

*Appendix to the Resolution No. XI/12/22
of the Supervisory Board of 22 April 2022*

**REPORT ON THE REMUNERATION OF THE MANAGEMENT BOARD AND
SUPERVISORY BOARD MEMBERS OF GRUPA KĘTY S.A.
FOR THE YEAR 2021**

22 April 2022

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I. GENERAL INFORMATION

1. The principles of remuneration of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. (hereinafter referred to as the '**Company**') are determined in the Remuneration Policy of Grupa KĘTY S.A. Management Board and Supervisory Board Members (hereinafter referred to as the '**Remuneration Policy**'), adopted by Resolution No. 19/20 of the Annual General Meeting of Grupa KĘTY S.A. on 20 August 2020. The Remuneration Policy is binding from the date of its adoption.
2. The remuneration of the Company Management Board Members was determined, calculated and paid out based on the applicable resolutions of the Supervisory Board, whereas the remuneration of the Supervisory Board Members – based on the applicable resolutions of the Annual General Meeting of the Company.
3. Without prejudice to the Remuneration Policy, the Management Board Members are also bound with the provisions of the respective agreements concluded with the Company and other documents regulating the principles of remuneration binding at the Company.

II. VALUE OF THE TOTAL REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

1. In 2021 the total remuneration of all Management Board Members amounted to PLN 10,394,000.
2. Table 1 presents the value of the total remuneration of the Management Board Members in 2021, broken down into the particular components.
3. Table 2 presents the proportions of the particular components of remuneration and the total remuneration of the Management Board Members in 2021.
4. Apart from the amount of the total remuneration identified in clause 1, in 2021 the Management Board Members acquired rights to financial instruments on the principles described in Section X.

Table 1

		2021			
		Fixed remuneration* (PLN '000)	Variable remuneration** (PLN '000)	In-kind benefits*** (PLN '000)	Total (PLN '000)
Dariusz Mańko	Grupa KĘTY S.A.	1,142	2,601	6	3,749
	Other companies of the Capital Group	0	0	0	0
	TOTAL	1,142	2,601	6	3,749
Rafał Warpechowski	Grupa KĘTY S.A.	686	1,561	5	2,252
	Other companies of the Capital Group	0	0	0	0
	TOTAL	686	1,561	5	2,252
Piotr Wysocki	Grupa KĘTY S.A.	672	1,515	7	2,194
	Other companies of the Capital Group	12	0	0	12
	TOTAL	684	1,515	7	2,206
Tomasz Grela	Grupa KĘTY S.A.	180	765	0	945
	Other companies of the Capital Group	492	744	6	1,242
	TOTAL	672	1,509	6	2,187

TOTAL Grupa KĘTY S.A.	2,680	6,442	18	9,140
TOTAL other companies of the Capital Group	504	744	6	1,254
TOTAL	3,184	7,186	24	10,394

* Fixed remuneration comprises: basic remuneration (or sick-leave remuneration) under employment contract, and remuneration granted by resolutions of the Supervisory Board.

** Variable remuneration comprises an incentive paid in the respective year for the performance of tasks in the preceding year.

*** In-kind benefits comprise: St. Nicholas' Day gift from the Company Social Benefits Fund, car fuel flat-rate allowance, Employee Pension Scheme (PPE) premium, health-care premium.

Table 2

2021				
	Proportion of fixed remuneration to total remuneration	Proportion of variable remuneration to total remuneration	Proportion in-kind benefits to total remuneration	Proportion of remuneration at other companies of the Capital Group to total remuneration Total
Dariusz Mańko	30.5%	69.4%	0.2%	0.0%
Rafał Warpechowski	30.5%	69.3%	0.2%	0.0%
Piotr Wysocki	31.0%	68.7%	0.3%	0.5%
Tomasz Grela	30.7%	69.0%	0.3%	56.8%

