 2025, the Supervisory Board held four meetings on: 26 March 2024, 10 May 2024, 18 September 2024 and 10 December 2024.

The Supervisory Board analysed the Company's day-to-day activities and position as well as examined motions submitted by the Management Board. The meetings of the Supervisory Board were attended by selected invited employees of the Company.

The information provided to the Supervisory Board by the Management Board of LPP SA was presented on an ongoing basis and in a comprehensive manner, which enabled the effective performance of the tasks and responsibilities assigned to the Supervisory Board.

In the period from 1 February 2024 to 31 January 2025, the Supervisory Board of LPP SA did not order any advisory services, as referred to in the provision of Article 3821 of the CCC (Commercial Companies Code).

**i. Meeting of the Supervisory Board of LPP SA on 26 March 2024.**

The subject of the Supervisory Board's analysis and evaluation during this meeting was the effectiveness of the operation of the internal control, risk management, compliance systems and the internal audit function of LPP SA. Members of the Supervisory Board, after hearing the Vice-President of the Management Board responsible for the internal control and risk management department, conducted an analysis and discussion regarding their evaluation of the adequacy and effectiveness of the functioning of the internal control, risk management, compliance system and the internal audit function in LPP SA for the financial year from 1 February 2023 to 31 January 2024.

Subsequently, the members of the Supervisory Board analysed and discussed the information presented by the Audit Committee, as well as their assessment of the Audit Committee's compliance. In this respect, the Supervisory Board also passed the relevant resolution.

Subsequently, the Supervisory Board of LPP SA assessed the fulfilment of the requirements concerning the selection of an audit firm to carry out the audit of the annual financial statements of LPP SA and the annual consolidated financial statements of the LPP SA Group for the financial year from 1 February 2023 to 31 January 2024. The members of the Supervisory Board conducted an analysis and discussion, taking into account the relevant provisions of the generally applicable law. As a consequence, the Supervisory Board of LPP SA adopted a resolution *on the fulfilment of statutory requirements with regard to the audit firm auditing the financial statements of the Company and its group.*

During the meeting, the Supervisory Board also assessed the Management Board's report on the LPP Group's activities in the financial year from 1 February 2023 to 31 January 2024 (comprising the Management Board's report on the Company's activities in that year) in terms of its compliance with the books and documents as well as with the facts. The members of the Supervisory Board conducted the analysis and the discussion, taking into account the relevant provisions of the generally applicable law, as well as the content of the materials previously delivered to the members of the Supervisory Board by e-mail (in particular, the drafts of the separate annual report and the consolidated annual report). As a consequence, the Supervisory Board of LPP SA adopted the resolution *on the assessment of the Management Board's report on the LPP Group's activities in the financial year from 1 February 2023 to 31 January 2024 (comprising the Management Board's report on the Company's activities in that year) in terms of its compliance with the books and documents as well as with the facts.* It provides, among others, that the report of the Management Board on the Company's activities during the period is complete, reliable and contains data that comprehensively inform about the Company's position.

As a consequence of the foregoing, the Supervisory Board issued a recommendation for the Annual General Meeting of the Company concerning the adoption of a resolution on approval of the report of the Management Board on the activities of the LPP Group and the activities of the Company in the financial year from 1 February 2023 to 31 January 2024. The Supervisory Board expressed its position based on the results of the analysis of the indicated documents and the effects of the work of the Audit Committee of the LPP SA Supervisory Board and the Supervisory Board itself.

Subsequently, the Supervisory Board assessed the financial statements of LPP SA for the financial year from 1 February 2023 to 31 January 2024 and the consolidated financial statements of the Company's Group for the financial year from 1 February 2023 to 31 January 2024 in terms of their compliance with the books and documents, as well as with the facts. As a result of the evaluation and discussion conducted, the Supervisory Board of LPP SA adopted resolutions confirming that these documents are complete, reliable and contain data that comprehensively inform about the position of the Company and the LPP Group, respectively. At the same time, the Supervisory Board issued recommendations for the Annual General Meeting of the Company concerning the adoption of the resolution approving the financial statements of LPP SA for the financial year from 1 February 2023 to 31 January 2024 and the resolution approving the consolidated financial statements of the Company's Group for the financial year from 1 February 2023 to 31 January 2024.

