

*Appendix to Resolution No. XI/14/23
of the Supervisory Board of 17 April 2023*

**REPORT ON THE REMUNERATION
OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF GRUPA KĘTY S.A.
FOR THE YEAR 2022**

17 April 2023

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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**'), passed by Resolution No. 19/20 of the Annual General Meeting of Grupa KĘTY S.A. on 20 August 2020, and amended by Resolution No. 18/2022 of the Annual General Meeting of Grupa KĘTY S.A. on 25 May 2022. 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 relevant resolutions of the Supervisory Board, whereas the remuneration of the Supervisory Board Members – based on the relevant 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 2022 the total remuneration of all Management Board Members amounted to PLN 11,516,000.
2. In 2022, 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. Table 1 presents the value of the total remuneration of the Management Board Members in 2022, broken down into the particular components.
4. Table 2 presents the proportions of the particular components of remuneration and the total remuneration of the Management Board Members in 2022.
5. Apart from the amount of the total remuneration identified in clause 1, in 2022 the Management Board Members acquired rights to financial instruments on the principles described in Section X.

Table 1

		2022			
		Fixed remuneration* (PLN '000)	Variable remuneration** (PLN '000)	In-kind benefits*** (PLN '000)	Total (PLN '000)
Dariusz Mańko	Grupa KĘTY S.A.	1,279	2,856	6	4,141
	Other companies of the Capital Group	0	0	0	0
	TOTAL	1,279	2,856	6	4,141
Rafał Warpechowski	Grupa KĘTY S.A.	767	1,714	5	2,486
	Other companies of the Capital Group	0	0	0	0
	TOTAL	767	1,714	5	2,486
Piotr Wysocki	Grupa KĘTY S.A.	752	1,680	7	2,439
	Other companies of the Capital Group	12	0	0	12
	TOTAL	764	1,680	7	2,451
Tomasz Grela	Grupa KĘTY S.A.	180	874	0	1,054
	Other companies of the Capital Group	572	806	6	1,384
	TOTAL	752	1,680	6	2,438

TOTAL Grupa KĘTY S.A.	2,978	7,124	18	10,120
TOTAL other companies of the Capital Group	584	806	6	1,396
TOTAL	3,562	7,930	24	11,516

* 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: car fuel flat-rate allowance, Employee Pension Scheme (PPE) premium, health-care premium, subsidised sports card.

Table 2

2022				
	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
Dariusz Mańko	30.9%	69.0%	0.1%	0.0%
Rafał Warpechowski	30.9%	68.9%	0.2%	0.0%
Piotr Wysocki	31.2%	68.5%	0.3%	0.5%
Tomasz Grela	30.8%	68.9%	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 2022 consisted of:
 - fixed remuneration,
 - variable remuneration,
 - in-kind benefits.
2. In 2022, some Members of the Management Board were entitled to remuneration from other companies of the Capital Group.
3. The total remuneration of the Management Board Members in 2022 complied with the provisions of 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 2022 (for the year 2021) 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 of the Capital Group in 2021, benchmarked against budget assumptions for that period. The annual incentive payout depended on the achievement of the minimum required level of the assumed ratios: 90% EBITDA and net profit growth rates of the Capital Group in the year to which the incentive referred, benchmarked against budget assumptions. The maximum value of the incentive was received in case of

achieving the parameters at the level of 130% of budget assumptions. The total weight of the above financial goals represented 96% of the maximum value of annual incentive;

- 2) as regards the Members of the Management Board in charge of the particular operating segments:
 - annual incentive compliant with the principles described for the President of the Management Board/General Director and Management Board Member/Financial Director. The weight of the above financial goals represented 48% of the maximum value of annual incentive;
 - 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 2021, benchmarked against budget assumptions for that period. The annual incentive payout depended on the achievement of the minimum required level of the assumed ratios: 90% EBITDA and net profit growth rates of the respective segment in the year to which the incentive referred, benchmarked against budget assumptions. The maximum value of the incentive was received in case of achieving the parameters at the level of 120% of budget assumptions. The weight of the above financial goals represented 48% of the maximum value of annual incentive;
- 3) annual incentive depending on the performance (at the minimum level of 90%) of non-financial goals (ESG: Environmental, Social and Corporate Governance) regarding the reduction of greenhouse gas emission (GHG), performance of projects for the local communities, and reducing the Total Recordable Incident Rate (TRIR). The weight of the above ESG goals represented 4% of the maximum value of annual incentive.
5. The incentive parameters determined for 2021 were fully attained.
6. The total remuneration of the Management Board Members for 2022 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, as well as the performance of non-financial goals, which refer to the assumption of the Capital Group development strategy for the years 2021-2025. 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 2022, 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 adequately to 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;
 - the ESG non-financial goals;
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 2022 the total remuneration of all Supervisory Board Members amounted to PLN 1,148,000.
2. Table 3 presents the value of the total remuneration of the Supervisory Board Members in 2022.
3. Table 4 presents the proportions of the particular components of remuneration of the Supervisory Board Members and the total remuneration in 2022.