III. COMPLIANCE OF THE TOTAL REMUNERATION OF THE MANAGEMENT BOARD MEMBERS WITH THE REMUNERATION POLICY

1. The remuneration of the Company Management Board Members in 2021 consisted of:
 - fixed remuneration,
 - variable remuneration,
 - in-kind benefits.
2. In 2021, some Members of the Management Board were entitled to remuneration from other companies of the Capital Group of Grupa Kęty S.A. (hereinafter referred to as the 'Capital Group').
3. The total remuneration of the Members of the Management Board in 2021 was compliant with the principles determined in the Remuneration Policy, because:
 - the Management Board Members did not receive any other components of remuneration than those referred to in the Remuneration Policy;
 - the remuneration complied with the division of remuneration into the fixed and variable parts;
 - the variable part of the remuneration of a Member of the Management Board did not exceed 2.5 times the fixed part of the remuneration received jointly by the Management Board Member from the Company and any of the Capital Group companies under an employment contract or appointment to act at the Management Board of a Capital Group company.
4. The variable remuneration of the Management Board Members paid out in 2021 (for the year 2020) comprised:
 - 1) as regards the President of the Management Board/General Director and Management Board Member/Financial Director – annual incentive depending on the value of fixed remuneration and EBITDA growth rate (profit on operating activities plus depreciation) and net profit growth rate generated by the Capital Group in the preceding reporting year, benchmarked against a variable, annually updated base. The annual incentive payout depends on the achievement of the minimum required level of the assumed EBITDA and net profit growth rates (80% growth compared to the benchmark for the respective year), plus generation by the Capital Group of at least 10% EBITDA margin in the year to which the incentive refers;

- 2) as regards the Members of the Management Board in charge of the particular operating segments:
- annual incentive on the principles described for the President of the Management Board/General Director and Management Board Member/Financial Director, whereas the base for calculating the incentive was half of the fixed remuneration;
 - annual incentive depending on the value of fixed remuneration and EBITDA growth rate (profit on operating activities plus depreciation) and net profit growth rate generated by the respective operating segment in the preceding reporting year, benchmarked against a variable, annually updated base. The annual incentive payout depends on the achievement of the minimum required level of the assumed EBITDA and net profit growth rates (80% growth compared to the benchmark for the respective year), plus generation by the respective operating segment of at least 10% EBITDA margin in the year to which the incentive refers, whereas the base for calculating the incentive was half of the fixed remuneration;
5. The total remuneration of the Management Board Members for the year 2021 was determined in a manner which contributes to the achievement of long-term objectives by the Company and the Capital Group, by way of making the value of variable remuneration dependent on the financial results generated by the Capital Group. Additionally, there are applied long-term incentive plans (share options), the performance of which depends on the generation of both adequate financial results by the Capital Group and the level of the Company share prices compared to the quoting of indexes on the Warsaw Stock Exchange.

IV. INFORMATION ON THE MANNER IN WHICH THE RESULT CRITERIA HAVE BEEN APPLIED IN REFERENCE TO THE TOTAL REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

In 2021, as regards the total remuneration of the Management Board Members there were applied criteria related to the generated result, by way of determination of:

1. the level and components of remuneration of the Management Board Members, in consideration of the analyses of solutions applied on the market, and considering the level of financial results generated by the Capital Group and scale of the Group operations;
2. variable remuneration depending on the level of fixed remuneration, the rates of change of the economic results of the Capital Group and the results of the respective operating segments;
3. the criteria related to the rates of change of EBITDA and net profit of the Capital Group, and the rate of change of the Company share prices compared to the rates of change of the indexes on the Warsaw Stock Exchange, within share-based incentive plans.

V. VALUE OF THE TOTAL REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

1. In 2021 the total remuneration of all Supervisory Board Members amounted to PLN 962,000.
2. Table 3 presents the value of the total remuneration of the Supervisory Board Members in 2021.
3. Table 4 presents the proportions of the particular components of remuneration of the Supervisory Board Members and the total remuneration in 2021.

Table 3

	2021		
	Value of remuneration (PLN '000)	In-kind benefits* (PLN '000)	Total (PLN '000)
Paweł Niedziółka	141	2	143
Piotr Kaczmarek	177	3	180
Piotr Stępnik	212	0	212
Wojciech Golak	141	2	143
Agnieszka Zalewska	141	2	143
Przemysław Rasz	141	0	141
TOTAL	953	9	962

* In-kind benefits comprise the Employee Capital Plan (PPK) premium.

