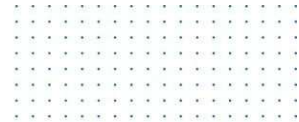




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Report on the remuneration of the Members of the Management Board and the Supervisory Board of "Toya" S.A. for the financial year 2022



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1. Introduction

This report on the remuneration of the Members of the Management Board and the Supervisory Board of "Toya" S.A. (hereinafter: "Remuneration Report") was issued by the Supervisory Board of "Toya" S.A. and was established in accordance with the requirements set out in the Act of 29 July 2005 on Public Offering and the Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies (hereinafter: "Act on Public Offering").

The report covers the year 2022 and is an overview of remuneration awarded in accordance with the applicable and applicable Remuneration Policy for Members of the Management Board and Supervisory Board of "TOYA" S.A. (hereinafter: "Remuneration Policy"). The main objectives of the Remuneration Policy include the implementation of the Company's business strategy, the implementation of the Company's long-term interests and ensuring its stability. The Remuneration Policy contributes to the achievement of goals, in particular by ensuring sustainable and competitive remuneration, focused on constant results, which motivate Members of the Management Board and Supervisory Board to perform the tasks entrusted to them in accordance with the best standards. The Company has adopted clear, comprehensive and differentiated criteria in terms of financial and non-financial results that apply to awarding variable remuneration. Proportions between fixed and variable remuneration are established, which, combined with the verification of the fulfillment of individual criteria conditioning the payment of variable remuneration, ensures that the current involvement of the Members of the Company's Management Board and their participation in the Company's success are adequately remunerated.

The applicable Remuneration Policy is also an element of the company's overall strategy. By enabling the acquisition, retention and motivation of the best managers and professionals in the areas of specialization present in "TOYA" S.A., it provides staff prepared to achieve the company's strategic goals. Solutions adopted in the Remuneration Policy, e.g. in the organization of decision-making processes regarding the Remuneration Policy, they support effective risk management and limit the occurrence of conflicts of interest. The level of total remuneration depends, among other things, on the Company's financial results and the achievement of non-financial goals.

This report illustrates how the remuneration of key employees of the Company developed in the perspective of the economic environment in which the Company found itself in 2022.

2. Composition of the Company's governing bodies

In 2022, the Company's Management Board consisted of:

- Grzegorz Pinkosz - President of the Management Board
- Maciej Lubnauer – Vice-President of the Management Board
- Robert Borys – Vice-President of the Management Board *

* Mr. Robert Borys was appointed Vice-President of the Management Board on 27 January 2022

Members of the Supervisory Board were:

- Piotr Mondalski - Chairman of the Supervisory Board
- Jan Szmidt – Vice-Chairman of the Supervisory Board
- Dariusz Górka - Member of the Supervisory Board
- Michał Kobus - Member of the Supervisory Board
- Grzegorz Maciąg - Member of the Supervisory Board
- Wojciech Bartłomiej Papierak - Member of the Supervisory Board
- Beata Szmidt - Member of the Supervisory Board

In the reporting period, no changes were made to the composition of the Company's Supervisory Board.

3. Description of the Remuneration Policy

I. Forms of employment

The remuneration policy provides for the possibility of entrusting the management of the Company to a Member of the Management Board on the basis of three legal relationships:

- a. Employment contracts for an indefinite period
- b. Management contract
- c. Appointment to perform the function of a Member of the Management Board for the duration of the function.

In 2022, Members of the Management Board performed their tasks on the basis of a resolution of the Supervisory Board appointing them to perform their functions for a term of office (3 years) and determining the remuneration for this. In addition, persons who are Members of the Management Board performed the duties of the Operations Director, the Financial Director and the IT Director, respectively, under an employment contract concluded for an indefinite period.

In accordance with the requirements set out in the Act on Public Offering, the General Meeting of Shareholders of the Company, by resolution of 31 August 2020, adopted the Remuneration Policy for Members of the Management Board and Supervisory Board of "TOYA" S.A., according to which the remuneration system applied in the Company in relation to Members of the Management Board consists of: fixed and variable parts of remuneration, as well as bonuses and other monetary and non-monetary benefits. They may be granted to a Member of the Company's Management Board and a Member of the Company's Supervisory Board, together with an indication of the proportions of the components of this remuneration.

