



MLP
GROUP



MLP Group S.A.

Report of the Supervisory Board
on remuneration for the year 2021

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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 year 2021 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 year 2021.

This Report of the Supervisory Board on remuneration for 2019 and 2020 received a positive opinion under Resolution No. 15 of the Annual General Meeting of MLP Group S.A. of 30 June 2021.

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 year 2021. Comparative data from before 2019 is not presented in this Report.

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. This Report does not provide the number of financial instruments granted or offered as no such instruments existed during the reporting period.

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	2021	Change 2020 vs. 2019	Change 2021vs. 2020
Consolidated net asset value (NAV)	PLN 938,555 thousand	PLN 1,211,732 thousand	PLN 1,824,521 thousand	29% increase	51% increase
Consolidated net profit	PLN 129,369 thousand	PLN 170,369 thousand	PLN 480,470 thousand	32% increase	182% increase
Separate net asset value (NAV)	PLN 156,351 thousand	PLN 271,763 thousand	PLN 413,326 thousand	74% increase	52% increase
Separate net profit	PLN 7,377 thousand	PLN 9,263 thousand	PLN 17,978 thousand	26% increase	94% 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.

In this Report, all amounts in the tables are presented on an accrual basis, that is as amounts due for the reporting period. In the case of variable remuneration that is paid in a subsequent reporting period, the amounts actually paid are disclosed in the explanatory footnotes under the relevant 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, which is paid twice a year (for the first half-year by 30 June and for the second half-year by 31 December). All Management Board members are remunerated under employment contracts, which is paid monthly (by the end of a month). In addition, each Management Board member receives remuneration for serving on the management boards of other MLP Group S.A. Group companies, which is paid twice a year (for the first half-year by 30 June and for the second half-year by 31 December). 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 2021, 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 the reporting period.

Full name and position	Financial year	Remuneration at MLP Group S.A.	
		Fixed remuneration (PLN)	Variable remuneration (PLN)
Radosław T. Krochta President of the Management Board	2021	121,200.00	2,778,683.42*
Michael Shapiro Vice President of the Management Board	2021	494,370.00	0.00
Tomasz Zabost Member of the Management Board	2021	99,000.00	1,496,214.15*

* The variable remuneration due for 2021 was paid on 28 April 2022 in an amount equal to the provision recognised as at 31 December 2021. The variable remuneration due for 2020 was paid on 1 April 2021. Radosław T. Krochta received PLN 783,262.41 (PLN 7,405.13 less than the provision recognised as at 31 December 2020), and Tomasz Zabost received PLN 421,756.68 (PLN 3,987.38 less than the provision recognised as at 31 December 2020).

Full name and position	Financial year	Remuneration at other entities of the MLP Group S.A. Group		
		Fixed remuneration (PLN), including:		Variable remuneration (PLN)
		for serving as Member of the Management Board	Other under the employment relationship and civil-law contracts)	
Radosław T. Krochta President of the Management Board	2021	45,700.00	456,000.00	897,313.00**
Michael Shapiro Vice President of the Management Board	2021	44,500.00	33,600.00	1,496,214.15***
Tomasz Zabost Member of the Management Board	2021	45,700.00	336,000.00	567,688.00**

** The variable remuneration of Radosław T. Krochta and Tomasz Zabost due for 2021 was not paid as at the date of authorisation of this Report and was included in provisions recognised as at 31 December 2021. The variable remuneration of Radosław T. Krochta and Tomasz Zabost due for 2020 was paid on 16 August 2021 and amounted to PLN 1,018,839.00 (PLN 39,712.00 less than the provision recognised as at 31 December 2020) and PLN 644,571.00 (PLN 25,124.00 less than the provision recognised as at 31 December 2020), respectively.