Table 4

	2021	
	Proportion of fixed remuneration to total remuneration	Proportion in-kind benefits to total remuneration
Paweł Niedziółka	98.6%	1.4%
Piotr Kaczmarek	98.3%	1.7%
Piotr Stępnik	100.0%	0.0%
Wojciech Golak	98.6%	1.4%
Agnieszka Zalewska	98.6%	1.4%
Przemysław Rasz	100.0%	0.0%

VI. COMPLIANCE OF THE TOTAL REMUNERATION OF THE SUPERVISORY BOARD MEMBERS WITH THE REMUNERATION POLICY

1. The remuneration of the Company Supervisory Board Members in 2021 consisted of:
 - fixed remuneration and
 - in-kind benefits.
2. The total remuneration of the Supervisory Board Members in the years 2021 complied with the Remuneration Policy, because:
 - the Supervisory Board Members did not receive any other components of remuneration than those referred to in the Remuneration Policy;
 - the received fixed remuneration complied with the maximum value of three-times the average monthly remuneration in the sector of companies, as announced by the President of the Central Statistical Office (GUS) for the last month of the quarter preceding the payment of remuneration, and depended on the function fulfilled, which complies with the Remuneration Policy.
3. Granting fixed remuneration to the Supervisory Board Members provided a guarantee of stable operation of the Supervisory Board as a supervising body, whereas the Members, not being directly dependent on the financial results generated by the Company, were able to supervise the current operations of the Company and the actions of the Management Board Members with due consideration and without undue risk.

VII. INFORMATION ON THE MANNER IN WHICH THE RESULT CRITERIA HAVE BEEN APPLIED IN REFERENCE TO THE REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

In 2021, the Supervisory Board Members received fixed remuneration, independent on the result criteria.

VIII. INFORMATION ON THE VALUE OF REMUNERATION FROM THE COMPANIES OF THE SAME CAPITAL GROUP AS THE COMPANY

The value of remuneration received by the Management Board Members in the year 2021 from the companies of the same Capital Group as the Company is presented in Table 1.

In 2021, the Supervisory Board Members did not receive remuneration from companies of the same Capital Group other than the Company.

IX. INFORMATION ABOUT REMUNERATION, COMPANY RESULTS AND AVERAGE REMUNERATION OF THE EMPLOYEES

Table 5 presents the total remuneration of the Company employees other than Management Board or Supervisory Board Members, as well as the Company results in the last five reporting years.

Table 5

	Total remuneration of the Company employees other than Management Board or Supervisory Board Members (PLN '000)	Average remuneration of the Company employees other than Management Board or Supervisory Board Members (PLN '000)	Net profit of the Company (PLN '000)	EBITDA of the Company (PLN '000)
2021	124,682	7.6	523,171	612,597
2020	105,518	6.5	296,153	365,917
2019	104,712	6.3	205,027	271,276
2018	99,786	6.2	191,439	250,684
2017	91,826	6.1	249,057	296,403

* Calculated as the total remuneration of the Company employees other than Management Board or Supervisory Board Members, divided by the average number of employees (total average headcount in each month of the year divided by 12, where the average headcount in a month is calculated as the total of two daily balances: on the first and on the last day of the month, divided by 2).

X. NUMBER OF FINANCIAL INSTRUMENTS ASSIGNED OR OFFERED TO THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS, AS WELL AS THE MAIN TERM OF EXERCISING THE RIGHTS ON THE INSTRUMENTS, INCLUDING THE PRICE AND DATE OF EXERCISE, PLUS AMENDMENT THERETO

2015 PLAN

- In accordance with the Management Options Plan adopted by Resolution No. 13/15 of the Annual General Meeting of the Company on 23 April 2015 (hereinafter referred to as the '**2015 Plan**'), in the years 2015–2017 the Eligible Persons were to be assigned options (hereinafter referred to as '**Options**') to acquire bonds (hereinafter referred to as the '**Bonds**') with the pre-emptive right to take up 180,000 new-issue shares of the Company (H series), upon the fulfilment of certain conditions. The Options were vested in three tranches, each of 1/3 of the total number of shares offered under the 2015 Plan (hereinafter referred to as the '**Tranche**').
- In 2021, the Management Board Members were eligible to take up the following H series shares of the Company under the 2015 Plan (tranche vested in 2017):
 - Dariusz Mańko – 2,970 shares,
 - Piotr Wysocki – 1,800 shares,
 - Tomasz Grela – 1,800 shares.