II. Basic salary

In 2022, persons who are Members of the Management Board were entitled to receive a monthly basic salary, separately:

- a. for holding the position of a Member of the Management Board of the Company, based on a resolution of the Supervisory Board regarding the remuneration of a Member of the Management Board,

- b. due to performing the function of the Operations Director, CFO or IT Director, respectively, on the basis of an employment contract.

Regulations of the basic remuneration of Management Board Members took into account the remuneration standards for positions related to the scope of tasks and the market valuation of the functions held.

With regard to the Members of the Management Board, the Supervisory Board determined the employment conditions, including the amount of basic remuneration, based on the following aspects:

- a. the scope of responsibility and complexity that characterizes the position,
- b. market competitiveness of remuneration,
- c. individual contribution of a Member of the Management Board to the implementation of the Company's strategy.

III. Non-monetary benefits

On the basis of the Remuneration Policy, a member of the Company's Management Board could also receive non-cash benefits from the Company, including:

- a. the right to use specific assets of the Company,
- b. the right to additional insurance,
- c. the right to use additional non-wage benefits (benefits) launched for persons employed in the Company and constantly cooperating with the Company,
- d. the right to participate on general terms in the pension programs functioning in the Company (including Employee Capital Plans).

Due to the function of the Operations Director, Financial Director or IT Director, persons who are Members of the Management Board were entitled to receive non-cash benefits launched for persons employed in the Company and constantly cooperating with the Company in the form of:

- a. private medical care,
- b. a company car (with the possibility of using it for private purposes),
- c. benefits financed from the resources of the Company Social Benefits Fund.

In accordance with the Remuneration Policy, the value of non-cash benefits from the Company for Members of the Company's Management Board could not exceed 25% of the annual fixed remuneration for a given financial year. The General Meeting of Shareholders may decide on granting a Member of the Management Board non-cash benefits, i.e. those going beyond the general practice of the Company.

In 2022, persons who are Members of the Management Board, as part of their duties as Operations Director, CFO and IT Director, exercised the right to additional benefits in the form of a company car (with the option of using it for private purposes), private medical care and a prepaid Christmas card.

In 2022, the Company did not grant any retirement benefits other than those related to the participation of Members of the Management Board in the Employee Capital Plans

In 2022, the Company did not grant benefits to persons closest to Members of the Management Board.

IV. Cash bonuses

Pursuant to the Remuneration Policy, a person who is a Member of the Management Board may receive variable components of remuneration in the form of cash bonuses. They were paid on the basis of a resolution of the Supervisory Board after the preparation of the annual financial statements confirmed by the auditor's opinion.

From the moment of adoption of the Remuneration Policy, the Supervisory Board may adopt a resolution on the amount of the cash bonus for performing the function of Member of the Management Board at its discretion, taking into account:

- a. dynamics of changes in the Company's net profit compared to previous years;
- b. the macroeconomic environment in which the Company operates;
- c. assessment of the Compliance systems functioning in the Company, the Information System on the application of corporate governance rules set out in the Regulations of the Warsaw Stock Exchange and the regulations on current and periodic information provided by issuers of securities, Internal control systems.

The cash bonus for a Member of the Management Board depends on the actual, long-term financial situation of the Company and the long-term increase in value for shareholders and the stability of the company's operations and may not exceed 250% of the annual fixed remuneration for a given financial year. The amount of the cash prize is determined taking into account the increased scope of responsibility and risk related to performing functions in the Company and the consequences for the Company and Member of the Management Board of the Company, which may result from the materialization of this risk.

The cash bonus of a Member of the Company's Management Board depends on the fulfillment of various performance criteria, i.e. the implementation of management goals set by the Supervisory Board, based on an open sample catalog of one or more financial and non-financial ratios, presented below:

Financial components:

- a. net profit/loss or EBITDA,
- b. the value of sales revenues,
- c. the amount of selling and administrative costs,
- d. profitability ratios, financial liquidity ratios, management efficiency ratios.

