



**MLP**  
GROUP



**MLP Group S.A.**

**Report of the Supervisory Board**  
**on remuneration for 2019 – 2020**

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## **1. APPLICABLE LAW**

Pursuant to Art. 90g.1 of the Act on Public offering, conditions governing the introduction of financial instruments to organised trading, and public companies of 29 July 2005 (the "Public Offering Act"), the Supervisory Board of MLP Group S.A. hereby submits to the Annual General Meeting of MLP Group S.A. a report on remuneration (the "Report" or "Remuneration Report"), presenting a comprehensive overview of remuneration, including all benefits, in whatever form, received by or due to each of the Management Board or Supervisory Board members in the financial years 2019 and 2020 in accordance with the Company's remuneration policy.

The obligation to prepare this Remuneration Report arises under Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, implemented into Polish law by way of the Act Amending the Public Offering Act and Certain Other Acts of 16 October 2019. Under the Directive, the Supervisory Board is required to prepare this Report.

This Remuneration Report covers the period 2019–2020.

As this Report is the first such document prepared pursuant to the amended Public Offering Act, it does not contain the information otherwise required under Art. 90g.8 thereof.

## **2. INTRODUCTION**

We hereby submit the Report of the Supervisory Board of MLP Group S.A. on remuneration, presenting a comprehensive overview of remuneration, including all benefits, received by each of the Management Board or Supervisory Board members in the financial years 2019 and 2020.

This Report has been prepared in compliance with the Company's remuneration policy as adopted by Resolution No. 14 of the Annual General Meeting of MLP Group S.A. of 29 June 2020.

These documents are prepared, adopted and applied in order to enhance the transparency of remuneration policy applicable and actual remuneration awarded to members of the Management Board and the Supervisory Board and to establish a closer relationship between their remuneration and their performance by improving shareholders' oversight of remuneration paid thereto.

This Report therefore facilitates the exercise of shareholders' rights and ensures the accountability of the Company's management and supervisory bodies. This document provides comprehensive information on the total remuneration received by or due to each of the Management or Supervisory Board members and its components, as well as on the performance criteria applied and remuneration, if any, received from other entities of the same corporate group. It also specifies the number of financial instruments granted or offered.

The financial data of the Company and the MLP Group S.A. Group in the reporting period is presented in the table below.

Data	2019	2020	Change 2020 vs. 2019
Consolidated net asset value (NAV)	PLN 938,555 thousand	PLN 1,211,732 thousand	29% increase
Consolidated net profit	PLN 129,369 thousand	PLN 170,369 thousand	32% increase
Separate net asset value (NAV)	PLN 156,351 thousand	PLN 271,763 thousand	74% increase
Separate net profit	PLN 7,377 thousand	PLN 9,263 thousand	26% increase

### 3. THE AGGREGATE REMUNERATION, BROKEN DOWN INTO COMPONENTS, AND THE RELATIVE PROPORTIONS OF THESE COMPONENTS

In compliance with Art. 90g.2.1) of the Public Offering Act, this Report presents the aggregate remuneration of each Management Board member, broken down into components, including any remuneration received from any entity to the same corporate group, as defined in Art. 90g.2.5 of the Public Offering Act.

Also, as required under Art. 90g.2.1) of the Public Offering Act, this Report presents the relative proportions of fixed and variable remuneration. This information is presented in the form of tables.

#### A) MANAGEMENT BOARD

The President of the Management Board of MLP Group S.A. receives fixed monthly remuneration for serving on the Management Board, as awarded by Supervisory Board Resolution No. 2/12/2013. All Management Board members are remunerated under employment contracts. In addition, each Management Board member receives remuneration for serving on the management boards of other MLP Group S.A. Group companies. Management Board members also provide services to MLP Group S.A. Group companies. These are fixed components of the remuneration paid to members of the Management Board. In addition, in 2019 and 2020, members of the Management Board of MLP Group S.A. were eligible for bonuses as defined in their respective employment contracts in accordance with the bonus system introduced by Supervisory Board resolutions on remuneration of Management Board members. The bonus system provides for a NAV-linked bonus, i.e., a bonus that is calculated as a percentage of the annual growth in NAV (net asset value), determined as: the difference between NAV as at 31 December of a given year (based on the full-year report published by the MLP Group S.A. Group) and NAV for the previous year plus the amount of dividend paid to shareholders of MLP Group S.A. in the same year, decreased by the internal annual NAV growth of 5% of the previous year's NAV and by the total increase in the share capital of MLP Group S.A. resulting from the issue of new shares or a merger of MLP Group S.A. with another company. Members of the Management Board receive variable remuneration from entities of the MLP Group S.A. Group under civil law contracts whose value depends on an increase in the net asset value and the average closing price of Company shares in the second quarter of a given financial year. Members of the Management Board did not receive any remuneration in the form of financial instruments in either of the reporting periods.