3. The main terms for the exercise of rights under the aforesaid Options were the following:
 - in reference to 15% of the respective Tranche – the return on the Company shares reaching the minimum level equal or higher than the growth rate of the WIG index calculated for the same period as the return on the Company shares ratio;
 - in reference to 25% of the respective Tranche – the return on the Company shares reaching the level of at least 15 percentage points higher than the growth rate of the WIG index calculated for the same period as the return on the Company shares ratio;
 - in reference to 30% of the respective Tranche – the Capital Group EBITDA growth rate reaching 33%, if the opinion of the statutory auditor on the consolidated financial statements of the Capital Group did not contain any reservations regarding EBITDA in the given year, whereas the Tranche was to be allocated to the Eligible Persons in part, if the EBITDA growth rate was realised in 87% of the required level and the value of the Tranche grew proportionally to the level of the EBITDA growth rate;
 - in reference to 30% of the respective Tranche – the Capital Group net profit growth rate reaching 44%, if the opinion of the statutory auditor on the consolidated financial statements of the Capital Group did not contain any reservations regarding net profit in the given year, whereas the Tranche was to be allocated to the Eligible Persons in part, if the net profit growth rate was realised in 87% of the required level and the value of the Tranche grew proportionally to the level of the net profit growth rate.
4. As regards the Tranche granted in 2017, the return on the Company shares ratio was determined as the quotient of the average price of the Company shares in Q.1, 2020, increased for the value of dividend paid by the Company from 1 April 2017 to 31 March 2020, and the average price of the Company shares in Q.1, 2017.
5. The WIG index growth rate was calculated in reference to identical periods as for the return on the Company shares ratio.
6. The EBITDA and net profit growth rates of the Capital Group for the Tranche allocated in 2017 was calculated as the quotient of the value of EBITDA and net profit per the Company share generated in 2019 to the value of the same in 2016.
7. The purchase price of the aforesaid instruments was determined in accordance with the 2015 Plan principles as PLN 304.24.
8. Period in which the rights in the aforesaid instruments may be exercised (the Company shares take-up): falls between 1 January 2020 and 30 June 2023.
9. Table 6 presents the exercise of the 2017 options in the year 2021.
10. The Members of the Supervisory Board were not granted or offered any financial instruments under the 2015 Plan.

Table 6

	Share options – 2015 Plan; 2017 Tranche		
	Number of shares allocated in relation to Options in 2017	Number of shares available in 2020, post verification of conditions	Number of shares taken up in 2021
Dariusz Mańko	9,000	2,970	2,970
Piotr Wysocki	6,000	1,980	1,980
Tomasz Grela	6,000	1,980	1,980

2020 PLAN

1. In accordance with the Management Options Plan adopted by Resolution No. 27/20 of the Annual General Meeting of the Company on 20 August 2020 (hereinafter referred to as the '**2020 Plan**'), in the years 2020-2022 the Eligible Persons are to be assigned options (hereinafter referred to as '**Options**') to acquire bonds (hereinafter referred to as the '**Bonds**') with the pre-emptive right to take up 270,000 new-issue shares of the Company, upon the fulfilment of certain conditions. The Options will be vested in three tranches, each of 1/3 of the total number of shares offered under the 2020 Plan (hereinafter referred to as the '**Tranche**').
2. In the year 2021, the Management Board Members were granted the right to take up the Company shares under the 2020 Plan in the following numbers:
 - Dariusz Mańko – 9,000 shares,
 - Piotr Wysocki – 7,000 shares,
 - Tomasz Grela – 7,000 shares,
 - Rafał Warpechowski – 7,000 shares.
3. The main terms for the exercise of rights under the aforesaid instruments were the following:
 - in reference to 15% of the respective Tranche – the return on the Company shares reaching the minimum level equal or higher than the growth rate of the WIG index calculated for the same period as the return on the Company shares ratio;
 - in reference to 25% of the respective Tranche – the return on the Company shares reaching the level of at least 15 percentage points higher than the growth rate of the WIG index calculated for the same period as the return on the Company shares ratio;
 - in reference to 30% of the respective Tranche – the Capital Group EBITDA growth rate reaching 28%, if the opinion of the statutory auditor on the consolidated financial statements of the Capital Group did not contain any reservations regarding EBITDA in the given year, whereas the Tranche was to be allocated to the Eligible Persons in part, if the EBITDA growth rate was realised in 89.3% of the required level and the value of the Tranche grew proportionally to the level of the EBITDA growth rate;
 - in reference to 30% of the respective Tranche – the Capital Group net profit growth rate reaching 28%, if the opinion of the statutory auditor on the consolidated financial statements of the Capital Group does not contain any reservations regarding net profit in the given year, whereas the Tranche is to be allocated to the Eligible Persons in part, if the net profit growth rate is realised in 89.3% of the required level and the value of the Tranche shall grow proportionally to the level of the net profit growth rate.
4. The return on the Company shares ratio is determined as the quotient of the average price of the Company shares in 2023, increased for the value of dividend paid by the Company from 1 January 2021 to 31 December 2023, and the average price of the Company shares in 2020.
5. The WIG index growth rate was calculated in reference to identical periods as for the return on the Company shares ratio.
6. The EBITDA and net profit growth rates of the Capital Group are calculated as the quotient of the value of EBITDA and net profit generated in 2023 to the value of the same in 2020.
7. The purchase price of the aforesaid instruments was determined in accordance with the 2020 Plan principles as PLN 358.10.
8. Period in which the rights in the aforesaid instruments may be exercised (the Company shares take-up) starts on 1 October 2024 and ends on 30 September 2027.