Non-financial components:

- a. implementation of specific investments, projects, strategies included in the financial plan,
- b. change in the Company's market position, calculated as market share or according to other criteria or relations with contractors marked as key according to specific criteria,

- c. degree of the Company's involvement in the field of corporate social responsibility, including taking into account social interests, contributing to environmental protection and taking actions aimed at preventing and eliminating negative social effects of the Company's operations (ESG).

The Supervisory Board grants a cash prize to Members of the Management Board on a discretionary basis based on verification of the fulfillment of individual criteria conditioning the payment of a cash bonus to a Member of the Management Board of the Company in a specified amount, based on financial and non-financial documents of the Company and explanations of the Management Board, submitted at the request of the Supervisory Board.

The assessment of the fulfillment of the performance criteria for 2022, determined on the basis of the Remuneration Policy, was made by the Supervisory Board after the preparation of the annual financial statements confirmed by the auditor's opinion. The cash bonus for this was granted on the basis of the Remuneration Policy for performing the function of a Member of the Management Board.

In 2023, persons who are Members of the Management Board were awarded a cash award for 2022 for serving as Members of the Management Board. The Supervisory Board positively assessed the implementation of financial and non-financial indicators regarding the granting of variable remuneration components. Detailed information on the level of implementation of indicators is presented in Table 2.

The Remuneration Policy provides for the possibility of awarding remuneration to a Member of the Company's Management Board in the form of financial instruments. In addition, the Supervisory Board is entitled to determine the periods of payment deferral and the possibility for the Company to request reimbursement of variable remuneration components. In 2022, there were no incentive programs based on financial instruments in the Company. In the above-mentioned year, the Supervisory Board also did not specify the periods of deferral of the payment of variable remuneration and the possibility of demanding the return of variable remuneration components.

V. Benefits from other entities from the capital group

The remuneration policy provides that a Member of the Management Board may be awarded remuneration on the basis of employment contracts or contracts for the provision of services concluded with companies from the Company's capital group. In 2022, none of the Members of the Management Board received this type of remuneration.

VI. Remuneration of Members of the Management Board 2022*Table 1. Remuneration of Members of the Management Board (in PLN)*

| | | | 1 | | 2 | | | 3 | 4 | 5 |
|------------------|--|------|--------------------|-----------------------------|---------------------------|-----------------------|------------------------|-----|-----------|---------|
| | | | Fixed remuneration | | Variable remuneration | | | | | |
| | | | Gross base salary | Additional benefits granted | Due awards/annual bonuses | Annual bonuses paid * | Long-term bonuses paid | | | |
| Grzegorz Pinkosz | Due to the appointment to the position of the President of the Management Board | 2022 | 396 000 | 0 | 704 002 | 966 430 | 0 | 0 | 1 100 002 | |
| | Under the contract of employment as the Operations Director | 2022 | 24 000 | 5 768 | 0 | 0 | 0 | 360 | 30 128 | |
| | Total | 2022 | 420 000 | 5 768 | 704 002 | 966 430 | 0 | 360 | 1 130 130 | 165,35% |
| Maciej Lubnauer | Due to the appointment to the position of Vice-President of the Management Board | 2022 | 360 000 | 0 | 704 002 | 900 000 | 0 | 0 | 1 064 002 | |
| | Under the contract of employment as Financial Director | 2022 | 24 000 | 5 768 | 0 | 0 | 0 | 0 | 29 768 | |
| | Total | 2022 | 384 000 | 5 768 | 704 002 | 900 000 | 0 | 0 | 1 093 770 | 180,62% |
| Robert Borys | Due to the appointment to the position of Vice-President of the Management Board | 2022 | 32 3677 | 0 | 704 002 | | 0 | 0 | 1 027 679 | |
| | Under an employment contract as an IT Director | 2022 | 22 211 | 5 656 | 0 | 133 663 | 0 | 0 | 27 867 | |
| | Total | 2022 | 345 888 | 5 656 | 704 002 | 133 663 | 0 | 0 | 1 055 546 | 200,26% |

* A cash bonus paid in a given year for the results achieved in the previous year