Table 3

	2022		
	Value of remuneration (PLN '000)	In-kind benefits* (PLN '000)	Total (PLN '000)
Piotr Sępnia	249.8	0.0	249.8
Piotr Kaczmarek	238.9	3.6	242.5
Wojciech Gola	166.5	2.5	169.0
Paweł Niedziółka	166.5	2.5	169.0
Przemysław Ras	166.5	0.0	166.5
Anna Włoszek	133.1	0.0	133.1
Agnieszka Zalewska	18.0	0.3	18.3
TOTAL	1,139.3	8.9	1,148.2

* In-kind benefits comprise Employee Capital Plans (PPK).

Table 4

	2022	
	Proportion of fixed remuneration to total remuneration	Proportion in-kind benefits to total remuneration
Piotr Sępnia	100.0%	0.0%
Piotr Kaczmarek	98.5%	1.5%
Wojciech Gola	98.5%	1.5%
Paweł Niedziółka	98.5%	1.5%

Przemysław Rasz	100.0%	0.0%
Anna Włoszek	100.0%	0.0%
Agnieszka Zalewska	98.4%	1.6%

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 2022 consisted of:
 - fixed remuneration and
 - in-kind benefits.
2. The total remuneration of the Supervisory Board Members in the years 2022 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;
 - 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;
 - fixed remuneration comprised also monthly remuneration on account of work on the Supervisory Board Committees, depending on the function fulfilled, in the maximum monthly amount of PLN 6,500.
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 2022, 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 the remuneration received by the Management Board Members in 2022 from the companies of the same Capital Group is presented in Table 1.

In 2022, 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)
2022	134,417	7.9	699,108	788,908
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

* 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 TERMS OF EXERCISING THE RIGHTS ON THE INSTRUMENTS, INCLUDING THE PRICE AND DATE OF EXERCISE, PLUS AMENDMENTS THERETO

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 the conditions set out in the Plan. 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 2022, the Management Board Members were granted the right to take up the Company shares under the third tranche of the 2020 Plan in the following numbers:

- Dariusz Mańko – 9,000 shares;
 - Rafał Warpechowski – 7,000 shares;
 - Piotr Wysocki – 7,000 shares;
 - Tomasz Grela – 7,000 shares.
3. The main terms for the exercise of rights under the aforesaid instruments are 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 ratio of return on the Company shares;
 - 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 ratio of return on the Company shares;
 - 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 does not contain any reservations regarding EBITDA in the given year, whereas the Tranche is to be allocated to the Eligible Persons in part, if the EBITDA growth rate has been realised in 89.3% of the required level and the value of the Tranche grows 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 has been realised in 89.3% of the required level and the value of the Tranche grows proportionally to the level of the net profit growth rate.
 4. The ratio of return on the Company shares is determined as the quotient of the mean price of the Company shares in 2024, increased for the value of dividend paid by the Company from 1 January 2022 to 31 December 2024 and the mean price of the Company shares in 2021, divided by the mean price of the shares in 2021.
 5. The WIG index growth rate is calculated in reference to identical periods as for the ratio of return on the Company shares.
 6. The EBITDA and net profit growth rates of the Capital Group are calculated, respectively, as the quotient of the value of EBITDA and net profit generated in 2024, divided by their values in 2021.
 7. The purchase price of the aforesaid instruments was determined in accordance with the 2020 Plan principles as PLN 358.10
 8. The period in which the rights in the aforesaid instruments may be exercised (the Company shares take-up) starts on 1 October 2025 and ends on 30 September 2028.
 9. In 2022 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 and 2021 within the first and second tranche, in the following numbers:
 - Dariusz Mańko – 18,000 shares;
 - Rafał Warpechowski – 14,000 shares;
 - Piotr Wysocki – 14,000 shares;
 - Tomasz Grela – 14,000 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 2022, the remuneration of the Management Board Members included in-kind benefits, such as 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 1,400, as presented in Table 7.

Table 7

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

2. In 2022, 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

1. The Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. for the year 2021 received a positive opinion of the Annual General Meeting of the Grupa KĘTY S.A., by way of Resolution No. 17/22 of 25 May 2022.
2. Issuing the opinion on the Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. for the year 2021, the Annual General Meeting of the Grupa KĘTY S.A. did not identify any additional contents.