Full name and position	Financial year	Remuneration at MLP Group S.A.		
		Fixed remuneration (PLN)	Variable remuneration (PLN)	Change 2020 vs. 2019
<b>Radosław T. Krochta</b> President of the Management Board	2019	121,200.00	561,732.00	34% increase
	2020	121,200.00	790,667.54*	
<b>Michael Shapiro</b> Vice President of the Management Board	2019	406,080.46	0.00	19% increase
	2020	483,209.00	0.00	
<b>Tomasz Zabost</b> Member of the Management Board	2019	45,000.00	302,471.00	51% increase
	2020	99,000.00	425,744.06*	

\* The variable remuneration due for 2020 was not paid as at the date of authorisation of this Report and was included in provisions recognised as at 31 December 2020.

Full name and position	Financial year	Remuneration at other entities of the MLP Group S.A. Group			Change 2020 vs. 2019
		Fixed remuneration (PLN), including:		Variable remuneration (PLN)	
		for serving as Member of the Management Board	other		
<b>Radosław T. Krochta</b> President of the Management Board	2019	32,400.00	384,000.00	699,167.00	40% increase
	2020	44,200.00	456,000.00	1,058,551.00*	
<b>Michael Shapiro</b> Vice President of the Management Board	2019	31,200.00	26,990.00	302,471.00	39% increase
	2020	43,000.00	31,200.00	425,744.06*	
<b>Tomasz Zabost</b> Member of the Management Board	2019	32,400.00	336,000.00	442,330.00	29% increase
	2020	44,200.00	336,000.00	669,695.00*	

\* The variable remuneration due for 2020 was not paid as at the date of authorisation of this Report and was included in provisions recognised as at 31 December 2020.

The table below presents the split of total remuneration of members of the Management Board into the fixed and variable components.

Full name and position	Financial year	Proportions of fixed to variable remuneration
<b>Radosław T. Krochta</b> President of the Management Board	2019	30%/70%
	<b>2020</b>	<b>25%/75%</b>
<b>Michael Shapiro</b> Vice President of the Management Board	2019	61%/39%
	<b>2020</b>	<b>57%/43%</b>
<b>Tomasz Zabost</b> Member of the Management Board	2019	36%/64%
	<b>2020</b>	<b>30%/70%</b>

In both reporting periods, the Management Board members received benefits in the form of Luxmed private healthcare packages and the option to use a company car for private purposes.

Full name and position	Financial year	Other benefits	
		Private healthcare package (PLN)	Company car (PLN)
<b>Radosław T. Krochta</b> President of the Management Board	2019	383.40	4,800.00
	2020	407.10	4,800.00
<b>Michael Shapiro</b> Vice President of the Management Board	2019	0.00	0.00
	2020	0.00	0.00
<b>Tomasz Zabost</b> Member of the Management Board	2019	383.40	4,800.00
	2020	407.10	4,800.00

## B) SUPERVISORY BOARD

Pursuant to a resolution of the Annual General Meeting of MLP Group S.A. of 15 January 2014, until 29 June 2020 Supervisory Board members received quarterly remuneration of PLN 7,500 (seven thousand, five hundred złoty) gross; pursuant to a resolution of the Annual General Meeting of MLP Group S.A. of 29 June 2020, since that date they have been receiving quarterly remuneration of PLN 12,000 gross.