Table 2. Financial and non-financial ratios for awarding variable remuneration components for 2022

| Criterion type | Description of the criterion | Implementation assessment |
|-------------------------|--|--|
| Financial criterion | Dynamics of net profitability of "TOYA" S.A. (net profit) year on year | Positive |
| | None of the following events occurred: a) Revenue budget below 90% b) Implementation of the budget in the item net profit below 90% c) Loss of financial liquidity by "TOYA" S.A. | Positive - none of the described events occurred |
| Non-financial criterion | Assessment of activities relating to the implementation of challenges related to the dynamically changing legislative environment in the field of the National e-Invoice System; Assessment of activities in the field of development and implementation of procedures in the field of digital transformation through: a) implementation of electronic document circulation in the HR department b) launching a project to implement electronic circulation of certain accounting documents and legal documents; Assessment of the activities of the Management Board in the field of increasing the transparency of the Company's activities by monitoring legislative changes related to the protection of whistleblowers; Assessment of the Management Board's activities aimed at informing the public, employees, local communities about the company's activities by preparing non-financial reports, CSR reports or sustainable development reports; Assessment of the activities of the Management Board in the implementation of the investment: a) automation of product photography a) b) implementation of a new corporate and investor relations website (www); | Positive |
| | Assessment of activities undertaken by "TOYA" S.A. in situations emergencies such as a pandemic that could potentially contribute to the prevention of negative social consequences Actions should lead to: a) Ensuring the safety of persons employed and cooperating with the Company b) Maintaining the continuity of the organization c) Maintaining continuity and stability of employment d) Ensuring the Company's flexibility to meet the expectations of employees affected by extraordinary situations | Positive |

VII. Remuneration of Members of the Supervisory Board

The rules for remunerating the Company's Supervisory Board Members are set out in the resolution of the General Meeting of Shareholders appointing the Supervisory Board Member for a three-year term of office.

Members of the Supervisory Board are entitled to a fixed monthly remuneration. This remuneration is determined taking into account the performance of additional functions, such as work in committees of the Supervisory Board and the related increased scope of tasks. The

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amount of remuneration of a Member of the Supervisory Board is determined taking into account the increased scope of responsibility and risk related to performing functions in the Company and the consequences for the Company and the Member of the Supervisory Board of the Company, which may result from the materialization of this risk.

Members of the Supervisory Board are entitled to receive non-cash benefits from the Company, including:

- a. the right to use certain assets of the Company
- b. the right to additional insurance
- c. the right to use additional non-wage benefits (benefits) launched for persons employed in the Company and constantly cooperating with the Company
- d. the right to participate on general terms in the pension programs functioning in the Company (including Employee Capital Plans).

The value of non-cash benefits from the Company for Members of the Supervisory Board may not exceed 25% of the annual fixed remuneration for a given financial year. The General Meeting of Shareholders may decide on granting a member of the Company's Supervisory Board non-cash benefits, i.e. those going beyond the general practice of the Company.

Members of the Supervisory Board are not entitled to receive variable remuneration components, including remuneration in the form of financial instruments.

In 2022, the Company paid remuneration to the Members of the Supervisory Board in the amounts indicated in Table 3.

Table 3. Remuneration of the Supervisory Board (in PLN)

| | | 1 | 2 | 3 |
|--|------|--|-----------------------------|--------------------------|
| | | Fixed remuneration for performing the function (*) | The cost of pension schemes | Total remuneration (1+2) |
| Piotr Mondalski Chairman of the Supervisory Board | 2022 | 180 000 | 0 | 180 000 |
| Jan Szmidt Vice-Chairman of the Supervisory Board | 2022 | 48 000 | 0 | 48 000 |
| Dariusz Górka Member of the Supervisory Board | 2022 | 120 000 | 1 800 | 121 800 |
| Michał Kobus Member of the Supervisory Board | 2022 | 48 000 | 720 | 48 720 |
| Grzegorz Maciąg Member of the Supervisory Board | 2022 | 120 000 | 1 800 | 121 800 |
| Wojciech Papierak Member of the Supervisory Board | 2022 | 48 000 | 720 | 48 720 |
| Beata Szmidt Member of the Supervisory Board | 2022 | 48 000 | 0 | 48 000 |

* In 2022, members of the Supervisory Board were not granted additional remuneration for participation in meetings or additional non-cash benefits

In 2022, the Company did not grant benefits to persons closest to the Members of the Supervisory Board.