*** The variable remuneration of Michael Shapiro due for 2021 was paid on 28 April 2022 in an amount equal to the provision recognised as at 31 December 2021. The variable remuneration due for 2020 was paid on 1 April 2021 in the amount of PLN 21,756.68 (PLN 3,987.38 less than the provision 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, on an aggregate basis for MLP Group S.A. and entities of the MLP Group.

Full name and position	Financial year	Proportions of fixed to variable remuneration
Radosław T. Krochta President of the Management Board	2021	14%/86%
Michael Shapiro Vice President of the Management Board	2021	28%/72%
Tomasz Zabost Member of the Management Board	2021	19%/81%

In 2021, the Management Board members received benefits in the form of Luxmed private healthcare package, the option to use a company car for private purposes and employee capital plans.

Full name and position	Financial year	Other benefits		
		Private healthcare package (PLN)	Company car (PLN)	Employee capital plans (PLN)
Radosław T. Krochta President of the Management Board	2021	437.20	4,800.00	13,709.44
Michael Shapiro Vice President of the Management Board	2021	0.00	0.00	0.00
Tomasz Zabost Member of the Management Board	2021	437.20	4,800.00	7,971.85

Other benefits in 2021 represent 0.44% of Radosław T. Krochta's total remuneration, 0% of Michael Shapiro's total remuneration, and 0.52% of Tomasz Zabost's total remuneration.

B) SUPERVISORY BOARD

Pursuant to a resolution of the Annual General Meeting of MLP Group S.A. of 29 June 2020, since that date Supervisory Board members have been receiving quarterly remuneration of PLN 12,000 (twelve thousand złoty) gross, which is paid twice a year (for the first half-year by 30 June and for the second half-year by 31 December).

Full name of Supervisory Board member	Remuneration at MLP Group S.A. (PLN)				
	For the financial year 2019	For the financial year 2020	For the financial year 2021	Change 2020vs. 2019	Change 2021vs. 2020
Shimshon Marfogel	30,000.00	39,000.00	48,000.00	30% increase	23% increase
Eytan Levy	30,000.00	39,000.00	48,000.00	30% increase	23% increase
Daniel Nimrodi*	30,000.00	35,000.00	n/d	17% increase	n/d
Guy Shapira	30,000.00	39,000.00	48,000.00	30% increase	23% increase
Oded Setter*	n/d	4,000.00	48,000.00	n/d	1100% increase
Maciej Matusiak	30,000.00	39,000.00	48,000.00	30% increase	23% increase
Piotr Chajderowski	30,000.00	39,000.00	48,000.00	30% increase	23% increase

* On November 30th 2020, Daniel Nimrodi resigned as Member of the Supervisory Board. Cajamarca Holland B.V. of Delft, the Netherlands, one of the Company's shareholders, in the exercise of its rights under the Articles of Association, appointed Oded Setter in Mr. Nimrodi's place, with effect from December 1st 2020.

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
2021	10,629.76	9,467.24
Change 2020 vs. 2019	12% increase	23% increase
Change 2021 vs. 2020	10% increase	36% 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 2021 consisted primarily of two components:

- fixed remuneration,
- variable remuneration.

Remuneration of Supervisory Board members for 2021, however, comprised exclusively the fixed component. In 2021, 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 the reporting period. 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 2021 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 2021 divided into fixed and variable components, the Company was able to flexibly determine the latter, depending on the performance delivered. The rules for calculating bonuses for members of the Management Board are set out in Section 3C of this Report.

Financial criteria of the bonus system			
Criterion	2020	2021	Change 2021 vs. 2020
Consolidated net asset value (NAV)	PLN 1,211,732 thousand	PLN 1,824,521 thousand	51% increase
Dividend paid to shareholders of MLP Group S.A.	PLN 3,985 thousand	PLN 0 thousand	n/a
Share capital increase at MLP Group S.A.	PLN 110,134 thousand	PLN 123,585 thousand	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 2021, the Company did not depart from the remuneration policy implementation procedure.

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

Pruszków, 16 May 2022