Subsequently, the Supervisory Board carried out:

- the comprehensive assessment of the Company's position in the financial year ended 31 January 2024, including in particular: (i) evaluation of the financial reporting process, (ii) evaluation of the internal control system, internal audit and risk management system, (iii) evaluation of tax and financial auditing activities, (iv) evaluation of the impartiality of the statutory auditor auditing the financial statements of the Company and the LPP SA Group;
- the assessment of the Company's compliance with its disclosure obligations regarding the application of corporate governance principles resulting from codes of best practice and regulations on current and periodic information disclosed by issuers of securities in the financial year ended 31 January 2024;
- the assessment of the rationality of the activities carried out by the Company in the financial year ended 31 January 2024 in the scope of charity and sponsorship policy;
- the periodic assessment of material transactions concluded between LPP SA and its subsidiaries;
- adoption of bonus indicators (KPIs) and conclusion of Incentive Programme participation agreements with Members of the Management Board for the year from 1 February 2023 to 31 January 2024;
- presentation of information on ESG initiatives and activities carried out by the Company and the Group and the impact of undertaking such activities on the Company's rating.

Each of the foregoing issues was subject to comprehensive discussion, analysis and assessment by the members of the Supervisory Board. The conclusions and summaries collected in these areas became the subject of resolutions duly adopted by the Supervisory Board.

## **ii. Meeting of the Supervisory Board of LPP SA on 10 May 2024**

The meeting started with a presentation of the current financial, balance sheet and operational position of the Company and its Group by the Management Board.

Subsequently, the Supervisory Board reviewed information on the explanations provided by the Company to the Polish Financial Supervision Authority in connection with the publication of the Hindenburg Research report and other measures taken by the Company in response to the report.

Following the analysis and evaluation of the offer received, the Supervisory Board of LPP SA adopted a resolution containing a recommendation regarding the entity auditing the report on remunerations.

Further on, members of the Supervisory Board discussed the report on remuneration of members of the Management Board and the Supervisory Board for the financial year ended 31 January 2024. As a result of the analyses and assessments, the Supervisory Board of LPP SA adopted a resolution approving this report.

The Company's Management Board then presented proposals concerning the date and agenda of the Annual General Meeting of LPP S.A., which were analysed and assessed by the Members of the Supervisory Board. After the completion of the analyses, the Supervisory Board of LPP SA adopted a resolution *concerning the expression of the opinion on the matters to be discussed at the Annual General Meeting.*

Subsequently, Members of the Supervisory Board commenced a discussion on the Supervisory Board's recommendation to discharge the members of the Company's Management Board for the performance of their duties in the financial year from 1 February 2023 to 31 January 2024. Following the discussion, collection of relevant assessments and analyses, the Supervisory Board of LPP SA adopted a resolution *concerning the recommendation to discharge the members of the Company's Management Board for the performance of their duties.*

The Supervisory Board subsequently considered the Management Board's proposal regarding the distribution of the net profit earned by the Company in the financial year 2023/2024. The discussion of the Supervisory Board Members in this regard was based, among others, on the documents provided to them on the Dividend Policy, the Company's performance, the statutory auditor's opinion. Consequently, the Supervisory Board approved the distribution of net profit earned by the Company and the payment of dividend in accordance with the principles discussed indicated in the resolution of the Supervisory Board of LPP SA of 10 May 2024 *on the examination of the proposal of the Management Board regarding the distribution of net profit earned by the Company in the financial year 2023/2024.*

The Supervisory Board discussed the results of the review of the Tax Strategy Report and the Tax Risk Assessment Report for the financial year ended 31 January 2024 conducted by the Audit Committee of the Supervisory Board.

Subsequently, the Supervisory Board members analysed and discussed the draft Supervisory Board Activity Report. Consequently, the Supervisory Board of LPP SA adopted a resolution on the adoption of the Supervisory Board's report on its activities in the financial year from 1 February 2023 to 31 January 2024.