Full name of Supervisory Board member	Remuneration at MLP Group S.A. (PLN)		
	For the financial year 2019	For the financial year 2020	Change 2020 vs. 2019
Shimshon Marfogel	30,000.00	39,000.00	30% increase
Eytan Levy	30,000.00	39,000.00	30% increase
Daniel Nimrodi	30,000.00	35,000.00	17% increase
Guy Shapira	30,000.00	39,000.00	30% increase
Oded Setter	0.00	4,000.00	100% increase
Maciej Matusiak	30,000.00	39,000.00	30% increase
Piotr Chajderowski	30,000.00	39,000.00	30% increase

### C) EMPLOYEES

Financial year	Average remuneration of employees other than members of the Management or Supervisory Board	
	Remuneration at MLP Group S.A. (PLN)	Remuneration at other entities of the MLP Group S.A. Group (PLN)
2019	8,655.55	5,643.02
2020	9,704.72	6,954.99
Change 2020 vs. 2019	12% increase	23% increase

#### 4. EXPLANATION OF HOW THE TOTAL REMUNERATION COMPLIES WITH THE COMPANY'S REMUNERATION POLICY, INCLUDING HOW IT CONTRIBUTES TO THE LONG-TERM PERFORMANCE OF THE COMPANY

The remuneration system for the Management Board takes into account the objectives set for and performance of individual Management Board members and the Management Board as a whole, as well as the Company's economic and financial condition, results and outlook. The total remuneration of members of the Management Board is consistent with the Company's remuneration policy and in 2019 and 2020 consisted primarily of two components:

- fixed remuneration,
- variable remuneration.

Remuneration of Supervisory Board members for 2019 and 2020, however, comprised exclusively the fixed component. In 2019 and 2020, none of the Supervisory Board members received any variable remuneration, which is also consistent with the Company's remuneration policy, which provided for no bonuses for the Supervisory Board in either of the reporting periods. In determining the amount of fixed remuneration, the Company took into account:

- ✓ the workload required to perform a particular role,
- ✓ the scope of duties, tasks and responsibilities related to the position held,
- ✓ the amount of remuneration received by members of governing bodies of other entities operating in the market.

Variable components of remuneration of the Management Board members are contingent on the Company's financial performance and as such are paid in accordance with transparent rules and criteria and in such a manner as to ensure effective implementation of the remuneration policy. The bonus system was prepared in appreciation of the contribution and commitment of key personnel to the Company's commercial success, in particular in view of its business plans and value growth potential.

The bonus system for members of the Management Board that was in place in 2019 and 2020 served primarily to ensure delivery by the Company of its business objectives, including financial targets, and to enhance the Company's ability to achieve long-term objectives. The strategic criterion for assessment of delivery of the long-term objectives is the increase in NAV.

## 5. INFORMATION ON THE APPLICATION OF PERFORMANCE CRITERIA

With the remuneration of Management Board members for 2019 and 2020 divided into fixed and variable components, the Company was able to flexibly determine the latter, depending on the performance delivered.

Financial criteria of the bonus system					
Criterion	2018	2019	2020	Change 2019 vs. 2018	Change 2020 vs. 2019
Consolidated net asset value (NAV)	PLN 815,352 thousand	PLN 938,555 thousand	PLN 1,211,732 thousand	15% increase	29% increase
Dividend paid to shareholders of MLP Group S.A.	PLN 3,260 thousand	PLN 0 thousand	PLN 3,985 thousand	n/a	n/a
Share capital increase at MLP Group S.A.	PLN 0 thousand	PLN 0 thousand	PLN 110,134 thousand	n/a	n/a

## 6. INFORMATION ON EXERCISING THE OPTION TO RECLAIM VARIABLE REMUNERATION COMPONENTS

The Company has not provided for the right to reclaim variable remuneration components.

## 7. INFORMATION ON ANY DEVIATIONS FROM THE PROCEDURE FOR THE IMPLEMENTATION OF THE REMUNERATION POLICY AND ON ANY DEROGATIONS APPLIED, INCLUDING THE EXPLANATION OF THE REASONS FOR AND THE MANNER OF SUCH DEROGATIONS AND THE INDICATION OF THE SPECIFIC ELEMENTS DEROGATED FROM

In 2019–2020, the Company did not depart from the remuneration policy implementation procedure, except for remuneration granted to Michael Shapiro, Member of the Management Board, as the scope of his responsibilities have no direct impact on the net asset value on which variable remuneration is based. The departure consisted in not adhering to the maximum 40% share of fixed remuneration in the total remuneration of this Management Board member. The fixed to variable remuneration split for Michael Shapiro in 2019 was 61%/39%, and 57%/43% in 2020.

**Signatures of the Supervisory Board Members**

Shimshon Marfogel – Chairman of the Supervisory Board.....

Eytan Levy – Member of the Supervisory Board.....

Guy Shapira – Member of the Supervisory Board.....

Oded Setter – Member of the Supervisory Board.....

Maciej Matusiak – Member of the Supervisory Board.....

Piotr Chajderowski – Member of the Supervisory Board .....