9. With regard to the dates referred to above, in 2021 the Management Board Members were not eligible to take-up the Company shares under the 2020 Plan.
10. Apart from the options to take up the Company shares referred to in clause 2, the Management Board Members held options to take up the Company shares under the 2020 Plan vested in 2020 within the first tranche, in the following numbers:
 - Dariusz Mańko – 9,000 shares,
 - Piotr Wysocki – 7,000 shares,
 - Tomasz Grela – 7,000 shares,
 - Rafał Warpechowski – 7,000 shares.
11. The Members of the Supervisory Board were not granted or offered any financial instruments under the 2020 Plan.

XI. INFORMATION ON AVAILING OF THE POSSIBILITY TO CLAIM REIMBURSEMENT OF VARIABLE REMUNERATION COMPONENTS

The Remuneration Policy does not provide for the possibility of claiming reimbursement of the variable components of remuneration of the Management Board Members. The Supervisory Board Members do not receive any variable remuneration components.

XII. INFORMATION REGARDING DEPARTURES FROM THE PROCEDURE OF IMPLEMENTING THE REMUNERATION POLICY AND DEPARTURES APPLIED IN ACCORDANCE WITH ARTICLE 90F OF THE ACT, INCLUDING AN EXPLANATION OF THE REASONS AND METHOD OF DEPARTURE, AS WELL AS COMPONENTS TO WHICH THE DEPARTURE APPLIES

There was no case of departure from the procedure of the Remuneration Policy implementation, or departures applied in accordance with Article 90f of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (consolidated text in Journal of Laws No. 2020, item 2080, as amended).

XIII. VALUE OF CASH CONSIDERATIONS OR IN-KIND BENEFITS GRANTED TO PERSONS CLOSELY ASSOCIATED WITH THE MEMBERS OF THE MANAGEMENT BOARD OR THE SUPERVISORY BOARD

1. In 2021, the remuneration of the Management Board Members included in-kind benefits: St. Nicholas' Day gift from the Company Social Benefits Fund, and premiums paid within the group life and health insurance scheme, which ensures access to medical care for closely associated persons in the total value of PLN 1,700, as presented in Table 7.

Table 7

	In-kind benefits granted to closely associated persons 2021 (PLN '000)
Dariusz Mańko	0.7
Piotr Wysocki	0.7
Tomasz Grela	-
Rafał Warpechowski	0.3

- In 2021, the remuneration of the Supervisory Board Members did not comprise any cash considerations or in-kind benefits granted to closely associated persons.

XIV. FINAL INFORMATION

- The Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. for the years 2019 and 2020 received a positive opinion of the Annual General Meeting of the Grupa KĘTY S.A., by way of Resolution No. 20/21 of 12 May 2021.
- Issuing the opinion on the Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. for the years 2019 and 2020, the Annual General Meeting of the Grupa KĘTY S.A. did not identify any additional contents.