4. Deviations from the application of the Remuneration Policy and its implementation process

In the reporting period, the Company paid remuneration in accordance with the adopted Remuneration Policy. No decisions regarding deviations were made either in relation to the assumptions of the Remuneration Policy or in relation to individual elements of this Policy.

5. Opinion of the General Meeting on the remuneration report for the Supervisory Board and Members of the Management Board for 2021

On June 28, 2022, pursuant to § 395 § 21 of the Act of September 15, 2000, the Code of Commercial Companies (Journal of Laws of 2020, item 1526, as amended) in connection with joke. 90g sec. 6 of the Act of July 29, 2005 on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading and on Public Companies, the Ordinary General Meeting of Shareholders of the company issued a positive opinion on the report on the remuneration of the Members of the Management Board and the Supervisory Board of "TOYA" S.A. for the financial year 2021.

6. Information on changes in the remuneration principles and the Company's results

Since the adoption of the Remuneration Policy in 2020, the Company has not made any changes to the rules for remunerating Members of the Management Board and Supervisory Board.

Table 4 presents a summary of the total remuneration, selected financial results of the Company and the remuneration of employees other than Members of the Management Board for 2022 and the five preceding years. The total remuneration of the Members of the Management Board is the sum of the fixed components of remuneration paid in a given year and the variable remuneration due in a given year and paid in the next year.

The average remuneration in a given year is the average remuneration of employees of the Company, other than Members of the Management Board, employed under an employment contract and recorded as at 31 December of a given year. The average remuneration was determined on the basis of the sum of total remuneration (PIT-11 revenues), i.e. fixed remuneration, variable remuneration, cash and non-cash benefits and all other payments paid to employees in a given calendar year (in the period of 12 months) divided by employment as at 31 December of a given year. Remuneration of employees registered on 31 December of a given year working part-time was converted to the value of full-time employment, and remuneration of persons registered on 31 December of a given year who worked for part of the year - were annualized.

The table shows percentage changes in the level of individual indicators in relation to their value in the previous year.

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Table 4. Changes in the remuneration of Members of the Management Board, Members of the Supervisory Board and the Company's results in the last 5 years

| | | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------------------------|-----------|-----------|-----------|-----------|-----------|
| Grzegorz Pinkosz President of the Management Board | remuneration in PLN | 1 042 542 | 1 040 732 | 1 268 182 | 1 392 525 | 1 130 130 |
| | year-on-year change | 11,34% | -0,17% | 21,85% | 9,8% | -18,84% |
| Maciej Lubnauer Vice-President of the Management Board | remuneration in PLN | 1 006 542 | 1 004 702 | 1 223 289 | 1 289 765 | 1 093 770 |
| | year-on-year change | 9,53% | -0,18% | 21,76% | 5,43% | -15,20% |
| Robert Borys Vice-President of the Management Board | remuneration in PLN | n/a | n/a | n/a | n/a | 1 055 546 |
| | year-on-year change | n/a | n/a | n/a | n/a | n/a |
| | year-on-year change | n/a | n/a | n/a | n/a | n/a |
| Piotr Mondalski Chairman of the Supervisory Board | remuneration in PLN | 180 000 | 180 000 | 180 000 | 180 000 | 180 000 |
| | year-on-year change | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| Jan Szmidt Vice-Chairman of the Supervisory Board | remuneration in PLN | 48 000 | 48 000 | 48 000 | 48 000 | 48 000 |
| | year-on-year change | -57,89% | 0,00% | 0,00% | 0,00% | 0,00% |
| Dariusz Górka Member of the Supervisory Board | remuneration in PLN | 120 000 | 120 150 | 121 800 | 121 800 | 121 800 |
| | year-on-year change | 0,00% | 0,12% | 1,37% | 0,00 | 0,00 |
| Michał Kobus Member of the Supervisory Board | remuneration in PLN | 48 000 | 48 060 | 48 720 | 48 720 | 48 720 |
| | year-on-year change | 97,80% | 0,12% | 1,37% | 0,00% | 0,00% |
| Tomasz Koprowski Member of the Supervisory Board | remuneration in PLN | 15 871 | n/a | n/a | n/a | n/a |
| | year-on-year change | -77,96% | n/a | n/a | n/a | n/a |
| Grzegorz Maciąg Member of the Supervisory Board | remuneration in PLN | 120 000 | 120 150 | 121 800 | 121 800 | 121 800 |
| | year-on-year change | 0,00% | 0,12% | 1,37% | 0,00 | 0,00 |
| Wojciech Papierak Member of the Supervisory Board | remuneration in PLN | 48 000 | 48 060 | 48 720 | 48 720 | 48 720 |
| | year-on-year change | 97,80% | 0,12% | 1,37% | 0,00 | 0,00 |
| Beata Szmidt Member of the Supervisory Board | remuneration in PLN | 2 733 | 24 000 | 32 065 | 48 000 | 48 000 |
| | year-on-year change | n/a | 778,16% | 33,60% | 49,69% | 0,00 |