During the last part of the meeting, the Supervisory Board assessed the achievement of the KPIs and determined the number of shares allocated under the incentive programme for the members of the Management Board for 2023. The conclusions and summaries collected in this respect became the subject of the resolution duly adopted by the Supervisory Board of LPP SA *concerning the assessment of the fulfilment of the KPIs and determining the number of shares to be taken up under the incentive programme for members of the Company's Management Board.*

### **iii. Meeting of the Supervisory Board of LPP SA on 18 September 2024**

The meeting started with a presentation of the current financial, balance sheet and operational position of the Company and its Group as well as information on financial risk management by the Management Board.

Moreover, the Management Board of the Company provided the members of the Supervisory Board with information on the explanations submitted to date to the Polish Financial Supervision Authority in connection with the publication of the Hindenburg Research report.

Thereafter, the interim condensed consolidated report of the LPP SA Group for the semi-annual period from 1 February 2024 to 31 July 2024 had been presented to the Members of the Supervisory Board, including the interim condensed separate financial statements of LPP SA, which was then discussed and analysed by the members of the Supervisory Board.

Subsequently, the key statutory auditor provided the Supervisory Board members with the conclusions resulting from the report on the review of the interim condensed consolidated financial statements of LPP SA Group for the period from 1 February 2024 to 31 July 2024 and the opinion on the audit of the separate interim condensed financial statements of LPP SA. Additionally, a discussion was held among the members of the Supervisory Board on the information presented.

The key auditor then presented the audit plan for the annual financial statements to the Supervisory Board Members. The meeting was concluded with a joint discussion on the information presented.

#### **iv. Meeting of the Supervisory Board of LPP SA on 10 December 2024**

The meeting began with the presentation by the Management Board of the results for Q3 2024, including information on financial risk management in the Company.

The Supervisory Board members then began a discussion with the participation of the statutory auditor in connection with the plans of the preliminary audit of the Company's financial statements for 2024.

Subsequently, the Management Board presented information on the explanations provided to date to the Polish Financial Supervision Authority in connection with the publication of the Hindenburg Research report, including information on the administrative proceedings pending with the participation of the Company.

In the next part of the meeting, the Supervisory Board of LPP SA, after conducting the discussion in question, adopted the resolution *on the determination of the remuneration of the Vice-President of the Management Board, Marcin Bójko, and authorising the Chairman of the Supervisory Board to conclude annexes to employment contracts with members of the Management Board.*

Finally, the members of the Supervisory Board adopted the work schedule of the Supervisory Board for 2025.

#### **III. Position of the Supervisory Board on the diversity policy applied in the Company**

In the opinion of the Supervisory Board, the diversity policy applied in the Company in terms of differentiation of the level of competence and experience of individual members of the Company's bodies (i.e. Supervisory and Management Boards) is satisfactory.

At present, the Management Board of LPP SA is composed of five men: three of them at the age between 30 and 50 and two above 50 years of age. The Supervisory Board is currently composed of two women and three men. Two persons are aged between 30 and 50 years and three are aged above 50 years.

Members of LPP SA's Management and Supervisory Boards have diverse education i.e. from technical education to finance, economic and legal education. They have diversified professional experience both in terms of the sector in which LPP SA Group operates and types of institutions where they had gained their previous experience.

The composition of the Supervisory Board fully enabled a comprehensive examination and analysis of the problems and issues presented to it.

#### **IV. Assessment of the report on the activities of the Supervisory Board of LPP SA**

The Supervisory Board applies the Annual General Meeting for approval of the LPP SA Supervisory Board's report on its activity in the financial year from 1 February 2024 to 31 January 2025 and granting the discharge for the fulfilment of duties to the following members of the Supervisory Board:

- Alicja Milińska;
- Jagoda Piechocka;
- Miłosz Wiśniewski;
- Grzegorz Maria Słupski;
- Piotr Piechocki

for performing their duties as members of the Supervisory Board from 1 February 2024 to 31 January 2025.

The Supervisory Board independently assessed its own work, including that of the Audit Committee operating within the Supervisory Board. Following such assessment, the Supervisory Board states that the Supervisory Board has performed all duties stipulated in the provisions of law and in the Company's internal regulations, as well as those arising from the principles of the 2021 Code of Best Practice for GPW Listed Companies. Additionally, at the meetings held, the Supervisory Board analysed the Company's position on an ongoing basis and supported the Management Board in its day-to-day activities. Therefore, the Supervisory Board expresses its positive opinion on its activity in the financial year from 1 February 2024 to 31 January 2025.