Explanatory notes are an integral part of this report.

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| Selected financial ratios of the "TOYA" S.A. capital group | | | | | | |
|--|---------------------|---------|---------|---------|---------|---------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Sales revenue | PLN thous. | 380 739 | 440 018 | 542 112 | 686 737 | 762 590 |
| | year-on-year change | 9,55% | 15,57% | 23,20% | 26,68% | 11,05% |
| Net profit (in PLN thousand) | PLN thous. | 43 767 | 44 825 | 64 939 | 77 395 | 70 220 |
| | year-on-year change | 8,59% | 2,42% | 44,87% | 19,18% | -9,27% |
| Earnings per share (in PLN) | PLN thous. | 0,58 | 0,60 | 0,87 | 1,03 | 0,94 |
| | year-on-year change | 11,54% | 3,45% | 45,00% | 18,39% | -9,15% |
| Selected individual financial ratios of the Company | | | | | | |
| Sales revenue | PLN thous. | 311 633 | 356 783 | 442 263 | 543 098 | 594 310 |
| | year-on-year change | 8,29% | 14,49% | 23,96% | 22,80% | 9,43% |
| Net profit (in PLN thousand) | PLN thous. | 39 246 | 40 085 | 54 740 | 63 242 | 46 069 |
| | year-on-year change | 10,93% | 2,14% | 36,56% | 15,53% | -27,15% |
| Earnings per share (in PLN) | PLN thous. | 0,52 | 0,53 | 0,73 | 0,84 | 0,61 |
| | year-on-year change | 14,52% | 2,14% | 36,56% | 15,07% | -26,92% |
| Total remuneration of employees who are not members of the Management Board | | | | | | |
| Average total salary in full-time equivalents | PLN | 73 886 | 80 063 | 85 568 | 91 882 | 96 743 |
| | year-on-year change | 5,96% | 8,36% | 6,87% | 7,37 % | 5,29 % |

7. Summary

In 2022, the Company paid remuneration to members of the Management Board and Supervisory Board only in accordance with the Remuneration Policy. The remuneration of the Members of the Management Board contributes to their full involvement in the performance of specific functions, motivates them to achieve the Company's business goals, and its amount was adequate to the positions held.

Members of the Management Board received fixed remuneration and cash bonuses, the receipt of which is determined by the result ratios directly related to the economic situation of the Company. The variable remuneration component contributes to the fact that the Management Board is interested in, among others, dynamic development of the Company, its market position and financial condition.

The Supervisory Board believes that the Remuneration Policy is conducive to the implementation of the business strategy, long-term interests and stability of the Company, in particular by introducing a flexible solution consisting in authorizing the Supervisory Board to arbitrarily determine the amount of variable remuneration for Members of the Management Board, based on the assessment of the overall fulfillment of performance criteria. The Supervisory Board positively assesses the functioning of the Remuneration Policy and the compliance of remuneration of persons covered by the Remuneration Policy with the procedures applicable in the Company.